

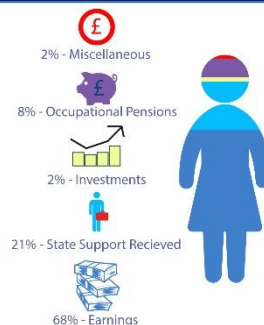
The Households below Average Income (HBAI) report presents information on living standards in Northern Ireland based on household income measures for the 2015/16 financial year. **Unless specifically stated, annual changes in the numbers and percentages presented in the body of this report are not statistically significant.**

Income Distribution



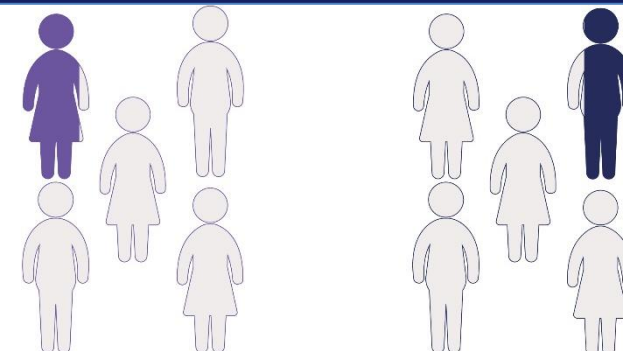
In 2015/16 the average (median) income before housing costs in Northern Ireland increased by 4%.

Sources of Income



Earnings and state support account for approximately 88% of combined income.

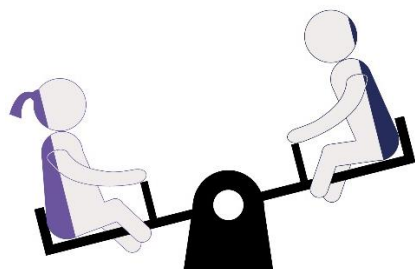
Poverty Indicators



Relative Poverty BHC = 17%

Absolute Poverty BHC = 15%

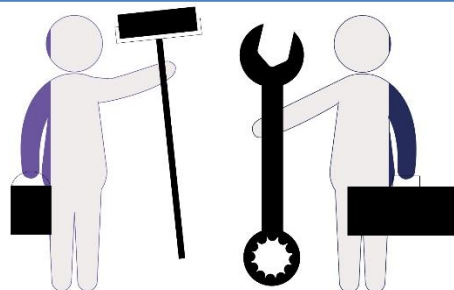
Children



Relative Poverty BHC = 21%

Absolute Poverty BHC = 18%

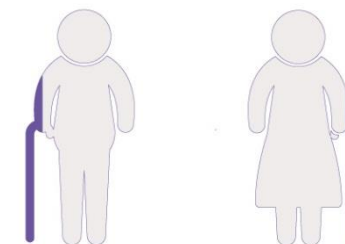
Working Age



Relative Poverty BHC = 16%

Absolute Poverty BHC = 14%

Pensioners



Relative Poverty AHC = 12%

Absolute Poverty AHC = 9%

At a glance

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Relative Poverty Threshold (Equivalised)



Absolute Poverty Threshold (Equivalised)



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What you need to know

HBAI is the primary source for data and information about household income and income inequality in Northern Ireland. Users include central Government, local authorities, academics, journalists and the voluntary sector.

Income Measures

HBAI estimates incorporate widely-used international standard measures of poverty and inequality. The primary measure used in HBAI is equivalised disposable household income, estimated on both a before and after housing costs basis (BHC and AHC). The main income measure includes contributions from earnings, state support, pensions, and investment income among others, and is **net** of tax.

In line with international best practice, the income measures used in HBAI are subject to several statistical adjustments and, as such, are not always directly relatable to income amounts as they might be understood by people on a day-to-day basis such as take home pay. These adjustments, however, allow us to compare measures over time and across households of different sizes and compositions on a consistent basis.

HBAI uses Consumer Price Index (CPI) inflation when estimating how incomes are changing in real terms over time. **For further information on how income is measured see the HBAI Quality and Methodology Information Report.** <https://www.communities-ni.gov.uk/topics/family-resources-survey#toc-2>

Survey Data

Estimates are based on responses from approximately 2,000 Northern Ireland households provided during face to face interviews. Use of survey data means that results in this report are subject to uncertainty which can affect how changes should be interpreted in this report especially in the short term. Therefore latest estimates should be considered alongside long term patterns. However, the survey sample is proportionally representative of the Northern Ireland population and is statistically valid.

Statistical significance is a technical concept that says whether a reported change is likely to have arisen only by chance due to variations in the sampling. We calculate 95% **confidence intervals** around estimates in HBAI which sets a standard that, where any change is reported as statistically significant, there is less than a 1 in 20 chance that the reported difference is due to sampling variation and there is no real underlying change.

None of the changes in this release are statistically significant unless specifically stated.

Additional tables and data

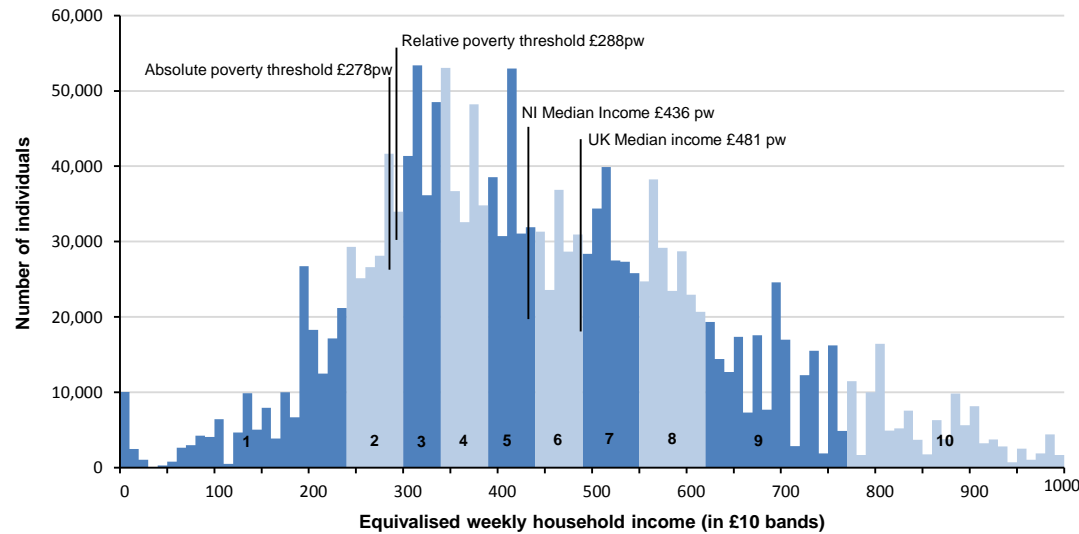
Supporting data tables are available to download at:

<https://www.communities-ni.gov.uk/topics/family-resources-survey#toc-2>

The Overall Income Distribution

The Northern Ireland income distribution is positively skewed with the mass of the distribution towards the lower end

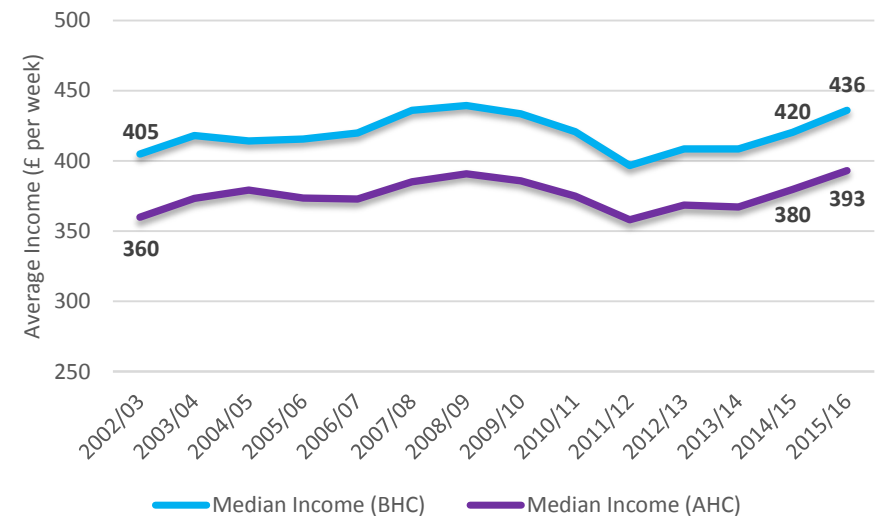
Income distribution BHC for the total population, 2015/16, Northern Ireland



- In 2015/16 approximately three quarters of individuals in Northern Ireland had a household income below the **UK mean income** of £593 per week resulting in a positive skew to the distribution. This compares to just under two-thirds of individuals in the UK.
- Almost three fifths of individuals in Northern Ireland had a household income below the **UK median income** of £481 per week.
- There are a large number of individuals (approximately 104,000) with an equivalised household income between £270 and £300 per week. With the relative and absolute poverty thresholds at £288 and £278 respectively, small movements in the income distribution can lead to more sizeable movements in the levels of poverty.
- See **Table 2.7** for full data.

Average real terms incomes in 2015/16 prices

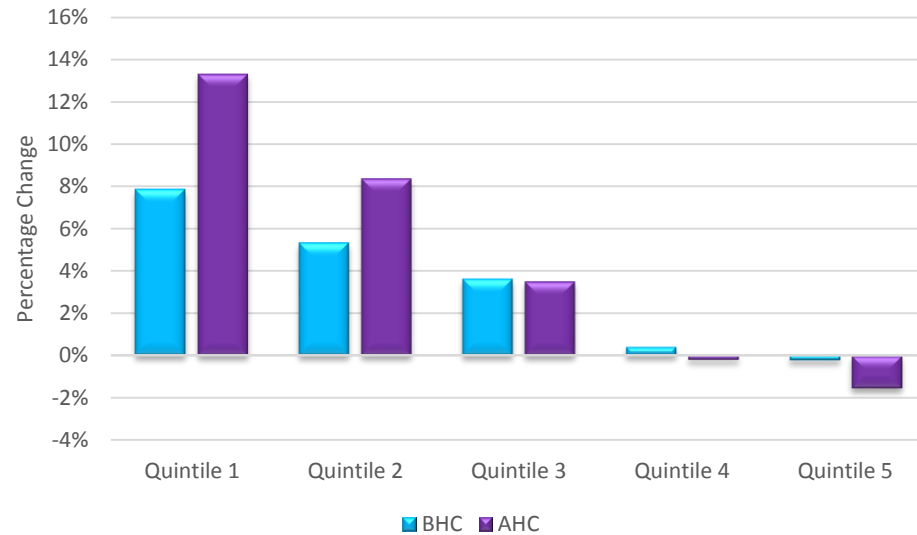
- In 2015/16 average (median) real terms household income before housing costs increased to £436 per week (£22,800 per year), representing a 4% increase from the previous year. The after housing costs income also increased by 4% to £393.
- The BHC and AHC income measures have followed a similar pattern since the time series began in 2002/03; each increased up to 2008/09 followed by a fall to a series low in 2011/12 as a result of the economic recession. Since 2011/12 incomes have begun to rise again and in 2015/16 the income measures are very similar to those seen in 2008/09. See **Table 2.6** for full data.
- Although the Northern Ireland income levels remain lower than those in the UK as a whole, the rate of increase in 2015/16 was much higher in Northern Ireland (4 percentage points compared to 1 percentage point in the UK).



Income Equality

Changes in real terms income by quintile, 2014/15 to 2015/16, NI

Interpretation



- Quintiles divide the population, when ranked by a particular variable (in this case household income) into five equal groups where the first and fifth quintiles represents the lowest and highest 20% of the income distribution respectively.
- By dividing the population into quintiles ranked by household income it enables analysis of how the most well off and least well off compare against each other and against the previous year.

