

Statistical bulletin

Economic well-being, UK: July to September 2014

Presents a rounded and comprehensive basis for assessing changes in economic well-being through indicators that adjust or supplement more traditional measures such as gross domestic product (GDP).

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1 . Main points

- In Q3 2014, GDP per head increased 0.6% compared to Q2 2014 but remains 1.8% below pre-economic downturn levels. This was a slightly slower growth rate than the 0.7% quarterly increase seen in GDP
- Net National Disposable Income (NNDI) per head, which represents the income for UK residents, has remained broadly flat since Q1 2012 and remains 5.6% below pre-economic downturn levels
- In Q3 2014, household income (RHDI) per head decreased 0.2% on the quarter, but remains broadly in line with its pre-economic downturn levels. However, despite recent improvements, households still consider their financial position to be slightly worse than a year ago
- In Q3 2014, household spending per head grew 0.8% compared to the previous quarter – continuing the general upward trend that started in Q3 2011
- In 2012/13, median income fell 1.4% compared to 2011/12 to £23,300, its lowest level since 2002/03
- Between 2011/12 and 2012/13, there was a slight increase in income inequality
- In 2013, the net wealth of the economy as a whole increased 4.4% to £7.6 trillion. In the same year, household net wealth increased 2.6% mainly due to an increase in the value of dwellings

2 . Introduction

We consider the measurement of economic or material well-being. Presenting a [dashboard of indicators](#) and commentary that, together, give a more rounded and comprehensive basis for assessing changes in economic wellbeing, as proposed in the November 2014 [Framework and Indicators article](#).

Economic well-being is a subset of the overall issue of measuring national well-being and recognises that many dimensions of well-being are outside the material sphere (for example, the ONS “[Wheel of Well-being](#)”).

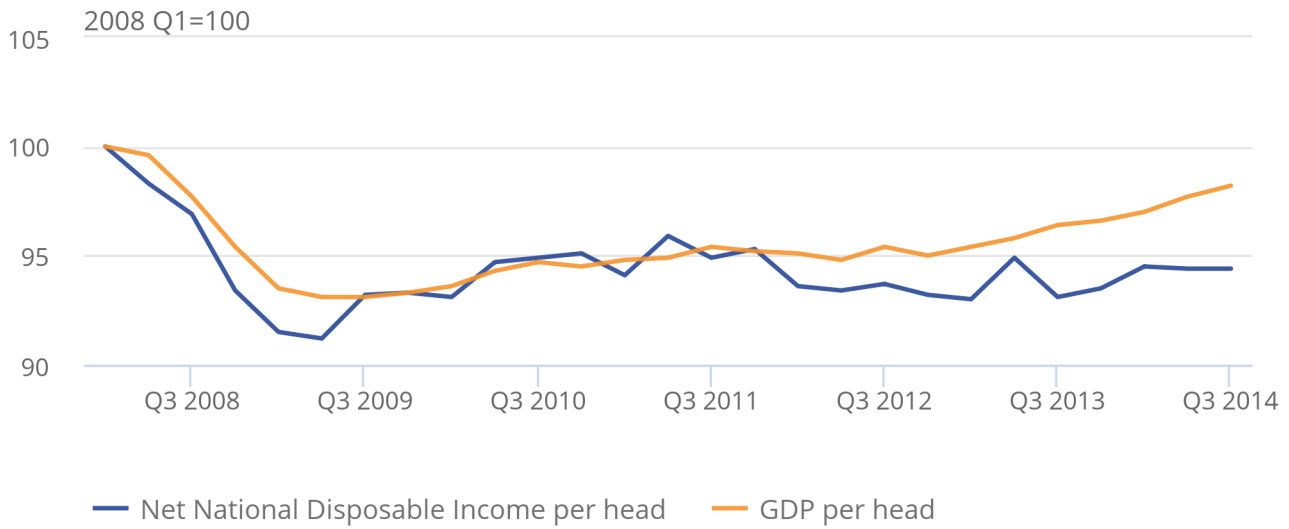
3 . Whole economy production and income

Figure 1: GDP per head and NNDI per head (Q1 2008 - Q3 2014)

United Kingdom

Figure 1: GDP per head and NNDI per head (Q1 2008 - Q3 2014)

United Kingdom



Source: Office for National Statistics

Real GDP per head

In Q3 2014 Gross Domestic Product (GDP) per head, which adjusts GDP for the size of the population, increased 0.6% compared to Q2 2014. This was a slightly slower growth rate than the 0.7% quarterly increase seen in GDP, which recovered to its pre-economic downturn peak level in Q3 2013. Despite the quarterly growth, GDP per head remains 1.8% below its pre-economic downturn peak level.

Real NNDI per head

In Q3 2014, Net National Disposable Income (NNDI) per head remained broadly unchanged on the quarter, increasing 0.1%. This was a slower growth rate than the 0.6% quarterly increase seen in GDP per head.

As discussed in the Economic well-being - Framework and Indicators article there are two key differences between GDP per head and NNDI per head.

First, not all income generated by production in the UK will be payable to UK residents. Some of the capital employed will be owned by non-residents and they will be entitled to the return on that investment. Conversely, the UK's residents receive income from production activities taking place elsewhere, based on their investments overseas. Adjusting for these flows gives a measure which is better focused on income rather than production.

