

Article

Understanding real household disposable income per head

This article provides information on how the headline indicator "real disposable household income per head" is compiled.

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1 . Main points

- Real household disposable income (RHDI) is a measure of the real purchasing power of households over time.
- RHDI per head can be used to understand how disposable income changes; if it is rising, this suggests households may be able to save or spend more.
- The methods and sources used for estimating RHDI per head are explained in this article, broken down to the three parts of the process: measurement of gross disposable household income, conversion to real household disposable income, and conversion to a per head indicator.
- Data sources for the components of household income include survey and administrative data from the Office for National Statistics, other government departments, and devolved administrations.

2 . Real household disposable income per head

Understanding how living standards are changing for households in the UK is not as simple as measuring changes in pay. There are other types of income and expenditure that need to be considered, as well as how the prices of goods and services that are being bought are changing.

Real household disposable income (RHDI) per head, allows us to measure the amounts left to households, for example, having added wages and benefits, taken away taxes and removed the effect of inflation (price changes).

In general, if RHDI per head is rising, this suggests households should be able to save or spend more; if it is falling, even if wages are going up, it might mean inflation or taxes are having an effect.

RHDI per head is one of several indicators, that, when used together, give a comprehensive view of how the UK economy is performing. In comparison with gross domestic product (GDP) per head, RHDI per head focuses particularly on households.

We calculate RHDI per head in three steps:

- first, we calculate how much income households have, known as gross disposable household income
- then we adjust that for inflation
- finally, we divide by the population to get a per person estimate

Measurement of gross disposable household income

Gross disposable household income (GDHI) is the estimate of the total amount of income that households have available, with all the components that make up GDHI estimated at current prices.

It includes components such as:

- wages
- income of self-employed
- social benefits
- taxes on income and wealth
- Council Tax payments
- interest on savings and debt

GDHI tells us how much income households must spend, save, or invest in that quarter (or year) once items such as taxes on income and wealth have been paid. Further detail is given in the components of GDHI section.

Figure 1 shows the different components of GDHI to demonstrate the relative size and direction of impact on its calculation. These data relate to 2024, as published in the Quarter 2 (Apr to June) 2025 edition of the [Quarterly sector accounts](#).

Figure 1: Gross disposable household income by component, GBP billion at current prices, seasonally adjusted

UK, 2024 (as of September 2025)

Notes:

1. Data in the graphic relates to the annual estimate for calendar year 2024, as published in September 2025. Please note data are subject to the usual revisions policy.

Components of GDHI

The components that make up GDHI can be split into two groups: "resources" (credits, or money coming in) and "uses" (debits, or money going out).

Resources

Wages and salaries – in cash or in kind (also includes bonuses, company cars, stock options); information is largely sourced from HM Revenue and Customs (HMRC's) PAYE ("Pay As You Earn") system, supplemented by data from other government departments such as the Department for Work and Pensions (DWP).

Mixed income - remuneration for work carried out by the owner or members of the family (for example, unincorporated businesses owned by households, namely sole proprietors). Further detail is available in our [National Accounts article](#) on mixed income. HMRC Self-Assessment tax returns are the main source of these data, supplemented by data from other government departments including the Department for Environment, Food and Rural Affairs.

Gross operating surplus - includes "imputed rental", an estimate of the housing services consumed by households not renting their residence. It can be thought of as the amount that non-renters pay for the housing services that they produce. Further detail is available in our [Changes to National Accounts: Imputed Rental article](#). If the theoretical concept was not included, changes in the level of home ownership among the population would lead to distortions in the level of RHDl. Adjusting for it helps international comparability, allowing for an easier contrast between nations with different levels of home ownership.

We produce a [developmental measure of RHDl](#) that excludes theoretical concepts like "imputed rental". We explain how this alternative measure is compiled in our [Alternative measures of UK households' income and saving article](#). The latest data for the measure is released in the Household Alternative "HHAlt" tab of our [Quarterly Sector Accounts dataset](#).

Social benefits other than social transfers in kind – (Social transfers in kind relate to non-cash transactions in the form of services like healthcare or education) cash payments from the government or social insurance systems to households such as State Pension, child benefits, disability support, statutory maternity, or paternity pay, and benefit payments made to pensioners who accrued rights in workplace pensions. Administrative data sources include HMRC, DWP; survey sources include, for instance, the [Financial Survey of Pension Schemes](#) (FSPS).

