A Minimum Income Standard for the UK in 2022

by Abigail Davis, Juliet Stone, Chloe Blackwell, Matt Padley, Claire Shepherd and Donald Hirsch.

This study looks at the growing gap between what people have and what people need for a decent standard of living. Rising costs present the most significant challenge to living standards for many years, in a period of social and economic uncertainty

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The Minimum Income Standard (MIS) sets out a vision of the living standards that we, as a society, agree everyone in the UK should be able to achieve. In 2022, the rising cost of living presents the most significant challenge to living standards for many years, and comes after a period of social and economic uncertainty resulting from the COVID-19 pandemic. There is a growing gap between what people have and what people need for a decent standard of living. Millions of people in the UK risk falling well short of this standard as costs continue to rise, and our social security system fails to provide adequate and appropriate support. Short-term support measures will only go so far; we need a social security system that is fit for today.

Key points and recommendations

- MIS continues to provide a unique lens through which to observe and track the impact of social, economic and cultural change on our shared vision for living standards in the UK.
- In 2022, we have recalculated from scratch the minimum budgets for pensioner and working-age households without children, and reviewed and uprated the budgets for households with children.
- The research this year was undertaken at a time of uncertainty and flux. It spanned a period in which the UK was emerging from prolonged periods of COVID-19 restrictions, with the resulting 'freedoms' this afforded, and in which the cost of living began to increase at the fastest rate for many years. We have yet to understand the full impacts of these factors on MIS.
- A single person needs to earn £25,500 a year to reach a minimum acceptable standard of living in 2022. A couple with two children needs to earn £43,400 between them.
- The increase in what is needed for a minimum living standard over the past year is, in part, a

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Executive summary

The Minimum Income Standard (MIS) sets out a vision of the living standards that, as a society, we agree that everyone in the UK should be able to achieve. Since 2008, we have regularly returned to the public to ask what is needed for a minimum living standard, acknowledging that shared understandings of minimum needs may be affected by a range of factors – for example, changes in public policy, developments in technology, shifting social norms and expectations – and may change over time. In annual reports, we have reported on continuity and change in terms of what are identified as needs, how these needs are met and, critically, the income needed to meet these needs.

In 2022, we have recalculated from scratch the minimum budgets for pensioner and working-age households without children, and reviewed and uprated the budgets for households with children. We have done this at a time of significant uncertainty and flux, both in the UK and globally. Our research has been undertaken in a society emerging from COVID-19 restrictions, in which activities that have not been possible for prolonged periods have opened up again. The research has also spanned a period in which the fallout from Brexit has started to become clearer, the horrors of the war in Ukraine have impacted global supply chains beyond the country itself, and in which the cost of living has increased at the fastest rate for many years. The combination of rising prices and post-pandemic 'freedoms' coalesce to mean that MIS 'lands' at a very particular – and peculiar – point in time. As ever, MIS establishes and captures public consensus on minimum needs, but at a point when pressures on living standards were growing substantially in a compressed time frame. Much of the fieldwork for this latest research took place in a period when restrictions were lifting, but before the full extent of the cost-of-living rises were felt. We therefore believe it is important to rebase the minimum budgets established through MIS again in 2024 for all households, to continue to ensure MIS fully captures and reflects the views of the public in this rapidly shifting context.

The new research with pensioners and working-age households without children this year confirms much of what has been established in previous MIS research. The core of the basket of goods and services that people identify as necessary to meet a minimum socially acceptable standard of living remains stable. However, the cost of what is considered essential has increased substantially over the past year, with a direct impact on the income needed to provide a minimum living standard. The substantial increase in the cost of domestic fuel, for example, has had a significant impact on what all households need in order to provide for their minimum needs.

Across households, social participation and activities outside the home (including eating out) have been important since the start of the MIS research. This year, there have been some increases in the amounts included for these activities. This partly reflects increases in prices, but could also be a response to the broader context, in which the lack of social interaction over the past two years is having an impact on social norms and expectations.

