

# The Effects of Taxes and Benefits on Household Income, 2010/11



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Date: 26 June 2012

Geographical Area: UK and GB

Theme: **Economy**

Theme: **People and Places**

## Key points

- Before taxes and benefits, the richest fifth of households had an average income of £81,500 in 2010/11, 16 times greater than the poorest fifth, who had an average income of £5,100.
- Overall, taxes and benefits lead to income being shared more equally between households. After all taxes and benefits are taken into account, the ratio between the average incomes of the top and the bottom fifth households (£61,400 and £15,200 respectively) is reduced to four-to-one.
- Cash benefits and direct taxes have the impact of redistributing income from richer households to those with lower incomes, thereby reducing income inequality. In contrast, indirect taxes such as VAT and duties on fuel and alcohol take a higher proportion of income from lower income households, and therefore increase income inequality.
- On average, households in the top two income quintiles paid more in taxes than they received in benefits, while households in the bottom three quintiles received more in benefits than they paid in taxes.
- There was a real terms decrease in disposable income between 2009/10 and 2010/11, with the largest fall being for the middle fifth of households.
- The proportion of disposable income paid in indirect taxes increased across the income distribution in 2010/11 compared with the previous year. This is largely explained by the increases to the standard rate of VAT in 2010 and 2011.

## Stages of redistribution

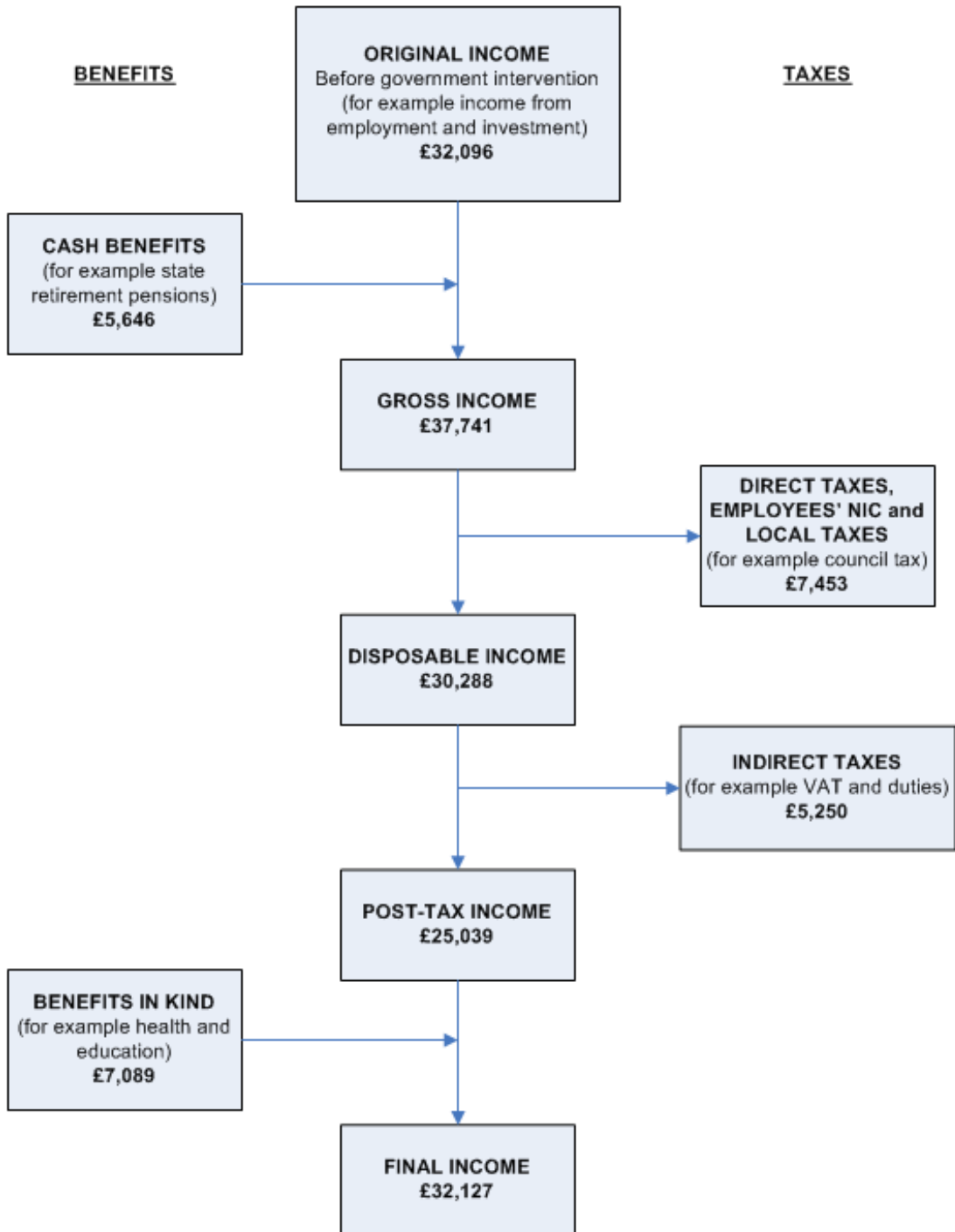
This bulletin examines how taxes and benefits redistribute income between various groups of households in the UK. The release shows where different types of households are in the income

distribution and looks at the changing levels of income inequality over time. The distribution of income in this release is analysed in five stages, summarised below and in Diagram A:

