

Chapter 2

The income distribution

Key findings

- *Median equivalised net household income*¹ in 2011/12 was £427 per week, *Before Housing Costs (BHC)* and £367 per week, *After Housing Costs (AHC)*. This meant that the most commonly used threshold to determine if someone is in *relative low income*, 60 per cent of *median income*, was £256 per week, *BHC* and £220 per week, *AHC*.
- In 2011/12 *median income* decreased by 3 per cent in real terms compared with 2010/11, similar to the decrease in 2010/11. Prior to this, average income had risen in most years since 1994/95². Incomes across the distribution grew by less than Retail Prices Index (RPI) inflation³ in 2011/12. Median incomes fell as earnings and benefit income grew more slowly than the cost of living as measured by RPI.
- Overall there were *real terms* increases in *income* across the *income distribution* from 1998/99 to 2011/12. *Incomes*, both *BHC* and *AHC*, saw fastest growth in the lowest *quintile*.
- 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 *BHC*, a long 'tail' for higher *incomes*.
- Following a large reduction between 2009/10 and 2010/11, *income inequality* remained broadly level between 2010/11 and 2011/12. This is because the income of households fell by similar amounts across the entire distribution with no strong trend *BHC*, although *AHC* the incomes of households in the lowest quintiles fell by more than those in the highest quintiles. *Income inequality* is now at levels last seen in the middle of the last decade having increased towards the end of the decade.

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

² This is the first year of data available on a consistent basis.

³ HBAI uses variants of RPI to look at how incomes are changing over time in real terms. The use of the RPI in comparison to other measures to adjust for inflation has an effect on historical figures as described in the background section in **Chapter 1**. In accordance with the Statistics and Registration Service Act 2007, the Retail Prices Index and its derivatives have been assessed against the Code of Practice for Official Statistics and found not to meet the required standard for designation as National Statistics. A full report can be found on the UK Statistics Authority website.

2 The income distribution

1. 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 2011/12.

2. Income as a measure of living standards

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 paper](#) published in 2011 includes income measures, while the influential [Stiglitz-Sen-Fittoussi report on the Measurement of Economic Performance and Social Progress](#) 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 **Chapter 1**.

3. Drivers of low income

Economic indicators show:

- sustained growth in GDP between 1994/95 and 2007/08. After a contraction in both 2008/09 and 2009/10, there was a generally upward trend in 2010/11 although this growth slowed in 2011/12.
- growth in average earnings for 2011/12 was similar to that seen in 2010/11. Between 1996/97 and 2007/08, earnings growth was generally above RPI⁴, RPIJ and Consumer Prices Index (CPI) inflation, but it was lower than these indices in 2008/09, 2010/11 and 2011/12. This meant that in three of the last four years, average earnings fell in real terms. The reduction in real terms earnings may partly be due to a combination of both pay freezes and economic restructuring following the recession.
- growth in earnings seen in the survey data tended to be higher than the average earnings index. This was primarily due to increased numbers of working individuals in the survey data and went some way to mitigate real terms earnings reductions.
- the Bank of England interest rate in 2011/12 remained at the same low since 2009/10 (0.5 per cent), but inflation rates have been high at 4.8 per cent for the RPI, 4.1 per cent for RPIJ and 4.3 per cent for CPI⁵.
- there was a fall in the real disposable household income across the distribution in 2011/12. The fall was not as large as that seen in 2010/11 but

⁴ In accordance with the Statistics and Registration Service Act 2007, the Retail Prices Index and its derivatives have been assessed against the Code of Practice for Official Statistics and found not to meet the required standard for designation as National Statistics. A full report can be found on the [UK Statistics Authority](#) website.

⁵ All BHC 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 AHC incomes in this publication have been adjusted for inflation using the Retail Price Index excluding housing.

these two years constitute the only decreases seen since the series began in 1994/95.

- Following a reduction between 2007/08 and 2009/10, employment rates have been broadly flat between 2009/10 and 2011/12 for both males and females.

Earnings and benefit income grew more slowly than the cost of living as measured by the RPI, and these were drivers of the reduction in median and mean incomes⁶ in 2011/12. Mean income fell less than median income reflecting the slower reduction in earnings compared to benefit income.

Various benefit reforms (see Table A, overleaf) were introduced in 2011/12. These included the adoption of the CPI, rather than the RPI, for the uprating of many benefits and tax credits, the triple guarantee for basic State Pensions, measures to reduce housing benefit expenditure, and the focussing of tax credits on lower income families. These reforms had different effects on different benefit recipients but overall resulted in a real terms fall in benefit income.

HBAI uses variants of RPI to adjust for inflation to look at how incomes are changing over time in real terms. As described in the background section of **Chapter 1**, the use of different inflation measures has an effect on historical real terms income figures.

⁶ Such a reduction was predicted. For instance, in their 2012 commentary, available at <http://www.ifs.org.uk/comms/comm124.pdf>, IFS stated “recent forecasts by IFS researchers have suggested that median household income will continue to fall in real terms until 2013–14”.

Table A: Benefit and tax reform in 2011/12

Uprating

From April 2011 many benefits and tax credits were uprated in line with the CPI instead of RPI. From April 2011 basic State Pension uprating was governed by a 'triple guarantee' where the increase is the highest of earnings, prices or 2.5%. Prices were measured by RPI in 2011, although CPI was the Government's preferred measure for benefit uprating. The standard minimum income guarantee in Pension Credit was increased in April 2011 by the cash rise in a full basic State Pension.

Child Benefit

Child Benefit was frozen to help fund increases in the Child Tax Credit.

Housing Benefit (HB)

The following reforms impacted HB recipients in the private rented sector subject to Local Housing Allowance (LHA) calculations: the removal of the £15 excess, overall caps on LHA rates, the restriction to the four bedroom rate and reducing the level at which LHA rates are set to the 30th percentile of market rents rather than the median. Nine months transitional protection was afforded to existing customers from the anniversary of their claim. In January 2012, the shared accommodation rate in LHA (for claimants under the age of 25) was extended to claimants under 35 years old. The Government increased its contribution to local authorities' funding for Discretionary Housing Payments by £10 million in 2011/12, and it started to include an additional bedroom within the size criteria used to assess HB claims in the private rented sector where a disabled person, or someone with a long term health condition, has a proven need for overnight care and it is provided by a non-resident carer. There were also increases in non-dependent deductions for those in receipt of HB and renting in the private or social rented sectors.

