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Coverage: Great Britain
Theme: Social and Welfare

HOUSEHOLDS BELOW AVERAGE INCOME STATISTICS

The Households Below Average Income statistical report (HBAI) for the period 1994/5-2000/01 is published today. This National Statistics First Release contains a digest of key results taken from this publication.

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 1996/7 and 2000/1 and, consequently, between 1994/5 and 2000/01. Between 1996/7 and 2000/01, the median income of the bottom 20 per cent of the population grew by 10 per cent in real terms for income Before Housing Costs, and 14 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. This was particularly evident in the figures for children, which showed a pronounced fall in later years. From 1996/7 to 2000/01:

- There was a fall of 1.3 million in the number of children below 60 per cent of 1996/7 median income held constant in real terms on a Before Housing Costs basis (1.4 million After Housing Costs).
- There was a fall of 1.2 million in the number of working-age adults below 60 per cent of 1996/7 median income Before Housing Costs (1.5 million After Housing Costs).
- There was a fall of 0.5 million in the number of pensioners below 60 per cent of 1996/7 median income Before Housing Costs (1.1 million After Housing Costs).

From 1996/7 to 2000/01, 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. From 1996/7, reductions for 'relative' low-income indicators are on a smaller scale to those seen for the 'absolute' indicators discussed previously, as a large part of the significant income growth at the bottom of the distribution was absorbed in 'keeping up' with the population as a whole.

Whole Population - Overall, from 1994/5 to 2000/01, the percentage of the population living in low-income households, as defined by fractions of contemporary mean or median, showed no large or consistent change. However there is evidence to suggest the figures rose slightly in the early part of the period and then fell away. In 2000/01, there were 9.7 million people living in households with below 60 per cent of median net disposable household income Before Housing Costs, 12.9 million After Housing Costs. This represents a fall from 1996/7 of some 700,000 on a Before Housing Costs basis, and 1 million After Housing Costs.

Children - In 2000/01, there were 2.7 million children living in households with below 60 per cent of median household income on a Before Housing Costs basis, 3.9 million After Housing Costs. Whilst there has been little overall change between 1994/5 and 2000/01, this represents a fall of around half a million children since 1996/7; and 400,000 children Before Housing Costs (300,000 After Housing Costs) since 1998/9, the base year for the Government's Public Service Agreement (PSA) target on child poverty.

Working-age adults - In 2000/01, 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, 6.6 million After Housing Costs. This figure has shown little change over the period 1994/5-2000/01.

Pensioners - In 2000/01, there were 2 million pensioners living in households with below 60 per cent of median household income on a Before Housing Costs basis, 2.3 million After Housing Costs. From 1994/5 to 2000/01, there was little consistent overall change in the percentage of pensioners living in low-income households. However, there is evidence to suggest that figures for most thresholds rose slightly in the earlier part of the period before falling away again in later years. This applied equally from 1996/7-2000/01, with the only difference being that the 60 and 70 per cent median measures After Housing Costs showed a clear fall, of around 200,000.

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Next Publication:

To be announced

GROUPS WITH AN ABOVE AVERAGE RISK OF LOW INCOME IN 2000/01

Looking at the distribution including the self-employed, in 2000/01, 17 per cent of the population lived in households with below 60 per cent of median income Before Housing Costs, 23 per cent on an After Housing Costs basis. The following groups had an above average risk of low income:

- **Workless families** - individuals in non-retired workless families were much more likely to live in low-income households than those with one or more adults in full-time work, with just under half of the former living in households with below 60 per cent of median income Before Housing Costs, and just under two-thirds on an After Housing Costs basis.
- **Families with children** – 21 per cent of children lived in households with below 60 per cent of median income Before Housing Costs, 31 per cent After Housing Costs. Children in lone-parent families (34 per cent lived in households with below 60 per cent median income Before Housing Costs, 55 per cent After Housing Costs), large families, with a mother aged thirty or under, or where the youngest child was aged under five were particularly at risk of low incomes.
- **Pensioners** - on a Before Housing Costs basis, just over one in five pensioners lived in households with below 60 per cent of median income, just under one in four After Housing Costs. Single female pensioners had a higher risk of living in low-income families than single male pensioners. Pensioners living in families not in receipt of a personal or occupational pension had a much greater risk of low incomes than those families with one or more pensioners in receipt.
- **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/Bangladeshi ethnic origins, with 59 per cent of this group living in households with below 60 per cent of median income Before Housing Costs, 68 per cent on an After Housing Costs basis.
- **Disabled** - 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 one in four of the former group living in households with below 60 per cent of median income, around three in ten After Housing Costs.
- **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 just over 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 much more at risk of low income than those with a qualification. On a Before Housing Costs basis, one in four working-age adults without qualifications lived in households with below 60 per cent of median income, one in three After Housing Costs.
- **North East and London** - individuals living in the North East and, on an After Housing Costs basis only, London had the highest risk of low income. On a Before Housing Costs basis, 23 per cent of individuals in the North East lived in households with below 60 per cent of median income, 28 per cent After Housing Costs. Whilst only 17 per cent of individuals in London lived in households with below 60 per cent of median income Before Housing Costs, the corresponding figure After Housing Costs was 28 per cent. In contrast, individuals living in the South East (with 10 per cent living in households with below 60 per cent of median income Before Housing Costs, 16 per cent After Housing Costs) and Eastern Regions (12 per cent with less than 60 per cent median income Before Housing Costs, 17 per cent After Housing Costs) were least likely to live in low-income households.

THE INCOME DISTRIBUTION IN 2000/01 – 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 family 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 HBAI 2000/01 Before Housing Costs income distribution for several different family types:

Table 1: Statistics relating to the overall equivalised net disposable income distribution (Before Housing Costs, including the self-employed) and their equivalent (unequivalised) money values for different family types

£per week unequivalised	Source: FRS 2000/01								
	Mean	Median	50% mean	60% median	Quintile (20 per cent band)				
					Bottom	Second	Third	Fourth	Top
Couple with no children (equivalised income benchmark)	361	293	181	176	<186	186-254	255-337	338-468	469+
Single with no children	220	179	110	107	<114	114-155	156-206	207-285	286+
Couple with two children aged 5 and 11	527	428	264	257	<271	271-371	372-492	493-683	684+
Single with two children aged 5 and 11	387	313	193	188	<199	199-272	273-361	362-501	502+

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 £176 per week. This translates to a cash income of £107 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 £107 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 1994/5-2000/01.
- **Table 2.2** - Number of individuals below thresholds of contemporary and 1996/7 real terms mean and median income 1994/5-2000/01.
- **Table 3.1** - Percentage of children below thresholds of contemporary and 1996/7 real terms mean and median income 1994/5-2000/01.
- **Table 3.2** - Number of children below thresholds of contemporary and 1996/7 real terms mean and median income 1994/5-2000/01.
- **Table 4.1** - Percentage of working-age adults below thresholds of contemporary and 1996/7 real terms mean and median income 1994/5-2000/01.
- **Table 4.2** - Number of working-age adults below thresholds of contemporary and 1996/7 real terms mean and median income 1994/5-2000/01.
- **Table 5.1** - Percentage of pensioners below thresholds of contemporary and 1996/7 real terms mean and median income 1994/5-2000/01.
- **Table 5.2** - Number of pensioners below thresholds of contemporary and 1996/7 real terms mean and median income 1994/5-2000/01.
- **Table 6** – Real income growth by quintile (20 per cent band) median from 1994/5-2000/01 and 1996/7-2000/01.

