

SPICe

The Information Centre

Financial Scrutiny Unit Briefing

Disposable Household Income in Scotland 2012

27 June 2014

14/48

Andrew Aiton

A briefing on the Office for National Statistics' publication Regional Household Income, Spring 2014.



The Scottish Parliament
Pàrlamaid na h-Alba

CONTENTS

EXECUTIVE SUMMARY	3
GROSS DISPOSABLE HOUSEHOLD INCOME (GDHI)	4
REGIONAL BREAKDOWN	4
<i>UK Nations</i>	4
<i>Scottish Nuts Level 2</i>	5
<i>Scottish Nuts Level 3</i>	5
HOUSEHOLD INCOME BY RESOURCE TYPE	8
ANNEX	9
SOURCES	10
RELATED BRIEFINGS	12

EXECUTIVE SUMMARY

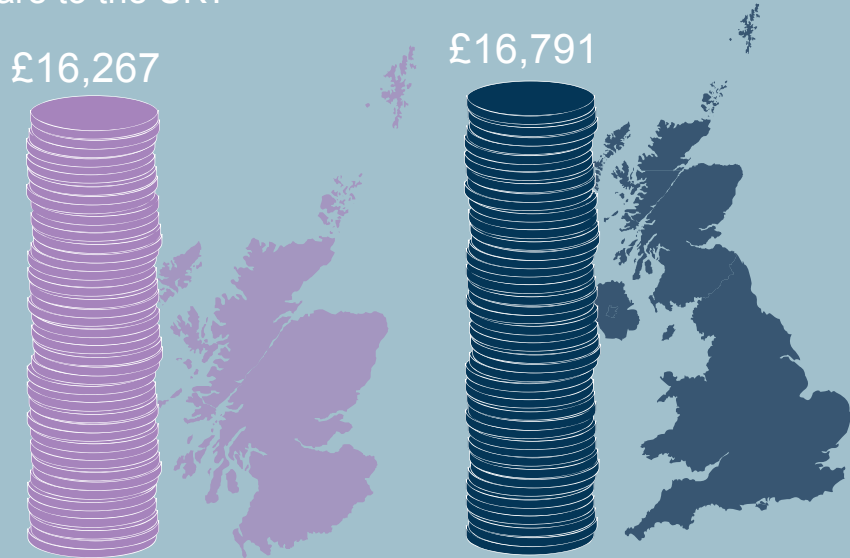
Disposable Household Income 2012

Disposable Household Income is the amount of money households have available for spending or saving after tax and National Insurance contributions are made.

How does Scotland compare to the UK?

The average level of disposable income per head in the UK is £16,791.

Scotland comes in just below this at £16,267



How have these levels changed?

Levels of disposable income between 1997 and 2012 have increased in real terms by:



Where has the highest and lowest amount of disposable income in Scotland?

Glasgow City has the lowest level of disposable income in Scotland with just over £14,000 per head



The City of Edinburgh has the highest level of disposable income in Scotland with just over £19,000 per head

GROSS DISPOSABLE HOUSEHOLD INCOME (GDHI)

Gross Disposable Household Income (GDHI) is the total amount of money households have available for spending or saving after tax and National Insurance contributions are made. This means disposable income in this context is the amount of money individuals have to spend on housing, bills, food and other essentials. To allow for comparison between areas, GDHI is divided by the population within that area to show GDHI per head.

The data in this briefing shows GDHI per head data by European Nomenclature of Units for Territorial Statistics (NUTS) regions. Level one NUTS data provides national level information (ie. Scotland, England etc) and NUTS 2 data is at a sub-national level, for example Eastern Scotland, South Western Scotland, etc., and NUTS 3 data provides data for areas within the level two areas such as Edinburgh, Glasgow or Perth and Kinross and Stirling.

