



# A Minimum Income Standard for London 2022

Matt Padley, Abigail Davis, Chloe Blackwell, Claire Shepherd and Juliet Stone

Centre for Research in Social Policy  
Loughborough University

July 2023



**Loughborough  
University**

Centre for Research  
in Social Policy



## Acknowledgements

The research team would like to thank everyone who participated with enthusiasm and thoughtfulness in the discussion groups at the heart of this research. Thanks also go to Lisa Jones and Nicola Lomax at the Centre for Research in Social Policy (CRSP) for co-ordinating the groups and providing administrative support for this project. Finally, thanks are also due to Trust for London, who continue to fund and support this research.

## About the authors

**Matt Padley** is Co-Director of the Centre for Research in Social Policy (CRSP), where he has pioneered work on retirement living standards in the UK, as well as leading this research on minimum living standards in London. He works across the established Minimum Income Standards (MIS) programme, leading on data analysis, and the application and development of MIS in the UK and globally. His research focuses on public conceptions and understanding of living standards, and how these can be used within public policy. He has worked with colleagues in Mexico, Singapore, Portugal, Thailand and South Africa supporting the development and application of the MIS approach in these countries.

**Abigail Davis** is Co-Director of CRSP, with responsibility for leading the qualitative elements of the MIS UK programme. She has worked with teams in Austria, France, Japan, Portugal, Mexico, Singapore, South Africa and Thailand on Minimum Income Standard projects and delivers training to researchers aiming to develop budget standards in non-UK locations using the MIS approach.

**Dr Claire Shepherd** is a Research Associate at CRSP, and part of the core MIS team. She also works on research that adapts the MIS methodology to establish income targets for retirement. Other MIS-related work has included research into the additional and different needs of individuals with sight loss, funded by the Thomas Pocklington Trust

**Dr Juliet Stone** is Senior Research Associate at CRSP, where she focuses on quantitative analysis of income adequacy. She also provides support for qualitative work, including the collection of focus group data for calculation of the Minimum Income Standard for London. She has a background in social epidemiology, health inequalities and social determinants of population processes. Her research interests stem from a broad focus on understanding the consequences of differential socioeconomic circumstances from a life course perspective, and include family and household dynamics, health inequalities and the social implications of housing policy.

**Dr Chloe Blackwell** is a Research associate at CRSP. First joining the team as part of her PhD study, her thesis adopted the MIS methodology to explore the needs of families raising children on the autism spectrum. She now works with the team to carry out core MIS research and related projects, including digital living standards.

## Contents

<b>Executive summary</b>	<b>1</b>
<b>1 Introduction</b>	<b>3</b>
<b>2 Methodology</b>	<b>7</b>
<b>3 What do households in London need as a minimum?</b>	<b>11</b>
<b>4 The additional costs of living in London</b>	<b>23</b>
<b>5 Households below the Minimum Income Standard in London</b>	<b>46</b>
<b>6 Conclusion</b>	<b>50</b>
<b>References</b>	<b>51</b>

## Executive summary

This latest research looking at what is needed for a decent living standard in London focuses on working-age adults without children, and pensioners. Groups of working-age adults and pensioners in Inner and Outer London discussed and agreed what these households need in order to have a minimum socially acceptable standard of living in 2022.

This research calculated the difference in a minimum household budget between the capital and elsewhere in the UK, and looked at the implications of this difference for the adequacy of social security and wages. Finally, the findings of the research were used to look at the number of households without the income needed to meet this minimum standard in the capital and how this has changed over time.

This latest research found that:

- Around 4 in every 10 people living in London (39%) have an income below what is needed for a minimum standard of living. This is above the 28% below this level in the UK as a whole in 2019-20.
- 3.49 million Londoners are living in households with inadequate incomes. Just under 1 million children in the capital are growing up in households below the minimum income standard (MIS).
- In most areas of life, minimum needs and the costs of meeting these are the same for working-age households without children and pensioner households in London as for similar households living in other urban areas of the UK.
- The rising cost of essentials, such as food and home energy, has had a substantial impact on the amount needed for a minimum standard of living both in urban UK outside London and within the capital. Changes in what working-age adults without children and pensioners specified as required to reach this standard following the relaxation of Covid 19 restrictions, also had an impact on the cost of a minimum budget. People emphasised the importance of being able to re-engage with activities that had been impossible since early 2020, resulting in some substantial changes, particularly in relation to these activities outside the home for social participation, such as eating out.
- There are key differences in how minimum needs are met in London compared to urban UK outside London, and the cost of these. For example, housing *needs* are largely the same in London, but the *cost* of rent – particularly for working-age adults without children – is substantially higher in the capital.
- The additional costs of a minimum budget in London mean that a decent standard of living in the capital costs between 12% and 66% more. The biggest difference is for single working-age adults, living alone in Inner London where the cost of housing in the private rental sector are so much higher than other urban areas in the UK.

- Safety-net benefits for people living in London continue to fall well short of meeting minimum needs. With the cost of living payments from government in 2022, support for out of work single working-age adults living on their own covers just 6% of minimum needs (after rent and council tax have been paid). The adequacy of support provided by safety-net benefits has reduced substantially over time – falling from 35% in Inner London in 2014.
- 48% of children living in London are in households with incomes below what they need for a decent living standard, compared to 40% in the UK in the same year. Nearly three quarters (73%) of children in lone parent households are living below MIS.
- Just more than a third of pensioners living in London (35%) have incomes below MIS, compared to 17% in the UK.
- Three-quarters of individuals in the capital with incomes below MIS (74%) are living in rented accommodation.

# 1 Introduction

Since the early months of 2022, pressures on household incomes have increased significantly. The Consumer Prices Index (CPI), which tracks what is happening to the cost of a basket of goods and services over time, has been above 10% for much of the past year. While overall inflation has been at a record high, within this the cost of some essentials, such as food and energy, has increased at an even greater rate. In the year to April 2022, annual food inflation was 6%; in the year to April 2023, food inflation was 16%. The cost of electricity and gas increased by 91% in the year to March 2023. Households on lower incomes spend a greater proportion of their income on these essentials, and therefore have seen the most significant squeeze on their living standards: energy, food and non-alcoholic drinks account for 32% of spending for households in the lowest-income tenth (Cribb et al, 2023). Within London, it is estimated that those in the bottom fifth of the income distribution are experiencing a higher rate of inflation than those at the top of the distribution (Trust for London, 2023). The pressures exerted by high inflation are exacerbated by the experience of low pay. Recent analysis of low pay in London found that 1 in 7 jobs in the capital were paid less than the real Living Wage, compared to 1 in 8 for the UK as a whole (Abdul Aziz and Richardson, 2023).

In this context, this report sets out the latest research on what is needed for a minimum socially acceptable standard of living in London, building on work undertaken in urban areas elsewhere in the UK (Davis et al, 2022) and on previous research in the capital (Padley 2017, 2020; Padley et al, 2015, 2017, 2019, 2021). The research reported here was undertaken in the autumn of 2022, a point at which households had experienced high inflation for several months, with continued uncertainty around energy prices and government support for these, and at a time of political and economic instability resulting from rapid and unforeseen changes in prime minister. As now – and as highlighted above – many households in London were facing significant pressures on finances towards the end of 2022 as a consequence of the high and rising cost of essentials, with these increasing at a faster rate than either pay or support through the social security system.

The impact of these economic, social and political challenges on expectations about living standards and minimum needs is unlikely to be seen until further research in London to be undertaken in 2024. At this point it will be clearer whether a sustained period of high inflation has had a discernible impact on how a minimum, socially acceptable standard of living in the capital is described.

The research this year focused on working-age adults without children and pensioners, looking at what these households need to live in dignity in both Inner and Outer London. The Minimum Income Standard (MIS) research identifies the budget needed to cover the basket of goods and services that different households need for a minimum socially acceptable standard of living, based on detailed deliberations by groups of members of the public. MIS is an ongoing programme of research, producing annual updates of how much income a range of household compositions in the UK need to afford an acceptable standard of living (see Box 1).

Regularly reviewing and updating MIS, both across the UK and in London, is important in order to ensure that the MIS benchmark reflects social norms and expectations *as they are now*, but also to capture changes in costs which impact upon how much households need to reach a minimum. Up to date assessments of needs in London continue to be important in order to understand and detail the different and/or additional pressures on living costs in the capital. This is particularly valuable at a time when these pressures are substantial and are having significant consequences.

## Report structure

Section two sets out the methods used in researching MIS London, and how they have been applied in this study. Section three explores what groups in Inner and Outer London agreed were the different and additional goods and services working-age adults without children and pensioners needed to achieve a minimum socially acceptable standard of living. Section four compares the London and UK MIS budgets, looking at the additional costs different households in London face, and at how much Londoners therefore need for a minimum income standard. Section five looks at the proportion of individuals living in London with incomes below that needed to reach MIS and the report ends by reflecting on the key finding and their implications in the context we find ourselves in.



## **Box 1 Minimum Income Standard - Summary**

### **What is MIS?**

The Minimum Income Standard (MIS) is the income households 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 stage 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 what quality, how long they would last and where they would be bought. Experts make selective inputs, notably checking the nutritional adequacy of the food baskets, calculating domestic fuel requirements and advising on motoring costs where relevant. Subsequent groups check and amend the budget lists, which are then priced at various stores and suppliers by the research team. Groups typically comprise 8-10 people from a range of socioeconomic and ethnic backgrounds, but all participants within each group are from the household category under discussion. So, parents with dependent children discuss the needs of parents and children, working-age adults without children discuss the needs of single and couple adults without children, and pensioner groups decide the minimum for pensioners.

A crucial aspect of MIS is its method of developing a negotiated consensus among these socially mixed groups. This process is described in detail in Davis et al (2015). The MIS approach uses a method of projection, whereby group members are asked not to think of their own needs, but of those of hypothetical individuals. Participants are asked to imagine walking around the home of the individuals under discussion, to develop a picture of how they would live, to reach the living standard defined above. While participants do not always start with identical ideas about what is needed for a minimum socially acceptable standard of living, through detailed discussion and negotiation they commonly converge on answers that the group as a whole can agree on. Where this does not appear to be possible, for example where there are two distinct arguments for and against the inclusion or exclusion of an item, or where a group does not seem able to reach a conclusion, subsequent groups help to resolve differences.

### **What does it include?**

As set out in the definition above, a minimum is about more than just survival. However, it covers needs, not wants, necessities, not luxuries: items that the public think people need to be part of society. In identifying things that everyone requires as a minimum, it does not attempt to specify extra requirements for particular individuals and groups who may have additional needs – for example, those resulting from living in a remote location or having a disability. So, not everybody who has more than the minimum income can be guaranteed to achieve an acceptable living standard. However, someone falling below the minimum is unlikely to achieve such a standard.

### **How can the results be accessed?**

There are several ways of accessing MIS results for different users, all via the MIS [webpages](#):

- The online Minimum Income Calculator shows the budgets and earnings requirements for any specified household type.
- There are lists of the items used to compile the budgets for each household type.
- For users who want to analyse the data, there are spreadsheets showing the budgets broken down by category for each of the main household types for each year of MIS.
- There is also an Excel version of the latest calculator that can generate results for any specified household type for the present year.

**To whom does it apply?**

MIS applies to households that comprise a single adult or a couple, with or without dependent children. It covers most such households, with its level adjusted to reflect their composition. The needs of more than a hundred different family combinations (according to numbers and ages of family members) can be calculated. It does not cover families living with other adults in the main calculations, although supplementary reports on single adults sharing accommodation (Hill et al, 2015) and single adults in their 20s living with their parents (Hill and Hirsch, 2019) estimate variations for these household types.

**Where does it apply?**

MIS was originally calculated as a minimum for Britain; subsequent research in Northern Ireland in 2009 showed that the required budgets there were all close to those in the rest of the UK, so the national budget standard now applies to the whole of the UK.

This main UK standard is calculated based on the needs of people in urban areas outside London. Between 2008 and 2020 most groups were held in Midlands towns and cities, and from 2018 budgets have been reviewed in other parts of the UK. In 2022, as all main MIS groups were held online, we were able to expand the geographical spread of groups, and held them with participants from towns and cities around the UK.

The research has also been applied in other geographical contexts, for example through projects considering costs in rural England, and in remote rural Scotland. Further research is ongoing in remote rural Scotland as part of the Scottish Government's monitoring of fuel poverty. Other countries have used the same overall method, but employed their own definitions of the minimum, carrying out studies in Japan, Portugal, France, Thailand, Singapore, Tunisia and Mexico. An ongoing MIS programme in the Republic of Ireland uses methods based on the UK work. Pilot research has also been carried out in South Africa.

**How is it related to the poverty line?**

MIS is relevant to the discussion of poverty, but is not a poverty threshold. Participants in the research are not asked to talk about what defines or describes poverty, but instead what, in today's society, constitutes an acceptable minimum. However, MIS is relevant to the poverty debate in that almost all households officially defined as being in income poverty (having below 60% of median income) are also below MIS. Thus, households classified as being in relative income poverty are generally unable to reach an acceptable standard of living as defined by members of the public.

## 2 Methodology

This section sets out the methodology used in this latest MIS London research, which was rooted in the same principles as all MIS research. MIS is centred around in-depth discussions with groups of members of the public. These groups are asked to explore in detail the goods and services that different households need in order to meet a minimum socially acceptable living standard. Rather than focusing on what they themselves think they need to reach this minimum, groups focus on reaching agreement on what is required by examples of ‘hypothetical’ households, which are similar but not identical to their own situation. Groups in this latest research therefore included single and partnered working-age adults without children, working-age adults living in shared accommodation, and single and partnered pensioners.

In the UK MIS research, groups are regularly asked to construct household budgets from scratch, starting with a blank page. In this research, groups of members of the public in London were asked to consider and review the lists of goods and services compiled in urban locations in the UK outside of London in 2022 – namely minimum budgets for households without children. Consequently, the focus of this round of MIS London research was on the needs of these households and how these may differ from those in the UK outside of London. The research also looked at whether what is needed for a minimum acceptable standard of living has changed since the previous research with these types of households in London in 2018.

The discussion groups in this research focused on:

- reviewing the goods and services agreed in urban locations outside of London – in the UK MIS – as those that provide a minimum socially acceptable standard of living;
- identifying which, if any, of these goods and services would either be inadequate or unnecessary for people living in households of the same type in Inner and Outer London;
- agreeing how the list of goods and services should be adjusted, altered or added to so that households reach the same standard of living in London; and
- reflecting on any changes since 2018 in these adjustments

This is the approach that has been used in previous iterations of the MIS London research (e.g., Padley et al., 2021), and is one that means differences can be identified, and the impact of these on minimum income requirements can be calculated.

### Reviewing household budgets for working age adults and pensioners

The groups undertaken in the autumn of 2022 were asked to think about the needs of households without children living in Inner and Outer London.

