

The income distribution

Commentary

1. Key findings

- *Median equivalised net household income*¹ in 2010/11 was £419 per week, *Before Housing Costs* and £359 per week, *After Housing Costs*. This meant that the most commonly used threshold to determine if someone is in *relative low income*, 60 per cent of *median income*, was £251 per week, *Before Housing Costs* and £215 per week, *After Housing Costs*. *Mean incomes* were £511 per week, *Before Housing Costs* and £443 per week, *After Housing Costs*.
- The *income* distribution was *skewed* towards the lower end, showing a relatively high concentration of individuals close to the 60 per cent of *median relative low-income* threshold and, particularly *Before Housing Costs*, a long 'tail' for higher *incomes*.
- Overall there were *real terms* increases in *income* across the *income distribution* in the period from 1998/99 to 2010/11². *Before Housing Costs*, *income* grew fastest over the period in the lowest two *quintiles*, while *After Housing Costs*, *incomes* grew fastest in the second lowest *quintile*. Following a large reduction in *income inequality* between 2009/10 and 2010/11, *income inequality* in 2010/11 was around its 1998/99 level, *After Housing Costs* and below its 1998/99 level, *Before Housing Costs*³.
- Between 2009/10 and 2010/11, there were large reductions in *mean* and *median incomes*, both *Before* and *After Housing Costs*, with those with higher incomes seeing larger reductions, resulting in *incomes* in 2010/11 being around the same levels as in 2004/05. This is likely to be mainly because following the recession of 2008 and 2009, *income* from earnings rose by less than inflation.

¹ Technical terms in the key findings in italics are explained immediately before the tables.

² Figures from the Institute for Fiscal Studies (IFS,) which present data since 1961 (see <http://www.ifs.org.uk/fiscalFacts/povertyStats>) show, broadly speaking, real terms incomes rising in the following periods: between 1961 and 1973, between 1977 and 1980, between 1982 and 1990 and between 1995/96 and 2009/10. Incomes stayed at around the same level between 1990 and 1995/96, and fell between 1973 and 1977, between 1980 and 1982 and between 2009/10 and 2010/11.

³ Inequality figures since 1961 are available from IFS at <http://www.ifs.org.uk/fiscalFacts/povertyStats>.

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2. How is this information used?

Household disposable incomes, adjusted for household size and composition can be used as a proxy for material living standards or, more precisely, the level of consumption of goods and services that people could attain given the disposable income of the household in which they live. Therefore, looking at income movements gives an idea of the evolution of overall living standards. While well-being extends well beyond income, the personal finance element of the Office for National Statistics' Measuring Well-being Discussion paper⁴ includes income measures, while the influential Stiglitz-Sen-Fittoussi report on the Measurement of Economic Performance and Social Progress⁵ recommends looking at the distribution of income at a household level when considering well-being.

Discussion of the use of low-income statistics specifically is given in subsequent chapters.

3. Drivers

Table 2.1tr, key economic indicators over time, shows:

- Sustained growth in GDP between 1994/95 and 2007/08. After a contraction in both 2008/09 and 2009/10, there was an expansion of 2.2 per cent in 2010/11.
- Growth in average earnings for 2010/11 was similar to 2007/08 to 2009/10 at 1.8 per cent. Between 1996/97 and 2007/08, earnings growth was generally above both the Retail Price Index (RPI) and Consumer Price Index (CPI) inflation, but it was lower than both indices in 2008/09 and 2010/11. This meant that in 2010/11, average earnings fell in real terms.
- There was a large fall in the real disposable household income series sourced from the National Accounts of 2.1 per cent in 2010/11, the first decrease since 1981, and the largest reduction in the series.
- Broadly stable employment rates (as a result of falling or generally stable unemployment during the period) between 1994/95 and 2007/08. Following a reduction in the employment rate for males and females between 2007/08 and 2009/10, employment has remained fairly flat in 2010/11.
- While interest rates in 2010/11 have remained at the same very low level as 2009/10, the inflation rate has been high at 5.0 per cent for the Retail Price Index (RPI) and 3.5 per cent for the Consumer Price Index (CPI)⁶.

The reduction in earnings combined with the high inflation rate was the key driver of the large reduction in median and mean incomes⁷ in 2010/11, with the reduction in

⁴ See <http://www.ons.gov.uk/ons/rel/wellbeing/measuring-national-well-being/discussion-paper-on-domains-and-measures/measuring-national-well-being---discussion-paper-on-domains-and-measures.html>

⁵ See <http://www.stiglitz-sen-fitoussi.fr/en/index.htm>.

⁶ All Before Housing Costs incomes in this publication have been adjusted for inflation using a bespoke index supplied by the Office for National Statistics, consisting of the Retail Price Index excluding Council Tax, while all After Housing Costs incomes in this publication have been adjusted for inflation using the Retail Price Index excluding housing.

⁷ Such a reduction was widely predicted. For instance, in their 2011 commentary, available at <http://www.ifs.org.uk/publications/5584>, IFS stated "a fall of 3% or more in median income in 2010–11 is entirely possible".

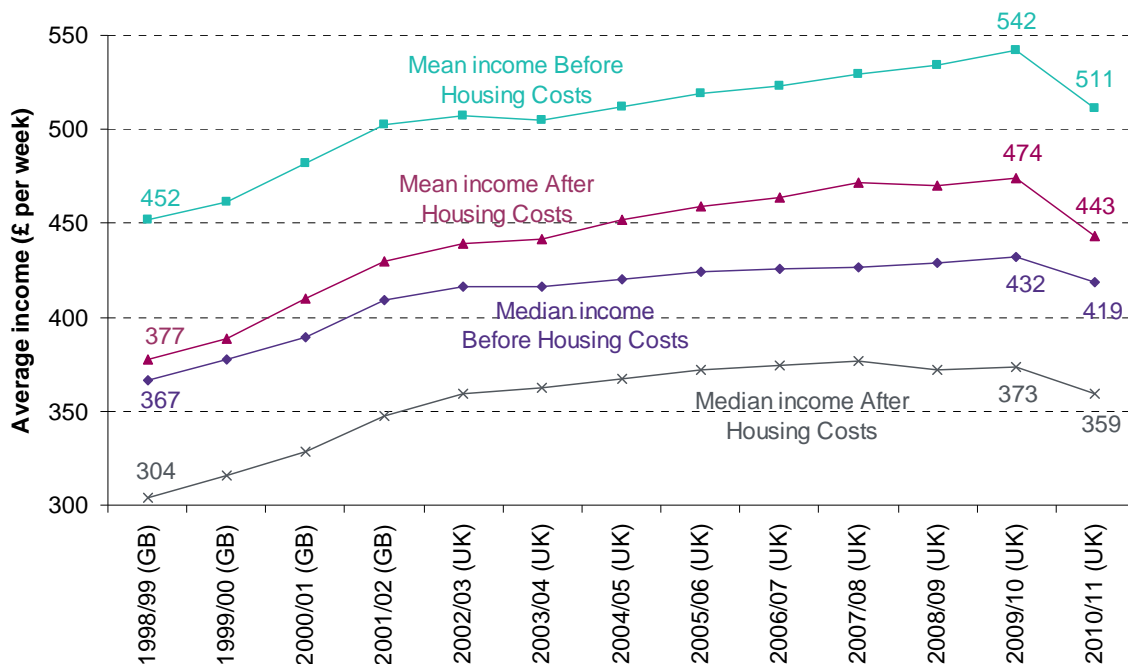
mean income also partly due to reductions in the income of individuals with very high incomes⁸.

Lower-income households saw smaller decreases in income, as such households are typically less dependent on earned income, with more of their income from benefits and tax credits. Benefit and tax credit income grew in cash terms and fell only slightly in real terms. This meant that households in the bottom quintile saw their income fall less in 2010/11 than households at the middle quintile, and that households at the middle quintile saw their income fall by less than households in the top quintile (see **Chart 1.1**).

4. What the figures show

Trends in average income: As shown in **Chart 2.1** and **Table 2.1ts**, there were decreases in average incomes on all bases between 2009/10 and 2010/11. Median incomes fell by around £15 a week (3 per cent, Before Housing Costs and 4 per cent After Housing Costs) and mean incomes fell by around £30 per week (around 6 per cent both Before and After Housing Costs) in real terms. This has been widely predicted, and means that incomes in 2010/11 are around 2004/05 levels, but are still higher than in 1998/99⁹.

