

The changing distribution of individual incomes in the UK before and after the recession

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Abstract

While there has been substantial research on the impacts of the Great Recession on household incomes, there has been less attention paid to the effects on individual income. Using pooled data from the Family Resources Survey, we address the question of which groups gained and which lost in terms of their individual income between 2005-8 and 2009-12. We investigate changes in median individual incomes and across the distribution by age, ethnicity, social class and housing tenure. We also explore the role of different income sources in overall income changes. We find that working age men faced lower individual incomes across the distribution after the recession compared to the earlier period. By contrast, pensioners' incomes were protected. Working age women overall experienced individual income gains that largely came from higher labour income; but the pattern was more varied, with some groups of women losing out. The income gains that women in couples obtained were not sufficient to counterbalance the losses that men experienced.

Key words: individual incomes; Great Recession; income distribution; UK; working age; pensioners; gender; ethnicity; housing tenure

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1. Introduction

How the Great Recession and its aftermath have impacted families and households at different levels of income and from different sections of society has been a question of substantial interest and investigation (Jenkins et al. 2013; Hills et al. 2015). Studies exploring which income groups and social groups have been the winners and which have borne the brunt of the recession have highlighted the unequal impacts of wage stagnation and rises in unemployment across the population (Gregg & Machin 2012; Hills et al. 2015; McKnight 2015). Most analysis of post-recession incomes has focused on changes in *household* incomes across the population, on the basis that individuals benefit from the resources of those they live with as well as from their own incomes. Such analysis, however, involves an assumption that all household resources are shared equally. This assumption does not always hold, with both theory and evidence suggesting that an individual's own income is linked to their degree of control over how household income is spent (Browning, Chiappori & Lechene, 2010; Findlay and Wright 1996; Jenkins 1991; Pahl 1989; see also the discussion in Nandi and Platt 2010).

By contrast, analysis of individual incomes provides information on those resources (earnings, benefits and other sources of income) which individuals receive directly and over which they typically have direct control. While individual incomes may not be such a good guide as household income to economic welfare, in that some degree of sharing, even if not equal, is likely to take place within households, they are arguably a clearer measure of how the recession has impacted the incomes of specific social groups. Moreover, individual incomes do not necessarily move in the same direction as household incomes: some social groups may be more protected from changes in their own income by compensating changes of others in the household, and vice versa. In addition, reductions or increases in household income inequality within and between social groups do not necessarily imply corresponding reductions or increases in individual income inequality. Such individual income inequalities are a source of interest in their own right.

Analysis of *individual incomes* thus provides an important complement to existing studies of changes in the distribution of *household incomes* before and after the recession. In addition, the relationship between changes in individual and household incomes for particular types of household is informative about how particular living arrangements may protect individuals against their individual income losses. It can also reveal how household income measures may disguise the losses in individual incomes experienced by some groups, such as those of young men and women who may be living with older adults.

This paper therefore asks: who gained and who lost in terms of their individual income between the period 2005-8 and 2009-12? It investigates changes in both median (middle) incomes and across the distribution of individual incomes for groups of people classified in terms of age, ethnicity, social class and housing tenure. For

each of the sub-group analyses, we consider income change for men and women separately, since the experience of men and women is likely to differ by their age, ethnicity and social class, and potentially also by their housing tenure (Nandi and Platt 2010; Hills et al. 2010; Hills et al. 2015). We also address the question: what factors drove the changes in individual incomes? For this, we examine the role of different income sources in overall income changes. In the final section of the paper, we compare gains and losses in individual income with the experience of household income change for particular household types.

We find that working age men faced lower individual incomes across the distribution after the recession compared to the pre-recession period. By contrast, pensioners' incomes were protected across the distribution and they had higher real income in the later period. Working age women overall experienced individual income gains that largely came from higher labour income; but the pattern was more varied, with some groups of women losing out. In addition, the income gains that women in couples obtained were not sufficient to counterbalance the losses that men experienced.

In the next section we describe the data we use for the analysis and clarify our definition of individual income. In section 3, we describe overall patterns of change in household income across the income distribution; while section 4 investigates individual income change across sub-groups defined by gender, ethnic group, social class and housing tenure. Section 5 explores the components of individual income and which were implicated in individual income changes; and section 6 compares individual and household income change. Section 7 draws some conclusions.

2. Data and measures

Data

We use pooled years of the Family Resources Survey (FRS), an annual cross-sectional survey of around 30,000 households which has been conducted since 1993. The FRS collects detailed information on the income of each household member. It also contains information on respondents' characteristics, occupational status and household circumstances, which we can draw on for our sub-group breakdowns. We compare the pooled FRS cross-sections for the three years from 2005/06 to 2007/08 ('pre-recession') with those from the three years from 2009/10 to 2011/12 ('post-recession') (Department for Work and Pensions 2007, 2009a, b, 2012a, b, 2013).¹ By pooling three years of data, we are able to investigate individual income distributions across relatively small subgroups such as men and women of different ethnic groups.

¹ Crown copyright material is reproduced with the permission of the Controller of HMSO and the Queen's Printer for Scotland. The data were made available by the UK Data Archive. The original data creators, depositors and copyright holders, and the UK Data Archive bear no responsibility for the further analysis or interpretation of the FRS data in this report.

Measures

Our key measure is individual income. The individual income measure included in the FRS is defined as the sum of all sources of income payable to the individual, comprising: income from earnings, self-employment income, benefit income, pension income, investment income and other income sources. Two measures of income are provided: one before and one after taxes and other deductions (we refer to these as gross and net individual income). The income measure we use in this paper is constructed to match the income measure included in the Department for Work and Pensions' Individual Income Series (now discontinued). We refer to this for brevity referred as the IIS measure. This IIS measure formed the basis of the National Equality Panel (NEP) individual incomes analysis (Hills et al. 2010) on which this paper builds.

The IIS measure differs from the standard individual income measure which is included with the FRS data in two important ways. First, the IIS measure excludes several components that are included in the FRS measure, specifically i) the value of housing benefit and council tax benefit ii) property income from letting and subletting iii) Social Fund loans and repayments, iv) student loans and repayments and v) the value of free school meals and free school milk. In the FRS individual income measure, housing benefit and council tax benefit are assigned to the household reference person, unless another person belonging to another benefit unit qualifies for housing benefit, in which case the benefits are assigned to that individual. Extended housing benefits and council tax benefits are assigned to the person who qualifies for these two benefits. Only a small proportion of the sample is, however, in receipt of these two benefits. It might be argued that housing and council tax benefits cannot be considered to be individual-level receipts, and therefore the exclusion of them from the individual income measure is more appropriate, even if housing benefit is potentially an important source of income for some low income *households*.

The second important difference between the FRS and the IIS income measure is that the original IIS measure adjusted top incomes in line with the survey of personal incomes; the so-called SPI adjustment, also used in Households Below Average Income statistics derived from the FRS. The SPI adjustment tends to affect the upper part of the distribution but does not have any important effects at lower income percentiles.

For this paper we construct a measure of individual income that mimics the IIS measure, but without the SPI adjustment. That is, we use net individual income excluding the income components that were excluded from the IIS measure. Our measure therefore can be considered as a variant of the IIS income measure without the SPI adjustment. However, in discussing the general patterns of changing distribution of income we additionally compare with the FRS measure.

Other measures

As well as distinguishing all analyses by sex, which has been highlighted as a central axis of relative change in economic circumstances since the recession (Hills et al.

2015; Karagiannaki, Nandi and Platt 2015), we also conduct analysis by age, banded from 16-19 and then in five-year bands till 80+. Since our data go back prior to the introduction of the 2011 ethnic group categories, ethnic group is measured using the Office for National Statistics 2001 self-ascribed categories of White-British, Other White, Mixed White and Black Caribbean, Mixed White and Black African, Mixed White and Asian, Other Mixed, Indian, Pakistani, Bangladeshi, Other Asian, Black Caribbean, Black African, Other Black, Chinese and Other, with the 2011/12 categories re-classified back to these categories. Earlier research has shown how individual incomes vary substantially across ethnic groups and by sex and in terms of their relationship to household income (Nandi and Platt 2010).

Social class uses the seven category version of the National Statistics Socio-Economic Classification (NS-SEC) (Office for National Statistics: www.ons.gov.uk). The NS-SEC is derived from occupational information from current or recent job. The seven classes are: higher professional or managerial occupations; lower professional or managerial occupations; intermediate occupations; small employers and own account workers; lower supervisory and technical occupations; semi-routine occupations and routine occupations. Those who do not have sufficient information to allocate them to an occupational class are assigned to the residual 'not classified' category.

For housing tenure, we distinguish between council (local authority) housing; housing association housing; private rented accommodation; owner occupied housing that is owned outright, and owner occupied with a mortgage. There are clear age, gender and family composition differences in the distribution across these housing tenures, which is part of what is picked up in income differences between them. They also broadly represent those in more and less advantaged circumstances, which also renders comparisons of gains or losses in individual income revealing.

Analysis

The analysis in this report focuses on describing the real (i.e. adjusted to 2013 prices using the Consumer Price Index) change in individual incomes between the pre- (2005/6-2007/8) and post- (2009/10-2011/12) recession periods for people living in different sorts of circumstances. Those circumstances we consider are people of different sexes, ages, ethnic groups, occupational social classes and housing tenures. We compare the average incomes of those in different categories in the earlier and later period. While the comparison is based on cross-sectional data rather than tracking the same individuals, it is still broadly able to address the question of who lost out in terms of their incomes in the recession – and whose incomes were relatively protected. The report is also concerned with describing change not just at the midpoint (median) of individual incomes, but across the range: did those with higher or lower incomes among certain subpopulations lose (or gain) more? For this comparison across the distribution we compare the experience of those with median incomes to those with incomes at the 10th and 90th percentiles, i.e. the income point at which only 10 per cent of people had incomes higher or lower. For certain analysis we also look at quintiles – those incomes at 20 per cent, 40 per cent, 60 per cent, and 80 per cent of the distribution; and we also look at shares of family types and incomes

within quarters of the distribution. This gives us a range of ways of considering how individual incomes map out for different individual circumstances across the range of possible incomes. Insofar as the results are consistent across different ways of investigating the income distribution, it also shows that the findings are not overly influenced by the selection of particular thresholds for lower and higher incomes.

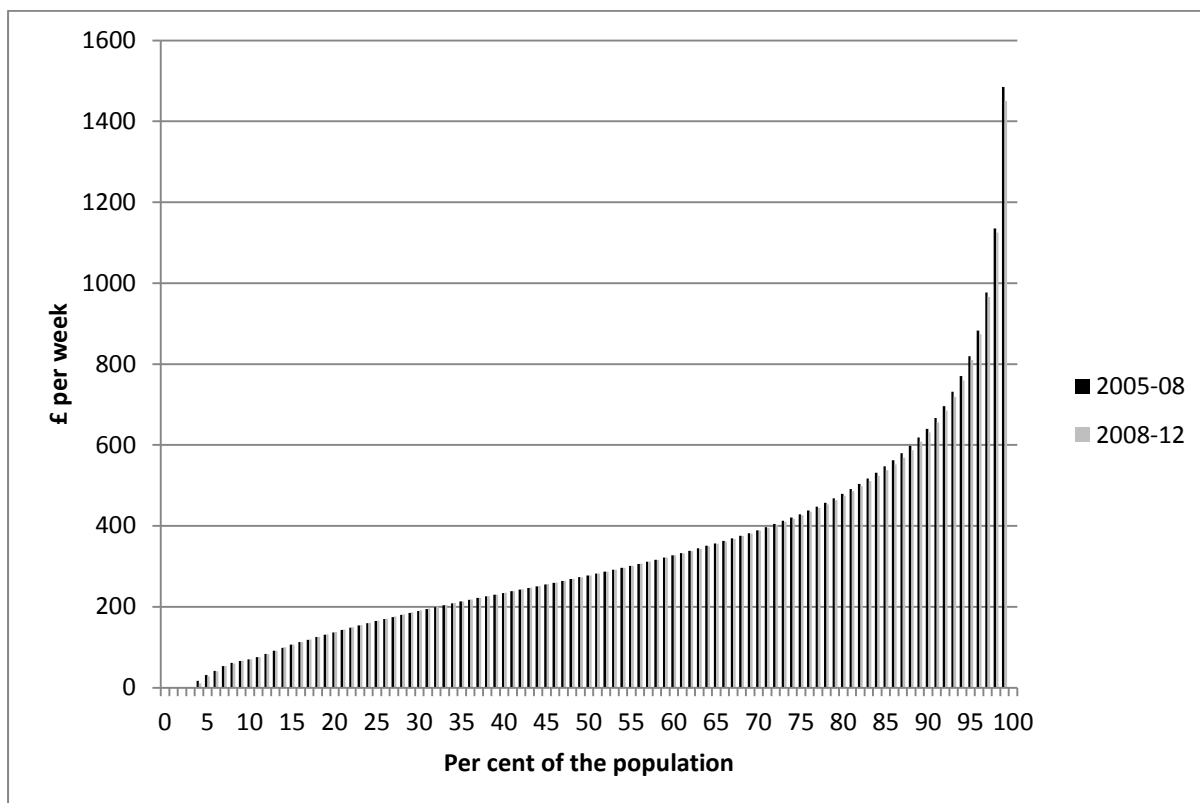
We can also look at inequality within the different categories by comparing the ratio of incomes at the 90th percentile to those at the 10th percentile (the 90:10 ratio) in the earlier and later periods.

We carry out the comparisons separately for men and women, but we also compare the experience of men and women for these different sets of circumstances, identifying the extent to which income differences ('gender income gaps') between men and women decreased or increased.

3. Overall patterns of change

We first look at the distribution of incomes and changes in that distribution pre- and post-recession. Figure 1 illustrates the cumulative distribution of individual incomes in 2005/08 and 2009/12. As it shows, there have been only small changes overall in individual income across the distribution, though it does appear that there were more losses at the top than at the bottom. At the very bottom of the distribution, caution should be exercised in interpretation of change as there tends to be greater error in income measurement at the tails of the distribution.

Figure 1: The cumulative distribution of net individual income (excluding housing and council tax benefits)



Note: Income is expressed in average 2013 prices uprated using the CPI.

