

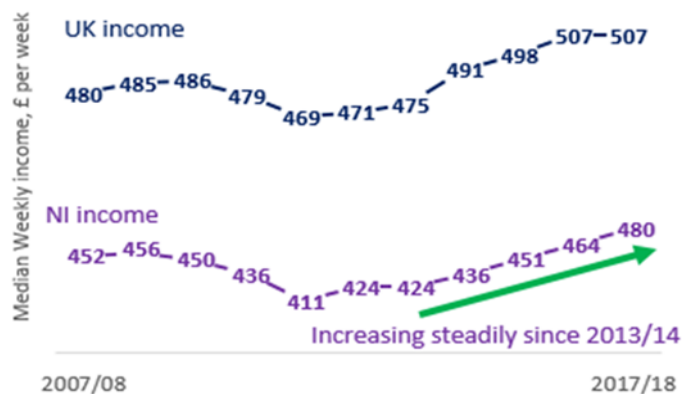
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The Households below Average Income for Northern Ireland (HBAI NI) report presents information on living standards in Northern Ireland based on household income measures for the 2017/18 financial year. The main source of data used in this report is the Family Resources Survey Northern Ireland (FRS NI). **Unless specifically stated, annual changes in the numbers and percentages presented in the body of this report are not statistically significant**

Main stories:

- Average (median is used as this is less sensitive to extreme values) Household Income in NI increased by 3% between 2016/17 and 2017/18, and is at its highest level over the time-series; increasing steadily since 2013/14.
- Income inequality (between lowest and highest income households) in Northern Ireland, as measured by the Gini Index Before Housing Costs (BHC), is at its lowest level over the HBAI time-series.
- Low-income Indicators show that the percentage of individuals living in low income households has fallen to the lowest levels in at least a decade.

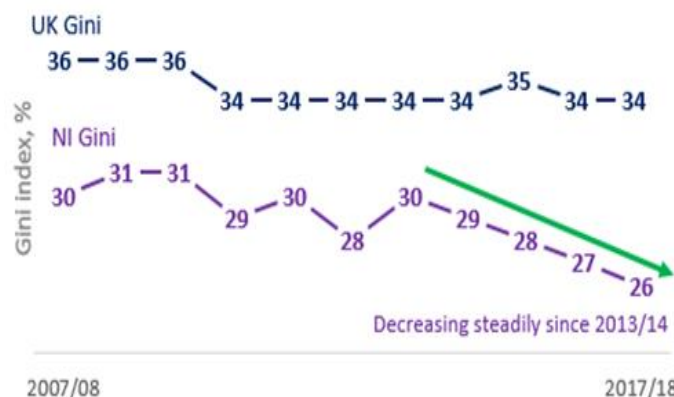
Household Income In 2017/18 prices



Average (median) household net disposable income, BHC has been increasing steadily since 2013/14 and now stands at £480 per week (£25,000 per year).

Taking account of inflation this is a £69 per week increase since a series low of £411 in 2011/12

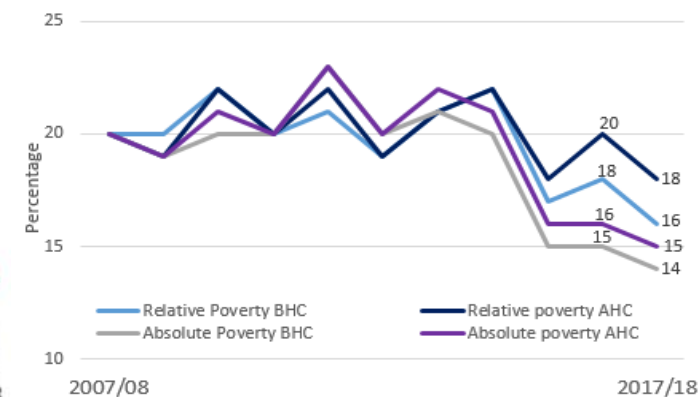
Income Inequality, as measured by the GINI Index



The Gini Index measures inequality in incomes of the lowest and highest income households. The index ranges from 0% (low- everyone has equal incomes) to 100% (high- one individual has all the income).

The measure has shown that income inequality has been falling in Northern Ireland since 2013/14.

Low income/Poverty Indicators



The percentage of individuals in Northern Ireland living in Relative and Absolute Poverty (BHC and AHC) has fallen significantly since 2014/15.

Although poverty levels fell between 2016/17 and 2017/18 the changes were not significant.

At a glance

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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>

Relative Poverty Threshold (Equivalised)



Absolute Poverty Threshold (Equivalised)



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 **estimates** 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

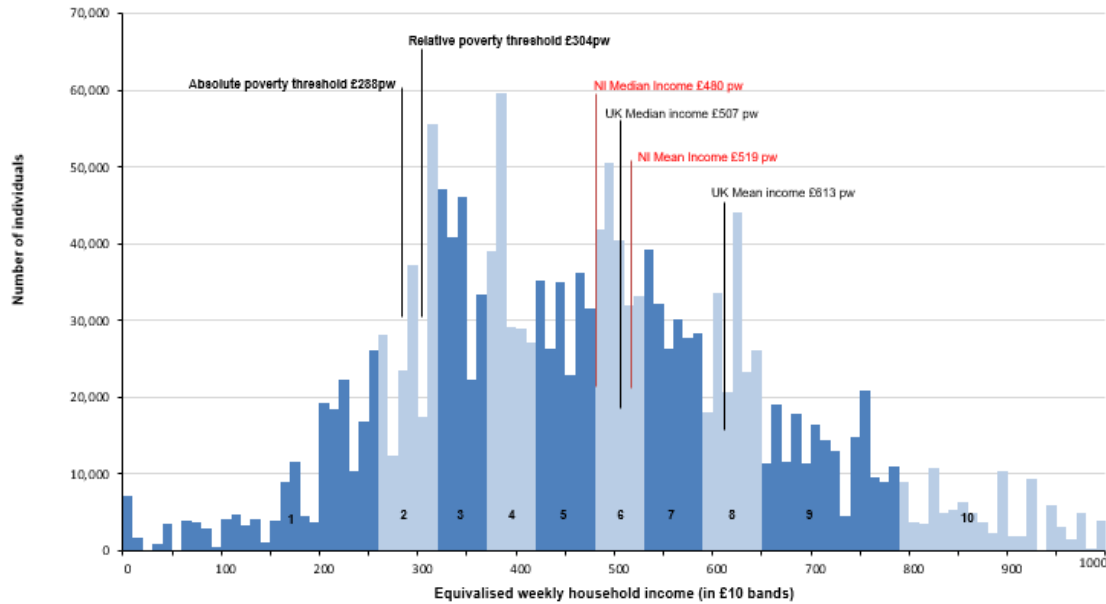
Supporting data tables are available to download at:

