



Department
for Work &
Pensions

HBAI Update and Developments

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Households Below Average Income

- The HBAI dataset is derived from the FRS.
- The HBAI report presents information on living standards in the UK.
- Foremost source for data about household income, income poverty and inequality.
- Annual estimates on the number and percentage of individuals, children, working-age adults and pensioners living in low-income households.
- Adjustments are made to account for household size and composition, the very rich and households with a missing spouse.

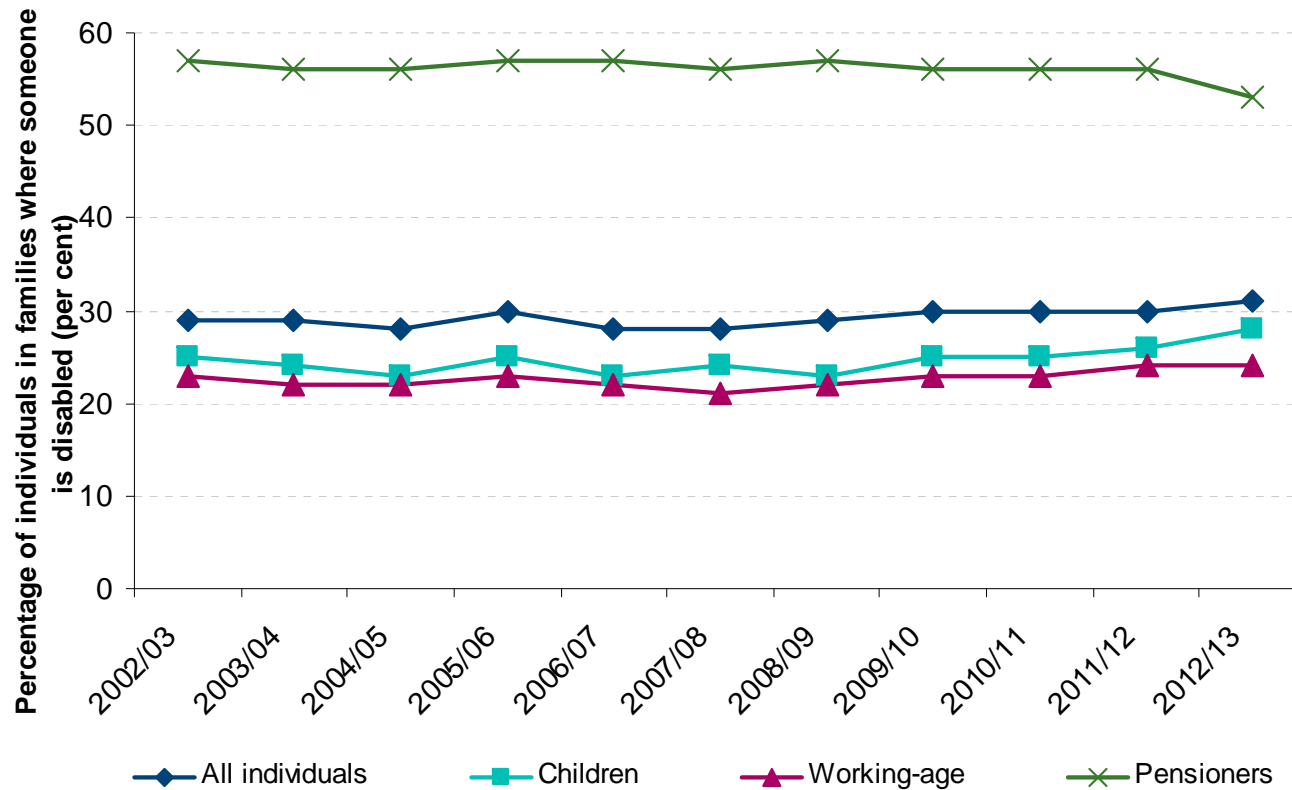
- Used by: policy and analytical teams within DWP, the Devolved Administrations, other government departments, local authorities, Parliament, academics, journalists, and the voluntary sector.

FRS Changes: Grossing

- The HBAI grossing methodology was updated in parallel to the FRS following the ONS methodological review, taking into account the 2011 Census
- Figures have been revised back to 2002/03 using the new grossing factors
- This led to small changes in the back series:
 - E.g the percentage of children in relative poverty in 2011/12 : **17 → 18 per cent** (a 0.2 ppt change from 17.4 to 17.6 per cent).