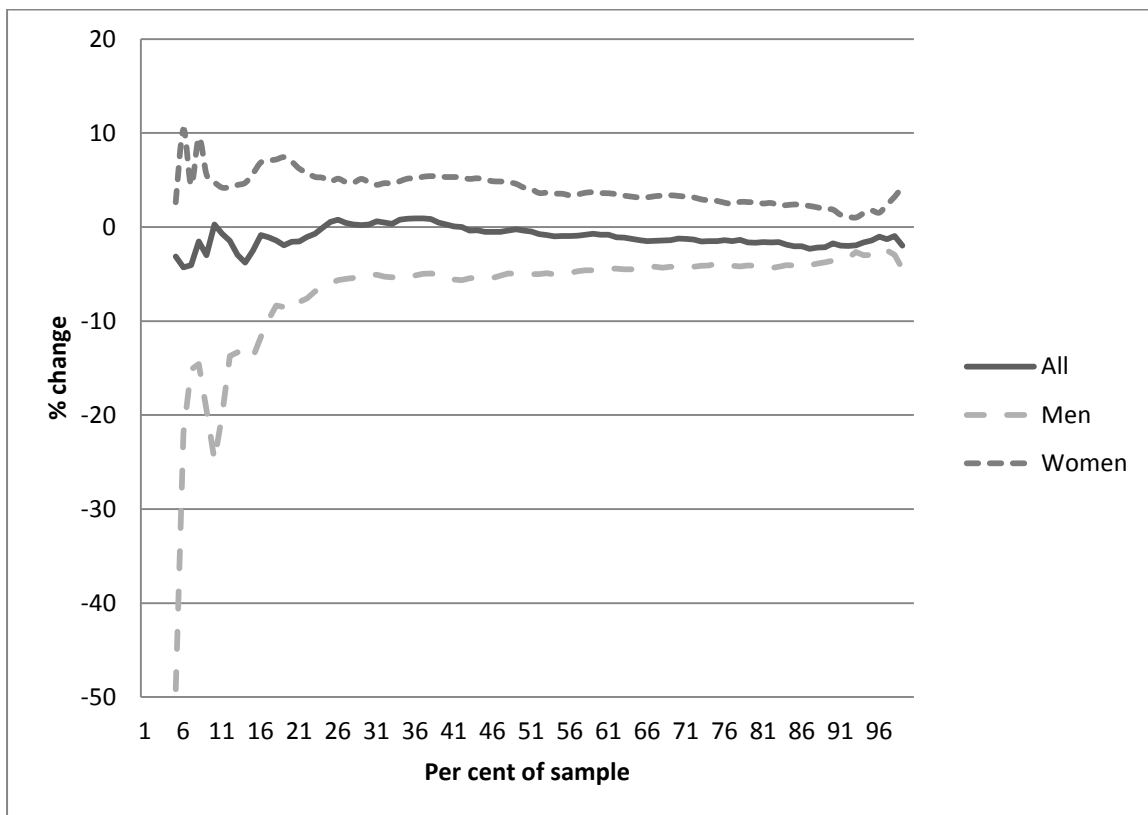
Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12.

Figure 2 presents the results in an alternative way for further clarity in describing the changes between the two periods. It shows the percentage change in income across the distribution overall, and for men and women separately. As is clear from this graph, except from some changes at the bottom of the distribution, subject to the caveats noted above, at all other parts of the distribution individual incomes remained at levels very much similar to their 2005/08 level, though with a slight trend towards individual income losses at the top. (Note that the absence of the SPI adjustment means that very high incomes are not well-represented.) But looking at men and women separately, one can see that the overall pattern masks some very important gender differences. In particular, between the periods 2005-8 and 2009-12, men experienced a decrease in their individual incomes of a magnitude of around 3-5 per cent across most parts of the distribution, with higher falls at the lower parts of the distribution. On the other hand, women's individual incomes increased at most parts of the distribution and somewhat more so in the lower parts of the distribution. In section 5 we examine in more detail how different income sources contributed to these changes in men's and women's incomes.

As noted in the discussion of the construction of the individual income measure (section 2), the net individual income measure we use excludes two important components of income, housing benefit and council tax benefit (as well as some less important miscellaneous income sources). We therefore investigated the extent to

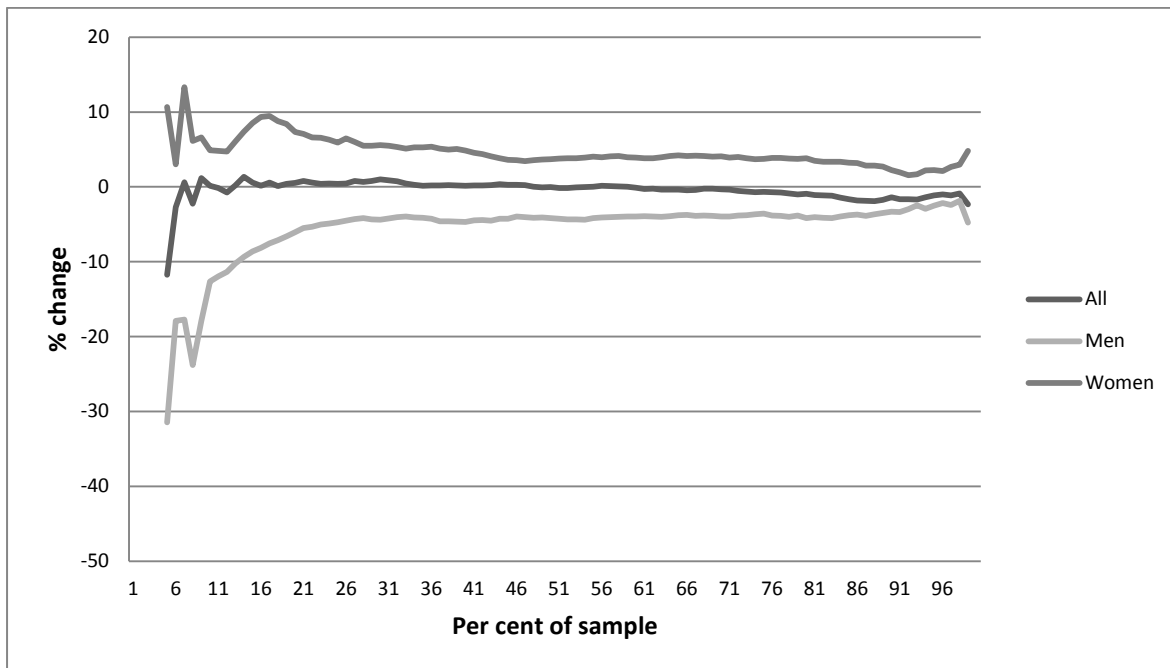
which these exclusions influenced the overall pattern. Figure 3 shows the same changes illustrated in Figure 2, but instead using the FRS net income measure including the additional income components. As we see, the general patterns are very similar to those identified in terms of the IIS measure. The chief difference is that the decrease in men's income based on the FRS measures is smaller compared to the one identified using the IIS measure, reflecting the protective role of housing and council tax benefits for people losing their jobs and qualifying for these two types of benefits. (Note that by construction these types of benefits are assigned to the household reference person who, in a household with both men and women, is typically the man.)

Figure 2: Changes in real net individual incomes (excluding housing and council tax benefit), between 2005-08 and 2009-12, UK (%)



Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12.

Figure 3: Changes in real net individual incomes including housing and council tax benefits between 2005-08 and 2009-12, UK (%)



Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12.

4. Patterns of changes in individual incomes for different groups

We now turn to look at changes in individual income across different sub-groups of the population. We examine in turn how individual incomes have changed between the period 2005-8 and 2009-12 for different groups of people classified in terms of age, ethnicity, occupational social class and housing tenure, and how this varies across the distribution of incomes. For each of the groups that we consider, we examine changes for men and women separately.

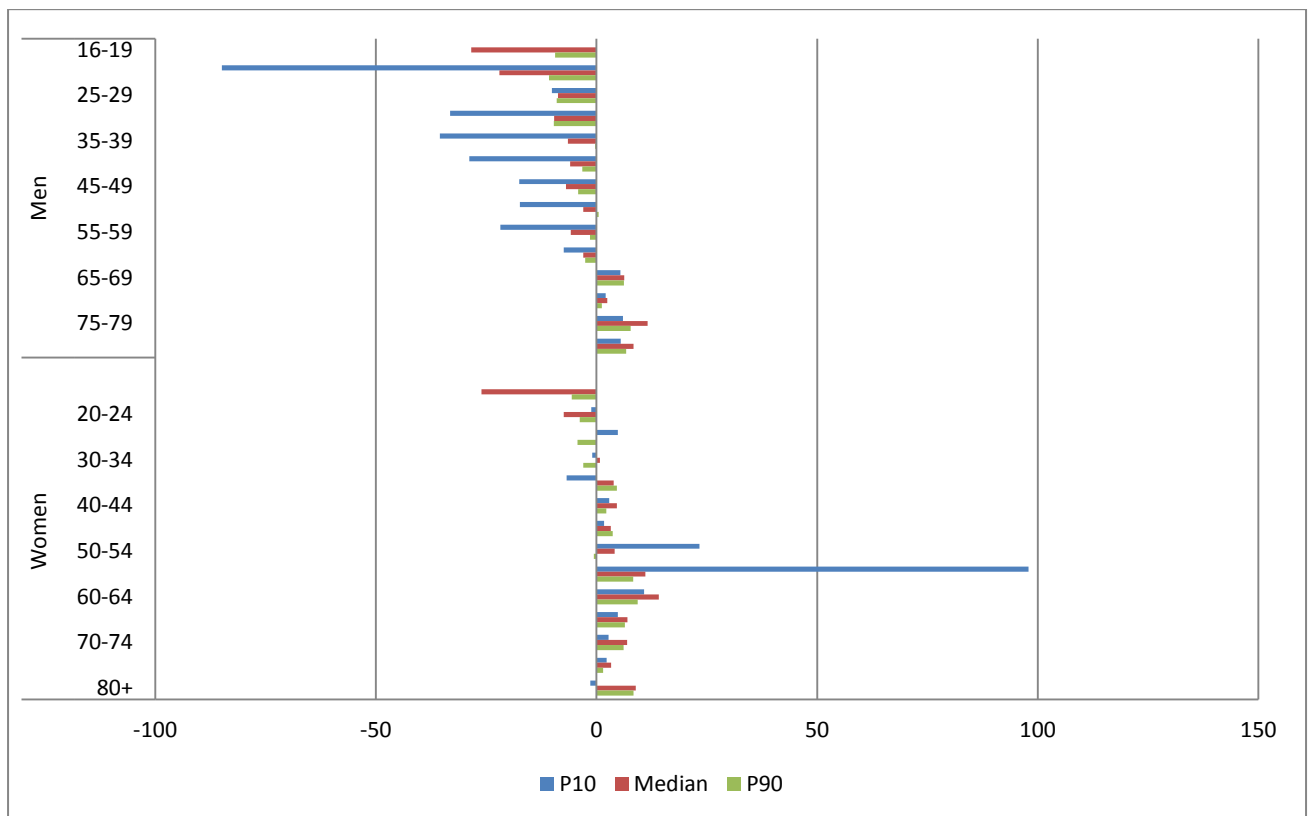
We start by looking at how individual incomes have evolved over this period for men and women of different ages. Figure 4 shows how real incomes fell among all men aged less than 65 at all parts of the distribution, while they increased for men aged 65 or more. (See also Table A1 in the Appendix.) The greatest losses in real incomes were for younger people especially younger men with low incomes, as can be seen by the substantial falls in the incomes at the 10th percentile of the distribution: young men in the post-recession period and in the bottom 10 per cent of the income distribution, could expect to receive individual incomes that were 85 per cent lower than their counterparts in the pre-recession period. By contrast, men aged 65 or more had significantly larger incomes in the later period compared to their counterparts in the earlier period, especially at the median and at the upper part of the distribution.

The contrasting income growth patterns among older and younger men could be seen as reflecting the negative effects of the Great Recession on the employment and earnings of younger people on the one hand (Hills et al. 2015), and the relative

protection of pension and benefits incomes of older people. Pensions were uprated by default to the retail price index (RPI), which, in the particular period we examine, increased more than the Consumer Price Index (CPI), which is the price adjustment used to evaluate real income changes. For women, the income losses were much less extensive than those experienced by men, with only women aged less than 35 ‘losing out’ in terms of individual income in the post-recession period. Women of all other age groups had incomes that were higher in the post-recession period. For women aged 50-64, the increase in individual income was larger at the lower end and at the middle of the distribution while for women older than 65 (with the exception of those aged 75-79), it was greater at the upper part of the distribution. (See also Table A1 in the Appendix.)

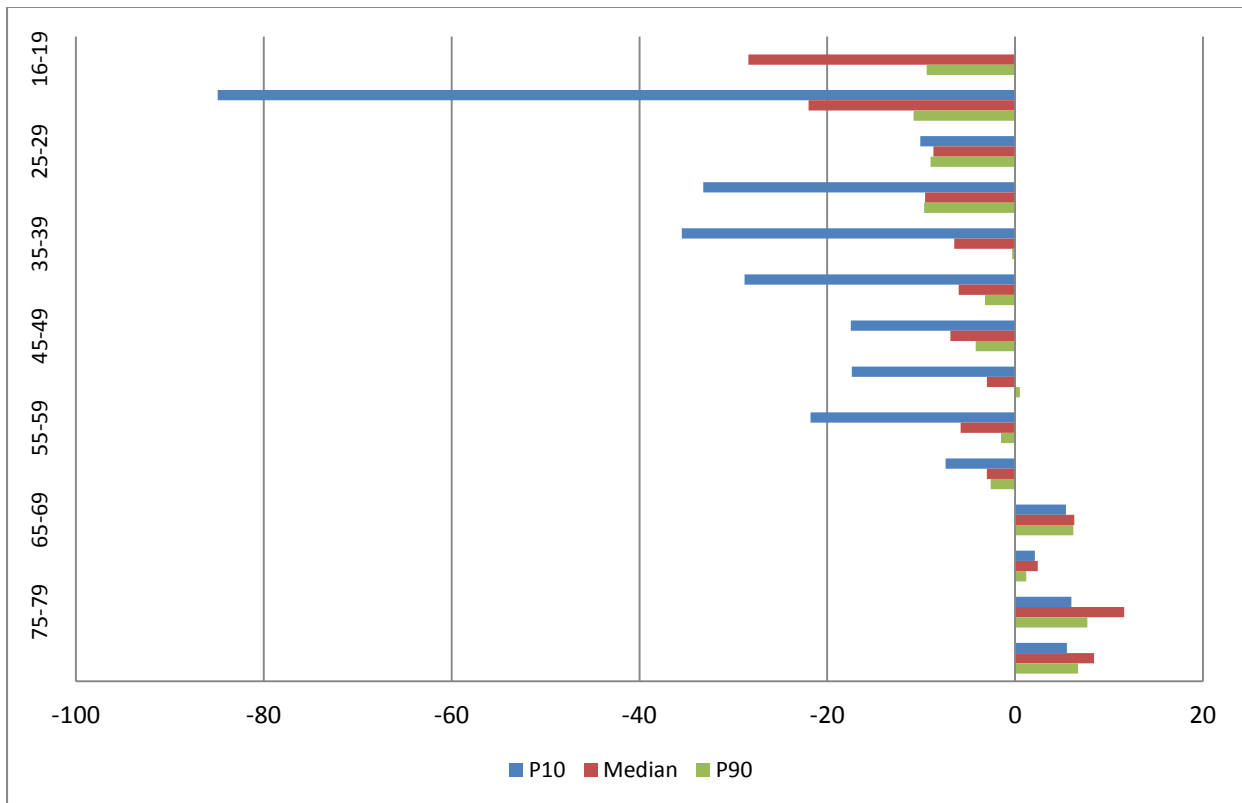
As one would expect given the differences in men’s and women’s income growth over the period, the gender income gap decreased substantially among people aged under 65 while it increased among those aged 65 or more, as shown in Figure 5 (see also the last panel of Table A1 in the Appendix). The decrease in the gender differential among younger age groups was particularly pronounced among people aged under 40 and was greater at the 10th percentile and at the median than at the 90th percentile, suggesting a decrease in gender income inequality especially at lower income levels. By contrast, the gender income gap increased for those aged more than 65 at all points of the distribution. The most pronounced increase was among people aged 75-79 with median incomes (for whom the gender income gap increased by 11 per cent).