#### *Orientation groups*

Previous MIS research undertaken in Inner and Outer London has identified three key aspects of life in the capital where both households costs and needs were different to other urban locations in the UK: housing, transport and childcare. This latest research began with an ‘orientation’ group – bringing together working-age adults without children living in Inner

and Outer London – to explore housing and transport. This group was asked to consider what these working-age adults without children, living in London, needed in order to reach a minimum acceptable standard of living in each of these areas. The orientation group was presented with hypothetical households and discussed the type of accommodation needed to meet the needs of working-age adults without children in Inner and Outer London, as well as discussing minimum transport needs. The decisions made within this initial group were taken forward to the next stage of groups.

### *Principal review groups*

Four principal review groups were undertaken: single and partnered working-age adults without children and single and partnered pensioners living in Inner London, and the same households living in Outer London. These groups were tasked with reviewing the detailed lists of goods and services compiled in UK MIS research in 2022, and adjusting and amending these to reflect the different and/or additional needs of these households in the capital. Those participating in groups discussed and agreed what people living in the same kind of household as themselves need for a minimum socially acceptable living standard in the capital.

Each MIS London group began from the same definition of a minimum standard of living, constructed by the public in the initial UK MIS research in 2006. This definition states that:

*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.*

Any changes to the existing ‘baskets of goods and services’, and/or to the quantities of items, included in UK MIS budgets were made with reference to this definition and what is needed to reach this living standard. As in previous MIS London research, participants were asked to consider what needs to be different *because working-age adults without children and pensioners are living in London*, rather than because groups disagreed with whether or not something should be included as a minimum need for these households.

Groups were asked to consider what a ‘hypothetical’ household, similar to their own, would need for a minimum acceptable living standard. The use of these made-up households avoids asking participants to discuss their own tastes and preferences. Instead, the focus is on what participants agree is needed to achieve this minimum living standard. Further, groups were asked to consider the needs of these households across either Inner London or Outer London, rather than in the specific location in which they live.

Each of these initial groups were asked to consider whether minimum needs in London, and how these are met, differ from those agreed in the UK MIS in 2022. Participants reviewed existing lists of goods and services, and were asked to reach agreement about:

- What – if any – goods and services need to be **added** to existing lists in order to for households in London to reach a minimum socially acceptable standard of living?
- What – if any – goods and services within the UK MIS budgets are **not needed** in order for London households to achieve this standard?

- What – if any – goods and services need to be **amended** or **revised** in order for households in London to reach a minimum?
- **Why** these changes are needed?

### *Follow up and final review groups*

Follow up and final review groups were subsequently held with participants living in Inner and Outer London. Participants reviewed the lists of goods and services needed for a minimum living standard including any changes or adjustments that had been made to these by the principal review groups. These eight groups – four in Inner London and four with participants from Outer London – included different participants to the principal review groups. This is of central importance in ensuring the robustness of the approach; changes made to the lists of goods and services are reviewed by more than one group and final adjustments are only confirmed if and when these are agreed by more than one group.

### *Recruitment*

Participants were recruited by an online recruitment company that has recruited for MIS research across the UK. As established in the first MIS London research in 2014/15, Inner and Outer London were defined according to the definition used by the Greater London Authority, set out in Figure 1.

**Figure 1** Inner and Outer London



Participants were recruited to include a reasonable balance of genders and ethnicities, on the basis of where they lived (Inner or Outer London), and their household composition (working-age adults without children or pensioners). Finally, groups included participants

from across a range of socio-economic backgrounds – this is in order to ensure that the minimum budgets described and agreed through this research represent the needs of the population in general rather than being rooted in or dominated by a particular experience.

### **Updating the budgets for households with children in London**

The budgets for households with children presented here, have been updated based on price increases in the year to April 2022, as estimated by the Consumer Prices Index (CPI). The exceptions to this are costs associated with travel within London, childcare and housing; for these three budget areas, the updated figures reflect actual changes in costs.

### **Calculating the costs of a Minimum Income Standard for London**

Where groups identified different and/or additional goods and services as needed by households without children in London, these differences have been considered and discussed in detail and the necessary changes subsequently made to existing urban UK MIS budgets. This includes where and how often goods and services need to be bought and also how services are accessed in London. Where it has been agreed that items are the same as in UK MIS, the assumption here is that the costs facing households are the same. This assumption is based on the pricing of household and personal goods at retail chains with national pricing policies, therefore items cost the same price when bought in London as they do in other urban areas of the UK.

In general, UK MIS budget ‘totals’ are reported excluding both housing and childcare costs. This is because these are costs where there is significant regional variation across the UK. Previous MIS London research has highlighted the substantially higher cost of housing and childcare in the capital and so it is important to take these into account when looking at the cost of reaching a minimum socially acceptable living standard in London. In the analysis presented here, therefore, we look at minimum budgets both with and without housing and childcare costs.

### 3 What do households in London need as a minimum?

This section gives an overview of the group discussions held with pensioners and working age people without children living in Inner and Outer London about what is needed in order to have a minimum socially acceptable standard of living. As in previous waves of MIS London research, groups from Inner and Outer London were asked to consider the lists developed in the MIS UK research by people living in urban locations outside London. We asked participants to focus on the needs of hypothetical individuals and identify if someone would have additional and/or different needs to those listed because they live in Inner or Outer London.

#### Housing

When discussing housing, groups were asked to consider what type of accommodation would meet the needs of the households under consideration, as a minimum. In previous years, within MIS London, a single working-age person living in the capital was said to need a studio flat. This is smaller than the one-bedroom flat described as meeting minimum needs for the same household type in the urban UK, reflecting the higher population density in the capital and the fact that space is at a premium. This would be in the private rental sector as these households would be unlikely to be eligible for social housing unless they had additional complex needs.

When working-age groups were presented with the housing specified in previous MIS London research they said that the studio flat would no longer be suitable as this kind of accommodation was likely to be smaller now than in the past. They said that landlords in the private rental sector were maximising profits by fitting more tenants into the space in smaller flats. Participants felt that this negatively affected tenants' quality of life and raised concerns about hygiene.

*Q: The first question I guess is does that [a studio flat] still sound like it would meet their needs as a minimum or has that changed or...?*

*P1: It sounds about right for London.*

*P2: I think it is a start. Erm because I guess yes because it is all well and good on paper but then you need things to, I guess complement the things inside the house as well. So I would say another basic minimum is like adequate space within the house.*

*Q: OK, OK what does that mean? What does adequate space mean? Because we have had quite a lot of conversations about space in London...?*

*P3: Do they have like in the studio flat, is there a balcony or is there a garden or is it top floor attic where you're totally enclosed, and the space is too small that you don't actually have enough space to actually put away your clothing. There is a lot of accommodation which especially the new builds, they don't include cupboard spaces, they will have cupboard spaces for the kitchen but they don't have cupboard spaces to hang your outdoor clothing and you have got to buy your own wardrobes so that is taking space out of the room and that would be for a one bedroom as well.*

*P2: And I guess also like space for entertainment so you would want to entertain yourself and if you have guests over you would want to entertain them as well.*

P3: *Space to eat your food, like people that don't even have... like some houses don't even have a front room where you can sit and eat dinner, it is only bedrooms so you would sitting in your sleeping space to eat your dinner.*

[...]

P4: *I know one of my mates he has got a studio and it is just literally his bedroom is the living room, he has got a little kitchen that is off the bedroom but there is no door and then like erm the toilet and the bathroom is behind the kitchen on the other side, separately like obviously a wall and a door but like it is literally...*

[...]

P1: *There should be a separate kitchen because these studio flats that have been made, they have been made because they want to monopolise on how much money they can earn, so they have made these studio flats possible. That is why you have got studio flats and you have got one-bedroom flats. I feel personally, I think it is wrong and it should be one bedroom, everything should be starting at one bedroom.*

P2: *I completely agree with that.*

P1: *But also 'studio flat' can be defined in different ways because you can have studio flats where like it is all one room but there is a like a wall. So it is still one room but it... then you have other people that will take the piss and it will be like this room that has been converted so studio flat can be... different things now.*

[...]

P2: *I think Maria needs a one bed.*

### **Working-age, Inner and Outer London**

Groups agreed that for these reasons, the inner London accommodation for single adults living alone should be a one-bedroom flat. Space was also an issue raised when groups discussed the needs of people living in shared accommodation, with a suggestion that the previous model (three adults living in a three-bedroom flat with a shared living area, kitchen and bathroom) might also have changed because of the nature of the London rental property sector.

P1: *Yes I was going back to say going back to the climate of this country at the minute that three-bedroom flat and how it is being described here, in theory [it is a] four-bedroom flat, I don't believe there would be a living room in there because if there was a space to have a living room that you can shut a door it is a bedroom. So...*

Q2: *But people said it is really important because there are lots of places like that that they have used up that space, but they do still exist and they said it was really important so that if you did want to have a friend round or something, you didn't have to have them in your bedroom, that wasn't the only space you could have them in.*

P2: *That is right yes.*

Q2: *And to have... to foster that spirit of a house rather than just strangers who happen to be in the same place.*

P1: *The odds of that happening in London now are slim to none because if*



*the landlord doesn't turn it in to a bedroom, the tenants will.*

*P3: They are going to.*

*P4: And just split the rent you know.*

### **Working-age, Inner and Outer London**

However, while aware of these constraints, participants in the groups of people living in shared accommodation felt that the standard should remain at the level specified in previous MIS London research.

*P1: I think a socialising space is super, super important, in my experience.*

*[...]*

*P2: We haven't got room for a dining table and chairs in the living room, but I am grateful I can just get out of my bedroom, into the living room, sit on the sofa and eat if I want, you know.*

### **Sharers, Inner and Outer London**

For pensioners, groups agreed that a one bedroom flat for single people and a two bedroom flat for a couple, both in the social housing sector, should continue to be the standard (the same as in urban UK outside London). Some participants did raise concerns about a shortage of suitable properties.

*Q: So would pensioners still be able to get in to social housing in outer London in 2022 do you think?*

*P1: Erm I would say probably not.*

*P2: I would say not entirely.*

*P3: No I would say it would be difficult.*

*P2: Problematic I would say.*

*Q: Problematic, OK so what is the problem?*

*P3: Erm... well there isn't the social housing. There is a lack of... yes, a shortage.*

*P2: There is no stock is there?*

### **Pensioners, Outer London**

This resonates with findings from previous groups held with pensioners in London and across the UK who identified similar issues in the social housing sector.

**Table 1**      **Housing assumptions in London MIS**

<b>Household Type</b>	<b>Accommodation agreed for MIS London</b>
Single working age person without children (living alone)	One bedroom flat (PRS)
Single working age person without children (living in shared accommodation)	Three bedroom flat (PRS)
Working age couple without children	One bedroom flat (PRS)
Single pensioner without children	One bedroom flat (social housing)
Pensioner couple without children	Two bedroom flat (social housing)

**Household goods**

For urban UK outside London, a minimum budget includes items needed throughout the home, such as kitchen equipment, crockery, utensils, furniture, bedding and cleaning materials. Both working-age and pensioner groups said that the household items needed for a minimum standard of living were no different for London residents compared to those living in Urban UK outside London. Groups in both Inner and Outer London said that the same retailers could be used to price items as are used for the main UK MIS budgets. Household goods are priced at national chain stores and supermarkets (e.g., Argos, Tesco, Asda, Currys) as well as online (for example, white goods from Appliances Online and some items from Amazon).

As social housing tenants, pensioner households would need to provide all window coverings, furniture and floor coverings (with the exception of the kitchen and bathroom, where hard flooring would be provided). Working-age adults agreed it was reasonable to assume that a private rental property would include a washing machine, cooker and fridge freezer, as well as floor coverings (carpeting/laminate). For those living in shared accommodation, groups agreed it was reasonable to expect that rental properties would be part furnished, with a separate, shared living. Landlords would be expected to provide seating (for example a sofa and/or armchairs) and a table and chairs (in either the kitchen or the living area). Each bedroom would have a bed, mattress, bedside table or desk and some storage for clothes (a wardrobe and drawers) but the rest of the contents of the home would need to be provided by tenants.

For sharing households groups emphasised the need for the items usually provided by the landlord to be of a decent quality, even though there was no legislation to enforce this. Where this was not the case, tenants would need to be able to replace some items at their own expense. For example, although most flats would come with curtains or blinds, groups said they would not necessarily be of sufficient quality to ensure a good night's sleep, so

included some inexpensive, washable blackout curtains in the budget, in line with what is included in urban UK outside London.

*P1: Yes sometimes things can be dirty like I agree on the curtains, my previous place the curtains were really dirty, the bed that they had there, the mattress was absolutely disgusting so I was just like I can't sleep on that like, and I need to get my curtains, so I just got my own mattress and my own curtains because the landlord was trying to argue about it so yes*

*[...]*

*P2: I totally agree, I think it is a massive difference between what is provided and acceptable condition of what is provided.*

*[...]*

*P3: OK so if we go back to the basics. OK I don't know about other people, for me your mental well-being comes first, it doesn't matter where you live, even if it is the basic minimum it is important that you know you have the flooring, the curtains, or the lighting, everything that you have listed but in a very good condition. Not where somebody just said earlier where there has been a ripped curtain. You know I think again it is about landlords treating their tenants with dignity and respect and I don't think that is happening. So yes, so you should have all of your basic[s] to a standard because you are paying for it at the end of the day. But we don't have standards, do we?*

### **Working-age sharers, Inner and Outer London**

#### **Food and drink**

In urban UK outside of London, groups are asked to list the kinds of food and drink that would be needed by the hypothetical individuals in a typical day, and then suggest alternatives to provide variety and reflect people's eating patterns through the course of a week. These lists are converted into a week's menu by a nutritionist, and checked for nutritional adequacy, then compiled as a shopping list that would provide meals for a week. To reflect choice and take into account people's varying habits, the meals include some convenience options, such as a frozen pizza, but also the ingredients to cook other meals from scratch. The weekly food shop is priced at a major supermarket at a level that is not the cheapest available option for every product but the supermarket's own brand, or where pack size or shelf life make it more economical, a well-known brand. Currently the supermarket used is Tesco as this is the most prevalent in the UK. Groups agree that although discount supermarkets such as Aldi and Lidl are increasingly popular, they do not offer delivery services and people should be able to get their groceries delivered if they choose to.

Groups in Inner and Outer London agreed that the food and drink required by individuals living in the capital would be no different to that elsewhere in the UK, and that, just as in urban UK outside London, the cost of an off-peak mid-week supermarket delivery subscription should be included for all households. Supermarket shopping online gives people access to groceries at the same price across the UK as online orders are supplied from the large branches, which are subject to national pricing policies. This can be more economical for people living in Inner London who may not have easy access to large supermarkets and for whom reliance on smaller local convenience stores, such as Tesco

Express or Sainsbury's Local, would mean having to pay higher prices than those available through online shopping. This represents a change from discussions with groups in London in 2018, where those living in shared accommodation were more likely to shop on foot locally every few days because of a lack of storage space. In the sharers groups in 2022, participants said that it was reasonable to think that the adults in the household might compile a joint order to reach the £25 minimum threshold for free delivery and split the cost of the subscription. As a result, the food budgets for all household types in London are the same as those in urban UK outside London.