FRS Changes: Disability

- **New harmonised questions** on disability designed to measure the core population of currently disabled people in line with the Equality Act definition.
- As such, changes reported this year should be treated with caution



HBAI Changes

Derivation of Income:

- A number of minor improvements to income derivation have been made.

Household Bills in Arrears:

- The analysis of income by whether people are behind with household bills will be extended to include rent, mortgage payments and other loans.

State Pension Age

- Prior to 6th April 2010, women reached the State Pension age at 60. From 6th April 2010, the qualifying age for women has been gradually increasing.
- The age groups covered by the analysis of working-age adults (Chapter 5) and pensioners (Chapter 6) have changed for 2012/13.

HBAI Changes: Publication

One publication:

- No longer produce the first release, instead we've tried to make the whole report more accessible and moved some of the tables online

Additional Publication Tables:

- Published additional three-year averaged time-series tables on regional income and three-year averages regional low income.

New Disability Chapter

- We now produce a separate chapter on low income disability analysis.

Adjusting for Inflation - HBAI Technical Advisory Group

- HBAI TAG - external stakeholders and government analysts with an interest in DWP household and family income statistics.
- The HBAI uses variants of the Retail Prices Index (RPI) to adjust for inflation.
 - as a within year deflator
 - to look at how incomes are changing over time in real terms
 - to uprate the absolute low income threshold
- In January 2013 the National Statistician announced, following a review and consultation, that the formula used to produce the RPI did not meet international standards.

Outcome

- After discussion with users, the use of the RPI was recommended.
- The alternate measures did not have suitable AHC components
- Income figures deflated by RPIJ, CPI and CPIH are presented in an Annex
- Awaiting the outcome of the Paul Johnson inflation review in the next few months

