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HOUSEHOLDS BELOW AVERAGE INCOME STATISTICS

The Households Below Average Income statistical report (HBAI) for the period 1994/5-2002/03 is published today. This National Statistics First Release contains a digest of key results taken from this publication. All results are estimates, drawn from a sample of households.

INCOME GROWTH AND 'ABSOLUTE STYLE' LOW-INCOME INDICATORS

There was significant income growth, in real terms, at the lower end of the income distribution between 1994/5 and 2002/03 and between 1996/7 and 2002/03. Between 1996/7 and 2002/03 the median income of the bottom 20 per cent of the population grew by 18 per cent in real terms for income Before Housing Costs, and 25 per cent for income After Housing Costs.

As a result, the proportion of the population below low-income thresholds that are fixed in real terms ('absolute' low-income thresholds) fell significantly over this period. The latest estimates for 2002/03 show that there were 4.4 million fewer individuals living below 60 per cent of 1996/7 median income held constant in real terms on a Before Housing Costs basis, compared to 1996/7. A fall of 6.2 million has been recorded After Housing Costs. From 1996/7 to 2002/03:

- In 1996/7 there were 3.2 million children below 60 per cent of 1996/7 median income Before Housing Costs; by 2002/03 this had fallen by over half, to 1.5 million (for income After Housing Costs, there was a fall of 2.1 million from an initial level, in 1996/7, of 4.3 million).
- There was a fall of 1.6 million in the number of working-age adults below 60 per cent of 1996/7 median income Before Housing Costs, from an initial level of 4.9 million (After Housing Costs, there was a fall of 2.3 million from an initial level of 6.8 million).
- There was a fall of 1.0 million in the number of pensioners below 60 per cent of 1996/7 median income Before Housing Costs, from an initial level of 2.1 million (After Housing Costs, a fall of 1.8 million from an initial level of 2.7 million).

From 1996/7 to 2002/03, the income growth observed at the lower end of the income distribution was accompanied by similar growth across the income distribution as a whole.

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 previously, as a large part of the income growth at the bottom of the distribution is absorbed in 'keeping up' with the population as a whole.

Whole Population - Over the period 1996/7-2002/03, the percentage of the population below various low-income thresholds linked to contemporary median income showed only modest changes, with more consistent evidence of a reduction for income After Housing Costs than for income Before Housing Costs. In 2002/03, there were 9.7 million people living in households with below 60 per cent of median net disposable household income Before Housing Costs and 12.4 million After Housing Costs. This represents a fall from 1996/7 of 600,000 on a Before Housing Costs basis, and 1.4 million After Housing Costs.

Children - In 2002/03, there were 2.6 million children living in households with below 60 per cent of median household income on a Before Housing Costs basis, 3.6 million After Housing Costs. This represents a fall of 600,000 since 1996/7 on a Before Housing Costs basis; and a fall of 700,000 After Housing Costs. Falls from a 1994/5 base were less marked. Since 1998/9, the base year for the Government's Public Service Agreement (PSA) target on child poverty, the Before Housing Costs measure has fallen by 500,000 (600,000 After Housing Costs). Given that the 1998/9 baselines were 3.1 million children and 4.2 million children respectively, this represents a fall over the period of around 16 per cent on a BHC basis and 14 per cent on an AHC basis. The PSA target is to reduce the number of children in low-income households by at least a quarter by 2004.

Working-age adults - In 2002/03, on a Before Housing Costs basis, there were 4.9 million working-age adults living in households with below 60 per cent of median household income,

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6.7 million After Housing Costs. Overall there has been little change over the period 1996/7-2002/03.

Pensioners – In 2002/03, there were 2.1 million pensioners living in households with below 60 per cent of median household income on a Before Housing Costs basis, 2.2 million After Housing Costs. Between 1994/5 and 2002/03, the proportion of pensioners living in households below thresholds of contemporary mean or median income Before Housing Costs tended to show little change or a slight rise. In general, for income After Housing Costs, the proportions tended to show a fall. This applied equally from 1996/7 to 2002/03.

GROUPS WITH AN ABOVE AVERAGE RISK OF LOW INCOME IN 2002/03

In 2002/03, 17 per cent of the population lived in households with below 60 per cent of median income Before Housing Costs, 22 per cent on an After Housing Costs basis. The following groups were among the groups with an above average risk of low income:

- **Workless households** – working-age individuals in workless households were much more likely to live in low-income households than those with at least one adult in full-time work, with just under a half of the former living in households with below 60 per cent of median income Before Housing Costs, and two-thirds on an After Housing Costs basis.
- **Children** – in particular, children in lone-parent families, children of couples where the parents are unemployed or work only part-time, those in families with three or more children, or with a mother aged under 35.
- **Older pensioner couples** - especially those over 75, had an above-average risk of low income. Among all pensioners, single female pensioners had a higher risk of living in low-income families than single male pensioners.
- **Ethnic minorities** - households headed by a member of an ethnic minority community were more likely to have low incomes. This was particularly the case for households headed by someone of Pakistani or Bangladeshi ethnic origin, with 59 per cent of this group living in households with below 60 per cent of median income Before Housing Costs, 69 per cent on an After Housing Costs basis.
- **Disabled people** - individuals in families containing one or more disabled people were more likely to live in low-income households than those in families with no disabled person, with around 22 per cent of individuals in households with a disabled adult lived in low income Before Housing Costs and 27 per cent After Housing Costs. The risk of low income for individuals in households with a disabled child were 23 percent BHC and 29 per cent AHC. Risk of low income was significantly higher where there was both an adult and a child with disabilities.
- **Local Authority or Housing Association tenants** - individuals in this group were more likely to live in low-income households than other tenure types, with around a third living in households with below 60 per cent of median income Before Housing Costs, and around a half on an After Housing Costs basis.
- **No educational qualifications** - individuals living in working-age 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 four working-age adults without qualifications lived in households with below 60 per cent of median income, around one in three After Housing Costs.
- **Inner London** - individuals living in Inner London were more likely to live in low income: 24 per cent of individuals living in households of this type on a Before Housing Costs basis; and 35 per cent on an After Housing Costs basis. The difference between individuals living in households in London and the national average was larger on the After Housing Costs measure.

THE INCOME DISTRIBUTION IN 2002/03 – 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 (the benchmark used for equivalisation).

Table 1 shows the cash equivalent household incomes, corresponding to various income levels in the overall 2002/03 Before Housing Costs income distribution for several different family types:

Statistics relating to the overall equivalised net disposable income distribution and their equivalent (unequalised) money values for different family types, in 2002/03 prices

£per week unequalised	Source: FRS 2002/03								
	Mean	Median	50% mean	60% median	Bottom	Second	Quintile Middle	Fourth	Top
Before Housing Costs									
Couple with no children (equivalised income benchmark)	396	323	198	194	< 205	205 - 281	282 - 372	373 - 505	506 +
Single with no children	242	197	121	118	< 125	125 - 171	172 - 227	228 - 308	309 +
Couple with two children aged 5 and 11	578	472	289	283	< 300	300 - 410	411 - 544	545 - 738	739 +
Single with two children aged 5 and 11	424	346	212	207	< 220	220 - 300	301 - 398	399 - 541	542 +

Note:

This table takes levels of equivalised income for the population as a whole and translates them into cash equivalents for different family types. For example, for results Before Housing Costs including the self-employed, it shows that 60 per cent of median (equivalised) income was £194 per week. This translates to a cash income of £118 for a single person with no children. This does not imply that, to obtain this figure we work out the median income for single people and take 60 per cent of that figure. Rather, that a single person needs a cash income of £118 or less to be below 60 per cent of median (equivalised) income for the population as a whole.

ADDITIONAL TABLES

The following additional tables are included overleaf:

- **Table 2.1** - Percentage of individuals below thresholds of contemporary and 1996/7 real terms mean and median income 1994/5-2002/03.
- **Table 2.2** - Number of individuals below thresholds of contemporary and 1996/7 real terms mean and median income 1994/5-2002/03.
- **Table 3.1** - Percentage of children below thresholds of contemporary and 1996/7 real terms mean and median income 1994/5-2002/03.
- **Table 3.2** - Number of children below thresholds of contemporary and 1996/7 real terms mean and median income 1994/5-2002/03.
- **Table 4.1** - Percentage of working-age adults below thresholds of contemporary and 1996/7 real terms mean and median income 1994/5-2002/03.
- **Table 4.2** - Number of working-age adults below thresholds of contemporary and 1996/7 real terms mean and median income 1994/5-2002/03.
- **Table 5.1** - Percentage of pensioners below thresholds of contemporary and 1996/7 real terms mean and median income 1994/5-2002/03.
- **Table 5.2** - Number of pensioners below thresholds of contemporary and 1996/7 real terms mean and median income 1994/5-2002/03.
- **Table 6** – Real-terms changes in income levels by quintile (20 per cent band) medians from 1994/5 to 2002/03 and 1996/7 to 2002/03.

