



COMPARING CHILD POVERTY IN NORTHERN IRELAND WITH OTHER REGIONS

RESEARCH BRIEFING FOR OFMDFM COMMITTEE

This research briefing looks at child poverty in Northern Ireland compared with other UK regions, the Republic of Ireland, and other EU countries.

It concludes that there are so many measures of poverty available that the picture has become somewhat confused. However, using the only comparable measure available, it would appear that the level of child poverty in Northern Ireland is above that in Great Britain and the Republic of Ireland, and well above the EU average.

INTRODUCTION

“The true measure of a nation’s standing is how well it attends to its children – their health and safety, their material security, their education and socialization, and their sense of being loved, valued, and included in the families and societies into which they are born.” UNICEF¹

Modern definitions of child poverty have moved away from conceptions based on a lack of physical necessities towards a more social and relative understanding. Using Townsend’s definition², children can be said to live in poverty when they live in families which lack the resources to enable their children to participate in the activities and have the living conditions and amenities which are customary, or at least widely encouraged or approved. They are effectively excluded from ordinary living patterns, customs and activities. Poverty in childhood is harmful to current well-being and a threat to well-becoming. Poverty in childhood is associated with many other problems-poor physical and mental health, low educational attainment, poor housing conditions and homelessness, crime, addiction, and in adulthood, early partnering and child-bearing, family breakdown, unemployment and low pay³.

¹ http://www.unicef.org.uk/publications/pdf/rc7_eng.pdf

² Townsend, Peter. 1979. “Poverty in the United Kingdom” Allen Lane: London.

³ The written evidence from a range of organisations and academics including: Save the Children, Children Poverty Action Group and Ending Child Poverty in Northern Ireland.

CHILD POVERTY IN THE UK

Traditionally the UK government measured and defined poverty in terms of low household income using a poverty line set as a proportion of mean income. In 1998, median household income was adopted by the European Union as the key income threshold. Typically a threshold of less than 60 percent of national median equivalised household income has been the definition and measure of poverty used by European bodies since then (although the OECD use a 50% median threshold). In analysis of income data and low income thresholds, household incomes are adjusted statistically by a process known as equivalisation. Equivalisation takes account of the variations in household size and composition. A number of equivalisation scales or systems of weights have been in use internationally. The UK's Households Below Average Income (HBAI) series used McClements scales but EUROSTAT used the modified OECD scale (See Annex A). From 2005 the UK used the Modified OECD equivalence scale. In addition to adoption of the OECD equivalisation scale and the development of the UK's new child poverty measure⁴ the UK adopted the new European Union Statistics on Income and Living Conditions (EU-SILC) mixed poverty measure which combines indicators of deprivation with household income data.

The Government's latest measure of child poverty, announced in December 2003, consists of three elements as follows:

- Absolute low income-to measure whether the poorest families are seeing their incomes rise in real terms.
- Relative low income-to measure whether the poorest families are keeping pace with the growth of incomes in the economy as a whole.
- Material deprivation and low income combined-to provide a wider measure of people's living standards-the mixed tier.

These inter-related indicators (tiers) capture different aspects of poverty whilst respecting the finding that income is at the core of people's conception of poverty.

A number of child poverty targets were also set by the Department of Works and Pensions (DWP)⁵ as follows:

- To reduce child poverty by 25% across the UK by 2005
- To reduce child poverty by 50% across the UK by 2010
- To eradicate child poverty across the UK by 2020

The baseline for these targets was the number of children living in poverty in 1998/1999 (i.e. living in households below the 60% median income threshold), measured using the Family Resources Survey (FRS). However, when the FRS data for 2004/2005 was released in March 2006, it was clear that the first target of reducing the number of children living in poverty by 25% was missed (a reduction of 17% was achieved⁶).

The targets were originally based on the 60% median income threshold both before and after housing costs, but the 2010 target of cutting child poverty by 50% will now be

⁴ The new UK tiered measure published by Department for Work and Pensions, 2003.

<http://www.dwp.gov.uk/childpoverty/>

⁵ <http://www.dwp.gov.uk>

⁶ <http://www.jrf.org.uk/child-poverty>

based only on income before housing costs to bring it into line with the EU income poverty measure.