MIS continues to provide a unique means through which to track social change, and future research will show how long-lasting the impact of COVID-19 was on the shared, publicly determined vision of minimum living standards in the UK. It will also show any impact arising from high and rising inflation.

While there are different pressures operating on minimum budgets, the report this year points to a growing gap between what many people have, and what they need for a decent standard of living. It also draws attention to the growing gap between incomes for those on out-of-work benefits and those who are working – support through the social security system continues to fall away relative to what people need to cover the cost of essentials. At the same time, work is not enabling people to reach a minimum standard of living and increases in wages are not keeping up with the rapidly rising cost of essentials.

The next few years are likely to be challenging for many households in the UK, with domestic fuel prices set to rise significantly in October 2022, and inflation predicted to remain high for much of the next year. Short-term assistance from the Government through the cost-of-living support package does go some way to off-setting rising prices for some of the most vulnerable households, but does nothing to ease the pressure on household budgets beyond this year, and it certainly does not begin to restore the now frayed 'safety-net'. MIS sets a threshold below which the public agrees no one should fall; fundamental change is needed to (re)build a system that provides adequate support when and where it is most needed.

Chapter 2 outlines how we adapted the methodology to cope with the ongoing challenges posed by COVID-19. It presents the findings of the new research on the needs of pensioners and of working-age households without children, and reports on the changes made by review groups looking at the budgets for families. Chapter 3 shows the income needed to reach MIS for selected household types, and how that compares to state support for pensioners and out-of-work households, and earnings at National Minimum Wage (NMW) level.

In May 2022, then Chancellor Rishi Sunak announced a cost-of-living support package aimed at alleviating some of the financial pressures on low-income households. These included a payment of £650 to households in receipt of benefits and £300 to some pensioner households, with a non-means tested payment of £150 to disability benefit recipients. Chapter 4 looks at the impact of these interventions. Chapter 5 draws conclusions and suggests key areas where policy change could make a significant difference to low-income households.

Box 1: MIS in brief

What is MIS?
The Minimum Income Standard (MIS) is the income that people need to reach 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 to meet these needs and to participate in society. Based on consultation with groups of members of the public in the original research, this minimum is defined as follows:

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.

How is it arrived at?
Members of the public have detailed negotiations, in groups, about the things a household needs to achieve an acceptable living standard. Each sequence of groups has a different role. The first set of groups go through all aspects of the budget, identifying what goods and services would be needed, of

To whom does it apply?

2 Updating the Minimum Income Standard in 2022 – methodology and findings

In 2022, we looked in depth at the needs of retired people and working-age households without children, starting from scratch (that is, 'rebasing') rather than using lists drawn up in previous research. Groups of parents reviewed the budgets for households with children last developed in 2020. This chapter reports the findings from both the rebase and the review, and gives an overview of each budget category in terms of what it includes, what has remained the same and what has changed in the 2022 research.

dapting the MIS methodology in a pandemic

In 2021, as we began planning and conducting the research reported here, it was clear that face-to-face discussion groups would not be feasible due to COVID-19 restrictions. We had already had to adapt to recruiting and conducting similar groups online for other projects, so were able to use this approach for MIS.

The transfer from in-person to remote groups created a number of practical challenges. For the initial stage of the rebase (the Task Group stage), participants spend six hours discussing and deliberating on everything that the case study they are focusing on needs. It is not reasonable to expect participants to attend a six-hour long online group in one sitting, so each task group comprised two, three-hour sessions, each attended by the same participants. Subsequent groups in the Checkback stage (where a new group is recruited of the same demographic type, and the lists from the Task Group stage are checked and revised where ne(d)-9.b (k)p sary)ad the F(a)5.1 (l)-12.1 ()-3.1 (r)81.6 (o)-11.3 (u)2.8 (p69 (s)-1167 (t)3.6 (a)-

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The 13 deliberative groups of pensioners and working-age adults without children took place between July 2021 and February 2022, followed by the seven review groups with parents in March 2022. Participants for each group lived in or around the same town or city and were from the same demographic group (that is, parents, single pensioners or couple working-age adults without children). Groups were held with participants from Newcastle, Bristol, Birmingham, Leeds, Nottingham, Sheffield, Belfast and Swansea.