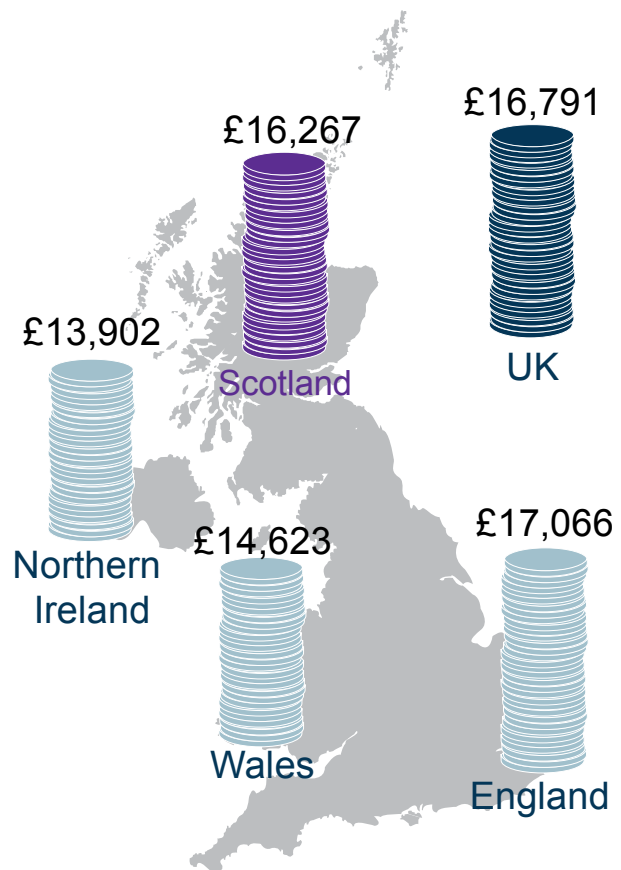
Figure 1: UK nation level disposable income

REGIONAL BREAKDOWN

UK Nations

UK average disposable income per head is £16,791. Scotland's average comes in just below that at £16,267 per head. England has the highest disposable income per head of any UK nation at £17,066. This is mainly driven by London and the South East, with Inner London (West) having the highest level of gross disposable income in the UK with £36,963 per head.

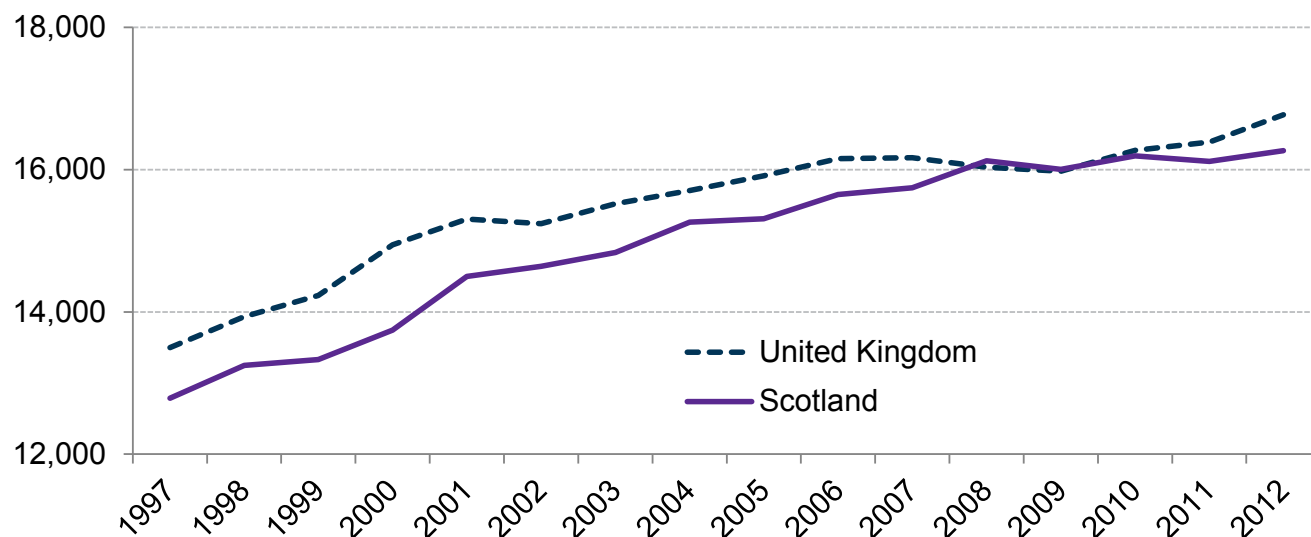
[Table A1](#) in the Annex provides a breakdown of NUTS level 1 within the UK.