1. Household members begin with income from employment, private pensions, investments and from other non-government sources. This is referred to as 'original income'
2. Households then receive income from cash benefits. Cash benefits, when added to original income, is referred to a 'gross income'
3. Households then pay direct taxes. Gross income minus direct taxes is referred to as 'disposable income'
4. Indirect taxes are then paid via expenditure, which when subtracted from disposable income is referred to as 'post-tax income'
5. Households finally receive a benefit from services (benefits in kind). Benefits in kind plus post-tax income is referred to as 'final income'.

Stages of redistribution

Diagram A: Average household income, cash benefits and taxes, 2010/11

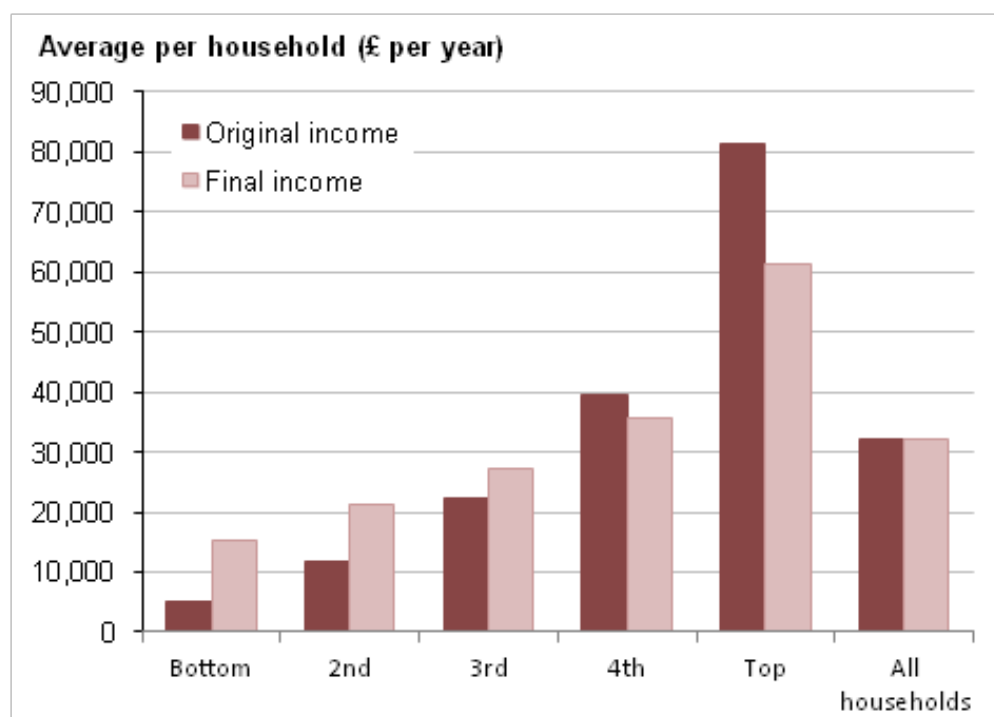


Source: Office for National Statistics

## Summary of results for all households

The overall impact of taxes and benefits are that they lead to income being shared more equally between households. In 2010/11, before taxes and benefits, the richest fifth (those in the top income quintile group) had an average original income of £81,500 per year, compared with £5,100 for the poorest fifth – a ratio of 16 to 1. This ratio was also 16 to 1 in 2009/10, indicating that inequality of original income has not changed between the two years according to this measure. Original income includes earnings, private pensions<sup>1</sup> and investments.

