

Income Dynamics: Income Movements and the Persistence of Low Incomes

Data for 2010 to 2018

● Annual

Published: 26 March 2020

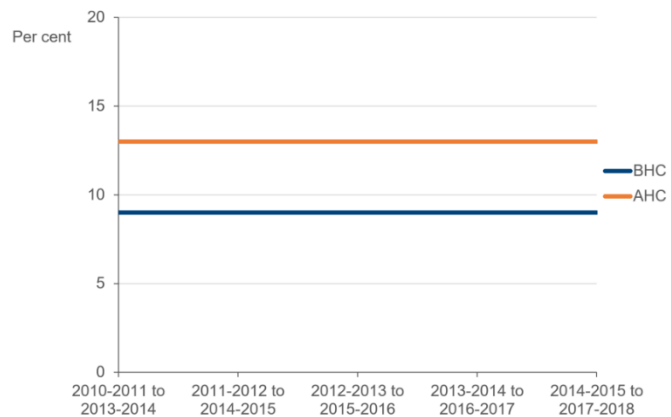
United Kingdom

Official Statistics

Income Dynamics (ID) presents information on changes in income over time. Its main findings relate to persistent low income. Individuals are in persistent low income if they are in relative low income for at least three out of four consecutive annual interviews. Analysis of entries into and exits from low income is also included, as well as individual movements within the overall income distribution over time.

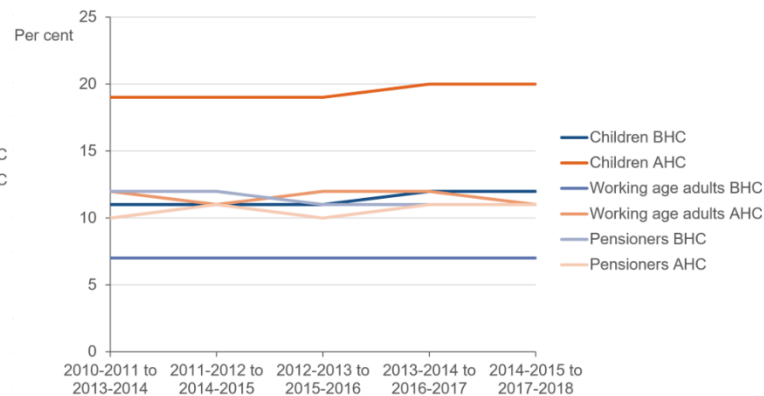
- In 2014-2018, nine per cent of individuals were in persistent low income before housing costs (BHC), and 13 per cent after housing costs (AHC). Persistent low income rates are lower than the single year rates published by [Households Below Average Income](#). This is because people move out of and into low income: fewer people remain in low income for three years out of four than experience low income in any single year.
- Children and pensioners had higher rates of persistent low income than working-age adults BHC. AHC rates for children were considerably higher than rates for working-age adults and pensioners.
- There has been less movement at the top and bottom of the income distribution both over the short and longer term. Rates of entry into and exit from low income have been relatively stable over time.

Persistent low income over time



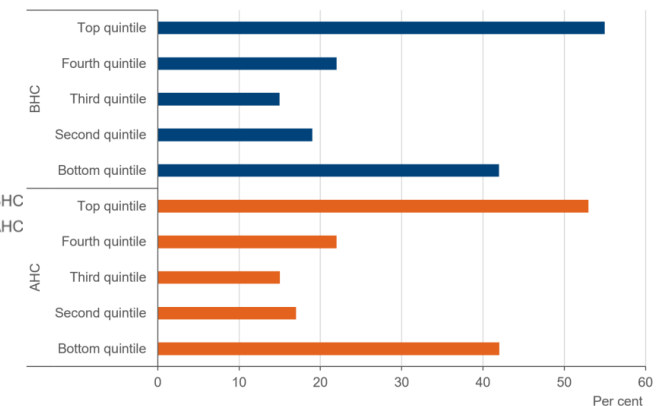
Persistent low income has been stable over time: nine per cent of individuals (BHC) and 13 per cent (AHC).

Persistent low income by population group, over time



Trends for individual population groups have changed little over time.

Percentage of those who spent all or most of their time in the same quintile since 2010-2011



Those at the top or bottom of the income distribution experienced less movement over the period 2010-2011 to 2017-2018 than those nearer the middle.

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Introduction

This is the fourth annual statistics publication on Income Dynamics (ID). It provides data on changes in household incomes in the UK, including information on individuals in persistent low income. This publication meets DWP's statutory obligation to publish a measure of persistent low income for children under Section 4 of the [Welfare Reform and Work Act 2016](#). Findings on persistent low income among pensioners and working-age adults are also presented.

Income measures

ID uses a disposable household income measure, adjusted for household size and composition, as a proxy for living standards. We routinely report the statistics before and after housing costs. A household is said to be in relative low income if their equivalised income is below 60 per cent of median income. The income measures used in ID are subject to several statistical adjustments in line with international best practice. This means they may not always be directly relatable to the amounts understood by individuals on a day-to-day basis. These adjustments are necessary however, to allow us to make comparisons over time and across household compositions on a consistent basis. Please refer to the background information on page 15 and the methodology report published alongside this release.

Survey data

ID estimates are based on [Understanding Society](#), a longitudinal survey run by the University of Essex, which follows sampled individuals over time. It has a two-year survey period ("wave") with individuals interviewed once a year. In 2017-2018, the Wave 9 longitudinal sample included over 32,000 individuals. For the purposes of this analysis, individuals are classified according to their characteristics at the *first* wave in the analysis e.g. where analysis covers 2014-2015 to 2017-2018, working-age adults are adults who were below State Pension age when they were interviewed for the 2014-2015 wave.

Use of survey data means that estimates in this report are subject to a margin of error. Care should therefore be taken in interpreting apparent change over time, which may reflect sampling error rather than real change from one year to the next. This holds particularly true over the short term and where percentage point differences are small. Percentages are rounded to the nearest percentage point independently, and as a result may not sum to 100. DWP have worked with the University of Essex to improve the quality of the derivation of incomes. As such, these statistics have been subject to revisions beyond those that occur routinely in longitudinal data analysis. Please refer to the accompanying 'Income Dynamics: Background information and methodology' report for more information.

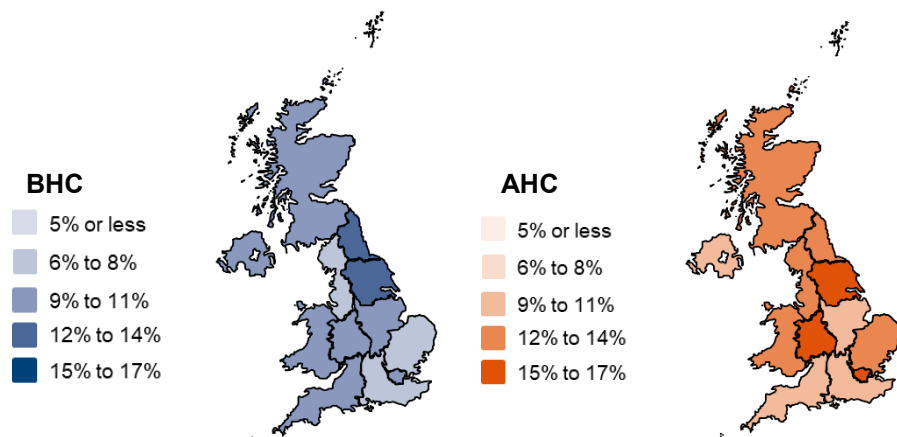
Additional tables

Table references are provided. Tables are available via the following link:
<https://www.gov.uk/government/statistics/income-dynamics-2010-to-2018>

An overview of persistent low income

Between 2014 and 2018, rates of persistent low income for all individuals were nine per cent before housing costs (BHC) and 13 per cent after housing costs (AHC). Rates have remained stable since the start of the series.