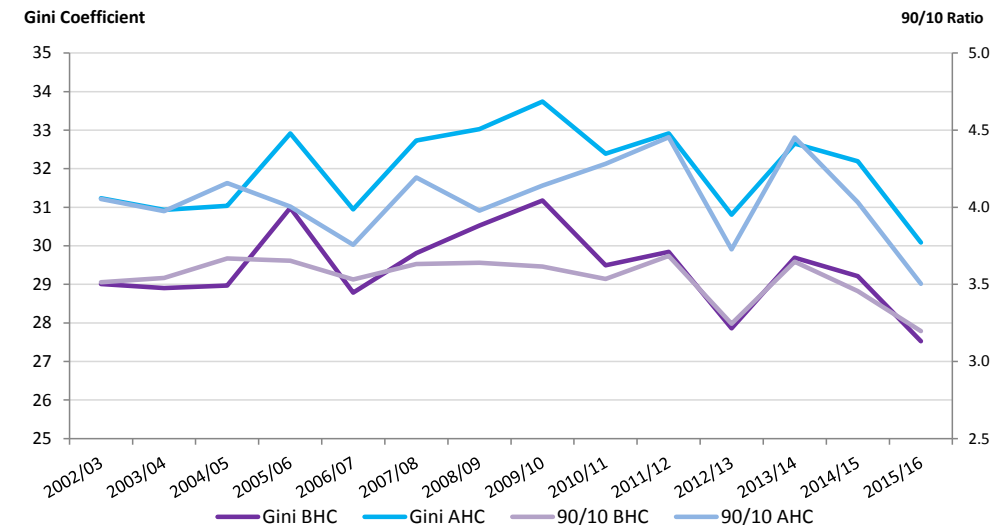
Main Findings

- Between 2014/15 and 2015/16 income for the bottom 3 quintiles experienced real terms growth (8%, 5% and 4% respectively). The largest increase in equivalised household income both BHC (8%) and AHC (13%) was noted in the bottom quintile.
- See **Table 2.5** for full data.

Measuring Inequality

Income inequality 2002/03 to 2015/16

- Income inequality measured by the Gini coefficient and the 90/10 ratio shows the disparity between high-income and low-income households.
- The Gini coefficient is a widely-used, international standard measure of inequality. It can take values from zero to 100, where a value of zero would indicate total equality, with each household having an equal share of income, while higher values indicate greater inequality.
- The 90/10 ratio is the average (median) income of the top 20 per cent of the income distribution divided by the average income of the bottom 20 per cent. The higher the number, the greater the gap between those with the highest incomes and those with the lowest incomes.
- The Gini coefficient showed a small decrease between 2014/15 and 2015/16 both BHC (from 29% to 28%) and AHC (from 32% to 30%). This has been relatively stable over the long term and is lower than in the UK as a whole (35% BHC and 39% AHC) suggesting a more equal distribution in Northern Ireland than in the UK.
- The 90/10 ratio shows a similar trend and is also lower than that for the UK. The ratio measured on BHC incomes is 3.2 for Northern Ireland and 3.9 for the UK, while the AHC ratio is 3.5 in Northern Ireland compared with 5.2 in the UK. See **Table 2.4** for full data.



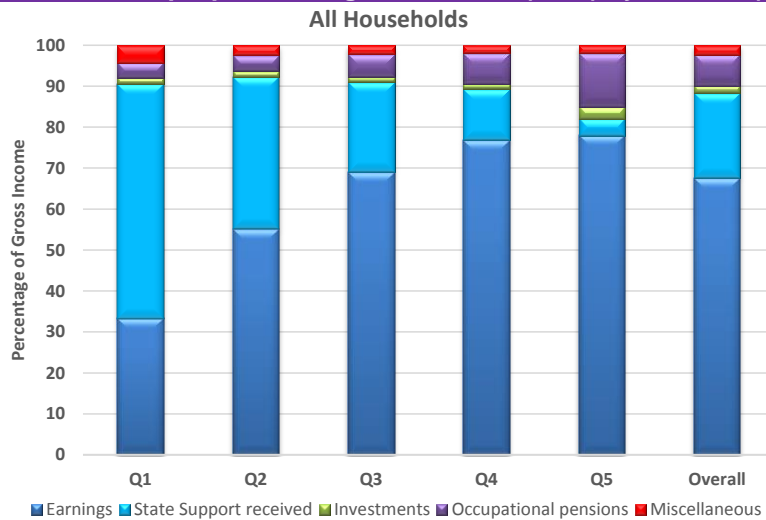
Sources of Income

Main Findings

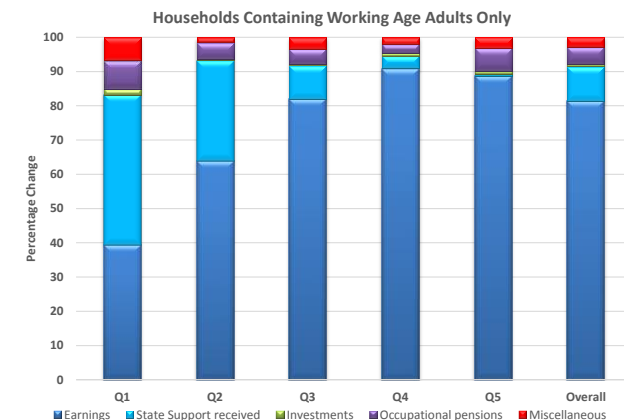
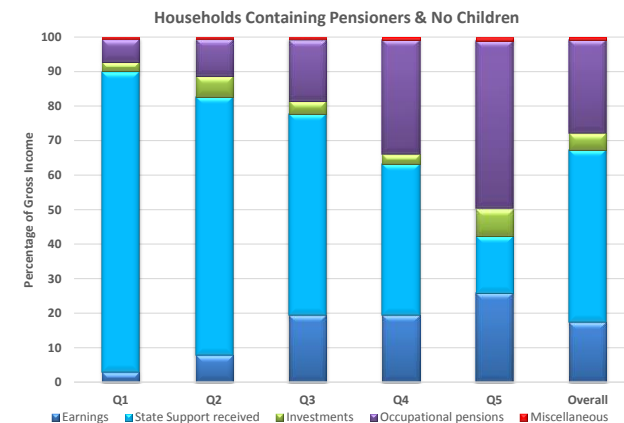
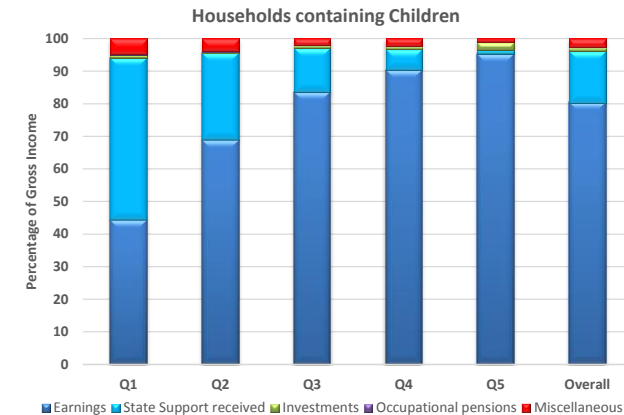
- The chart below shows the proportion of each income source that makes up the overall gross household income, divided into quintiles. It is evident from the chart that the two fundamental income sources that make up the majority of household income are earnings and state support which together account for approximately 88% (85% in UK) of combined income.
- From the chart it is clear that as the population moves from those in the bottom quintile to the top quintile the proportion of gross income made up by earnings increases and the level of dependency on state support decreases. However, in all quintiles there is still a proportion of income coming from both earnings and state support; at no point is either reduced to zero. See **Table 2.1** for a full breakdown.

