

Guernsey Household Income Report

2014

Issue date 1st February 2017

The Guernsey Household Income Report provides information on the income levels for households in Guernsey (including the islands of Guernsey, Herm, Jethou and Lihou) using data collated by the Rolling Electronic Census IT System.



States of Guernsey
Data and Analysis



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1.1 Introduction

The Household Income Report is a new annual publication. Following a successful trial using 2013 data which was published in May 2015, there have been methodological improvements. Additional household composition groups have been added to maximise the insight that can be gained and there have been refinements to the way incomes are calculated where original data is incomplete. **For this reason the 2014 data is not directly comparable with the 2013 dataset and no comparisons are drawn.** The intention is for time series to be compiled on a like for like basis from 2014 onwards.

The report uses data sourced from the Rolling Electronic Census, an award winning IT system completed in late 2014, which collates demographic, employment and economic data from ten separate States of Guernsey databases. See [Appendix A](#) for more details on the Rolling Electronic Census.

The Household Income Report 2014 is based on a sample of 22,209 Guernsey households. See [Appendix B](#) for more detail on methodology and which households have been included in the analysis.

The Report is based on annual incomes for the year ending December 2014. It provides information on average gross household income (before deduction of taxes and social security contributions) broken down by quintile (five equally sized groups ordered by level of gross income) and also by household composition. Equivalised incomes are presented as well as unequivalised incomes in order to take account of different household structures and compositions when making comparisons. Mean and median incomes for the different parishes are also presented on an equivalised basis.

[Section 11](#) of the Report contains information on household incomes after income tax and social security contributions have been deducted and after housing costs. Housing costs referred to here and throughout the rest of the report mean mortgage and rent costs. The income remaining after these deductions broadly indicates the amount of money left to buy goods and services and is a commonly used income measure for monitoring living standards and determining internationally comparable measures of relative poverty.

[Section 12](#) contains information on income equality. Data for Guernsey is presented in this section on the number of households who have an income net of social security, income tax and housing costs which was less than 60% of the median and on the composition and tenure of those households. Further information can be found within the [Guernsey Indicators of Poverty Report](#) (available at www.gov.gg/indicators), where the extent of social and economic deprivation in Guernsey is quantified via a set of multi-dimensional indicators based on a methodology used in England. The indicators encompass seven different areas of interest: income, employment, health, education, crime, housing and the environment.

The concept of the Gini coefficient is also introduced in this section. It is a statistical measure to review how income is distributed across Guernsey's households, with a value of one indicating where one household has all the income within a population and a value of zero indicating perfect equality, where all households have the same income.

1.2 Headlines

- The overall mean gross household income (unequalised) was £71,129 (£1,368 per week) and the overall median gross household income was £51,877 (£998 per week) in 2014.
- The lowest quintile represents the bottom 20% of all households when sorted by income. It had an upper boundary of £23,818 in 2014. For those households that were in the lowest income quintile, just over a third of all gross income was classified as private income, 43% of all income derived from old age pensions, whilst benefits (excluding old age pensions) and rent rebates collectively accounted for just over 20% of gross income.
- The highest income quintile (unequalised) represents the top 20% of all households when sorted by income and had a lower boundary of £97,696 in 2014. Within the highest income quintile, 97% of income was classified as private income.
- The equivalised overall mean gross household income was £61,099 (£1,175 per week) and the overall median was £47,838 (£920 per week) in 2014.
- The household composition with the lowest equivalised mean household income was the **one adult (16-64) with child(ren)** group, at £35,126. The household composition with the highest equivalised mean household income was the **two adults (16-64)** group, at £80,678.
- The parish of St Pierre Du Bois had the highest mean equivalised income in 2014 at £75,205 per annum, whilst Torteval parish had the highest median income at £57,339 per annum. St. Sampsons parish had both the lowest mean and median incomes at £52,935 in 2014 and £45,179.
- The overall mean household income after deduction of social security contributions, income tax and imputed housing costs (equivalised) was £41,147 (£791 per week) and the overall median was £31,091 (£598 per week) in 2014.
- The household compositions with the lowest unequalised mean household income after deduction of social security contributions, income tax and imputed housing costs were **one adult (65 and over)** at £17,304 and **one adult (16-64) with child(ren)**, at £17,775. The household composition with the highest unequalised mean household income after deduction of social security contributions, income tax and imputed housing costs were **'Other'** group, at £87,571.
- The household composition with the lowest equivalised mean household income after deduction of social security contributions, income tax and imputed housing costs was the **one adult (16-64) with child(ren)** group, at £18,130. The household composition with the highest equivalised mean household income after deduction of social security contributions, income tax and imputed housing costs were **two adults (16-64)** group, at £54,173.
- 6,018 households and 12,475 people in Guernsey were found to have a household income net of social security, income tax and housing costs which was less than 60% of the median, representing 27.1% of all households and 22.3% of the total population.

2. Overview of households in Guernsey at 31st December 2014

Households are defined in this Report as individuals residing at the same address. The information presented here is based on an analysis of 22,209 Guernsey households and represents an average household size of 2.5 people. Households which were not present in Guernsey for the full year in 2014 and those where addresses were not known were not included in the analysis (see [Appendix B](#) for detailed methodology).

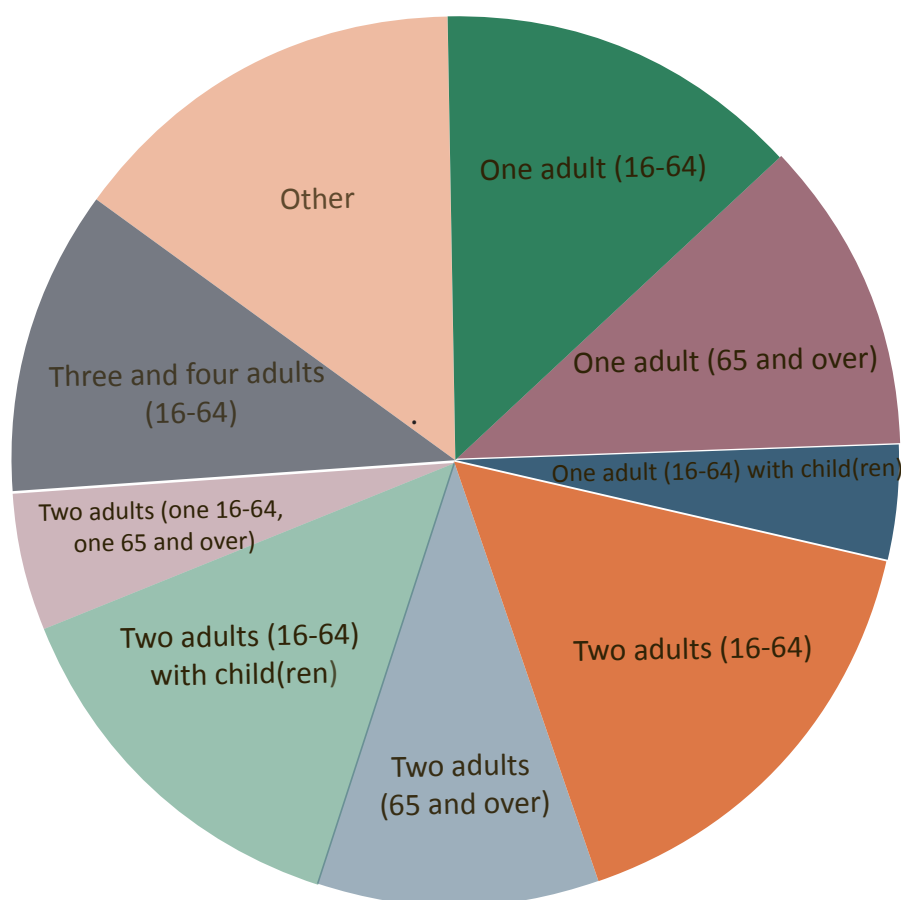
Eight main categories of household composition have been used throughout this Report, which cover the most common household types. Household compositions vary during the year with individuals moving house, immigration, emigration, births and deaths, and for this reason the data presented below and overleaf is a snapshot of the composition of households as at 31st December 2014.

Table 2.1.1: Definition of household composition type and percentage in sample at 31st December 2014

Composition Type	Description	% of sample
One adult (16-64)	One adult, aged between 16 and 64 years at address	13.4
One adult (65 and over)	One adult of age 65 years or over at address	11.6
One adult (16-64) with child(ren)	One adult, aged between 16 and 64 years living with one or more child(ren) under 16 years at address	4.1
Two adults (16-64)	Two adults, aged between 16 and 64 years at address	16.0
Two adults (65 and over)	Two adults, both of age 65 years or over at address	10.5
Two adults (16-64) with child(ren)	Two adults, both aged between 16 and 64 years living with one or more child(ren) under 16 years at address	13.8
Two adults (one 16-64, one 65 and over)	Two adults, one aged between 16 and 64 years and one of age 65 years or over at address	5.1
Three and four adults (16-64)	Three or four adults, all aged between 16 and 64 years at address. Note this category can include parents with grown up children, or unrelated adults living in a house share arrangement.	10.9
Other	Any other household composition not defined above at same address (e.g. where individuals in a household span more than one description such as three adults, with child(ren) under 16 years and households of more than four adults aged 16-64 years)	14.8
Total		100.0

2.1 Household composition at 31st December 2014

Figure 2.1.1 Composition of Guernsey households as at 31st December 2014



The eight most common household types as defined in [Table 2.1.1](#) describe over 85% of all households as can be seen in [Figure 2.1.1](#). A quarter of all households (5,543 households) are one adult households without child(ren), and just under a third of all households (7,013) are two adults without child(ren). A further 10.9% are **three and four adult (16-64)** households without children. Pensioner households comprising either **one adult (65 and over)** or **two adults (65 and over)** or **two adults (one 16-64, one 65 and over)** represent 27.2% of all Guernsey households.

Households with child(ren), with either **one adult (16-64) with child(ren)** or **two adults (16-64) with child(ren)**, represent 17.8% of all Guernsey households. The remaining 14.8% (3,269 households) are classified as **'other'** and will include households of more than four adults, or where individuals in a household span more than one description e.g. the household comprises three adults, two aged over 65 years and one under 65 years.

3.1 Unequalised or equalised which to use

Gross household incomes and incomes net of social security, income tax and imputed housing costs are provided on an unequalised and equalised basis. [Sections 4, 5 and 6](#) contain information on unequalised household incomes and [Sections 7, 8 and 9](#) contains the same information for equalised household incomes. [Section 10](#) contains unequalised household incomes after social security, income tax and imputed housing costs have been deducted. [Section 11](#) contains the same information on an equalised basis.

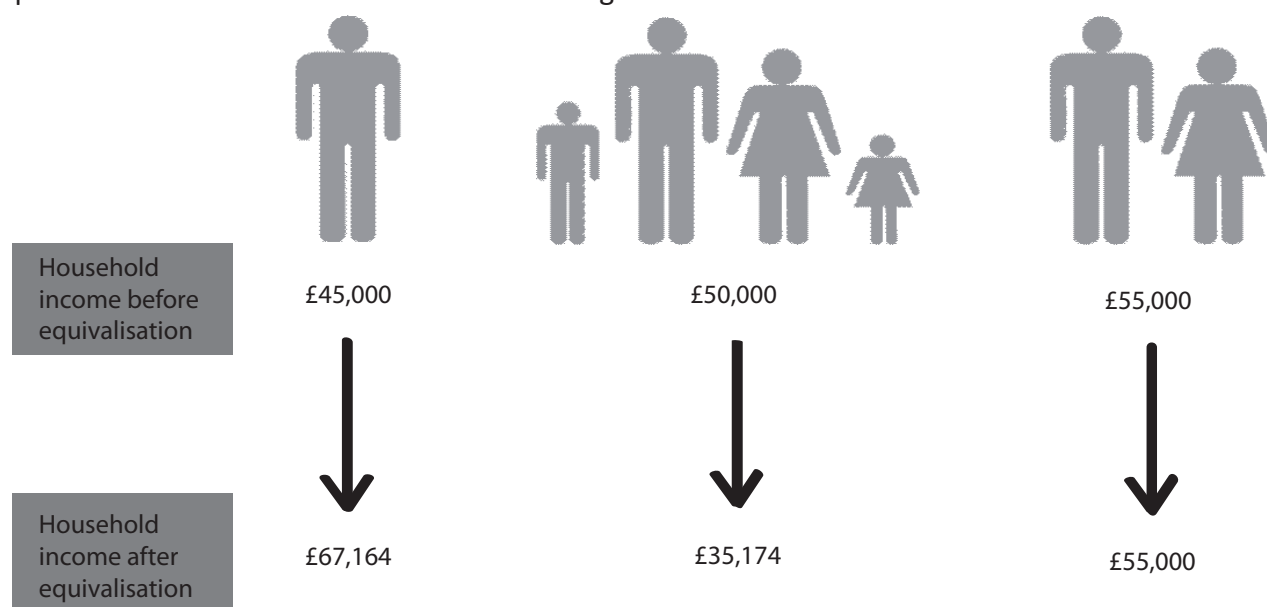
Unequalised means the gross income of a household is just that, total income of a household, with no adjustment made for different household sizes and household compositions.

The income that a household needs to attain a given standard of living will depend on its size and composition. “Equalisation” means adjusting a household’s income for size and composition so households can be looked at on a more comparable basis. Gross incomes have been equalised using the ‘Modified-OECD’ equivalence scale, in which each household is given a weighting depending on its composition and this is divided by its gross household income. Households of two adults and no children do not see their gross incomes change after equalisation, whilst incomes of households comprising more than two adults are scaled down. Households containing fewer than two adults will have their income scaled up after equalisation. (See [Appendix B](#) for methodology).

The decision on whether to use unequalised or equalised gross household income will depend on the use to which the data is being put. Unequalised gross household incomes are useful when requiring income levels for all households (such as overall mean gross household income and overall median gross household income).

Equalised household income data is recommended where comparisons of income are being made across different household types, such as by composition, tenure and quintile.

As an example, take a household of two adults and two children and a gross income of £50,000. If this is compared with a household containing just one adult with a gross income of £45,000, then although the larger household had a higher gross income it is the smaller one that has the higher equalised income. This is illustrated in the diagram below.



4.1 Overall income (unequalised): mean, median and distribution

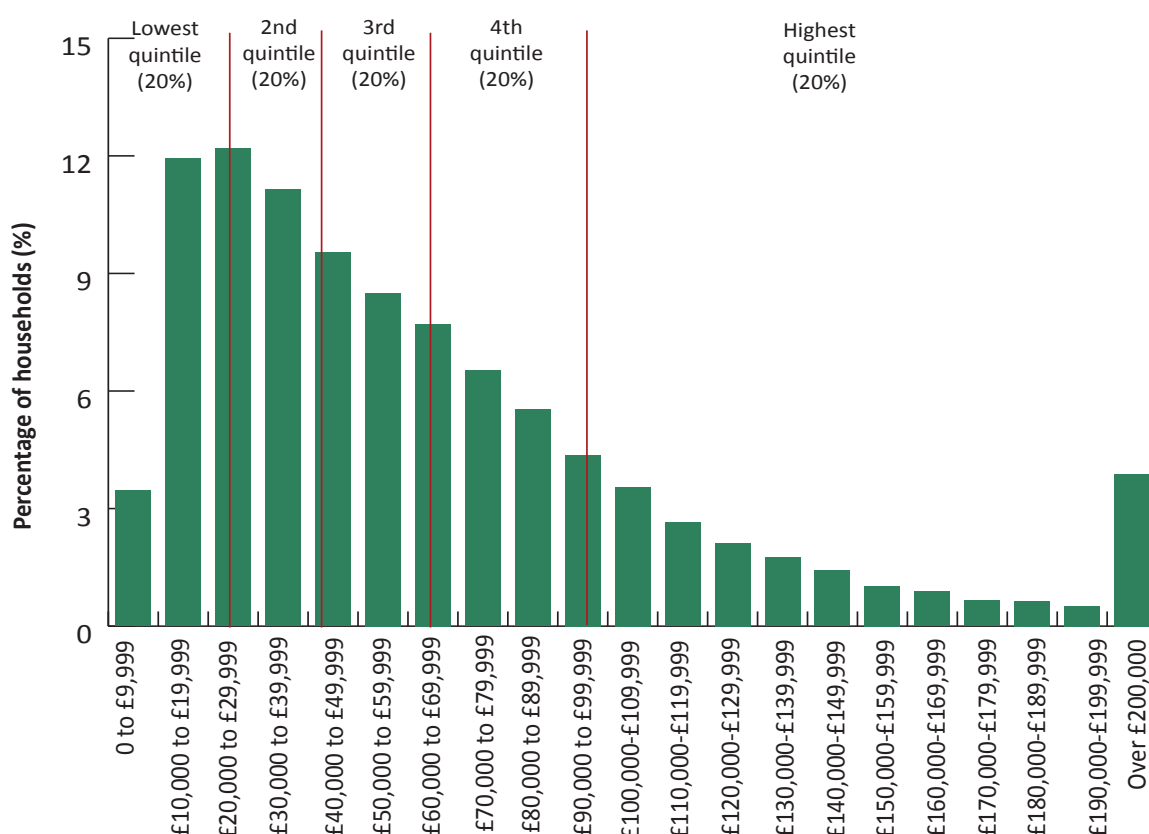
Gross incomes for 2014 were calculated for the 22,209 Guernsey households included in the analysis (see [Appendix B](#) for methodology). Gross income is defined as the total income of a household derived from a variety of sources including; employment income, business income, old age (States) pension, private pension (both occupational and personal), distribution income, annuities, bank interest, loan interest income, benefits (except those paid on order) and rent rebates. Rent rebates, currently administered by the Housing Department, may not be perceived as an income as they are deductions made to social housing rent. However, given current proposals to unify rent rebates and supplementary benefit and to ensure comparability in future reports, these have been included as a base. Grants for educational purposes, such as university grants paid direct to universities, have not been included as a form of income in this analysis.

The data has not been adjusted for household size i.e. is unequalised. As such, gross incomes for varying household compositions are reported in this section. [Section 7](#) contains the corresponding information for equalised gross incomes. [Section 10](#) contains unequalised household incomes after social security, income tax and imputed housing costs have been deducted.

[Figure 4.1.1](#) presents gross household income for all analysed households by income bracket. Income brackets are spaced at £10,000 intervals and the percentage of households within each income bracket is evident.

Gross household incomes have also been divided into quintiles, five equally sized groups ordered by level of gross income. The lowest quintile represents the 20% of households with the lowest income when households are sorted by gross household income from lowest to highest. The second quintile represents the next 20% of all households when sorted by gross income and so on. The approximate position of each quintile boundary is shown in [Figure 4.1.1](#) and [Table 4.1.3](#).

