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HOUSEHOLDS BELOW AVERAGE INCOME STATISTICS

The Households Below Average Income statistical report (HBAI) for the period 1994/95-2006/07 is published today. This National Statistics First Release contains a digest of key results taken from this publication. All results are estimates, based on data from the Family Resources Survey (FRS) drawn from a sample of private households in the United Kingdom.

The main report results are for 2006/07 using OECD equivalisation scales, with the geographical coverage being the United Kingdom. The anchor point year for absolute low-income results is 1998/99. All these conditions are in line with the child and pensioner poverty measures, as stipulated in the 2004 and 2007 Spending Reviews, which cover the UK, are based on OECD scales and use 1998/99 as the anchor year for absolute estimates.

Figures are rounded to the nearest 100,000 or percentage point meaning figures may not sum exactly due to rounding. All figures are in this First Release are in the HBAI statistical report.

'RELATIVE' LOW-INCOME INDICATORS

Changes in 'relative' low-income indicators depend on how changing incomes at the lower end of the distribution compare with income growth for the rest of the population. 'Relative' low-income counts fall if income growth at the lower end outstrips overall income growth. Where reductions are reported for 'relative' low-income indicators, these are on a smaller scale to those seen for the 'absolute' indicators discussed below, as a large part of the income growth at the bottom of the distribution is absorbed in 'keeping pace' with the population as a whole.

Whole Population – In 2006/07, there were 10.7 million people living in households with below 60 per cent of contemporary median net disposable household income Before Housing Costs (BHC), and 13.2 million After Housing Costs (AHC).

Compared to 2005/06 this represents a rise of 0.3m on a BHC basis and 0.4m AHC.

Compared to 1998/99, this represents a fall of 0.5m on a BHC basis, and 0.8m AHC.

Children – In 2006/07, there were 2.9 million children living in UK households with below 60 per cent of contemporary median net disposable household income Before Housing Costs and 3.9 million After Housing Costs.

Compared to 2005/06, this represents a rise of 0.1m on a BHC basis and 0.1m AHC.

Compared to 1998/99, this represents a fall of 0.6m on a BHC basis and 0.5m AHC.

Working-age adults – In 2006/07, there were 5.3 million working-age adults living in UK households with below 60 per cent of contemporary median net disposable household income Before Housing Costs, and 7.3 million After Housing Costs.

Compared to 2005/06, this represents no change on a BHC basis and a rise of 0.1m AHC.

Compared to 1998/99, this represents a rise of 0.4m on a BHC basis and 0.6m AHC.

Pensioners – In 2006/07, there were 2.5 million pensioners living in UK households with below 60 per cent of contemporary median net disposable household income Before Housing Costs, and 2.1 million After Housing Costs.

Compared to 2005/06, this represents a rise of 0.3m on a BHC basis and a rise of 0.2m AHC.

Compared to 1998/99, this represents a fall of 0.2m on a BHC basis and 0.9m AHC.

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Next Publication:
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'ABSOLUTE' LOW-INCOME INDICATORS

The proportion of the UK population below low-income thresholds that are fixed in real terms ('absolute' low-income thresholds) fell significantly over this period.

Whole Population – In 2006/07, there were 6.9 million people living in households with below 60 per cent of 1998/99 median net household income held constant in real terms Before Housing Costs (BHC), and 8.6 million After Housing Costs (AHC).

Compared to 2005/06 this represents a rise of 0.3m on a BHC basis and 0.4m AHC.

Compared to 1998/99, this represents a fall of 4.3m on a BHC basis, and 5.4m AHC.

Children – In 2006/07, there were 1.7 million children living in UK households with below 60 per cent of 1998/99 median net household income held constant in real terms Before Housing Costs, and 2.5 million After Housing Costs.

Compared to 2005/06, this represents a rise of 0.1m on a BHC basis and 0.1m AHC.

Compared to 1998/99, this represents a fall of 1.7m on a BHC basis and 2.0m AHC.

Working-age adults – In 2006/07, there were 3.6 million working-age adults living in UK households with below 60 per cent of 1998/99 median net household income held constant in real terms Before Housing Costs, and 5.1 million After Housing Costs.

Compared to 2005/06, this represents no change on a BHC basis and a rise of 0.1m AHC.

Compared to 1998/99, this represents a fall of 1.4m on a BHC basis and 1.5m AHC.

Pensioners – In 2006/07, there were 1.6 million pensioners living in UK households with below 60 per cent of 1998/99 median net household income held constant in real terms on a Before Housing Costs basis, and 1.1 million After Housing Costs.

Compared to 2005/06, this represents a rise of 0.3m on a BHC basis and a rise of 0.2m AHC.

Compared to 1998/99, this represents a fall of 1.2m on a BHC basis and 1.9m AHC.

RELATIVE LOW INCOME AND MATERIAL DEPRIVATION INDICATOR

Statistics relating to the number of children in relative low-income households and in material deprivation have been introduced. This is a third indicator of child poverty that was specifically defined as part of the Comprehensive Spending Review. In 2006/07, there were 2.0 million children living in UK households in low income and material deprivation. This represents a fall of 0.1 million since 2005/06.

GROUPS WITH AN ABOVE AVERAGE RISK OF LOW INCOME IN 2006/07

In 2006/07, 18 per cent of the population lived in households with below 60 per cent of contemporary median income Before Housing Costs, 22 per cent on an After Housing Costs basis. The following were among the groups who were more likely to be in relative low income:

- **Children** – in particular, children in workless lone-parent families, children of couples where the parents are unemployed or work only part-time, and those in families with three or more children. These patterns applied on both Before Housing Costs and After Housing Costs bases.
- **Older pensioners** – Those over 85 had a higher risk of low income when compared with the overall UK population on both Before Housing Costs and After Housing Costs bases.
- **Workless households** – Over half of working age adults in workless households were living in low-income households on a Before Housing Cost basis, with nearly seven out of ten in low-income households on an After Housing Cost basis.
- **Ethnic minorities** – households headed by a member of certain ethnic minority communities were more likely to have low incomes. This was particularly the case for households headed by someone of Pakistani or Bangladeshi ethnic origin, with 51 per cent of this group living in households with below 60 per cent of median income Before Housing Costs, and 60 per cent on an After Housing Costs basis.
- **Disabled people** – individuals in families containing one or more disabled people and not in receipt of disability benefits were more likely to live in low-income households than those in families with no disabled person. This pattern applied on both an AHC and BHC basis.

