

DATE: 22 MAY 2007  
IFD090306-HBAI

Coverage: United Kingdom  
Theme: Social and Welfare

## HOUSEHOLDS BELOW AVERAGE INCOME STATISTICS - REVISED

The Households Below Average Income statistical report (HBAI) for the period 1994/95-2005/06 (revised) is published today. This National Statistics First Release contains a digest of key results taken from this publication. All results are estimates, based on data from the Family Resources Survey (FRS) drawn from a sample of private households in the United Kingdom.

For the first time, in the main report, results for 2005/06 use OECD equivalisation scales, with the geographical coverage for the United Kingdom. The anchor point year for absolute low-income results has been changed from 1996/97 to 1998/99. All these changes are in line with the child poverty target, as stipulated in the 2004 Spending Review, which is for the UK, based on OECD scales and uses 1998/99 as the anchor year for absolute estimates. These changes were announced in last year's HBAI publication and have been applied to all groups.

### INCOME GROWTH

There was income growth, in real terms, across the whole income distribution between 1994/95 and 2005/06, and between 1998/99 and 2005/06. For both periods, growth was greatest in the second quintile on both Before Housing Costs and After Housing Costs measures.

### RELATIVE LOW-INCOME INDICATORS

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

**Whole Population** – Over the period 1998/99-2005/06, the percentage of the UK population below various low-income thresholds linked to contemporary median income showed modest falls Before Housing Costs (BHC), but more notable falls After Housing Costs (AHC). In 2005/06, there were 10.4 million people living in households with below 60 per cent of median net disposable household income Before Housing Costs and 12.8 million After Housing Costs. This represents a fall from 1998/99 of 0.8 million on a BHC basis, and 1.2 million AHC.

**Children** – In 2005/06, there were 2.8 million children living in UK households with below 60 per cent of median household income on a Before Housing Costs basis, 3.8 million After Housing Costs. This represents a fall of 0.6 million since 1998/99 on both a Before Housing Costs and After Housing Costs basis.

**Working-age adults** – In 2005/06, on a Before Housing Costs basis, there were 5.4 million working-age adults living in UK households with below 60 per cent of median household income, and 7.2 million After Housing Costs. Over the period 1998/99 to 2005/06, there have been increases in the number of working-age adults in low income of 0.4 million (BHC) and 0.5 million (AHC).

**Pensioners** – In 2005/06, there were 2.2 million pensioners living in UK households with below 60 per cent of median household income on a Before Housing Costs basis, and 1.8 million After Housing Costs. This represents a drop of 0.5 million since 1998/99 on a Before Housing Costs basis and a fall of 1.1 million After Housing Costs.

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## 'ABSOLUTE STYLE' LOW-INCOME INDICATORS

The proportion of the UK population below low-income thresholds that are fixed in real terms ('absolute' low-income thresholds) fell significantly over this period. The latest estimates for 2005/06 show that there were 4.6 million fewer individuals living with incomes below 60 per cent of 1998/99 median income held constant in real terms on a Before Housing Costs basis, compared to 1998/99. A fall of 5.8 million has been recorded After Housing Costs over the same period. Comparing figures between 1998/99 and 2005/06:

- **Children** - There were 3.4 million children below 60 per cent of 1998/99 median income Before Housing Costs in 1998/99; by 2005/06 this had fallen by over half, to 1.6 million, representing similar levels of children in absolute poverty to a year earlier (for income After Housing Costs, there was a fall of 2.1 million from an initial 1998/99 level of 4.4 million).
- **Working-age adults** - There was a fall of 1.4 million in the number of working-age adults below 60 per cent of 1998/99 median income Before Housing Costs, from an initial level of 5.0 million (After Housing Costs, there was a fall of 1.6 million from an initial level of 6.6 million).
- **Pensioners** - There was a fall of 1.5 million in the number of pensioners below 60 per cent of 1998/99 median income Before Housing Costs, from an initial level of 2.8 million – representing 0.1 million less pensioners in absolute poverty to a year earlier (After Housing Costs, a fall of 2.1 million from an initial level of 2.9 million).