Chart 2.1: Average incomes, 1998/99 to 2010/11, United Kingdom¹⁰



⁸ Part of the reduction in the numbers of individuals reporting high incomes is likely to be due to high income individuals moving income into 2009/10 to avoid the 50p tax rate. See <http://www.hmrc.gov.uk/budget2012/excheq-income-tax-2042.pdf> for analysis of this effect.

⁹ Comparisons are often made to 1998/99, as this is the first year where some results are available for the United Kingdom.

¹⁰ Data are only available for the United Kingdom from 2002/03.

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Income inequality: Income inequality fell between 2009/10 and 2010/11. This is because the income of higher income households fell by a larger percentage than lower income households. **Chart 2.2** and **Table 2.1ts** show the percentage reductions in income. The equivalised household income of individuals in the top quintile fell by over 5 per cent, both Before and After Housing Costs, while individuals with household incomes in the bottom quintile saw reductions of around 1 per cent.

Chart 2.2: Reduction in incomes, 2009/10 to 2010/11, United Kingdom

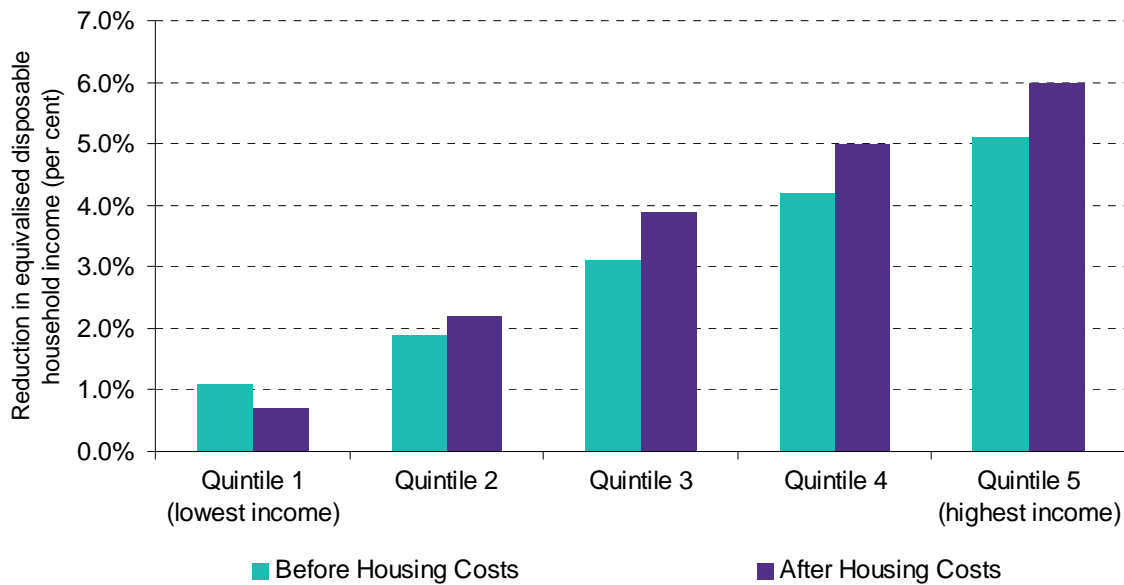
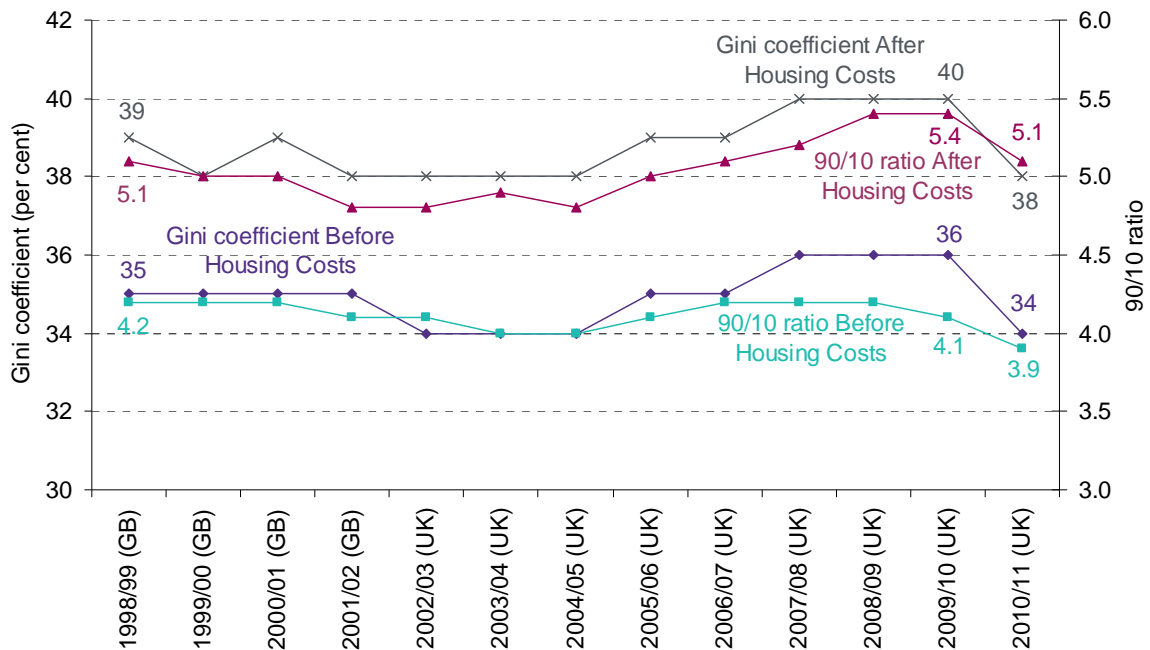


Chart 2.3: Measures of income inequality, 1998/99 to 2010/11, United Kingdom¹¹



¹¹ Data are only available for the United Kingdom from 2002/03.

This reduces the Gini coefficient¹² by 2 percentage points, Before and After Housing Costs. The Gini coefficient Before Housing Costs was 34 per cent in 2010/11 while After Housing Costs it was 38 per cent. There were also reductions in the 90/10 ratio¹³, Before and After Housing Costs. Income inequality in 2010/11 is around its 1998/99 level, After Housing Costs and below its 1998/99 level, Before Housing Costs. Nevertheless, in 2010/11, individuals in the top quintile accounted for over 40 per cent of total income both Before and After Housing Costs, whilst those in the bottom quintile accounted for less than 10 per cent. See **Chart 2.3** and **Table 2.3ts** for details.

Income components: Households receive income from a variety of sources. The main ones are earnings, self employment, state support (i.e. benefits and tax credits), interest on investments and occupational pensions. **Figure 2.2** and **Table 2.1db** below looks at the distribution of gross income sources for each fifth, or quintile, of the population, ranked by net disposable household income, and by the various sources of income as a percentage of the total gross income of the quintile. Successive quintiles, from the bottom to the top, show a steadily diminishing share of state support income and an increasing share of income from employment. Earnings and state support were the main sources of income overall, accounting for around 90 per cent of combined income.

Before Housing Costs, earnings made up around 32 per cent of the gross income of the bottom quintile while state support made up 56 per cent. In the top quintile, 83 per cent of income was derived from earnings. After Housing Costs, earnings made up around 39 per cent of the gross income of the bottom quintile while state support made up 51 per cent. In the top quintile, 81 per cent of income was derived from earnings.

Low income thresholds: **Table 2.4ts** gives the mean, median and 60 per cent of median threshold since 1994/95. This shows that the most commonly used threshold to determine if someone is in relative low income, 60 per cent of median income in 2010/11, was £251 per week, Before Housing Costs and £215 per week, After Housing Costs. The absolute low-income threshold is based on 60 per cent of the median income in 1998/99, which was £220 per week, Before Housing Costs and £182 per week, After Housing Costs in 2010/11 prices.

¹² The Gini coefficient is a widely-used measure of inequality, which can take values from zero to 100. A value of zero would indicate complete equality, while a value of 100 per cent would indicate total inequality (i.e. all income held by a single household).

