

The income distribution

- Income distribution Overall, the income distribution in 2006/07 was skewed towards the lower end, showing a relatively high concentration of individuals close to the 60 per cent of median low-income threshold and – particularly for Before Housing Cost – a long ‘tail’ for higher incomes.
- Sources of income State support was the main source of income for the bottom quintile whereas earnings were the principal source for the other four quintiles.
- Income growth There was income growth across the whole distribution from 1994/95 to 2006/07, with growth being the greatest in the second quintile on both Before Housing Costs and After Housing Costs bases.
- Income ratios The ratio of the incomes of the top quintile (fifth) of the population to the incomes of the bottom quintile has shown little change between 1994/95 and 2006/07.
- Inequality The Gini coefficient, a measure of inequality, has fluctuated slightly since 1994/95 on both Before Housing Cost and After Housing Cost bases, but has shown no change between 2005/06 and 2006/07.

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Introduction

This chapter looks at the overall income distribution and, in order to place the findings presented in this report in a wider context, it considers the prevailing social and economic conditions between 1994/95 and 2006/07.

The economic climate

Table 2.1 presents a time series of key economic indicators, which show over the period 1995 to 2007:

- Sustained growth in GDP.
- Rising employment rates (as a result of falling or generally stable unemployment during the period), though there has been little change since 2000.
- Low inflation and a general decline in interest rates, although years since 2003 have shown small successive rises in base interest rates. In 2007, there was a marked increase in the inflation and interest rates.
- Growth in average earnings generally above the rate of inflation since 1996, although 2007 is the first year since 1995 where this is not the case.

- Sustained growth in real disposable income.

All of the above are indicators of a growing economy, although this growth appeared to have slowed somewhat around 2001. The implication for statistics on incomes and living standards as presented in HBAI is that average incomes in real terms (both mean and median) are likely to exhibit strong rises over the period as a whole, with slightly reduced growth for more recent years. This is supported by the HBAI figures appended to the table.

The overall income distribution

Figure 2.1 shows the income distribution for the United Kingdom in 2006/07 both Before Housing Costs (BHC) and After Housing Costs (AHC). The shaded areas numbered 1 to 10 show each successive tenth, or decile, of the population.

HBAI presents analyses of disposable income on two measures: Before Housing Costs (BHC) and After Housing Costs (AHC). This is principally to take into account variations in housing costs that do not correspond to comparable variations in the quality of housing.

Figure 2.1 (BHC): Income distribution for the total population, 2006/07

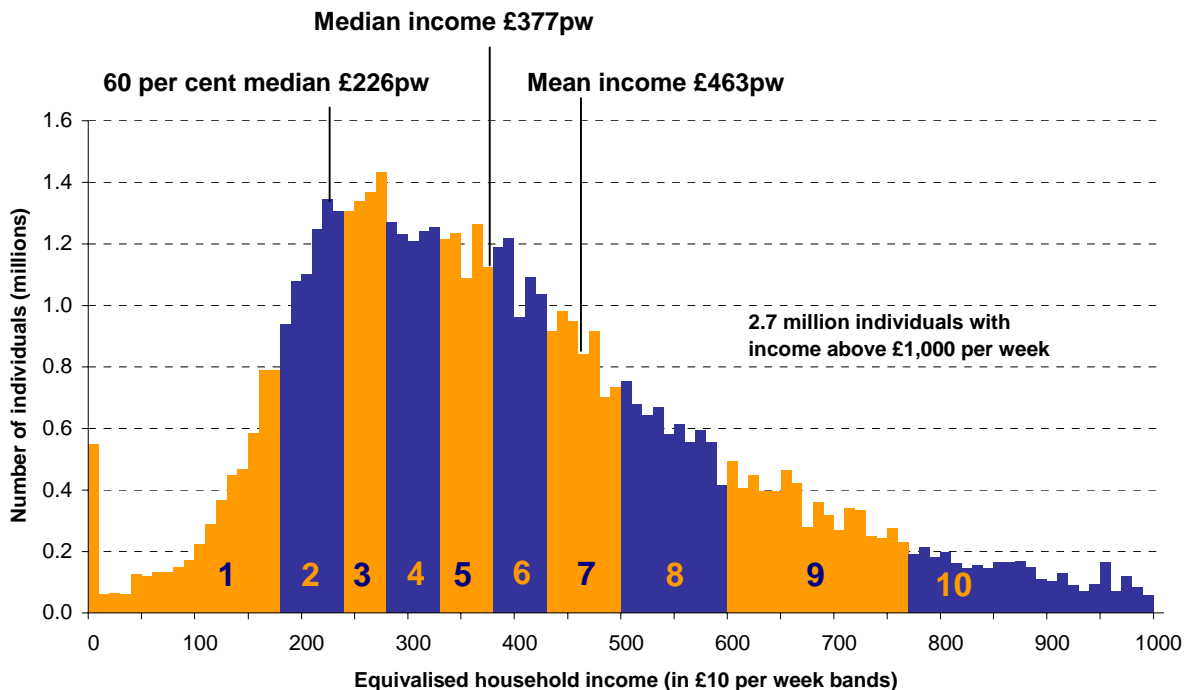
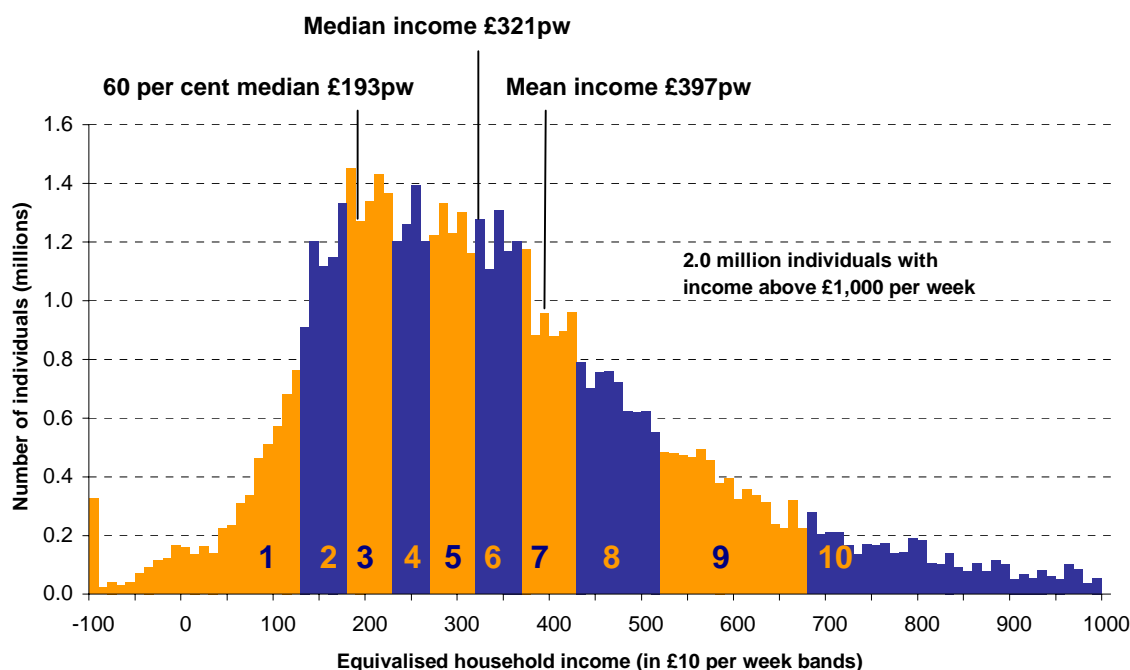


