



STATES OF ALDERNEY

# Alderney Household Income Report

**2017**

**Issue date: 9th September 2019**

A profile of household incomes



States of Guernsey  
Data and Analysis

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## 1.1 Introduction

The Alderney Household Income 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. Data on household incomes is available for the years 2013 to 2017. See [Appendix A](#) for more details on the Rolling Electronic Census. This report contains information on household incomes in 2017 and is based on a sample of 947 Alderney households. See [Appendix B](#) for more detail on methodology and which households have been included in the analysis.

The Report presents annual incomes for the year ending December 2017. It provides information on average gross household income (before deduction of taxes and social security contributions) 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. The intention is for time series to be included in the next publication.

[Section 8](#) 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 9](#) contains information on income equality. Data for Alderney 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. The [Alderney Indicators of Poverty Report](#) (due for publication later in 2019), will quantify the extent of social and economic deprivation in Alderney via a set of multi-dimensional indicators based on a methodology used in England. The indicators will encompass six different areas of interest: income, employment, health, education, crime and housing.

The concept of the Gini coefficient is also introduced in this section. It is a statistical measure to review how income is distributed, 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. Income decile ratios are also presented. The methods used in [Section 9](#) are standardised with those used in the UK, Jersey and Guernsey enabling comparisons to be made.

## 1.2 Headlines

- Just over one third (35.6%) of all Alderney households are comprised of either **one adult (65 and over)** or **two adults (65 and over)**.
- The overall mean gross household income (unequalised) was £45,026 (£866 per week) and the overall median gross household income was £33,941 (£653 per week) in 2017.
- The equalised overall mean gross household income was £44,751 (£861 per week) and the equalised overall median was £36,632 (£704 per week) in 2017.
- The overall mean household income after deduction of social security contributions, income tax and imputed housing costs (equalised) was £31,798 (£611 per week) and the overall median was £26,446 (£509 per week) in 2017.
- The household compositions with the lowest equalised mean household income after deduction of social security contributions, income tax and imputed housing costs were **one adult (16-64) with child(ren)** at £15,568 and **one adult (16-64)**, at £25,129. The household composition with the highest equalised mean household income after deduction of social security contributions, income tax and imputed housing costs were **'Other'** group, at £47,978.
- 246 households and 387 people in Alderney 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 26.0% of all households and 20.9% of the total population.

## 2.1 Overview of households in Alderney

Households are defined in this report as individuals residing at the same address. The information presented here is based on analysis of 947 Alderney households and represents an average household size of 2.0 people. Households where an individual was absent for nine months of the year in 2017 and those where addresses were not known were not included in the analysis (see [Appendix B](#) for detailed methodology).

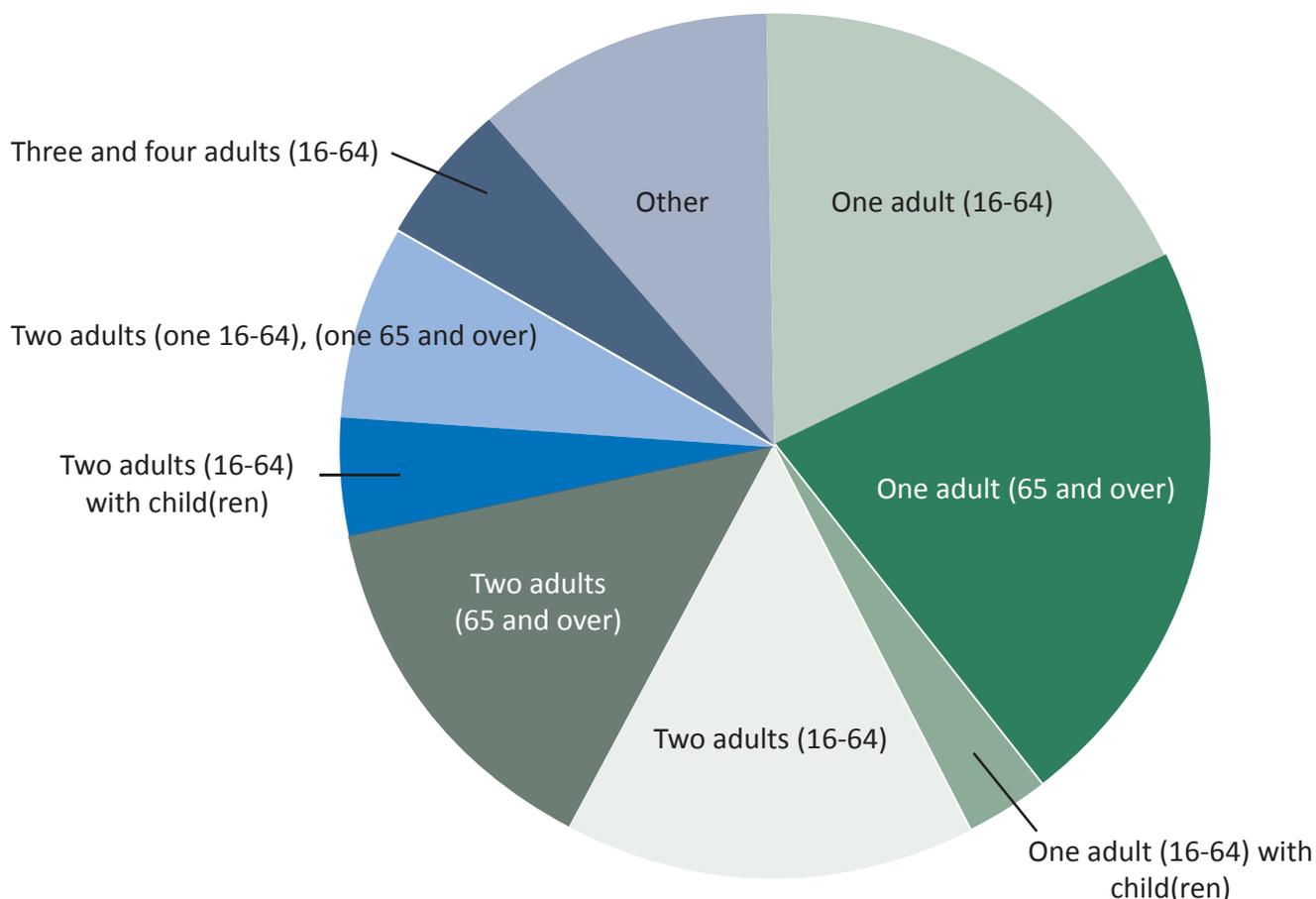
Eight main categories of household composition have been used throughout this report, which cover the most common household types. Household compositions vary during the year with individuals moving house, immigration, emigration, births and deaths, and for this reason the data presented below and overleaf is a snapshot of the composition of households as at 31st December 2017.