### Original income and Final income by quintile groups for ALL households, 2010/11



Source: Office for National Statistics

#### Notes:

1. Households are ranked by their equivalised disposable incomes, using the modified-OECD scale.

#### Download chart

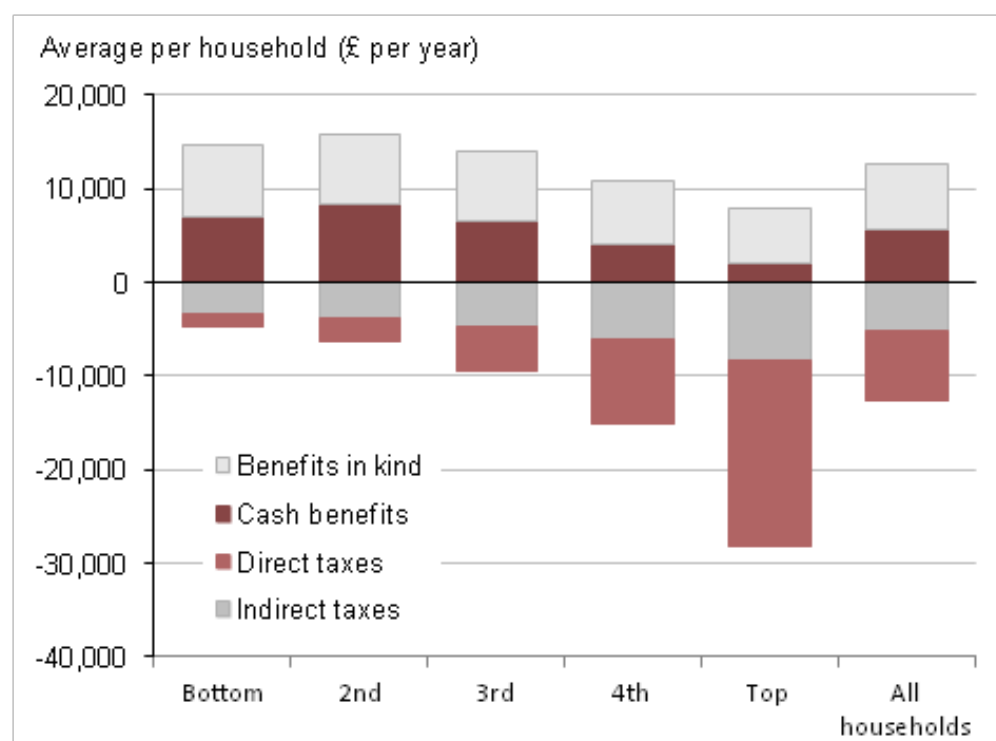
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### Impact of Cash Benefits

In contrast to original income, the amount received from cash benefits such as tax credits, housing benefit and income support tends to be higher for poorer households than for richer households. The largest cash benefits were received by households in the second quintile group, £8,300 per year, compared with £7,000 for households in the bottom group. This is largely because more retired households are located in the second quintile group, compared with the bottom group, and in this analysis the state pension is classified as a cash benefit.

The distribution of cash benefits between richer and poorer households has the effect of reducing inequality of income. After cash benefits were taken into account, the richest fifth had income that was seven times that of the poorest fifth (gross incomes of £83,600 per year compared with £12,100, respectively), a proportion that was unchanged on the previous year.

### Summary of effects of taxes and benefits by quintile groups, ALL households, 2010/11



Source: Office for National Statistics

#### Notes:

1. Households are ranked by their equivalised disposable incomes, using the modified-OECD scale.

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#### Impact of Direct Taxes

On average households paid £7,500 per year in direct taxes, equivalent to 20 per cent of their gross income. Richer households pay both higher amounts of direct tax and higher proportions of their income in direct tax (income tax, National Insurance, and council tax and Northern Ireland rates). As a result, direct taxes also reduce inequality of income.

The richest fifth of households paid on average £19,700 per year in direct taxes, the vast majority of which was income tax. This corresponds to 24 per cent of their gross income. In contrast, the average direct tax bill for the poorest fifth was around £1,300 per year, of which the largest component was council tax/rates. This was equivalent to 10 per cent of gross household income for this group. These proportions are broadly unchanged on those for the previous year. The richest fifth

of households had disposable incomes that were six times that of the poorest fifth (£63,900 per year and £10,900, respectively), a ratio that was the same in 2009/10.

Overall, there was a real terms decrease in disposable income between 2009/10 and 2010/11, with incomes falling by almost £200 on average, to £30,300. The largest fall was for the middle fifth of households with disposable incomes decreasing by 4.3 per cent from £25,500<sup>2</sup> to £24,400 in real terms. This was largely driven by a decrease in income from wages and salaries for this group.

### **Impact of Indirect Taxes**

The amount of indirect tax (such as VAT, and duties on alcohol and fuel) each household pays is determined by their expenditure rather than their income. The richest fifth of households paid two and a half times as much indirect tax as the poorest fifth (£8,300 and £3,400 per year, respectively). This reflects higher expenditure on goods and services subject to these taxes by higher income households. However, although richer households pay more in indirect taxes than poorer ones, they pay less as a proportion of their income. This means that indirect taxes act to increase inequality of income.