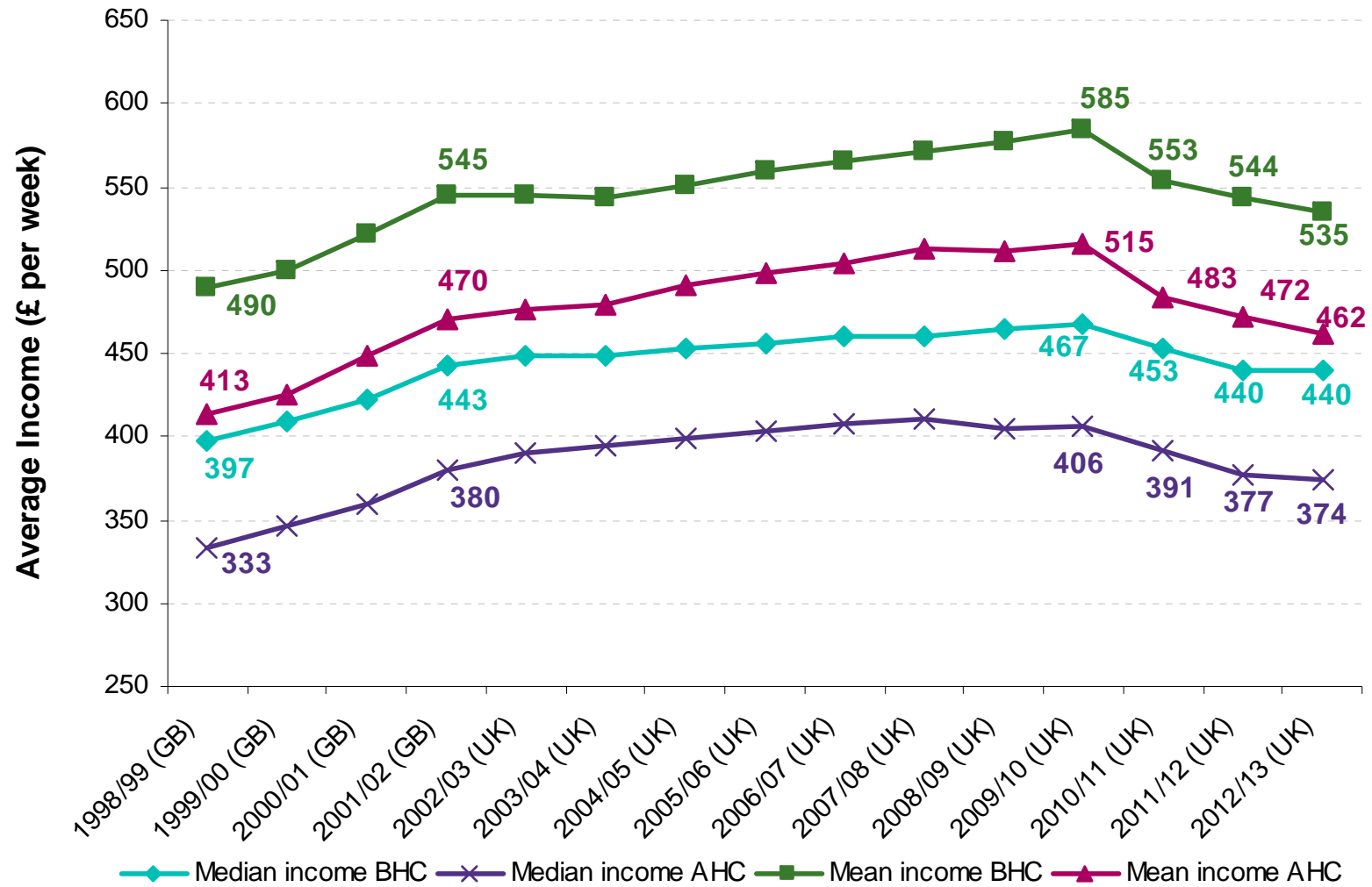
Communicating Uncertainty

- Improved communication of uncertainty
- Bootstrapping adopted
- Confidence intervals are available for many more estimates
- Asterisks denote significance

