

## Monitoring poverty and social exclusion in Northern Ireland 2006

**A study from the New Policy Institute draws on the latest available data to monitor indicators of poverty and social exclusion in Northern Ireland. While income poverty is central to this, the indicators also cover benefit recipiency, employment and pay, disadvantage in work, exclusion from services, housing and neighbourhoods, health and harm, and education. The key findings are as follows:**

- On many indicators, Northern Ireland compares unfavourably with any of the nine English regions, as well as with Scotland and Wales. These include: the high number of people receiving out-of-work benefits; the high numbers without paid work; the high number of disabled people, especially related to mental ill-health; and the extent of low pay among full-time employees.
- By contrast, income poverty in Northern Ireland, both overall and for particular groups, is only around the Great Britain average. This apparent paradox is accounted for by Northern Ireland's low housing costs, coupled with the fact that receipt of many social security benefits or credits does not necessarily mean that a household is in poverty.
- Positive trends over time include the fall over the last decade in the proportion of people without paid work and the growth in job numbers, both bigger than anywhere in Great Britain. Pay inequalities between men and women have also come down; they have widened, however, between the high and low paid.
- Adverse trends include the rising proportion of people receiving Disability Living Allowance for reasons of mental ill-health, and the rise in the numbers presenting as homeless. There has also been no reduction in the number of 16-year-olds failing to reach a basic minimum standard at GCSE.
- Many aspects of disadvantage are more prevalent in western districts, and sometimes Belfast, than elsewhere, although there are exceptions to this pattern.
- People living in low-income households face higher risks of many aspects of disadvantage, including poorer local environment, reduced mobility, higher rates of premature mortality, poorer health and higher likelihood of unsatisfactory educational outcomes at 11 and 16.



This is the first Monitoring Poverty and Social Exclusion report for Northern Ireland: official data on household income has only been collected for Northern Ireland since 2002/03. The report covers a wide range of subjects, including income poverty, benefit reciprocity, employment and pay, disadvantage at work, exclusion from services, housing and neighbourhoods, health and harm, and education. On each subject, it looks at the situation in Northern Ireland compared with that in Great Britain, trends over time in Northern Ireland (except for income poverty, where such data is not available), and the major inequalities within Northern Ireland. Where relevant, the impact of the Troubles and the subsequent ceasefires is also discussed.

## Northern Ireland compared with Great Britain

In most cases, Northern Ireland is not only at one end of the spectrum when compared with the nine English regions, Scotland and Wales, but is often some way away from them. The subjects where Northern Ireland stands out in this way are:

1. The high number of people **receiving out-of-work benefits**, in particular: the 19% of working-age people receiving one of the key out-of-work benefits, the 13% of working-age people receiving one of the key out-of-work sickness and disability benefits, and the 27% of people aged over 60 receiving the guarantee element of Pension Credit.
2. The high number of **disabled people, especially related to mental health**, reflected in the 9% of working-age people receiving Disability Living Allowance and the 3% of the whole adult population receiving that benefit for mental health reasons.
3. The extent of **low pay among full-time employees**, reflected in the 22% paid less than £6.50 an hour and the high numbers receiving in-work benefits (19% of working-age households receive working and/or child tax credits). By contrast, the 43% of part-timers who are paid less than £6.50 an hour is below the Great Britain average.
4. The high numbers **without paid work**, specifically the 31% of people aged 16 to retirement lacking paid work, alongside the very low proportion (7%) of people in that age group wanting paid work (Figure 1). Nearly 80% of social sector households are headed by someone not in paid work.