In 2010/11, the bottom fifth of households paid 31 per cent of their disposable income in indirect taxes, compared with 13 per cent for the richest fifth, an increase from 2009/10 when the proportions were 28 per cent and 12 per cent, respectively. This rise in the proportion of income paid in indirect taxes over this time period is largely explained by the increases in the standard rate of VAT from 15.0 per cent to 17.5 per cent on 1 January 2010 and 20.0 per cent on 4 January 2011, which have contributed to an increase in the average amount paid in VAT across all income groups. The effect of indirect taxes on household income has been examined in more detail in a number of other recent ONS articles. Links to these articles are available in Background Note 11.

When expressed as a percentage of expenditure, the proportion paid in indirect tax declines less sharply as income rises. The bottom fifth of households paid 21 per cent of their expenditure in indirect taxes compared with 16 per cent for the top fifth, a slight increase on the previous year, when the proportions were 20 per cent and 15 per cent, respectively.

After indirect taxes the richest fifth had post-tax household incomes that were over seven times those of the poorest fifth (£55,600 compared with £7,500 per year, respectively).

**Taxes as a percentage of income and expenditure, ALL households, 2010/11**

	Quintile groups of ALL households <sup>1</sup>					All households
	Bottom	2nd	3rd	4th	Top	
<b>(a)</b>						
<b>Percentages of gross income</b>						
Direct taxes	10.5	12.5	16.3	20.6	23.6	19.7
Indirect taxes	27.7	18.6	16.4	13.8	10.0	13.9
<i>All taxes</i>	38.2	31.1	32.7	34.4	33.6	33.7
<b>(b)</b>						
<b>Percentages of disposable income</b>						
Indirect taxes	31.0	21.3	19.6	17.4	13.1	17.3
<b>(c)</b>						
<b>Percentages of expenditure<sup>2</sup></b>						
Indirect taxes	20.5	20.3	19.3	18.1	16.1	18.1

**Table source:** Office for National Statistics

**Table notes:**

1. Households are ranked by equivalised disposable income, using the modified-OECD scale.
2. Calculated to be consistent with disposable income. See Further Analysis and Methodology section for the definition of expenditure.

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**Impact of Benefits in Kind**

This publication also considers the effect on household income of certain benefits received in kind. Benefits in kind are goods and services provided by the Government to households that are either free at the time of use or at subsidised prices, such as education and health services. These goods

and services can be assigned a monetary value based on the cost to the Government which are then allocated as a benefit to individual households. The poorest fifth of households received the equivalent of around £7,700 per year from all benefits in kind, compared with £5,800 received by the top fifth. After the impact of benefits in kind are taken into account, the ratio of the richest fifth of households' final income to the poorest fifth's is four-to-one (£61,400 per year and £15,200, respectively).



**Income, taxes and benefits, by quintile groups, ALL households, 2010/11**

	Quintile groups of ALL households <sup>1</sup>						Ratio Top/ Bottom quintile
	Bottom	2nd	3rd	4th	Top	All households	
<b>Income, taxes and benefits per household (£ per year)</b>							
Original income	5,089	11,764	22,482	39,642	81,501	32,096	16
<i>plus</i> cash benefits	7,040	8,322	6,655	4,098	2,115	5,646	0.3
Gross income	12,129	20,086	29,137	43,740	83,616	37,741	7
<i>less</i> direct taxes and employees' NIC	1,271	2,510	4,755	9,002	19,727	7,453	16
Disposable income	10,858	17,576	24,382	34,737	63,890	30,288	6
<i>less</i> indirect taxes	3,365	3,741	4,770	6,033	8,339	5,250	2
Post-tax income	7,493	13,835	19,612	28,704	55,550	25,039	7
<i>plus</i> benefits in kind	7,749	7,584	7,459	6,825	5,826	7,089	0.8
Final income	15,242	21,419	27,071	35,529	61,376	32,127	4
<b>Household type (percentages)</b>							
Retired	35	43	31	18	9	27	
Non-retired	65	57	69	82	91	73	

	Quintile groups of ALL households <sup>1</sup>						Ratio Top/ Bottom quintile
	Bottom	2nd	3rd	4th	Top households	All	
All household types	100	100	100	100	100	100	100

**Table source:** Office for National Statistics

**Table notes:**

- Households are ranked by equivalised disposable income, using the modified-OECD scale.

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**Notes for Summary of results for all households**

- Private pensions include all non-state pensions whether occupational or personal.
- For the purpose of this comparison, 2009/10 incomes have been adjusted to 2010/11 prices using the implied expenditure deflator for the household sector.

**Retired households**

Retired households are those where the income of retired household members accounts for the majority of the total household gross income (see the background note for the definition of a retired person). Retired households have different income and expenditure patterns to their non-retired counterparts.

Retired households were much more likely to be towards the bottom of the income distribution than at the top of the distribution. Whereas retired households made up 35 and 43 per cent of the bottom and second quintile groups respectively, they only made up 9 per cent of the top group in 2010/11.

