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A Minimum Income Standard for London 2020

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May 2021



**Loughborough
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Executive summary

This latest research looking at what is needed for a decent living standard in London focused on households with children. Groups of parents in Inner and Outer London discussed and detailed what these households need in order to have a minimum socially acceptable standard of living in 2020. While life for many Londoners was very different in 2020 than in previous years as a result of COVID-19, this research asked groups of parents to think about and reach consensus about minimum needs in a pre-pandemic London. Further work to understand the impact of COVID-19 on minimum living standards will be undertaken in 2021.

This study also calculated the difference in a minimum household budget between the capital and elsewhere in the UK, and 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 falling short of meeting this minimum standard in the capital and how this has changed over time.

The research found that:

- 4 in every 10 people living in London (41%) have an income below what is needed for a minimum standard of living. This is well above the 29% below this level in the UK as a whole.
- 3.62 million Londoners are living in households with inadequate incomes. Just over 1 million children in the capital are growing up in households below the minimum income standard (MIS).
- In many areas of life, minimum needs and the costs of meeting these are the same for households with children in London as for similar households living in other urban areas of the UK. For example, in the latest MIS UK research, parents included a monthly Netflix subscription for a single device, with streaming replacing the DVD player as a cost-effective source of family entertainment, enabling people to participate in the world around them. Groups of parents in London agreed that there has been a shift in how the need for family entertainment is met, and consequently also included this Netflix package.
- In key areas, there are differences between how minimum needs are met in London compared to urban UK outside London, and the cost of these. Housing and childcare *needs* are largely the same in London, but the *cost* of these is substantially higher, in general, in the capital. Transport *needs* are met in different ways in London, particularly for households with children – elsewhere in the UK, households with children need a car, while in London public transport is sufficient to meet these minimum needs. This difference has implications for minimum budgets, bringing small ‘savings’ for some lone parent households while increasing transport costs for other households with children.
- The additional costs of a minimum budget in London mean that a decent standard of living in the capital costs between 14% and 56% more. The largest 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 short of meeting minimum needs, providing around a quarter of a minimum budget for working-age single in Inner London and around half of what is needed by couple parent households in the capital.
- The temporary uplift of £20 a week that has been given to working households entitled to tax credits – although not given to non-working households in receipt of ‘legacy benefits’ – and to both working and non-working households claiming Universal Credit has reduced the shortfall between income and MIS in some cases, particularly for working households in receipt of support through Universal Credit: the shortfall for working couples (on the National Living Wage) with two children in Inner London claiming UC, with the additional COVID-19 support, is £39 a week, compared to £135 for the same households claiming legacy benefits.
- The temporary increase in Local Housing Allowance (LHA), covering up to the 30th percentile of rents and re-linked to actual market rents has had a significant impact on the shortfall between safety-net benefits and the income needed for MIS for some households. For example, single working-age adults living alone in Inner London, in receipt of out-of-work benefits, have seen an increase in the proportion of a minimum budget covered by these, from 19% in 2018 and 2019, to 27% in 2020. There remains a significant gap between income and needs, but restoring LHA rates to a level that covers the cheapest 30% of homes has reduced this gap.
- Over recent years, single working-age adults in London, working on the National Living Wage (NLW) have not seen the same improvements in the adequacy of their incomes as their counterparts in urban areas of the UK outside London. For a single person working full time in urban UK, the NLW will cover 87% of a minimum budget. In Inner London the proportion of costs covered is 70% (supported by Universal Credit) or 61% (supported by ‘legacy benefits’). Without the COVID-19 uplift, a single person working full time on the NLW in Inner London would provide 47% of a minimum budget under the tax credits system and 54% under Universal Credit. This shows how potentially valuable the temporary increases in state support are.
- 53% of children living in London are in households with incomes below what they need for a decent living standard, compared to 42% in the UK. More than three quarters (76%) 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 21% in the UK.
- Three-quarters of individuals in the capital with incomes below MIS are living in rented accommodation.

1 Introduction

This report sets out new research on what is needed for a minimum standard of living in London, building on work undertaken in urban areas of the UK (Davis et al., 2020) and on ongoing research in the capital since 2014 (Padley, 2017, 2020; Padley et al., 2015, 2017, 2019). It was undertaken in the autumn of 2020, a year in which households in the capital, and indeed across the UK, have faced challenges few would have predicted at the start of the year. While COVID-19 has impacted across many aspects of life, and in particular on the composition and level of household spending, this research focused on establishing the goods and services needed for a minimum living standard *before* the global crisis hit the UK in March 2020. The minimum budgets set out here are based on the cost of buying those goods and services in April 2020. The impact of COVID-19 on expectations about living standards and minimum needs will be the focus of future research in London.

The research this year focused on households with children, looking at what these kinds of households need for a minimum living standard in both Inner and Outer London. The Minimum Income Standard (MIS) research identifies the budget required to cover the basket of goods and services that households need to achieve a minimum socially acceptable standard of living, as defined by members of the public. MIS is a major ongoing programme of research that produces annual updates of how much income a range of different types of households in the UK need to afford an acceptable standard of living. This calculation is based on detailed deliberation by groups of members of the public about what goods and services a range of different households need to reach this minimum living standard (see Box 1).

Regularly reviewing and updating MIS, both in urban areas in the UK and in London, is important in order for the Minimum Income Standard benchmark to reflect changes in society, regarding norms and expectations, and to capture changes in costs that impact upon how much households need to meet a minimum. Therefore, up to date assessments of London budgets continue to be important in order to understand and explore the different and additional pressures on living costs in the capital.

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 households with children 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 finally section six reflects on the key findings.

Box 1 Minimum Income Standard - Summary

What is MIS?

A Minimum Income Standard (MIS) for the United Kingdom is the income that people need in order 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.

How is it arrived at?

A sequence of groups has detailed negotiations about the things a household would need to achieve an acceptable living standard. They go through all aspects of the budget in terms of what goods and services would be needed, of what quality, how long they would last and where they would be bought. Experts check that these specifications meet basic criteria such as nutritional adequacy and, in some cases, feedback information to subsequent negotiation groups who check and amend the budget lists, which are then priced at various stores and suppliers by the research team. Groups typically comprise six to eight people from a mixture of socio-economic backgrounds, but all participants within each group are from the category under discussion: 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. It uses a method of projection, whereby group members are asked not to think of their own needs and tastes but of those of hypothetical individuals. Participants are asked to imagine walking round the home of the individuals under discussion, to develop a picture of how they would live, to reach the living standard defined below. 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 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 satisfactory conclusion, subsequent groups help to resolve differences.

What does it include?

Groups in the initial research defined MIS as: *'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.'*

A minimum is about more than survival alone. However, it covers needs, not wants, necessities, not luxuries: items that the public think people need in order to be part of society. In identifying things that everyone should be able to afford, it does not attempt to specify extra requirements for particular individuals and groups – 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 results page2 on the Loughborough University MIS website:

1. The online Minimum Income Calculator shows the budgets and earnings requirements for any specified household type.
2. There are lists of the items used to compile the budgets for each household type.
3. 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, and also an Excel version of the current year calculator that can generate results for any specified household type for the present year.

Who does it apply to?

MIS applies to households that comprise a single adult or a couple, with or without dependent children. It covers most households, with its level adjusted to reflect their composition. The needs of over 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, such as households with grown-up children.

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 standard is calculated based on the needs of people in urban areas. A further project published in 2010 (Smith et al., 2010) looked at how requirements differ in rural areas, and the present series of reports (Padley, 2017, 2020; Padley et al., 2015, 2017, 2019) does the same for London. The London budgets can also be obtained in the online Minimum Income Calculator (www.minimumincome.org.uk/london). Outside the UK, the team responsible for the UK MIS has supported MIS projects employing the same approach in France, Japan, Singapore, Thailand, Mexico, Portugal and South Africa. An ongoing MIS programme in the Republic of Ireland uses methods based on the UK work.

How is it related to the poverty line?

MIS is relevant to the discussion of poverty, but does not claim to be a poverty threshold. This is because participants in the research were not specifically asked to talk about what defines poverty. However, it is relevant to the poverty debate in that almost all households officially defined as being in income poverty (having below 60 per cent of median income) are also below MIS. Thus households classified as 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 undertaken under the unusual circumstances experienced globally in 2020. The emergence of the COVID-19 pandemic in March 2020 made it impossible for us to carry out research in the way we normally would. Every MIS project undertaken prior to 2020 has centred around holding face-to-face discussion with groups of members of the public, with the participants in each group and researchers all being in the same room. This in-person discussion was clearly not possible in 2020 as in the UK, for much of the past year, it has not been permitted for people to gather together in groups such as this.

One unforeseen consequence of the pandemic, however, has been the exponential growth in the use of video communications platforms such as Zoom and Teams, software/apps that many of us were completely unaware of before this last year. The use of these tools has become an everyday necessity for many who have had to find alternative ways not only of working but also communicating and socialising with friends and family. This research has taken advantage of the growing familiarity with these tools, with MIS London discussion groups held via Zoom. These online groups were structured in the same way as in-person groups and participants engaged in the same tasks they would have had we been able to all be in the same space. While the use of Zoom brings with it some challenges, particularly in terms of responding to non-verbal cues, the fact that participants were able to take part in groups from their own homes removed some potential barriers to participation. For example, lone parents did not need to find babysitters as they could participate in the group and make sure children were looked after simultaneously. The location of participants was also not a barrier to participation as it can sometimes be when in-person groups are held in specific geographic locations in London – MIS London groups with participants living in Outer London, for instance, could include individuals from across the city rather than clustered around a specific locale.

Although the shift to online groups was a significant change in how this latest research was undertaken, it was still rooted in the same principles as all MIS research. The research was built around in-depth discussions with groups of members of the public. Groups are asked to explore in detail the goods and services required by different households in order to meet a minimum socially acceptable living standard. Rather than focusing on what they think is necessary for their own household 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 therefore included lone and partnered parents of a range of ages of children.

In the ongoing 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 2020 – namely minimum budgets for households with 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 2016.

The online 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 2016 in these adjustments

This is the approach that has been used in previous iterations of the MIS London research (e.g., Padley et al., 2019), 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 families with children in London

The groups undertaken in 2020 were asked to think about the needs of households with children in Inner and Outer London, pre-COVID-19. Future research is planned to look at the impact of the pandemic on public expectations about minimum living standards, but in order to undertake this work it was first important to establish a pre-COVID-19 ‘benchmark’ against which any changes could be compared.

Orientation groups

Previous research undertaken in 2014/15 and 2016/17 in Inner and Outer London 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 two online ‘orientation’ groups – one focusing on Inner and one on Outer London – to explore these three areas. These groups of members of the public brought together parents with dependent children to discuss the needs of these households. Groups were asked to consider what these households, living in London, needed in order to reach a minimum acceptable standard of living in each of these three areas. Groups were presented with ‘case study’ households and discussed the type of accommodation needed to meet the needs of parents in Inner and Outer London, as well as discussing minimum transport and childcare needs. The decisions made within these initial groups were taken forward to the next stage of groups.

These orientation groups also provided an opportunity to ensure that moving groups online allowed participants to discuss and reach decisions as they would in in-person groups. It was clear from both groups that the shift to Zoom had not impacted on the sorts of detailed discussions that characterise MIS groups.

Principal review groups

Two online principal review groups, one comprising parents living in Inner London and one parents living in Outer London, were tasked with reviewing the detailed lists of goods and services compiled in the UK MIS in 2020 for households with children, and adjusting and

amending these to reflect the different and/or additional needs of these households in the capital. Those participating in the online groups discussed and agreed what people living in the same kind of household as themselves need for a minimum socially acceptable living standard.

Each of the MIS London groups 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 rather than exceed it. As in previous MIS London research, participants were asked to consider what needs to be different *because parents with dependent children 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 ‘case study’ household, similar to their own, would need for a minimum acceptable living standard. The use of case study 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 families with dependent children across either Inner London or Outer London, rather than in the specific location in which they live.

Each of these review groups were asked to consider whether minimum needs in London, and how these are met, differ from those agreed in the UK MIS. 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

Online follow up and final review groups were subsequently held with participants living in Inner and Outer London. In these groups, 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 four groups – two with people living in Inner London and two 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 were recruited on the basis of where they lived (Inner or Outer London) and their household composition (parents with dependent children). The groups included participants with children across a range of ages (from 0-18) and from both lone and partnered parent households. 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 working age adults and pensioners

The budgets for working age adults and pensioners presented and considered in this report have been updated based on price increases in the year to April 2020, as estimated by the Consumer Prices Index (CPI). The exceptions to this are costs associated with travel within London and housing; for these two budget areas, the updated figures reflect actual changes in costs.

