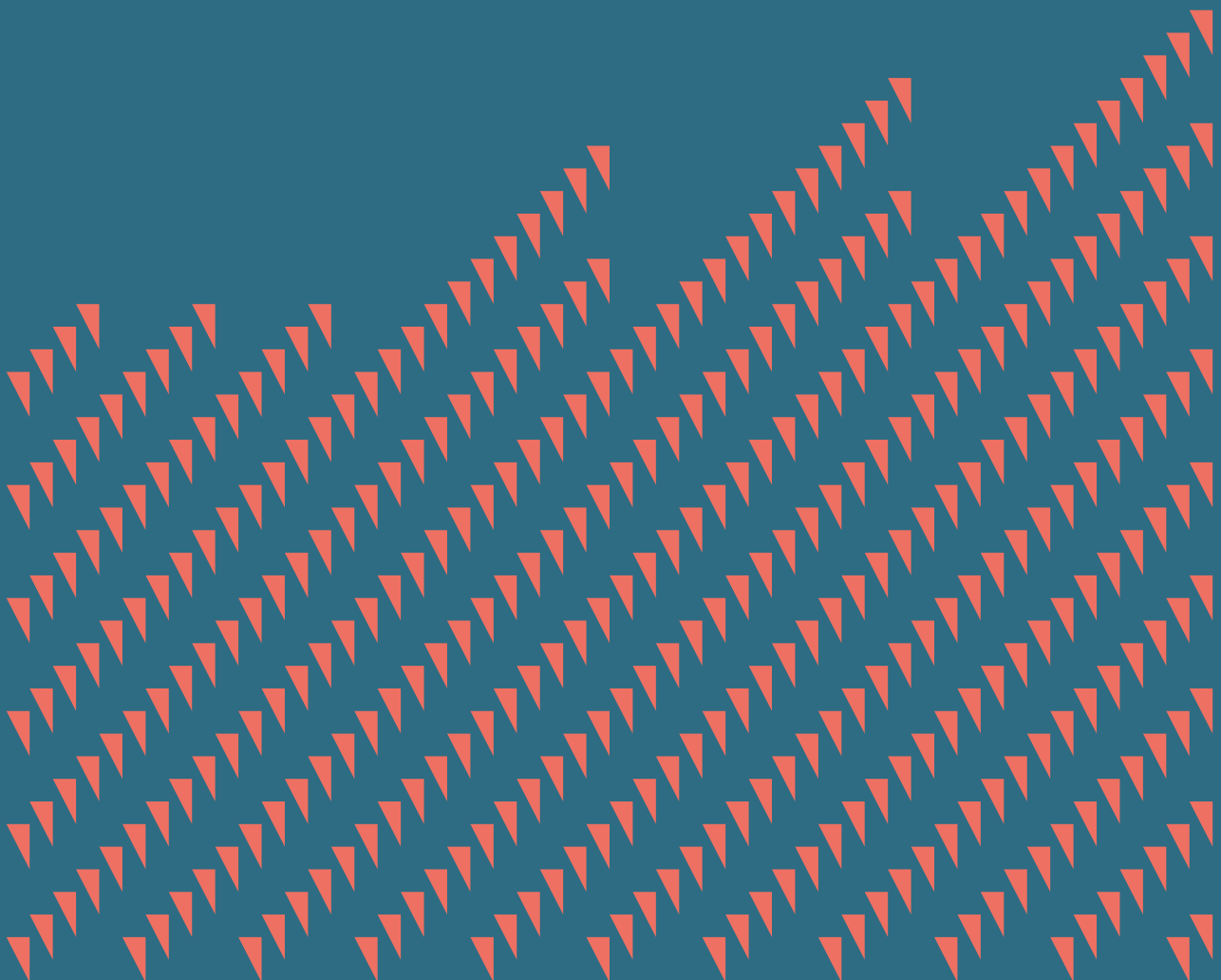


# Calculating the Real Living Wage for London and the rest of the UK: 2021

Nye Cominetti

November 2021



This report sets out the method through which the Living Wage rates in London and the rest of the UK are calculated by the Resolution Foundation and overseen by the Living Wage Commission on behalf of the Living Wage Foundation.

**The rate for the UK Living Wage for 2021-22 is £9.90.**

**The rate for the London Living Wage for 2021-22 is £11.05.**

## Acknowledgements

This report was commissioned by the Living Wage Foundation as part of the Resolution Foundation's role in calculating the Living Wage.

### Download

This document is available to download as a free PDF at:

<https://www.resolutionfoundation.org/publications/calculating-the-real-living-wage>

### Citation

If you are using this document in your own writing, our preferred citation is:

N Cominetti, *Calculating the Real Living Wage for London and the rest of the UK: 2021*,

Resolution Foundation, November 2021

### Permission to share

This document is published under the [Creative Commons Attribution Non Commercial No](#)

[Derivatives 3.0 England and Wales Licence](#). This allows anyone to download, reuse, reprint,

distribute, and/or copy Resolution Foundation publications without written permission subject to

the conditions set out in the Creative Commons Licence.