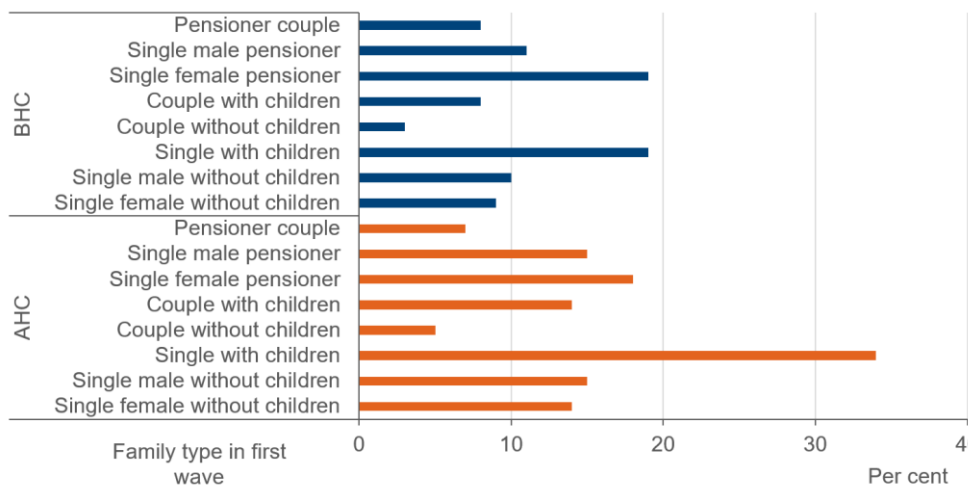
Rates of persistent low income varied across the regions and countries of the UK.



The four countries of the UK had broadly similar rates of persistent low income BHC, between nine per cent to 10 per cent. Within England, the highest rates of persistent low income were in the North East and Yorkshire and the Humber. Lower rates were observed in the south and east of the country as well as the North West.

Northern Ireland had a slightly lower rate of persistent low income AHC compared to other countries of the UK, at 11 per cent compared to 13 per cent. Rates of persistent low income AHC were higher than BHC rates across all regions of England. The largest difference was observed in London (17 per cent AHC compared to nine per cent BHC). See **Tables 2.2p and 2.8p** for more information.

Individuals in families headed by a single adult tended to have higher rates of persistent low income than those headed by couples. Housing costs notably increased rates of persistent low income for families with children.

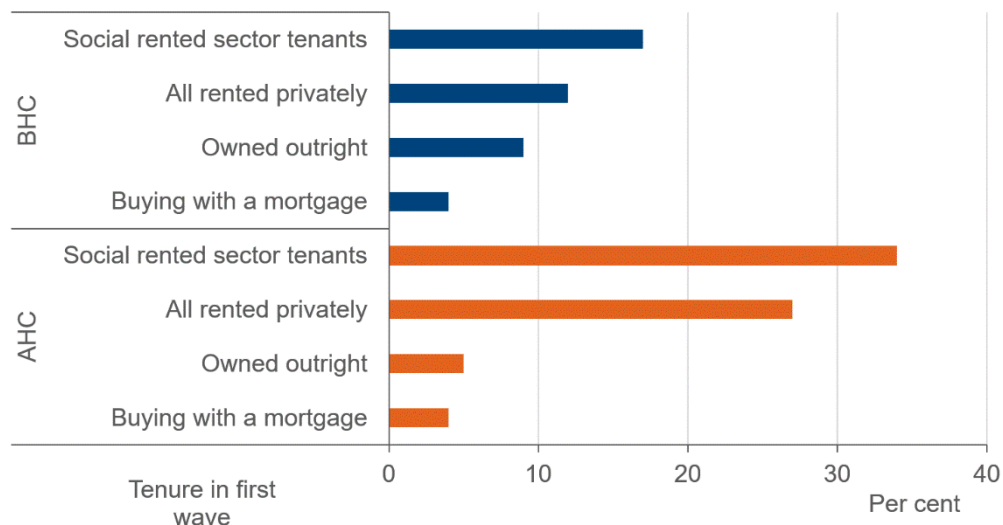


The highest rates of BHC persistent low income amongst family types were among single female pensioners and single adults with children (both 19 per cent). The lowest rates were observed for couples without children (three per cent), pensioner couples and couples with children (both eight per cent).

The highest rates of persistent low income AHC were amongst single parents with children. At 34 per cent, this rate was notably higher than that observed in other family types. The effect of housing costs on rates of persistent low income was most marked for family types with children, with significant increases in rates for both single parent families and couples with children.

See **Tables 2.1p and 2.7p** for more information.

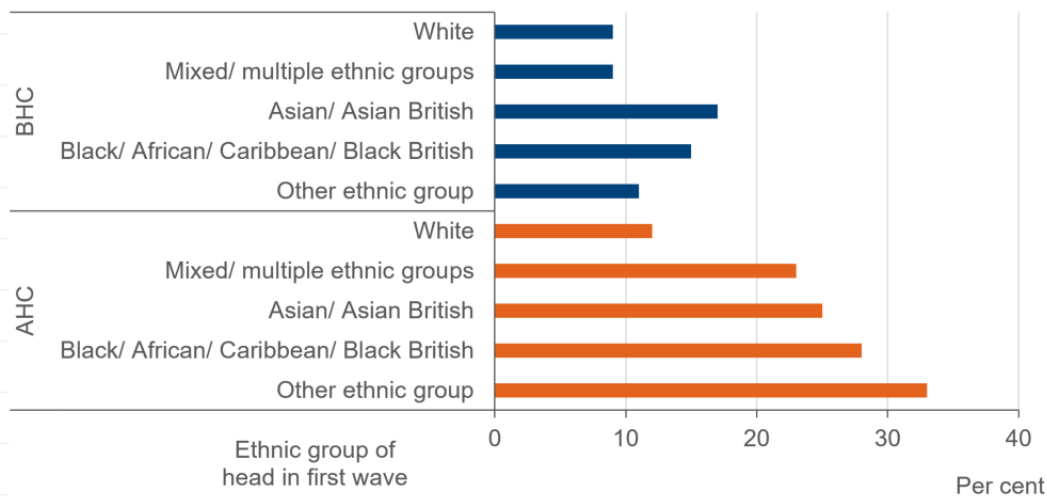
Individuals living in rented homes had higher rates of persistent low income compared with those living in homes being bought with a mortgage or which were owned outright. Housing costs increased these differences.



Individuals living in households who were buying their home with a mortgage had the lowest rates of persistent low income BHC of all tenure groups (four per cent). Individuals in rented homes, in either the social or private rented sector, had higher rates of persistent low income BHC (17 per cent and 12 per cent respectively).

Taking into account housing costs increased rates of persistent low income for individuals living in rented homes. Individuals in the social rented and private rented sector had much higher rates of persistent low income AHC (34 per cent and 27 per cent respectively) compared to those in households who owned their homes outright or were buying with a mortgage (five per cent and four per cent respectively). See **Tables 2.2p and 2.8p** for more information.

Individuals from the White ethnic group had lower rates of persistent low income.



Individuals from the White ethnic group had lower rates of persistent low income than other ethnic groups, both before and after housing costs. Individuals in Asian/Asian British households had the highest rates of BHC persistent low income (17 per cent).