- **Social rented sector tenants** – individuals in this group were more likely to live in low-income households than other tenure types, with more than three in ten living in households with below 60 per cent of median income Before Housing Costs, and almost half on an After Housing Costs basis.
- **No educational qualifications** – working-age adults living in families in which the adults had no educational qualification were more at risk of low income than those with a qualification. On a Before Housing Costs basis, nearly one in three working-age adults without qualifications lived in households with below 60 per cent of median income.
- **Region / country** - individuals living in the North East were most likely to live in low-income households on a Before Housing Costs basis, with individuals in Inner London more likely on an After Housing Cost basis. Those living in the South East and the East of England were least likely to live in low-income households on both bases.

THE INCOME DISTRIBUTION IN 2006/07 – ACTUAL MONEY VALUES

In order to allow comparisons of living standards between different household types, income is adjusted to take into account variations in the size and composition of the household in a process known as equivalisation. This adjustment reflects the common sense notion that a household of several people requires a higher income than a single person in order for both households to enjoy a comparable standard of living. Therefore, the majority of monetary amounts presented in HBAI are on this equivalised basis and do not reflect actual money amounts for any family type other than a couple with no children (which is the benchmark used for equivalisation). The median income Before Housing Costs is £377 per week and 60% of this median is £226 per week (see Table 1 overleaf).

INCOME GROWTH AND INEQUALITY

There was income growth, in real terms, across the whole income distribution between 1994/95 and 2006/07, and between 1998/99 and 2006/07. For both periods, growth was greatest in the second quintile on both a Before House Cost and an After Housing Cost basis. Between 2005/06 and 2006/07 median net disposable equivalised household income grew by 0.5%.

Income inequality, as measured by the Gini Coefficient, was constant on both a Before Housing Costs and After Housing Costs basis (see notes for editors for a definition of the Gini coefficient) . On other measures, income inequality rose. Median equivalised income for the bottom 20 per cent of the income distribution fell by 1.6 per cent, whilst for the top 20 per cent of the distribution it grew by 0.8 per cent.

MATERIAL DEPRIVATION

A suite of questions designed to capture the material deprivation experienced by families with children has been included in the Family Resources Survey since 2004/05. Respondents are asked whether they have each of 21 goods and services, both child and household items. If they do not have them, they are asked whether this is because they do not want them or because they cannot afford them. An analysis of how families with children responded to these questions by their location on the income distribution is included in the HBAI publication with the accompanying relative low income and material deprivation measure of child poverty.

These questions can be used as an additional way of measuring living standards for children and their families. Table 7, attached, taken from the publication, gives an illustration of the information obtained.

Not surprisingly, children in the higher income quintiles (before housing costs) are less likely to be deprived of an item or service. For example, only 4 per cent of children in the top quintile (BHC) are lacking outdoor space / facilities to play safely, in contrast to around a quarter of children in the bottom quintile who lack such an item. Just 4 per cent of children in the top income quintile do not have at least one week's holiday away from home, but more than half of children in the bottom quintile do not have such a holiday.

Table 1 shows cash equivalent household incomes for different family types, corresponding to the overall equivalised 2006/07 income distribution Before Housing Costs:

£ per week equivalent 2006/07 prices		Source: FRS 2006/07							
	Mean	Median	50% mean	60% median	Bottom	Second	Quintile Middle	Fourth	Top
Including the self-employed									
Before Housing Costs									
Couple with no children (equivalised income benchmark)	463	377	231	226	< 235	235 - 327	328 - 431	432 - 597	598 +
Single with no children	310	252	155	151	< 158	158 - 219	220 - 289	290 - 400	401 +
Couple with two children aged 5 and 14	708	576	354	346	< 360	360 - 501	502 - 659	660 - 914	915 +
Single with two children aged 5 and 14	556	452	278	271	< 282	282 - 393	394 - 517	518 - 717	718 +

Note:

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 including the self-employed, it shows that 60 per cent of median (equivalised) income in 2006/07 was £226 per week. This implies that a single person without children needs a cash income of £151 or less to be below 60 per cent of median (equivalised) income for the population as a whole.

ADDITIONAL TABLES

The following tables are included overleaf:

- **Table 2.1** - Percentage of individuals below thresholds of contemporary and 1998/99 real-terms median income 1994/95 to 2006/07.
- **Table 2.2** - Number of individuals below thresholds of contemporary and 1998/99 real-terms median income 1994/95 to 2006/07.
- **Table 3.1** - Percentage of children below thresholds of contemporary and 1998/99 real-terms median income 1994/95 to 2006/07.
- **Table 3.2** - Number of children below thresholds of contemporary and 1998/99 real-terms median income 1994/95 to 2006/07.
- **Table 3.3** - Percentage and number of children falling below thresholds of low income and material deprivation 2004/05 to 2006/07
- **Table 4.1** - Percentage of working-age adults below thresholds of contemporary and 1998/99 real-terms median income 1994/95 to 2006/07.
- **Table 4.2** - Number of working-age adults below thresholds of contemporary and 1998/99 real-terms median income 1994/95 to 2006/07.
- **Table 5.1** - Percentage of pensioners below thresholds of contemporary and 1998/99 real-terms median income 1994/95 to 2006/07.
- **Table 5.2** - Number of pensioners below thresholds of contemporary and 1998/99 real-terms median income 1994/95 to 2006/07.
- **Table 6** - Money values and real-terms changes since 1994/95 of decile medians and overall population mean in 2006/07 prices
- **Table 7** - Material Deprivation. Quintile distribution of income (Before Housing Costs) for children by extent of their deprivation of items and services, United Kingdom

Table 2.1

Percentage of individuals below thresholds of contemporary and 1998/99 real-terms median income 1994/95 to 2006/07.

