Statistical bulletin

Average household income, UK: financial year ending 2022

Final estimates of average household income in the UK, with analysis of how these measures have changed over time, accounting for inflation and household composition.

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2 . Main points

- Median household disposable income in the UK was £32,300 in the financial year ending (FYE) 2022, a decrease of 0.6% from FYE 2021, based on estimates from the Office for National Statistics (ONS) Household Finances Survey.

- Median disposable income for the poorest fifth of the population decreased by 3.8% to £14,500 in FYE 2022; reductions were also observed in mean original income and cash benefits.

- Median disposable income increased by 1.6% to £66,000 for the richest fifth of people; increases were also observed in mean original income where the effect was not offset by the increases in direct taxes.

- Median household disposable income increased by an average 0.7% per year between FYE 2020 and FYE 2022, in comparison with a longer-term increase by an average 1.7% per year over the 10 years leading up to 2022 (FYE 2013 to FYE 2022); income estimates for FYE 2021 and FYE 2022 were affected by the coronavirus (COVID-19) pandemic and the range of financial support measures introduced to alleviate potential financial pressures.

3 . Analysis of average disposable income

Unless otherwise stated, this analysis is based on a disposable income measure, which is the amount of money households have available for spending and saving after direct taxes have been accounted for. It includes earnings from employment, private pensions and investments as well as cash benefits provided by the state.

Median income decreased by 0.6% between the financial year ending (FYE) 2021 and FYE 2022. This follows an increase of 2.0% between FYE 2020 and FYE 2021, the period covering the first year of the coronavirus (COVID-19) pandemic. Mean income increased by 0.9% between FYE 2021 and FYE 2022, following a reduction of 0.6% between FYE 2020 and FYE 2021.

Household income is reported using both means and medians. A limitation of using the mean is that it can be influenced by just a few individuals with very high incomes. Median household income shows what the middle person would be if all individuals in the UK were sorted from poorest to richest and provides a good indication of the standard of living of the "typical" individual in terms of income.

Financial support measures and policy changes were put in place during the coronavirus pandemic to alleviate financial pressures. Notably, the Coronavirus Job Support Scheme (CJRS), the Self-Employment Income Support Scheme (SEISS) and the uplift to the Universal Credit standard allowance basic element were made available between Spring 2020 and Autumn 2021. As such, income estimates for FYE 2022 remain affected by such schemes.

Figure 1: Mean income increased by 0.3% and median income increased by 1.5% between financial year ending (FYE) 2020 and FYE 2022

Mean and median equivalised household disposable income of individuals, UK, financial year ending (FYE) 2020 to 2022

Notes:

1. Incomes are adjusted for inflation using the consumer prices index including owner-occupiers' housing costs (CPIH) excluding council tax.

2. FYE 2022 represents the financial year ending 2022, (April to March), and similarly for all other years expressed in this format.

During the 10 years leading up to FYE 2022 (FYE 2013 to FYE 2022), median income grew by 16.2%, at an average rate of 1.7% per year (Figure 2). Meanwhile, mean income grew at a slower rate of 1.4% per year, with an increase of 13.2% over the same 10-year period.

Figure 2: Median income has increased during the 10 years leading up to financial year ending 2022

Median and mean real equivalised household disposable income of individuals, UK, 1977 to financial year ending 2022

Figure 2: Median income has increased during the 10 years leading up to financial year ending 2022