Among retired households, there is a higher degree of income inequality before taxes and benefits than for non-retired households. One way of looking at income inequality is to see what proportion of income is received by the richest fifth (20 per cent) of households. In 2010/11, the richest fifth of retired households received 57 per cent of total original income for all retired households. In comparison, the richest 20 per cent of non-retired households received 47 per cent of total income for that group. Another widely used measure of inequality in the distribution of household income is the Gini coefficient. Gini coefficients can vary between 0 and 100 and the lower the value, the more equally household income is distributed. In 2010/11, the Gini coefficient for original income was 61 per cent for retired households, compared with 46 per cent for non-retired households.

Taxes and benefits have a particularly significant redistributive effect on the income of retired households, meaning that, in contrast, disposable income inequality is much lower for retired households than for non-retired households. Cash benefits play by far the largest part in bringing about this reduction, due principally to the state retirement pension. Retired households' Gini coefficient for disposable income was 26 per cent compared with 35 per cent for non-retired households. The corresponding coefficients for 2009/10 were 24 per cent, and 34 per cent, respectively.

On average, the poorest fifth of retired households received £7,700 per year from cash benefits, while those in the other quintile groups received between £9,800 and £11,400 per year. Cash benefits represent half (50 per cent) of retired households' total gross income on average, a proportion which is higher for poorer households and lower for richer households (80 per cent for the poorest fifth of retired households and 26 per cent for the richest fifth). Of the total value of retired households' cash benefits, just over three-quarters (77 per cent) was due to the state pension, on average.

Retired households typically derive significant benefits from the National Health Service (NHS). The benefit in kind from the NHS is spread fairly evenly across the income range of retired households and in 2010/11 it was worth an average of £5,600 per year, per household. The benefit derived from the NHS makes up 95 per cent of the total benefit in kind received by retired households, on average.

**Summary of the effects of taxes and benefits, RETIRED households, 2010/11**

<b>Quintile groups of RETIRED households<sup>1</sup></b>							
<b>Income, taxes and benefits per household (£ per year)</b>	<b>Bottom</b>	<b>2nd</b>	<b>3rd</b>	<b>4th</b>	<b>Top</b>	<b>All retired households</b>	<b>Ratio Top/Bottom quintile</b>
Original income	1,929	3,746	6,027	10,157	28,908	10,153	15
<i>plus</i> Total cash benefits	7,677	9,756	10,853	11,403	10,193	9,977	1.3
Gross income	9,606	13,502	16,880	21,560	39,101	20,130	4
<i>less</i> Direct taxes	995	1,220	1,585	2,381	6,099	2,456	6
Disposable income	8,610	12,283	15,295	19,179	33,002	17,674	4
<i>less</i> Indirect taxes	2,412	2,582	2,983	3,597	5,465	3,408	2
Post-tax income	6,198	9,700	12,312	15,582	27,537	14,266	4
<i>plus</i> National	5,484	5,425	5,465	5,876	5,740	5,598	

Quintile groups of RETIRED households <sup>1</sup>							
Income, taxes and benefits per household (£ per year)	Bottom	2nd	3rd	4th	Top	All retired households	Ratio Top/Bottom quintile
Health Service	16	33	42	39	4	27	
Housing subsidy							
Other benefits in kind	239	202	444	241	228	271	
Final income	11,938	15,360	18,264	21,738	33,510	20,162	3
percentage of gross income	80	72	64	53	26	50	
State pension as a percentage of cash benefits	81	77	73	72	84	77	

**Table source:** Office for National Statistics

**Table notes:**

1. Households are ranked by equivalised disposable income, using the modified-OECD scale.

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**Non-retired households**

Taxes and benefits also lead to income being shared more equally between non-retired households, though the effect is smaller than for retired households. Before taxes and benefits, there is less inequality of non-retired households' income than for retired households. However, after the process of redistribution, inequality of post-tax income (as measured, for example, by the Gini coefficient) is greater than that for retired households. In 2010/11 the Gini coefficient for post-tax income was

39 per cent for non-retired households compared with 30 per cent for retired households. The equivalent Gini for non-retired households was 38 per cent in 2009/10. This rise can be partly attributed to the increase in the proportion of income paid in indirect taxes by households at the lower end of the income distribution.

In 2010/11, the average original income for non-retired households was £40,300 per year. As might be expected, the original income of non-retired households showed a relatively strong relationship to the number of economically active people they contained. On average, households in each of the top three quintile groups contained almost twice as many economically active people as those in the lowest group.

Cash benefits provided 47 per cent of gross income for households in the bottom quintile group, falling to just 1.5 per cent for households in the top quintile. Their payment results in a significant reduction in income inequality. The patterns for direct and indirect taxes are similar to those described for all households.

Of those benefits in kind for which a value can be assigned to households, the largest two categories for non-retired households are education and health. The poorest fifth of non-retired households received the highest value from benefits in kind, on average £9,000 per year in 2010/11. This is mainly due to the relatively high average number of children per household in this part of the income distribution.

