

Disposable household income in Cheshire West and Chester

Household income statistics can help build a picture of living standards and inequality across different areas.

About this data

This paper uses the 2021 Paycheck disposable household income data, one of the only sources of data below local authority level, to look at household income across Cheshire West and Chester. The data provides an estimate of the income available to households after tax, national insurance and other essential outgoings. The data covers:

- Gross disposable household income is household income minus income tax minus national insurance
- Net disposable household income is gross disposable household income minus all essential outgoings (modelled average household spend on housing, bills, food, clothing, childcare, pension, travel to work)
- Average housing costs
- Average cost of household bills - Council tax, utilities, water, structure insurance
- Average cost of food

All data in this report has been rounded to the nearest £500 to comply with the data licence requirements.

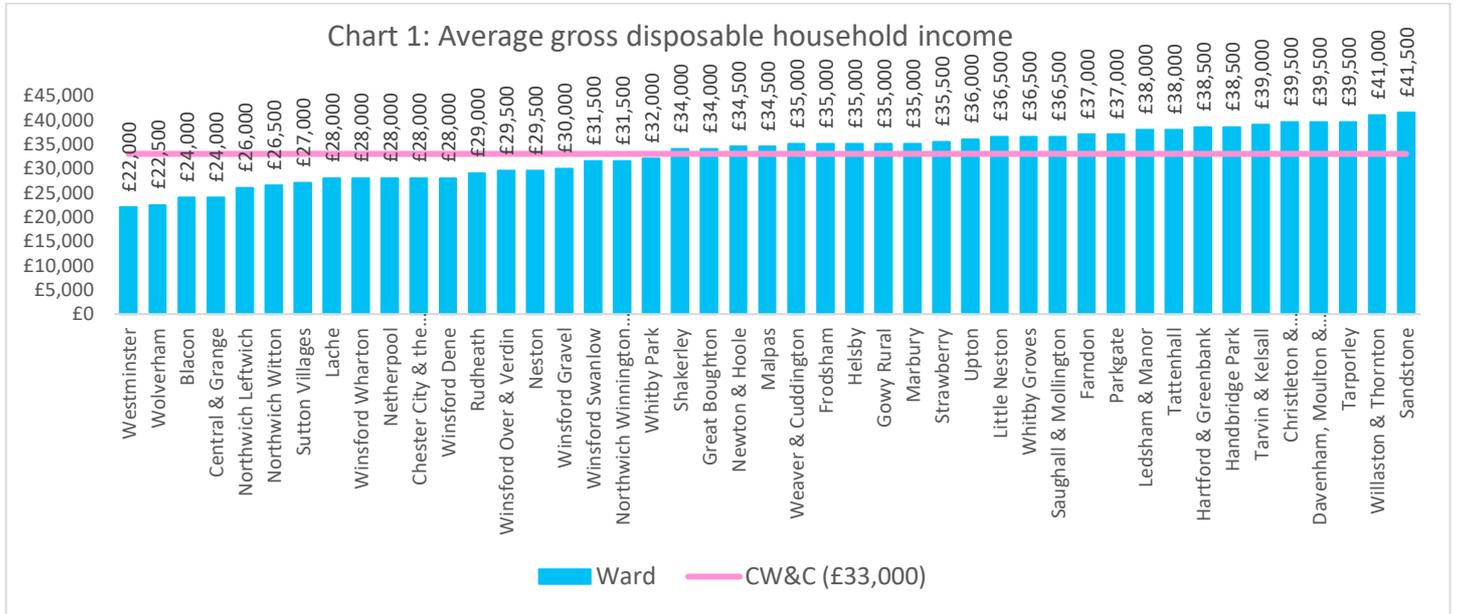
Key findings:

- There are wide geographical variations in household income across the Borough. Net disposable household income - the amount a household has left to spend after all essential outgoings, ranges from £10,000 in Westminster ward to £26,500 in Willaston and Thornton ward.
- Four wards (Westminster, Wolverham, Blacon and Central & Grange) have an average net disposable household income of £12,000 or less. Three of these wards are in Ellesmere Port
- In most wards, average private rent costs are higher than average mortgage costs
- Households in the four wards with the lowest average incomes, spend the highest proportion of their income on gas, electricity, oil and food
- The neighbourhoods (LSOAs) with the lowest net disposable household income tend to be in more deprived areas
- Some small areas of low income are hidden when looking at ward-level data
- More than half of the wards in the borough have at least one very small area (Output Area) with an average net disposable household income below £10,000 (28 out of 45 wards).

Gross disposable household income

Gross disposable household income = Household income - income tax - national insurance