Figure 4: Per cent change in income by age and sex



Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12.

Figure 5: Per cent change in gender income gap by age

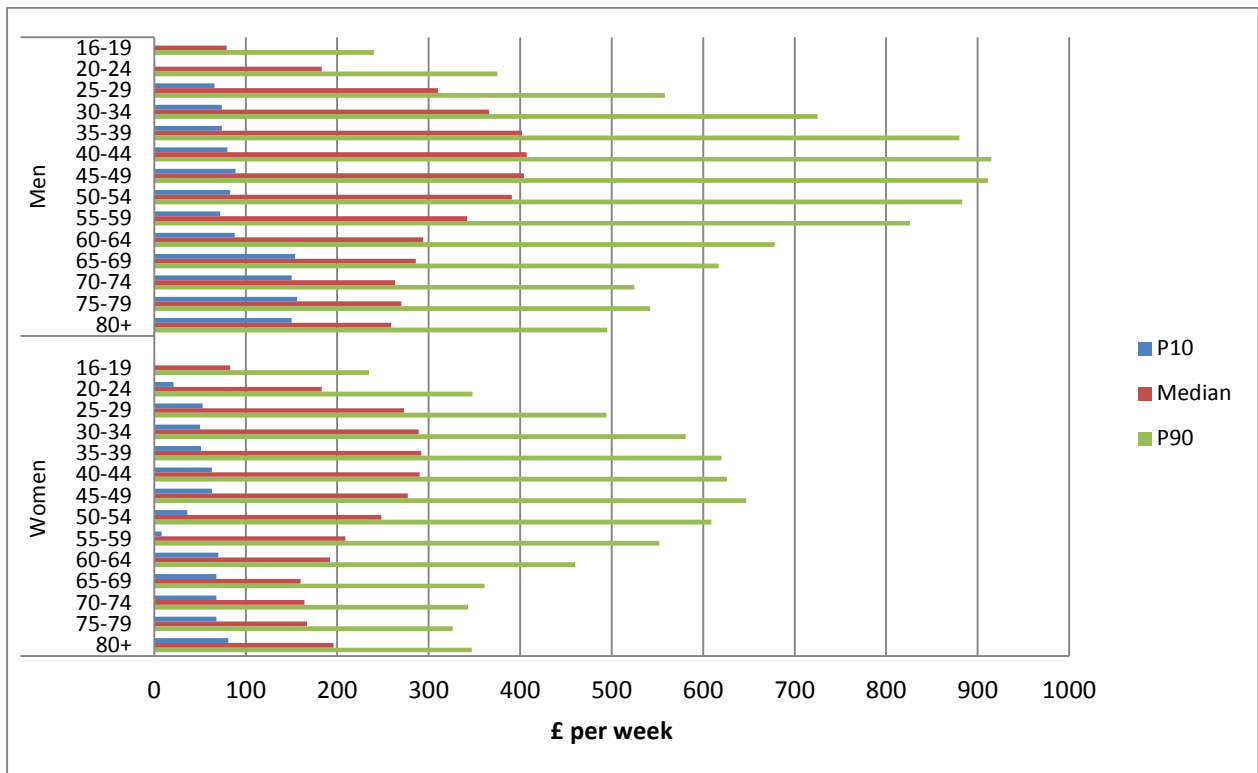


Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12.

The consequences of both different starting points across the age and gender profile and the different patterns of change in incomes can be seen in the overall levels of individual income across the distribution in the post-recession period. Figure 6 shows the level of income for each age group in the period 2009/10-2011/12. As it illustrates, individual incomes of men and women followed the familiar age pattern for earnings both at the median and at the 90th percentile. That is, incomes increased up to age 40-45 (45-49 for the 90th percentile) and then fell rapidly up to age 70-74. After that age, real net incomes flattened, fell at a lower rate or (in the case of women) slightly increased. The age income profiles at low income levels were, however, quite different. For men, income increased with age up to the 45-49 age group, then fell up to the 55-59 age group and finally it increased at older age groups. Income among low income women did not follow a clear age pattern.

There were then clear age differences in income: the income received by men in their early twenties was only 45 per cent of the median income of men in their early forties while women in their twenties had incomes that were 63 per cent of those of women in their late thirties or early forties. We can also note that the gender income gap for median incomes increased with age: it was around 12 per cent among the 25-29 year olds, increased to around 39 per cent among people aged 55-59 year old, remained at a level of around 35-44 per cent among people aged between 60-79 and fell to around 20 per cent at the 80+ age group, as older people's overall incomes declined and as differential mortality impacted who survived at this point.

Figure 6: Individual income level across the distribution by age group and sex, 200/10-2011/12



Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12.

Table 1 shows how, as a result of the patterns described above, individual income inequality among men as measured by the 90:10 ratio increased within all age groups (with the exception of the 70-74 age group). For the younger age groups the increase in the 90:10 ratio reflected the larger falls of individual incomes at the lower parts of the distribution than at the upper part of the distribution while for the older age groups, excluding the 70-74 age group, the increase in inequality reflected the larger increase in incomes at the upper part of the distribution. While inequality among men unequivocally increased, for women the picture is less clear: for some age groups inequality increased while for others it fell substantially, reflecting the more complex patterns of income change experienced by women of different ages across the two periods.

Table 1: Change in 90/10 ratio between 2005-8 and 2009-12, by age and gender

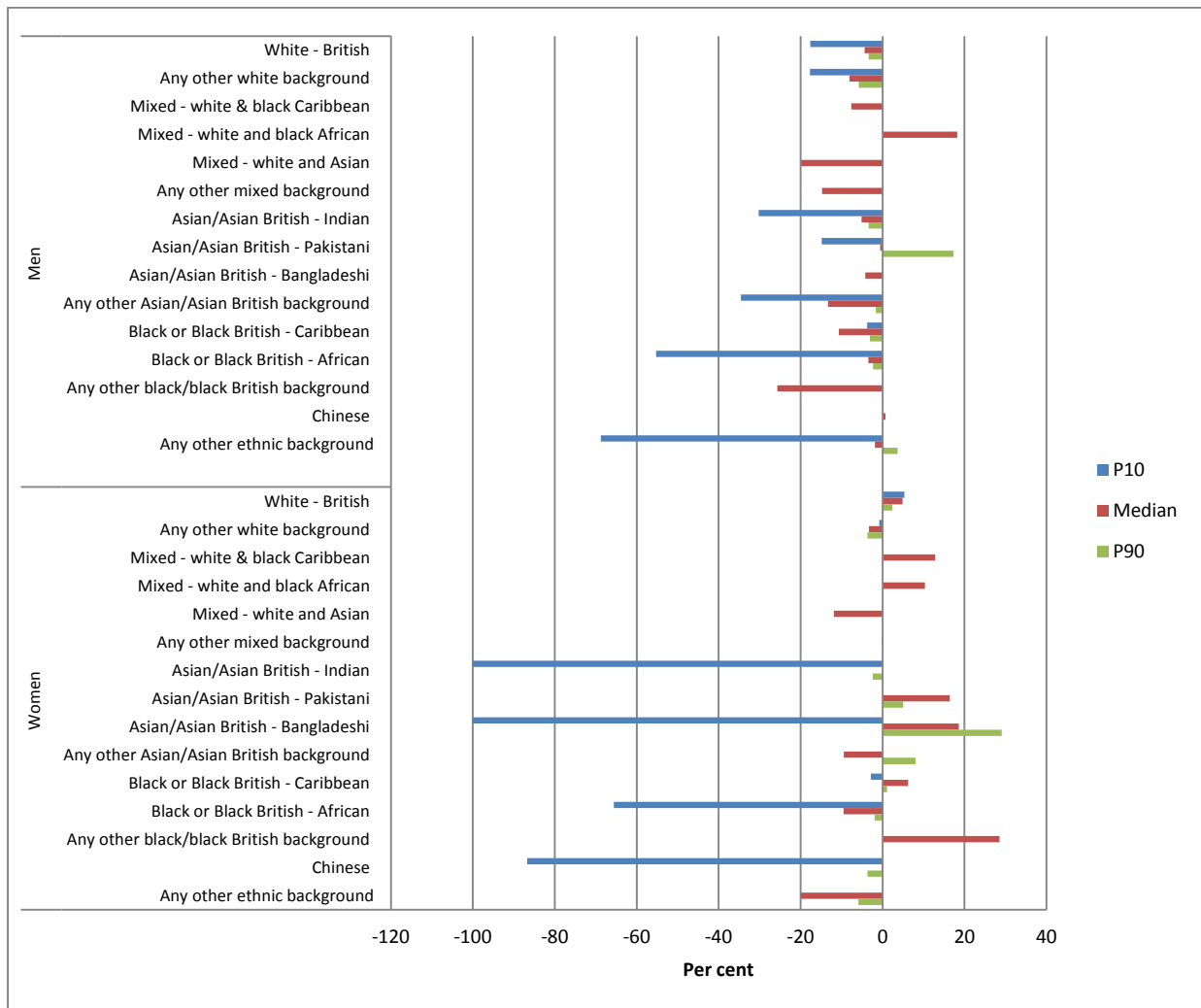
	Men			Women		
	2005/08	2009/12	Change	2005/08	2009/12	Change
16-19						
20-24	61.72	363.45	301.73	16.80	16.36	-0.44
25-29	8.39	8.49	0.10	10.23	9.34	-0.88
30-34	7.24	9.79	2.54	11.95	11.71	-0.24
35-39	7.72	11.94	4.22	10.78	12.09	1.32
40-44	8.40	11.43	3.03	9.93	9.87	-0.07
45-49	8.79	10.21	1.42	10.10	10.30	0.20
50-54	8.80	10.70	1.90	20.84	16.80	-4.04
55-59	9.09	11.44	2.35	119.40	65.34	-54.06
60-64	7.31	7.69	0.38	6.62	6.53	-0.09
65-69	3.99	4.02	0.03	5.20	5.28	0.08
70-74	3.53	3.50	-0.03	4.91	5.07	0.16
75-79	3.41	3.47	0.05	4.84	4.80	-0.04
80+	3.26	3.30	0.04	3.89	4.27	0.38

Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12. Estimates for those aged 16-19 excluded due to instability of estimates.

4.1 The changing distribution of income across different ethnic groups

When we turn to consider how incomes differed between the two periods for different ethnic groups, we find considerable variation by group. Figure 7 shows that, at the median, real incomes fell the most amongst men in the Mixed White and Asian and other Black groups (20 and 26 per cent respectively), and the least amongst Pakistani, Black African and White British men (0.56, 3.45 and 4.40 per cent respectively): see also Table A3 in the Appendix. Looking across the distribution, for most ethnic groups the falls were larger among poorer men than richer ones, resulting in a corresponding rise in the 90:10 ratio (see below, Table 2). By contrast, women's median incomes increased across most ethnic groups; but again, the magnitude of the increase varied considerably across different ethnic groups, while there were also substantial falls at other parts of the distribution. At the median, Pakistani and Bangladeshi women's incomes increased by almost 16 and 19 percent, compared to a 5 per cent increase for women in the White-British ethnic group. Looking at changes across the distribution, one can see that while income increased for White women at all three points of the distribution, at the lower end of the distribution, the real net incomes of women from other ethnic groups dropped substantially. However, small sample sizes mean we should treat some of these results with a degree of caution.

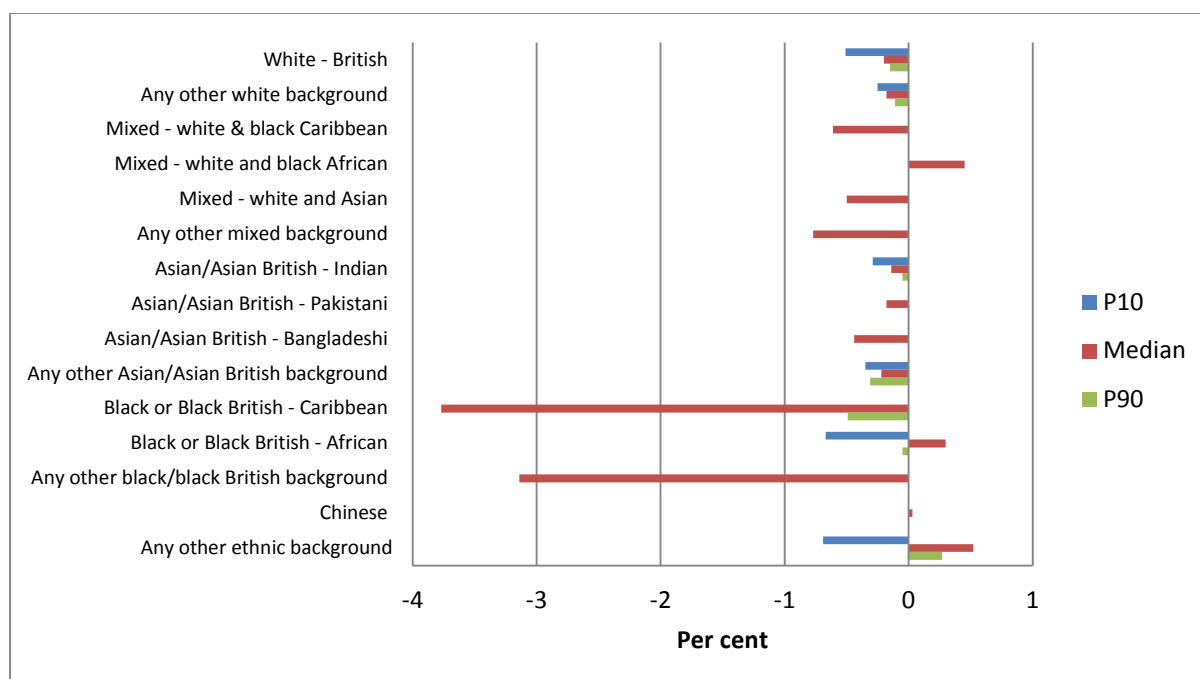
Figure 7: Per cent change in individual income by ethnic group and sex across the distribution



Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12.

