

Monitoring poverty and social exclusion in Northern Ireland 2009

Findings
Informing change

September 2009

This *Findings* is an update of *Monitoring Poverty and Social Exclusion in Northern Ireland*, published in 2006.

While that research was written during a time of prosperity for Northern Ireland, following years of peace and economic growth, this is written during a recession. Now unemployment is rising, and the outlook on child and pensioner poverty is uncertain at best.

Key points

- The proportion of people living in low-income households is slightly lower in Northern Ireland than England or Wales, and similar to Scotland when measured after housing costs have been deducted. This proportion has not changed in the last three years.
- The proportion of children in low-income households ('child poverty') follows this pattern, but the proportion of pensioners in low-income households is slightly higher in Northern Ireland than elsewhere in the UK.
- The proportion who are not in paid work in Northern Ireland has long been higher than in Great Britain – but during the recession, that has risen further and faster than in any other part of the UK.
- The unemployment rate for young adults is, at 12%, four times that of the rest of the working population.
- The impact of the recession varies across the province, with the biggest increase in the proportion of working-age adults receiving Jobseeker's Allowance in Limavady, Dungannon and Cookstown, but the highest overall proportion in Derry, Limavady and Strabane.
- There have been steep rises in actions for home repossessions, particularly in the last two years, as well as rises in homelessness and the number of people on housing waiting lists.

The research

By a team at the
New Policy Institute.

Background

This *Findings* is an update of *Monitoring Poverty and Social Exclusion in Northern Ireland*, published in 2006. While that research was written during a time of prosperity, this is written during a recession. It examines the outlook on poverty and trends in worklessness and housing.

Low income

Figure 1 looks at people in low-income households. It compares Northern Ireland to the other countries of the UK. Figures are the averages of the years 2005/06 to 2007/08.

Around 20% of people in Northern Ireland live in low-income households. The proportion of people in low-income households in Northern Ireland is similar to that in Scotland, and slightly lower than England or Wales. The proportion of pensioners in low income is, at 20%, slightly higher than the rest of the UK.

The proportion of children in low-income households ('child poverty') is notably lower in Northern Ireland than England or Wales, and again, similar to Scotland.

Definition of low income

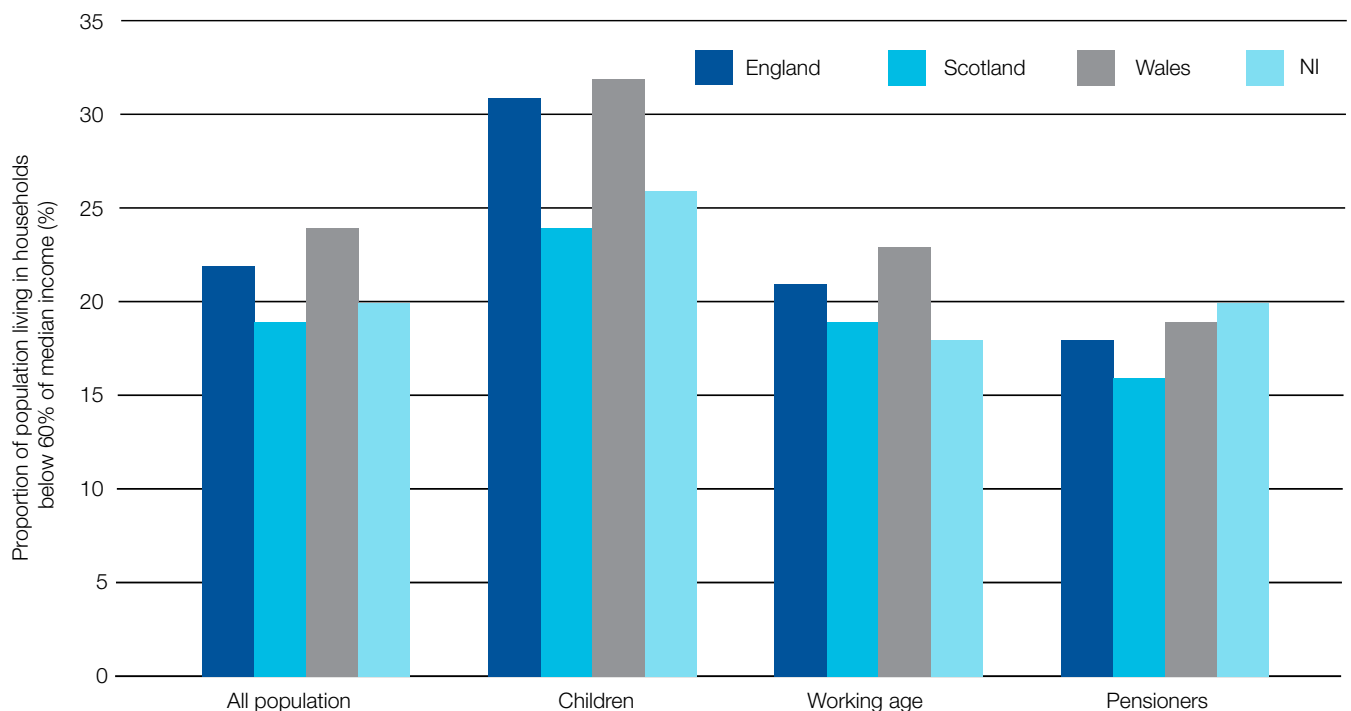
A household is defined as having a low income ('poverty' for short) if its income is less than 60% of the median UK household income for the year in question.