Maternity payments

From April 2011 the Government restricted eligibility to the Sure Start Maternity Grant to the first child only and abolished the Health in Pregnancy Grant from January 2011.

Tax credits

The family element of the Child Tax Credit previously payable to families with an income of up to £50,000 was reduced to incomes of £40,000 from April 2011. The Government increased the rate at which tax credits are withdrawn once household incomes rise. The Government froze Child Benefit to help fund above indexation increases in the Child Tax Credit. The baby element of Child Tax Credit was removed from 2011-12. The basic and 30 hour element of working tax credits were frozen, and there was a reduction from 80 per cent to 70 per cent of eligible childcare costs. From April 2011, the level of in-year rises of income disregarded from calculations of tax credit entitlement decreased from £25,000 to £10,000. From April 2011, people aged over 60 qualified for Working Tax Credit if they worked at least 16 hours a week, rather than 30 as previously.

Council Tax

The Government allocated £650 million to help local authorities to implement a council tax freeze in England in 2011-12.

Personal allowance

There was a £1,000 cash increase in the income tax personal allowance, with a corresponding decrease in the levels at which the 40% higher rate of tax and the 2% rate of NICs are paid, for those aged under 65.

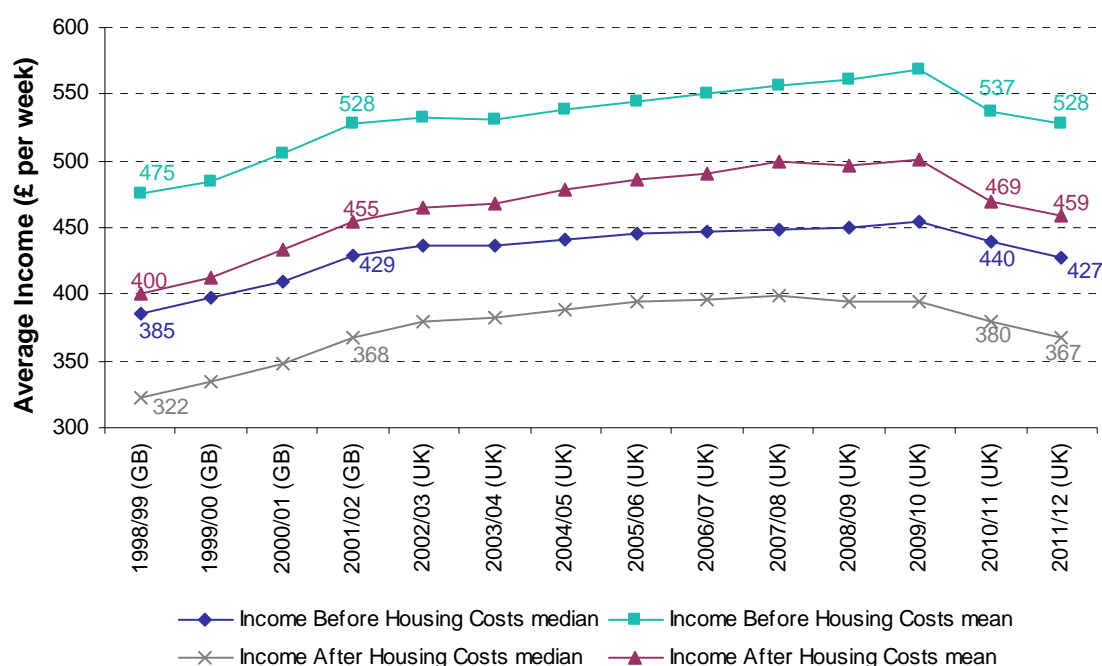
National Insurance Contributions

The main employee and self-employed NICs rate was increased by 1% in 2011-12. The additional employee and self-employed NICs rate was increased by 1%, from 1% to 2%. The primary threshold and lower profits limit were increased, whilst the upper earnings limit and upper profits limit were reduced.

4. What the figures show

Trends in average income: There were decreases in average incomes on all bases between 2010/11 and 2011/12 (Chart 2.1 and Table 2.1ts). Median incomes fell by around £12 a week⁷ (around 3 per cent both BHC and AHC) and mean incomes fell by around £10 per week (around 2 per cent both BHC and AHC) in real terms. This means that incomes in 2011/12 have fallen to around 2001/02 levels, adjusted by variants of the RPI, but are still higher than in 1998/99⁸.

Chart 2.1: Average incomes, 1998/99 to 2011/12, United Kingdom⁹



Income inequality: Income inequality remained reasonably level between 2010/11 and 2011/12. This is because the income of households fell by broadly similar amounts across the entire distribution with no strong trend BHC, although AHC the incomes of households in the lowest quintiles fell by more than those in the highest quintiles (Chart 2.2 and Table 2.1ts). The equivalised household income of individuals fell by 3 per cent both BHC and AHC. Individuals in the bottom quintile saw reductions of 2 per cent and 4 per cent BHC and AHC respectively. The higher falls in AHC income are driven by Housing support not rising in line with housing costs.

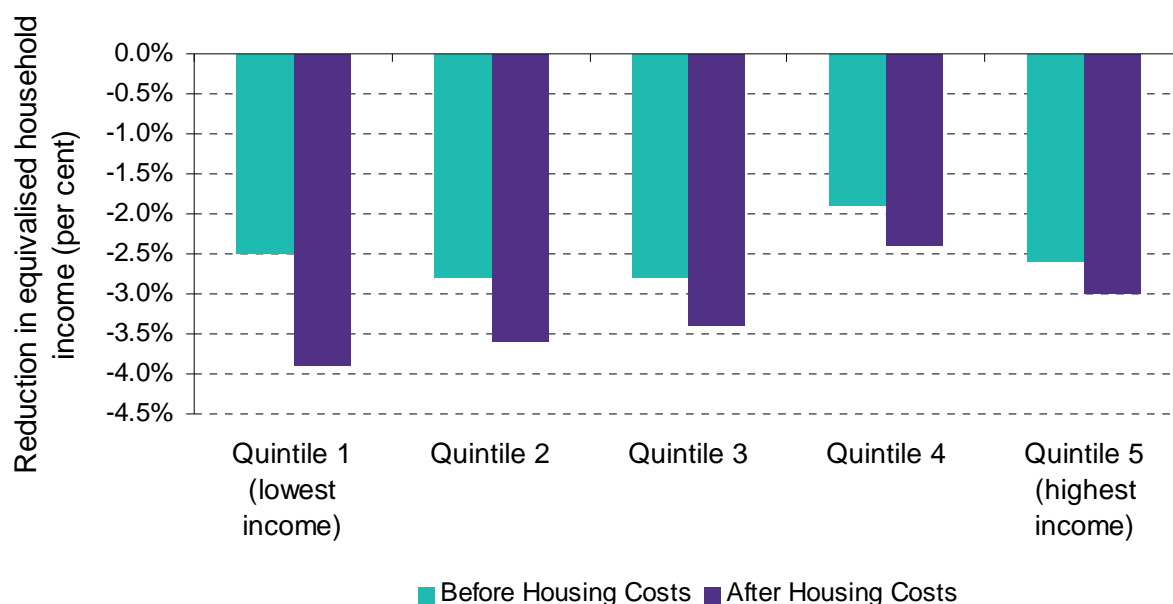
⁷ Chart 2.1 shows the reduction in median incomes to be equal to £13, BHC and AHC. This apparent inconsistency is due to rounding. Rounding figures at the final point of calculation of a statistic produces the best estimate.