## Transport

Groups were asked to discuss how individuals living in London would meet their transport needs, as a minimum, thinking about what kind of journeys they would make, and how far and how often they might be travelling. This could include travelling to work in the case of working-age adults, routine trips for shopping and attending health appointments, as well as social and cultural activities, and maintaining connections with others by visiting friends and family.

In urban UK outside London, groups of working-age adults agreed that a 4-weekly bus pass enabling travel to the next city or major employment hub would meet their needs as a minimum. In 2022 in Inner London groups agreed, as previously, that in order to have opportunities and choices relating to employment a monthly Zone 1-4 Oyster card would be required. This would also enable people to travel to meet up with others and take part in leisure and cultural activities. In Outer London the public transport network has expanded over recent years, with groups mentioning that the newly opened Elizabeth Line now extended available travel options as far as zone 9. However, participants still agreed that the monthly Zone 1-6 Oyster card included by groups in previous MIS London research would be sufficient to meet the majority of people's transport needs, as a minimum.

Pensioners were still enthusiastic about the free travel that London residents can access, either with a 60+ London Oyster photocard, or with a Freedom Pass for those of retirement age.

In addition to public transport, all groups – working-age and pensioners – also included an amount to meet the cost of occasional taxi use. This was to cover eventualities where, for example, an early medical appointment meant that public transport would not get someone there on time. It was also important for people to be able to feel safe when travelling, especially at night, so if they were going out for an evening they might use public transport to get to their destination and get a taxi or Uber home. Participants pointed out that not everyone lives within safe or easy walking distance of their final destination, so a short taxi journey might be required.

Working-age groups discussed the need for taxis because of concerns over safety and frequent travel disruptions, for example industrial action on buses and/or underground that meant that they had to find alternative ways to get to work. In Outer London the amount included was £10 per week per person, with a recognition that this was an acceptable minimum and that some people might need more.

*...obviously you can't predict life so you might go somewhere and then you have missed the last tube. Or so in that instance and you don't want to get the night bus, in that instance, OK? Or actually there is tube delays you know, people are on strike at the moment, tube strike, tube delays you might need the taxi. We're not talking about a black taxi right? We're talking like Uber?*

**Working-age adults, Inner London**

*Sometimes when it's really, really late and I come home from work and there is problems with the train I don't feel comfortable getting a bus because things might happen. So I will look and see if I can afford to get an Uber. I think it is a need especially living in London because things don't always go to plan. Trains aren't always running, buses aren't always running and it's not safe all the time.*

**Working-age adults, Inner London**

Inner London pensioners included £10 per week per household, based on the likelihood that a couple might travel together for the same cost as a single person. Outer London groups included £15 per week for single pensioners and £20 a week for partnered pensioners to allow more flexibility and reflect the likelihood that people might live further away from stations and other transport hubs than in Inner London.

In urban UK outside London, groups agreed that people might also need to travel further afield occasionally for a change of scene or to visit friends and family. Those living in Outer London (both pensioners and working-age) said that they thought that one or two rail or coach journeys a year would be needed and agreed that the amount included in urban UK for this was sufficient, bearing in mind that they would also be able to use their Oyster cards or Freedom Passes to get them part of the way. Those living in Inner London felt that there was a greater need to get away from the pressures of inner-city life so included a higher amount. Working-age adults said that a budget of £240 per person per year would meet this need. Pensioners included a Senior Citizen Railcard (£30 per year per person) and £200 per person per year for fares.

**Table 2 Transport provision in UK and London MIS**

Household Type	Transport agreed in UK MIS	Transport agreed in MIS London – Inner London	Transport agreed in MIS London – Outer London
<b>Working-age person without children (living alone, in shared accommodation, or as part of a couple)</b>	4 weekly local bus pass (each) £30 per month for taxis (per person) £100 per year per	Monthly zone 1-4 Oyster card (each) £60 per month for taxis (per person) £240 per year per	Monthly zone 1-6 Oyster card (each) £10 per week for taxis (per person) £100 per year per
<b>Pensioner without children (living alone or as part of a couple)</b>	Free bus pass (each) £10 per week for taxis for single pensioners £15 per week for taxis for partnered pensioners £100 per year per person for trips by coach/rail (plus £30 Senior Citizen railcard each)	Freedom pass (each) £10 per week for taxis (per household) £200 per year per person for trips by coach/rail (plus £30 Senior Citizen railcard each)	Freedom pass (each) £15 per week for taxis for single pensioners £20 per week for taxis for partnered pensioners £100 per year per person for trips by coach/rail (plus £30 Senior Citizen railcard each)

### Personal goods and services and healthcare

This category includes a range of items relating to personal care, including toiletries, cosmetics and hairdressing, and healthcare, including over the counter medicines, dental charges (based on NHS dentist costs), prescription charges and eye tests and spectacles.

Groups in urban UK outside London include a range of toiletries and items for personal care, including shower gel, soap, toothpaste, toothbrushes, shampoo, hair conditioner, and other skin and haircare products. There are also some over the counter medicines for pain relief and to treat cold symptoms, as well as eye drops and indigestion tablets for older people. These are priced at supermarkets, Superdrug and Boots. MIS London groups said that the items and retailers in the urban UK MIS budgets would not be different for those living in either Inner or Outer London.

Hairdressing was a more complex topic on which to reach consensus. There was general agreement within groups that prices are higher in London, especially in Inner London, and that this was a difficult category in which to establish minimum needs because people’s hair type, texture and style might require different care and incur very different costs to maintain. As the most ethnically diverse area in England and Wales, according to 2021 Census data (ONS, 2021), MIS London groups reflected this diversity and participants discussed this topic at length.

P1: Two things. The cost that we've given you for the men in London is because there's a lot of choice for men to go to so that cost is lower. For women I think you need to separate it out in terms of ethnicities and their needs are completely different.

Q: Right.

P1: Let's just say cut it down to say one type of style for me because I have a local hairdresser it costs me £70 just to do the braids but you would need to add the cost of buying the extensions and maybe somebody else needs something different. You need to cut it down to say one style and for that particular ethnicity.

P2: One question would be though if you've got braids, say braids cost you £80 you're not doing that £80 a month, it might be £80 every two months, so that's going to be £40 every month. A ballpark figure per month for a black woman's hairstyle I'm going to say £35 to £40. Bearing in mind when I say that you might get braids coming in at £80 or £90 they might last you two months. How much would you say per month?

P1: I think I would raise it higher only because of the quality of life part of the statement.

P2: You don't just want to have to have your hair in [one style].

P3: You still need to look presentable.

[...]

P3: We have to remember why this is so passionate at the moment, because we go back to ethnicity and black women, we're talking about Maria [the working age hypothetical female], she's gone to work and if she goes with her afro, like if I was to take out my braids now my afro is that big and if I was to walk into work like that people would be shocked, so she needs to do something to tame that afro.

P4: Yes.

[...]

P3: The only reason I think £60 as opposed to £50 is just in terms of the whole inclusive thing, because everybody has different hair textures, different needs with that hair texture. Some people can live with their hair longer and have braids, and some people actually can't because their hair is too thin or too brittle, so you would need to go every two or three weeks, or they have a week of washing it where it is intensive washing or they use a certain type of product which is expensive, not really expensive but the best of the quality. So I think £60 just gives, not outrageous flexibility, but just being more inclusive for whoever it is.

P4: If I was to live on the bare minimum I would say it is still £60 because I wouldn't go to the cheaper option of hair because I want it to be sustainable and last longer. So if I was to get £60 it could last me for the month, as long as I look respectable for society and feel part of society rather than feel I have to look this way because I have to live on the bare minimum.

### **Working-age adults, Outer London**

After much deliberation in the working-age groups, Outer London budgets for hairdressing agreed that the £40 every 6 weeks in the urban UK outside London budget would be sufficient as a minimum. This would provide an equivalent resource to having £80 every three months, so this flexibility would allow for people to be able to go less often but spend more on each visit. Inner London groups said that £90 per month would be required in order for the budget to be inclusive and reflect the diversity of people's needs. These amounts

were in addition to the £10 per month for haircare products included in UK MIS, which groups agreed would be sufficient and, while not required by everyone, would be essential for people with some hair types, where insufficient care could result in damage and hair loss. Inner and Outer London groups set the budget for men's hair care at £30 a month, based on the same need for inclusivity for a range of hair types and styles.

Pensioner groups in Inner London set a budget of £50 every 6 weeks for hairdressing for women, whereas Outer London groups said that the £40 currently in UK MIS for this would be sufficient. Both Inner and Outer London groups said that the UK MIS budget for male pensioners should be increased from £8 to £10 a month.

The cost of prescriptions and eye tests for working-age people (pensioners are exempt from these costs) are the same in London as elsewhere, and London groups agreed that the same budget for eyewear would be sufficient, based on prices at a national chain of high street opticians. NHS dentistry charges are also standardised, although in 2022 MIS London groups raised concerns that it was becoming much harder to register with an NHS dentist than previously.

*P1: The waiting lists are crazy. I've gone to a private dentist because of tooth issues where it will actually take me two years to get a tooth removed [by an NHS dentist] that is causing damage to me, so it's better to go to a private dentist where I can get a cavity filled. Even though it's more expensive at least I'm getting it fixed because another issue could arise during that two-year period where I'm waiting to get a tooth removed and a cavity filled, which only takes 30 minutes.*

*[...]*

*P2: Yes, because I think nationally it's quite difficult. You see it on the news all areas pretty much complaining that they can't access NHS dentistry.*

**Working-age adults, Inner London**

*I was in the dentist just a little while ago and my dentist is at [location]. And this woman came in and she was exhausted, this young woman, and she lived in East Ham and the nearest NHS dentist was my dentist and it had taken her two and a half hours and four bus journeys.*

**Pensioners, Outer London**

In urban UK outside London in 2022, the amount pensioners included in the budget for podiatry costs was the same as in 2018, and this was also the case in the London groups. As in 2018, pensioner groups in 2022 in London said that the costs for podiatry were higher there, especially in inner London, so included £60 every two months in Inner London, and £40 in Outer London, compared to £30 in budgets for pensioners living in towns and cities outside of London.

### **Social and cultural participation**

The definition of a minimum living standard central to MIS, is built around the need for people to be able to participate in the world around them and feel included in society and there are several elements that contribute to this in the budget. These include: home entertainment; broadband; a cheap contract smart phone; birthday and Christmas presents



and celebrations (or gifts for an equivalent festival); an annual holiday; donations to charity; and leisure activities (including eating out).

MIS London groups agreed with what was included by participants in groups in urban UK outside London, for almost all of these categories. They agreed that a Smart TV was now a standard item in the majority of homes, as well as a basic level TV streaming subscription (for example, Netflix) for people to be able to access more content, to be included in the world around them. They also agreed that everyone needed home broadband internet and a device such as a laptop or tablet to be able to access it for socialising, media streaming and other day-to-day tasks, such as online shopping or using price comparison websites. In 2022, UK MIS groups decided that a cheap smart speaker would be more functional than a digital radio as in addition to playing digital radio stations, it could be used as a timer, an alarm clock and a source of information, such as for recipes. The minimum budgets also include an entry level smart phone contract at £10 a month, including the purchase of the phone, unlimited minutes and texts and 3GB of data. MIS London groups agreed with this and did not think the requirements in London would be any different.

Within London, groups also agreed the budgets would not need to be different for buying birthday and Christmas presents for friends and relatives as they would have access to the same goods and retailers as those living outside London. The UK holiday in main MIS was also considered adequate for people living in London. For pensioners this is a one-week coach holiday with half board accommodation, excursions and some evening entertainment. For working-age people this would be a one week holiday staying in Bed and Breakfast accommodation, for example on the coast, to give people a change of scene and a break from routine.

Groups think about the need to be able to go out to socialise and perhaps take part in activities, exercise or pursue hobbies and interests, and how this need should be met as a minimum. They think about the range and frequency of things that people might do and reach agreement on what level of resource would enable people to have a choice of ways to meet this need.

Outer London working-age groups agreed that the UK MIS leisure budget of £30 a week per person would be sufficient for people to do one or two activities a week. However, the pensioners' groups said that the UK MIS pensioner budget of £20 per person per week, should be increased to £25 in Outer London and £30 in Inner London to reflect higher costs and the wider range of available activities in the capital.

*P1: Yes and I think that is exactly the thing isn't it? Because erm some of us might go to the gym, like to go to the theatre, like to go to concerts, like to go to exhibitions, erm and even though you're not doing all of those things every week, on an average I think it still might be a little bit more than £25 but I don't think it would go up to £30 but I think £25 you would have to think.*

*Q2: Why do you think then that would need to be a bit higher just because of being in London?*

*P2: Availability I suppose isn't it?*

*P1: Yes I suppose you're spoilt for choice you know if you have got a spare afternoon, you might just say oh I wonder what is on? And of course if you go to the... I mean I still go to the cinema, I don't like watching films at home, so the cinema tickets are what? £9-£11.*

### **Pensioners, Outer London**

Eating out is also considered an important way of keeping in touch with friends, socialising with colleagues and avoiding isolation. Working-age groups in both Inner and Outer London said that the £45 per person per month included in UK MIS for this purpose was enough to meet this need. However, London pensioners thought that the UK MIS amount of £25 per person per month for older people would not be enough to give them adequate choice. Outer London pensioner groups increased it to £50 per person per month. In Inner London, groups said there was greater choice and more competition, which meant that although prices were higher than previously, £40 per person per month would be adequate.

Take away costs were also said to have risen, particularly since the pandemic, and people were now more likely to order food for delivery at home. As a result, working-age groups in Outer London increased the UK MIS budget for this from £15 to £20 per person per month. Inner London groups said that it should be increased to £30 per person per month to enable them to buy take away food more than once a month. This was linked to the pace of life and the social patterns typical among working-age Londoners without children living in Inner London.

When discussing supporting charities, some participants mention that they pay a regular amount to a chosen organisation via direct debit, but groups agreed that this was not essential. However, being able to support fundraising activities by sponsoring a friend or grandchild, attending a cake sale or by buying a poppy for Remembrance Day were all seen as something that people should be able to do. London MIS groups agreed the inclusion of the amounts in the UK MIS budgets for this, which were £10 per person per year for working age adults and £50 per person per year for pensioners.

## 4 The additional costs of living in London

This section sets out the minimum budgets needed by four illustrative households in Inner and Outer London in 2022, and compares these to the budgets required by the same households living in urban UK outside of London. The analysis explores how these budgets have changed over time, building on previous MIS London research. The budgets for working-age households without children and pensioners set out here are those that have been reviewed and revised in the latest research, undertaken at the end of 2022 (and set out in Sections 2 & 3). The minimum budgets for households with children were reviewed and amended in the previous research in 2020, and the minimum budgets presented here have been updated based on differences in prices, estimated through the Consumer Prices Index (CPI). The exceptions to this are for housing and transport costs where the updated minimum budgets reflects actual changes in London costs.