Median and mean real equivalised household disposable income of individuals, UK, 1977 to financial year ending 2022
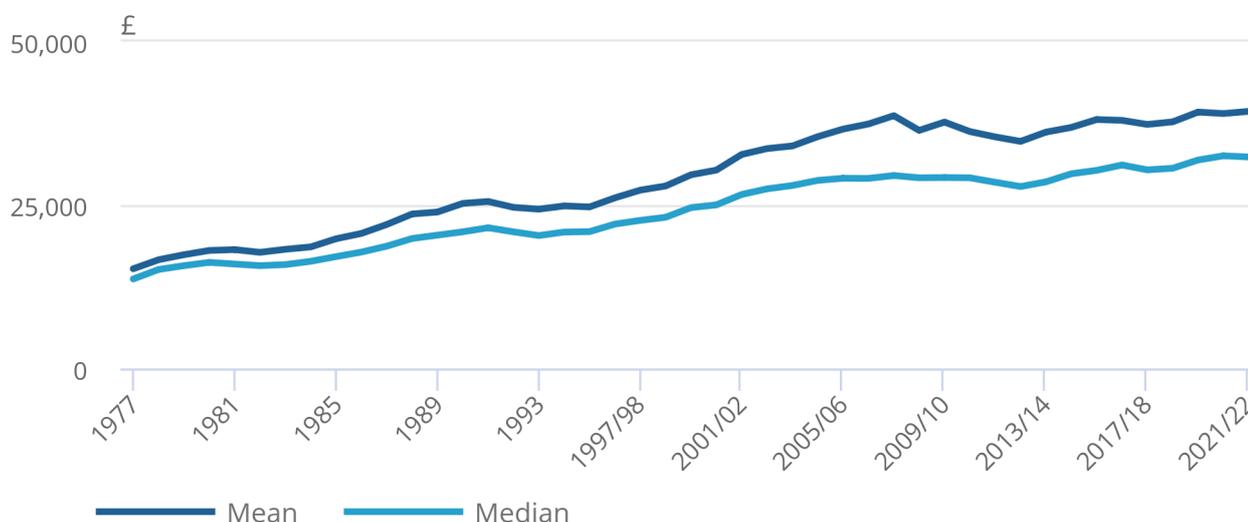
Source: Office for National Statistics – Household Finances Survey

Notes:

1. Incomes are adjusted for inflation using the consumer prices index including owner-occupiers' housing costs (CPIH) excluding council tax.

2. Estimates of income from FYE 2002 onwards have been adjusted for under-coverage of top earners.

3. 2021/22 represents the financial year ending 2022, (April to March), and similarly for all other years expressed in this format. Estimates prior to FYE 1995 are measured on a calendar year basis.

4. Estimates up to and including financial year ending (FYE) 2017 are sourced from the Living Costs and Food (LCF) survey. Estimates from FYE 2018 onwards are based on the Household Finances Survey, which the LCF is part of.

Median income for the poorest fifth of people decreased by 3.8% between FYE 2021 and FYE 2022 (Figure 3). This follows a 2.0% reduction between FYE 2020 and FYE 2021. In the 10 years leading up to 2022 (FYE 2013 to FYE 2022), income in this group increased at an average rate of 0.3% per year.

Median income for the richest fifth of people increased by 1.6% between FYE 2021 and FYE 2022 (Figure 3), following a reduction of 1.0% between FYE 2020 and FYE 2021. However, in the 10 years leading up to 2022 (FYE 2013 to FYE 2022), income in this group increased at an average rate of 1.2% per year. The impact of these changes across the income distribution can be found in our Household income inequality, UK: financial year ending 2022 bulletin.

Figure 3: Median income fell by 3.8% for the poorest fifth of people, whilst increasing by 1.6% for the richest fifth of people in financial year ending (FYE) 2022

Median equivalised household disposable income of individuals by quintile group, UK, financial year ending (FYE) 2020, FYE 2021 and FYE 2022

Figure 3: Median income fell by 3.8% for the poorest fifth of people, whilst increasing by 1.6% for the richest fifth of people in financial year ending (FYE) 2022

Median equivalised household disposable income of individuals by quintile group, UK, financial year ending (FYE) 2020, FYE 2021 and FYE 2022

Source: Office for National Statistics – Household Finances Survey

Notes:

1. Incomes are adjusted for inflation using the Consumer Prices Index including owner-occupiers' housing costs (CPIH) excluding council tax.

2. FYE 2022 represents the financial year ending 2022, (April to March), and similarly for all other years expressed in this format.

Median income for retired households decreased by 1.6% in FYE 2022, from £26,300 to £25,900. In the 10 years leading up to 2022 (FYE 2013 to FYE 2022), retired household income has seen an average annual growth of 1.3%. Median income for non-retired households decreased by 0.3% in FYE 2022, from £34,100 to £34,000, following a 1.0% increase in the previous year, with an average annual growth of 1.7% in the 10 years leading up to 2022 (FYE 2013 to FYE 2022).