As a result of these changes in income levels among men and women, over the period that we examine here the gender income gap narrowed considerably among many ethnic groups across the distribution, as we see from Figure 8. (See also the last panel of Table A3 in the Appendix.) Most striking is the decrease in the income gap at the median for the Black Caribbean and Other Black ethnic groups.

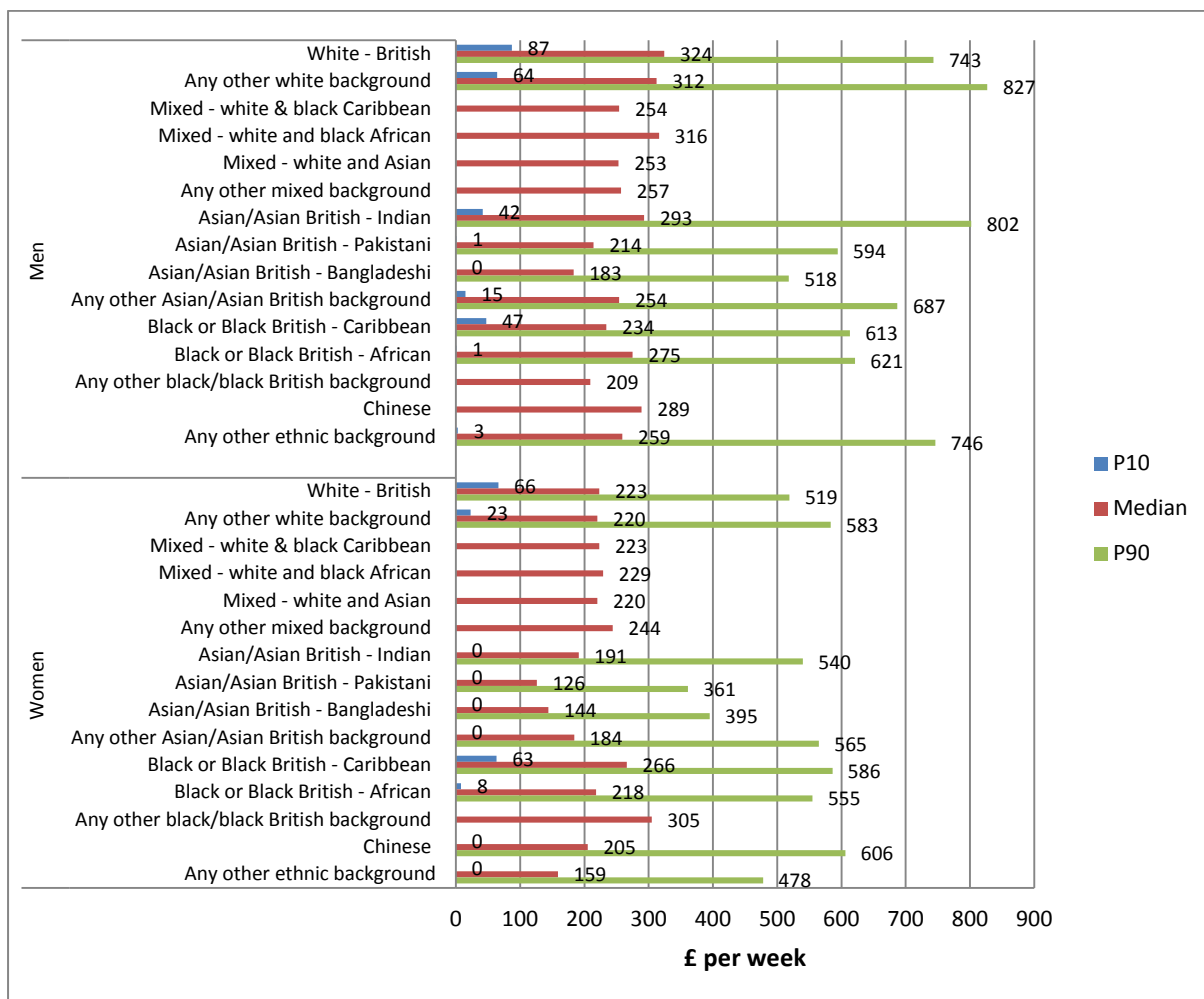
Figure 8: Per cent change in gender income gap by ethnic group



Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12.

These changes, however, derive from very different starting points in terms of income levels. Figure 9 shows the level of income for different ethnic groups of men and women in the period 2009/10-2011/12. As one would expect, there are substantial differences in incomes between ethnic groups across the distribution. White British men had median incomes of £324 in this period while Bangladeshi men achieved median incomes of only £181 (i.e. almost 45 per cent lower). At the 90th percentile, Chinese men had the highest income at £840, followed by Other White men and White British men at £827 and £743 respectively. Bangladeshi and Mixed-white & Black Caribbean men had the lowest incomes at the 90th percentile at £518 and £586 respectively. At the 10th percentile, Indian and Bangladeshi men reported income of less than £1 in their own right; while White British men had income of around £87. Across most ethnic groups, women's individual incomes are considerably lower than men's although there are some exceptions, especially at the 10th percentile. Consistent with earlier research (Platt 2006; Nandi and Platt 2010), we note that the median income of Black Caribbean women is higher than that of Black Caribbean men.

Figure 9: Individual income levels by ethnic group and sex in 2009/12 at different points on the distribution



Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12.

Table 2 shows how income inequality, as measured by the 90:10 ratio has changed over the period for different ethnic groups of men and women. Among men, income dispersion increased substantially across all ethnic groups, reflecting the larger proportional decrease in income at the lower part of the distribution than at the top. Among women, income inequality decreased for White British and Other White women, but increased for Black Caribbean and Black African women.

Table 2: Change in 90/10 ratio between 2005-8 and 2009-12, by ethnic group and gender

	Men			Women		
	2005/08	2009/12	Change	2005/08	2009/12	Change
White - British	7.27	8.53	1.26	8.11	7.89	-0.22
Any other white background	11.26	12.89	1.63	26.67	25.88	-0.79
Mixed - white & black Caribbean						
Mixed - white and black African						
Mixed - white and Asian						
Any other mixed background						
Asian/Asian British - Indian	13.91	19.26	5.35	443.63		
Asian/Asian British - Pakistani	404.10	556.67	152.57			
Asian/Asian British - Bangladeshi		1177.73		165.65		
Any other Asian/Asian British background	31.30	47.03	15.73			
Black or Black British - Caribbean	13.00	13.08	0.08	9.00	9.36	0.37
Black or Black British - African	252.16	551.20	299.04	25.24	71.85	46.61
Any other black/black British background						
Chinese						
Any other ethnic background	66.44	220.87	154.42			

Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12. Statistics not supplied where sample numbers are insufficient for reliable estimates.

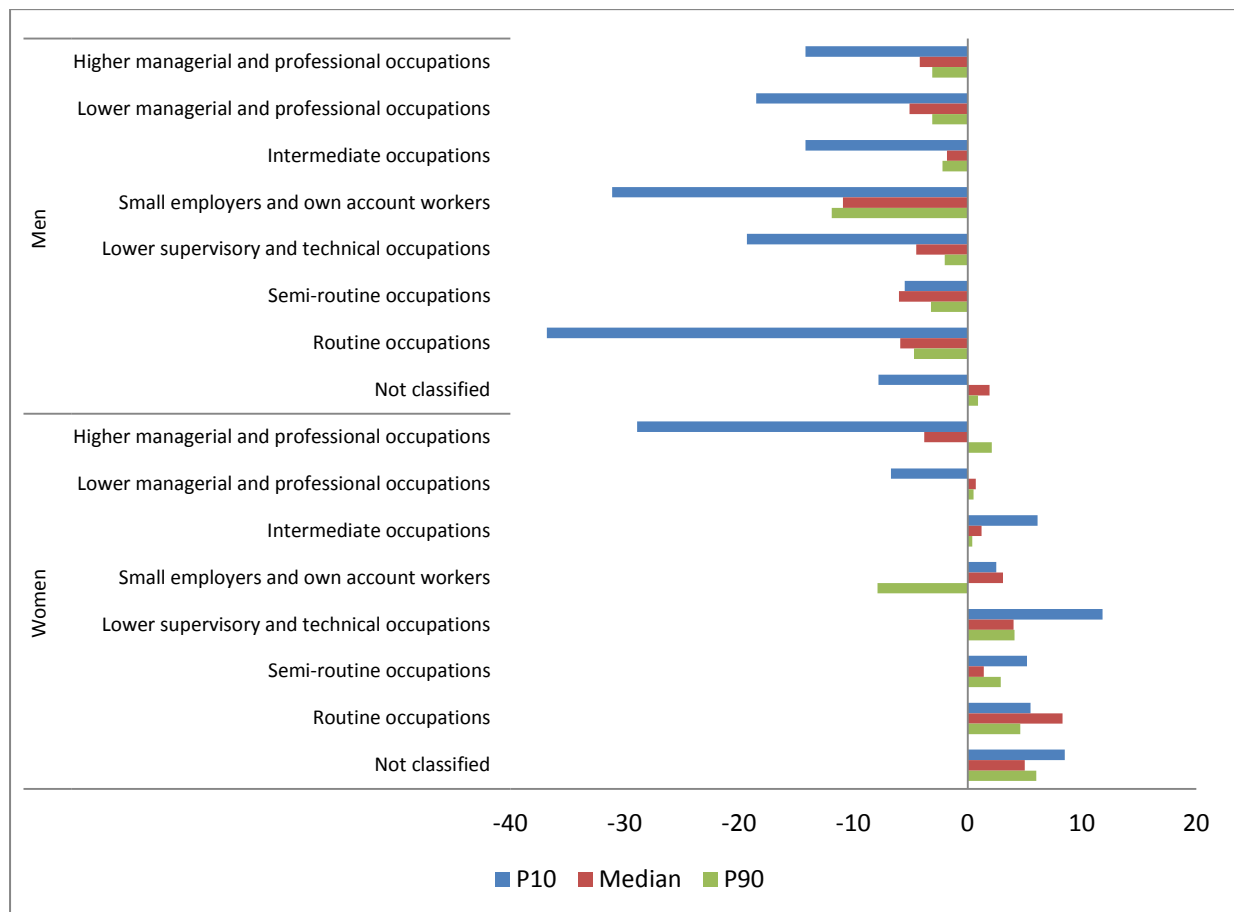
Overall, men from most ethnic groups lost out in terms of individual incomes in the post-recession period compared to the pre-recession period, with losses particularly striking at the bottom of the distribution. While women from a number of ethnic groups experienced individual income gains at the median, the pattern was less consistent. While the effect was to reduce somewhat the gender income gap, it resulted in increased income polarisation within ethnic groups alongside striking disparities between groups.

4.2 The changing distribution of income across different social class groups

We now turn to consider how individual incomes have changed for those in different social classes. This helps to illuminate which occupational groups have been relative ‘winners’ and ‘losers’ over this period. Figure 10 shows that net individual incomes fell substantially for men in all social class groups, both those higher in the occupational scale as well as those lower down. However, within social classes, the falls in individual income were greater at the 10th percentile of the distribution than at the median or the 90th percentile. The drops among the least well-paid also showed some variation by occupational class, with small employers and own account workers (i.e. self-employed) and men in routine occupations taking the biggest hit at the 10th percentile: individual incomes for those at the bottom of the distribution in these

occupations were 31 and 36 per cent lower respectively in the later compared to the earlier period. We also see that lower paid jobs among lower managerial and professional occupations and lower supervisory and technical occupations were lower by around 19 per cent in the post-recession period, compared to the pre-recession period; and even among men in managerial and professional groups, those at the 10th percentile achieved individual incomes that were lower by 14 per cent compared to their pre-recession counterparts. The falls at the median for men from most social classes ranged between 4 to 6 per cent, except for small employers and own account workers, where individual incomes at the median fell by around 12 percent, and for men in intermediate occupations where the drop in median incomes was less than 2 per cent. With the exception of small employers and own account workers whose incomes at the 90th percentile also fell by around 12 per cent, for all other groups the falls at the 90th percentile ranged between 2-5 per cent.

Figure 10: Per cent change in individual income by social class and sex across the distribution



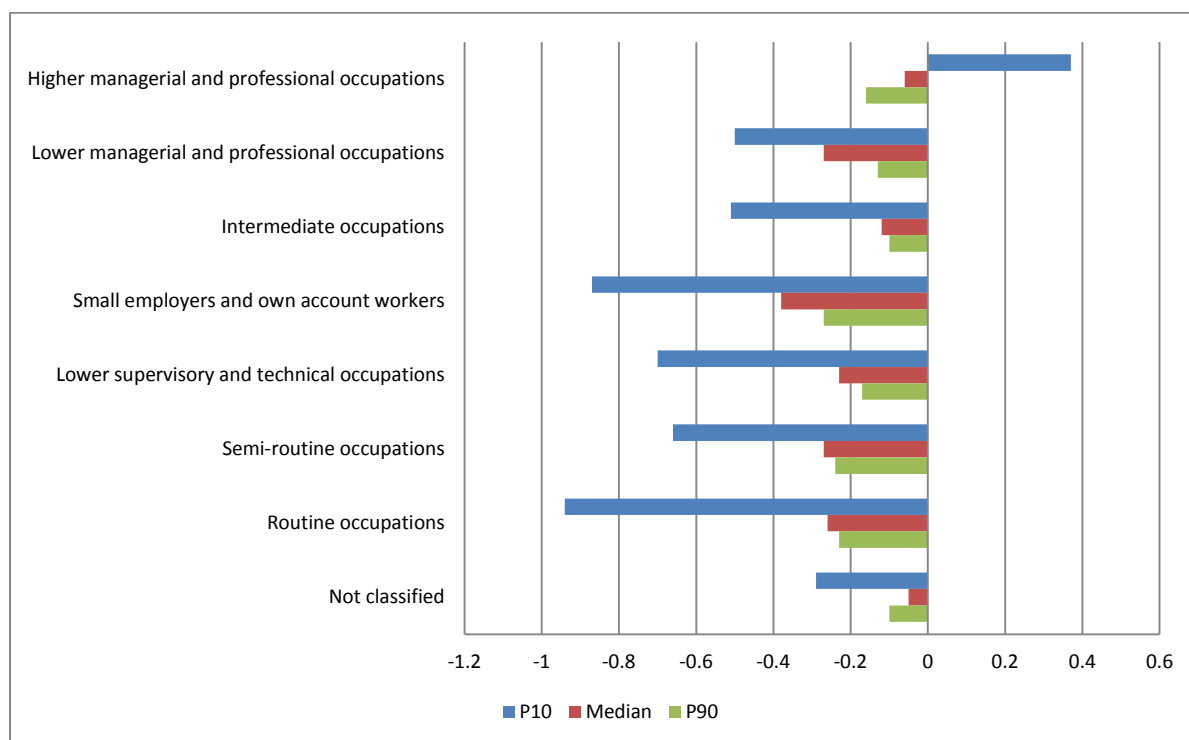
Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12.