The value of this *low-income threshold* depends on how many people are in the household: for example, in 2007/08 it was £115 for a single adult, £194 for a lone parent with two children under 14, and £277 for a couple with two children under 14.

These sums are net of income tax, rates and after housing costs (chiefly rent, mortgage interest) have been paid. Official statistics are published on both the 'before' and 'after' housing costs measures (BHC and AHC). The latter is preferable, and its choice is important when comparing Northern Ireland to Great Britain.

Housing costs in Northern Ireland are lower, so Housing Benefit, which is counted as income, is also lower. This means that a household in Northern Ireland claiming Housing Benefit would have a lower income (and therefore be more likely to be counted as being in poverty) on the BHC measure than an otherwise identical household in Great Britain.

Figure 1 The proportion of different population groups in Northern Ireland living in low-income households compared with other UK countries (after housing costs)



Source: DWP HBAI 2005/06 to 2007/08

Around a quarter of children in Northern Ireland are in poverty, compared with over 30% in both England and Wales.

Whilst Northern Ireland and Scotland have similar child poverty rates, Northern Ireland is much 'younger'. Around a quarter of its population are children, compared with just a fifth in Scotland. As a result, children in poverty make up a bigger part of the Northern Ireland population than the Scottish population (6.1% against 4.8%). This has implications for resources and funding that may be missed by looking only at the child poverty rate.

Changes over time

Since the original research on Northern Ireland, based on the three years to 2004/05, there has been no change in the overall number of people living in low-income households in Northern Ireland (around 350,000).

Of this total, around 110,000 are children. Whilst the number can vary from year to year, the average proportion for the last three years is 26%, not significantly lower than it was three years ago (27%).

In other parts of the UK, most notably England and Wales, the proportion of children in low-income households has risen in the last three years. Northern Ireland is similar to Scotland in that it has seen no change.

Within Northern Ireland

Research by the Department for Social Development found that the poverty rate was lower in Belfast than

elsewhere (18% compared with 20% in other urban areas and 19% in rural areas) but not significantly so. This masks a difference between the rural East and West, the poorest and richest parts of the province respectively.

