

# Briefing: Local Citizens Advice Income Profile



citizens  
advice

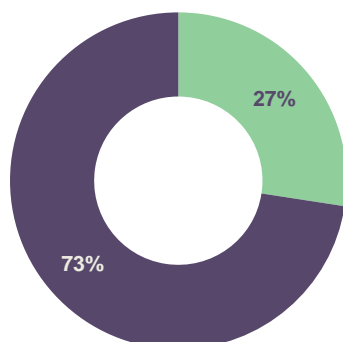
## Measuring low income

This analysis of client poverty is based on the methodology used in the Households Below Average Income (HBAI) series.<sup>i</sup> The HBAI income threshold is a widely-used measure of poverty in the UK.

Individuals are defined as living on a low income if their net household income is below 60% of the median income of the UK population. Incomes are 'equivalised' meaning that the cash value of this threshold depends on the number of adults and children in the household. For example, the low income threshold for a couple with no children is £272 per week, or £14,144 per year, before housing costs; the equivalent low income threshold for a couple with two dependent children is £404 per week, or £19,802 per year.

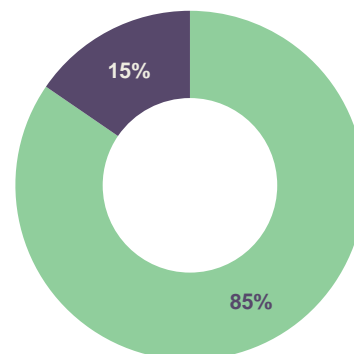
## Seven in every ten of our clients live in poverty

Local Citizens Advice



■ Above poverty line  
■ Below poverty line

England and Wales  
population



■ Above poverty line  
■ Below poverty line

- Our clients are almost **five times more likely** to live on a low income than an average member of the England and Wales population.
- We reach almost **one in every five** (17 per cent) of the 8.6 million individuals living on a low income in England and Wales.<sup>ii</sup>

## Eight in every ten of our clients do not reach the minimum income standard

The Joseph Rowntree Foundation's Minimum Income Standard (MIS) establishes the household income required for individuals to maintain an 'adequate' standard of living.<sup>iii</sup> The proportion of households reaching this standard is used as an indicator of health inequalities for local authorities.<sup>iv</sup>

- An estimated 79 per cent of our clients do not reach the 2013 minimum income standard considered adequate for their household.
- These clients are likely to lack the income required to eat healthily, maintain adequate accommodation and participate in society.

## Technical notes

### Data sources

#### Survey data

This analysis is based on survey data from the Citizens Advice national outcomes and impact research (2013/14).<sup>v</sup> In total, 649 clients provided details of their household type and net weekly household income. The margin of error associated with statistics based on this sample is +/- 4%, however caution is required as the sample was skewed on some demographic variables and may have been affected by nonresponse bias.

#### Management information

Management information recorded on PETRA was used to validate the analysis of survey data. The extract used included 175,000 client records containing the required data on household type and net monthly household income. Monthly income data was adjusted to a weekly figure.

### Analysis process

#### Comparison to HBAI benchmarks

This analysis was based on the measure of relative low income before housing costs (BHC). The analysis process followed guidance on 'equivalising' low income thresholds based on household type.<sup>vi</sup> This table summarises median and low income thresholds for selected family types using the latest HBAI publication available (2012/13).<sup>vii</sup>

Household type	Median income	Low income threshold
Couple	£453	£272
Single	£304	£182
Couple with two children	£693	£416
Single with two children	£544	£326

The estimated proportion of clients falling below the low income threshold was 72% based on survey data and 65% based on management information. The survey figure is prioritised here as the data collection was more controlled.

#### Comparison to Minimum Income Standards

Minimum income standards are provided for a selection of household types. A total of 337 clients from the survey were eligible for comparison against minimum income standards (312 clients could not be included because a standard was not available for their household type).

<sup>i</sup> <https://www.gov.uk/government/collections/households-below-average-income-hbai--2>

<sup>ii</sup> Table 3.18ts: Number of individuals living in households with less than 60 per cent of contemporary median household income, by region or country, United Kingdom. <https://www.gov.uk/government/statistics/households-below-average-income-19941995-to-20132014>

<sup>iii</sup> <http://www.jrf.org.uk/topic/mis>

<sup>iv</sup> <http://www.instituteofhealthequity.org/projects/marmot-indicators-2014>

<sup>v</sup> [http://www.citizensadvice.org.uk/national\\_outcomes\\_and\\_impact\\_research\\_report\\_2014.pdf](http://www.citizensadvice.org.uk/national_outcomes_and_impact_research_report_2014.pdf)

<sup>vi</sup> <https://www.gov.uk/government/publications/how-low-income-is-measured>

<sup>vii</sup> <https://www.gov.uk/government/statistics/households-below-average-income-19941995-to-20132014> See: Table 2.2db: Statistics relating to the overall equivalised net disposable income distribution and their equivalent money values for different family types, in 2013/14 prices, United Kingdom