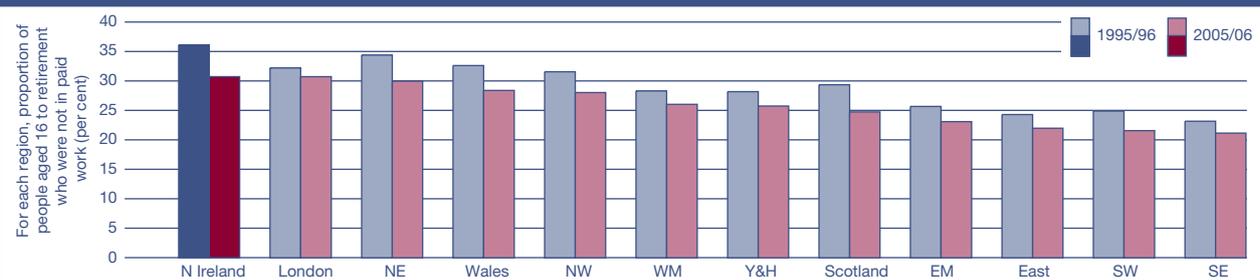
A household is defined as being in income poverty if its income is less than 60% of the Great Britain median household income. In 2004/05, the latest year for which data is available, this was worth £100 per week for a single adult with no dependent children, £183 per week for a couple with no dependent children, £186 for a lone parent with two dependent children and £268 per week for a couple with two dependent children. These sums are measured after income tax, rates, and housing costs have been deducted (and housing costs include rents, mortgage interest, buildings insurance and water charges). The sum of money left over is therefore what is available to pay for food, clothing, travel, heating, lighting and so on.

5. The very high **fuel poverty rate**, with 24% of households unable to afford to heat their home to an adequate standard – although the proportion of homes lacking central heating is actually much lower than in Great Britain.
6. The small proportion of **babies who are of low birthweight** (6%), lower than any of the Great Britain regions. Note that this is the only one of these six subjects where Northern Ireland stands out for being markedly better than Great Britain.

Against this unfavourable background, it is striking that, on all the headline measures of income poverty, Northern Ireland is around the Great Britain average (see Figure 2). Thus:

7. The 20% **overall income poverty rate** is around the Great Britain average, but with just Scotland and the three southern English regions outside London having lower rates. 350,000 people are living in income poverty in Northern Ireland.
8. The 25% **child income poverty rate** is slightly below the Great Britain average, and better than all the Great Britain regions except Scotland and the three southern English regions outside London. 100,000 children are living in income poverty in Northern Ireland.
9. The 20% **pensioner income poverty rate** in Northern Ireland is the same as the Great Britain average. 50,000 pensioners are living in income poverty in Northern Ireland.
10. The 27% **income poverty rate among disabled working-age adults** is below the Great Britain

Figure 1: Northern Ireland has more of its working-age population not in paid work than any region in Great Britain, but it has also seen the largest falls in that proportion over the last decade.



Source: Labour Force Survey, ONS

Figure 2: For all age groups, the risk of income poverty in Northern Ireland is similar to that in Great Britain.

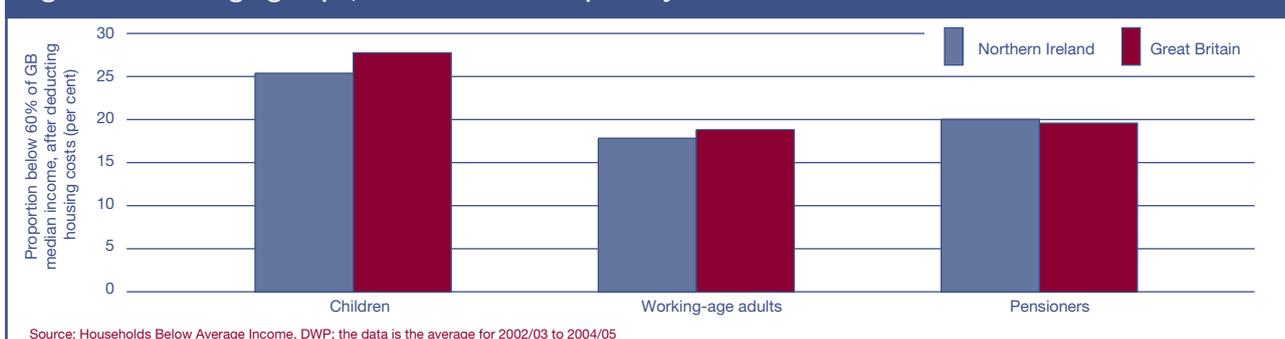
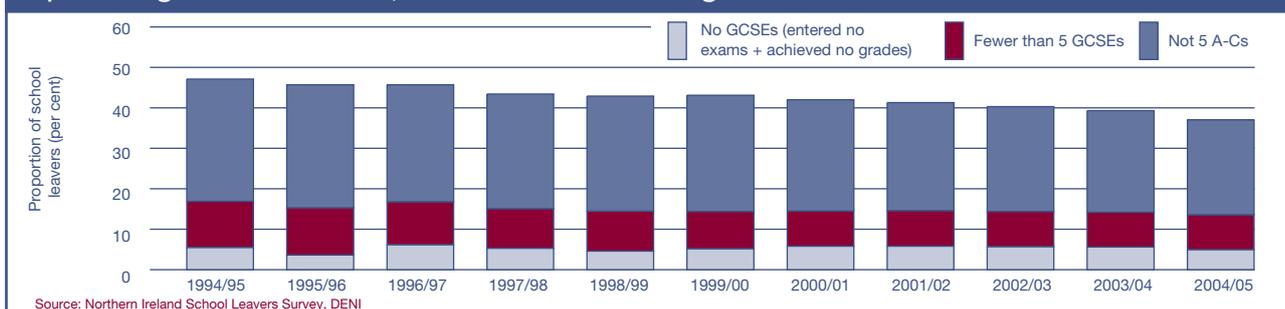