Second, it can be adjusted for capital consumption. GDP is "gross" in the sense that it does not adjust for capital depreciation - that is to say the day-to-day wear and tear on vehicles, machinery, buildings and other fixed capital used in the productive process. It treats such consumption of capital as no different from any other form of consumption. But most people would not regard depreciation as adding to their material well-being.

GDP per head and Net Domestic Product (NDP) per head track reasonably well over the course of the recession, suggesting that the impact of capital consumption is relatively low.

However, Net National Disposable Income has behaved somewhat differently, particularly since late 2011. Net National Disposable Income, which represents the income generated by production that is payable to UK residents, has remained broadly flat since Q1 2012. In Q3 2014 NNDI remained 5.6% below its pre-recession peak, this is compared to GDP per head which was 1.8% below its pre-recession peak in the same quarter.

Perception of the economic situation

In addition to the improvements seen in the latest quarter in these indicators, the Eurobarometer survey asks respondents how they think the general economic situation has changed over the last 12 months. In September 2014 the aggregate balance stood at -3.4, suggesting that on average, respondents now think the economic situation is broadly similar to a year ago. This is a continuation of the improvement seen throughout 2014, showing an improvement in perceptions of the general economic situation. At its lowest, in May 2009, the Eurobarometer reported -82.3 for the general economic situation.

4 . Household income

In Q3 2014 real household income (RHDI) per head decreased 0.2% on the quarter, but remains broadly in line with its pre-recession levels. Compared to Q3 2013, real household income per head increased by 0.4%.

Household income focuses on the income that is available to households, rather than the measures of income used in the previous section which includes the income of firms, financial corporations and government as well as households. This section looks at income of households, their perceptions of their income and the distribution of income across households.

Figure 2: Real Household Disposable Income per head and Perception of Financial Situation

United Kingdom

Figure 2: Real Household Disposable Income per head and Perception of Financial Situation

United Kingdom



Source: Eurobarometer/GFK

Notes:

1. Household's perception of their own financial situation over the last 12 months - the last month of each quarter was used.
2. 'Households' include non profit institutions serving households (NPISH).

As GDP began to fall in mid-2008, real household income per head remained fairly buoyant. By Q2 2009, real household income per head was 3.8% above its pre-recession level. This initial improvement in real household income per head was a result of several factors. Firstly, interest rates reached historic lows and therefore many people's mortgage interest payments fell. This meant many householders' disposable incomes rose as a result of lower mortgage payments. Additionally, as employment fell and unemployment rose, people paid less in the way of taxes and claimed more in the way of benefits. The result was that real household incomes were supported by rising social security benefits and reduced taxes.

However, moving into early 2011, the impact of these factors had worn off and inflation had risen. The increase in prices eroded the growth of household incomes, as prices were rising at a faster rate than people's incomes, and therefore over time, people found their income purchased a lower quantity of goods and services.

Since 2011, despite lower growth in the price level, real household income per head has remained broadly flat. Overall, by Q3 2014, real household incomes per head were slightly above their pre-recession level.

For international comparisons it is also important to adjust for benefits in kind, this series is available in the reference tables.

Perception of household income

As well as considering levels of household income, it is important to consider individuals perceptions of their own income. The Eurobarometer Consumer survey asks respondents their views on the financial situation of their household over the past 12 months. A negative balance means respondents reported their financial situation got worse, a positive balance means they reported it improved¹.

Between the end of Q2 2014 and Q3 2014, the balance increased from -8.3 to -7.6. This follows the sharper increases seen since early 2013. However, despite the continued increase, the series remains slightly negative which means that, on average, households feel their financial situation has worsened slightly over the past 12 months.

The Eurobarometer also asks respondents their views on whether now is a good time to save. Between the end of Q2 2014 and Q3 2014, the balance increased from -6.9 to -6.4. However, the series remains slightly negative; suggesting that respondents continue to believe now is not a good time to save. Despite this view, households reported saving at least some of their income.

Additionally, Understanding Society provides information on the proportion of individuals that report being somewhat, mostly, or completely, satisfied with the income of their household, and the proportion of households that report finding it quite, or very, difficult to get by financially.

In 2012/13 the proportion of individuals that reported finding it difficult to get by financially was 10.1%. This was 0.8 percentage points lower than 2011/12, continuing the slight downwards trend that has been seen since it peaked in 2009/10.

In 2012/13 the percentage of respondents that were somewhat, mostly, or completely, satisfied with their level of income was 53.4% - up 0.8 percentage points from 2011/12. Satisfaction with income saw a downward trend between 2007 and 2011/12, recording a 4.7 percentage point decline between 2010/11 and 2011/12. Whilst the increase in 2012/13 shows some improvement in this trend, it remains below the levels seen prior to the economic downturn.

Distribution of income²

In 2012/13 median income (the income of the middle household if all households are ranked from the lowest income to the highest) fell 1.4% to £23,300. This is a continuation of the downward trend that has been seen in median income since 2009/10 and results in median income in 2012/13 being at its lowest level since 2002/03.

As it represents the middle of the income distribution, the median household income provides a good indication of the income of the "typical" household. However, is also important to consider how income is distributed around the middle, considering the equality of the income distribution. The indicator used here is the ratio of total income received by the richest fifth of households to that received by the poorest fifth. If the ratio gets larger then it implies increasing inequality between the top fifth and bottom fifth of households.