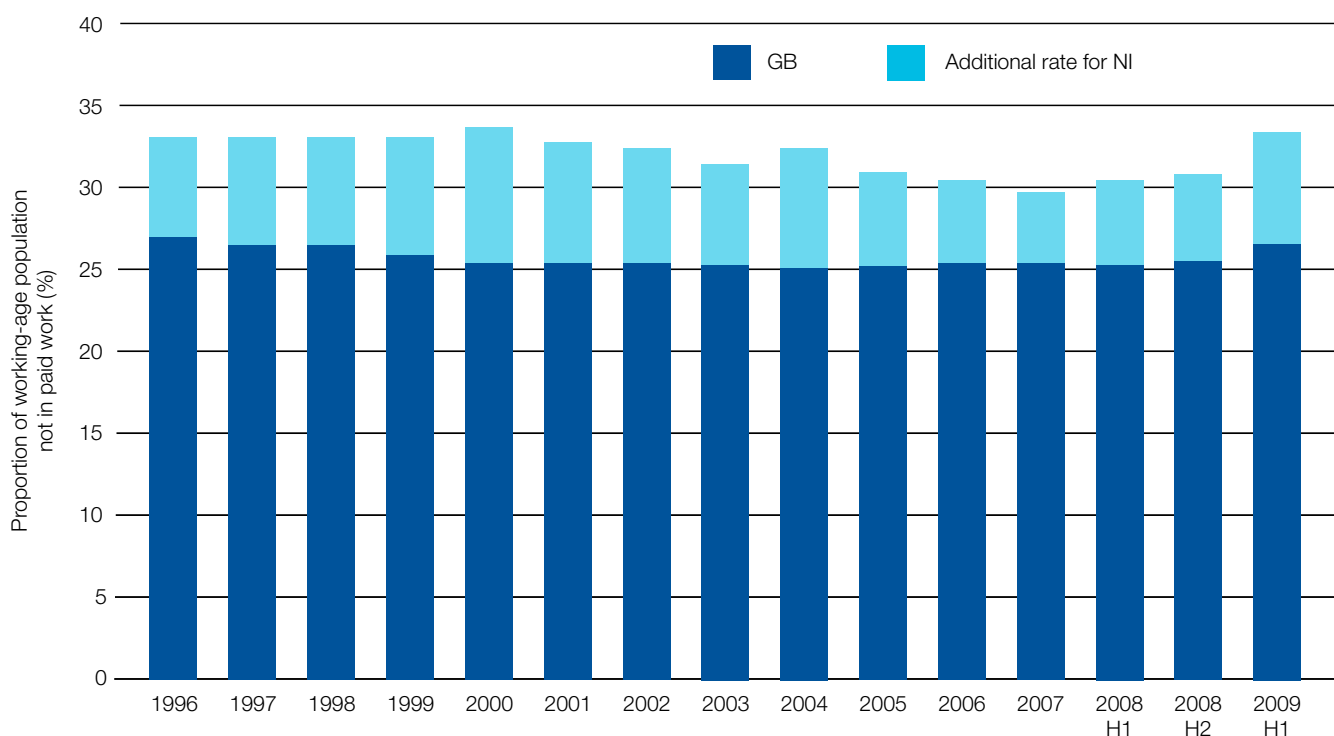
All of the analysis above uses the UK median income. Northern Ireland median income is around 7% lower. If this were used to calculate the threshold for child poverty in Northern Ireland, the proportion of children in low-income households would be around 22% in the three years to 2006/07, some four percentage points lower than the figure using the UK median (figures from DSDNI).

Worklessness and unemployment benefit

The indicators on poverty mentioned above use data from 2007/08, before the start of the recession (mid-2008). To analyse the early effect of the recession, measures of employment and receipt of unemployment benefit (Jobseeker's Allowance) can be used.

Figure 2 looks at the proportion of working-age adults not in paid work in Northern Ireland and Great Britain, going back to 1996. During this period, the proportion of working-age adults not working was always higher in Northern Ireland than Great Britain. To show the effect of the recession, figures are shown separately for both halves of 2008, and the first half of 2009.

Figure 2 The proportion of working-age adults who are not in paid work



Source: Labour Market Statistics, ONS

Going back to the mid-1990s, the proportion of working-age adults not in paid work has always been higher in Northern Ireland. So in the late 1990s, the proportion lacking paid work in Great Britain came down (to 25% in 2000), while it rose in Northern Ireland (to 34%), resulting in a 9% gap in that year.

From that point on, the proportion fell in Northern Ireland (to a low of 30% in 2007) while remaining almost unchanged in Great Britain.

Most recently, though, the rise in worklessness from this low point has been sharper in Northern Ireland (from 30% to 34%) than in Great Britain (from 25% to 27%). While care should be taken with this final estimate (being based on only two quarters' data in 2009), the impact of the recession on employment appears more severe in Northern Ireland than Great Britain.