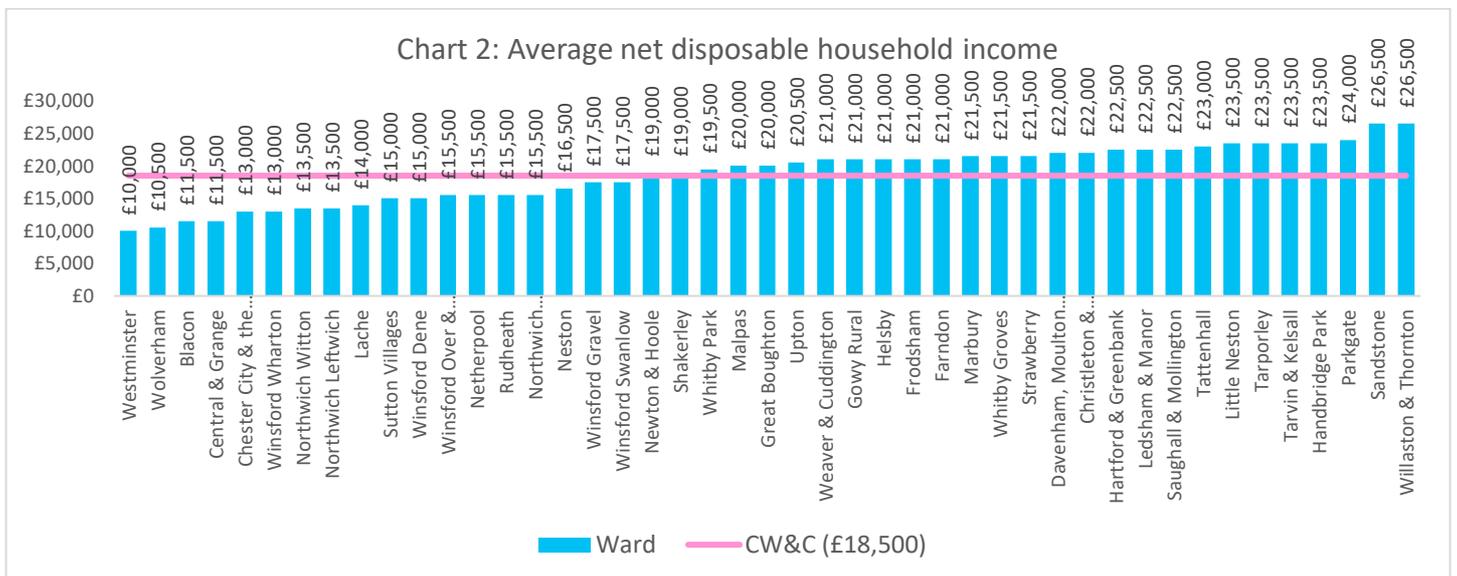
Chart 1 shows gross disposable household income ranges from £22,000 in Westminster ward to almost double that, £41,500 in Sandstone ward. The average gross disposable household income across the borough is £33,000, this is the same as England.



Net disposable household income

Net disposable household income = Gross disposable household income – all essential outgoings (average costs for housing, bills, food, clothing, childcare, pension, travel to work)

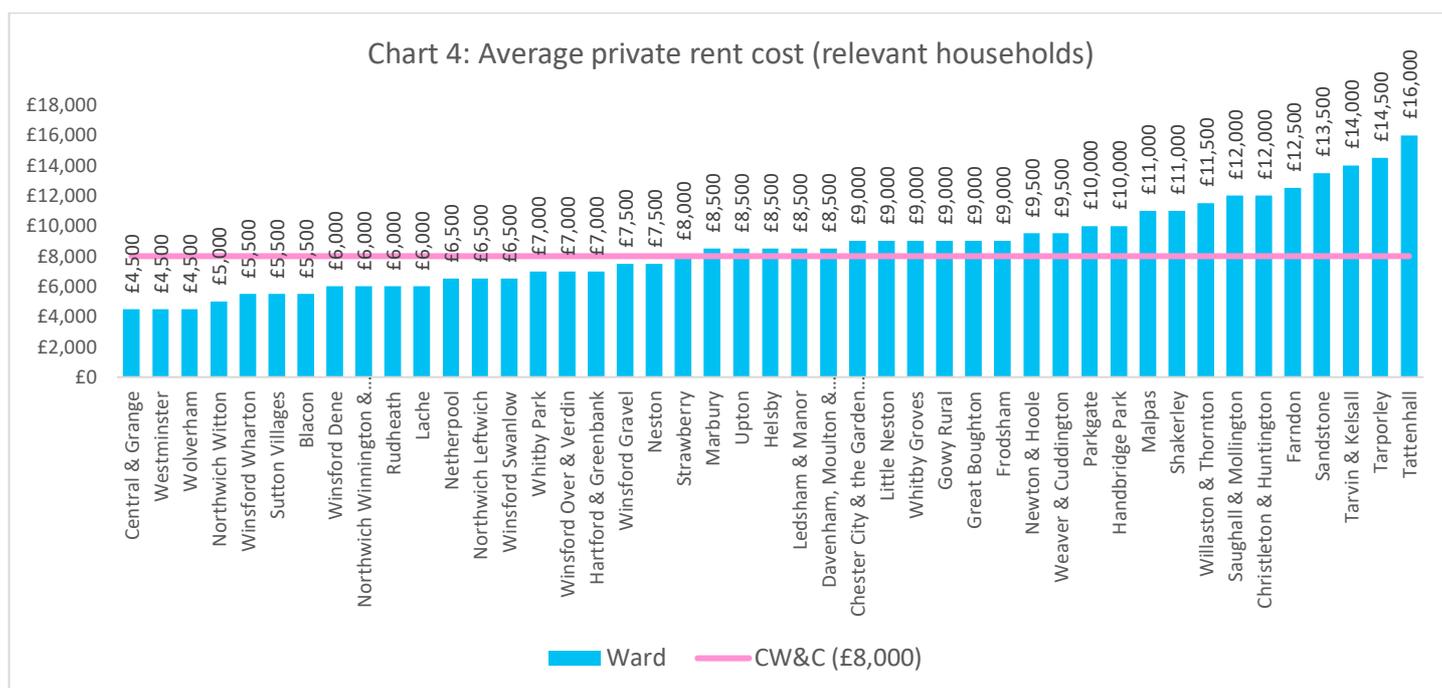
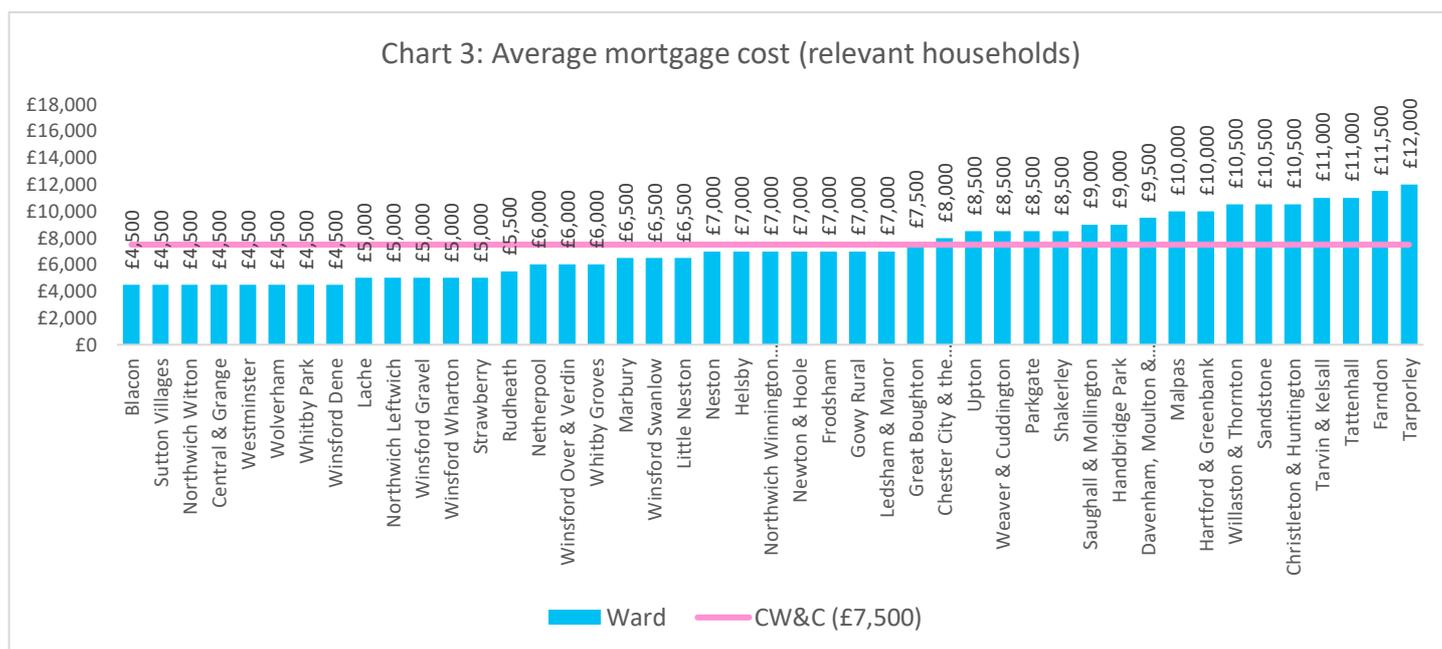
Chart 2 shows net disposable household income ranges from £10,000 in Westminster ward to £26,500 in Willaston and Thornton ward. The average net disposable household income across the whole borough is £18,500, this is higher than England (£17,000).