⁸ Data are only available for the United Kingdom from 2002/03.

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

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Chart 2.2: Reduction in incomes by Quintile, 2010/11 to 2011/12, United Kingdom

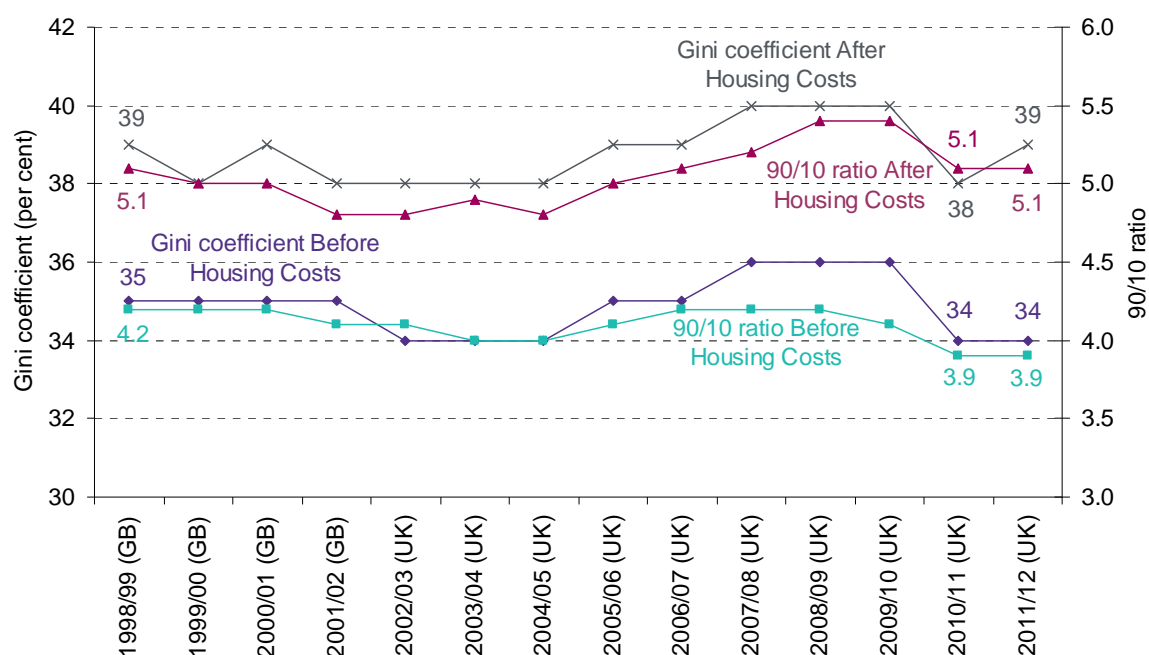


This change in income keeps the Gini coefficient¹⁰ broadly level, both BHC and AHC. The Gini coefficient BHC was 34 per cent in 2011/12 while AHC it was 39 per cent. No change was seen in the 90/10 ratio¹¹, BHC and AHC. Following a peak between 2007/08 and 2009/10 income inequality in 2011/12 is now around levels seen in 2004/05 BHC, and 2006/07 AHC. Despite this, in 2011/12, individuals in the top quintile accounted for over 40 per cent of total income both BHC and AHC, whilst those in the bottom quintile accounted for less than 10 per cent. (Chart 2.3 and Table 2.2ts).

¹⁰ The Gini coefficient is a widely-used measure of inequality, which can 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 one person).

¹¹ A further measure of inequality, defined as the ratio of the top quintile median (90th percentile) to the bottom quintile median (10th percentile).

Chart 2.3: Measures of income inequality, 1998/99 to 2011/12, United Kingdom¹²



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 contemporary median income, was £256 per week, BHC and £220 per week, AHC in 2011/12. The absolute low-income threshold is based on 60 per cent of the median income in 2010/11¹³, which was £264 per week, BHC and £228 per week, AHC in 2011/12 prices.

¹² Data are only available for the United Kingdom from 2002/03.

¹³ The change of baseline from 1998/99 to 2010/11 is explained in the Statistical Notice published on 16th May 2013 and reproduced in **Appendix 3**.

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The overall income distribution: Chart 2.4 shows the income distribution for the United Kingdom in 2011/12 both BHC and AHC. The shaded areas numbered 1 to 10 show each successive tenth, or decile, of the population.

An explanation of how the negative incomes AHC and zero incomes BHC shown in the chart can occur is given in **Appendix 1**.