Figure 4: Changes in disposable income across the income distribution were driven by changes in original income, with a reduction in poorer households and an increase in richer households

Contributions to changes in equivalised disposable income change between financial year ending (FYE) 2021 and FYE 2022, UK
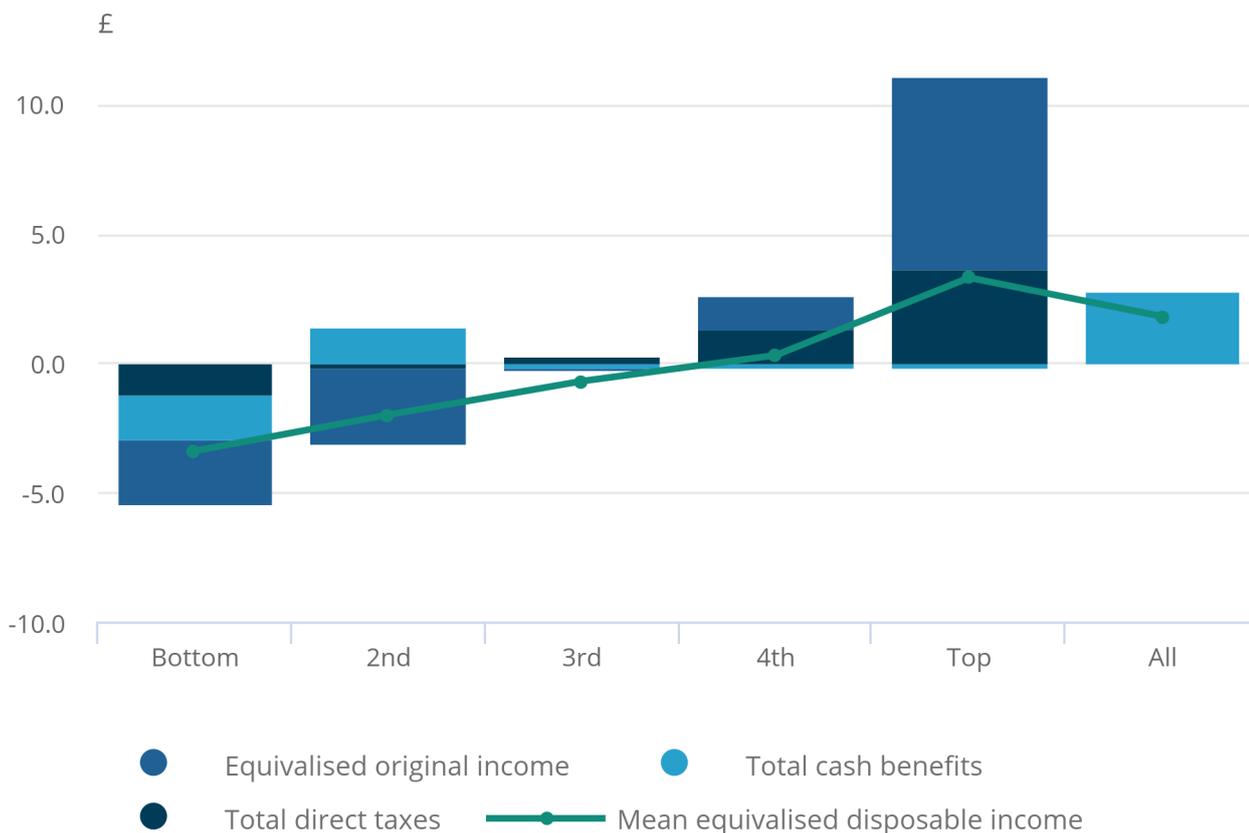
Source: Office for National Statistics – Household Finances Survey

Notes:

1. Incomes are adjusted for inflation using the consumer prices index including owner-occupiers' housing costs (CPIH) excluding council tax.

2. Due to the deductive nature of taxes, a reduction in taxes will contribute to an increase in disposable income.

The largest contribution to change in disposable income across all households is attributable to original income, driven by a decrease of 4.0% in the poorest fifth of people between the financial year ending (FYE) 2021 and FYE 2022, compared with an increase of 5.4% in the richest fifth of people (Figure 4). Meanwhile, the middle of the income distribution has remained stable. More specifically, wages and salaries increased by 3.2% across all households, however, the poorest fifth of people saw a 7.5% decrease, while the richest fifth saw a 7.8% increase.