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					
	Below mean			Below median		
	40%	50%	60%	50%	60%	70%
Contemporary income thresholds						
Before Housing Costs						
1994/5	8	18	29	9	18	27
1995/6	8	17	28	9	17	26
1996/7	8	19	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
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
1996/7 income thresholds held constant in real terms						
Before Housing Costs						
1994/5	9	20	32	11	20	29
1995/6	9	19	31	10	19	29
1996/7	8	19	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
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	12	22	30	14	22	29
1999/00	11	20	29	12	20	27
2000/01	10	18	26	10	17	24

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	14.9	55.8
1995/6	4.2	9.6	15.8	4.8	9.3	14.5	55.8
1996/7	4.7	10.5	16.5	5.5	10.4	15.3	56.3
1997/8	5.0	10.7	16.6	5.5	10.3	15.2	56.4
1998/9	5.3	11.0	17.2	5.5	10.2	15.2	56.6
1999/00	5.0	10.7	17.0	5.4	10.0	15.3	56.7
2000/01	5.2	10.6	16.9	5.5	9.7	14.8	56.9
change 1994/5-2000/01	0.9	0.7	0.8	0.3	-0.1	-0.1	1.1
change 1996/7-2000/01	0.5	0.1	0.4	0.0	-0.7	-0.5	0.6
After Housing Costs							
1994/5	7.3	13.3	18.2	8.1	13.1	17.2	55.8
1995/6	7.1	13.3	18.2	7.7	12.9	17.1	55.8
1996/7	8.2	14.1	18.7	9.0	13.9	17.8	56.3
1997/8	8.4	14.0	18.4	8.9	13.5	17.3	56.4
1998/9	8.7	14.3	19.1	8.8	13.4	17.3	56.6
1999/00	8.3	14.0	18.7	8.7	13.3	17.3	56.7
2000/01	8.0	13.7	18.7	8.3	12.9	16.9	56.9
change 1994/5-2000/01	0.7	0.4	0.5	0.1	-0.3	-0.3	1.1
change 1996/7-2000/01	-0.2	-0.4	0.0	-0.7	-1.0	-0.9	0.6
1996/7 income thresholds held constant in real terms							
Before Housing Costs							
1994/5	5.2	11.2	17.6	5.9	11.0	16.3	55.8
1995/6	4.9	10.8	17.2	5.6	10.6	16.0	55.8
1996/7	4.7	10.5	16.5	5.5	10.4	15.3	56.3
1997/8	4.6	10.0	15.9	5.3	9.9	14.8	56.4
1998/9	4.3	9.4	15.2	4.9	9.2	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	7.3	11.7	56.9
change 1994/5-2000/01	-1.6	-3.7	-4.7	-1.8	-3.7	-4.6	1.1
change 1996/7-2000/01	-1.1	-3.0	-3.6	-1.4	-3.0	-3.6	0.6
After Housing Costs							
1994/5	8.4	14.6	19.4	9.3	14.4	18.5	55.8
1995/6	8.0	14.6	19.5	9.0	14.3	18.4	55.8
1996/7	8.2	14.1	18.7	9.0	13.9	17.8	56.3
1997/8	7.7	13.3	17.8	8.5	13.1	16.9	56.4
1998/9	7.1	12.7	17.2	7.8	12.5	16.4	56.6
1999/00	6.3	11.6	16.3	7.0	11.3	15.3	56.7
2000/01	5.4	10.0	14.7	5.9	9.8	13.8	56.9
change 1994/5-2000/01	-3.0	-4.6	-4.7	-3.4	-4.5	-4.7	1.1
change 1996/7-2000/01	-2.8	-4.1	-4.0	-3.1	-4.1	-4.1	0.6