In April 2022, domestic fuel costs rose significantly. The April to October price cap was 54% or almost £700 a year higher than the previous cap. In the past, MIS domestic fuel budgets have been calculated based on the best deal available on price comparison websites. However, in 2022 there were no 'deals' as all energy providers increased their prices to the limit of the cap. The higher standing charges for gas and electricity, and the higher prices per thermal unit (gas) and kilowatt/hour (electricity), mean that this component of the budgets accounts for a large proportion in the increase in MIS overall, as is shown in Chapter 3.

Food and drink

Groups are asked to suggest the kind of food and drink that the case study individual would consume at home during an average week. Meals, drinks and snacks are listed and compiled into a week's menu by a nutritionist who adds quantities of each item and advises on amounts required for pricing (eg, taking into account waste when specifying weight of bananas required, or the drained weight of a tin of tuna in water). The nutritionist suggests any changes or additions to align the food and drink with healthy eating guidelines. These changes to macro- and micro-nutrients are taken to a further stage of groups, to check that they are appropriate and acceptable.

A typical week's food includes:

- three meals a day: breakfast, one lighter meal and one more substantial meal
- non-alcoholic drinks: tea, coffee, fruit juice, cordial and water, ton/LBody /MCID 8 BDC 0.808 0 027.964j/TT1 1 Tf0.4

The rebase groups of pensioners and working-age adults without children agreed that people may have become accustomed to having their groceries delivered during lockdown periods, when people were urged to stay at home unless strictly necessary, and that they should be able to continue to have this option. Each household therefore includes a low-cost, off-peak delivery subscription (£36 per year for mid-week deliveries with a minimum spend of £40). However, in both this and previous research, participants mentioned that relying on an online shopping delivery meant that you weren't always guaranteed to get what you had ordered, so suggested they might return to a mix of delivery and in-person shopping.

> Man 1: I think erm… I think people are shopping online a lot more, and I think a lot of people will stick to grocery shopping online. At the same time I think a lot of people will still be going to or looking forward to going back to the supermarket, because I mean, I am sure we have all had an online shop at some point and you don't… It is almost like Russian roulette, you're not… necessarily going to get what you have ordered are you, you know?
> Researcher: Yes.
> Man 2: You can have it turn up and half of your items missing, so yes.
> orking -age group, Ne castle

Parents in the review groups did not make any changes to the diets or eating patterns described in 2020, but said that as the MIS households with children specify ownership of a second-hand car, these families would not need to get their groceries delivered. They therefore did not include the grocery delivery cost, but did specify the need to buy re-usable shopping bags, with households with up to two children needing to spend £2 a month on these and larger families with three or four children spending £3 a month. Parents explained that bags needed to be replaced quite frequently because of wear and tear, being used for other purposes (holding laundry, toys, and so on), and because often they forgot to take them with them and had to buy more to hold the shopping.

The food and drink budgets also include money for additional items for 'celebrations' and to cover the

Another important aspect of the home was being able to offer hospitality, so all households have a table and four chairs (table and six chairs for households with children) to share a meal at. The single working-age households have two, two-seater sofas, and the couples have a two-seater and a three-seater sofa. In

remained the case in 2022. However, there were some notable changes in both hairdressing and health costs.

Groups agreed that the cost of going for a haircut had increased. There was less choice as some hairdressers had gone out of business during the pandemic. The salons still open needed to increase prices to cope with the loss of revenue during 2020 and 2021, and to compensate for having to operate at reduced occupancy in order to maintain social distancing. The parents in the review groups described the same phenomenon and increased the amounts for hairdressing for all family members.