Chart 2.4 (BHC): Income distribution for the total population, 2011/12

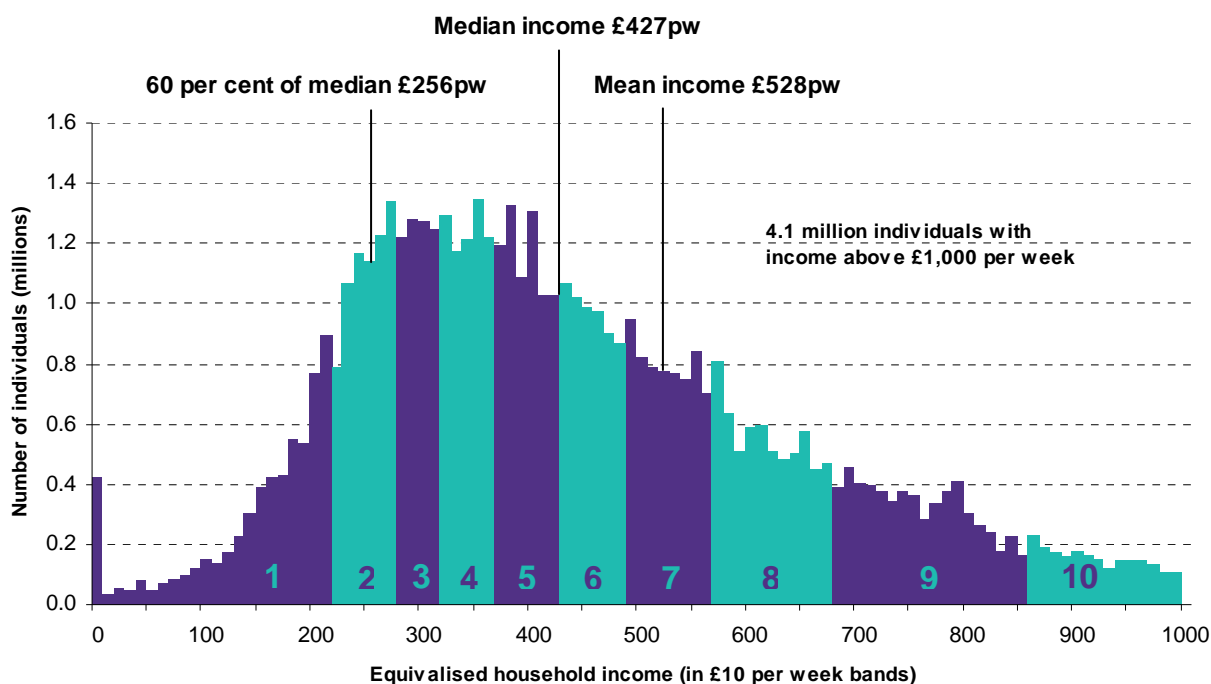
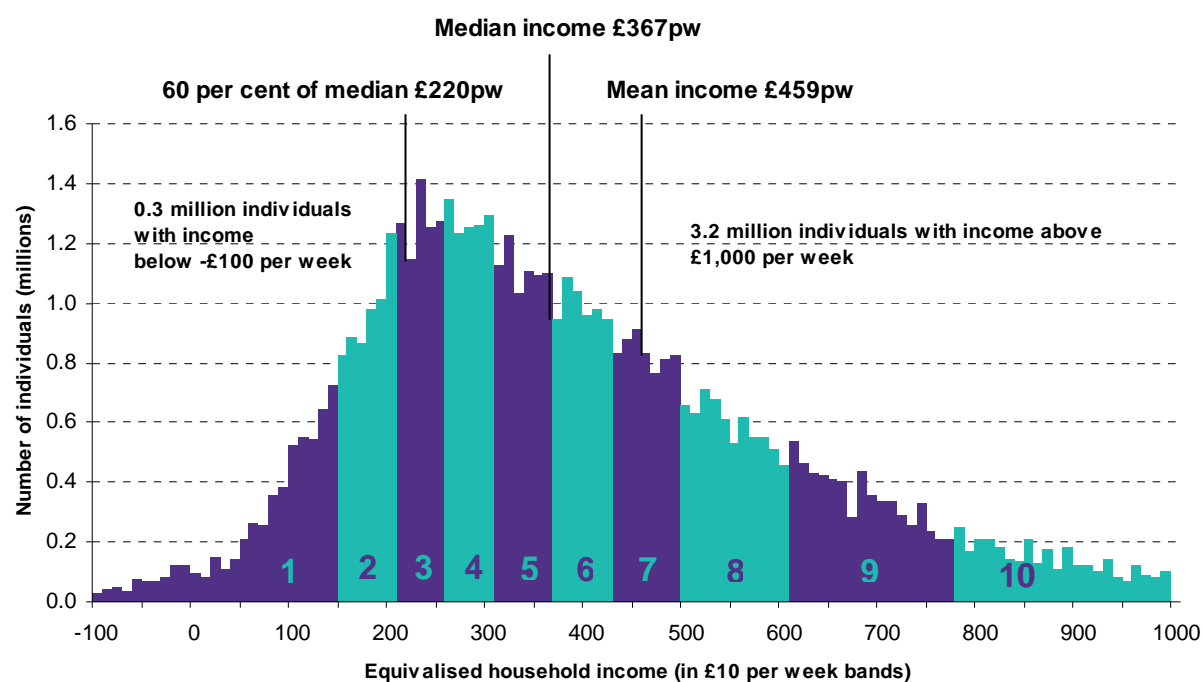


Chart 2.4 (AHC): Income distribution for the total population, 2011/12



The income distribution for 2011/12 is clearly skewed towards the lower end and has a long tail at the upper end. On a BHC 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 AHC 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. Overall, BHC, earnings have increased to around 36 per cent of the gross income of the bottom quintile while state support made up 53 per cent (Table 2.1db). In the top quintile, 83 per cent of income was derived from earnings. AHC, earnings made up around 41 per cent of the gross income of the bottom quintile while state support made up 50 per cent. In the top quintile, 82 per cent of income was derived from earnings.

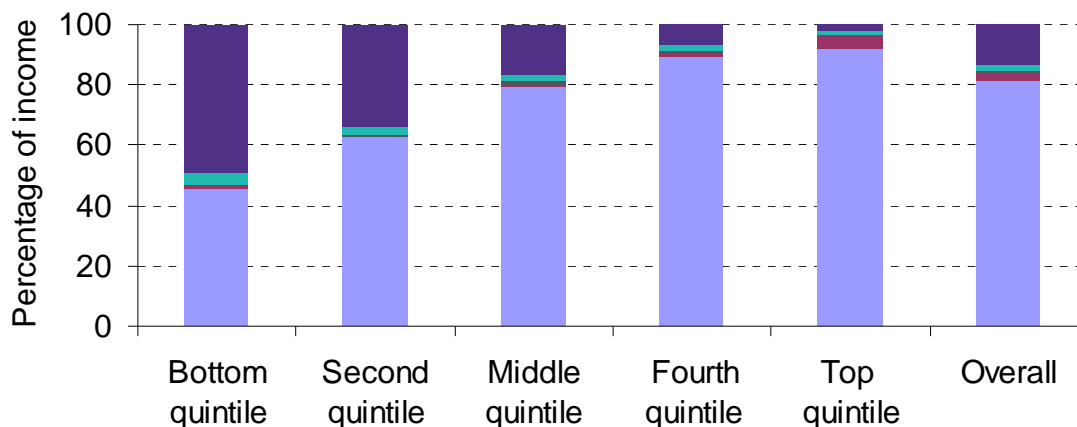
Chart 2.5 below looks at the distribution of gross income sources for different household types for each fifth, or quintile, of the population, ranked by net disposable household income, and by the various sources of income as a percentage of the total gross income of the quintile. Successive quintiles, 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.