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						Source: FRS
	Below mean			Below median			
	40%	50%	60%	50%	60%	70%	
Contemporary income thresholds							
Before Housing Costs							
1994/5	9	23	36	11	23	34	
1995/6	9	22	36	11	21	33	
1996/7	11	26	38	13	26	36	
1997/8	11	26	39	13	25	36	
1998/9	12	26	40	12	24	35	
1999/00	11	25	39	11	23	36	
2000/01	10	23	37	11	21	33	
After Housing Costs							
1994/5	17	31	41	20	31	39	
1995/6	17	32	42	19	31	40	
1996/7	21	35	44	23	34	42	
1997/8	22	34	43	23	33	41	
1998/9	23	35	45	23	33	41	
1999/00	21	34	44	22	32	41	
2000/01	19	32	43	19	31	39	
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	36	
1996/7	11	26	38	13	26	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	
After Housing Costs							
1994/5	20	34	44	23	34	42	
1995/6	20	35	45	22	34	42	
1996/7	21	35	44	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	23	32	

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

Number of children (millions)	Income Thresholds						All children
	Below mean			Below median			
	40%	50%	60%	50%	60%	70%	
Contemporary income thresholds							
Before Housing Costs							
1994/5	1.2	2.9	4.6	1.4	2.9	4.4	12.7
1995/6	1.2	2.8	4.6	1.3	2.7	4.3	12.7
1996/7	1.4	3.3	5.0	1.6	3.3	4.7	13.0
1997/8	1.5	3.3	5.0	1.6	3.2	4.6	12.9
1998/9	1.5	3.4	5.1	1.6	3.1	4.5	12.8
1999/00	1.4	3.2	5.0	1.5	3.0	4.6	12.9
2000/01	1.3	3.0	4.8	1.4	2.7	4.2	12.8
change 1994/5-2000/01	0.2	0.1	0.2	0.0	-0.2	-0.1	0.1
change 1996/7-2000/01	-0.1	-0.3	-0.2	-0.2	-0.6	-0.4	-0.2
change 1998/9-2000/01	-0.2	-0.4	-0.3	-0.2	-0.4	-0.3	0.0
After Housing Costs							
1994/5	2.2	4.0	5.3	2.5	4.0	5.0	12.7
1995/6	2.2	4.1	5.4	2.4	4.0	5.1	12.7
1996/7	2.7	4.5	5.7	3.0	4.4	5.5	13.0
1997/8	2.8	4.4	5.6	3.0	4.3	5.3	12.9
1998/9	2.9	4.5	5.7	2.9	4.2	5.3	12.8
1999/00	2.7	4.3	5.6	2.8	4.1	5.2	12.9
2000/01	2.4	4.1	5.5	2.5	3.9	5.0	12.8
change 1994/5-2000/01	0.2	0.1	0.2	0.0	-0.1	0.0	0.1
change 1996/7-2000/01	-0.3	-0.4	-0.2	-0.5	-0.5	-0.5	-0.2
change 1998/9-2000/01	-0.5	-0.4	-0.2	-0.4	-0.3	-0.3	0.0
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	3.1	5.0	1.6	3.1	4.6	12.7
1996/7	1.4	3.3	5.0	1.6	3.3	4.7	13.0
1997/8	1.3	3.1	4.8	1.5	3.1	4.5	12.9
1998/9	1.2	2.9	4.5	1.4	2.8	4.3	12.8
1999/00	1.0	2.5	4.3	1.2	2.4	4.0	12.9
2000/01	0.9	2.0	3.7	1.0	2.0	3.4	12.8
change 1994/5-2000/01	-0.5	-1.3	-1.3	-0.6	-1.3	-1.3	0.1
change 1996/7-2000/01	-0.5	-1.3	-1.3	-0.6	-1.3	-1.3	-0.2
change 1998/9-2000/01	-0.3	-0.8	-0.8	-0.4	-0.8	-0.9	0.0
After Housing Costs							
1994/5	2.6	4.4	5.6	2.9	4.3	5.3	12.7
1995/6	2.5	4.4	5.7	2.8	4.4	5.4	12.7
1996/7	2.7	4.5	5.7	3.0	4.4	5.5	13.0
1997/8	2.5	4.2	5.4	2.8	4.2	5.2	12.9
1998/9	2.3	4.1	5.3	2.5	4.0	5.0	12.8
1999/00	1.9	3.7	4.9	2.2	3.6	4.7	12.9
2000/01	1.5	3.0	4.4	1.6	3.0	4.1	12.8
change 1994/5-2000/01	-1.1	-1.3	-1.2	-1.2	-1.3	-1.2	0.1
change 1996/7-2000/01	-1.3	-1.4	-1.3	-1.4	-1.4	-1.3	-0.2
change 1998/9-2000/01	-0.8	-1.0	-0.9	-0.9	-1.0	-0.9	0.0