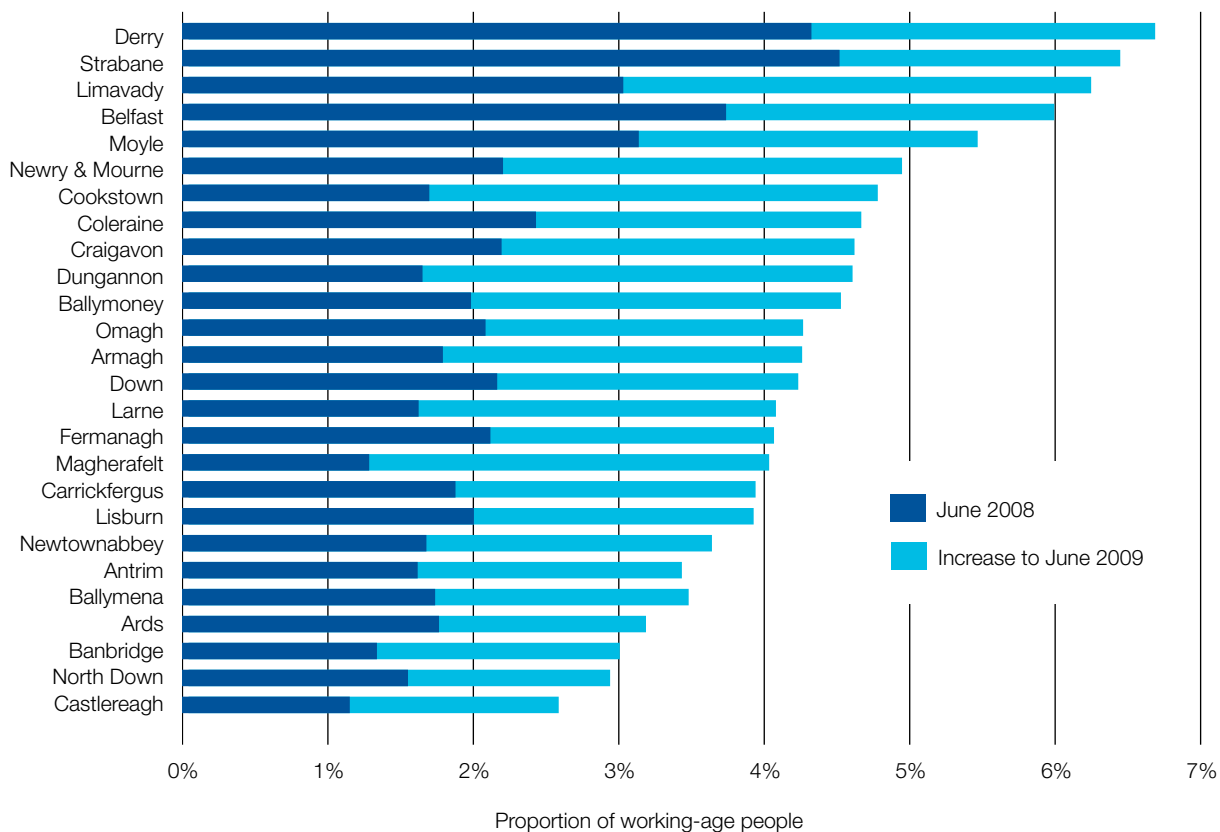
Different types of worklessness

The composition of the workless population is, though, somewhat different in Northern Ireland than it is in Great Britain. We can break this population up into three parts.

- *Unemployed*: not working but actively looking for work and available to start work immediately. In 2008, a lower proportion of the working-age population in Northern Ireland was unemployed than in Great Britain – 3% compared with 5%.
- *Inactive but wanting paid work*: not working and either not actively seeking employment or not available to start work immediately, but who would like to work. In 2008, this group made up 4% of the working-age population in Northern Ireland, against 6% in Great Britain.
- *Inactive not wanting paid work*: not working, do not want to and therefore not seeking work. In 2008, this group made up a much larger proportion of the working-age population in Northern Ireland than in Great Britain (23% compared with 15%).

Previous MPSE research found that Northern Ireland had a higher proportion of people with long-term disabilities, and a higher proportion of students than Great Britain. These two groups may account for much of difference in the proportions wanting to work in Great Britain and Northern Ireland.