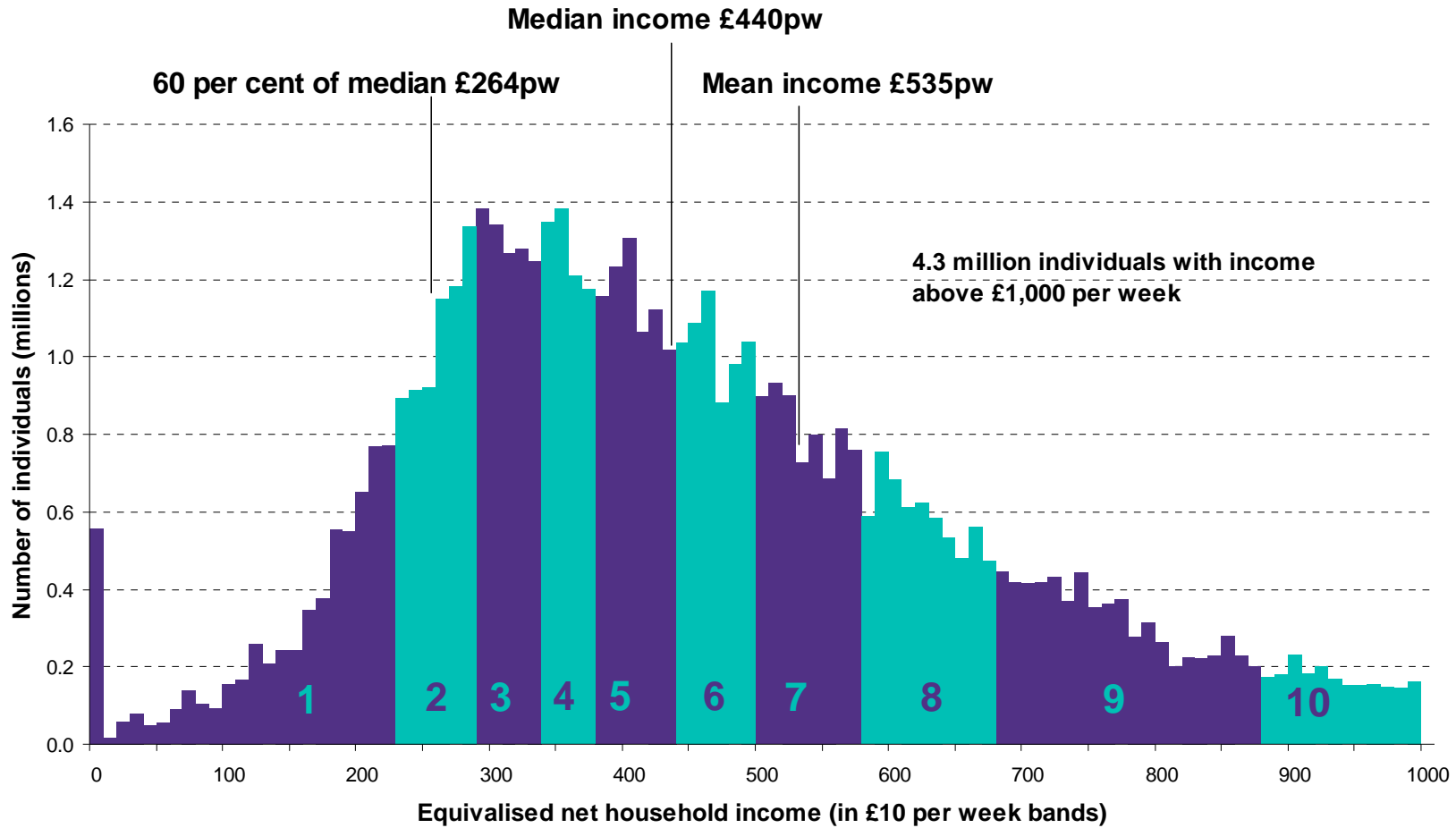


Headline Figures

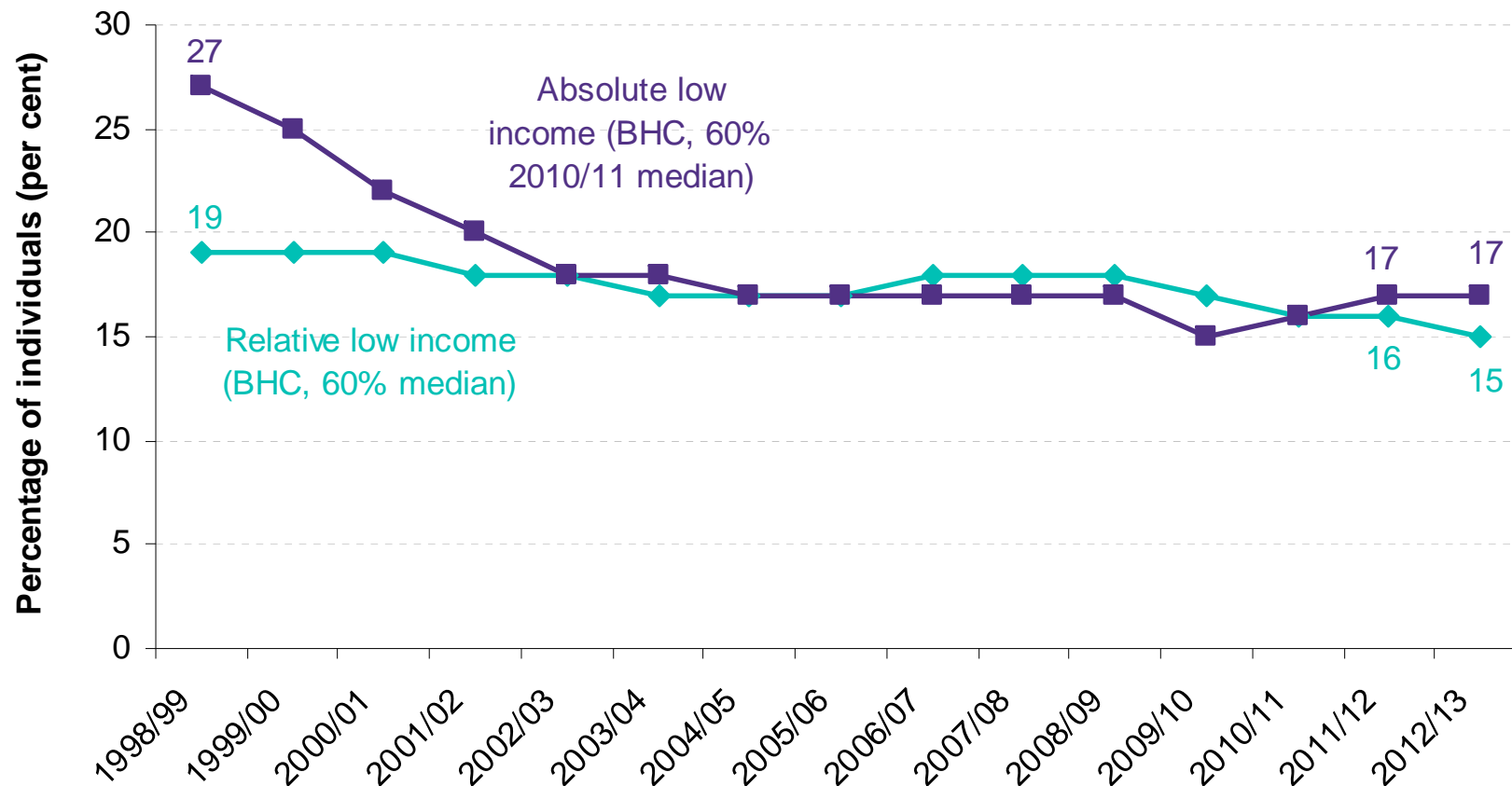
Average income, 1998/99 to 2012/13, United Kingdom