Figure 2.1 (AHC): Income distribution for the total population, 2006/07



The income distribution for 2006/07 is clearly skewed towards the lower end and has a long tail at the upper end. On a Before Housing Costs basis, almost two-thirds of individuals had an equivalentised household income that was less than the national mean average. There was a large concentration of individuals around the 60 per cent of median income mark. The distribution showed similar characteristics on an After Housing Costs basis.

The presence of substantial numbers of individuals with relatively high incomes results in a skewed distribution and a large difference between the overall mean and the median.

Income measures used in HBAI take into account variations in the size and composition of the households in which people live. This process is called equalisation.

Equalisation reflects the fact that a family of several people needs a higher income than a single individual in order for them to enjoy a comparable standard of living.

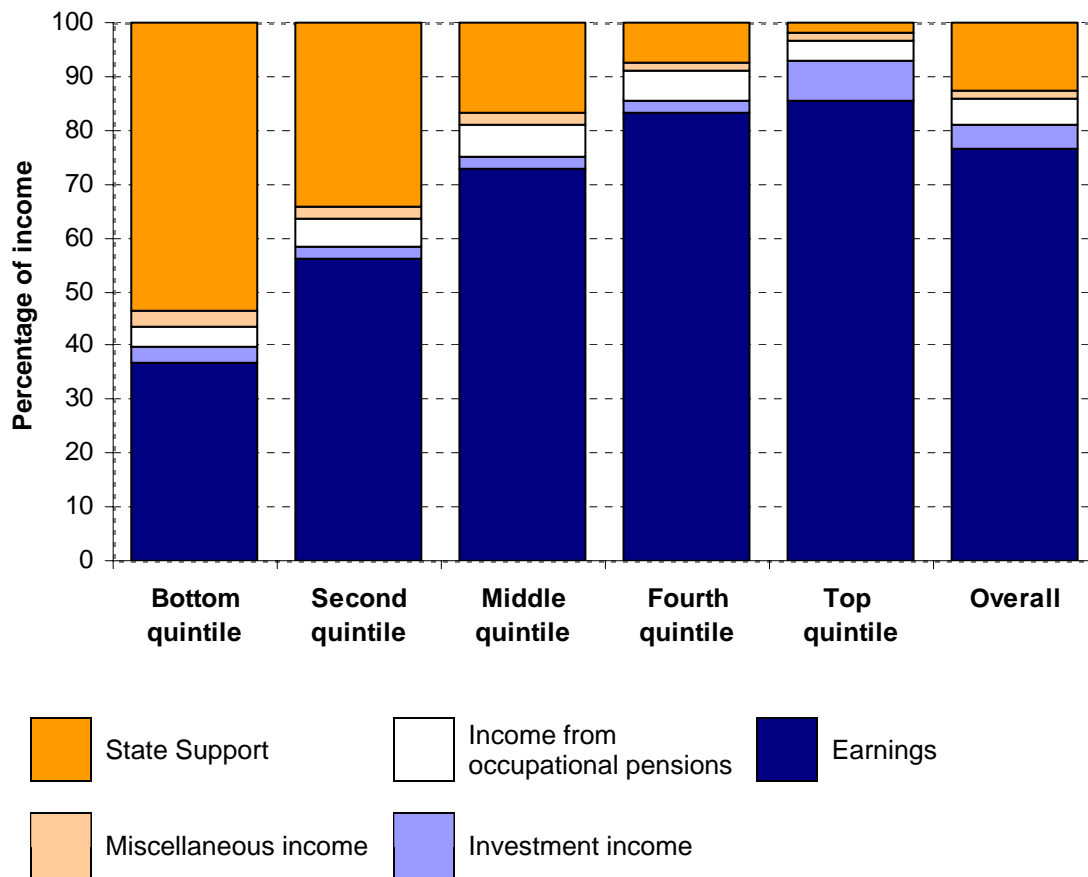
Equivalence scales conventionally take a couple with no children as the reference point. Consider a single person, a couple, and a couple with two children aged fourteen and ten, all having unadjusted weekly household incomes of £200 (Before Housing Costs). The process of equalisation, as conducted in HBAI, gives an equalised income of £299 to the single person, £200 to the couple, but only £131 to the couple with children one aged under 14 and the other aged 14. **Appendix 2** gives more detail.