**Table 2.1.1: Definition of household composition type and percentage in sample**

Composition Type	Description	% of sample
One adult (16-64)	One adult, aged between 16 and 64 years at address	18.3
One adult (65 and over)	One adult of age 65 years or over at address	21.5
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	3.1
Two adults (16-64)	Two adults, aged between 16 and 64 years at address	15.2
Two adults (65 and over)	Two adults, both of age 65 years or over at address	14.0
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	4.3
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	7.3
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.	5.3
Other	Any other household composition not defined above at address (e.g. two adults, one aged between 16-64 years and one over 65, living with or without child(ren) under 16 years and households of more than four adults aged 16-64 years)	11.0
<b>Total</b>		<b>100.0</b>

## 2.1 Household composition at 31st December 2017

Figure 2.1.1: Composition of Alderney households as at 31st December 2017

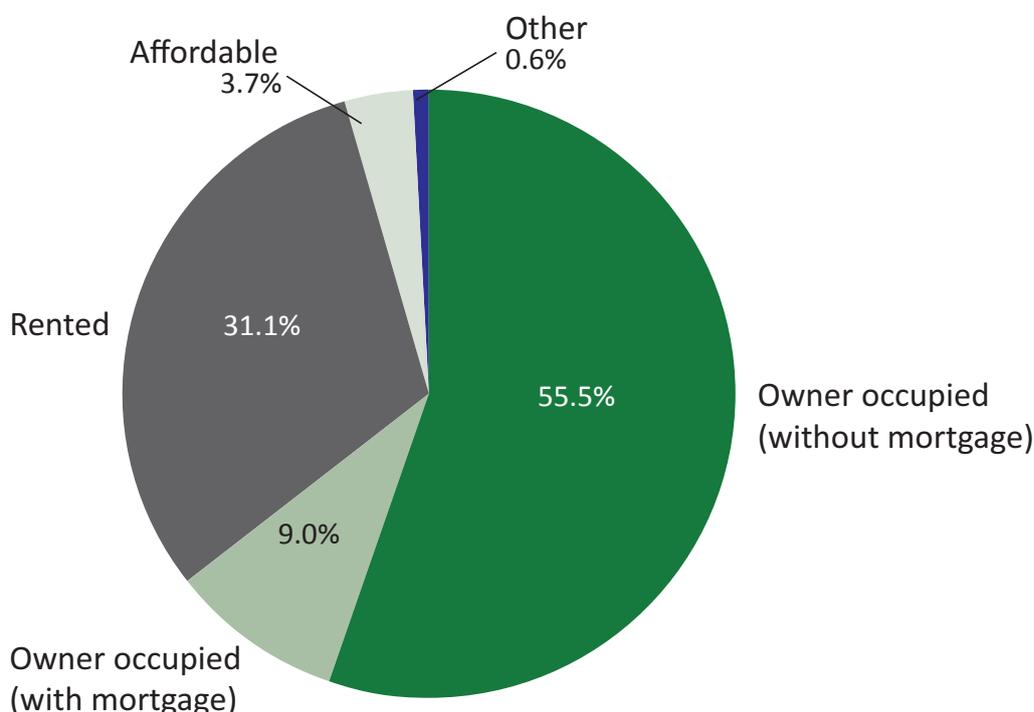


The eight most common household types as defined in [Table 2.1.1](#) describe 89% of all households as can be seen in [Figure 2.1.1](#). **One adult (65 and over)** households comprise the largest number of households in Alderney at 21.5%. **One adult (16-64)** households comprised 18.3% of the sample and 15.2% of all households are comprised of **two adults (16-64)**. Pensioner households comprising either **one adult (65 and over)** or **two adults (65 and over)**, represent over a third of all Alderney households. Households with one pensioner, **two adults (one 16-64), (one 65 and over)** represent 7.3% of households.

Households with child(ren), with either **one adult (16-64) with child(ren)** or **two adults (16-64) with child(ren)**, represent 7.4% of all Alderney households. Households with **three and four adults (16-64)** represent 5.3% of all households. The remaining 11.0% are classified as **'other'**.

## 2.2 Household tenure

**Figure 2.2.1: Household tenure (consistent households only)**



**Figure 2.2.1** illustrates the housing tenure profile of “consistent” households in Alderney (see [Table 2.2.1](#) for definitions). The term consistent households refers to those where there has been no change in the composition and number of individuals within a household as well as no change of address throughout 2017. The number of consistent households in Alderney totalled 623 at the end of 2017.

Over half of all households are owner occupiers without a mortgage, 55.5%. Almost a third of consistent households, 31.1%, are rented, which represents Alderney’s privately rented sector. 9.0% of all consistent households are owner occupiers with a mortgage and just 3.7% of households reside in Affordable accommodation.

For income by tenure see [Section 8.3](#).

**Table 2.2.1: Definitions of tenure**

Tenure Type	Description	% of households
Owner occupier with mortgage	Household living in accommodation they have purchased with a mortgage or other secured loan.	9.0
Owner occupier without a mortgage	Household living in accommodation which they own outright and is not the subject of a mortgage or other secured loan.	55.5
Rented	Household living in accommodation rented from a private landlord or estate agent. It includes properties on short and long-term leases and could include properties owned by people who ordinarily live at a different address (either on or off island).	31.1
Affordable	Household living in accommodation rented from the Alderney Housing Association.	3.7
Other	Any accommodation not fitting the above criteria (including self catering).	0.6
<b>Total</b>		<b>100.0</b>

### 3.1 Unequalised or equalised - which to use

Gross household incomes throughout this Report are provided on an unequalised and equalised basis. **Sections 4** and **5** contain information on unequalised household incomes and **Sections 6** and **7** contain information for equalised household incomes.

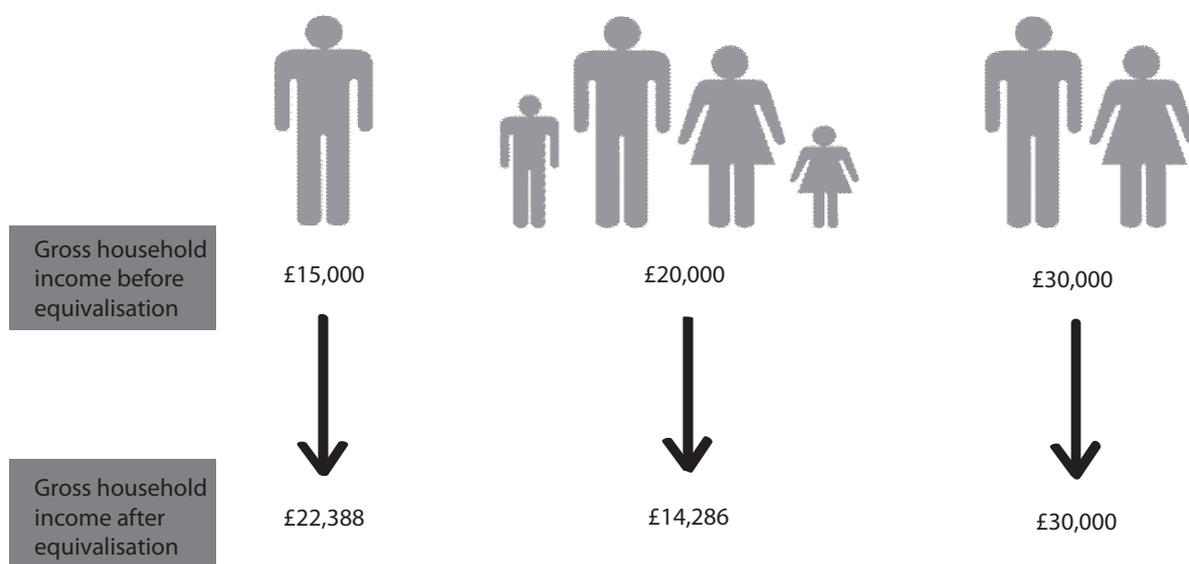
Unequalised means the gross income of a household (i.e. the total income of a household, with no adjustment made for different household sizes and household compositions).