**Summary of the effects of taxes and benefits by quintile groups, NON-RETIRED households, 2010/11**

Income, taxes and benefits per household (£ per year)	Quintile groups of NON-RETIRED households <sup>1</sup>						Ratio Top/Bottom quintile
	Bottom	2nd	3rd	4th	Top	All households	
Original income	7,442	19,305	33,186	48,914	92,675	40,305	12
<i>plus</i> cash benefits	6,586	6,112	3,798	2,235	1,396	4,026	0.2
Gross income	14,028	25,418	36,984	51,150	94,071	44,330	7
<i>less</i> direct taxes	1,547	3,812	7,097	11,414	22,741	9,322	15
Disposable income	12,481	21,605	29,888	39,735	71,330	35,008	6
<i>less</i> indirect taxes	3,926	4,655	5,552	6,764	8,797	5,939	2
Post-tax income	8,554	16,950	24,336	32,971	62,534	29,069	7
<i>plus</i> benefits in kind	9,012	8,323	7,969	6,495	5,874	7,535	0.7
Final income	17,566	25,274	32,305	39,466	68,407	36,604	4
<b>Number of individuals</b>							

Income, taxes and benefits per household (£ per year)	Quintile groups of NON-RETIRED households <sup>1</sup>						Ratio Top/ Bottom quintile
	Bottom	2nd	3rd	4th	Top	All households	
<i>Children</i> <sup>2</sup>	1.0	0.8	0.7	0.5	0.5	0.7	
<i>Adults</i>	1.7	1.9	2.1	2.1	2.0	2.0	
<i>Men</i>	0.8	0.9	1.0	1.1	1.1	1.0	
<i>Women</i>	0.9	1.0	1.0	1.0	0.9	1.0	
People	2.7	2.8	2.7	2.6	2.5	2.7	
People in full-time education	1.0	0.8	0.7	0.5	0.5	0.7	
Economically active people	1.0	1.5	1.8	1.9	1.9	1.6	
Retired people	0.0	0.1	0.1	0.1	0.1	0.1	

**Table source:** Office for National Statistics

**Table notes:**

1. Households are ranked by equivalised disposable income, using the modified-OECD scale.
2. Children are defined as people aged under 16 or aged between 16 and 18, unmarried and receiving non-advanced further education.

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## Longer-term trends in income inequality

Analysis of these data over time shows that, overall, income inequality, as measured by the Gini coefficient, increased during the 1980s and has remained broadly around the same level ever since.

As described above, the Gini coefficient is a measure of income inequality. Gini coefficients can vary between 0 and 100 and the lower the value, the more equally household income is distributed.