Income Sources as a % of gross income BHC by Quintile & household type 2015/16

Income Sources as a proportion of gross income (BHC) by Quintile (2015/16)



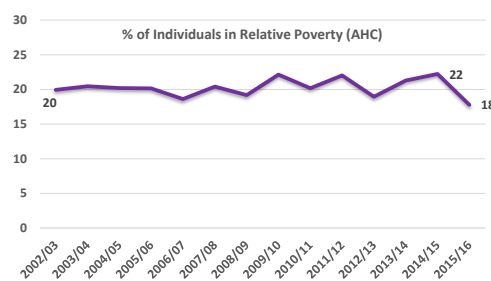
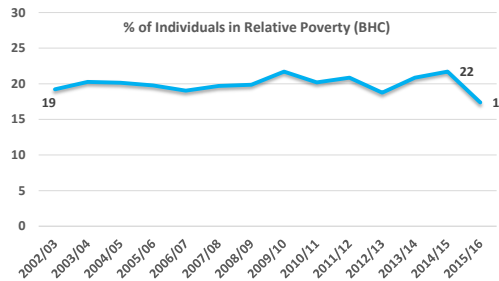
- The charts to the right show the proportion of income from the various sources for three different household types.
 - From the charts it is noticeable that, with the exception of those in the bottom quintile, households containing working age adults only and households that contain children receive the majority of their income from earnings; this is particularly evident in the higher quintiles.
 - Whereas, households containing pensioners and no children receive the majority of their income from state support and occupational pensions.
- See **Tables 2.1a – 2.1c** for a full breakdown.



Poverty Measures

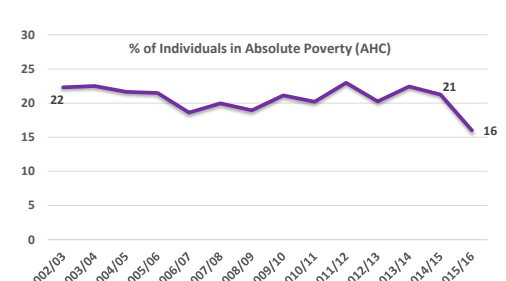
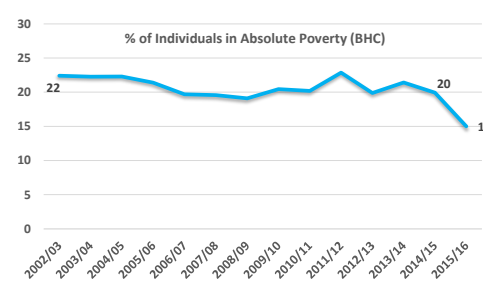
Relative Poverty

- An individual is considered to be in relative poverty if they are living in a household with an equivalised income below 60% of UK median income in the **year in question**.
- This is a measure of whether those in the lowest income households are keeping pace with the growth of incomes in the **population as a whole**.
- In **2015/16** the relative poverty threshold for a couple with no children was an income of **£288 per week** (BHC) from all sources. For a couple with children the threshold would be higher and for a single person (without children) the threshold would be lower (£193).



Absolute Poverty

- An individual is considered to be in absolute poverty if they are living in a household with an equivalised income below 60% of the (inflation adjusted) **UK median income in 2010/11**.
- This is a measure of whether those in the lowest income households are seeing their **incomes rise in real terms**.
- In 2015/16 the absolute poverty threshold for a couple with no children was an income of **£278 per week** (BHC).
- See **Tables 1.2 and 1.5** for full data.



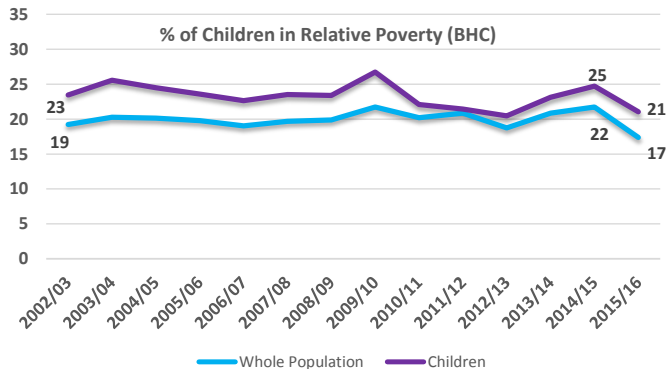
Main Findings

- Until 2015/16 **Relative Poverty** levels have been relatively unchanged from 2002/03. In 2015/16 **17% of individuals were considered to be in relative poverty BHC**, falling from 22% in 2014/15, this is the first statistically significant change over the time period.
- Until 2015/16 **Absolute Poverty** levels have also remained broadly similar since 2002/03. In 2015/16 **15% of individuals were considered to be in absolute poverty BHC**, falling from 20% in 2014/15, this is the first statistically significant change over the time period.
- The decreases in both relative and absolute poverty may be explained by other economic indicators, for example
 - higher earnings growth in Northern Ireland than in the UK, particularly at the lower end of the earnings distribution for 2015/16;
 - increases to the personal tax allowance; and
 - increases to the minimum wage may also have had a bigger impact in Northern Ireland than in the UK as a whole.
- The 2012 Welfare Reform legislation started to be introduced in GB in 2013. A number of Social Security benefit customers experienced a reduction in payments as a result. These same reforms only began to be introduced in Northern Ireland during 2016/17 therefore had no impact on household income in Northern Ireland during the 2015/16 survey period. The different timetable of Welfare Reform implementation may go some way to explaining why the decrease in poverty rates in Northern Ireland was not matched elsewhere in the UK.