Calculating the costs of a Minimum Income Standard for London

Where groups have identified different goods and services as needed by households with children in London, these differences have been considered and discussed in detail and the necessary changes made to existing 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 discussions and decisions reached in the groups with parents, living in Inner and Outer London, about what is needed in order to have a minimum socially acceptable standard of living and why. It is important to reiterate that in these discussions, participants were asked to think about their needs and how these would be met as a minimum in a pre-COVID-19 society. This section looks in brief at what is needed in London and, where this is different to the UK, why this needs to be different. The decisions are the product of consensus built over the sequence of groups outlined in the preceding section.

Housing Costs

Groups were asked to consider what households with children would need in order to meet their minimum housing needs in Inner and Outer London, and whether these are different to other urban areas of the UK. As in previous research, discussions about how minimum housing needs are met took into account not only what was needed but also what is available within the capital. Groups agreed that renting in the social housing sector remained the minimum acceptable standard for families with children – the minimum budgets discussed in the next section are therefore built on the assumption that these households are living in the social rented sector.

While groups agreed that social housing met minimum needs, there has been a growing recognition over time that it is not necessarily always practical or realistic for families with children to find accommodation in the social rented sector. Parents acknowledged difficulties with finding social housing and the challenges that this could bring:

Man 1: Well then the minimum requirement would be social housing.

Woman 1: Yes.

Researcher: ... what do other people ...?

M1: ... I was going to finish by saying, if you can find it.

W2: I think that's the problem, is if we say that this is the minimum, there's going to be a whole bunch of people that can't be housed or have to be housed so far away that it impacts their ability to put their children in to schools or ability to keep their job.

Outer London (Group 02)

M1: Is social housing sufficient? I mean, yes it is, if you can get the accommodation, I mean I don't see how that would have changed, I mean the supply maybe an issue but ...

Inner London (Group 01)

There was discussion within groups about the possibility of specifying renting in the private rented sector (PRS) as the minimum, but an acknowledgement that specifying this as a minimum was problematic, particularly in relation to the quality of accommodation and the security and stability it provides to families with children. The security of tenure associated with social housing was highly valued and although there may be difficulties for some in

accessing social housing, groups were clear that renting in this sector did still constitute the minimum need.

Groups were also asked what size of accommodation lone and partnered parents with between one and four children need in the capital. They agreed the same model for housing in both Inner and Outer London as in the previous research conducted in London (Table 1). As with discussions around tenure, groups recognised that while the ideal would be for each child to have their own bedroom – particularly as they got older – this would not be possible for larger families with more than two children. Lone and partnered parents with one child would be adequately accommodated in a two bedroom flat, while for larger families groups said that three bedrooms would provide enough flexibility to accommodate different ages and genders of children over time:

W1: ... in a mix of three kids you are going to have some way of combining them and it might be that you've got a period or a point where you swap round who shares with who based on age or gender ...

[...]

M1: ... you know the lady was saying about the fact that you could share different ages, they could swap, depends on the gender as well so ...

M2: I agree with that, that you could sort of mix and match.

Outer London (Group 02)

The housing models used to calculate UK and London MIS budgets are set out in Table 1. These assumptions have been used to calculate the cost of fuel, contents insurance and water rates as well as rent and council tax rates.

Table 1 Housing assumptions in UK and London MIS

Household Type	Accommodation in UK MIS	Accommodation agreed for MIS London
Lone parent/couple parents plus one child	Two bedroom house (social housing)	Two bedroom flat (social housing)
Lone parent/couple parents plus two children	Three bedroom house (social housing)	Three bedroom flat (social housing)
Lone parent/couple parents plus three children	Three bedroom house (social housing)	Three bedroom flat (social housing)
Couple parents plus four children	Three bedroom house (social housing)	Three bedroom flat (social housing)

Transport

In urban areas of the UK outside London, minimum budgets for families with children include a second-hand car per household and an additional adult bus pass in two parent households. This has been included in a minimum budget by groups in order to enable families to have ‘the opportunities and choices necessary to participate in society’ – to be able to access employment opportunities, and participate in social and cultural activities. In Inner and Outer London, groups said that transport needs could be met using public transport in the capital. This confirms the findings from previous MIS research in London. Public transport in the capital is generally highly valued – something that has been reiterated in successive rounds of MIS research, by both parents and households without children:

W1: ... the public transport, normally, pre-Covid, is fantastic. There is a bus everywhere. I mean we live in Zone 1 and there is probably 15 or 20 buses go through Angel, there is the Northern Line tube, if you're that way inclined ... but the buses go everywhere you want to go ... everywhere we need to go is on the bus route.

[...]

W2: I have got just up the road from me the Thames Clipper, that can take me up to erm up to West London, do you know what I mean? Within no time so the transport is all there so I kind of don't feel that there is any need to be driving so much in London.

Inner London (Group 01)

Groups were asked what parents would need in order to meet their travel needs in London, and they agreed that parents would need a pre-paid Oyster travel card covering Zones 1-4 for those living in Inner London, and Zones 1-6 for those in Outer London. Groups were clear that these were needed in order to enable people to commute to another part of the city for work – a commute that may involve crossing Zones 1-2 – as well as for travel relating to social and cultural participation. However, there was agreement that the cost of a monthly pass should be included rather than an annual pass, which may be more cost effective.

W1: The most cost effective is annual.

[...]

Researcher: ... is it reasonable to expect that as a minimum, they would be paying for these things annually?

W2: No.

W3: No, they would buy it monthly.

Outer London (Group 02)

M: Another thing to point out as well is not everyone is able to stump up the money for a monthly or yearly travel card

Inner London (Group 03)

Although there were proposals to change this in 2020, it remains the case that in London, children under 11 can travel on most forms of public transport at most times for free, children aged 11-15 can use buses and trams for free within Greater London, but have to pay half fares on the Underground, Overground, DLR and National Rail within London. Free

bus travel for children up to the age of 18, with a 16+ Zip Oyster photocard, was under threat as a condition of a financial support package for Transport for London, but following high-profile campaigns, has been retained.

Since MIS London research began, parents in Inner London have said that travelling to school by bus might make children late due to congestion or if the bus terminated unexpectedly. Groups said that it was a reasonable expectation that secondary school pupils might have to cross Zone 1 in order to get to school and might live or attend a school in Zone 3. Therefore in both 2014 and 2016, parents included the cost of underground journeys in Zones 1-3 five days a week in term time for secondary school children to get to and from school, and said that journeys out of term time could be made using free bus travel. In 2020, parents in Inner London built the same 'model' for secondary school aged children.

Parents in Outer London agreed that a secondary school aged child was less likely to need to use the underground to travel to school, and that free bus travel would enable them to travel to school and back each day. However, as in previous MIS research, parents said that secondary school children living in Outer London may have longer journeys than those living in Inner London and that a journey home could often involve taking more than one bus. Groups agreed that if a child was travelling home later in the evening than usual – for example, from an after-school club or activity – it was important for them to be able to access other safe forms of transport, which would bring an additional costs, but would reduce the length of the journey. Parents in Outer London therefore added £7.50 a week for secondary school children to cover these additional travel costs incurred when travelling outside of normal school times using other means of transport, such as Uber, to get home safely.

In both Inner and Outer London, parents agreed that as well as being able to travel around and within the capital, it was important to be able to 'get out of London'.

M1: They need to be able to get out.

W1: As a minimum for them to get out of London sometimes.

W2: It is important to be able to get out.

W3: ... I just think people as a minimum need to be able to leave London occasionally like that it is necessary for a lot of people's sanity ...

M2: Yes, I mean it is essential to get out every now and again.

Inner London (Group 01)

W1: I kind of think it's needed. Not just from my own experience, but things are quite expensive and I don't have the money to afford to go away or get places. So if you've got a family, having that [rail travel] on the list so you have the choice of actually taking your children somewhere for their mental health and your mental health and physical health and stuff. I think it's important to give them the opportunity to see new things.

Inner London (Group 07)

Table 2 **Transport provision in UK and London MIS, households without children**

Household Type	Transport agreed in UK MIS	Transport agreed in MIS London – Inner London	Transport agreed in MIS London – Outer London
Lone parent	Car (includes roof bar and roof box) £5 a week for parking £50 a year for taxi journeys	Monthly zone 1-4 Oyster card Family railcard £250 for rail travel each year for visiting friends/relatives £50 rail and £20 taxi return journey to holiday destination	Monthly zone 1-6 Oyster card Family railcard £250 for rail travel each year for visiting friends/relatives £50 rail and £20 taxi return journey to holiday destination
Couple parents	4 weekly local bus pass (for one parent) Car (per household, includes roof bar and roof box) £5 a week for parking £30 per adult, each year for taxis	Monthly zone 1-4 Oyster card (each) Family railcard £250 for rail travel each year for visiting friends/relatives, per adult £100 rail and £20 taxi return journey to holiday destination	Monthly zone 1-6 Oyster card (each) Family railcard £250 for rail travel each year for visiting friends/relatives, per adult £100 rail and £20 taxi return journey to holiday destination
Primary school child		£125 for rail travel each year £15 rail return journey to holiday destination	£125 for rail travel each year £15 rail return journey to holiday destination
Secondary school child	Bike as birthday/Christmas present 10 bus journeys per week to get to and from school (£2.20 a day for 39 weeks of the year)	10 peak journeys each week Zones 1-3, to get to and from school (only needed during term time, 39 weeks each year) plus free bus travel £125 for rail travel each year £15 rail return journey to holiday destination	Free bus travel to school £7.50 per week for other travel costs £125 for rail travel each year £15 rail return journey to holiday destination

In order to enable this, groups included a family railcard per household which gives discounts on rail travel. They also included an annual budget of £250 per adult and £125 per schoolchild to enable families to travel to other parts of the UK to visit friends and relatives, and get out of the capital. In urban UK MIS, visits to friends and relatives would be undertaken by car. The annual budget for rail travel has increased substantially since the last research with parents in London in 2016 – groups were clear that this was necessary because of the year on year increases in the cost of rail travel.

Groups in both Inner and Outer London said that the annual family budget for rail travel could be used instead for car hire, which may offer greater flexibility and ease of travel, particularly for families with younger children.

Food Shopping

Groups within both Inner and Outer London agreed that in general, families in the capital do not eat different foods or in different ways to families living in urban areas of the UK outside London. Consequently, the food included here is based on weekly menus compiled from groups' suggestions of likely meals in urban UK MIS. These follow a typical pattern of three meals a day and a nutritionist ensures that the food and drink included in the weekly shopping lists meet nutritional guidelines for a balanced diet. All the food and drink required for households is itemised and compiled into shopping baskets, which are priced at a major supermarket (currently Tesco, as the most prevalent retailer of this type) with a national pricing policy, meaning that items cost the same across the UK, including in London.

The key difference in Inner and Outer London, compared to urban UK outside the capital, is the inclusion of the cost of having food shopping delivered each week, as families do not have access to a car. Groups said it was not practical to carry a weekly shop home on public transport, particularly if they also had young children with them. While occasional top-ups during the week would be needed, the group said that the majority of the weekly food shop could be bought online. To cover the cost of delivery, groups included the cost of a midweek delivery, paid for monthly (£7.50 each month).

Household Goods

Groups were clear that for the vast majority of goods found within the home – from furniture to appliances to cleaning materials – there was no difference in either needs or costs in London compared to other urban areas of the UK. This echoes what has been established in previous MIS London research.

Parents in Inner and Outer London said that following the Grenfell Tower fire, fire safety had become more of a concern, particularly for families living in high and low-rise flats.

M1: ... but as soon as the thing happened with Grenfell we went out and bought a fire extinguisher to put in the hallway

[...]

M2: I'd say there's probably a higher proportion of people living in flats aren't there? ... So I would have thought that this would probably be more on people's consciousness

Inner London (Group 05)

W1: I've got one myself to be honest because we've got a sprinkler system built into our estate but we had a fire a few months back ... so I got one myself for £25, the little fire extinguisher and the blanket and I think everyone should be able to have that.

W2: When you live in social housing we had one for the whole block but people steal them and spray them around so to have that peace of mind it should be included.

Inner London (Group 07)

In response to these concerns, groups agreed to include a fire safety kit – comprising a fire extinguisher and a fire blanket.