For commercial use, please contact: [info@resolutionfoundation.org](mailto:info@resolutionfoundation.org)

## Foreword from the Chair of the Living Wage Commission

This is the sixth year that the Living Wage Commission (LWC) has set the wage rates for the UK and London and, in the face of the continued economic challenges facing workers and employers in the UK, its role remains vital.

Over 300,000 workers benefit directly from the real Living Wage and 9000 employers are formally accredited while yet others informally shadow the rates. The real Living Wage has grown from an insurgent campaign into a crucial part of the UK's civic, social and economic infrastructure.

The basic intuition behind the Living Wage is a simple one: to determine the wage rate necessary to ensure that households earn enough to reach a minimum acceptable living standard as defined by the public. Translating this idea into practice, however, requires a wide range of assumptions and judgements to be made on issues ranging from the measurement of household costs, the nature of government support available to households and the appropriate use of data. The Resolution Foundation undertakes this analysis and its work is overseen by the independent Living Wage Commission.

As we do every year we follow our established methodology to calculate the new hourly wage rates. This results in new 2021/2022 Living Wage rates of **£9.90** across the UK and **£11.05** in London. The body of this report sets out the detail of the calculation.

Let me just highlight three sets of issues that are relevant to this year's calculation: cost pressures, changes in methodology and wider government policy.

First, the wider inflation picture is crucial and fast-changing. By way of context in April 2021 – the point at which the prices of the goods and services used in the Minimum Income Standard were collected - overall CPIH inflation stood at 1.6 per cent. This is significantly lower than current inflation (CPIH was 2.9 per cent in September 2021), with most forecasters expecting further rises in the months ahead. Recent increases will feed into the calculation of next year's rates.

Looking specifically at the basket of goods and services used in our calculation we see a substantial divergence in cost pressures between London, which rose by just 1.1 per cent, and the rest of the UK, which increased by 2.5 per cent. This difference was mainly driven by rental costs (0.9 per cent in London versus 2.5 per cent across the UK), with the impact of this gap amplified by the fact that housing costs weigh particularly heavily in the calculation of the London rate. We also saw the cost of other important items – such as childcare and travel - grow more slowly in London than in the rest of the UK. Not surprisingly these different pressures result in a significantly larger increase in the UK Living Wage rate than the London one.

Second, we have seen the continued phasing in of several methodological changes in the calculation. Last year's report set out a revised approach to how we take account of housing costs and pension contributions. These changes make sure our Living Wage calculation accurately reflects the actual pattern of tenure used by different household types, as well as the now well-established expectation that employees contribute to their workplace pension via auto-enrolment. These revisions create some upward pressure in the rates.

Lastly, there is the wider question of policy changes. Here it is worth highlighting that last year the LWC determined that it would ignore the 'temporary' boost to levels of Universal Credit and working tax credits announced by the government in response to the pandemic on the basis that the government was committed to reversing them. The uplift has indeed turned out to be temporary and has recently been removed, so doesn't affect this year's rates. Apart from this there were relatively few shifts in the policy framework that influenced this year's calculation. Significant changes to Universal Credit announced in the recent autumn Budget will be reflected in next year's calculation.

As workers and employers seek to adjust to the continuing challenges posed by Covid and the aftermath of Brexit it is vital that we have clear yardsticks that can help society navigate towards a more equitable and resilient economy. One of these is the real Living Wage. The LWC will ensure it remains a robust and credible fair pay benchmark available to employers, workers, civil society and public authorities.

Gavin Kelly, Chair, Living Wage Commission

## Introduction

This paper sets out the method for determining the independently-calculated Living Wage rates in London and the rest of the UK, and the respective rates that will apply from November 2021. These rates provide a benchmark for employers that voluntarily commit to go further than paying government-set minimum wages, ensuring their staff earn a wage that they can live on. We detail the sources underpinning the calculations which are based on the best available evidence about living standards and costs, and how these and other inputs to the calculation have changed since last year.

We (Resolution Foundation) have been involved in calculating the real Living Wage (LW) since 2016, when we undertook a review of the LW methodology overseen by the Living Wage Commission (from here on 'the Commission') on behalf of the Living Wage Foundation.<sup>1</sup> Under the guidance of the Commission, we have continued to use the methodology set out in that review. Some adjustments have been made to reflect changes to policy, the main one being the roll out of Universal Credit (UC) which is reflected in the assumptions relating to the tax and benefit system. But the key components – the basket of goods determined by the Minimum Income Standard focus groups, the pricing of those inputs, and the process of deriving wage requirements based on those costs – have been consistent.

Last year was the first time since 2016 that substantive changes were made to the methodology. The Commission decided that the LW rates should include the costs of contributing to workplace pension schemes (which are now the norm, and which reduce workers' disposable incomes), and that assumptions relating to rental tenure should be changed to reflect actual tenure patterns among low income households. Because these changes exert significant upwards pressure on the rates, the changes, introduced for the 2020-21 rates, are being phased in over three years. The 2021-22 rates are the second year of this phase in.