Percentage of individuals		Source: FRS					
		Before Housing Costs			After Housing Costs		
		Below median			Below median		
		50%	60%	70%	50%	60%	70%
Contemporary income thresholds							
FRS (GB)	1994/95	10	19	28	15	24	31
	1995/96	9	18	27	15	24	31
	1996/97	11	19	28	17	25	32
	1997/98	11	20	28	17	24	31
FRS (UK)	1998/99	11	19	28	16	24	31
	1999/00	10	19	28	16	24	31
	2000/01	10	19	27	15	23	30
	2001/02	10	18	27	15	23	30
	2002/03	10	18	27	15	22	30
	2003/04	10	18	26	14	21	29
	2004/05	10	17	26	13	21	28
	2005/06	10	18	26	15	22	29
Change	1998/99-2006/07 ^{2,3}	0	-1	-2	-1	-2	-1
	2005/06-2006/07 ^{2,3}	1	0	0	1	1	0

Percentage of individuals		Source: FRS					
		Before Housing Costs			After Housing Costs		
		Below median			Below median		
		50%	60%	70%	50%	60%	70%
1998/99 income thresholds held constant in real terms							
FRS (GB)	1994/95	13	23	32	20	29	36
	1995/96	12	23	32	19	28	36
	1996/97	12	21	30	19	27	34
	1997/98	11	20	29	18	25	32
FRS (UK)	1998/99	11	19	28	16	24	31
	1999/00	9	18	26	14	22	29
	2000/01	9	15	24	12	20	26
	2001/02	7	13	21	10	17	24
	2002/03	7	12	20	9	15	22
	2003/04	7	12	19	9	15	21
	2004/05	6	11	18	9	13	19
	2005/06	7	11	18	9	14	20
Change	1998/99-2006/07 ^{2,3}	-4	-8	-10	-6	-10	-11
	2005/06-2006/07 ^{2,3}	0	1	0	1	1	0

Notes:

- FRS figures are for Great Britain up to 1997/98, and for the United Kingdom from 1998/99, with estimates for Northern Ireland imputed for the years 1998/99 through 2001/02. The reference period for FRS figures is single financial years.
- Small changes in estimates from year to year, particularly at the bottom of the income distribution, may not be significant in view of data uncertainties.
- Due to rounding, the estimates of change in percentages of individuals below low-income thresholds may not equal the difference between the total percentage of individuals below thresholds for any pair of years shown.

Table 2.2

Number of individuals below thresholds of contemporary and 1998/99 real-terms median income 1994/95 to 2006/07.

Number of individuals (millions)		Source: FRS						
		Before Housing Costs			After Housing Costs			
		Below median			Below median			All
		50%	60%	70%	50%	60%	70%	individuals
Contemporary income thresholds								
FRS (GB)	1994/95	5.3	10.4	15.5	8.5	13.5	17.3	55.3
	1995/96	5.2	9.9	15.2	8.2	13.5	17.3	55.5
	1996/97	5.9	10.8	15.6	9.4	14.0	17.7	55.6
	1997/98	6.0	10.9	15.7	9.2	13.6	17.1	55.7
FRS (UK)	1998/99	6.1	11.2	16.1	9.3	14.0	17.8	57.5
	1999/00	6.1	11.1	16.2	9.3	13.8	17.7	57.7
	2000/01	6.1	10.7	15.9	8.8	13.4	17.4	57.9
	2001/02	5.9	10.7	15.8	8.5	13.2	17.2	58.1
	2002/03	5.9	10.6	15.7	8.5	13.1	17.3	58.3
	2003/04	5.8	10.4	15.4	8.4	12.6	17.0	58.5
	2004/05	5.6	10.0	15.2	7.9	12.1	16.6	58.8
	2005/06	5.9	10.4	15.5	8.6	12.8	17.2	59.1
	2006/07	6.3	10.7	15.7	9.0	13.2	17.5	59.5
	Change	1998/99-2006/07 ^{2,3}	0.2	-0.5	-0.4	-0.3	-0.8	-0.2
2005/06-2006/07 ^{2,3}		0.4	0.3	0.2	0.4	0.4	0.3	0.4

Number of individuals (millions)		Source: FRS						
		Before Housing Costs			After Housing Costs			
		Below median			Below median			All
		50%	60%	70%	50%	60%	70%	individuals
1998/99 income thresholds held constant in real terms								
FRS (GB)	1994/95	7.2	12.9	18.0	11.2	15.8	19.7	55.3
	1995/96	6.9	12.5	17.8	10.8	15.7	19.7	55.5
	1996/97	6.6	11.9	16.7	10.4	15.0	18.6	55.6
	1997/98	6.3	11.4	16.2	9.8	14.1	17.7	55.7
FRS (UK)	1998/99	6.1	11.2	16.1	9.3	14.0	17.8	57.5
	1999/00	5.4	10.2	15.3	8.3	12.9	16.7	57.7
	2000/01	4.9	8.9	13.7	7.0	11.5	15.3	57.9
	2001/02	4.0	7.5	12.2	5.8	9.7	13.7	58.1
	2002/03	3.9	7.1	11.5	5.4	8.8	12.7	58.3
	2003/04	3.9	7.0	11.2	5.5	8.6	12.0	58.5
	2004/05	3.6	6.6	10.6	5.2	7.8	11.2	58.8
	2005/06	3.9	6.6	10.7	5.4	8.2	11.6	59.1
	2006/07	4.1	6.9	10.8	5.8	8.6	11.8	59.5
	Change	1998/99-2006/07 ^{2,3}	-2.1	-4.3	-5.3	-3.5	-5.4	-6.0
2005/06-2006/07 ^{2,3}		0.2	0.3	0.1	0.3	0.4	0.2	0.4

Notes:

1. FRS figures are for Great Britain up to 1997/98, and for the United Kingdom from 1998/99, with estimates for Northern Ireland imputed for the years 1998/99 through 2001/02. The reference period for FRS figures is single financial years.

2. Small changes in estimates from year to year, particularly at the bottom of the income distribution, may not be significant in view of data uncertainties.