Sources of income

Households receive income from a variety of sources. The main ones are earnings, self-employment, state support (i.e. benefits and tax credits), interest on investments and occupational pensions. **Table 2.2** and **Figure 2.2** show the distribution of gross income sources for each fifth, or quintile, of the population, ranked by net disposable household income. The various sources of income are shown as a percentage of the total gross income of the quintile.

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Figure 2.2 (BHC): Income sources as a proportion of gross income by quintiles, 2006/07



Successive quintiles, from the bottom to the top, showed a steadily diminishing share of state support income and an increasing share of income from employment. These were the main sources of income overall, accounting for around nine-tenths of income combined.

On a Before Housing Costs (BHC) basis, earnings made up around 35 per cent of the gross income of the bottom quintile while state support made up over half. In the top quintile, around 85 per cent of income was derived from earnings. The largest proportion of income from investment was also seen in the highest income group (although it should be noted that comparisons with National Accounts data would suggest that surveys such as the FRS understate investment income). These findings were mirrored on an After Housing Costs (AHC) basis.

Statistics relating to the overall equivalised income distribution and their equivalent money values for different family types.

As explained above, household incomes in HBAI are adjusted, or equivalised, in order to facilitate comparisons between different family types. The majority of monetary amounts presented in HBAI are on this equivalised basis and do not reflect actual monetary amounts or incomes for any family type other than a couple with no children. This 'couple' family type is the reference point for the equivalisation process.

Table 2.3 shows how the equivalised values of different statistics relating to the overall income distribution can be translated into actual household incomes for different family types. Similar information is presented for historic years in **Table 2.4ts**.

For example, **Table 2.3** shows that equivalised median income BHC in 2006/07 was £377 per week. This translates into an actual net income of £377 for a couple with no children, £252 for a

single person with no children, £576 for a couple with two children aged five and fourteen and £452 for a lone parent with two children aged five and fourteen.

Income growth in real terms

Table 2.1 shows comparisons between growth in Real Household Disposable Income and real growth in HBAI mean BHC unequivalised income. For some more recent years, income growth in the HBAI-based series appears slightly lower than the National Accounts estimates. The implication of this is that absolute real income growth could be understated in the HBAI series. Comparisons over a longer time period are believed to be more robust.

One way of measuring inequality is to determine the ratio of the top quintile median (90th percentile) to the bottom quintile median (10th percentile). **Table 2.1ts** shows that there is some evidence to suggest that on the BHC basis, this measure has stayed roughly constant since 1999/00. **Table 2.1ts** also shows the ratio of the top to middle quintile medians, and middle to bottom quintile medians. Both BHC and AHC measures have shown little change since 1994/95.

Income shares

Table 2.2ts shows the share of total income received by individuals in different quantiles of the income distribution. It can be seen that, in 2006/07, individuals in the top quintile accounted for over 40 per cent of total income whilst those in the bottom quintile accounted for less than 10 per cent.

The income shares of the top 10 and 20 per cent of the income distribution have fluctuated over the entire period 1994/95 to 2006/07. The shares of the top 30, 40 and 50 per cent showed very little change over the period 1994/95 to 2006/07.

Looking at the ratio of the total income received by equivalent quantile groups at the top and bottom of the income distribution over time is another way of measuring and tracking inequality in the income distribution. This information would suggest that there was little change in inequality over the entire period 1994/95 to 2006/07. These results, however, are quite sensitive to data at the extremes of the income distribution that may be less reliable than other data.

Gini coefficient

Table 2.2ts also shows the value of the Gini coefficient since 1994/95. The Gini coefficient is a widely-used measure of inequality, which can take values from zero to 100. A value of zero would indicate complete equality, while a value of 100 would indicate total inequality. In 2006/07, the coefficient was 35 for income Before Housing Costs, and 39 for income After Housing Costs. Changes between 1994/95 and 2006/07 have been slight and have fluctuated, with no change since 2005/06.

When considering changes in the top and bottom deciles, users should be aware that results for the bottom decile are particularly vulnerable to income measurement problems, and have no validity as a guide to the consumption capabilities of the poorest 10 per cent of individuals. Results for the top 10 per cent are also particularly susceptible to sampling errors and income measurement problems.