Between 2011/12 and 2012/13 this ratio saw a small increase from 5.1 to 5.3, suggesting a slight increase in income inequality. There were two reasons for the increase in this ratio; firstly, the income of the poorest fifth declined by 3.3%, in addition the income of the richest fifth increased by 1.6%.

This is contrary to the trend seen between 2007/08 and 2011/12, which saw continued decreases in the ratio. Over the four year period, the average income of the poorest fifth increased 7.0%, while the richest fifth of households saw income fall by 6.7%. The largest fall in the income of the richest fifth was between 2010/11 and 2011/12, with income falling 6.2%.

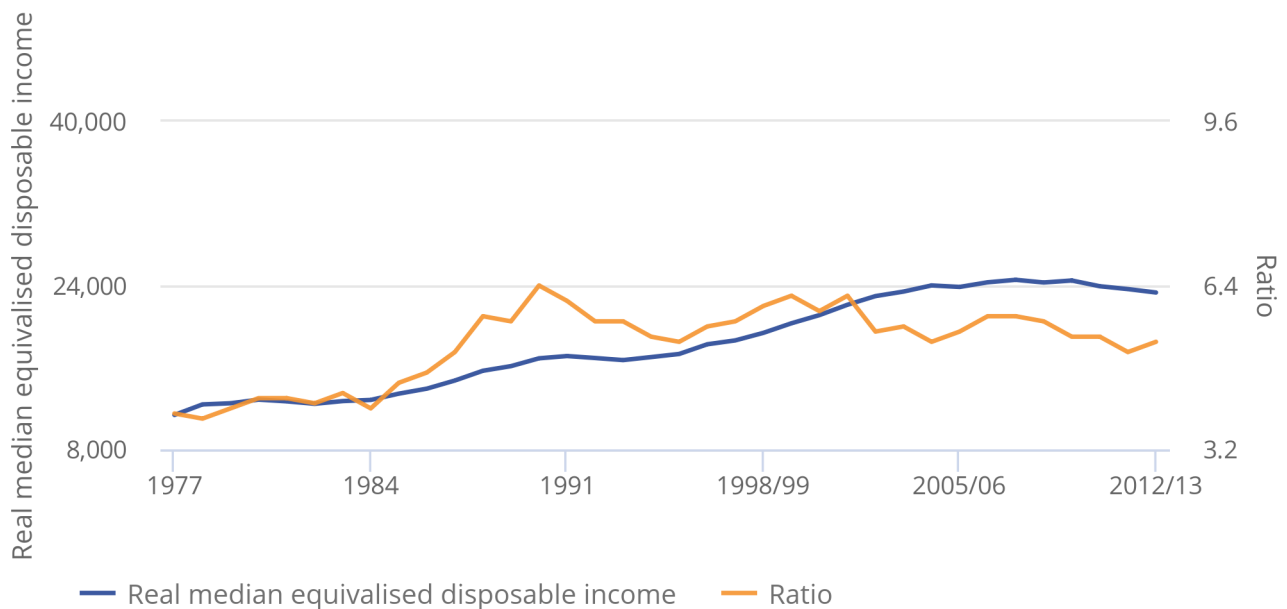
However, as shown in figure 3, overall movements in the ratio over the last ten years have been relatively small when compared to earlier periods.

Figure 3: Real Median Household Income and Income Inequality (1977 - 2012/13)

United Kingdom

Figure 3: Real Median Household Income and Income Inequality (1977 - 2012/13)

United Kingdom



Source: Office for National Statistics

Notes:

1. 2012/13 Prices, deflated using the HHFCE implied deflator.
2. Measure of income inequality is the S80:20 ratio.

Notes for household income

1. The Eurobarometer is collected by GFK for the European Commission. There is more information about interpreting the Eurobarometer Consumer survey in background note 5.
2. The income measure used in this section is real equivalised household disposable income. Disposable income is the amount of money that households have available for spending and saving after direct taxes (such as income tax 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 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.

5 . Household spending

Whilst looking at income is a viable measure of the material well-being in the economy, a fuller picture of the economic well-being of a country can be found by looking at how much households consume.

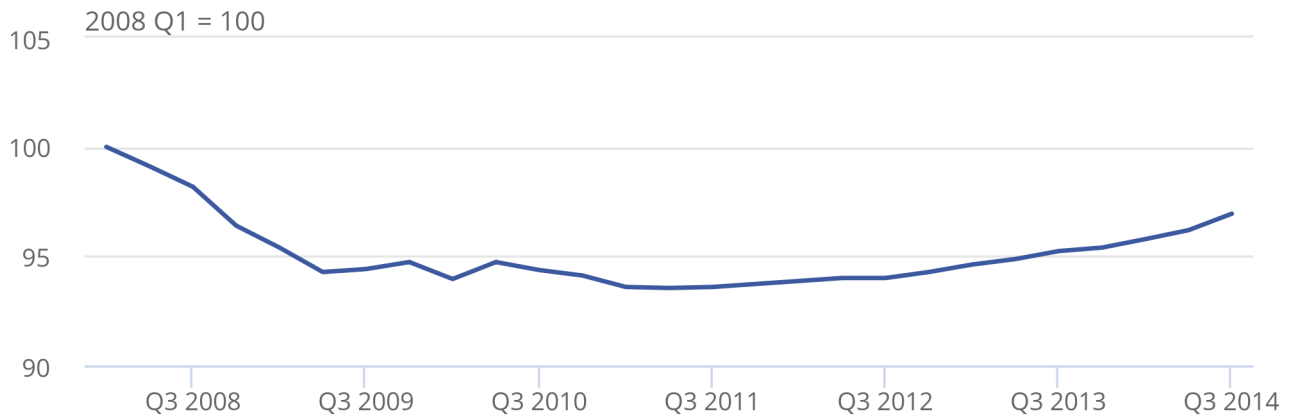
In June 2014, we published [an article](#) that presented new findings on the relationship between personal well-being, household income and expenditure using regression analysis. It found that household expenditure appeared to have a stronger relationship with personal well-being than household income.