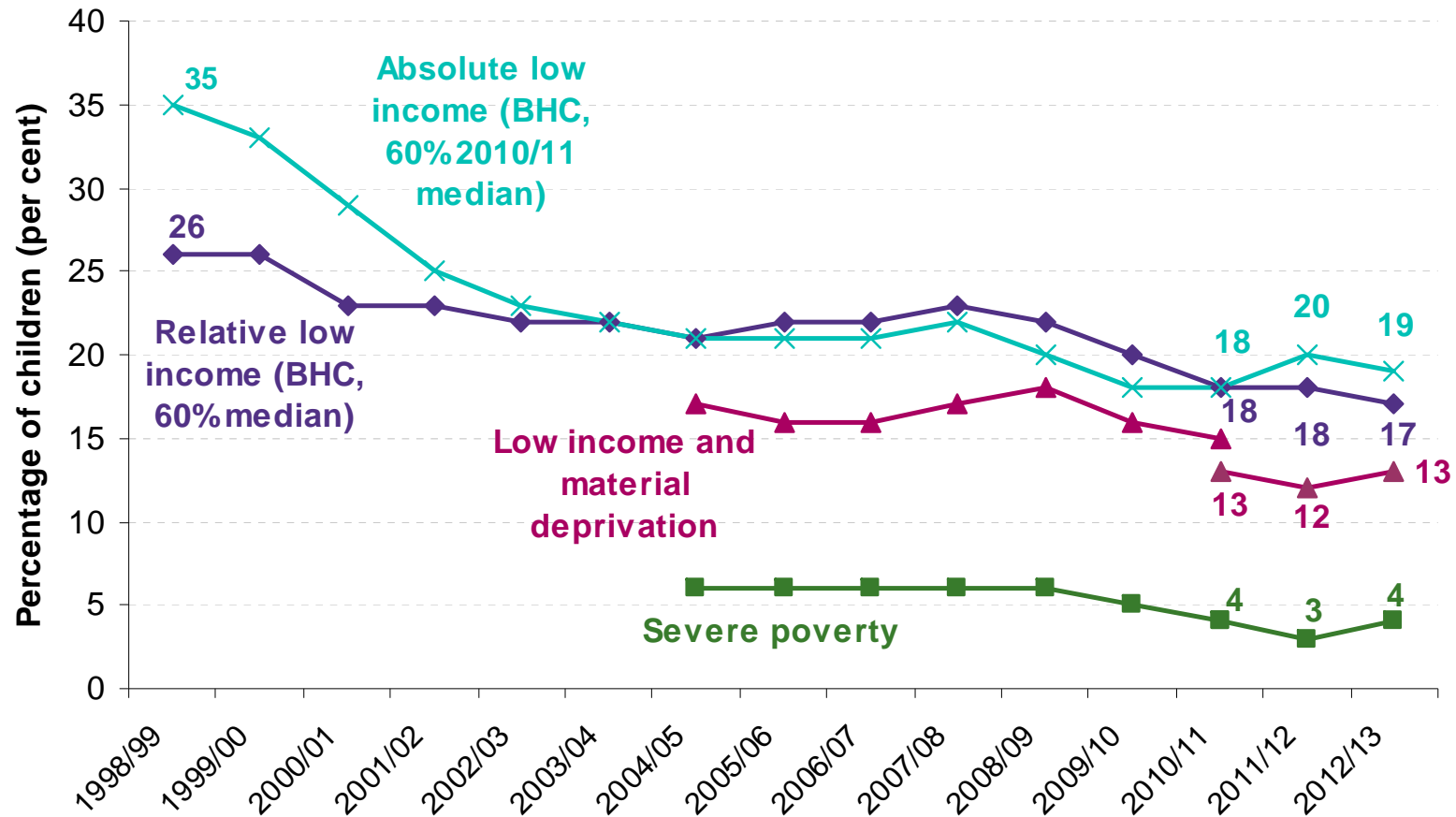
Income distribution for the whole population, Before Housing Costs, 2012/13, United Kingdom