Man: Just personally for me, I go to a sort of quite standard hairdresser, and you're right the losses they took, and they all have to do the same thing because if you charge too much, everyone will go somewhere else, but before the pandemic it was £12 to have my hair cut and now it is £25.
Researcher: Wow.
Man: They have... you know, massively gone up, and when you look around everyone has done the same thing because obviously if one hairdresser puts it up too much as I say, people desert them and go somewhere else. But, erm, they seem to have... yes the cost has gone a bit... they try and make up their losses for two years. You know it has almost doubled, yes it has almost doubled really.
Couple parents, S ansea

Participants in working-age groups said that people with black and minority ethnic heritage were more likely to have higher haircare costs than the costs identified in previous MIS reports. Afro-Caribbean hair is likely to need cutting more frequently and haircare products are required in order to keep hair healthy. To reflect this and offer a more inclusive budget, the hairdressing costs for working-age women included £10 a month to cover styling and haircare products, in addition to a quarterly cut and blow dry at the hairdressers and a home box dye every six weeks.

Groups added some items to the budget as a direct result of COVID-19. These included nutritional supplements, seen as a preventive measure to promote optimal health, a pack of washable fabric face coverings per person, per year, and a large bottle of hand sanitiser for each home plus smaller, refillable bottles for individuals to keep in a pocket, handbag or changing bag.

Woman 1:

assumption that this would still be an option for most people. The pensioners' dentistry costs included a higher level of treatment, for example replacement dentures every five years.

Pensioner groups mentioned similar difficulties in accessing healthcare, especially face-to-face as many GP surgeries were still only offering telephone or video appointments. Working-age groups included the cost of four NHS prescriptions per adult, per year (pensioner prescriptions are free). Pensioners also added an amount to cover podiatry every two months, as older people might struggle to cut their own toenails and were more likely to need help with taking care of their feet.

Accessing opticians for routine eye tests was less problematic. As in previous years, working-age groups

Man 3: I think that the extra functionality is well worth the extra money, it does so much more than just having a radio.

Pensioners group, Ne castle

As this technology has become more affordable and increasingly ubiquitous, a greater proportion of the population now own these devices. Ofcom data shows that 50% of adults in the UK owned a smart speaker in 2021 (Ofcom, 2021), compared to 20% in 2019 (Ofcom, 2019).

As mentioned above, budgets for all adults (and children of secondary school age) include an entry-level, cheap, contract smart phone with 3GB of data per month. All households also include a laptop as an additional way to access the internet. Parents' groups agreed with the specification set in 2020 of an entry-level laptop for use of both adults and children in the home, with an additional tablet or laptop needed for each additional school child in households with more than one school-aged child. In 2020, parents said budgets should include the purchase of Microsoft Office software to ensure compatibility between school and home. However, groups in 2022 said that home schooling during the pandemic had mostly used Google Classroom, and that there were free alternative packages that meant it was no longer necessary to pay for additional software. Conversely, working-age groups maintained that being able to purchase Microsoft software was important in order to be able to have the flexibility and compatibility to deal with documents from home, so it was included in these budgets. Pensioner groups included a laptop, but did not feel additional software was required to meet their needs.

Parents' groups also discussed whether a printer and an ink subscription were still needed in 2022. Opinions varied, as some parents had found that they had needed to purchase one during the pandemic in order to support home schooling, whereas others said schools had become 'paperless', moving to online learning and electronic submission of homework. Pensioner and working-age groups did not include a printer, but for now this remains in the budget for households with children and we will revisit these discussions at the next opportunity.

Gifts, celebrations, pocket money and charitable donations

Groups agree that being able to take part in special occasions and religious and family celebrations is an important part of feeling socially included. All budgets therefore include some money for seasonal decorations (for example, lights for Diwali or Christmas), and to buy gifts for others and celebrate at special times of year. They also included an amount to cover additional food and drink for Christmas or another festive period where people were more likely to be hosting visitors, buying seasonal items that were more expensive than usual groceries (such as turkey), or attending gatherings where it would be expected to bring some food or drink to contribute.