Figure 4: Real Household Final Consumption Expenditure per head

United Kingdom

Figure 4: Real Household Final Consumption Expenditure per head

United Kingdom



Source: Office for National Statistics

Notes:

1. 'Households' include non profit institutions serving households (NPISH).

In Q3 2014 real household spending per head grew 0.8% compared to the previous quarter – continuing the general upward trend that started in Q3 2011. However, real household spending per head remains 3.1% below its pre-economic downturn levels. This is despite real household incomes per head remaining broadly around their pre-economic downturn levels (see Household Income section).

Since Q2 2011 real household spending per head has steadily increased. This could reflect improved economic sentiment among households. More recently, the pace of growth in real household spending per head has picked up. This reflects the improvements that have recently been seen in the Eurobarometer economic sentiment indicator.

As with household income, for international comparisons it is important to consider benefits in kind. The Real Household and NPISH Actual Final Consumption per head series, which makes the adjustment for benefits in kind, can be found in the reference table.

6 . Wealth

Total net wealth¹

In 2013, the net wealth of the economy as a whole (of households, businesses and the Government) increased 4.4%, to £7.6 trillion. Total net wealth is the sum of the values of financial assets (for example, shares and deposits) and non-financial assets (for example, dwellings and machinery), minus financial liabilities.

In 2013, the increase was mainly attributable to an increase in the net wealth of financial corporations, which increased by £421 billion (373%). This increase was somewhat offset by non-financial corporations, where wealth decreased between 2012 and 2013.

This measure has not been adjusted for inflation, which was 2.6% on average, as measured by the CPI between 2012 and 2013. This suggests that the growth in total net wealth was stronger than the growth in the general price level.

The net wealth of the economy as a whole is important as it indicates the sustainability of current levels of production and corresponding income flows. It is possible that a nation might be increasing its output, but is wearing down its stock of net assets. This means that level of production is unsustainable, or vice versa. However, for a complete appraisal of sustainability, natural, human and social capital should also be considered².

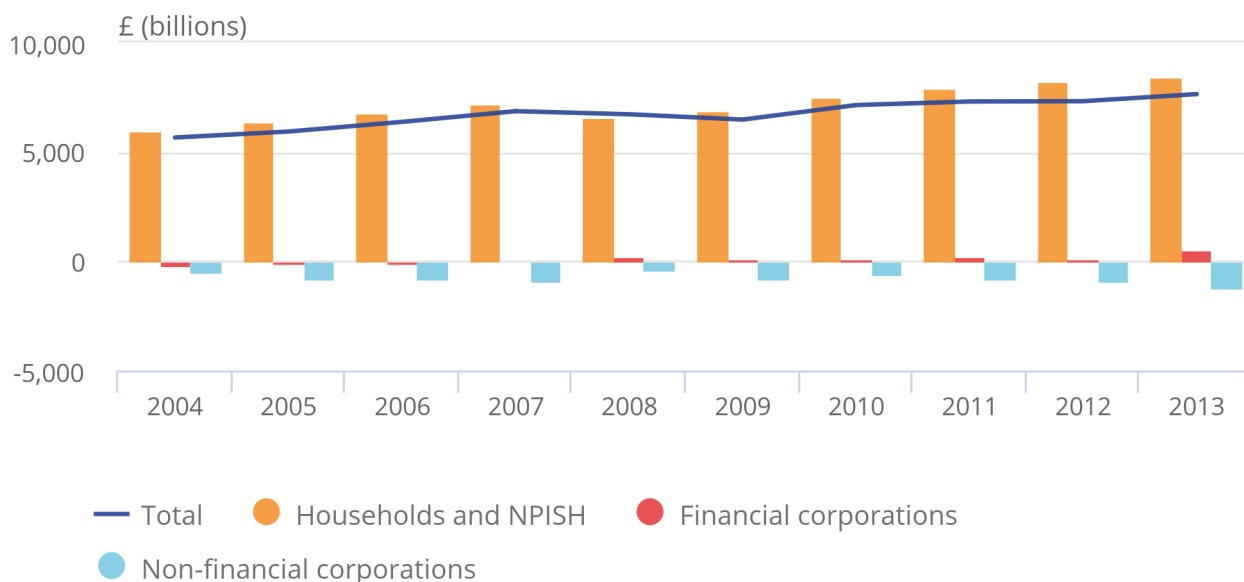
Figure 5 shows total net wealth between 2004 and 2013 for the whole economy, and three of the sectors: households, financial and non-financial corporations. Between 2004 and 2007, total net wealth increased year-on-year, mainly attributable to an increase in household non-financial assets. Net wealth then fell in 2008 and 2009, before increasing again following the economic downturn.