Figure 4.1.1: Gross annual income of households



4.1 Overall income (unequalised): mean, median and distribution

The mean gross household income was £71,129 (£1,368 per week) and the median gross household income was £51,877 (£998 per week) in 2014 (see [Table 4.1.1](#)).

Mean gross household incomes were calculated by totalling all income received during 2014 and dividing this figure by the number of households. Median gross household incomes were calculated by ranking all household incomes from lowest to highest and selecting the middle data point. Mean averages are more heavily influenced by a small number of very high income households than median averages. As a result, there is a large differential between the two measures. For this reason both mean and median figures are presented where relevant throughout this report.

Table 4.1.1: Mean and median gross income of households

	Annual (£)	Weekly (£)
Mean	71,129	1,368
Median	51,877	998

Table 4.1.2: Gross annual income distribution of households

	% of households
£0-£9,999	3.5
£10,000-£19,999.99	11.9
£20,000-£29,999.99	12.2
£30,000-£39,999.99	11.1
£40,000-£49,999.99	9.5
£50,000-£59,999.99	8.5
£60,000-£69,999.99	7.7
£70,000-£79,999.99	6.5
£80,000-£89,999.99	5.5
£90,000-£99,999.99	4.4
£100,000-£109,999.99	3.6
£110,000-£119,999.99	2.7
£120,000-£129,999.99	2.1
£130,000-£139,999.99	1.8
£140,000-£149,999.99	1.4
£150,000-£159,999.99	1.0
£160,000-£169,999.99	0.9
£170,000-£179,999.99	0.7
£180,000-£189,999.99	0.6
£190,000-£199,999.99	0.5
Over £200,000	3.9
Total	100.0

Table 4.1.3: Quintile boundaries for gross annual income of households

	Upper boundary (£)
Lowest quintile	23,818
2nd quintile	41,237
3rd quintile	64,196
4th quintile	97,696
Highest quintile	-

4.2 Overall income by source

Table 4.2.1 provides a detailed definition of the four main sources of household income used within the Report; private income, benefits (excluding old age pensions), old age pensions and rent rebates.

Table 4.2.1: Definition of income sources

Income Source	Description
Private income	Includes all income throughout 2014 from employment, business, private pension (both occupational and personal), distributions, annuities, maintenance, remittances, dividends, investment, property, benefits in kind, bank interest, loan interest and other miscellaneous private incomes.
Benefits (excluding old age pensions)	Includes all forms of non-contributory benefits paid by the States of Guernsey to a household during 2014 such as attendance allowance*, bereavement allowance, bereavement payment, widowed parent's allowance, death grant, family allowance, sickness benefit, invalidity benefit, industrial injury benefit, industrial disablement benefit, invalid care allowance*, long term care benefit, maternity grant, maternity allowance, supplementary benefit and unemployment benefit. This does not include those benefits paid "on order" such as oxygen and medical costs. Neither does it include university grants which are paid directly to universities.
Old age pension	Refers to the old age pension paid by Guernsey or other Governments and is defined as the total amount of old age pension paid to a household during 2014.
Rent rebates	Refers to the amount of rebate deducted from social housing rents during 2014. Although not always classed as an income, given proposals to unify rent rebates and supplementary benefit, they have been included as such since they may be included within supplementary benefit in the future.

*From May 2014 attendance allowance was renamed 'severe disability benefit' and invalid care allowance was renamed 'carers allowance'.

Figure 4.2.1: Breakdown of gross income by source

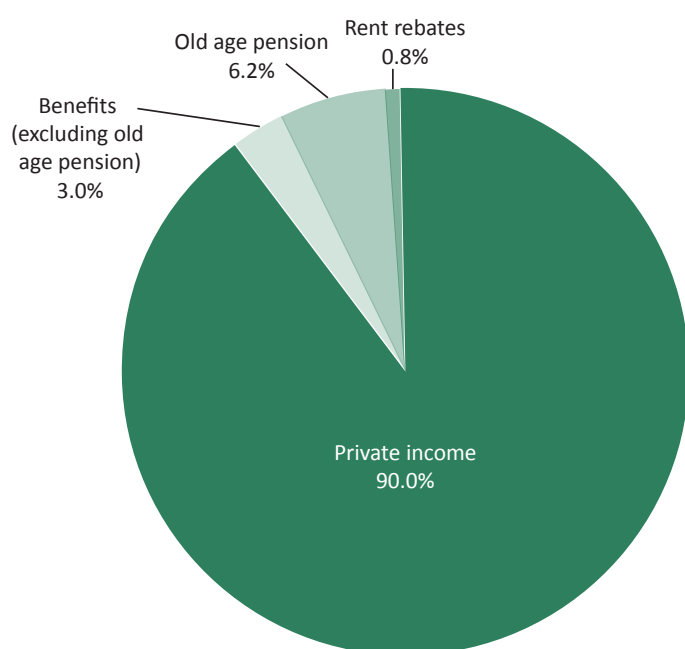


Figure 4.2.1 illustrates the breakdown of all household income by income source during 2014. As can be seen a significant majority, 90%, of all household income is derived from private income sources, including employment, business, personal pensions and other private income sources.

The old age pension accounts for 6.2% of all household income, whilst benefits (excluding old age pension) and rent rebates account for just under 4%.

5.1 Income and household composition: means and medians

The analysis presented in this section is based on “consistent” households only. The term consistent households refers to those where there has been no change in the composition and number of individuals within a household and no change of address throughout 2014. The number of consistent households totalled 16,770 at the end of 2014.

The analysis is limited to consistent households only rather than an overall number of households. A consistent description of a household is required for this analysis, as households which have changed composition during the year could render the analysis of household descriptions unreliable.

Figure 5.1.1: Mean and median annual gross income by household composition (consistent households only)

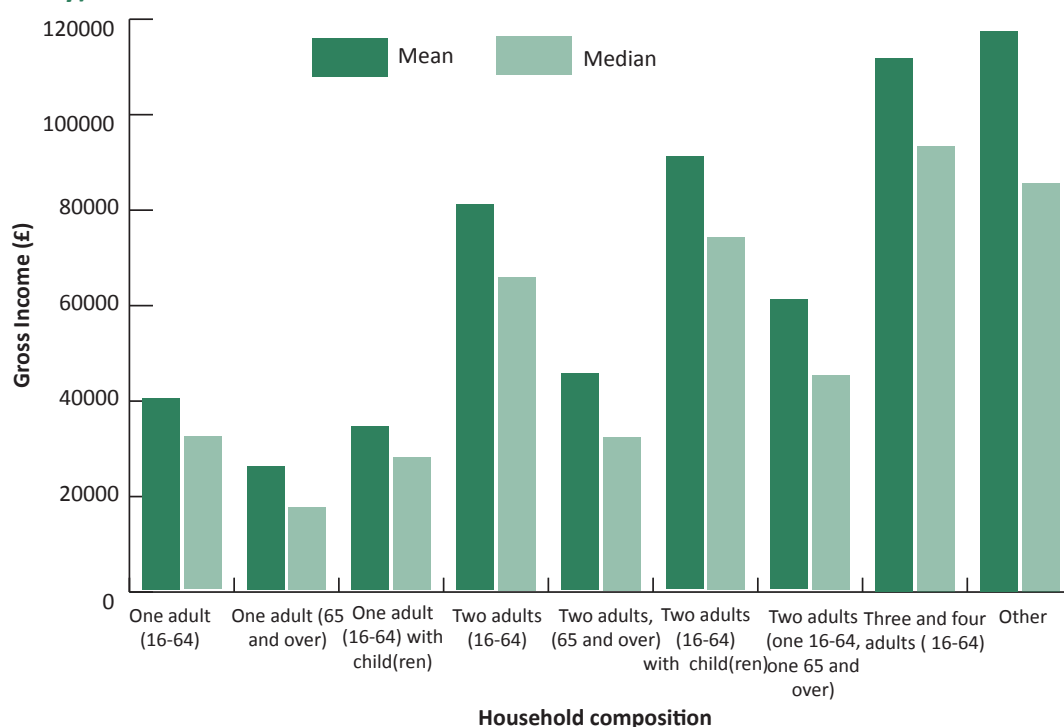


Figure 5.1.1 details the mean and median gross incomes for households of different compositions. The distribution of income between these groups is heavily influenced by the number of adults in the household. **One adult (65 and over)** households and **one adult (16-64) with child(ren)** households recorded the lowest mean household income in 2014 at £25,780 and £34,285 respectively. The **'other'** category and the **three and four adults (16-64)** category recorded the highest mean household incomes at £117,381 and £111,738 respectively.

Median gross household incomes follow much the same pattern as mean incomes, although the values do differ, due to a small number of very high incomes which have a larger influence on the mean figure. **One adult (65 and over)** households and **one adult (16-64) with child(ren)** households recorded the lowest median household incomes in 2014 at £17,223 and £27,701 respectively. The **'other'** and the **three and four adults (16-64)** categories recorded the highest median household income at £85,570 and £93,310. See [pages 13-15](#) for more information on the make-up of the household composition groups by housing tenure, income source and income quintile.

Please note this section presents unequivalised income with no adjustment for household size - see [Section 7.0](#) for equivalised gross data, [Section 10.0](#) for unequivalised income after social security contributions, income tax and housing costs have been deducted and [Section 11.0](#) for equivalised income after social security contributions, income tax and housing costs.

5.1 Income and household composition: means and medians

Figure 5.1.2: Household composition and tenure (consistent households only)

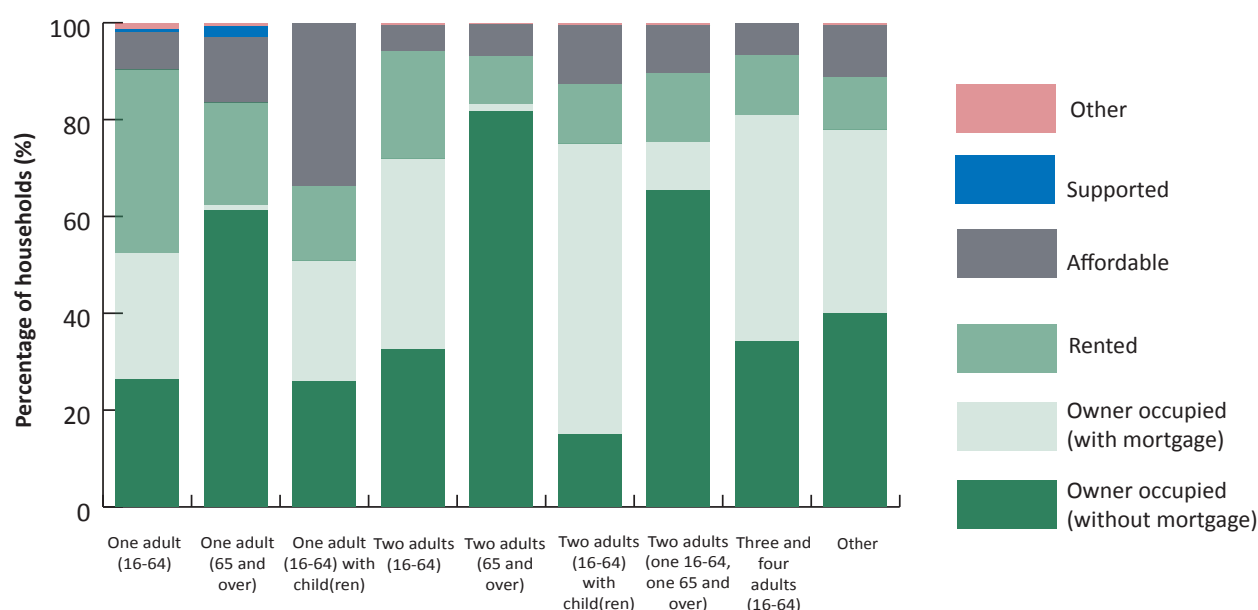


Figure 5.1.2 illustrates the housing tenure profile of the different household compositions (see **Table 5.1.1** for definitions). The majority of **one adult (65 and over)**, **two adults (65 and over)** and **two adults (one 16-64, one 65 and over)** households are owner occupiers without a mortgage, 61.2%, 81.7% and 65.3% respectively. Households comprising **two adults (16-64) with child(ren)** are the most likely of all household compositions to be owner occupiers with mortgage, at 60.3%. Rented accommodation is most prevalent in those households classified as **one adult (16-64)** households, at 37.9%, whilst **one adult (16-64) with child(ren)** contains the highest proportion of households with an affordable tenure (Guernsey Housing Association/States rented or social partial ownership), at 33.5%.

Table 5.1.1: Definitions of tenure

Tenure Type	Description	% of households
Owner occupied with mortgage	Household living in a property they have purchased with a mortgage or other secured loan. Can be either open market or local market.	28.7
Owner occupied without a mortgage	Household living in accommodation which they own outright and is not the subject of a mortgage or other secured loan. Can be either open market or local market.	42.3
Rented	Household living in accommodation rented from a private landlord or estate agent. Can be either open market or local market.	18.1
Affordable	Household living in accommodation rented from either the States of Guernsey Housing Department or Guernsey Housing Association (GHA); or a household in a partial ownership scheme.	9.8
Supported	Households living in sheltered and extra care accommodation provided by the States, the Guernsey Housing Association and other housing associations, where the allocation criteria are based primarily on care needs and includes specialist accommodation for over 55s such as Rosaire Court, Les Blanc Bois, La Nouvelle Maritane.	0.4
Other	Any accommodation not fitting the above criteria (including self catering). Can be either open market or local market.	0.6
Total		100.0

5.2 Income and household composition: income source

Figure 5.2.1: Household composition and income source (consistent households only)

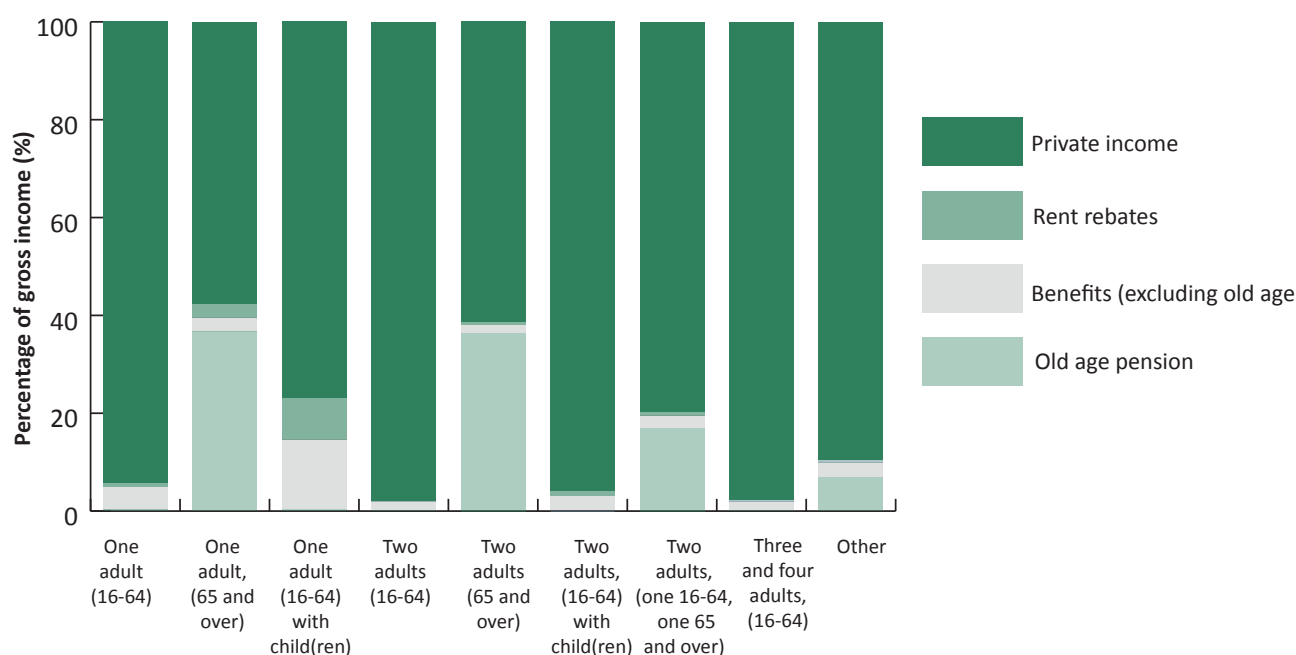


Figure 5.2.1 compares the proportion of income derived from private, old age pension, benefits (excluding old age pension) and rent rebate income sources across differing household compositions. As might be expected, the States old age pension was highest in proportion in those households with either **one adult (65 and over)** or **two adults (65 and over)** accounting for, on average, over a third of all income to those households.

The highest proportion of benefits (excluding old age pension) and rent rebates can be found in households which comprise **one adult (16-64) with child(ren)**, accounting for 15% of total gross income in these households. The highest proportion of private income can be found in households comprising **two adults (16-64)**, where 98% of gross income is derived from private sources, which includes employment and business incomes.

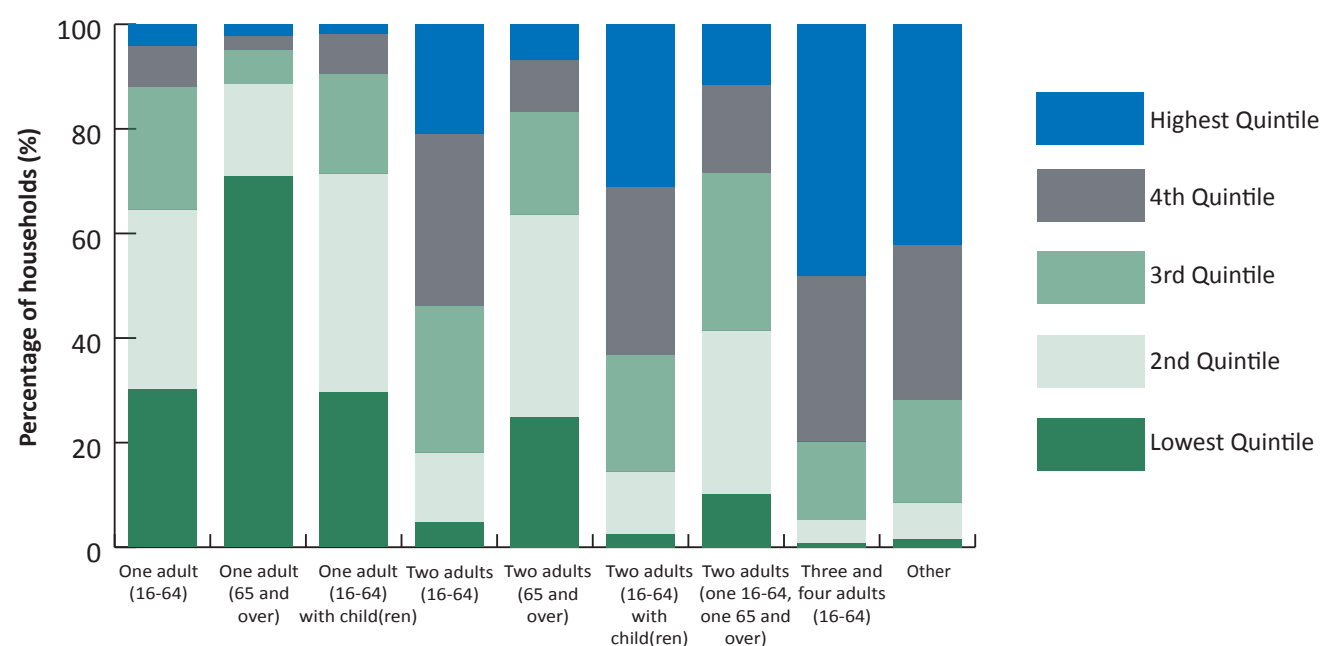
5.3 Income and household composition: quintiles

Figure 5.3.1 illustrates how income quintiles are distributed across the identified household compositions. Again, because the income data in this section is unequivalised (i.e. not adjusted to reflect household size), profiles of household compositions are heavily influenced by the number of adults in the household.