## GROUPS WITH AN ABOVE AVERAGE RISK OF LOW INCOME IN 2005/06

In 2005/06, 18 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 were among the groups with an above average risk of low income:

- **Children** – in particular, children in unemployed lone-parent families, children of couples where the parents are unemployed or work only part-time, and those in families with four or more children. These patterns applied on both Before Housing Costs and After Housing Costs bases.
- **Older pensioners** – both couples and singles over 75 had a risk of low income which was slightly above average on a Before Housing Costs basis, with single female pensioners most adversely affected. Younger male pensioners and couples were less likely to live in low income households in 2005/06 when compared with the overall UK population on both Before Housing Costs and After Housing Costs bases.
- **Ethnic minorities** – households headed by a member of certain ethnic minority communities were more likely to have low incomes. This was particularly the case for households headed by someone of Pakistani or Bangladeshi ethnic origin, with 54 per cent of this group living in households with below 60 per cent of median income Before Housing Costs, and 62 per cent on an After Housing Costs basis.
- **Disabled people** – individuals in families containing one or more disabled people and not in receipt of disability benefits were more likely to live in low-income households than those in families with no disabled person. This pattern applied on both an AHC and BHC basis.
- **Local Authority, Housing Association tenants** – individuals in this group were more likely to live in low-income households than other tenure types, with more than three in ten living in households with below 60 per cent of median income Before Housing Costs, and almost five in ten on an After Housing Costs basis.
- **No educational qualifications** – working-age adults living in families in which the adults had no educational qualification were more at risk of low income than those with a qualification. On a Before Housing Costs basis, over one in four working-age adults without qualifications lived in households with below 60 per cent of median income.
- **Inner London** - individuals living in Inner London were more likely to live in low income: 22 per cent of individuals living in households of this type on a Before Housing Costs basis, and 33 per cent on an After Housing Costs basis. One can see that the difference between individuals living in households in Inner London and the national average was larger on the After Housing Costs measure.

## **THE INCOME DISTRIBUTION IN 2005/06 – ACTUAL MONEY VALUES**

In order to allow comparisons of living standards between different household types, income is adjusted to take into account variations in the size and composition of the household in a process known as equivalisation. This adjustment reflects the common sense notion that a household of several people requires a higher income than a single person in order for both households to enjoy a comparable standard of living. Therefore, the majority of monetary amounts presented in HBAI are on this equivalised basis and do not reflect actual money amounts for any family type other than a couple with no children (which is the benchmark used for equivalisation). The median income before housing costs is £362, and 60% of this median is £217 (see Table 1 overleaf).

## **MATERIAL DEPRIVATION**

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

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

Not surprisingly, children in the higher income quintiles (before housing costs) are less likely to be deprived of an item or service. For example, only 5 per cent of children in the top quintile (BHC) are lacking outdoor space / facilities to play safely, in contrast to a quarter of children in the bottom quintile who lack such an item. Just 3 per cent of children in the top income quintile do not have at least one week's holiday away from home, but more than half of children in the bottom quintile do not have such a holiday.

**Table 1** shows cash equivalent household incomes for different family types, corresponding to the overall equivalised 2005/06 income distribution Before Housing Costs:

£ per week equivalent 2005/06 prices		Source: FRS 2005/06							
	Mean	Median	50% mean	60% median	Bottom	Second	Quintile Middle	Fourth	Top
<b>Including the self-employed</b>									
<b>Before Housing Costs</b>									
Couple with no children (equivalised income benchmark)	443	362	222	217	< 226	226 - 313	314 - 416	417 - 573	574 +
Single with no children	297	242	148	145	< 152	152 - 210	211 - 279	280 - 384	385 +
Couple with two children aged 5 and 14	678	554	339	332	< 346	346 - 479	480 - 637	638 - 877	878 +
Single with two children aged 5 and 14	532	434	266	260	< 272	272 - 375	376 - 499	500 - 688	689 +

**Note:**

This table takes levels of equivalised income for the population as a whole and translates them into cash equivalents for a selection of family types. For example, for results Before Housing Costs including the self-employed, it shows that 60 per cent of median (equivalised) income in 2005/06 was £217 per week. This implies that a single person without children needs a cash income of £145 or less to be below 60 per cent of median (equivalised) income for the population as a whole.

## ADDITIONAL TABLES

The following tables are included overleaf:

- **Table 2.1** - Percentage of individuals below thresholds of contemporary and 1998/99 real terms median income 1994/95 to 2005/06.
- **Table 2.2** - Number of individuals below thresholds of contemporary and 1998/99 real terms median income 1994/95 to 2005/06.
- **Table 3.1** - Percentage of children below thresholds of contemporary and 1998/99 real terms median income 1994/95 to 2005/06.
- **Table 3.2** - Number of children below thresholds of contemporary and 1998/99 real terms median income 1994/95 to 2005/06.
- **Table 4.1** - Percentage of working-age adults below thresholds of contemporary and 1998/99 real terms median income 1994/95 to 2005/06.
- **Table 4.2** - Number of working-age adults below thresholds of contemporary and 1998/99 real terms median income 1994/95 to 2005/06.
- **Table 5.1** - Percentage of pensioners below thresholds of contemporary and 1998/99 real terms median income 1994/95 to 2005/06.
- **Table 5.2** - Number of pensioners below thresholds of contemporary and 1998/99 real terms median income 1994/95 to 2005/06.
- **Table 6** - Money values and real-terms changes since 1994/95 of decile medians and overall population mean in 2005/06 prices
- **Table 7** - Material Deprivation. Quintile distribution of income (Before Housing Costs) for children by extent of their deprivation of items and services, United Kingdom