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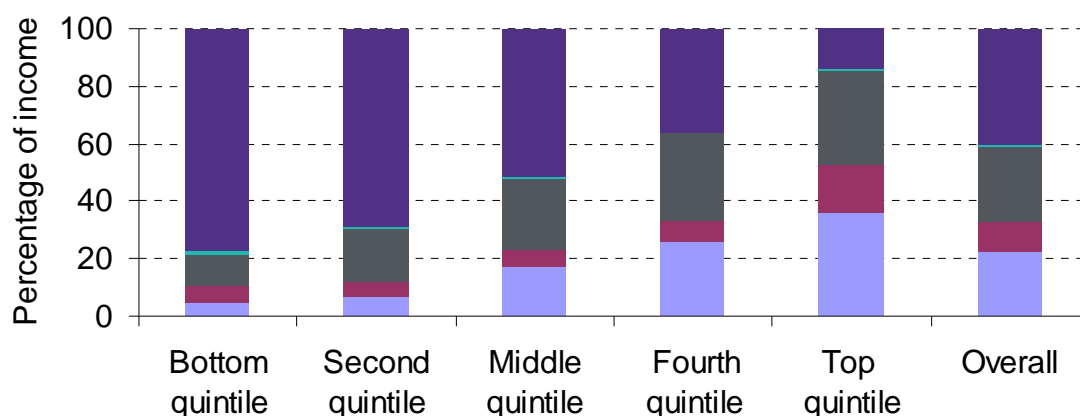
Chart 2.5 (BHC): Income sources as a proportion of gross income by quintile and household type, 2011/12



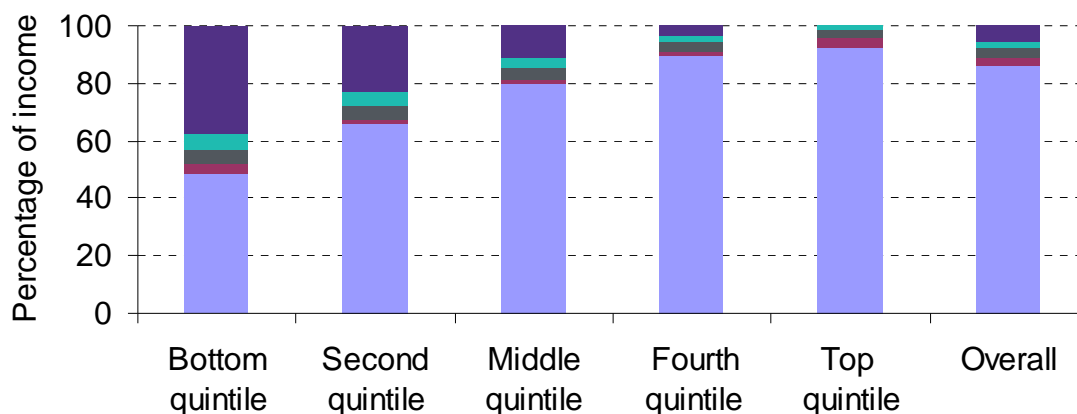
Households containing children



Households containing pensioners and no children



Households containing working-age adults only



Chapter 2 Glossary

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 *BHC*, housing costs¹⁵ are not deducted from income, while for *AHC* they are.

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.

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 (*BHC*). 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.

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 found by adding up *equivalised household incomes* for each individual in a population and dividing the result by the number of people.

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.

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

Low income

‘Low income’ is defined using thresholds derived from percentages of median income for the whole population. Households reporting the lowest incomes may not have the lowest living standards. The bottom 10 per cent of the income distribution should not, therefore, be interpreted as having the bottom 10 per cent of living standards. Results for the bottom decile are also particularly vulnerable to income measurement problems.

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, BHC or AHC. 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, BHC or AHC. The year 2010/11 is used in this report, in order to measure absolute low income in line with the Child Poverty Act 2010, and to keep the absolute measure more in line with contemporary living standards. Absolute low-income statistics fall if low-income households are seeing their incomes rise faster than inflation.

High income

Results for the top 10 per cent are particularly susceptible to sampling errors and income measurement problems.

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 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.

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 Chart 2.4 are positively skewed.

Chapter 2 tables

2.1tr	Key economic indicators.
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 (90 th percentile) to the bottom quintile median (10 th 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.

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

Percentages		Source: ONS, Bank of England							
	GDP Growth ⁴	Base Interest Rate ⁵	Inflation Rate (RPI) ⁶	Inflation Rate (RPIJ) ^{6,7}	Inflation Rate (CPI) ⁶	Male Employment rate ⁸	Female Employment Rate ⁸	Average Earnings Growth ⁹	Real Household Disposable Income growth ¹⁰
1994/95	4.6	5.6	2.7	-	2.0	75.9	62.3	3.6	1.4
1995/96	3.0	6.5	3.3	-	2.7	76.5	63.1	3.0	3.2
1996/97	3.1	5.8	2.4	-	2.3	77.0	63.7	3.8	4.2
1997/98	4.0	6.9	3.3	-	1.7	78.0	64.3	4.5	4.0
1998/99	3.2	6.8	3.1	2.8	1.6	78.5	64.9	5.0	1.9
1999/00	3.6	5.4	1.6	1.3	1.1	79.0	65.4	5.1	4.7
2000/01	4.0	6.0	3.0	2.6	0.8	79.3	66.0	4.4	4.7
2001/02	2.6	4.7	1.5	1.2	1.4	79.1	66.1	4.4	5.2
2002/03	2.7	4.0	2.1	1.8	1.2	79.1	66.4	3.2	2.4
2003/04	4.1	3.7	2.8	2.5	1.3	79.3	66.6	3.1	2.5
2004/05	2.2	4.6	3.1	2.8	1.5	79.2	66.7	4.9	1.7
2005/06	3.3	4.6	2.6	2.3	2.1	78.9	66.9	4.7	1.4
2006/07	2.3	4.8	3.7	3.3	2.6	78.8	66.7	4.9	1.0
2007/08	3.6	5.5	4.1	3.7	2.2	78.9	66.7	4.5	0.9
2008/09	-3.2	3.6	3.0	2.6	3.8	78.0	66.6	1.7	0.3
2009/10	-2.2	0.5	0.5	0.0	2.2	75.4	65.8	1.6	2.4
2010/11	1.8	0.5	5.0	4.3	3.5	75.7	65.5	2.0	-0.7
2011/12	0.8	0.5	4.8	4.1	4.3	75.5	65.5	2.0	-0.3