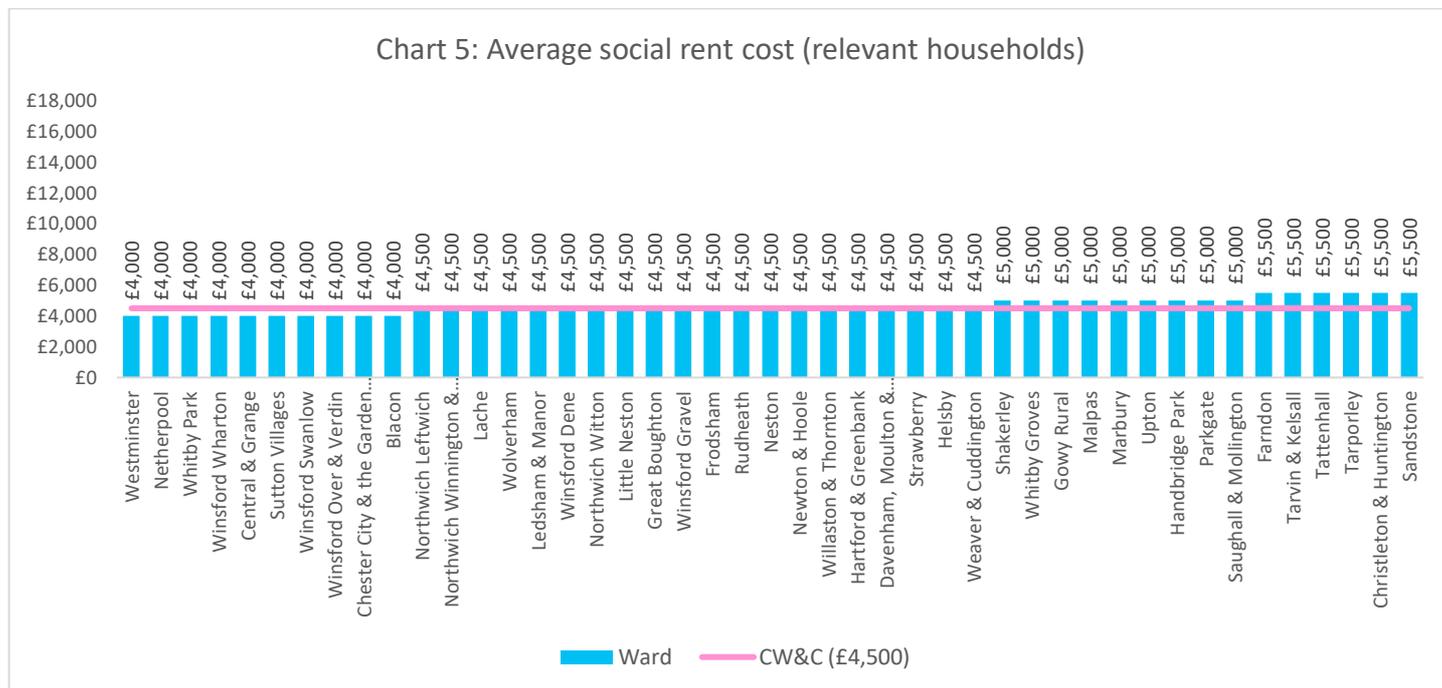
There are four wards (Westminster, Wolverham, Blacon and Central & Grange) that have an average gross disposable household income below £25,000 and an average net disposable household income of £12,000 or less. Three of these wards are in Ellesmere Port.

