Statistical bulletin

Household income inequality, UK: financial year ending 2024

Initial insight into main estimates of household incomes and inequality in the UK, with analysis of how these measures have changed over time accounting for inflation and household composition.

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

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Next release:
To be announced

Notice

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We have combined our Household income inequality, UK and Average household income, UK bulletins for the financial year ending 2025 into a single headline release because of data quality considerations. For the latest release in this series please see our Average household income, UK, financial year ending 2025 bulletin.

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1 . Other pages in this release

Average household income, UK: Financial Year Ending 2024

2 . Main points

In financial year ending (FYE) 2024:

- Disposable income inequality decreased to 32.9% in FYE 2024 from 33.1% in FYE 2023, a statistically non-significant change.
- Original income inequality (before direct taxes and cash benefits) did not statistically significantly change, increasing from 47.2% to 47.6% in FYE 2024, however, longer-term trends (FYE 2015 to FYE 2024) show an overall decrease in original income inequality, reducing at an average rate of 0.4 percentage points per year.
- Disposable income inequality for people in retired households statistically non-significantly decreased by 1.3 percentage points to 27.9% in FYE 2024; this follows a statistically non-significant decrease of 2.9 percentage points between FYE 2022 and FYE 2023 and remains consistently lower than for non-retired households (33.1% in FYE 2024).
- In the 10-year period leading up to FYE 2024 (FYE 2015 to FYE 2024) disposable income inequality decreased by 2.3 percentage points for non-retired households and increased by 0.1 percentage points for retired households.

3 . Analysis of income inequality

All households

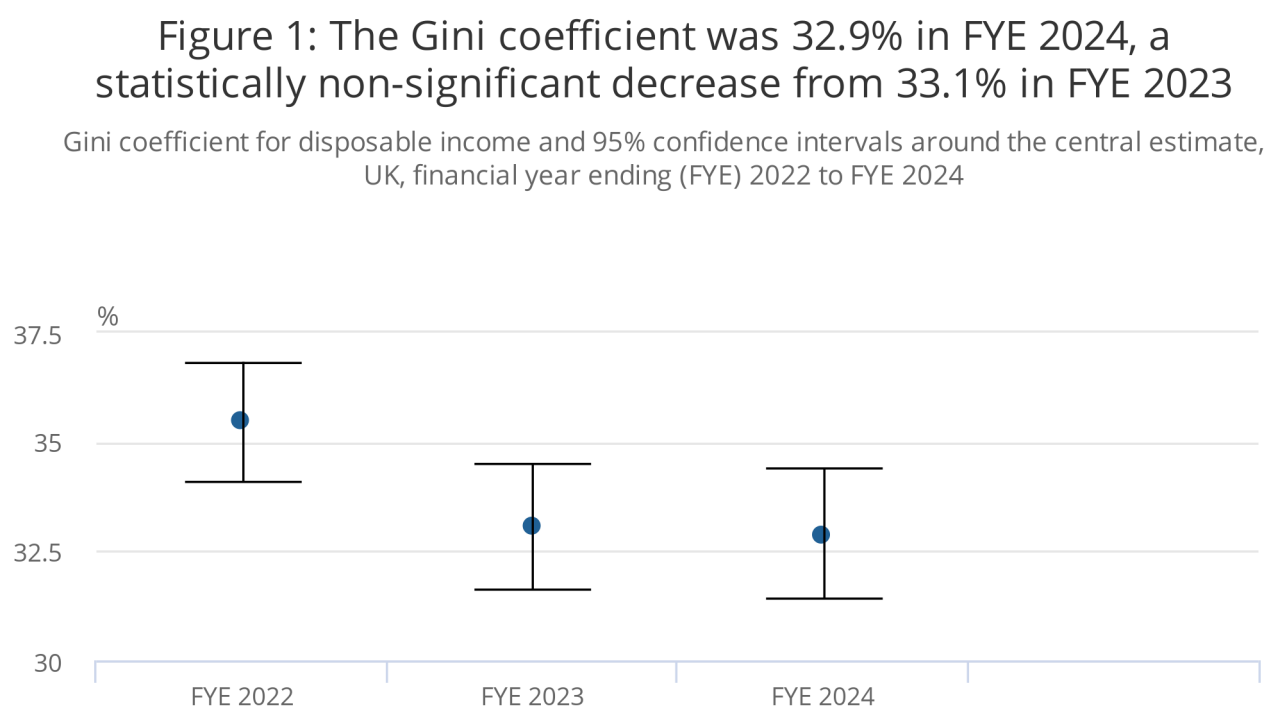
Disposable income

Disposable income inequality in the UK, as measured by the Gini coefficient, did not statistically significantly change between financial year ending (FYE) 2023 and FYE 2024, decreasing by 0.2 percentage points to 32.9% (Figure 1). This is consistent with reductions in mean disposable income for the poorest fifth (4.0%) and richest fifth of households (2.1%), contributed to by reduced original income for both groups.

