

Average income falls in the last year

Today the Office for National Statistics has published the article 'Measuring National Well-being: Personal finance' as part of the series analysing the domains selected to measure national well-being.

It shows that after taking account of prices inflation the median income for a household in the UK had fallen from £373 per week in 2009/10 to £359 per week in 2010/11. Increases in inflation have outweighed the rise in income, with income buying less due to higher prices, resulting in households being squeezed financially.

An estimated 16 per cent of individuals in the UK were living in households which were considered to be in relative poverty in 2010/11.

In 2008/09 an estimated 7.5 per cent of UK residents were finding it hard to manage financially – compared to pre-recession 2001/02 when only 6.0 per cent reported difficulties. In April 2012 28 per cent of residents in Great Britain thought their personal financial situation would get worse over the next six months compared to 22 per cent who thought it would get better.

However, there has been a considerable decrease in the number of households living with fuel poverty from 6.5 million in 1996 to 4.8 million in 2010. The most recent recession has not resulted in as many mortgage re-possession as previous recessions, even though 'housing, fuel and power' remains one of the largest items of household expenditure.

The article also discusses inequalities in the distribution of income and wealth. Before taxes and benefits, gross household income in the top 20 per cent averaged nearly 16 times that of households' in the bottom 20 per cent of the distribution. After taxes and benefits this difference reduces to 4 times.

See the full article '[Measuring National Well-being: Personal Finance](#)' on the ONS website.

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Background notes

1. More information about the Measuring National Well-being Programme <http://www.ons.gov.uk/ons/guide-method/user-guidance/well-being/index.html> and all publications from the Programme are available at <http://www.ons.gov.uk/ons/guide-method/user-guidance/well-being/publications/index.html>.
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