Table 2.1

Percentage of individuals below thresholds of contemporary and 1996/7 real terms mean and median income

Percentage of individuals	Source: FRS					
	Income Thresholds					
	40%	Below mean 50%	60%	50%	Below median 60%	70%
Contemporary income thresholds						
Before Housing Costs						
1994/5	8	18	29	9	18	27
1995/6	8	17	29	9	17	26
1996/7	8	18	29	10	18	27
1997/8	9	19	29	10	18	27
1998/9	9	19	30	10	18	27
1999/00	9	19	30	9	18	27
2000/01	9	19	30	10	17	26
2001/02	9	19	29	9	17	26
2002/03	9	18	29	9	17	26
After Housing Costs						
1994/5	13	24	33	15	24	31
1995/6	13	24	33	14	23	31
1996/7	15	25	33	16	25	32
1997/8	15	25	33	16	24	31
1998/9	15	25	34	16	24	31
1999/00	15	25	33	15	23	31
2000/01	14	24	33	15	23	30
2001/02	14	23	32	14	22	29
2002/03	14	23	32	14	22	30
1996/7 income thresholds held constant in real terms						
Before Housing Costs						
1994/5	9	20	31	11	20	29
1995/6	9	19	31	10	19	29
1996/7	8	18	29	10	18	27
1997/8	8	18	28	9	18	26
1998/9	8	17	27	9	16	25
1999/00	7	15	25	8	15	23
2000/01	6	13	23	7	13	21
2001/02	5	11	20	6	11	18
2002/03	5	11	19	6	10	17
After Housing Costs						
1994/5	15	26	35	17	26	33
1995/6	14	26	35	16	26	33
1996/7	15	25	33	16	25	32
1997/8	14	24	31	15	23	30
1998/9	13	22	31	14	22	29
1999/00	11	20	29	12	20	27
2000/01	10	18	26	10	17	24
2001/02	8	15	23	9	15	21
2002/03	8	14	21	8	14	20

Table 2.2
Number of individuals below thresholds of contemporary and 1996/7 real terms mean and median income

Number of individuals (millions)	Income Thresholds						All individuals
	Below mean			Below median			
	40%	50%	60%	50%	60%	70%	
Contemporary income thresholds							
Before Housing Costs							
1994/5	4.3	9.9	16.1	5.1	9.8	15.0	55.8
1995/6	4.3	9.7	16.0	4.9	9.4	14.6	56.0
1996/7	4.7	10.4	16.4	5.4	10.3	15.3	56.2
1997/8	5.0	10.6	16.6	5.5	10.3	15.2	56.4
1998/9	5.3	11.0	17.2	5.6	10.2	15.2	56.6
1999/00	5.0	10.7	16.9	5.4	10.0	15.3	56.7
2000/01	5.3	10.6	17.0	5.5	9.7	14.8	56.9
2001/02	5.1	10.6	16.6	5.3	9.7	14.7	57.0
2002/03	5.1	10.3	16.4	5.4	9.7	14.7	57.0
1994/5-2002/03	0.7	0.4	0.3	0.3	-0.1	-0.3	1.2
1996/7-2002/03	0.4	-0.1	0.0	0.0	-0.6	-0.6	0.8
After Housing Costs							
1994/5	7.3	13.3	18.2	8.2	13.2	17.2	55.8
1995/6	7.1	13.5	18.4	7.7	13.0	17.2	56.0
1996/7	8.2	14.1	18.6	9.0	13.9	17.8	56.2
1997/8	8.4	13.9	18.4	8.9	13.5	17.3	56.4
1998/9	8.7	14.3	19.0	8.9	13.4	17.3	56.6
1999/00	8.3	14.0	18.7	8.7	13.3	17.4	56.7
2000/01	8.1	13.8	18.8	8.3	12.9	17.0	56.9
2001/02	7.8	13.3	18.2	8.2	12.5	16.8	57.0
2002/03	7.8	13.0	18.4	8.2	12.4	16.9	57.0
1994/5-2002/03	0.5	-0.3	0.2	0.0	-0.7	-0.3	1.2
1996/7-2002/03	-0.4	-1.0	-0.2	-0.8	-1.4	-0.9	0.8
1996/7 income thresholds held constant in real terms							
Before Housing Costs							
1994/5	5.1	11.2	17.6	5.9	11.0	16.4	55.8
1995/6	4.9	10.8	17.3	5.6	10.7	16.1	56.0
1996/7	4.7	10.4	16.4	5.4	10.3	15.3	56.2
1997/8	4.6	10.0	15.9	5.2	9.9	14.8	56.4
1998/9	4.3	9.4	15.2	4.9	9.3	14.1	56.6
1999/00	3.9	8.4	14.4	4.5	8.3	13.2	56.7
2000/01	3.6	7.4	12.9	4.1	7.4	11.8	56.9
2001/02	3.0	6.3	11.3	3.4	6.2	10.2	57.0
2002/03	3.1	6.0	10.6	3.4	5.9	9.7	57.0
1994/5-2002/03	-2.1	-5.2	-6.9	-2.5	-5.1	-6.7	1.2
1996/7-2002/03	-1.6	-4.4	-5.7	-2.0	-4.4	-5.6	0.8
After Housing Costs							
1994/5	8.4	14.7	19.4	9.3	14.5	18.6	55.8
1995/6	8.1	14.7	19.6	9.1	14.5	18.6	56.0
1996/7	8.2	14.1	18.6	9.0	13.9	17.8	56.2
1997/8	7.7	13.3	17.7	8.5	13.1	16.9	56.4
1998/9	7.1	12.7	17.3	7.9	12.6	16.4	56.6
1999/00	6.4	11.6	16.3	7.0	11.4	15.4	56.7
2000/01	5.4	10.1	14.7	6.0	9.9	13.9	56.9
2001/02	4.6	8.5	13.0	5.0	8.4	12.1	57.0
2002/03	4.5	7.9	12.1	4.8	7.7	11.3	57.0
1994/5-2002/03	-4.0	-6.8	-7.3	-4.5	-6.8	-7.3	1.2
1996/7-2002/03	-3.7	-6.2	-6.5	-4.2	-6.2	-6.5	0.8