¹³ A further measure of inequality, defined as the ratio of the top quintile median (90th percentile) to the bottom quintile median (10th percentile).

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Background information

Introduction

This chapter looks at the overall income distribution and, in order to place the findings presented in this report in a wider context, it considers the prevailing social and economic conditions between 1994/95 and 2010/11.

The overall income distribution

Figure 2.1 shows the income distribution for the United Kingdom in 2010/11 both Before Housing Costs (BHC) and After Housing Costs (AHC). The shaded areas numbered 1 to 10 show each successive tenth, or decile, of the population.

Households Below Average Income presents analyses of disposable income on two measures: Before Housing Costs (BHC) and After Housing Costs (AHC). This is principally to take into account variations in housing costs that do not correspond to comparable variations in the quality of housing. An explanation of how negative incomes can occur After Housing Costs and zero incomes Before Housing Costs is given in **Appendix 1**.

Figure 2.1 (BHC): Income distribution for the total population, 2010/11

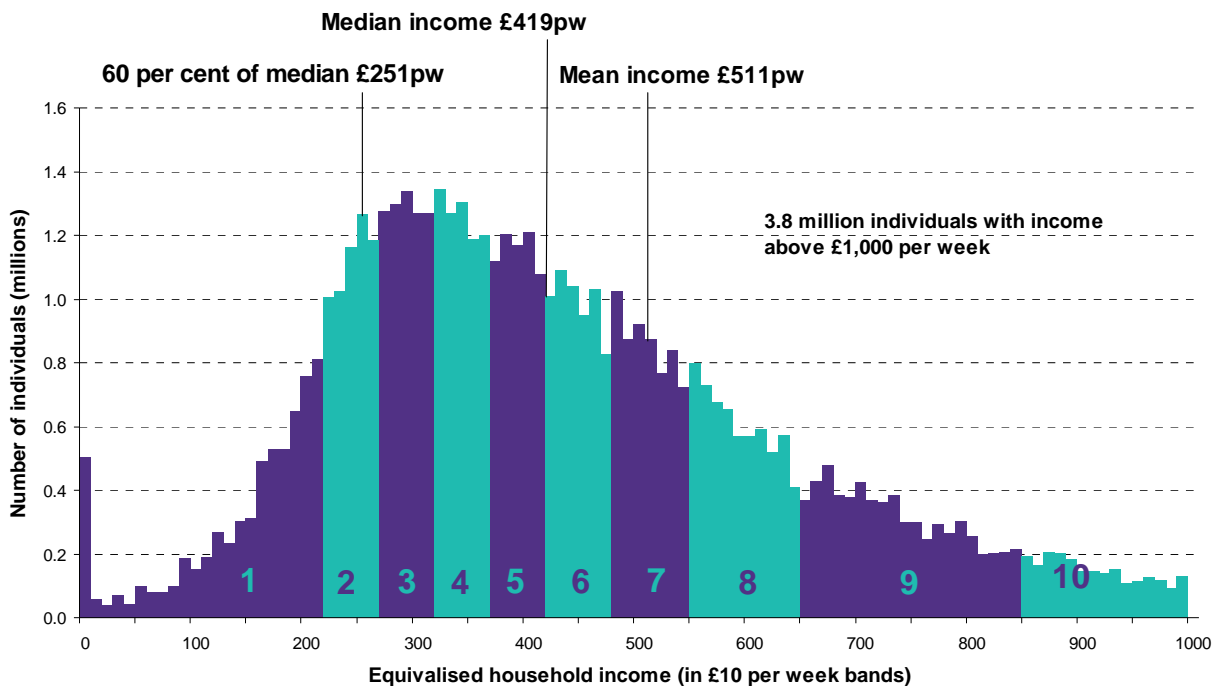
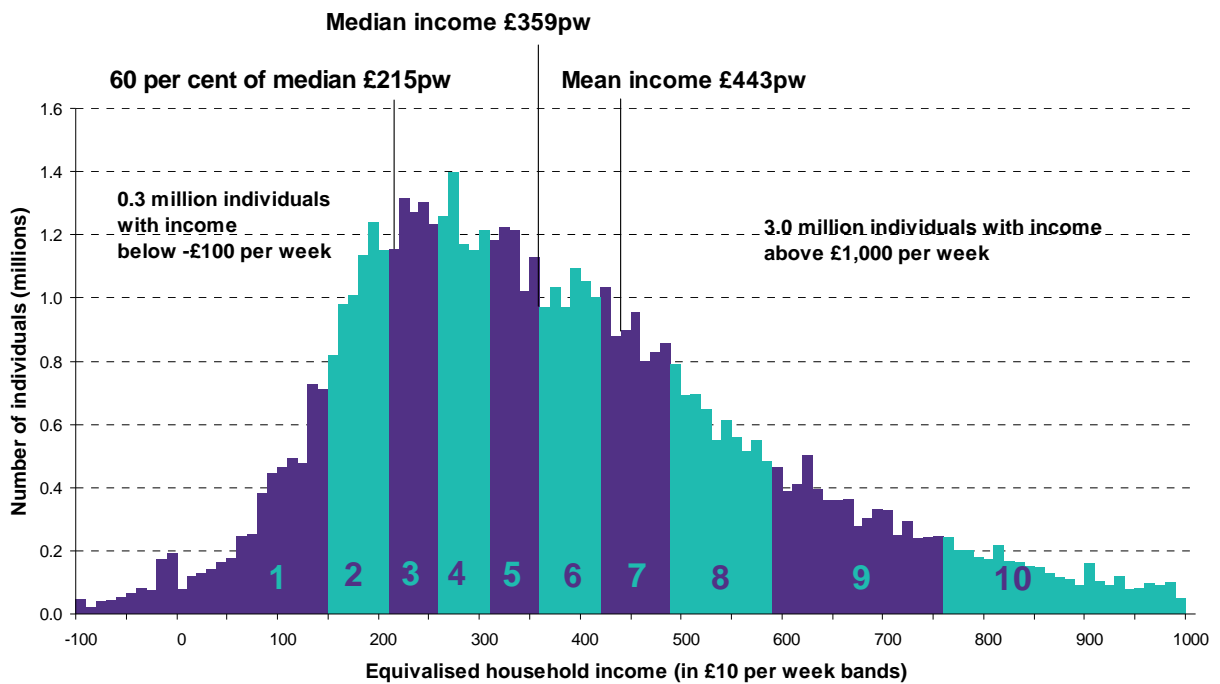


Figure 2.1 (AHC): Income distribution for the total population, 2010/11



The income distribution for 2010/11 is clearly skewed towards the lower end and has a long tail at the upper end. On a Before Housing Costs basis, around two-thirds of individuals had an equivalised household income that was less than the national mean. There was a large concentration of individuals around the 60 per cent of median income mark. The distribution showed similar characteristics on an After Housing Costs basis.

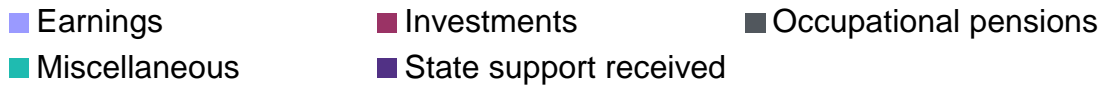
The presence of substantial numbers of individuals with relatively high incomes results in a skewed distribution and a large difference between the overall mean and the median.

Income components: Households receive income from a variety of sources. The main ones are earnings, self employment, state support (i.e. benefits and tax credits), interest on investments and occupational pensions. **Figure 2.2** below shows the distribution of gross income sources for each fifth, or quintile, of the population, ranked by net disposable household income, and by the various sources of income as a percentage of the total gross income of the quintile.