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

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The Overall Northern Ireland Income Distribution

Income distribution BHC for the total population, 2017/18, Northern Ireland



- In 2017/18 approximately 59% of individuals in Northern Ireland had a household income below the **NI mean income of £519 per week** resulting in a positive skew to the distribution. NI household incomes are more evenly distributed when compared with the UK, where approximately 72% of individuals lived in households with an income below the **UK mean income of £613 per week**.
- The presence of high-earning individuals skews the distribution, therefore the median is generally used as the standard measure of average income.
- Almost three fifths of individuals in Northern Ireland had a household income below the **UK median income** of £507 per week.
- There are approximately 78,000 individuals with an equivalised household income between £280 and £310 per week. With the relative and absolute poverty thresholds at £304 and £288 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. Note that this distribution should be treated as indicative of the actual distribution since confidence intervals associated with £10 bands will be very large.

Interpretation

- In 2017/18 average (median) real terms household income before housing costs increased to £480 per week (£25,000 per year), representing a 3% increase from the previous year. The after housing costs income increased by 2% to £431.
- 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 2017/18 both of these measures were the highest seen in the time series. 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 2017/18 was higher in Northern Ireland (3 percentage points (ppts) compared to 2 percentage points in the UK).

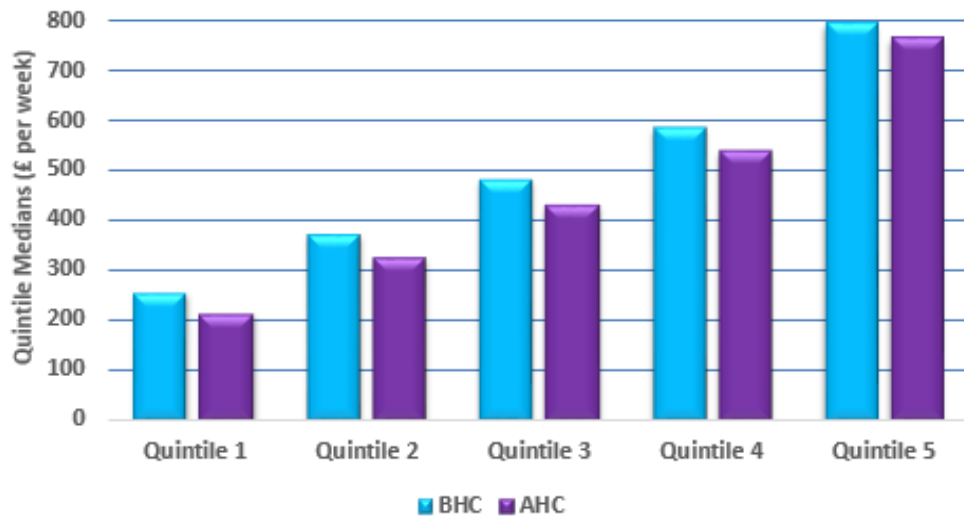
Average real terms incomes in 2017/18 prices



Income Equality

Income by quintile 2017/18, NI

Interpretation



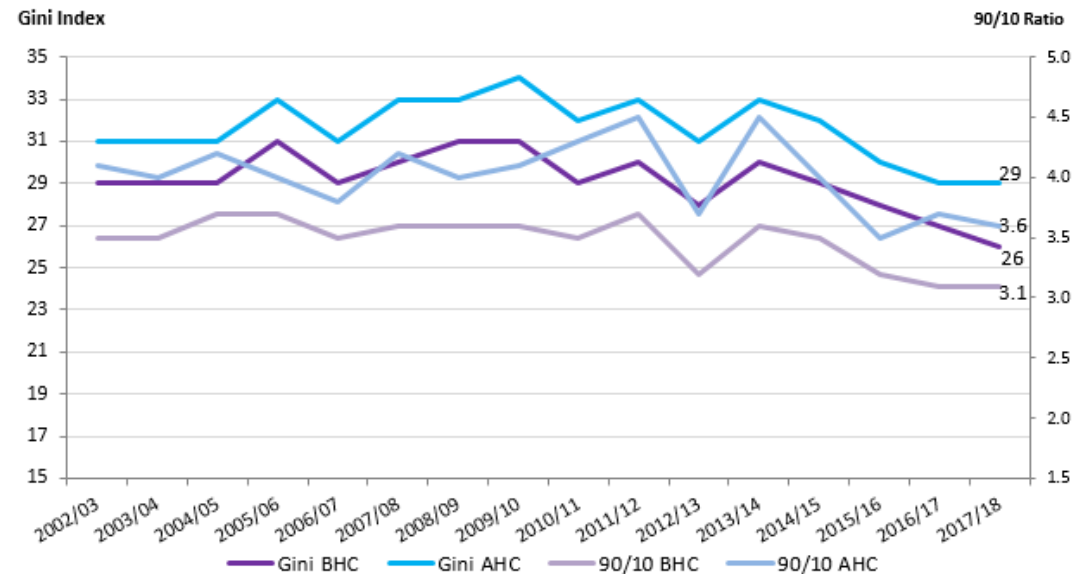
- Quintiles divide the population, when ranked by a particular variable (in this case household income) into five equal groups where the first and fifth quintiles represents the lowest and highest 20% of the income distribution respectively.
- By dividing the population into quintiles ranked by household income it enables analysis of how the most well off and least well off compare against each other.
- In 2017/18 the median values of the equivalised weekly income for each quintile on a BHC basis increase steadily between quintiles 1 and 4, with an average increase between quintiles of approximately £110 per week. This is also the case on an AHC basis (approximately £108 per week).
- The largest increase between consecutive quintiles is seen between quintiles 4 and 5 where equivalised weekly income is over £200 higher in quintile 5 compared to quintile 4. This is true for both the BHC and AHC measures.

See **Table 2.5** for full data.