One adult (65 and over) households contain the highest proportion of households in the lowest income quintile (the lowest 20% of households when ordered by income). 71% of all **one adult (65 and over)** households were within the lowest income quintile. **Three and four adults (16-64)** households have the highest proportion of households in the highest income quintile (those 20% of households with the highest household income), with 48% of these households within the highest income quintile.

For more comparable figures for different household compositions see **Section 7.0**. Income statistics are equivalised in that section to take account of household composition.

Figure 5.3.1: Household composition and income quintile (consistent households only)



6.1 Income quintiles: source of income

This section (as per [Section 5.0](#)) presents gross household incomes by quintiles for consistent households during 2013. The term consistent households refers to those where there has been no change in the composition and number of individuals within a household and no change of address throughout 2014. The number of consistent households totalled 16,770 at the end of 2014.

The analysis is limited to consistent households only rather than an overall number of households. A consistent description of a household is required for this analysis, as households which have changed composition during the year could render the analysis of household descriptions unreliable. As can be seen overleaf, household composition will impact these statistics. For more comparable results see [Section 7.0](#). Income statistics are equivalised in [Section 7.0](#) to take account of household composition.

Figure 6.1.1: Income quintile and source of income (consistent households only)

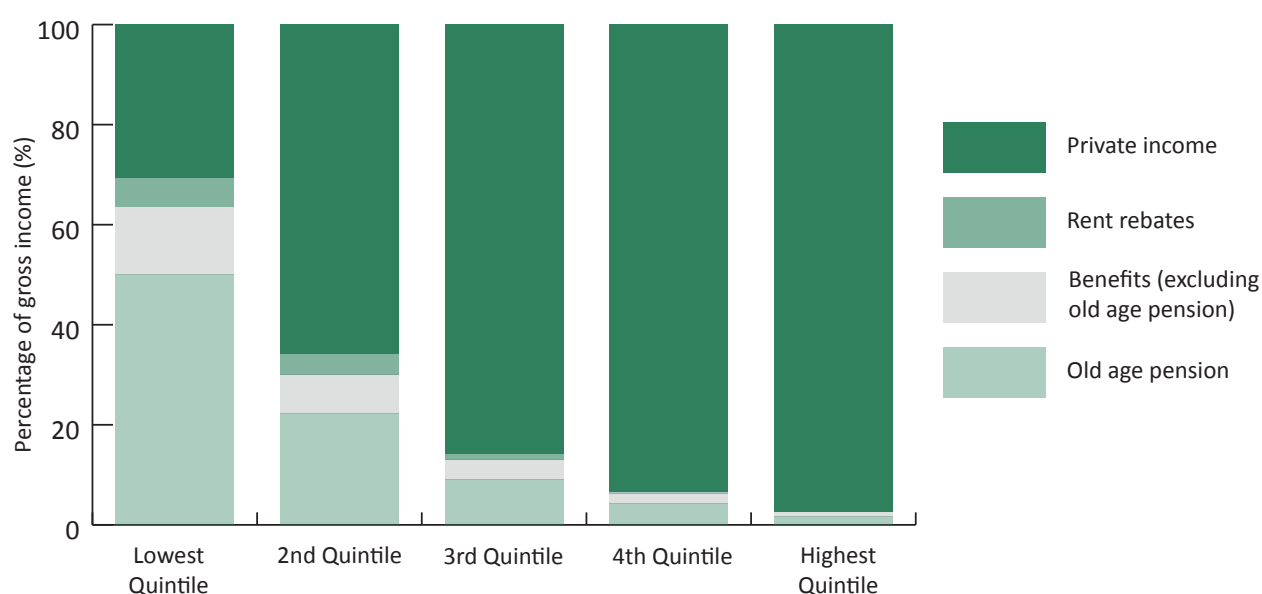


Figure 6.1.1 illustrates the different sources of household income by quintile. Old age pensions account for half (50%) of all gross income within the lowest income quintile of households, the bottom 20% of consistent households when ordered by household income. Furthermore, within the lowest quintile, private income accounts for 30.6% of all gross income and benefits (excluding old age pension) and rent rebates collectively account for 19.4% of all income.

Moving progressively through the second, third, fourth and highest income quintiles there is a general trend of an increasing proportion of gross income derived from private income sources and a decreasing proportion of gross income from old age pension, benefits (excluding old age pension), and rent rebate sources.

Within the highest income quintile of households (the top 20% of households when ordered by gross income), 98% of all gross income is derived from private income sources, 1.6% is derived from old age pension and 0.9% from benefits (excluding old age pension).

6.2 Income quintiles: composition

Figure 6.2.1: Income quintile and household composition (consistent households only)

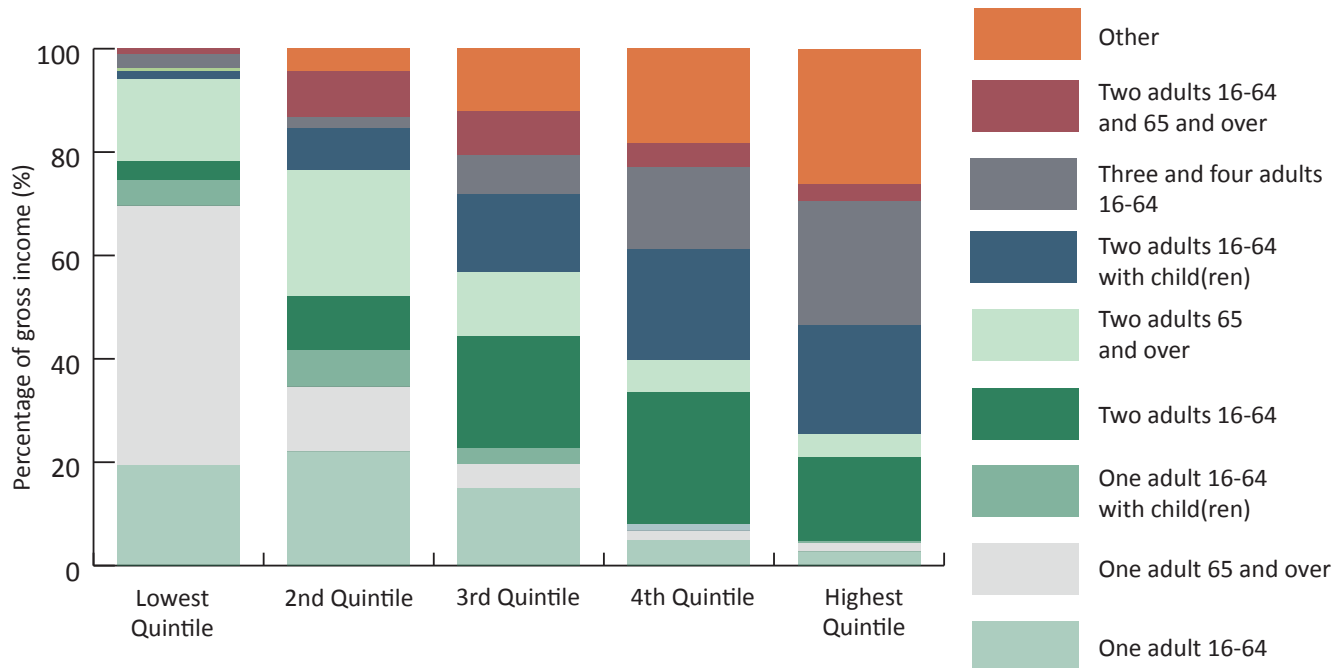


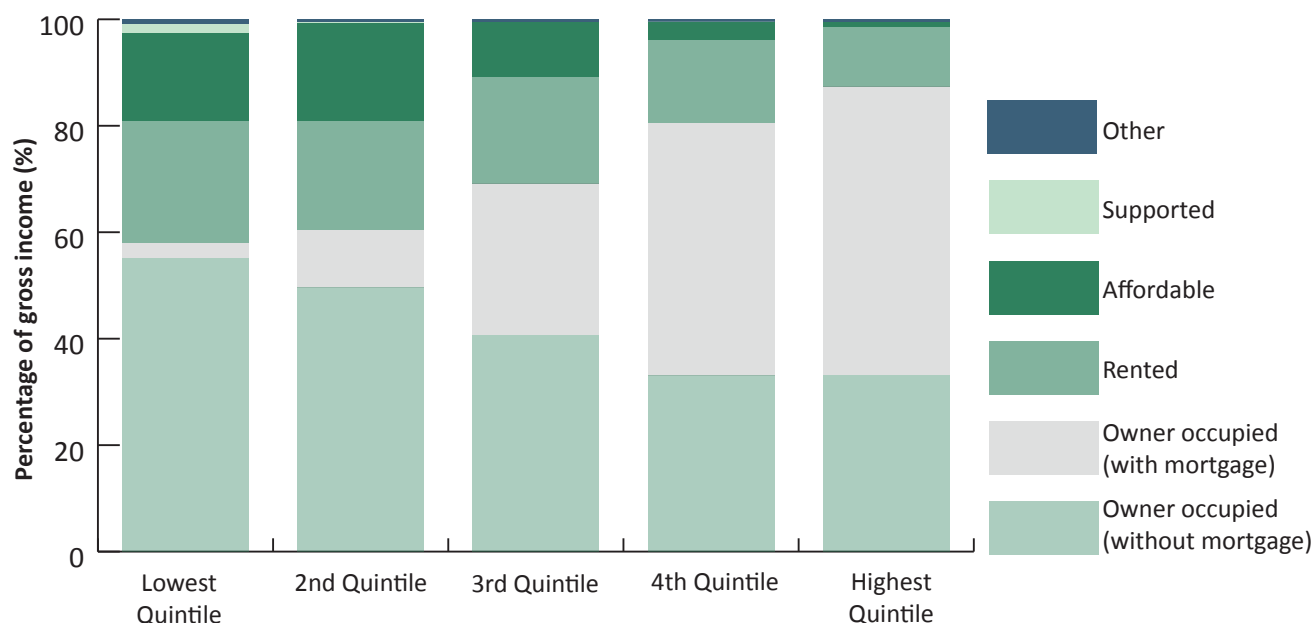
Figure 6.2.1 illustrates the composition of households by income quintile. Almost 70% of all households within the lowest income quintile are one adult households without child(ren).

The proportion of **one adult (16-64) with child(ren)** households within the lowest income quintile is relatively low, representing 5.0% of all lowest quintile households; however this is primarily due to the low number of this household type within the dataset. The proportion of **one adult, (16-64) with child(ren)** households within the lowest income quintile is, in fact, 15 times the proportion represented within the highest income quintile, at 0.33%.

Within the highest income quintile, just under a quarter of all households are classified as **three and four adults (16-64)**, a further 21.1% of all households in this quintile comprised **two adults (16-64) with child(ren)**. Less than 5% of all households within the highest income quintile are categorised as one adult households.

6.3 Income quintiles: tenure

Figure 6.3.1 Income quintile and tenure (consistent households only)



Within the lowest income quintile, 55% of all households resided in owner occupied households without a mortgage, as can be seen in [Figure 6.3.1](#), whilst only 3% of all households were owner occupiers with a mortgage. Rented households, which represents the privately rented sector, accounted for 23% of all households in the lowest income quintile and 16% of households within the lowest income quintile have tenures categorised as affordable; these include States/GHA social rented accommodation and social partial ownership.

Moving progressively through the second, third, fourth and highest income quintiles there is an increasing proportion of households which are owner occupied with mortgage and a decreasing proportion of households which are owner occupied without a mortgage or have a tenure of affordable.

Within the highest income quintile of households (the top 20% of households when ordered by gross household income), over half of all households are owner occupied with a mortgage, a third are owner occupied (without a mortgage) and 11% are privately rented.

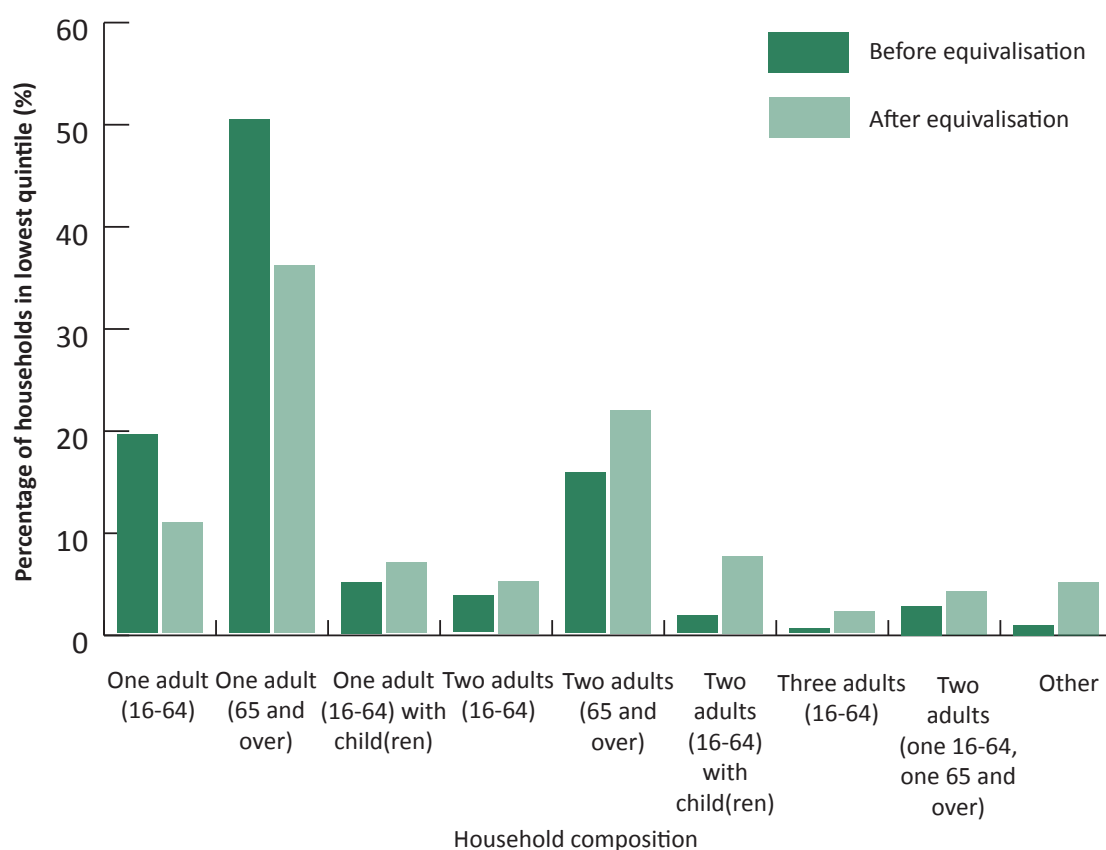
7.0 Overall income (equivalised)

Overall incomes for 2014 have also been calculated for all Guernsey households included in the analysis on an equivalised basis (see [Appendix B](#) for methodology). Gross income is defined as the total income of a household derived from the following sources; employment income, business income, old age (States) pension, private pension income (both occupational and personal), distribution income, annuity income, bank interest, loan interest, benefits (except those paid on order) and rent rebates. Rent rebates, currently administered by the Housing Department, may not be perceived as an income as they are deductions made to social housing rent. However, given current proposals to unify rent rebates and supplementary benefit and to ensure comparability in future reports, these have been included as a base. Grants for educational purposes, such as university grants paid direct to universities, have not been included as a form of income in this analysis.

In this process gross incomes have been determined for each household using an international standard adjustment which takes into account the exact size and composition of the household. The income is then expressed relative to the level of income for a two adult household which would represent an equivalent level of resources.

The impact of equivalisation can be seen in [Figure 7.0.1](#), where the proportion of households in the lowest quintile can be seen before and after equivalisation. After equivalisation the proportion of households within the lowest income quintile comprising one adult either under or over 65 years drops. Conversely, the proportion of **two adults (16-64)** households, **two adults (65 and over)**, **two adults (one 16-64, one 65 and over)**, **three and four adults (16-64)** households and households with child(ren) within the lowest income quintile increases after equivalisation.