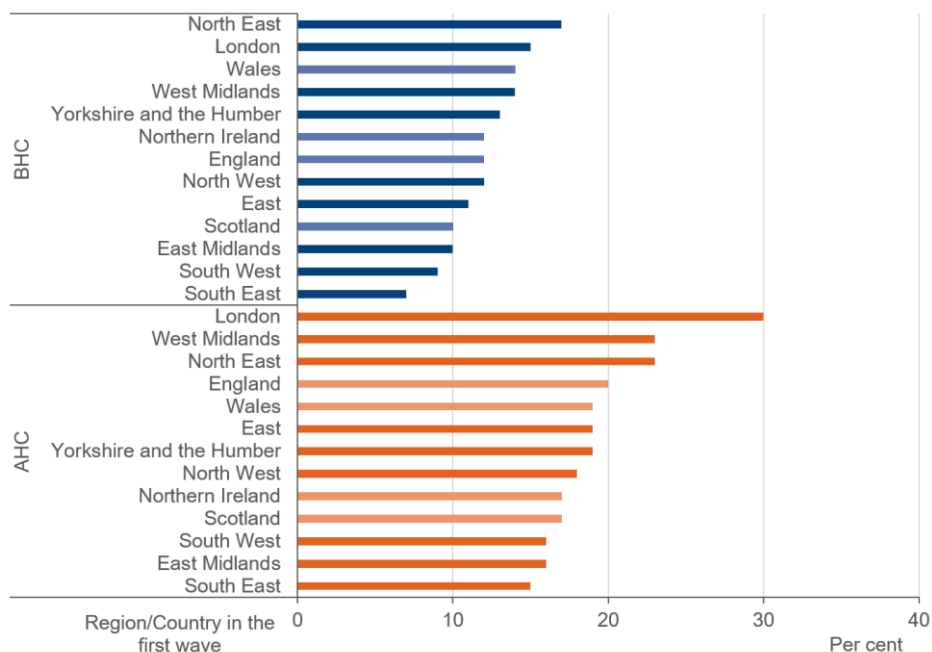
Whilst the White ethnic group had lower rates of persistent low income, most individuals in persistent low income were White (87 per cent BHC and 84 per cent AHC). This reflected the fact that White individuals were by far the largest population group.

See **Tables 2.1p and 2.7p** for more information on rates of persistent low income and **Tables 2.1c, 2.7c and 2.13c** for more information on the composition of those in persistent low income and the sample population.

Note: care should be taken interpreting figures for those in ‘Mixed’ or ‘Other’ ethnic groups due to small sample sizes – **Table 2.13p**.

Children in persistent low income

Between 2014 and 2018, 12 per cent of children were living in persistent low income BHC, and 20 per cent AHC.



Rates varied by country and region. Apart from in London, rates of persistent low income were lower in the southern and eastern regions of England, both BHC and AHC.

The percentage of children living in persistent low income BHC was slightly lower in Scotland (10 per cent) and slightly higher in Wales (14 per cent), compared to 12 per cent in both England and Northern Ireland. Within England, persistent low income rates BHC were lower in the southern and eastern regions, with the exception of London.

After accounting for housing costs, the rate of persistent low income for children increased across all countries and regions. The percentage of children in persistent low income in London doubled from 15 per cent BHC to 30 per cent AHC.

See **Tables 3.2p and 3.8p** for more information. Rates for children are shown in a bar chart rather than a map due to the large range in percentages which need to be illustrated.

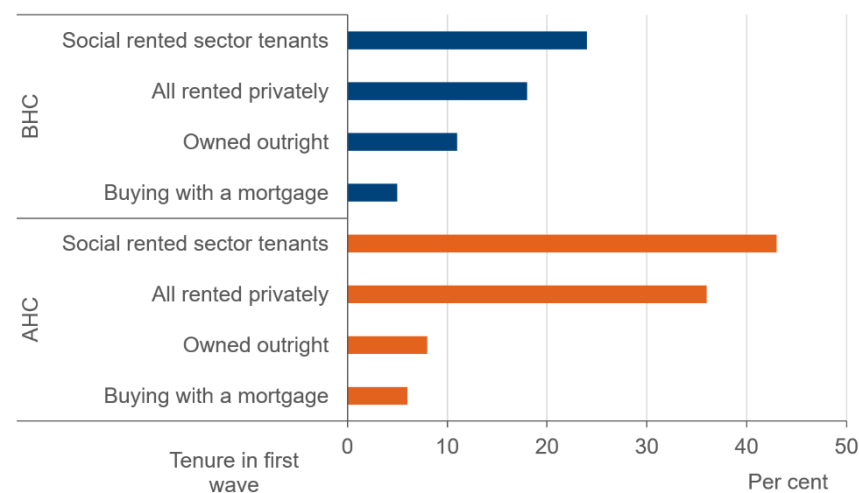
Children in rented homes had higher rates of persistent low income than those living in homes being bought with a mortgage or owned outright.

Children living in the social rented sector had the highest rates of persistent low income BHC (24 per cent), whilst children living in households buying with a mortgage (five per cent) had the lowest. Eighteen per cent of children living in privately rented homes were living in persistent low income (BHC).

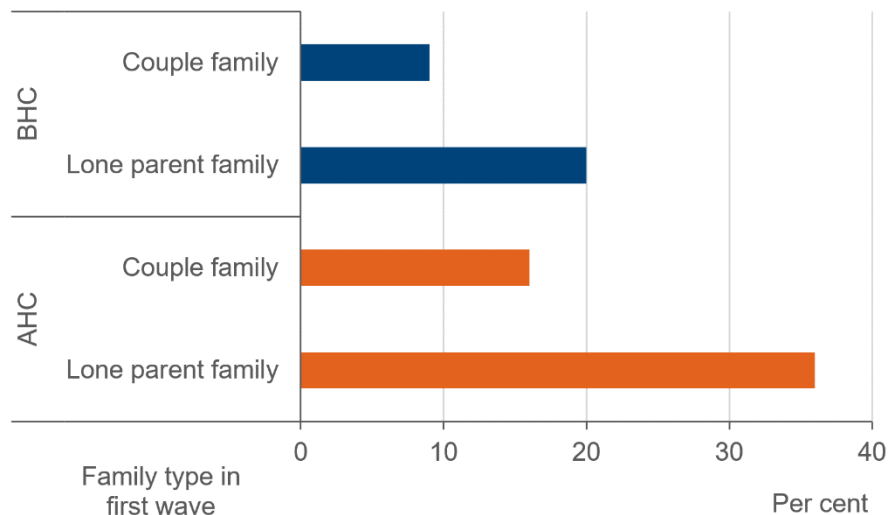
After housing costs, children living in rented homes had much higher rates of persistent low income. For children in the social rented sector, the rate of persistent low income increased to 43 per cent. It was 36 per cent for children living in the private rented sector.

Although 39 per cent of children overall were living in rented housing, they accounted for 79 per cent of children in persistent low income AHC. Those in the social rented sector accounted for around half of all children in persistent low income, both BHC and AHC.

See **Tables 3.2p and 3.8p** for rates of persistent low income; and **Tables 3.2c, 3.8c and 3.14c** for more about the composition of those in persistent low income.



Children in lone parent families had higher rates of persistent low income. However, most children living in persistent low income were in couple families due to the relative sizes of the two groups.