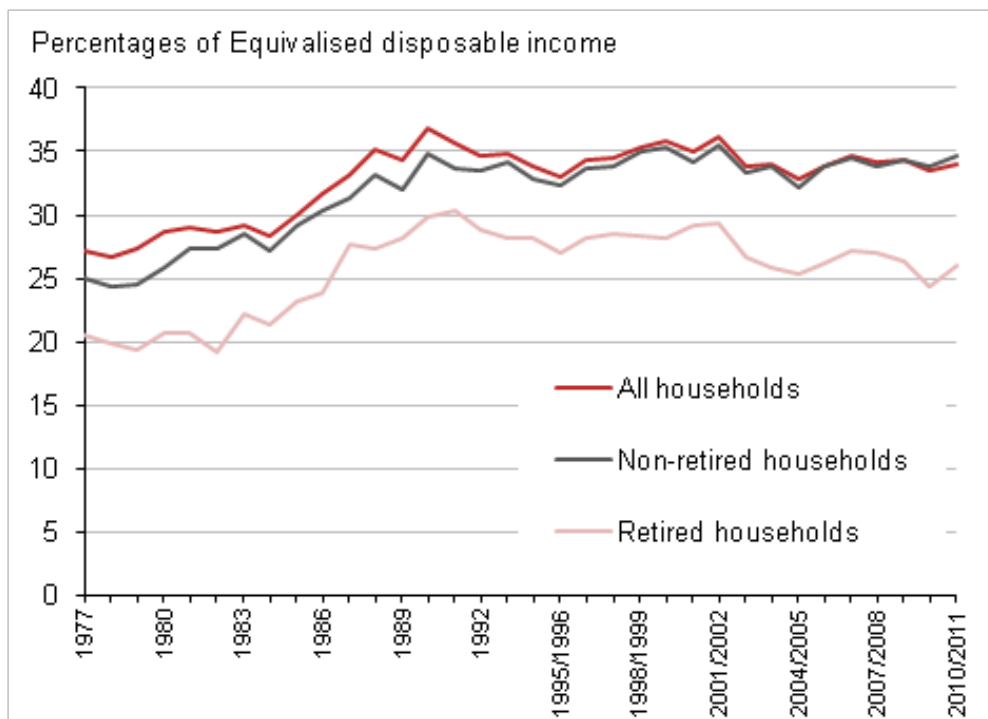


Looking at the results for all households, the 1980s were characterised by a large increase in inequality of disposable income, particularly during the second half of that decade. Following that rise, inequality of disposable income reduced slowly from 1990 until the mid-1990s, although it did not fully reverse the rise seen in the previous decade. In the late 1990s, inequality income rose slightly once again but the trend since then has been broadly flat. The Gini coefficient for disposable income in 2010/11 was 34.0 per cent, a very slight increase on its 2009/10 value of 33.5, but in line with the longer term trend.

Inequality of disposable income for retired households has followed a similar trend, increasing significantly during the 1980s and peaking at 30.3 in 1991. Since then the broad trend has been downwards, though income inequality levels remain above those seen in the late 1970s and early 1980s. There has been more year-on-year variation in the Gini coefficients for retired households than for the overall population, though this is primarily a consequence of the smaller sample size on which these estimates are based. In 2010/11, the Gini coefficient for disposable income amongst retired households was 26.0 per cent compared with 24.3 the previous year, though this is still equivalent to or lower than the level of inequality seen in most other recent years, though this is primarily a consequence of the smaller sample size on which these estimates are based. In 2010/11, the Gini coefficient for disposable income amongst retired households was 26.0 per cent compared with 24.3 the previous year, though this is still equivalent to or lower than the level of inequality seen in most other recent years.

In 2011, ONS published [‘The effects of taxes and benefits on income inequality, 1980 – 2009/10’](#), which provides a more detailed analysis of these longer term trends.

**Gini coefficients, 1977 to 2010/11**



Source: Office for National Statistics

**Notes:**

1. Households are ranked by their equivalised disposable incomes, using the modified-OECD scale.

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**Background notes**

1. Today's analysis, along with [The effects of taxes and benefits on household income, 2010/11: Further analysis and methodology](#) can be found on the ONS website.
2. This analysis has been undertaken each year since the 1960s. Where it is practical, the methodology used is similar to that used in previous years. However, there have been some changes in the underlying surveys and improvements made to the methodology. For this reason, one should be cautious about making direct comparisons with earlier years. Comparisons with previous years are also affected by sampling error (for more details see the technical paper). Time series are presented for inequality measures.

**3. Glossary**

**Equivalisation:** Income quintile groups are based on a ranking of households by equivalised disposable income. Equivalisation adjusts incomes according to differences in household size and composition to account for the fact that different size households require different incomes to achieve the same standard of living. This analysis has used the [modified-OECD equivalisation scale \(165.7 Kb Pdf\)](#) since 2009/10. Previously the McClements Scale was used.

**Gini coefficients:** The most widely used summary measure of inequality in the distribution of household income is the [Gini coefficient](#). The lower the value of the Gini coefficient, the more equally household income is distributed. A Gini coefficient of 0 would indicate perfect equality where every member of the population has exactly the same income, whilst a Gini coefficient of 100 would indicate that one person would have all the income.

**Household income:** This analysis uses several different measures of household income. Original income (before taxes and benefits) includes income from wages and salaries, self-employment, private pensions and investments. Gross income includes all original income plus cash benefits provided by the state. Disposable income is that which is available for consumption, and is equal to gross income less direct taxes. Post-tax income is calculated by estimating the payment of indirect taxes, and deducting these from disposable income. Final income is calculated as post-tax income plus benefits in kind received from the state.

**Retired persons and households:** A retired person is defined as anyone who describes themselves (in the Living Costs & Food survey) as 'retired' or anyone over minimum National Insurance pension age describing themselves as 'unoccupied' or 'sick or injured but not

intending to seek work'. A retired household is defined as one where the combined income of retired members amounts to at least half the total gross income of the household.

#### 4. Users of these statistics

The statistics contained within this release are of particular interest to HM Treasury (HMT), HM Revenue and Customs (HMRC) and the Department for Work and Pensions (DWP) in determining policies on taxation and benefits and in preparing Budget and pre-budget reports. A dataset, based on that used to produce these statistics, is used by HMT in conjunction with the Family Resources Survey (FRS) in their Intra-Governmental Tax and Benefit Microsimulation Model (IGOTM). This is used to model possible tax and benefit changes before policy changes are decided and announced.

In addition to policy uses in Government, the statistics are frequently used and referenced in research work by academia, think tanks and articles in the media. These pieces often examine the impact of Government policy, or are used to advance public understanding of tax and benefit matters. The data used to produce this release is made available to other researchers via the UK Data Archive.