As in 2016, parents in London discussed whether or not households need to have a tumble dryer, and reached a similar conclusion to that reached in UK MIS – larger households need a tumble dryer because of the volume of laundry. However, in Inner and Outer London – again as in 2016 – groups agreed that households with two or more children need a tumble dryer, whereas in UK MIS a tumble dryer is needed in larger households with three or more children. In explaining this difference in needs in the capital, groups noted that social housing in London was more likely to be flats than houses, and that this could restrict access to outside space in which to dry washing, and where outside space was available – in the form of a balcony, for example – often people were not allowed to use this to hang washing out. Further, groups agreed that often the size of properties in London meant that there was less space in which to dry clothing indoors. While this was manageable with one child in a household, with two a tumble dryer was needed.

W1: That was what I was going to say, a lot of people I know that do have a balcony they're not allowed to hang their washing outside.

[...]

W2: I know another point as well is quite often if you're living in older accommodation, damp and things like that are a real big issue and hanging washing out if you've got four people living in one flat and you're trying to do that, that's just going to contribute to that's cycle of damp and the problems that causes.

Outer London (Group 08)

Clothing

In both Inner and Outer London, groups were presented with the lists of clothing and footwear that are included in UK MIS budgets for parents, and agreed that it was not necessary to make any changes to these lists. Groups said there was no reason why parents living in London need different clothes to someone living in an urban area in the UK outside of London.

Parents said that this was also the case for non-school clothing for all of the ages of children considered in this research. In general, groups said that the list of clothing and footwear needed by school children in London was the same as in urban UK. However, they agreed in Inner and Outer London that there were variations both in the proportion of school uniform that needs to be school-specific – bought from a specialist supplier or the school itself – and in what was required at primary school level in particular. Although some parents said that school uniform at primary age consisted of a coloured jumper with a logo, with the rest of the uniform bought from a supermarket, groups agreed that it was important to build in the cost of a blazer and tie for primary school aged children, as this was an increasingly common requirement. This was particularly the case as more primary schools join academy trusts.

F1: I think it depends on the school, because some schools will insist on children having it [blazer and tie].

*F2: My school did from Year 3, blazer and tie
[...]*

R: ... we've heard ... that there are a growing number of primary schools where they've introduced a tie.

*F1: Yes, she has to wear a tie it's not like the one with elastic, you have to literally tie the tie. Even today when it was warm, they could take off their blazer but the tie has to be worn at all times ...
[...]*

F3: Yes, it does need to be reflected because a lot more school are introducing ties for primary school children from Year 3 to Year 6, so it should be factored in.

Inner London (Group 03)

F1: I work in a school and it's an academy and they wear a blazer, a jumper and the girls wear a shirt and a pinafore dress, so they wear the whole shebang, the jumper and the blazer.

Outer London (Group 06)

F1: I have seen some academies, generally Year 6 children, that tend to wear blazers and ties. I'm starting to see it a lot more but it is like you said more with children that go to academies, schools that have been turned into academies

Outer London (Group 08)

In Inner London parents added a blazer and tie to the primary school child's school uniform list and agreed that this would be purchased from a specialist school supplier, along with jumpers and PE shorts and sweatshirts. Outer London parents also added a blazer and tie, and agreed that school jumpers would also be bought at a school uniform supplier.

Parents in both Inner and Outer London said that the majority of uniform for secondary school age children would come from a specialist supplier – the only exceptions were school shirts, which could be purchased at a supermarket, and a skirt for PE which could be bought at Sports Direct.

Personal Care and health

This element of the MIS budgets includes toiletries, cosmetics, home healthcare, nappies and wipes for younger children, as well as services such as health care (including prescriptions and eye tests) and dentistry. Parents in London agreed that, for the most part, families with children in London need the same sorts of toiletries and personal care items as families living in urban areas of the UK outside London.

The exception to this, as reported in previous MIS London research, was hairdressing. Across the majority of the groups, parents said that hairdressing within the capital is more expensive, particularly within Inner London, and particularly for school age children and adults. In Inner London groups increased the budget allocated for haircuts for all of the individuals in the case study families, from toddler to adults – the most significant increase was for adult females and the (female) secondary school child who groups agreed needed the same amount for a haircut. Groups in Outer London agreed that the cost of hairdressing was higher than in urban UK outside London, except for a toddler and pre-school child, although it was not as expensive to get a haircut in Outer as it is in Inner London.

As in all preceding MIS London research, central to discussions in groups about the budget allocated for hairdressing was an acknowledgement of the higher costs of hairdressing for individuals from Black African and Black Caribbean communities. Groups were clear that, given the large Black and Minority Ethnic population in the capital, these additional needs needed to be better represented in the MIS London budgets. At the same time, there was a recognition that this higher budget was not something that would be needed by every individual in order to have a minimum socially acceptable standard of living. Groups consequently agreed that the budget allocated for hairdressing should increase, particularly for female adults, but that even the agreed budget increase would not necessarily meet the needs of all individuals.

Social and Cultural Participation

This incorporates various elements relating to families' social and cultural participation inside and outside the home. It includes: home entertainment, including a TV and monthly Netflix subscription for a single device, a laptop and broadband internet; birthday and Christmas presents, toys and pocket money; leisure activities (including eating out); and holidays and day trips.

In general, groups of parents in London did not feel that families in the capital had leisure requirements that were different to those of people living outside London. Parents in Inner and Outer London agreed that the types and frequency of activities for parents – for example inexpensive gym membership or weekly exercise classes – would be the same

regardless of location. However, groups said that some leisure activities were more expensive in London and therefore increased the weekly budgets for social activities outside the home for both partnered and lone parents: in both Inner and Outer London groups agreed that £20 a week for lone parents and £30 a week between partnered parents would enable them to have opportunities and choices in how they spent their leisure time.

In Inner London, parents said that activities for a toddler and a pre-school aged child would also cost more than in urban UK outside London.

F1: If you're going to baby classes there were quite a lot of free ones but they weren't very good. The ones that were actually reasonable like quite often they force you to sign up to a term which is actually quite expensive. And when I compared that with my friends that live in Sheffield everything was drop in it was like £3 whereas like in London it's £5 minimum sometimes £10 for one class which then cost quite a lot. [...]

F2: Baby groups when I take my son they can range between £5 and £8 £9. I think £5 you'll be lucky to get an activity for £5 for toddler a week you'll be lucky. I think £30 would be more realistic.

Inner London (Group 03)

Parents in Inner London said that £30 a month would cover the cost of activities for younger children, again allowing choice and a range of opportunities to be accessed. In Outer London, parents agreed that the amounts allocated in the UK MIS budgets - £20 a month – would be sufficient to provide activities outside the home for a toddler and a pre-school aged child.

Groups in Inner and Outer London increased the budget for primary and secondary school aged children's weekly activities, in recognition of the higher costs of activities in the capital. In UK MIS, parents said that both primary and secondary school aged children would need £10 a week for social activities outside of school – this would enable them to do two activities a week. In both Inner and Outer London, parents said that this would need to be £15 to cover the cost of these two activities.

F1: Would the cost of activities not be a little more for Holly [secondary school age child] possibly?

F2: I think you'd probably only get one activity for £10 a week [...]

R: What would they need for Holly to be able to do two activities a week?

F2: Maybe £15.

F3: Yes, I'd say £15.

R: Is there any reason why that would be a London difference ...?

F3: I think it's just because everything costs so much more.

Outer London (Group 08)

F1: I think £10 a week for two activities, I think that would only cover one activity.

F2: Yes, I was thinking that as well.

[...]

F3: ... My son does after school club and it's literally £10 for the one activity, and it isn't anything fancy

[...]

R: What do other people think of that?

F2: I was thinking more like £15 a week before. A lot of activities can be £6, £7 so that why I was thinking more £15.

[...]

R: Why is that, why does it need to be more in London than in other places?

F1: Things just cost more in London, don't they?

Inner London (Group 07)

Although groups agreed these changes in the amounts included in the budget to cover social activities outside the home for both adults and children, this was the only real difference in the needs or costs associated with social and cultural activities identified between London and urban UK outside London. These changes clearly have an impact on the cost of a minimum weekly budget, but this should not be taken as an indication of broader differences in the patterns of social and cultural activities in the capital – what is clear from this latest MIS London research is that there is consensus across urban UK and London about what households with children need in this regard.

4 The additional costs of living in London

This section presents the minimum budgets needed by four illustrative households in Inner and Outer London in 2020, and compares these to the budgets required by the same households in UK MIS. The analysis also looks at how these budgets have changed over time, building on previous MIS London research. The budgets for households with children set out here are those that have been reviewed and revised in the latest research (set out in Sections 2 & 3). The minimum budgets for working-age adults without children and pensioners were reviewed and amended in the previous research in 2018, and the budgets presented and discussed here have been updated based on differences in prices, estimated by 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.

This section also examines the composition of additional costs for households in Inner and Outer London – which budget areas are driving the differences in costs between the capital and other urban areas in the UK. It explores the implications of the additional cost of a minimum living standard in London for the adequacy of safety-net incomes provided through the 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 is predominantly on the four core households focused on in the UK MIS (see Davis et al., 2020); looking at these different, illustrative household types means that a range of different lived experiences across demographic groups in London can be reflected and explored. This section also examines some living situations not addressed in UK MIS – critically in the London context, single working-age adults living in shared accommodation and households with children unable to access social housing, instead renting in the private rented sector.

The full range of results for Inner and Outer London are available online at the [Minimum Income Calculator](#) (CRSP, 2020). 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

Since the first MIS London report was published in 2015, successive MIS London research (Padley, 2017, 2020; Padley et al., 2015, 2017, 2019) has demonstrated that to reach a minimum socially acceptable living standard, many Inner and Outer London households need significantly more than similar households living in other urban location in the UK.

Before looking in more detail at these differences in minimum budgets, 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 2018 and 2020. The minimum budgets for households with children were ‘rebased’ in 2020 for urban UK, although this did not result in substantial changes in these, with increases in some specific budget areas, such as transport, being offset by reductions in other categories of spending such as social participation (Davis et al., 2020). The illustrative headline minimum budgets for lone and

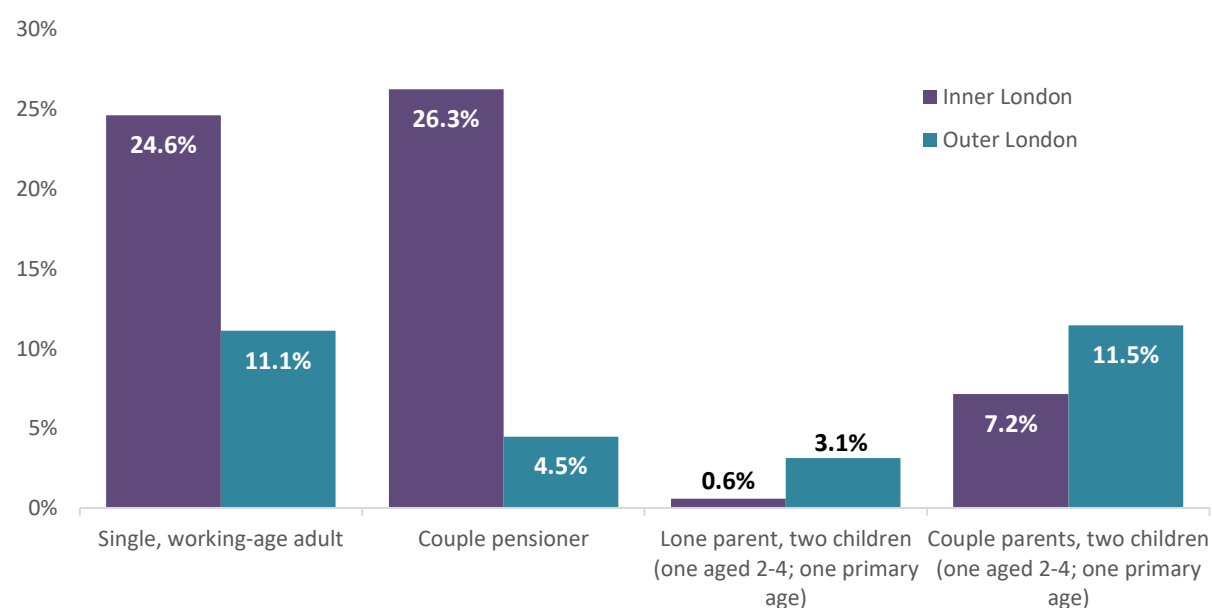
couple parents in Inner and Outer London have seen the greatest change between 2018 and 2020. With the exception of single working-age adults in Outer London, all of the minimum budgets have increased more than CPI inflation (3% between April 2018 and April 2020).