Figure 7.0.1: Households in the lowest quintile before and after equivalisation

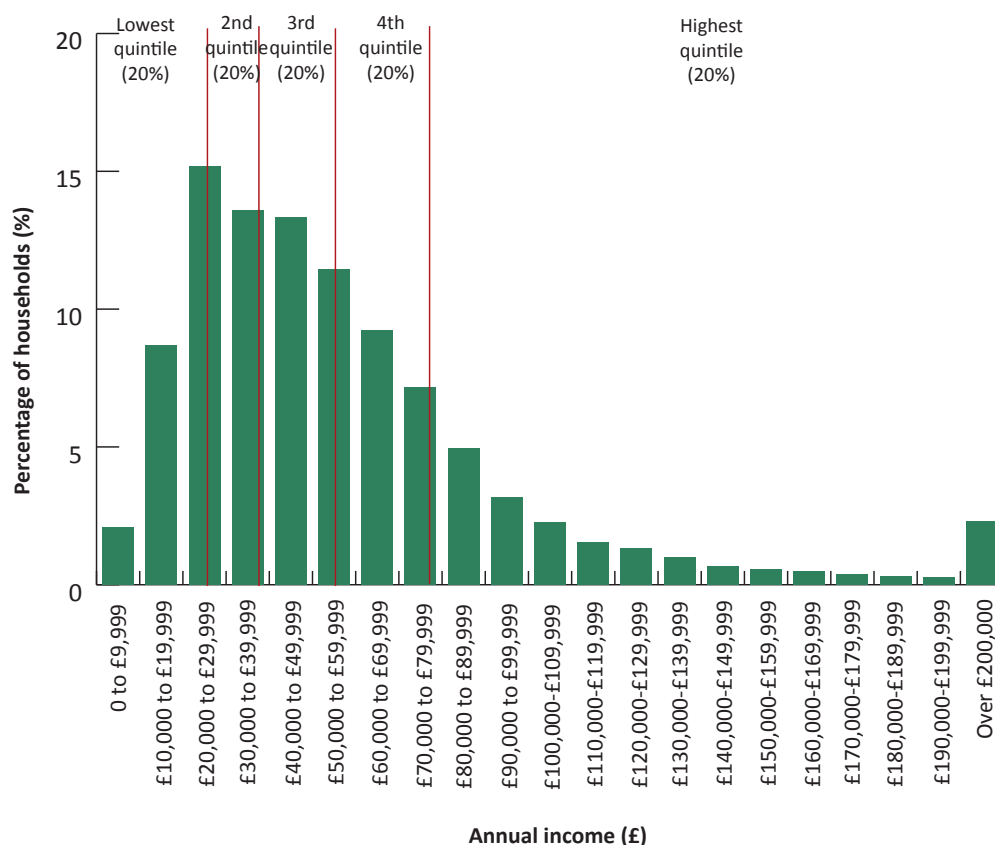


7.1 Overall income: mean, median and distribution (equivalised)

Figure 7.1.1 presents equivalised gross household income for all 22,209 analysed households by income bracket. Income brackets are spaced at £10,000 intervals and the percentage of households within each income bracket can be seen.

Equivalised gross household incomes have also been divided into quintiles, five equally sized groups ordered by level of gross income. The lowest quintile represents the bottom 20% of all households when households are sorted by equivalised income from lowest to highest. The second quintile represents the next 20% of all households when ordered by gross equivalised income and so on. The approximate position of each quintile boundary is shown in **Figure 7.1.1** and **Table 7.1.2**.

Figure 7.1.1: Gross annual income of households (equivalised)



Before equivalisation, the income band with the largest percentage of households was £20,000 - £29,999.99, 12.2% of all households, as can be seen in **Section 4, Figure 4.1.1** and **Table 4.1.2**. After equivalisation, the income band with the largest percentage of households was still £20,000 - £29,999.99, however the proportion of households had increased to 15.2% of all households, as shown above in **Figure 7.1.1** and overleaf in **Table 7.1.2**.

7.1 Overall income: mean, median and distribution (equivalised)

The mean gross household income was £61,099 (£1,175 per week), £10,030 or 14.1% lower than the corresponding unequivalised mean income, see [Table 7.1.1](#).

The median gross household income was £47,838 (£920 per week) in 2014 see [Table 7.1.1](#), £4,039 or 7.8% lower than the corresponding unequivalised median income. Equivalisation scales down the incomes of households containing more than two adults and scales up the incomes of households containing fewer than two adults (see [Appendix B](#) for methodology).

The lowest quintile (20%) consists of households with equivalised incomes up to approximately £26,436, see [Table 7.1.3](#), £2,619 or 11% higher than the same figure on an unequivalised basis. The highest quintile consists of households with equivalised incomes of approximately £78,780 or over, £18,915 or 19.3% lower than the same figure on an unequivalised basis.

After equivalisation, 53.5% of all households can be found within just four income bands, ranging from £20,000 - £59,999.99, see [Table 7.1.2](#), this compares with 41.4% before equivalisation.

[Section 11](#) contains information on net household incomes, after tax and social security contributions and after imputed housing costs have been deducted. From this information, internationally comparable measures of relative income poverty have been calculated, see [Section 12](#).

Table 7.1.1: Mean and median gross income of households

	Annual (£)	Weekly (£)
Mean	61,099	1,175
Median	47,838	920

Table 7.1.2: Gross annual income distribution of households

	% of households
£0-£9,999	2.1
£10,000-£19,999.99	8.7
£20,000-£29,999.99	15.2
£30,000-£39,999.99	13.6
£40,000-£49,999.99	13.3
£50,000-£59,999.99	11.4
£60,000-£69,999.99	9.2
£70,000-£79,999.99	7.2
£80,000-£89,999.99	4.9
£90,000-£99,999.99	3.2
£100,000-£109,999.99	2.3
£110,000-£119,999.99	1.5
£120,000-£129,999.99	1.3
£130,000-£139,999.99	1.0
£140,000-£149,999.99	0.7
£150,000-£159,999.99	0.5
£160,000-£169,999.99	0.5
£170,000-£179,999.99	0.4
£180,000-£189,999.99	0.3
£190,000-£199,999.99	0.3
Over £200,000	2.3
Total	100.0

Table 7.1.3: Quintile boundaries for gross annual income of households

	Upper boundary (£)
Lowest quintile	26,436
2nd quintile	40,339
3rd quintile	56,108
4th quintile	78,780
Highest quintile	-

7.2 Overall income by source equivalised

Figure 7.2.1: Breakdown of gross income by source (equivalised)

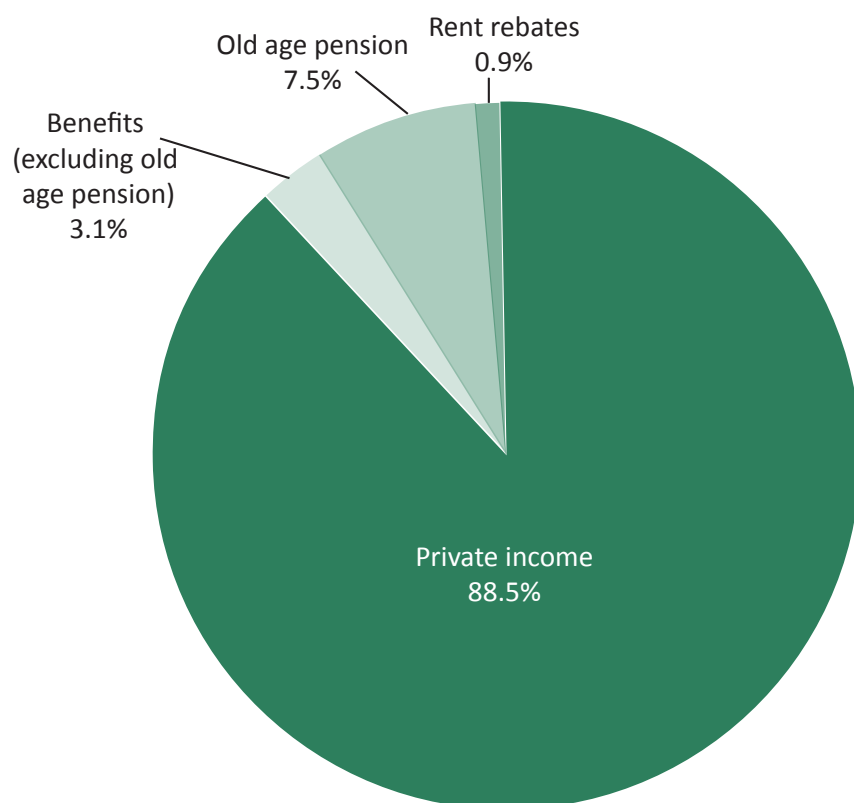


Figure 7.2.1 illustrates the breakdown of equivalised mean average household incomes by income source during 2014. As can be seen a significant majority, 88.5%, of all household income is derived from private income sources which includes employment, business, personal pensions and other private income sources.

Old age pensions account for 7.5% of equivalised overall average household income, whilst benefits (excluding old age pension) and rent rebates collectively account for 4.0%.

8.1 Income and household composition (equivalised): means, medians and household composition

The analysis presented in this section, as previously, is based on equivalised income for “consistent” households only. The term consistent households refer to those where there has been no change in the composition and number of individuals within a household and no change of address throughout 2014. The number of consistent households totalled 16,770 at the end of 2014.

The analysis is limited to consistent households only rather than an overall number of households. A consistent description of a household is required for this analysis, as households which have changed composition during the year could render the analysis of household descriptions unreliable.

Figure 8.1.1: Mean and median equivalised annual gross income by household composition (consistent households only)

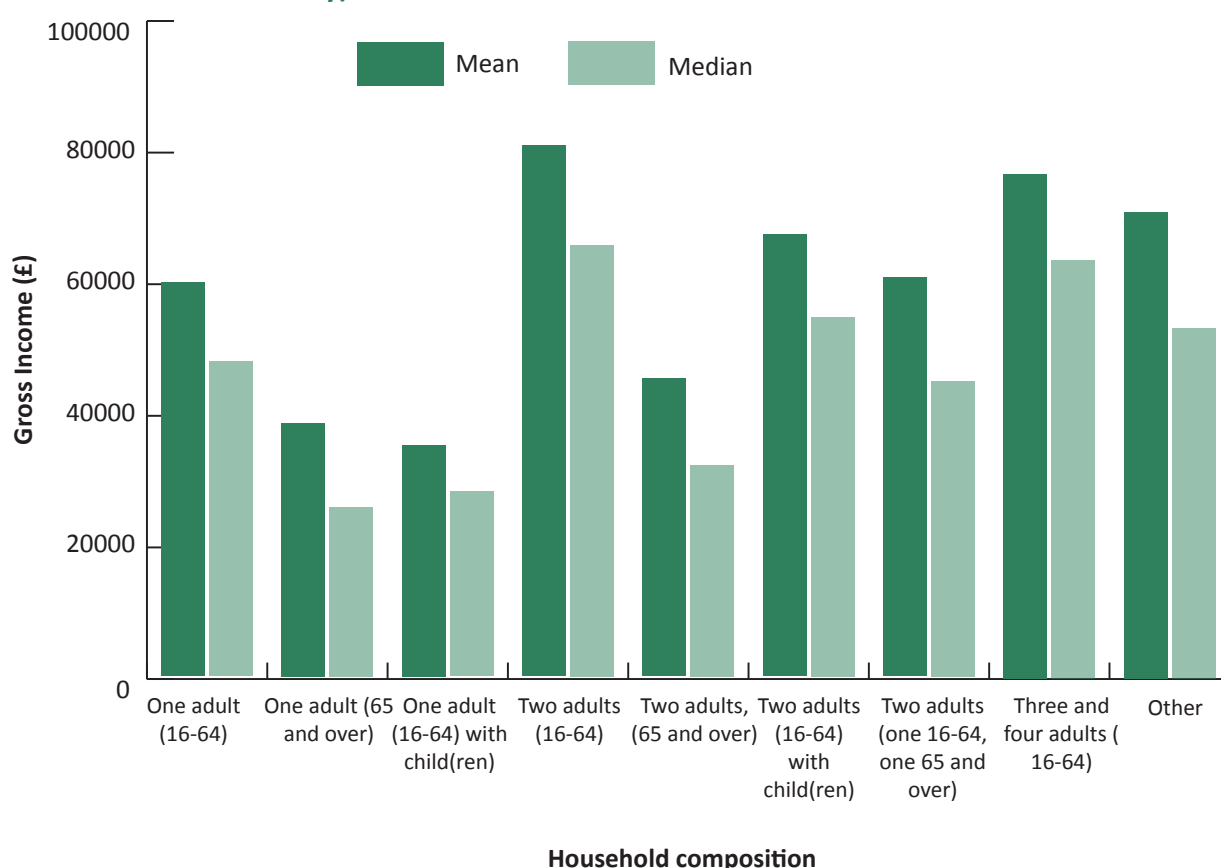


Figure 8.1.1 details the equivalised mean and median gross incomes for households of different compositions. Although the household compositions remain the same as [Section 5.1](#), by equivalising income data the values differ. Equivalising income data is a standard technique intended to allow a more representative comparison to be made across different household compositions. **One adult (16-64) with child(ren)** recorded the lowest equivalised mean household income in 2014 at £35,126. The next lowest category was **one adult (65 and over)** at £38,477. Households comprising **two adults (16-64)** recorded the highest equivalised mean income in 2014 at £80,678.

Median gross household incomes follow a similar pattern to mean gross household incomes, although the values do differ, due to a small number of very high incomes which, as previously, have skewed the mean figure upwards. Households comprising **one adult (65 and over)** recorded the lowest median income in 2014 at £25,706, whilst households comprising **two adults (16-64)** recorded the highest equivalised median income at £65,619.

8.2 Income and household composition: income source (equivalised)

Figure 8.2.1: Household composition by equivalised income source (consistent households only)

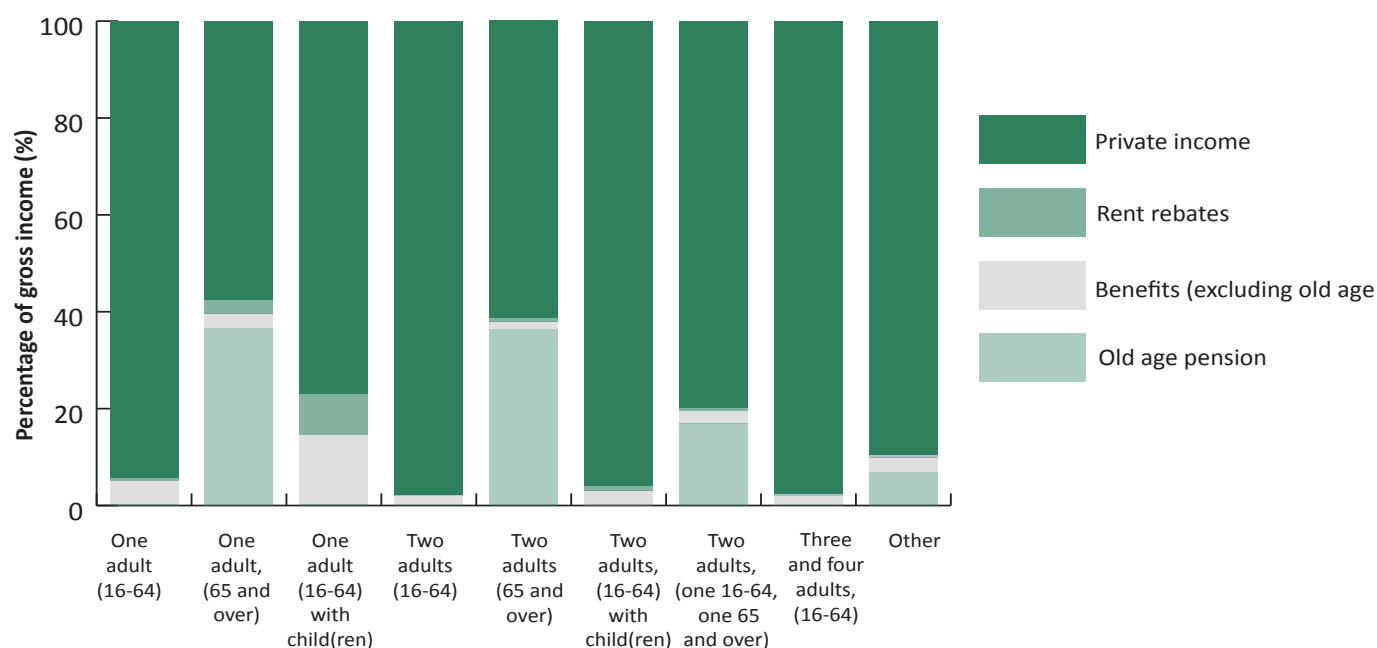


Figure 8.2.1, compares the proportion of income derived from private, old age pension, benefits (excluding old age pension) and rent rebate income sources across differing household compositions. As might be expected, the States old age pension was highest in proportion in those households with either **one adult (65 and over)** or **two adults (65 and over)** accounting for, on average, over a third of all income to those households.

The highest proportion of benefits (excluding old age pension and rent rebates) can be found in households which comprise **one adult (16-64) with child(ren)**, accounting for 14% of total gross income in these households. The highest proportion of private income can be found in households comprising **two adults (16-64)**, where 98% of gross income is derived from private sources, which includes employment and business incomes.

8.3 Income and household composition: quintiles (equivalised)

Figure 8.3.1: Household composition by equivalised income quintile (consistent households only)

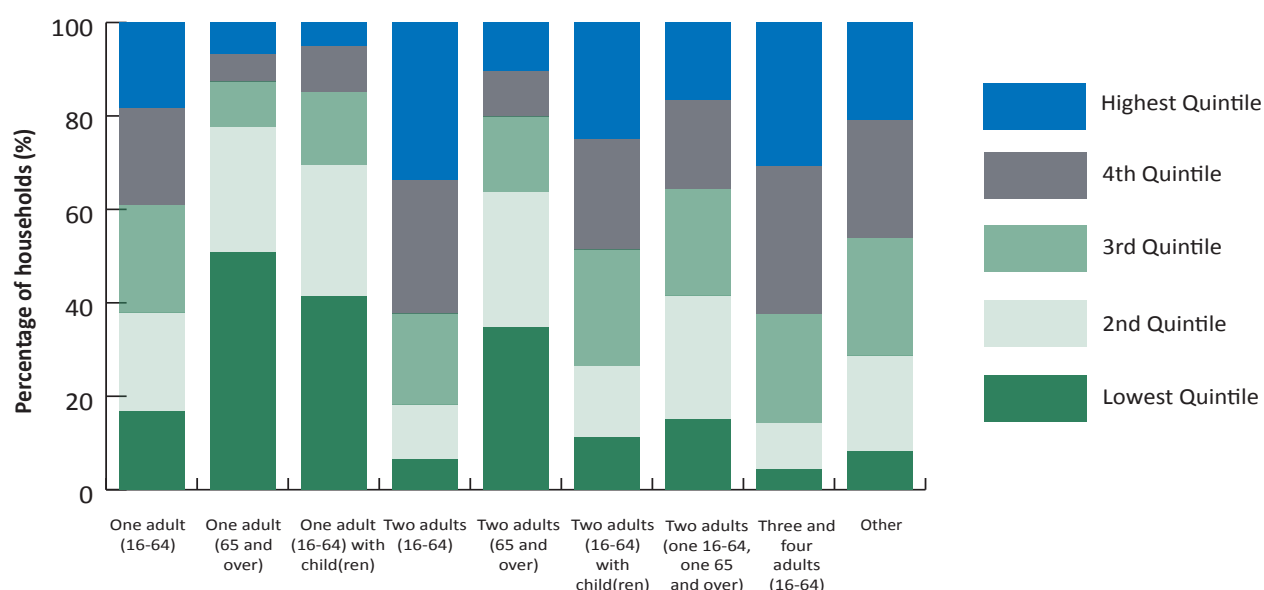
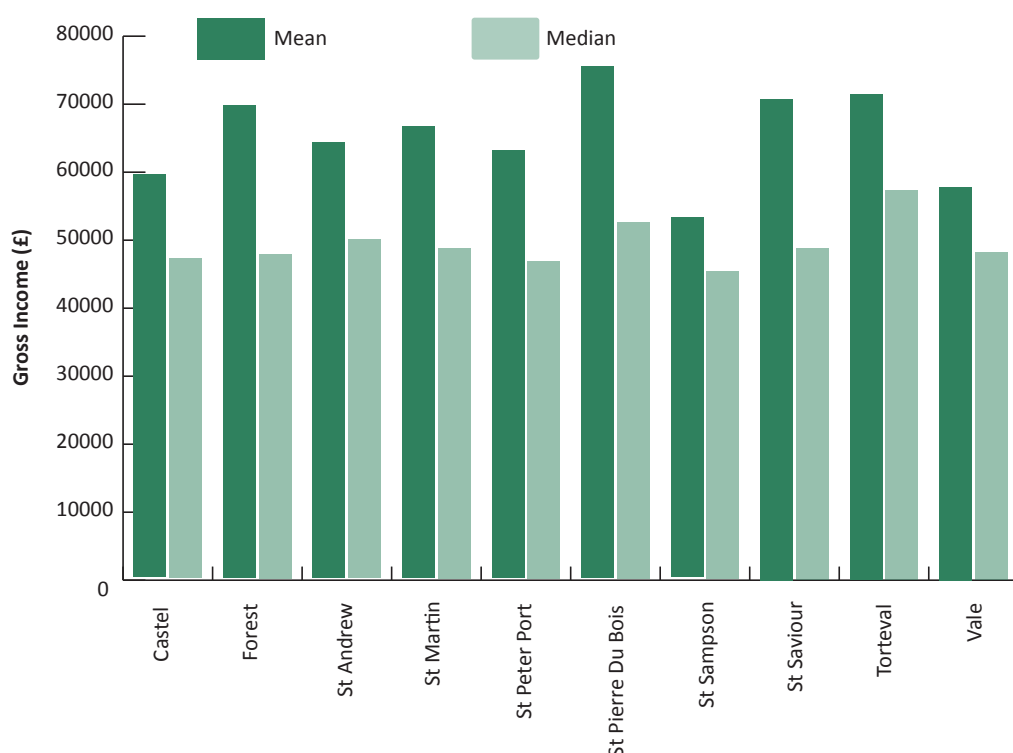


Figure 8.3.1 illustrates how equivalised income quintiles are distributed across the identified household compositions. In comparison to the unequivalised data presented in **Figure 5.3.1, page 15**, which did not take into account the impact of household size and composition on income, overall income quintiles after equivalisation appear more evenly distributed across the different household compositions.