3. Due to rounding, the estimates of change in numbers of individuals below low-income thresholds may not equal the difference between the total number of individuals below thresholds for any pair of years shown.

Table 3.1

Percentage of children below thresholds of contemporary and 1998/99 real-terms median income 1994/95 to 2006/07.

Percentage of children		Source: FRS					
		Before Housing Costs			After Housing Costs		
		Below median			Below median		
		50%	60%	70%	50%	60%	70%
Contemporary income thresholds							
FRS (GB)	1994/95	12	25	35	21	33	40
	1995/96	11	24	35	21	33	41
	1996/97	14	27	36	25	34	42
	1997/98	14	27	37	25	33	41
FRS (UK)	1998/99	14	26	36	24	34	41
	1999/00	13	26	37	23	33	41
	2000/01	12	23	34	21	31	40
	2001/02	11	23	35	20	31	39
	2002/03	11	23	34	20	30	38
	2003/04	11	22	33	19	29	37
	2004/05	11	21	33	18	28	38
	2005/06	11	22	33	19	30	38
Change	1998/99-2006/07 ^{2,3}	-2	-4	-3	-4	-3	-2
	2005/06-2006/07 ^{2,3}	1	0	0	1	1	1

Percentage of children		Source: FRS					
		Before Housing Costs			After Housing Costs		
		Below median			Below median		
		50%	60%	70%	50%	60%	70%
1998/99 income thresholds held constant in real terms							
FRS (GB)	1994/95	17	30	40	28	37	45
	1995/96	16	29	40	27	37	46
	1996/97	16	29	38	27	36	44
	1997/98	15	28	38	26	34	42
FRS (UK)	1998/99	14	26	36	24	34	41
	1999/00	11	23	34	21	31	39
	2000/01	9	19	30	16	27	35
	2001/02	7	15	27	13	23	32
	2002/03	7	14	25	11	21	29
	2003/04	7	14	24	11	20	28
	2004/05	7	13	23	11	18	27
	2005/06	7	13	23	11	19	27
Change	1998/99-2006/07 ^{2,3}	-6	-13	-14	-12	-15	-14
	2005/06-2006/07 ^{2,3}	1	0	0	1	1	0

Notes:

- FRS figures are for Great Britain up to 1997/98, and for the United Kingdom from 1998/99, with estimates for Northern Ireland imputed for the years 1998/99 through 2001/02. The reference period for FRS figures is single financial years.
- Small changes in estimates from year to year, particularly at the bottom of the income distribution, may not be significant in view of data uncertainties.
- Due to rounding, the estimates of change in percentages of children below low-income thresholds may not equal the difference between the total percentage of children below thresholds for any pair of years shown.

Table 3.2

Number of children below thresholds of contemporary and 1998/99 real-terms median income 1994/95 to 2006/07

Number of children (millions)		Source: FRS						
		Before Housing Costs			After Housing Costs			All children
		Below median			Below median			
		50%	60%	70%	50%	60%	70%	
Contemporary income thresholds								
FRS (GB)	1994/95	1.5	3.2	4.5	2.7	4.1	5.1	12.6
	1995/96	1.4	3.0	4.5	2.7	4.2	5.2	12.7
	1996/97	1.8	3.4	4.6	3.2	4.3	5.3	12.7
	1997/98	1.8	3.4	4.7	3.1	4.2	5.2	12.7
FRS (UK)	1998/99	1.8	3.4	4.8	3.1	4.4	5.4	13.1
	1999/00	1.7	3.4	4.8	3.1	4.3	5.4	13.2
	2000/01	1.6	3.1	4.5	2.8	4.1	5.2	13.1
	2001/02	1.5	3.0	4.6	2.6	4.0	5.1	13.1
	2002/03	1.5	2.9	4.4	2.6	3.9	5.0	13.0
	2003/04	1.4	2.9	4.3	2.5	3.7	4.9	13.0
	2004/05	1.4	2.7	4.3	2.3	3.6	4.8	12.9
	2005/06	1.4	2.8	4.2	2.5	3.8	4.9	12.8
	2006/07	1.5	2.9	4.3	2.6	3.9	5.0	12.8
Change	1998/99-2006/07 ^{2,3}	-0.3	-0.6	-0.5	-0.5	-0.5	-0.4	-0.3
	2005/06-2006/07 ^{2,3}	0.1	0.1	0.1	0.1	0.1	0.1	0.0

Number of children (millions)		Source: FRS						
		Before Housing Costs			After Housing Costs			All children
		Below median			Below median			
		50%	60%	70%	50%	60%	70%	
1998/99 income thresholds held constant in real terms								
FRS (GB)	1994/95	2.1	3.8	5.1	3.5	4.7	5.7	12.6
	1995/96	2.0	3.7	5.1	3.5	4.7	5.8	12.7
	1996/97	2.0	3.7	4.9	3.4	4.6	5.6	12.7
	1997/98	1.9	3.5	4.8	3.3	4.4	5.3	12.7
FRS (UK)	1998/99	1.8	3.4	4.8	3.1	4.4	5.4	13.1
	1999/00	1.5	3.1	4.5	2.7	4.1	5.1	13.2
	2000/01	1.2	2.5	3.9	2.1	3.6	4.6	13.1
	2001/02	0.9	2.0	3.5	1.6	3.0	4.2	13.1
	2002/03	0.9	1.8	3.2	1.5	2.7	3.8	13.0
	2003/04	0.9	1.8	3.1	1.5	2.5	3.6	13.0
	2004/05	0.9	1.7	2.9	1.4	2.3	3.4	12.9
	2005/06	0.9	1.6	2.9	1.4	2.4	3.4	12.8
	2006/07	1.0	1.7	2.9	1.5	2.5	3.5	12.8
Change	1998/99-2006/07 ^{2,3}	-0.8	-1.7	-1.9	-1.6	-2.0	-1.9	-0.3
	2005/06-2006/07 ^{2,3}	0.1	0.1	0.0	0.1	0.1	0.0	0.0

Notes:

1. FRS figures are for Great Britain up to 1997/98, and for the United Kingdom from 1998/99, with estimates for Northern Ireland imputed for the years 1998/99 through 2001/02. The reference period for FRS figures is single financial years.
2. Small changes in estimates from year to year, particularly at the bottom of the income distribution, may not be significant in view of data uncertainties.
3. Due to rounding, the estimates of change in numbers of children below low-income thresholds may not equal the difference between the total number of children below thresholds for any pair of years shown.

