

FINDINGS

MONITORING POVERTY AND SOCIAL EXCLUSION IN NORTHERN IRELAND 2012

This research by the New Policy Institute updates the findings of the 2009 report, written as the recession was hitting Northern Ireland especially hard. This study looks at what has happened since.

Key points

- In the three years to 2009/10, 22% of people in Northern Ireland were living in poverty.
- Poverty for children, working-age adults and pensioners has risen since the middle of the last decade. The rise in pensioner poverty in Northern Ireland coincided with a fall in Great Britain.
- All the increase in poverty came in working or retired households. Half of the 120,000 children in poverty live in working households.
- On average, between 2009 and 2011, 34% of working-age adults in Northern Ireland were not in paid work. This is higher than the Great Britain average but similar to Wales and regions in the north of England.
- In 2011, 38% of working-age women were workless compared with 28% of working-age men but this gap has been closing. Likewise, the gap in full-time hourly pay rates between women and men has closed.
- Children on free school meals are much more likely not to attain expected levels of educational qualifications. In 2010, 69% of pupils on free school meals did not achieve five GCSEs at A*–C (including maths and English) compared with 36% of other pupils and this gap has not closed over time.
- School leavers receiving free school meals are twice as likely as other pupils to be unemployed or not in touch with education services. They are also more likely to go into employment or training, so if such options are limited, poorer children would be most affected.

The research

By a team at the New Policy Institute

MAY 2012

Poverty in Northern Ireland compared with Great Britain

Defining poverty and low income

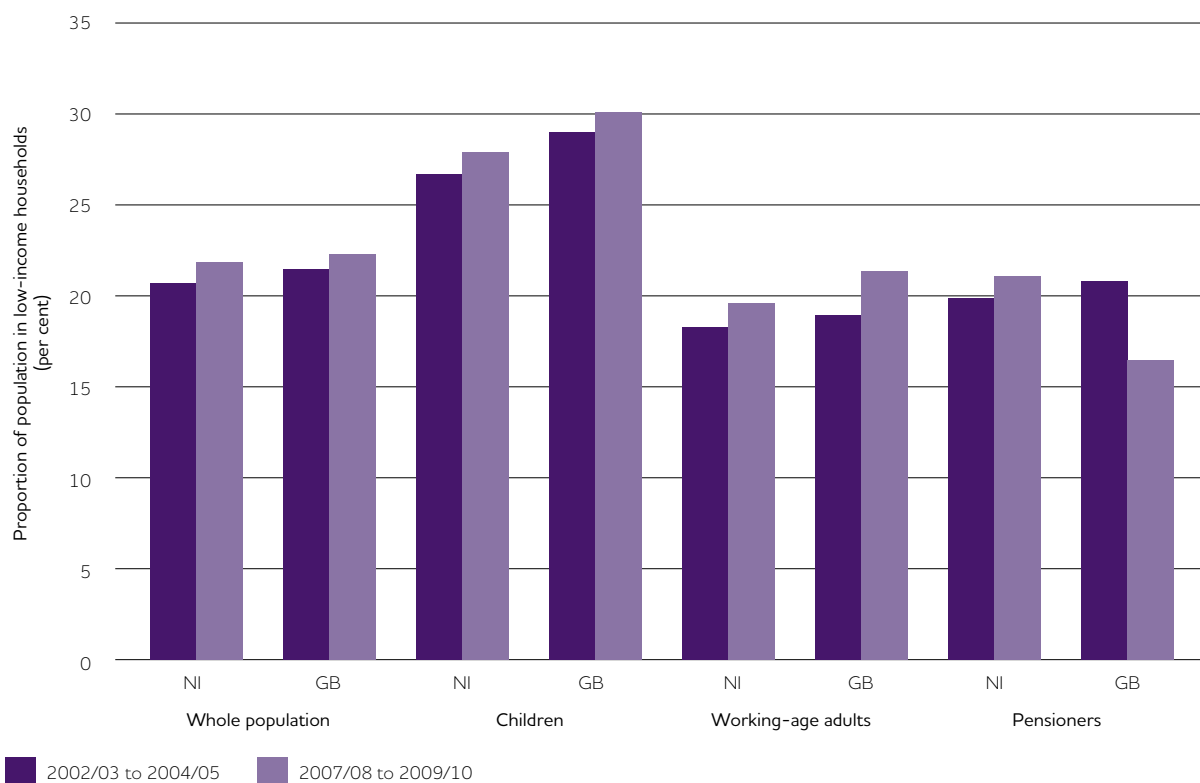
A household is counted as having a low income ('poverty') if its income is less than 60% of the median UK household income for the year in question. The value of this 60% threshold in pounds per week varies according to how many adults and children live in the household. It is measured after income tax has been deducted, and can be measured before or after housing costs (BHC/AHC) have been deducted. Housing costs are: rents, service charges and mortgage interest payments.