In 2018, working-age adults without children had previously included some money to put towards a birthday celebration at home – for example, buying some drinks and a pizza for friends to come round and share. In 2022, working-age groups increased this amount because having occasions to look forward to and being able to celebrate was seen as more important in post-pandemic times, and prices for eating and drinking outside the home were seen to have significantly increased as the hospitality industry

Leisure and recreation

Since the MIS research first began, groups have agreed that everyone should to be able to engage in activities outside their homes to pursue hobbies, interests or exercise, and/or see friends. The groups we talked to in early 2021 said that one of the things they missed the most during periods of COVID-19 restrictions was being able to see family and friends, and to socialise. MIS groups emphasised the importance of being able to resume this kind of activity, with working-age groups in w6 ( )n-2.3 (1 (s15.7 (s15

children), but pensioners and working-age groups specified higher budgets than before. This was partly because of price increases, but also marked a change in perception of a meal out as being 'special', rather than something more routine as in previous years. This brought it to a similar level to the resource required by households with children, where groups emphasised the importance of being able to have a choice of options in terms of both where and what to eat, which would not be available on a more modest budget.

Holidays

In the COVID-19 related research undertaken in early 2021, holidays were not something that many people had been able to access for some time. The unpredictability of the ongoing pandemic meant that travel restrictions changed frequently, and guidance requesting that people stay at home and (for several months) only within the local area had meant that many people had been unable to plan or take holidays. Rather than groups concluding that holidays were no longer essential as they had had to manage without, their absence had served only to reinforce their importance. Groups had predicted that once holidays were permitted again, there would be substantial price increases as a consequence of greater demand and the same bid to recoup lost income that was mentioned in other sectors (for example, the hospitality sector and hairdressing).

In the 2022 groups, the description of what would meet households' minimum needs for a break away from home had stayed the same for parents and pensioners. The former said that a week's self-catering break at the seaside in a family-oriented location such as a Haven park would be suitable; off peak for parents with children who were below school age, and during school holidays for those with school-aged children. Pensioners identified the same coach package trip to a coastal location with half-board accommodation, some day trips and evening entertainment included.

The groups of working-age adults without children had lengthy discussions about what constituted an acceptable minimum for a holiday. As in previous years, they agreed that a UK-based holiday, possibly on the coast, or a city-break, would meet people's needs as a minimum, although cheap package holidays abroad might provide a similarly priced alternative. In the past, single working-age adults had said that they would rent a self-catering cottage and share the costs with a friend, whereas in 2022 groups said that single people shouldn't have to rely on being able to go with someone else to have a holiday. They discussed several different accommodation options, including self-catering (for example, in an Airbnb property), bed and breakfast lodgings (B&B), or a chain hotel such as a Premier Inn or Travelodge. They reached a consensus that B&B accommodation represented better value for money and offered a wider range of locations and options than hotels. These changes to the holiday specification meant that the cost of single working-age holidays was significantly more than in previous years, further exacerbated by the fact that the rise in holiday prices predicted by the groups held in early 2021 had been borne out.

This also affected the spending money budget for the working-age holiday, as people would need to eat out for all meals ex1 (a)edon3( ) w(n)-3.2 3( )-12.169 (s)-11.7 (p) .3.2 3( )-2.3 (h)-12r9 (s)t.9 (t)182.3 (e)1.7 (o)-11.4 (r.(t)3

and maintenance (mainly driven by an increase in fuel costs of 31.4%), and 13.5% for the purchase of a car. The combination of changing needs and high inflation has, therefore, resulted in a substantially

Figure 6: Estimated eekly fuel prices* in 2018 and 2022, based on unit prices and standing charges used ithin MIS and UK average values**

Notes: *Based on average consumption of 3,600k h (electricity) and 13,600k h (gas) per annum.