This follows a decrease of 2.4 percentage points in the Gini coefficient for all households between FYE 2022 and FYE 2023. The Gini coefficient is now lower than it was before the coronavirus (COVID-19) pandemic (FYE 2020, 35.4%) and 10 years ago (FYE 2015, 34.7%).

Figure 1: The Gini coefficient was 32.9% in FYE 2024, a statistically non-significant decrease from 33.1% in FYE 2023

Gini coefficient for disposable income and 95% confidence intervals around the central estimate, UK, financial year ending (FYE) 2022 to FYE 2024



Source: Office for National Statistics - Household Finances Survey

Notes:

1. FYE 2024 represents the financial year ending 2024, (April to March), and similarly for all other years expressed in this format.

2. Cost of Living support schemes introduced by UK government in FYE 2023. The Low-income and tax credits Cost of Living Payment, the Disability Cost of Living Payment, and the Pensioners Cost of Living Payment continued in FYE 2024, all other cost of living related benefits and schemes were discontinued in FYE 2024.

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

Original income

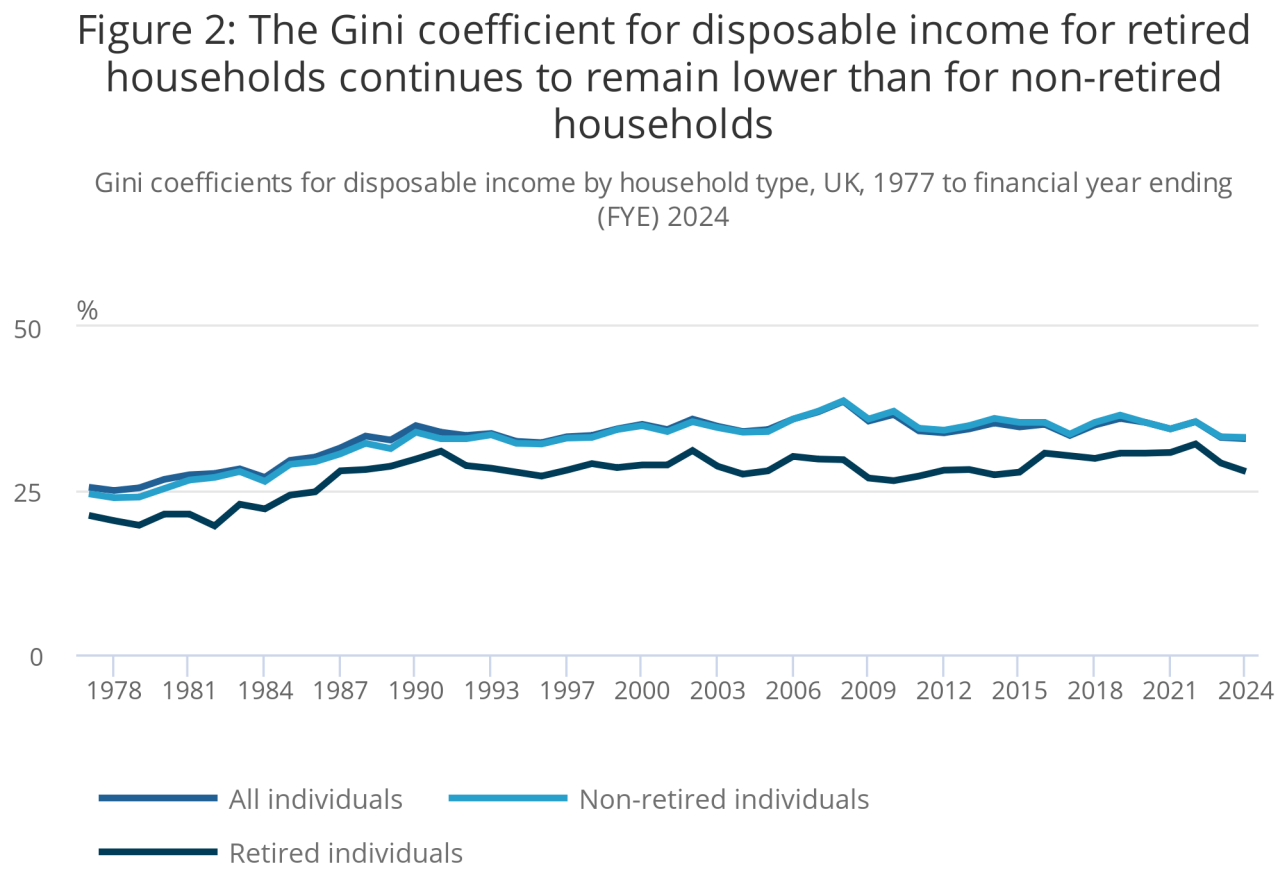
The Gini coefficient for original income (which includes sources of income from employment, private pensions, investments and other income) did not statistically significantly change, increasing by 0.4 percentage points to 47.6% in FYE 2024. However, the Gini coefficient for original income decreased by 2.1 percentage points since the coronavirus (COVID-19) pandemic (FYE 2020) and has decreased by 3.7 percentage points in the 10-year period leading up to FYE 2024 (FYE 2015 to FYE 2024), reflecting greater income equality.