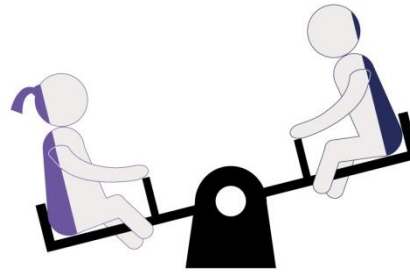
Children in Poverty

Three poverty measures for children from HBAI are referenced in the 2016 Welfare Reform and Work Act; a 60% relative poverty measure, a 60% absolute poverty measure, and a combined 70% low income and material deprivation measure. All use a before housing costs (BHC) measure of income. Further details are available in the Methodology document <https://www.communities-ni.gov.uk/topics/family-resources-survey#toc-2>

% of children in Relative Poverty BHC



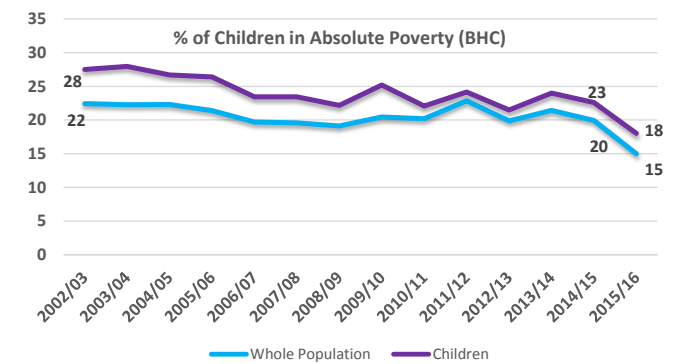
Children in Poverty



Relative Poverty BHC = 21%

Absolute Poverty BHC = 18%

% of children in Absolute poverty BHC



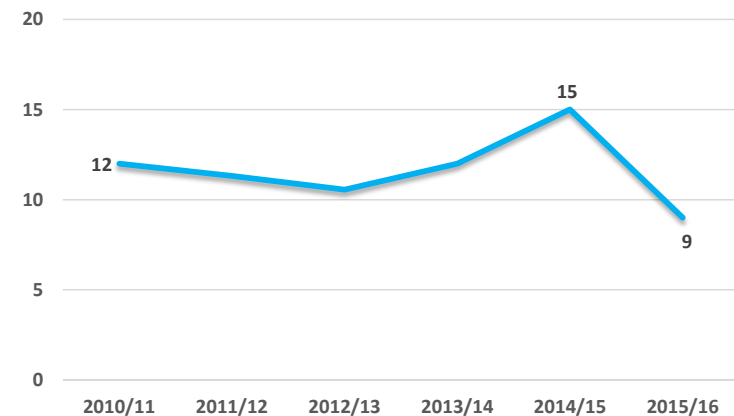
Main Findings

- The proportion of children in **relative poverty fell by 4 percentage points to 21%** in 2015/16 (BHC), down from 25% in the previous year. This is the lowest figure since a historic low of 20% in 2012/13.
- In 2015/16 the proportion of children in **absolute poverty has decreased to 18%** (BHC), down by 5 percentage points from the previous year. This marked a historic low over the course of the time series. **This is statistically significant.**
- The long term trend shows that **children are at a higher risk of living in poverty** than the overall Northern Ireland population in both relative and absolute measures. See **Tables 1.2 and 1.4** for data

Low Income and Material Deprivation

- Child Low Income & Material Deprivation** – respondents are asked whether they have access to a list of 21 goods and services including for example, affording to go on school trips or affording a warm winter coat. If they can't afford a given item, this is scored in the material deprivation measure, with items more commonly owned in the population given a higher weighted score. A child is considered to be in low income and material deprivation if they live in a family that has a total score of 25 or more out of 100 and an equivalised household income BHC below 70% of the median.
- The percentage of children in **combined low income and material deprivation fell 6 percentage points in 2015/16 to 9%**, which is the lowest level recorded since the new suite of questions were introduced in 2010/11. See **Tables 4.8** for full data.

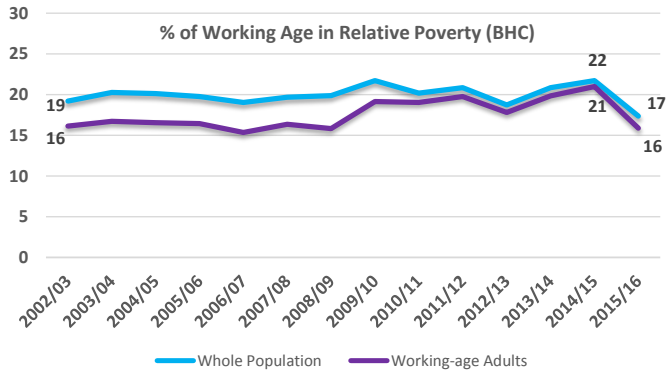
Percentage and number of children falling below thresholds of low income and material deprivation



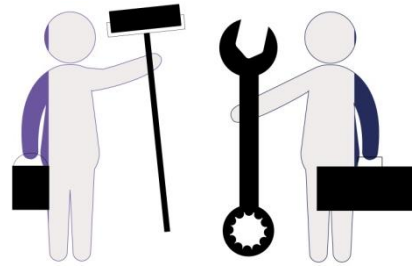
Working-age Adults in Poverty

Working-age adults make up approximately 60% of the Northern Ireland population, therefore changes in income within this group can have a large impact on the overall results. As seen in the 'Sources of Income' section on page 4, the majority of income for working-age adults is sourced from earnings and therefore results are sensitive to changes in the labour market.