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 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						
	Below mean			Below median			
	40%	50%	60%	50%	60%	70%	
Contemporary income thresholds							
Before Housing Costs							
1994/5	7	15	23	8	15	21	
1995/6	7	14	22	8	14	21	
1996/7	7	15	23	8	15	22	
1997/8	8	15	23	8	15	21	
1998/9	8	15	24	8	14	21	
1999/00	8	15	24	8	15	21	
2000/01	8	15	24	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	20	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	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	23	
1996/7	7	15	23	8	15	22	
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	19	7	11	17	
After Housing Costs							
1994/5	14	22	28	15	21	27	
1995/6	14	21	28	15	21	27	
1996/7	14	21	27	15	20	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	

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)							Source: FRS
	Income Thresholds						All working-age adults
	40%	Below mean		Below median			
		50%	60%	50%	60%	70%	
Contemporary income thresholds							
Before Housing Costs							
1994/5	2.4	4.9	7.7	2.8	4.9	7.2	33.5
1995/6	2.3	4.7	7.5	2.6	4.5	6.9	33.5
1996/7	2.5	5.1	7.9	2.9	5.0	7.3	33.9
1997/8	2.6	5.2	7.9	2.8	5.0	7.2	34.0
1998/9	2.8	5.2	8.1	2.8	4.9	7.1	34.3
1999/00	2.7	5.3	8.2	2.9	5.0	7.4	34.4
2000/01	2.9	5.3	8.2	3.0	4.9	7.3	34.6
change 1994/5-2000/01	0.5	0.4	0.6	0.3	0.1	0.1	1.1
change 1996/7-2000/01	0.4	0.2	0.4	0.2	-0.1	0.0	0.7
After Housing Costs							
1994/5	4.2	6.7	8.8	4.6	6.6	8.3	33.5
1995/6	4.1	6.7	8.9	4.4	6.5	8.3	33.5
1996/7	4.6	7.0	9.1	4.9	6.9	8.7	33.9
1997/8	4.6	6.8	8.9	4.8	6.7	8.4	34.0
1998/9	4.7	7.0	9.3	4.7	6.6	8.4	34.3
1999/00	4.7	7.1	9.3	4.8	6.8	8.6	34.4
2000/01	4.6	7.0	9.4	4.8	6.6	8.5	34.6
change 1994/5-2000/01	0.4	0.3	0.6	0.1	0.0	0.2	1.1
change 1996/7-2000/01	0.0	0.0	0.3	-0.2	-0.3	-0.2	0.7
1996/7 income thresholds held constant in real terms							
Before Housing Costs							
1994/5	2.8	5.5	8.4	3.1	5.4	7.8	33.5
1995/6	2.6	5.2	8.2	2.9	5.1	7.6	33.5
1996/7	2.5	5.1	7.9	2.9	5.0	7.3	33.9
1997/8	2.5	4.9	7.5	2.7	4.8	7.0	34.0
1998/9	2.3	4.5	7.1	2.6	4.5	6.7	34.3
1999/00	2.2	4.3	7.0	2.5	4.2	6.4	34.4
2000/01	2.2	3.9	6.4	2.4	3.8	5.9	34.6
change 1994/5-2000/01	-0.6	-1.6	-2.0	-0.7	-1.6	-1.9	1.1
change 1996/7-2000/01	-0.4	-1.2	-1.5	-0.5	-1.2	-1.5	0.7
After Housing Costs							
1994/5	4.7	7.2	9.4	5.1	7.1	9.0	33.5
1995/6	4.5	7.2	9.5	4.9	7.1	9.0	33.5
1996/7	4.6	7.0	9.1	4.9	6.9	8.7	33.9
1997/8	4.3	6.6	8.6	4.6	6.5	8.2	34.0
1998/9	4.0	6.3	8.4	4.3	6.2	7.9	34.3
1999/00	3.8	6.0	8.1	4.1	5.9	7.7	34.4
2000/01	3.4	5.5	7.4	3.7	5.4	7.0	34.6
change 1994/5-2000/01	-1.3	-1.7	-2.0	-1.4	-1.7	-1.9	1.1
change 1996/7-2000/01	-1.2	-1.5	-1.7	-1.3	-1.5	-1.7	0.7