Turning to the lower panel of Figure 10, women in most socio-economic groups experienced significant income gains. Real incomes fell only among the lowest paid women in the higher two socio-economic groups (where incomes fell by almost 30 and 7 per cent respectively) as well as for median incomes for those in higher managerial and professional occupations, which saw a 4 per cent drop. There has also

been a 7 percent decrease in real incomes at the 90th percentile among women in the small employers and own account workers class. Women in all other socio-economic groups saw their incomes increasing in real terms at all parts of the distribution and especially at the lower part of the distribution.

As a result of the differential pattern of change in men’s and women’s income the gender income differential among men and women within each socio-economic group decreased across the distribution (Figure 11), except for P10 in higher managerial occupations where it increased.

Figure 11: Per cent change in gender income gap by social class

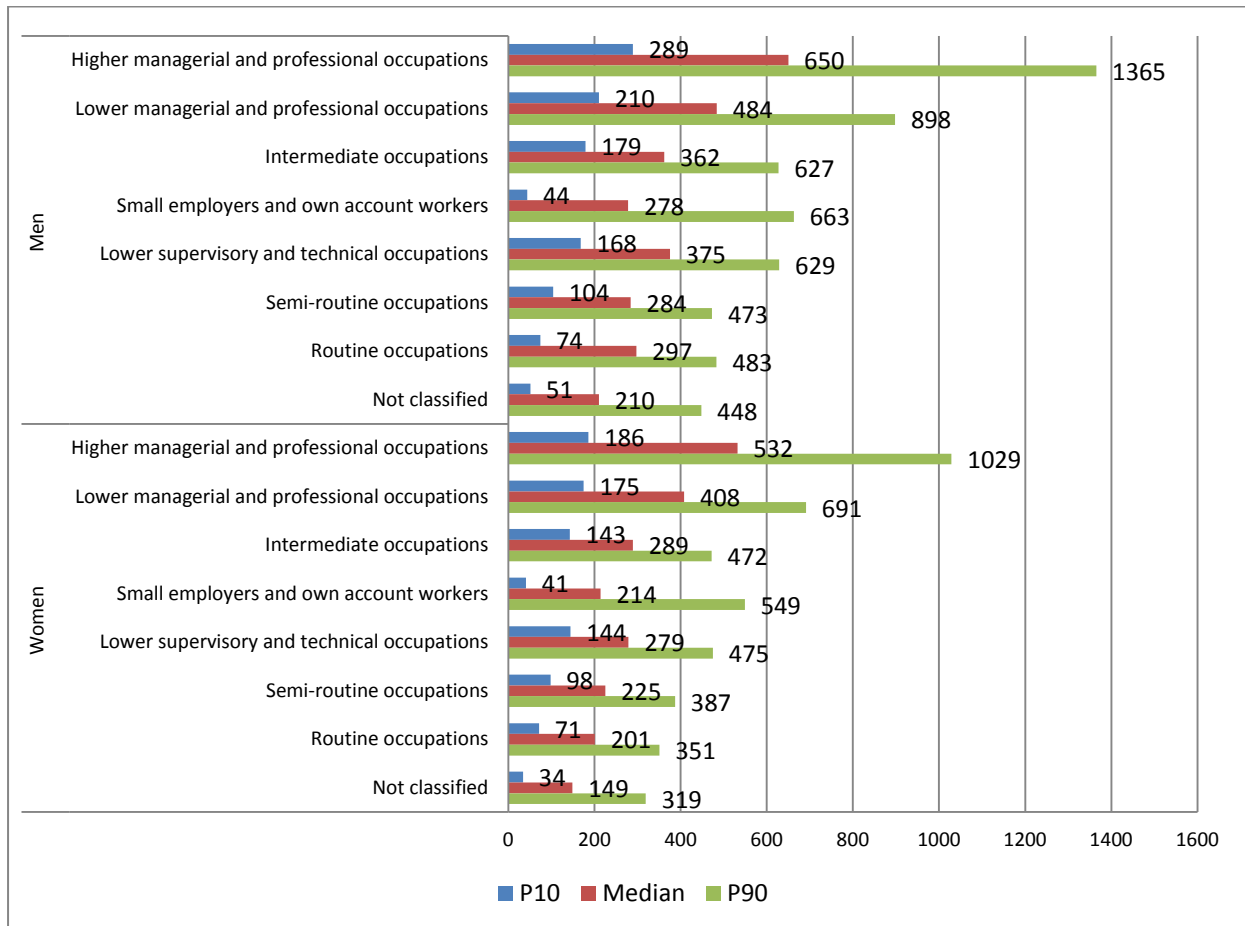


Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12.

Figure 12 shows the individual income levels in 2009/12 for each socio-economic group. As one would expect there are large disparities both between and within social groups across the distribution. At the median, men in higher managerial and professional group had incomes of around £650 per week, more than twice the income of men in routine occupations (£297). For women the corresponding differential is even larger: £532 compared to £201. For both men and women, incomes at the bottom of the distribution in the highest social class are comparable to median incomes in routine occupations. This reveals both the distinctive income potential associated with different social class groups, but also the extent of overlap between classes. The large differences at the 10th percentile highlight the ways in which the income losses shown in Figure 10 are disproportionately impacting those on the most marginal incomes.

Looking across the sexes, we see that the occupational income gender differential at the median is 16-18 per cent for the highest two groups (532/650 and 408/484) while it is more than 32 per cent for routine occupations (201/297).

Figure 12: Individual income level by social class in 2009/12



Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12.

Table 3: Change in 90/10 ratio between 2005-8 and 2009-12, by social class and gender

	Men			Women		
	2005/08	2009/12	Change	2005/08	2009/12	Change
Higher managerial and professional occupations	4.19	4.73	0.54	3.85	5.52	1.68
Lower managerial and professional occupations	3.59	4.27	0.68	3.66	3.94	0.28
Intermediate occupations	3.07	3.49	0.43	3.49	3.30	-0.19
Small employers and own account workers	11.80	15.08	3.28	14.91	13.40	-1.51
Lower supervisory and technical occupations	3.09	3.75	0.66	3.54	3.30	-0.24
Semi-routine occupations	4.45	4.56	0.11	4.04	3.95	-0.09
Routine occupations	4.32	6.52	2.20	4.98	4.94	-0.05
Not classified	8.08	8.84	0.76	9.62	9.40	-0.22

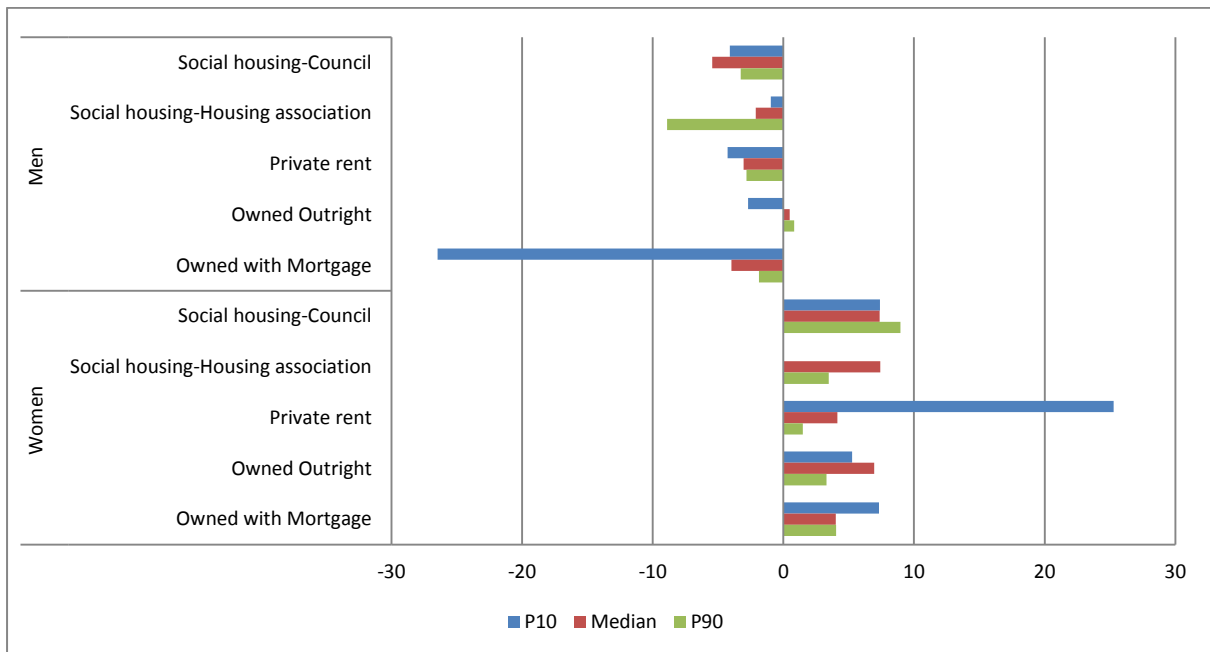
Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12.

Finally, bringing these various changes across occupational groups together, Table 3 confirms that inequality as measured by the 90:10 ratio increased for all socio-economic groups of men and among women in the higher two socio-economic groups, while it fell among all other socio-economic groups of women.

4.3 The changing distribution of income across housing tenure groups

We next turn to investigate what happened to individual incomes for those in different sorts of housing tenure. It is worth reiterating for this section that the IIS measure of individual incomes used here does not take into account housing benefit, which will play a larger role in the incomes of those in rented housing tenures, and particularly for those on lower incomes in social housing (cf. Hills et al. 2015). To the extent that income losses increase individuals' use of housing benefit, losses in individual income will be overstated; but to the extent that changes to housing benefit rules decrease income from housing benefit, individual income losses may be understated. Figure 13 shows the patterns of change in individual incomes by housing tenure status. The first thing that can be noted from this table is the gender difference in the experience of different housing tenure status groups. Median income fell faster in real terms among men who were council tenants, followed by men who owned their house with a mortgage (3.98) and private renters (3.06 percent). Men who were outright homeowners experienced a small increase in their incomes, reflecting the older age of this group.

Figure 13: Per cent change in individual income between 2005/6-2007/8 and 2009/10-2011/12, by housing tenure and sex



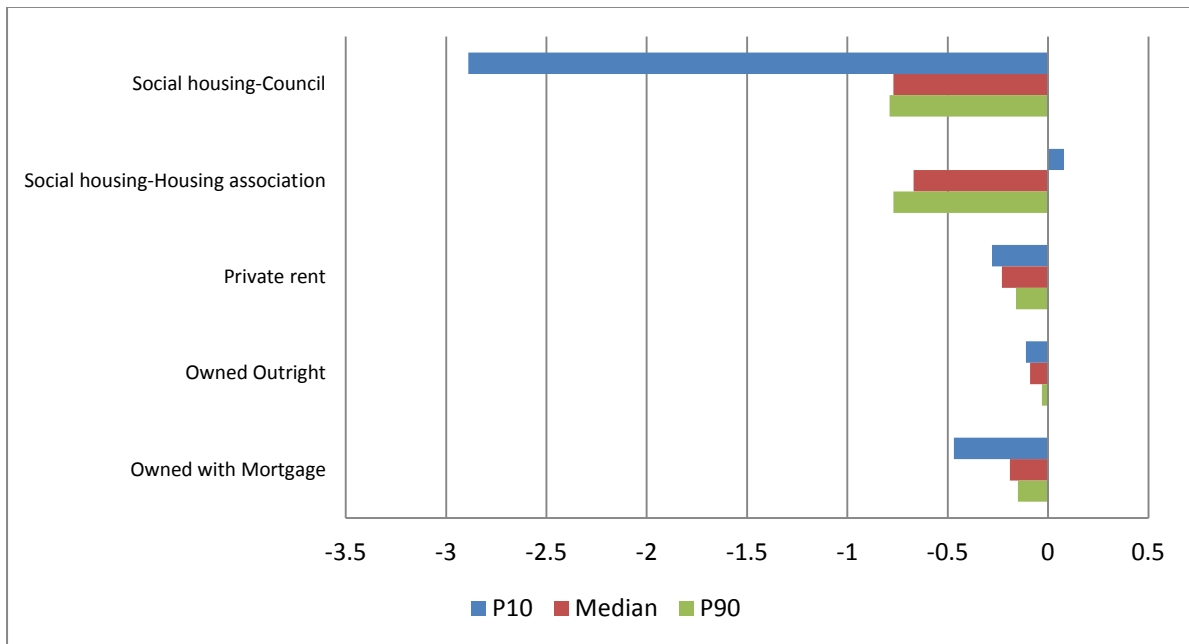
Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12.

With the exception of men who were housing association tenants, the losses for men in all other tenure types were greatest at the lower part of the distribution, most striking being the 26 percent decrease among poorer mortgagors. The falls at the 10th percentile among men who were council tenants and private renters were around four per cent, while low income men who rented their houses from a housing association had incomes that were less than one per cent lower than their pre-recession comparators.

Real incomes increased among women in all forms of housing tenure and were higher at all three points of the distribution in the post-recession period. For women who were private renters as well as for women who owned their houses either outright or with a mortgage the rise was greater at the lower part of the distribution. By contrast, for housing association tenants the gains were larger at the median and the 90th percentile and women council tenants at the top of the distribution saw the largest increase in individual incomes.

The net result of these various changes was a decrease in the gender income gap across tenures and within tenures across the income distribution, especially among social tenants (with the exception of poor housing association tenants), as we can see in Figure 14.