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. In accordance with the Statistics and Registration Service Act 2007, the Retail Prices Index and its derivatives have been assessed against the Code of Practice for Official Statistics and found not to meet the required standard for designation as National Statistics. A full report can be found
7. RPIJ are designated by ONS as 'experimental statistics' which are undergoing evaluation and being assessed for National Statistics status. The series starts from 1997.
8. Employment Rates are seasonally adjusted figures for the financial year and now cover the age range 16 to 64.
9. 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.
10. Real disposable income growth is based on the Real Disposable Income series, seasonally adjusted, financial years, chained volume measures.

Percentages	HBAI mean net disposable unequivalised income growth (BHC) ^{1,2}		Source: FRS
	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	
2011/12	-2.0	2.9	

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 2011/12				
	Bottom quintile	Second quintile	Middle quintile	Fourth quintile	Top quintile
Before Housing Costs					
Earnings	36	46	64	76	83
Investments	3	2	2	3	6
Occupational pensions	5	7	8	8	6
Miscellaneous	4	3	2	2	1
State support received	53	42	24	12	3
After Housing Costs					
Earnings	41	50	64	75	82
Investments	2	2	2	3	6
Occupational pensions	2	5	7	9	7
Miscellaneous	5	3	2	1	1
State support received	50	40	24	12	3

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 2011/12 prices, United Kingdom^{1,2}

£pw equivalised 2011/12 prices								Source: FRS 2011/12
	Mean	Median	60% median	Bottom quintile	Second quintile	Middle quintile	Fourth quintile	Top quintile
Before Housing Costs								
Couple with no children (equivalised income benchmark)	528	427	256	< 276	276 - 374	375 - 490	491 - 676	677 +
Single with no children	354	286	172	< 185	185 - 251	252 - 328	329 - 453	454 +
Couple with two children aged 5 and 14	808	654	392	< 423	423 - 573	574 - 750	751 - 1,034	1,035 +
Single with two children aged 5 and 14	634	513	308	< 332	332 - 449	450 - 588	589 - 811	812 +
After Housing Costs								
Couple with no children (equivalised income benchmark)	459	367	220	< 215	215 - 311	312 - 428	429 - 607	608 +
Single with no children	266	213	128	< 125	125 - 180	181 - 248	249 - 352	353 +
Couple with two children aged 5 and 14	743	594	357	< 349	349 - 504	505 - 694	695 - 983	984 +
Single with two children aged 5 and 14	550	440	264	< 258	258 - 373	374 - 514	515 - 728	729 +

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 2011/12 for a couple (the equivalised income reference) was £256 per week. This translates to a reference income of £172 for a single person with no children. This implies that a single person with no children with a cash income of less than £172 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 2011/12 prices, United Kingdom¹

£pw equivalised 2011/12 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	152	200	238	281	330	386	450	527	638	910	357	430
1995/96	151	203	240	283	331	386	447	523	647	923	357	432
1996/97	155	206	247	293	345	401	464	544	663	941	372	447
1997/98	153	208	252	299	353	407	472	555	674	962	379	459
1998/99	157	212	256	304	358	416	486	571	698	1,017	385	475
1999/00	159	220	264	312	368	425	494	584	708	1,028	397	484
2000/01	162	230	276	325	380	440	508	600	732	1,063	409	506
2001/02	174	241	290	344	400	460	529	620	765	1,107	429	528
2002/03	174	247	297	350	407	468	540	628	766	1,117	437	532
2003/04	173	248	299	351	407	468	540	632	768	1,110	437	531
2004/05	178	254	304	357	412	471	543	635	775	1,126	441	538
2005/06	174	254	305	357	413	477	550	644	785	1,156	445	545
2006/07	168	252	306	360	417	477	549	646	791	1,154	447	550
2007/08	167	250	306	360	416	481	553	648	795	1,177	448	556
2008/09	167	253	309	364	421	483	559	654	808	1,185	450	561
2009/10	177	261	316	367	423	485	562	657	808	1,210	454	569
2010/11	175	258	309	358	412	471	539	625	767	1,130	440	537
2011/12	176	251	301	350	400	458	527	617	754	1,110	427	528
Income After Housing Costs												
1994/95	89	146	178	223	269	319	376	444	544	785	293	355
1995/96	97	148	179	223	270	319	374	443	547	798	294	357
1996/97	98	148	184	233	284	335	392	463	571	826	309	372
1997/98	97	151	192	242	290	341	399	473	581	839	315	384
1998/99	105	156	196	246	295	349	412	488	601	892	322	400
1999/00	105	163	206	256	307	362	422	504	615	910	335	412
2000/01	105	173	218	270	322	377	438	524	645	944	348	434
2001/02	116	186	232	289	341	397	459	541	671	990	368	455
2002/03	116	193	242	297	352	410	474	558	684	1,001	380	465
2003/04	114	195	247	300	354	413	479	564	692	1,019	383	468
2004/05	116	204	255	306	361	418	485	571	702	1,043	389	478
2005/06	113	200	254	308	363	426	493	584	717	1,071	394	486
2006/07	106	197	253	309	367	426	494	583	721	1,075	396	491
2007/08	105	196	253	309	369	431	501	590	731	1,104	399	500
2008/09	96	194	251	307	364	426	502	596	737	1,103	394	497
2009/10	102	196	252	306	363	427	501	592	737	1,126	395	501
2010/11	102	193	246	297	351	413	478	561	697	1,048	380	469
2011/12	102	187	239	287	339	397	464	550	681	1,017	367	459

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 2011/12 prices, United Kingdom¹

