

Freedom of Information request 2014-3226

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Information request

Mean, median and quintiles of unequivalised household gross income for households in the UK by region (3-year average) in 2012/13 prices from 1994/95 to 2012/13 for:

- all households;
- households with a working-age head of household;

DWP response

In response to your query, the information requested is provided in the tables attached (FOI 2014-3226 Response.xls).

These show mean, median and quintiles of unequivalised gross household income for households in the UK by region (3-year average) in 2012/13 prices from 1994/96 to 2012/13 for (a) all households and (b) households with a working-age head.

Households Below Average Income (HBAI) uses variants of Retail Prices Index (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).

These statistics are based on HBAI data sourced from the Family Resources Survey (FRS). The reference period for HBAI figures is the financial year.

Figures are for the United Kingdom from 2002/03 onwards. Earlier years are for Great Britain only, as such there is a slight discontinuity between the figures pre and post 2002/03. Regional data are only available on a consistent basis from 1994/95, so no results are available before then. Three survey years have been combined because single year estimates are considered to be too volatile at a regional level.

All estimates are based on survey data and are therefore subject to a degree of uncertainty. Small differences should be treated with caution as these will be affected by sampling error and variability in non-response.

Definition of income

The data published in the HBAI publication are based on net disposable household income, adjusted using modified OECD equivalence factors for household size and composition, as an income measure as a proxy for standard of living. Net disposable income includes earnings from employment and self-employment, state support, income from occupational and private pensions, investment income and other sources. Income tax payments, National Insurance contributions, council tax / domestic rates and some other payments are deducted from incomes.

The data provided to you are based on gross household income where income tax payments, National Insurance contributions, council tax / domestic rates and some other payments have not been deducted from incomes. 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.

Definition of a household

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. A household will consist of one or more families/benefit units. Families (or benefit units) are defined as a single adult or couple living as married and any dependent children, including same sex couples (civil partnerships and cohabitantes) from January 2006.

Definition of a working-age adult

Adults have been classified as being of working age if they are below State Pension age. Prior to 6th April 2010, women reached the State Pension age at 60. From 6th April 2010, the qualifying age for women has been gradually increasing. The changes do not affect the State Pension age for men, currently 65. While the statistics on the household income of households with a working-age head will cover such households, not all individuals will be working.

Median/mean/quintiles

The median gross unequivalised household income figures given in this response are based on the household income of the middle household, such

that half the households have household incomes below the median and half the households have household incomes above the median. These are different to the median figures presented in the HBAI report which show the median net disposable equivalised household income, which is the household income of the middle person in the population, such that half the population have household incomes below the median and half the population have household incomes above the median.

In the HBAI publication, the median is mostly used instead of the mean income because the mean is affected by outlying cases with very high income values.

The quintile figures given in this response are gross unequivalised household income values which divide households, when ranked by income, into five equal-sized groups. The lowest quintile describes households with household incomes in the bottom 20 per cent of the household income distribution.