Average housing costs

The average mortgage cost (for households that pay a mortgage) across the borough is £7,500 per annum (compared to £8,500 in England). Chart 3 shows mortgage costs range from an average of £4,500 in Blacon to £12,000 in Tarporley. Private rent costs follow a similar pattern to mortgage costs, however in most wards, analysis of unrounded data shows private rent costs are higher than mortgage costs. The average rent cost per annum is £8,000 in Cheshire West and Chester compared to £12,500 in England.



Housing costs (mortgage and private rent) are high in Chester City & the Garden Quarter Ward in relation to disposable household income, this may be a reflection of lower student income of many residents in this ward. The average net disposable income in this ward is £13,000 (fifth lowest ward in the borough), whilst the average annual rent is £9,000 (higher than the borough average).



The average cost of social rent (for households who pay for social housing) is much more similar across wards than the cost of mortgages and private rents, which vary considerably. Social rent costs are lower than average mortgage and private rent costs in every ward.

The four wards (Westminster, Wolverham, Blacon and Central & Grange) with the lowest gross and net disposable incomes have relatively low costs of housing compared to many other wards.

Average cost of bills

(Council tax, utilities, water, structure insurance)

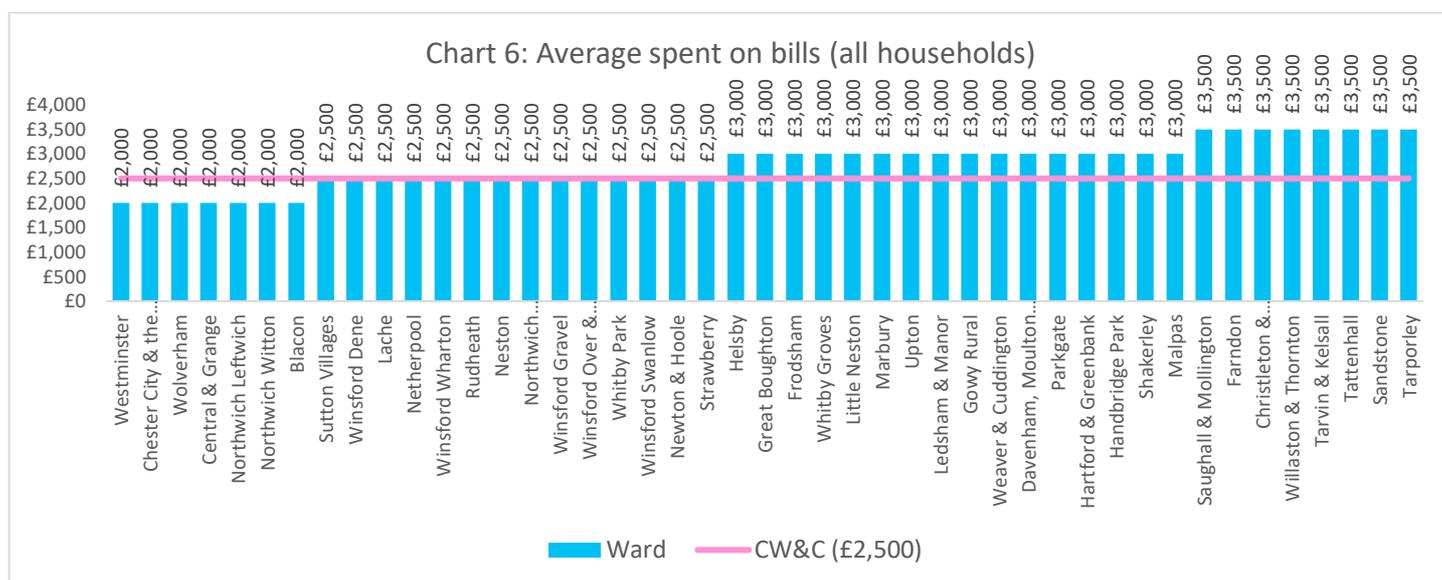
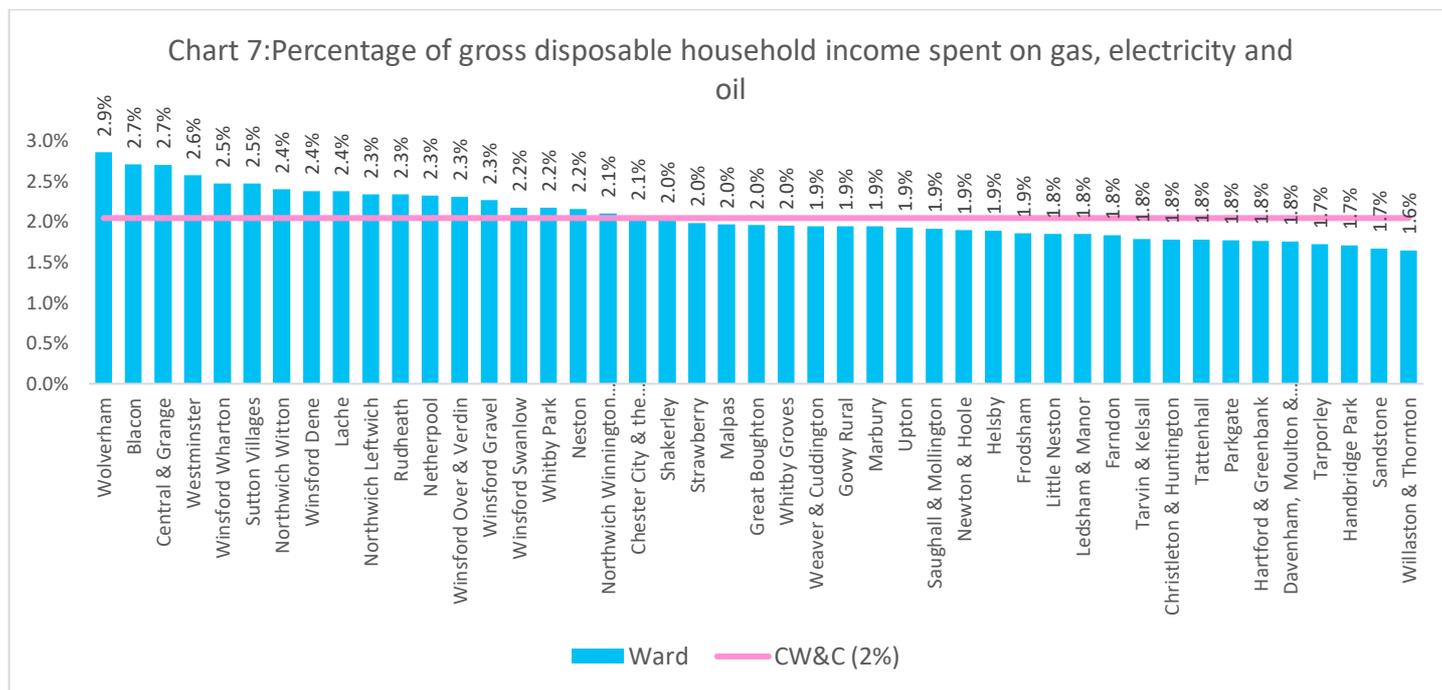