£pw equivalised 2011/12 prices										Source: FRS
	Quintile group medians									
	Quintile 1	Quintile 2	Quintile 3 (median)	Quintile 4	Quintile 5	Population mean	Ratio of top to bottom quintile medians	Ratio of top to middle quintile medians	Ratio of middle to bottom quintile medians	
Income Before Housing Costs										
1994/95	180	259	357	486	733	430	4.1	2.1	2.0	
1995/96	182	261	357	482	738	432	4.1	2.1	2.0	
1996/97	184	269	372	501	759	447	4.1	2.0	2.0	
1997/98	186	274	379	511	772	459	4.2	2.0	2.0	
1998/99	189	279	385	525	801	475	4.2	2.1	2.0	
1999/00	196	288	397	536	813	484	4.2	2.0	2.0	
2000/01	202	300	409	552	843	506	4.2	2.1	2.0	
2001/02	214	317	429	572	883	528	4.1	2.1	2.0	
2002/03	217	322	437	578	886	532	4.1	2.0	2.0	
2003/04	219	325	437	582	878	531	4.0	2.0	2.0	
2004/05	224	330	441	587	889	538	4.0	2.0	2.0	
2005/06	223	331	445	594	903	545	4.1	2.0	2.0	
2006/07	219	331	447	593	910	550	4.2	2.0	2.0	
2007/08	218	332	448	597	919	556	4.2	2.1	2.1	
2008/09	222	337	450	603	934	561	4.2	2.1	2.0	
2009/10	229	341	454	605	936	569	4.1	2.1	2.0	
2010/11	227	334	440	579	888	537	3.9	2.0	1.9	
2011/12	221	325	427	568	865	528	3.9	2.0	1.9	
Income After Housing Costs										
1994/95	125	199	293	408	624	355	5.0	2.1	2.3	
1995/96	129	200	294	405	631	357	4.9	2.1	2.3	
1996/97	130	207	309	425	656	372	5.1	2.1	2.4	
1997/98	132	216	315	433	670	384	5.1	2.1	2.4	
1998/99	137	221	322	446	698	400	5.1	2.2	2.3	
1999/00	142	231	335	460	711	412	5.0	2.1	2.4	
2000/01	149	243	348	477	746	434	5.0	2.1	2.3	
2001/02	161	260	368	498	778	455	4.8	2.1	2.3	
2002/03	165	268	380	514	793	465	4.8	2.1	2.3	
2003/04	164	273	383	518	799	468	4.9	2.1	2.3	
2004/05	171	280	389	525	816	478	4.8	2.1	2.3	
2005/06	168	281	394	535	832	486	5.0	2.1	2.4	
2006/07	164	280	396	534	840	491	5.1	2.1	2.4	
2007/08	162	281	399	543	851	500	5.2	2.1	2.5	
2008/09	159	279	394	544	857	497	5.4	2.2	2.5	
2009/10	160	279	395	542	861	501	5.4	2.2	2.5	
2010/11	159	273	380	516	809	469	5.1	2.1	2.4	
2011/12	153	263	367	503	785	459	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	11/12
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	8
Second quintile	12	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	16
Fourth quintile	23	23	23	22	22	22	22	22	22	22	22	22	22	22	22	21	22	22
Top 20% of the income distribution	41	41	41	41	42	42	43	42	42	42	42	42	43	43	43	43	42	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	2.6
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	2.1
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	5.5
Other comparisons																		
<i>Bottom 10% of the income distribution:</i> ²	3	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	13
Bottom 40% of the income distribution	20	20	20	19	19	19	19	19	20	20	20	20	19	19	19	19	20	20
Bottom 50% of the income distribution	27	28	27	27	27	27	27	27	27	27	28	27	27	27	27	27	28	28
<i>Top 10% of the income distribution:</i> ³	26	26	26	27	27	27	28	28	28	27	27	28	28	29	29	29	27	28
Top 30% of the income distribution	53	53	53	54	54	54	55	54	54	54	54	54	54	55	55	55	53	54
Top 40% of the income distribution	64	64	64	64	64	64	65	64	64	64	64	64	64	65	65	65	63	64
Top 50% of the income distribution	73	72	73	73	73	73	73	73	73	73	72	73	73	73	73	73	72	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	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	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	2.6
Gini coefficient (per cent)	33	33	33	34	35	35	35	35	34	34	34	35	35	36	36	36	34	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}

	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	11/12
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	6
Second quintile	11	11	11	11	11	11	11	11	12	12	12	12	11	11	11	11	12	11
Middle quintile	17	17	17	16	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	22
Top 20% of the income distribution	43	43	43	44	44	44	45	44	44	44	44	44	45	46	46	46	44	45
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	2.8
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	2.8
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	7.9
Other comparisons																		
<i>Bottom 10% of the income distribution:</i> ²	2	2	2	2	2	2	2	2	2	2	2	2	2	1	1	1	2	2
Bottom 30% of the income distribution	11	11	11	11	11	11	11	11	11	11	11	11	11	10	10	10	11	11
Bottom 40% of the income distribution	17	17	17	17	17	17	17	17	18	18	18	17	17	17	16	16	17	17
Bottom 50% of the income distribution	25	25	25	25	24	24	24	25	25	25	25	25	24	24	24	24	25	25
<i>Top 10% of the income distribution:</i> ³	28	28	28	28	29	29	30	29	29	29	29	29	30	31	31	31	29	30
Top 30% of the income distribution	56	56	56	56	57	56	57	56	56	56	56	56	57	57	58	58	56	57
Top 40% of the income distribution	66	66	66	66	67	67	67	66	66	66	66	67	67	67	68	68	66	67
Top 50% of the income distribution	75	75	75	75	76	76	76	75	75	75	75	75	76	76	76	76	75	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	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	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	3.1
Gini coefficient (per cent)	37	37	37	38	39	38	39	38	38	38	38	39	39	40	40	40	38	39