**For 2022, UK figure is based on the average value of the price cap for regions outside London.

Table 4: Domestic fuel costs per eek in MIS budgets for 2021 and 2022

	Single adult, orking age	Couple pensioner	Lone parent ith t o children aged 2–4 and primary school age	Couple ith t o children aged 2–4 and primary school age
eekly domestic fuel costs				
2021	£13.50	£15.07	£18.04	£19.25
2022	£30.97	£34.18	£45.97	£48.81
Domestic fuel as a percentage of MIS budget*				
2021	5.8%	4.7%	4.4%	3.8%
2022	10.5%	8.9%	9.4%	8.1%

Note: *Total MIS budget excluding rent and childcare.

The amount spent on food has increased for all four of the household types considered in this chapter. However, the increase is more pronounced for the households without children, for whom the food budget was rebased and repriced in 2022. For single working-age adults, their combined food and drink budget increased by 30% between 2021 and 2022; for couple pensioners, the budget increased by 24%. In comparison, for households with children, the food budget increased by 9% – reflecting overall inflation for the period.

Table 5: Disaggregated MIS food and drink budgets in 2021 and 2022 for four key household types

	Value 2021	Value 2022	Increase (£)	Increase (%)
Single adult, orking age				
Food prepared at home	£49.49	£59.83	£10.34	21%
Eating out/takeaways	£7.60	£14.23	£6.63	87%
Couple pensioner				
Food prepared at home	£78.32	£89.56	£11.24	14%
Eating out/takeaways	£9.30	£18.86	£9.56	103%
Lone parent ith t o children aged 2–4 and primary school age				
Food prepared at home	£79.16	£84.49	£5.33	7%
Eating out/takeaways	£7.67	£9.98	£2.31	30%
Couple ith t o children aged 2–4 and primary school age				
Food prepared at home	£113.25	£120.60	£7.35	7%
Eating out/takeaways	£8.10	£12.41		

Figure 7: MIS budgets in 2021 and 2022 – breakdo n of overall increase due to CPI versus item changes (excluding rent, Council Tax and childcare)

Table 6: Composition of total increase in budgets 2021–2022 and impact of additions on total percentage increase

	Couple ith t o children aged 2–4 and primary school age	Lone parent ith t o children aged 2–4 and primary school age
Composition of overall increase		
Percentage change due to CPI	68.2%	68.6%
Percentage change due to additions	31.8%	31.4%

Table 7: Main item changes contributing to increase in MIS budgets

	Couple with two children aged 2–4 and primary school age	Lone parent with two children aged 2–4 and primary school age
Additional weekly cost		

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4 Comparison of MIS ith incomes on benefits and the National Living age

This chapter examines the relationship between the MIS budgets and the incomes that people can expect to receive from benefits and from earning the National Living Wage (NLW). The comparison is based on disposable income, which we define here as the amount that a household has left to spend after paying taxes (including Council Tax), rent and childcare costs.

In 2022, the relationship between incomes and household costs has been subject to some powerful influences. By April, the month on which these annual comparisons are based, CPI inflation had risen to 9%. The increase in inflation-linked benefits and tax credits that month was only 3.1%, pegged to CPI in September 2021, while the NLW rose by 6.6%. Unsurprisingly, with benefits and the NLW falling relative to inflation, the adequacy of the incomes of those receiving them has declined.

In the face of increasing inflation, in May 2022 the UK Government announced three, one-off measures designed to help households with the increasing cost of living:[4]

1. £400 universal payment – the Energy Bills Support Scheme – to all households to assist with increasing energy costs, to be credited to customer accounts over six months from October 2022.
2. £650 one-off Cost of Living Payment for those on means-tested benefits, including Universal Credit and Pension Credit.
3. £300 to all pensioner households to help cover the rising cost of energy over the winter.