The latest child poverty figures, published as part of the annual Household Below Average Income (HBAI) report⁷ by the Department for Work and Pensions shows that child poverty now stands at 2.8 million measured before housing costs and 3.8 million measured after housing costs. This represents 22% and 30%, respectively, of all children in the UK (Tables 1 and 2)⁸.

Table 1: Number and % of children in poverty before housing costs, UK*

Year	Millions	% of children
96/97	3.4	27
97/98	3.4	27
98/99	3.4	26
99/00	3.4	26
00/01	3.1	23
01/02	3.0	23
02/03	2.9	23
03/04	2.9	22
04/05	2.7	21
05/06	2.8	22

*Figures are for the UK from 1998/99 onwards. Earlier years are for GB only.
Note: All

Source: HBAI 1994/95-2005/06

Table 2: Number and % of children in poverty after housing costs, UK*

Year	Millions	% of children
96/97	4.3	34
97/98	4.2	33
98/99	4.4	34
99/00	4.3	33
00/01	4.1	31
01/02	4.0	31
02/03	3.9	30
03/04	3.7	29
04/05	3.6	28
05/06	3.8	30

*Figures are for the UK from 1998/99 onwards. Earlier years are for GB only
Note: OECD

⁷ <http://www.dwp.gov.uk/asd/hbai.asp>

⁸ Tables reproduced from Child Poverty Action Group briefing -
http://www.cpag.org.uk/info/briefings_policy/CPAG_briefingHBAI_2006.pdf

Table 3 provides a useful picture of the composition of poor households with children in the UK (based on the 60% median income threshold).⁹ The figures show that lone parent households make up about two-fifths of poor households with children and that household with a disabled adult make up about one-fifth.

Table 3. Composition of Poor Households with Children in the UK

	Before Housing Costs (%)	After Housing Costs (%)
Lone parent	40	42
Couple with children	60	58
One or more adults in work	34	33
Workless households	45	43
Four or more children in family	17	15
One or more disabled adults in household	21	19
In receipt of Child Tax Credit	54	55
In receipt of Working Tax Credit	17	18
In receipt of Income Support	33	34
Youngest child under 5	44	45
Local Authority tenure	27	24
Owned with mortgage	33	33
No savings	65	65
London	15	17

Source: HBAI 1994/95-2005/06

⁹ Table reproduced from Child Poverty Action Group briefing - http://www.cpag.org.uk/info/briefings_policy/CPAG_briefingHBAI_2006.pdf

CHILD POVERTY IN NORTHERN IRELAND

A recent report by the Joseph Rowntree Foundation, '*Monitoring poverty and social exclusion in Northern Ireland*'¹⁰, concluded that Northern Ireland stands out from Great Britain in the following ways:

- 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.
- 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.
- 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.
- 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. Nearly 80% of social sector households are headed by someone not in paid work.
- 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.

In addition, the following inequalities within Northern Ireland were highlighted:

- 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'). But this west-east pattern does not always apply, with aspects of housing quality and low birthweight babies being two exceptions.
- 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.
- 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

¹⁰ see www.jrf.org.uk/knowledge/findings/socialpolicy/1968.asp (published in November 2006)

- households, whether or not they face an increased likelihood of being a victim of such crime.
- 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.
 - 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.
 - The **2½-fold difference in the rate of premature mortality** between the managerial and professional class and those in routine or manual occupations. Overall, there are around 3,000 premature deaths per year in Northern Ireland.
 - 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.
 - 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).

The recently published Anti-Poverty and Social Inclusion Strategy for Northern Ireland, 'Lifetime Opportunities'¹¹, sets out the following goals in relation to children:

- End child poverty by 2020 (reduce by 65,000 by 2010)
- Develop and implement a pre-school to age 6 curriculum by 2020
- 70% of all infants to be breast-fed by 2025 (50% by 2010)
- Every child to experience and reap benefits offered by good quality play provision
- Provide opportunities for children and young people in rural areas to benefit from projects and schemes such as accessible rural transport, day care provision, crèches and initiatives that also support parents
- Support for parents and local authorities by 2020 to help children reach their potential
- All children to fulfil potential to obtain basic numeracy and literacy levels by 2020

¹¹ see <http://www.ofmdfinni.gov.uk/antipovertynov06.pdf> - published November 2006.