The Commission decided not to reflect the £20 uplift to UC standard allowances in the rates, on the assumption (based on Government policy) that this uplift would be temporary. Therefore, the removal of this uplift to UC this year has not had any impact on the LW rates.

The bulk of the rest of this report is a methodology section, which sets out how the inputs to the calculation have changed; the changes to the methodology which were brought in last year, and which are still being phased in; and how this all affects the rates for 2021-22. An annex details the cost inputs and wage requirements for each family type in the calculation.

---

<sup>1</sup> C D'Arcy & D Finch, [Making the Living Wage: The Resolution Foundation review of the Living Wage](#), Resolution Foundation, July 2016; Living Wage Commission, [Closing the Gap: A Living Wage that means families don't go short](#), September 2016

## The Living Wage rates for 2021-22

The Living Wage rates for 2021-22, which apply from November 2021, are:

- UK: £9.90.
- London: £11.05.

The rest of this report describes the methodology through which the Living Wage rates in London and the rest of the UK are calculated and the factors influencing changes in the rates this year.

## Contributions to changes in the rates

This section outlines what has contributed to changes in the LW rates. In general, there are a number of factors which can lead to changes in the rates:

- the changing prices of goods and services;
- changes to the tax and benefits system (which affects the relationship between pay and income);
- changes in the basket of goods and services which constitute the Minimum Income Standard (MIS) the calculation is based on;
- any other changes in methodology.

The increase in the LW rates for 2021-22, compared to the 2020-21 rates, are 20p and 40p in London and the Rest of the UK, respectively. The higher increase in the UK rate, compared to the London rate, is mainly the result of slower growth in rent and childcare costs in London, compared to the rest of the UK.

## Prices

For the 2021-22 LW rates, overall growth in prices, across all goods and services (including those in the MIS basket), rents, childcare, council tax, and travel, was 1.1 per cent in London, and 2.5 per cent in the Rest of the UK, after weighting across family types.

The overall price increases applying to the London and Rest of UK rates are both lower than the current headline rate of inflation - CPIH inflation was 2.9 per cent in September 2021. This is because much of the price data used in the LW calculation is collected earlier in the year. For example, prices for the MIS basket, the largest single cost item, are collected in April – and in April 2021 CPIH inflation was 1.6 per cent, significantly lower than it is now (this is the rate at which MIS costs excluding travel grew in this year's calculation – see Table 1 below). Similarly, price data for housing rents covers up to April

2021. The current high rates of headline inflation will likely be reflected in next year's LW rates.

To understand the difference in the growth in prices in London and the Rest of UK rate calculations, it is important to consider the size of different cost elements, as well as differences in the change in prices of these elements. The following table sets out, for each cost element, the change in prices from 2020-21 to 2021-22 and the share of overall costs which that cost element comprises.

TABLE 1: **Share of overall costs and growth in costs, by cost element**

Cost element	London LW		UK LW	
	Growth, 2020-21 to 2021-22	Share of overall costs, 2021-22	Growth, 2020-21 to 2021-22	Share of overall costs, 2021-22
MIS (ex. travel)	1.6%	45.4%	1.6%	52.3%
Rent	0.9%	33.8%	2.5%	19.7%
Travel	2.5%	8.6%	5.3%	15.4%
Childcare	-3.5%	8.7%	2.5%	7.5%
Council tax	5.7%	3.4%	3.8%	5.1%

The lower growth in overall prices in the London rate calculation, compared to price growth in the UK calculation, is mainly being driven by rents, which grew 2.5 per cent in the UK calculation, but just 0.9 per cent in the London calculation. The impact on the rates comes both from these differences in the growth rate in London and the wider UK and because, as above, rents are a significant part of overall costs within the LW calculation.

Childcare costs and travel costs also grew faster in the UK than in London. Travel costs grew by 5.3 per cent in the UK (via MIS) and by 2.5 per cent in London, and childcare costs rose 2.5 per cent in the UK and fell 3.5 per cent in London. These cost elements comprise a smaller share of total costs than rents and so played a less significant role in driving higher overall cost growth in the UK.

In contrast to the above cost elements, council tax costs grew faster in London (up 5.7 per cent) than the wider UK (up 3.8 per cent) but council tax costs comprise a small share of overall costs (3 per cent in London and 5 per cent in the UK) so this did little to offset higher cost growth in rent, childcare, and travel.

## The tax and benefit system

Another factor which can affect the rates are changes to the tax and benefits system, since that affects how much families need to earn to reach a given income standard. The most obvious recent policy change has been the removal of the £20 uplift to the standard allowance in Universal Credit (UC). However, because the £20 uplift was never reflected in the rates (because the Government said the uplift was temporary), its removal does not affect the rates.

In other respects, policy changes made in 2021 had a broadly neutral effect on the rates, with working age benefits and the personal tax allowance uprated by 0.5 per cent (upratings occur in April and are based on CPI inflation from September of the previous year, which in September 2020 was 0.5 per cent).