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		
	2018	2020	% change	2018	2020	% change	2018	2020	% change
Single, working-age adult	£213.59	£225.42	6%	£268.86	£280.90	4%	£244.69	£250.43	2%
Couple, pensioner	£301.92	£315.72	5%	£381.66	£398.61	4%	£316.55	£329.88	4%
Lone parent, two children (one aged 2-4; one primary age)	£389.98	£401.22	3%	£372.52	£403.63	8%	£387.58	£413.83	7%
Couple parents, two children (one aged 2-4; one primary age)	£479.59	£499.69	4%	£503.15	£535.44	6%	£520.46	£556.96	7%

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 pensioners in Inner London have the greatest additional weekly costs, needing just over a quarter more (26.3%) than in UK MIS. Single working-age adults in Inner London need around a quarter more (24.6%) than their counterparts in urban areas elsewhere in the UK. Since MIS London research was first undertaken and published in 2015, couple pensioners in Inner London have consistently needed around a quarter more than those living in urban UK to meet a minimum socially acceptable living standard. However, in 2014 single working-age adults in London needed 12% more than those living in urban UK, while in 2020 they need substantially more (24.6%). Conversely, the difference in the cost of a minimum budget for single working-age adults in Outer London compared to urban UK, has reduced over time: in 2014, a minimum weekly budget was 19% more, while in 2020 single working-age adults living in Outer London needed 11% more than their counterparts in urban UK.

Figure 2 Additional weekly budgets compared to urban UK households (April 2020 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). As highlighted above, in Inner London the additional cost of a minimum standard of living is greatest for those households without children. In Outer London, the additional costs of this living standard are highest for working age adults and couple parent households with children.

Working-age and pensioner households in Inner London have, over the life of this research, specified a higher frequency of both eating out and social activities outside of the home, which in tandem with the higher costs of social participation in general, accounts for the substantial difference between Inner London and urban UK. The higher cost of travel for adults of working-age in both Inner and Outer London also contributes to this difference in a

minimum budget: weekly transport costs for a single working-age adult in urban UK are £41.25 a week, compared with £60.42 in Inner and £67.33 in Outer London (see Appendix). For couple parents living in Outer London, higher travel costs account for more than half (62%) of the difference with UK MIS budgets: for a couple with a pre-school child and a primary school aged child in Outer London, transport costs are £131.88 a week while in urban UK transport costs for the same household are £96.31 per week.

Table 4 **Comparison of weekly MIS budgets for urban UK households and London households (April 2020 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	£225.42	£280.90 (24.6%)	£250.43 (11.1%)
Couple, pensioner	£315.72	£398.61 (26.3%)	£329.88 (4.5%)
Lone parent, two children (one aged 2-4; one primary age)	£401.22	£403.63 (0.6%)	£413.83 (3.1%)
Couple parents, two children (one aged 2-4; one primary age)	£499.69	£535.44 (7.2%)	£556.96 (11.5%)

Composition of additional costs

Tables 5a and 5b set out in detail the source of the differences in cost of a minimum budget in Inner and Outer London, and urban areas of the UK outside London. 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, higher transport costs account for 35% of the additional cost of a minimum budget, while in Outer London, higher transport costs actually account for more than the overall additional difference, offset by lower costs for social participation, fuel and water rates in particular. For single working-age adults in Inner London, a higher budget for eating out, 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 pensioners in Inner London, an increased budget for social participation and eating out accounts for 58% of the additional cost. For households with children, the budget in urban areas 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 £15.61 for lone parents in Inner London and £3.13 for those in Outer London. This 'saving' is not shared by couple parent households, who need two monthly Oyster cards – one for each parent – in both Inner and Outer London: in Inner London this adds £10.62 to a weekly minimum budget while in Outer it adds a substantial £35.57 each week.

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	55.48	19.17	11.16	5.77	-0.13	19.37	0.14
Couple, pensioner	82.90	9.83	28.52	11.17	4.32	19.92	9.14
Lone parent, two children (one aged 2-4; one primary age)	2.40	-15.64	0.00	4.85	3.54	12.30	-2.65
Couple parents, two children (one aged 2-4; one primary age)	35.75	10.62	0.00	7.15	3.88	17.30	-3.20

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

Household type	Additional Outer London weekly cost (£)	Of which (£)					
		Transport	Food & alcohol (including eating out)	Personal goods and services	Heat and power	Social and cultural	Other
Single, working-age	25.01	26.08	0.67	0.33	-0.13	-1.52	-0.42
Couple, pensioner	14.16	0.00	6.07	1.12	4.32	-1.04	3.69
Lone parent, two children (one aged 2-4; one primary age)	12.61	-3.13	-0.46	4.32	3.54	10.00	-1.66
Couple parents, two children (one aged 2-4; one primary age)	57.27	35.57	-0.46	5.47	3.88	15.00	-2.18

Differences in total minimum household budgets

Looking at the differences in minimum budgets *excluding* housing and childcare costs reveals areas of additional cost in London that can easily be lost in comparisons of ‘total’ minimum budgets – that is, those including housing and childcare. However, given the impact of housing and childcare costs on the additional budget needed to reach a minimum socially acceptable standard of living it is also important to explore minimum budgets that include these costs. Figures 3a and 3b (and Table i in Appendix) begin to show the significance of housing and childcare costs, and these remain the principal source of difference between urban UK outside London and the capital.

As highlighted in previous reports in the MIS London series, single working-age adults living on their own face by far the greatest additional costs, needing 58% more than their counterparts living in urban areas of the UK. Although the gap between what is needed in Inner London and urban UK has slightly reduced since 2018, it remains the case that single working-age adults living on their own need substantially more than those living outside London. While the scale of the additional cost is not as great, in Outer London single-working age adults living alone still need a third 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)

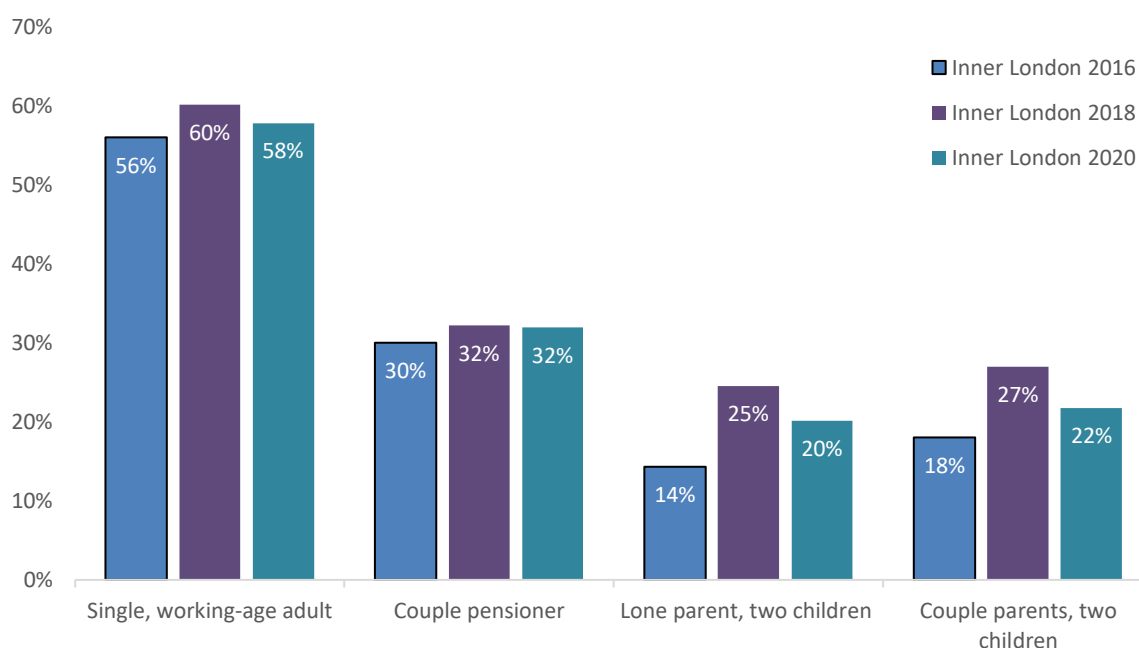
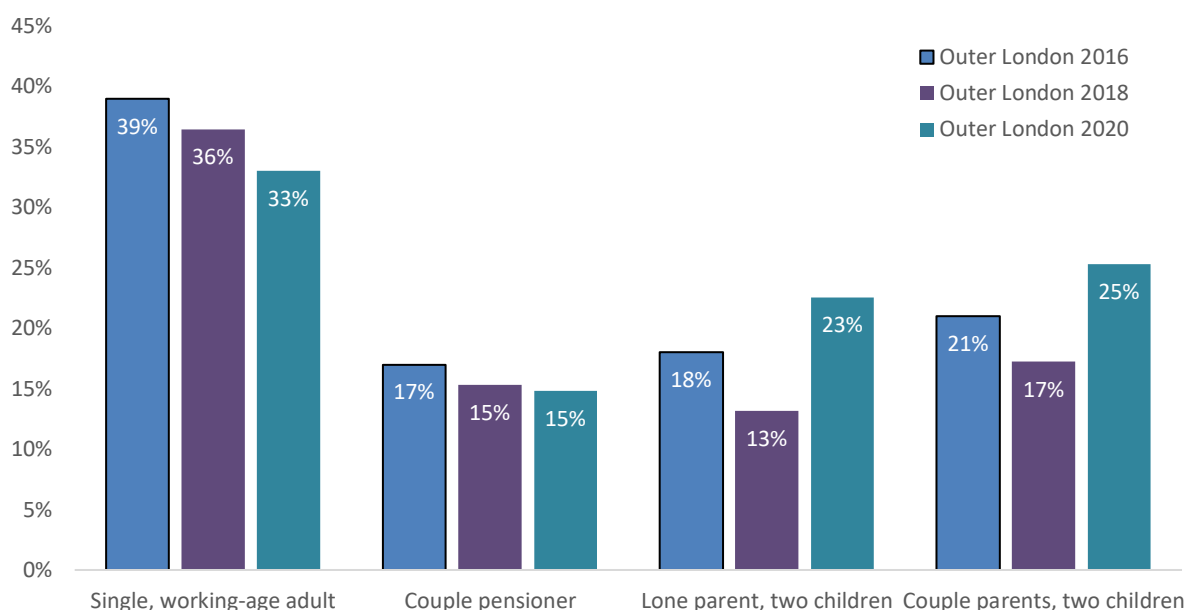
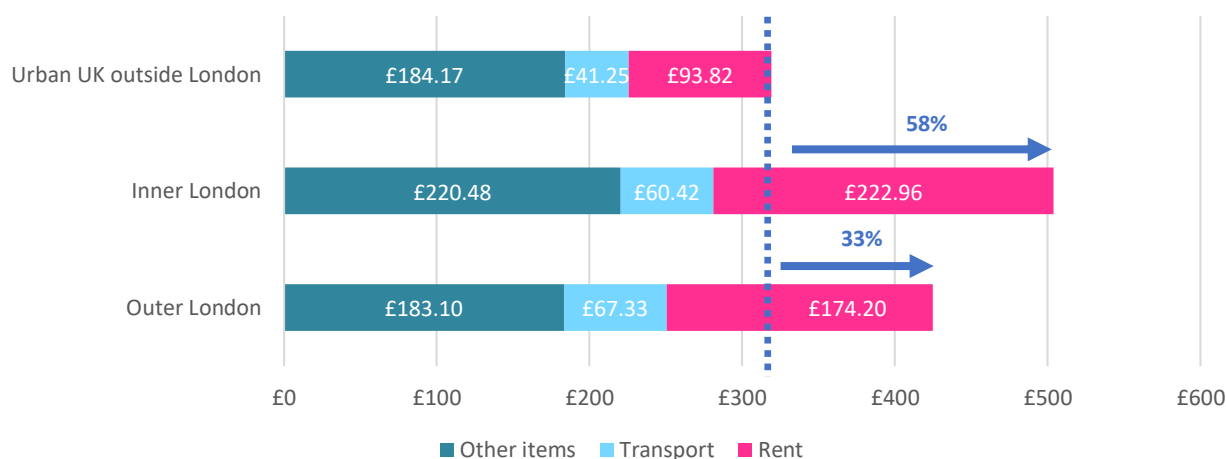


Figure 3b Additional weekly budgets in Outer London compared to urban UK households (including rent and childcare)



This substantial additional cost required by working-age adults without children in London for a minimum living standard can be explained through the continued differences in the cost of renting privately in London. In 2020, a lower quartile weekly rent for a studio flat was £222.96 in Inner London and £174.20 in Outer London. This compares to £93.82 for a single working-age person renting in urban UK outside London. Single working-age adults living on their own in London face rental costs that are almost 2.5 times as much as urban UK outside London. Rent accounts for 44% of the total minimum household budget needed by a single person living on their own in Inner London, 41% of the budget in Outer London and less than a third (29%) in urban UK. Figure 4 shows what a difference high rental costs make to the cost of a minimum budget in the capital.