**Table 2.1**

Percentage of individuals below thresholds of contemporary and 1998/99 real terms median income 1994/95 to 2005/06.

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

Percentage of individuals	Source: FRS					
	Before Housing Costs			After Housing Costs		
	Below median			Below median		
	50%	60%	70%	50%	60%	70%
<b>1998/99 income thresholds held constant in real terms</b>						
1994/95	13	23	32	20	29	35
1995/96	12	23	32	19	28	36
1996/97	12	21	30	19	27	34
1997/98	11	20	29	18	25	32
1998/99	11	19	28	16	24	31
1999/00	9	18	26	14	22	29
2000/01	9	15	24	12	20	26
2001/02	7	13	21	10	17	24
2002/03	7	12	20	9	15	22
2003/04	7	12	19	9	15	21
2004/05	6	11	18	9	13	19
2005/06	7	11	18	9	14	20
1998/99-2005/06	-4	-8	-10	-7	-10	-11
2004/05-2005/06	0	0	0	0	1	0

**Notes:**

1. Figures are for the United Kingdom from 1998/99 onwards, with estimates for Northern Ireland imputed for the years 1998/99 through 2001/02. Earlier years are for Great Britain only.

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

**Table 2.2**

Number of individuals below thresholds of contemporary and 1998/99 real terms median income 1994/95 to 2005/06.

Number of individuals (millions)	Source: FRS						
	Before Housing Costs			After Housing Costs			All individuals
	Below median			Below median			
50%	60%	70%	50%	60%	70%		
<b>Contemporary income thresholds</b>							
1994/95	5.4	10.4	15.4	8.4	13.5	17.2	55.3
1995/96	5.2	9.9	15.2	8.2	13.5	17.3	55.5
1996/97	5.9	10.8	15.6	9.4	14.0	17.7	55.6
1997/98	6.0	10.9	15.7	9.2	13.6	17.1	55.7
1998/99	6.1	11.2	16.1	9.3	14.0	17.8	57.5
1999/00	6.1	11.1	16.2	9.3	13.8	17.7	57.7
2000/01	6.1	10.7	15.9	8.8	13.4	17.4	57.9
2001/02	5.9	10.7	15.8	8.5	13.2	17.2	58.1
2002/03	5.9	10.6	15.7	8.5	13.1	17.3	58.3
2003/04	5.8	10.4	15.4	8.4	12.6	17.0	58.5
2004/05	5.6	10.0	15.2	7.9	12.1	16.6	58.8
2005/06	5.9	10.4	15.5	8.6	12.8	17.2	59.1
1998/99-2005/06	-0.2	-0.8	-0.7	-0.7	-1.2	-0.6	1.6
2004/05-2005/06	0.3	0.4	0.2	0.7	0.8	0.6	0.4

Number of individuals (millions)	Source: FRS						
	Before Housing Costs			After Housing Costs			All individuals
	Below median			Below median			
50%	60%	70%	50%	60%	70%		
<b>1998/99 income thresholds held constant in real terms</b>							
1994/95	7.3	12.9	17.9	11.1	15.8	19.6	55.3
1995/96	6.9	12.5	17.8	10.8	15.7	19.7	55.5
1996/97	6.6	11.9	16.7	10.4	15.0	18.6	55.6
1997/98	6.3	11.4	16.2	9.8	14.1	17.7	55.7
1998/99	6.1	11.2	16.1	9.3	14.0	17.8	57.5
1999/00	5.4	10.2	15.3	8.3	12.9	16.7	57.7
2000/01	4.9	8.9	13.7	7.0	11.5	15.3	57.9
2001/02	4.0	7.5	12.2	5.8	9.7	13.7	58.1
2002/03	3.9	7.1	11.5	5.4	8.8	12.7	58.3
2003/04	3.9	7.0	11.2	5.5	8.6	12.0	58.5
2004/05	3.6	6.6	10.6	5.2	7.8	11.2	58.8
2005/06	3.9	6.6	10.7	5.4	8.2	11.6	59.1
1998/99-2005/06	-2.3	-4.6	-5.4	-3.9	-5.8	-6.2	1.6
2004/05-2005/06	0.3	0.0	0.1	0.2	0.5	0.3	0.4

**Notes:**

1. Figures are for the United Kingdom from 1998/99 onwards, with estimates for Northern Ireland imputed for the years 1998/99 through 2001/02. Earlier years are for Great Britain only.
2. Due to rounding, the estimates of change in numbers of individuals below low-income thresholds may not equal the difference between the total number of individuals below thresholds for any pair of years shown.