Figure 3 Jobseeker's Allowance claims by district



Source: DETNI figures

Local level figures

Figure 3 looks at the differential impact of the recession across different districts of Northern Ireland, by looking at the proportion of adults claiming Jobseeker's Allowance (JSA), comparing June 2009 with June 2008, the start of the recession. In June 2009, the proportion of the working-age population claiming JSA was 5.7% in Northern Ireland, higher than in Great Britain (4.8%) and increasing at a faster rate.

Note that, while they are related, unemployment and JSA receipt are not the same thing. In Northern Ireland, there are similar numbers of each. This is not inevitable and in Great Britain the number claiming JSA is notably lower than the number unemployed.

In the last year, the proportion of the working-age population receiving JSA has doubled in most districts. Rises have not been uniform. Those districts with the biggest increases, such as Limavady, Dungannon and Cookstown, were not the districts with the highest rates of JSA a year ago. Due to its size, Belfast accounts for around one-fifth of all JSA claimants.

These recent sharp increases mean that the number of people claiming JSA in Northern Ireland is now the highest since 1999.

Young adults

In June 2009, around one-third of all JSA claimants (around 17,000 in total) were aged under 25. However, the problems facing under-25s in Northern Ireland (as elsewhere in the UK) are longstanding and not just a feature of the economic slowdown

The young adult unemployment rate – unemployed as a proportion of those either unemployed or in paid work – is at its highest level for 10 years. In 2008, the unemployment rate for under-25s was, at 12%, four times that of people aged 25 and over.

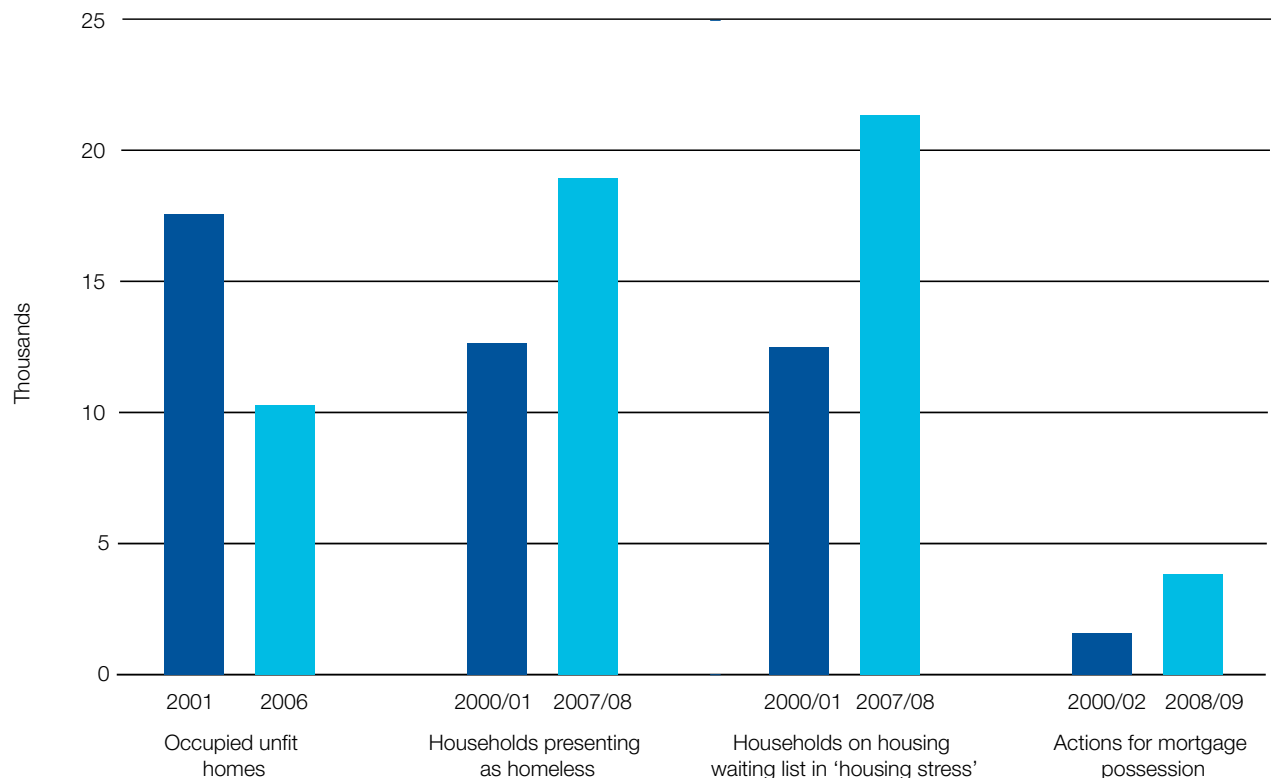
However, since 1997, the rate for young adults has never dropped significantly below 10%. The problem is not new – it is persistent.