As well as comparing minimum budgets in London with those required in urban UK, this section also looks at the composition of additional costs for households in Inner and Outer London, identifying the budget areas that are driving the differences in costs between the capital and other urban areas in the UK. It sets out the implications of the additional cost of a minimum living standard in London for the adequacy of safety-net incomes provided through our social security system, the adequacy of incomes relative to MIS for working households on the National Living Wage, and income requirements for selected households in the capital.

The focus here, as in previous reports, is predominantly on the four core households focused on in the UK MIS (see Davis et al., 2022). Looking at these households means that a range of different lived experiences across demographic groups in London can be reflected and explored. However, this section also explores some living situations not addressed in UK MIS – most importantly in the London context, single working-age adults living in shared accommodation and households with children unable to access social housing.

The full range of results for Inner and Outer London are available online at the [Minimum Income Calculator](#) (CRSP, 2023). The calculator enables users to adjust costs such as housing and childcare to reflect individual circumstances, which is of particular importance given the variation in these costs across Inner and Outer London.

### Overall differences in minimum household budgets

#### *Differences in headline minimum household budgets*

The first MIS London report was published in 2015, and all of the MIS London research since then has shown that to reach a minimum socially acceptable standard of living, many households in Inner and Outer London need substantially more than similar households living in urban UK outside London (Padley, 2017, 2020; Padley et al., 2015, 2017, 2019, 2021).

Table 3 sets out what has happened to the overall ‘headline’ budgets (excluding rent and childcare costs) in the UK, Inner and Outer London between 2020 and 2022. In urban UK, the minimum budgets for households without children – working-age and pensioners –

were 'rebased' in 2022 for urban UK. This rebase, undertaken at a point when the UK was emerging from Covid-19 restrictions and it was possible for people to re-engage with activities that had been impossible since early 2020, resulted in some substantial changes, particularly in relation to activities outside the home for social participation. These changes have fed through into minimum budgets for Inner and Outer London. Minimum budgets in 2022 in urban UK outside London were also affected by rapidly increasing costs, particularly in domestic fuel (Davis et al., 2022).

The illustrative headline minimum budgets for single, working-age adults in urban UK and in Inner and Outer London, have seen the greatest change since 2020, increasing by around a third in two years. With the exception of pensioner couples in Inner London, all of the minimum budgets have increased more than CPI inflation (10.6% between April 2020 and April 2022).

**Table 3** Changes in weekly UK and London ‘headline’ budgets (excluding rent and childcare)

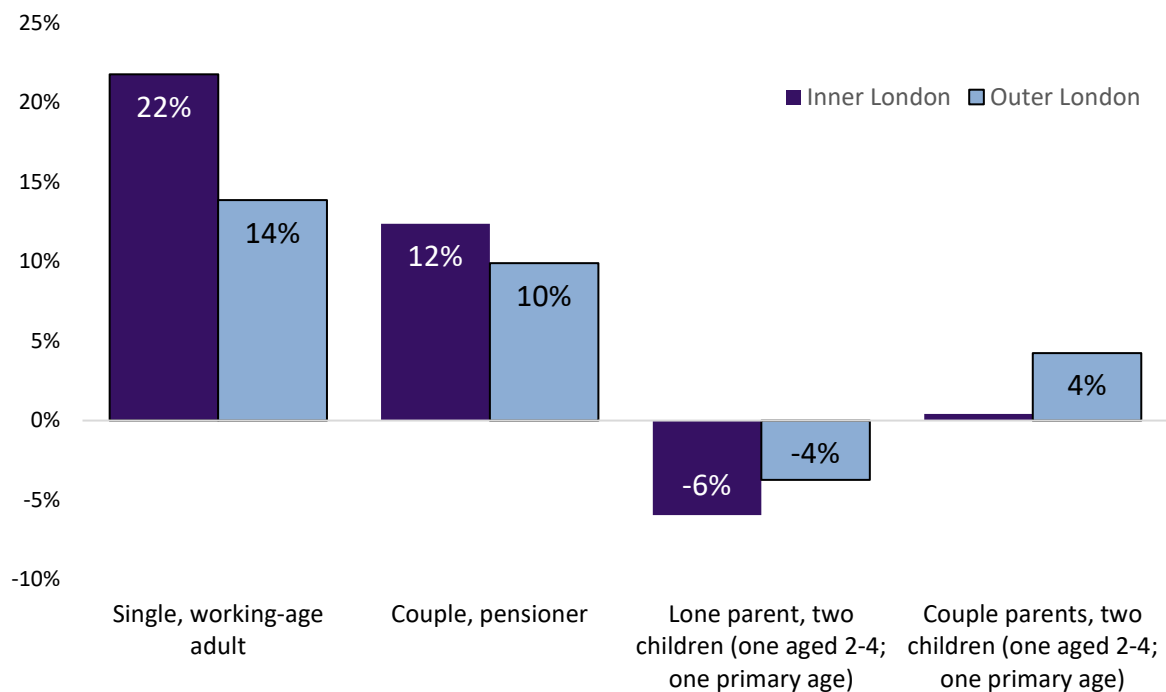
Household type	Weekly ‘headline’ budgets								
	UK MIS			Inner London			Outer London		
	2020	2022	% change	2020	2022	% change	2020	2022	% change
Single, working-age adult	£225.42	£293.28	30%	£280.90	£357.13	27%	£250.43	£333.93	33%
Couple, pensioner	£315.72	£381.90	21%	£398.61	£429.18	8%	£329.88	£419.69	27%
Lone parent, two children (one aged 2-4; one primary age)	£401.22	£489.77	22%	£403.63	£460.62	14%	£413.83	£471.46	14%
Couple parents, two children (one aged 2-4; one primary age)	£499.69	£599.20	20%	£535.44	£601.66	12%	£556.96	£624.64	12%

Figure 2 and Table 4 show the differences in minimum weekly budgets in urban UK, Inner and Outer London, excluding rent and childcare. This shows that single, working-age adults living on their own in Inner London have the greatest additional weekly costs, needing just over a fifth more (22%) than in UK MIS. Single working-age adults in Outer London need 14% more than their counterparts in urban areas elsewhere in the UK.

When the first MIS London research was undertaken and published in 2015, couple pensioners in Inner London needed around a quarter more than those living in urban UK to meet a minimum socially acceptable living standard, and in 2020 they needed 26% more than their counterparts in urban UK. In 2022, in part as a consequence of rebasing minimum budgets for pensioners in urban UK, the difference in what is needed by pensioners in Inner London has fallen substantially to 12%. In contrast, single working-age adults in Inner London needed 12% more than those living in urban UK in 2014, but this has increased to 22% in 2022.

For lone parent households with children in Inner and Outer London, minimum weekly budgets (excluding rent and childcare) are in general lower than in urban UK – this is due in large part to the difference in minimum transport needs set out in the preceding section, and the ‘saving’ from not owning and running a car. For couple parent households, this saving is offset by both parents needing monthly travelcards as part of their minimum budget.

**Figure 2 Additional weekly budgets compared to urban UK households (April 2022 prices, excluding rent and childcare)**



The patterns shown in Figure 2 and Table 4 for these selected household types are echoed across the wider range of household types for whom MIS budgets can be calculated ([www.minimumincome.org.uk/london](http://www.minimumincome.org.uk/london)). As highlighted above, in both Inner and Outer London the additional cost of a minimum standard of living – when rent and childcare are excluded – is greatest for those households without children.

Working-age and pensioner households in Inner London have, since this research began in 2014, specified a higher cost and frequency of both eating out and social activities outside of the home; this continues to account for the much of the difference between Inner London and urban UK. The higher cost of travel for working-age adults across London also contributes to the difference in a minimum budget: weekly transport costs for a single working-age adult in urban UK are £33.26 a week, compared with £68.86 in Inner and £75.71 in Outer London. For couple parents living in Outer London, travel costs account for more than 70% of the difference with UK MIS budgets: minimum transport costs for a couple with a pre-school and a primary school aged child in Outer London are £141.01 a week while in urban UK transport costs for the same household are £122.99 per week.

**Table 4 Comparison of weekly MIS budgets for urban UK households and London households (April 2022 prices, excluding rent and childcare)**

Household type	Weekly budget outside London (UK MIS)	London weekly budget (£ and % difference)	
		Inner London	Outer London
Single, working-age adult	£293.28	£357.13 (22%)	£333.93 (14%)
Couple, pensioner	£381.90	£429.18 (12%)	£419.69 (10%)
Lone parent, two children (one aged 2-4; one primary age)	£489.77	£460.62 (-6%)	£471.46 (-4%)
Couple parents, two children (one aged 2-4; one primary age)	£599.20	£601.66 (0.4%)	£624.64 (4%)

#### **Composition of additional costs**

Tables 5a and 5b set out the differences in cost of a minimum budget in Inner and Outer London, and urban UK outside the capital. For single working-age adults in London, the high cost of public transport, compared to elsewhere in the UK, accounts for a significant proportion of the additional cost of a minimum budget. In Inner London, transport costs account for more than half (56%) of the additional cost of a minimum living standard; in

Outer London, higher transport costs account for more than the overall additional difference, offset by lower costs in other areas. For single working-age adults in Inner London, a higher budget for takeaways, social and cultural participation and hairdressing, combine with the high cost of transport to explain the difference in a minimum budget compared to urban UK.

For couple pensioners in Inner London, an higher budget for social activities outside the home and eating out accounts for 65% of the additional cost compared to urban UK. For households with children, the budget in urban UK outside London involves owning and running a second hand car, whereas in London transport needs are met with public transport and occasional taxis. This results in a reduction in minimum transport costs of £35.75 for lone parents in Inner London and £22.40 for those in Outer London. This 'saving' – noted above – is not shared by all couple parent households, who need a monthly Oyster cards for each parent in Inner and Outer London: in Inner London there is a saving of £8.68 a week, while in Outer transport adds £18.02 each week to the cost of a minimum budget.



**Table 5a Components of additional costs for Inner London households (excluding rent and childcare)**

Household type	Of which (£)						
	Additional Inner London weekly cost (£)	Transport	Food & alcohol (including eating out)	Personal goods and services	Heat and power	Social and cultural	Other
Single, working-age	63.86	35.59	3.45	8.82	0.95	20.00	-4.96
Couple, pensioner	47.28	-1.16	10.75	9.03	8.03	20.00	0.64
Lone parent, two children (one aged 2-4; one primary age)	-29.15	-35.75	-2.06	0.33	9.22	6.13	-7.03
Couple parents, two children (one aged 2-4; one primary age)	2.46	-8.68	-2.89	0.52	10.07	11.48	-8.04

**Table 5b Components of additional costs for Outer London households (excluding rent and childcare)**

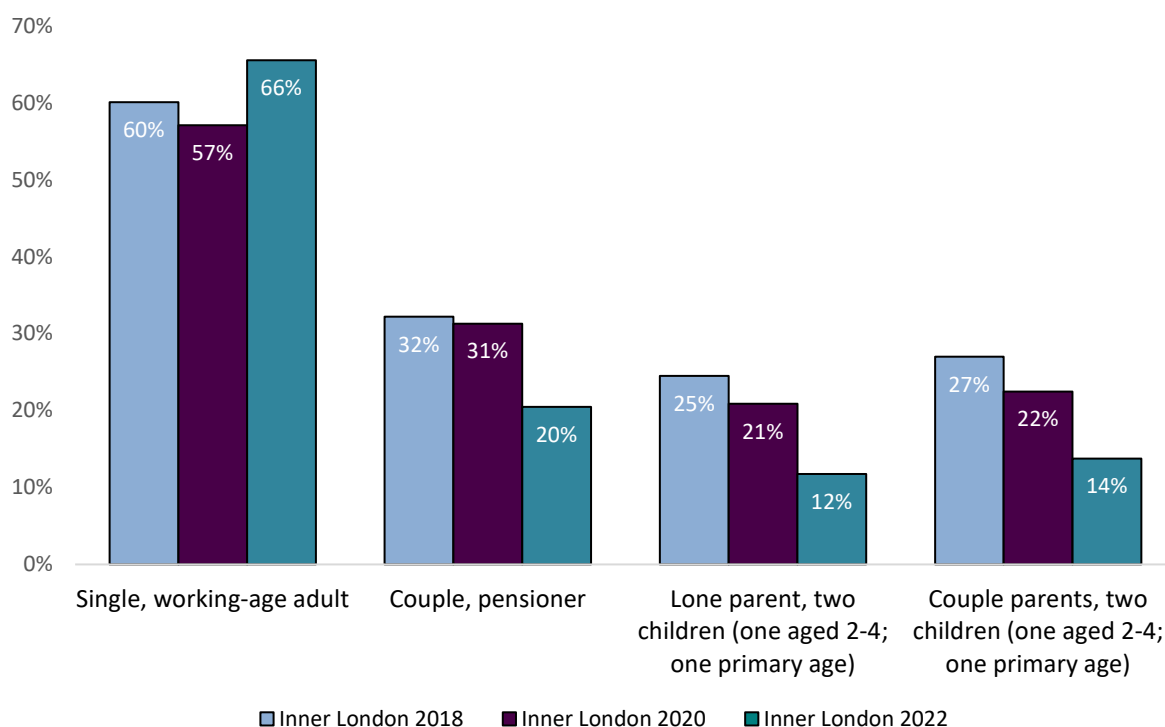
Household type	Of which (£)						
	Additional Outer London weekly cost (£)	Transport	Food & alcohol (including eating out)	Personal goods and services	Heat and power	Social and cultural	Other
Single, working-age	40.65	42.45	1.15	1.34	0.95	0.00	-5.24
Couple, pensioner	37.78	5.00	11.40	2.76	8.03	10.00	0.59
Lone parent, two children (one aged 2-4; one primary age)	-18.32	-22.40	-2.06	-0.23	9.22	3.66	-6.52
Couple parents, two children (one aged 2-4; one primary age)	25.44	18.02	-2.89	-1.24	10.07	9.02	-7.53

### Differences in total minimum household budgets

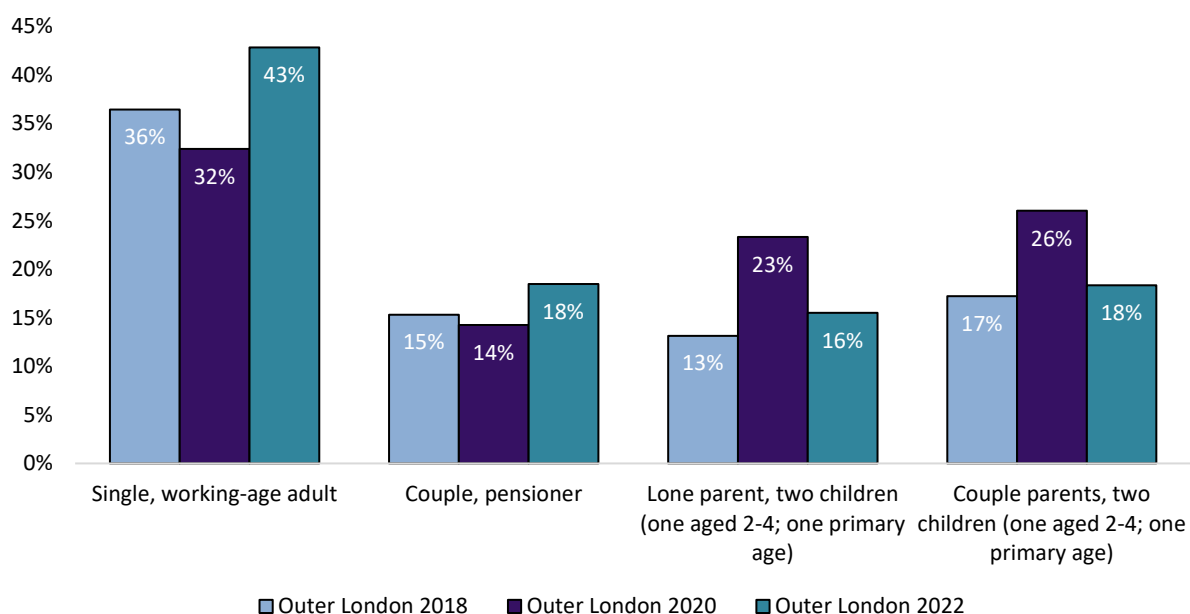
Setting out the differences in what is needed for minimum budgets for these four core households *excluding housing and childcare costs* exposes areas of additional costs in London that can be obscured by in comparisons of ‘total’ minimum budgets. Adding in housing and childcare costs has a dramatic effect on what is needed to reach a decent living standard in the capital, so it is essential to look at minimum budgets that include these costs. Figures 3a and 3b begin to show the impact of housing and childcare costs; these costs remain the principal and key source of difference between Inner and Outer London, and urban UK outside the capital.