Chart 6 shows the average cost of essential household bills varies across the wards, with wards with lower incomes tending to have lower bills. The average cost in Cheshire West and Chester is £2,500, this is the same as England.



In wards with a lower average disposable household income, a greater proportion of income is spent on gas, electricity and oil. In some wards, almost 3% of gross disposable household income is spent on this essential commodity.

Average cost of food

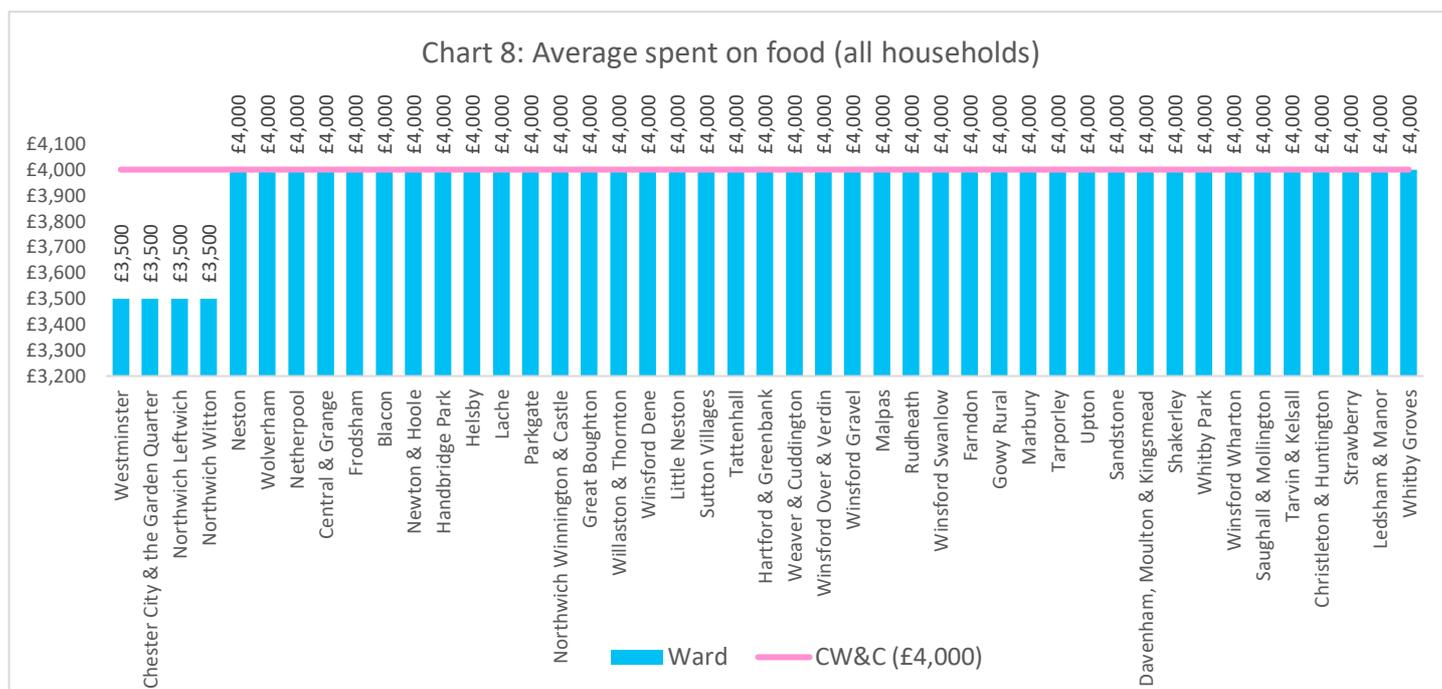
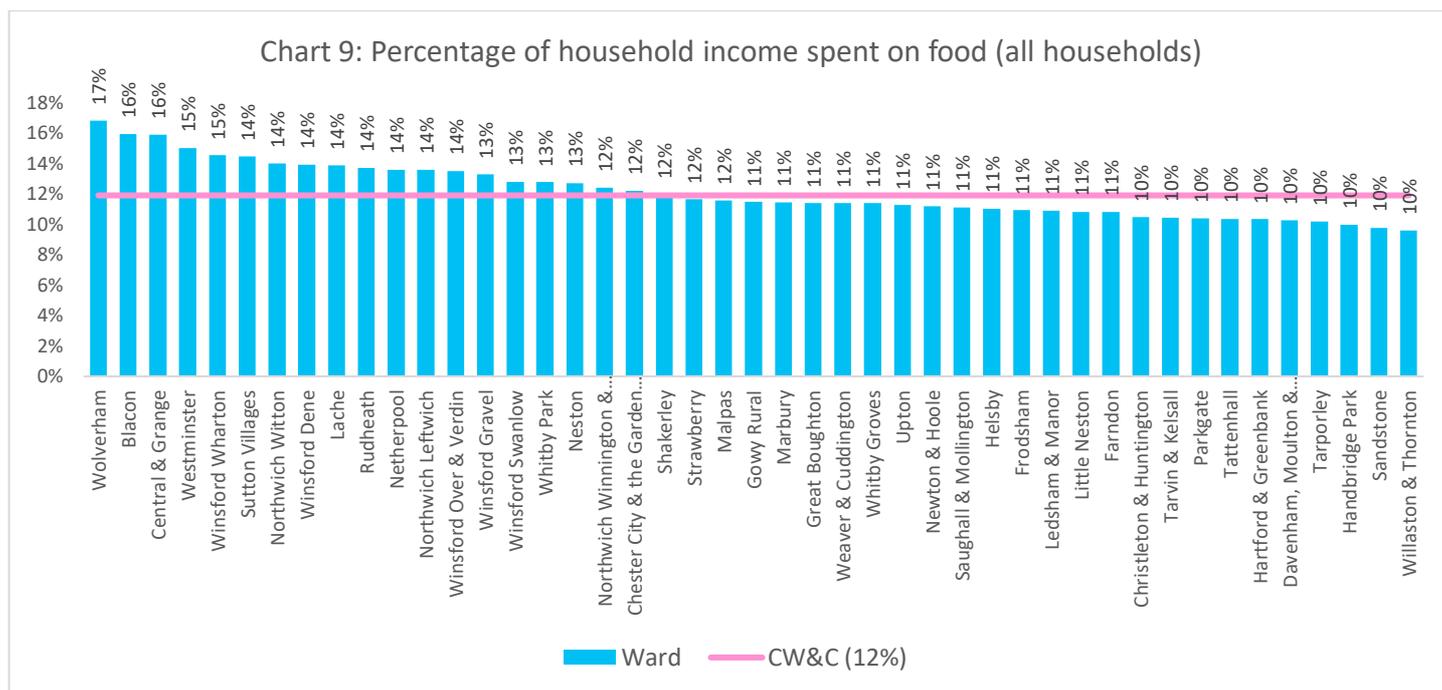