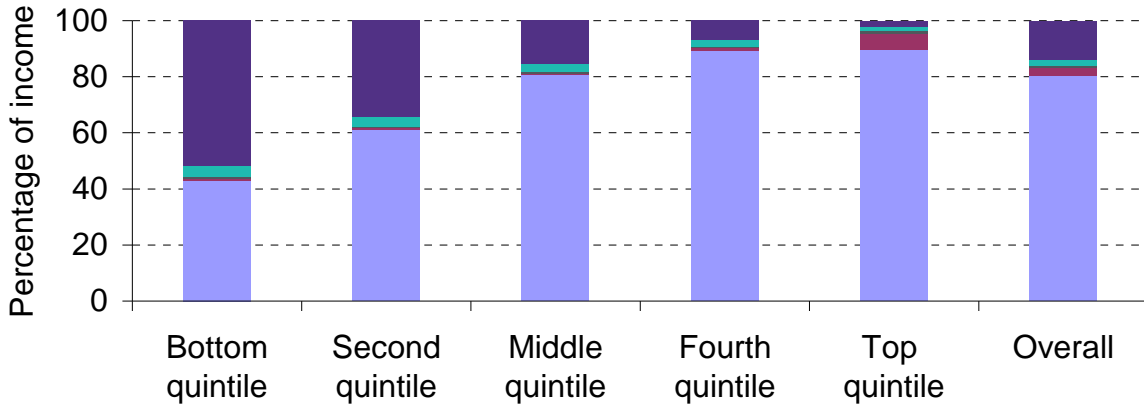
For households containing pensioners and no children in the bottom three quintiles, over half of gross income is made up of state support. Over half of gross income of households containing children in the bottom quintile is made up of state support. For households just containing working-age adults, just under half of gross income of households containing children in the bottom quintile was made up of state support. For both households containing children and households containing just working-age adults, most of the gross income in the top quintile was made up of earnings. Earnings made up around 40 per cent of gross income for pensioner households in the top quintile.

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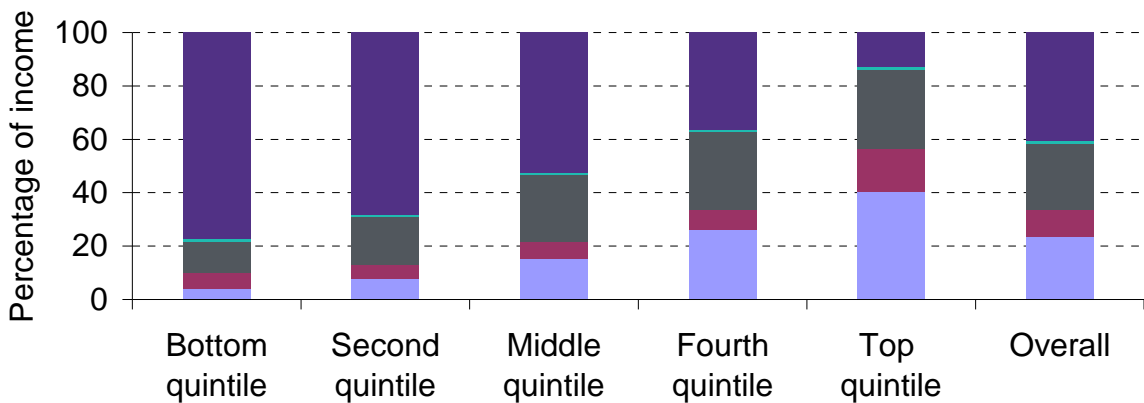
Figure 2.2 (BHC): Income sources as a proportion of gross income by quintile and household type, 2010/11



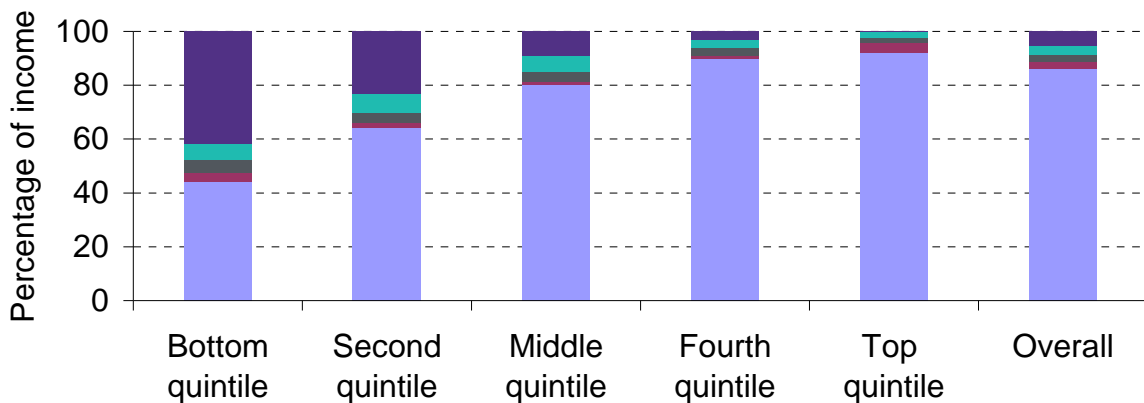
Households containing children



Households containing pensioners and no children



Households containing working-age adults only



Revisions

Results for 2008/09 and 2009/10 have been revised following incorporation of changes to the direct tax system in Northern Ireland and new tenure data from the Department of Communities and Local Government (CLG). More information can be found at: http://research.dwp.gov.uk/asd/hbai/hbai_revision_due_to_ni_tax_changes.pdf.

Revised tables for earlier years are available on request. The grossing issue will particularly affect analysis by tenure.

Tables in this chapter are:

2.1tr Key economic indicators. **Table 2.1tr** shows key economic indicators, including Gross Domestic Product (GDP) growth, the Bank of England base interest rate, the headline Consumer Price and Retail Price Index inflation rates, male and female employment rates, average earnings growth and National Accounts Real Household Disposable Income series growth. It also includes changes in HBAI mean net disposable unequivalised income, which allows comparisons between growth in the National Accounts Real Household Disposable Income series and real terms growth in HBAI mean BHC unequivalised income.

2.1db Income sources as a proportion of gross household income by quintile. Distribution of gross income sources for each fifth, or quintile, of the population, ranked by net disposable household income. The various sources of income are shown as a percentage of the total gross income of the quintile.

2.2db Equivalised net disposable income distribution for different family types. This shows how the equivalised values of different statistics relating to the overall income distribution can be translated into actual household incomes for different family types.

2.1ts Money values of decile and quintile medians and overall population mean. This shows the evolution of the income distribution since 1994/95. One way of measuring inequality is to determine the ratio of the top quintile median (90th percentile) to the bottom quintile median (10th percentile), often called the 90/10 ratio, shown in **Table 2.1ts**, which also shows the ratio of the top to middle quintile medians, and middle to bottom quintile medians.

2.2ts Income shares and Gini coefficient. This shows the share of total income received by individuals in different quantiles of the income distribution. **Table 2.2ts** also shows the value of the Gini coefficient since 1994/95.

2.3ts Values of quintile medians and population means for family type and economic status groups.

2.4ts Equivalent money values of overall distribution mean, median and 60 per cent of median incomes. This shows how the equivalised values of different statistics relating to the overall income distribution can be translated into actual household incomes for different family types for historic years.

2 The income distribution

Equivalisation

Income measures used in HBAI take into account variations in the size and composition of the households in which people live. This process is called equivalisation.

Equivalisation reflects the fact that a family of several people needs a higher income than a single individual in order for them to enjoy a comparable standard of living.

Equivalence scales conventionally take a couple with no children as the reference point. Consider a single person, a couple with no children, and a couple with two children aged fourteen and ten, all having unadjusted weekly household incomes of £200 (Before Housing Costs). The process of equivalisation, as conducted in HBAI, gives an equivalised income of £299 to the single person, £200 to the couple with no children, but only £131 to the couple with children. **Appendix 2** gives more detail.

Sources of income

Households receive income from a variety of sources. The main ones are earnings, self-employment, state support (i.e. benefits and tax credits), interest on investments and occupational pensions.

It should be noted that comparisons with National Accounts data would suggest that surveys such as the Family Resources Survey (FRS) understate investment income. It is also the case that the FRS underestimates receipt of most types of State Support. See the FRS publication at <http://research.dwp.gov.uk/asd/frs/> for further details.

Statistics relating to the overall equivalised income distribution and their equivalent money values for different family types.