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 5.1

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

	Percentage of pensioners						Source: FRS
	Income Thresholds						
	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	22	38	10	21	35	
1997/8	10	23	40	11	22	36	
1998/9	11	25	42	12	23	37	
1999/00	10	23	40	11	22	35	
2000/01	10	24	40	11	22	35	
After Housing Costs							
1994/5	9	27	43	11	26	40	
1995/6	8	27	42	9	25	39	
1996/7	10	28	41	11	27	39	
1997/8	11	29	42	12	27	38	
1998/9	12	30	42	12	27	38	
1999/00	11	28	41	12	26	37	
2000/01	10	27	40	11	25	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	40	
1996/7	9	22	38	10	21	35	
1997/8	9	21	38	10	21	34	
1998/9	8	21	37	10	20	34	
1999/00	7	18	33	8	17	29	
2000/01	6	16	29	7	16	26	
After Housing Costs							
1994/5	11	31	46	14	30	43	
1995/6	11	31	45	13	30	43	
1996/7	10	28	41	11	27	39	
1997/8	9	26	40	11	25	37	
1998/9	8	24	38	10	24	36	
1999/00	7	20	34	8	19	31	
2000/01	5	15	31	6	15	27	

Table 5.2

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

	Number of pensioners (millions)						Source: FRS
	Income Thresholds						All pensioners
	Below mean			Below median			
	40%	50%	60%	50%	60%	70%	
Contemporary income thresholds							
Before Housing Costs							
1994/5	0.7	2.0	3.8	0.9	2.0	3.4	9.6
1995/6	0.8	2.1	3.7	0.9	2.1	3.4	9.5
1996/7	0.8	2.0	3.6	1.0	2.0	3.3	9.4
1997/8	0.9	2.2	3.8	1.1	2.1	3.4	9.5
1998/9	1.1	2.4	4.0	1.1	2.2	3.5	9.5
1999/00	0.9	2.2	3.8	1.0	2.0	3.3	9.5
2000/01	1.0	2.3	3.8	1.0	2.0	3.3	9.5
change 1994/5-2000/01	0.2	0.2	0.0	0.1	0.0	-0.1	-0.1
change 1996/7-2000/01	0.2	0.2	0.2	0.1	0.0	-0.1	0.1
After Housing Costs							
1994/5	0.9	2.6	4.1	1.0	2.5	3.8	9.6
1995/6	0.8	2.6	4.0	0.9	2.4	3.7	9.5
1996/7	0.9	2.6	3.9	1.1	2.5	3.7	9.4
1997/8	1.0	2.7	3.9	1.1	2.6	3.6	9.5
1998/9	1.1	2.9	4.0	1.1	2.6	3.6	9.5
1999/00	1.0	2.6	3.8	1.1	2.4	3.5	9.5
2000/01	1.0	2.6	3.8	1.0	2.3	3.4	9.5
change 1994/5-2000/01	0.1	0.0	-0.3	0.0	-0.2	-0.4	-0.1
change 1996/7-2000/01	0.1	0.0	-0.1	0.0	-0.2	-0.2	0.1
1996/7 income thresholds held constant in real terms							
Before Housing Costs							
1994/5	0.9	2.4	4.2	1.1	2.3	3.9	9.6
1995/6	0.9	2.4	4.1	1.1	2.4	3.8	9.5
1996/7	0.8	2.0	3.6	1.0	2.0	3.3	9.4
1997/8	0.8	2.0	3.6	1.0	2.0	3.3	9.5
1998/9	0.8	2.0	3.5	1.0	1.9	3.2	9.5
1999/00	0.7	1.7	3.1	0.8	1.6	2.8	9.5
2000/01	0.5	1.5	2.8	0.6	1.5	2.5	9.5
change 1994/5-2000/01	-0.4	-0.9	-1.4	-0.5	-0.9	-1.4	-0.1
change 1996/7-2000/01	-0.3	-0.5	-0.9	-0.3	-0.5	-0.9	0.1
After Housing Costs							
1994/5	1.1	3.0	4.4	1.3	2.9	4.1	9.6
1995/6	1.0	3.0	4.3	1.2	2.9	4.1	9.5
1996/7	0.9	2.6	3.9	1.1	2.5	3.7	9.4
1997/8	0.9	2.5	3.8	1.0	2.4	3.5	9.5
1998/9	0.8	2.3	3.6	0.9	2.3	3.4	9.5
1999/00	0.6	1.9	3.2	0.7	1.8	3.0	9.5
2000/01	0.5	1.5	2.9	0.6	1.4	2.6	9.5