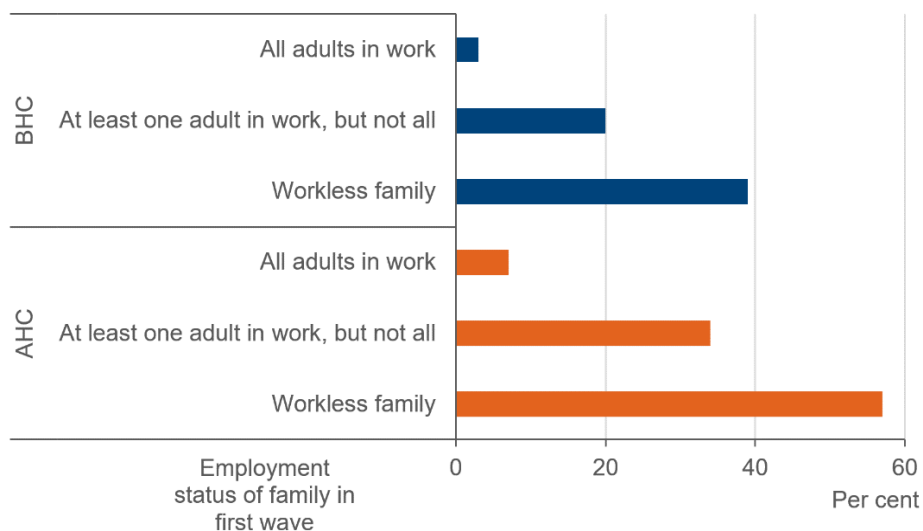
Children living in lone parent families had higher rates of persistent low income BHC than children living in couple families (20 per cent and nine per cent respectively).

After taking housing costs into account, 36 per cent of children in lone parent families were in persistent low income compared to 16 per cent of those in couple families. Findings here reflect those highlighted in the section on family type (page 3) for all individuals.

Although rates of persistent low income were much higher for those living in lone parent families, almost two-thirds of children in persistent low income (both BHC and AHC) lived in couple families. This is because eight out of ten children overall were living in couple families.

See **Tables 3.1p** and **3.7p** for rates of persistent low income; **Tables 3.1c** and **3.7c** for the composition of children in persistent low income; and **Table 3.13c** for the population composition.

Children in families where all adults were in work had lower rates of persistent low income, both BHC and AHC, compared to children in workless families.



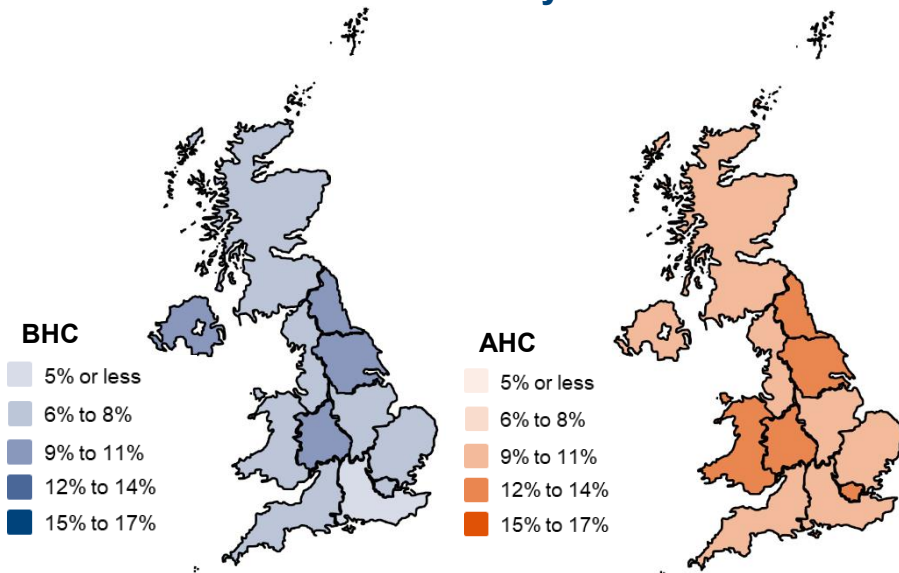
Children were more likely to be in persistent low income if they lived in a workless family (39 per cent BHC and 57 per cent AHC). In families where all adults were in work, rates of persistent low income were low (three per cent BHC and seven per cent AHC). These rates have been stable over time.

Having at least one but not all adults in work lowered the likelihood of a child being in persistent low income compared to if they lived in a workless family. The rate of persistent low income for these families was 20 per cent BHC and 34 per cent AHC. The rate of persistent low income for children in families with at least one adult in work but not all has increased over time; children in these families accounted for 23 per cent of children.

See **Tables 3.1p** and **3.7p** for rates of persistent low income; **Tables 3.1c** and **3.7c** for the composition of family employment status for children in persistent low income; and **Table 3.13c** for the family employment status of children overall.

Working-age adults in persistent low income

The overall rate of persistent low income among working-age adults was seven per cent BHC and 11 per cent AHC. These rates have been relatively stable over time.

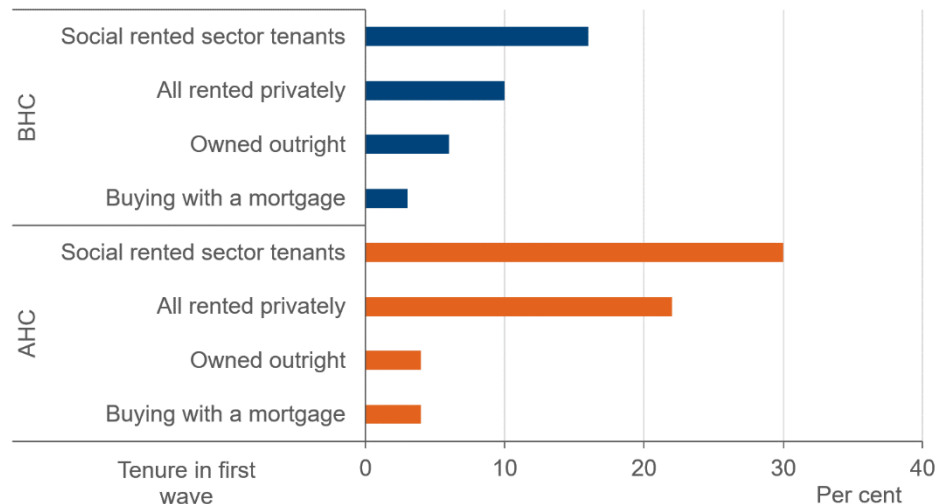


There was some variation in rates of persistent low income by both country and region, with slightly lower rates BHC in England (seven per cent) compared to Scotland and Wales (both eight per cent), and Northern Ireland (nine per cent). Within England, BHC rates were lower towards the south and east, including London.

Rates of persistent low income AHC were similar across the four countries of the United Kingdom. Within England, the geographical picture is less clear-cut AHC than BHC, with higher rates observed in the West Midlands, London and Yorkshire and the Humber. The effect of housing costs on persistent low income rates among working-age adults was more marked in London, the South East and the East. For example, the percentage of working-age adults in persistent low income more than doubled in London from six per cent BHC to 14 per cent AHC.

See **Tables 4.2p** and **4.8p** for more information.

Rates of persistent low income were highest in the social rented sector, both before and after housing costs.