Measuring Inequality

- 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 1, 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 index which is the coefficient multiplied by 100 showed a small decrease between 2016/17 and 2017/18 BHC (27% to 26%) but AHC remained the same (29%). The NI Gini index has shown signs of consistent reduction since 2013/14, and is lower than in the UK as a whole (34% BHC and 39% AHC) suggesting a more equal income distribution in NI than in the UK.
- The 90/10 ratio shows that in 2017/18 those households in the top 20% of the income distribution had a weekly income 3.1 times higher than those in the bottom (compared to 4.0 for the UK); while the AHC ratio saw a slight decrease in Northern Ireland to 3.6, compared with a small increase to 5.2 in the UK. See **Table 2.4** for full data.

Income inequality 2002/03 to 2017/18

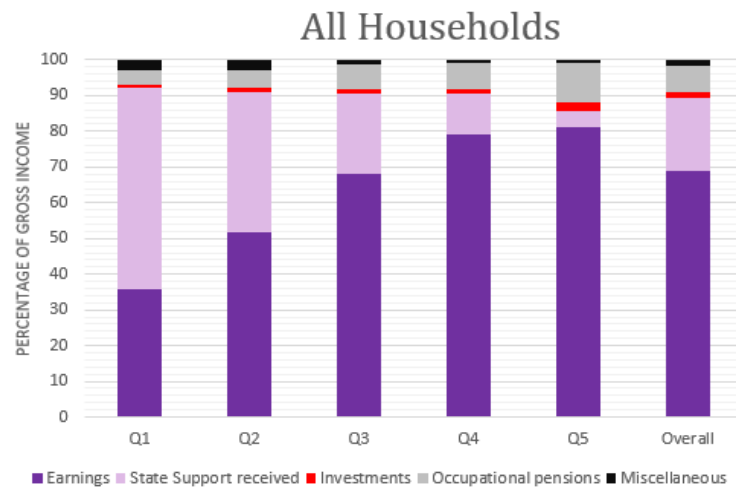


Sources of Income

Main Findings

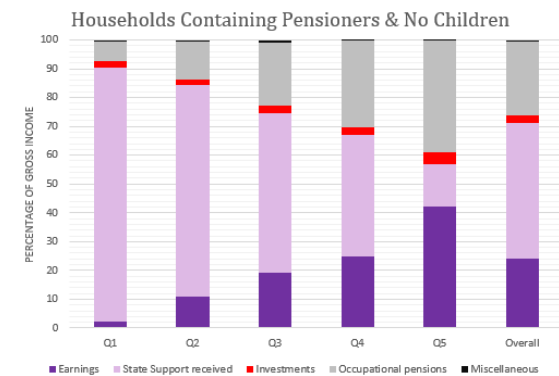
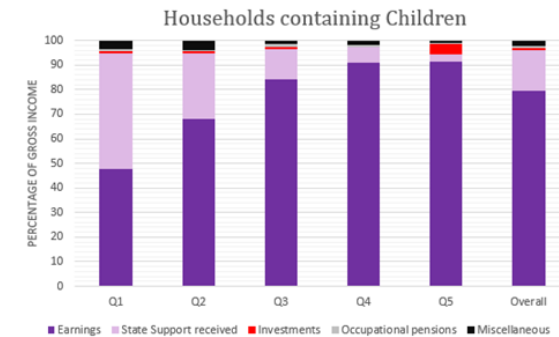
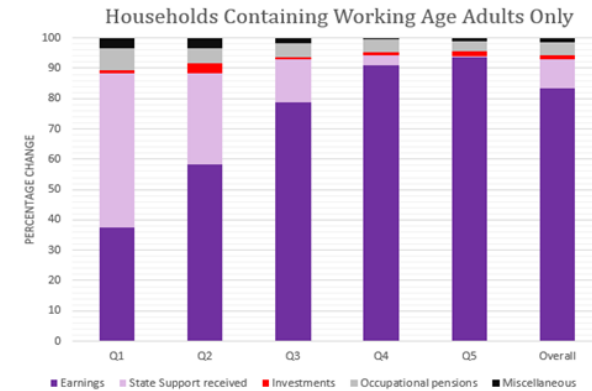
- The chart below shows the proportion of each income source that makes up the overall gross household income, divided into quintiles. It is evident from the chart that the two fundamental income sources that make up the majority of household income are earnings and state support which together account for approximately 89% of combined income. This is slightly higher than in the UK overall where 88% of income is sourced from earnings and state support.
- From the chart below it is clear that as the population moves from those in the bottom quintile to the fourth 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 proportion of gross income (BHC) by Quintile 2017/18



- 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 2.1 – 2.1c** for a full breakdown.

Income Sources as a % of gross income BHC by Quintile & household type 2017/18

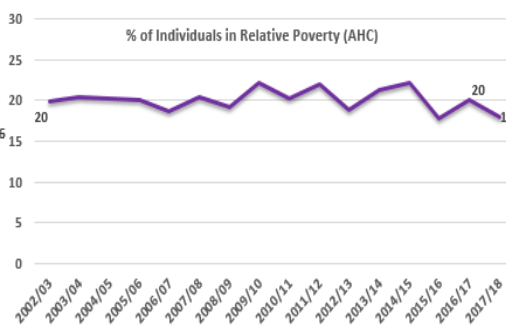
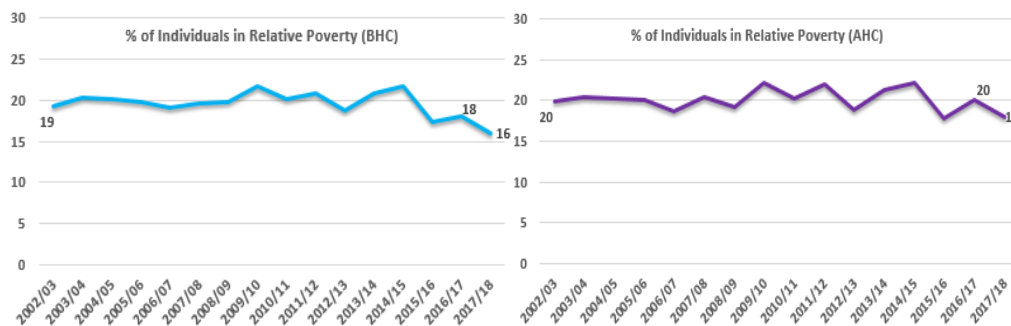