Table 3.3

Percentage and number of children falling below thresholds of low income and material deprivation 2004/05 to 2006/07

Children		Source: FRS		
		Percentage	Number (millions)	All children
FRS (UK)	2004/05	17	2.2	12.9
	2005/06	16	2.1	12.8
	2006/07	16	2.0	12.8
Change	2005/06-2006/07 ^{2,3}	-1	-0.1	0.0

Notes:

1. A family is in low income and material deprivation if they have a material deprivation score of 25 or more and a household income below 70 per cent contemporary median income, Before Housing Costs.
2. Due to rounding, the estimates of change in percentages and numbers of children below low-income thresholds may not equal the difference between the total percentage and total number of children below thresholds for any pair of years shown.
3. Small changes in estimates from year to year, particularly at the bottom of the income distribution, may not be significant in view of data uncertainties.

Table 4.1

Percentage of working-age adults below thresholds of contemporary and 1998/99 real-terms median income 1994/95 to 2006/07.

Percentage of working-age adults		Source: FRS					
		Before Housing Costs			After Housing Costs		
		Below median			Below median		
		50%	60%	70%	50%	60%	70%
Contemporary income thresholds							
FRS (GB)	1994/95	8	15	21	14	20	25
	1995/96	8	14	21	14	20	25
	1996/97	9	15	21	15	21	26
	1997/98	9	15	21	15	20	25
FRS (UK)	1998/99	8	15	21	14	19	25
	1999/00	9	15	21	14	20	25
	2000/01	9	15	21	14	19	25
	2001/02	9	15	21	14	19	24
	2002/03	9	15	21	14	19	24
	2003/04	9	15	21	14	19	24
	2004/05	9	14	21	13	19	24
	2005/06	9	15	22	15	20	26
	2006/07	9	15	21	15	20	26
Change	1998/99-2006/07 ^{2,3}	1	0	0	1	1	1
	2005/06-2006/07 ^{2,3}	0	0	0	0	0	0

Percentage of working-age adults		Source: FRS					
		Before Housing Costs			After Housing Costs		
		Below median			Below median		
		50%	60%	70%	50%	60%	70%
1998/99 income thresholds held constant in real terms							
FRS (GB)	1994/95	11	18	25	17	23	29
	1995/96	10	17	24	17	23	29
	1996/97	10	16	23	16	22	27
	1997/98	9	16	22	15	20	25
FRS (UK)	1998/99	8	15	21	14	19	25
	1999/00	8	14	20	13	18	23
	2000/01	8	13	18	12	17	22
	2001/02	6	11	16	10	15	19
	2002/03	6	10	16	10	14	19
	2003/04	6	10	16	10	14	18
	2004/05	6	10	15	9	13	18
	2005/06	7	10	15	10	14	19
	2006/07	6	10	15	10	14	18
Change	1998/99-2006/07 ^{2,3}	-2	-4	-6	-4	-5	-6
	2005/06-2006/07 ^{2,3}	0	0	0	0	0	0

Notes:

- FRS figures are for Great Britain up to 1997/98, and for the United Kingdom from 1998/99, with estimates for Northern Ireland imputed for the years 1998/99 through 2001/02. The reference period for FRS figures is single financial years.
- Small changes in estimates from year to year, particularly at the bottom of the income distribution, may not be significant in view of data uncertainties.
- Due to rounding, the estimates of change in percentages of working-age adults below low-income thresholds may not equal the difference between the total percentage of working-age adults below thresholds for any pair of years shown.

Table 4.2

Number of working-age adults below thresholds of contemporary and 1998/99 real-terms median income 1994/95 to 2006/07

Number of working-age adults (millions)		Source: FRS						
		Before Housing Costs			After Housing Costs			All working-age adults
		Below median			Below median			
		50%	60%	70%	50%	60%	70%	
Contemporary income thresholds								
FRS (GB)	1994/95	2.6	4.8	7.0	4.7	6.6	8.2	32.8
	1995/96	2.6	4.6	6.8	4.5	6.5	8.2	32.8
	1996/97	2.8	5.0	7.1	5.0	6.8	8.5	32.9
	1997/98	2.9	5.0	7.1	4.8	6.5	8.1	33.1
FRS (UK)	1998/99	2.9	5.0	7.1	4.8	6.6	8.4	34.1
	1999/00	3.0	5.1	7.3	4.9	6.7	8.5	34.3
	2000/01	3.1	5.1	7.3	4.9	6.6	8.5	34.4
	2001/02	3.0	5.1	7.2	4.7	6.5	8.3	34.7
	2002/03	3.1	5.1	7.3	4.8	6.7	8.5	34.8
	2003/04	3.1	5.1	7.3	4.9	6.7	8.6	35.0
	2004/05	3.1	5.0	7.3	4.7	6.5	8.5	35.2
	2005/06	3.3	5.4	7.7	5.2	7.2	9.1	35.5
	2006/07	3.4	5.3	7.6	5.3	7.3	9.2	35.8
Change	1998/99-2006/07 ^{2,3}	0.5	0.4	0.4	0.5	0.6	0.8	1.6
	2005/06-2006/07 ^{2,3}	0.1	0.0	-0.1	0.1	0.1	0.0	0.3