As explained above, household incomes in HBAI are adjusted, or equivalised, in order to facilitate comparisons between different family types. The majority of monetary amounts presented in HBAI are on this equivalised basis and do not reflect actual monetary amounts or incomes for any family type other than a couple with no children. This 'couple' family type is the reference point for the equivalisation process.

Income growth in real terms

For some years, income growth in the HBAI-based series appears slightly lower than the National Accounts estimates. The implication of this is that absolute real income growth could be understated in the HBAI series. Comparisons over a longer time period are believed to be more robust.

Income shares

Looking at the ratio of the total income received by equivalent quantile groups at the top and bottom of the income distribution over time is another way of measuring and tracking inequality in the income distribution. These results, however, are quite sensitive to data at the extremes of the income distribution that may be less reliable than other data.

Gini coefficient

The Gini coefficient is a widely-used measure of inequality, which can take values from zero to 100. A value of zero would indicate complete equality, while a value of 100 would indicate total inequality.

Results for the top and bottom decile

When considering changes in the top and bottom deciles, users should be aware that results for the bottom decile are particularly vulnerable to income measurement problems, and have no validity as a guide to the consumption capabilities of the poorest 10 per cent of individuals. Results for the top 10 per cent are also particularly susceptible to sampling errors and income measurement problems.

2 The income distribution

Technical terms used in this chapter

For more information on these and other terms, see **Appendix 1**. For a detailed discussion of the methodology used throughout the publication, see **Appendix 2**.

Income

The income measure used in HBAI is weekly net (disposable) equivalised household income. This comprises total income from all sources¹⁴ of all household members including dependants. For *Before Housing Costs*, housing costs¹⁵ are not deducted from income, while for *After Housing Costs* they are.

Equivalisation

Equivalisation adjusts incomes for household size and composition, taking an adult couple with no children as the reference point. For example, the process of equivalisation would adjust the income of a single person upwards, so their income can be compared directly to the standard of living for a couple.

Median

Median household income divides the population, when ranked by equivalised household income, into two equal-sized groups. *Contemporary median income* refers to the median income in the survey year being considered.

Mean

Mean equivalised household income of individuals is the “average”, found by adding up *equivalised household incomes* for each individual in a population and dividing the result by the number of people.

Low income

Individuals are said to be in *relative low income* if they live in a household with an equivalised income below a percentage of contemporary median income, Before or After Housing Costs. Relative low-income statistics fall if income growth at the lower end of the income distribution outstrips overall income growth.

Individuals are said to be in *absolute low income* if they live in a household with an equivalised income below a threshold of median income (for example 60 per cent of median income) in a specific year adjusted for inflation, Before or After Housing Costs. The year 1998/99 is used in this report as this is the first year where some information is available for the United Kingdom. Absolute low-income statistics fall if low-income households are seeing their incomes rise faster than inflation.

Deciles, Quintiles and Percentiles

These are income values which divide the population, when ranked by equivalised household income, into equal-sized groups. Deciles are ten equal-sized groups - the lowest decile describes individuals with incomes in the bottom 10 per cent of the income distribution. Quintiles are five equal-sized groups - the lowest quintile

¹⁴ This includes income from employment, self-employment, investments, occupational pensions, benefits and other sources, and is measured net of taxes and National Insurance. See **Appendix 1** for full details of what is included.

¹⁵ Housing costs include rent, water rates, mortgage interest payments, buildings insurance payments and ground rent and service charges.

describes individuals with incomes in the bottom 20 per cent of the income distribution. Percentiles are 100 equal-sized groups.

Skewness

Skewness measures the degree to which a statistical distribution is asymmetrical or lopsided. A perfectly symmetrical distribution is not skewed. A distribution with a long tail to the right such as the income distributions shown in **Figure 1.2** are positively skewed

Income inequality

The extent of disparity between high income and low income households, commonly measured using either the *Gini coefficient* or *90/10 ratio*. The *Gini coefficient* is a widely-used, international standard summary measure of inequality. It can take values from zero to 100, where a value of zero would indicate total equality, with each household having an equal share of income, while higher values indicate greater inequality. The *90/10 ratio* is the ratio of the median income of the top quintile to the median of the bottom quintile.

Table 2.1tr: Recent economic indicators^{1,2,3}

Percentages								Source: ONS
	GDP Growth ⁴	Base Interest Rate ⁵	Inflation Rate (RPI) ⁶	Inflation Rate (CPI) ⁶	Male Employment rate ⁷	Female Employment Rate ⁷	Average Earnings Growth ⁸	Real Household Disposable Income
1994/95	4.4	5.6	2.7	2.0	75.9	62.3	3.6	1.2
1995/96	2.9	6.5	3.3	2.7	76.5	63.1	3.0	3.0
1996/97	2.8	5.8	2.4	2.3	77.0	63.7	3.8	3.1
1997/98	3.7	6.9	3.3	1.7	78.0	64.3	4.5	3.9
1998/99	3.8	6.8	3.1	1.6	78.5	64.9	5.0	1.9
1999/00	3.9	5.4	1.6	1.1	79.0	65.4	5.1	4.7
2000/01	4.2	6.0	3.0	0.8	79.3	66.0	4.4	4.5
2001/02	2.8	4.7	1.5	1.4	79.1	66.1	4.4	5.0
2002/03	2.8	4.0	2.1	1.2	79.1	66.4	3.2	2.4
2003/04	3.9	3.7	2.8	1.3	79.3	66.6	3.5	2.5
2004/05	2.2	4.6	3.1	1.5	79.2	66.7	4.5	1.3
2005/06	2.6	4.6	2.6	2.1	78.9	66.9	4.7	1.8
2006/07	2.4	4.8	3.7	2.6	78.8	66.7	4.8	1.2
2007/08	3.6	5.5	4.1	2.2	78.9	66.7	4.6	1.2
2008/09	-3.6	3.6	3.0	3.8	78.0	66.6	1.7	0.2
2009/10	-2.4	0.5	0.5	2.2	75.4	65.8	1.7	2.6
2010/11	2.2	0.5	5.0	3.5	75.8	65.5	1.8	-2.0

Notes:

1. All growth figures are for the financial year in question compared to the previous financial year.
2. All figures are for the United Kingdom, except Average Earnings Growth which covers Great Britain.
3. Some minor revisions exist since last year due to revisions to underlying ONS data.
4. Gross Domestic Product at market prices, seasonally adjusted, chained volume measures.
5. The base interest rate is the annual average for the relevant financial year.
6. Inflation rate is the annual average change for each financial year as measured by All Items Retail Price Index or Consumer Price Index.
7. Employment Rates are seasonally adjusted figures for the financial year and now cover the age range 16 to 64.
8. Average earnings growth is the actual (as opposed to real terms) annual average for each financial year. This is based on the Average Earnings Index to 2000/01 and Average Weekly Earnings from 2001/02.
9. Real disposable income growth is based on the Real Disposable Income series, seasonally adjusted, financial years, chained volume measures.

Percentages			Source: FRS
	HBAI mean net disposable unequivalised income growth (BHC) ^{1,2}		
	Real terms	Cash terms	
1995/96	-0.3	2.9	
1996/97	2.4	5.5	
1997/98	4.0	5.5	
1998/99	4.5	6.0	
1999/00	0.5	3.2	
2000/01	7.6	7.0	
2001/02	5.1	6.5	
2002/03	0.5	2.4	
2003/04	-0.3	2.1	
2004/05	1.9	4.9	
2005/06	1.1	3.7	
2006/07	0.1	3.8	
2007/08	0.9	5.1	
2008/09	0.4	3.4	
2009/10	1.8	2.2	
2010/11	-5.7	-0.9	

Notes:

1. Growth in unequivalised mean net disposable income is also presented here, in order to allow better comparisons with Real Household Disposable Income growth.
2. Figures are for the United Kingdom from 2002/03 onwards. Earlier years are for Great Britain only.