Poverty Measures

Relative Poverty

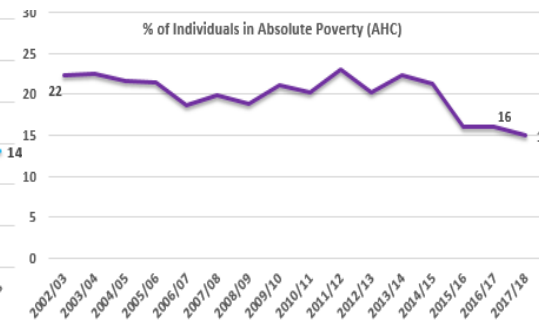
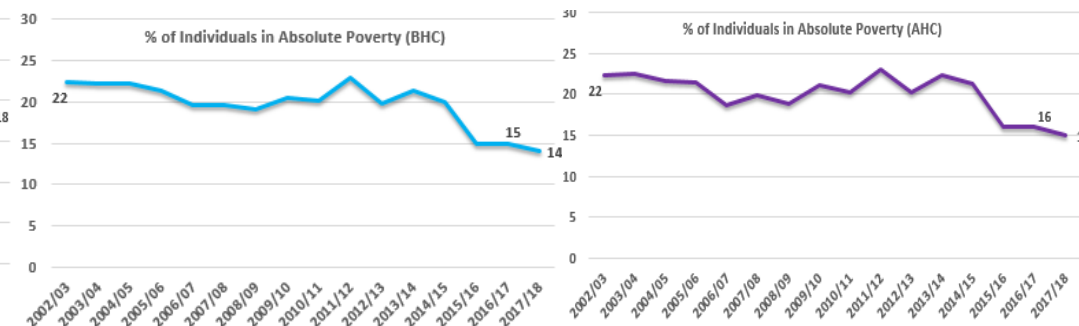
- An individual is considered to be in relative poverty if they are living in a household with an equivalised income below **60% of UK median income** in the **year in question**.
- This is a measure of whether those in the lowest income households are keeping pace with the growth of incomes in the **population as a whole**.
- In **2017/18** the relative poverty threshold for a couple with no children was an income of **£304 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 (£204).

❖ **Both Relative and Absolute Poverty (BHC) are used as key indicators in the NICS Outcomes Delivery Plan (ODP), to measure changes in poverty from a baseline year of 2014/15.**



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 2017/18 the absolute poverty threshold for a couple with no children was an income of **£288 per week** (BHC).
- See **Tables 1.2** and **1.5** for full data.



Main Findings

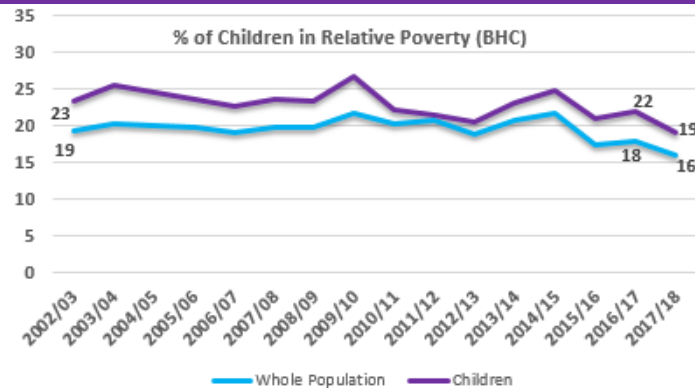
- In 2017/18 **16% of individuals in NI (approximately 292,000), were considered to be in relative poverty BHC**, this is comparable to 18% in 2016/17.
- In 2017/18 **14% of individuals in NI (approximately 249,000), were considered to be in absolute poverty BHC**, 1 percentage point lower than in 2016/17.
- Since 2014/15, there has been a statistically significant fall in the proportion of individuals in relative poverty, from 22% to 16% in 2017/18.
- Of all family types, couples without children had the lowest risk of being in relative poverty, at 7%. The family type at the highest risk was single with children, at 29%. More detail on poverty by different household characteristics can be found in the **tables in C3**.
- Relative poverty both BHC and AHC fell by 2 pts between 2016/17 and 2017/18. Although these changes were not significant, it suggests that housing costs have not had a substantial impact on the incomes of those at the lower end of the income distribution. More information on housing costs is included on page 9 and in **tables C9**.
- Other factors which could affect relative poverty would be:
 - Growth in median gross earnings for NI full-time employees (between April 2017 and April 2018); which was a slightly higher growth rate (after adjustment for inflation) than for the UK as a whole. The last three months of 2017/18 NI had the lowest unemployment rate of the UK regions. NI was also the region with the highest average number of hours worked both full-time and part-time¹.
 - The NI economic growth rate estimate increased slightly over the year; but the pace of growth has slowed.
 - The lag in the implementation of welfare reforms in NI compared to the rest of the UK and the introduction of mitigation schemes could possibly counter any negative effects of these other economic factors on the relative poverty rate in NI.

¹ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/regionallabourmarket/june2018>