Notes:

1. 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 1996/7 real terms mean and median income

Percentage of children	Income Thresholds					
	Below mean			Below median		
	40%	50%	60%	50%	60%	70%
Contemporary income thresholds						
Before Housing Costs						
1994/5	9	23	37	11	23	34
1995/6	9	22	36	11	21	34
1996/7	11	25	38	12	25	36
1997/8	11	26	39	13	25	36
1998/9	12	26	39	12	24	35
1999/00	11	25	39	11	23	35
2000/01	11	24	38	11	21	33
2001/02	10	23	37	10	21	33
2002/03	10	22	36	10	21	32
After Housing Costs						
1994/5	17	32	42	20	32	40
1995/6	17	33	42	19	32	40
1996/7	21	34	43	23	34	42
1997/8	22	34	43	23	33	41
1998/9	23	35	45	23	33	41
1999/00	21	34	43	22	32	41
2000/01	19	32	43	19	31	39
2001/02	18	32	41	19	30	39
2002/03	18	30	41	19	28	38
1996/7 income thresholds held constant in real terms						
Before Housing Costs						
1994/5	11	26	39	13	26	37
1995/6	11	25	39	12	24	37
1996/7	11	25	38	12	25	36
1997/8	10	24	37	12	24	35
1998/9	9	22	35	11	22	33
1999/00	8	19	34	9	19	31
2000/01	7	16	29	8	16	26
2001/02	6	13	25	6	12	22
2002/03	6	12	23	6	12	21
After Housing Costs						
1994/5	21	35	44	23	34	42
1995/6	20	35	45	22	35	43
1996/7	21	34	43	23	34	42
1997/8	20	33	42	22	32	40
1998/9	18	32	41	20	31	39
1999/00	15	29	38	17	28	37
2000/01	11	24	34	13	24	32
2001/02	9	20	31	10	20	29
2002/03	9	18	28	10	17	26

Source: FRS

Table 3.2
Number of children below thresholds of contemporary and 1996/7 real terms mean and median income