Number of working-age adults (millions)		Source: FRS						
		Before Housing Costs			After Housing Costs			All working-age adults
		Below median			Below median			
		50%	60%	70%	50%	60%	70%	
1998/99 income thresholds held constant in real terms								
FRS (GB)	1994/95	3.5	5.9	8.1	5.7	7.5	9.4	32.8
	1995/96	3.3	5.7	7.9	5.5	7.5	9.4	32.8
	1996/97	3.2	5.4	7.6	5.4	7.3	8.9	32.9
	1997/98	3.0	5.2	7.3	5.0	6.7	8.4	33.1
FRS (UK)	1998/99	2.9	5.0	7.1	4.8	6.6	8.4	34.1
	1999/00	2.7	4.7	6.9	4.5	6.3	8.0	34.3
	2000/01	2.6	4.3	6.3	4.1	5.9	7.5	34.4
	2001/02	2.1	3.7	5.7	3.4	5.2	6.7	34.7
	2002/03	2.2	3.6	5.5	3.4	4.9	6.5	34.8
	2003/04	2.3	3.6	5.4	3.5	5.0	6.5	35.0
	2004/05	2.1	3.5	5.3	3.3	4.6	6.2	35.2
	2005/06	2.3	3.6	5.5	3.5	5.0	6.6	35.5
	2006/07	2.3	3.6	5.4	3.6	5.1	6.6	35.8
Change	1998/99-2006/07 ^{2,3}	-0.6	-1.4	-1.8	-1.2	-1.5	-1.8	1.6
	2005/06-2006/07 ^{2,3}	-0.1	0.0	-0.1	0.1	0.1	0.0	0.3

Notes:

- FRS figures are for Great Britain up to 1997/98, and for the United Kingdom from 1998/99, with estimates for Northern Ireland imputed for the years 1998/99 through 2001/02. The reference period for FRS figures is single financial years.
- Small changes in estimates from year to year, particularly at the bottom of the income distribution, may not be significant in view of data uncertainties.
- Due to rounding, the estimates of change in numbers of working-age adults below low-income thresholds may not equal the difference between the total number of working-age adults below thresholds for any pair of years shown.

Table 5.1

Percentage of pensioners below thresholds of contemporary and 1998/99 real-terms median income 1994/95 to 2006/07

Percentage of pensioners		Source: FRS					
		Before Housing Costs			After Housing Costs		
		Below median			Below median		
		50%	60%	70%	50%	60%	70%
Contemporary income thresholds							
FRS (GB)	1994/95	12	24	41	11	28	40
	1995/96	12	24	40	10	28	40
	1996/97	13	25	40	13	29	39
	1997/98	13	25	40	13	29	38
FRS (UK)	1998/99	14	27	41	13	29	38
	1999/00	14	25	40	13	28	38
	2000/01	13	25	39	11	26	36
	2001/02	14	25	39	11	26	37
	2002/03	13	24	39	11	24	37
	2003/04	12	23	36	10	21	34
	2004/05	11	21	34	8	18	30
	2005/06	11	21	33	8	17	29
2006/07	13	23	35	10	19	31	
Change	1998/99-2006/07 ^{2,3}	-1	-4	-6	-3	-10	-8
	2005/06-2006/07 ^{2,3}	2	2	2	2	2	2

Percentage of pensioners		Source: FRS					
		Before Housing Costs			After Housing Costs		
		Below median			Below median		
		50%	60%	70%	50%	60%	70%
1998/99 income thresholds held constant in real terms							
FRS (GB)	1994/95	16	32	48	19	36	47
	1995/96	16	32	47	18	35	46
	1996/97	14	28	43	16	32	42
	1997/98	14	27	42	15	31	40
FRS (UK)	1998/99	14	27	41	13	29	38
	1999/00	12	23	37	10	25	35
	2000/01	10	20	33	8	20	31
	2001/02	8	18	29	7	14	28
	2002/03	7	16	27	6	12	23
	2003/04	7	15	25	6	10	19
	2004/05	6	13	23	5	8	15
	2005/06	6	12	21	5	8	14
2006/07	7	15	23	6	10	16	
Change	1998/99-2006/07 ^{2,3}	-7	-12	-18	-7	-19	-23
	2005/06-2006/07 ^{2,3}	1	2	2	1	2	2

Notes:

1. FRS figures are for Great Britain up to 1997/98, and for the United Kingdom from 1998/99, with estimates for Northern Ireland imputed for the years 1998/99 through 2001/02. The reference period for FRS figures is single financial years.
2. Small changes in estimates from year to year, particularly at the bottom of the income distribution, may not be significant in view of data uncertainties.
3. Due to rounding, the estimates of change in percentages of pensioners below low-income thresholds may not equal the difference between the total percentage of pensioners below thresholds for any pair of years shown.

Table 5.2

Number of pensioners below thresholds of contemporary and 1998/99 real terms median income 1994/95 to 2006/07

Number of pensioners (millions)		Source: FRS						
		Before Housing Costs			After Housing Costs			All pensioners
		Below median			Below median			
		50%	60%	70%	50%	60%	70%	
Contemporary income thresholds								
FRS (GB)	1994/95	1.2	2.4	4.0	1.1	2.8	4.0	9.9
	1995/96	1.2	2.4	3.9	1.0	2.8	3.9	9.9
	1996/97	1.3	2.4	4.0	1.2	2.9	3.9	9.9
	1997/98	1.3	2.5	4.0	1.3	2.9	3.8	10.0
FRS (UK)	1998/99	1.5	2.8	4.2	1.4	2.9	3.9	10.3
	1999/00	1.4	2.6	4.1	1.3	2.8	3.9	10.3
	2000/01	1.4	2.6	4.0	1.2	2.7	3.7	10.3
	2001/02	1.4	2.6	4.0	1.2	2.7	3.8	10.4
	2002/03	1.4	2.5	4.0	1.1	2.5	3.8	10.5
	2003/04	1.3	2.4	3.8	1.0	2.2	3.6	10.5
	2004/05	1.2	2.3	3.7	0.9	1.9	3.2	10.7
	2005/06	1.2	2.2	3.6	0.9	1.8	3.1	10.8
	2006/07	1.4	2.5	3.8	1.1	2.1	3.4	10.9
Change	1998/99-2006/07 ^{2,3}	0.0	-0.2	-0.4	-0.2	-0.9	-0.6	0.6
	2005/06-2006/07 ^{2,3}	0.3	0.3	0.2	0.2	0.2	0.2	0.1