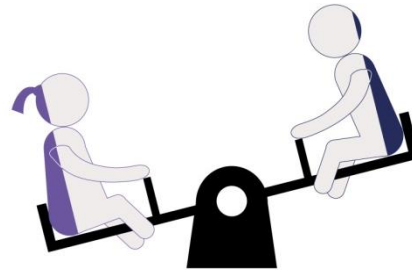
Children in Poverty

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



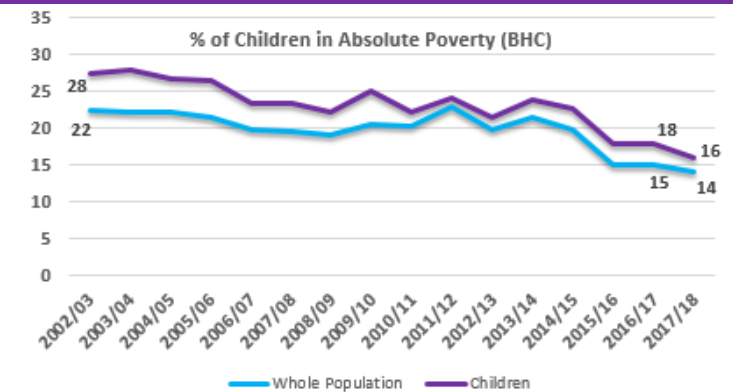
Children in Poverty



Relative Poverty BHC = 19%

Absolute Poverty BHC = 16%

% of children in Absolute poverty BHC



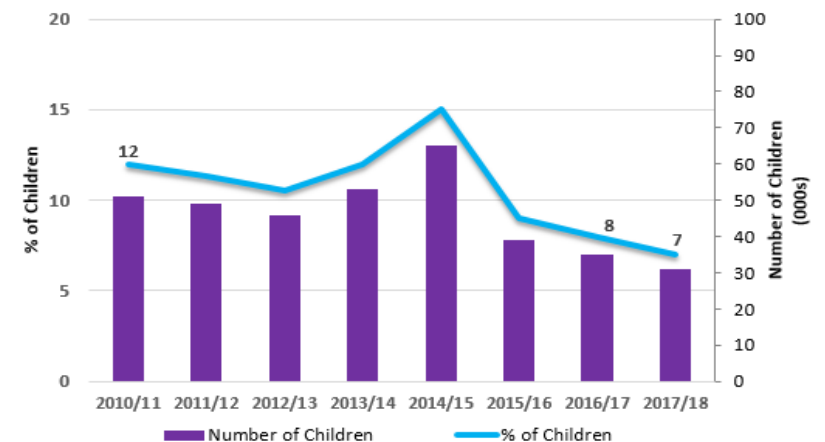
Main Findings

- The proportion of children in **relative poverty** is estimated to be **19% (approximately 85,000)** in 2017/18 (BHC), which is lower than the 22% estimate of the previous year.
- In 2017/18 the proportion of children in **absolute poverty** fell to a series low of **16% (approximately 69,000)** (BHC), 2 percentage points lower than the previous year and previous series low.
- 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 1.5** for data
- Since 2014/15, there has been a statistically significant fall in the proportion of children in relative poverty, from 25% to 19% in 2017/18.

Low Income and Material Deprivation

Percentage and number of children falling below thresholds of low income and material deprivation 2010/11- 2017/18

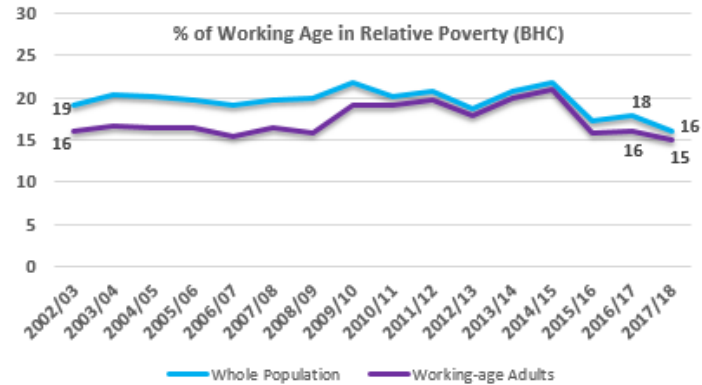
- **Child Low Income & Material Deprivation** – respondents are asked whether they have access to a list of 21 goods and services including for example, affording to go on school trips or affording a warm winter coat. If they can't afford a given item, this is scored in the material deprivation measure, 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 estimated percentage of children in **combined low income and material deprivation** fell **1 percentage point in 2017/18 to 7%** (12% in the UK), which is the lowest level recorded since the new suite of questions were introduced in 2010/11. See **Table 4.8** for full data. The difference in the 2010/11 and 2017/18 estimate is statistically significant.



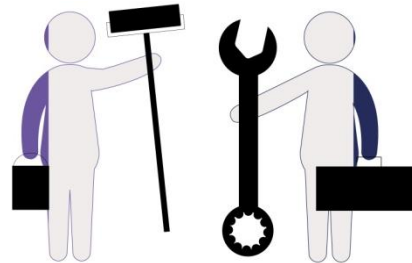
Working-age Adults in Poverty

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



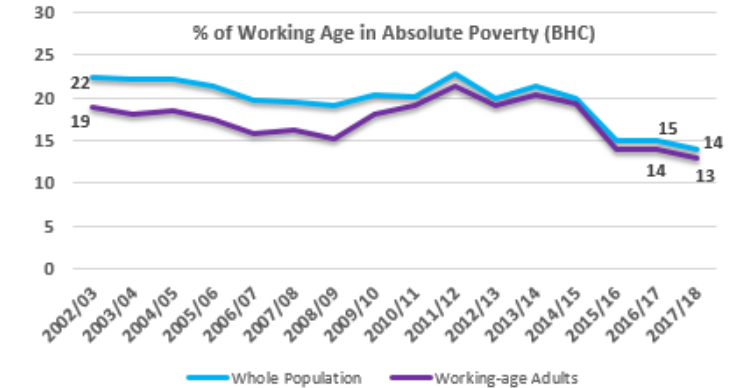
Working-age Adults in Poverty



Relative Poverty BHC = 15%

Absolute Poverty BHC = 13%

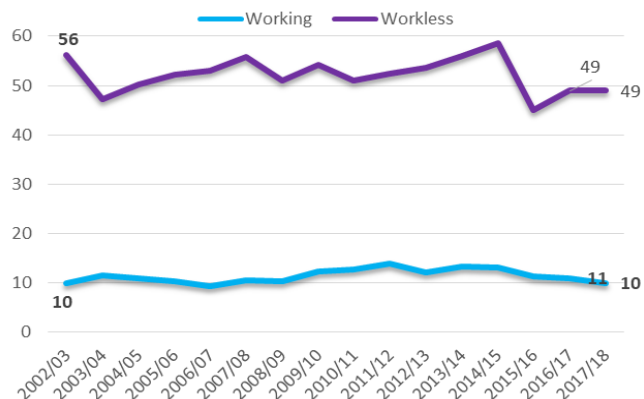
% of Working-age Adults in Absolute poverty BHC



