

MONITORING POVERTY AND SOCIAL EXCLUSION IN NORTHERN IRELAND 2016

This Findings from the New Policy Institute brings together the latest data to show the extent and nature of poverty in Northern Ireland. It focuses on the links between poverty, work, and education.

Key points

- Twenty per cent of people in Northern Ireland (NI) were in poverty after housing costs on average in the two years to 2013/14.. This is around the same as Great Britain and a little higher than before the recession.
- The composition of those in poverty in Northern Ireland has changed over the last five years. There are more working-age adults, particularly young people, more private renters and fewer pensioners in poverty.
- Northern Ireland has not experienced the same strong employment performance as Great Britain, only now reaching pre-recession levels. Since 2011, the working-age employment rate has increased by 0.6 percentage points, compared with a 3.0 percentage point increase in GB.
- The overall employment rate in NI is five percentage points lower than in GB. For some groups, the gap is much wider – 15 percentage points lower for disabled people in NI compared with GB, 12 each for lone parents and 16-24 year olds.
- Average weekly pay is lower in Northern Ireland than a decade ago (after inflation). The gap with GB has remained steady at the median, but low-paid workers have fallen further behind those in GB.
- Around 60 per cent of boys and 50 per cent of girls eligible for free school meals do not get five good GCSEs, compared with 30 per cent and 20 per cent of those not eligible. Pupils receiving free school meals do less well than other pupils in non-grammar schools and slightly less well in grammar schools.
- As well as taking account of the changing poverty landscape in Northern Ireland, the Executive needs to ensure there are appropriate monitoring mechanisms, for example to assess the success of policies to mitigate the impacts of welfare reform.

The report

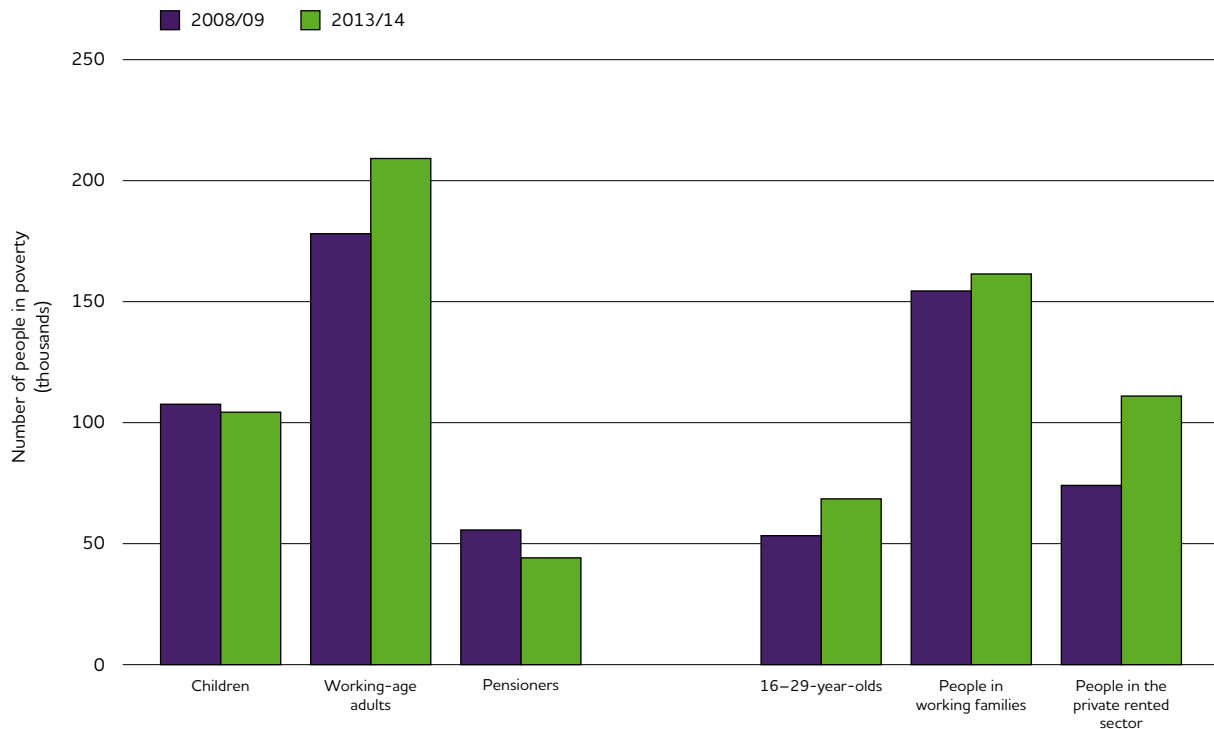
By a team at the New Policy Institute

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Low income

Twenty per cent of people in Northern Ireland were in poverty after housing costs on average in the two years to 2013/14. This is the same poverty rate as in Great Britain; they have converged following a period where the GB poverty rate was higher. Since the recession, the poverty rate in Northern Ireland has slightly increased. Poverty here is measured as an income, adjusted for household size, below 60 per cent of the median after housing costs have been deducted.