After equivalisation households comprising **one adult (65 and over)** continued to record the highest percentage in the lowest income quintile (51%). The next highest proportion of households within the lowest income quintile was **one adult (16-64) with child(ren)**, 41%. Furthermore, **one adult (16-64) with child(ren)** recorded the smallest proportion of households within the highest income quintile, just 5%. Households with **two adults (16-64)** had the highest proportion of households within the highest quintile at 34%.

8.4 Income and parish (equivalised): means, medians and parish

Figure 8.4.1: Mean and median equivalised annual gross income by parish

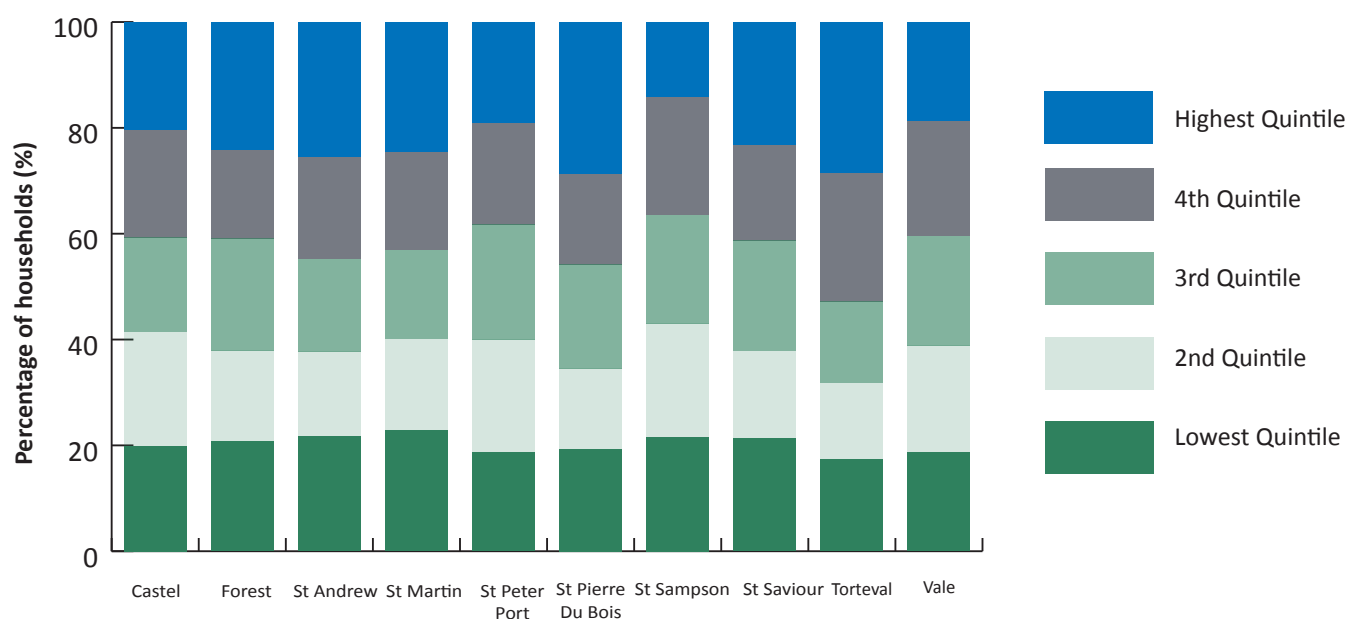


Household incomes per parish, as shown in **Figure 8.4.1**, have been calculated by identifying the parish of all "consistent" households in 2014 and determining a mean and median equivalised gross household income per parish.

The graph shows variation between the mean and median across the parishes. The parish of St Pierre Du Bois had the highest mean equivalised income in 2014 at £75,205 per annum, whilst Torteval parish had the highest median income at £57,339 per annum. St. Sampsons parish had both the lowest mean and median incomes at £52,935 in 2014 and £45,179.

8.5 Income and parish: quintiles (equivalised)

Figure 8.5.1: Parish equivalised annual income by quintile



Gross equivalised incomes per parish have also been divided into quintiles in [Figure 8.5.1](#), five equally spaced groups ordered by level of gross income. The lowest quintile represents the 20% of households with the lowest income when households are sorted by gross household income from lowest to highest. The second quintile represents the next 20% of all households when sorted by gross income and so on.

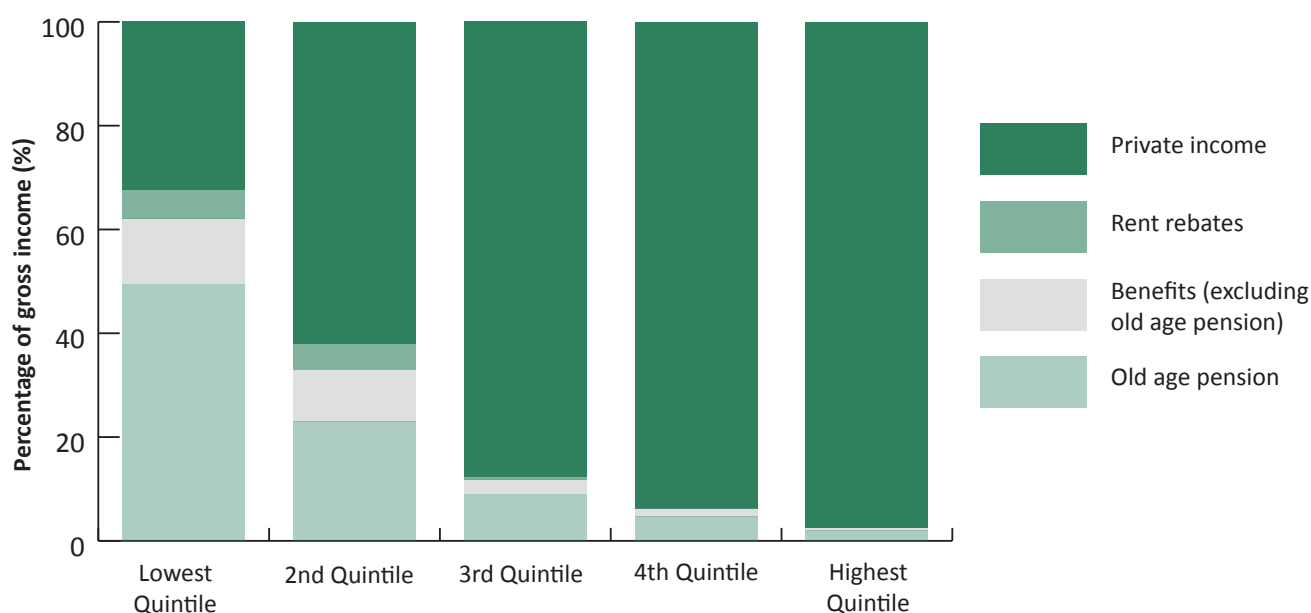
As can be seen the graph shows there is relatively little variation between the mean and median across the parishes. St Martin parish had the highest proportion of households within the lowest income quintile at 22.8%, whilst Torteval had the fewest at 17.3%. St Pierre Du Bois had the highest proportion of households within the highest income quintile at 28.8%, whilst St Sampson had the lowest proportion of households at 14.2%.

9.1 Income quintiles (equivalised): source of income

This section, as previously, presents equivalised gross household incomes by quintiles for consistent households during 2014. The term consistent households refers to those where there has been no change in the composition and number of individuals within a household and no change of address throughout 2014. The number of consistent households totalled 16,770 at the end of 2014.

The analysis is limited to consistent households only rather than an overall number of households. A consistent description of a household is required for this analysis, as households which have changed composition during the year could render the analysis of household descriptions unreliable.

Figure 9.1.1: Equivalised income quintile and source of income (consistent households only)



In **Figure 9.1.1**, the different sources of household income are broken down by equivalised income quintiles. Old age pensions account for just under half (49.5%) of all equivalised gross income within the lowest quintile of households. Furthermore within the lowest quintile, private income (including employment and business income) accounts for 32% of all income and benefits (excluding old age pension) and rent rebates collectively account for just over 18% of all income.

9.2 Income quintiles (equivalised): composition

Figure 9.2.1: Equivalised income quintile and household composition (consistent households only)

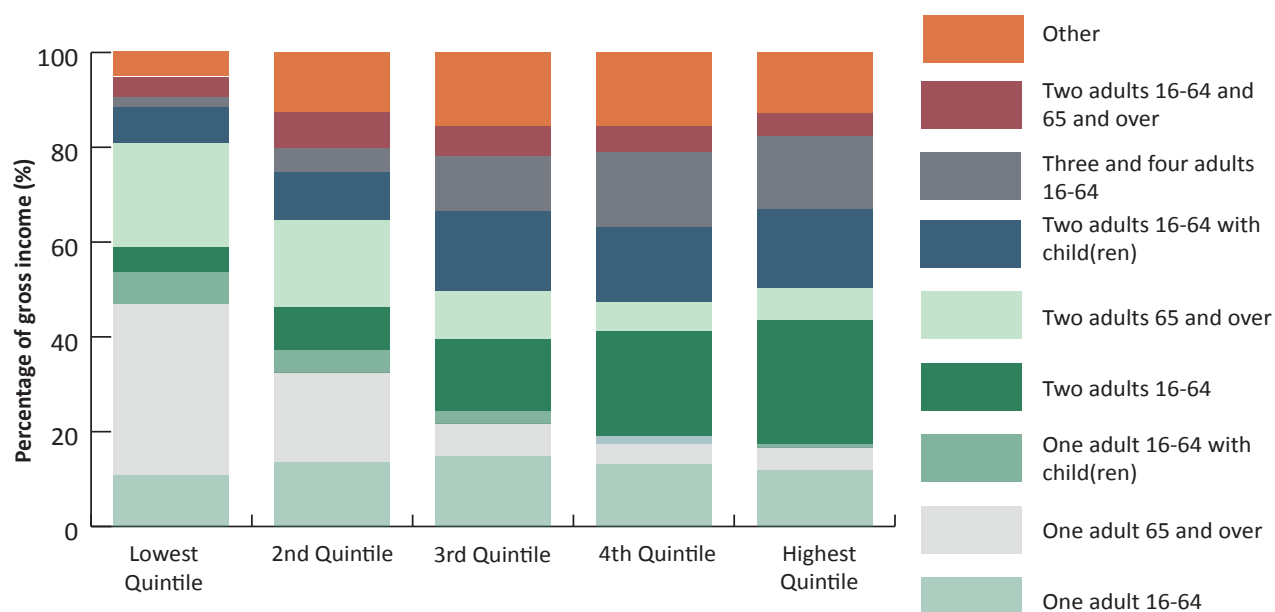


Figure 9.2.1 illustrates the composition of households by income quintile. For the following household compositions; **one adult (16-64)**, **two adults (one 16-64, one 65 and over)**, **'other'** and **two adults (16-64) with child(ren)**, the proportion of households within each income quintile is relatively stable, ranging between 4.2% to 16.8%.

The percentage of households within each income quintile shows more variation for the following household compositions; **one adult (65 and over)** households, **two adults (65 and over)** households, **one adult (16-64) with child(ren)** households, **two adults (16-64)** household and **three and four adult (16-64)** households.

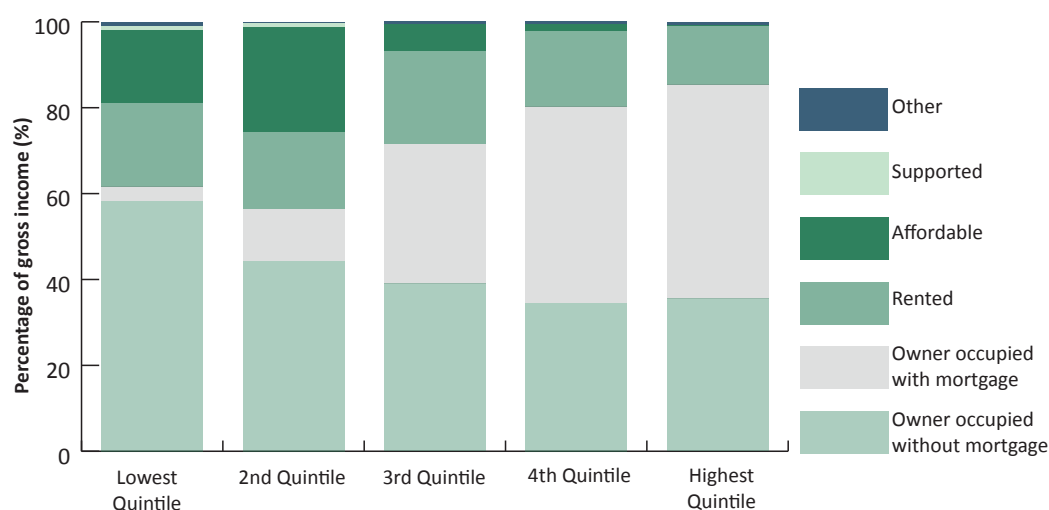
Households comprising either **one adult (65 and over)**, **two adults (65 and over)**, **one adult (16-64) with child(ren)** recorded a much larger proportion of households within the lowest income quintile, 36%, 21.9% and 6.9% respectively compared to the highest equivalised income quintile at 4.8%, 6.6% and 0.9% respectively. The proportion of **one adult (16-64) with child(ren)** households within the lowest income quintile is 8 times the proportion represented within the highest income quintile.

Households comprising **two adults (16-64)**, or **three and four adults (16-64)** recorded a much lower proportion of households within the lowest equivalised income quintile, 5% and 2% respectively, compared to the highest equivalised income quintile at 26% and 15.4% respectively.

Section 6.2, page 17 contains the same information for unequivalised households. There are some key differences between **Figure 6.2.1** and **Figure 9.2.1**. **Figure 9.2.1** illustrates that after equivalisation some household compositions, such as **one adult (16-64)** and **two adults (one 16-64, one 65 and over)** were more evenly distributed across the various income quintiles.

9.3 Income quintiles (equivalised): tenure

Figure 9.3.1 Income quintile and tenure (consistent households only)



Within the lowest income quintile, 58% of all households resided in owner occupied households without a mortgage, as can be seen in **Figure 9.3.1**, whilst only 3.4% of all households were owner occupiers with a mortgage. Rented households, which represents the privately rented sector accounted for 19% of all households in the lowest income quintile and 17% of households within the lowest income quintile have tenures categorised as affordable; these include States/GHA social rented accommodation and social partial ownership.

Moving progressively through the second, third, fourth and highest income quintiles there is an increasing proportion of households which are owner occupied with a mortgage and a decreasing proportion of households which are owner occupied without a mortgage or have a tenure of affordable.

Within the highest income quintile of households (the top 20% of households when ordered by gross household income), just under half of all households are owner occupied with a mortgage, over a third are owner occupied (without a mortgage) and 14% are privately rented.

10.1 Income net of social security, income tax and housing costs (unequalised): mean and median

The following section (**Section 10**) of the Report provides data on unequalised household income in 2014 after tax, social security contributions and an imputed housing cost have been deducted. Housing costs referred to here and throughout the rest of the report mean mortgage and rent costs. The income remaining after these deductions broadly indicates the amount of money left to buy goods and services, often termed disposable income.

The housing cost in these calculations has been imputed as the actual cost of housing within individual households is not known; however, the tenure type and property size is known and can be combined with data on average rental and purchase prices to estimate the housing costs for privately rented and owner occupied properties with a mortgage.

For those properties which are rented either through the States of Guernsey or Guernsey Housing Association, housing costs have been calculated according to the rental values for property type as set by the States of Guernsey.

Please note that in the case of those households which have been identified as owner occupier without a mortgage no housing cost has been deducted from these incomes. See **Appendix B** for more detail.

The mean household income net of social security, income tax and housing costs (unequalised) was £48,756 (£938 per week) and the median household income net of social security, income tax and housing costs (unequalised) was £33,053 (£644 per week) in 2014 see **Table 10.1.1**.