Housing

Figure 4 looks at a range of indicators of housing quality and need.

The number of occupied homes defined as unfit has come down noticeably since 2001, from around 17,000 to 10,000. A home is defined as unfit if it is damp, unstable, or in need of serious repair. These 10,000 homes represent around 1.5% of all occupied dwelling stock.

Figure 4 Housing suitability and housing need



Source: NI Housing Executive and DSDNI

However, over a similar period, the number of households presenting as homeless has risen by half (from 13,000 to 19,000) since 2000/01. These are households with no legal right to occupy their accommodation or no place that is reasonable to for them to continue to occupy. In the most recent year, there has been a decline in this figure, but it still represents around 3% of households in Northern Ireland.

The number of households in most need of social housing (those defined by NIHE as being in ‘housing stress’) has almost doubled from 12,500 to 21,500. A household is in housing stress if it is on the Housing Executive waiting list and assessed to be in the most need, for reasons of health, intimidation, insecurity of tenure and housing conditions.

The annual number of actions for mortgage repossession has more than doubled, albeit from a low base (from 1,500 to 3,900, with the steepest year-on-year rise being 63% in the most recent year). This covers Housing Executive and private mortgages and relates to domestic and commercial properties. An action for mortgage repossession is the first step towards a lender repossessing a home from a mortgage holder in arrears. Not all actions result in repossessions but this is an indicator of the number of people in severe difficulty with their mortgage repayments.

So whilst the rising number of repossessions will make headlines, the number of households affected is notably smaller than the number presenting as homeless, or on the waiting list for social housing.

Migrant workers

Between 2004 and 2008 around 65,000 people moved to Northern Ireland from overseas, equivalent to 3.6% of the 2008 population. Many of these new arrivals came from the new EU accession states (known as the A8 countries) of Eastern Europe – they accounted for over two-thirds of all new registrations for National Insurance numbers in 2007. Many migrant workers are employed in the construction and manufacturing industries.

NISRA estimates that there around 30,000 people from A8 countries living in Northern Ireland (*Size of the EU accession population resident in Northern Ireland 2007*, NISRA, 2007) representing around 2% of the population. The spread of A8 migrants across the province is far from uniform. In Dungannon, A8 migrants comprise around 7% of the total population. Some 5,000 A8 migrants live in Belfast, making up around 2% of the population, but one-sixth of the total A8 population.

This group is of concern because migrant workers are particularly vulnerable in an economic downturn. If a migrant worker has not signed up to the (non-compulsory) Worker’s Registration Scheme, or has not worked for 12 months consecutively, they are not entitled to any benefits upon losing their job. Voluntary and community groups in Northern Ireland are reporting increases in the number of A8 migrants in such a situation.

Conclusion

Between the publication of the first MPSE research in Northern Ireland and the onset of the recession, the overall picture of poverty in the province remained static. As the data lags substantially behind events, it is not clear how the recession has altered this picture.

What is clear is that even during the good years, a lower proportion of people in Northern Ireland were in work than in Great Britain. More worryingly, Northern Ireland appears to be losing jobs as quickly as Great Britain, and possibly even more quickly.

Recent and proposed future changes to the welfare system, seeking to move people from the ‘inactive’ to ‘active’ groups, will have a significant impact in Northern Ireland. In particular, the 2009 Welfare Reform Bill, which will apply across the UK, places an emphasis on people with disabilities. This needs careful attention in the Northern Ireland context, as the proportion of people with disabilities, especially mental health problems, is higher in Northern Ireland than Great Britain.

For further information

All the underlying analyses for this *Findings* can be found at the poverty statistics website: www.poverty.org.uk

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