Number of children (millions)							Source: FRS
	Income Thresholds						All children
	40%	Below mean		50%	Below median		
		50%	60%		60%	70%	
Contemporary income thresholds							
Before Housing Costs							
1994/5	1.2	3.0	4.6	1.4	2.9	4.4	12.7
1995/6	1.2	2.9	4.7	1.4	2.7	4.3	12.8
1996/7	1.3	3.3	4.9	1.6	3.2	4.6	12.8
1997/8	1.4	3.3	4.9	1.6	3.2	4.6	12.8
1998/9	1.5	3.4	5.0	1.6	3.1	4.5	12.8
1999/00	1.4	3.2	5.0	1.5	3.0	4.5	12.8
2000/01	1.4	3.0	4.8	1.4	2.7	4.2	12.8
2001/02	1.3	2.9	4.7	1.3	2.7	4.3	12.8
2002/03	1.2	2.8	4.6	1.3	2.6	4.1	12.7
1994/5-2002/03	0.1	-0.2	-0.1	-0.1	-0.3	-0.3	0.0
1996/7-2002/03	-0.1	-0.5	-0.3	-0.3	-0.6	-0.5	-0.1
1998/9-2002/03	-0.3	-0.6	-0.5	-0.3	-0.5	-0.4	-0.1
After Housing Costs							
1994/5	2.2	4.0	5.3	2.5	4.0	5.0	12.7
1995/6	2.2	4.2	5.4	2.4	4.0	5.1	12.8
1996/7	2.7	4.4	5.6	3.0	4.3	5.4	12.8
1997/8	2.8	4.3	5.5	3.0	4.2	5.2	12.8
1998/9	2.9	4.5	5.7	3.0	4.2	5.3	12.8
1999/00	2.7	4.3	5.6	2.8	4.1	5.2	12.8
2000/01	2.4	4.1	5.5	2.5	3.9	5.0	12.8
2001/02	2.3	4.0	5.3	2.4	3.8	4.9	12.8
2002/03	2.2	3.8	5.1	2.4	3.6	4.8	12.7
1994/5-2002/03	0.0	-0.3	-0.2	-0.1	-0.4	-0.3	0.0
1996/7-2002/03	-0.4	-0.6	-0.4	-0.6	-0.7	-0.6	-0.1
1998/9-2002/03	-0.7	-0.7	-0.6	-0.6	-0.6	-0.5	-0.1
1996/7 income thresholds held constant in real terms							
Before Housing Costs							
1994/5	1.4	3.3	5.0	1.7	3.3	4.7	12.7
1995/6	1.4	3.2	5.0	1.6	3.1	4.7	12.8
1996/7	1.3	3.3	4.9	1.6	3.2	4.6	12.8
1997/8	1.3	3.1	4.7	1.5	3.1	4.5	12.8
1998/9	1.2	2.9	4.5	1.4	2.8	4.2	12.8
1999/00	1.0	2.5	4.3	1.2	2.4	3.9	12.8
2000/01	0.9	2.0	3.7	1.0	2.0	3.4	12.8
2001/02	0.7	1.6	3.2	0.8	1.6	2.8	12.8
2002/03	0.7	1.5	2.9	0.8	1.5	2.6	12.7
1994/5-2002/03	-0.7	-1.8	-2.1	-0.9	-1.8	-2.1	0.0
1996/7-2002/03	-0.6	-1.8	-2.0	-0.8	-1.8	-1.9	-0.1
1998/9-2002/03	-0.5	-1.4	-1.6	-0.6	-1.4	-1.6	-0.1
After Housing Costs							
1994/5	2.6	4.4	5.6	2.9	4.4	5.4	12.7
1995/6	2.5	4.5	5.8	2.9	4.5	5.5	12.8
1996/7	2.7	4.4	5.6	3.0	4.3	5.4	12.8
1997/8	2.5	4.2	5.3	2.8	4.2	5.1	12.8
1998/9	2.3	4.1	5.3	2.6	4.0	5.0	12.8
1999/00	1.9	3.7	4.9	2.2	3.6	4.7	12.8
2000/01	1.5	3.1	4.4	1.7	3.0	4.2	12.8
2001/02	1.2	2.6	3.9	1.3	2.5	3.7	12.8
2002/03	1.1	2.3	3.5	1.2	2.2	3.3	12.7
1994/5-2002/03	-1.5	-2.2	-2.1	-1.7	-2.2	-2.1	0.0
1996/7-2002/03	-1.6	-2.1	-2.0	-1.7	-2.1	-2.1	-0.1
1998/9-2002/03	-1.2	-1.8	-1.7	-1.4	-1.8	-1.7	-0.1

Notes:

1. 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 4.1

Percentage of working-age adults below thresholds of contemporary and 1996/7 real terms mean and median income

Percentage of working-age adults	Source: FRS					
	Income Thresholds					
	40%	Below mean 50%	60%	50%	Below median 60%	70%
Contemporary income thresholds						
Before Housing Costs						
1994/5	7	15	23	8	14	21
1995/6	7	14	22	8	13	20
1996/7	7	15	23	8	15	21
1997/8	8	15	23	8	15	21
1998/9	8	15	24	8	14	21
1999/00	8	15	24	8	14	21
2000/01	9	15	24	9	14	21
2001/02	8	15	23	8	14	21
2002/03	8	15	23	9	14	21
After Housing Costs						
1994/5	13	20	26	14	20	25
1995/6	12	20	26	13	19	25
1996/7	14	21	27	15	21	26
1997/8	13	20	26	14	20	25
1998/9	14	20	27	14	19	24
1999/00	14	21	27	14	20	25
2000/01	14	20	27	14	19	25
2001/02	13	20	26	14	19	24
2002/03	13	20	27	14	19	25
1996/7 income thresholds held constant in real terms						
Before Housing Costs						
1994/5	8	16	25	9	16	23
1995/6	8	15	24	9	15	22
1996/7	7	15	23	8	15	21
1997/8	7	14	22	8	14	21
1998/9	7	13	21	7	13	19
1999/00	6	12	20	7	12	19
2000/01	6	11	18	7	11	17
2001/02	5	10	16	6	10	15
2002/03	6	10	16	6	10	14
After Housing Costs						
1994/5	14	22	28	15	21	27
1995/6	13	21	28	15	21	27
1996/7	14	21	27	15	21	26
1997/8	13	19	25	14	19	24
1998/9	12	18	24	13	18	23
1999/00	11	18	24	12	17	22
2000/01	10	16	22	11	16	20
2001/02	9	14	19	9	14	18
2002/03	9	14	19	9	13	18

Table 4.2
Number of working-age adults below thresholds of contemporary and 1996/7 real terms mean and median income