By some distance, single working-age adults living on their own in Inner London face the highest additional costs, needing two thirds more (66%) than their counterparts living in urban UK in 2022. In 2014, single working-age adults needed 47% more but this has increased over time, with the gap between what is needed in Inner London and in urban UK wider now than at any previous point in MIS London research. While the scale of the additional cost is not as great, in Outer London single-working age adults living alone still need 43% more for an acceptable standard of living compared to the same households in urban UK outside London.

**Figure 3a** Additional weekly budgets in Inner London compared to urban UK households (including rent and childcare)



**Figure 3b Additional weekly budgets in Outer London compared to urban UK households (including rent and childcare)**



The substantial additional cost required by working-age adults without children in London for a minimum living standard can be explained through the cost of renting privately in the capital, and through a change in the accommodation that groups agreed would provide this minimum living standard. As set out in the previous section, there was agreement within groups that a studio flat was unlikely to meet the minimum needs of a single working-age adult living alone, because of a perceived reduction in the size of such flats over time. The rent included for single working-age adults living alone in both Inner and Outer London is therefore now lower quartile private rent for a *one bedroom flat* rather than a studio flat. This has had the effect of increasing a minimum rent for a single working-age adult in Inner London by 31% between 2020 and 2022, and by 30% in Outer London in the same period.

**Table 6 MIS London rents for working-age adults 2014 to 2022 (£ per week)**

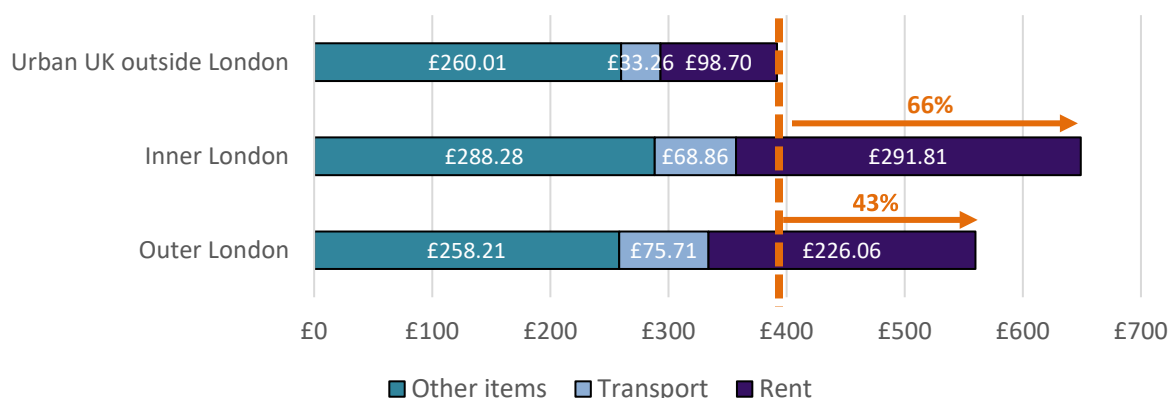
	2014	2016	2018	2020	2022	% increase 2020 to 2022
<b>Single working-age adult, living alone (lower quartile private rent, 1 bedroom flat*)</b>						
<b>UK MIS</b>	£84.06	£87.68	£91.12	£93.82	£98.70	5%
<i>Inner London</i>	£190.77	£224.53	£219.04	£222.96	£291.81	31%
<i>Outer London</i>	£143.38	£162.79	£171.14	£174.20	£226.06	30%
<b>Couple working-age (median private rent, 1 bedroom flat)</b>						
<b>UK MIS</b>	£92.78	£96.63	£101.83	£104.84	£110.31	5%
<i>Inner London</i>	£257.70	£295.23	£295.53	£300.82	£329.84	10%
<i>Outer London</i>	£182.28	£208.20	£217.39	£221.29	£248.09	12%

\* Prior to 2022, rents included here are for a lower quartile private rent, in a studio flat.

In 2022, lower quartile weekly rent for a one bedroom flat was £291.81 in Inner London and £226.06 in Outer London. This compares to £98.70 for a single working-age person renting in urban UK outside the capital. Single working-age adults living on their own in Inner London face rental costs that are nearly 3 times as much as urban UK outside London. Rent accounts for 45% of the minimum weekly budget needed by a single person living on their own in Inner London, 40% of the budget in Outer London and a quarter (25%) in urban UK.

Figure 4 shows what a difference high rents make to the cost of a decent standard of living in the capital. The ‘core’ items that provide this minimum standard of living for a single working-age person (excluding transport and rent) are not dramatically different across urban UK, Inner and Outer London. The substantially higher cost of public transport and rent means that these households need significantly more in order to be able to live in dignity in London.

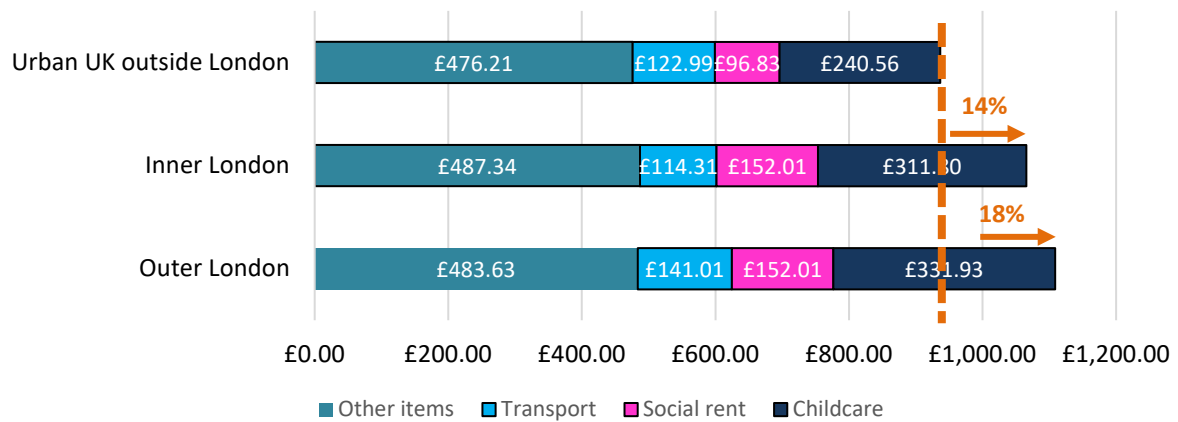
**Figure 4 Weekly minimum costs in/outside London, single working-age person living alone (2022)**



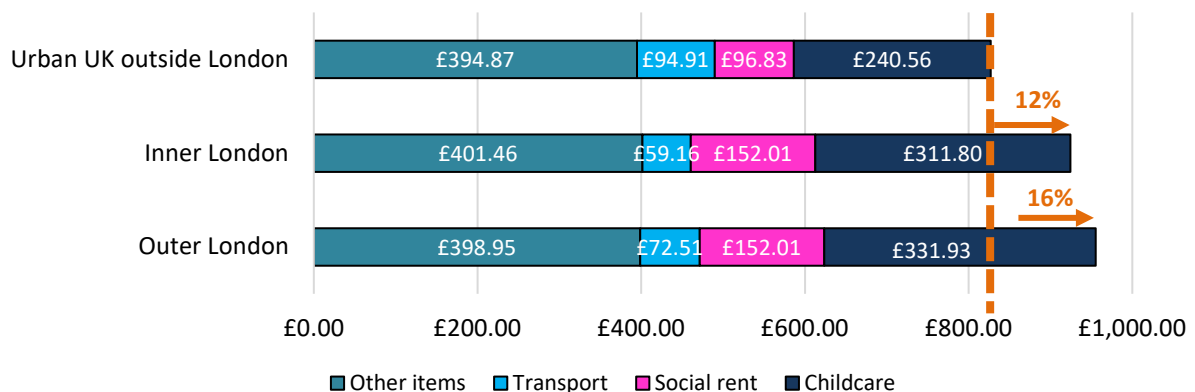
For couple pensioners, the difference in the cost of a minimum budget compared to urban UK has fallen since 2020 in Inner London (to 20%) and increased slightly in Outer London (to 18%). This is largely a consequence of the UK rebase in 2022 which described a minimum living more similar to that described in London in previous research – the differences between living in the capital and living in urban UK outside London, have diminished over time.

For households with children, the gap between what is needed in urban UK and what is needed in Inner and Outer London has reduced since 2020. Higher rents and childcare costs in London combine to mean that both lone and couple parent households need more than their counterparts in urban UK. But, while childcare costs have increased by around 10% in urban UK between 2020 and 2022, for example, for a couple parent household with two children (one aged 2-4; one primary age) they have only increased by around 1% in Inner London and 5% in Outer London. However, Figure 5a shows that in combination, higher transport costs, higher social rents, and higher childcare costs mean that couple parent households, with one pre-school and one primary school aged child, where both parents are in work, need more than £1000 a week in order to cover the cost of living in dignity in the capital.

**Figure 5a** Weekly minimum costs in/outside London, Couple parents, two children (one aged 2-4; one primary age), social rent (2022)



**Figure 5b** Weekly minimum costs in/outside London, Lone parent, two children (one aged 2-4; one primary age), social rent (2022)

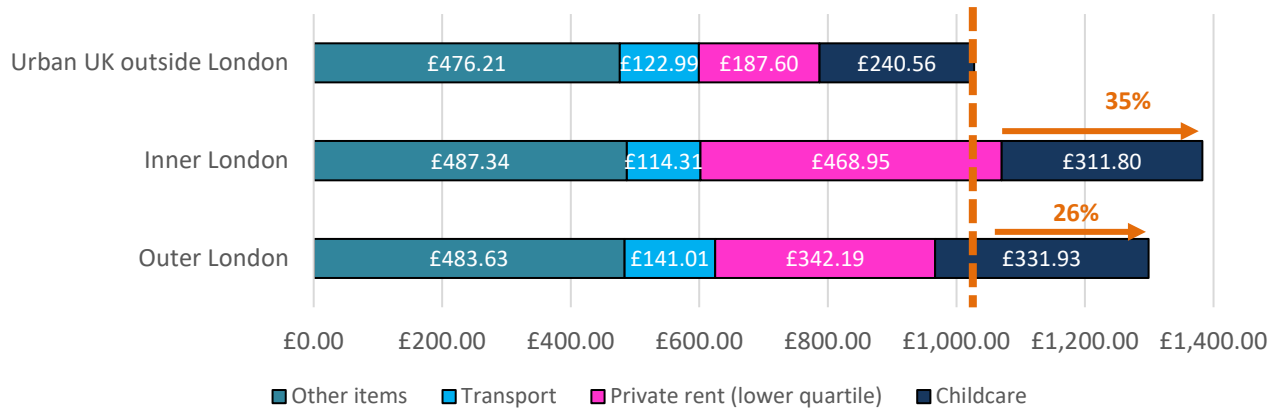


Figures 5a and 5b show the additional costs required by two illustrative households with children in Inner and Outer London to reach a minimum socially acceptable standard of living. This is based on these households being able to access appropriate and suitable social housing. However, many households with children are unable to access housing in the social rented sector and consequently will face the significant additional costs associated with renting in the private sector. According to the 2021 census (ONS, 2022), 30% of all households with children in London are living in private rented accommodation let by a private landlord or letting agency, compared to 27% of all households with children in London living in the social rented sector.

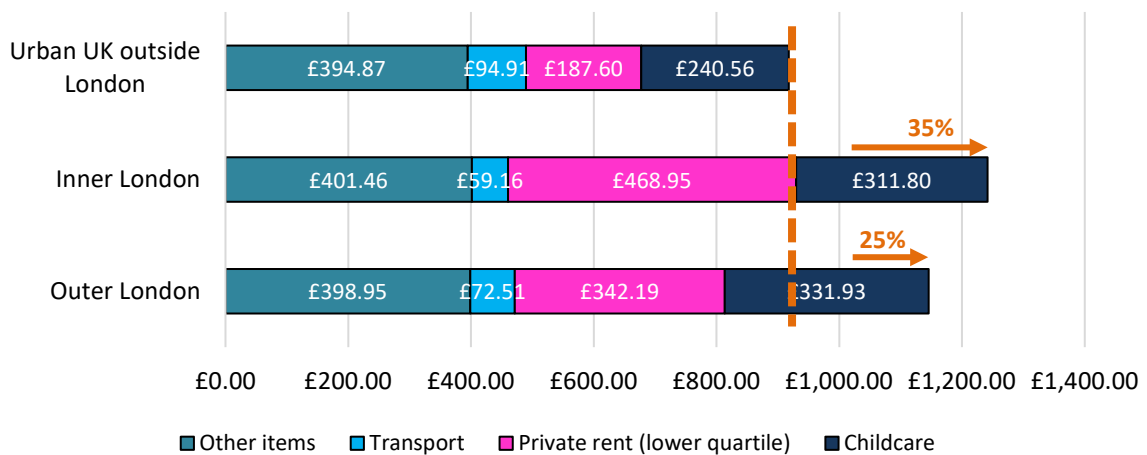
Given that a greater proportion of households with children live in private rented accommodation rather than social housing, it is important to look at the consequences of having to pay private rents for households minimum needs. Figures 6a and 6b show how much difference private rather than social rents would make both to a minimum budget in urban UK and Inner and Outer London. This comparison uses the current basis for housing

costs in MIS London for single working-age adults without children – lower quartile rents in the PRS. Renting in the private sector means that couple and lone parents in Inner London would need 35% more than the equivalent family renting privately in urban UK outside the capital, while in Outer London they would need around a quarter more.