Levels of disposable of income per head have increased more in Scotland than in the UK generally since 1997. Scotland has seen an increase of almost 75% compared to a UK increase of 71% (in 'cash' terms, ie. not adjusting for inflation) meaning that the gap between Scotland and the UK average has been narrowing over the past fifteen years.

When looking at it in real terms Scotland has seen an increase of around 27% with the UK registering an increase of 24% (at 2012 prices).

Figure 2 Comparison of Scotland and the UK's level of disposable income since 1997 in real terms (2012 prices)



Scottish Nuts Level 2

Scotland is made up of 4 NUTS level 2 areas. Table one shows North Eastern Scotland has the highest level of disposable income in Scotland. This is mainly due to high wages in the oil and gas sector which is centred in and around Aberdeen.

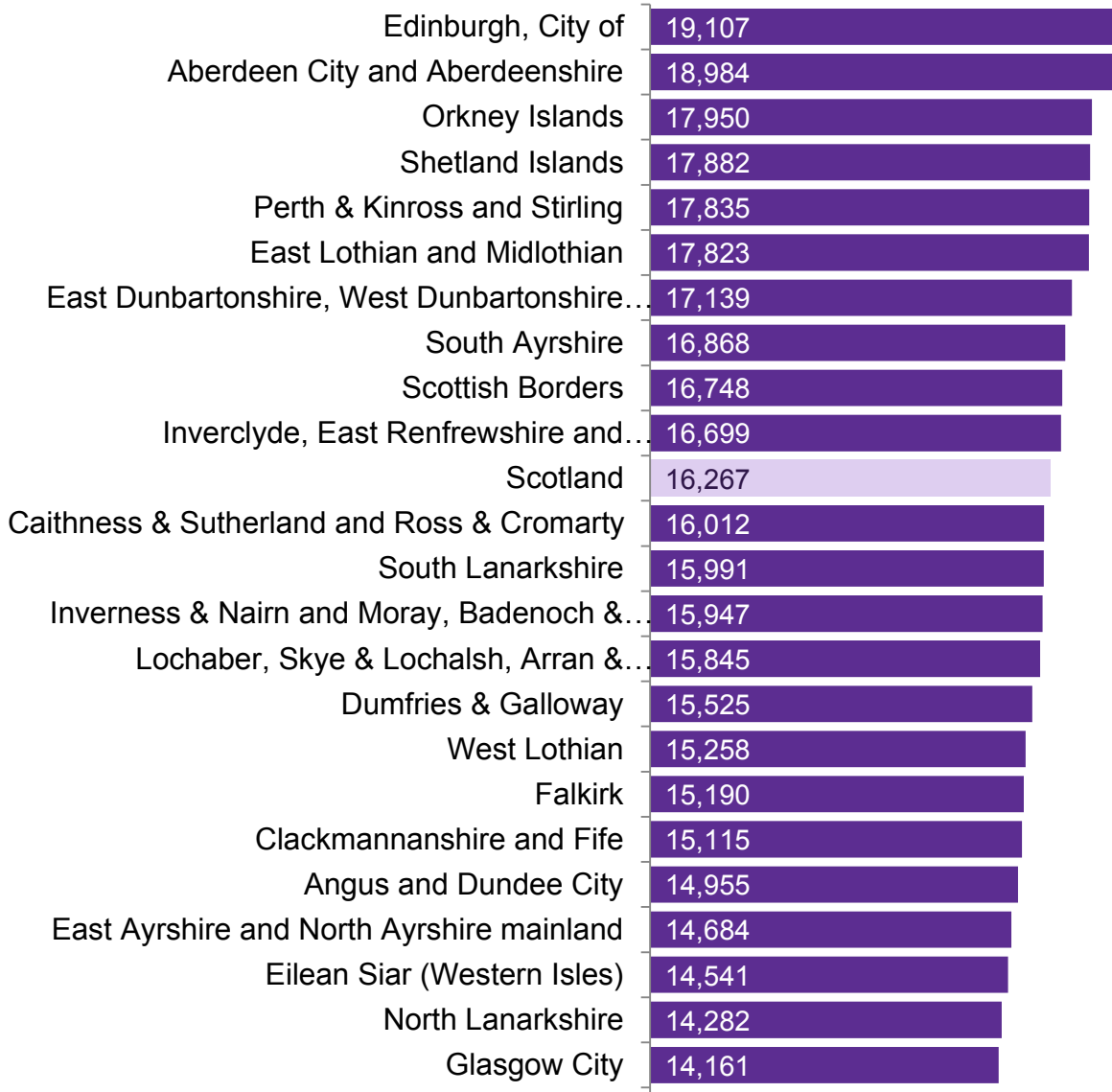
Table 1: NUTS Level 3 Regions	
	Disposable income per head (£)
Eastern Scotland	16,716
South Western Scotland	15,360
North Eastern Scotland	18,984
Highlands and Islands	16,044
Scotland	16,267