Number of working-age adults (millions)	Income Thresholds						All working-age adults
	Below mean			Below median			
	40%	50%	60%	50%	60%	70%	
Contemporary income thresholds							
Before Housing Costs							
1994/5	2.3	4.8	7.5	2.7	4.8	7.0	33.1
1995/6	2.3	4.6	7.4	2.5	4.5	6.8	33.3
1996/7	2.5	5.0	7.7	2.8	4.9	7.2	33.4
1997/8	2.6	5.1	7.7	2.8	4.9	7.1	33.6
1998/9	2.7	5.1	7.9	2.8	4.8	7.0	33.8
1999/00	2.7	5.2	8.0	2.8	4.9	7.2	33.9
2000/01	2.9	5.3	8.2	3.0	4.8	7.2	34.1
2001/02	2.8	5.2	7.9	2.8	4.8	7.1	34.2
2002/03	2.9	5.2	8.0	3.0	4.9	7.2	34.3
1994/5-2002/03	0.5	0.4	0.5	0.3	0.1	0.2	1.2
1996/7-2002/03	0.4	0.2	0.3	0.3	0.0	0.0	0.9
After Housing Costs							
1994/5	4.2	6.6	8.7	4.5	6.5	8.2	33.1
1995/6	4.1	6.6	8.8	4.3	6.4	8.2	33.3
1996/7	4.5	6.9	8.9	4.9	6.8	8.6	33.4
1997/8	4.5	6.7	8.8	4.7	6.6	8.3	33.6
1998/9	4.6	6.9	9.1	4.7	6.5	8.3	33.8
1999/00	4.6	7.0	9.2	4.7	6.7	8.5	33.9
2000/01	4.6	7.0	9.3	4.7	6.6	8.4	34.1
2001/02	4.5	6.7	8.9	4.7	6.5	8.2	34.2
2002/03	4.6	6.9	9.3	4.8	6.7	8.6	34.3
1994/5-2002/03	0.4	0.3	0.6	0.2	0.2	0.4	1.2
1996/7-2002/03	0.1	0.0	0.3	-0.1	-0.2	0.0	0.9
1996/7 income thresholds held constant in real terms							
Before Housing Costs							
1994/5	2.7	5.4	8.2	3.1	5.3	7.6	33.1
1995/6	2.6	5.1	8.0	2.9	5.0	7.4	33.3
1996/7	2.5	5.0	7.7	2.8	4.9	7.2	33.4
1997/8	2.4	4.8	7.4	2.7	4.7	6.9	33.6
1998/9	2.2	4.4	7.0	2.5	4.4	6.5	33.8
1999/00	2.2	4.2	6.8	2.4	4.1	6.3	33.9
2000/01	2.1	3.8	6.3	2.4	3.8	5.8	34.1
2001/02	1.8	3.3	5.5	2.0	3.3	5.0	34.2
2002/03	1.9	3.3	5.4	2.1	3.3	4.9	34.3
1994/5-2002/03	-0.8	-2.0	-2.8	-1.0	-2.0	-2.7	1.2
1996/7-2002/03	-0.5	-1.7	-2.3	-0.7	-1.6	-2.3	0.9
After Housing Costs							
1994/5	4.7	7.1	9.2	5.0	7.0	8.8	33.1
1995/6	4.5	7.1	9.4	4.9	7.0	8.9	33.3
1996/7	4.5	6.9	8.9	4.9	6.8	8.6	33.4
1997/8	4.2	6.5	8.5	4.6	6.4	8.1	33.6
1998/9	4.0	6.2	8.2	4.3	6.2	7.8	33.8
1999/00	3.7	6.0	8.0	4.0	5.9	7.6	33.9
2000/01	3.4	5.4	7.4	3.7	5.4	7.0	34.1
2001/02	2.9	4.8	6.6	3.1	4.8	6.3	34.2
2002/03	3.0	4.6	6.5	3.1	4.6	6.2	34.3
1994/5-2002/03	-1.7	-2.5	-2.7	-1.9	-2.5	-2.7	1.2
1996/7-2002/03	-1.6	-2.3	-2.4	-1.7	-2.3	-2.4	0.9

Notes:

1. 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 1996/7 real terms mean and median income

