

UK: Households on inadequate incomes increases by a fifth

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New research by Loughborough University published today shows the number of households living on an inadequate income has increased by a fifth (900,000) in three years.

Among the 20 million [households](#) whose minimum needs are calculated in the research, the number falling short of an adequate standard of living has increased from 3.8 million to 4.7 million households - following the onset of the recession, cuts to benefits and tax credits and the rising cost of essentials. Most of the increase came in the final year of the three-year period.

Income adequacy is measured by the Minimum Income Standard (MIS), which is what the public think we all need for a minimum socially acceptable standard of living in the UK. The report reveals how many households live below the minimum amount needed, how far they are below and who they are.

The report by the Centre for Research in Social Policy at the University and published by the Joseph Rowntree Foundation, uses the latest available data on household incomes to monitor changes in adequacy since the recession and its aftermath (2008/9 – 2011/12).

Families with children are the most likely to be living below an adequate standard, especially lone parents. However, working age people without dependent children have seen the biggest rise, especially under 35s living alone. The deterioration in their fortunes is explained by growing

unemployment, falling benefit levels and a sharp increase in the numbers privately renting their homes, where disposable income is eaten up by high rents.

The report found:

- 4.7 million people in couple households with between 1 and 4 children (28 per cent) lacked the income required for an adequate standard of living in 2011/12, up from 3.8 million (24 per cent) in 2008/9.
- 480,000 people under 35 living alone (42 per cent) couldn't afford a decent living standard in 2011/2, up from 310,000 (29 per cent in 2008/9). They also had a greater risk of living on an extremely low income (less than half of what they need for MIS), rising from 9 per cent to 25per cent.
- 2.1 million people living in lone parent households with between 1 and 3 children (67 per cent) lacked the income required for an adequate standard of living in 2011/2, a similar number but slightly higher percentage than in 2008/9 (65 per cent).
- 800,000 people in pensioner households (9 per cent) lacked the income required for an adequate standard of living in 2011/12, up from 650,000 (7 per cent) in 2008/9.
- 1.5 million single working-age households (36 per cent) lacked the income required for an adequate standard of living in 2011/12, up from 1.1 million (29 per cent) in 2008/9.
- 1.1 million members of working-age couples without children (13 per cent) lacked the income required for an adequate standard of living in 2011/12, up from 790,000 (10 per cent) in 2008/9.

The analysis shows that the level and trend in numbers below MIS varies according to:

- **Age group:** households with members under 35 are more than three times as likely to be below MIS as pensioners.
- **Tenure:** tenants are more likely to be below MIS than owner occupiers, and private tenants comprise a growing percentage of those who fall below the standard. Of those living below MIS, the proportion in private rented housing has increased from 24 per cent in 2009 to 30 per cent in 2012; over the same period, the proportion in social housing fell from 43% to 37%. In addition, private tenants are now more likely to be on very low incomes (below half of MIS) than social tenants (13% vs 11%).
- **Region:** London remains the part of the country where households face the greatest risk of being below MIS, influenced by high housing and childcare costs. One in three households in Northern Ireland live below MIS, and the risk of being below MIS has increased sharply. Other regions have also seen a steep increase in this risk during the recession, particularly the South West and East Midlands. A full regional breakdown is in the notes to editors.

Katie Schmuecker, Policy and Research Manager at JRF, said: "Many people have seen downward pressure on their living standards, but for those on low and modest incomes more are having to make tough choices about what essentials to go without. The number living on less than what fellow members of the public think is needed for an acceptable standard of living has gone up by a fifth since 2008/9. As growth re-emerges it is vital the recovery helps improve the living standards of those in greatest need.

"In the early part of the recession, families with children were protected by increases in tax credits. But a turning point was reached in 2011 when major cuts in support for childcare costs contributed to an increase in the risk of being below MIS. In the case of lone parents, the increase was from 60 to 67 per cent between 2010/11 and 2011/12 – in one year

alone. Families who have seen their income shrink in a downturn will want to see improvements in the upturn - and it is up to the parties to offer much-needed help."

Donald Hirsch, co-author of the report, said: "Young people, single people and people in private rented housing have done particularly badly relative to the Minimum Income Standard during the downturn. A whole generation of young adults are noticeably worse off as a result of the deterioration in their job prospects, a worsening of housing options and falls in real wages and benefits, making it harder for young people to be independent. Our figures show that those under-35s who do live on their own are much more likely than in the past to have far less [income](#) than they need for a minimum standard of living."

More information: Read the study: [www.jrf.org.uk/sites/files/jrf ... e-standards-full.pdf](http://www.jrf.org.uk/sites/files/jrf/...e-standards-full.pdf)

Provided by Loughborough University

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