For the poorest fifth of people, income was further reduced by a real-term reduction in cash benefits of 2.6% (a nominal £80 increase) between FYE 2021 and FYE 2022, which was not fully offset by a reduction in taxes. A nominal increase in cash benefits was seen across the whole income distribution, coinciding with an increase in personal independence payments (PIP) in all but the richest fifth of people, consistent with recent reports of increased PIP claims between July 2021 and July 2022.

There are challenges in interpreting annual growth rates across quintiles during the coronavirus pandemic, in part because of compositional changes across the distribution. Throughout FYE 2021 and part of FYE 2022, household finances were affected by restrictions and subsequent financial support measures implemented during the coronavirus pandemic. Income estimates presented here include income from Coronavirus Job Support Scheme (CJRS), as well as policy changes such as the uplift to Universal Credit standard allowance basic element and the Income Tax and coronavirus support scheme. More information on how the pandemic affected income statistics is described in our Interpreting changes in UK estimates during the coronavirus pandemic: financial year ending 2021 article.

4 . Average household income data

The effects of taxes and benefits on household income, disposable income estimate
Dataset | Released 28 March 2022
Average UK household incomes taxes and benefits by household type, tenure status, household characteristics and long-term trends in income inequality.

5 . Glossary

Confidence intervals

Confidence intervals use the standard error to derive a range in which we think the true value is likely to lie, provide an indication of the degree of uncertainty of an estimate and help to decide how precise a sample estimate is. It specifies a range of values likely to contain the unknown population value. These values are defined by lower and upper limits. The width of the interval depends on the precision of the estimate and the confidence level used. A greater standard error will result in a wider interval; the wider the interval, the less precise the estimate is.

This release uses 95% confidence intervals to communicate uncertainty in UK-level estimates of mean and median income. An observed change is statistically significant at the 5% level if there is less than a 1 in 20 chance of the observed change being calculated by chance or the variable nature of the sample if there is actually no underlying change.

View more information on Uncertainty and how we measure it for our surveys.

Disposable income

Disposable income is arguably the most widely used household income measure. Disposable income is the amount of money that households have available for spending and saving after direct taxes, such as Income Tax, National Insurance and Council Tax, have been accounted for. It includes earnings from employment, private pensions and investments as well as cash benefits provided by the state.

Equivalisation

We compare different types of individuals and households (such as retired and non-retired, or rich and poor) over time after income has been equivalised. Equivalisation is the process of accounting for the fact that households with many members are likely to need a higher income to achieve the same standard of living as households with fewer members. Equivalisation considers the number of people living in the household and their ages, acknowledging that while a household with two people in it will need more money to sustain the same living standards as one with a single person, the two-person household is unlikely to need double the income.

This analysis uses the [modified Organisation for Economic Co-operation and Development (OECD) equivalisation scale (PDF, 165KB).](#)

Mean and median income

The mean measure of income divides the total income of individuals by the number of individuals. A limitation of using the mean is that it can be influenced by just a few individuals with very high incomes and therefore does not necessarily reflect the standard of living of the "typical" person. However, when considering changes in income and direct taxes by income decile or types of households, the mean allows for these changes to be analysed in an additive way.

Many researchers argue that growth in median household incomes provides a better measure of how people's well-being has changed over time. The median household income is the income of what would be the middle person if all individuals in the UK were sorted from poorest to richest. Median income provides a good indication of the standard of living of the "typical" individual in terms of income.

Retired and non-retired households

A retired household is one where more than 50% of its income is sourced from retired people. A retired person requires satisfying one of the following criteria:

- their self-defined employment status is "Retired", and they are aged over 50 years

- their self-defined employment status is "Sick or Injured," not seeking work, and aged at or above the State Pension age

As such, analysis of the average income of people living in retired households can include much younger people and potentially exclude older people. However, the strength of this measure is that it highlights those individuals who are most likely to be affected by policy, societal or economic changes that disproportionately affect pension income.

6 . Measuring the data

This release provides headline estimates of average disposable income, calculated using the Household Finances Survey (HFS) data. Data are derived from both the Living Costs and Food (LCF) Survey and the Survey on Living Conditions, with harmonised income collection, covering around 17,000 private households in the UK. The Office for National Statistics (ONS) estimates of household income from 1977, up to and including the financial year ending (FYE) 2017, are based on the LCF. From FYE 2018 onwards, estimates have been revised to include data from the HFS and remain comparable with those produced using the LCF for the same period. Further detail is available in Improving the measurement of household income.