Table 10.1.1: Mean and median gross income of households

	Annual (£)	Weekly (£)
Mean	48,756	938
Median	33,503	644

Table 10.1.2: Quintile boundaries for gross annual income of households

	Upper boundary (£)
Lowest quintile	13,312
2nd quintile	26,368
3rd quintile	42,077
4th quintile	68,235
Highest quintile	-

10.2 Income net of social security, income tax and housing costs by household composition: means and medians (unequivalised)

The analysis presented in this section is based on “consistent” households only. The term consistent households refers to those where there has been no change in the composition and number of individuals within a household and no change of address throughout 2014. The number of consistent households totalled 16,770 at the end of 2014.

The analysis is limited to consistent households only rather than an overall number of households. A consistent description of a household is required for this analysis, as households which have changed composition during the year could render the analysis of household descriptions unreliable.

Figure 10.2.1: Mean and median income net of social security, income tax and housing costs by household composition (consistent households only)

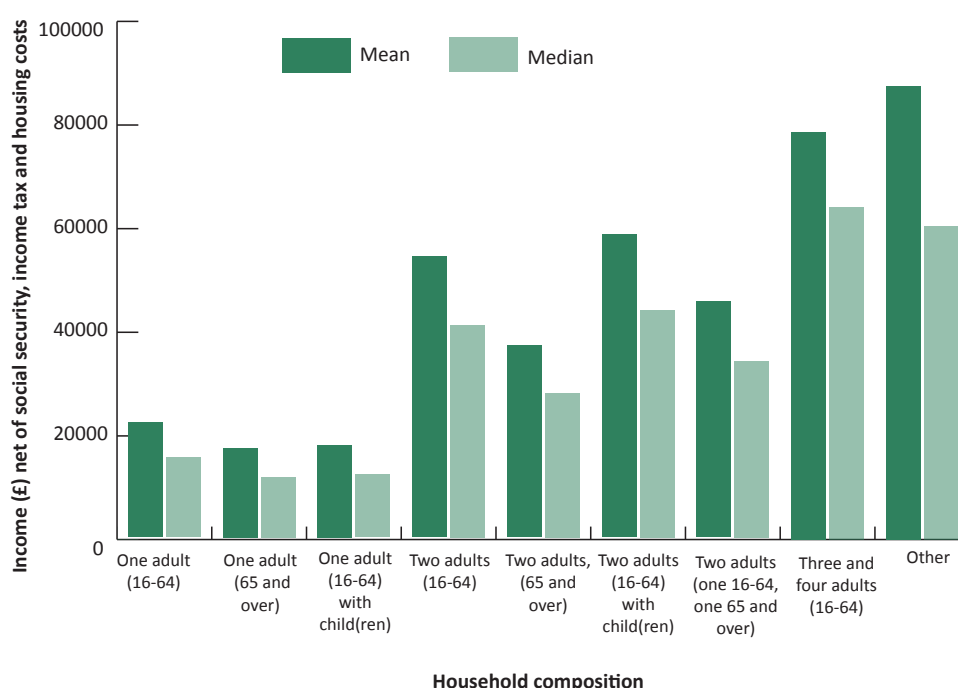


Figure 10.2.1 details income net of social security, income tax and housing costs (unequivalised) for households of different compositions. By calculating an unequivalised income net of social security, income tax and housing costs the values will differ from the gross unequivalised income presented in **Section 5.1**.

One adult (65 and over) recorded both the lowest mean and the lowest median income net of social security, income tax and housing costs at £17,304 and £11,686 respectively, only slightly lower than the next lowest category of **one adult (16-64) with child(ren)** at £17,775 and £12,135. **'Other'** recorded the highest mean income net of social security, income tax and housing costs at £87,571, whilst **three and four adult (16-64)** households recorded the highest median income net of social security, income tax and housing costs at £64,233.

Please note this section presents unequivalised income with no adjustment for household size - see **Section 11** for equivalised income after social security contributions, income tax and housing costs have been deducted.

11.1 Income net of social security, income tax and housing costs (equivalised): mean and median

The following section (**Section 11**) of the Report provides data on equivalised household income in 2014 after tax, social security contributions and an imputed housing costs have been deducted. The income remaining after these deductions is the amount of money left to buy goods and services, often termed disposable income. Although income data alone will never provide a perfect indication of a household's quality of life, calculating income net of social security, income tax and housing costs is a commonly used income measure of household wealth and living standards.

Equivalised income net of social security, income tax and housing costs figures have been used to calculate the income indicators presented within the *Guernsey Indicators of Poverty Report* (available at www.gov.gg/indicators).

The housing cost, in these calculations has been imputed as the actual cost of housing within individual households is not known; however, the tenure type and property size is known and can be combined with data on average rental and purchase prices to estimate the housing costs for privately rented and owner occupied properties with a mortgage.

For those properties which are rented either through the States of Guernsey or Guernsey Housing Association, housing costs have been calculated according to the rental values for property type as set by the States of Guernsey.

Please note that in the case of those households which have been identified as owner occupier without a mortgage no housing cost has been deducted from these incomes. See **Appendix 13.2** for more detail.

The mean household income net of social security, income tax and housing costs (equivalised) was £41,147 (£791 per week) and the median household income net of social security, income tax and housing costs (equivalised) was £31,091 (£598 per week) in 2014 see **Table 11.1.1**.

Table 11.1.1: Mean and median household income net of social security, income tax and housing costs (equivalised)

	Annual (£)	Weekly (£)
Mean	41,147	791
Median	31,091	598

Table 11.1.2: Household quintile boundaries for income net of social security, income tax and housing costs (equivalised)

	Upper boundary (£)
Lowest quintile	15,264
2nd quintile	25,425
3rd quintile	37,221
4th quintile	54,789
Highest quintile	-

11.2 Income net of social security, income tax and housing costs (equivalised) by source

Figure 11.2.1: Breakdown of gross income to income net of social security, income tax and housing costs (equivalised)

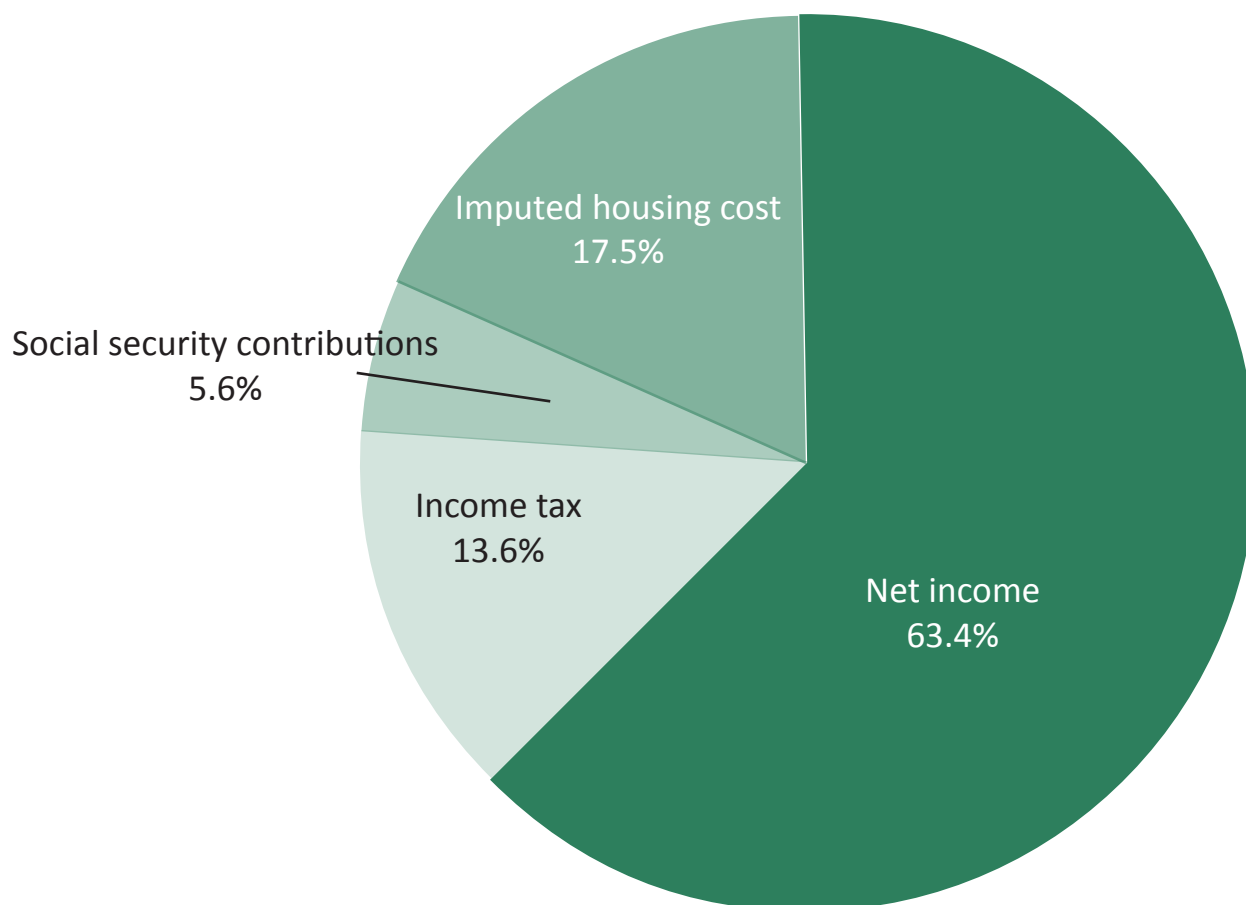


Figure 11.2.1 illustrates the average size of the deductions to gross household income in order to calculate income net of social security, income tax and housing costs (equivalised) and represents a breakdown of gross household income.

Income net of social security, income tax and housing costs (equivalised) represents 63.4% of gross household income in 2014. Housing costs represented the largest deduction to gross household income, at 17.5%, followed by income tax at 13.6% and social security contributions at 5.6%.

11.3 Income net of social security, income tax and housing costs by household composition: means and medians (equivalised)

The analysis presented in this section is based on “consistent” households only. The term consistent households refers to those where there has been no change in the composition and number of individuals within a household and no change of address throughout 2014. The number of consistent households totalled 16,770 at the end of 2014.

The analysis is limited to consistent households only rather than an overall number of households. A consistent description of a household is required for this analysis, as households which have changed composition during the year could render the analysis of household descriptions unreliable.

Figure 11.3.1: Mean and median income net of social security, income tax and housing costs by household composition (consistent households only)

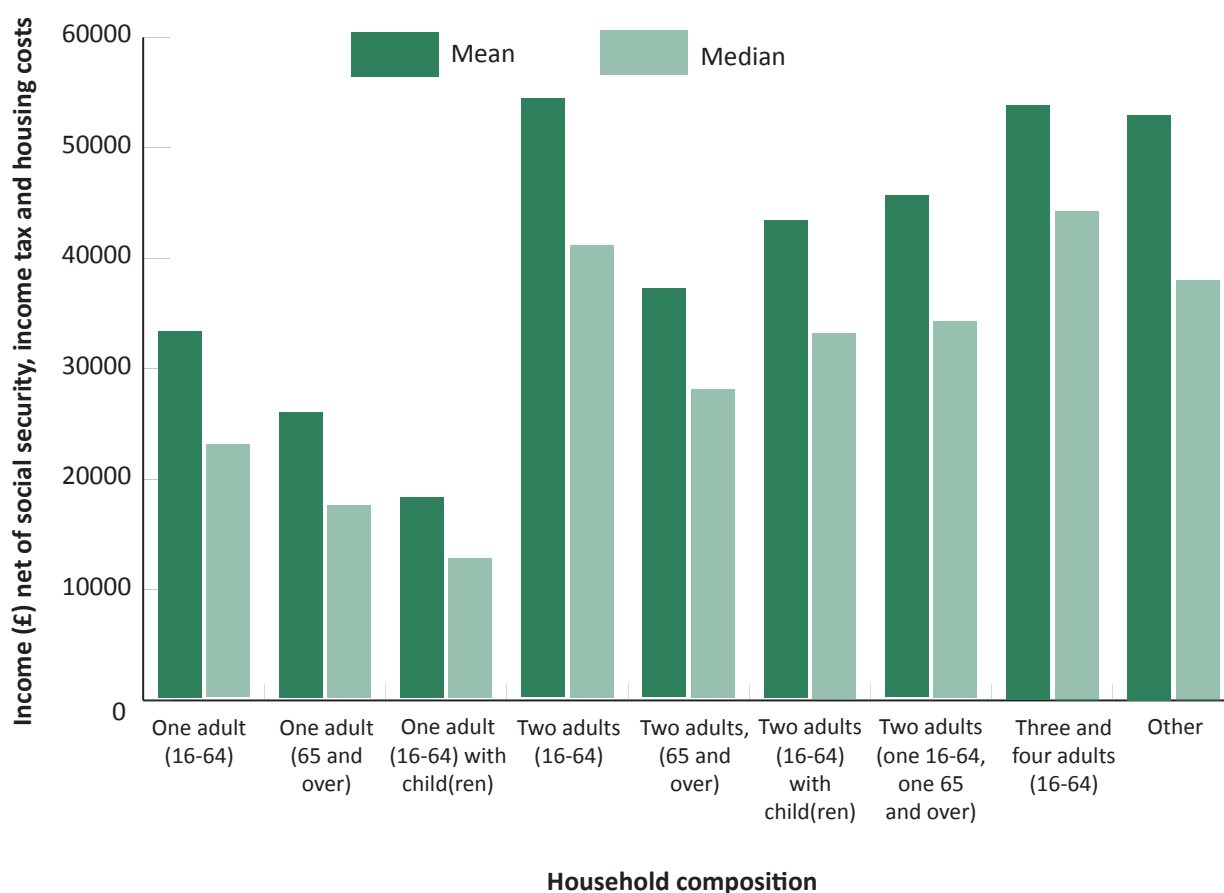


Figure 11.3.1 details income net of social security, income tax and housing costs (equivalised) for households of different compositions. By calculating an equivalised income net of social security, income tax and housing costs the values will differ from the gross equivalised income presented in **Section 8.1**.

One adult (16-64) with children recorded both the lowest mean and the lowest median income net of social security, income tax and housing costs at £18,130 and £12,617 respectively, 30% lower than the next lowest category of **one adult (65 and over)**. **Two adults (16-64)** recorded the highest mean income net of social security, income tax and housing costs at £54,173, whilst **three and four adult (16-64)** households recorded the highest median income net of social security, income tax and housing costs at £44,257.

11.4 Household composition and gross to net income breakdown (equivalised)

Figure 11.4.1: Breakdown of gross income to income net of social security, income tax and housing costs (equivalised) by household composition

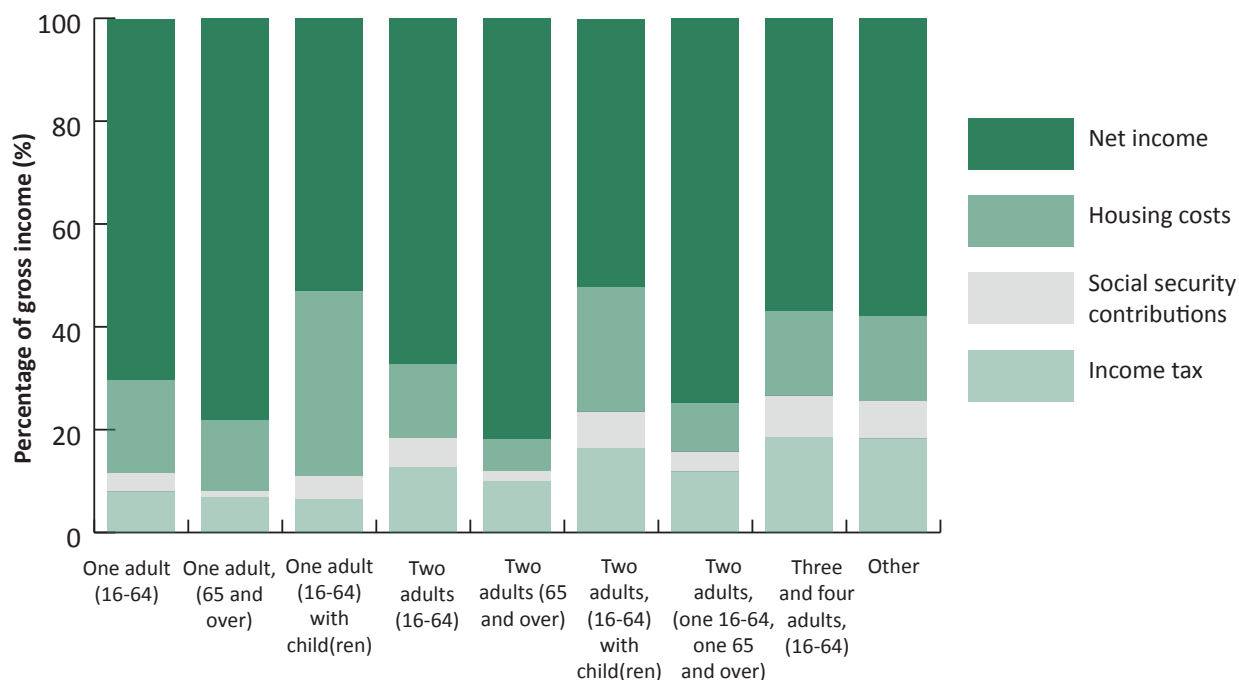


Figure 11.4.1 illustrates how deductions of social security, income tax and housing costs to gross income vary between different household compositions.

Housing costs were the most significant deduction to household incomes in those households with children in 2014, representing 36% of gross income in **one adult (16-64) with children** and 24% of gross income in **two adults (16-64) with children** households. Conversely housing costs are lowest as a proportion of gross income in two adult households, where at least one adult is aged over 65 years, representing 6.3% of gross income in **two adults (65 and over)** households and 9.4% of gross income in **two adults (one 16-64, one 65 and over)** households. This is unsurprising given that a high proportion of households within these two categories are owner occupiers without a mortgage, whose rent or mortgage will be zero.

Income tax, represents the most significant deduction to household incomes in larger households specifically **two adults (16-64) with children**, and **three and four adults (16-64)** at 16.4% and 18.6% of equivalised gross income respectively. Social security contributions also are most significant in larger households. Unsurprisingly for those households comprising adults aged over 65 years social security contributions are relatively low.