**Table 3.1**

Percentage of children below thresholds of contemporary and 1998/99 real terms median income 1994/95 to 2005/06.

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

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

**Notes:**

1. Figures are for the United Kingdom from 1998/99 onwards, with estimates for Northern Ireland imputed for the years 1998/99 through 2001/02. Earlier years are for Great Britain only.

2. Due to rounding, the estimates of change in percentages of children below low-income thresholds may not equal the difference between the total percentage of children below thresholds for any pair of years shown.

**Table 3.2**

Number of children below thresholds of contemporary and 1998/99 real terms median income 1994/95 to 2005/06

Number of children (millions)	Source: FRS						
	Before Housing Costs			After Housing Costs			All children
	Below median			Below median			
	50%	60%	70%	50%	60%	70%	
<b>Contemporary income thresholds</b>							
1994/95	1.5	3.2	4.5	2.7	4.1	5.1	12.6
1995/96	1.4	3.0	4.5	2.7	4.2	5.2	12.7
1996/97	1.8	3.4	4.6	3.2	4.3	5.3	12.7
1997/98	1.8	3.4	4.7	3.1	4.2	5.2	12.7
1998/99	1.8	3.4	4.8	3.1	4.4	5.4	13.1
1999/00	1.7	3.4	4.8	3.0	4.3	5.3	13.2
2000/01	1.6	3.1	4.5	2.8	4.1	5.2	13.1
2001/02	1.5	3.0	4.6	2.6	4.0	5.1	13.1
2002/03	1.5	2.9	4.4	2.6	3.9	5.0	13.0
2003/04	1.4	2.9	4.3	2.5	3.7	4.9	13.0
2004/05	1.4	2.7	4.3	2.3	3.6	4.8	12.9
2005/06	1.4	2.8	4.2	2.5	3.8	4.9	12.8
1998/99-2005/06	-0.4	-0.6	-0.5	-0.6	-0.6	-0.5	-0.3
2004/05-2005/06	0.1	0.1	0.0	0.2	0.2	0.1	0.0

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

**Notes:**

1. Figures are for the United Kingdom from 1998/99 onwards, with estimates for Northern Ireland imputed for the years 1998/99 through 2001/02. Earlier years are for Great Britain only.
2. 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 pairs of years shown.

**Table 4.1**

Percentage of working-age adults below thresholds of contemporary and 1998/99 real terms median income 1994/95 to 2005/06.

Percentage of working-age adults	Source: FRS					
	Before Housing Costs			After Housing Costs		
	Below median			Below median		
	50%	60%	70%	50%	60%	70%
<b>Contemporary income thresholds</b>						
1994/95	8	15	21	14	20	25
1995/96	8	14	21	14	20	25
1996/97	9	15	21	15	21	26
1997/98	9	15	21	15	20	25
1998/99	8	15	21	14	19	25
1999/00	9	15	21	14	20	25
2000/01	9	15	21	14	19	25
2001/02	9	15	21	14	19	24
2002/03	9	15	21	14	19	24
2003/04	9	15	21	14	19	24
2004/05	9	14	21	13	19	24
2005/06	9	15	22	15	20	26
1998/99-2005/06	1	1	1	1	1	1
2004/05-2005/06	1	1	1	1	2	1

Percentage of working-age adults	Source: FRS					
	Before Housing Costs			After Housing Costs		
	Below median			Below median		
	50%	60%	70%	50%	60%	70%
<b>1998/99 income thresholds held constant in real terms</b>						
1994/95	11	18	25	17	23	28
1995/96	10	17	24	17	23	29
1996/97	10	16	23	16	22	27
1997/98	9	16	22	15	20	25
1998/99	8	15	21	14	19	25
1999/00	8	14	20	13	18	23
2000/01	8	13	18	12	17	22
2001/02	6	11	16	10	15	19
2002/03	6	10	16	10	14	19
2003/04	6	10	16	10	14	18
2004/05	6	10	15	9	13	18
2005/06	7	10	15	10	14	19
1998/99-2005/06	-2	-4	-5	-4	-5	-6
2004/05-2005/06	1	0	0	0	1	1

**Notes:**

1. Figures are for the United Kingdom from 1998/99 onwards, with estimates for Northern Ireland imputed for the years 1998/99 through 2001/02. Earlier years are for Great Britain only.