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 2011/12 prices^{1,2,3}

Income Before Housing Costs (£pw equivalised 2011/12 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	189	253	324	435	693	411
Single male pensioner	173	239	289	372	572	352
Single female pensioner	159	223	269	344	505	317
Couple with children	186	286	378	489	724	451
Couple without children	249	418	540	685	994	614
Single with children	172	205	236	285	420	278
Single male without children	189	312	430	566	814	496
Single female without children	196	306	414	539	781	473
One or more full-time self-employed	149	292	418	584	1,060	577
Single/couple all in full-time work	326	447	550	678	937	616
Couple, one full-time, one part-time work	274	357	433	534	747	499
Couple, one full-time work, one not working	198	276	360	468	708	446
No full-time, one or more part-time work	170	238	301	408	646	380
Workless, one or more aged 60 or over	170	231	283	365	549	339
Workless, one or more unemployed	119	172	199	239	367	228
Workless, other inactive	158	199	231	284	422	269
All individuals	186	274	379	512	777	460
2009/10 - 2011/12 (United Kingdom)						
Pensioner couple	240	333	426	557	844	525
Single male pensioner	232	319	382	481	696	461
Single female pensioner	208	289	360	450	627	404
Couple with children	231	335	439	573	890	555
Couple without children	263	457	592	757	1,130	699
Single with children	217	278	328	397	537	365
Single male without children	193	325	442	589	865	519
Single female without children	202	331	444	580	842	510
One or more full-time self-employed	188	328	453	629	1,138	646
Single/couple all in full-time work	355	486	598	746	1,069	694
Couple, one full-time, one part-time work	318	417	513	632	929	598
Couple, one full-time work, one not working	237	313	395	524	855	562
No full-time, one or more part-time work	202	295	370	477	726	449
Workless, one or more aged 60 or over	216	300	367	461	662	424
Workless, one or more unemployed	120	207	250	304	456	278
Workless, other inactive	162	244	292	360	515	333
All individuals	226	333	440	584	896	545

Notes:

1. The 1996/97-1998/99 information is for Great Britain and 2009/10-2011/12 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 2011/12 prices^{1,2,3}

Income After Housing Costs (£pw equivalised 2011/12 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	153	216	289	399	650	371
Single male pensioner	149	184	252	351	577	325
Single female pensioner	141	175	226	323	489	288
Couple with children	130	222	305	400	602	367
Couple without children	187	348	460	585	856	522
Single with children	112	142	161	212	349	208
Single male without children	112	239	357	483	714	415
Single female without children	116	232	340	458	678	388
One or more full-time self-employed	84	225	342	494	936	487
Single/couple all in full-time work	257	369	462	575	812	522
Couple, one full-time, one part-time work	215	290	358	448	639	418
Couple, one full-time work, one not working	145	211	289	388	603	367
No full-time, one or more part-time work	116	177	244	351	578	321
Workless, one or more aged 60 or over	146	183	246	336	523	304
Workless, one or more unemployed	56	109	129	159	281	152
Workless, other inactive	95	138	157	205	344	195
All individuals	133	215	315	435	674	385
2009/10 - 2011/12 (United Kingdom)						
Pensioner couple	212	306	402	532	822	498
Single male pensioner	203	284	370	486	737	460
Single female pensioner	181	264	339	447	644	395
Couple with children	159	267	369	500	795	474
Couple without children	196	380	515	672	1,032	616
Single with children	137	198	246	319	466	287
Single male without children	101	240	367	516	794	440
Single female without children	111	249	365	507	777	429
One or more full-time self-employed	115	264	387	557	1,044	568
Single/couple all in full-time work	277	411	521	663	972	612
Couple, one full-time, one part-time work	252	352	443	561	840	526
Couple, one full-time work, one not working	164	247	328	457	771	486
No full-time, one or more part-time work	133	227	304	420	682	387
Workless, one or more aged 60 or over	189	269	345	445	659	405
Workless, one or more unemployed	34	114	168	215	369	189
Workless, other inactive	76	162	210	270	427	244
All individuals	157	271	381	520	818	477

Notes:

1. The 1996/97-1998/99 information is for Great Britain and 2009/10-2011/12 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 2011/12 prices, United Kingdom^{1,2}

£pw equivalised 2011/12 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	11/12
Income Before Housing Costs																		
Median																		
Couple no children	357	357	372	379	385	397	409	429	437	437	441	445	447	448	450	454	440	427
Single no children	239	239	250	254	258	266	274	288	293	293	296	298	300	300	302	304	295	286
Couple with two children aged 5 and 14	546	546	570	580	589	607	626	657	669	669	675	681	684	685	689	694	673	654
Single with two children aged 5 and 14	428	428	447	455	462	476	491	515	524	524	530	534	537	537	541	544	528	513
60% of median																		
Couple no children	214	214	223	228	231	238	246	258	262	262	265	267	268	269	270	272	264	256
Single no children	143	143	150	152	155	160	164	173	176	176	177	179	180	180	181	182	177	172
Couple with two children aged 5 and 14	327	327	342	348	353	364	376	394	401	401	405	409	411	411	413	417	404	392
Single with two children aged 5 and 14	257	257	268	273	277	286	295	309	315	315	318	321	322	322	324	327	317	308
Mean																		
Couple no children	430	432	447	459	475	484	506	528	532	531	538	545	550	556	561	569	537	528
Single no children	288	289	299	307	318	324	339	354	357	356	360	365	368	372	376	381	359	354
Couple with two children aged 5 and 14	658	661	684	702	726	741	774	808	815	812	823	834	841	850	858	871	821	808
Single with two children aged 5 and 14	516	518	536	550	569	581	607	634	639	637	646	654	659	667	673	683	644	634
Income After Housing Costs																		
Median																		
Couple no children	293	294	309	315	322	335	348	368	380	383	389	394	396	399	394	395	380	367
Single no children	170	171	179	183	187	194	202	213	221	222	225	228	230	231	228	229	220	213
Couple with two children aged 5 and 14	475	476	501	510	521	542	564	596	616	621	629	638	642	646	638	641	616	594
Single with two children aged 5 and 14	352	353	371	378	386	402	418	441	456	460	466	473	476	478	472	474	456	440
60% of median																		
Couple no children	176	176	185	189	193	201	209	221	228	230	233	236	238	239	236	237	228	220
Single no children	102	102	108	110	112	116	121	128	132	133	135	137	138	139	137	138	132	128
Couple with two children aged 5 and 14	285	286	300	306	313	325	338	358	370	373	378	383	385	388	383	384	369	357
Single with two children aged 5 and 14	211	212	223	227	232	241	251	265	274	276	280	284	285	287	283	285	274	264
Mean																		
Couple no children	355	357	372	384	400	412	434	455	465	468	478	486	491	500	497	501	469	459
Single no children	206	207	216	223	232	239	252	264	270	271	278	282	285	290	289	291	272	266
Couple with two children aged 5 and 14	575	578	603	623	647	667	703	737	754	757	775	788	795	809	806	812	760	743
Single with two children aged 5 and 14	426	428	447	461	480	494	521	546	558	561	574	584	589	599	597	602	563	550

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 2011/12 for a couple (the equivalised income reference) was £256 per week. This translates to a reference income of £172 for a single person with no children. This implies that a single person with no children with a cash income of less than £172 is below 60 per cent of median equivalised income for the population as a whole.