Gross income

The Gini coefficient for gross income (which incorporates cash benefits) decreased by 0.4 percentage points between FYE 2023 and FYE 2024 to 37.3%. Levels remain lower than those seen in the pre-coronavirus period (40.0% in FYE 2020) and have decreased at an average rate of 0.3 percentage points per year in the 10-year period leading up to FYE 2024 (FYE 2015 to FYE 2024).

Figure 2: The Gini coefficient for disposable income for retired households continues to remain lower than for non-retired households

Gini coefficients for disposable income by household type, UK, 1977 to financial year ending (FYE) 2024



Source: Household Finances Survey from the Office for National Statistics

Notes:

1. FYE 2024 represents the financial year ending 2024, (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.

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

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

4. Cost of Living support schemes introduced by UK government in FYE 2023. The Low-income and tax credits Cost of Living Payment, the Disability Cost of Living Payment, and the Pensioners Cost of Living Payment continued in FYE 2024, all other cost of living related benefits and schemes were discontinued in FYE 2024.

Retired households

Disposable income inequality, as measured by the Gini coefficient, for people in retired households did not statistically significantly change, decreasing by 1.3 percentage points to 27.9% in FYE 2024 (Figure 2).

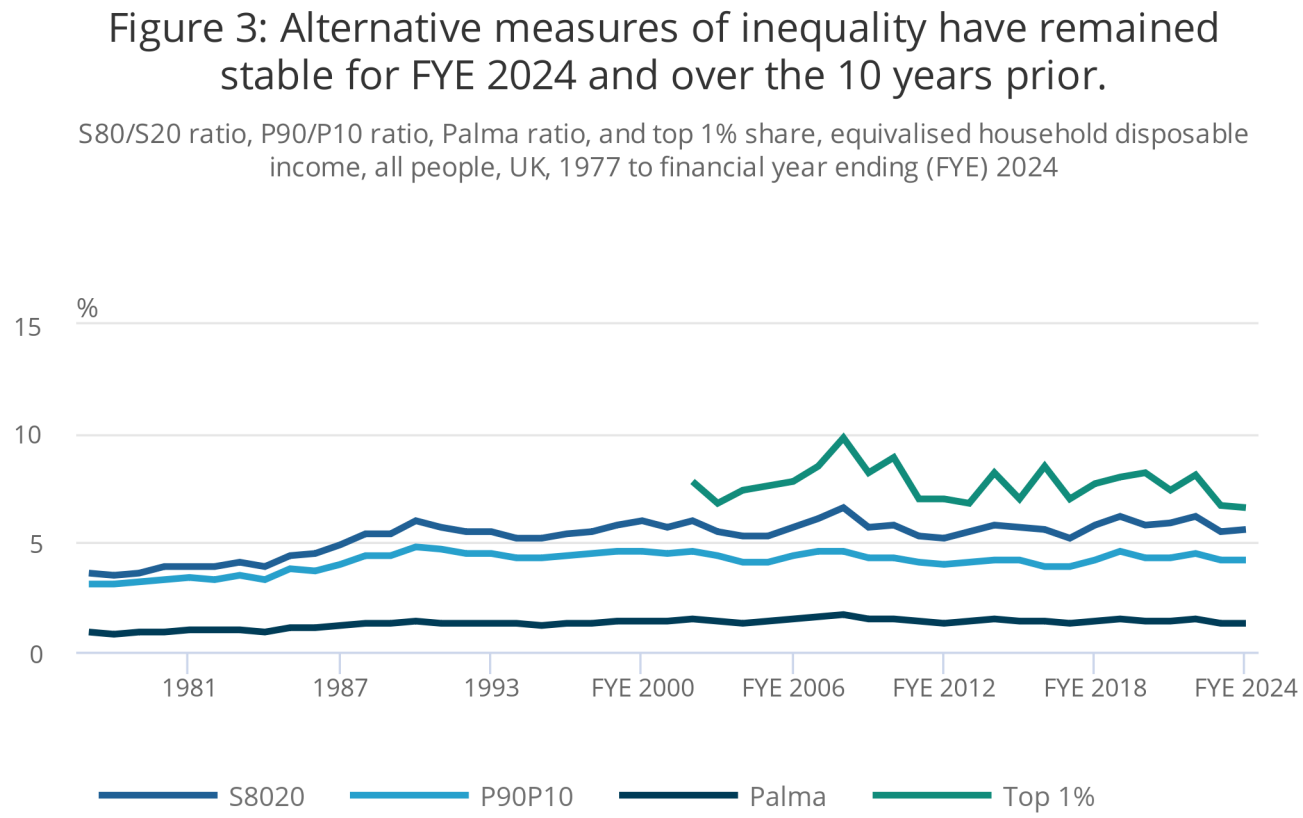
The Gini coefficient for disposable income for retired households in FYE 2024 has returned to FYE 2015 levels, with a small increase of 0.1 percentage points. However, over the same period there was a decrease of 2.3 percentage points for non-retired households, with an average decrease of 0.3 percentage points per year (Figure 2). Despite this decrease, income inequality in retired households continues to remain lower than non-retired households (33.1% for FYE 2024), as it has done consistently in the 10-year period leading up to FYE 2024 (FYE 2015 to FYE 2024).

The Gini coefficient for original income has increased in retired households by 1.5 percentage points over the 10-year period leading up to FYE 2024 (FYE 2015 to FYE 2024), while the Gini coefficient for gross income saw a decrease of just 0.3 percentage points.

Other measures of inequality