Scottish Nuts Level 3

When drilling down to NUTS 3 levels, the area with the highest level of disposable income in Scotland is Edinburgh at £19,107 per head. Scotland has two NUTS 3 areas ranked in the top 20 UK areas with the highest levels of disposable income; Edinburgh (ranked 10th) and Aberdeen City and Aberdeenshire (11th). The area with the lowest level of disposable income in Scotland is Glasgow, which is ranked at 103 out of the 139 NUTS 3 areas of the UK.

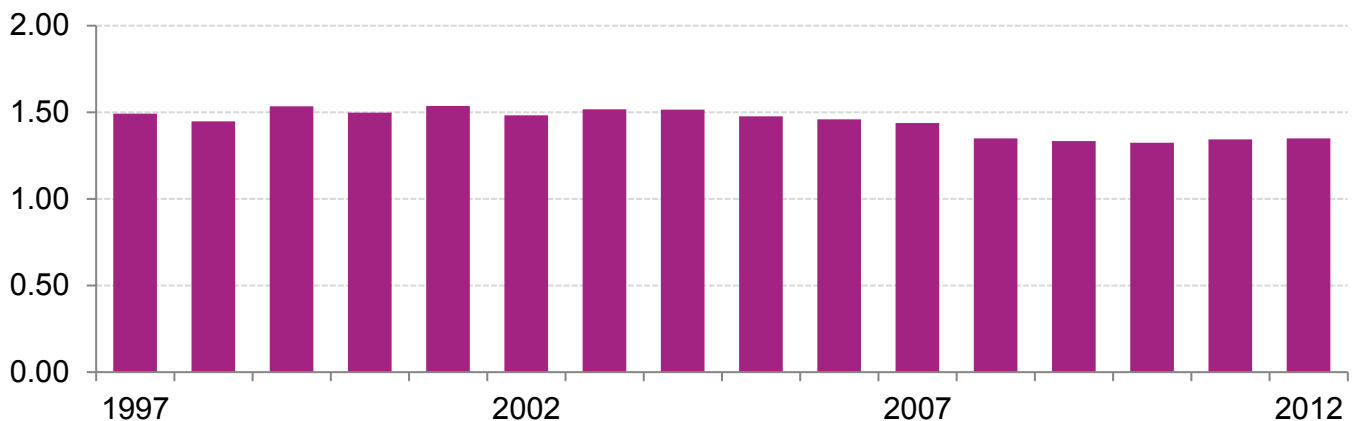
Figure 3 looks at the NUTS 3 areas arranged by levels of disposable income. The difference between the areas with the highest level of disposable income and the area with the lowest in Scotland is £4,946. [Table A2](#) provides a breakdown of NUTS level 3 within Scotland.