For working-age adults, households with dependent children, and pensioners, we look in turn at how incomes on benefits and/or the NLW compare to MIS, before and after the cost of living support payments.[5] The MIS budgets here include the £150 Council Tax rebate for all households living in Council Tax bands A–D, which was announced earlier in 2022. This is not included in the package of 'cost-of-living' measures looked at here.

orking - age adults ithout children

Figures 8 and 10 show the disposable income available to single and couple working-age adults without children, based on benefit entitlement and different levels of employment, relative to the MIS requirement for these households. For non-

Figure 10: Couple, no children, disposable eekly income relative to MIS requirement, on out - of- ork benefits or NL

Note: Percentages sho proportion of MIS budget covered, net of rent, childcare and Council Tax.

Figure 11: Couple, no children, disposable eekly income relative to MIS requirement, on out - of- ork benefits or NL , inclusive of cost - of- living support payments

Note: Percentages sho proportion of MIS budget covered, net of rent, childcare and Council Tax.

Families ith children

For families with dependent children, their expected income from out-of-work benefits falls far below MIS, both for lone parents and couple parents. Despite faring better than working-age adults without children if they are out of work, out-of-work families with two children still only receive around half of the disposable income reb0 Tw2-18.3 (t)-2.4 6.9 ( )-12.1 (r)3. 7 (r)-2.c 7 (r)-21.9 8[ll ocmb185.57 (r)-2add 62 (a)5.1 (r 2-3

the amount lone and couple parent families with two children aged 2–4 and primary school age would gain through different combinations of work on the NLW.

Figure 12 shows that a lone parent with two children falls over £200 short of MIS each week if they are out of work. This gap narrows if they are working part time (half-time hours) on the NLW, but their income is still only 70% of MIS, rising to 77% if they are working full time. Gains from moving from part-time to full-time work are much less substantial than for working-age adults without children, partly due to the reduction in UC as earnings rise, but also due to the increased childcare costs associated with full-time work. The childcare element of UC only pays up to 85% of childcare costs, meaning that the

income might look if their housing costs are based instead on modest, lower quartile private rent. In this case, only a proportion of their rent will be covered by UC before they reach the benefit cap of £385 per week. Their disposable income is then calculated net of their total rent, and a contribution to their

Figure 14: Couple ith t o children aged 2 – 4 and primary school age, disposable eekly income relative to MI S requirement, on out - of- ork benefits or NL

D

Note: Percentages sho proportion of MIS budget covered, net of rent, childcare and Council Tax.

Figure 15: Couple ith t o children aged 2 – 4 and primary school age, disposable eekly income relative to MIS requirement, on out - of- ork benefits or NL , inclusive of cost - of- living support payments

Note: Percentages sho proportion of MIS budget covered, net of rent, childcare and Council Tax.

Figure 16: Out-of- ork couple ith t o children aged 2 –4 and primary school age, paying modest private rent of £141 p/ *; disposable income relative to B enefit Cap

Notes: *Private rent based on lo er- quartile rent for a three-bedroom property in the East Midlands

Pensioners

In recent years, the State Pension has provided a much more favourable income than out-of-work benefits, and has brought pensioners' incomes much closer to the MIS benchmark. However, along with other benefits, the State Pension has only been uprated by 3.1% (Department for Work and Pensions, 2021) and not by the 9% CPI that was reported in April 2022. Having been in a relatively advantageous position in recent years, pensioners are now falling further away from an adequate income.

In 2021, a single pensioner could reach 95% of MIS either with the full State Pension, or with a Pension Credit top-up. In 2022, this has fallen to 82% (see Figure 17). Figure 19 shows pension income relative to MIS for couples in 2022. Among couple pensioners,on82%up6.1 (e) (f)1.6 (u)2.8 63pCtaoon 20 Pl 2 (atnsi(l)-11 (S)2.8 ( )

Figure 19: eekly disposable income on Pension Credit and full State Pension, compared to MIS – couple pensioners

Note: Percentages sho proportion of MIS budget covered, net of rent, childcare and Council Tax.

Figure 20: eekly disposable income on Pension Credit and full State Pension, compared to MIS – couple pensioners, inclusive of cost- of- living support payments

Note: Percentages sho proportion of MIS budget covered, net of rent, childcare and Council Tax.