Alongside those changes, an ongoing policy change which is having an effect on the LW rates is the roll out of UC, which exerts a downward effect on the LW rates due to its more generous treatment of rental costs compared to the legacy system. We have assumed in our calculation, based on estimates produced by the Office for Budget Responsibility, that 57 per cent of families in our calculation are claiming Universal Credit, compared to 43 per cent on the legacy Tax Credits system.

## The Minimum Income Standard basket of goods and services

The basket of goods and services which underpins the Living Wage calculation was not changed for the 2021-22 rates. The basket comes from Minimum Income Standard (MIS) research with the public, undertaken by the Centre for Research in Social Policy at Loughborough University.<sup>2</sup> This basket is updated every second year, to ensure it reflects any changes in the public's views of what constitutes an acceptable standard of living. 2021 was an 'odd' year, in which there is no update to the basket's contents. However, the prices of the basket's contents were updated, as they are every year. Price data was collected in April 2021<sup>3</sup>

## Changes in methodology

Alongside changes in costs, tax and benefits policy (including the rise in the proportion of families on Universal Credit), the rates are also being affected by a methodology change, to incorporate workplace pension contributions, and to better weight social and private rental costs to reflect actual tenure patterns among low income households. These changes were discussed in detail in last year's methodology note.<sup>4</sup> These changes

---

<sup>2</sup> More information on the Minimum Income Standard research can be found at: <https://www.lboro.ac.uk/research/crsp/mis/>

<sup>3</sup> Joseph Rowntree Foundation, *A minimum income standard for the United Kingdom in 2021*, July 2021.

<sup>4</sup> N Cominetti, *Calculating a real living wage for London and the Rest of the UK: 2020-21*, Resolution Foundation, November 2020.



were introduced for the 2020-21 rates, but are being phased in over three years – the 2021-22 rates are the second of these phase-in years. These changes add upwards pressure to the rates. The phase in this year has added approximately 1.5 per cent to both the UK and London rates compared to if the phase-in had not advanced from last year.

## Methodology

In this section we provide an outline of the current methodology, including the data sources and assumptions used.

### Outline of current methodology

In broad terms, the calculation is as follows. It is founded on the construction of a basket of goods and services that together represents an acceptable standard of living, as determined through research with members of the public. The hourly Living Wage rates are then calculated by taking a weighted average of the earnings required (accounting for tax and benefits) for a range of family types (with and without children) to earn enough to afford the items in that basket of goods and services, and therefore to meet that standard of living. For many items in the basket (such as food, clothing, and utilities), costs are similar across the UK. For some items, however, there is significant regional variation – this is the case for housing, council tax, childcare, and travel. Those costs are collected separately and weighted appropriately.

#### 1. A basket of goods and services

To provide a 'basket' of goods to underpin the Living Wage rates in both London and the rest of the UK, we use the Minimum Income Standard (MIS) research carried out by the Centre for Research in Social Policy (CRSP) at Loughborough University.<sup>5</sup> A variety of household types are included in order to reflect the diversity of families across the UK (see Tables 1 and 2 in the Annex for full details) with each basket varying by family type to reflect their specific requirements. The same basket of goods and services applies for both the London LW and UK LW rates (with two exceptions).<sup>6</sup>

The next step is to calculate costs for these items. For a 'core' part of the basket, costs do not vary significantly across the UK, and the price inputs are the same for the London

---

<sup>5</sup> The basket of goods and services for each family type and its costs can be found at: [www.minimumincome.org.uk](http://www.minimumincome.org.uk), with detailed baskets of goods and services available at: [www.jrf.org.uk/income-benefits/minimum-income-standards](http://www.jrf.org.uk/income-benefits/minimum-income-standards).

<sup>6</sup> One exception is that, for transport, London families are assumed to use public transport, whereas families in the wider UK are assumed to mainly travel by car. As is discussed in the following section on housing costs, the other is an adjustment made to the tenure assumption for single people without children living in London. Because living alone in a studio or one-bedroom home is far less common in London, we apply a reduction based on the costs faced by people in shared accommodation, for example paying an appropriate share of heating bills. For further detail see K Hill, D Hirsch & M Padley, *Minimum budgets for single people sharing accommodation*, CRSP Working Paper 642, 2015

and Rest of UK rates. For those items, costs are taken from the MIS research, which draws prices primarily from national chain stores.

## 2. Costs that vary more significantly across the UK

Some items, of course, vary in price considerably in different parts of the country, and costs for those items are gathered separately, and weighted to provide inputs for London and the Rest of UK. Those items are housing, council tax, childcare, and transport. The following sections of this report outline the data sources used for those items, and any important assumptions made.

### 2.1 Housing costs

As we will outline later, assumptions relating to housing tenure are changing for 2020-21 (this doesn't affect the data sources used for the respective tenures). Up until now, to determine the type of accommodation required for different family types we have followed the findings of the MIS research. For the UK LW this has meant the following assumptions:

- Singles and couples without children live in one-bedroom homes in the private rented sector (including studio accommodation for singles)
- Households with one child live in a two-bedroom home in the social rented sector
- Households with two, three or four children live in a three-bedroom home in the social rented sector.