Figure 5: Net Financial and Non-Financial Capital (2004-13)

United Kingdom

Figure 5: Net Financial and Non-Financial Capital (2004-13)

United Kingdom



Source: Office for National Statistics

Notes:

1. 'Households' include non profit institutions serving households (NPISH).
2. Components may not sum to total due to rounding.

Household net wealth

Contributing to the increase in total wealth, in 2013 household net wealth increased 2.6%. As with total wealth, this measure has not been adjusted for inflation, and therefore some of the increase in wealth could be a result of an increase in price levels.

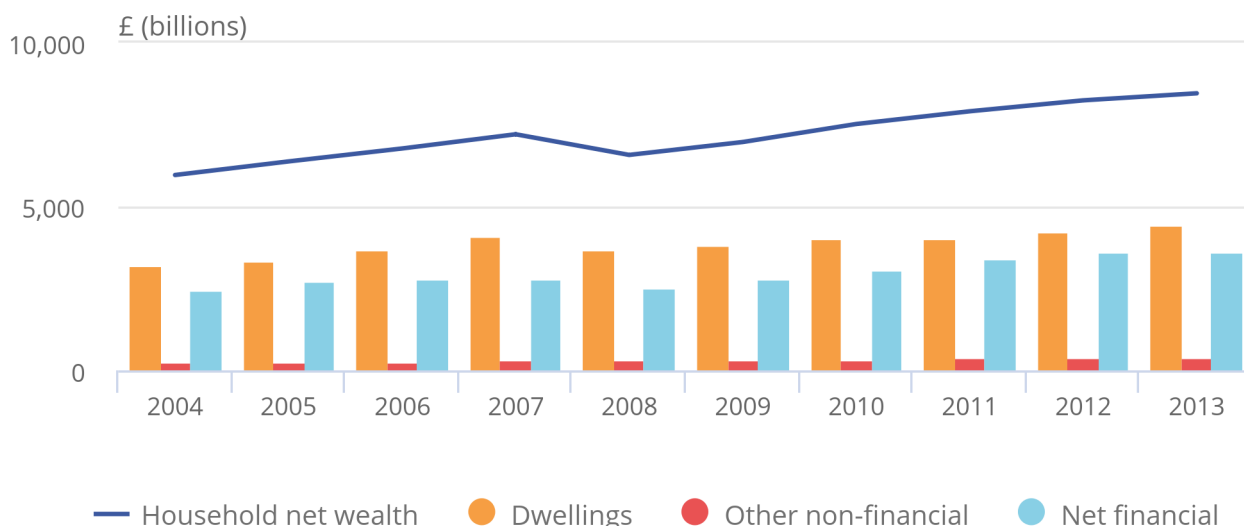
Household net wealth considers households financial position and includes non-financial assets such as houses³. Figure 6 shows the household net wealth position by type of asset between 2004 and 2013.

Figure 6: Household Net Wealth by Asset Type (2004 - 13)

United Kingdom

Figure 6: Household Net Wealth by Asset Type (2004 - 13)

United Kingdom



Source: Office for National Statistics

Notes:

1. 'Households' include non profit institutions serving households (NPISH).
2. Components may not sum to total due to rounding.

The main contributing factor behind the 2.6% increase in household net wealth, between the end of 2012 and the end of 2013, was a 4.8% increase in the value of household dwellings. However, the annual growth rate in overall household net worth was lower as a result of slower growth in 'other non-financial' (2.1%) and 'net financial' (0.1%) assets at the end of 2013 compared to the end of 2012. Between the end of 2008 and the end of 2013, the total value of UK household dwellings has increased by 20.0%. Household dwellings continued to make up over half (52%) of household net worth at the end of 2013.

Distribution of household wealth

In 2010-12 median household wealth (the wealth of the middle household if all households are ranked from the lowest wealth to the highest) was £218,400, an increase of 6.9% compared to 2008-10.

Median wealth has not been adjusted for inflation, and therefore some of the increase in wealth could be a result of an increase in price levels.

Data on the distribution of wealth are only available from 2006. However, these data suggest the wealth of a 'typical' household has been increasing since 2006.

Table 1: Median household

United Kingdom	
Year	Median Wealth (£)
2006-08	196,700
2008-10	204,300
2010-12	218,400

Source: Office for National Statistics

As it represents the middle of the wealth distribution, the median household wealth provides a good indication of the wealth of the "typical" household. However, it is also important to consider how wealth is distributed around the middle, considering the equality of the wealth distribution. The indicator used here is the ratio of the wealth of the 80th percentile household, relative to the 20th percentile household, referred to as the P80:20 ratio. Although this is not the same as the S80:20 ratio, considered in the income section, it can be interpreted similarly: if the ratio gets larger then it implies increasing inequality between the top and bottom fifth of households.

The ratio for 2010-12 was 1:16 – indicating that the household at the 80th percentile of the wealth distribution held 16 times more wealth than the household at the 20th percentile of the distribution.