For example, in 2009/10 (the latest year for which data is available) the threshold was:

- £166 before housing costs (£124 after) for a single adult with no dependent children;
- £232 (£210) for a lone parent with two children under 14;
- £248 (£214) for a couple with no dependent children;
- £347 (£300) for a couple with two children under 14.

In the three years to 2009/10, 22% of the population of Northern Ireland lived in poverty, on both the AHC and BHC measures. The BHC level is above the Great Britain average, and higher than Scotland, Wales, and all English regions except the North East and West Midlands. The AHC level is lower than the Great Britain average, lower than Wales and lower than five of the nine English regions.

Figure 1: The proportion of people in poverty in Northern Ireland and Great Britain by age group (after housing costs)

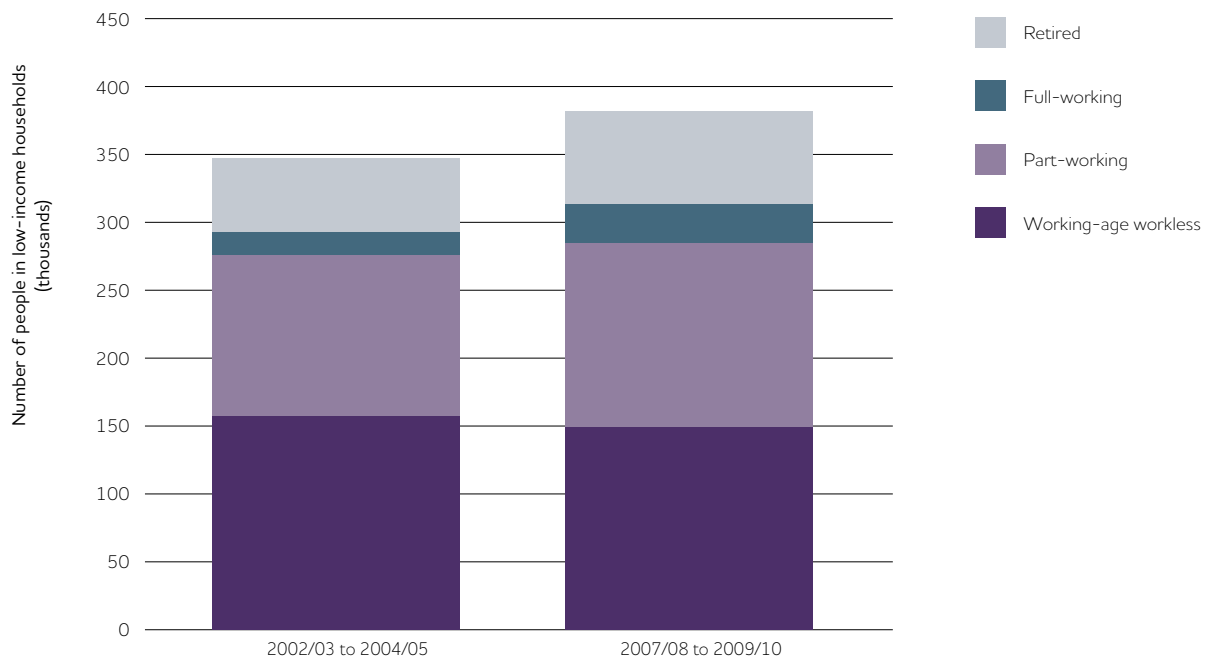