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Table 2.1: Recent Economic Indicators^{1,2,3}

Percentages							Source: ONS
	GDP Growth ⁴	Base Interest Rate ⁵	Inflation Rate (Headline) ⁶	Male Employment rate ⁷	Female Employment Rate ⁷	Average Earnings Growth ⁸	Real Household Disposable Income growth ⁹
1995	2.9	6.6	3.4	76.3	65.8	3.1	2.6
1996	2.8	5.9	2.4	76.6	66.7	3.6	2.4
1997	3.1	6.6	3.1	77.7	67.4	4.2	3.8
1998	3.4	7.2	3.4	78.3	67.9	5.2	1.5
1999	3.0	5.3	1.6	78.6	68.6	4.8	2.8
2000	3.8	6.0	2.9	79.3	69.1	4.5	4.5
2001	2.4	5.2	1.8	79.5	69.4	4.4	4.3
2002	2.1	4.0	1.6	79.0	69.6	3.6	1.7
2003	2.8	3.7	2.9	79.4	69.8	3.4	2.4
2004	3.3	4.3	3.0	79.4	69.9	4.4	1.7
2005	1.8	4.7	2.8	79.0	70.1	4.0	2.9
2006	2.9	4.6	3.2	78.7	70.1	4.1	0.9
2007	3.0	5.5	4.3	78.9	69.7	4.0	1.2

Notes:

1. All growth figures are for the year in question compared to the previous year.
2. All figures are for the United Kingdom, except Average Earnings Growth which covers Great Britain.
- 3: Some minor revisions exist since last year due to revisions to underlying ONS data.
4. GDP at market prices, chained volume measure (UK National Accounts 2007 Edition).
5. The base interest rate is the annual average for the relevant calendar year.
6. Inflation rate is the annual average change for each calendar year as measured by All Items Retail Price Index.
7. Employment Rates are seasonally adjusted figures for the Spring quarter of each year (March to May).
8. Average earnings growth is the actual (as opposed to real terms) annual average for each calendar year.
9. Real disposable income growth is based on the Real Disposable Income series, calendar years.

Percentages			Source: FRS
	HBAI mean net disposable unequivalised income growth (BHC) ^{1,2,3}		
	Real terms	Cash terms	
1995/96	-0.3	2.9	
1996/97	2.4	5.5	
1997/98	4.0	5.5	
1998/99	4.5	6.0	
1999/00	0.5	3.2	
2000/01	7.6	7.0	
2001/02	5.1	6.5	
2002/03	0.5	2.4	
2003/04	-0.3	2.1	
2004/05	1.9	4.9	
2005/06	1.1	3.7	
2006/07	0.1	3.8	

Notes:

1. Growth in unequivalised mean net disposable income is also presented here, in order to allow better comparisons with Real Household Disposable Income growth.
2. Figures are for the United Kingdom from 2002/03 onwards. Earlier years are for Great Britain only.
3. Some minor revisions have been made since last year.

Table 2.2: Income sources as a proportion of gross¹ income by quintile

Percentage of gross ¹ income	Source: FRS 2006/07					
	Bottom quintile	Second quintile	Middle quintile	Fourth quintile	Top quintile	Overall
Before Housing Costs						
Earnings	37	56	73	83	85	76
Investments	3	2	2	3	7	5
Occupational pensions	3	5	6	5	4	5
Miscellaneous	3	3	2	2	1	2
State support received	53	34	17	7	2	13
After Housing Costs						
Earnings	43	59	75	82	84	76
Investments	2	2	2	2	8	5
Occupational pensions	2	4	5	6	5	5
Miscellaneous	4	3	2	1	1	2
State support received	48	32	16	8	2	13

Notes:

1. Gross income is not equivalised
2. Percentages may not sum to 100 per cent due to rounding.

Table 2.3: Statistics relating to the overall equivalised net disposable income distribution and their equivalent money values for different family types, in 2006/07 prices, United Kingdom¹

£ per week equivalent 2006/07 prices		Source: FRS 2006/07							
	Mean	Median	50% mean	60% median	Bottom quintile	Second quintile	Middle quintile	Fourth quintile	Top quintile
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 +
After Housing Costs									
Couple with no children (equivalised income benchmark)	397	321	199	193	< 183	183 - 273	274 - 370	371 - 520	521 +
Single with no children	231	186	115	112	< 106	106 - 159	160 - 215	216 - 302	303 +
Couple with two children aged 5 and 14	644	520	322	312	< 297	297 - 443	444 - 600	601 - 843	844 +
Single with two children aged 5 and 14	477	385	238	231	< 220	220 - 328	329 - 444	445 - 625	626 +

Note:

1. 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.