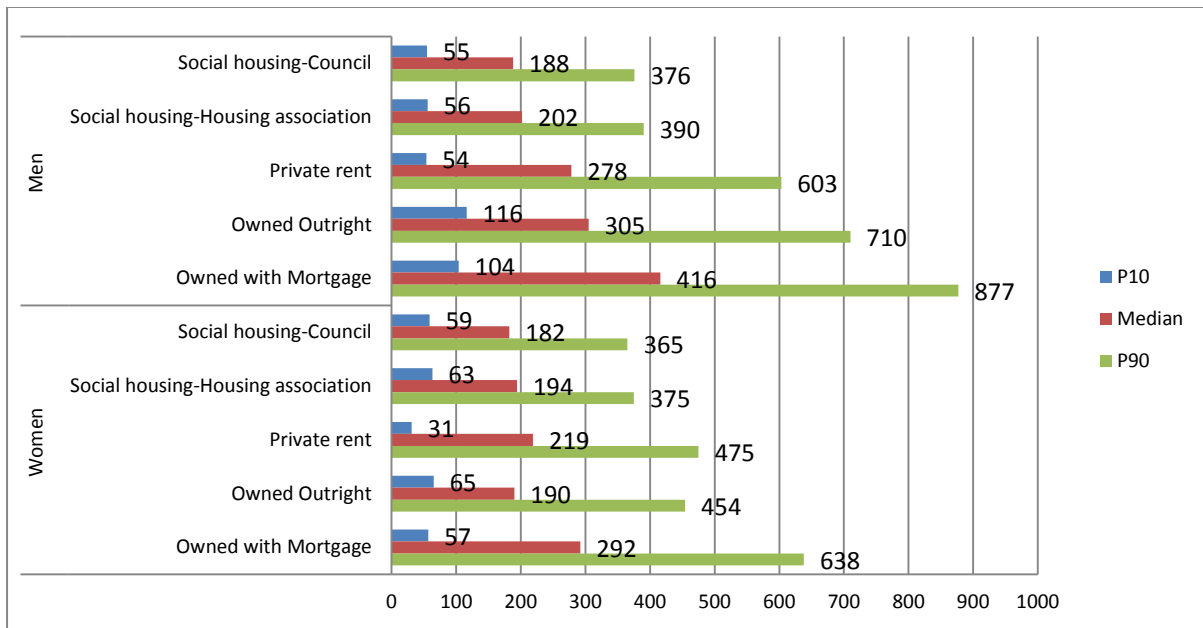
Figure 14: Per cent change in gender income gap by housing tenure



Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12.

As for previous sections we next, in Figure 15, illustrate the levels of income resulting from different starting points across the housing tenures and different rates and directions of change. Figure 15 shows that, unsurprisingly, social tenants had the lowest median incomes while mortgagors had the highest. Among social housing tenants, median income was £188 for men and £182 for women, amounting to 45 percent of the median income of mortgagors for men and 62 per cent for women. The poorest social tenants had incomes at the 10th percentile of less than £55 for men, which is less than half of the income of the poorest outright homeowners but very similar to the £54 incomes of private renters and housing association renters. For women the income differentials across tenures at the 10th percentile are smaller.

Figure 15: Individual income level by housing tenure and sex in 2009/12



Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12.

As we can see from Table 4, the degree of inequality among women was higher than for men in 2009/12 for private renters and homeowners while it was lower among women for social tenants. Overall, there has been little change in inequality among men in different sorts of housing tenure though there has been some increase among mortgagors. Among women, income inequality as measured by the 90:10 ratio showed the biggest decline among private renters, with small increases among those in social housing.

Table 4: Change in 90:10 ratio by tenure status and gender

	Men			Women		
	2005/08	2009/12	Change	2005/08	2009/12	Change
Social housing-council	6.75	6.81	0.06	6.04	6.13	0.09
Social housing-housing association	7.53	6.93	-0.60	5.73	5.93	0.20
Private rented	10.99	11.16	0.16	18.78	15.21	-3.57
Owned outright	5.93	6.14	0.21	7.15	7.02	-0.13
Owned with mortgage	6.34	8.47	2.12	11.52	11.17	-0.35

Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12.

Summarising the findings from this section, we have seen that across men and women broken down by age, ethnic group, social class and housing tenure, there has been a pattern of individual income losses among men across categories but largely concentrated at the bottom of the distribution. The pattern for women has been more mixed with some groups of women seeing gains, and with more variation as to whether these are achieved at the middle or top rather than the bottom of the

distribution. The net impact has tended to be that among men there has been an increase in individual income inequality, at the same time as the gender income gap has narrowed. We next turn to the question of which income sources have been driving these changes in individual income.

5. The role of different income sources in changes in individual incomes

We break down incomes into two broad types of income: labour income (including self-employment income) and non-labour income (including pensions, other benefits, investment income etc.). We then explore the values of these two sources of income at the two periods and the changes in them between the periods.

Table 9 shows the contribution of different income sources to the change in men's and women's incomes overall and for selected income deciles, and broken down for three broad age groups: 16-34; 35-64, and 65+. We can see that the drop in individual income held by men aged less than 65 in the post-recession period was mainly driven by falls in labour income, though for those men aged 35-64 at the bottom of the income distribution, non-labour income also took a marked hit. As one would expect, the rise in income among men over the age of 65 was mainly driven by the rise in non-labour income and took place across the distribution of older men.

Table 5: The contribution of different income sources to the change in individual income across the income distribution, by age group and sex

	Men			Women		
	Labour income	Non-labour income	Total	Labour income	Non-labour income	Total
16-34						
All						
2005/08	308.15	23.84	332.01	194.75	63.97	258.78
2009/12	270.12	27.46	297.59	180.85	74.56	255.43
Change	-38.03	3.62	-34.42	-13.90	10.59	-3.35
t-statistic	-10.22	4.03	-9.40	-5.87	9.57	-1.50
Bottom decile						
2005/08	0	4	4	-1	11	10
2009/12	-1	1	1	-1	9	7
Change	-0.22	-2.45	-2.67	-0.34	-2.62	-2.99
t-statistic	-0.70	-8.45	-7.22	-0.66	-3.89	-7.07
Median						
2005/08	252	21	273	130	81	211
2009/12	215	26	241	121	90	211
Change	-36.96	5.13	-31.82	-8.58	9.29	0.69
t-statistic	-14.80	2.09	-61.14	-2.64	2.91	1.72
Top decile						
2005/08	890	34	924	616	64	680
2009/12	824	30	854	573	92	665
Change	-66.30	-3.16	-69.45	-42.93	28.72	-14.23
t-statistic	-2.97	-0.49	-3.09	-4.15	4.79	-1.55
35-64						
All						
2005/08	421.15	67.65	488.79	205.50	83.91	289.46
2009/12	393.50	63.81	457.32	215.26	88.57	303.83
Change	-27.65	-3.84	-31.47	9.76	4.65	14.37
t-statistic	-6.40	-1.91	-6.88	3.56	5.05	5.26
Bottom decile						
2005/08	7	39	46	0	16	17
2009/12	3	29	32	0	19	19
Change	-3.70	-9.52	-13.20	-0.64	2.89	2.21
t-statistic	-6.08	-10.42	-14.45	-1.42	5.18	4.89
Median						
2005/08	308	56	364	124	91	215
2009/12	283	59	342	133	94	228
Change	-25.03	2.40	-22.59	9.55	3.11	12.61
t-statistic	-8.78	0.85	-52.30	4.30	1.42	41.14
Top decile						
2005/08	1396	119	1514	720	119	839
2009/12	1311	105	1416	772	103	875
Change	-84.71	-13.83	-98.52	51.46	-15.70	35.70
t-statistic	-2.78	-1.16	-3.16	2.43	-2.60	1.70

	Men			Women		
	Labour income	Non-labour income	Total	Labour income	Non-labour income	Total
65+						
All						
2005/08	21.06	292.13	313.01	6.37	184.32	190.49
2009/12	24.89	304.99	329.75	9.53	191.17	200.59
Change	3.83	12.86	16.74	3.17	6.86	10.10
t-statistic	2.37	4.97	5.54	2.69	4.18	4.97
Bottom decile						
2005/08	0	114	114	0	55	55
2009/12	0	123	122	0	58	58
Change	-0.54	8.16	7.69	0.32	3.19	3.53
t-statistic	-0.96	6.51	6.41	1.32	5.07	5.68
Median						
2005/08	2	237	239	2	151	152
2009/12	4	251	255	2	158	160
Change	1.96	13.80	15.82	0.43	7.71	8.15
t-statistic	2.48	16.21	47.03	1.03	16.93	41.61
Top decile						
2005/08	145	668	812	44	439	483
2009/12	162	684	847	65	435	500
Change	17.15	16.92	34.14	20.99	-4.13	17.02
t-statistic	1.19	0.98	1.82	1.84	-0.38	1.13

Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12.

Among women aged less than 35, there were drops in income that were mainly driven by losses in labour income, though with some compensating increases in non-labour income, resulting in a much lower overall decline in incomes for women of this age across the two periods. The main contributor of the rise in income among women aged 35-64 years was an increase in labour income; non labour income had a positive contribution to the rise in income among women at the bottom and middle deciles, but a negative contribution to change in income for women at the top decile. As for men, the rise in income among older women was driven more by non-labour income, except from the top income decile; though the gains for older women were less than for older men.

We next turn to consider changes in income sources across men and women living in different types of family. This enables us to see whether, for example, individual incomes are changing across couples or single individuals and what the sources of those changes are. Table 6 describes changes in the value of income sources across the distribution for men and women living in: couple pensioner family units, single pensioner families, couple families, lone parent families, and non-pensioner singles. Instead of looking across the distribution focusing on the 10th, middle and 90th percentiles, we now look across fifths of the income distribution, focusing on the bottom quintile (20th percentile), and the second, third and fourth (80th percentile) quintile thresholds, as well as overall income for each family type.

We see that men in pensioner couples experienced an increase in income, primarily from non-labour income with a small amount of additional labour income; and that this was the case across the full distribution. Women in pensioner couples also saw increases in income across the distribution, but labour income played a negligible role at the lower part of the distribution.

Table 6: Mean income by individual income quintile threshold for different family types

	Men pensioner in couple			Women pensioner in couple			Male single pensioner			Female single pensioner		
	Labour income	Non-labour income	Total	Labour income	Non-labour income	Total	Labour income	Non-labour income	Total	Labour income	Non-labour income	Total
All												
2005/08	32.03	294.84	326.72	24.64	130.46	154.94	11.59	260.27	271.65	15.67	227.18	242.66
2009/12	35.92	302.55	338.32	33.36	141.04	174.21	12.97	279.26	292.20	18.57	238.50	257.05
Change	3.89	7.70	11.61	8.73	10.59	19.27	1.39	18.99	20.55	2.90	11.32	14.39
t-statistic	1.59	2.44	3.01	3.14	6.89	6.16	0.76	4.65	4.62	1.93	4.97	5.37
Bottom quintile												
2005/08	2.41	140.78	143.09	0.29	56.32	56.46	-0.03	138.32	138.15	0.26	127.42	127.58
2009/12	2.78	143.60	146.27	0.06	59.11	59.02	-0.20	149.80	149.59	0.46	137.07	137.52
Change	0.36	2.82	3.18	-0.22	2.78	2.56	-0.17	11.49	11.44	0.20	9.66	9.94
t-statistic	0.68	2.16	2.58	-1.14	4.89	4.59	-0.25	7.65	8.03	0.86	10.99	11.52
2nd quintile												
2005/08	4.85	221.51	226.20	1.15	88.23	89.23	1.02	196.98	197.84	1.25	176.81	177.92
2009/12	6.76	230.46	237.07	2.56	98.74	101.11	2.32	212.68	214.98	2.28	191.74	194.02
Change	1.91	8.94	10.87	1.41	10.51	11.87	1.31	15.70	17.14	1.03	14.93	16.10
t-statistic	2.20	8.82	18.71	4.30	21.81	30.91	2.20	16.15	21.22	2.76	25.98	35.66
3rd quintile												
2005/08	18.43	300.60	318.85	8.25	138.58	146.67	2.77	262.13	264.65	5.82	236.87	242.44
2009/12	22.46	309.71	332.01	10.41	152.54	162.75	5.04	285.77	290.79	7.76	254.22	261.95
Change	4.03	9.12	13.16	2.16	13.96	16.09	2.27	23.64	26.14	1.94	17.35	19.51
t-statistic	2.17	4.50	13.12	2.49	14.06	26.32	1.95	15.05	22.52	2.18	16.08	29.18
Top quintile												
2005/08	102.44	516.54	618.79	88.87	238.78	327.48	42.60	443.64	485.96	55.34	367.70	422.78
2009/12	111.75	526.62	638.20	120.43	253.86	374.06	44.81	469.19	513.94	63.80	371.02	434.79
Change	9.31	10.08	19.41	31.56	15.08	46.58	2.21	25.55	27.97	8.46	3.33	12.01
t-statistic	1.00	1.05	1.67	2.92	3.30	4.31	0.32	2.12	2.22	1.46	0.45	1.41

	Couples Male			Couples Female			Male lone parents			Female lone parents		
	Labour income	Non-labour income	Total	Labour income	Non-labour income	Total	Labour income	Non-labour income	Total	Labour income	Non-labour income	Total
All												
2005/08	453.27	55.19	508.46	221.21	58.10	279.40	232.91	143.63	376.58	135.73	192.40	328.16
2009/12	424.87	53.29	478.19	229.21	62.89	292.12	286.68	145.30	432.04	134.02	206.84	340.91
Change	-28.40	-1.90	-30.27	8.01	4.78	12.72	53.77	1.67	55.47	-1.71	14.45	12.76
t-statistic	-6.81	-1.34	-7.16	2.78	5.81	4.44	1.67	0.20	1.76	-0.48	6.57	3.53
Bottom quintile												
2005/08	87.94	61.46	149.39	9.40	37.54	46.99	1.25	116.19	117.44	6.00	132.80	138.82
2009/12	70.08	54.11	124.19	11.53	41.44	52.97	10.31	116.79	127.09	6.70	140.67	147.37
Change	-17.86	-7.35	-25.19	2.14	3.90	5.98	9.06	0.60	9.65	0.70	7.87	8.55
t-statistic	-11.51	-6.04	-18.26	4.14	6.57	9.92	1.31	0.07	1.61	0.70	4.72	5.88
2nd quintile												
2005/08	299.77	46.12	345.89	104.63	69.90	174.60	60.91	193.87	254.82	37.26	200.09	237.35
2009/12	273.33	48.01	321.36	112.02	75.73	187.75	55.70	188.57	244.31	43.81	211.54	255.38
Change	-26.45	1.89	-24.52	7.39	5.84	13.15	-5.21	-5.30	-10.50	6.56	11.45	18.03
t-statistic	-15.25	1.19	-38.54	5.74	5.10	24.29	-0.41	-0.47	-1.88	2.63	4.90	15.89
3rd quintile												
2005/08	463.64	41.19	504.84	238.11	58.80	297.01	274.44	137.85	412.33	153.44	201.97	355.40
2009/12	437.72	43.21	480.95	240.84	68.60	309.46	238.28	161.29	399.65	138.05	227.76	365.87
Change	-25.92	2.01	-23.89	2.72	9.80	12.45	-36.16	23.44	-12.68	-15.38	25.78	10.48
t-statistic	-13.33	1.17	-27.17	1.71	6.72	19.86	-1.89	1.37	-1.88	-3.90	6.78	8.17
Top quintile												
2005/08	961.85	72.00	1033.85	532.80	66.20	599.11	596.42	126.85	723.33	346.56	234.80	581.45
2009/12	918.47	67.84	986.35	552.59	65.78	618.41	845.03	114.81	959.96	347.61	247.45	595.15
Change	-43.38	-4.16	-47.51	19.79	-0.42	19.30	248.61	-12.03	236.63	1.05	12.65	13.70
t-statistic	-3.34	-0.83	-3.55	2.11	-0.16	2.06	2.38	-0.50	2.26	0.12	1.85	1.84

	Single male			Single female				
	Labour income	Non-labour income	Total	Labour income	Non-labour income	Total		
All								
2005/08	249.42	49.91	299.33	226.80	45.99	272.80		
2009/12	215.68	52.97	268.66	212.09	49.41	261.51		
Change	-33.73	3.06	-30.67	-14.71	3.42	-11.29		
t-statistic	-7.74	2.26	-7.09	-4.23	2.70	-3.39		
Bottom quintile								
2005/08	8.24	38.84	47.08	12.87	39.24	52.11		
2009/12	3.49	35.48	38.98	10.01	35.16	45.16		
Change	-4.75	-3.36	-8.11	-2.86	-4.09	-6.95		
t-statistic	-9.43	-4.03	-9.75	-3.78	-4.02	-6.84		
2nd quintile								
2005/08	107.45	71.11	178.56	111.66	63.11	174.77		
2009/12	70.56	78.32	148.88	90.29	69.14	159.44		
Change	-36.89	7.21	-29.68	-21.37	6.03	-15.33		
t-statistic	-16.13	3.62	-31.05	-9.06	2.95	-14.95		
3rd quintile								
2005/08	273.21	36.66	309.89	252.74	38.91	291.67		
2009/12	233.79	48.73	282.54	233.12	46.67	279.82		
Change	-39.42	12.07	-27.35	-19.62	7.76	-11.85		
t-statistic	-15.87	5.42	-28.74	-7.31	3.17	-11.83		
Top quintile								
2005/08	608.87	53.01	661.88	530.12	42.69	572.82		
2009/12	555.16	49.36	604.53	515.12	46.66	561.81		
Change	-53.71	-3.65	-57.35	-15.00	3.97	-11.02		
t-statistic	-3.97	-0.83	-4.19	-1.80	1.06	-1.37		

Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12.

