Local Level Household Income Estimates 2018
Summary of Data Zone Level Results

This paper provides a short summary of the Data Zone level results from the local level synthetic income modelling research for the year 2018 that has been prepared for the Scottish Government by Heriot Watt University in association with David Simmonds Consultancy. The results provide gross household income distribution estimates at Data Zone level for 2018 for use in housing affordability analyses.

An Excel workbook with Data Zone level results is available on the Scottish Government at https://www.gov.scot/publications/centre-for-housing-market-analysis-list-of-guidance/. A summary of Local authority level interpolated percentile figures (lower quartile, median, upper quartile), along with Excel workbook, is also available at https://www.gov.scot/publications/centre-for-housing-market-analysis-list-of-guidance/. For any further information please contact chma@gov.scot.

Important notes on the intended use of these income estimates

1. The household income estimates for 2018 have been produced for the purposes of updating the Scottish Government Housing Need and Demand Assessment (HNDA) Tool (2020).

2. The estimates will also inform work on housing affordability more generally across different tenures and different geographic areas of Scotland, and will help to support local authorities and their partners in the production of Local Housing Strategies and other planning documents.

3. It is important to note that the gross household income estimates are **only one measure of income**, and **should not be** considered on their own without consideration of other local level information. Users are strongly encouraged to use other detailed statistics such as the Scottish Index of Multiple Deprivation or the Scottish Census to develop a basket of evidence and statistics to build up a comprehensive picture of people and households in local areas.

4. It is also important to note that the gross household income estimates **are not intended** to be a measure of person-level income, they **do not reflect** household income adjusted by household size, they **do not reflect** income levels after tax or after housing costs, they **do not provide** information on wealth or assets, and they **are not intended** as a measure of income based deprivation. Not all people in areas of low average gross household incomes will necessarily be deprived or in poverty, and not all households in areas of high average gross household incomes will necessarily contain people with high levels of personal disposable income or wealth.

Key Findings
The income estimates presented below relate to **gross** household income, which covers total income received by all adult members of a household, **including** welfare benefits, tax credits and housing benefit. The estimates reflect total income **before** any deductions are taken off for income tax, national insurance contributions and council tax etc.

Local gross household income data allows household income levels to be compared to other data on house prices and rental costs to ascertain levels of housing affordability across particular geographic areas. **If you wish to use the income estimates for reasons other than housing affordability, you should be clear about the methodology and limitations associated with the data and you may wish to seek advice first from Scottish Government Centre for Housing Market Analysis (chma@gov.scot).**

The figures presented are **synthetic modelled estimates**, in which data on income and household characteristics from a national survey (the Scottish Household Survey) has been combined with associated local area level data. The estimates generated for a given local area level are therefore the **expected**

levels of income in that area based on the household characteristics as measured by the associated local level data, and **are not aggregations of actual income data** at a local level.

Data zones are the key geography for the dissemination of small area statistics in Scotland and are widely used across the public and private sector. They are designed to have roughly standard populations of 500 to 1,000 household residents, nest within local authorities, have compact shapes that respect physical boundaries where possible, and to contain households with similar social characteristics. Findings below relate to a total of 6,973 Data Zones out of 6,976 for which results are available[1].

- **Mean weekly gross household** income in Scotland in 2018 at a Data Zone level was estimated to range between £208 (Glasgow City Wyndford 05) and £1,643 (Aberdeenshire Crathes and Torphins - 03), with the national average being estimated to be £712 per week. A total of 3,599 (52%) of Data Zones had a mean income less than the national average, with 3,374 (48%) having a mean income greater than the national average.

- Of the 100 Data Zones with the **highest** estimated average weekly gross household income (Data Zones with average incomes of between £1,159 and £1,643), over half were located in the following local authority areas: Aberdeenshire (17 Data Zones), South Lanarkshire (13 Data Zones), Aberdeen City (11 Data Zones), East Renfrewshire (10 Data Zones), and North Lanarkshire (10 Data Zones).

- Of the 100 Data Zones with the **lowest** estimated average weekly gross household income (Data Zones with average incomes of between £208 and £344), over half were located in the following local authority areas: Glasgow (30 Data Zones), Edinburgh (9 Data Zones), Inverclyde (8 Data Zones) and North Lanarkshire (8 Data Zones).

- **Median weekly gross household income** in 2018 at a Data Zone level was estimated to range between £161 (Glasgow City Wyndford 05) and £1,330 (North Lanarkshire Kilsyth East and Croy - 03) with a national average being estimated to be £550 per week. A total of 3,400 (49%) of Data Zones had a median income less than the national average, with 3,570 (51%) having a median income greater than the national average.

- The **approximate proportion of households below 60% of median income** in 2018[2] was estimated to range from 3% in North Lanarkshire Kilsyth East and Croy 03 to 73% in Glasgow City Wyndford 05. The national average was estimated to be 18%. A total of 3,948 (57%) of Data Zones had proportion less than the national average, with 3,025 (43%) having a proportion greater than or equal to the average.

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[1] There were three Data Zones in which there was insufficient source data, for example where demolitions have reduced the number of occupied households in these areas.

[2] A measure of relative low income poverty has been calculated for each Data Zone based on the modelled synthetic income distribution estimates, which gives information on the proportion of households with an income of 60% less than the median. This is similar in concept to the former UK Government target measure of relative low income, based on measuring households below 60% of the median net equivalent income (*total income of all households, after tax and other deductions, that is available for spending or saving, divided by the number of household members converted into equivalised adults; household members are equalised or made equivalent*) before housing costs, however differs in that the income thresholds have been translated to a gross basis for the nine household types used in the model, based on an average value from an OECD equivalence scale for each household type. This measure should therefore be considered an approximate estimate only, but may be of interest especially for poverty-related analysis.