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 and tenure.

As an example, take a household of two adults and two children and a gross income of £20,000. If this is compared with a household containing just one adult with a gross income of £15,000, 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 Gross income (unequalised): mean, median and distribution

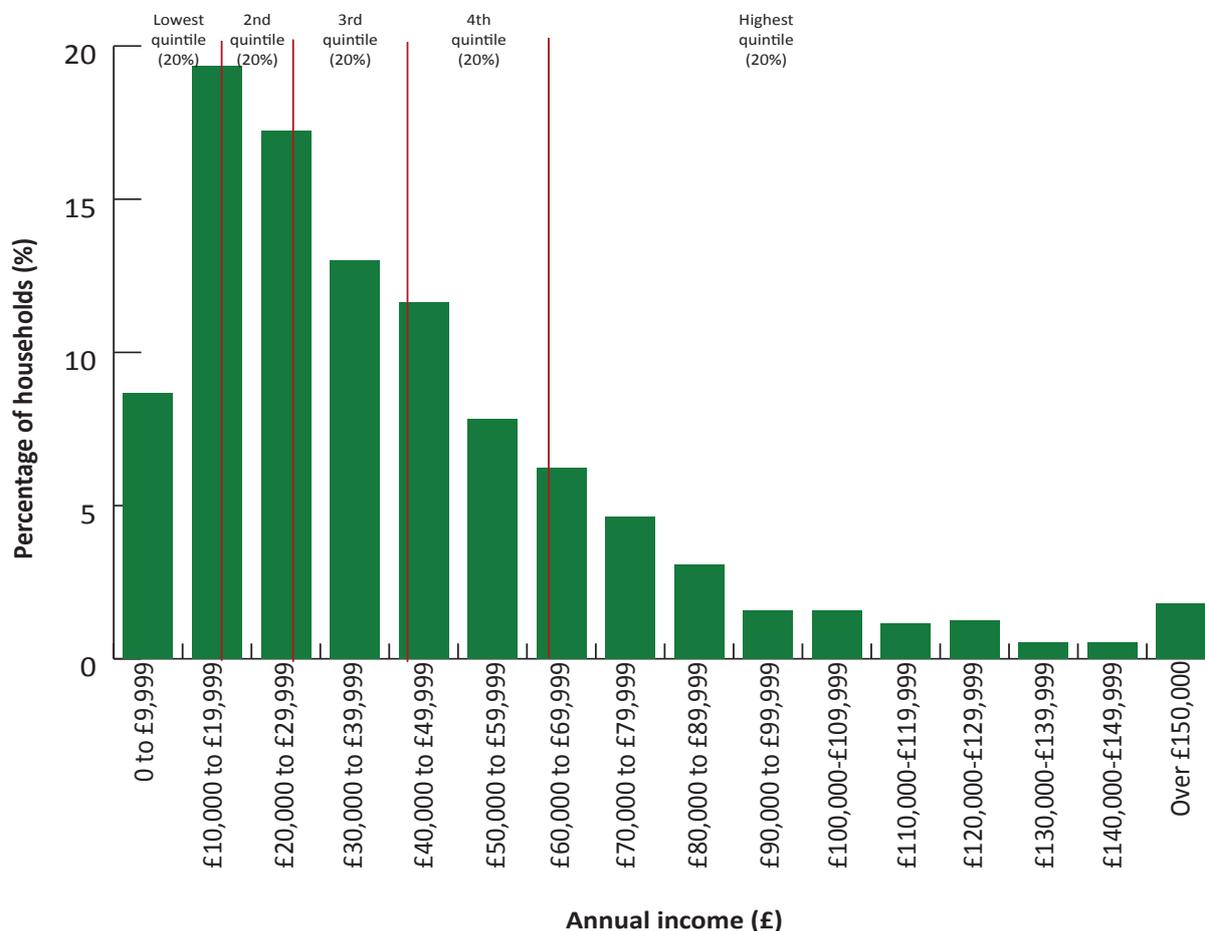
Gross incomes for 2017 were calculated for the 947 Alderney households included in the analysis (see [Appendix B](#) for methodology). Gross income is defined as the total income of a household derived from a variety of sources including; employment income, business income, old age pension (as paid by States of Guernsey, Jersey, UK and other Governments), private pension (both occupational and personal), distribution income, annuities, bank interest, loan interest income, benefits (except those paid on order). 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 6](#) contains the corresponding information for equalised gross incomes.

[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 Gross income (unequalised): mean, median and distribution

**Table 4.1.1: Gross annual income**

	% of households
£0-£9,999	8.7
£10,000-£19,999.99	19.3
£20,000-£29,999.99	17.2
£30,000-£39,999.99	13.0
£40,000-£49,999.99	11.6
£50,000-£59,999.99	7.8
£60,000-£69,999.99	6.2
£70,000-£79,999.99	4.6
£80,000-£89,999.99	3.1
£90,000-£99,999.99	1.6
£100,000-£109,999.99	1.6
£110,000-£119,999.99	1.2
£120,000-£129,999.99	1.3
£130,000-£139,999.99	0.5
£140,000-£149,999.99	0.5
Over £150,000	1.8
<b>Total</b>	<b>100.0</b>

**Table 4.1.2: Mean and median gross income of households**

	Annual (£)	Weekly (£)
<b>Mean</b>	45,026	866
<b>Median</b>	33,941	653

**Table 4.1.3: Quintile boundaries for gross annual income of households**

	Upper boundary (£)
<b>Lowest quintile</b>	16,145
<b>2nd quintile</b>	26,842
<b>3rd quintile</b>	41,176
<b>4th quintile</b>	62,263

The mean gross household income was £45,026 (£866 per week) and the median gross household income was £33,941 (£653 per week) in 2017, see [Table 4.1.2](#).

Mean gross household incomes were calculated by totalling all income received during 2017 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.

## 4.2 Gross income (unequalised): by source

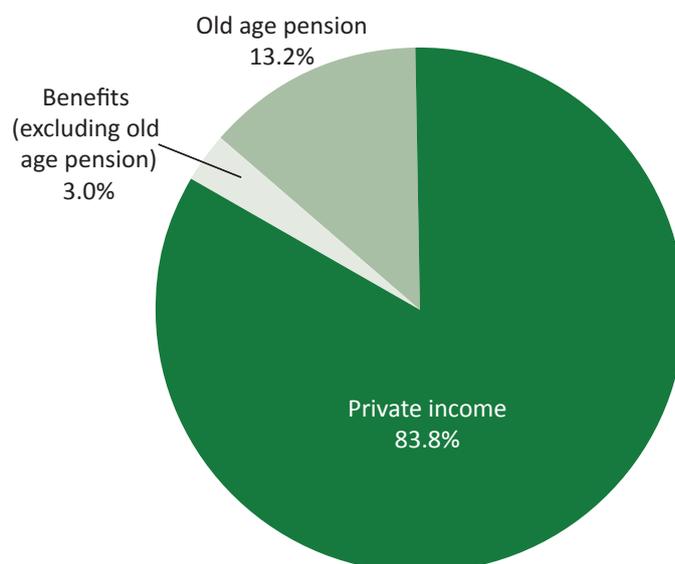
**Table 4.2.1** provides a detailed definition of the three main sources of household income used within the report; private income, benefits (excluding old age pensions) and old age pensions.