Figure 3: 14 per cent of school leavers still obtain fewer than 5 GCSEs, the same as in 1998/99. 5 per cent get no GCSEs at all, the same as a decade ago.



average of 30%, even though the rate among non-disabled working-age adults (16%) is almost the same as Great Britain.

### Trends over time

Whereas the comparisons with Great Britain usually show Northern Ireland to have greater problems than elsewhere, the trends over time are much more mixed, with both positive and negative messages, sometimes intertwined. The key points here are:

11. While the level is still high, the **fall in the proportion without paid work** over the last decade (5 percentage points in a decade) is a bigger improvement than in any Great Britain region.
12. The **continuing rise in the proportion of people receiving Disability Living Allowance for reasons of mental ill-health**, a proportion which was already high by Great Britain standards and which has more than doubled since 1998.
13. The **fall in the proportion of workless, two-adult households** (down nearly a half in a decade) alongside **no change in the proportion of workless, single-adult households**. At the same time, the already high proportion of social rented sector households where the head is not working has continued to drift upwards.
14. The **growth in job numbers** (20% since 1997), which is bigger than anywhere in Great Britain. Most of the increase has been in private sector services, although the numbers in construction have also grown strongly.
15. The **narrowing pay inequalities between men and women** since 1998, both between high-paid men and women, and between low-paid men and women –

alongside possible widening pay inequalities between high- and low-paid workers overall.

16. The **rise in the numbers presenting as homeless** (up 60% since 1999/00), mainly among those without dependent children.
17. The **lack of improvement in the proportion of 16-year-olds failing to reach a basic educational standard**: specifically, the 14% not getting 5 GCSEs (no change since 1998/99) and the 5% getting no GCSEs at all (no change for at least a decade). This is against a background of a continuing rise in the proportion getting at least 5 'good' GCSEs at grade C or above, up from 53% to 63% in a decade (see Figure 3).

### Inequalities within Northern Ireland

In general, the study did not look at the differences in outcomes for Protestants and Catholics. This is mainly because, having been the focus of many other reports, the differences are generally well-known and follow a familiar pattern. The key points regarding inequalities within Northern Ireland are:

18. The **higher proportion of disadvantaged people in western districts**, sometimes along with Belfast. Indicators conforming to the west-east pattern include the proportions in receipt of out-of-work benefits or guarantee element of Pension Credit as well as those with a limiting long-term illness. The risk of low pay is also higher in western districts (Belfast here being 'eastern') (Figure 4). But this west-east pattern does not always apply, with aspects of housing quality and low birthweight babies being two exceptions.