Figure 3: NUTS 3 areas by levels of disposable income (£)



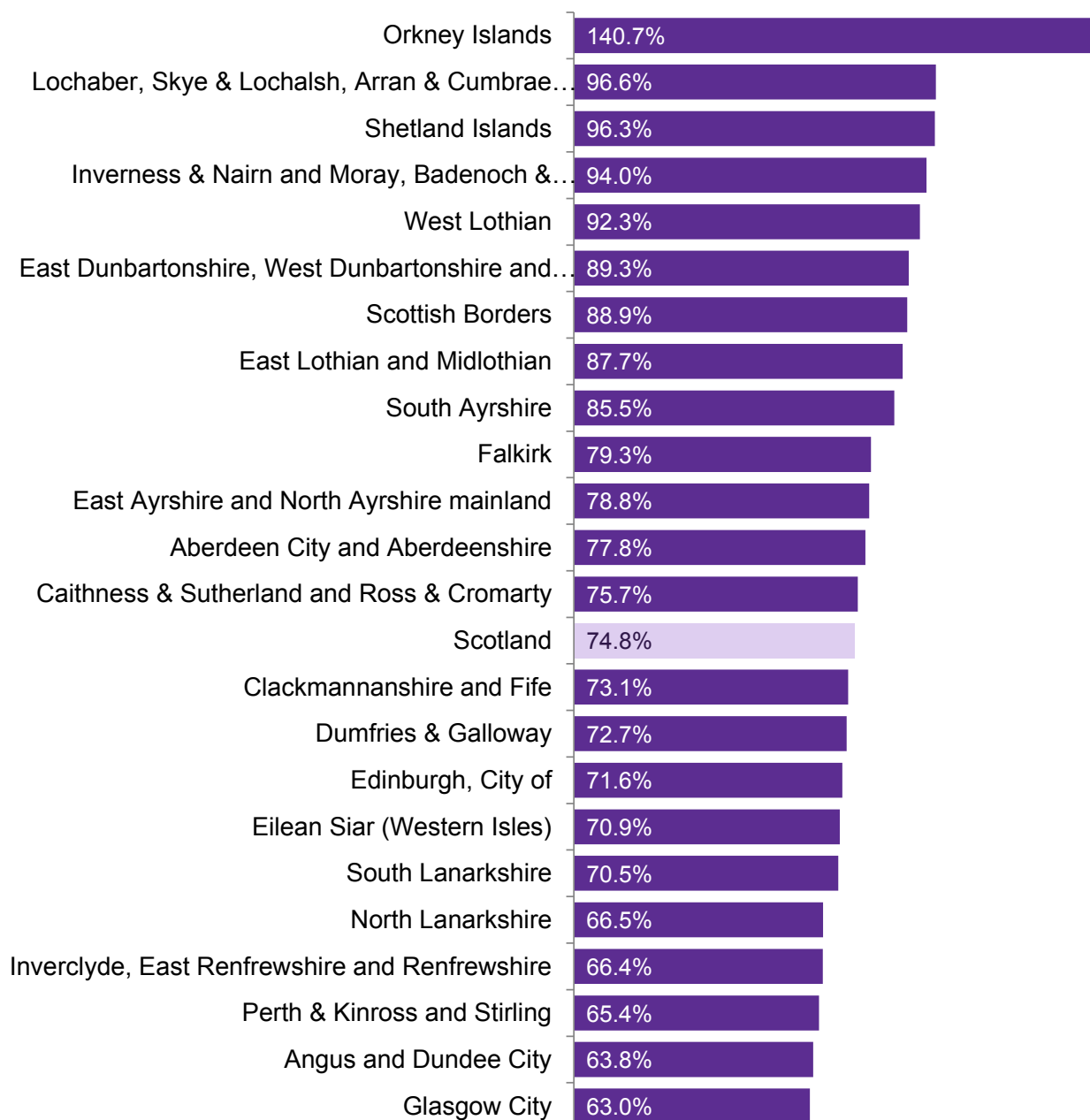
Average disposable income in Edinburgh is currently 35% higher than in Glasgow. The gap between the highest GDHI per head area and the lowest is considerably narrower than it was ten years ago, as demonstrated in Figure 4.