Chart 8 shows the average cost of food is similar across all wards. Analysis of unrounded data showed that the wards with the lowest disposable household income tend to be the wards with the lowest food costs.



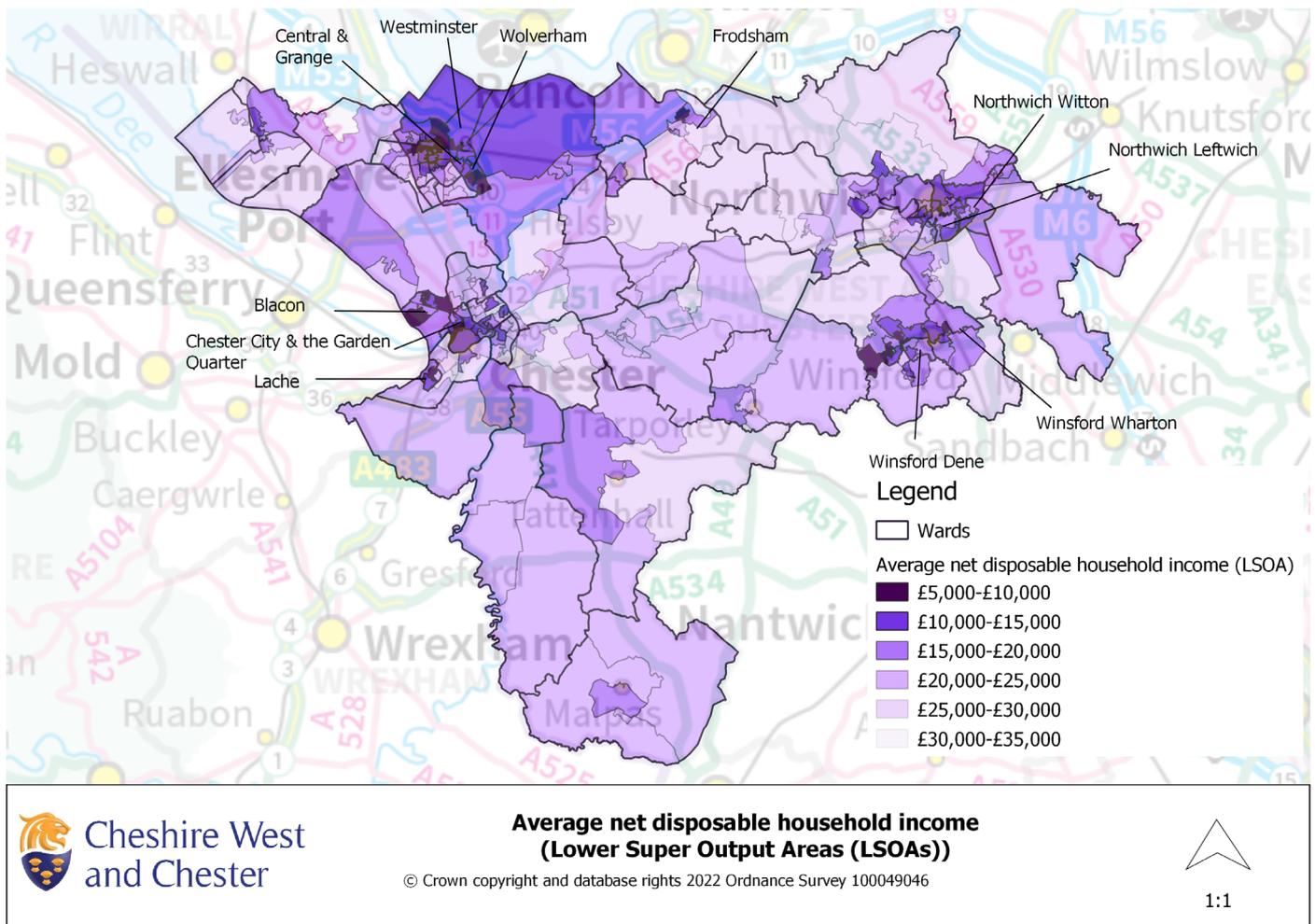
The impact of the cost of food on household income differs across the wards, with wards with lower gross household disposable incomes spending a greater proportion of income of food. The four wards with the lowest gross and net household incomes spend the highest proportion of their income on food.