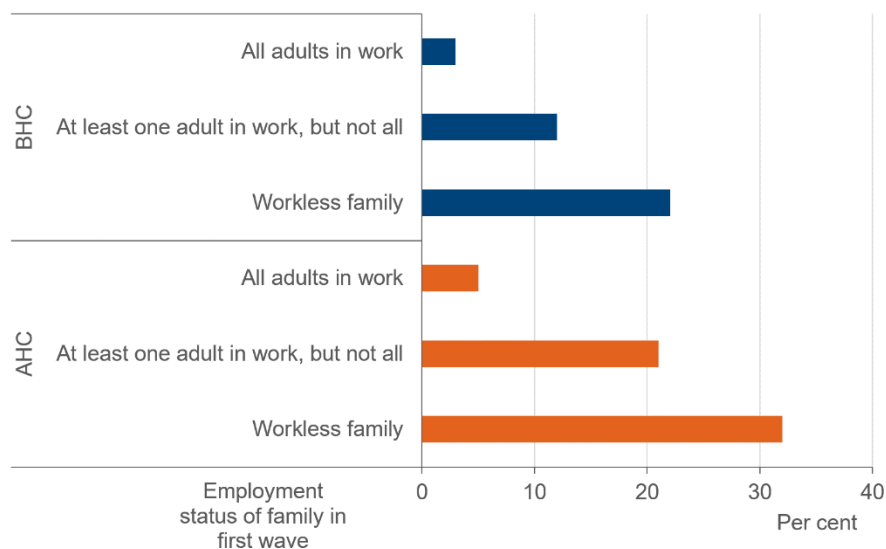
Rates of persistent low income among working-age adults were highest in the social rented sector, both before and after housing costs.

Taking into account housing costs roughly doubled the rates of persistent low income for those in the social rented and private rented sectors, where rates were 30 per cent and 22 per cent respectively, compared to four per cent for those who owned outright and those buying with a mortgage.

Although 33 per cent of working-age adults overall were living in rented housing, they represented 62 per cent of working-age adults in persistent low income BHC, and 77 per cent of working-age adults in persistent low income AHC.

See **Tables 4.2p** and **4.8p** for rates of persistent low income and **Tables 4.2c, 4.8c, and 4.14c** for the composition of working-age adults in persistent low income and the tenure breakdown for working-age adults.

Rates of persistent low income for working-age adults were lowest in households where all adults were in work.



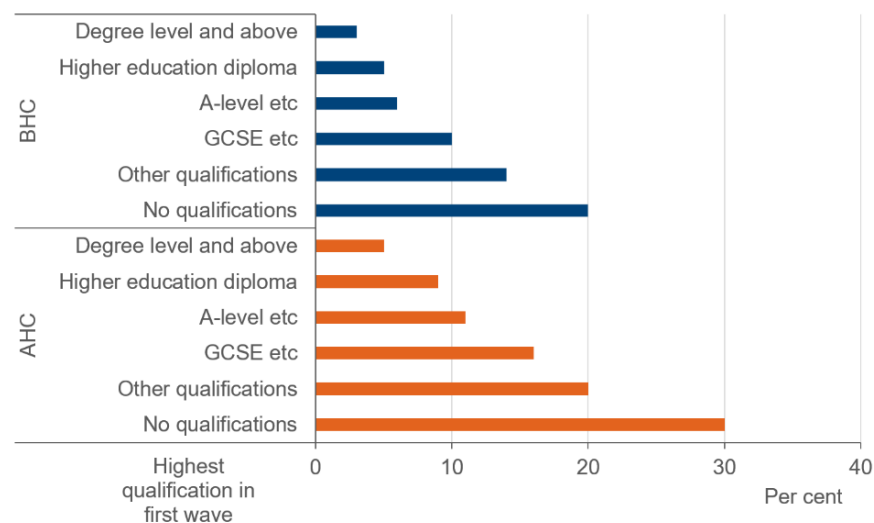
Seventy per cent of working-age adults lived in households where all adults were in work, and had low rates of persistent low income (three per cent BHC and five per cent AHC). Rates were highest among working-age adults in workless families (22 per cent BHC and 32 per cent AHC). Although persistent low income rates were much lower for working-age adults in families where all adults were in work, they accounted for 27 per cent of working-age adults in persistent low income BHC, due to the fact that far most working-age adults lived in families where all adults were in work.

While housing costs had relatively little effect on rates of persistent low income for working-age adults in families where all adults were in work, the effect was greater for families where at least one adult was in work but not all, and for workless families, where AHC rates of persistent low income were 21 per cent and 32 per cent respectively.

Over time, there has been a small increase in persistent low income rates (BHC and AHC) for working-age adults where at least one adult was in work but not all, and a small decrease in persistent low income rates for working-age adults in workless families. Individuals in these families represented just 15 per cent and 16 per cent of working-age adults respectively.

See **Tables 4.1p** and **4.7p** for more information on rates of persistent low income and **Tables 4.1c**, **4.7c** and **4.13c** for more information on the composition of those in persistent low income and the population composition.

Higher qualifications meant lower rates of persistent low income, both BHC and AHC.



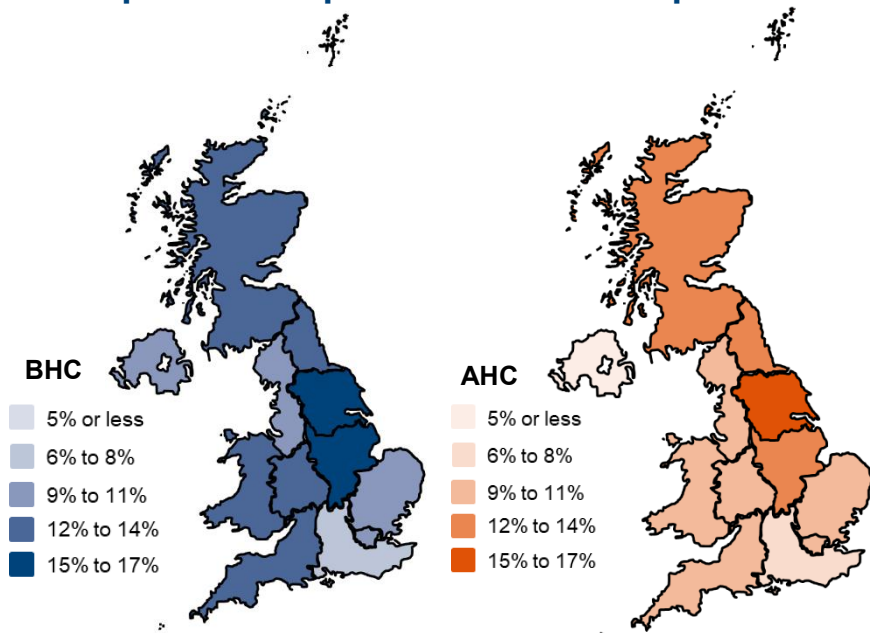
Rates of persistent low income (BHC) were highest among working-age adults with no qualifications (20 per cent), and lowest among those with degree level qualifications (three per cent). A similar pattern was observed for rates of persistent low income AHC, with 30 per cent of individuals with no qualifications estimated as being in persistent low income, and five per cent of working-age adults with a degree.

For both BHC and AHC rates there has been little change over time.

See **Tables 4.2p** and **4.8p** for more information.

Pensioners in persistent low income

Eleven per cent of pensioners were in persistent low income (BHC and AHC). Rates have been stable over time.