Figure 4 Weekly minimum costs in/outside London, single working-age person living alone (2020)



The 'gap' between the cost of a minimum budget for couple pensioners in Inner and Outer London and urban UK has remained relatively stable since 2016, and there has been a decrease in this gap for households with children in Inner London between 2018 and 2020. The increase in the gap between costs for households with children in Outer London and elsewhere in the UK is largely a product of a rapid rise in childcare costs. Since 2018, childcare costs for the households shown here have increased by 29% in Outer London, compared to a reduction of 8% in Inner London and an increase of 8% in urban UK. Figure 5a shows that in combination with transport costs and higher social rents, these 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 just over £1000 a week in order to cover the cost of a minimum socially acceptable standard of living. Figure 5b shows that for lone parents in work, with the same ages of children, the gap between urban UK and Inner and Outer London is a product of the higher cost of both social rent and childcare.

Figure 5a Weekly minimum costs in/outside London, Couple parents, two children (one aged 2-4; one primary age), social rent (2020)

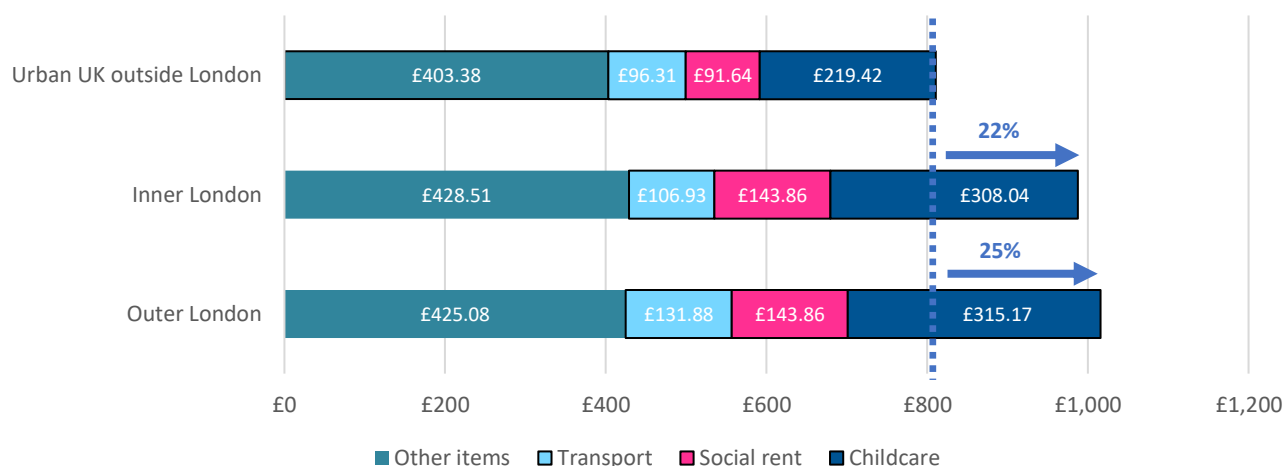
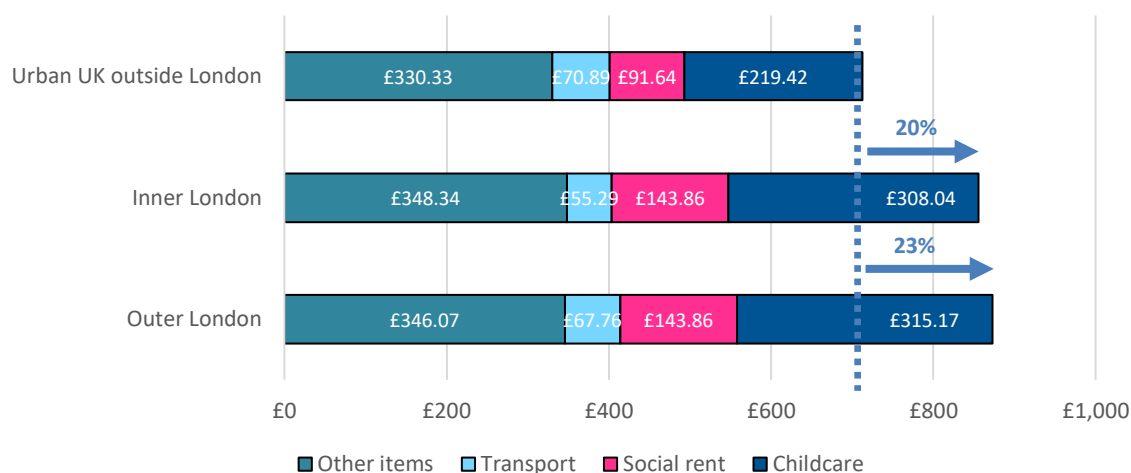


Figure 5b Weekly minimum costs in/outside London, Lone parent, two children (one aged 2-4; one primary age), social rent (2020)



Figures 5a and 5b show the additional costs required to reach a minimum socially acceptable standard of living by two illustrative households with children in Inner and Outer London, based on these households be able to access social housing. However, many households with children are not able to access housing in the social rented sector and so will face substantial additional costs associated with renting in the private sector. Figures 6a and 6B show how much of a difference private rather than social rents would make both to a minimum budget and to the gap between the cost of this budget in urban UK and Inner and Outer London. This comparison uses the current basis for housing costs in MIS London for working-age adults without children – lower quartile rents in the PRS. Renting in the PRS means that couple parents in Inner London would need 47% more than the equivalent family renting in the private sector in urban UK outside London; lone parents in Inner London would need nearly 1.5 times as much as in urban UK for the same standard of living.

Figure 6a Weekly minimum costs in/outside London, Couple parents, two children (one aged 2-4; one primary age), private rent (2020)

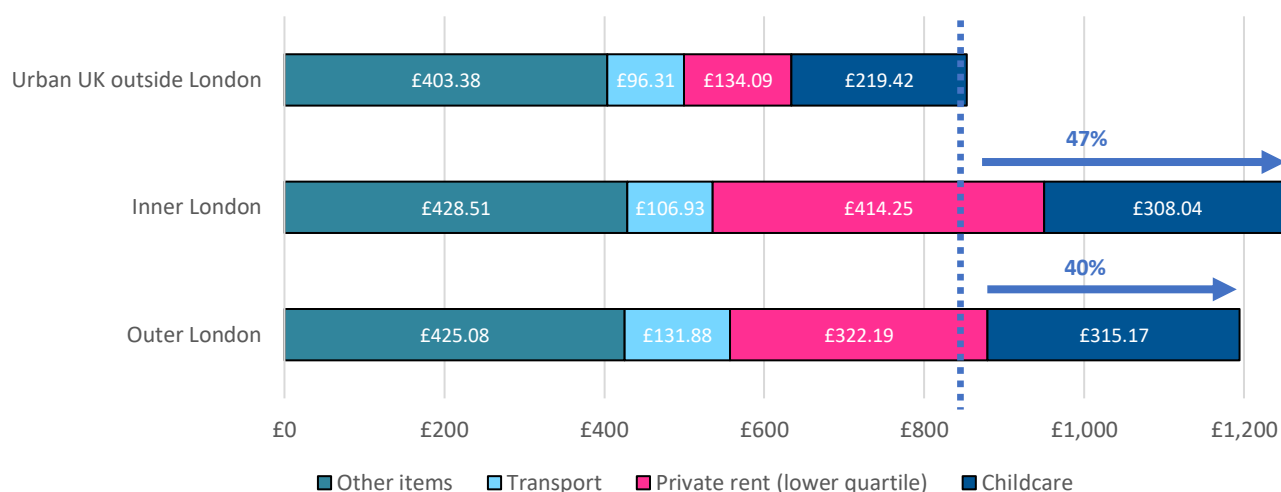
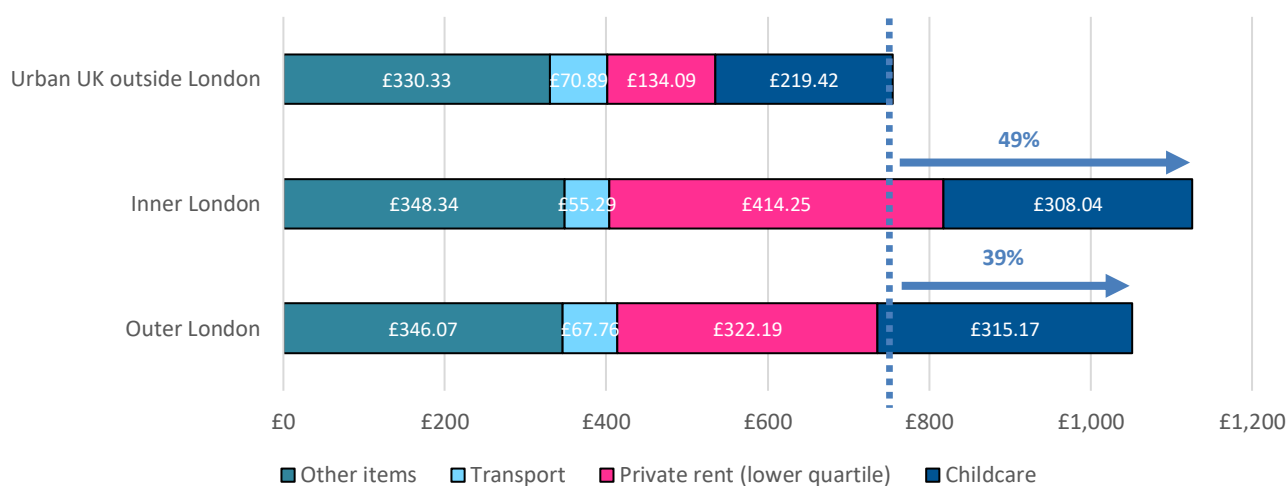


Figure 6b Weekly minimum costs in/outside London, Lone parent, two children (one aged 2-4; one primary age), private rent (2020)



It is clear from these comparisons that renting in the PRS, rather than in social housing, would bring substantial additional costs and exert significant financial pressures on households with children living in London.

Income comparisons and earnings requirements

The Minimum Income Standard for London allows for a comparison of the minimum budgets required by different households with income from safety-net benefits and working on the National Living Wage. It 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.

Table 8 Londoners' income compared to MIS: safety-net benefits 2020

Household type		Safety-net benefits as % of MIS budget	
		Tax and benefits	Universal credit
Single, working-age adult	UK outside London	34%	43%
	Inner London	27%	27%
	Outer London	30%	39%
Lone parent, two children (one aged 2-4; one primary age)	UK outside London	60%	65%
	Inner London	58%	64%
	Outer London	57%	62%
Couple parents, two children (one aged 2-4; one primary age)	UK outside London	57%	61%
	Inner London	52%	56%
	Outer London	50%	54%

Table 8 shows 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: Table ii in the Appendix shows how this has changed over time. We show results here for Universal Credit (UC) and the legacy benefits and tax credits system as across households in London both 'regimes' continue to operate. The data for 2020 shown here captures the fact that in a number of cases, benefits, tax credits and UC entitlements have increased by more than inflation in order to attempt to provide a stronger safety net during the COVID-19 crisis. Particularly important here is the additional £20 a week that has been given to working households entitled to tax credits – although not given to non-working households in receipt of 'legacy benefits' – and to both working and non-working households claiming UC. Households renting in the private rental sector have also benefited from a temporary increase in Local Housing Allowance (LHA), covering up to the 30th percentile of rents.

In both Inner and Outer London, this temporary re-linking of LHA to actual market rents has had a significant impact on the shortfall between safety-net benefits and the income needed for MIS. Since the freeze in LHA in 2016, rates have become increasingly out of step with local rent levels, and tenants have been expected to make up any shortfall in support

from other safety-net benefits; before this change, Shelter (2020, p14) found that in '97% of areas in England LHA rates for a two-bedroom home no longer cover the cost of renting a two-bedroom home at the bottom 30% of the rental market'. Restoring LHA rates to a level that covers the cheapest 30% of homes, means that single working-age adults living alone in Inner London, in receipt of out-of-work benefits, have seen an increase in the proportion of a minimum budget covered by these, from 19% in 2018 and 2019, to 27% in 2020; in Outer London (under legacy benefits), this has increased from 23% in 2018 and 2019 to 30% in 2020. Clearly, there is still a substantial gap between what is provided through safety-net benefits and what is needed for a minimum socially acceptable standard of living. In spite of temporary increases in LHA and support through UC, in response to COVID-19, single working-age adults living alone in the capital continue to face considerable challenges to their living standards.