Income for smaller geographical areas

The Paycheck data is available below ward level and the following maps show where there are pockets of lower average disposable household income in Cheshire West and Chester.

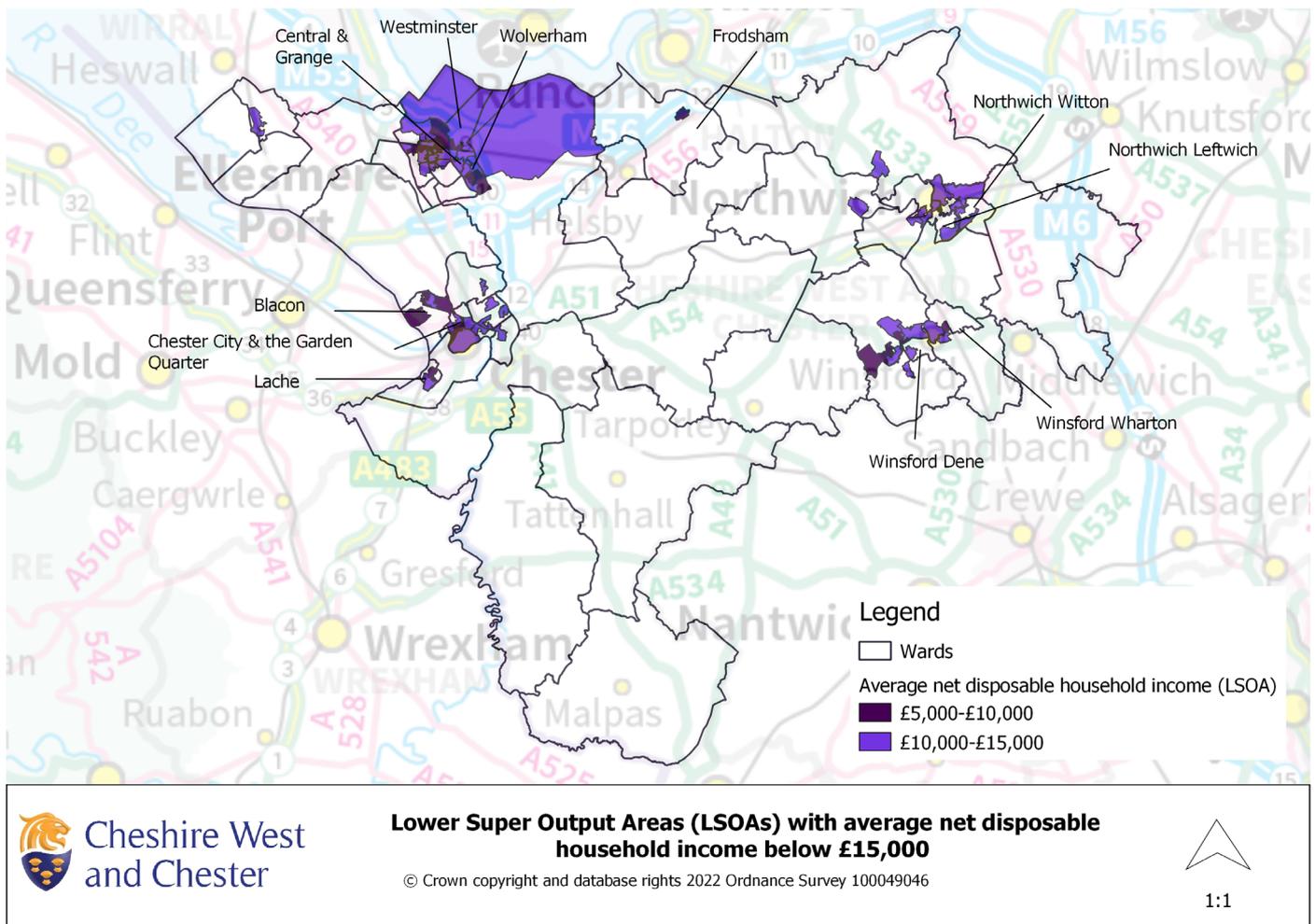
Lower super output areas (LSOAs) are small areas designed to be of a similar population size with an average of approximately 1,500 residents. They were produced by the Office for National Statistics for the reporting of small area statistics. There are 212 LSOAs in Cheshire West and Chester.

The following map shows the average net disposable income across all LSOAs in Cheshire West and Chester.



The following map shows LSOAs with average net disposable household incomes of £5,000 to £10,000 and £10,000 to £15,000.

The LSOAs with the lowest net disposable household income tend to be in more deprived areas. Some 15 of the 16 LSOAs in Cheshire West and Chester with an average net disposable household income below £10,000 are in the top 20% deprived areas in England (IMD 2019). The one LSOA which does not fit this pattern is in the Garden Lane area in Chester, which has many student households (with lower incomes).