Turning to single pensioners, similarly, both men and women pensioners experienced increases in individual income relative to their pre-recession counterparts that were, apart from the very top of the distribution, almost exclusively driven by increases in non-labour income. When we look at non-pensioner couples we see that men but not women living in couples faced a substantial reduction in labour income alongside some reductions in non-labour income. By contrast, women in couples saw (relatively modest) increases in labour income and some small increases also in non-labour income, except at the top of the distribution, where the increases in labour income were also most marked. Lone fathers saw increases at the top and bottom of the distribution through increases in labour income, but faced losses in the middle of the distribution. However this is a relatively small and diverse group. Lone mothers showed a more consistent pattern of overall gains in income, but through non-labour rather than labour income. Unlike women in couples, therefore, these women were not able to enhance their earning potential in the post-recession period and may be particularly vulnerable to changes to benefits, as well as being the group most likely to be most sensitive to the exclusion of housing benefit from the individual income calculation. Finally, non-pensioner single men and single women saw substantial drops in individual income in the post-recession period compared to the pre-recession period, driven by losses to labour income. These were particularly large for single men and were comparable to those experienced by men in non-pensioner couples.

We see, then, that whether in singles or couples, pensioners were relatively protected in the post-recession period. By contrast, whether single or in couples, non-pensioner men faced substantial drops in labour income. The picture for non-pensioner women was more mixed. While lone mothers were relatively well protected through non-labour income, and women in couples increased their labour earnings, single women faced substantial drops in labour income, even if not to the same degree as single men. Interestingly, within family types, the patterns were fairly consistent across the distribution, indicating how family type intersects with other characteristics, such as age, ethnicity, social class and housing tenure that are more differentiated across the distribution.

In the final section of this paper, we turn to consider the issue of how individual incomes relate to household incomes. As noted in the introduction, individual incomes give as a better window on what has directly happened to individuals' control of resources. But their economic welfare may be cushioned against losses by the household living arrangements they engage in. Or, alternatively, their apparent 'gains' may be absorbed by losses experienced among others in their household – for example if women increase their hours and labour earnings as men in their households lose work.

6. Individual incomes and household incomes

In order to address the question of how individual incomes vary with household income, we look again at the family types that were considered in Table 6, above. We

investigate, in the top panel of Table 7, how shares of the different family types across the distribution of individual incomes have changed from the pre-recession to the post-recession period. Thus we can see, for example whether pensioners make up a lower share of the poorest quarter of individual incomes and a higher share of the richest quarter of individual incomes. The bottom panel of Table 7 describes the shares according to the quarters of household income (adjusted for household size), again from the lowest to the highest.

We see that all types of pensioner decreased their representation in the bottom share of both individual and household income quarters and increased their shares in the top quarters. Thus their household income position echoed their individual income position. Conversely, men in couples and single men increased their representation at the bottom of the individual and household income distributions, and decreased their share at the top.

Table 7: Percent of each group in each quarter of the individual and (adjusted) household income distribution

	% of each group in the bottom individual income quarter			% of each group in the 2nd individual income quarter			% of each group in the 3rd individual income quarter			% of each group in the top individual income quarter		
	2005/08	2009/12	Change	2005/08	2009/12	Change	2005/08	2009/12	Change	2005/08	2009/12	Change
Men pensioner couple	0.107	0.104	-0.003	0.387	0.352	-0.035	0.303	0.309	0.006	0.203	0.235	0.032
Women pensioner couple	0.634	0.579	-0.055	0.233	0.261	0.028	0.093	0.107	0.014	0.040	0.053	0.013
Men single pensioner	0.122	0.082	-0.040	0.498	0.463	-0.035	0.265	0.323	0.058	0.115	0.133	0.018
Women single pensioner	0.179	0.123	-0.056	0.508	0.498	-0.010	0.240	0.285	0.045	0.074	0.094	0.02
Men in couples	0.114	0.142	0.028	0.119	0.131	0.012	0.278	0.266	-0.012	0.490	0.461	-0.029
Women in couples	0.318	0.292	-0.026	0.244	0.243	-0.001	0.244	0.247	0.003	0.194	0.218	0.024
Men lone parents	0.170	0.153	-0.017	0.215	0.258	0.043	0.267	0.244	-0.023	0.348	0.344	-0.004
Women lone parents	0.131	0.098	-0.033	0.308	0.287	-0.021	0.313	0.344	0.031	0.248	0.272	0.024
Single men	0.322	0.373	0.051	0.216	0.219	0.003	0.256	0.218	-0.038	0.207	0.191	-0.016
Single women	0.320	0.353	0.033	0.251	0.239	-0.012	0.240	0.232	-0.008	0.189	0.176	-0.013

	% of each group in the bottom household income quarter			% of each group in the 2nd household income quarter			% of each group in the 3rd household income quarter			% of each group in the top household income quarter		
	2005/08	2009/12	Change	2005/08	2009/12	Change	2005/08	2009/12	Change	2005/08	2009/12	Change
Men pensioner couple	0.303	0.261	-0.042	0.320	0.311	-0.009	0.228	0.241	0.013	0.145	0.182	0.037
Women pensioner couple	0.303	0.262	-0.041	0.319	0.312	-0.007	0.228	0.242	0.014	0.145	0.182	0.037
Men single pensioner	0.332	0.281	-0.051	0.372	0.355	-0.017	0.198	0.245	0.047	0.098	0.118	0.02
Women single pensioner	0.392	0.355	-0.037	0.346	0.333	-0.013	0.187	0.219	0.032	0.074	0.092	0.018
Men in couples	0.182	0.197	0.015	0.208	0.206	-0.002	0.273	0.266	-0.007	0.333	0.328	-0.005
Women in couples	0.182	0.197	0.015	0.209	0.206	-0.003	0.273	0.267	-0.006	0.333	0.328	-0.005
Men lone parents	0.422	0.449	0.027	0.292	0.272	-0.020	0.213	0.163	-0.050	0.070	0.116	0.046
Women lone parents	0.498	0.434	-0.064	0.312	0.358	0.046	0.145	0.158	0.013	0.045	0.049	0.004
Single men	0.255	0.285	0.030	0.221	0.228	0.007	0.260	0.244	-0.016	0.260	0.241	-0.019
Single women	0.249	0.276	0.027	0.238	0.237	-0.001	0.262	0.253	-0.009	0.248	0.231	-0.017

Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12.

The picture was a little different for non-pensioner women. While women in couples reduced their share of the bottom quarter of the individual income distribution and increased their share at the top, this did not translate into gains in terms of household income. Instead, because couple men's distribution went in the opposite direction, they also made up a higher share of those in low household incomes and a lower share of those on high household incomes in the later period compared to the earlier period. Hence their individual income gains would appear to partially but not fully compensate for the losses to men's individual incomes.

Table 8 takes a slightly different angle and investigates changes to mean individual and household income for individuals in these different family types. Consistent with Table 6, we can see the drop in individual incomes between the two periods for men in couples, single men and single women – across the distribution. However, when we look at how this translates into household income change, the picture is more complicated. At the bottom of the distribution, the household incomes of single men and women are unaffected. This suggests that their losses are absorbed by the overall household context in which they are living, especially given their incomes were already so low. However, further up the distribution, households in which single men and women live do experience drops in household income. While some of this will be the direct consequence of losses to individuals living on their own; some of this may represent the knock-on effect of single people living with others and the available pooled resources thereby reducing.

For men and women in couples, we can see that women's increases in individual income, while apparently helping to maintain household incomes at the bottom of the distribution, do not translate into higher household incomes at the 2nd, 3rd and 4th quarters of the distribution. Instead, despite women's increased individual incomes, the household incomes of men and women in couples are lower in the later period. By contrast, men and women pensioners experienced a consistent pattern of positive individual and household income change across the distribution.

Table 8: Mean individual and mean equivalised household income by quarter of individual income for different family types

	Mean individual income			Mean equivalised household income		
	2005/08	2009/12	% change	2005/08	2009/12	% change
Bottom quarter						
Men pensioner couple	143	145	0.01	189	208	0.10
Women pensioner couple	56	58	0.04	230	246	0.07
Men single pensioner	137	148	0.08	177	191	0.08
Women single pensioner	127	137	0.08	175	181	0.03
Men in couples	141	111	-0.21	232	249	0.07
Women in couples	46	51	0.11	317	317	0.00
Men lone parents	117	116	-0.01	135	138	0.02
Women lone parents	138	146	0.06	167	177	0.06
Single men	45	36	-0.20	213	212	0.00
Single women	51	45	-0.12	223	223	0.00
2nd quarter						
Men pensioner couple	226	237	0.05	236	253	0.07
Women pensioner couple	89	101	0.13	262	274	0.05
Men single pensioner	198	215	0.09	219	228	0.04
Women single pensioner	178	194	0.09	209	219	0.05
Men in couples	345	320	-0.07	327	320	-0.02
Women in couples	174	187	0.07	334	335	0.00
Men lone parents	255	243	-0.05	196	201	0.03
Women lone parents	237	255	0.08	193	211	0.09
Single men	178	148	-0.17	286	264	-0.08
Single women	175	159	-0.09	286	271	-0.05
3rd quarter						
Men pensioner couple	319	332	0.04	306	320	0.05
Women pensioner couple	147	163	0.11	299	322	0.08
Men single pensioner	265	291	0.10	275	295	0.07
Women single pensioner	242	262	0.08	257	276	0.07
Men in couples	504	480	-0.05	416	411	-0.01
Women in couples	297	309	0.04	409	390	-0.05
Men lone parents	412	399	-0.03	268	264	-0.01
Women lone parents	355	366	0.03	241	251	0.04
Single men	310	282	-0.09	364	351	-0.04
Single women	292	280	-0.04	353	343	-0.03
Top quarter						
Men pensioner couple	619	638	0.03	527	550	0.04
Women pensioner couple	327	374	0.14	468	488	0.04
Men single pensioner	486	514	0.06	466	508	0.09
Women single pensioner	423	435	0.03	417	426	0.02
Men in couples	1033	985	-0.05	710	673	-0.05
Women in couples	599	618	0.03	625	604	-0.03
Men lone parents	723	957	0.32	412	550	0.33
Women lone parents	582	595	0.02	349	360	0.03
Single men	662	604	-0.09	621	559	-0.10
Single women	573	562	-0.02	553	532	-0.04

Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12.

7. Conclusions

In this paper we have described the ways in which individual incomes have evolved for people in different sets of circumstances between the ‘pre-recession’ period, 2005/6-2007/8 and the ‘post-recession’ period, 2009/10-2011/12. We argue that, while studies of household income change since the Great Recession have provided substantial insight into changes in economic welfare over this period, the investigation of individual incomes is an important complement to this work. First, individual incomes represent the income over which individuals can be expected to have direct control and where they directly experience – and are aware of – gains and losses. At the same time individual income is broader than earnings, which only apply to those in paid work, and it therefore allows us to compare the experience across labour and non-labour income and across family types in and out of the labour market. Third, we can compare individual incomes with the household income of those in different circumstances to compare how much consistency there is between changes in individual income and changes in the economic welfare overall of the household in which they live. This allows us to disentangle for example, how far women’s income ‘gains’ translate into maintaining or improving the incomes (adjusted for household size) of the households in which they live.

The paper revealed how non-pensioner men faced substantially lower individual incomes in the post-recession period compared to the pre-recession period. While these losses took place across the distribution and among men of different ages, from different ethnic groups, social classes and housing tenures, they were particularly marked for those on lower incomes. That is, men in more marginal income and earnings positions appeared to take the biggest hits to income. This had the knock-on effect of increasing income inequality among men.

For non-pensioner women the picture was more mixed. Overall, they experienced gains in individual income that were largely driven by increases in labour income – just as men’s losses were primarily in labour income. The gains tended to be among the more disadvantaged (i.e. it was the lower and middle income levels that tended to see most of the positive change), but there was some variation by ethnic group, and across social classes. The effect was that gender income gaps (the gap between men’s and women’s incomes) decreased pretty much across the board; and income inequality among women also decreased, though with certain exceptions: for example, it increased in the two top social classes.

At a household level, the changes in women’s incomes were not sufficient to ‘compensate’ for the losses to men’s incomes, such that, while couple women’s individual incomes tended to show increases, these women still increased their representation at the lower ends of household income. How these various changes play out in terms of within-household dynamics would be a valuable area for future investigation.

Meanwhile, pensioners, both men and women, those in couples and single pensioners experienced increased individual incomes in the post-recession period. Pensions were protected and increased faster than costs of living. One of the most striking findings is that, whether considered individually or in relation to household income position, whether single or in couples, and whether towards the bottom or the top of the distribution, pensioners were consistent gainers in the post-recession period compared to the pre-recession period.