For the London LW the assumptions have been the same, apart from in one case. For singles without children, in order to reflect the high cost and low availability of one-bedroom flats in London, some are assumed to share. We use a weighted average based on analysis of the most recent census, which found that 54 per cent of singles live in shared accommodation.<sup>7</sup> Later in this section we will explain how these assumptions concerning the accommodation for different families are changing for 2020-21.

The housing costs associated with each type of accommodation are drawn from a variety of sources, using the latest available data. Average social sector rents are taken from the 2020 UK Housing Review, using the London estimate and an average for the UK excluding London. We then uprate those rent levels in line with current policy, which from 2021-22 onwards this is to increase social rents by CPI plus 1 per cent per year (previously it was to decrease rents by 1 per cent per year). An average for three-bedroom properties is no longer provided so we produce an estimate taking the differential when last available (in 2014).

---

<sup>7</sup> K Hill, D Hirsch and M Padley, [Minimum budgets for single people sharing accommodation](#), CRSP Working Paper 642, 2015

For the private rented sector, consistent UK-wide data is not available. For the UK LW, we take the best available data from each nation and produce a weighted average. The data used for England are published by the Valuation Office Agency.<sup>8</sup> For Scotland, the data are published by the Scottish Government.<sup>9</sup> For Wales, the data are published by StatsWales.<sup>10</sup> For Northern Ireland, the data are published by the Analytical Services Unit of the Department for Social Development.<sup>11</sup> For the London LW, the London data published by the Valuation Office Agency is used. In both the UK LW and London LW, the rents taken are at the lower quartile in the private rented sector.

The sample taken by the Valuation Office Agency statistics can mean that year-to-year fluctuations occur in the detailed breakdown of rents reported – especially in London. We therefore take a three-year rolling average of rents for both London and the rest of the UK. Doing so minimises annual volatility but also means that it takes longer for the most recent trends to become apparent. Tables 1 and 2 show how these costs vary by room size for the UK LW and London LW.

## 2.2 Council tax

Different family types are assumed to pay different rates of council tax, based on the number of children they have and how this is likely to affect their housing needs. A weighted average of the total council tax bill for a Band D property in each billing authority is used as a baseline, calculated from published UK,<sup>12</sup> Scottish<sup>13</sup> and Welsh<sup>14</sup> government statistics on Band D rates. This is then adjusted to the relevant band for each family type.

For the rest of the UK, the bands denoted in MIS research are applied (a couple without children, in Band B, pays seven-ninths of the Band D rate while families with children, in Band C, pay eight-ninths). Single adult reductions of 25 per cent are applied to all single person households in the UK LW calculation and to those treated as living alone in the London LW calculation (46 per cent of singles). For London, the same assumptions apply except that families with more than one child are assumed to live in a Band D property.

## 2.3 Travel costs

The travel cost assumptions for the UK LW are drawn from MIS research. In London, a weighted average is used across Inner and Outer London families. In Outer London,

---

<sup>8</sup> Valuation Office Agency, [Private Rental Market Summary Statistics – April 2020 to March 2021](#), June 2021

<sup>9</sup> Scottish Government, [Private Sector Rent Statistics, Scotland, 2010 to 2020](#), November 2020

<sup>10</sup> StatsWales, [Private sector rents by local authority, 1 January to 31 December 2019, 2020](#)

<sup>11</sup> Department for Social Development, [Northern Ireland Housing Statistics 2019-20](#), December 2020. Because the data for Northern Ireland supplies only a median figure and for a more limited range of accommodation we make adjustments to these, based on the relationship between different sized properties.

<sup>12</sup> MHCLG, [Council Tax levels set by local authorities in England 2021 to 2022](#), March 2021

<sup>13</sup> Scottish Government, [Council Tax by Band 2021-22](#), April 2021

<sup>14</sup> StatsWales, [Average band D council tax, by billing authority, 2021](#)

the cost of a monthly zone 4-6 travelcard is included and for those in Inner London, a monthly zone 1-3 travelcard.<sup>15</sup> For families with children aged 11+, two journeys a day for five days a week (to get to and from school) are budgeted for, taking account of the cost of and savings provided by a Zip Card – a card entitling under-18s to discounted travel. The values for these figures at the time of calculation are included in Table 2.

## 2.4 Childcare costs

Given we assume all adults in the calculation work full time – 37.5 hours per week, in line with the UK average over recent years – all families with children aged 11 and under are assumed to use full-time childcare (42.5 hours per week). This is calculated for 47 weeks of the year, taking account of hours provided through the free early years education offers, school and the school holidays. Full-time nursery care is assumed for pre-school aged children all-year-round, after-school clubs for children of primary school age during term-time and childminder provision during school holidays.

Costs are calculated using the most recent data collated by the Family and Childcare Trust.<sup>16</sup> For the UK LW, a weighted average for the regions/nations of the UK excluding London is calculated, weighted by the number of children. For the LONDON LW, we use an adjusted average taking account of the differential between London and the rest of the UK, based on 2016 data.<sup>17</sup> This year's calculation once again assumes that the government's policy of providing an additional 15 hours of free childcare (bringing the total to 30 free hours) for working parents of 3 and 4 year-olds in England is in place. Finally, childcare costs are weighted across three years, to account for some volatility in the data.