**Figure 6a** Weekly minimum costs in/outside London, Couple parents, two children (one aged 2-4; one primary age), private rent (2022)



**Figure 6b** Weekly minimum costs in/outside London, Lone parent, two children (one aged 2-4; one primary age), private rent (2022)



Renting privately, rather than in the social rented sector clearly increases the weekly cost of a decent standard of living in the capital, and the earnings that would be needed to provide this. There are continuing questions about the quality of private rented accommodation in the capital, the impact on domestic fuel bills arising from poorly insulated properties and the lack of security provided by private tenancies – the consequences of living in private rented accommodation are not just financial.

## Income comparisons and earnings requirements

The MIS London research enables a comparison of the minimum budgets required by different households with the level of income provided through safety-net benefits and employment, paid at the National Living Wage (NLW). The research and analysis also makes it possible to calculate how much working households would need to earn in order to have the disposable income required for an acceptable standard of living in the capital.

The figures included in this report are for 2022 (2023 MIS London figures will be published later this year) and therefore do not take into account the increase to both safety-net benefits and the NLW that came into effect in April 2023. The NLW increased by 9.7% (or ninety-two pence) to £10.42 an hour, while benefits have been uprated by 10.1%. However, these increases – while welcome – do not ease the significant pressures that have been exerted by a sustained period of high inflation since early 2022.

**Table 8 Londoners’ disposable income compared to MIS: safety-net benefits 2022**

Household type		Safety-net benefits as % of MIS budget	
		2022 (with cost of living payment)	2022 (without cost of living payment)
Single, working-age adult	UK outside London	32%	25%
	Inner London	6%	0%
	Outer London	27%	21%
Lone parent, two children (one aged 2-4; one primary age)	UK outside London	54%	49%
	Inner London	57%	52%
	Outer London	56%	51%
Couple parents, two children (one aged 2-4; one primary age)	UK outside London	52%	48%
	Inner London	51%	48%
	Outer London	49%	46%

Table 8 sets out the extent to which the income from safety-net benefits, for households out of work, falls short of meeting the minimum needs of households in London. Disposable income here is defined as the amount a household has left to spend on meeting their needs after paying taxes (including council tax), rent and childcare costs (where relevant). This shows the adequacy of safety-net benefits both with and without the cost of living payments made to low-income households following their announcement in May 2022. These included a payment of £650 to households in receipt of benefits and a non-means tested £400 payment to all households to assist with increasing energy costs, credited to customers from October 2022 for six months.

What is most apparent here is the very small proportion of minimum needs covered by safety-net benefits for single working-age adults living on their own in the capital. Including the cost of living payments in 2022, in Inner London support for out of work single working-age adults covers just 6% of minimum needs (after rent and council tax have been paid) –



providing £21 a week. Without the cost of living payments, single working-age adults living alone in Inner London have just £1 a week disposable income. The adequacy of support provided by safety-net benefits has reduced substantially over time – falling from 35% in Inner London in 2014. As the cost of a minimum budget in the capital has increased over time, the support provided to enable people to live in dignity has fallen further and further short. In 2022, this is in part a consequence of the change from studio to one bedroom flats for single working-age adults, but even without this change the support provided by the state – intended to be a net to catch the most vulnerable – has become less and less adequate. MIS London research highlights the challenges facing single working-age adults living in the capital in meeting even their most basic needs, let alone being able to participate in the world around them.

The inadequacy of the current safety-net is also evident for households with children in Inner and Outer London who face a substantial shortfall in what is needed for a minimum standard of living. At worst, in the examples in Table 8, less than half of a minimum budget is covered by current levels of state support. It is clear that the increases in minimum budgets resulting from high inflation – in particular in relation to domestic fuel – are resulting in household incomes that do not enable people to live in dignity, but rather which leave people having to make impossible decisions about which of their core needs to prioritise.

As in previous years, Table 9 shows that working full-time on the NLW in London does not guarantee that households will be able to reach the income needed for a decent standard of living. Even with the government’s cost of living support, it remains the case that the majority of the household types explored here are further from meeting their minimum needs than their counterparts in the UK outside of London.

**Table 9 Londoner’s income compared to MIS: National Living Wage (2022) (includes cost of living support)**

<b>Disposable income working full-time on National Living Wage, as % of MIS budget* (including cost of living support)</b>			
<b>Household type</b>	<b>UK outside London (2020 in italics)</b>	<b>Inner London (2020 in italics)</b>	<b>Outer London (2020 in italics)</b>
Single, working-age adult (supported by UC)	78% (87%)	64% (70%)	69% (79%)
Lone parent, two children (one aged 2-4; one primary age) (supported by UC)	81% (91%)	82% (85%)	76% (81%)
Couple parents, two children (one aged 2-4; one primary age) (supported by UC)	98% (104%)	94% (92%)	87% (87%)

\* After rent, council tax and childcare costs

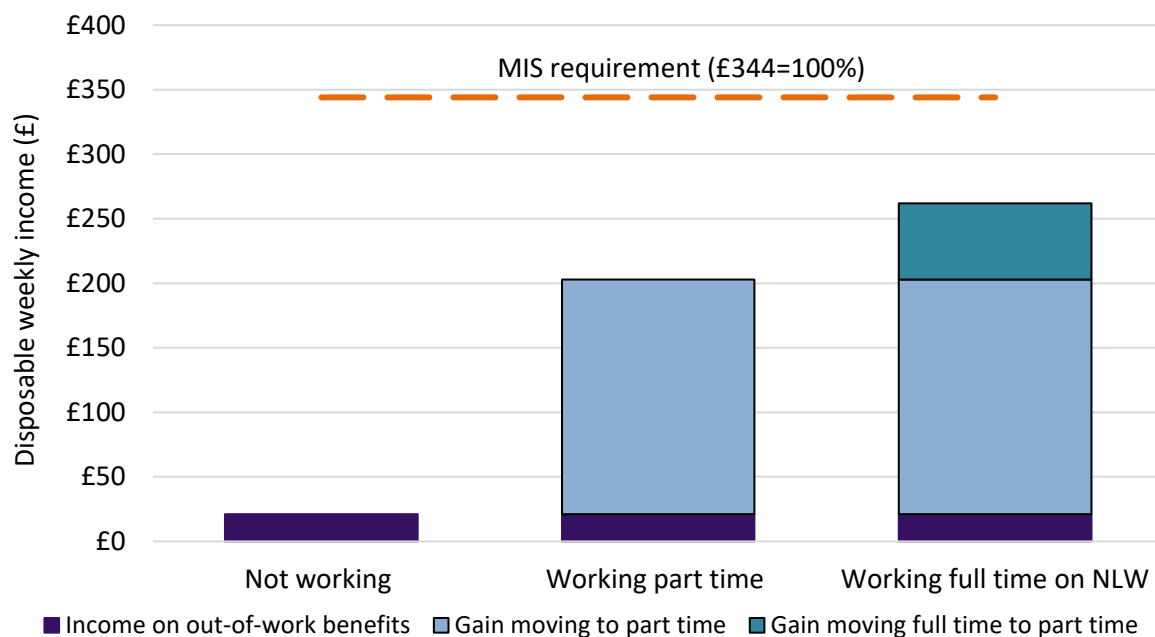
Since its introduction the NLW has had a generally positive impact on disposable income for those in full-time work. In 2016, full-time work on the NLW provided 77% of a minimum budget for single working-age adults in urban areas outside London; by 2020 working full-

time on the minimum wage covered 87% of MIS. With increases in the cost of a minimum budget ahead of inflation, in 2022, full-time work for a single adult covered 78% of MIS in urban UK. By comparison, single working-age adults in Inner London working full-time on the NLW have a disposable income that covers only 64% of a minimum budget, falling from 70% in 202. In Outer London, a single adult working full-time on NLW has a disposable income that covers 69% of MIS, substantially less than the 79% covered in 2020.

Households with children in London, working full-time on the NLW, continue to fall short of MIS, even with support through the cost of living payments. With this package of support, a couple with two children in Inner London, have 94% of a minimum budget – a far greater proportion of what they need than in any previous year.

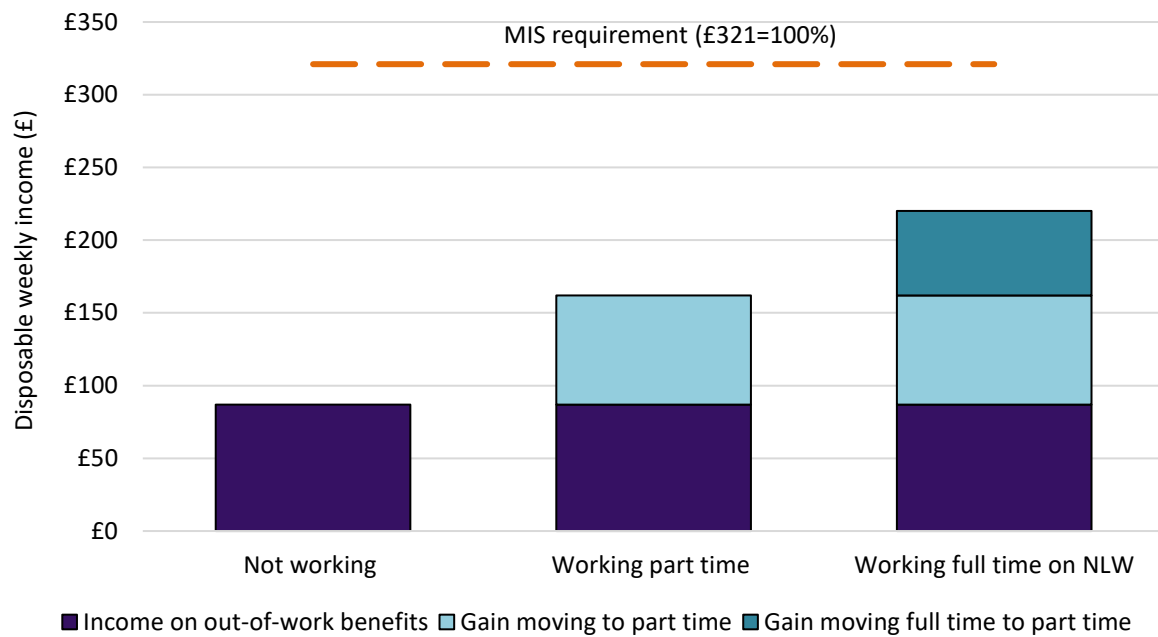
Figures 4 and 5 show the disposable income available to single and couple working-age adults without children living in Inner and Outer London, based on income on safety-net benefits and differing levels of employment, relative to a minimum budget. For single households, gains made through part- and full-time employment are relatively substantial, although as noted above, even working full-time does not mean that these households are able to meet all of their needs.

**Figure 4a** Single person’s disposable weekly income relative to MIS requirement, on out of work benefits or National Living Wage (including cost of living support) – Inner London



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

**Figure 4b** Single person’s disposable weekly income relative to MIS requirement, on out of work benefits or National Living Wage (including cost of living support) – Outer London



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

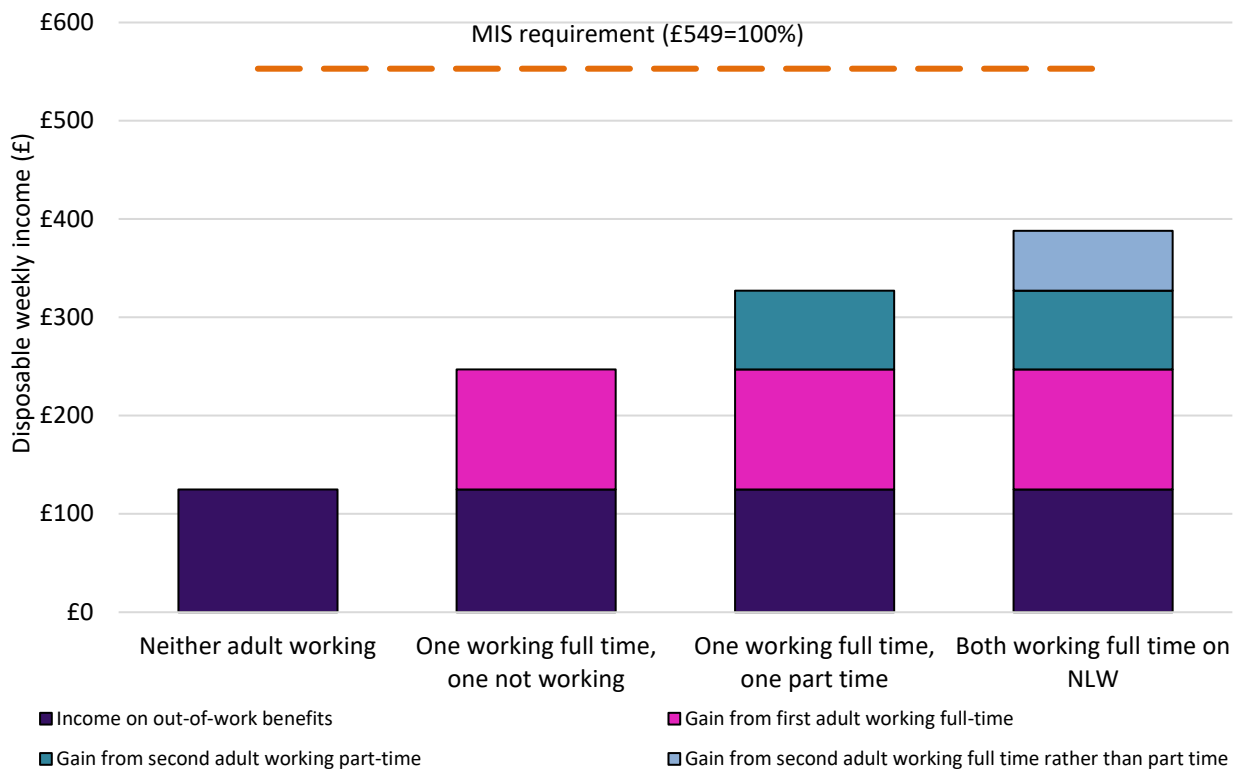
For working-age couples, the situation is slightly better although even with two adults working full-time on the NLW in Inner London, these households still only have 72% of MIS; in Outer London, full-time work for both adults in a working-age couple provides 70% of what they need as a minimum.