Percentage of pensioners	Income Thresholds						Source: FRS
	Below mean			Below median			
	40%	50%	60%	50%	60%	70%	
Contemporary income thresholds							
Before Housing Costs							
1994/5	8	21	39	10	21	36	
1995/6	8	22	39	10	22	35	
1996/7	9	21	38	10	21	35	
1997/8	10	23	39	11	22	35	
1998/9	11	25	42	12	23	36	
1999/00	10	23	39	11	22	35	
2000/01	10	23	40	11	21	34	
2001/02	10	24	40	11	22	34	
2002/03	10	23	38	10	21	34	
After Housing Costs							
1994/5	9	27	42	11	27	40	
1995/6	8	27	42	10	25	39	
1996/7	10	28	41	12	27	39	
1997/8	11	28	41	12	27	38	
1998/9	12	30	42	12	27	38	
1999/00	11	27	40	12	25	37	
2000/01	11	27	40	11	24	36	
2001/02	10	25	40	11	22	36	
2002/03	9	23	40	10	21	36	
1996/7 income thresholds held constant in real terms							
Before Housing Costs							
1994/5	10	25	44	12	24	40	
1995/6	10	25	43	12	25	39	
1996/7	9	21	38	10	21	35	
1997/8	9	21	37	11	21	34	
1998/9	8	21	37	10	20	33	
1999/00	7	18	33	9	18	29	
2000/01	6	16	29	7	15	26	
2001/02	5	14	26	6	14	23	
2002/03	4	12	24	5	12	21	
After Housing Costs							
1994/5	12	31	45	14	31	43	
1995/6	11	31	45	13	31	43	
1996/7	10	28	41	12	27	39	
1997/8	9	26	39	11	26	37	
1998/9	9	24	38	10	24	35	
1999/00	7	20	34	8	19	31	
2000/01	6	16	30	6	15	27	
2001/02	5	12	24	6	11	21	
2002/03	4	10	21	5	9	18	

Table 5.2
Number of pensioners below thresholds of contemporary and 1996/7 real terms mean and median income

Number of pensioners (millions)	Income Thresholds						All Pensioners
	Below mean			Below median			
	40%	50%	60%	50%	60%	70%	
Contemporary income thresholds							
Before Housing Costs							
1994/5	0.8	2.1	3.9	1.0	2.1	3.6	10.0
1995/6	0.8	2.2	3.9	1.0	2.2	3.5	10.0
1996/7	0.9	2.2	3.8	1.0	2.1	3.5	10.0
1997/8	1.0	2.3	3.9	1.1	2.2	3.5	10.0
1998/9	1.1	2.5	4.2	1.2	2.3	3.7	10.0
1999/00	1.0	2.3	3.9	1.1	2.2	3.5	10.0
2000/01	1.0	2.3	4.0	1.1	2.1	3.4	10.0
2001/02	1.0	2.4	4.0	1.1	2.2	3.4	10.0
2002/03	1.0	2.3	3.9	1.0	2.1	3.4	10.0
1994/5-2002/03	0.2	0.2	-0.1	0.1	0.0	-0.2	0.0
1996/7-2002/03	0.1	0.2	0.0	0.0	0.0	-0.2	0.0
After Housing Costs							
1994/5	0.9	2.7	4.2	1.1	2.7	4.0	10.0
1995/6	0.8	2.7	4.2	0.9	2.5	3.9	10.0
1996/7	1.0	2.8	4.1	1.2	2.7	3.9	10.0
1997/8	1.1	2.8	4.1	1.2	2.7	3.8	10.0
1998/9	1.2	3.0	4.2	1.2	2.7	3.8	10.0
1999/00	1.1	2.7	4.0	1.2	2.5	3.7	10.0
2000/01	1.1	2.7	4.0	1.1	2.4	3.6	10.0
2001/02	1.0	2.5	4.0	1.1	2.2	3.6	10.0
2002/03	0.9	2.3	4.0	1.0	2.2	3.6	10.0
1994/5-2002/03	0.0	-0.4	-0.2	-0.1	-0.5	-0.4	0.0
1996/7-2002/03	0	-0.4	-0.1	-0.2	-0.5	-0.3	0.0
1996/7 income thresholds held constant in real terms							
Before Housing Costs							
1994/5	1.0	2.5	4.4	1.2	2.5	4.0	10.0
1995/6	1.0	2.5	4.3	1.2	2.5	3.9	10.0
1996/7	0.9	2.2	3.8	1.0	2.1	3.5	10.0
1997/8	0.9	2.1	3.7	1.0	2.1	3.4	10.0
1998/9	0.9	2.1	3.7	1.0	2.1	3.3	10.0
1999/00	0.7	1.8	3.3	0.9	1.8	2.9	10.0
2000/01	0.6	1.6	2.9	0.7	1.5	2.6	10.0
2001/02	0.5	1.4	2.6	0.6	1.4	2.4	10.0
2002/03	0.4	1.2	2.4	0.5	1.2	2.1	10.0
1994/5-2002/03	-0.6	-1.3	-2.0	-0.7	-1.3	-1.9	0.0
1996/7-2002/03	-0.4	-1.0	-1.4	-0.5	-1.0	-1.4	0.0
After Housing Costs							
1994/5	1.2	3.1	4.6	1.4	3.1	4.3	10.0
1995/6	1.1	3.1	4.5	1.3	3.1	4.2	10.0
1996/7	1.0	2.8	4.1	1.2	2.7	3.9	10.0
1997/8	0.9	2.6	3.9	1.1	2.6	3.7	10.0
1998/9	0.9	2.4	3.8	1.0	2.4	3.5	10.0
1999/00	0.7	2.0	3.4	0.8	1.9	3.1	10.0
2000/01	0.6	1.6	3.0	0.6	1.5	2.7	10.0
2001/02	0.5	1.2	2.4	0.6	1.1	2.1	10.0
2002/03	0.4	1.0	2.1	0.5	0.9	1.8	10.0
1994/5-2002/03	-0.7	-2.2	-2.5	-0.9	-2.1	-2.5	0.0
1996/7-2002/03	-0.6	-1.8	-2.0	-0.7	-1.8	-2.1	0.0