The UK has two main, official data sources of household income statistics: the Family Resources Survey (FRS) run by the Department for Work and Pensions (DWP) and the HFS run by the ONS. The FRS estimates underpin DWP's Households Below Average Income (HBAI) series, which is the UK's official source of poverty estimates. With a larger sample size, it is also the main source on household and individual incomes. HFS data are used to produce the ONS's Household Disposable Income Inequality (HDII) and Effects of Taxes and Benefits (ETB) series. These outputs are the main source for considering the overall financial well-being of households.

There are some important methodological differences between the two series, which means that their income estimates are different. For example, the FRS focuses on respondents' weekly incomes at the time of interview, whereas HFS focuses more on annual income. The treatment of pension contributions also differs, with the ONS's estimate of Gross Household Income being calculated before pension contributions. Further details are available in our income and earnings statistics guide.

To make robust comparisons over time, unless otherwise stated, data have been adjusted for effects of inflation and are equivalised to account for changes in household composition. When growth rates are quoted, they compare the average for a group of households in one period to the average for a different set of households in the next period. These statistics are assessed fully compliant with the Code of Practice for Statistics and are designated as National Statistics. Detailed information on quality, methodology and how the data were created is available in the Effects of taxes and benefits on household income QMI.

A newly released Income and Earnings interactive tool allows data to be compared across a range of sources and can be filtered by topic area, data source, and geographic coverage.

Transformation of data

The ONS is seeking to transform household financial statistics, covering income, expenditure and wealth of UK households. Our aim is to ensure that the household financial statistics and analysis we produce continue to meet the evolving needs of policymakers, citizens and other data users. Our ambition is that our statistics and analysis should provide inclusive, coherent, timely and granular insights into wide aspects of the financial well-being of households with improved coverage and accuracy. More information on our plans for household financial statistics transformation, and an opportunity to give us your views, can be found in the Household Financial Statistics Transformation (HFST) consultation (PDF 763KB), which closes 23 February 2023.

7 . Strengths and limitations

Comparable estimates are available back to 1977, allowing analysis of long-term trends. This release also provides the earliest survey-based analysis of the household income distribution available annually, allowing timely insight into the evolution of living standards.

Data remain subject to limitations. The Household Finances Survey (HFS) is a sample of the private household population and does not include those who live in institutionalised households, such as care homes and hostels, or people who are homeless. Therefore, many of the poorest in society are likely not captured.

Household income surveys can suffer from under-reporting at the top and bottom of the income distribution. While an adjustment to address survey under-coverage of the richest people has been introduced for statistics covering the financial year ending (FYE) 2002 onwards, measurement issues at the bottom remain. The Effects of taxes and benefits on household income (ETB) QMI provides further details.

8 . Related links

Income estimates for small areas, England and Wales: financial year ending 2018

Bulletin | Released 5 March 2020

Small area model-based income estimates covering local areas called Middle layer Super Output Areas (MSOAs) in England and Wales.

Effects of taxes and benefits on UK household income FYE 2021

Bulletin | Released 29 July 2022

The redistribution effects on individuals and households of direct and indirect taxation and benefits received in cash or kind, analysed by household type.

Employee earnings in the UK: 2022

Bulletin | Released 26 October 2022

Measures of employee earnings, using data from the Annual Survey for Hours and Earnings (ASHE).

Household below average income: for financial years ending 1995 to 2021

Report | Published 31 March 2022

Statistics on the number and percentage of people living in low-income households for financial years between 1995 and 2021.

The effects of taxes and benefits on household income, technical report: financial year ending 2019

Article | 25 June 2020

The redistribution effects on households of direct and indirect taxation and benefits received in cash or kind analysed by household type, and the changing levels of income inequality over time.

Income and earnings coherence workplan

Report | Released 18 January 2023

The Government Statistical Service (GSS) income and earnings coherence workplan sets out the actions needed to achieve the GSS vision for coherence of income and earnings statistics.

9 . Cite this statistical bulletin

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