Source: Households Below Average Income, DWP

Using the AHC measure, poverty rose slightly for all age groups between the middle and end of the last decade. The poverty rate is lower in Northern Ireland than Great Britain for children (28% compared with 30%), similar for working-age adults (20% compared with 21%) and higher for pensioners (21% compared with 16%). Moreover, the rate for pensioners rose slightly in Northern Ireland between the three years to 2004/05 and the three years to 2009/10, while falling in Great Britain.

In-work poverty

Figure 2: Poverty and work status in Northern Ireland

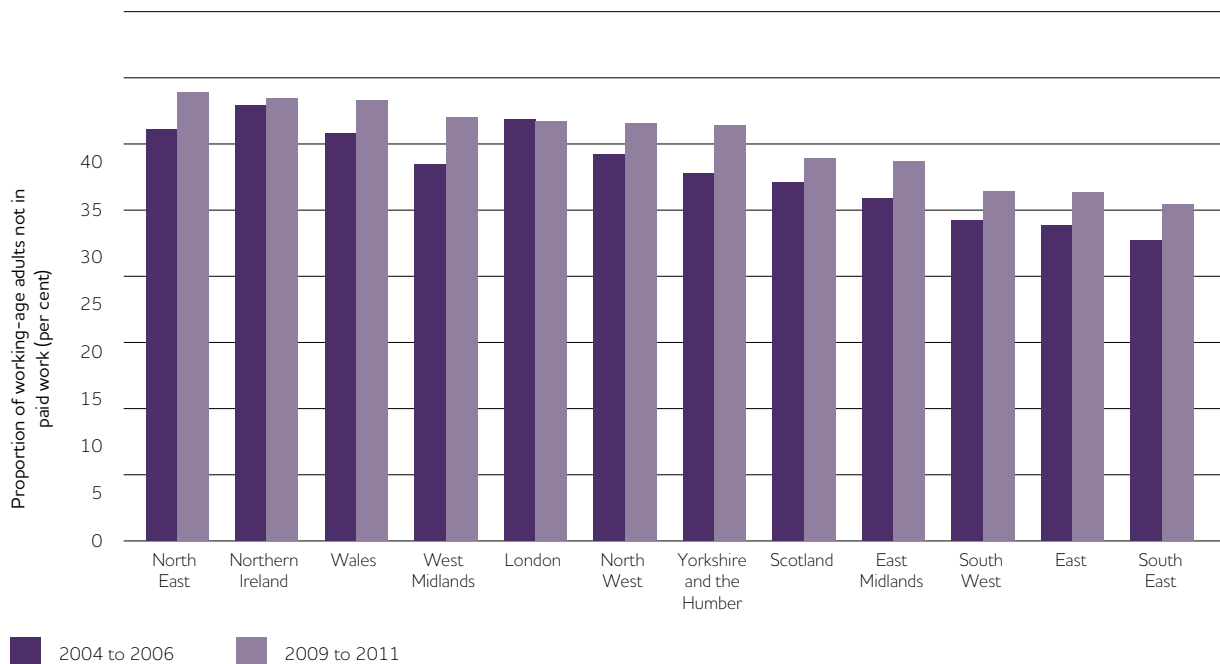


Source: Households Below Average Income, DWP

All of the growth in the number of people in poverty between the middle and the end of the last decade came among retired households or working households. The number of those in retired households living in poverty rose from 55,000 to 70,000.