11.5 Household composition and income net of social security, income tax and housing cost by quintile (equivalised)

Figure 11.5.1: Income net of social security, income tax and housing costs (equivalised) by household composition and quintile (consistent households only)

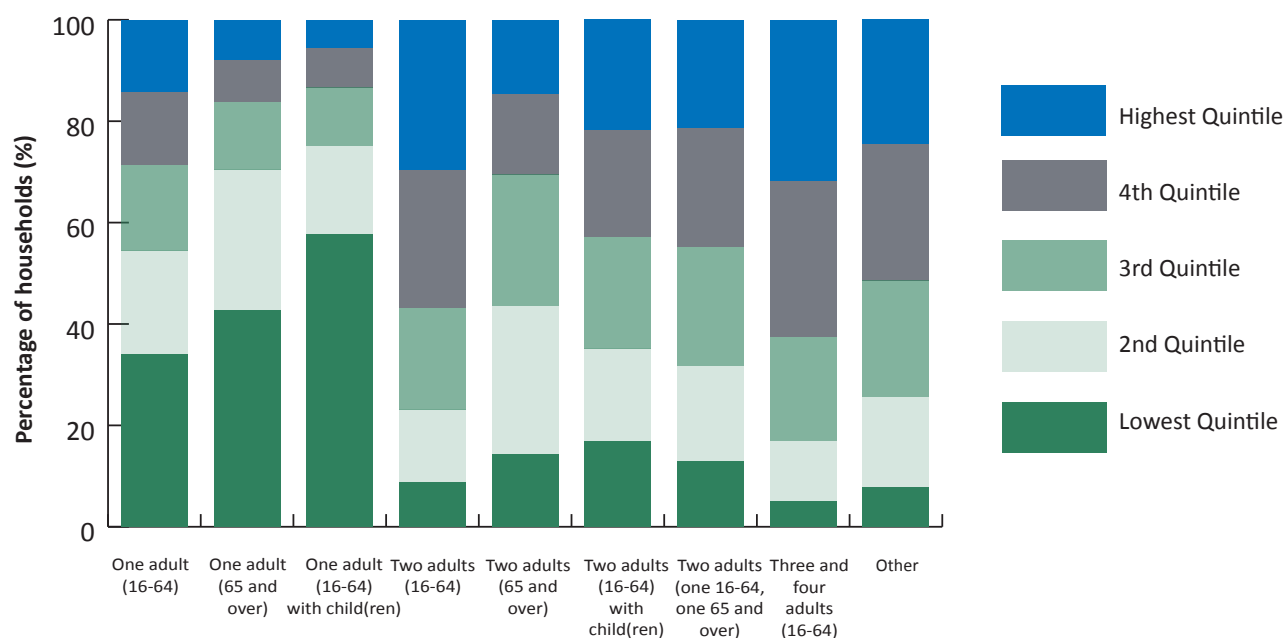


Figure 11.5.1 displays income net of social security, income tax and housing costs by quintile for the various household compositions. In contrast to the equivalised gross income quintiles presented in **Section 8.3**, when equivalised household incomes are net of social security, income tax and housing costs, **one adult (65 and over)** households no longer have the highest proportion of households within the lowest income quintile (at 43%), instead it is **one adult (16-64) with children**, with 58% of all households in this category within the lowest income quintile. **Three and four adults (16-64)** households had the lowest proportion of households within the lowest income quintile, just 5.1%.

Section 8.3 reveals households with **two adults (16-64)** had the highest proportion of households within the highest gross income quintile. However when equivalised household incomes are net of social security, income tax and housing costs as shown in **Figure 11.5.1** this is no longer the case and instead households of **three and four adults (16-64)** had the highest proportion of households within the highest income quintile at 31.9%. **One adult (16-64) with children** had the lowest proportion of households within the highest income quintile at 5.5%.

11.6 Income net of social security, income tax and housing cost by quintile and composition (equivalised)

Figure 11.6.1: Income net of social security, income tax and housing cost by quintile (equivalised) and composition (consistent households only)

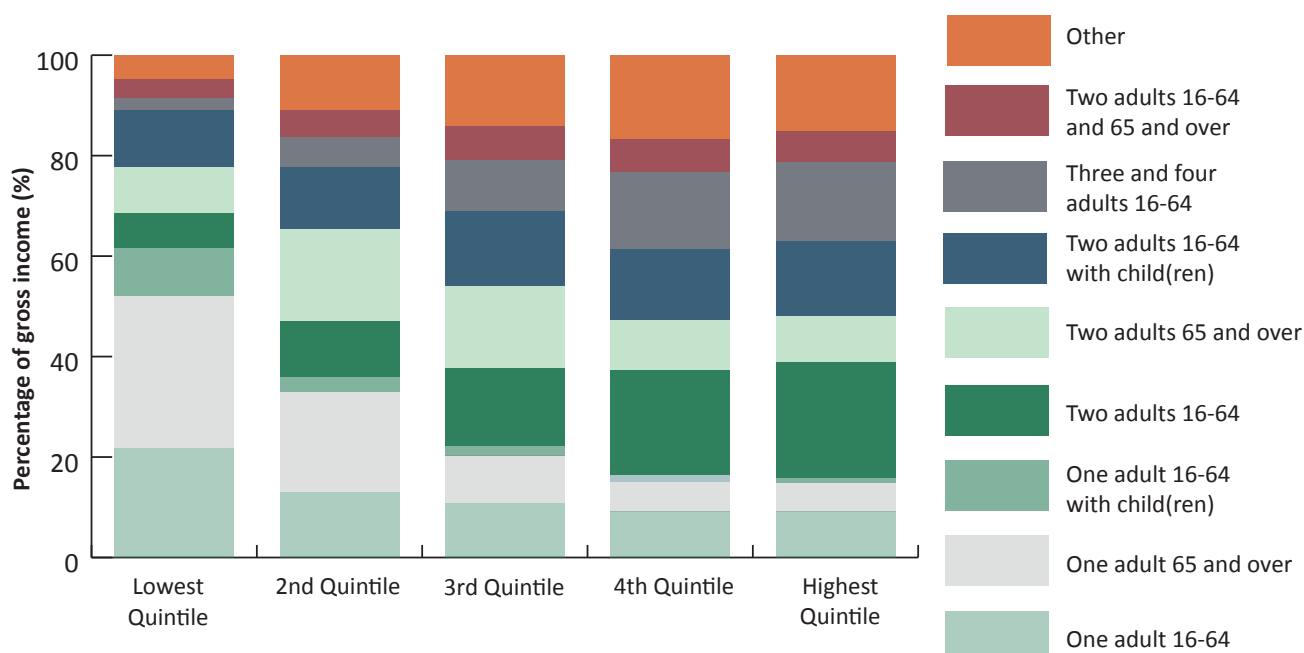


Figure 11.6.1 presents income net of social security, income tax and housing costs by household composition for the income quintiles. All household types are represented in the lowest income quintile, although **one adult, 65 and over**, are most prevalent, representing 30% of all households, whilst **three and four adults, 16-64**, are the least prevalent at 2.5%.

Within the highest income quintile **two adults, (16-64)** is the most prevalent household type, with 23% of all households and **one adult (16-64) with child(ren)** the least prevalent, with just 0.9% of all households.

For the following household compositions; **two adults, (one 16-64, one 65 and over)** and **two adults, (16-64) with child(ren)**, the proportion of households within each income quintile is relatively stable.

Households comprising either **one adult (65 and over)**, **one adult (16-64)** and **one adult (16-64) with child(ren)** recorded a much larger proportion of households within the lowest income quintile, at 30.2%, 21.9% and 9.7% respectively compared to the highest income quintile at 5.7%, 9.2% and 0.9% respectively.

Households comprising **two adults (16-64)**, or **three and four adults (16-64)** recorded a much lower proportion of households within the lowest equivalised income quintile, 6.7% and 2.5% respectively, compared to the highest equivalised income quintile at 23% and 15.9% respectively.

11.7 Income net of social security, income tax and housing cost by quintile and tenure (equivalised)

Figure 11.7.1: Income net of social security, income tax and housing cost by quintile (equivalised) and tenure (consistent households only)

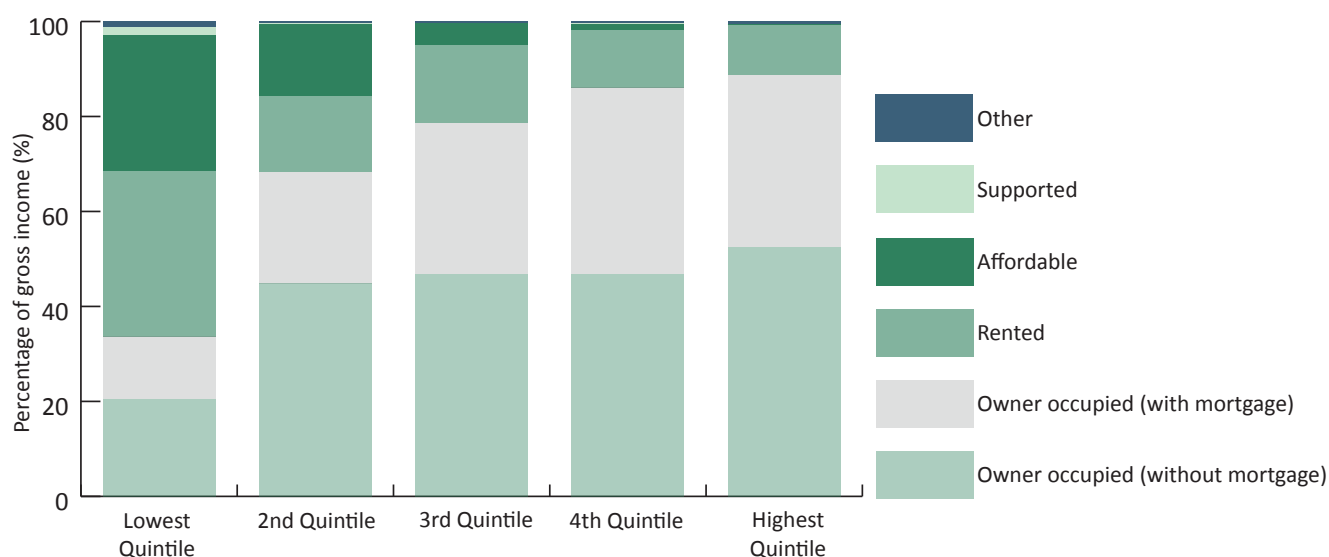


Figure 11.7.1 illustrates income net of social security, income tax and housing costs by household tenure for the income quintiles. Within the lowest income quintile, over a third of all household tenures are rented, a further 28.4% of all households have a tenure of affordable (these include States/GHA social rented accommodation and social partial ownership) and 20.5% are owner occupiers without a mortgage. These figures are in contrast to the information on equivalised gross incomes presented earlier in the report where 58% of all households in the lowest income quintile resided in owner occupied households without a mortgage, as can be seen in **Figure 9.3.1**. The difference is due to the fact that for households which are owner occupiers, without a mortgage, there will be no rents or mortgage costs and as a result when incomes are calculated net of social security, income tax and housing costs, fewer owner occupied households without a mortgage will fall within the lowest income quintile.

Moving progressively through the second, third, fourth and highest income quintiles there is an increasing proportion of households with tenures of owner occupied with mortgage and a decreasing proportion of households with tenures of rented and affordable.

Within the highest income quintile of households (the top 20% of households when ordered by gross household income), just over half of all households are owner occupied without a mortgage, just over a third are owner occupied (with a mortgage) and 10.6% are privately rented.

12.1 Income equality: Household composition

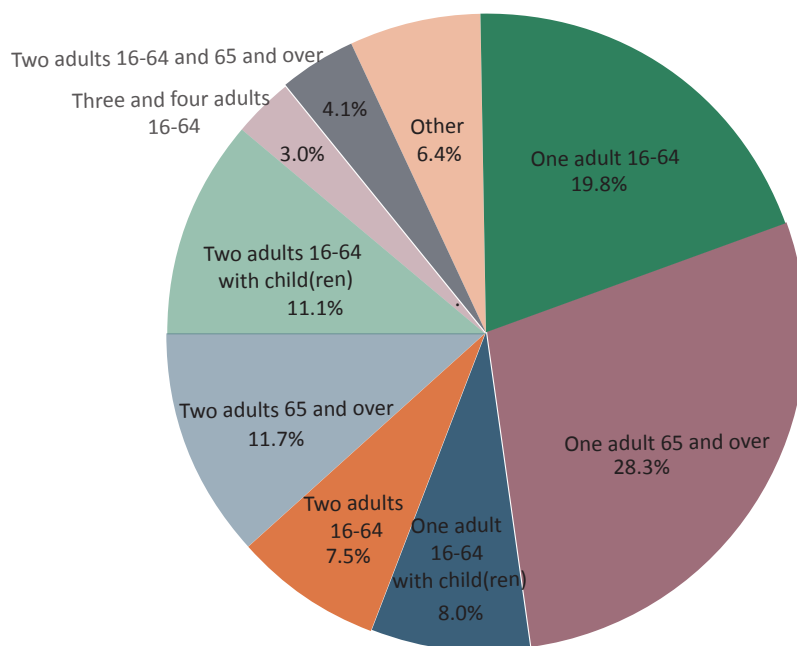
Within the *Guernsey Indicators of Poverty Report* (available at www.gov.gg/indicators) the extent of social and economic deprivation in Guernsey is quantified based on a methodology used in England, looking at seven different areas of interest: income, employment, health, education, crime, housing and the environment. The indicators of income deprivation are derived from the dataset used in this report and this topic is considered in greater depth in this report.

The standard definition of those at risk of relative income poverty, used by the OECD, measures those living in a household with an equivalised income below 60% of the national median equivalised income. Income deprivation in Guernsey is monitored via the number of households who have an income net of social security, income tax and housing costs which was less than 60% of the equivalised net income median in 2014. In 2014, the median equivalised income net of social security, income tax and housing costs was £31,091, and 60% of this figure was £18,655. 6,018 households and 12,475 people in Guernsey were found to have a household income net of social security, income tax and housing cost which was less than the 60% median figure calculated above, representing 27.1% of all households and 22.3% of the total population as shown in *Table 12.1.1*.

Table 12.1.1 Income deprivation indicators

Indicator	2014
Proportion of households whose income is less than 60% of the median	27.1%
Proportion of people living in households whose income is less than 60% of the median	22.3%

Figure 12.1.1: Household composition for households with income net of social security, income tax and housing costs less than the 60% median net equivalised income in 2014



The composition of those households whose income net of social security, income tax and housing costs is less than the 60% median income figure is shown in *Figure 12.1.1*. As can be seen all household types are represented.

12.1 Income equality: Household composition

Figure 12.1.1 reveals **one adult, 65 and over** and **one adult (16-64)** were the household compositions which had the largest number of households with an income which was less than 60% of the median at 28.3% and 19.8% respectively. **Three and four adults (16-64)** and **two adults, one 16-64 and one 65 and over** had the fewest numbers of households whose income was less than 60% of the median at 3.0% and 4.1% respectively.

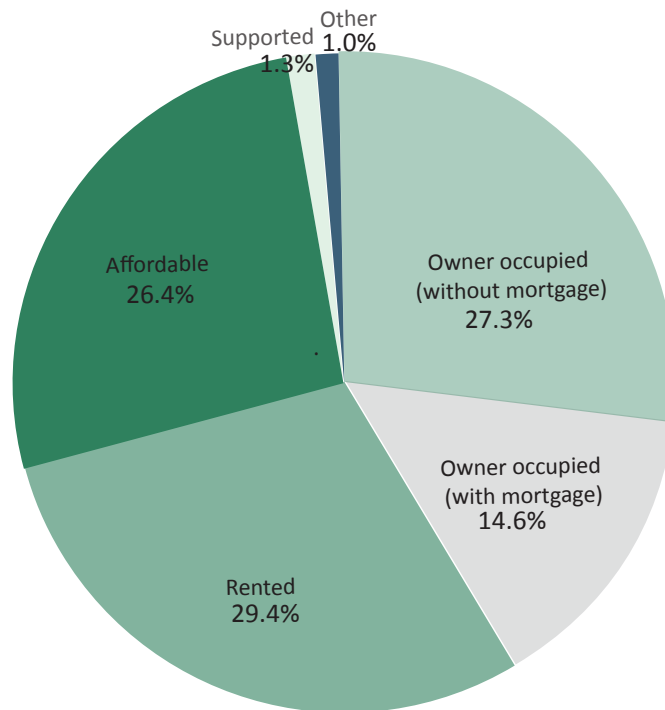
Table 12.1.2 Composition of households with income net of social security, income tax and housing costs that was less the 60% median equivalised income (consistent households only)

	Percentage of all households with less than 60% equivalised household income	Percentage of households within that household composition with less than 60% equivalised net income
One adult (16-64)	19.8%	44.0%
One adult (65 and over)	28.3%	56.9%
One adult (16-64) with child(ren)	8.0%	68.3%
Two adults (16-64)	7.5%	13.9%
Two adults (65 and over)	11.7%	26.5%
Two adults (16-64) with child(ren)	11.1%	23.5%
Two adults (one 16-64, one 65 and over)	4.1%	20.7%
Three and four adults (16-64)	3.0%	8.6%
Other	6.4%	14.7%

Table 12.1.2 above outlines the proportion of households whose income net of social security, income tax and housing costs is less than 60% of median income by household composition. Over two thirds of all households (68.3%) described as **one adult (16-64) with child(ren)** and 56.9% of all households described as **one adult (65 and over)** had an income less than 60% of the median. By contrast, only 8.6% of all **three and four adults (16-64)** households and 13.9% of **two adults (16-64)** households had an income less than 60% of the median.

12.2 Income equality: Tenure

Figure 12.2.1: Tenure of households with income net of social security, income tax and housing costs that was less than the 60% median



By tenure, 29.4% of households whose income is below the 60% median income net of social security, income tax and housing costs are privately rented, as can be seen in **Figure 12.2.1**.

Table 12.2.1 Tenure of households with income net of social security, income tax and housing costs that was less the 60% median equivalised income (consistent households only)

	Percentage of all households with less than 60% equivalised household income	Percentage of households with that tenure with less than 60% equivalised income
Owner occupied (without mortgage)	27.3%	18.4%
Owner occupied (with mortgage)	14.6%	14.5%
Rented	29.4%	46.4%
Affordable	26.4%	76.7%
Supported	1.3%	95.3%
Other	1.0%	46.6%

Table 12.2.1 above outlines the proportion of households whose income net of social security, income tax and housing costs is less than 60% of median income by tenure. Over 95% of all supported households, which includes those households living in sheltered and extra care accommodation have an income less than 60% of the median. Over three quarters of all households (76.7%) living in affordable accommodation have an income less than 60% of the median. By contrast, 14.5% of all households who are owner occupiers with a mortgage have an income less than 60% of the median.