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Table 2.1db: Income sources as a proportion of gross¹ household income by quintile

Percentage of gross ¹ household income						Source: FRS 2010/11
	Bottom quintile	Second quintile	Middle quintile	Fourth quintile	Top quintile	Overall
Before Housing Costs						
Earnings	32	45	62	77	83	71
Investments	3	2	2	2	6	4
Occupational pensions	5	7	8	8	6	7
Miscellaneous	4	3	3	2	2	2
State support received	56	42	24	11	3	16
After Housing Costs						
Earnings	39	48	64	76	81	71
Investments	2	2	2	2	7	4
Occupational pensions	2	5	7	8	7	7
Miscellaneous	6	4	3	1	2	2
State support received	51	41	23	12	4	16

Notes:

1. Gross household income is not equivalised.
2. Percentages may not sum to 100 per cent due to rounding.

Table 2.2db: Statistics relating to the overall equivalised net disposable income distribution and their equivalent money values for different family types, in 2010/11 prices, United Kingdom^{1,2}

£pw equivalised 2010/11 prices								Source: FRS 2010/11
	Mean	Median	60% median	Bottom quintile	Second quintile	Middle quintile	Fourth quintile	Top quintile
Before Housing Costs								
Couple with no children								
(equivalised income benchmark)	511	419	251	< 272	272 - 365	366 - 480	481 - 654	655 +
Single with no children	342	281	168	< 182	182 - 245	246 - 321	322 - 438	439 +
Couple with two children aged 5 and 14	782	641	384	< 415	415 - 559	560 - 734	735 - 1,000	1,001 +
Single with two children aged 5 and 14	613	502	301	< 326	326 - 439	440 - 576	577 - 784	785 +
After Housing Costs								
Couple with no children								
(equivalised income benchmark)	443	359	215	< 208	208 - 306	307 - 418	419 - 585	586 +
Single with no children	257	208	125	< 121	121 - 177	178 - 242	243 - 339	340 +
Couple with two children aged 5 and 14	718	582	349	< 337	337 - 496	497 - 678	679 - 948	949 +
Single with two children aged 5 and 14	532	431	258	< 250	250 - 367	368 - 502	503 - 702	703 +

Note:

1. This table takes levels of equivalised income for the population as a whole and translates them into cash equivalents for a selection of family types. For example, for results Before Housing Costs, it shows that 60 per cent of median equivalised income in 2010/11 for a couple (the equivalised income reference) was £251 per week. This translates to a reference income of £168 for a single person with no children. This implies that a single person with no children with a cash income of £168 or less is below 60 per cent of median equivalised income for the population as a whole.

Table 2.1ts: Money values of decile medians and overall population mean in average 2010/11 prices, United Kingdom¹

£pw equivalised 2010/11 prices											Source: FRS	
	Decile group medians										Population median	Population mean
	Decile 1	Decile 2	Decile 3	Decile 4	Decile 5	Decile 6	Decile 7	Decile 8	Decile 9	Decile 10		
Income Before Housing Costs												
1994/95	144	190	227	268	314	367	429	502	608	867	340	410
1995/96	144	193	229	269	315	367	426	498	616	879	340	411
1996/97	147	196	235	279	328	382	442	518	631	897	355	426
1997/98	146	198	240	285	336	388	450	528	642	916	361	437
1998/99	149	202	244	290	341	396	463	544	664	968	367	452
1999/00	151	209	251	297	350	405	471	556	674	979	378	461
2000/01	155	219	263	310	362	419	484	571	697	1,012	390	482
2001/02	166	230	276	327	381	438	503	591	728	1,054	409	503
2002/03	166	235	283	333	387	446	514	598	729	1,064	416	507
2003/04	165	236	285	335	388	446	515	602	731	1,057	416	505
2004/05	169	242	290	340	392	448	517	605	738	1,072	420	512
2005/06	166	242	291	340	393	455	524	613	747	1,101	424	519
2006/07	160	240	292	343	397	454	523	615	754	1,099	426	523
2007/08	159	238	291	343	396	458	527	618	757	1,121	427	529
2008/09	159	241	295	346	401	460	533	623	769	1,129	429	534
2009/10	168	248	301	350	403	462	535	625	770	1,153	432	542
2010/11	166	246	294	341	392	448	513	595	730	1,076	419	511
Income After Housing Costs												
1994/95	84	138	168	210	254	302	355	420	514	742	277	335
1995/96	91	140	169	211	255	301	353	418	516	753	278	337
1996/97	93	140	174	220	268	317	370	438	539	780	292	352
1997/98	92	143	181	229	274	322	377	447	549	793	297	363
1998/99	99	147	185	233	279	330	390	461	568	843	304	377
1999/00	99	154	194	242	290	342	398	476	581	860	316	389
2000/01	100	163	206	255	304	356	414	495	609	891	329	410
2001/02	110	175	219	273	322	375	433	511	634	936	348	429
2002/03	110	182	228	280	332	387	447	527	646	945	359	440
2003/04	107	185	233	284	335	390	452	533	654	962	362	442
2004/05	109	192	241	289	341	395	458	539	664	986	367	452
2005/06	107	189	240	291	343	402	466	551	678	1,012	372	459
2006/07	100	186	239	292	346	403	466	551	682	1,015	374	464
2007/08	99	185	239	292	348	407	473	557	690	1,043	377	472
2008/09	91	183	237	290	344	402	474	563	696	1,042	372	470
2009/10	96	186	238	289	343	403	473	559	697	1,064	373	474
2010/11	96	183	233	280	332	390	451	530	659	990	359	443

Notes:

1. Figures are for the United Kingdom from 2002/03 onwards. Earlier years are for Great Britain only.

Table 2.1ts (continued): Money values of quintile medians and overall population mean in average 2010/11 prices, United Kingdom¹

£pw equivalised 2010/11 prices										Source: FRS
	Quintile group medians					Population mean	Ratio of top to bottom quintile medians	Ratio of top to middle quintile medians	Ratio of middle to bottom quintile medians	
	Quintile 1	Quintile 2	Quintile 3 (median)	Quintile 4	Quintile 5					
Income Before Housing Costs										
1994/95	171	246	340	463	698	410	4.1	2.1	2.0	
1995/96	173	248	340	459	702	411	4.1	2.1	2.0	
1996/97	175	256	355	477	723	426	4.1	2.0	2.0	
1997/98	177	261	361	486	735	437	4.2	2.0	2.0	
1998/99	180	266	367	500	763	452	4.2	2.1	2.0	
1999/00	186	274	378	511	774	461	4.2	2.0	2.0	
2000/01	193	285	390	526	803	482	4.2	2.1	2.0	
2001/02	204	302	409	544	840	503	4.1	2.1	2.0	
2002/03	207	307	416	551	844	507	4.1	2.0	2.0	
2003/04	208	309	416	554	837	505	4.0	2.0	2.0	
2004/05	213	314	420	559	847	512	4.0	2.0	2.0	
2005/06	212	316	424	565	860	519	4.1	2.0	2.0	
2006/07	209	316	426	565	867	523	4.2	2.0	2.0	
2007/08	208	316	427	568	875	529	4.2	2.1	2.1	
2008/09	212	320	429	574	890	534	4.2	2.1	2.0	
2009/10	218	324	432	576	891	542	4.1	2.1	2.0	
2010/11	216	318	419	551	846	511	3.9	2.0	1.9	
Income After Housing Costs										
1994/95	118	188	277	386	589	335	5.0	2.1	2.3	
1995/96	122	189	278	383	596	337	4.9	2.1	2.3	
1996/97	123	196	292	401	620	352	5.1	2.1	2.4	
1997/98	125	204	297	409	632	363	5.1	2.1	2.4	
1998/99	130	209	304	422	659	377	5.1	2.2	2.3	
1999/00	134	218	316	435	672	389	5.0	2.1	2.4	
2000/01	141	230	329	450	705	410	5.0	2.1	2.3	
2001/02	152	246	348	470	735	429	4.8	2.1	2.3	
2002/03	156	253	359	485	749	440	4.8	2.1	2.3	
2003/04	155	258	362	489	754	442	4.9	2.1	2.3	
2004/05	161	265	367	496	770	452	4.8	2.1	2.3	
2005/06	158	265	372	505	786	459	5.0	2.1	2.4	
2006/07	155	265	374	505	794	464	5.1	2.1	2.4	
2007/08	153	265	377	513	804	472	5.2	2.1	2.5	
2008/09	150	264	372	514	810	470	5.4	2.2	2.5	
2009/10	151	263	373	512	813	474	5.4	2.2	2.5	
2010/11	150	257	359	487	764	443	5.1	2.1	2.4	