The same is true for households with children in Inner and Outer London in receipt of safety-net benefits, who face a substantial shortfall in what is needed for a minimum standard of living, despite temporary increases in the level of support through UC. At worst, in the illustrative examples in Table 8, only half of a minimum budget is covered by current levels of government support. With uncertainty about continuation of the £20 weekly uplift in UC, and with substantial growth in unemployment rates in the capital (ONS, 2021a), the inadequacy of the current safety-net is likely to be something experienced by a growing number of individuals and households over the coming year and beyond.

Table 9 demonstrates, as in previous years, that working full time on the National Living Wage (NLW) in the capital does not guarantee that households will be able to reach the income needed for a minimum standard of living. Although the temporary increase in support for working families, through both UC and working tax credits, has reduced the shortfall between disposable income and what is needed to reach MIS, it remains the case that each of the household types explored here is further from meeting minimum needs than their counterparts in the UK outside of London.

Table 9 **Londoner's income compared to MIS: National Living Wage (2020) (includes COVID changes to benefits)**

Disposable income working full time on National Living Wage, as % of MIS budget*			
Household type	UK outside London (2018 in italics)	Inner London (2018 in italics)	Outer London (2018 in italics)
Single working-age (supported by legacy benefits)	87% (80%)	61% (49%)	69% (46%)
Single working-age (supported by Universal Credit)	87% (80%)	70% (53%)	79% (60%)
Lone parent, two children (one aged 2-4; one primary age) supported by tax credits	85% (80%)	80% (71%)	76% (80%)
Lone parent, two children (one aged 2-4; one primary age) supported by Universal Credit	91% (81%)	85% (71%)	81% (80%)
Couple two children, primary and preschool age, supported by tax credits	95% (89%)	74% (61%)	69% (69%)
Couple two children supported by Universal Credit	104% (96%)	92% (70%)	87% (76%)

* After rent, council tax and childcare costs

Increases in the NLW, since its introduction in 2016, have had a generally positive impact on disposable income for those in full time work, particularly for households living in urban UK outside of London. In 2016, full-time work on the NLW provided 77% of a minimum budget for single working-age adults outside of London; by 2020 working full time on the minimum wage covered 87% of MIS. In comparison, single working-age adults in Inner London working full time on the NLW have a disposable income that covers only 61% of a minimum budget under the tax credit system, and 70% under UC. In urban UK outside of London, the disposable income of single working-age adults working full time on the NLW is not impacted by the COVID-19 uplift. However, in Inner and Outer London, this has had an impact on the level of disposable income: working full time on the NLW in Inner London without the COVID-19 uplift would provide 47% of a minimum budget under the tax credits system and 54% under UC. This demonstrates just how valuable the temporary increase in state support is to single working-age adults, on the NLW in London. If this uplift is not maintained, the gap between the adequacy of the income provided by the National Living Wage in London and elsewhere in urban UK will be substantial.

Households with children in London, working full time on the NLW, continue to fall short of MIS, even with the COVID-19 uplift. As for single working-age adults without children, removing this uplift would result in a larger shortfall in disposable income. With the uplift, a couple with two children in Inner London receiving UC, have 92% of a minimum budget – a

far greater proportion of what they need than in any previous year. Removing the uplift would mean that they have 88% of what they need.

Figures 4 to 6 look at the adequacy of incomes with and without the COVID-19 changes, for both the UC and the legacy benefits and tax credits system. Each figure shows the four different possible levels of state support for these example low income households: households are either on the UC or the legacy system, and the figures show levels of support with and without the COVID-19 changes in operation. This begins to reveal the impact of both a shift from legacy benefits to UC, and the positive impact of the COVID-19 boost to levels of state support through legacy benefits, UC and changes to LHA.

For single working-age adults, the COVID-19 changes have boosted disposable income in both Inner and Outer London, and where singles are in and out of work. The temporary change in the level of support for housing costs through re-linking LHA to the 30th percentile has had a positive impact on incomes: this additional support with housing reduces the shortfall between income and the cost of a minimum basket in Inner London from 82% to 73%, and in Outer London from 77% to 61% in the best scenario. In work, this boost to income is also substantial. With the additional COVID-19 support, a single working-age adult in Inner London, receiving UC and in full time work on the NLW, has a shortfall of around £78 compared to a shortfall of £121 a week without the COVID-19 changes.

Figures 5a and 5b show how much better off a working couple with two children claiming UC are, where both are working full time on NLW. While the COVID-19 changes have provided a boost to income for working households under both UC and the legacy benefits system, the combination of UC and the COVID-19 uplift makes a substantial difference to disposable income; the shortfall for working couples with two children in Inner London claiming UC, with the additional COVID-19 support, is £39 a week, compared to £135 for the same households claiming legacy benefits. Although the additional £20 a week introduced in response to COVID-19 has decreased the shortfall between income and MIS, the more significant difference in London is between those households claiming UC and those not.

Figure 4a Single person's weekly disposable income compared to MIS budget, with and without COVID-19 measures (Inner London)



Figure 4b Single person's weekly disposable income compared to MIS budget, with and without COVID-19 measures (Outer London)



Figure 5a Couple with two children aged 4 and 7, weekly disposable income compared to MIS budget, with and without Covid measures (Inner London)

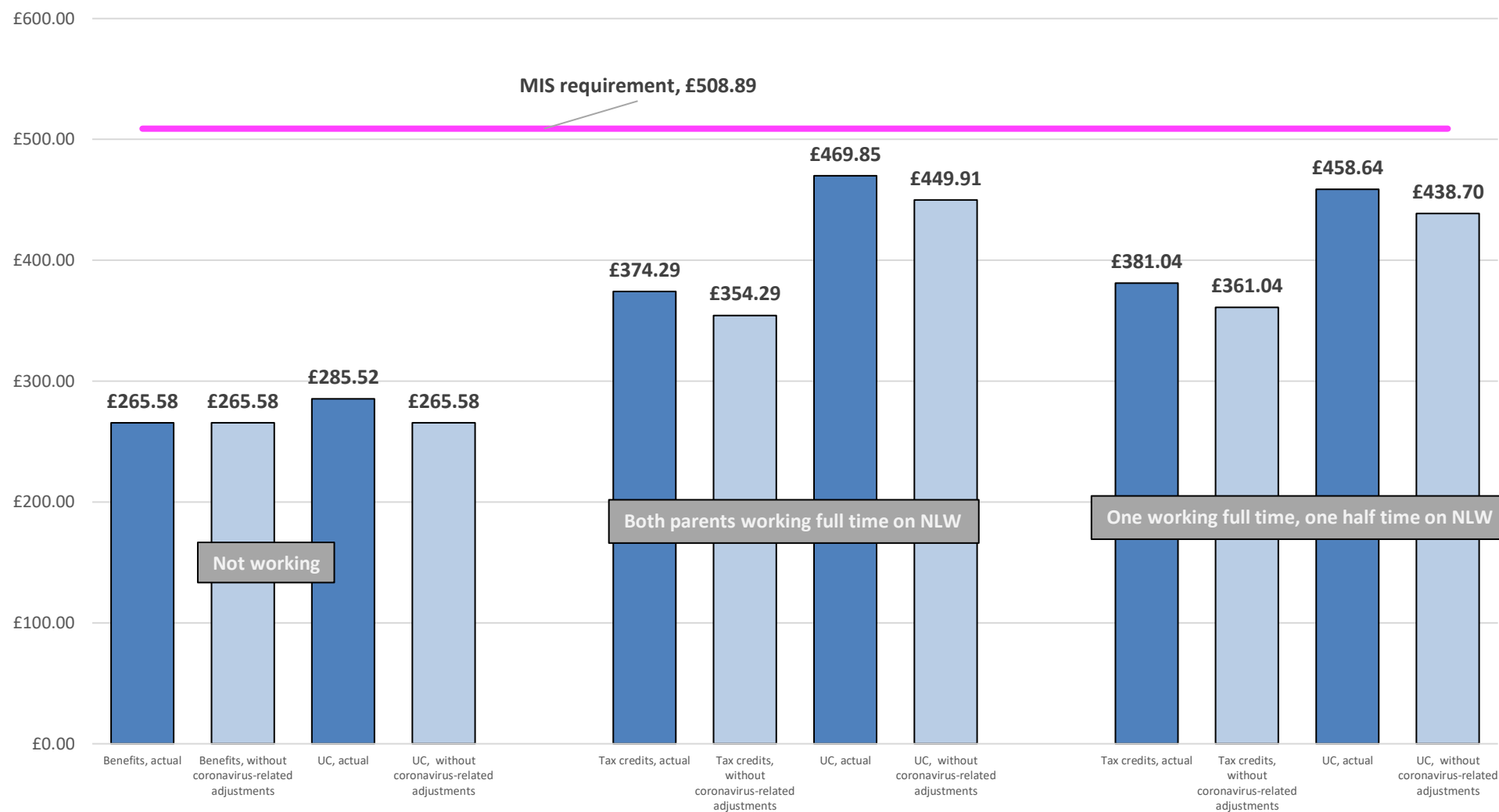


Figure 5b Couple with two children aged 4 and 7, weekly disposable income compared to MIS budget, with and without Covid measures (Outer London)

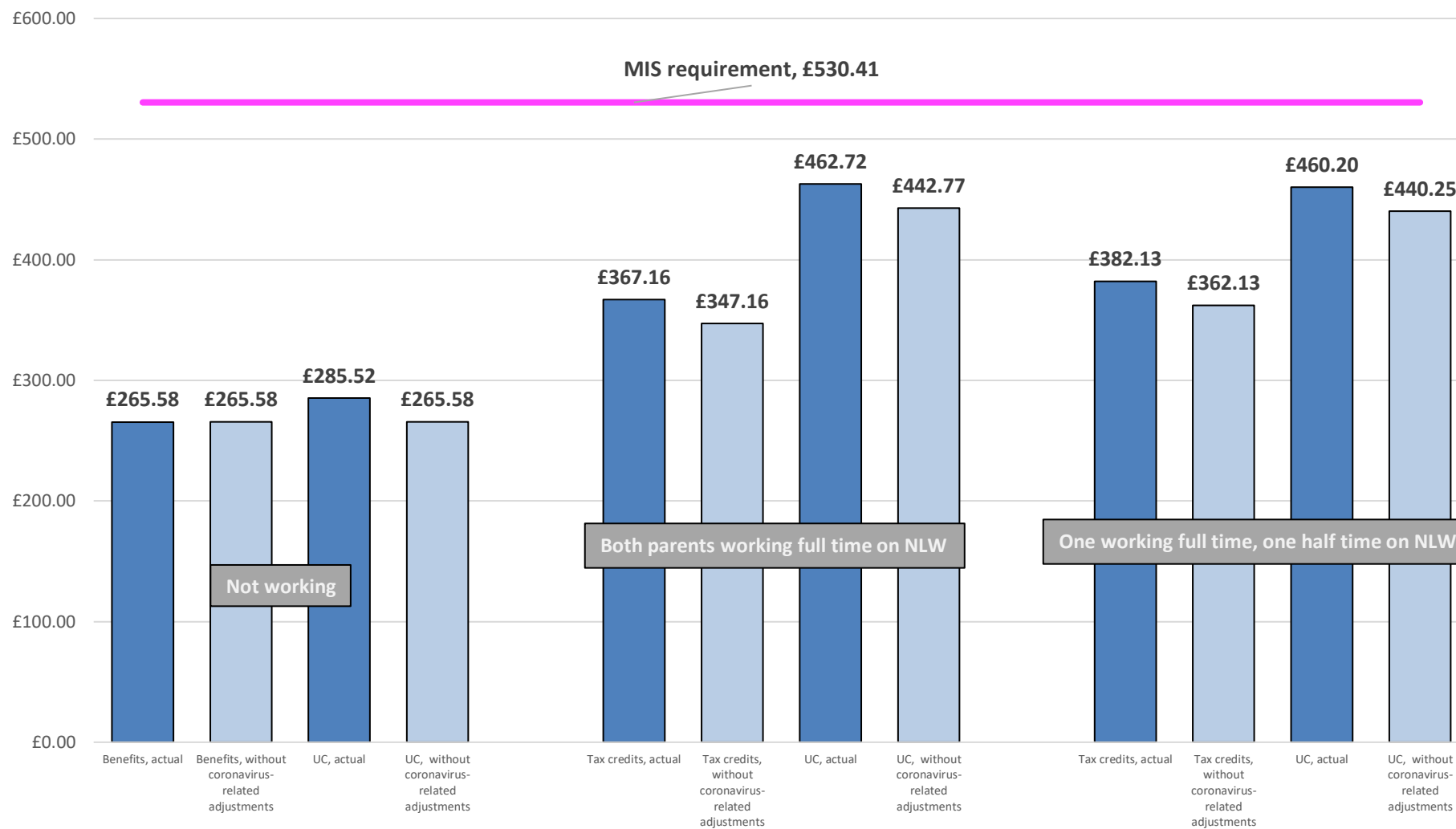


Figure 6a Lone parent with two children aged 4 and 7, weekly disposable income compared to MIS budget, with and without Covid measures (Inner London)