**Table 4.2.1: Definition of income sources**

Income Source	Description
Private income	Includes all income throughout 2017 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 Social Security to a household during 2017 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 and is defined as the total amount of old age pension paid to a household during 2017 by either the States of Guernsey, States of Jersey, UK or other governments.

\*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 2017. As can be seen, a significant majority, 83.8%, 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 13.2% of all household income, whilst benefits (excluding old age pensions) accounts for 3.0% of household income.

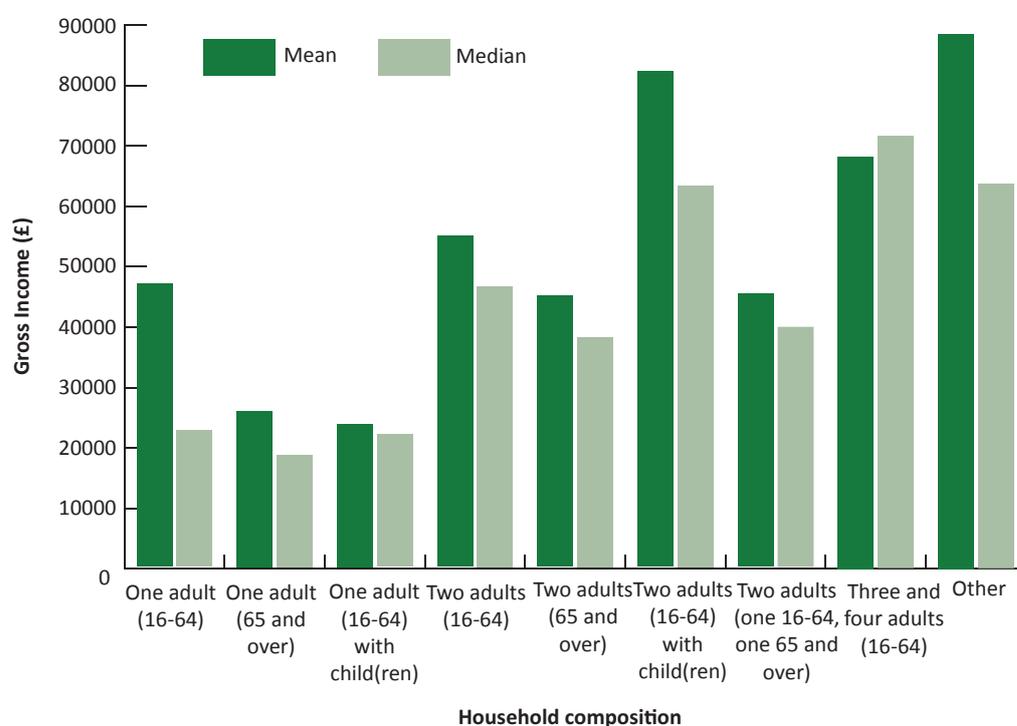
For income source by household composition see **Section 7.1**.

## 5.1 Gross income (unequivalised): by household composition

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 as well as no change of address throughout 2017. The number of consistent households in Alderney totalled 623 at the end of 2017.

The analysis is limited to consistent households only, rather than an overall number of households. A description of a consistent household is required for this analysis; 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 (16-64) with child(ren)** households and **One adult (65 and over)** households recorded the lowest mean household income in 2017 at £23,653 and £25,806 respectively. The **Other** category recorded the highest mean household income at £88,543. **Other** households include those that do not fit within the more specific descriptions, including households of more than four adults.

Median gross household incomes follow much the same pattern as mean gross household 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 2017 at £18,544 and £21,897 respectively. The **Three and four adults (16-64)** category recorded the highest median household income at £71,762. See [page 15](#) for more information on the make-up of the household composition groups by income source.

Please note this section presents unequivalised income with no adjustment for household size - see [Section 6](#) for equivalised data.

## 6.1 Gross income (equivalised): mean, median and distribution

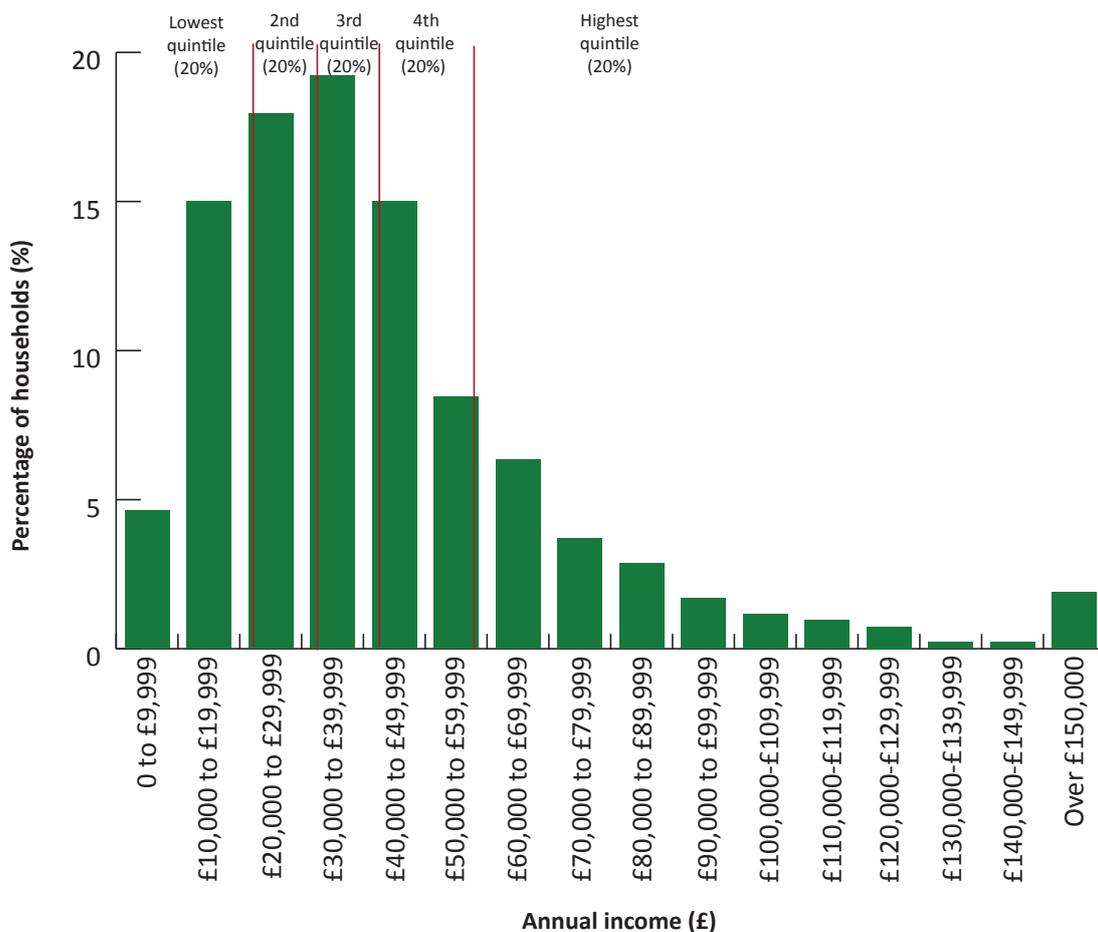
Gross incomes for 2017 have also been calculated for all Alderney households included in the analysis on an equivalised basis (see [Appendix B](#) for methodology). In this process gross incomes have been determined for each household using an international standard adjustment which takes into account 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.