Table 2.3 (continued): Statistics relating to the overall equivalised net disposable income distribution and their equivalent money values for different family types, in 2006/07 prices, United Kingdom¹

	Mean	Median	50% mean	60% median	Bottom quintile	Second quintile	Middle quintile	Fourth quintile	Top quintile
Source: FRS 2006/07									
Excluding the self-employed									
Before Housing Costs									
Couple with no children	448	372	224	223	< 235	235 - 324	325 - 426	427 - 587	588 +
(equivalised income benchmark)									
Single with no children	300	249	150	150	< 157	157 - 217	218 - 285	286 - 393	394 +
Couple with two children aged 5 and 14	686	569	343	341	< 359	359 - 496	497 - 651	652 - 898	899 +
Single with two children aged 5 and 14	538	446	269	268	< 282	282 - 389	390 - 511	512 - 704	705 +
After Housing Costs									
Couple with no children	385	319	192	191	< 184	184 - 272	273 - 368	369 - 513	514 +
(equivalised income benchmark)									
Single with no children	223	185	112	111	< 106	106 - 158	159 - 213	214 - 297	298 +
Couple with two children aged 5 and 14	623	517	311	310	< 297	297 - 441	442 - 596	597 - 830	831 +
Single with two children aged 5 and 14	461	383	231	230	< 220	220 - 326	327 - 441	442 - 615	616 +

Note:

1. 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 excluding the self-employed, it shows that 60 per cent of median (equivalised) income in 2006/07 was £223 per week. This implies that a single person without children needs a cash income of £150 or less to be below 60 per cent of median (equivalised) income for the population as a whole.

Table 2.1ts: Money values of decile medians and overall population mean in average 2006/07 prices, United Kingdom^{1,2}

	Decile group medians										Population median	Population mean
	Decile 1	Decile 2	Decile 3	Decile 4	Decile 5	Decile 6	Decile 7	Decile 8	Decile 9	Decile 10		
Income Before Housing Costs												
1994/95	128	168	201	237	278	325	379	444	538	767	300	362
1996/97	130	173	208	247	290	338	391	458	558	793	314	377
1997/98	129	176	212	252	297	343	398	467	567	810	319	386
1998/99	132	178	215	256	301	351	409	481	588	856	324	400
1999/00	134	185	222	263	310	358	416	492	596	866	334	408
2001/02	147	203	244	290	337	387	445	523	644	933	362	445
2002/03	146	208	250	295	342	394	455	529	645	941	368	449
2004/05	150	214	256	301	347	396	458	535	653	948	372	453
2005/06	147	214	257	301	348	402	463	543	661	974	375	459
2006/07	142	212	258	303	351	402	463	544	667	972	377	463
Income After Housing Costs												
1994/95	72	118	144	180	218	259	304	360	441	636	237	287
1996/97	80	120	149	189	230	272	317	375	462	669	250	302
1997/98	78	123	155	196	235	276	323	383	470	680	255	311
1998/99	85	126	158	200	239	283	334	395	487	722	261	324
1999/00	85	132	167	207	249	293	342	408	498	737	271	333
2001/02	94	150	188	234	276	321	371	438	544	802	298	368
2002/03	94	156	196	240	285	332	384	452	554	811	308	377
2004/05	94	165	207	248	292	339	392	462	569	845	315	388
2005/06	91	162	205	249	294	345	399	473	581	868	319	394
2006/07	86	160	205	250	297	345	400	472	584	870	321	397

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.
3. The years 1995/96, 2000/01 and 2003/04 have been dropped for reasons of space. All years are shown in the Excel versions of the time series shown on the internet.

Table 2.1ts (continued): Money values of quintile medians and overall population mean in average 2006/07 prices, United Kingdom^{1,2}

(£pw equivalised)	Quintile group medians										Source: FRS
	Quintile 1	Quintile 2	Quintile 3 (median)	Quintile 4	Quintile 5	Population mean	Ratio of top to bottom quintile medians	Ratio of top to middle quintile medians	Ratio of middle to bottom quintile medians		
Income Before Housing Costs											
1994/95	151	218	300	409	617	362	4.1	2.1	2.0		
1996/97	155	227	314	422	639	377	4.1	2.0	2.0		
1997/98	157	231	319	430	650	386	4.2	2.0	2.0		
1998/99	159	235	324	442	675	400	4.2	2.1	2.0		
1999/00	165	242	334	452	685	408	4.2	2.0	2.0		
2001/02	180	267	362	481	743	445	4.1	2.1	2.0		
2002/03	183	271	368	487	747	449	4.1	2.0	2.0		
2004/05	188	278	372	494	749	453	4.0	2.0	2.0		
2005/06	188	279	375	500	761	459	4.1	2.0	2.0		
2006/07	185	279	377	500	767	463	4.2	2.0	2.0		
Income After Housing Costs											
1994/95	102	161	237	331	505	287	5.0	2.1	2.3		
1996/97	105	168	250	344	531	302	5.1	2.1	2.4		
1997/98	107	175	255	351	542	311	5.1	2.1	2.4		
1998/99	111	179	261	362	565	324	5.1	2.2	2.3		
1999/00	115	187	271	373	576	333	5.0	2.1	2.4		
2001/02	130	211	298	403	630	368	4.8	2.1	2.3		
2002/03	134	217	308	416	643	377	4.8	2.1	2.3		
2004/05	138	227	315	425	661	388	4.8	2.1	2.3		
2005/06	136	227	319	433	674	394	5.0	2.1	2.4		
2006/07	133	227	321	433	680	397	5.1	2.1	2.4		

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.
3. The years 1995/96, 2000/01 and 2003/04 have been dropped for reasons of space. All years are shown in the Excel versions of the time series shown on the internet.