Notes:

1. Figures are for the United Kingdom from 2002/03 onwards. Earlier years are for Great Britain only.

Table 2.2ts (BHC): Income shares and Gini coefficient, United Kingdom^{1,2,3,4}

	Source: FRS																
	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11
Quintile shares of total income (%)																	
Bottom 20% of the income distribution	8	8	8	7	7	7	7	7	7	7	8	7	7	7	7	7	8
Second quintile	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12
Middle quintile	17	17	17	17	16	16	16	16	16	17	16	16	16	16	16	16	16
Fourth quintile	23	23	23	22	22	22	22	22	22	22	22	22	22	22	22	21	22
Top 20% of the income distribution	41	41	41	41	42	42	43	42	42	42	42	42	43	43	43	43	42
Share ratios																	
Ratio top quintile share to middle quintile share	2.5	2.5	2.5	2.5	2.6	2.6	2.6	2.6	2.6	2.5	2.5	2.6	2.6	2.7	2.7	2.7	2.5
Ratio middle quintile share to bottom quintile share	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.3	2.3	2.3	2.2	2.2
Ratio top quintile share to bottom quintile share	5.3	5.3	5.3	5.5	5.7	5.7	5.9	5.7	5.6	5.6	5.5	5.7	5.9	6.1	6.0	5.9	5.5
Other comparisons																	
<i>Bottom 10% of the income distribution.²</i>	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Bottom 30% of the income distribution	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13
Bottom 40% of the income distribution	20	20	20	19	19	19	19	19	20	20	20	20	19	19	19	19	20
Bottom 50% of the income distribution	27	28	27	27	27	27	27	27	27	27	28	27	27	27	27	27	28
<i>Top 10% of the income distribution.³</i>	26	26	26	27	27	27	28	28	28	27	27	28	28	29	29	29	27
Top 30% of the income distribution	53	53	53	54	54	54	55	54	54	54	54	54	54	55	55	55	53
Top 40% of the income distribution	64	64	64	64	64	64	65	64	64	64	64	64	64	65	65	65	63
Top 50% of the income distribution	73	72	73	73	73	73	73	73	73	73	72	73	73	73	73	73	72
Ratio top 30% share to bottom 30% share	4.0	4.0	4.0	4.1	4.2	4.2	4.3	4.2	4.1	4.1	4.1	4.1	4.2	4.3	4.3	4.3	4.0
Ratio top 40% share to bottom 40% share	3.2	3.2	3.2	3.3	3.4	3.3	3.4	3.3	3.3	3.2	3.2	3.3	3.3	3.4	3.4	3.4	3.2
Ratio top 50% share to bottom 50% share	2.6	2.6	2.6	2.7	2.7	2.7	2.7	2.7	2.7	2.6	2.6	2.7	2.7	2.8	2.8	2.7	2.6
Gini coefficient (per cent)	33	33	33	34	35	35	35	35	34	34	34	35	35	36	36	36	34

Notes:

1. Figures are for the United Kingdom from 2002/03 onwards. Earlier years are for Great Britain only.
2. Results for the bottom 10 per cent of reported incomes (italicised in the above table) are particularly vulnerable to income measurement problems. They have no validity as a guide to the consumption capabilities of the poorest 10 per cent of individuals.
3. Results for the top 10 per cent of reported incomes (italicised in the above table) are particularly vulnerable to sampling errors and income measurement problems. HMRC statistics are likely to provide a better guide to incomes at the top end of the income distribution.
4. Percentages may not sum to 100 per cent due to rounding.

Table 2.2ts (AHC): Income shares and Gini coefficient, United Kingdom^{1,2,3,4}

	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11
Source: FRS																	
Quintile shares of total income (%)																	
Bottom 20% of the income distribution	6	6	6	6	6	6	6	6	6	6	6	6	6	5	5	5	6
Second quintile	11	11	11	11	11	11	11	11	12	12	12	12	11	11	11	11	12
Middle quintile	17	17	17	16	16	16	16	16	16	16	16	16	16	16	16	16	16
Fourth quintile	23	23	23	23	23	23	22	22	22	22	22	22	22	22	22	22	22
Top 20% of the income distribution	43	43	43	44	44	44	45	44	44	44	44	44	45	46	46	46	44
Share ratios																	
Ratio top quintile share to middle quintile share	2.6	2.6	2.6	2.7	2.8	2.7	2.8	2.7	2.7	2.7	2.7	2.7	2.8	2.8	2.9	2.9	2.7
Ratio middle quintile share to bottom quintile share	2.8	2.7	2.8	2.8	2.8	2.8	2.8	2.7	2.7	2.8	2.7	2.9	2.9	3.0	3.1	3.0	2.9
Ratio top quintile share to bottom quintile share	7.4	7.1	7.3	7.5	7.6	7.6	7.9	7.5	7.3	7.4	7.3	7.8	8.1	8.7	9.0	8.7	7.8
Other comparisons																	
<i>Bottom 10% of the income distribution.²</i>	2	2	2	2	2	2	2	2	2	2	2	2	2	1	1	1	2
Bottom 30% of the income distribution	11	11	11	11	11	11	11	11	11	11	11	11	11	10	10	10	11
Bottom 40% of the income distribution	17	17	17	17	17	17	17	17	18	18	18	17	17	17	16	16	17
Bottom 50% of the income distribution	25	25	25	25	24	24	24	25	25	25	25	25	24	24	24	24	25
<i>Top 10% of the income distribution.³</i>	28	28	28	28	29	29	30	29	29	29	29	29	30	31	31	31	29
Top 30% of the income distribution	56	56	56	56	57	56	57	56	56	56	56	56	57	57	58	58	56
Top 40% of the income distribution	66	66	66	66	67	67	67	66	66	66	66	67	67	67	68	68	66
Top 50% of the income distribution	75	75	75	75	76	76	76	75	75	75	75	75	76	76	76	76	75
Ratio top 30% share to bottom 30% share	5.1	5.0	5.1	5.2	5.3	5.2	5.3	5.1	5.0	5.0	4.9	5.2	5.3	5.6	5.7	5.6	5.2
Ratio top 40% share to bottom 40% share	3.9	3.8	3.9	3.9	4.0	3.9	4.0	3.8	3.8	3.7	3.7	3.9	3.9	4.1	4.2	4.1	3.9
Ratio top 50% share to bottom 50% share	3.0	3.0	3.0	3.1	3.1	3.1	3.1	3.0	3.0	3.0	3.0	3.1	3.1	3.2	3.2	3.2	3.0
Gini coefficient (per cent)	37	37	37	38	39	38	39	38	38	38	38	39	39	40	40	40	38

Notes:

1. Figures are for the United Kingdom from 2002/03 onwards. Earlier years are for Great Britain only.
2. Results for the bottom 10 per cent of reported incomes (italicised in the above table) are particularly vulnerable to income measurement problems. They have no validity as a guide to the consumption capabilities of the poorest 10 per cent of individuals.
3. Results for the top 10 per cent of reported incomes (italicised in the above table) are particularly vulnerable to sampling errors and income measurement problems. HMRC statistics are likely to provide a better guide to incomes at the top end of the income distribution.
4. Percentages may not sum to 100 per cent due to rounding.