Other current transfers – regular payments received that are not part of taxes or social contributions, such as student support, income support, and cost-of-living payments. Information is sourced from, but not limited to, other government departments' administrative data.

Property income – the money households make from financial investments, for example, dividends from shares or interest from savings. Estimated from sources such as the Bank of England and HMRC Self-Assessment tax returns.

Uses

Taxes on income and wealth - the money households pay out in tax, such as Income Tax (sourced from PAYE), Council Tax (from the Ministry of Housing, Communities and Local Government, or the devolved administrations).

Household social contributions – the amounts paid into National Insurance or pensions, for example, employee contributions to workplace pensions sourced from the FSPS.

Property income – the money households pay out as, for example, interest on loans or mortgages. Estimated from sources such as the Bank of England and HMRC Self-Assessment tax returns.

Other current transfers or regular payments made, but not for goods or services - including things such as donations to charities or payments for car and home insurance. Information is sourced from, for example, regulatory insurance data.

3 . Conversion from GDHI to RHDl per head

Conversion to real household disposable income

All the components that make up GDHI are estimated at current prices. As the price of goods and services change, it can reduce or increase the amount households would be able to buy (their purchasing power). To remove the effect of price change, we adjust GDHI by the household final consumption implied deflator, essentially removing the impact of inflation to create RHDHI.

The implied deflator is calculated by dividing total current price household final consumption expenditure (numerator) by total chained volume measure household final consumption expenditure (denominator).

The numerator

Current price household final consumption expenditure is the value of all goods and services purchased by households. It includes household spending such as food and drink, clothing, utilities, and transport. It excludes purchases of dwellings but includes imputed rental for owner-occupied dwellings (see gross operating surplus in [components of GDHI](#)). Data for [current price household final consumption expenditure \(HHFCE\)](#) are published in the Consumer trends dataset with further information on compilation in the Consumer trends [user guide](#) and [Quality and methodology information](#).

The denominator

Chain-linking is used to convert the numerator to a chained volume measure of household final consumption expenditure (for example, data at previous year's prices, linked over the years via appropriate growth rates. Chain-linking is explained in more detail in this [chain-linking methods used within the UK National Accounts](#) article). Data for (chained volume measure) [CVM HHFCE](#) are also published in the Consumer trends dataset.

Conversion to a per head indicator

To create the "per head" estimate (sometimes referred to as per capita or per person), RHDHI is divided by the UK resident population – with [quarterly estimates](#) interpolated from our [annual mid-year population estimates](#) and [population projections](#). We publish a real-time population database so users can see the vintages of [population data over time](#).

RHDHI over time

RHDHI per head is available on the ONS website as a [time series from 1955](#). It is also published in the [UK Economic Accounts dataset \("1.1.5B" tab\)](#) and the [Quarterly Sector Accounts dataset \("KEI" tab\)](#). Commentary on changes over time, and what is influencing them, is included in the Quarterly National Accounts bulletin (for example, see [Quarterly Sector Accounts section of the September 2025 release](#)).

4 . Data on real household disposable income

[Quarterly Sector Accounts](#)

Dataset | Released quarterly

Quarterly aggregate economic indicators and summary estimates for the private non-financial corporations and households sectors of the UK economy, and revisions.

[UK Economic Accounts](#)

Dataset | released quarterly

Quarterly estimates of national product, income and expenditure, sector accounts and balance of payments.

5 . Data sources and quality

More quality and methodology information (QMI) on strengths, limitations, appropriate uses, and how the data were created is available in our [UK sector accounts quality and methodology information \(QMI\)](#)

6 . Related links

[Alternative measures of UK households' income and saving: April to June 2018](#)

Article | Released 4 July 2018

Experimental Statistics on the impact of removing "imputed" transactions from real household disposable income and the saving ratio to better represent the economic experience of UK households.

[Quarterly sector accounts](#)

Bulletin | Released quarterly

Detailed estimates of quarterly sector accounts that can be found in the UK Economic Accounts (UKEA).

[National accounts methodology and articles](#)

Web page linking to all ONS methodology on the national accounts.

[Chain-linking methods used within the UK National Accounts](#)

Article | Released 10 October 2016

Unchaining and chain-linking methodology used in the production of volume measures within the UK.

7 . Cite this article

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