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Table 2.2ts (BHC): Income shares and Gini coefficient, United Kingdom^{1,2}

	94/95	96/97	97/98	98/99	99/00	01/02	02/03	04/05	05/06	06/07
Source: FRS										
Quintile shares of total income (%)										
Bottom 20% of the income distribution	7.7	7.7	7.5	7.4	7.4	7.4	7.5	7.6	7.4	7.2
Second quintile	12.1	12.1	12.0	11.8	11.9	12.0	12.1	12.3	12.2	12.1
Middle quintile	16.7	16.7	16.6	16.3	16.4	16.3	16.4	16.4	16.4	16.3
Fourth quintile	22.8	22.6	22.4	22.3	22.3	21.8	21.9	22.0	22.0	21.8
Top 20% of the income distribution	40.8	40.9	41.5	42.2	42.0	42.4	42.0	41.8	42.1	42.6
Share ratios										
Ratio top quintile share to middle quintile share	2.5	2.5	2.5	2.6	2.6	2.6	2.6	2.5	2.6	2.6
Ratio middle quintile share to bottom quintile share	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.3
Ratio top quintile share to bottom quintile share	5.3	5.3	5.5	5.7	5.7	5.7	5.6	5.5	5.7	5.9
Other comparisons										
<i>Bottom 10% of the income distribution</i> ³	3.1	3.1	2.9	2.9	2.9	2.9	2.8	2.9	2.8	2.7
Bottom 30% of the income distribution	13.2	13.2	13.0	12.8	12.9	12.9	13.0	13.2	13.0	12.8
Bottom 40% of the income distribution	19.8	19.8	19.5	19.2	19.3	19.4	19.6	19.9	19.6	19.3
Bottom 50% of the income distribution	27.5	27.5	27.2	26.7	26.9	27.0	27.2	27.5	27.2	26.9
<i>Top 10% of the income distribution</i> ⁴	25.8	26.0	26.7	27.4	27.2	27.8	27.5	27.2	27.6	28.0
Top 30% of the income distribution	53.1	53.1	53.6	54.2	54.1	54.2	53.8	53.6	54.0	54.3
Top 40% of the income distribution	63.6	63.5	63.9	64.5	64.3	64.3	64.0	63.7	64.1	64.4
Top 50% of the income distribution	72.5	72.5	72.8	73.3	73.1	73.0	72.8	72.5	72.8	73.1
Ratio top 30% share to bottom 30% share	4.0	4.0	4.1	4.2	4.2	4.2	4.1	4.1	4.1	4.2
Ratio top 40% share to bottom 40% share	3.2	3.2	3.3	3.4	3.3	3.3	3.3	3.2	3.3	3.3
Ratio top 50% share to bottom 50% share	2.6	2.6	2.7	2.7	2.7	2.7	2.7	2.6	2.7	2.7
Gini coefficient (per cent)	33	33	34	35	35	35	34	34	35	35

Notes:

1. Figures are for the United Kingdom from 2002/03 onwards. Earlier years are for Great Britain only.
2. These estimates should be treated with caution as they are unlikely to be accurate to the degree of precision quoted.
3. Results for the bottom 10 per cent of reported incomes (italicised in the above table) are particularly vulnerable to income measurement problems. They have no validity as a guide to the consumption capabilities of the poorest 10 per cent of individuals.
4. Results for the top 10 per cent of reported incomes (italicised in the above table) are particularly vulnerable to sampling errors and income measurement problems. HMRC statistics are likely to provide a better guide to incomes at the top end of the income distribution.
5. The years 1995/96, 2000/01 and 2003/04 have been dropped for reasons of space. All years are shown in the Excel versions of the time series shown on the internet.
6. Percentages may not sum to 100 per cent due to rounding.

Table 2.2ts (AHC): Income shares and Gini coefficient, United Kingdom^{1,2}

	Source: FRS									
	94/95	96/97	97/98	98/99	99/00	01/02	02/03	04/05	05/06	06/07
Quintile shares of total income (%)										
Bottom 20% of the income distribution	5.8	5.9	5.8	5.9	5.8	5.9	6.0	6.0	5.7	5.5
Second quintile	11.3	11.2	11.3	11.1	11.2	11.5	11.6	11.7	11.5	11.5
Middle quintile	16.6	16.6	16.4	16.1	16.3	16.2	16.4	16.3	16.2	16.2
Fourth quintile	23.2	23.0	22.8	22.6	22.5	22.1	22.2	22.1	22.2	22.0
Top 20% of the income distribution	43.1	43.2	43.7	44.4	44.1	44.3	43.9	43.9	44.4	44.9
Share ratios										
Ratio top quintile share to middle quintile share	2.6	2.6	2.7	2.8	2.7	2.7	2.7	2.7	2.7	2.8
Ratio middle quintile share to bottom quintile share	2.8	2.8	2.8	2.8	2.8	2.7	2.7	2.7	2.9	2.9
Ratio top quintile share to bottom quintile share	7.4	7.3	7.5	7.6	7.6	7.5	7.3	7.3	7.8	8.1
Other comparisons										
<i>Bottom 10% of the income distribution</i> ³	1.8	2.0	1.8	2.0	1.8	1.9	1.9	1.7	1.6	1.5
Bottom 30% of the income distribution	10.9	10.9	10.8	10.8	10.8	11.1	11.2	11.3	10.9	10.7
Bottom 40% of the income distribution	17.1	17.1	17.1	16.9	17.0	17.4	17.6	17.7	17.2	17.0
Bottom 50% of the income distribution	24.7	24.8	24.6	24.3	24.5	24.9	25.1	25.2	24.7	24.4
<i>Top 10% of the income distribution</i> ⁴	27.6	27.8	28.5	29.2	29.1	29.4	29.0	29.1	29.5	30.0
Top 30% of the income distribution	55.6	55.7	56.0	56.6	56.4	56.3	55.9	55.9	56.4	56.8
Top 40% of the income distribution	66.2	66.2	66.5	66.9	66.7	66.4	66.1	66.0	66.6	66.9
Top 50% of the income distribution	75.3	75.2	75.4	75.7	75.5	75.1	74.9	74.8	75.3	75.6
Ratio top 30% share to bottom 30% share	5.1	5.1	5.2	5.3	5.2	5.1	5.0	4.9	5.2	5.3
Ratio top 40% share to bottom 40% share	3.9	3.9	3.9	4.0	3.9	3.8	3.8	3.7	3.9	3.9
Ratio top 50% share to bottom 50% share	3.0	3.0	3.1	3.1	3.1	3.0	3.0	3.0	3.1	3.1
Gini coefficient (per cent)	37	37	38	39	38	38	38	38	39	39