Finally, the illustration of income levels has emphasised how much variation there is in individual incomes between those towards the top and those towards the bottom of the distribution, even within particular categories of age, ethnicity, class or housing tenure. While average incomes vary substantially between categories, there is substantial overlap across groups. In addition, proportionately high losses at the bottom are smaller in money terms than small losses towards the top; though they are likely to be no less keenly felt for that, particularly when there is so little scope for further reduction for those with low individual incomes.

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Data acknowledgements

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Appendix

Table A1: Per cent change in real individual incomes and gender income gap by age, 2005-08 to 2009-12

	Men				
	Mean		P10	Median	P90
16-19	-15.3	***		-28.4	-9.4
20-24	-16.3	***	-84.9	-22.0	-10.8
25-29	-9.7	***	-10.1	-8.7	-9.0
30-34	-9.7	***	-33.2	-9.6	-9.7
35-39	-9.4	***	-35.5	-6.5	-0.3
40-44	-7.9	***	-28.8	-6.0	-3.2
45-49	-4.7	**	-17.5	-6.9	-4.2
50-54	-2.7		-17.4	-3.0	0.5
55-59	-6.2	**	-21.8	-5.8	-1.5
60-64	-4.6	*	-7.4	-3.0	-2.6
65-69	5.1	***	5.4	6.3	6.2
70-74	1.0		2.1	2.4	1.2
75-79	8.8	***	6.0	11.6	7.7
80+	8.3	***	5.5	8.4	6.7
	Women				
	Mean		P10	Median	P90
16-19	-11.0	**		-26.1	-5.6
20-24	-4.2		-1.2	-7.4	-3.8
25-29	-1.2		4.8	-0.1	-4.3
30-34	-0.2		-1.0	0.8	-3.0
35-39	2.6	***	-6.8	3.9	4.6
40-44	2.7	**	2.9	4.6	2.2
45-49	2.5	*	1.7	3.2	3.7
50-54	4.1	***	23.3	4.1	-0.6
55-59	12.9	***	97.9	11.1	8.3
60-64	13.3	***	10.8	14.1	9.3
65-69	6.8	**	4.8	7.0	6.4
70-74	5.2	***	2.7	6.9	6.1
75-79	-0.1		2.3	3.3	1.5
80+	7.7	***	-1.4	8.9	8.4

Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12.

*, ** and ***, denote significance at 10, 5 and 1% level respectively.

Table A2: Individual income level and dispersion by age, 2009-12

	Men				
	Mean		P10	Median	P90
16-19	106	***	0	79	240
20-24	195	***	1	183	375
25-29	329	***	66	310	558
30-34	412	***	74	366	725
35-39	461	***	74	402	880
40-44	494	***	80	407	915
45-49	500	***	89	404	911
50-54	484	***	83	391	883
55-59	434	***	72	342	826
60-64	368	***	88	294	678
65-69	356	***	154	286	617
70-74	317	***	150	263	525
75-79	329	***	156	270	542
80+	305	***	150	259	495
	Women				
	Mean		P10	Median	P90
16-19	108	***	0	83	235
20-24	189	***	21	183	348
25-29	284	***	53	273	494
30-34	320	***	50	289	581
35-39	329	***	51	292	620
40-44	337	***	63	290	626
45-49	333	***	63	277	647
50-54	300	***	36	248	609
55-59	269	***	8	209	552
60-64	246	***	70	192	460
65-69	202	***	68	160	361
70-74	191	***	68	164	343
75-79	188	***	68	167	326
80+	218	***	81	196	347
	Gender income gap				
	Mean		P10	Median	P90
16-19	0.02			0.05	-0.02
20-24	-0.03		20.00	0.00	-0.07
25-29	-0.14		-0.20	-0.12	-0.11
30-34	-0.22		-0.32	-0.21	-0.20
35-39	-0.29		-0.31	-0.27	-0.30
40-44	-0.32		-0.21	-0.29	-0.32
45-49	-0.33		-0.29	-0.31	-0.29
50-54	-0.38		-0.57	-0.37	-0.31
55-59	-0.38		-0.89	-0.39	-0.33
60-64	-0.33		-0.20	-0.35	-0.32
65-69	-0.43		-0.56	-0.44	-0.41
70-74	-0.40		-0.55	-0.38	-0.35
75-79	-0.43		-0.56	-0.38	-0.40
80+	-0.29		-0.46	-0.24	-0.30

Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12.

*, ** and ***, denote significance at 10, 5 and 1% level respectively. The gender income gap is the last panel of the table is calculated as the difference between men's and women's income as share of men's income.

Table A3: Per cent change in real incomes by ethnic group, 2005-08 to 2009-12

	Men				
	Mean		P10	Median	P90
White - British	-4.90	*	-17.68	-4.39	-3.39
Any other white background	-5.12		-17.72	-8.08	-5.84
Mixed - white & black Caribbean	-11.33			-7.68	
Mixed - white and black African	0.38			18.19	
Mixed - white and Asian	-24.16	*		-19.89	
Any other mixed background	-15.30			-14.81	
Asian/Asian British - Indian	-4.55		-30.24	-5.13	-3.39
Asian/Asian British - Pakistani	10.53	*	-14.82	-0.56	17.34
Asian/Asian British - Bangladeshi	-76.93			-4.20	
Any other Asian/Asian British background	-12.46		-34.57	-13.34	-1.69
Black or Black British - Caribbean	-8.74		-3.75	-10.69	-3.13
Black or Black British - African	-13.00		-55.31	-3.45	-2.32
Any other black/black British background	-39.12	*		-25.68	
Chinese	-5.61			0.68	
Any other ethnic background	-0.05		-68.81	-1.91	3.68
	Women				
	Mean		P10	Median	P90
White - British	4.12	*	5.30	4.90	2.39
Any other white background	-3.81		-0.79	-3.32	-3.72
Mixed - white & black Caribbean	11.28			12.85	
Mixed - white and black African	4.72			10.34	
Mixed - white and Asian	-7.36			-11.90	
Any other mixed background	16.15			-0.16	
Asian/Asian British - Indian	2.30		-100.00	0.15	-2.43
Asian/Asian British - Pakistani	10.26	*		16.42	5.05
Asian/Asian British - Bangladeshi	17.21		-100.00	18.57	29.06
Any other Asian/Asian British background	2.29			-9.46	8.02
Black or Black British - Caribbean	7.35	*	-2.86	6.27	1.09
Black or Black British - African	-8.69		-65.56	-9.54	-1.96
Any other black/black British background	16.91			28.55	
Chinese	-20.33		-86.76	-0.19	-3.72
Any other ethnic background	-11.90	*		-19.96	-5.89
	Percent change in gender income gap				
	Mean		P10	Median	P90
White - British	-0.19		-0.51	-0.20	-0.15
Any other white background	-0.07		-0.25	-0.18	-0.11
Mixed - white & black Caribbean	-0.73			-0.61	
Mixed - white and black African	-0.11			0.45	
Mixed - white and Asian	-0.58			-0.50	
Any other mixed background	-0.79			-0.77	
Asian/Asian British - Indian	-0.15		-0.29	-0.14	-0.05
Asian/Asian British - Pakistani	0.11			-0.18	
Asian/Asian British - Bangladeshi	-2.46		-1.27	-0.44	-0.05
Any other Asian/Asian British background	-0.39			-0.22	
Black or Black British - Caribbean	-1.99		0.00	-3.77	-0.49
Black or Black British - African	-0.32		-0.67	0.30	-0.05
Any other black/black British background	-1.83			-3.14	
Chinese	0.61			0.03	
Any other ethnic background	0.27		-0.69	0.52	0.27

Note: Cells in which incomes in 2005-08 were close to zero were set to na (since small level changes yield very large percentage changes). *, ** and ***, denote significance at 10, 5 and 1 %.

Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12.

Table A4: Individual incomes levels and dispersion by ethnic group, 2009-12

	Men				
	Mean		P10	Median	P90
White - British	401	***	87	324	743
Any other white background	435	***	64	312	827
Mixed - white & black Caribbean	284	***		254	
Mixed - white and black African	354	***		316	
Mixed - white and Asian	322	***		253	
Any other mixed background	317	***		257	
Asian/Asian British - Indian	389	***	42	293	802
Asian/Asian British - Pakistani	291	***	1	214	594
Asian/Asian British - Bangladeshi	55		0	183	518
Any other Asian/Asian British background	325	***	15	254	687
Black or Black British - Caribbean	289	***	47	234	613
Black or Black British - African	307	***	1	275	621
Any other black/black British background	249	***		209	
Chinese	384	***		289	
Any other ethnic background	349	***	3	259	746
	Women				
	Mean		P10	Median	P90
White - British	271	***	66	223	519
Any other white background	275	***	23	220	583
Mixed - white & black Caribbean	261	***		223	
Mixed - white and black African	269	***		229	
Mixed - white and Asian	264	***		220	
Any other mixed background	291	***		244	
Asian/Asian British - Indian	251	***	0	191	540
Asian/Asian British - Pakistani	170	***	0	126	361
Asian/Asian British - Bangladeshi	180	***	0	144	395
Any other Asian/Asian British background	244	***	0	184	565
Black or Black British - Caribbean	313	***	63	266	586
Black or Black British - African	262	***	8	218	555
Any other black/black British background	344	***		305	
Chinese	265	***	0	205	606
Any other ethnic background	214	***	0	159	478

Note: Cells in which incomes in 2005-08 were close to zero were set to na (since small level changes yield very large percentage changes). *, ** and ***, denote significance at 10, 5 and 1%.

Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12.

Table A5: Per cent change in real incomes by occupational social class, 2005-08 to 2009-12

	Men				
	Mean		P10	Median	P90
Higher managerial and professional occupations	-7.3	***	-14.2	-4.2	-3.1
Lower managerial and professional occupations	-6.6	***	-18.5	-5.1	-3.1
Intermediate occupations	-2.2		-14.2	-1.8	-2.2
Small employers and own account workers	-8.2	***	-31.1	-10.9	-11.9
Lower supervisory and technical occupations	-4.9	***	-19.3	-4.5	-2.0
Semi-routine occupations	-4.7	***	-5.5	-6.0	-3.2
Routine occupations	-8.0	***	-36.8	-5.9	-4.7
Not classified	-0.2		-7.8	1.9	0.9
	Women				
	Mean		P10	Median	P90
Higher managerial and professional occupations	-3.8	**	-28.9	-3.8	2.1
Lower managerial and professional occupations	-0.1		-6.7	0.7	0.5
Intermediate occupations	1.1	**	6.1	1.2	0.4
Small employers and own account workers	5.5		2.5	3.1	-7.9
Lower supervisory and technical occupations	5.9	***	11.8	4.0	4.1
Semi-routine occupations	2.1	***	5.2	1.4	2.9
Routine occupations	6.1	***	5.5	8.3	4.6
Not classified	5.4	***	8.5	5.0	6.0
	Percent change in gender income gap				
	Mean		P10	Median	P90
Higher managerial and professional occupations	-0.17		0.37	-0.06	-0.16
Lower managerial and professional occupations	-0.26		-0.50	-0.27	-0.13
Intermediate occupations	-0.12		-0.51	-0.12	-0.10
Small employers and own account workers	-0.54		-0.87	-0.38	-0.27
Lower supervisory and technical occupations	-0.28		-0.70	-0.23	-0.17
Semi-routine occupations	-0.25		-0.66	-0.27	-0.24
Routine occupations	-0.29		-0.94	-0.26	-0.23
Not classified	-0.11		-0.29	-0.05	-0.10

Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12.

*, ** and ***, denote significance at 10, 5 and 1% level.

Table A6: Net individual income by social class, 2009/12

	Men				
	Mean		P10	Median	P90
Higher managerial and professional occupations	787	***	289	650	1365
Lower managerial and professional occupations	539	***	210	484	898
Intermediate occupations	392	***	179	362	627
Small employers and own account workers	369	***	44	278	663
Lower supervisory and technical occupations	399	***	168	375	629
Semi-routine occupations	296	***	104	284	473
Routine occupations	298	***	74	297	483
Not classified	242	***	51	210	448
Women					
	Media				
	Mean		P10	n	P90
Higher managerial and professional occupations	602	***	186	532	1029
Lower managerial and professional occupations	433	***	175	408	691
Intermediate occupations	302	***	143	289	472
Small employers and own account workers	326	***	41	214	549
Lower supervisory and technical occupations	303	***	144	279	475
Semi-routine occupations	237	***	98	225	387
Routine occupations	207	***	71	201	351
Not classified	168	***	34	149	319

Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12.

*, ** and ***, denote significance at 10, 5 and 1% level.

Table A7: Per cent change in real incomes at the mean and various percentiles of the distribution and change in 90:10 ratio by housing tenure, 2005-08 to 2009-12

Men					
	Mean		P10	Median	P90
Social housing-council	-5.04	***	-4.11	-5.46	-3.26
Social housing-housing association	-6.11	***	-0.96	-2.13	-8.91
Private rented	-4.89	**	-4.27	-3.06	-2.84
Owned outright	-1.07		-2.71	0.49	0.81
Owned with mortgage	-5.25	***	-26.48	-3.98	-1.88
Women					
	Mean		P10	Median	P90
Social housing-council	7.38	***	7.40	7.37	8.97
Social housing-housing association	4.98	***	-0.02	7.41	3.48
Private rented	3.00	***	25.29	4.12	1.49
Owned outright	3.76	***	5.25	6.95	3.30
Owned with mortgage	4.92	***	7.31	4.02	4.04
Percent change in gender income gap					
	Mean		P10	Median	P90
Social housing-council	-0.84		-2.89	-0.77	-0.79
Social housing-housing association	-0.82		0.08	-0.67	-0.77
Private rented	-0.24		-0.28	-0.23	-0.16
Owned outright	-0.08		-0.11	-0.09	-0.03
Owned with mortgage	-0.22		-0.47	-0.19	-0.15

Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12.
*, ** and ***, denote significance at 10, 5 and 1% level.

Table A8: Per cent change in real incomes at the mean and various percentiles of the distribution and change in 90:10 ratio by housing tenure, 2005-08 to 2009-12

Men					
	Mean		P10	Median	P90
Social housing-council	205	***	55	188	376
Social housing-housing association	216	***	56	202	390
Private rented	325	***	54	278	603
Owned outright	390	***	116	305	710
Owned with mortgage	489	***	104	416	877
Women					
	Mean		P10	Median	P90
Social housing-council	201	***	59	182	365
Social housing-housing association	210	***	63	194	375
Private rented	247	***	31	219	475
Owned outright	237	***	65	190	454
Owned with mortgage	340	***	57	292	638

Source: Own analysis based on Family Resources Survey 2005/6-7/8 and 2009/10-2011/12.
*, ** and ***, denote significance at 10, 5 and 1% level.