5 Conclusion

Since 2008, MIS has provided a coherent and clearly-articulated vision of what the public, collectively, believes represents a minimum standard of living in the UK today. Through an iterative process of consensus building, groups of members of the public work together to reach agreement about what different households need in order to live with dignity. In the main, MIS research is about identifying a detailed list of the goods and services that provide and enable this minimum living standard for working-age adults with and without children, and for those who are retired. This detail is critical in being able to set out the weekly cost of a minimum budget and the income households need in order to be able to afford this.

Over time, different factors have an impact on how much households need to reach MIS. Most starkly this year, rapidly rising prices across OT‡- (e)5.9 2 (e)-6s(r)215.2 (ho)0..4 (o)0.-83

could look like: a society in which people don't have to worry about where their next meal is coming from, or the roof over their heads; a society in which people feel secure, are able to make choices and take opportunities, and feel connected to those around them; a society, put simply, that supports all people to live with dignity.

Notes

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

2. https://www.minimumincome.org.uk

3. A small number of budget elements, including clothing and domestic fuel, are also repriced outside the review process, which accounts for the increase being higher than inflation overall.

4. A £150 payment for those receiving disability benefits was also included in the package of support; however, it is beyond the scope of the UK MIS study design to calculate the additional costs associated with disability, and the research uses the assumption that household members are all in relatively good health. We do not, therefore, include this payment in our discussion of the 2022 costs of living support payments.

5. As MIS budgets are based on April 2022 prices, and the payments will help cover increased fuel bills from October 2022 onwards, these calculations are likely to understate the amount by which households fall short of MIS in winter 2022/23.

6. The annual earnings requirements set out here do not include the cost-of-living support payments. In the online calculator, the default calculation includes those payments, with the option to adjust the results to excMefnoents.

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ppendix

Table 8: Budget totals excluding rent and childcare, 2008 –2022

	Single, orking age [7]		Couple, orking age	
	In current year prices	CPI- adjusted to 2022 prices	In current year prices	CPI- adjusted to 2022 prices
2008	£158	£226	£245	£350
2009	£166	£232	£256	£358
2010	£175	£236	£273	£367
2011	£185	£238	£287	£370
2012	£193	£241	£302	£377
2013	£201	£245	£315	£384
2014	£195	£234	£320	£384
2015	£196	£236	£322	£387
2016	£199	£238	£330	£395
2017	£207	£242	£345	£402
2018	£214	£243	£351	£400
2019	£221	£247	£365	£407
2020	£227	£251	£373	£413
2021	£231	£252	£381	£415
2022	£293	£293	£482	£482

	Single pensioner	Couple pensioner

Table 9: Percentage of MIS covered by safety-net income, 2008–2022

	2008	2012	2016	2020	2021 ithout £20 uplift	2021 ith £20 uplift	2022 ithout cost-of-living payment	2022 ith cost-of-living payment
Single, orking age	42%	40%	38%	34%	32%	42%	25%	32%
Couple, orking age	42%	39%	35%	32%	31%	37%	24%	29%
Single pensioner	108%	101%	93%	94%	95%	95%	82%	1[illegible]% 95%7 95%7

Table 11: nnual earnings required to reach MIS, orking full time and paying for childcare (excluding cost-of- living support payments)

	Single person	Couple ith t o children aged 2–4 and primary school age, total	Couple ith t o children aged 2–4 and primary school age, each parent	Lone parent ith t o children aged 2–4 and primary school age
2016	£17,300	£34,800	£17,400	£25,700
2017	£17,900	£33,800	£16,900	£25,900
2018	£18,400	£34,600	£17,300	£29,600

Table 12: MIS relative to median income and the poverty line after housing costs, 2008/09–2020/21 (latest year data available)

	Single, orking age, no children	Couple, orking age, no children
MIS as a percentage of mork after6 (r)-4 (d)193 Td (l)41 0 Td ( )Tj EMC /P <</MCID 1Td [(mork)-7.6T.1 (e)-9.7		

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bout the author s

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