Notes:

1. Figures are for the United Kingdom from 2002/03 onwards. Earlier years are for Great Britain only.
2. These estimates should be treated with caution as they are unlikely to be accurate to the degree of precision quoted.
3. Results for the bottom 10 per cent of reported incomes (italicised in the above table) are particularly vulnerable to income measurement problems. They have no validity as a guide to the consumption capabilities of the poorest 10 per cent of individuals. They are also affected by the presence of negative incomes on the After Housing Cost measure.
4. Results for the top 10 per cent of reported incomes (italicised in the above table) are particularly vulnerable to sampling errors and income measurement problems. HMRC statistics are likely to provide a better guide to incomes at the top end of the income distribution.
5. The years 1995/96, 2000/01 and 2003/04 have been dropped for reasons of space. All years are shown in the Excel versions of the time series shown on the internet.
6. Percentages may not sum to 100 per cent due to rounding.

2 The income distribution

Table 2.3ts (BHC): Money values of quintile medians and population mean for family type and economic status groups in average 2006/07 prices^{1,2,3}

	Income Before Housing Costs (£pw equivalised)					Source: FRS
	Bottom quintile	Second quintile	Middle quintile (median)	Fourth quintile	Top quintile	Whole Group (mean)
1994/95 (Great Britain)						
Pensioner couple	154	204	261	343	535	321
Single male pensioner	146	190	226	288	459	284
Single female pensioner	131	178	209	262	400	249
Couple with children	149	225	300	392	563	351
Couple without children	193	331	431	546	789	486
Single with children	147	171	193	235	338	223
Single male without children	153	238	339	444	655	390
Single female without children	160	250	339	441	630	377
One or more full-time self-employed	112	223	327	464	815	445
Single/couple all in full-time work	279	375	457	552	748	507
Couple, one full-time, one part-time work	229	297	356	435	595	396
Couple, one full-time work, one not working	174	239	298	384	572	354
No full-time, one or more part-time work	144	197	249	326	505	313
Workless, head or spouse aged 60 or over	141	187	224	290	435	269
Workless, head or spouse unemployed	109	144	165	203	318	196
Workless, other inactive	132	167	191	235	356	226
All individuals	151	218	300	409	617	362
2006/07 (United Kingdom)						
Pensioner couple	184	262	338	441	690	418
Single male pensioner	181	250	298	373	527	352
Single female pensioner	162	229	287	359	496	330
Couple with children	191	288	378	485	745	474
Couple without children	240	402	522	669	971	604
Single with children	168	217	256	313	432	283
Single male without children	171	297	399	527	766	470
Single female without children	186	303	398	521	728	445
One or more full-time self-employed	151	287	414	564	1020	597
Single/couple all in full-time work	315	425	524	654	911	594
Couple, one full-time, one part-time work	288	368	442	550	794	537
Couple, one full-time work, one not working	207	269	342	449	726	460
No full-time, one or more part-time work	169	244	309	406	609	372
Workless, head or spouse aged 60 or over	167	236	292	369	531	340
Workless, head or spouse unemployed	93	166	203	250	400	228
Workless, other inactive	121	193	228	286	428	269
All individuals	185	279	377	500	767	463

Notes:

1. The 1994/95 information is for Great Britain and 2006/07 is for the United Kingdom. However, means and medians for Great Britain and the United Kingdom were found to be very similar (see Appendix 4 of HBAI 2004/05), so allowing comparisons of the type shown in this table.
2. From one year to the next, certain results may be volatile. Therefore, year-on-year comparisons should be treated with caution.
3. Results for the bottom quintile median is particularly vulnerable to income measurement problems.

Table 2.3ts (AHC): Money values of quintile medians and population mean for family type and economic status groups in average 2006/07 prices^{1,2,3}