## 3. Tax and benefit system

The taxes paid and benefits received by each family type are calculated using the Resolution Foundation micro-simulation model. We assume that each family type claims every benefit to which they are entitled. We include policy changes applying to the 2020-21 financial year.

Away from the levels of thresholds and payments, a broader shift has also been taking place in the benefit system, as Universal Credit (UC) continues to be rolled out. UC replaces the existing tax credit-based system, which the majority of families included in the Living Wage calculation are currently entitled to. The calculation assumes some of the families in the Living Wage calculation receive UC, based on the OBR's estimate for the proportion of the caseload migrated.

---

<sup>15</sup> Transport for London, [Adult rate prices: All Tube, DLR, London Overground and TfL Rail services and National Rail services in Z1-9, 2021](#).

<sup>16</sup> M Jarvie, S Shorto, & H Parlett, [Childcare Survey 2021](#), Coram Family and Childcare, 2021

<sup>17</sup> For the London LW, we remove the highest outlier estimates that upwardly skew the resulting London average.

## Changes to the methodology being phased in from 2020/21 to 2022/23

In 2019, the Commission agreed to review two aspects of this methodology, and this resulted in changes being agreed for the 2020-21 calculation, and phased in over three years. The two changes are to a) include workplace pension contributions, and b) to weight tenure inputs to reflect the actual housing tenure of low income households.

### Allowing for pension contributions

The Commission has decided that workplace pension contributions should be incorporated into the Living Wage calculation. This is because, firstly, pension contributions reduce workers' take-home pay: a worker paid the Living Wage and contributing to a pension would not be able to meet the costs associated with the basket of goods and services considered to constitute an acceptable standard of living. And secondly because contributions to workplace pensions have become the norm for all workers since the introduction of 'auto-enrolment'. In 2019 only 9 per cent opt out of auto-enrolment, and participation rates are above 80 per cent even for lowest earners.<sup>18</sup>

The Commission decided to apply the minimum allowable pension contributions under auto-enrolment, which is 5 per cent. The methodology now calculates families' wage requirement based on pay *net* of these contributions.

### Accommodation assumptions to reflect actual tenure trends among low income households

As set out earlier in this section, the established methodology (used between 2016 and 2019) makes binary assumptions about the accommodation type of each family type. Families with children are assumed to live in the social rented sector, and families without are assumed to live in the private rented sector. This assumption is based on what MIS focus groups consider it reasonable to expect families will have access to.

However, these assumptions of private sector or social rented sector do not reflect the reality that many families with children live in the private rented sector, and some families without children live in the social rented sector. The Commission decided that the assumptions relating to tenure (and therefore, the cost inputs used for each family) should be changed so that they reflect actual tenure.

We have calculated weighted rental inputs for each family type (in London and Rest of UK separately) by applying the proportion of low income families who rent (again, separately for London and Rest of UK) that live in each tenure. Rental tenure has been calculated at the broad family level – singles and couples with and without children. The data source used for the 2020-21 calculation was the Family Resources Survey, 2017/18,

---

<sup>18</sup> DWP, [Automatic Enrolment evaluation report 2019](#)

and assumptions relating to accommodation size and data sources are unchanged. Low income is defined as the bottom half of the income distribution, based on net equivalized household income, and pensioners and non-working households are excluded from this part of the calculation.

## Annex: living costs and wage requirements by family type

This annex sets out the living costs and wage requirements by family type. Because we are now phasing between two methodologies (with and without the inclusion of new tenure weighting and workplace pension contributions) we have shown tables for each version of the model.