Notes for wealth

1. Here 'net' is used to describe the net wealth position (assets minus liabilities), rather than making an adjustment for capital consumption.
2. These measures are currently under development as part of the Measuring National Well-being programme and will be included in future releases where relevant.
3. Other non-financial assets includes 'Other buildings and structures', 'Machinery and equipment', 'Cultivated biological products', 'Intellectual property products', 'Inventories' and 'Contracts, leases and licences'.

7 . Unemployment

Figure 7: Unemployment

United Kingdom

Figure 7: Unemployment

United Kingdom



Source: Office for National Statistics

Notes:

1. All aged 16 and over.
2. Seasonally adjusted.

In the three months to September 2014 the unemployment rate was 6.0% - down 0.3 percentage points from the three months to June 2014 (2014 Q2). Although the headline rate of unemployment has fallen sharply over the past year, it remains above its pre-recession level.

Unemployment can have an impact on economic well-being through the impact on individuals' income, as well as a direct impact on their personal well-being (how satisfied they are/how worthwhile they consider their life to be/ their happiness and anxiety levels).

Looking at the unemployment figures in more detail, while rates of longer term unemployment have come down slightly, much of the recent fall is due to lower short term unemployment (workers who have been unemployed for less than six months).

8 . Inflation

Figure 8: Rate of inflation (January 2008 - September 2014) [1]

United Kingdom

Figure 8: Rate of inflation (January 2008 - September 2014) [1]

United Kingdom



Source: Office for National Statistics

Notes:

1. Consumer Prices Index.

In September 2014 (the final month of 2014 Q3), the rate of inflation was 1.2%. This was 0.3 percentage points lower than in August, and sharply lower than during 2011 and 2012. The fall in the rate of inflation seen during 2014 Q3 is a continuation of a downward trend that started in mid-2013. Much of this moderation in inflation has come about as a consequence of abating energy costs and food and drink prices.

The rate of inflation is important for economic well-being for its effect on income and net wealth.

When prices increase faster than income, over time, incomes can buy less and households feel worse off. Equally, if incomes increase faster than prices, over time, incomes can buy more and households feel better off. The income section of this release considers the evolution of household income, adjusted for inflation.

In addition, inflation can impact on households through its effect on net wealth. If inflation is lower than the interest rates offered to households by banks, then the real value of savings increases. Similarly, if inflation is higher than these interest rates then the real value of savings decreases. Since 2013, the lower inflation rate has provided an improved situation for savers. However, higher levels of inflation can also act to erode away debt, as it becomes worth less in real terms over time.

Inflation experiences of different households

The Consumer Prices index (CPI) measure captures the general price level in the economy, however, our [recent analysis](#) shows that the inflation experience of UK households varied between 2003 and 2014.

The rate of inflation experienced by households that spend less has been higher than that experienced by households that spend more; an average of 3.3% per year between 2003 and 2014 for lower spending households compared to 2.3% per year for the higher spending households.

The inflation rate experienced by households also differs by the income level of the household. The rate of inflation experienced by the lowest income households has averaged 2.7% per year, compared with 2.4% per year for those around two-thirds of the way up the income distribution.

Price growth has also been faster for retired households than for non-retired households, and for households without children compared to households with children, although these differences are smaller than those seen between income and expenditure groups.

Together these findings suggest that inflation is impacting on some households more than others.

Perceptions of inflation

As with income, it is important to consider individuals perceptions of price trends. The Eurobarometer Consumer Confidence survey asked respondents how they thought consumer prices had developed over the past 12 months. Perceptions of price change over the last 12 months have mapped reasonably well to actual changes in price levels. There has been a general downwards trend since mid-2011 with the aggregate balance standing at 27.7 in September 2014, which is similar to the level in January 2008.

9. Related links

Internal

[UK Economic Accounts, Table 1.1.5 \(ONS\)](#)

[The UK National Balance Sheet \(ONS\)](#)

[Wealth and Assets Survey \(ONS\)](#)

[The Effects of Taxes and Benefits on Household Income \(ONS\)](#)

[Labour Market Statistics \(ONS\)](#)

[Consumer Price Indices \(ONS\)](#)

External

[Eurobarometer \(European Commission/GFK\)](#)

[Understanding Society](#)

10. Background notes

1. Economic well-being framework and indicators

The framework and indicators used in this release were outlined in [Economic Well-being – Framework and Indicators](#), published in November 2014.

2. Release policy

The data used in this version of the release are the latest available at 23 December 2014.

Where possible, data used in this release relate to Q3 2014. As a result, data for more recent months are available from the Consumer Price Indices and Labour Market Statistics Statistical Bulletins.

All data in this release are published as part of other Statistical Bulletins:

[UK Economic Accounts, Table 1.1.5 \(ONS\)](#)

- Real Gross Domestic Product per head
- Real Net National Disposable Income per head
- Real Gross Household and NPISH Disposable Income per head
- Real Household and NPISH Final Consumption Expenditure per head
- Real Net Domestic Product per head
- Real Net Household and NPISH Adjusted Disposable Income per head
- Real Household and NPISH Actual Final Consumption per head

[The UK National Balance Sheet \(ONS\)](#)

- Net Wealth
- Net Household and NPISH Wealth

[Eurobarometer \(European Commission/GFK\)](#)

- Perception of financial situation over the past 12 months
- Perception of general economic situation over the past 12 months
- Perception of whether it is a good time to save
- Perception of financial statement of household
- Perception of price trends over the past 12 months

[Wealth and Assets Survey \(ONS\)](#)

- Median Household Wealth
- P80:20

[The Effects of Taxes and Benefits on Household Income \(ONS\)](#)

- Real Median Equivalised Household Income deflated using the HHFCE implied deflator
- S80:20

[Labour Market Statistics \(ONS\)](#)

- Unemployment rate, all aged 16 and over

[Consumer Price Indices \(ONS\)](#)

- Consumer Price Index

[Understanding Society](#)

- Finding it difficult to get by financially
- Somewhat, mostly or completely satisfied with the level of income of their household

3. Revisions and reliability

All data in this release will be subject to revision in accordance with the revisions policies of their original release.