**Figure 5a Couple, no children, disposable weekly income relative to MIS requirement, on out of work benefits or National Living Wage (including cost of living support) – Inner London**



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

**Figure 5b Couple, no children, disposable weekly income relative to MIS requirement, on out of work benefits or National Living Wage (including cost of living support) – Outer London**

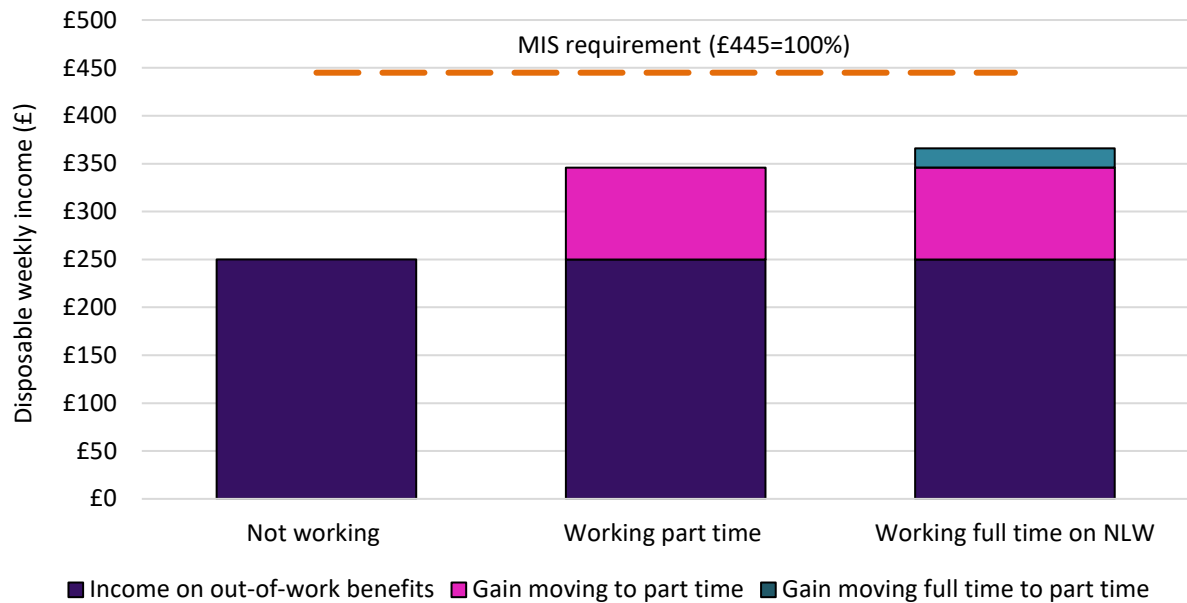


Note: Percentages show proportion of MIS budget covered, net of rent, childcare and Council Tax.

Households with dependent children do fare better than working-age adults without children, although their income on out-of-work benefits falls well below MIS, providing around half of the income needed to meet their minimum needs. Figures 6 and 7 set out the amount that lone and couple parent households would gain through different combinations of work patterns on the NLW.

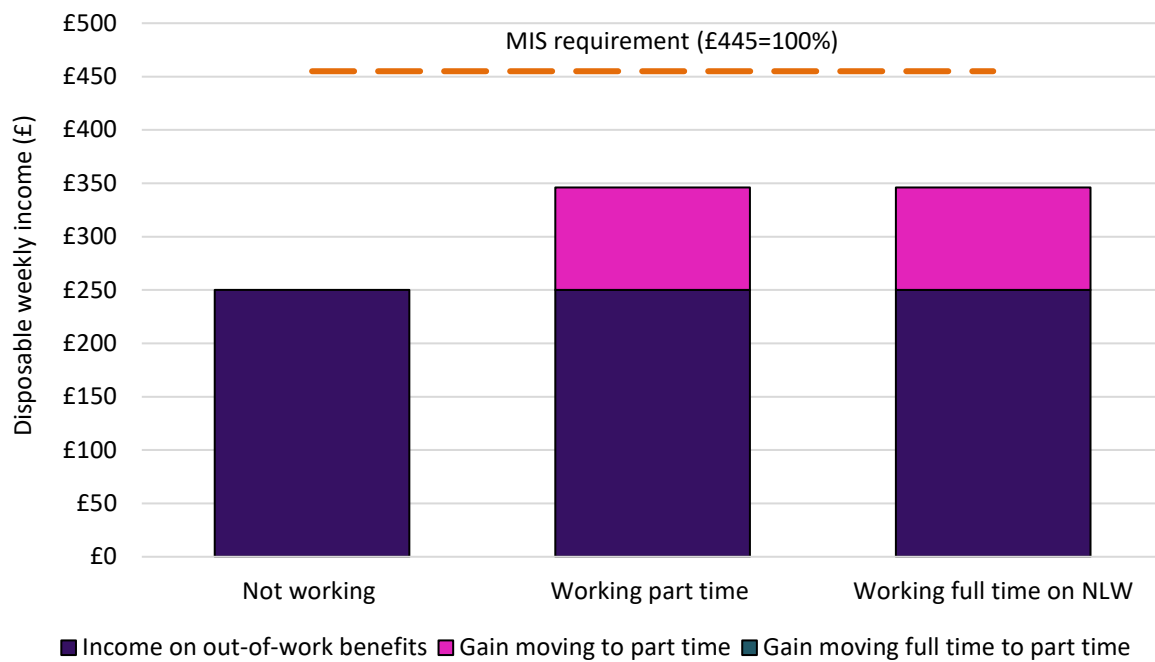
Figure 6 shows that a lone parent with two children in Inner London falls £195 short of MIS if they are out of work, while in Outer London the same households fall £205 short of meeting their minimum needs. This shortfall includes the cost of living support provided by government. Working part-time (half-time hours) does move these households closer to reaching MIS, but their income is still only 78% of MIS in Inner and 76% of MIS in Outer London. Full-time work in Inner London for a lone parent with two children adds £20 a week, meaning that their income covers 82% of MIS, still leaving them £79 short. This relatively small gain is due to a reduction in Universal Credit as earnings increase, and also increased childcare costs the come with full-time work. In Outer London, moving from part-to full-time work does not add improve the situation for lone parents as gains from increased earnings are offset by reduced support and increased costs.

**Figure 6a** Lone parent, children aged 3 and 7, disposable weekly income relative to MIS requirement, on out of work benefits or National Living Wage (including cost of living support) – Inner London



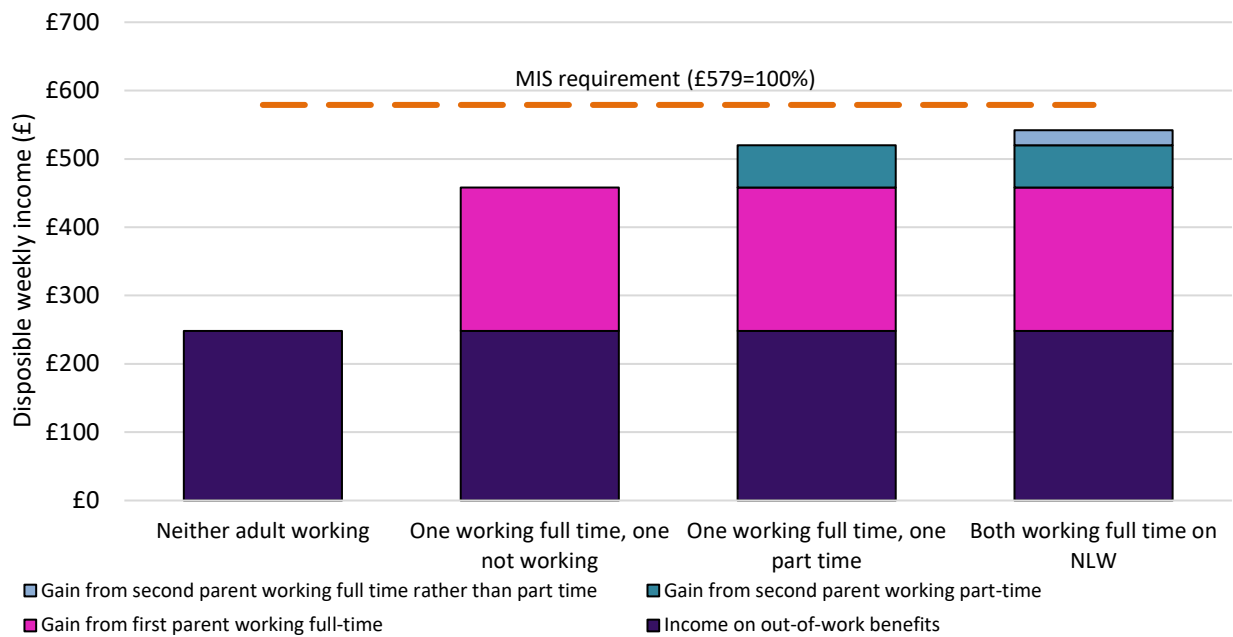
Note: Percentages show proportion of MIS budget covered, net of rent, childcare and Council Tax.

**Figure 6b** Lone parent, children aged 3 and 7, disposable weekly income relative to MIS requirement, on out of work benefits or National Living Wage (including cost of living support) – Outer London



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

**Figure 7a Couple parent, children aged 3 and 7, disposable weekly income relative to MIS requirement, on out of work benefits or National Living Wage (including cost of living support) – Inner London**



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

**Figure 7b Couple parent, children aged 3 and 7, disposable weekly income relative to MIS requirement, on out of work benefits or National Living Wage (including cost of living support) – Outer London**



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

For couple parents, disposable income when neither parent is in work falls £331 short of MIS in Inner London and £354 short in Outer London, meaning that their income is less than half of what they need for a decent, socially acceptable standard of living each week (Figure 7). One parent working full-time substantially increases the proportion of a minimum budget covered each week, providing 79% of MIS in Inner and 76% in Outer London. With both parents in work in Inner London, household income provides 94% of what is needed for a socially acceptable standard of living; in Outer London full-time work for both parents still leaves a shortfall of £80 each week. It is clear that even where both parents are in work, at the National Living Wage, households will still fall short of what they need to live with dignity in the capital and will have insufficient income to cover their material needs as well as what is needed to participate in the life of the city in which they live.

**Table 10 Earnings needed to reach MIS (excluding cost of living support in 2022)**

Household type		UK outside London	Inner London earnings needed	Outer London earnings needed
Single, working-age	2022	£25,514	£45,200	£39,500
	2020	£19,100	£33,300	£27,000
	2018	£18,400	£32,400	£26,900
	2016	£17,300	£29,600	£25,700
	2014	£17,100	£27,100	£24,500
Couple, two children, primary and preschool age (each parent)	2022	£19,839	£23,800	£27,800
	2020	£19,200	£30,800	£32,300
	2018	£20,000	£31,300	£28,400
	2016	£18,900	£28,400	£29,900
	2014	£20,400	£28,800	£28,500

High housing costs, alongside high childcare costs, particularly in Outer London, as well as additional costs associated with reaching a minimum acceptable standard in London, combine to mean that households in the capital need to earn more than the same households living in other urban areas of the UK, in order to provide the same living standard.

A couple with two children – one pre-school and one primary age – working full-time and paying for full-time childcare, need to earn £19,839 each outside London (including the cost of living support), £23,800 in Inner London (20% more than urban UK outside London) and £27,800 in Outer London (40% more than urban UK outside London). If this household were unable to access housing in the social rented sector and had to rent an equivalent property in the private rented sector – a three bedroom home, with an average lower quartile rent – each adult would need to earn £24,300 in Inner London and £28,100 in Outer London. The differences in earnings requirements between London and urban UK outside the capital are at their lowest since the MIS London research began in 2014. This is because of a combination of changes in support provided by UC for working households, including the reduction in the taper rate, increases in the work allowance and an increase in support for childcare costs for working households.



A single working-age adult living on their own in urban areas of the UK outside London needs to earn £25,514 a year to have a minimum acceptable standard of living. In Outer London, they would need to earn £39,500 (55% more) while in Inner London this rises to £45,200 (77% more). Within the capital, a substantial proportion of single working-age adults live in shared accommodation, which brings some savings – as well as additional costs in some specific budget areas. This means that someone renting a room in a shared flat would need to earn around £28,800 a year in Outer London and £34,100 a year in Inner London to reach MIS.

## 5 Households below the Minimum Income Standard in London

The Minimum Income Standard for London makes it possible to look at the adequacy of incomes in the capital and to identify the proportion of individuals living in London whose incomes fall below what is needed in order to live with dignity in the city. Using the same approach as that used to calculate the number of people living below MIS in the UK as a whole (e.g. Padley and Stone, 2023), it is possible to estimate the proportion of people in the capital in households with incomes below MIS, and to look at how this has changed over time.

At a national level, the analysis makes use of data from a single year. However, the data presented here are based on three year averages in order to ensure sufficient sample sizes: for example, the data for 2011 use an average of income data from the Family Resources Survey for 2009-10, 2010-11 and 2011-12. The data in this section set out the adequacy of incomes relative to MIS for working-age adults, children and pensioners from 2011<sup>1</sup> to 2019.