Main Findings

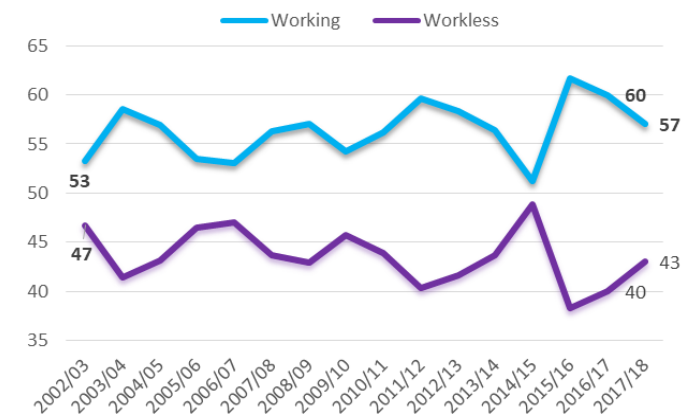
- The proportion of working-age adults in **relative poverty** in 2017/18 fell to 15% (approximately 162,000), from 16% in 2016/17 (BHC). At 15% this is the lowest the series has been since 2008/09.
- The proportion of this group in **absolute poverty** in 2017/18 also fell 1 percentage point from 2016/17 to 13% (approximately 139,000) (BHC), a new series low.
- Since 2014/15, there has been a statistically significant fall in the proportion of working-age adults in relative poverty, from 21% to 15% in 2017/18.
- Absolute poverty for the Working Age 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 6 years in a row and stands at 13% in 2017/18.
- 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



- In 2017/18, 10% of working-age adults in working families were in relative poverty BHC compared to 49% in workless families (remaining the same as the previous year)
- Although employment reduces the likelihood of working-age adults being in poverty, the majority of those in relative poverty belong to households where someone works. This is because there is a greater number of working households in general, when we look at the profile of those living in poverty.
- In total, 162,000 working-age adults were in relative poverty BHC with 57% in working families and 43% in workless families.

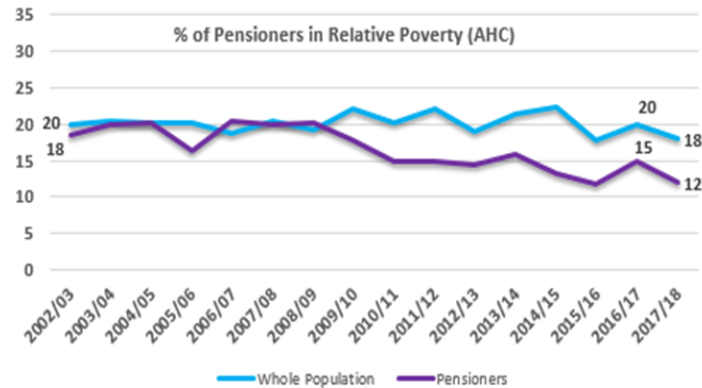
Composition of Working-age adults in poverty by economic status



Pensioners in Poverty

When looking at pensioner poverty the **After Housing Costs analysis is the Government's preferred measure**. This is because over three quarters (78%) of pensioners live in homes that are owned outright (compared to approximately 29% of the working age population). The charts on this page provide pensioner analysis on an AHC basis.

% of Pensioners in Relative Poverty AHC



Pensioners in Poverty AHC

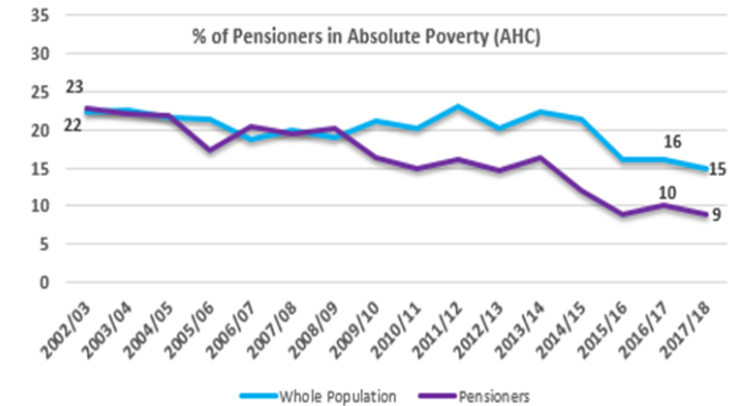


Relative Poverty AHC = 12%



Absolute Poverty AHC = 9%

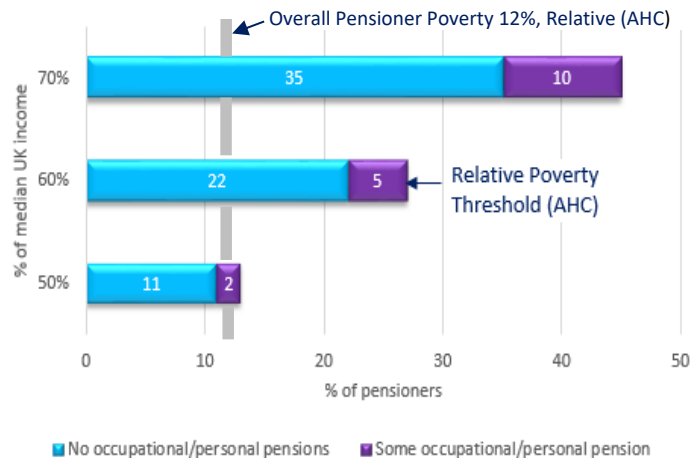
% of Pensioners in Absolute Poverty AHC



Main Findings

- The estimated proportion of pensioners in **relative poverty AHC** was **12% (approximately 36,000)** in 2017/18, a fall from 15% in the previous year.
- The estimated percentage of pensioners in **absolute poverty AHC** was **9% (approximately 27,000)** in 2017/18, comparable to 10% in the previous year.
- As shown in the charts above, after 2008/09 pensioners have been at a much lower risk of being in poverty AHC than the population as a whole.
- BHC and AHC measures are available in **Tables 1.2 and 1.5** with further pensioner analysis available in Section 6 of the tables which accompany this report
- Since 2014/15, there has been a statistically significant fall in the proportion of pensioners in relative poverty, from 20% to 15% in 2017/18.

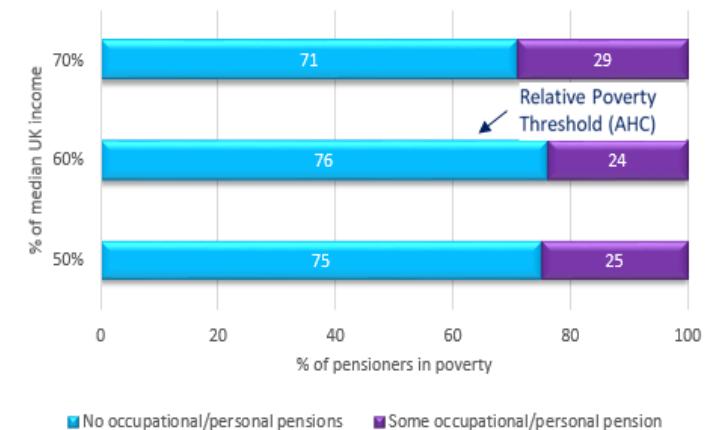
% of Pensioners in low income by pension receipt*



- In 2017/18, 22% of pensioners who were not in receipt of an occupational/personal pension were classed as being in relative poverty (AHC), compared to only 5% of those who were in receipt of some occupational/personal pension.
- Approximately 36,000 pensioners were in relative poverty (AHC) in 2017/18 and, of these, 76% had no occupational/personal pension provision.