These statistics allow for analysis of the distributional impact of government policy on taxes and benefits. They are the only statistics available that are able to give such a complete picture of the distribution of income including indirect taxes and benefits in kind. The 2009 report by the Commission on the Measurement of Economic Performance and Social Progress by Stiglitz, Sen and Fitoussi identified income distribution, in addition to measures of average income, as an important factor in the measurement of well-being, giving a more complete picture of the standards of living experienced by individuals.

#### 5. Quality and Methodology Information

A [Quality and Methodology Information document \(212.1 Kb Pdf\)](#) for these statistics is available on the ONS website.

6. The primary source of the estimates reported in this release is the Living Costs and Food survey (LCF). As the LCF is a sample survey, the estimates produced from it will be subject to sampling error. While each sample is designed to produce the 'best' estimate of the true population value, a number of equal sized samples covering the population would generally produce varying population estimates. A 95 per cent confidence interval is a range within which the true population would fall for 95 per cent of the times the sample survey was repeated. It is a standard way of expressing the statistical accuracy of a survey based estimate. If an estimate has a high error level, the corresponding confidence interval will be very wide. Estimates of the confidence intervals are provided in the table below:

**95 per cent confidence intervals for gross and disposable income of households, and as a percentage of the published estimate, 2010/11**

Average per household (£ per year)

	Gross income				Disposable income			
	Lower bound	Published estimate	Upper bound	%±	Lower bound	Published estimate	Upper bound	%±
<b>All households</b>								
Bottom decile group	9,183	9,622	10,061	4.6	8,119	8,500	8,881	4.5
Mean	36,602	37,741	38,880	3.0	29,430	30,288	31,146	2.8
Top decile group	100,844	107,454	114,064	6.2	76,737	81,885	87,033	6.3
<b>Retired households</b>								
Bottom decile group	7,841	8,259	8,677	5.1	6,809	7,192	7,575	5.3
Mean	19,330	20,130	20,930	4.0	17,013	17,674	18,335	3.7
Top decile group	38,286	47,992	57,698	20.2	31,503	39,991	48,479	21.2
<b>Non-retired households</b>								
Bottom decile group	9,855	10,461	11,067	5.8	8,721	9,260	9,799	5.8
Mean	42,725	44,330	45,935	3.6	33,811	35,008	36,205	3.4
Top decile group	113,276	120,675	128,074	6.1	85,591	91,350	97,109	6.3

Table source: Office for National Statistics

**Table notes:**

1. Ranked by equivalised disposable income.

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7. Further analysis of these statistics is planned for this year. This will include an article, due for release in summer 2012, on the recent changes to the methodologies for estimating the value and distribution of benefits in kind, which will be accompanied by a consistent recent time series for this data. Additionally, it is expected that a number of short articles analysing particular aspects of these data will be published.

**8. Related statistics and analysis**

In 2011, ONS published a number of articles examining the impact of indirect taxes in greater detail. These included:

- [How indirect taxes can be regressive and progressive,](#)
- [Poorest households spend more on VATable items than in 1986,](#)
- [The effect of duties on petrol and diesel on household disposable income,](#)
- [The effects of alcohol and tobacco duties on household disposable income,](#)

9. The Department for Work and Pensions (DWP) publishes analysis each year of the income distribution in their publication Households Below Average Income (HBAI), based on data from the Family Resources Survey (FRS). Further information can be found in the [latest publication](#), including data for 2010/11, released 14 June 2012.

There are commonalities between HBAI and the estimates presented in this analysis. Where this is the case, the two publications are broadly consistent in the main messages and trends.

**10. Measuring National Well-being**

This release adds to the evidence base amassed as part of the ONS [Measuring National Well-being](#) Programme. The programme aims to produce accepted and trusted measures of the well-being of the nation - how the UK as a whole is doing. It is about looking at 'GDP and beyond' and includes:

- greater analysis of the national economic accounts, especially to understand household income, expenditure and wealth,
- further accounts linked to the national accounts, including the UK Environmental Accounts and valuing household production and 'human capital',
- quality of life measures, looking at different areas of national well-being such as health, relationships, job satisfaction, economic security, education environmental conditions,
- working with others to include the measurement of the well-being of children and young people as part of national well-being,
- measures of 'subjective well-being' - individuals' assessment of their own well-being,
- headline indicators to summarise national well-being and the progress we are making as a society.

The programme is underpinned by a communication and engagement workstream, providing links with Cabinet Office and policy departments, international developments, the public and other stakeholders. The programme is working closely with Defra on the measurement of 'sustainable development' to provide a complete picture of national well-being, progress and sustainable development.

Find out more on the [Measuring National Well-being](#) website pages.

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15. Details of the policy governing the release of new data are available by visiting [www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html](http://www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html) or from the Media Relations Office email: [media.relations@ons.gsi.gov.uk](mailto:media.relations@ons.gsi.gov.uk)

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