After equivalisation the proportion of households within the lowest income quintile comprising one adult either under or over 65 years drops.

**Figure 6.1.1** presents equivalised gross household income for all 947 analysed households by income bracket. Income brackets are spaced at £10,000 intervals and the percentage of households within each income bracket is illustrated.

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 6.1.1** and **Table 6.1.3**.

**Figure 6.1.1: Gross annual income of households (equivalised)**



Before equivalisation, the income band with the largest percentage of households was £10,000 - £19,999.99, 19.3% of all households, as can be seen in [Section 4](#), [Figure 4.1.1](#) and [Table 4.1.1](#). After equivalisation, the income band with the largest percentage of households was £30,000 - £39,999.99, 19.2% of all households, as shown above in **Figure 6.1.1** and overleaf in [Table 6.1.1](#).

## 6.1 Gross income (equivalised): mean, median and distribution

**Table 6.1.1: Gross annual income distribution of households (equivalised)**

	% of households
£0-£9,999	4.6
£10,000-£19,999.99	15.0
£20,000-£29,999.99	18.0
£30,000-£39,999.99	19.2
£40,000-£49,999.99	15.0
£50,000-£59,999.99	8.4
£60,000-£69,999.99	6.3
£70,000-£79,999.99	3.7
£80,000-£89,999.99	2.9
£90,000-£99,999.99	1.7
£100,000-£109,999.99	1.2
£110,000-£119,999.99	1.0
£120,000-£129,999.99	0.7
£130,000-£139,999.99	0.2
£140,000-£149,999.99	0.2
Over £150,000	1.9
<b>Total</b>	<b>100.0</b>

**Table 6.1.2: Mean and median gross income of households**

	Annual (£)	Weekly (£)
<b>Mean</b>	44,751	861
<b>Median</b>	36,632	704

**Table 6.1.3: Quintile boundaries for gross annual income of households (equivalised)**

	Upper boundary (£)
<b>Lowest quintile</b>	20,561
<b>2nd quintile</b>	31,585
<b>3rd quintile</b>	41,777
<b>4th quintile</b>	59,713
<b>Highest quintile</b>	-

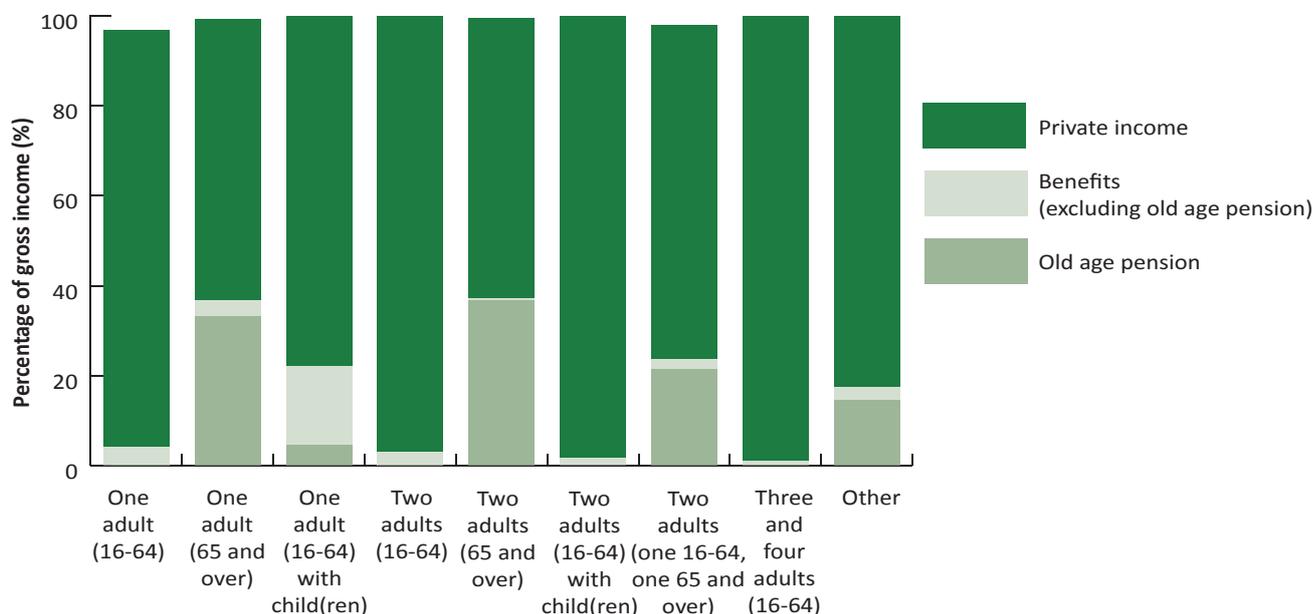
The mean gross household income (equivalised) in 2017 was £44,751 (£861 per week), £276 or 0.6% lower than the corresponding unequivalised mean income, see [Table 6.1.2](#) and [Table 4.1.2](#).

The median gross household income (equivalised) was £36,632 (£704 per week) in 2017, see [Table 6.1.2](#), £2,692 or 7.9% higher than the corresponding unequivalised median income (as shown on [Page 9, Table 4.1.2](#)). 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 £20,561, see [Table 6.1.3](#), £4,416 or 27.4% higher than the same figure on an unequivalised basis (as shown on [Page 9, Table 4.1.3](#)). The highest quintile consists of households with equivalised incomes of £59,713 or over, £2,549 or 4.1% lower than the same figure on an unequivalised basis.

## 7.1 Gross income (equivalised): by household composition and income source

**Figure 7.1.1: Equivalised income source by household composition (consistent households only)**



**Figure 7.1.1** compares the proportion of equivalised income derived from private, old age pension and benefits (excluding old age pension) across differing household compositions. The old age pension contributes the highest proportion of income to those households with either **one adult (65 and over)** or **two adults (both 65 and over)** accounting for 33.2% and 36.7% of all income in those household types respectively.

The highest proportion of benefits (excluding old age pension) can be found in households which comprise **one adult (16-64) with child(ren)**, accounting for 17.5% of all income in these households. The highest proportion of private income can be found in households comprising **three and four adults (16-64)**, where 99.0% of gross income is derived from private sources including employment and business income.

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

The following section (**Section 8**) of the Report provides data on equivalised household income in 2017 after tax, social security contributions and 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.

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 purchase prices to estimate the housing costs for privately rented and owner occupied properties with a mortgage.

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

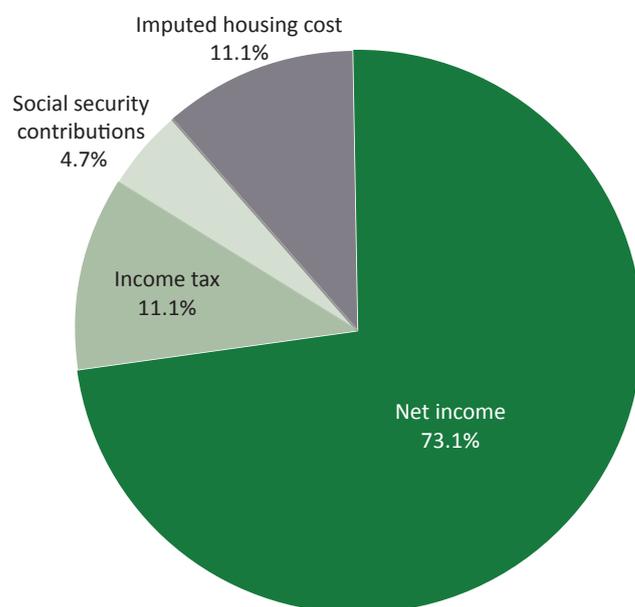
Please note that in the case of those households which have been identified as owner occupier without a mortgage no housing cost has been deducted from these incomes. See **Appendix B** for more detail.