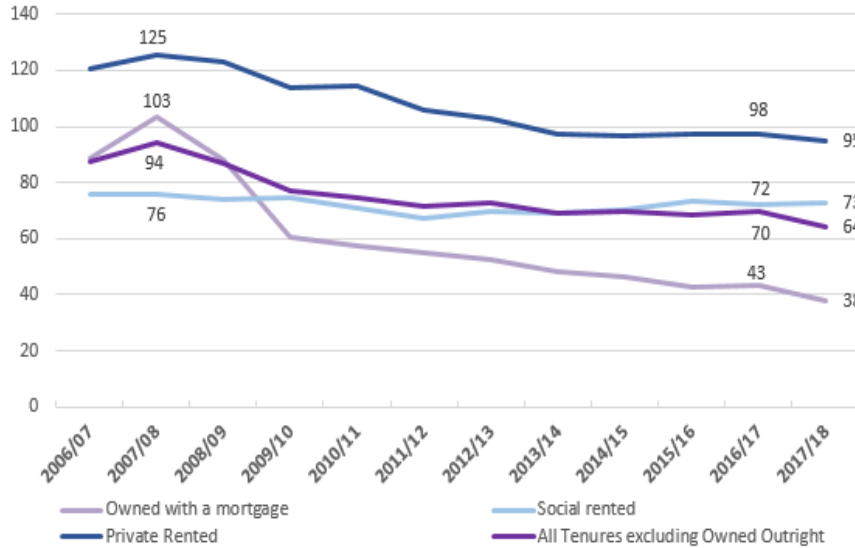
* Pension receipt based on Pensioner benefit unit i.e. pension receipt of the single pensioner or pensioner couple

Composition of Pensioners in low income by pension receipt*



Housing Costs and Poverty by Tenure

Housing Costs by tenure per week (2017/18 Prices)

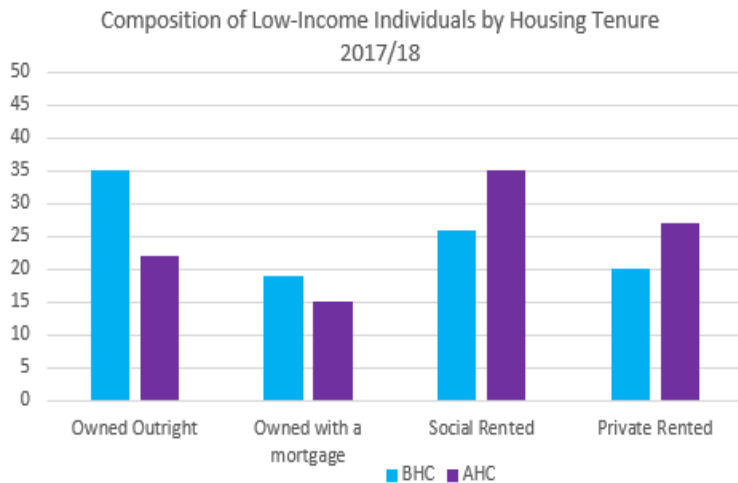


Main Findings

- The poverty estimates reported in this bulletin measure relative and absolute poverty on both a BHC and AHC basis, represented by the charts on page 5. The background data available in the accompanying tables (**Tables 1.2 and 1.5**) show that these estimates can vary by between 1 and 5 percentage points.
- The highest housing costs (for 'All Tenures excluding Owned Outright') over the time series, were in 2007/08 (£94 per week); the 2017/18 figure stands at 17% below that level (£64 per week).
- Comparing different tenures for the same time period (2007/08 to 2017/18), average housing costs for Owning with a Mortgage** is currently approximately 63% lower, Private Rented sector 24% lower and Social Rented sector 4% lower.
- The highest housing costs in 2017/18 (£95 per week) are associated with the Private Rented sector compared with £73 for Social Rented and £38 for Owned with a Mortgage**.

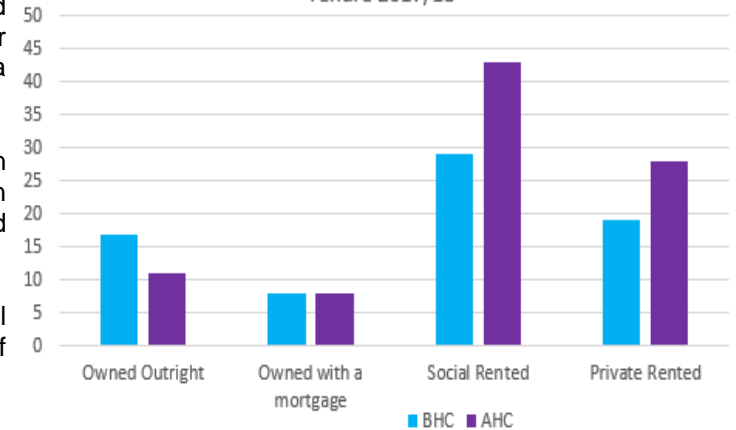
**Note that the housing costs associated with those Owning with a Mortgage only include the interest component of mortgage payments.

Composition and Percentage of Individuals in Relative Low Income by Housing Tenure



- Of those individuals in relative low income BHC 35% live in homes which are Owned Outright, 20% live in the Private Rented sector, 26% live in the Social Rented sector and 19% live in homes owned with a mortgage.
- On an AHC basis the figures are 27% in private rented, 22% Owned Outright, 35% in the Social Rented sector and 15% Owned with a Mortgage.
- In 2017/18 individuals living in the Social Rented sector were at the highest risk of relative poverty, both BHC and AHC.
- More analysis is provided in Tables 9.1-9.3

Percentage of Individuals in Relative Low-Income by Housing Tenure 2017/18



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.