Figure 1: Changes to the low-income population in Northern Ireland



Source: Households Below Average Income, DWP; the data uses two-year averages

While the overall poverty rate has been relatively stable, there have been changes in the composition of the group in poverty in Northern Ireland. This is explored in Figure 1, which looks at the number of people in different groups in poverty in 2013/14 and five years earlier. Looking at broad age groups, there are more working-age adults, roughly the same number of children and fewer pensioners in poverty compared with five years earlier. The rise of 30,000 for working-age adults compares with a fall for pensioners (10,000), a fall made more notable by the fact that the total pensioner population rose over the same time.

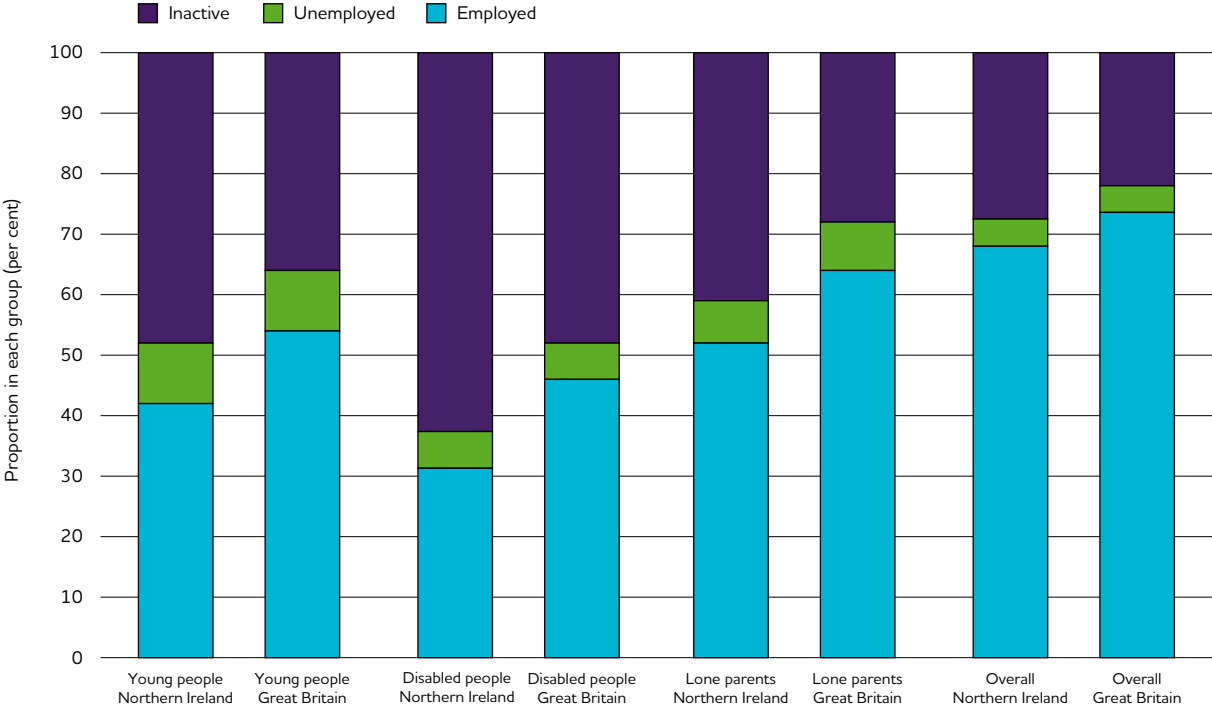
Figure 1 also looks at specific groups whose importance in the overall poverty picture has risen in recent years. There have been large increases in the number in poverty for 16-29-year-olds and those living in the private rented sector in Northern Ireland, of 15,000 and 40,000 respectively. In the case of young people, this is because their poverty rate has increased by six percentage points to 24 per cent – they are simply more likely to be in poverty now than previously. In the case of private renters, the numbers in poverty have largely risen due to the rising number of people in that tenure. There are now more people in poverty in Northern Ireland's private rented sector than in its social rented sector.