Across all households where at least one adult was in paid work, the number of people in poverty rose from 135,000 to 165,000. As a result of this change, half of children in poverty live with at least one adult in paid work. Most children in such households live with two adults. Most children in poverty in workless households live with lone parents.

Figure 3: The proportion of the working-age population lacking paid work over time in Northern Ireland and Great Britain



Source: NOMIS

The proportion of working-age adults who lack paid work in Northern Ireland is 34%, the same as Wales but higher than Scotland and all English regions except the North East. It is slightly higher than in the middle of the last decade, although this rise is smaller than almost every other part of the UK. So whereas Northern Ireland previously stood out for its high rate of worklessness, this rate is now very similar to the northern English regions and Wales.

However, it is still higher than the Great Britain average, a difference accounted for by the larger proportion of students and people with disabilities. In Northern Ireland, 7% of working-age people are out of work due to long-term sickness or disability, compared with 4% in Great Britain. Similarly, a higher proportion of people in Northern Ireland claim benefits for reasons of disability than in Great Britain.

There have been notable changes in the labour market in Northern Ireland in the last decade and a half. The proportion of women lacking paid work fell from 43% in 1996 to 38% in 2011. Over the same period, the number of part-time jobs grew by one-third, and full-time jobs by one-eighth. These two changes are linked – two-thirds of the growth in female employment was in part-time work and (coincidentally) two-thirds of the growth in part-time work was among women.

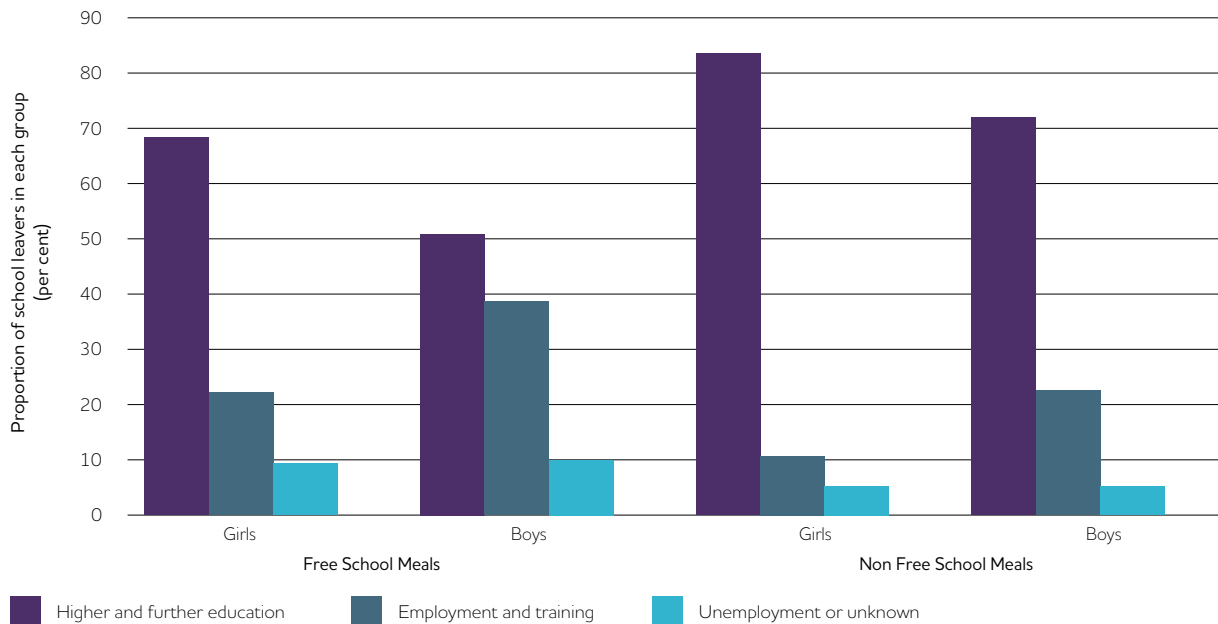
Across Northern Ireland as whole, the rate of worklessness in the three years to 2010 was higher among Catholics (35%) than Protestants (28%). This is a longstanding difference, although the gap is closing.