Figure 3: Alternative measures of inequality have remained stable for FYE 2024 and over the 10 years prior.

S80/S20 ratio, P90/P10 ratio, Palma ratio, and top 1% share, equivalised household disposable income, all people, UK, 1977 to financial year ending (FYE) 2024



Source: Household Finances Survey from the Office for National Statistics

Notes:

1. FYE 2024 represents the financial year ending 2024, (April to March), and likewise for all other years expressed in this format. Estimates prior to FYE 1995 are measured on a calendar year basis.

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

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

4. Cost of Living support schemes introduced by UK government in FYE 2023. The Low-income and tax credits Cost of Living Payment, the Disability Cost of Living Payment, and the Pensioners Cost of Living Payment continued in FYE 2024, all other cost of living related benefits and schemes were discontinued in FYE 2024.

The characteristics of the Gini coefficient make it particularly useful for making comparisons over time, between countries and before or after taxes and benefits. However, one disadvantage of the Gini coefficient is that, as a single summary indicator, it cannot distinguish between different-shaped income distributions. For that reason, it is useful to look at this index alongside other measures of inequality (Figure 3).

One such measure is the S80/S20 ratio, which is the ratio of the total income received by the richest 20% of people to that received by the poorest 20%. In addition, the P90/P10 ratio compares the ratio of the income of the person at the bottom of the top 10% with that of the person at the top of the bottom 10%. Finally, the Palma ratio compares the ratio of the income share of the richest 10% of people with that of the poorest 40% of people. Together these measures provide further evidence of how incomes are shared across households and how this is changing over time.

The S80/S20 ratio increased by 0.1 to 5.6 in FYE 2024, however, this remains lower than both the ratio seen in the pre-coronavirus period (5.8 in FYE 2020) and 10 years prior (5.7 in FYE 2015). Both the P90/P10 ratio (4.2) and the Palma ratio (1.3) have remained the same between FYE 2023 and FYE 2024. The amount of income accounted for by the richest 1% has decreased by 0.1 percentage points to 6.6% between FYE 2023 and FYE 2024 and is the lowest recorded (FYE 2002 to FYE 2024).