Number of pensioners (millions)		Source: FRS						
		Before Housing Costs			After Housing Costs			All pensioners
		Below median			Below median			
		50%	60%	70%	50%	60%	70%	
1998/99 income thresholds held constant in real terms								
FRS (GB)	1994/95	1.6	3.2	4.7	1.9	3.6	4.6	9.9
	1995/96	1.6	3.1	4.7	1.8	3.5	4.5	9.9
	1996/97	1.4	2.8	4.2	1.6	3.2	4.1	9.9
	1997/98	1.4	2.7	4.2	1.4	3.0	4.0	10.0
FRS (UK)	1998/99	1.5	2.8	4.2	1.4	2.9	3.9	10.3
	1999/00	1.3	2.3	3.8	1.1	2.5	3.6	10.3
	2000/01	1.1	2.0	3.4	0.8	2.0	3.2	10.3
	2001/02	0.9	1.8	3.1	0.7	1.5	2.9	10.4
	2002/03	0.8	1.7	2.8	0.6	1.2	2.4	10.5
	2003/04	0.7	1.6	2.6	0.6	1.1	2.0	10.5
	2004/05	0.6	1.4	2.4	0.5	0.9	1.6	10.7
	2005/06	0.6	1.3	2.3	0.5	0.8	1.5	10.8
	2006/07	0.8	1.6	2.5	0.7	1.1	1.7	10.9
Change	1998/99-2006/07 ^{2,3}	-0.6	-1.2	-1.7	-0.7	-1.9	-2.2	0.6
	2005/06-2006/07 ^{2,3}	0.2	0.3	0.2	0.2	0.2	0.2	0.1

Notes:

- FRS figures are for Great Britain up to 1997/98, and for the United Kingdom from 1998/99, with estimates for Northern Ireland imputed for the years 1998/99 through 2001/02. The reference period for FRS figures is single financial years.
- Small changes in estimates from year to year, particularly at the bottom of the income distribution, may not be significant in view of data uncertainties.
- Due to rounding, the estimates of change in numbers of pensioners below low-income thresholds may not equal the difference between the total number of pensioners below thresholds for any pair of years shown.

Table 6

Money values of quintile medians and overall population mean in average 2006/07 prices

(£pw equivalised)	Quintile group medians					Source: FRS
	Quintile 1	Quintile 2	Quintile 3 (median)	Quintile 4	Quintile 5	Population mean
Income Before Housing Costs						
1994/95	151	218	300	409	617	362
1996/97	155	227	314	422	639	377
1997/98	157	231	319	430	650	386
1998/99	159	235	324	442	675	400
1999/00	165	242	334	452	685	408
2001/02	180	267	362	481	743	445
2002/03	183	271	368	487	747	449
2004/05	188	278	372	494	749	453
2005/06	188	279	375	500	761	459
2006/07	185	279	377	500	767	463
Income growth 1994/95 to 2006/07	22%	28%	25%	22%	24%	28%

Notes:

1. Figures are for the United Kingdom from 2002/03 onwards. Earlier years are for Great Britain only.
2. All estimates are subject to sampling error.

Table 7

Quintile distribution of income (Before Housing Costs) for children by extent of their deprivation of items and services, United Kingdom

Percentage of children ¹		Net equivalised disposable household income					Source: FRS 2006/07
		Bottom quintile	Second quintile	Middle quintile	Fourth quintile	Top quintile	All children
Outdoor space / facilities to play safely	Have this	76	80	88	92	96	85
	Don't have this	24	20	12	8	4	15
Enough bedrooms for every child 10 years or over and of a different gender	Child/ren has/have this	71	79	90	95	95	83
	Want but can't afford this	29	18	9	4	3	15
	Don't want or need; doesn't apply	0	3	1	1	3	2
Celebrations on special occasions	Child/ren has/have this	90	94	96	99	99	95
	Want but can't afford this	8	5	3	0	0	4
	Don't want or need; doesn't apply	2	1	2	1	1	1
Leisure equipment such as sports equipment or a bicycle	Child/ren has/have this	79	86	92	93	95	88
	Want but can't afford this	14	8	3	1	0	6
	Don't want or need; doesn't apply	6	6	5	6	4	5
At least one week's holiday away from home with family	Child/ren has/have this	40	52	72	84	94	64
	Want but can't afford this	55	43	24	13	4	32
	Don't want or need; doesn't apply	6	5	4	3	2	4
Hobby or leisure activity	Child/ren does/do this	67	73	83	85	86	77
	Would like to but can't afford this	14	8	2	1	1	6
	Don't want or need; doesn't apply	19	19	15	14	13	16
Swimming at least once a month	Child/ren does/do this	47	57	62	65	73	59
	Would like to but can't afford this	21	13	6	1	1	10
	Don't want or need; doesn't apply	32	30	32	33	27	31
Have friends round for tea or a snack once a fortnight	Child/ren does/do this	63	68	74	78	81	71
	Would like to but can't afford this	15	9	4	1	0	7
	Don't want or need; doesn't apply	22	23	22	21	19	22
Go on school trip at least once a term	Child/ren does/do this	82	87	92	95	96	89
	Would like to but can't afford this	12	7	4	1	0	6
	Don't want or need; doesn't apply	6	6	5	4	4	5
Go to a playgroup at least once a week	Child/ren does/do this	51	62	73	77	86	66
	Would like to but can't afford this	12	7	3	0	0	6
	Don't want or need; doesn't apply	37	31	23	23	14	28

Notes:

1. Percentages relate to the proportion of children whose parent / guardian answered the material deprivation questions, some children have not been included in computing the above breakdowns due to either: a skipped response, doesn't know the answer or refusal to answer the question.