% of Working-age Adults in Relative poverty BHC



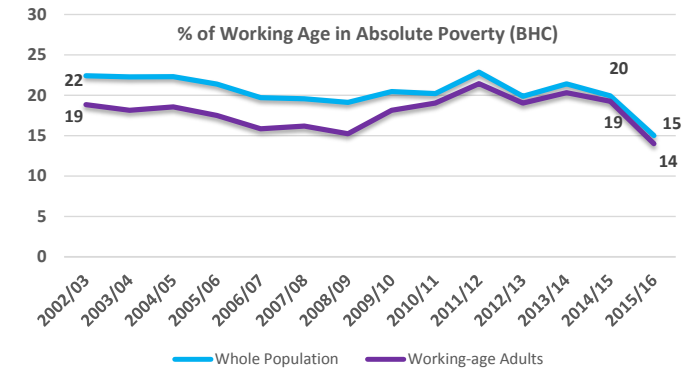
Working-age Adults in Poverty



Relative Poverty BHC = 16%

Absolute Poverty BHC = 14%

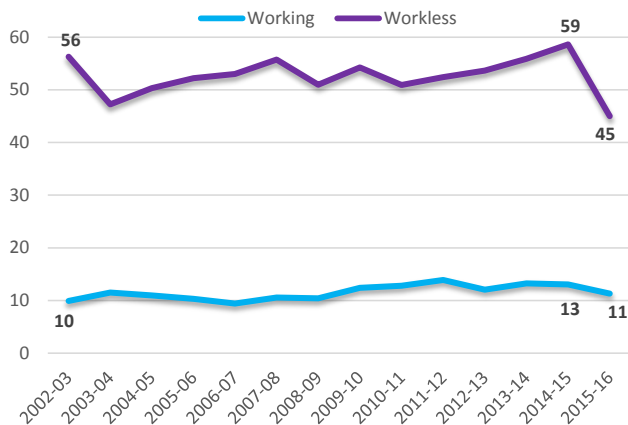
% of Working-age Adults in Absolute poverty BHC



Main Findings

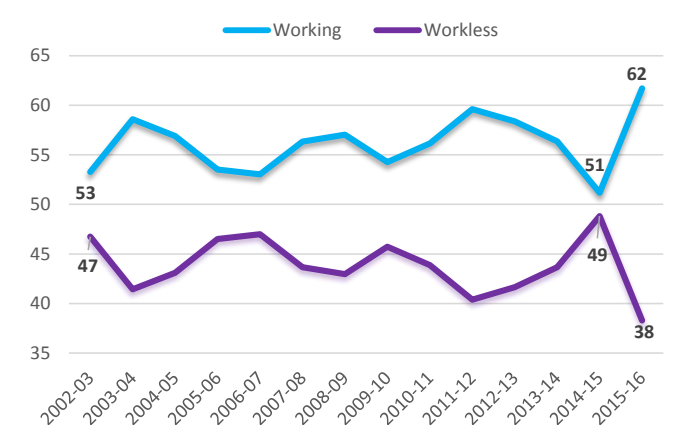
- The proportion of working-age adults in **relative poverty decreased by 5 percentage points to 16%** (BHC), down from 21% in the previous year which is a **statistically significant** decrease. At 16% this is the lowest the series has been since 2008/09.
- The proportion of working-age adults in **absolute poverty decreased by 5 percentage points to 14%** (BHC), which is a series low and down from 19% in the previous year. **This is statistically significant.**
- Absolute poverty gradually decreased from the start of the time series until around the time of the economic recession in 2008/09. Subsequently it increased 3 years in a row to a series high of 21% in 2011/12. Since then it has been lower than the series high for 4 years in a row.
- The percentage of working-age adults in both relative and absolute poverty has consistently been lower than that of the whole population, but has followed a similar trend.

% of Working-age adults in poverty by economic status



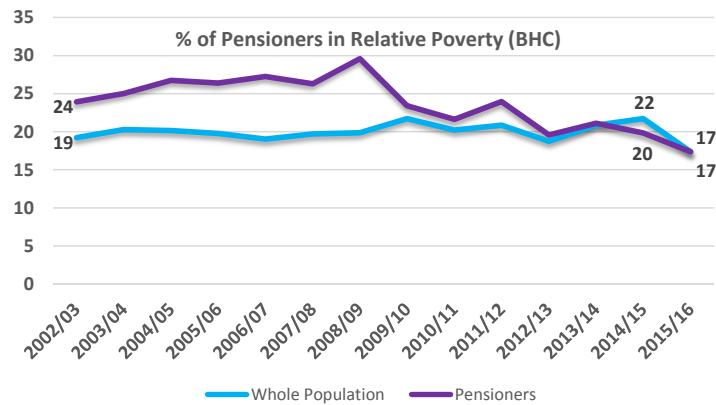
% of Working-age adults in poverty by economic status and composition

- Working-age adults in working families are much less likely to be in relative poverty than those families where no-one is in work (workless).
- In 2015/16, 11% of working-age adults in working families were in relative poverty BHC compared to 45% in workless families (down from 13% and 59% respectively)
- Although work reduces the likelihood of falling below poverty measures amongst working-age adults, the majority of those in relative poverty belong to working families.
- In total, 173,000 working-age adults were in relative poverty BHC with 62% in working families and 38% in workless families.