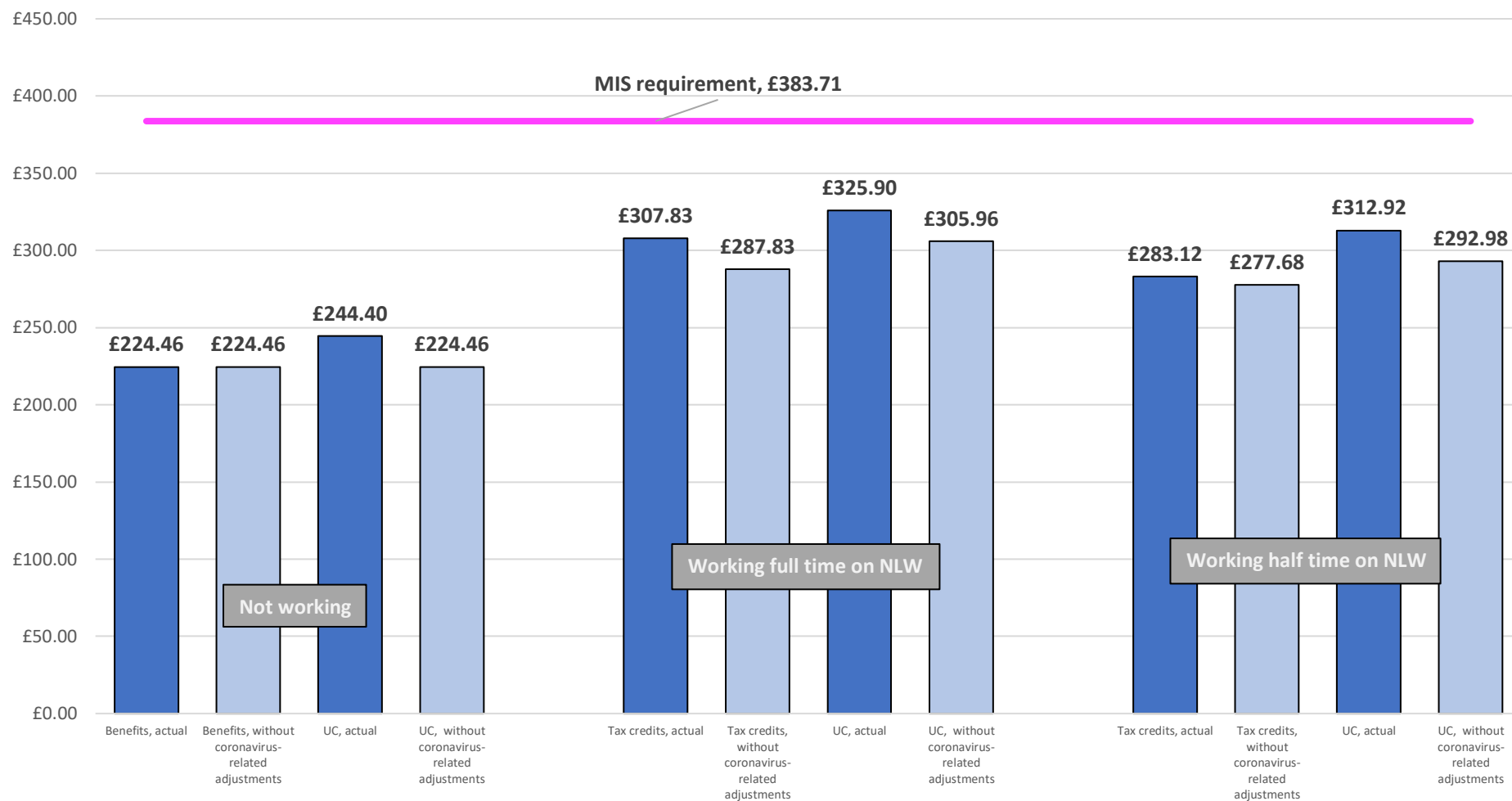
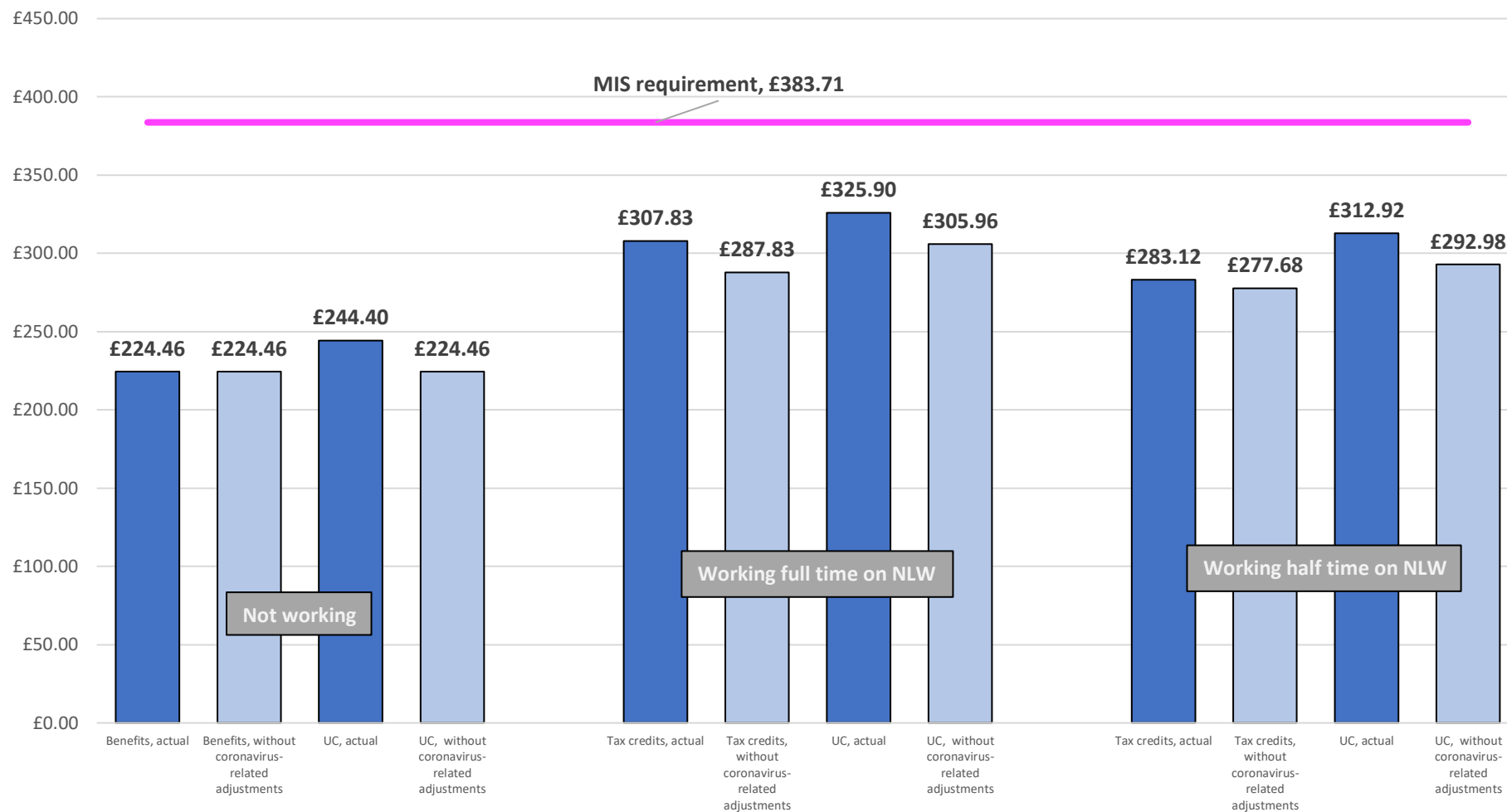


Figure 6b Lone parent with two children aged 4 and 7, weekly disposable income compared to MIS budget, with and without Covid measures (Outer London)



It is a similar story for lone parent households (Figures 6a and 6b), although the difference between UC and legacy benefits is not as marked as it is for couple parent households.

Table 10 **Londoners' income compared to MIS: National Living Wage and the Real Living Wage (2020) (includes COVID changes to benefits)**

		Disposable income working full time on National Living Wage , as % of MIS budget	Disposable income working full time on Real Living Wage , as % of MIS budget
Single working age (supported by Universal Credit)	Inner London	70%	77%
	Outer London	79%	88%
Lone parent two children, primary and preschool age (supported by Universal Credit)	Inner London	85%	90%
	Outer London	81%	86%
Couple two children, primary and preschool age, (supported by Universal Credit)	Inner London	92%	99.9%
	Outer London	87%	94%

Table 10 shows that disposable income working full time on the higher Real Living Wage - £10.75 in London in 2020, compared to £8.72 for the NLW – in combination with increased state support in response to COVID-19, covers a greater proportion of a minimum budget in London than the NLW. Under UC, a working couple with a primary and a pre-school aged child have a shortfall of just 73p a week, compared to £39 working full-time on NLW.

High housing costs, high and rising childcare costs, particularly in Outer London, as well as additional costs associated with reaching a minimum acceptable standard in London, continue to mean that households in London need higher wages than the same households living in other urban areas of the UK, in order to provide the same living standard.

A working couple with two children – one pre-school and one primary age – working full-time and paying for full-time childcare, need to earn £19,200 each outside London (under the tax credit system), £30,800 in Inner London (60% more than the UK) and £32,300 in Outer London (68% more). 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 £40,500 in Inner London and £39,100 in Outer London. A lone parent with one pre-school and one primary age child, requiring full-time childcare would need to earn £32,800 outside London; within both Inner and Outer London, a lone parent would need to earn more than £57,000 a year, well above what most workers in low-paid jobs could hope to earn. This again highlights the challenges facing households with children in meeting their minimum needs through full-time work in the capital.

A single working-age adult living on their own in urban areas of the UK outside London needs to earn £19,100 a year to have a minimum acceptable standard of living. In Outer London, they would need to earn £27,000 (41% more) while in Inner London this rises to £33,000 (74% 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 £22,500 a year in Outer London and £28,100 a year in Inner London to reach MIS.

Table 11 **Earnings needed to reach MIS ('legacy benefits')**

Household type		UK outside London	Inner London earnings needed	Outer London earnings needed
Single, working-age	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)	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

5 Households below the Minimum Income Standard in London

As well as providing the basis for analysis of the additional costs of living in London, the Minimum Income Standard for London also makes it possible to look at income adequacy in the capital – that is, the proportion of individuals living in London whose incomes are below that needed for a minimum socially acceptable standard of living. Employing the same approach used to calculate the number of people living below MIS for the whole of the UK (e.g. Padley and Stone, 2021, 2020), it is possible to estimate the proportion of individuals in London in households with incomes below MIS, and to look at how this has changed over time. While the analysis undertaken annually at a national level makes use of data from a single year, the data presented here are based on three year averages in order to ensure that sample sizes are sufficient. The data presented in this report therefore look at the adequacy of incomes in London relative to MIS, for three key demographic groups, working age adults, pensioners and children, in 2011¹ and 2017. The data for 2011 are an average of income data from the Family Resources Survey for 2009/10, 2010/11 and 2011/12, while the data for 2017 are an average of income data for 2016/17, 2017/18 and 2018/19. This analysis does not cover the period affected by the COVID-19 pandemic, but in the coming years we will continue to update and present this analysis of income adequacy in the capital, adding to our understanding of the impact of the pandemic on living standards.