Notes for editors:

1. The Households Below Average Income statistical report (HBAI) for the period 1994/95-2006/07 is published today. The report, the nineteenth in the HBAI series, uses household disposable incomes, adjusted for household size and composition, as a proxy for material living standards. It principally gives information on the income distribution in GB / UK from the financial years 1994/95 to 2006/07 using cross-sectional data from the DWP Family Resources Survey (FRS). The report also draws on data from the British Household Panel Survey (BHPS), run by the University of Essex, which, unlike the Family Resources Survey, tracks the same individuals over time to give a picture of income changes over time. The latest BHPS estimates available relate to 2005, and were first published by DWP on 2 August 2007 in the Low-Income Dynamics paper. Data for 2006 will become available later in the year and will be published by DWP separately.
2. The data were originally due to be released on 2 May 2008, but in the course of validating the statistics, DWP statisticians and the Institute for Fiscal Studies identified and quantified a small but important inaccuracy in the 2006/07 data which impacts on some of the headline figures. As a result, the DWP Statistics Head of Profession decided to delay publication of this series, along with the Family Resources Survey and Pensioner Incomes Series reports, which are traditionally published at the same time. The Take up of Income Related Benefits publication was also delayed. Karen Dunnell, the National Statistician was consulted in advance of doing so, and agreed with this judgement. The Institute for Fiscal Studies, who provide an independent quality assurance role for the Department in relation to the statistical series concerned also agreed with the decision to delay publication. Further details can be found in the technical note on the DWP website.
3. Northern Ireland was included in the Family Resources Survey (FRS) from 2002/03. Detailed time series data will therefore have coverage for Great Britain only before 2002/03. This break in the series is made clear in a footnote attached to the relevant tables in the latest HBAI publication. However, for high-level time series data estimates for Northern Ireland have been imputed for the years 1998/99 to 2001/02. This allows for changes since 1998/99 to be measured at the UK level. These data are presented in Tables 2 – 6 in this release.
4. In order to allow comparisons of living standards between different household types, income is adjusted to take into account variations in the size and composition of the household in a process known as equivalisation. This adjustment reflects the common sense notion that a household of several people requires a higher income than a single person in order for both households to have an equivalent standard of living. A key assumption made in HBAI is that all individuals in the household benefit equally from the combined (equivalised) income of the household. The equivalisation scales used in the report are OECD scales, which are consistent with those used in the EU.
5. HBAI employs two measures of (net equivalised household) income: Before Housing Costs (BHC) and After Housing Costs (AHC). Each measure has advantages and disadvantages as a guide to differences in, and changes in, living standards. Housing costs are made up of: 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); and ground rent and services charges.
6. The income definition used in the main analysis in HBAI, derived from the Family Resources Survey (FRS) is as follows: net earnings; profit or loss from self-employment after income tax and NI; all social security benefits and tax credits, including Social Fund grants; occupational and private pension income; investment income; maintenance payments; top-up loans and parental contributions for students, educational grants and payments; the cash value of certain forms of income in kind such as free school meals, free welfare milk and free school milk and free TV licences for the over 75s (where data is available). HBAI income is net of: income tax payments; National Insurance contributions; contributions to occupational, stakeholder and personal pension schemes; council tax; maintenance and child support payments made; and parental contributions to students living away from home.
7. Information from the DWP survey, the Family Resources Survey, was introduced into the HBAI series after a review of methodology in 1996. The Family Resources Survey does not collect information on individuals living in institutions, e.g. nursing homes, barracks or jails; and homeless people living rough or in bed and breakfast accommodation. Consequently HBAI does not cover these individuals. Survey data are grossed to national totals and an adjustment is made using Her Majesty's Revenue and Customs' Survey of Personal Incomes (SPI) to ensure very high income cases are correctly represented in HBAI.

8. To ensure that the figures produced from the survey can provide reliable estimates, we round the figures to the nearest 100,000. This can mean that figures may not sum due to this rounding. As an example, if poverty levels amongst a certain group changed from 1.64 to 1.57 million, the rounded levels of poverty would be 1.6 million in both years as both levels round to this, but the unrounded difference would be 0.07 million which would be rounded to 0.1 million. This could also work in the opposite direction, as if the statistics changed from 1.66 to 1.64, the rounded levels of poverty would be 1.7 million in the first year and 1.6 in the second year because of rounding, but the unrounded difference would be 0.02 million which would be rounded to no change. Only rounding figures at the final point of calculation of a statistic produces the best estimate.
9. Figures published today continue to use the grossing factors introduced in the 2003/04 publication for all years. Further details of the FRS grossing regime are available at the following URL:
<http://www.dwp.gov.uk/asd/frs/reports/pn170205final.pdf>.
10. HBAI allows consistent comparisons of disposable income over time, for different parts of the income distribution. The income measures used have been up-rated using the information derived from the Retail Prices Index (RPI) to enable one year's data to be compared with another. This edition focuses on results that cover the period since 1994/95. Some results are presented from the Family Expenditure Survey (FES), which look at the period between 1979 and the mid 1990s. Following a consultation exercise with outside academics and other Government departments, results from the two survey sources are presented together, using agreed methodologies to provide a longer time series.
11. In previous years, analysis comparing household expenditure levels using the Family Expenditure Survey (a survey run for the Office for National Statistics which captures household expenditure) indicated that the standard of living of people in the bottom decile was no worse than that of people in the second decile; and the expenditure levels of zero or negative income cases place nearly half of them in the top half of the expenditure distribution. For these reasons, results for the bottom end of the income distribution should not be interpreted as relating unambiguously to the bottom end of a distribution of living standards.
12. The Gini Coefficient is a quantitative measure of income inequality ranging from 0 (perfect equality - all individuals would have equal income) to 1 (perfect inequality - one individual would have all the income of the country). It has been commonly used to see how income inequality has changed over time, and to compare between countries.
13. "Households Below Average Income - 1994/95 to 2006/07" ISBN 978 1 84763 298 2 is produced by the Department for Work and Pensions and is a National Statistics publication. General enquiries about the figures contained in "HBAI - 1994/95 to 2006/07" should be referred to the Department for Work and Pensions Press Office. Questions of detail on the figures may be referred to the DWP statistician responsible for HBAI (Tel: 020 7962 8232, email: team.hbai@dwp.gsi.gov.uk) of the DWP Information Directorate. The report is also available on the DWP Internet site, at <http://www.dwp.gov.uk/asd/hbai.asp>