There has been a small rise in the number of people in poverty living in working families. In-work poverty now accounts for 45 per cent of income poverty in Northern Ireland.

The labour market

Northern Ireland has not enjoyed much of the strong employment growth that has been taking place in Great Britain. In the four years to 2015, the working-age employment rate in GB has increased by 3.0 percentage points to 73 per cent, whereas in Northern Ireland it has risen by 0.6 percentage points to 68 per cent. Northern Ireland is only now returning to pre-recession level employment rates, whereas Great Britain is approaching record highs.

Figure 2: Economic activity for different groups in Northern Ireland and Great Britain



Source: Labour Force Survey; the data is for 2014–15.

However, while the overall employment rate in Northern Ireland is about 5 percentage points lower than in Great Britain, this masks larger employment disadvantages for different groups. This is explored in Figure 2, which looks at young people (aged 16 to 24), disabled people, and lone parents in both Northern Ireland and Great Britain. For example, the employment rate for disabled people in Northern Ireland is 15 percentage points lower than it is in GB, while for both young people and lone parents it is 12 percentage points lower. In each of these cases, almost all the difference between Northern Ireland and Great Britain is accounted for by higher inactivity rates (people who are out of the labour market for health reasons, caring or studying) rather than higher unemployment. Unemployment is only fractionally higher in Northern Ireland.

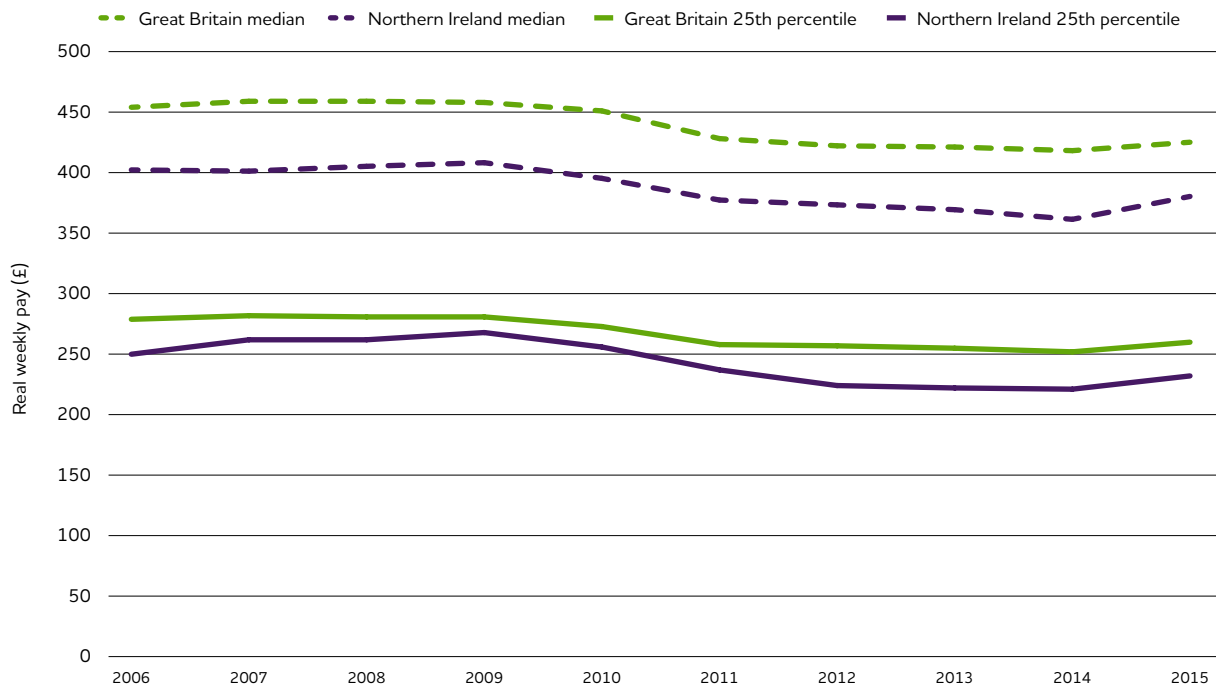
Up to half the difference between employment rates in Northern Ireland and GB can be explained by the poor employment rates for each of these three groups. For example, if disabled people in Northern Ireland had the employment rate of those in Great Britain, NI’s overall rate would be 71 per cent rather than 68 per cent.