- Ensure schools become established centres of community by 2020
- Professional childcare available to all by 2020
- Substantial improvement in educational attainment of pupils from disadvantaged backgrounds by 2020
- Improve mental health of young people by 20% (based on General Health Questionnaire) by 2025
- Support local authorities by 2020 in addressing gaps and providing services for children and young people in rural areas
- Ensure every child and young person has a decent, warm home in a safe environment with access to cultural and recreational activities by 2020
- Reduce disability and long-term health problems and increase life expectancy through promotion of road safety by 2020.

It is too early to comment on progress against these targets at present, as the strategy was only published last year. Furthermore, Northern Ireland's position on child poverty compared with other UK regions depends on whether it is measured using the 60% median threshold before or after housing costs. Tables 4 and 5 below show the percentage and numbers of children defined as being at 'risk of poverty' using both these measures over the last three years for which data is available.¹² Using the before housing costs measure, the Northern Ireland average is higher than that of England, Scotland or Wales. On the after housing costs measure, however, Northern Ireland's position is not as bad as that of either England or Wales. The number of children in poverty also varies depending on the measure used (averaged over the three years it is either 100,000 or 108,000, but for the most recent year - 2005/06 - it is either 108,000 before housing costs or 122,000 after housing costs, and these figures are all based on the 60% median threshold).

¹² Tables reproduced from Child Poverty Action Group briefing - http://www.cpag.org.uk/info/briefings_policy/CPAG_briefingHBAI_2006.pdf

Table 4: Number and % of children in poverty by UK nation and English regions, presented as 3 year running average (2003/04-2005/06), before housing costs.

Nation/Region	Risk of poverty (%)	Numbers
England	22	2,376,000
North East	28	140,000
North West	24	360,000
Yorkshire and the Humber	25	275,000
East Midlands	23	207,000
West Midlands	26	312,000
Eastern	16	192,000
London	26	416,000
Inner London	35	175,000
Outer London	21	210,000
South East	13	221,000
South West	17	170,000
Scotland	22	220,000
Wales	24	144,000
Northern Ireland	25	100,000

Source: HBAI 1994/95-2005/06

Table 5: Number and % of children in poverty by UK nation and English regions, presented as 3 year running average (2003/04-2005/06), after housing costs.

Nation/Region	Risk of poverty (%)	Numbers
England	29	3,132,000
North East	32	160,000
North West	31	465,000
Yorkshire and the Humber	30	330,000
East Midlands	27	243,000
West Midlands	32	384,000
Eastern	24	288,000
London	41	656,000
Inner London	51	255,000
Outer London	35	350,000
South East	22	374,000
South West	26	260,000
Scotland	25	250,000
Wales	28	168,000
Northern Ireland	27	108,000

Source: HBAI 1994/95-2005/06

The latest “Households Below Average Income” report for Northern Ireland was published in August 2007 by the Department for Social Development.¹³ It covered the period April 2005 to March 2006.

In relation to child poverty, its key findings are reported as follows:

- In 2005/06, more than half of children in NI lived in households with incomes in the bottom two-fifths of the income distribution.
- Children in households with two adults were less likely to be in the bottom fifth of the income distribution than children in households with one adult.
- The greater the number of children in a family, the increased likelihood of low-income.
- Children living in families with at least one disabled adult were more likely to experience low-income than those living in households with no disabled adults.
- Children living in Catholic families were more likely to experience low-income, compared to those in Protestant families.
- Children living in families in receipt of Job-Seekers Allowance were most likely to be in low-income families.
- Children living in families where they could not afford to have at least 2 pairs of all weather shoes per adult in the household or household contents insurance were most likely to be in low-income.
- Children living in Dungannon were most at risk of low income (shown in Figure 1 below)

The geographic spread of child poverty in Northern Ireland (based on the 60% median threshold before and after housing costs) is shown in Figure 1 below. This shows that the worst areas for child poverty are Dungannon, Derry, Larne & Moyle, Newry & Mourne, Limavady, and Ards (all over 30% on both measures). The lowest levels of child poverty appear to be in Banbridge and Lisburn.