Pensioners in Poverty

% of Pensioners in Relative Poverty BHC



Pensioners in Poverty BHC

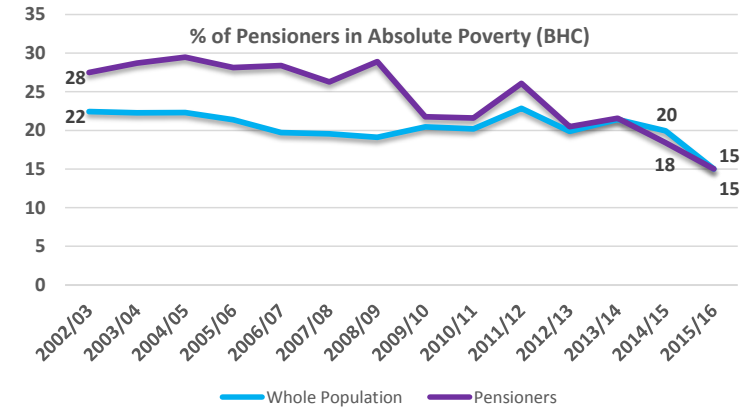


Relative Poverty BHC = 17%



Absolute Poverty BHC = 15%

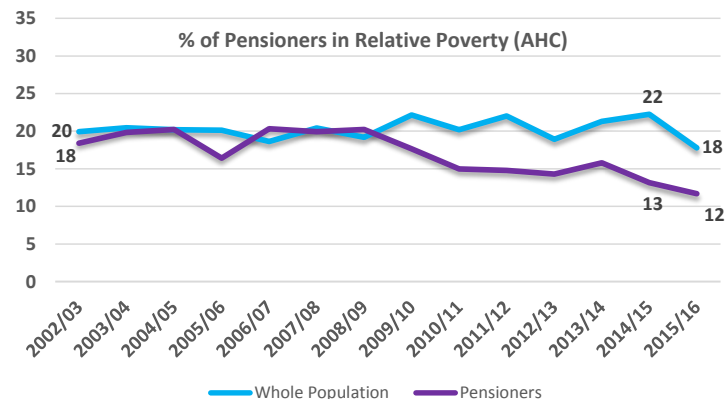
% of Pensioners in Absolute Poverty BHC



Main Findings

- The charts on this page provides pensioner analysis at both a BHC and AHC level for comparison. When looking at pensioner poverty **the After Housing Costs analysis (charts below) is the Government's preferred measure** due to the fact that over three quarters (76%) of pensioners live in homes that are owned outright (compared to approximately 27% of the working age population).
- The proportion of pensioners in **relative poverty AHC decreased by 1 percentage point to 12% in 2015/16**, down from 13% in the previous year and falling for the second consecutive year.
- The percentage of pensioners in **absolute poverty AHC decreased by 3 percentage points to 9% in 2014/15**, down from 12% in the previous year and marking a historic low.
- In 2015/16 **both relative and absolute poverty for pensioners has fallen to the lowest level recorded** since the start of the time series in 2002/03. As shown in the charts below, since 2008/09 pensioners have been at a much lower risk of being in poverty AHC than the population as a whole.

% of Pensioners in Relative Poverty AHC



Pensioners in Poverty AHC

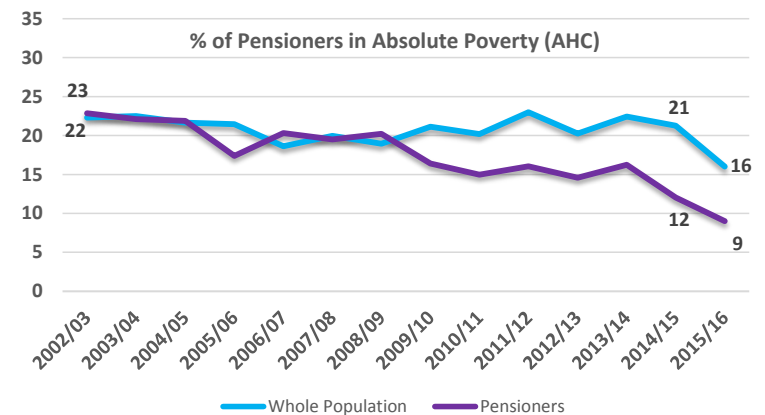


Relative Poverty AHC = 12%



Absolute Poverty AHC = 9%

% of Pensioners in Absolute Poverty AHC



Measuring income in HBAI

HBAI uses data from the Family Resources Survey (FRS) to derive a measure of disposable household income. Adjustments are made to take into account the size and composition of households to make figures comparable.

FRS Survey Data The FRS covers a statistically valid sample of approximately 2,000 private households in Northern Ireland. Therefore, certain individuals, for example students in halls of residence and individuals in nursing or retirement homes will not be included.

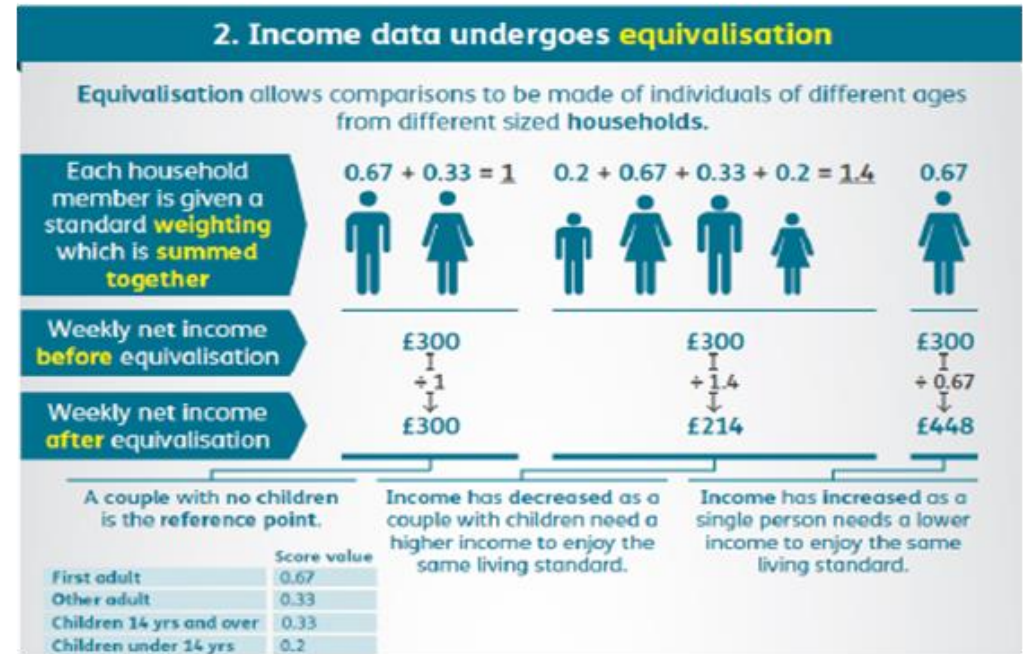
Sampling Error Survey results are always estimates, not precise figures and so subject to a level of uncertainty. Two different random samples from one population, for example NI, are unlikely to give exactly the same survey results. This level of uncertainty can be calculated and is commonly referred to as sampling error.