It is not entirely negative, however. Around 70 per cent of the higher inactivity rate for young people in Northern Ireland compared with GB can be explained by higher levels of participation in education.

Earnings

When we look at employment from a poverty perspective we also have to consider pay. The early years of this decade saw pay freeze or fall in real terms in NI and GB, across the pay distribution. Pay has stopped falling, but pay levels remain well behind where they were a decade ago once inflation is taken into account. In Northern Ireland weekly pay at the median and the bottom quartile is around £20 lower than a decade ago.

Figure 3: Weekly pay after inflation in Northern Ireland and Great Britain



Source: Annual Survey of Hours and Earnings via NOMIS; Consumer Price Inflation, ONS

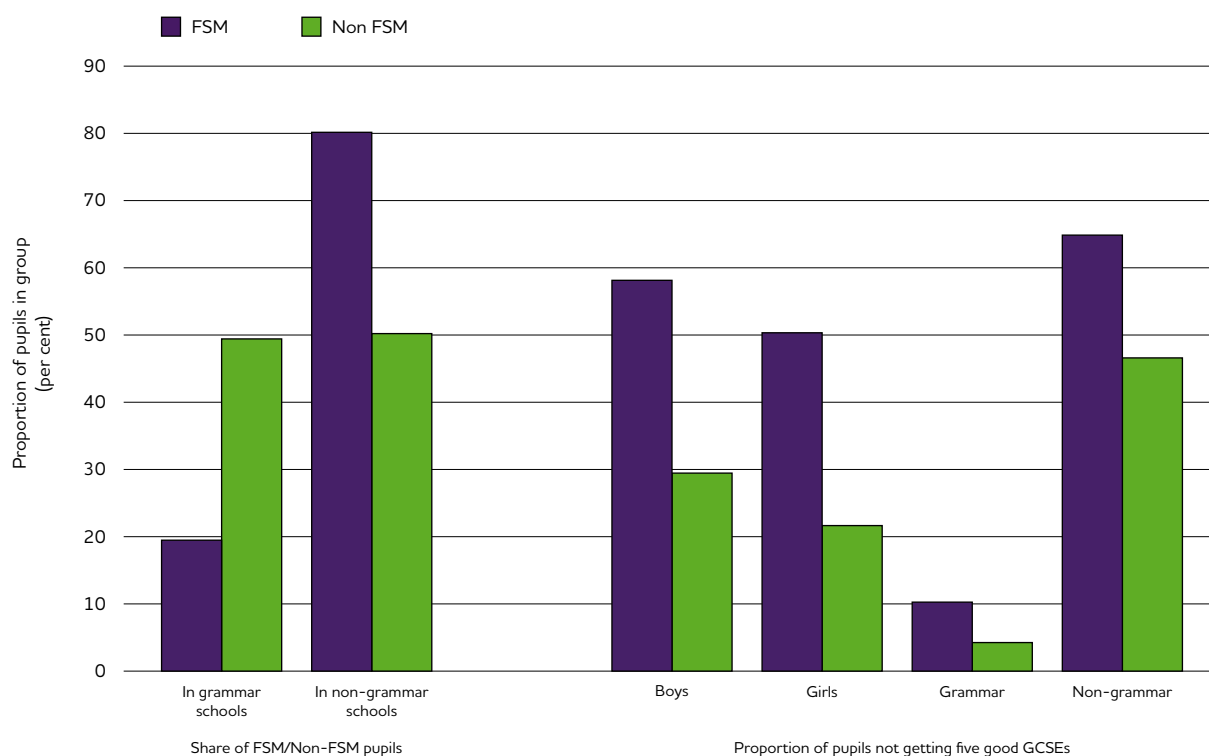
Northern Ireland has lower average pay than Great Britain. In 2015, the median weekly pay in Northern Ireland was £382, compared with £427 in GB. The gap between NI and GB was £50 in 2006, and has remained at roughly that level throughout the last decade. The most recent gap, £45 in 2015, is lower, but it is not clear whether that represents a new convergence or is just a blip.