Figure 4: Ratio of lowest to highest level of disposable income across NUTS level 3 in Scotland – 1997 to 2013



Disposable income has increased in Scotland since 1997 by 74.8% (in 'cash' terms). However, there has been variation in the level of increase across Scotland. The area that has seen the highest increase in disposable income is the Orkney Islands, having increased by almost £10,500 or 141%, compared to Glasgow which has seen the lowest increase of around £5,500 or 63%.

Figure 5: Change in levels of disposable income across Scotland - 1997 to 2012



HOUSEHOLD INCOME BY RESOURCE TYPE

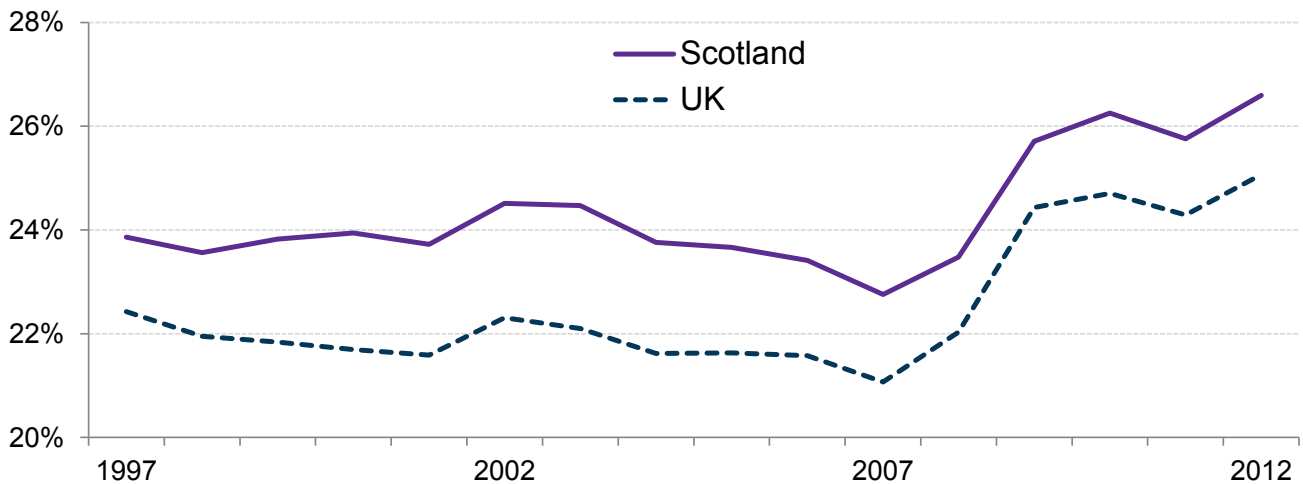
Income for households can be split into two type of resources; primary resources and secondary resources:

- Primary resources: wages and salaries, rental income and interest on savings (private and occupational pensions).
- Secondary resources: social benefits received and other current transfers, such as monetary gifts and insurance pay-outs. Secondary resources include national insurance fund benefits, such as state pensions and unemployment allowance, and non-contributory benefits such as Child Benefit and tax credits.