Income After Housing Costs (£pw equivalised)	Quintiles of family type and economic status					Whole Group (mean)	Source: FRS
	Bottom quintile	Second quintile	Middle quintile (median)	Fourth quintile	Top quintile		
1994/95 (Great Britain)							
Pensioner couple	121	165	218	296	474	274	
Single male pensioner	119	144	185	262	431	251	
Single female pensioner	103	134	156	224	366	210	
Couple with children	98	167	230	306	452	271	
Couple without children	136	261	349	442	651	391	
Single with children	90	118	130	164	265	157	
Single male without children	77	168	266	365	547	306	
Single female without children	89	180	270	356	522	294	
One or more full-time self-employed	44	163	255	372	678	354	
Single/couple all in full-time work	214	297	366	448	612	409	
Couple, one full-time, one part-time work	174	229	284	348	482	317	
Couple, one full-time work, one not working	122	181	229	303	460	276	
No full-time, one or more part-time work	91	142	191	263	432	249	
Workless, head or spouse aged 60 or over	113	140	182	251	391	228	
Workless, head or spouse unemployed	49	91	106	131	243	128	
Workless, other inactive	66	113	128	163	280	157	
All individuals	102	161	237	331	505	287	
2006/07 (United Kingdom)							
Pensioner couple	164	234	313	416	666	393	
Single male pensioner	159	221	273	364	567	344	
Single female pensioner	144	207	267	357	506	320	
Couple with children	130	227	310	407	635	395	
Couple without children	177	336	447	578	865	519	
Single with children	108	155	190	253	369	220	
Single male without children	100	222	338	455	685	399	
Single female without children	115	231	331	442	648	370	
One or more full-time self-employed	90	232	338	484	911	516	
Single/couple all in full-time work	248	354	445	562	800	510	
Couple, one full-time, one part-time work	230	306	375	472	701	463	
Couple, one full-time work, one not working	141	208	281	376	634	384	
No full-time, one or more part-time work	112	191	259	354	551	318	
Workless, head or spouse aged 60 or over	146	210	270	354	527	322	
Workless, head or spouse unemployed	29	98	140	181	318	158	
Workless, other inactive	65	132	163	216	354	199	
All individuals	133	227	321	433	680	397	

Notes:

1. The 1994/95 information is for Great Britain and 2006/07 is for the United Kingdom. However, means and medians for Great Britain and the United Kingdom were found to be very similar (see Appendix 4 of HBAI 2004/05), so allowing comparisons of the type shown in this table.
2. From one year to the next, certain results may be volatile. Therefore, year-on-year comparisons should be treated with caution.
3. Results for the bottom quintile median is particularly vulnerable to income measurement problems. They are also affected by the presence of negative incomes on the After Housing Cost measure.

2 The income distribution

Table 2.4ts: Equivalent money values of overall distribution mean, median, 50 per cent of mean and 60 per cent of median income for different family types in 2006/07 prices, United Kingdom^{1,2}

£pw equivalent 2006/07 prices	Source: FRS									
	94/95	96/97	97/98	98/99	99/00	01/02	02/03	04/05	05/06	06/07
Income Before Housing Costs										
Median										
Couple no children	300	314	319	324	334	362	368	372	375	377
Single no children	201	210	214	217	224	242	247	249	251	252
Couple with two children aged 5 and 14	460	480	489	496	511	553	563	569	574	576
Single with two children aged 5 and 14	360	377	383	389	401	434	442	446	450	452
60% of median										
Couple no children	180	188	192	195	201	217	221	223	225	226
Single no children	121	126	128	130	134	145	148	149	151	151
Couple with two children aged 5 and 14	276	288	293	298	307	332	338	341	344	346
Single with two children aged 5 and 14	216	226	230	233	241	260	265	268	270	271
Mean										
Couple no children	362	377	386	400	408	445	449	453	459	463
Single no children	243	252	259	268	273	298	301	304	308	310
Couple with two children aged 5 and 14	555	576	591	612	624	681	686	693	703	708
Single with two children aged 5 and 14	435	452	464	480	490	534	538	544	551	556
50% of mean										
Couple no children	181	188	193	200	204	222	224	227	230	231
Single no children	121	126	129	134	137	149	150	152	154	155
Couple with two children aged 5 and 14	277	288	295	306	312	340	343	347	351	354
Single with two children aged 5 and 14	217	226	232	240	245	267	269	272	276	278
Income After Housing Costs										
Median										
Couple no children	237	250	255	261	271	298	308	315	319	321
Single no children	138	145	148	151	157	173	179	183	185	186
Couple with two children aged 5 and 14	385	406	413	422	439	483	499	510	517	520
Single with two children aged 5 and 14	285	300	306	313	325	358	370	378	383	385
60% of median										
Couple no children	142	150	153	156	163	179	185	189	191	193
Single no children	83	87	89	91	94	104	107	110	111	112
Couple with two children aged 5 and 14	231	243	248	253	264	290	299	306	310	312
Single with two children aged 5 and 14	171	180	184	188	195	215	222	227	230	231
Mean										
Couple no children	287	302	311	324	333	368	377	388	394	397
Single no children	167	175	181	188	193	214	219	225	228	231
Couple with two children aged 5 and 14	465	489	504	524	540	597	611	628	638	644
Single with two children aged 5 and 14	345	362	373	388	400	442	452	465	473	477
50% of mean										
Couple no children	144	151	156	162	167	184	188	194	197	199
Single no children	83	87	90	94	97	107	109	112	114	115
Couple with two children aged 5 and 14	233	244	252	262	270	298	305	314	319	322
Single with two children aged 5 and 14	172	181	187	194	200	221	226	233	236	238

Notes:

1. Figures are for the United Kingdom from 2002/03 onwards. Earlier years are for Great Britain only.

2. 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, it shows that 60 per cent of median (equivalised) income in 2006/07 was £226 per week. This translates to a cash income of £151 for a single person with no children. This implies that a single person with no children with a cash income of £151 or less is below 60 per cent of median (equivalised) income for the population as a whole.