**Figure 8.1.1** 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).

Income net of social security, income tax and housing costs (equivalised) represented 73.1% of gross household income in 2017. Income tax and housing costs represented the largest deduction to gross household income, both at 11.1%, followed by social security contributions at 4.7%.

The mean household income net of social security, income tax and housing costs (equivalised) was £31,798 (£611 per week) and the median household income net of social security, income tax and housing costs (equivalised) was £26,446 (£509 per week) in 2017 see **Table 8.1.1**.

**Figure 8.1.1: Breakdown of gross income (equivalised)**



**Table 8.1.1: Mean and median household income net of social security, income tax and housing costs (equivalised)**

	Annual (£)	Weekly (£)
Mean	31,798	611
Median	26,446	509

**Table 8.1.2: Household quintile boundaries for income net of social security, income tax and housing costs (equivalised)**

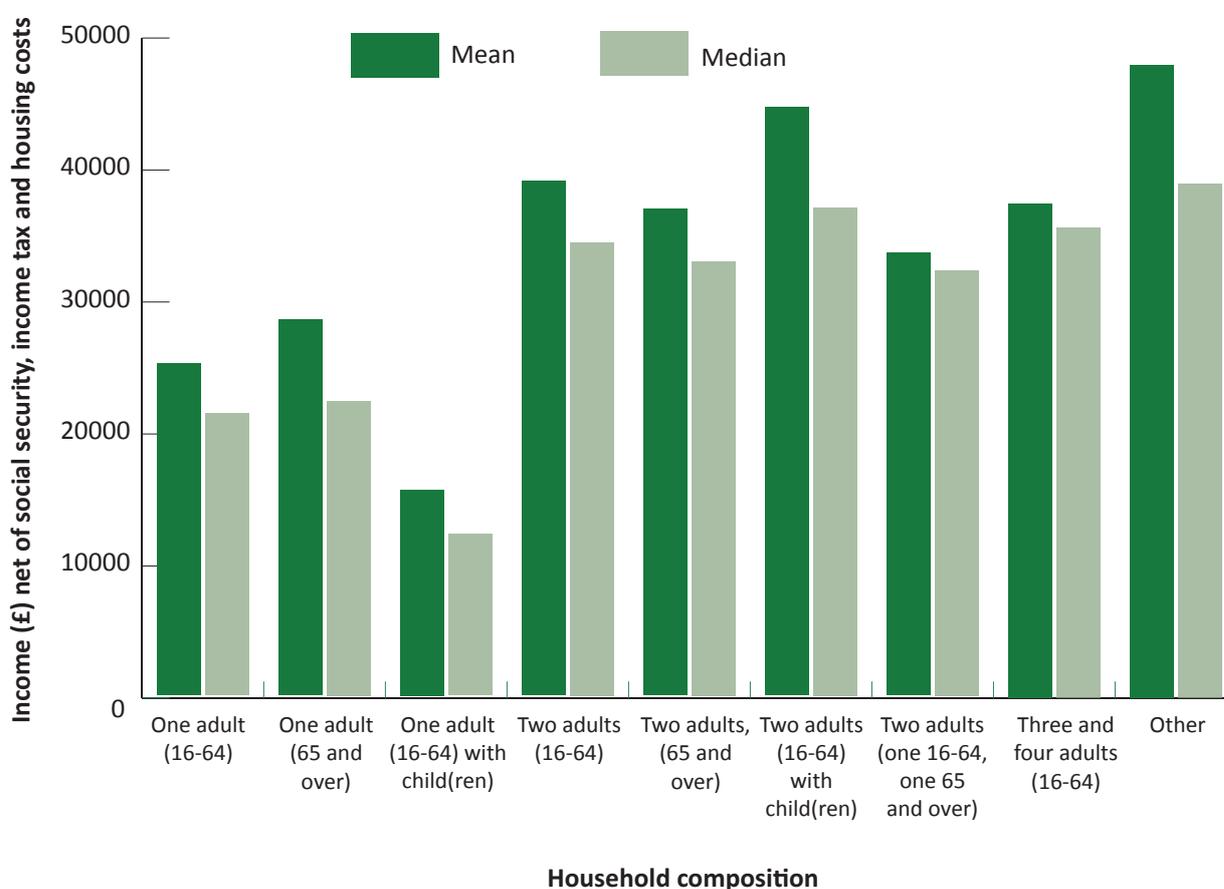
	Upper boundary (£)
Lowest quintile	12,318
2nd quintile	21,787
3rd quintile	31,934
4th quintile	44,933

## 8.2 Income net of social security, income tax and housing costs (equivalised): by household composition

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 2017. The number of consistent households totalled 623 at the end of 2017.

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



**Figure 8.2.1** 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 5.1](#).

**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 £15,568 and £12,173 respectively. **Other** households recorded the highest mean income net of social security, income tax and housing costs at £47,978, and the highest median at £38,985.