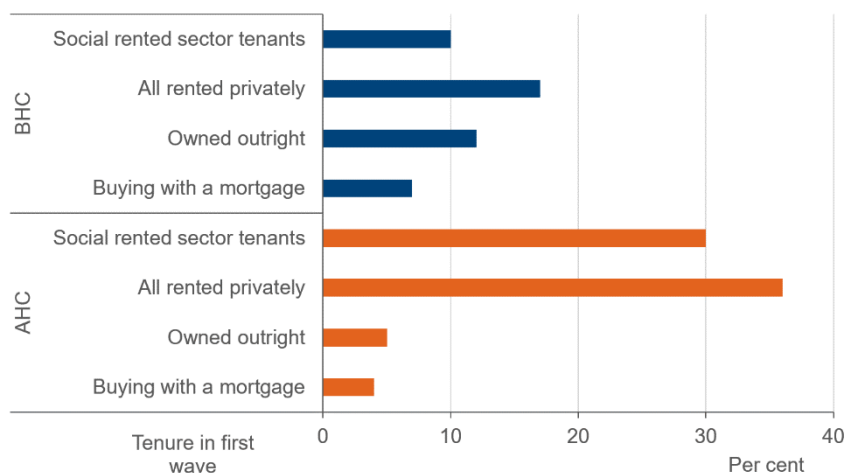
Region and tenure

Rates of persistent low income (BHC) among pensioners varied slightly across the UK, with the lowest rate in Northern Ireland (nine per cent) and highest in Scotland (13 per cent). A similar pattern across the countries of the UK was seen when comparing AHC persistent low income rates. Within England, persistent low income (BHC) was highest in Yorkshire and the Humber and the East Midlands, and lower in London, the South East and East of England. A similar regional pattern was observed AHC.

Housing costs have a much smaller effect on rates of persistent low income for pensioners than for children and working-age adults, largely because pensioners are much more likely to own their homes outright (around 70 per cent did so). This is reflected in rates of persistent low income for pensioners when looking across tenures (see chart opposite). For pensioners who owned their homes outright, rates of persistent low income were lower AHC than BHC. Twenty-one per cent of pensioners lived in the social or private rented sectors, but rates of persistent low income (AHC) were notably higher for these pensioners (30 per cent in the social rented sector and 36 per cent in the private rented sector).

See **Tables 5.2p** and **5.8p** for more information on rates of persistent low income and **Table 5.14c** for more information on the composition of persistent low income and the population composition.

Tenure



Family type

As shown in the chart on page 3, persistent low income was higher for single female pensioners than for single male pensioners and pensioner couples, both BHC and AHC. The rate of persistent low income (BHC) for single female pensioners was 19 per cent, compared to eight per cent for pensioner couples and 11 per cent for single male pensioners. A similar pattern was seen after housing costs.

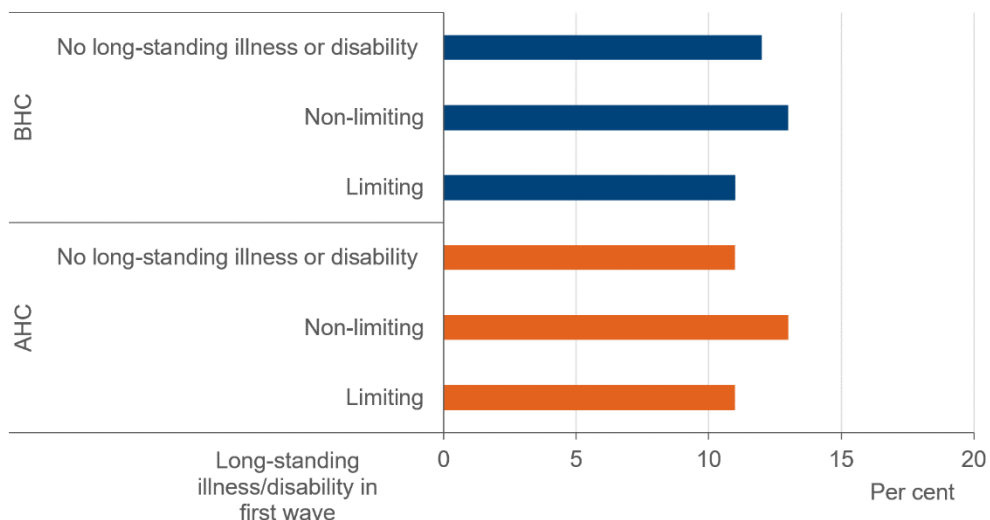
However, because 63 per cent of all pensioners were living as a couple, 47 per cent of those pensioners in persistent low income (BHC) were living in a couple, and 42 per cent of those in persistent low income (AHC).

See **Tables 5.1p** and **5.7p** for more information on rates of persistent low income and **Tables 5.7c**, **5.10c** and **5.13c** for more information on the composition of those in persistent low income and the family type composition of pensioners.

The effect of having a long-standing illness or disability on persistent low income

Although fewer working-age adults report having a long-standing illness or disability, this had a bigger impact on their risk of being in persistent low income compared to pensioners.

Pensioners

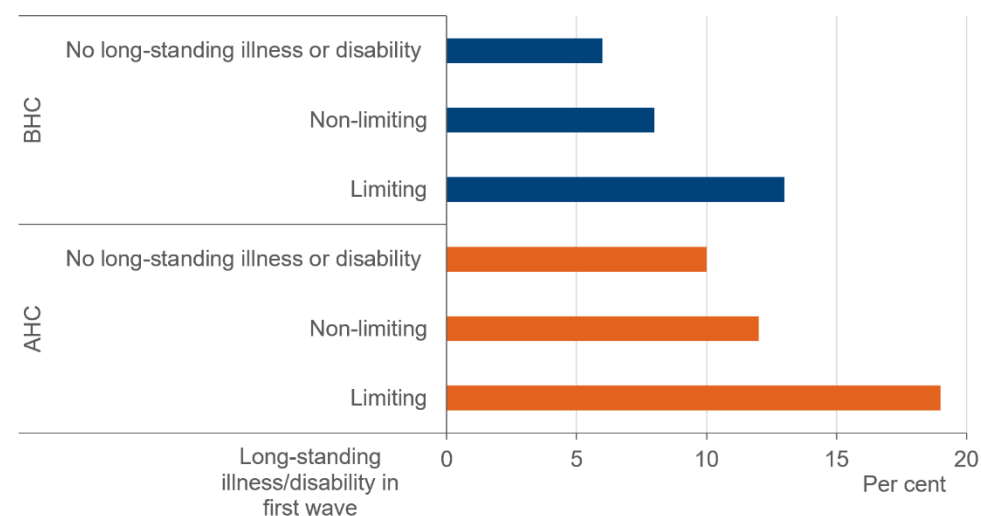


Overall, pensioners were more likely than working-age adults to report having a long-standing illness or disability (56 per cent compared to 30 per cent).

The effect of having a long-standing illness or disability, whether this was limiting or not, had little effect on rates of persistent low-income among pensioners, either before or after housing costs. For example, 12 per cent of pensioners without a long-standing illness or disability were in persistent low income BHC, while 11 per cent of pensioners with a limiting long-standing illness or disability were in persistent low income, as were 13 per cent for whom their long-standing illness or disability was non-limiting.

In contrast, working-age adults with a long-standing illness or disability were more likely to be in persistent low income than if they had no long-standing illness or disability. Rates of persistent low income were highest if their long-standing illness or disability was limiting (13 per cent BHC and 19 per cent AHC).

Working-age adults



This meant that working-age adults with a long-standing illness or disability were over-represented among working-age adults in persistent low income. This was driven largely by the higher rate of persistent low income for working-age adults with *limiting* long-standing illness or disability. While this group represented 17 per cent of working-age adults overall, they represented 30 per cent of working-age adults in persistent low income (BHC) and 27 per cent (AHC).

As with all working-age adults, taking housing costs into account increased the risk of persistent low income.

See **Tables 4.1p, 4.7p, 5.1p and 5.7p** for more information on rates of persistent low income and **Tables 4.1c, 4.7c, 4.13c and 5.13c** for more information on the composition of persistent low income.

Movement between income quintiles (BHC)

Individuals in the top and bottom income quintiles were less likely to move over time than those in the middle quintiles, whose movements were more fluid.