Table 12 shows that in 2017, 41% of all individuals living in London were in households with incomes below MIS. This is a substantially higher proportion than for the UK as a whole: in 2017/18, 29% of all individuals in the UK were in households with incomes below MIS. Between 2011 and 2017 the total number of individuals living below MIS in London increased from around 3.36 to 3.62 million. What this means in practical terms is that a substantial proportion of people living in London do not have the income they need to meet all of their material needs and what they need for social participation – this could mean prioritising ‘essentials’, cutting back on spending in certain areas or compromising on quality. In the same period, the proportion of all individuals in households 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 – saw little change, at just below 30% in each year. More than a quarter of Londoners (29% or 2.5 million) have incomes well below what they need in order to afford a minimum standard of living.

Table 12 also shows that the likelihood of having an income below MIS varies across demographic groups. Children are the most likely to be below this MIS threshold, with over half (53%) of all children in the capital living in households with inadequate income, well above the proportion below this level in the UK as a whole (42% in 2017/18). This means just over a million children in 2017 were living in London households without the income needed to meet all of their minimum needs. The likelihood of growing up in a household with an income below MIS also varies according to household composition. Children living in lone parent households are far more likely to be growing up below MIS than those in living in a household with couple parents. In both 2011 and 2017, more than three quarters of

¹ 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 have been estimated by ‘deflating’ the 2014 budgets produced through the initial MIS research.

children living in lone parent households were growing up below MIS, compared to around 46% of children living in couple parent households. While children in lone parent households are far more likely to be living below MIS, children living in couple parent households make up two-thirds (66%) of all children living below this level.

Table 12 **Proportion of individuals below MIS in 2011 and 2017, by demographic group**

Demographic group	Proportion below MIS		Number below MIS (millions)	
	2011	2017	2011	2017
Working age adults	40%	38%	2.10	2.16
Pensioners	25%	35%	0.26	0.40
Children	55%	53%	0.99	1.06
London total	42%	41%	3.36	3.62

Working-age adults in the capital are more likely to be in a household with an income below what they need for a minimum standard of living than working-age adults in the UK as a whole. While the proportion of working-age adults below MIS in London has fallen slightly between 2011 and 2017, this remains around ten percentage points higher than in the UK as a whole. Within the working-age adult group, 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 2017, almost half (49%) of all single working-age adults, living on their own in the capital, were below MIS compared to 21% of those living with a partner. The additional cost of housing – and in particular private sector rents – in London compared to urban areas of the UK outside London is undoubtedly a key contributing factor here, once again highlighting the role that housing costs play in shaping living standards in the capital.

Pensioners in London are the group that are least likely to be living in a household with an income below MIS; this mirrors the situation in the UK as a whole. However, just as pensioners in the UK as a whole have seen the likelihood of being below MIS increase over time, so to the proportion of pensioners below MIS in London has increased significantly from a quarter in 2011 to over a third in 2017. In 2011 there was a clear difference in the proportion of working-age adults below MIS compared to the proportion of pensioners below this level, but over time there has been a convergence in the likelihood of low income between pensioners and working age adults. Clearly, there remain many more working-age adults below MIS than pensioners, but while the number of working-age adults with inadequate income has remain relatively stable, the number of pensioners who do not have what they need for a minimum standard of living has increased substantially, from 260,000 to 400,000. Within the pensioner group, single pensioners are far more likely to have an income below MIS than pensioners who live with a partner; in 2017 45% of single pensioners living on their own in London had incomes below MIS compared to 27% of partnered pensioner.

Pensioners living in the capital have, over time, set out and described different expectations of what is needed for a minimum socially acceptable living standard in London compared to those in urban areas outside of London, and this has resulted in a higher minimum budget in the capital since the MIS London research began in 2014. This goes some way towards explaining the greater proportion of pensioners living below MIS in the capital compared to elsewhere in the UK. Pensioners in London – as elsewhere – continue to be protected from the freezes in and caps on state support that have impacted working-age incomes in and outside the capital. But it is also the case that pensioner incomes in London have not kept up with the rising cost of a minimum budget. As for many working-age adults, some pensioners living in the capital will face far higher housing costs than those specified in MIS, resulting in a substantial reduction in their post-housing income, meaning covering the cost of a minimum budget is all the more challenging. While there are many potential reasons for the greater likelihood of inadequate income amongst pensioners in the capital, what is clear is that a growing number face considerable difficulties in meeting their material needs: in 2017, 18% of pensioners in London – around 200,000 – had incomes below 75% of MIS, the point at which individuals face a far greater risk of material deprivation or financial hardship compared with those with incomes above the MIS benchmark.

Figure 7 sets out the composition of individuals with incomes below MIS in London in 2011 and 2017. This has not changed dramatically over time, although in 2017, pensioners do account for a larger proportion of all individuals living below MIS than in 2011.

Figure 7 **Composition of individuals below MIS 2011 and 2017**

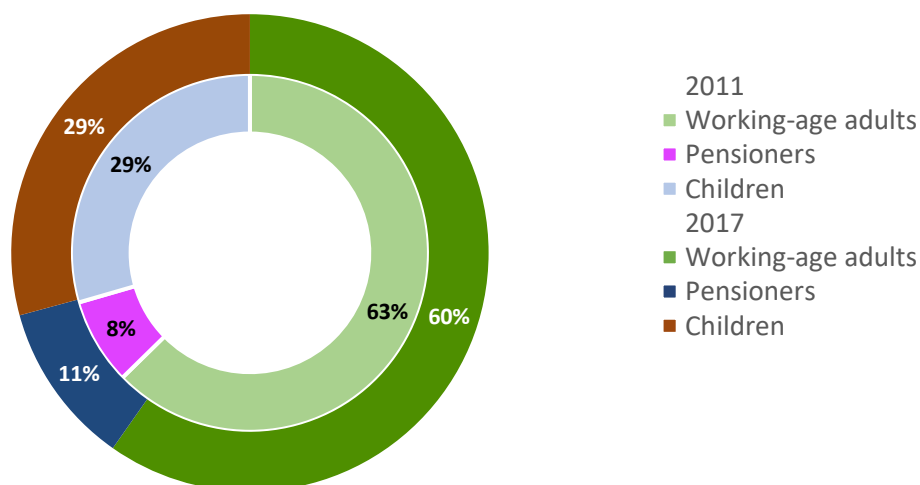


Table 13 sets out how the likelihood of having an income below MIS varies according to housing tenure. Those living in the social rented sector are the most likely to have an inadequate income, with three-quarters of individuals in social housing having an income below MIS in both 2011 and 2017. Half of all Londoners living in the PRS have incomes below MIS in 2017. This means that of the 3.62 million individuals in London living below MIS in 2016, 2.71 million (75%) are living in either social or private rental housing; in 2011, 71% of all individuals below MIS were in rented accommodation.

Table 13 **Changes in the likelihood of falling below MIS by housing type, and the composition of those below MIS by housing type**

Housing type	2011		2017	
	Risk of being below MIS	Composition	Risk of being below MIS	Composition
Social rented sector	75%	35%	75%	39%
Private rented sector	56%	36%	50%	36%
Owned outright	20%	10%	26%	12%
Owned with mortgage	24%	19%	18%	13%

6 Conclusion

The start of 2021 has seen the unprecedented circumstances and challenges presented by 2020 persist. The consequences of COVID-19 continue to be felt across the UK, but also keenly within London: the unemployment rate in the capital increased from 4.5% in January 2020 to 6.9% by the end of the year (ONS, 2021b), while youth employment levels in London have fallen and are some of the lowest in the UK (Wilson and Papoutsaki, 2021). The impact of COVID-19 clearly extends beyond the economic, reaching into all aspects of life, to challenge and disrupt much of what many of us took for granted only a year ago – the freedom to travel, to eat out once in a while, to take children to clubs or sporting fixtures.

At the heart of the Minimum Income Standard research, the latest iteration of which is set out in this report, is the idea that it is possible to reach agreement – public consensus – about what everyone in society needs in order to participate in the world around them – or to put this another way, what everyone needs to do the things that are commonplace and reasonable expectations in the society we live in (see Townsend, 1979). While these everyday expectations may well have been temporarily transformed, the lasting impact of COVID-19 on what constitutes a minimum socially acceptable standard of living is something that will only emerge over the coming year and beyond. Further research in London in 2021 will begin to explore some of these impacts, building on work undertaken in late 2020 (Padley et al., forthcoming).

What is clear from this latest MIS research, is that a minimum decent standard of living in the capital – pre-COVID – costs more than in urban areas of the UK outside London. As has been reported since the first MIS London research was published in 2015, many costs in London are the same as in the UK, and broadly speaking, needs are not systematically different for households in the capital compared to those in other urban areas. There are key differences that do increase the amount that households need for a decent standard of living – in Inner London, working age adults and pensioners have specified different patterns of social activities and eating out which bring additional cost, while transport brings additional costs for working-age singles; for households with children, the higher cost of weekly activities for children and adults, accounts for a large proportion of the what is a relatively small difference in a minimum budget, excluding rent and childcare.

However, higher costs in certain areas continue to mean that households in London, in general, need more than their counterparts elsewhere in the UK – rent, childcare and transport. The substantially higher cost of rents in the PRS, for example, means that a single working-age adult living on their own in Inner London needs more than one and half times as much as their counterpart living in urban UK. Lack of access to social housing for households with children increases the likelihood of renting in the PRS – in Inner London, a working couple with two children would also need one and half times as much as their counterparts in urban UK, while in Outer London they would need 40% more. These are not new findings, but there is a danger that in their retelling, their significance is lost. Access to genuinely affordable housing in London remains a problem that is yet to be solved, but which is of critical importance in enabling people to reach a minimum standard of living.

The boost to Universal Credit that has resulted from government attempts to protect people from the full consequences of COVID-19 has improved the adequacy of incomes for some working households, moving them closer to having what they need for a minimum standard of living. A couple with two children, both working full time on the National Living Wage, and in receipt of Universal Credit have 92% of what they need to reach MIS, while in Outer London the same household would have 87% of a minimum budget – this is a substantial increase on previous years. If the same households were being paid the Real Living Wage then in Inner and Outer London their income would cover over 90% of what they need (99.9% in Inner London). This temporary boost to incomes has made a real difference, compensating for a prolonged period where benefit levels have been frozen. With more and more people claiming Universal Credit and with the challenging economic circumstances we find ourselves in, it would seem clear that maintaining this increase – and ensuring that it is applied to UC and legacy benefits, in and out of work – is the correct decision.

When we return to the capital to undertake the next round of MIS London research in the summer of 2022, it is conceivable that COVID-19 may be beginning to feel like a past rather than a present reality, but its impacts on living standards, and public views on how decent living standards should be defined and described, may well persist for a long time yet. It is important that support is given to the most vulnerable households – just as the COVID-19 vaccines will ultimately provide protection from the life-threatening consequences of the pandemic, state support should be providing protection against the life-changing economic consequences of this global disease.

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Appendix

Table i **Comparison of weekly MIS budgets for urban UK households and London households, including rent and childcare: £ April 2020 prices**

Household type	Weekly budget outside London (UK MIS)	London weekly budget (£ and % difference)							
		Inner London				Outer London			
		£	% 2020	% 2018	% 2016	£	% 2020	% 2018	% 2016
Single, working-age	£319.24	£503.86	58%	60%	56%	£424.63	33%	36%	39%
Couple, pensioner	£401.24	£529.44	32%	32%	30%	£460.70	15%	15%	17%
Lone parent, two children (one aged 2-4; one primary age)	£712.29	£855.53	20%	25%	14%	£872.87	23%	13%	18%
Couple parents, two children (one aged 2-4; one primary age)	£810.75	£987.35	22%	27%	18%	£1,016.00	25%	17%	21%

Table ii **Londoners' income compared to MIS: safety-net benefits 2020**

Household type		Safety-net benefits as % of MIS budget		
		2016	2018	2020
Single, working-age adult	UK outside London	39%	33%	34%
	Inner London	25%	19%	27%
	Outer London	26%	23%	30%
Couple, pensioner	UK outside London	98%	90%	92%
	Inner London	79%	71%	72%
	Outer London	93%	87%	89%
Lone parent, two children (one aged 2-4; one primary age)	UK outside London	-	60%	59%
	Inner London	-	62%	59%
	Outer London	-	60%	57%
Couple parents, two children (one aged 2-4; one primary age)	UK outside London	61%	58%	56%
	Inner London	57%	53%	52%
	Outer London	55%	48%	50%