### Base methodology

#### UK LW

Family type	Living costs					Hourly wage requirement	Weights
	"Core" basket	Rent	Council tax	Childcare	Total		
Single	£212.64	£97.02	£20.89	£0.00	£330.55	£10.25	32.4%
Couple	£356.14	£105.30	£27.86	£0.00	£489.30	£6.85	33.9%
Single parent with one child (age 3-4)	£306.81	£82.53	£23.88	£81.76	£494.98	£13.30	0.9%
Single parent with one child (age 5-11)	£328.79	£82.53	£23.88	£76.45	£511.65	£14.85	3.4%
Single parent with two children (age under 3 & 3-4)	£367.32	£90.58	£23.88	£273.27	£755.05	£17.05	0.2%
Single parent with two children (age 3-4 & 5-11)	£388.92	£90.58	£23.88	£158.21	£661.60	£16.10	0.6%
Single parent with two children (age 5-11 & 12-16)	£443.94	£90.58	£23.88	£76.45	£634.86	£19.70	1.7%
Single parent with three children (age 3-4 & 5-11 & 12-16)	£498.47	£90.58	£23.88	£158.21	£771.15	£21.95	1.1%
Couple parent with one child (age 3-4)	£401.79	£82.53	£31.84	£81.76	£597.92	£8.25	3.8%
Couple parent with one child (age 5-11)	£423.78	£82.53	£31.84	£76.45	£614.60	£8.60	7.0%
Couple parent with two children (age under 3 & 3-4)	£460.74	£90.58	£31.84	£273.27	£856.43	£10.15	1.6%
Couple parent with two children (age 3-4 & 5-11)	£482.34	£90.58	£31.84	£158.21	£762.98	£9.70	2.7%
Couple parent with two children (age 5-11 & 12-16)	£537.37	£90.58	£31.84	£76.45	£736.25	£10.70	6.5%
Couple parent with three children (age under 3, 3-4 & 5-11)	£565.44	£90.58	£31.84	£349.72	£1,037.58	£15.30	0.5%
Couple parent with three children (age 3-4 & 5-11 & 12-16)	£616.13	£90.58	£31.84	£158.21	£896.77	£13.30	0.9%
Couple parent with three children (age 5-11, 5-11 & 12-16)	£634.36	£90.58	£31.84	£76.45	£833.24	£12.35	1.6%
Couple parent with four children (age under 3, 3-4, 5-11 & 12-16)	£676.48	£90.58	£31.84	£349.72	£1,148.62	£17.20	1.0%

#### London LW

Family type	Living costs						Hourly wage requirement	Weights
	"Core" basket	Rent	Council tax	Travel	Childcare	Total		
Single	£158.53	£152.50	£11.71	£32.05	£0.00	£354.78	£10.95	43.1%
Couple	£269.49	£241.66	£24.19	£64.09	£0.00	£599.43	£9.00	25.1%
Single parent with one child (age 3-4)	£235.93	£117.63	£20.74	£32.05	£100.32	£506.67	£10.90	0.8%
Single parent with one child (age 5-11)	£256.41	£117.63	£20.74	£32.05	£90.36	£517.18	£12.15	3.5%
Single parent with two children (age under 3 & 3-4)	£293.70	£131.78	£23.33	£32.05	£347.34	£828.19	£19.90	0.2%
Single parent with two children (age 3-4 & 5-11)	£313.54	£131.78	£23.33	£32.05	£190.68	£691.37	£14.05	0.6%
Single parent with two children (age 5-11 & 12-16)	£358.65	£131.78	£23.33	£38.30	£90.36	£642.42	£17.05	1.8%
Single parent with three children (age 3-4 & 5-11 & 12-16)	£410.18	£131.78	£23.33	£38.30	£190.68	£794.27	£22.00	1.5%
Couple parent with one child (age 3-4)	£304.19	£117.63	£27.65	£64.09	£100.32	£613.88	£7.40	3.9%
Couple parent with one child (age 5-11)	£324.67	£117.63	£27.65	£64.09	£90.36	£624.40	£7.75	5.7%
Couple parent with two children (age under 3 & 3-4)	£360.40	£131.78	£31.10	£64.09	£347.34	£934.71	£11.65	1.6%
Couple parent with two children (age 3-4 & 5-11)	£380.24	£131.78	£31.10	£64.09	£190.68	£797.90	£8.95	2.5%
Couple parent with two children (age 5-11 & 12-16)	£425.35	£131.78	£31.10	£70.34	£90.36	£748.94	£9.95	5.3%
Couple parent with three children (age under 3, 3-4 & 5-11)	£439.48	£131.78	£31.10	£64.09	£437.70	£1,104.15	£16.25	0.5%
Couple parent with three children (age 3-4 & 5-11 & 12-16)	£480.72	£131.78	£31.10	£70.34	£190.68	£904.63	£13.00	0.9%
Couple parent with three children (age 5-11, 5-11 & 12-16)	£496.17	£131.78	£31.10	£76.60	£90.36	£826.01	£12.15	1.6%
Couple parent with four children (age under 3, 3-4, 5-11 & 12-16)	£536.00	£131.78	£31.10	£70.34	£437.70	£1,206.93	£18.00	1.2%