¹³ DSD Households Below Average Income Report 2005/06 - http://www.dsdni.gov.uk/index/stats_and_research/stats-publications/stats-family-resource/households/publications-hbai_publication_2005_06.htm

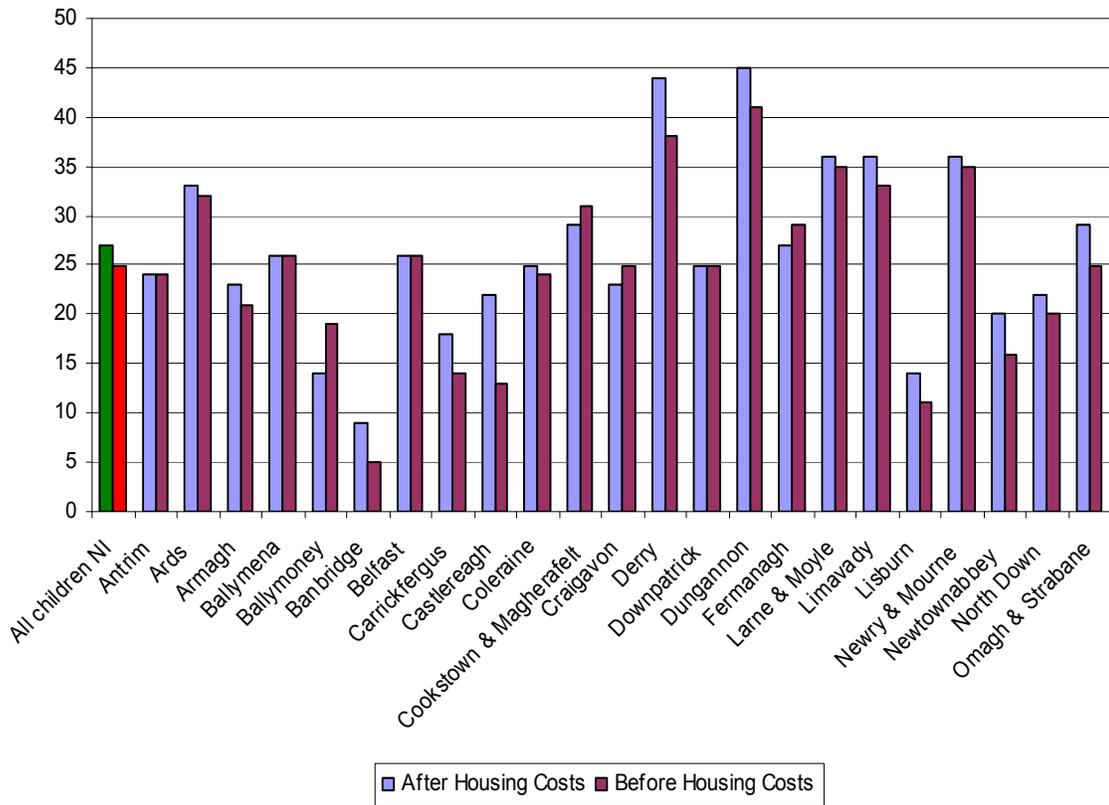
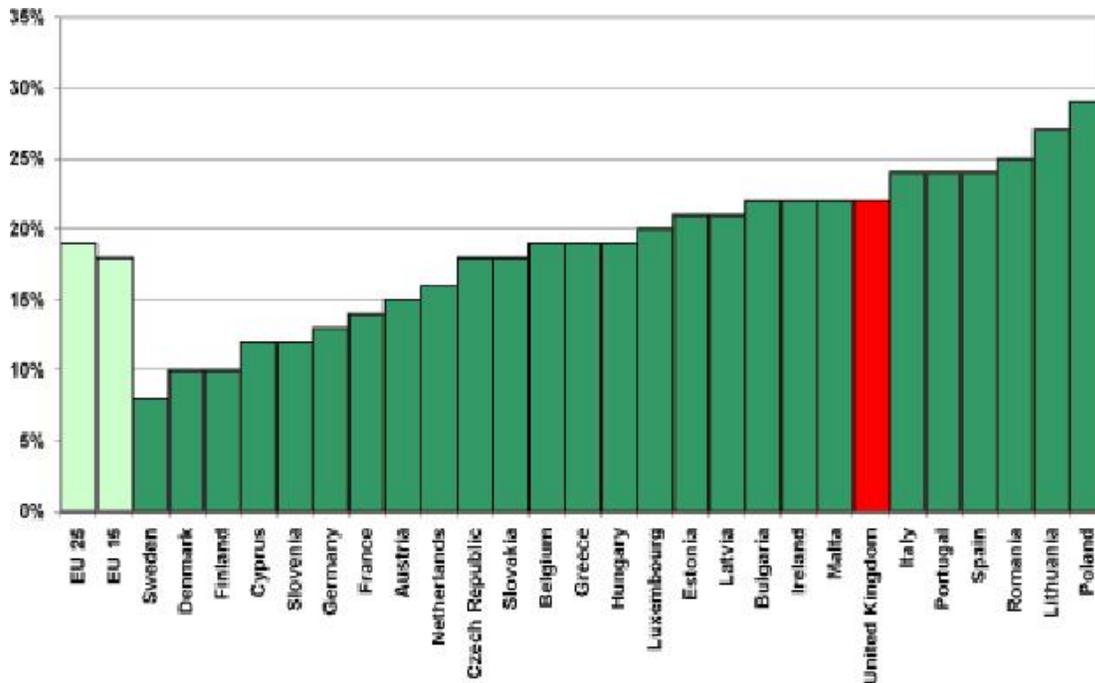