2010-2011 position in
income distribution

2017-2018 position in
income distribution



The data used in Income Dynamics is longitudinal so follows the same individuals over time. The diagram here shows where individuals were in the income distribution in 2010-2011 and in 2017-2018, by income quintile. Note: it does not show the position in the income distribution in the intervening years.

Quintiles divide the population, when ranked by household income, into five equally sized groups. Quintile 1 (Q1) represents the fifth of the population with the lowest household incomes. Quintile 5 (Q5) represents the fifth of the population with the highest household incomes.

Before housing costs, individuals in the poorest and richest quintiles were more likely to be in the same quintile in 2017-2018 as in 2010-2011. For example, 44 per cent of individuals in Quintile 1 in 2010-2011 were in Quintile 1 in 2017-2018. Similarly, 57 per cent of individuals in Quintile 5 in 2010-2011 were in Quintile 5 in 2017-2018.

At the lower end of the income distribution, similar sized movements of individuals moving up from Quintile 1 to Quintile 2 (24 per cent) and moving down from Quintile 2 to Quintile 1 (27 per cent) were observed. A similar pattern was observed with movements between Quintiles 4 and 5 at the upper end of the income distribution.

As seen on the diagram, there was more movement towards the middle of the income distribution, with individuals being more likely to move out of and in to Quintiles 2, 3 and 4. However, most movements were short-range, involving moving up or down by one quintile.

See **Table 6.1** for more information.

Movement between income quintiles (AHC)

Trends were similar to BHC, with least movement at the top and bottom of the distribution. For those who moved between quintiles, most movements were short range.

2010-2011 position in
income distribution

2017-2018 position in
income distribution



The movement between AHC income quintiles between 2010-2011 and 2017-2018 were similar to movements seen BHC. Again, this chart does not show position in the income distribution in the years between 2010-2011 and 2017-2018.

After housing costs, individuals in Quintile 1 and Quintile 5 were less likely to be in a different income quintile in 2017-2018.

Between Quintile 2 and 4, individuals were more likely to have changed income quintile, but the majority of these movements were short-range with individuals only moving up or down by one quintile.

For example, in Quintile 3, 27 per cent stayed in the same Quintile, 24 per cent moved down to Quintile 2 and 21 per cent moved up to Quintile 4.

See **Table 6.1** for more information.

Where in the income distribution did people spend most of their time?

This section looks at where in the income distribution individuals spent their time over the period 2010-2018. It uses income quintiles to do this.

There was least movement for those individuals at the top and bottom of the income distribution.

2010-2011 Position in Income Distribution	All years in the same quintile as 2010-2011	Majority of years in same quintile as 2010-2011	Majority of years above 2010-2011 quintile	Majority of years below 2010-2011 quintile	None of the above	Total
BHC (per cent)						
Q1	16	26	36	.	22	100
Q2	3	16	21	13	47	100
Q3	2	13	19	22	44	100
Q4	4	18	11	25	42	100
Q5	29	26	.	27	19	100
All Individuals	11	20	17	18	35	100
AHC (per cent)						
Q1	14	28	35	.	24	100
Q2	3	14	23	13	47	100
Q3	2	13	19	22	43	100
Q4	4	18	11	24	43	100
Q5	28	25	.	27	20	100
All Individuals	11	20	17	18	35	100

‘.’ – categories not applicable.

On average, only 11 per cent of individuals (both BHC and AHC) spent all years between 2010-2018 in the same income quintile. When looking at specific income quintiles, individuals in the top and bottom quintiles in 2010-2011 were most likely to remain in the same quintile continuously across the time period (both BHC and AHC). Only very small percentages of those in the second to fourth income quintiles spent every year in the same quintile.

Individuals in the top and bottom quintiles were also more likely to spend the *majority* of their time in the same quintile than individuals in the second to fourth quintiles (both BHC and AHC)

Whether individuals spent the majority of years above or below the quintile they were in in 2010-2011 shows that there was also movement within the middle quintiles. For example, 21 per cent of those in the second quintile (BHC) in 2010-2011 spent most of the subsequent years above that quintile; and 25 per cent of those in the fourth quintile (BHC) in 2010-2011 spent most of the following years below that quintile.

The table also shows that quite large proportions of individuals did not fit into any of these other categories. These individuals will have experienced more movement: they may, for example, have spent a maximum of four years in either their original or higher or lower quintile, with a maximum of four years elsewhere.

See **Table 7.1** for more information.

Entries into and exits from low income, before housing costs

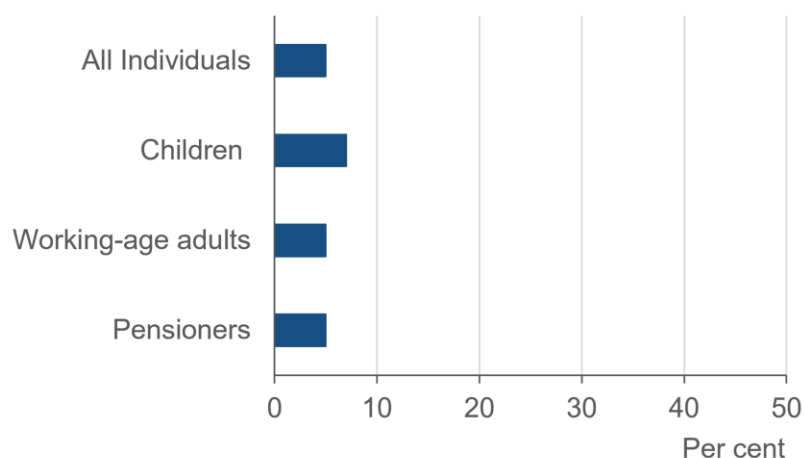
The *number* of individuals entering and exiting low income were very similar. *Rates* of entry and exit were very different because they are calculated based on different sized populations.

The percentage of people *not* in low income in 2016-2017 who *entered* low income in 2017-2018.

The chart below shows the rate of *entry* into low income.

This is the percentage of individuals who were *not* in low income in 2016-2017 who entered low income in 2017-2018.

This was five per cent for all individuals. This rate has remained stable over time. As shown, rates of entry into low income were similar across different individuals, but slightly higher among children.



Analysis of entries and exits only includes 'clear' transitions. For an entry or exit to count, household incomes must cross the 60 per cent of median income threshold and be at least 10 per cent higher or lower than the threshold in the following wave. As individuals live in households and we assume that all members of the household benefit equally from the household's income, they will be affected by changes at the household level. See **Tables 8.1 to 8.8** for more information.

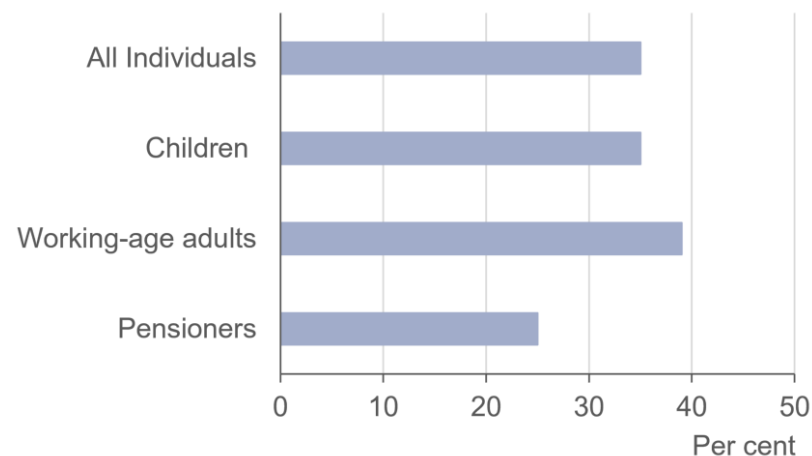
The percentage of people *in* low income in 2016-2017 who *exited* low income in 2017-2018.