2. Due to rounding, the estimates of change in percentages of working-age adults below low-income thresholds may not equal the difference between the total percentage of working-age adults below thresholds for any pair of years shown.

**Table 4.2**

Number of working-age adults below thresholds of contemporary and 1998/99 real terms median income 1994/95 to 2005/06

Number of working-age adults (millions)							Source: FRS
	Before Housing Costs			After Housing Costs			All working-age adults
	Below median			Below median			
	50%	60%	70%	50%	60%	70%	
<b>Contemporary income thresholds</b>							
1994/95	2.7	4.8	6.9	4.7	6.6	8.2	32.8
1995/96	2.6	4.6	6.8	4.5	6.5	8.2	32.8
1996/97	2.8	5.0	7.1	5.0	6.8	8.5	32.9
1997/98	2.9	5.0	7.1	4.8	6.5	8.1	33.1
1998/99	2.9	5.0	7.1	4.8	6.6	8.4	34.1
1999/00	3.0	5.1	7.3	4.9	6.7	8.5	34.3
2000/01	3.1	5.1	7.3	4.9	6.6	8.5	34.4
2001/02	3.0	5.1	7.2	4.7	6.5	8.3	34.7
2002/03	3.1	5.1	7.3	4.8	6.7	8.5	34.8
2003/04	3.1	5.1	7.3	4.9	6.7	8.6	35.0
2004/05	3.1	5.0	7.3	4.7	6.5	8.5	35.2
2005/06	3.3	5.4	7.7	5.2	7.2	9.1	35.5
1998/99-2005/06	0.4	0.4	0.5	0.4	0.5	0.8	1.4
2004/05-2005/06	0.2	0.4	0.4	0.5	0.6	0.6	0.3
<b>1998/99 income thresholds held constant in real terms</b>							
Number of working-age adults (millions)							Source: FRS
	Before Housing Costs			After Housing Costs			All working-age adults
	Below median			Below median			
	50%	60%	70%	50%	60%	70%	
1994/95	3.5	5.9	8.1	5.7	7.5	9.3	32.8
1995/96	3.3	5.7	7.9	5.5	7.5	9.4	32.8
1996/97	3.2	5.4	7.6	5.4	7.3	8.9	32.9
1997/98	3.0	5.2	7.3	5.0	6.7	8.4	33.1
1998/99	2.9	5.0	7.1	4.8	6.6	8.4	34.1
1999/00	2.7	4.7	6.9	4.5	6.3	8.0	34.3
2000/01	2.6	4.3	6.3	4.1	5.9	7.5	34.4
2001/02	2.1	3.7	5.7	3.4	5.2	6.7	34.7
2002/03	2.2	3.6	5.5	3.4	4.9	6.5	34.8
2003/04	2.3	3.6	5.4	3.5	5.0	6.5	35.0
2004/05	2.1	3.5	5.3	3.3	4.6	6.2	35.2
2005/06	2.3	3.6	5.5	3.5	5.0	6.6	35.5
1998/99-2005/06	-0.5	-1.4	-1.6	-1.3	-1.6	-1.8	1.4
2004/05-2005/06	0.2	0.1	0.2	0.2	0.4	0.4	0.3

**Notes:**

1. Figures are for the United Kingdom from 1998/99 onwards, with estimates for Northern Ireland imputed for the years 1998/99 through 2001/02. Earlier years are for Great Britain only.

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

**Table 5.1**

Percentage of pensioners below thresholds of contemporary and 1998/99 real terms median income 1994/95 to 2005/06

Percentage of pensioners	Source: FRS					
	Before Housing Costs			After Housing Costs		
	Below median			Below median		
	50%	60%	70%	50%	60%	70%
<b>Contemporary income thresholds</b>						
1994/95	12	24	40	11	28	40
1995/96	12	24	40	10	28	40
1996/97	13	25	40	13	29	39
1997/98	13	25	40	13	29	38
1998/99	14	27	41	13	29	38
1999/00	14	25	40	13	28	37
2000/01	13	25	39	11	26	36
2001/02	14	25	39	11	26	37
2002/03	13	24	39	11	24	37
2003/04	12	23	36	10	21	34
2004/05	11	21	34	8	18	30
2005/06	11	21	33	8	17	29
1998/99-2005/06	-3	-6	-8	-5	-12	-9
2004/05-2005/06	0	0	-1	0	-1	-1

