



Department
for Work &
Pensions

Annual net income of households containing a disabled person 2012/13

August 2014

Contents

Method 3

Results 6

Method

The data within this publication has been sourced from the Family Resources Survey (FRS) and Household Below Average Income (HBAI). The latest available data is 2012/13.

Annual net (disposable) income has been summed across all households containing an adult and/or child who is disabled, as classified under the FRS definition of disability.

Disability

In the FRS, a person is defined as being disabled if they have a long-standing illness, disability or impairment which causes substantial difficulty with day-to-day activities a little or a lot. Everyone classified as disabled under this definition would also be classified as disabled under the general definition of disability in the Equality Act (EA) which has applied since October 2010. However, some individuals classified as disabled and having rights under the EA would not be captured by this definition.

Household Income

The income measure used is annual net (disposable) household income. This comprises total income from all sources of all household members including dependents.

A household is defined as one person living alone or a group of people (not necessarily related) living at the same address who share cooking facilities and share a living room or sitting room or dining area.

Annual net income is presented separately on a Before Housing Costs (BHC) basis and an After Housing Costs (AHC) basis. For BHC, housing costs are not deducted from income, while for AHC they are.

The income measure is unequivalised, i.e. it has not been adjusted for household size and composition. This means that the statistics presented are on a different basis to those in the HBAI publication, which are adjusted using modified OECD equivalisation factors for household size and composition. In addition, the HBAI publication presents statistics at a family level basis, whereas the statistics presented here are at a household level.

Deflators have been used to calculate real terms net income figures to the average of the 2012/13 survey year. HBAI uses variants of RPI to adjust for inflation to look at how incomes are changing over time in real terms. Inflation is the speed at which the

prices of goods and services bought by households rise or fall. The use of different inflation measures has an effect on trends in household income. Using other inflation indices instead of RPI would decrease real terms income prior to 2012/13 (with the largest differences in earlier years).

Households receive income from a variety of sources.

In detail, income includes:

- usual net earnings from employment;
- profit or loss from self-employment (losses are treated as a negative income);
- state support - all benefits and tax credits;
- income from occupational and private pensions;
- investment income;
- maintenance payments, if a person receives them directly;
- income from educational grants and scholarships (including, for students, top loans and parental contributions);
- the cash value of certain forms of income in kind (free school meals, free school breakfast, free school milk, free school fruit and vegetables, Healthy Start vouchers and free TV licence for those aged 75 and over).

Income is net of the following items:

- income tax payments;
- National Insurance contributions;
- domestic rates / council tax;
- contributions to occupational pension schemes (including all additional voluntary contributions (AVCs) to occupational pension schemes, and any contributions to stakeholder and personal pensions);
- all maintenance and child support payments, which are deducted from the income of the person making the payment;
- parental contributions to students living away from home;
- student loan repayments.

Housing costs include:

- rent (gross of housing benefit);
- water rates,
- community water charges and council water charges;

- mortgage interest
- payments (net of tax relief);
- structural insurance premiums (for owner occupiers);
- ground rent and service charges.

Regional Breakdown

Regional classifications are based on the standard statistical geography of the former Government Office Regions: nine in England, and a single region for each of Scotland, Wales and Northern Ireland. These regions are built up of complete counties or unitary authorities.

Disaggregation by geographical regions is presented as three-year averages. This presentation has been used as single-year regional estimates are considered too volatile.

In 2012/13, in order to fully comply with the Equality Act definition, the FRS adopted a new suite of harmonised questions on disability. Therefore, the means of identifying disabled people has changed and comparisons between 2012/13 and previous years should be treated with caution, as they may be affected by the change in the definition of disability.

Due to this change in definition, the regional three-year averages are based on data from 2009/10, 2010/11 and 2011/12. Estimates for the UK, however, are shown as single year estimates for the latest available year, 2012/13.

Results

Table 1: Annual net income of households containing a disabled person, 2012/13

| | Total annual net income (£ billion) | |
|----|--|---------------------|
| | Before Housing Costs | After Housing Costs |
| UK | 244 | 212 |

Table 2: Annual net income of households containing a disabled person, by region

Three-year average across 2009/10 to 2011/12.
Data at 2012/13 prices.

| | Total annual net income (£ billion) | |
|---------------------------|--|---------------------|
| | Before Housing Costs | After Housing Costs |
| North East | 11 | 10 |
| North West and Merseyside | 28 | 25 |
| Yorkshire and Humberside | 21 | 18 |
| East Midlands | 17 | 15 |
| West Midlands | 22 | 19 |
| Eastern | 23 | 20 |
| London | 28 | 23 |
| South East | 34 | 30 |
| South West | 20 | 17 |
| Wales | 12 | 11 |
| Scotland | 20 | 18 |
| Northern Ireland | 6 | 5 |

Notes to tables 1 and 2:

- Total figures have been rounded to the nearest billion.
- These statistics are based on Households Below Average Income (HBAI), sourced from the Family Resources Survey (FRS).
- The FRS is an annual nationally representative sample of approximately 20,000 UK private households. Data for 2012/13, the latest year available, were collected between April 2012 and March 2013.
- The figures from the FRS are based on a sample of households which have been adjusted for non-response using multi-purpose grossing factors which align the FRS to Government Office Region population by age and sex. Estimates are subject to sampling error and remaining non-response error.
- Annual net income has been summed across all households containing an adult and/or child who is disabled. A person is defined as being disabled if they have a long-standing illness, disability or impairment which causes substantial difficulty with day-to-day activities a little or a lot.
- The income measure provided is unequivalised, i.e. it has not been adjusted for household size and composition. This means that the statistics presented are on a different basis to those in the HBAI publication, which are adjusted using modified OECD equivalisation factors for household size and composition.
- Deflators have been used to calculate real terms net income figures to the average of the 2012/13 survey year. HBAI uses variants of RPI to adjust for inflation to look at how incomes are changing over time in real terms. Inflation is the speed at which the prices of goods and services bought by households rise or fall. The use of different inflation measures has an effect on trends in household income. Using other inflation indices instead of RPI would decrease real terms income prior to 2012/13 (with the largest differences in earlier years).
- Disaggregation by geographical regions is presented as three-year averages as single-year regional estimates are considered too volatile. Three-year averages across 2009/10 to 2011/12 have been used due to the change in definition of disability introduced in the FRS in the 2012/13 survey.
- Coverage: UK

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