Moreover, there is substantial variation across the country, particularly among Catholics. The proportion of working-age Catholics lacking paid work in the North of Northern Ireland is 45%, compared with 30% in the East. So variation among Catholics is greater than variation between Catholics and Protestants on average.

Education

Children receiving free school meals (FSM) are much more likely not to attain expected levels of educational qualifications. In 2010, 69% of pupils receiving free school meals did not get five GCSEs at A*–C (including maths and English) compared with 36% of pupils not receiving free school meals. This means that the FSM gap was 33 percentage points. While overall levels of attainment have increased for pupils on free school meals since 2006, the gap with other pupils has not closed.

Figure 4: Destinations of school leavers



Source: DENI School Leavers' Survey, 2010

Girls receiving free school meals are more likely to stay in education (further or higher) than boys on free school meals (69% compared with 51%). This difference is entirely made up by the difference in the proportion going into work or training (22% of girls compared with 39% of boys).

There is a much bigger difference between boys and girls on free school meals and those who are not. Most notably, 10% of those on free school meals are unemployed or not in touch with education services on leaving school, compared with 5% of other children. They are also around twice as likely to go into work or training (39% compared with 23% for boys, 22% compared with 11% for girls).

What are the broader patterns?

There are some bigger patterns which emerge from the findings above. First, Northern Ireland is converging with Great Britain on some indicators. More specifically, it is converging with Wales and the north of England in terms of worklessness rates and the proportion of people claiming Disability Living Allowance. On other indicators, notably pensioner poverty, the gap is growing.

Second, there have been significant changes in women's employment and pay. The gap between male and female employment rates has fallen steadily for around 15 years, and the hourly pay gap for full-time work is now zero.

In terms of income poverty, there has been little change in the overall rate in recent years, but a noticeable change in the composition of people in poverty. In-work poverty has risen, as it has in the UK as a whole. No poverty reduction strategy will be a success without addressing this.

Finally, while Northern Ireland has high levels of educational attainment at the top end compared with England or Wales, the inequalities among school leavers are stark. In the last five years, the number of school leavers going into work or training has fallen by around 3,000. But children on free school meals are much more likely to go into work or training than other school leavers. If training and employment opportunities for school leavers are declining, it is poorer children who will lose out most.

The challenges of recession, cuts and welfare reform

The previous report in this series came out in the depths of the recession in 2009, when Northern Ireland had seen a significant rise in worklessness. The outlook was bleak. This report shows that while things have not got much better, they have not got much worse. Northern Ireland is, like much of Great Britain, in a pause after the very worst of the recession but before the public sector cuts have really begun.

These cuts could affect Northern Ireland more severely than elsewhere, as the public sector makes up more of the job market than in Great Britain (30% compared with 20% on some estimates). Women make up the majority of public sector workers, so the progress on female employment could be threatened.

In addition, there are the huge changes to the benefit system that will result from the Welfare Reform Act. The changes from Disability Living Allowance to the Personal Independence Payment and the increased requirements on people with disabilities to look for work will impact far more on Northern Ireland than other parts of the UK. This will be due to the much higher proportion of people with disabilities.

The Northern Ireland Executive's 'Programme for Government' (www.northernireland.gov.uk/pfg) mentions establishing an advisory group to 'assist ministers in alleviating hardship including any implications of the UK Government's Welfare Reform Programme'. This advisory group will have to do more than advise: it needs to produce plans and evidence-based policies if it is to deal with the impact of these reforms and support those most affected.

FOR FURTHER INFORMATION

This Findings is part of JRF's research and development programme. The views are those of the authors and not necessarily those of the JRF.

The main report, **Monitoring Poverty and Social Exclusion in Northern Ireland 2012**, is available as a free download at www.jrf.org.uk

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