Percentage of pensioners	Source: FRS					
	Before Housing Costs			After Housing Costs		
	Below median			Below median		
	50%	60%	70%	50%	60%	70%
<b>1998/99 income thresholds held constant in real terms</b>						
1994/95	16	32	48	19	36	46
1995/96	16	32	47	18	35	46
1996/97	14	28	43	16	32	42
1997/98	14	27	42	15	31	40
1998/99	14	27	41	13	29	38
1999/00	12	23	37	10	25	35
2000/01	10	20	33	8	20	31
2001/02	8	18	29	7	14	28
2002/03	7	16	27	6	12	23
2003/04	7	15	25	6	10	19
2004/05	6	13	23	5	8	15
2005/06	6	12	21	5	8	14
1998/99-2005/06	-8	-15	-20	-9	-21	-24
2004/05-2005/06	0	-1	-1	0	0	-1

**Notes:**

1. Figures are for the United Kingdom from 1998/99 onwards, with estimates for Northern Ireland imputed for the years 1998/99 through 2001/02. Earlier years are for Great Britain only.

2. Due to rounding, the estimates of change in percentages of pensioners below low-income thresholds may not equal the difference between the total percentage of pensioners below thresholds for any pair of years shown.

**Table 5.2**

Number of pensioners below thresholds of contemporary and 1998/99 real terms median income 1994/95 to 2005/06

Numbers of pensioners (millions)							Source: FRS
	Before Housing Costs			After Housing Costs			All pensioners
	Below median			Below median			
	50%	60%	70%	50%	60%	70%	
<b>Contemporary income thresholds</b>							
1994/95	1.2	2.4	4.0	1.1	2.8	3.9	9.9
1995/96	1.2	2.4	3.9	1.0	2.8	3.9	9.9
1996/97	1.3	2.4	4.0	1.2	2.9	3.9	9.9
1997/98	1.3	2.5	4.0	1.3	2.9	3.8	10.0
1998/99	1.5	2.8	4.2	1.4	2.9	3.9	10.3
1999/00	1.4	2.6	4.1	1.3	2.8	3.9	10.3
2000/01	1.4	2.6	4.0	1.2	2.7	3.7	10.3
2001/02	1.4	2.6	4.0	1.2	2.7	3.8	10.4
2002/03	1.4	2.5	4.0	1.1	2.5	3.8	10.5
2003/04	1.3	2.4	3.8	1.0	2.2	3.6	10.5
2004/05	1.2	2.3	3.7	0.9	1.9	3.2	10.7
2005/06	1.2	2.2	3.6	0.9	1.8	3.1	10.8
1998/99-2005/06	-0.3	-0.5	-0.6	-0.5	-1.1	-0.8	0.5
2004/05-2005/06	0.0	0.0	-0.1	0.0	0.0	-0.1	0.1

Numbers of pensioners (millions)							Source: FRS
	Before Housing Costs			After Housing Costs			All pensioners
	Below median			Below median			
	50%	60%	70%	50%	60%	70%	
<b>1998/99 income thresholds held constant in real terms</b>							
1994/95	1.6	3.1	4.7	1.9	3.6	4.6	9.9
1995/96	1.6	3.1	4.7	1.8	3.5	4.5	9.9
1996/97	1.4	2.8	4.2	1.6	3.2	4.1	9.9
1997/98	1.4	2.7	4.2	1.4	3.0	4.0	10.0
1998/99	1.5	2.8	4.2	1.4	2.9	3.9	10.3
1999/00	1.3	2.3	3.8	1.1	2.5	3.6	10.3
2000/01	1.1	2.0	3.4	0.8	2.0	3.2	10.3
2001/02	0.9	1.8	3.1	0.7	1.5	2.9	10.4
2002/03	0.8	1.7	2.8	0.6	1.2	2.4	10.5
2003/04	0.7	1.6	2.6	0.6	1.1	2.0	10.5
2004/05	0.6	1.4	2.4	0.5	0.9	1.6	10.7
2005/06	0.6	1.3	2.3	0.5	0.8	1.5	10.8
1998/99-2005/06	-0.8	-1.5	-1.9	-0.9	-2.1	-2.4	0.5
2004/05-2005/06	0.0	-0.1	-0.1	0.0	0.0	-0.1	0.1

**Notes:**

1. Figures are for the United Kingdom from 1998/99 onwards, with estimates for Northern Ireland imputed for the years 1998/99 through 2001/02. Earlier years are for Great Britain only.
2. Due to rounding, the estimates of change in numbers of pensioners below low-income thresholds may not equal the difference between the total number of pensioners below thresholds for any pair of years shown.