Output Areas (OAs) are very small geographical areas that are designed for statistical purposes and are produced by the Office for National Statistics. OAs have an average population of 300. They enable very granular data analysis. There are 1,109 OAs in Cheshire West and Chester.

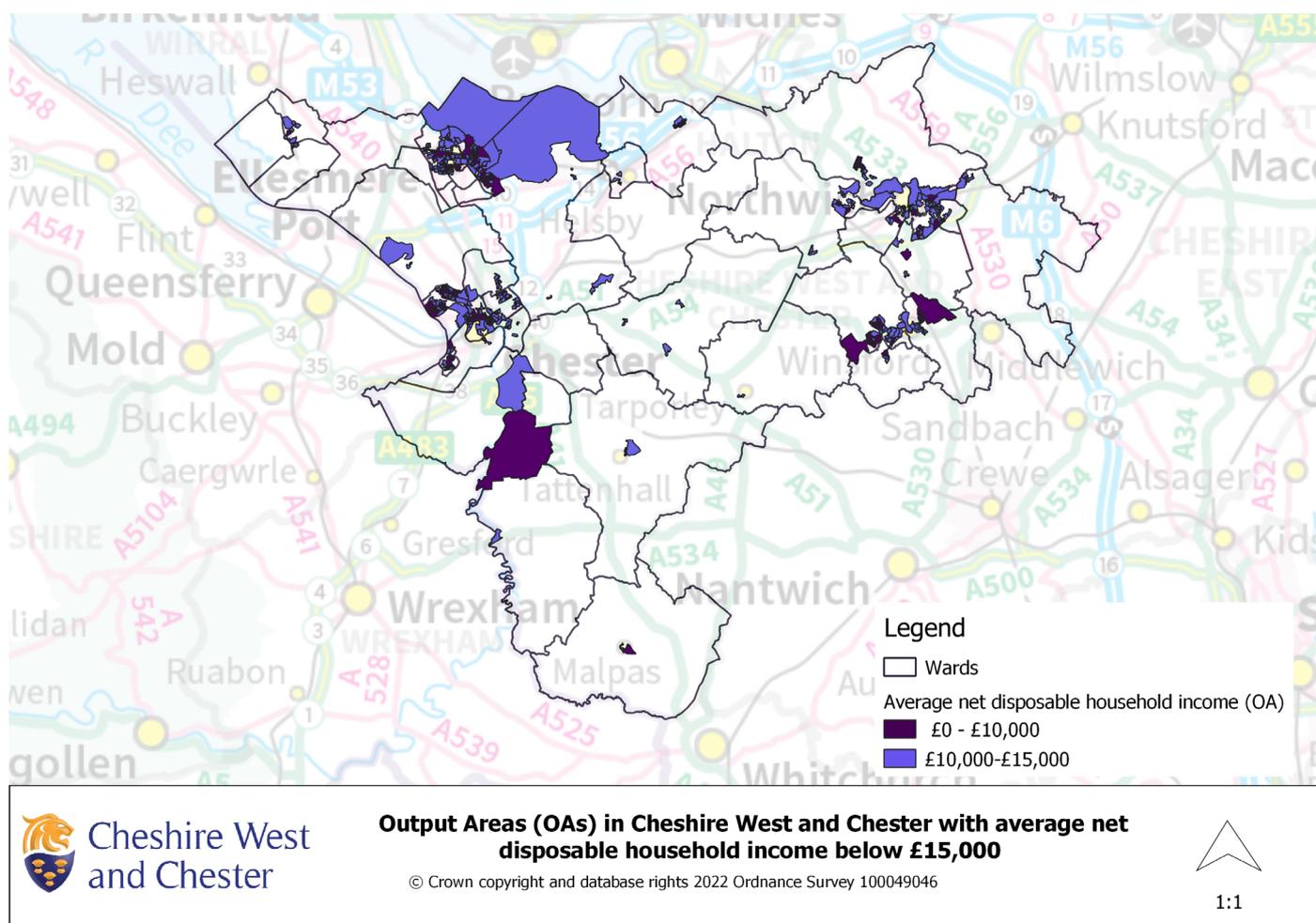
The following map shows OAs with average net disposable household incomes of up to £10,000 and £10,000 to £15,000. This map highlights additional pockets of very small geographical areas with low average household disposable incomes which are not reflected in the larger geography (ward and LSOA) data.

The Paycheck data at OA level has been compared to the 2011 Census Output Area classifications (OAC) and findings support the robustness of the Paycheck data. Almost all the OAs with an average net disposable household income below £10,000 are in OAs that are classified as either 'constrained city dwellers' or 'hard pressed living'.

The OA data has also been compared to the Index of Multiple Deprivation (2019). In most cases the OAs with the lowest income are in more deprived areas. However, the Paycheck data has also highlighted a small number of OAs with average net disposable household income below £10,000, which are in LSOAs that do not rank within the top 20% deprived in England (2019 IMD).

As a way of double checking the results of the Paycheck data, analysis of the OAC (Output Area Classification by the Office for National Statistics) supports the modelled Paycheck data. It highlights a number of very small areas, 'pockets' with low average income that (due to their size and make up of neighbouring OAs) are not reflected in ward and LSOA income data or IMD 2019 deprivation data.

More than half (28 out of 45) the wards in the borough have at least one very small area (OA) with an average net disposable household income below £10,000.



Notes:

1. All data in this report has been rounded to the nearest 1,000. This meets the requirements of the Paycheck data licence.
2. Averages in this report are mean averages. Some other income data sources use median averages.
3. The Paycheck disposable household income data is not equivalised (the data has not been recalculated to take account of differences in household size and composition).
4. It is not appropriate to use the data to calculate percentage of income spent on housing as not all households have housing costs (for example some may live rent free or have a mortgage that has been paid in full). The data does not include average incomes of households with housing costs to use as a base.

Source:

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