Figure 6 shows how the proportion of total disposable income classified as secondary resources has changed in Scotland and the UK since 1997. The proportion of income in Scotland which is classified as a secondary resource such as unemployment allowance is higher than the UK as a whole. However the gap between Scotland and the UK has narrowed to 1.5 percentage points since 2003 when Scotland was 2.4 percentage points higher than the UK.

Since 2007 the proportion of total disposable income classified as secondary resources has increased from almost 23% to around 27% in Scotland and from 21% to 25% for the UK. This can in part be explained by the increase in the number of people claiming unemployment related benefits such as Jobseekers Allowance (JSA).

Figure 6: Proportion of total disposable income classified as secondary resources for Scotland and the UK – 1997 to 2012



ANNEX

Table A1: NUTS Level 1 Regions

	Disposable income per head (£)
England	17,066
Northern Ireland	13,902
Scotland	16,267
Wales	14,623
UK	16,791

Table A2: NUTS Level 3 Regions

	Level Two Area	Disposable income per head (£)
Angus and Dundee City	Eastern	14,955
Clackmannanshire and Fife	Eastern	15,115
East Lothian and Midlothian	Eastern	17,823
Scottish Borders	Eastern	16,748
Edinburgh, City of	Eastern	19,107
Falkirk	Eastern	15,190
Perth & Kinross and Stirling	Eastern	17,835
West Lothian	Eastern	15,258
East Dunbartonshire, West Dunbartonshire and Helensburgh & Lomond	South Western	17,139
Dumfries & Galloway	South Western	15,525
East Ayrshire and North Ayrshire mainland	South Western	14,684
Glasgow City	South Western	14,161
Inverclyde, East Renfrewshire and Renfrewshire	South Western	16,699
North Lanarkshire	South Western	14,282
South Ayrshire	South Western	16,868
South Lanarkshire	South Western	15,991
Aberdeen City and Aberdeenshire	North Eastern	18,984
Caithness & Sutherland and Ross & Cromarty	Highlands and Islands	16,012
Inverness & Nairn and Moray, Badenoch & Strathspey	Highlands and Islands	15,947
Lochaber, Skye & Lochalsh, Arran & Cumbrae and Argyll & Bute	Highlands and Islands	15,845
Eilean Siar (Western Isles)	Highlands and Islands	14,541
Orkney Islands	Highlands and Islands	17,950
Shetland Islands	Highlands and Islands	17,882

SOURCES

Office for National Statistics, *Regional Household Income*, Spring 2014, [Online] <http://www.ons.gov.uk/ons/rel/regional-accounts/regional-household-income/spring-2014/index.html>

Office for National Statistics, *Quality and Methodology Information, Regional Gross Disposable Household Income* [Online] <http://www.ons.gov.uk/ons/guide-method/method-quality/quality/quality-information/economy/quality-and-methodology-information-for-regional-gross-disposable-household-income--gdhi-.pdf>

THIS PAGE IS INTENTIONALLY BLANK

RELATED BRIEFINGS

[SB 14-01 Earnings in Scotland 2013](#)

Scottish Parliament Information Centre (SPICe) Briefings are compiled for the benefit of the Members of the Parliament and their personal staff. Authors are available to discuss the contents of these papers with MSPs and their staff who should contact Andrew Aiton on extension 85188 or email andrew.aiton@scottish.parliament.uk. Members of the public or external organisations may comment on this briefing by emailing us at spice@scottish.parliament.uk. However, researchers are unable to enter into personal discussion in relation to SPICe Briefing Papers. If you have any general questions about the work of the Parliament you can email the Parliament's Public Information Service at sp.info@scottish.parliament.uk.

Every effort is made to ensure that the information contained in SPICe briefings is correct at the time of publication. Readers should be aware however that briefings are not necessarily updated or otherwise amended to reflect subsequent changes.

Published by the Scottish Parliament Information Centre (SPICe), The Scottish Parliament, Edinburgh,
EH99 1SP

www.scottish.parliament.uk