

RISE

Retrofit information,
support & expertise

Index of Multiple Deprivation vs Income Decile

Quick guide

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Introduction

There are different ways we can measure socio-economic data. Two such data types used are the Index of Multiple Deprivation (IMD) and income decile. While both metrics serve to analyse and understand economic disparities, they do so through different lenses and methodologies. For applications to Warm Homes Local grant funding, only income decile is used to determine if postcodes are auto-eligible for the scheme.

What is IMD?

The **Index of Multiple Deprivation (IMD)** is a widely used measure that assesses deprivation across different areas within a country. It provides a comprehensive picture of relative deprivation by considering various factors or dimensions.

Key components of IMD

- **Scope:** Multi-dimensional measure of deprivation
- **Components:** Combines data from seven domains; income, employment, health, education, housing and services, living environment, and crime
- **Purpose:** Provides a holistic view of deprivation, identifying areas that require targeted interventions across various aspects of life
- **Application:** Used by policymakers to allocate resources, design social programs, and monitor the impact of interventions on overall deprivation

What information does this include?

There are seven key domains used within IMD to form a comprehensive picture of deprivation. The table below describes what is included:

Data type	Detail
Income deprivation	<ul style="list-style-type: none">• Percentage of people in the area experiencing low income• Proportion of children and older people living in income-deprived households
Employment deprivation	<ul style="list-style-type: none">• Rate of involuntary unemployment, despite being willing to work
Health deprivation and disability	<ul style="list-style-type: none">• Premature death rates• Levels of illness and disability• Rates of emergency hospital admissions• Prevalence of diseases and chronic conditions
Education, skills, and training deprivation	<ul style="list-style-type: none">• Attainment levels at various stages of education• Adult skills and qualifications• Access to higher education and training opportunities

	<ul style="list-style-type: none"> • Absence rates from school
Barriers to housing and services	<ul style="list-style-type: none"> • Geographical barriers such as distance to key services (e.g., GP surgeries, supermarkets) • Wider barriers including access to affordable housing, housing quality, and homelessness
Living environment deprivation	<ul style="list-style-type: none"> • Housing quality (e.g., overcrowding, lack of central heating) • Air quality and pollution levels • Road safety and levels of traffic accidents
Crime	<ul style="list-style-type: none"> • Rates of recorded violent crime • Burglary and theft rates • Criminal damage incidents

Table 1 Explains the information included in IMD

What is income decile?

An income decile is a statistical measure within IMD that divides a population into ten equally sized groups based on their income levels. Each decile represents 10% of the population, ranked from the lowest to the highest income. For example, the first decile (1st 10%) is the lowest 10% of the population in terms of income, the second decile (2nd 10%) is the next lowest 10% of the population in terms of income, this goes on up to the tenth decile (10th 10%).

Income deciles are used to analyse income distribution within a population. They provide insights into income inequality and can help identify the extent to which income is concentrated in specific geographical locations of society.

Key components of Income decile:

- **Scope:** Focused measure of income distribution
- **Components:** Divides the population into ten equally sized groups (deciles) based on their income levels, ranging from the lowest 10% to the highest 10%
- **Purpose:** Highlights income inequality and the concentration of wealth within specific segments of the population
- **Application:** Used to analyse income disparities, design financial assistance programs, and assess the effectiveness of income-related policies

What information does this include?

Data Type	Detail
Total income	<ul style="list-style-type: none"> • The combined income of all households within each decile
Average income	<ul style="list-style-type: none"> • The mean or median income of households within each decile

Data Type	Detail
Income range	<ul style="list-style-type: none"> The range of incomes that fall within each decile, indicating the minimum and maximum income levels for that group
Income distribution	<ul style="list-style-type: none"> The proportion of households within each decile, helping to visualise the spread of income across the population
Socio-economic characteristics	<ul style="list-style-type: none"> Additional demographic and socio-economic data associated with each decile, such as age, employment status, household size, and education levels
Geographic breakdown	<ul style="list-style-type: none"> Information on how income distribution varies by geographic regions, which can help identify areas with higher concentrations of low or high-income households
Comparison metrics	<ul style="list-style-type: none"> Comparisons of income deciles over time or across different regions, enabling analysis of trends in income inequality and economic mobility

Table 2 Explains what is included in income decile

How would you use these types of data for potential applications?

IMD and income decile data can support in making data-driven decisions when planning and delivering retrofit projects. It helps to better understand where to concentrate resources and specific needs of the most deprived and low-income areas.

Key differences

Both data sets can differ in scope and application. For example, a lower layer super output area (LSOA) within a local authority, may have an IMD of 3, which means that they lie outside the auto-eligibility criteria for Warm Homes Local grant funding. However, the same LSOA, when IMD is broken in to its different domains, can have an income decile of 1 and will fit into the criteria of eligibility.

Here's a comparison to highlight their differences:

1. **Comprehensiveness:**

- IMD is multi-dimensional, covering various aspects of deprivation beyond just income
- Income decile is singularly focused on income levels and distribution

2. **Data sources:**

- IMD aggregates data from multiple domains to provide a comprehensive view of deprivation
- Income decile relies solely on income data to rank households

3. **Analysis focus:**

- IMD provides insights into overall deprivation and its contributing factors
- Income decile offers a focused analysis of income distribution and economic disparities

By understanding the differences between IMD and income decile, you can choose the most appropriate measure for your analysis of your housing stock, remembering that auto-eligibility applies to an income decile between 1 and 2.

Using IMD data:

1. **Identify high-deprivation areas:** IMD data can be used to locate areas with high levels of deprivation across multiple domains. This helps prioritise regions where housing conditions are likely to be poorest and where retrofits will have the most significant impact. However, it does not help to determine auto-eligible postcodes for local grant funding
2. **Target specific needs:** Specific domains of deprivation (e.g., health, housing, living environment) can be analysed to tailor retrofit measures that address these issues. For example, measures that help improve air quality and insulation levels may be targeted at areas with high health deprivation
3. **Resource allocation:** Directing funding and resources to areas with the highest IMD scores to maximise the benefits of retrofit projects and improve overall quality of life
4. **Collaboration and support:** Working with local authorities, community organisations, and stakeholders in high-deprivation areas to ensure that retrofit projects are well-coordinated and supported

Using income decile data:

1. **Auto-eligibility to Warm Homes Local funding:** Defining the income decile of your housing portfolio will allow you to identify auto-eligible postcodes. For example, if a household lives in a valid postcode that falls within income deciles 1 and 2 of the IMD
2. **Assess income distribution:** Income decile data can be used to understand the income levels of households in the target area. Identifying the proportion

of households in the lower income deciles will help guide retrofit measures that address financial constraints

3. **Tailored financial assistance:** Data can support the selection and appropriation of financial assistance programs tailored to households in the lower income deciles. This can include low-interest loans, grants, or rebates to make retrofits more accessible
4. **Measure impact:** Income decile data can help track the impact of retrofit projects on household income levels. Measuring improvements in energy efficiency and reductions in energy bills can demonstrate the financial benefits of the retrofit

Where can I find more information?

- [Warm Homes: Local Grant](#)
- [Warm Homes: Local Grant Policy Guidance for Local Authorities](#)



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