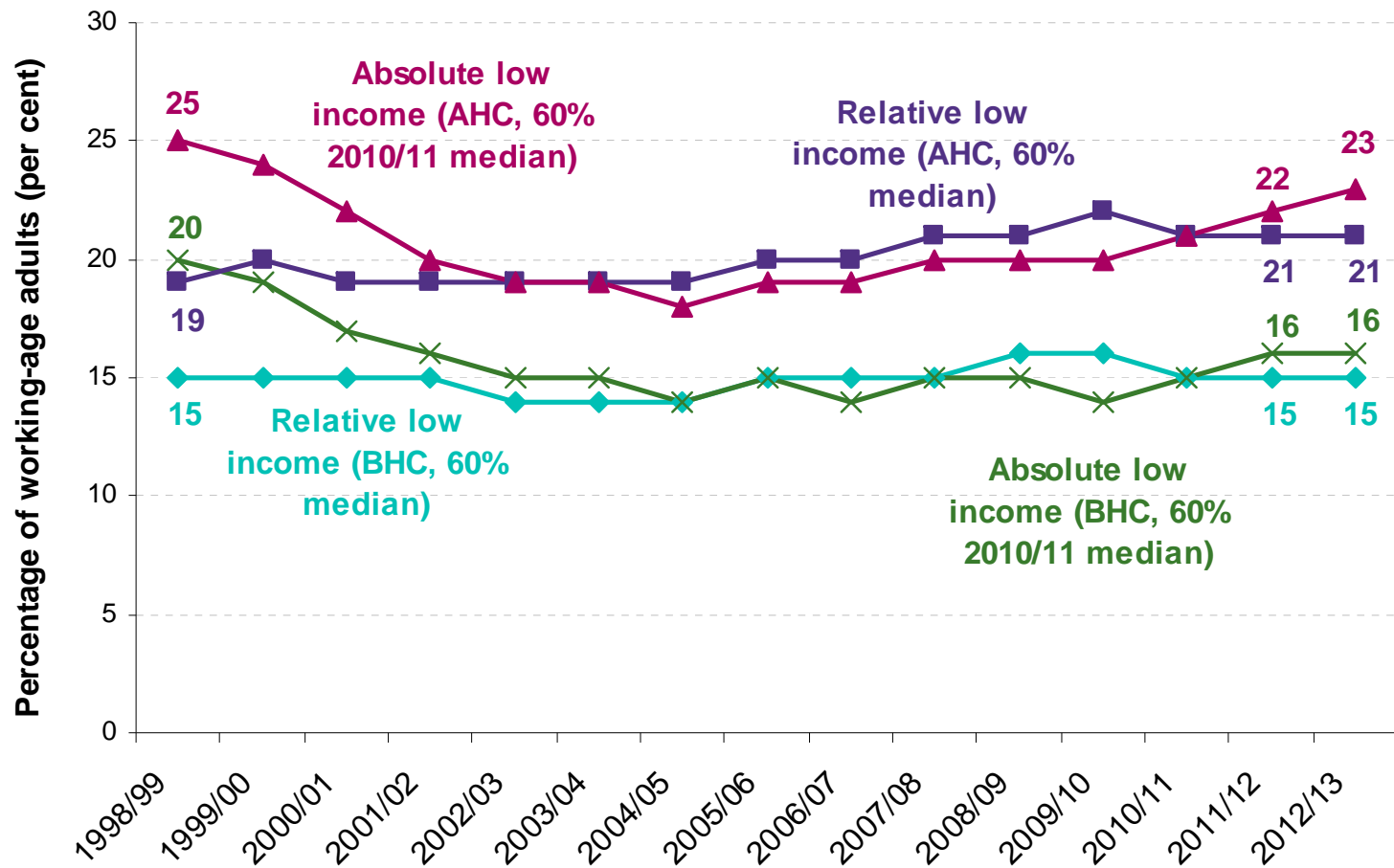
All individuals, main measures, 1998/99 to 2012/13, BHC, United Kingdom