12.2 Income equality: Tenure and household composition

Figure 12.2.2: Household composition and tenure for households with income net of social security, income tax and housing costs that was less than the 60% median

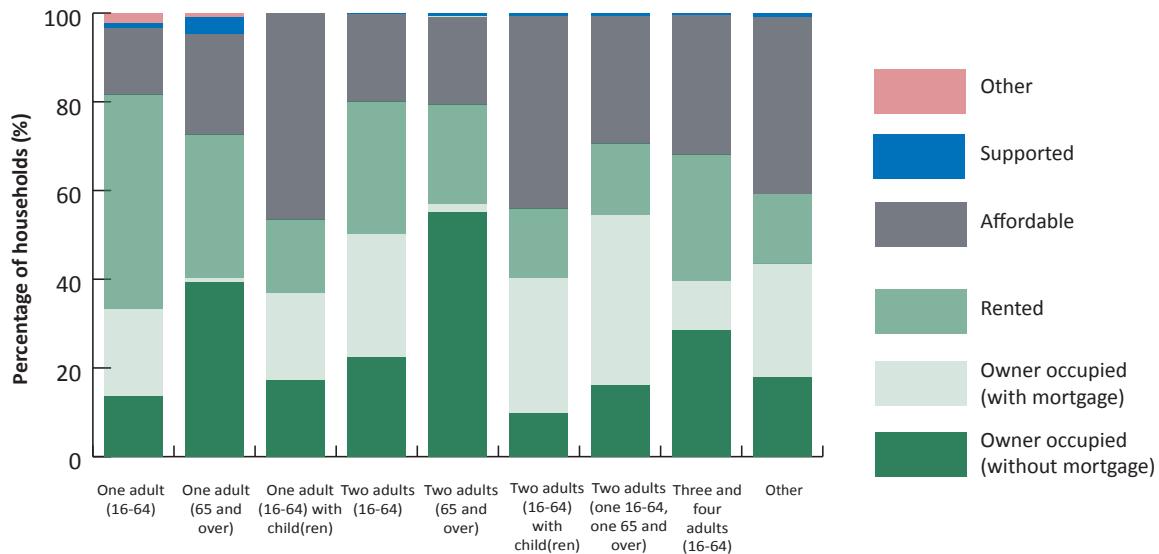


Figure 12.2.2 above outlines the proportion of households whose income net of social security, income tax and housing costs is less than 60% of median income by household composition and tenure.

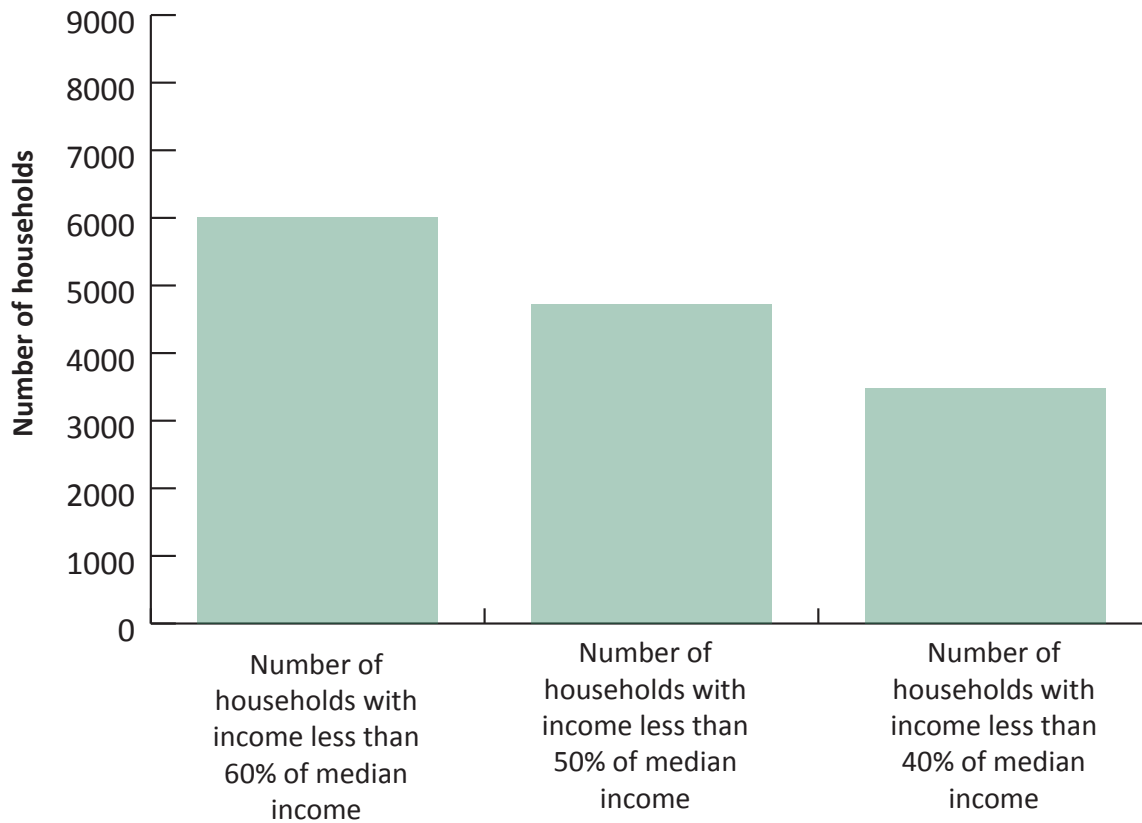
For **one adult, 65 and over** and **two adults, 65 and over**, these had the largest percentage of households whose income was less than 60% of the median, residing in owner occupied properties without a mortgage, 39.4% and 55.2% respectively.

One adult (16-64) with child(ren) and **two adults (16-64) with child(ren)** had the largest proportion of households whose income was less than 60% of median residing in affordable housing 46.5% and 43.3% respectively.

One adult (16-64) had the largest percentage of households with less than 60% of median residing in rented accommodation, 48.4%.

12.3 Income equality: Risk of relative poverty

Figure 12.3.1: Number of households with incomes at or below 60%, 50% and 40% of net equivalised median income



The standard definition of relative income poverty used by the OECD measures those living in a household with an equivalised income below 60% of the national median equivalised income. As seen in [Section 12.1.1](#) this represents 6,018 households. The percentage of people living in households with an income below 50% and 40% of median income indicates the depth of relative income poverty. For example as [Figure 12.3.1](#) shows there were 4,731 households, or 21.3% of all households and 17.2% of all people, who had an income less than 50% of median in 2014 (£15,546). There were 3,484 households, 15.7% of all households and 12.3% of all people with an income less than 40% of the median (£12,436).

12.3 Income equality: Risk of relative poverty

Table 12.3.1: Children at risk of relative poverty

	2014
Proportion of households (with children) whose income is less than 60% of the median	28.7%
Proportion of children living in households whose income is less than 60% of the median	31.7%

Table 12.3.1 shows that 28.7% of households with children (less than 16 years old) lived in households with an income below 60% of median income in 2014, and that 31.7% of all children lived in households with an income below 60% of median.

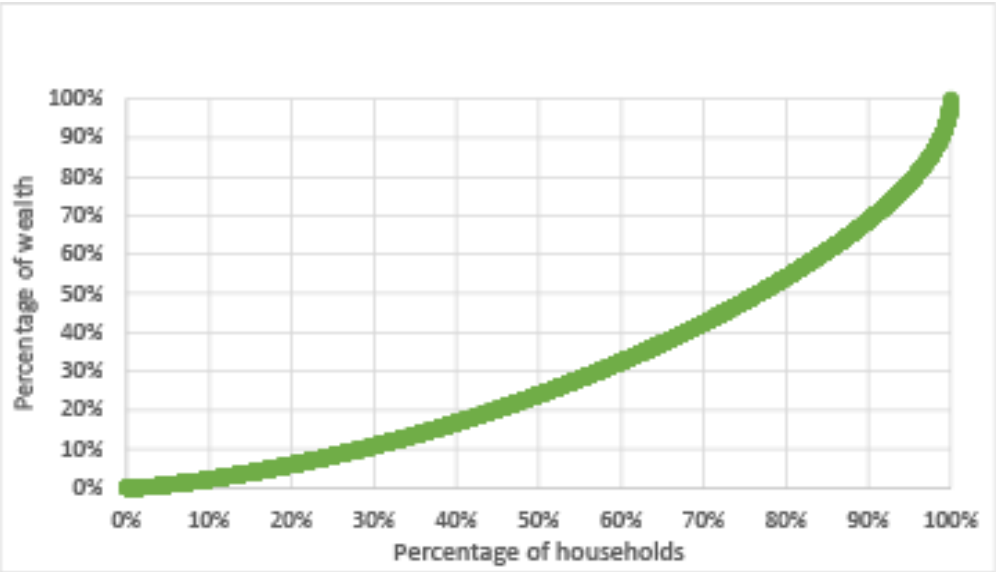
Table 12.3.2: Adults aged 65 and over at risk of relative poverty

	2014
Proportion of households (with one or more adults aged over 65 years) whose income is less than 60% of the median	31.2%
Proportion of adults aged over 65 years living in households whose income is less than 60% of the median	28.3%

Table 12.3.2 shows that 31.2% of households with one or more adults aged over 65 years lived on an income below 60% of median income, and that 28.3% of all those aged 65 years lived in households with an income below 60% of median.

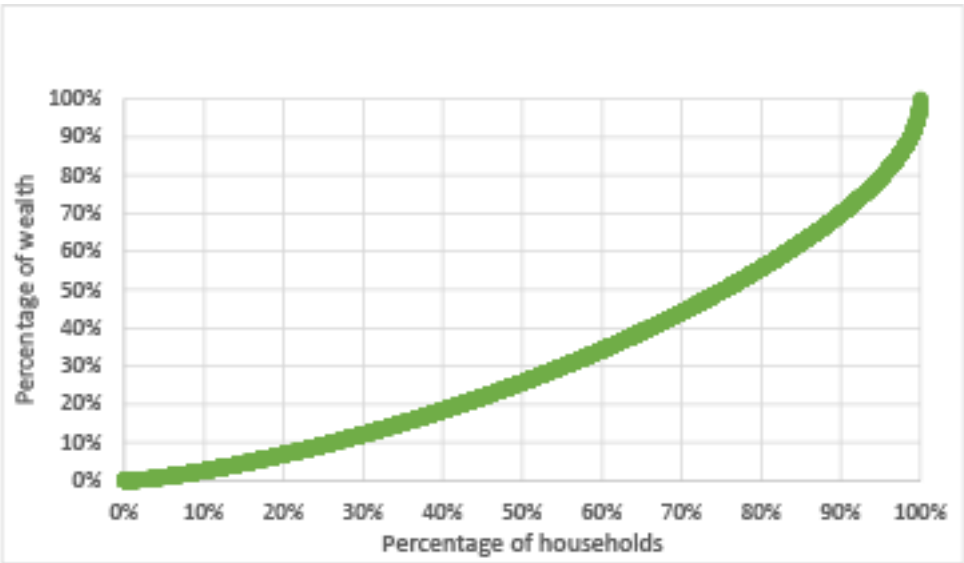
12.4 Income equality: Gini coefficient and income decile ratios

Figure 12.4.1: Gross equivalised income Gini coefficient



The Gini coefficient is a measure of statistical dispersion intended to represent the income distribution of a nation's residents and is the most commonly used measure of inequality. A Gini coefficient of zero expresses perfect equality, where all values are the same (for example where everyone has the same income). A Gini coefficient of 1 (or 100%) expresses maximal inequality among values (e.g. where only one household has all the income within a population, and all others have none). In Guernsey the Gini coefficient for gross equivalised income was 0.40 in 2014. In Guernsey the bottom half of all households, when ranked by income had just 24% of all equivalised income. The top 5% of all households in Guernsey, when ranked by income, had 21% of all equivalised income.

Figure 12.4.2: Equivalised income net of social security contributions, income tax, but before housing cost Gini coefficient



In Guernsey the Gini coefficient for incomes net of social security contributions, income tax and before housing costs was 0.37 in 2014. The bottom half of all households, when ranked by net income, had just 26% of all equivalised income. The top 5% of all households, when ranked by income, had 21% of all equivalised net income.

12.4 Income equality: Gini coefficient and income decile ratios

The income decile share ratio, also known as the S90/S10 Ratio, is an internationally recognised measure for monitoring income distribution and the corresponding gap between the the average incomes of the richest 10% of the population and the poorest 10% of the population. It is calculated by taking the mean equivalised income for the richest 10% of the population (net of income tax and social security contributions but before housing costs) and dividing this by the mean of all equivalised incomes for the poorest 10%. This measure indicates the extent to which income is shared equally across all households. For example, a ratio of 10 means that the income of the richest 10% of the population, is on average, 10 times higher than the income of the poorest 10% of the population.

As shown in [Table 12.4.1](#), the income decile share ratio for Guernsey was 11.8 in 2014, which means that the income of the richest 10% of the population was on average 11.8 times higher than the income of the poorest 10% of the population.

An alternative ratio, which is also recognised internationally is the P90/P10 ratio, which divides the income of the 90th percentile household by that of the 10th percentile. This ratio shows how many times greater the income of the 90th percentile is relative to that of the 10th percentile.

As can be seen in [Table 12.4.1](#) the P90/P10 ratio (based on equivalised incomes net of social security contributions and income tax, but before housing costs) was 4.6 in Guernsey in 2014. This ratio indicates that the income of the 90% percentile household was 4.6 times higher than the income of the 10% percentile household.

Table 12.4.1 Income decile ratios: S90/S10 and P90/P10

	2014
Income decile share ratio (S90/S10) (based on equivalised incomes net of social security contributions and income tax but before housing costs deducted)	11.8
Income decile ratio (P90/P10) (based on equivalised incomes net of social security contributions and income tax but before housing costs deducted)	4.6

13.0 Contact details

You may also be interested in other publications from States of Guernsey Data and Analysis Services, which are all available online at www.gov.gg/data. Please contact us for further information.

E-mail: dataandanalysis@gov.gg

Telephone: (01481) 717292

Write / visit: Data and Analysis
Sir Charles Frossard House
La Charroterie
St Peter Port
Guernsey
GY1 1FH

Appendix 1 - Rolling Electronic Census and methodology

Following a States decision (see Billet d'Etat XVII, 2010, available via (www.gov.gg/billets), a census was not held in Guernsey in 2011. Instead a project to collate population statistics from administrative sources, known as the Rolling Electronic Census Project, was initiated.

The Rolling Electronic Census Project, which was completed in late 2014, involved developing an IT system to collate, match and process information from ten separate States of Guernsey sources. The IT system, developed by Digimap Ltd, replicates the method used since 2006 by the Social Security Department to calculate population headcounts and includes additional cross checks. It also brings together information which people have provided to the various States Departments, such as address updates and place of birth, removing the need for this information to be provided again via a traditional census method. The information is updated quarterly and the whole process is automated as far as possible. This data sharing is enabled by the Electronic Census Ordinance, which was enacted in 2013 and also strictly controls who can access the information and the purposes for which it can be used.

All the data is held securely (in electronic copy only) and only Census Officers have access to the IT system. The benefits of this are that there would be an audit trail of access to the information if needed and additionally Census Officers have less contact with personal details than they would if handling traditional census forms, since the data is anonymised by the IT system before being made available for analysis. The data can be used for statistical purposes only.

The Household Income Report is a brand new annual report which uses income data sourced from the Rolling Electronic Census. The variety of data sources which comprise the Rolling Electronic Census allows income analysis at a scale and level of detail not previously possible. Analysis underwent several stages to ensure data was anonymised, accurate and relevant.

Household Income Report Preparation

Stage
1. Extract anonymised raw data at an individual level from Rolling Electronic Census.
2. Clean raw data including removing duplicates, those not based in Guernsey, those not present for the full year in 2013 and those without an address.
3. Collate anonymised household incomes by summing incomes, income taxes and social security contributions for all anonymised individuals based within same household, add mortgage interest relief back into gross income. Run preliminary analysis.
4. Allocate household composition descriptions, tenure, property type and occupancy for households identified within preliminary analysis.
4. Exclude outliers from analysis including households with very large number of occupiers such as nursing homes, guest houses, hospital, prison, staff and lodging houses.
5. Estimate income for households which do not complete detailed income tax return including those paying maximum tax cap of £220,000 and those households earning below personal tax allowance and not in receipt of benefits income.
6. Prepare cleaned household income data for full analysis including calculating occupancy and equivalisation scores. Deduct income tax, social security contributions and housing costs from data.

Appendix 1 - Rolling Electronic Census and methodology

Equivalisation calculation

The income that a household needs in order to attain a given standard of living will depend on its size and composition. "Equivalisation" means adjusting a household's income for size and composition so incomes of all households can be looked at on a comparable basis. Gross incomes and incomes net of social security, income tax and housing costs have been equivalised using the 'Modified-OECD' equivalence scale, in which two adults, with no children are taken as the benchmark with an equivalence scale of one. The equivalence scales for other types of households can be calculated by adding together the implied contributions of each household member from the table below.

Modified OECD Equivalence Scale	
First adult	0.67
Subsequent adults (over 16 years)	0.33
Child (under 16 years)	0.20

This system scales down the incomes of households containing more than two adults and scales up the incomes of households containing fewer than two adults. A household consisting of one adult will have an equivalence scale of 0.67, in other words one adult can typically attain the same standard of living as two adults, with no child(ren), on only 67 percent of its income. In a household consisting of two adults with one child (under 16 years), the head of the household would contribute 0.67, the subsequent adult 0.33, and the child 0.20, giving a total equivalence of 1.20. In other words this household would need an income 20 percent higher than a two adult, without child(ren) household to attain the same standard of living.

Imputed housing costs calculation

The housing costs in [Section 10](#) are imputed, as we do not know the actual cost of housing within individual households. Housing costs have been calculated on the basis of tenure and the number of bedrooms at a given property.

For properties which are either privately rented, supported or owner occupied with a mortgage housing costs have been calculated using the 2014 rental indices published within our supplementary housing bulletin. Depending on which property type the household occupies this figure has been deducted from gross incomes as an imputed housing cost as shown below.

Avge rental cost per annum (£)	
One bedroom apartment	11,316
Two bedroom apartment	14,772
Two bedroom bungalow	17,328
Three bedroom bungalow	21,120
Two bedroom house	17,844
Three bedroom house	21,372
Four bedroom bungalow/house	25,500
Other	15,324

Appendix 1 - Rolling Electronic Census and methodology

For households residing in properties which are rented either from the States of Guernsey or the Guernsey Housing Association housing costs have been allocated by property type according to the 2014 rental values as set by the States of Guernsey. These housing costs have subsequently been deducted from gross income.

Avge rental cost per annum (£)	
One bedroom apartment	7,742
Two bedroom apartment	9,822
Two bedroom bungalow	12,510
Three bedroom bungalow	15,731
One bedroom house	8,083
Two bedroom house	12,159
Three bedroom house	15,731
Four bedroom house	19,658
Other	15,324

In the case of those households which have been identified as owner occupier without a mortgage, no housing cost has been deducted from these incomes.



For more information
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