If we look at pay towards the bottom of the distribution, we see that Northern Ireland is again below Great Britain. The pattern suggests something different here, however. In 2009, the difference between average weekly pay in NI and GB was only £13 in the bottom quarter. In the following years, however, NI pay fell faster than GB pay, and the gap grew to £33 in 2014. It fell back slightly last year and now stands at £28 a week.

Education

There are big differences in outcomes among Northern Ireland's GCSE-age pupils, based on their background and the type of school they go to. Around one in five pupils eligible for free school meals (FSM) attend grammar schools (which select through an entrance exam). Half of pupils not eligible for free school meals attend these schools, meaning their intake is skewed away from low-income children compared with non-grammar schools.

Figure 4: Attainment in grammar and non-grammar schools by free school (FSM) meal status



Source: Northern Ireland Education Statistics for 2014–15. Five good GCSEs are five with grades A*–C including English and maths

Around 60 per cent of boys eligible for free school meals do not get five good GCSEs, compared with 30 per cent of those not eligible. For girls, the figures are 51 per cent and 22 per cent respectively. Children in grammar schools do far better than those in non-grammar schools regardless of free school meal status. Yet in each type of school, FSM-eligible pupils do worse than non-eligible pupils. In non-grammar schools, the gap is bigger – 65 per cent of FSM-eligible pupils fail to get five good GCSEs, compared with 47 per cent for non-eligible pupils. In grammar schools, pupils eligible for free school meals are more than twice as likely to lack five good GCSEs as other pupils – 10 per cent compared with 4 per cent.

The school a pupil attends has a large bearing on their destination afterwards. Around 90 per cent of boys and girls leaving grammar schools go on to further or higher education, compared with 61 per cent of boys and 74 per cent of girls leaving other schools. Much of this gap is made up by the increased likelihood of non-grammar school leavers going into work or training – 31 per cent of boys and 19 per cent of girls, compared with 7 per cent and 4 per cent respectively of grammar school leavers. However, non-grammar school leavers are around twice as likely to be unemployed or in an unknown destination – around 7 per cent of boys and girls compared with 3 per cent of their grammar school counterparts.

Conclusions

Thinking around poverty in Northern Ireland is currently dominated by one short-term and one longer-term development. In January, the Welfare Reform Mitigations Working Group presented the Executive with recommendations for a welfare reform mitigation package. In the longer term, following judicial review, the Executive must now develop an anti-poverty strategy.

The mitigation package is quite wide-ranging and the provisions around sickness and disability benefits are welcome given Northern Ireland's high incidence of these. Also welcome was the earlier mitigation under the Stormont Castle agreement that the under-occupation penalty (often referred to as the 'bedroom tax') should not apply given the difficulties around suitable housing provision. None are intended to be long-term solutions, however, and are limited to one year in the case of transitional benefits. The entire package expires in 2020.

Even with the mitigations, it is possible there will still be a reasonably large number of people with little recent labour market experience looking for work and training. A strategy is needed to help link these people with opportunities. As Figure 2 shows, the employment rate for disabled people in Northern Ireland is still very low.

One of the concerns apparent in the mitigations working group report is around benefit sanctions, citing the hardship resulting from them in Great Britain. NI did not introduce the new sanctioning regime in place in the rest of the UK, and the limited publicly available information suggests that the average proportion of those claiming Jobseeker's Allowance sanctioned each month was 1.2 per cent between April 2012 and January 2015 in Northern Ireland, compared with 5.1 per cent in Great Britain. Ensuring this rate is kept as low as possible should be a key concern for the Executive. Necessary for this, and for monitoring the development of welfare reform, are good statistics including those on sanctioning. These are not currently available in a timely or accessible manner.

The NI Executive had committed as part of the Lifetime Opportunities Strategy to eliminating child poverty by 2020, a target that will surely not now be reached. In its new strategy, it should look beyond just child poverty, to take an all-ages approach. Having developed a set of mitigation policies for welfare reform, it now needs to move beyond reactive response and towards longer-term change.

The strategy needs to face up to the potential problems caused by welfare reform as well as the changing poverty landscape mentioned by this report. Compared with a decade ago, there are more young people, private renters and working families in low income. These groups are harder to reach by more traditional government anti-poverty measures – other institutions such as schools and businesses need to be involved. The task for the NI government is to meaningfully involve these and other institutions in tackling poverty.

About the project

This research is part of an ongoing series of reports monitoring poverty and social exclusion in Northern Ireland. The paper uses the latest UK public datasets to examine and understand the trends.

FOR FURTHER INFORMATION

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

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