## 8.3 Income net of social security, income tax and housing costs (equivalised): by tenure

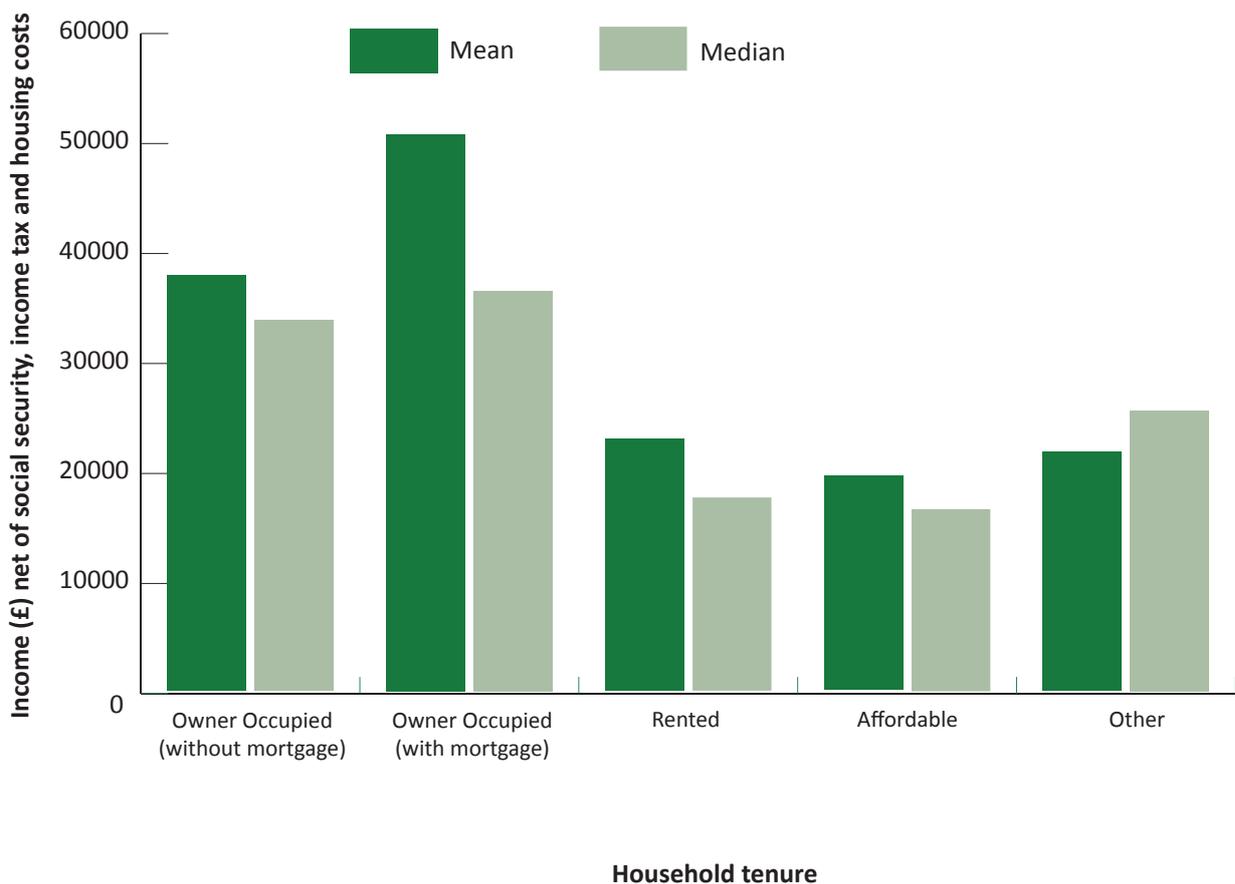
The analysis presented in this section is based on “consistent” households only.

**Figure 8.3.1** details income net of social security, income tax and housing costs (equivalised) for households of different tenures.

Households with a tenure of affordable recorded both the lowest mean and the lowest median income net of social security, income tax and housing costs at £19,488 and £16,557 respectively. Rented households had a net mean income of £22,880 and net median income of £17,559.

Owner occupiers with a mortgage recorded the highest mean income net of social security, income tax and housing costs at £50,635 and the highest median at £36,369.

**Figure 8.3.1: Mean and median income net of social security, income tax and housing costs by tenure (consistent households only)**



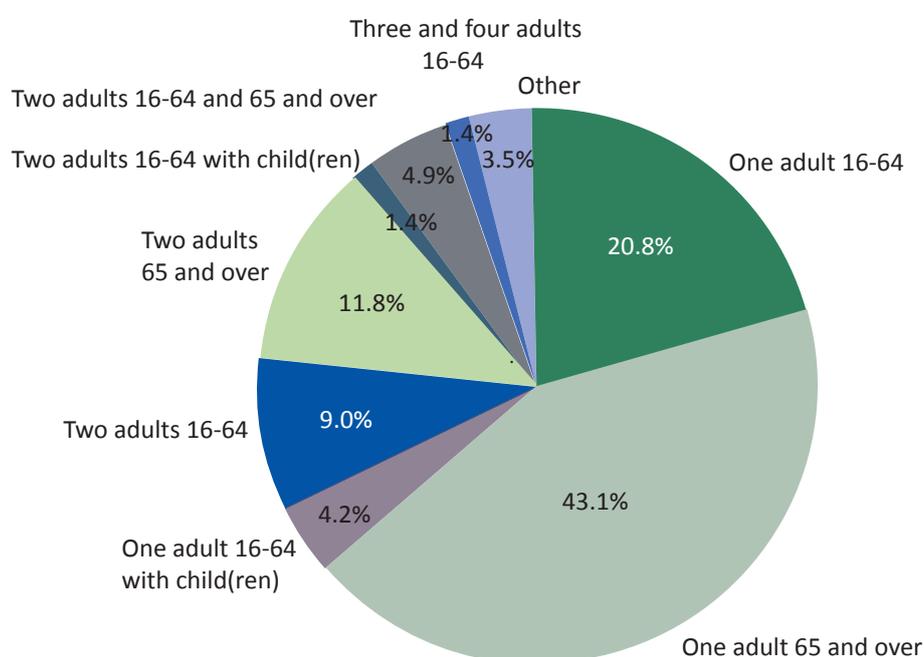
## 9.1 Income equality: by household composition

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 Alderney 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 2017. In 2017, the median equivalised income net of social security, income tax and housing costs was £26,446, and 60% of this figure was £15,868. 246 households and 387 people in Alderney 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 26.0% of all households and 20.9% of the total population as shown in [Table 9.1.1](#).

**Table 9.1.1 Income deprivation indicators**

Indicator	2017
Proportion of households whose income is less than 60% of the median	26.0%
Proportion of people living in households whose income is less than 60% of the median	20.9%

**Figure 9.1.1: Household composition for households with income net of social security, income tax and housing costs less than the 60% median net equivalised income in 2017**



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 9.1.1](#). All household types are represented. There are a small number of households within some household compositions and therefore these figures should be used with caution.

## 9.1 Income equality: by household composition

**Table 9.1.2** reveals **one adult, 65 and over** household compositions had the largest number of households with an income less than 60% of the median at 43.1%. **Three and four adults (16-64)** and **two adults (16-64) with child(ren)** had the fewest numbers of households whose income was less than 60% of the median both at 1.4%.

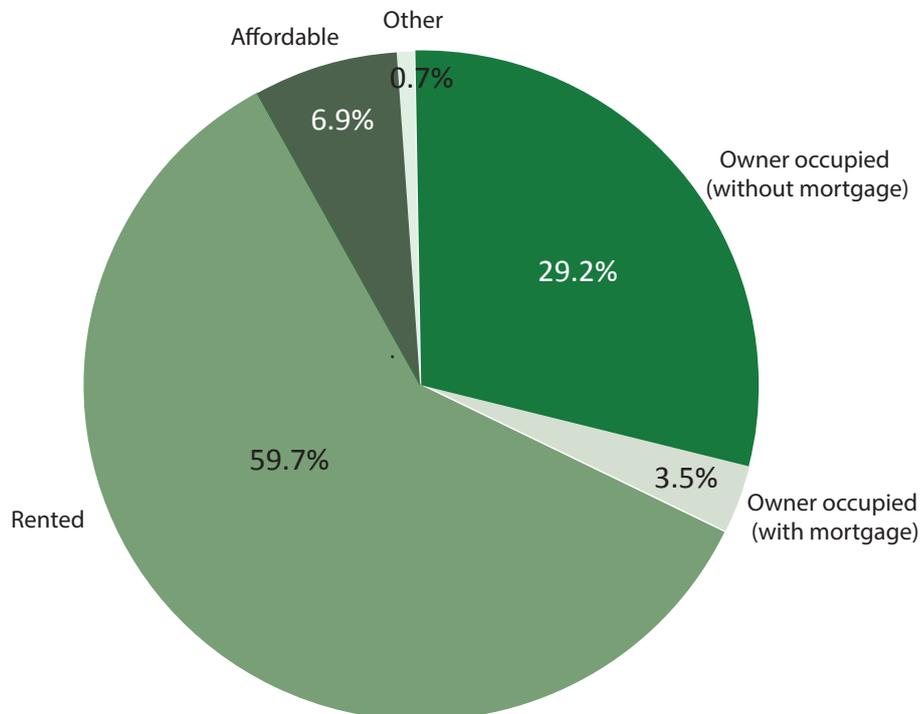
**Table 9.1.2 Composition of households with income net of social security, income tax and housing costs that was less the 60% median equivalised income (consistent households only)**