Notes:

1. 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

Real-terms changes in income for decile medians, quintile medians and overall population mean

Percentage change	Source: Family Resources Survey					
	Quintile group medians					Population mean
	Quintile 1	Quintile 2	Quintile 3 (Population median)	Quintile 4	Quintile 5	
1994/5-2002/03						
Income Before Housing Costs	21	24	21	19	22	24
Income After Housing Costs	30	32	28	25	26	31
1996/7-2002/03						
Income Before Housing Costs	18	19	17	15	16	19
Income After Housing Costs	25	28	22	21	20	25

Notes:

Unless figures are marked in **bold type**, they do not show change that is statistically significant, at the 95% level, when compared to the majority of other figures in the same row.

Notes for editors:

1. The Households Below Average Income statistical report (HBAI) for the period 1994/5-2002/03 is published today. The report, the fifteenth 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 Great Britain from the financial years 1994/5 to 2002/03 using cross-sectional data from the DWP Family Resources Survey (FRS). The report also draws upon 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 mobility. The latest BHPS estimates available relate to 2001, and were first published by the HBAI team on 9 September 2003 in the Low-income dynamics paper. Data for 2002 will become available later in the year and will be published by DWP separately.
2. 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. A key assumption made in HBAI is that all individuals in the household benefit equally from the combined (equivalised) income of the household.
3. HBAI employs two measures of (net equivalised household) income: Before Housing Costs (BHC) and After Housing Costs (AHC). Each measure has imperfections as a guide to differences in, and changes in, living standards, but the two are complementary. 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.
4. 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 luncheon vouchers, free TV licences for the over 75s, free meals/food from employers, free coal and coke and free milk (where data is available). HBAI income is net of: income tax payments; NI contributions; contributions to occupational and personal pension schemes; council tax; maintenance and child support payments made; and parental contributions to students living away from home.
5. 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 the Inland Revenue's Survey of Personal Incomes (SPI) to ensure very high income cases are correctly represented in HBAI. Figures published today use grossing factors introduced in 2001/02 for all years which allow more reliable low income counts for Scotland. A full review of the grossing methodology is currently underway.
6. 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 1994/5. Some results are presented from the Family Expenditure Survey 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.
7. 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 is 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. Many of these latter households were self-employed. Even so, there remain a number of non-self-employed cases of very low incomes recording relatively high expenditures. 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.

8. The Government's annual report on poverty and social exclusion, 'Opportunity for all', gives details of policies and indicators related to poverty and social exclusion. These include indicators based on percentages of individuals below income thresholds. One of these indicators, the incidence of relative low income for children, is also a Sustainable Development Indicator.
9. Households in Northern Ireland were surveyed for the first time on the 2002/03 Family Resources Survey. Inclusion of this data into the main HBAI results for 2002/03 would very likely introduce discontinuities in some results. In order to minimise these disruptions, HBAI presents most results for Great Britain, with results on a UK basis presented in an appendix. The appendix compares the results on both bases, and assesses what the effects may be of changing coverage from GB to the UK.
10. In 2001, as part of the National Statistics Quality Review of Income Statistics, the Department for Work and Pensions (DWP) launched a joint review of the Households Below Average Income (HBAI) and Pensioners' Incomes (PI) statistical reports. Its purpose was to establish whether the HBAI and PI series continue to meet the needs of their users and, where they did not, how best to address those needs. It considered the definitions and methodology used and also the timeliness and accessibility of the statistics. Further details of the review and its conclusions are available on the DWP website at the following URL: http://www.dwp.gov.uk/asd/hbai/quality_review/quality_review.asp
11. "Households Below Average Income – 1994/5 to 2002/03" ISBN 1 84123 670 5 price £39.50 is published by Corporate Document Services on behalf of the Department for Work and Pensions and is a National Statistics publication. General enquiries about the figures contained in "HBAI – 1994/5 to 2002/03" should be referred to the Department for Work and Pensions Press Office. Questions of detail on the figures may be referred to Simon Lunn (Tel: 020 7962 8232, email: team.hbai@dwp.gsi.gov.uk) of the DWP Information and Analysis Directorate. The report is also available on the DWP Internet site, at <http://www.dwp.gov.uk/asd/hbai.asp>