**Table 6**

Money values and real-term income growth between 1994/95 and 2005/06 of quintile medians and overall population mean in 2005/06 prices

<b>(£pw equivalised)</b>						
	<b>Quintile group medians</b>					<b>Population mean</b>
	<b>Quintile 1</b>	<b>Quintile 2</b>	<b>Quintile 3 (median)</b>	<b>Quintile 4</b>	<b>Quintile 5</b>	
<b>Income Before Housing Costs</b>						
1994/5	146	210	290	394	596	350
1995/6	148	212	290	391	599	351
1996/7	149	219	303	407	617	363
1997/8	151	223	308	415	627	373
1998/9	154	227	313	427	651	386
1999/00	159	234	322	436	661	394
2000/01	164	243	332	449	685	411
2001/02	174	258	349	464	717	429
2002/03	176	262	355	470	720	433
2003/04	178	264	355	473	714	431
2004/05	182	268	359	477	722	437
2005/06	181	269	362	482	734	443
Income growth 1994/95 to 2005/06	24%	28%	25%	22%	23%	27%

**Note:**

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

**Table 7**

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

Percentage of children <sup>1</sup>		Net equivalised disposable household income					All children
		Bottom quintile	Second quintile	Middle quintile	Fourth quintile	Top quintile	
Outdoor space / facilities to play safely	Have this	75	82	88	92	95	85
	Don't have this	25	18	12	8	5	15
Enough bedrooms for every child 10 years or over and of a different gender	Child/ren has/have this	72	73	85	95	96	80
	Want but can't afford this	26	24	13	5	2	18
	Don't want or need; doesn't apply	3	3	2	*	1	2
Celebrations on special occasions	Child/ren has/have this	88	95	97	98	98	95
	Want but can't afford this	10	4	2	1	0	4
	Don't want or need; doesn't apply	2	1	1	1	2	2
Leisure equipment such as sports equipment or a bicycle	Child/ren has/have this	78	86	91	94	95	88
	Want but can't afford this	15	9	3	1	1	7
	Don't want or need; doesn't apply	6	5	5	4	5	5
At least one week's holiday away from home with family	Child/ren has/have this	40	54	72	84	93	64
	Want but can't afford this	55	42	23	11	3	31
	Don't want or need; doesn't apply	5	5	4	4	4	5
Hobby or leisure activity	Child/ren does/do this	67	75	82	85	86	77
	Would like to but can't afford this	14	8	3	1	0	6
	Don't want or need; doesn't apply	19	18	15	14	14	16
Swimming at least once a month	Child/ren does/do this	49	54	61	68	72	59
	Would like to but can't afford this	22	14	6	2	1	11
	Don't want or need; doesn't apply	29	32	33	30	27	31
Have friends round for tea or a snack once a fortnight	Child/ren does/do this	61	69	72	77	84	71
	Would like to but can't afford this	17	9	5	1	1	8
	Don't want or need; doesn't apply	22	22	23	21	15	21
Go on school trip at least once a term	Child/ren does/do this	84	89	92	95	96	90
	Would like to but can't afford this	11	6	3	0	0	5
	Don't want or need; doesn't apply	4	5	5	5	4	5
Go to a playgroup at least once a week	Child/ren does/do this	52	60	68	76	81	64
	Would like to but can't afford this	14	7	5	2	1	7
	Don't want or need; doesn't apply	33	33	28	22	18	29

**Notes:**

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

\* There were no responses in this category.