Non-Sampling Error These results are based on data from respondents to the survey. If people give inaccurate responses or certain groups of people are less likely to respond this can introduce biases and errors. This non-sampling error can be minimised through effective and accurate sample and questionnaire design and extensive quality assurance of the data. However, it is not possible to eliminate it completely, nor can it be quantified.

Income This is measured as total weekly household income from all sources (including child income) after tax, national insurance and other deductions. Income measures are presented before and after housing costs (rent, mortgage interest payments, buildings insurance etc.)

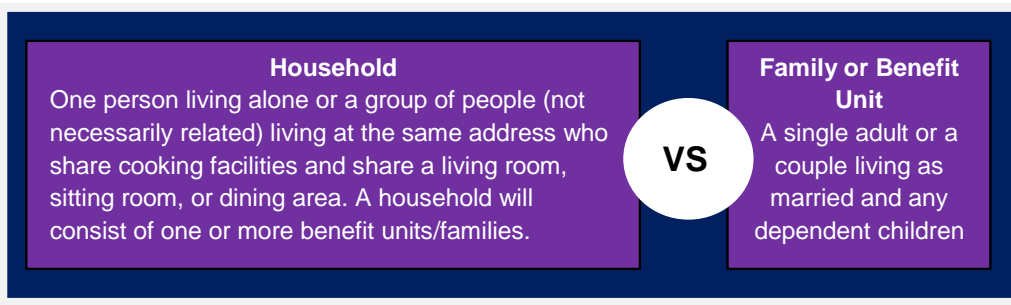
A household income measure implicitly assumes that all members of the household benefit equally from the household's income and so appear at the same position in the income distribution.

Equivalisation An adjustment is made to income to make it comparable across households of different size and composition. For example, this process of equivalisation would adjust the income of a single person upwards, so their income can be compared directly to the standard of living for a couple.



Inflation is the speed at which the prices of goods and services rise or fall. The use of different inflation measures has an effect on trends in average household income and absolute poverty measures in HBAI.

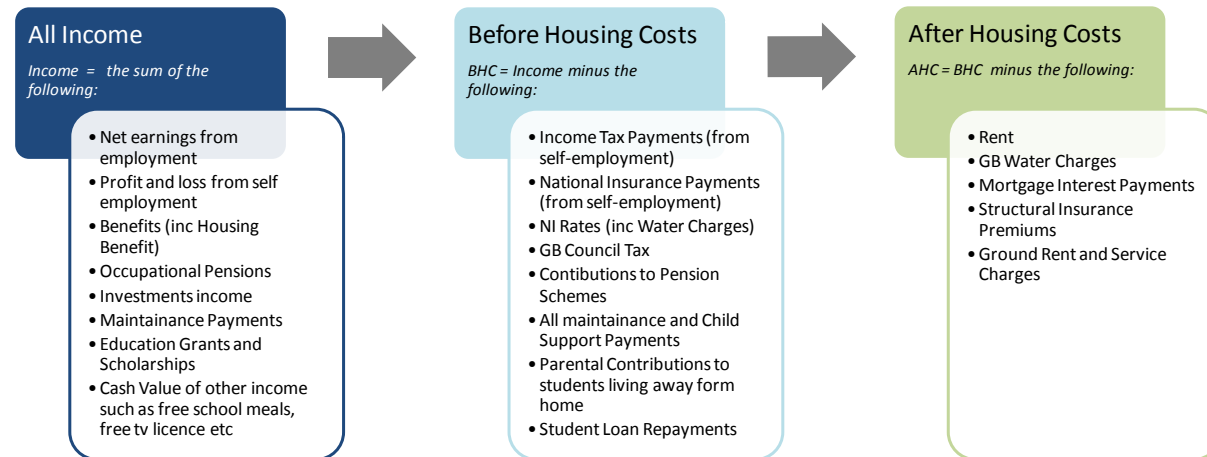
This report uses variants of the Consumer Price Index to adjust for inflation to look at how incomes are changing over time in **real terms**. For example, if average incomes rise by 3% in cash terms but inflation is higher at 5%, then we will record a fall in average incomes as the real average purchasing power of incomes has fallen.



About these statistics

Measurements of Income

HBAI presents analysis of disposable income on two bases: **Before Housing Costs (BHC)** and **After Housing Costs (AHC)**. The graphic below explains how the two measures are derived from all income received in a household.



While the AHC measure is comparable between Northern Ireland and UK, BHC analysis is not. This is due to the difference in the way water charges are collected.

National Statistics The United Kingdom Statistics Authority has designated these statistics as National Statistics, in accordance with the Statistics and Registration Services Act 2007 and signifying compliance with the Code of Practice for Official Statistics. Designation can be broadly interpreted to mean that the statistics:

- meet identified user needs;
- are well explained and readily accessible;
- are produced according to sound methods; and
- are managed impartially and objectively in the public interest.

Where to find out more

Supporting data tables and our HBAI Quality and Methodology Information Report, giving further detail on how we estimate the measures reported here are available via the following link: <https://www.communities-ni.gov.uk/topics/family-resources-survey#toc-2>

Other FRS Publications

Northern Ireland Urban Rural report

<https://www.communities-ni.gov.uk/publications/urban-rural-report-northern-ireland-2014-2015>

Northern Ireland households Poverty bulletin

<https://www.communities-ni.gov.uk/topics/family-resources-survey#toc-1>

Family Resources Survey report - Northern Ireland

<https://www.communities-ni.gov.uk/topics/family-resources-survey>

Pensioners' income series - Northern Ireland

<https://www.communities-ni.gov.uk/publications/pensioners-income-series-2014-2015>