19. The 20% of **households who lack money-related essentials because they cannot afford them**, including the capacity to pay utility bills, or have money for saving or small personal expenditure, or to contribute to a pension, or have money for repairs. Half of the poorest households also lack home contents insurance, compared with just a fifth of households with average incomes.
20. The **non-monetary disadvantages faced by low-income households** such as: the nearly 30% of the poorest households who lack a bank account (three times the average); the more than 50% of households in the most deprived areas suffering a poor physical environment (five times the average); or the heightened fear of crimes such as burglary or assault among people in low-income households, whether or not they face an increased likelihood of being a victim of such crime.
21. The **additional disadvantages, only partly caused by money, faced by certain groups**, such as the reduced mobility of both lone parents and single pensioners, respectively half and two-thirds of whom lack access to a car compared with just 10% of working age couples and 20% of pensioner couples.
22. The **doubled risk borne by those who have low or no qualifications**, compared with those who have A levels, of lacking but wanting paid work or of being low paid.
23. The **2<sup>1</sup>/<sub>2</sub>-fold difference in the rate of premature mortality** between the managerial and professional class and those in routine or manual occupations
- (see Figure 5). Overall, there are around 3,000 premature deaths per year in Northern Ireland.
24. The other **health inequalities that adversely affect low-income or deprived groups**, including: a threefold greater likelihood within the poorest fifth of a girl giving birth by the age of 16; 5-year-olds in families reliant on means-tested benefit having almost twice as many decayed, missing or filled teeth as other 5-year-olds; and an infant mortality rate in the most deprived fifth of local areas which is one-third higher than in other local areas.
25. The **greater proportion of deprived children with unsatisfactory educational outcomes** including: the 35% of 11-year-olds in schools with the highest number of deprived children who do not reach level 4 at Key Stage 2 (compared with 22% on average); the 30% of 16-year-olds receiving free school meals who do not get 5 GCSEs (compared with 15% on average); and the 60% of school leavers in the most deprived wards who do not go on to further or higher education (compared with 40% on average).

### How does Northern Ireland compare with both Ireland and the UK?

A comprehensive assessment against Ireland is not possible because the data is not comparable. Using a selection of European Union (EU) indicators, however, it is possible to examine how Northern Ireland compares with Ireland as well as the UK for a number of subjects.

Figure 4: Strabane and Cookstown stand out for their high proportion of workers who are low paid - twice the proportion in some other areas.

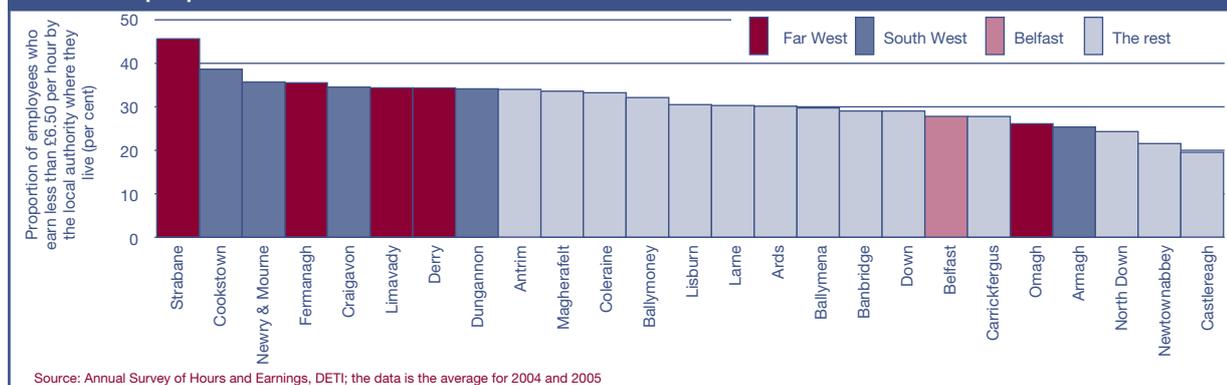
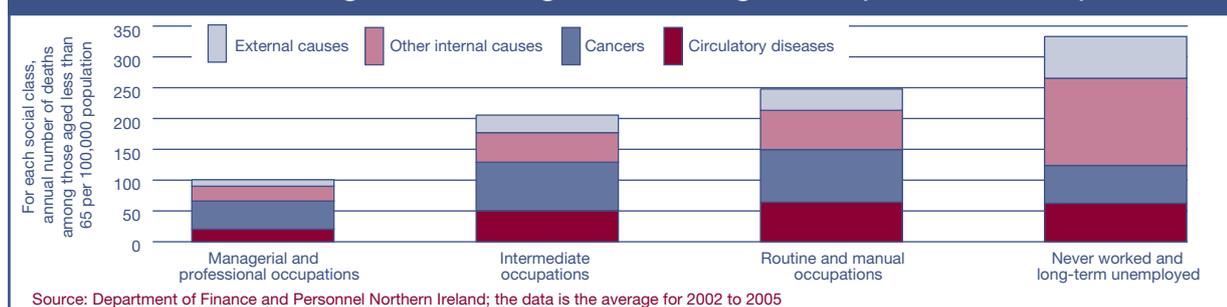