2 The income distribution

Table 2.3ts (BHC): Money values of quintile medians and population mean for family type and economic status groups in average 2010/11 prices^{1,2,3}

	Income Before Housing Costs (Epw equivalised 2010/11 prices)					Source: FRS
	Bottom quintile	Second quintile	Middle quintile (median)	Fourth quintile	Top quintile	Whole Group (mean)
1996/97 - 1998/99 (Great Britain)⁴						
Pensioner couple	180	241	309	414	660	391
Single male pensioner	165	228	275	355	545	335
Single female pensioner	152	213	256	328	481	302
Couple with children	178	272	360	466	689	429
Couple without children	237	398	514	652	947	585
Single with children	163	195	224	271	400	265
Single male without children	180	297	410	539	775	473
Single female without children	186	292	395	514	743	450
One or more full-time self-employed	141	279	398	556	1,010	550
Single/couple all in full-time work	310	426	524	646	893	587
Couple, one full-time, one part-time work	261	340	413	508	711	475
Couple, one full-time work, one not working	189	263	343	445	674	425
No full-time, one or more part-time work	162	227	287	389	615	362
Workless, one or more aged 60 or over	162	220	270	347	523	323
Workless, one or more unemployed	114	164	190	228	349	218
Workless, other inactive	150	189	220	271	402	256
All individuals	177	261	361	488	740	438
2008/09 - 2010/11 (United Kingdom)						
Pensioner couple	225	316	406	532	813	500
Single male pensioner	223	306	371	465	672	441
Single female pensioner	196	278	345	433	602	390
Couple with children	220	325	427	556	861	538
Couple without children	257	447	582	746	1,114	687
Single with children	206	261	311	378	523	353
Single male without children	184	317	431	571	852	513
Single female without children	199	324	434	563	832	496
One or more full-time self-employed	173	316	442	617	1,113	643
Single/couple all in full-time work	344	473	581	727	1,047	678
Couple, one full-time, one part-time work	310	407	498	619	905	581
Couple, one full-time work, one not working	230	302	384	509	821	539
No full-time, one or more part-time work	192	281	353	461	695	431
Workless, one or more aged 60 or over	204	285	351	442	634	406
Workless, one or more unemployed	110	197	239	287	444	266
Workless, other inactive	151	231	277	341	493	316
All individuals	215	321	427	567	876	529

Notes:

1. The 1996/97-1998/99 information is for Great Britain and 2008/09-2010/11 is for the United Kingdom. However, means and medians for Great Britain and the United Kingdom were found to be very similar (see Appendix 4 of HBAI 2004/05), so allowing comparisons of the type shown in this table.

2. From one year to the next, certain results may be volatile. Therefore, results have been presented as three-year averages to overcome this.

3. Results for the bottom quintile median are particularly vulnerable to income measurement problems.

Table 2.3ts (AHC): Money values of quintile medians and population mean for family type and economic status groups in average 2010/11 prices^{1,2,3}

	Quintiles of family type and economic status					Whole Group (mean)
	Bottom quintile	Second quintile	Middle quintile (median)	Fourth quintile	Top quintile	
Income After Housing Costs (£pw equivalised 2010/11 prices)						
Source: FRS						
1996/97 - 1998/99 (Great Britain)⁴						
Pensioner couple	145	204	273	376	614	351
Single male pensioner	141	174	238	331	545	307
Single female pensioner	133	166	213	305	462	272
Couple with children	123	209	288	378	569	346
Couple without children	177	329	434	553	809	493
Single with children	106	134	152	201	330	197
Single male without children	106	226	337	456	675	392
Single female without children	109	219	321	433	640	367
One or more full-time self-employed	80	213	323	466	884	460
Single/couple all in full-time work	243	349	436	543	767	493
Couple, one full-time, one part-time work	203	274	338	423	604	394
Couple, one full-time work, one not working	137	199	273	366	570	347
No full-time, one or more part-time work	110	167	230	331	546	303
Workless, one or more aged 60 or over	137	173	233	318	494	287
Workless, one or more unemployed	53	103	122	150	265	143
Workless, other inactive	90	130	149	193	325	185
All individuals	126	203	298	411	637	364
2008/09 - 2010/11 (United Kingdom)						
Pensioner couple	199	292	382	510	790	475
Single male pensioner	195	274	358	473	722	440
Single female pensioner	174	253	327	434	623	383
Couple with children	150	258	357	480	764	457
Couple without children	190	373	506	662	1,010	603
Single with children	130	188	232	306	462	279
Single male without children	96	236	358	502	778	437
Single female without children	108	242	356	495	755	416
One or more full-time self-employed	100	251	372	546	1,030	566
Single/couple all in full-time work	269	398	505	644	945	595
Couple, one full-time, one part-time work	244	341	427	546	820	508
Couple, one full-time work, one not working	158	237	317	440	740	463
No full-time, one or more part-time work	128	218	293	405	663	373
Workless, one or more aged 60 or over	179	258	330	429	634	388
Workless, one or more unemployed	30	112	163	206	362	183
Workless, other inactive	71	155	199	256	411	232
All individuals	151	261	368	505	796	462

Notes:

1. The 1996/97-1998/99 information is for Great Britain and 2008/09-2010/11 is for the United Kingdom. However, means and medians for Great Britain and the United Kingdom were found to be very similar (see Appendix 4 of HBAI 2004/05), so allowing comparisons of the type shown in this table.

2. From one year to the next, certain results may be volatile. Therefore, results have been presented as three-year averages to overcome this.

3. Results for the bottom quintile median are particularly vulnerable to income measurement problems. They are also affected by the presence of negative incomes on the After Housing Cost measure.

Table 2.4ts: Equivalent money values of overall distribution mean, median, and 60 per cent of median income for different family types in 2010/11 prices, United Kingdom^{1,2}

£pw equivalised 2010/11 prices	Source: FRS																
	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11
Income Before Housing Costs																	
Median																	
Couple no children	340	340	355	361	367	378	390	409	416	416	420	424	426	427	429	432	419
Single no children	228	228	238	242	246	253	261	274	279	279	282	284	285	286	287	289	281
Couple with two children aged 5 and 14	520	520	543	553	561	578	596	625	637	637	643	649	652	653	656	661	641
Single with two children aged 5 and 14	408	408	426	433	440	453	468	491	499	499	504	509	511	512	515	518	502
60% of median																	
Couple no children	204	204	213	217	220	227	234	245	250	250	252	254	256	256	257	259	251
Single no children	137	137	143	145	147	152	157	164	167	167	169	170	171	171	172	174	168
Couple with two children aged 5 and 14	312	312	326	332	337	347	358	375	382	382	386	389	391	392	394	397	384
Single with two children aged 5 and 14	245	245	255	260	264	272	281	294	300	300	303	305	307	307	309	311	301
Mean																	
Couple no children	410	411	426	437	452	461	482	503	507	505	512	519	523	529	534	542	511
Single no children	275	276	285	293	303	309	323	337	340	339	343	348	351	355	358	363	342
Couple with two children aged 5 and 14	627	630	651	668	691	706	737	769	776	773	784	795	801	810	817	829	782
Single with two children aged 5 and 14	492	494	511	524	542	553	578	603	608	606	615	623	628	635	641	650	613
Income After Housing Costs																	
Median																	
Couple no children	277	278	292	297	304	316	329	348	359	362	367	372	374	377	372	373	359
Single no children	161	161	169	172	176	183	191	202	208	210	213	216	217	218	216	217	208
Couple with two children aged 5 and 14	448	450	473	482	493	512	533	563	582	587	595	603	607	610	602	605	582
Single with two children aged 5 and 14	332	333	350	357	365	379	395	417	431	435	440	447	449	452	446	448	431
60% of median																	
Couple no children	166	167	175	178	182	190	197	209	216	217	220	223	225	226	223	224	215
Single no children	96	97	102	103	106	110	114	121	125	126	128	129	130	131	129	130	125
Couple with two children aged 5 and 14	269	270	284	289	296	307	320	338	349	352	357	362	364	366	361	363	349
Single with two children aged 5 and 14	199	200	210	214	219	228	237	250	259	261	264	268	270	271	268	269	258
Mean																	
Couple no children	335	337	352	363	377	389	410	429	440	442	452	459	464	472	470	474	443
Single no children	194	196	204	211	219	225	238	249	255	256	262	266	269	274	273	275	257
Couple with two children aged 5 and 14	543	546	570	588	612	630	664	696	712	715	732	744	751	764	761	767	718
Single with two children aged 5 and 14	402	405	422	436	453	467	492	515	527	530	542	551	556	566	564	568	532

Notes:

1. Figures are for the United Kingdom from 2002/03 onwards. Earlier years are for Great Britain only.

2. This table takes levels of equivalised income for the population as a whole and translates them into cash equivalents for a selection of family types. For example, for results Before Housing Costs, it shows that 60 per cent of median equivalised income in 2010/11 for a couple (the equivalised income reference) was £251 per week. This translates to a reference income of £168 for a single person with no children. This implies that a single person with no children with a cash income of £168 or less is below 60 per cent of median (equivalised) income for the population as a whole.