4 . Data on household income inequality

The effects of taxes and benefits on household income, disposable income estimate
Dataset | Released 2 May 2025
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.

A confidence interval 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 in our Uncertainty and how we measure it for our surveys methodology.

Disposable income

Disposable income is 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 themodified Organisation for Economic Co-operation and Development (OECD) equivalisation scale (PDF, 165KB).

Gini coefficient

The Gini coefficient is one of the most widely used measures of inequality in the distribution of household income. It takes values between 0% and 100%, with higher values representing an increase in the level of inequality. A value of 0% indicates complete equality in the distribution of household income, implying that all people have the same equivalised income. A value of 100% indicates complete inequality, implying that one person has all the income, and the others have no income.

Measures of income inequality

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.

Palma ratio

The ratio of the income shares of the richest 10% of people to that of the poorest 40%.

P90/P10

The ratio of the income of the individual at the bottom of the top decile (or 10%) to that of the person at the top of the bottom decile.

Retired and non-retired households

This bulletin presents analysis examining the incomes of people who live in 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

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.

S80/S20

The ratio of the total income received by the 20% of people with the highest income to that received by the 20% with the lowest income.

6 . Data sources and quality

Data sources

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 (SLC), with harmonised income collection, covering around 11,300 private households in the UK for FYE 2024.

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 our Improving the measurement of household income methodology.

A decrease in HFS achieved sample size of 21% between FYE 2023 and FYE 2024 reflects the wider challenges of falling response rates for household surveys in recent years, alongside broader strategic prioritisation decisions to temporarily pause the SLC in February 2024. To ensure quality and align with theCode of Practice for Statistics , all tables have been reviewed for robustness and as a result some cash benefits data have been suppressed, based upon sample size. Resultingly we would recommend that analysis of cash benefits is carried out using Total Cash benefits rather than individual cash benefits. This affects Tables 13, 14, 17, 18, 21, 22, 25, 26 and 29.

In February 2025 we announced the cessation of the SLC. This was part of our strategy to deal with falling survey response rates and to boost samples that underpin headline economic statistics on prices and the labour market. This will affect future releases in this series with a sample size reduction, which may lead to further suppression of individual income components.

Next year we plan to boost the LCF sample, launch a newly streamlined Living Costs and Food (LCF) Survey questionnaire, which will include current LCF information on spending patterns, as well as core information on income previously collected using the SLC, giving an improved cross-cutting picture of household income and spending patterns.

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 the 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 payments to eligible UK households during FYE 2023. These payments have been captured as a component of household disposable income estimates following our public sector classification guidance.

Some schemes, including the Energy Support Scheme, Council Tax rebate schemes (Great Britain) and the Alternative Fuel Payment that were available in FYE 2023 were discontinued in FYE 2024. The Low-income benefits and tax credits Cost of Living Payment, the Disability Cost of Living Payment, and the Pensioner Cost of Living Payment were available in both FYE 2023 and FYE 2024.

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 Household Finances Survey Quality and Methodology Information (QMI) and our Effects of Taxes and Benefits on Household Income (ETB) Quality and Methodology Information (QMI).

For FYE 2023, HFS weights were updated in line with Census 2021 populations. Median UK disposable income reduced by less than 0.1%, when compared with the same figure without the update. Impact across the income distribution varies, with the poorest fifth of households showing a 0.8% increase in median household disposable income, through to the quintile level.

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 unlikely to have been captured.

Household income surveys can suffer from underreporting at the top and bottom of the income distribution. While an adjustment to address survey undercoverage of the richest people has been introduced for statistics covering FYE 2002 onwards, measurement issues at the bottom remain.

Accredited official statistics

These accredited official statistics were independently reviewed by the Office for Statistics Regulation in December 2011. They comply with the standards of trustworthiness, quality and value in the Code of Practice for Statistics and should be labelled “accredited official statistics”.

7 . Related links

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: FYE 2023
Bulletin | Released 19 December 2024
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.

Households below average income: for financial years ending 1995 to 2024
Report | Released 27 March 2025
Statistics on the number and percentage of people living in low-income households for financial years between 1995 and 2024.

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 | Released 10 October 2024
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.

8 . Cite this statistical bulletin

Office for National Statistics (ONS), released 2 May 2025, ONS website, statistical bulletin, Household income inequality, UK: financial year ending 2024