Estimates for the most recent quarters are provisional and are subject to revision in the light of updated source information. ONS currently provides an analysis of past revisions in Statistical Bulletins which present time series. Details of the revisions are published in the original statistical bulletins.

Most revisions reflect either the adoption of new statistical techniques or the incorporation of new information which allows the statistical error of previous estimates to be reduced. Only rarely are there avoidable 'errors' such as human or system failures and such mistakes are made quite clear when they do occur.

Links to the revisions policies for indicators in this release:

[National Accounts revisions policy \(43.3 Kb Pdf\)](#) – covers indicators from the Quarterly National Accounts, UK Economic Accounts and the National Balance Sheet

[Wealth and Assets Survey revisions policy \(92.9 Kb Pdf\)](#) – covers indicators on the distribution of wealth

[The Effect of Taxes and Benefits on household incomes revisions policy](#) – covers indicators on the distribution of income

[Labour Market Statistics revisions policy \(36.7 Kb Pdf\)](#) – covers indicators from Labour Market Statistics

[Consumer Price Indices Revisions Policy \(49.6 Kb Pdf\)](#) - covers indicators from Consumer Price Indices

ONS has a webpage dedicated to [revisions to economic statistics](#) which brings together ONS work on revisions analysis, linking to articles, revisions policies and key documentation from the Statistics Commission's report on revisions.

Data that come from the Eurobarometer and Understanding Society releases are not subject to revision as all data are available at the time of the original release. These data will only be revised in light of methodological improvements or to correct errors. Any revisions will be made clear in this release.

4. Interpreting the data

Components may not sum to total due to rounding.

ONS has produced an article '[Interpreting the Recent Behaviour of the Economy](#)' available on the ONS website to aid interpretation of movements in the economy.

ONS has also produced a [short guide to the UK National Accounts \(136.8 Kb Pdf\)](#). For information on the different estimates of GDP, ONS has released a video.

5. Interpreting the Eurobarometer

The Eurobarometer Consumer survey, sourced from GfK on behalf of the European Commission, asks respondents a series of questions to determine their perceptions on a variety of factors which collectively give an overall consumer confidence indicator. For each question, an aggregate balance is given which ranges between -100 and +100.

Balances are the difference between positive and negative answering options, measured as percentage points of total answers. Values range from 100, when all respondents choose the negative option (or the most negative one in the case of five-option questions) to +100, when all respondents choose the positive (or the most positive) option.

The questions used in this release are:

Q1 How has the financial situation of your household changed over the last 12 months? It has...

- got a lot better
- got a little better
- stayed the same
- got a little worse
- got a lot worse
- don't know

Q3 How do you think the general economic situation in the country has changed over the past 12 months? It has...

- got a lot better
- got a little better
- stayed the same
- got a little worse
- got a lot worse
- don't know

Q5 How do you think that consumer prices have developed over the last 12 months? They have...

- risen a lot
- risen moderately
- risen slightly
- stayed about the same
- fallen
- don't know

Q10 In view of the general economic situation, do you think that now is...?

- a very good moment to save
- a fairly good moment to save

- not a good moment to save
- a very bad moment to save
- don't know

Q12 Which of these statements best describes the current financial situation of your household?

- we are saving a lot
- we are saving a little
- we are just managing to make ends meet on our income
- we are having to draw on our savings
- we are running into debt
- don't know

Further information on this survey is available from [the European Commission](#).

6. Interpreting Understanding Society

Understanding Society is an academic study that captures information from a representative UK sample of 40,000 households. The data collected covers a broad range of topics including health, housing, employment, income and personal perceptions (a full list can be found [here](#).) The percentage of the population that said they were finding managing financially quite or very difficult and the percentage of the population that were somewhat, mostly or completely satisfied with their income was used, from the questions:

Q1 How well would you say you are managing financially these days? Would you say you are...

- living comfortably
- doing alright
- just about getting by
- finding it quite difficult
- or finding it very difficult?

Q2 Please choose the number which you feel best describes how dissatisfied or satisfied you are with the following aspects of your current situation: the income of your household.

- Completely satisfied
- Mostly satisfied
- Somewhat satisfied
- Neither satisfied nor dissatisfied
- Somewhat dissatisfied
- Mostly dissatisfied
- Completely dissatisfied

7. Economic context

ONS publishes a monthly [Economic Review](#) discussing the economic background, giving economic commentary on the latest GDP estimate and other ONS economic releases. The next article will be published on 8th January 2015.

8. Special events

ONS maintains a list of candidate special events in the [Special Events Calendar](#) and keeps all events under review in line with the [ONS's Special Events policy](#). As explained in [ONS's Special Events policy](#), it is not possible to separate the effects of special events from other changes in the series.