	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)	20.8%	33.0%
One adult (65 and over)	43.1%	34.4%
One adult (16-64) with child(ren)	4.2%	54.5%
Two adults (16-64)	9.0%	15.3%
Two adults (65 and over)	11.8%	14.5%
Two adults (16-64) with child(ren)	1.4%	10.5%
Two adults (one 16-64, one 65 and over)	4.9%	13.5%
Three and four adults (16-64)	1.4%	11.1%
Other	3.5%	10.0%

**Table 9.1.2** above also 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 half of all households (54.5%) described as **one adult (16-64) with child(ren)** had an income less than 60% of the median. By contrast, only 11.1% of all **three and four adults (16-64)** households and 10.0% of **other** households had an income less than 60% of the median. There are a small number of households within some household compositions and therefore these figures should be used with caution.

## 9.2 Income equality: by tenure

**Figure 9.2.1: Tenure of households with income net of social security, income tax and housing costs that was less than the 60% median**



By tenure, 59.7% 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 9.2.1](#).

**Table 9.2.1 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)	29.2%	12.1%
Owner occupied (with mortgage)	3.5%	8.9%
Rented	59.7%	44.3%
Affordable	6.9%	43.5%
Other	0.7%	25.0%

[Table 9.2.1](#) 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. Nearly half of all households living in privately rented and affordable accommodation have an income less than 60% of the median (44.3% and 43.5% respectively). By contrast, 8.9% of all households who are owner occupiers with a mortgage have an income less than 60% of the median. There are a small number of households within some tenure groups and therefore these figures should be used with caution.

## 9.3 Income equality: by age group

**Table 9.3.1: Children at risk of relative poverty**

	2017
Proportion of households (with children) whose income is less than 60% of the median	23.2%
Proportion of households (with children) and receiving income from employment (i.e in work) whose income is less than 60% of the median	16.3%
Proportion of children living in households whose income is less than 60% of the median	23.2%

**Table 9.3.1** shows that 23.2% of households with children (less than 16 years old) lived in households with an income below 60% of median income in 2017, and that 23.2% of all children lived in households with an income below 60% of median. 16.3% of households with children and receiving income from employment had an income less than 60% of the median.

**Table 9.3.2: Working age adults at risk of relative poverty**

	2017
Proportion of households (with one or more adults aged 16 to 64 years) whose income is less than 60% of the median	25.0%
Proportion of households (with one or more adults aged 16 to 64 years) and receiving income from employment (i.e in work) whose income is less than 60% of the median	18.6%
Proportion of working age adults (aged 16 to 64 years) living in households whose income is less than 60% of the median	20.4%

**Table 9.3.2** shows that 25.0% of households with one or more adults aged 16 to 64 years lived in households with an income below 60% of median income in 2017, and that 20.4% of all working age people (aged 16 to 64) lived in households with an income below 60% of median. 18.6% of households with one or more adult aged 16 to 64 years and receiving income from employment had an income less than 60% of the median.

**Table 9.3.3: Adults aged 65 and over at risk of relative poverty**

	2017
Proportion of households (with one or more adults aged over 65 years) whose income is less than 60% of the median	23.0%
Proportion of households (with one or more adults aged over 65 years) and receiving income from employment (i.e in work) whose income is less than 60% of the median	10.7%
Proportion of adults aged over 65 years living in households whose income is less than 60% of the median	20.9%

**Table 9.3.3** shows that 23.0% of households with one or more adults aged over 65 years lived on an income below 60% of median income, and that 20.9% of all those aged 65 years or over lived in households with an income below 60% of median. 10.7% of households with one or more adults aged over 65 years and receiving income from employment had an income less than 60% of the median.

## 9.4 Income equality: Gini coefficient and income decile ratios

### 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 Alderney the Gini coefficient for gross equivalised income was 0.38 in 2017. The bottom half of all households, when ranked by income had 25.1% of all equivalised income. The top 5% of all households in Alderney, when ranked by income, had 19.2% of all equivalised income.

### Equivalised income net of social security contributions, income tax, but before housing cost Gini coefficient

In Alderney the Gini coefficient for incomes net of social security contributions, income tax and before housing costs was 0.34 in 2017. The bottom half of all households, when ranked by net income, had 27.6% of all equivalised income. The top 5% of all households, when ranked by income, had 17.9% of all equivalised net income.

**Table 9.4.1 Income decile ratios: S90/S10 and P90/P10**

	2017
Income decile share ratio (S90/S10) (based on equivalised incomes net of social security contributions and income tax but before housing costs deducted)	11.3
Income decile ratio (P90/P10) (based on equivalised incomes net of social security contributions and income tax but before housing costs deducted)	4.2

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 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 9.4.1](#), the income decile share ratio for Alderney was 11.3 in 2017, which means that the income of the richest 10% of the population was on average 11.3 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 9.4.1](#) the P90/P10 ratio (based on equivalised incomes net of social security contributions and income tax, but before housing costs) was 4.2 in Alderney in 2017. This ratio indicates that the income of the 90% percentile household was 4.2 times higher than the income of the 10% percentile household.

## 10. Appendices

### 10.1 Appendix A: Rolling Electronic Census

A traditional paper census in Alderney was last undertaken in 2013. Since then annual electronic census reports for Alderney have been published, which form part of a Bailiwick wide project to collate population statistics from administrative sources, known as the Rolling Electronic Census Project.

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.

### 10.2 Appendix B: Methodology

The Alderney Household Income Report 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 Alderney, those not present for 9 months in 2017 and those without an address.
3. Allocate household composition descriptions, tenure and occupancy for households identified within preliminary analysis.
4. Exclude outliers from analysis including households with a very large number of occupiers such as nursing homes, guest houses, hospital, prison, staff and lodging houses.
5. Prepare cleaned household income data for full analysis including calculating equivalisation scores and imputed housing costs.

## 10. Appendices

### 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 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 8** 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 or owner occupied with a mortgage, housing costs have been calculated based on a mix adjusted house price of £217,648 in 2017. Assuming a mortgage term of 25 years and an even profile of mortgages over this term, the capital component of a mortgage can be calculated. This capital component has been combined with an interest component to represent an average mortgage or rental payment per annum of £8,192 in 2017. The differential between the mix adjusted average rent in Guernsey and the average rent for each property type were applied to this figure (£8,192). Depending on which property type the household occupies, this figure has been deducted from gross incomes as an imputed housing cost.

For those properties which are rented through the Alderney Housing Association, housing costs have been calculated according to the rental values for property type as set by the Association and this housing cost has been deducted from gross incomes for these households.

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.

## 11.1 Further information and contact details

You may also be interested in other publications from the States of Guernsey Data & Analysis services, which are available online at [www.gov.gg/data](http://www.gov.gg/data).

If you require any further information please contact Data and Analysis:

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

Tel: (01481) 717103

e-mail: [dataandanalysis@gov.gg](mailto:dataandanalysis@gov.gg)

website: [www.gov.gg/data](http://www.gov.gg/data)