Figure 5: The rate of premature deaths among those in routine and manual occupations is two-and-a-half times as high as that among those in managerial and professional occupations.



On poverty statistics, both the UK and Ireland occupy positions in the lower half of the EU league, with the two ranked close to one another. Northern Ireland would also be in the lower half of the EU league on the poverty-related statistics, close to both the UK and Ireland.

On work-related statistics, the UK is the best in the EU for long-term unemployment but the worst for the proportion of children who are in jobless households. Ireland is closer to the EU average for both statistics. Northern Ireland scores less well than either the UK or Ireland on the work-related statistics. For long-term unemployment, this places it near the EU average. For jobless households, it places it at the bottom of the EU league.

On the proportion of the working-age population with no qualifications, the UK is one of the best in the EU whilst Ireland is close to the average. On this measure, Northern Ireland scores worse than the UK but better than Ireland, leaving it somewhat better than the EU average.

### Why are the rates of income poverty not higher?

Poverty rates of 20% overall, 25% for children, and 20% for pensioners are, of course, high. Yet given that Northern Ireland has a higher proportion of people than any Great Britain region not in paid work, receiving an out-of-work benefit, receiving the guarantee element of Pension Credit, or, as a full-time worker, being paid less than £6.50 an hour, why are the poverty rates actually only average in Great Britain terms?

The study identified three main reasons. First, the level of housing costs (chiefly rent, mortgage interest, buildings insurance and water charges) are, at present, much lower in Northern Ireland than in any Great Britain region.

Second, since in-work tax credits are supposed to help households work their way out of income poverty, there is no reason to suppose that Northern Ireland's high rate reciprocity for tax credits should be read as a sign of poverty.

Third, for some groups within the population, it is wrong to assume receipt of out-of-work benefits automatically signals income poverty.

This is certainly so for single pensioners where the level of the guarantee element of Pension Credit for single pensioners is set at a level slightly above the income poverty threshold.

The assumption that receipt of out-of-work benefits for working-age people also signals poverty is also wrong for many. Certainly, as a sole source of income, Incapacity Benefit, Income Support and Jobseeker's Allowance leave households below the income poverty threshold. As the latter two of these benefits are means-tested, most of the households dependent on them will indeed be in poverty: for example, three-quarters of those households which are unemployed are also in income poverty.

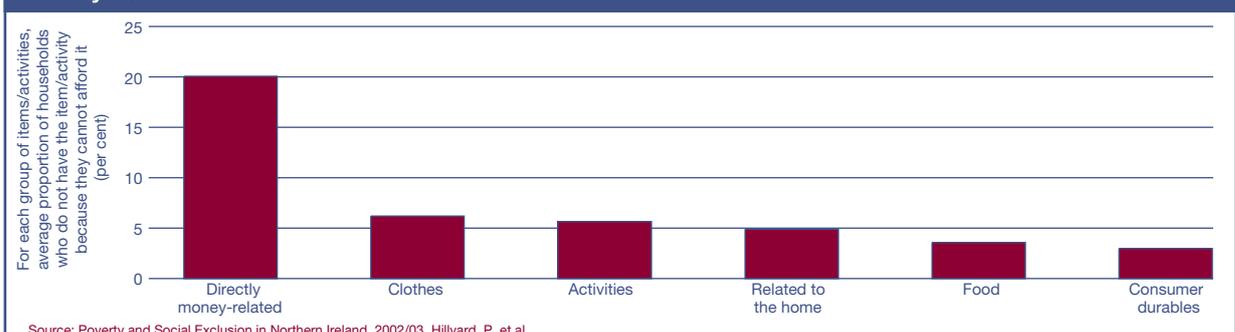
Incapacity Benefit, by contrast, is not means-tested. As a result, a household may have other sources of income – for example, from private insurance, other state benefits, or a partner's earnings – which may be enough to lift it above the income poverty threshold.