**Figure 8** Proportion of individuals below MIS in London

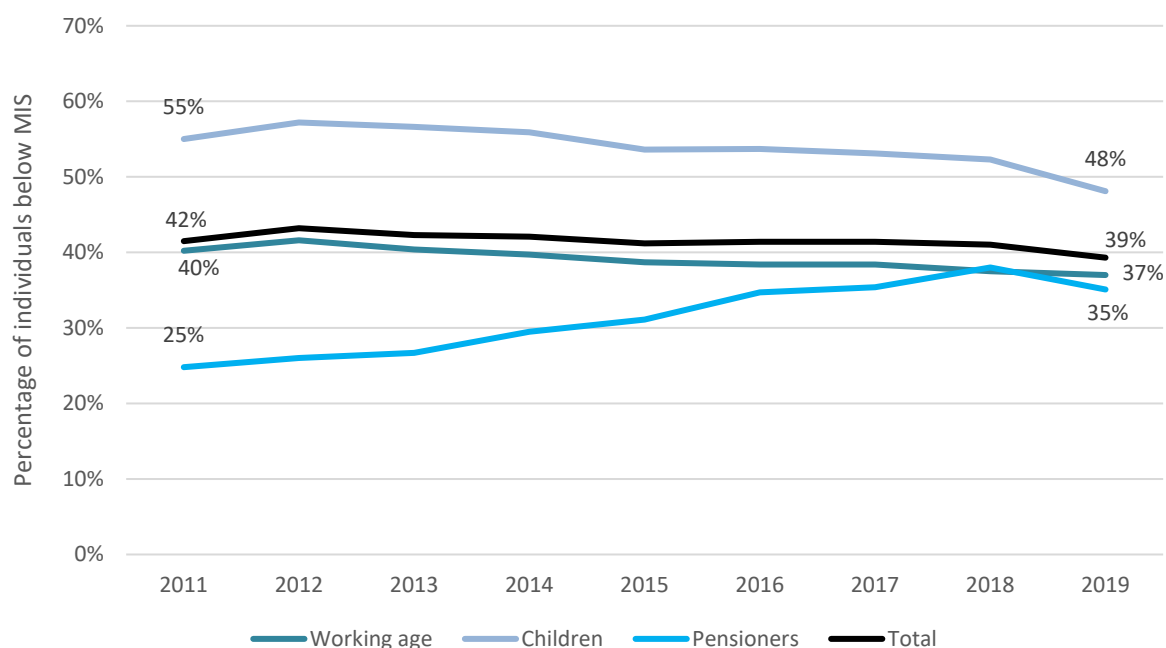
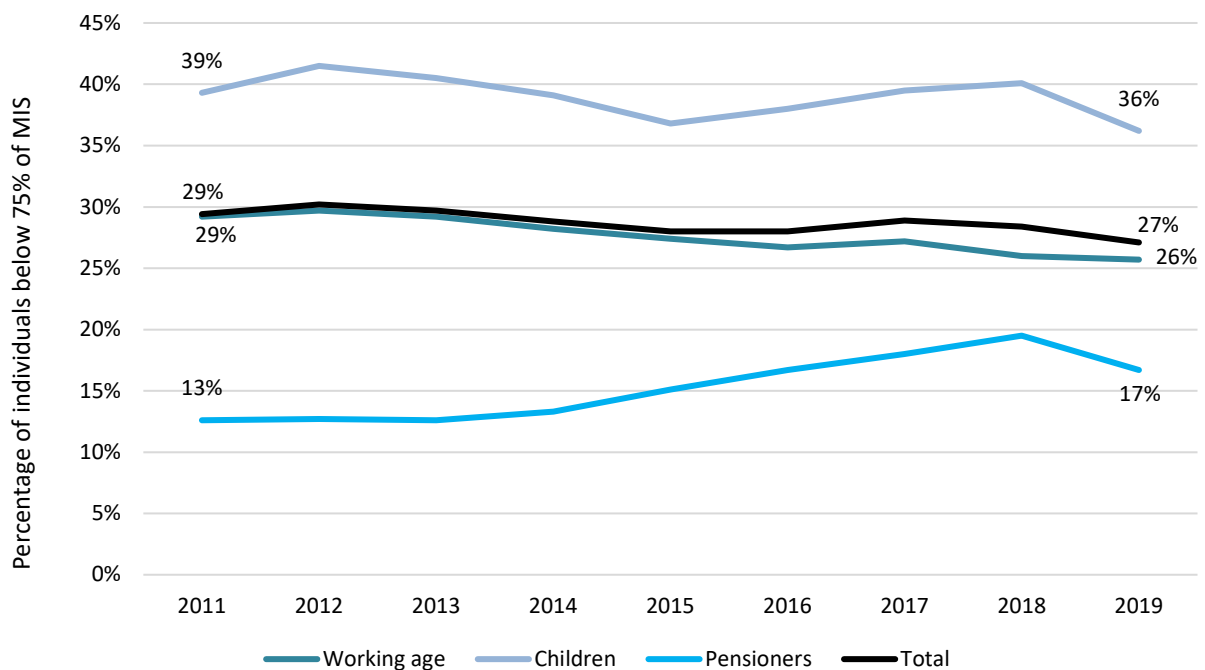


Figure 8 shows what has happened to the proportion of individuals living in households with incomes below MIS between 2011 and 2019. It shows that in 2019, 39% of people living in London were below MIS. This is a far higher proportion than for the UK as a whole: in 2019-20, 28% all individuals in the UK were in households with incomes below MIS. The total number of individuals living below MIS in London has increased over this period from

<sup>1</sup> The analysis of households below MIS in London uses an average of Inner and Outer London MIS budgets in order to produce an estimate for London as a whole. MIS budgets for years before 2014 – when MIS London research began – have been estimated by deflating the 2014 budgets.

increased from 3.36 million in 2011 to 3.49 million in 2019. This means that more than a third of all people living in London do not have the income they need to meet all of their material needs as well as what is needed to participate in society – they lack the resources necessary to live with dignity. Living on incomes below MIS can have many different consequences (see Hill and Weber, 2021), but could mean prioritising ‘essentials’ or cutting back on particular activities and spending in certain areas. Between 2011 and 2019, the proportion of all individuals living in households in London with incomes below 75% of MIS – the point at which individuals face a greatly increased risk of material deprivation or financial hardship compared with those whose incomes are above the MIS benchmark – has not changed substantially (Figure 9): it remains the case that over a quarter of people living in London (27% or 2.40 million) have incomes which are well below what they need in order to afford a minimum standard of living.

**Figure 9** Proportion of individuals below 75% of MIS in London



Figures 8 and 9 show that the likelihood of having an income below MIS is not the same across demographic groups. Children are the most likely to be below this MIS threshold, with just under half (48%) of all children in London living in households without the income needed for a minimum socially acceptable standard of living in 2019. This is a greater proportion than for the UK as a whole where 40% of children were below MIS in 2019-20. This means that in 2019 just under a million children were living in London households with inadequate incomes. More than a third of children – around 735,000 – in London are living in households with incomes below 75% of MIS, where there is a substantially increased risk of material deprivation or financial hardship. The likelihood of growing up in a household with an income below MIS also varies according to the composition of households. Children living in lone parent households are substantially more likely to be growing up below MIS than those in a couple parent household. In 2019, 73% of children living in lone parent households were growing up below MIS, compared to 41% of those living in couple parent

households. Although children in lone parent households are far more likely to be living below MIS, children living in couple parent households make up just over two-thirds (68%) of all children living below this level.

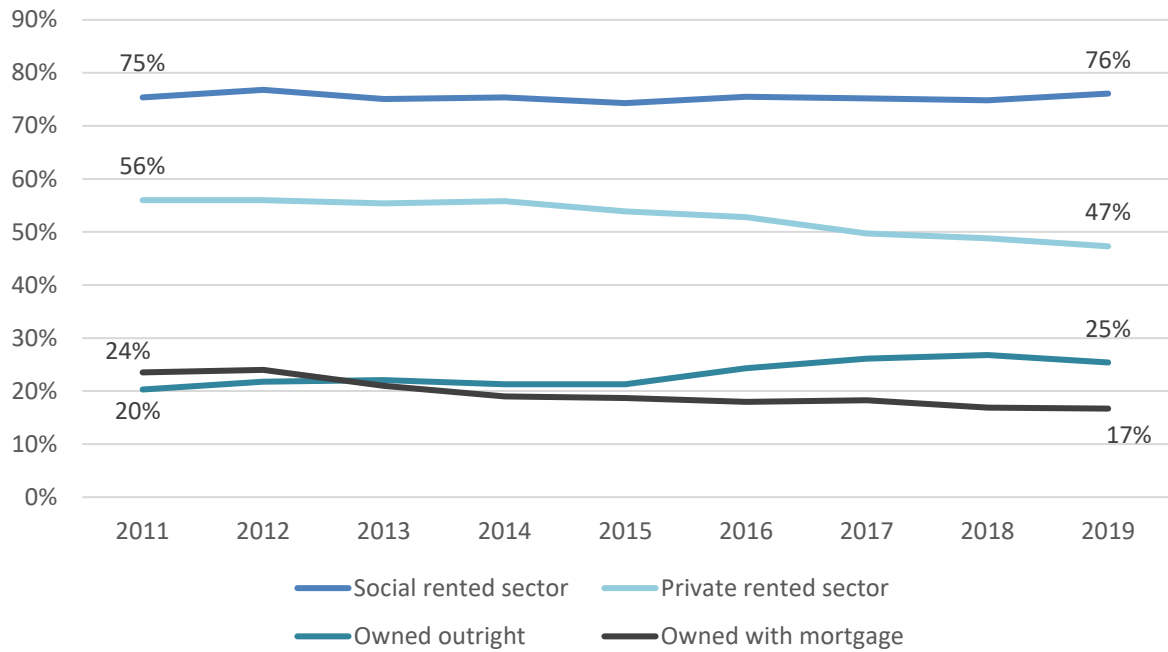
Working-age adults living in London are more likely to be in a household with an income below MIS than working-age adults in the UK as a whole. In London, 37% of working-age adults were living below MIS in 2019 compared to 27% in the UK as a whole in 2019-20. Within working-age adults, single adults, living on their own in London, are far more likely to have an income below MIS than those living with a partner. In 2019, 43% of all single working-age adults, living on their own in the capital, were below MIS compared to 20% of those living with a partner. This difference between London and the rest of the UK is likely to be a consequence of the higher cost of housing in the capital which reduces the income that working-age adults 'have left', after covering these costs, with which to meet their minimum needs. The additional cost of housing will be felt more acutely by those living on their own compared to those living with a partner.

While pensioners are less likely to have incomes below MIS than working-age adults or children, they have seen the biggest change in the likelihood of being below MIS between 2011 and 2019. In 2011, 25% of pensioners were living in households with incomes below MIS; by 2019 this had increased to 35%, well above the 17% of pensioners in the UK living below this level. More than a third of pensioners living in the capital (around 360,000) do not have the income they need to meet their minimum needs and to participate in society. This change over time is a result, at least in part, of an increase in the minimum budget, described and defined through the MIS London research, necessary to provide pensioners with the opportunities and choices required to take part in the world around them. That is, pensioners living in the capital have, since the MIS London research began in 2014, set out different expectations of what is needed for a minimum socially acceptable living standard in the capital compared to those in urban areas outside of London, and this has resulted in a higher minimum budget. While the cost of this minimum budget has increased substantially over time, pensioner incomes have not increased at the same rate.

As with working-age adults, single pensioners, living on their own in the capital, are more likely to be below MIS than those living with a partner. In 2019, 45% of single pensioners did not have the income needed for a minimum socially acceptable standard of living, compared to 28% of those living with a partner.

Figure 10 shows how the likelihood of having an income below MIS varies according to housing tenure within the capital. People living in the social rented sector are the most likely to have an inadequate income, with 76% of individuals in social housing having an income below MIS in 2019. Nearly half of all Londoners living in the private rented sector have incomes below MIS in 2019. This means that of the 3.49 million individuals in London living below MIS in 2019, 2.57 million (74%) are living in rented accommodation.

**Figure 10** Proportion of individuals below MIS in London by housing tenure



## 6 Conclusion

Since 2014, MIS London has set out what the public, collectively, believe is needed in order to live with dignity in the capital of the UK, and how this is different to other urban areas of the country. For the most part, what is needed for a minimum standard of living in Inner and Outer London is broadly similar to what is needed in urban UK – people should be able to participate in the world around them through social activities with friends and family; eating out a few times a year is a critical component of living with dignity; people need to be able to use transport that will enable them to access employment opportunities within the local area. While minimum needs are often the same, how these needs are met and the cost of meeting these can be very different in London. For example, while the transport needs of households with children in urban areas outside the capital are met through a second hand car, within London the public transport infrastructure is such that a car is not needed in order to reach this minimum living standard; single working-age adults in London need more for activities and eating out/takeaway compared to those living in urban areas outside the capital, partly because of the higher cost of activities, but also because of the smaller size of flats in the capital which makes having friends over more difficult.

These different costs mean that a single working-age adult living on their own needs 66% more in Inner and 43% more in Outer London than in other urban areas of the UK (including rent); a couple with one pre-school and one primary school age child need 14% more in Inner and 18% more in Outer (including rent and childcare). The higher cost of a minimum standard of living in London has been a consistent finding each time MIS London research has been undertaken, and the key drivers of these additional costs have remained the same since 2014: for working-age adults without children, the substantially higher cost of private rents and public transport in London results in a substantially higher minimum budget; for households with children, the cost of childcare, where required, greatly increases what is required for a minimum. Higher minimum budgets result in higher earnings requirements, and while there have been significant increases in the National Living Wage in recent years, full-time work at this level does not enable any households to reach what they require to cover a minimum budget. Households who are receiving out-of-work benefits over time have moved further and further away from what is needed to reach MIS.

Although there have been efforts to reduce costs in the capital – for example through the provision of free school meals for all primary school age children in the 2023-24 academic year, or affordable homes schemes – the reality is that the cost pressures in 2022-23 are broadly similar to those identified in MIS London in 2014. With national-level help with energy costs likely to come to an end in the summer of 2023, inflation still high (particularly for essentials such as food,) and little sign of real solutions to long-standing problems such as affordable housing, it seems probable that pressures on households in London will continue for some time to come.

## References

- Abdul Aziz, S. and Richardson, J. (2023) [\*London's Low Pay Landscape\*](#). London: Living Wage Foundation.
- Cribb, J., Joyce, R., Karjalainen, H., Ray-Chaudhuri, S., Waters, T., Wernham, T. and Xu, X. (2023) [\*The cost of living crisis: a pre-Budget briefing\*](#). London: Institute for Fiscal Studies.
- CRSP (2023) *Minimum Income Calculator*. Available at [www.minimumincome.org.uk](http://www.minimumincome.org.uk).
- Davis, A., Stone, J., Blackwell, C., Padley, M., Shepherd, C. and Hirsch, D. (2022) [\*A Minimum Income Standard in the UK for 2022\*](#). York: Joseph Rowntree Foundation.
- Davis, A., Hirsch, D., Padley, M. and Marshall, L. (2015) [\*How much is enough? Reaching social consensus on minimum household needs\*](#) Loughborough: Centre for Research in Social Policy.
- Hill, K., and Webber, R. (2021) [\*Seeking an anchor in an unstable world: experiences of low-income families over time\*](#). Joseph Rowntree Foundation: York.
- Hill, K. and Hirsch, D. (2019) [\*Family sharing - A minimum income standard for people in their 20s living with parents\*](#). Loughborough: Centre for Research in Social Policy.
- Hill, K., Hirsch, D. and Padley, M. (2015) [\*Minimum budgets for single people sharing accommodation\*](#). CRSP Working Paper 642. Loughborough: Centre for Research in Social Policy.
- Office for National Statistics (2022), 2021 Census. Available at: <https://www.ons.gov.uk/census>
- Padley, M. (2020) [\*A Minimum Income Standard for London 2019\*](#). London: Trust for London.
- Padley, M. (2017) [\*A Minimum Income Standard for London 2017\*](#). London: Trust for London.
- Padley, M., Davis, A., Shepherd, C. and Stone, J. (2021) [\*A Minimum Income Standard for London 2020\*](#). London: Trust for London.
- Padley, M., Davis, A., Shepherd, C. and Stone, J. (2019) [\*A Minimum Income Standard for London 2018\*](#). London: Trust for London.
- Padley, M., Davis, A. Hirsch, D., Horsley, N. and Valadez, L. (2017) [\*A Minimum Income Standard for London 2016/17\*](#). London: Trust for London.
- Padley, M., Marshall, L., Hirsch, D., Davis, A. and Valadez, L. (2015) [\*A Minimum Income Standard for London\*](#). London: Trust for London.

Padley, M. and Stone, J. (2023) [\*Households below a Minimum Income Standard: 2008/09 to 2020/21\*](#). York: Joseph Rowntree Foundation

Trust for London (2023) *London's Cost of Living Tracker*. Available at: <https://trustforlondon.org.uk/data/topics/cost-of-living-tracker/?tab=cost-of-living-tracker&panel=income-quintiles> [Accessed 26 May 2023].