9. Basic quality information

Basic quality information for all indicators in this Statistical Bulletin can be found on the ONS website:

National Accounts [Quality and Information report \(518.9 Kb Pdf\)](#).

Consumer Price Indices [Quality and Information report \(141.9 Kb Pdf\)](#).

Wealth and Assets Survey [Quality and Information report \(107.7 Kb Pdf\)](#).

The Effects of Taxes and Benefits [Quality and Information report \(101.8 Kb Pdf\)](#).

Labour Market Statistics used in this release are derived from the Labour Force Survey [Quality and information report \(227.1 Kb Pdf\)](#).

10. Methodology and articles

ONS regularly publishes methodological information and articles to give users more detailed information.

For the National Accounts, [methodological information and articles](#) are available, detailing developments within the National Accounts; supplementary analyses of data to help users with the interpretation of statistics and guidance on the methodology used to produce the National Accounts. Methodological developments are part of the programme of continuous improvement to the UK National Accounts.

For the Effects of Taxes and Benefits on Household Incomes release, [methodological information](#) is available, detailing the methodology in both the production of and the quality assurance of the data. Further detail and discussion can also be found in this [further analysis](#) article.

For the Wealth and Assets Survey, [methodological information](#) is available, detailing both the production and quality assurance of the data.

For Labour Market Statistics [methodological information](#) is available, detailing both the production and quality assurance of the data.

A full description of how consumer price indices are compiled is given in the [Consumer Price Indices Technical Manual \(674.4 Kb Pdf\)](#). This is supplemented by video, infographics and textual information available from the [guidance and methodology section](#) of the ONS website.

11. Improving the timeliness of ONS income distribution analysis

Publication of household income data from official surveys normally occurs around 15 months after the end of the income reference period. The absence of more timely and regular data on median household income has been identified by ONS and external stakeholders as an important gap and it has previously been agreed that the feasibility of delivering improvements should be investigated as soon as possible.

In the case of ONS's Effects of Taxes and Benefits publication, it has been identified that producing estimates on indirect taxes and benefits in kind take longer to produce than the other components of income (original income, cash benefits and direct taxes) due to the large number of external data sources used. As it should be possible to produce and fully quality assure figures up to and including disposable income by an earlier date it is proposed that this publication will be published in two separate releases.

ONS are therefore publishing a new short annual bulletin in starting in early March 2015. The aim of this release will be to provide users with key income statistics for 2013/14 at the earliest opportunity (11 months after the end of the reference period), along with longer term trends, going back to 1977. The statistics in this release will include measures such as median disposable income, inequality measures such as the Gini coefficient, and breakdowns of the components of disposable income by quintile and decile groups.

The full Effects of Taxes and Benefits on Household Income 2013/14 data and release, including indirect taxes and benefits in kind will be published in June/July 2015.

12. Source of information on the distribution of income

The source for the information on the distribution of income is 'The Effects of Taxes and Benefits on Household Income'. This has been chosen over other sources for a number of reasons:

- The definition of income and the deflator used in the Effect of Taxes and Benefits on Household Income are more closely aligned to those used in the National Accounts.
- Indicators of the distribution of income and wealth are currently lagged, published at best around 15 months after the end of the reporting period. Work is ongoing within ONS to improve the timeliness of indicators of the distribution of income coming from the Effects of Taxes and Benefits on Household Income release (further details are available in the 'future development' section of this article).

Should further breakdowns be required (for example income distribution by region or type of household) then the larger sample size of [Households Below Average Income](#) published by the Department for Work and Pensions may make this a more appropriate source.

13. Economic Well-being seminar

On 3rd March 2015 ONS will be hosting a seminar on Economic Well-being as part of the Economic Forum series of seminars.

This seminar will provide an overview of ONS programme of work on economic well-being. It will consider what we have learned to date, covering the indicators from the quarterly Economic Well-being release and the latest data on median household income and inequality, for 2013/14, which are due to be published on the same day. It will also provide an overview of ONS work to develop wider measures of economic well-being, including the measurement of services households provide for themselves, the capitals approach to measuring sustainability and work to further develop measures of the distribution of income. For further information please e-mail economic.wellbeing@ons.gsi.gov.uk or telephone Valerie Fender on +44 (0)1633 456239

14. Discussing ONS measuring National Well-being online

There is a [Measuring National Well-being](#) community on the [StatsUserNet](#) website. StatsUserNet is the Royal Statistical Society's interactive site for users of official statistics. Here you will be able to find and share information on the development of measures of national well-being. This includes latest releases and news from the ONS Measuring National Well-being programme.

15. Your views matter

We would welcome any feedback you might have regarding this release and its associated commentary and we would be particularly interested in knowing how you make use of these data to inform our work. Please contact us via e-mail: economic.wellbeing@ons.gsi.gov.uk or telephone Valerie Fender on +44 (0) 1633 456239.

16. Measuring National Well-being

This article is published as part of the Office for National Statistics (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. For further information on Measuring National Well-being is available by visiting www.ons.gov.uk/well-being or visit our [publications page](#) for a full list of well-being publications.

17. Following ONS

Follow ONS on [Twitter](#) and receive up-to-date information about our statistical releases.

Like [ONS on Facebook](#) to receive our updates in your newsfeed and to post comments on our page.

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