change 1994/5-2000/01	-0.6	-1.5	-1.5	-0.7	-1.5	-1.5	-0.1
change 1996/7-2000/01	-0.4	-1.1	-1.0	-0.5	-1.1	-1.1	0.1

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 6

Change in real income by quintile median for various time spans, including the self-employed

Percentage Change	Quintile (20 per cent band) group medians				
	Bottom Quintile	Second Quintile	Third Quintile	Fourth Quintile	Top Quintile
Before Housing Costs					
1994/5 - 2000/1	13	15	14	14	15
1996/7 - 2000/1	10	11	9	9	9
After Housing Costs					
1994/5 - 2000/1	19	21	18	17	19
1996/7 - 2000/1	14	18	13	12	13

Notes for editors:

1. The Households Below Average Income statistical report (HBAI) for the period 1994/5-2000/01 is published today. The report, the thirteenth 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 2000/01 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 data available relates to 1999, as was published in the last HBAI report. Data for 2000 will become available later in the year and results 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 family 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 and community 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 meals/food from employers, free coal and coke and free milk (where data 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.
6. HBAI is the only official statistical series that 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. Selected results have been presented excluding the self-employed and main tables are provided including and excluding the 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. As part of the National Statistics Quality Review of Income Statistics, the Department for Work and Pensions (DWP) has launched a review of the Households Below Average Income (HBAI) and Pensioners' Incomes (PI) statistical reports. The purpose of the review is to establish whether the HBAI and PI series continue to meet the needs of their users and, where they do not, how best to meet them. It will consider the definitions and methodology used and the timeliness and accessibility of them. Recommendations and conclusions arising from these issues will be published in a report.
10. "Households Below Average Income – 1994/5 to 2000/01" ISBN 1 84123 439 7, price £47.50 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 2000/01" should be referred to the Department for Work and Pensions Press Office. Questions of detail on the figures may be referred to Colin Wilkie-Jones (Tel: 020 7962 8232, email: teamhbai@dwp.gsi.gov.uk) of the DWP Analytical Services Directorate. The report is also available on the DWP Internet site: at www.dwp.gov.uk/asd in the online documents section.