Other non-means-tested benefits play a role too, including Disability Living Allowance (DLA). Entitlement to DLA is based on a person's medical condition. As in Great Britain, the number of people receiving DLA has been rising since at least 1998 but both the level in Northern Ireland and the increase over the period are much higher than that in Great Britain.

The effect of all this is to leave the risk of income poverty among those households which are out of work but not counted as unemployed (that is, sick and disabled people and lone parents) almost one quarter lower in Northern Ireland than in Great Britain. In turn, the income poverty rate among disabled working-age adults, though higher than among their non-disabled peers (27% compared with 16%), is markedly lower than among disabled adults in Great Britain (30%).

What is it that poor households in Northern Ireland lack, besides money? Both official data and the

**Figure 6: The essential items that are most commonly lacking are those which are directly money-related.**



recent Poverty and Social Exclusion Study in Northern Ireland provide information about this.

Want of consumer durables is a relatively small part of the problem. For example, just 2% lack fridges or colour TVs and, more generally, the trends are rapidly downward. The proportion of low-income households lacking consumer durables is, however, around twice that for middle-income households.

Looking at items deemed by the Northern Ireland population to be essential, just 3% lack consumer durables because they cannot afford them, fewer, it would seem, than those who lack things that are either food-related, home-related, clothing-related or activities such as travel or friends to visit (between 3% and 7%).

By contrast, 20% of households lack items (because they cannot afford them) that may be described as directly money-related (see Figure 6), such as the capacity to pay utility bills, having money for savings or small personal (as opposed to family) expenditure, having the money to save for a pension, or having money for repairs.

What these figures suggest is that, instead of an image marked by a lack of things, modern poverty is marked by real difficulties in paying for essential services, or accumulating small financial assets (pensions, savings, insurance, a bank account) or taking part in activities (like going on holiday once a year) that the rest take for granted.

## Higher costs in Northern Ireland

Against this background, it is important to note two areas that may reasonably come under the heading of essential services but where costs in Northern Ireland are markedly higher than in Great Britain.

The first of these is childcare. A proxy measure for the cost of childcare, namely the average amount paid for the childcare element of Working Tax Credit, is 10% higher in Northern Ireland than any region of Great Britain apart from London.

The second is the cost of fuel to heat the home. Prices of individual fuels are higher in Northern Ireland than in Great Britain. This is compounded by the fact that many households in Northern Ireland face a restricted choice of fuels and are therefore not able to use the cheapest.

As a result, the problem of fuel poverty (where a household has to spend more than 10% of its income on fuel to heat its home) appears to be much more widespread in Northern Ireland than in England: in 2004, 24% of homes in Northern Ireland suffered from this condition compared with 9% in the English regions with the highest rates.

## About the project

The study has involved analysing data from a wide range of sources, including government-funded surveys, some administrative data, and some local and health authority returns. In all cases, the data used is widely agreed to be the most authoritative source for the subjects being analysed.

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## For further information

The full report, **Monitoring poverty and social exclusion in Northern Ireland 2006** by Peter Kenway, Tom MacInnes, Aveen Kelly and Guy Palmer, is published by the Joseph Rowntree Foundation.

Complementary studies monitoring poverty and social exclusion in the UK, Scotland and Wales are also available.

All the indicators and graphs from these reports can also be viewed on the [www.poverty.org.uk](http://www.poverty.org.uk) website: these graphs are updated as new data becomes available.

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