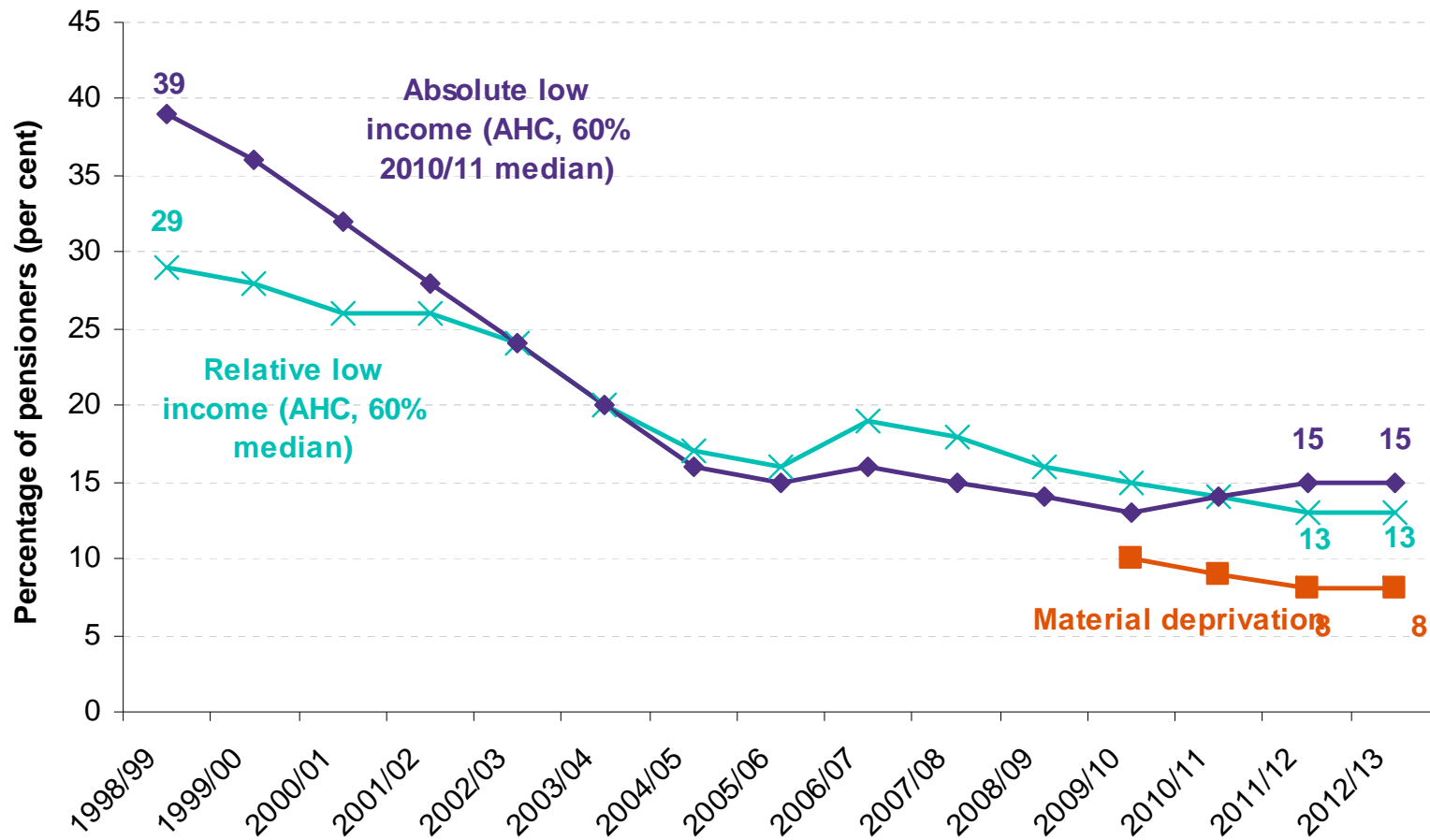
Children, main measures, 1998/99 to 2012/13, BHC, United Kingdom