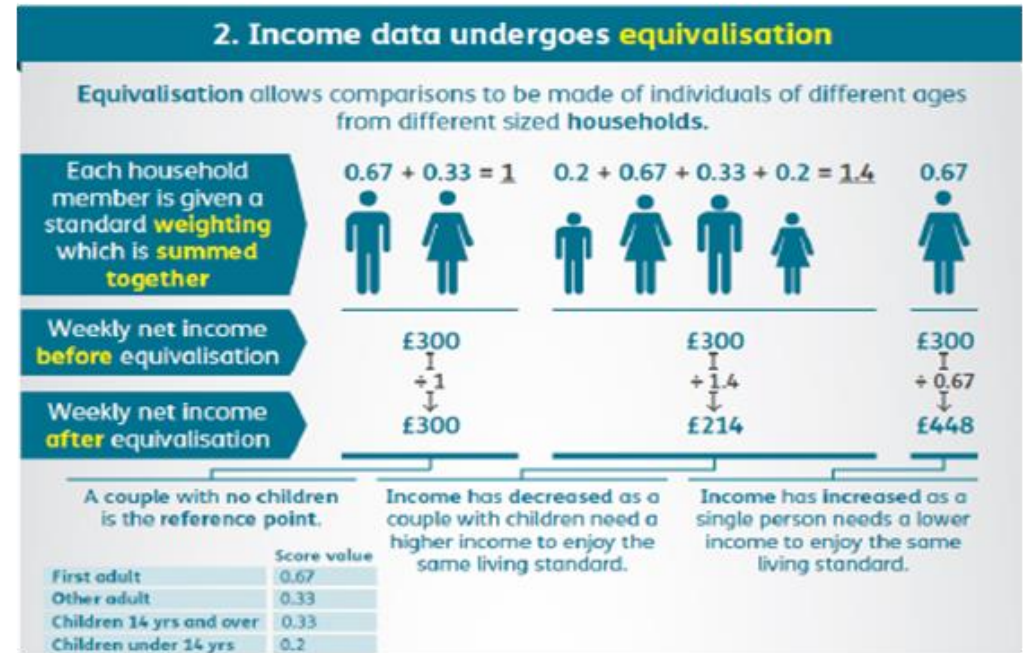
Sampling Error Survey results are always estimates, not precise figures and so are subject to a level of uncertainty. Two different random samples from one population, for example NI, are unlikely to give exactly the same survey results. This level of uncertainty can be calculated and is commonly referred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

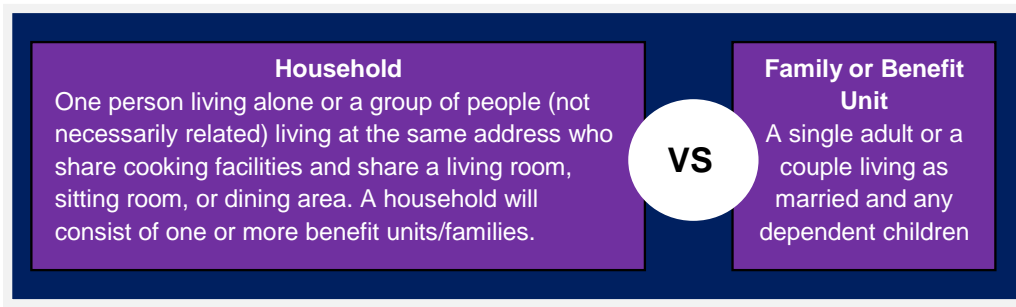
A household income measure implicitly assumes that all members of the household benefit equally from the household's income and so appear at the same position in the income distribution.

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.

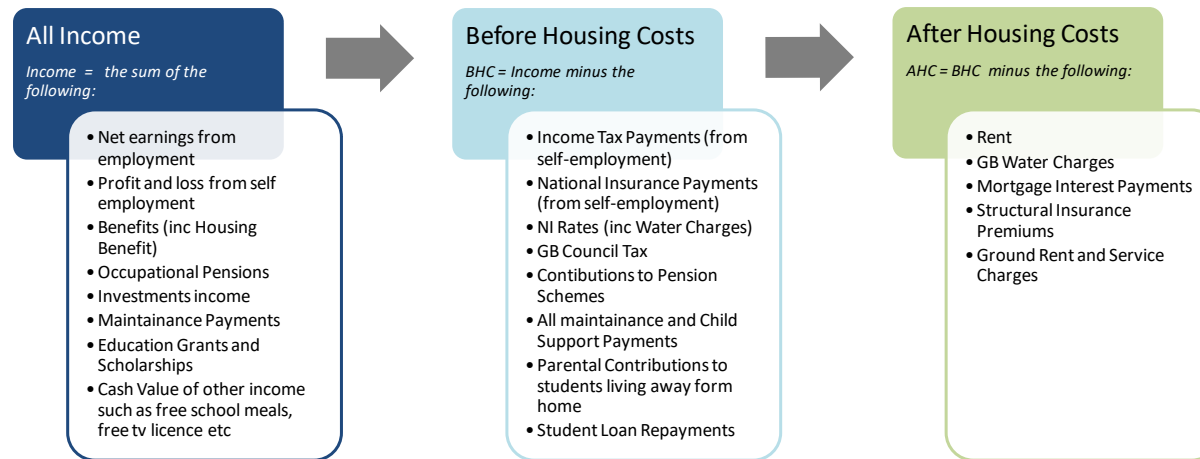
This report uses variants of the Consumer Price Index to adjust for inflation to look at how incomes are changing over time in **real terms**. For example, if average incomes rise by 3% in cash terms but inflation is higher at 5%, then we will record a fall in average incomes as the real average purchasing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

In April 2012, the United Kingdom Statistics Authority designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the [Code of Practice for official Statistics](#).

National Statistics status means the highest standards of trustworthiness, quality and public value. All official statistics should comply with all aspects of the Code of Practice for Official Statistics. They were [awarded National Statistics status](#) following an [assessment](#) by the Authority's regulatory arm. The Authority considers whether the statistics meet the highest standards of Code compliance, including the value they add to public decisions and debate.

It is the Departments' responsibility to maintain compliance with the standards expected of National Statistics. If we become concerned about whether these statistics are still meeting the appropriate standards, we will discuss any concerns with the Authority promptly. National Statistics status can be removed at any point when the highest standards are not maintained, and reinstated when standards are restored.

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>

For other queries or to **provide feedback** please contact asu@communities-ni.gov.uk or telephone Louise Grieve **028 90823 588**

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>