

Statistical bulletin

# Average household income, UK: financial year ending 2023

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

Contact:  
Household Income and  
Expenditure team  
hie@ons.gov.uk  
+44 3456 013034

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To be announced

## Notice

### 24 September 2024

We have combined our Household income inequality, UK and Average Household Income, UK bulletins for the financial year ending 2023 into a single headline release because of the need for further quality assurance.

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# 1 . Main points

In the financial year ending (FYE) 2023:

- median household disposable income in the UK was £34,500, a decrease of 2.5% from FYE 2022, based on estimates from the Office for National Statistics (ONS) Household Finances Survey (HFS)
- median household disposable income for the poorest fifth of the population increased by 2.3% to £16,400, partly because of government cost of living support measures; however, this figure remains 2.4% below FYE 2020 pre-coronavirus (COVID-19) pandemic levels
- median household disposable income for the richest fifth of the population decreased by 4.9% to £68,400; this is 4.3% below pre-pandemic FYE 2020 levels
- median household disposable income decreased by an average of 0.3% per year between FYE 2020 and FYE 2023, compared with a longer-term average increase of 0.8% per year over the 10 years leading up to 2023 (FYE 2013 to FYE 2023)
- mean household disposable income for the richest fifth of households was six times greater than the poorest fifth households (£15,000 and £82,900, respectively), while mean weekly household expenditure was only two times greater, likely contributing to greater financial resilience for richer households
- disposable income inequality decreased from 35.5% in FYE 2022 to 33.1% in FYE 2023; this is the largest year-on-year decrease since 2011, affected by an annual increase in income for the poorest fifth of households and a decrease in annual income for the richest fifth of households

## 2 . Data on average household income

[The effects of taxes and benefits on household income, disposable income estimate](#)

Dataset | Released 24 September 2024

Average UK household incomes, taxes and benefits by household type, tenure status, household characteristics and long-term trends in income inequality.

## 3 . Glossary

### Disposable income

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 is the most widely used household income measure and includes earnings from employment, private pensions and investments, and 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 \(PDF, 165KB\)](#).

## Financial resilience

The ability for households to financially cope when faced with an income shock, income loss, or unavoidable rises in expenditure.

Our [Average household income, UK: financial year ending 2022 bulletin](#) contains a glossary of other terms used in this bulletin.

# 4 . Data sources and quality

## Data sources

This release provides headline estimates of average disposable income, calculated using Household Finances Survey (HFS) data. Data are derived from both the [Living Costs and Food Survey \(LCF\)](#) and the Survey on Living Conditions, with harmonised income collection, covering around 14,400 private households in the UK.

Our 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 our [Improving the measurement of household income methodology](#).

Comparable estimates are available back to 1977, allowing analysis of long-term trends. 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 with the average for a different set of households in the next period.

## Cost of living support schemes

In response to the rising cost of living, the UK Government introduced several [cost of living support schemes](#) to eligible UK Households during the FYE 2023. These payments, including the [council tax rebate schemes \(Great Britain\)](#), have been captured as a component of household disposable income estimates following our [Public sector classification guidance](#).

The support schemes were introduced and implemented at pace, which meant it was not feasible to capture these directly within the HFS annual survey design. Receipt of support payments were imputed by matching criteria of support schemes against respondents' personal or household demographics, receipt of cash benefits, or interview timings, where appropriate.

## Quality

Survey data used in this analysis are grossed so that totals reflect the total population of private households in the UK, as outlined in our [Effects of Taxes and Benefits on Household Income \(ETB\) Quality Methodology Information \(QMI\)](#). For FYE 2023, HFS weights have been updated in line with Census 2021 population totals for private households and student accommodation, so they more accurately reflect the composition of the UK population.

This update improves the representativeness of our survey data, while reducing median UK household disposable income by less than 0.1%. However, the impact of the HFS weights update varies across income levels, with the poorest fifth of households showing a 0.8% increase, and the richest fifth of households showing a 0.6% decrease, in median household disposable income. This should be considered when making comparisons with previous years, particularly at the quintile level.

The 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 FYE 2002 onwards, measurement issues at the bottom remain.

These statistics are assessed fully compliant with the [Code of Practice for Statistics](#) and are designated as [accredited official statistics](#). Detailed information on quality, methodology and how the data were created is available in our [Effects of taxes and benefits on household income QMI](#).

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 Household Finances Survey (HFS) run by the Office for National Statistics (ONS).

The FRS estimates underpin DWP's Households Below Average Income (HBAI) series, which is the UK's primary source of poverty estimates. With a larger sample size, it is also the main source for household incomes. HFS data are used to produce our [Household Disposable Income Inequality \(HDI\)](#) and [Effects of Taxes and Benefits \(ETB\)](#) series. These outputs are the main source for considering the overall financial well-being of households.

The two sources of data are complimentary but there are some important methodological differences between them, which means that their income estimates can be 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 our estimate of Gross Household Income being calculated before pension contributions. More information is available in our [income and earnings statistics guide](#).

## 5 . Related links

### [Family Spending in the UK: financial year ending 2023](#)

Bulletin | Released 23 August 2024

Average weekly household expenditure on goods and services in the UK, by age, income, economic status, socio-economic class, household composition and region.

### [Income estimates for small areas, England and Wales: financial year ending 2020](#)

Bulletin | Released 11 October 2023

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: financial year ending 2022](#)

Bulletin | Released 18 July 2023

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

### [Income and earnings interactive tool](#)

Database | Updated 28 March 2024

Database tool to browse income and earnings official statistics. Filters include topic area, data source, and geographic coverage.

### [Household below average income: financial years ending 1995 to 2023](#)

Report | Published 21 March 2024

Statistics on the number and percentage of people living in low-income households for financial years between 1995 and 2023.

### [The effects of taxes and benefits on household income, technical report: financial year ending 2019](#)

Article | Released 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 | Last updated 29 November 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.

## 6 . Cite this bulletin

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