Working-age adults, main measures, 1998/99 to 2012/13, United Kingdom

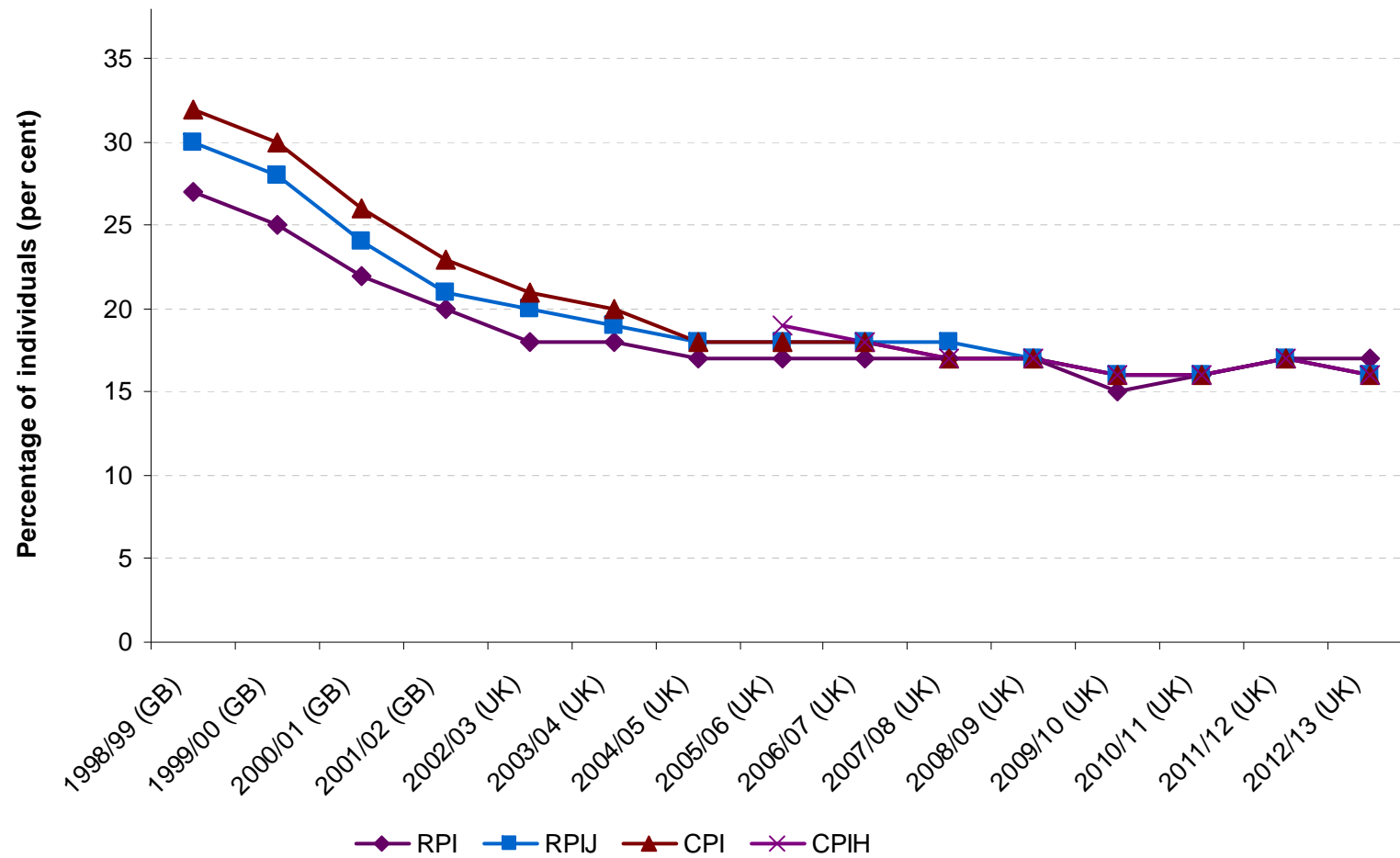


Pensioners, main measures, 1998/99 to 2012/13, AHC, United Kingdom



Alternative Inflation Figures

Percentage of Individuals in absolute low income under different inflation indices



Comments

- Comments, views and questions?

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Acknowledgements

The DWP would like to thank the Institute for Fiscal Studies (IFS) for the substantial assistance that they have provided in checking and verifying the income data and grossing factors underlying the main results in this edition.

We are also grateful to HM Revenue and Customs (HMRC) for the provision of aggregated data from the Survey of Personal Incomes.

Many thanks to the Good Practice Team in the National Statistician's Office for their help with the commentary.

Useful Links

- **HBAI web-page:**
<https://www.gov.uk/government/collections/households-below-average-income-hbai--2>
- **FRS web-page:** <https://www.gov.uk/government/collections/family-resources-survey--2>
- **Uncertainty paper:**
<https://www.gov.uk/government/publications/uncertainty-in-family-resources-survey-based-analysis>
- **HBAI statistical notice:**
<https://www.gov.uk/government/publications/confirmed-changes-to-the-201213-households-below-average-income-publication>
- **Infographic:**
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/325418/hbai-low-income-how-is-it-measured-infographic.pdf