Source: FRS 2005/06

## Notes for editors:

1. The Households Below Average Income statistical report (HBAI) for the period 1994/95-2005/06 (revised) is published today. The report, the eighteenth in the HBAI series, uses household disposable incomes, adjusted for household size and composition, as a proxy for material living standards. It principally gives information on the income distribution in GB / UK from the financial years 1994/95 to 2005/06 using cross-sectional data from the DWP Family Resources Survey (FRS). The report also draws on data from the British Household Panel Survey (BHPS), run by the University of Essex, which, unlike the Family Resources Survey, tracks the same individuals over time to give a picture of income changes over time. The latest BHPS estimates available relate to 2004, and were first published by DWP on 27 July 2006 in the Low-income dynamics paper. Data for 2005 will become available later in the year and will be published by DWP separately.
2. The data were originally released on 27 March 2007, but have since been revised because a data-processing error meant that incorrect population control totals were applied to the original dataset. A ministerial statement and press statement setting out the need for a revision were issued on 23 April.
3. Northern Ireland was included in the Family Resources Survey (FRS) from 2002/03. Detailed time series data will therefore have a coverage for Great Britain only before 2002/03. This break in the series is made clear in a footnote attached to the relevant tables in the latest HBAI publication. However, for high-level time series data estimates for Northern Ireland have been imputed for the years 1998/99 to 2001/02. This allows for changes since 1998/99 to be measured at the UK level. These data are presented in Tables 2 – 6 in this release.
4. In order to allow comparisons of living standards between different household types, income is adjusted to take into account variations in the size and composition of the household in a process known as equivalisation. This adjustment reflects the common sense notion that a household of several people requires a higher income than a single person in order for both households to have an equivalent standard of living. A key assumption made in HBAI is that all individuals in the household benefit equally from the combined (equivalised) income of the household. The equivalisation scales used in the report are OECD scales, which are consistent with those used in Western Europe.
5. 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.
6. The income definition used in the main analysis in HBAI, derived from the Family Resources Survey (FRS) is as follows: net earnings; profit or loss from self-employment after income tax and NI; all social security benefits and tax credits, including Social Fund grants; occupational and private pension income; investment income; maintenance payments; top-up loans and parental contributions for students, educational grants and payments; the cash value of certain forms of income in kind such as free school meals, free welfare milk and free school milk and free TV licences for the over 75s (where data is available). HBAI income is net of: income tax payments; National Insurance contributions; contributions to occupational, stakeholder and personal pension schemes; council tax; maintenance and child support payments made; and parental contributions to students living away from home.
7. Information from the DWP survey, the Family Resources Survey, was introduced into the HBAI series after a review of methodology in 1996. The Family Resources Survey does not collect information on individuals living in institutions, e.g. nursing homes, barracks or jails; and homeless people living rough or in bed and breakfast accommodation. Consequently HBAI does not cover these individuals. Survey data are grossed to national totals and an adjustment is made using Her Majesty's Revenue and Customs' Survey of Personal Incomes (SPI) to ensure very high income cases are correctly represented in HBAI.
8. Figures published today continue to use the grossing factors introduced in the 2003/04 publication for all years. Further details of the FRS grossing regime are available at the following URL:  
<http://www.dwp.gov.uk/asd/frs/reports/pn170205final.pdf>.
9. 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 (FES) which look at the period between 1979 and the mid 1990s. Following a consultation exercise with outside academics and other Government departments, results from the two survey sources are presented together, using agreed methodologies to provide a longer time series. Time series presented last year in the 2004/05 publication were estimated from the FES using OECD equivalisation scales. These new equivalisation scales have been used to present the main results from 2005/06.

10. In previous years, analysis comparing household expenditure levels using the Family Expenditure Survey (a survey run for the Office for National Statistics which captures household expenditure) indicated that the standard of living of people in the bottom decile was no worse than that of people in the second decile; and the expenditure levels of zero or negative income cases place nearly half of them in the top half of the expenditure distribution. For these reasons, results for the bottom end of the income distribution should not be interpreted as relating unambiguously to the bottom end of a distribution of living standards.
11. 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.
12. Households in Northern Ireland were surveyed for the first time on the 2002/03 Family Resources Survey. Analysis reported in Appendix 4 of the previous (2004/05) HBAI publication found GB and the UK medians to be very similar for all years in which Northern Ireland data were available. Presentation of UK data in the mainstream results for 2005/06 are not therefore likely to introduce discontinuities in estimates expressed as percentages. Comparisons using numbers - as shown in the time series presented in Tables 2.2; 3.2; 4.2; 5.2 - have been provided on a continuous UK basis for the period of interest between 1998/99 and 2005/06, through production of N.Ireland estimates for 1998/99 to 2001/02 inclusive.
13. "Households Below Average Income – 1994/5 to 2005/06" ISBN 978 1 84695 803 8 is published by the Department for Work and Pensions and is a National Statistics publication. General enquiries about the figures contained in "HBAI – 1994/5 to 2005/06" should be referred to the Department for Work and Pensions Press Office. Questions of detail on the figures may be referred to the DWP statistician responsible for HBAI (Tel: 020 7962 8232, email: team.hbai@dwp.gsi.gov.uk) of the DWP Information Directorate. The report is also available on the DWP Internet site, at <http://www.dwp.gov.uk/asd/hbai.asp>