The chart below shows the rate of *exit* from low income.

This is the percentage of those in low income in 2016-2017 who were not in low income in 2017-2018. This was 35 per cent for all individuals. This rate has been relatively stable over time.

Because those in low income are a much smaller group than those who are not, rates of exit from low income were greater than rates of entry into low income.

Exit rates were lowest for pensioners (25 per cent) and highest for working-age adults (39 per cent). This makes sense when considering the likelihood of individuals in these two groups to experience changes to their incomes. Rates of exit for pensioners have decreased over the past few years from 32 per cent in 2013-2014 to 2014-2015 to 25 per cent in the period 2016-2017 to 2017-2018.



Measuring income in Income Dynamics

ID uses data from Understanding Society to derive a measure of disposable household income. Adjustments are made to take into account the size and composition of households to make figures comparable.

Understanding Society Understanding Society, led by the University of Essex, is a longitudinal survey of individuals in the United Kingdom which has been running since 2009. In 2017-2018, the sample included over 32,000 individuals. Those not in private households at the start of the survey in 2009 are not included.

Sampling Error Results from surveys are estimates and not precise figures - in general terms the smaller the sample size, the larger the uncertainty. We are unable to calculate sampling uncertainties for these statistics, but please note that small changes are unlikely to be statistically significant.

Non-sampling Error Survey data represents the best data from respondents to the survey. If people give inaccurate responses or certain groups of people are less likely to respond, this can introduce bias and error. This non-sampling error can be minimised through effective and accurate sample and questionnaire design and extensive quality assurance of the data. However, it is not possible to eliminate it completely, nor can it be quantified.

Income This includes:

- Labour income – usual pay and self-employment earnings. Includes income from second jobs
- Miscellaneous income – educational grants, payments from family members and any other regular payments
- Private benefit income – includes trade union/friendly society payments, maintenance or alimony and sickness or accident insurance
- Investment income – private pensions/annuities, rents received, income from savings and investments
- Pension income – occupational pensions income
- State support – tax credits and all state benefits including State Pension

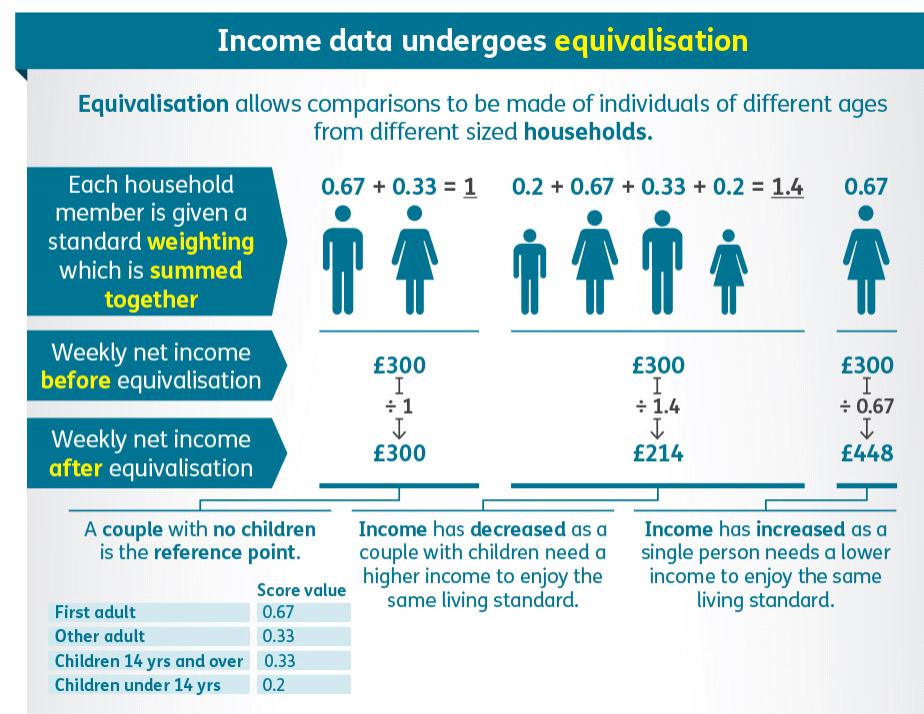
BHC income is often used for non-pensioner analysis and is net of the following:

- income tax payments and National Insurance contributions
- council tax

AHC income is derived by deducting housing costs (mortgage interest and rent payments) from the BHC income measure. It is often used for pensioner analysis.

A household income measure implicitly assumes that all members of the household benefit equally from the household's income and so appear at the same position in the income distribution.

Equivalisation An adjustment is made to income to make it comparable across households of different size and composition. For example, this process of equivalisation would adjust the income of a single person upwards, so their income can be compared directly to that of a couple.



These are BHC equivalisation factors, different scales are used AHC

Low Income This is defined for this publication as an individual in a household with an equivalised household income of less than 60 per cent of median income. A household is in **persistent low income** if they are in low income for at least three of the last four survey periods.

Inflation This concerns how goods and services increase in price (generally) over time. ID uses an adjustment based on the Consumer Prices Index (CPI), also used in HBAI, to compensate for the effects of inflation over time.

About these statistics

Income Dynamics is **Official Statistics**. Previous releases of Income Dynamics were published as Experimental Statistics. Following developmental work to improve the measures reported on in Income Dynamics, the experimental label has been removed in line with [official guidance](#) published by the UK Statistics Authority.

National, Official and Experimental Statistics are produced in accordance with the [Statistics and Registration Service Act 2007](#) and the [Code of Practice for Statistics](#). National Statistics status means that official statistics meet the highest standards of trustworthiness, quality and public value, signifying compliance with all aspects of the Code. Official and Experimental Statistics may be awarded National Statistics status following an assessment by the Office for Statistics Regulation, the regulatory arm of the UK Statistics Authority. Further information about National, Official and Experimental Statistics status can be found in the [Code glossary](#).

Where to find out more

Reference tables from Income Dynamics analysis, alongside our ID Background information and methodology report which provides further detail on how we estimate the measures reported here, are available via the following link: <https://www.gov.uk/government/statistics/income-dynamics-2010-to-2018>

Analysis of Income Dynamics data from previous years, as well as further guidance and information about the statistics, is available via the following link: <https://www.gov.uk/government/collections/income-dynamics-statistics>

Estimates of numbers in low income in a single year from Households Below Average Income are available via the following link: <https://www.gov.uk/government/collections/households-below-average-income-hbai--2>

ONS produce a National Statistics series on persistent low income based on EU-SILC data. This is based on a different data source (the Survey of Living Conditions) and has a different definition of persistent low income (see ID Background information and methodology for further details):

<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/articles/persistentpovertyintheukandeu/2017>

Guidance on alternative sources of data on earnings and income is available at the following links and provides useful information to contextualise the ID statistics:

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/methodologies/aguidetosourcesofdataonearningsandincome>

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/methodologies/explainingincomeearningsandthegenderpaygap>

Other National and Official Statistics

Details of other National and Official Statistics produced by the Department for Work and Pensions can be found on the DWP website via the following links:

- A schedule of statistical releases over the next 12 months and a list of the most recent releases at: <https://www.gov.uk/government/organisations/department-for-work-pensions/about/statistics>
- In accordance with the Code of Practice for Statistics, all DWP National Statistics are also announced at: <https://www.gov.uk/government/statistics/announcements>