## New methodology: with rental costs weighted according to tenure and inclusion of pension contributions

### UK LW

Family type	Living costs					Hourly wage requirement	Weights
	"Core" basket	Rent	Council tax	Childcare	Total		
Single	£212.64	£88.23	£20.89	£0.00	£321.76	£10.30	32.4%
Couple	£356.14	£96.58	£27.86	£0.00	£480.58	£6.90	33.9%
Single parent with one child (age 3-4)	£306.81	£103.17	£23.88	£81.76	£515.61	£14.95	0.9%
Single parent with one child (age 5-11)	£328.79	£103.17	£23.88	£76.45	£532.29	£16.15	3.4%
Single parent with two children (age under 3 & 3-4)	£367.32	£116.68	£23.88	£273.27	£781.14	£19.20	0.2%
Single parent with two children (age 3-4 & 5-11)	£388.92	£116.68	£23.88	£158.21	£687.69	£18.25	0.6%
Single parent with two children (age 5-11 & 12-16)	£443.94	£116.68	£23.88	£76.45	£660.95	£21.20	1.7%
Single parent with three children (age 3-4 & 5-11 & 12-16)	£498.47	£116.68	£23.88	£158.21	£797.24	£26.10	1.1%
Couple parent with one child (age 3-4)	£401.79	£109.74	£31.84	£81.76	£625.13	£8.90	3.8%
Couple parent with one child (age 5-11)	£423.78	£109.74	£31.84	£76.45	£641.82	£9.40	7.0%
Couple parent with two children (age under 3 & 3-4)	£460.74	£124.99	£31.84	£273.27	£890.84	£11.45	1.6%
Couple parent with two children (age 3-4 & 5-11)	£482.34	£124.99	£31.84	£158.21	£797.39	£10.65	2.7%
Couple parent with two children (age 5-11 & 12-16)	£537.37	£124.99	£31.84	£76.45	£770.66	£11.90	6.5%
Couple parent with three children (age under 3, 3-4 & 5-11)	£565.44	£124.99	£31.84	£349.72	£1,071.99	£16.75	0.5%
Couple parent with three children (age 3-4 & 5-11 & 12-16)	£616.13	£124.99	£31.84	£158.21	£931.18	£14.65	0.9%
Couple parent with three children (age 5-11, 5-11 & 12-16)	£634.36	£124.99	£31.84	£76.45	£867.65	£13.65	1.6%
Couple parent with four children (age under 3, 3-4, 5-11 & 12-16)	£676.48	£124.99	£31.84	£349.72	£1,183.03	£18.80	1.0%

### London LW

Family type	Living costs						Hourly wage requirement	Weights
	"Core" basket	Rent	Council tax	Travel	Childcare	Total		
Single	£158.53	£135.49	£11.71	£32.05	£0.00	£337.77	£11.00	43.1%
Couple	£269.49	£213.63	£24.19	£64.09	£0.00	£571.40	£8.80	25.1%
Single parent with one child (age 3-4)	£235.93	£166.76	£20.74	£32.05	£100.32	£555.79	£13.30	0.8%
Single parent with one child (age 5-11)	£256.41	£166.76	£20.74	£32.05	£90.36	£566.31	£14.05	3.5%
Single parent with two children (age under 3 & 3-4)	£293.70	£192.90	£23.33	£32.05	£347.34	£889.31	£23.20	0.2%
Single parent with two children (age 3-4 & 5-11)	£313.54	£192.90	£23.33	£32.05	£190.68	£752.49	£17.20	0.6%
Single parent with two children (age 5-11 & 12-16)	£358.65	£192.90	£23.33	£38.30	£90.36	£703.54	£19.00	1.8%
Single parent with three children (age 3-4 & 5-11 & 12-16)	£410.18	£192.90	£23.33	£38.30	£190.68	£855.39	£30.60	1.5%
Couple parent with one child (age 3-4)	£304.19	£229.65	£27.65	£64.09	£100.32	£725.90	£8.70	3.9%
Couple parent with one child (age 5-11)	£324.67	£229.65	£27.65	£64.09	£90.36	£736.42	£9.05	5.7%
Couple parent with two children (age under 3 & 3-4)	£360.40	£271.14	£31.10	£64.09	£347.34	£1,074.08	£13.45	1.6%
Couple parent with two children (age 3-4 & 5-11)	£380.24	£271.14	£31.10	£64.09	£190.68	£937.26	£10.75	2.5%
Couple parent with two children (age 5-11 & 12-16)	£425.35	£271.14	£31.10	£70.34	£90.36	£888.30	£11.65	5.3%
Couple parent with three children (age under 3, 3-4 & 5-11)	£439.48	£271.14	£31.10	£64.09	£437.70	£1,243.52	£20.00	0.5%
Couple parent with three children (age 3-4 & 5-11 & 12-16)	£480.72	£271.14	£31.10	£70.34	£190.68	£1,043.99	£16.85	0.9%
Couple parent with three children (age 5-11, 5-11 & 12-16)	£496.17	£271.14	£31.10	£76.60	£90.36	£965.37	£15.65	1.6%
Couple parent with four children (age under 3, 3-4, 5-11 & 12-16)	£536.00	£271.14	£31.10	£70.34	£437.70	£1,346.29	£21.85	1.2%



The Resolution Foundation is an independent think-tank focused on improving living standards for those on low to middle incomes. We work across a wide range of economic and social policy areas, combining our core purpose with a commitment to analytical rigour. These twin pillars of rigour and purpose underpin everything we do and make us the leading UK authority on securing widely-shared economic growth.

The Foundation's established work programme focuses on incomes, inequality and poverty; jobs, skills and pay; housing; wealth and assets; tax and welfare; public spending and the shape of the state, and economic growth.

For more information on this report, contact:

**Nye Cominetti**

Senior Economist

[nye.cominetti@resolutionfoundation.org](mailto:nye.cominetti@resolutionfoundation.org)

Resolution Foundation, 2 Queen Anne's Gate , London, SW1H 9AA

Charity Number: 1114839 | [resolutionfoundation.org/publications](https://resolutionfoundation.org/publications)