Figure 1: Percent of children living in household below 60% of median income by Local Government District (based on average of latest three years of data, with some LGDs combined due to small numbers)

CHILD POVERTY IN THE REPUBLIC OF IRELAND AND EU

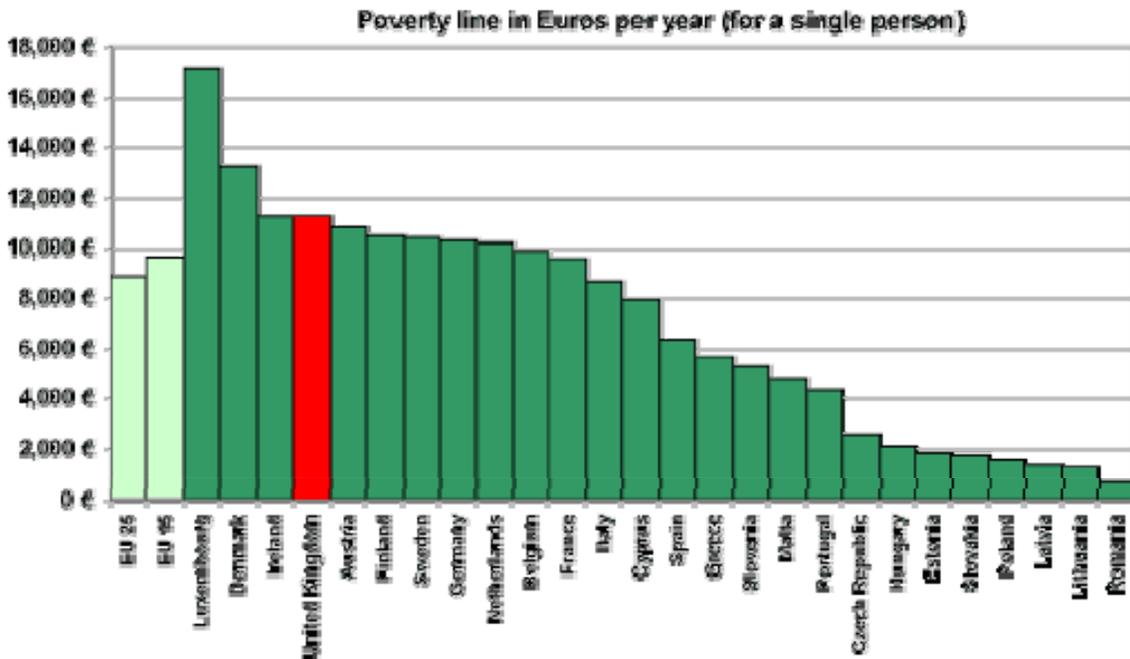
The European Union has agreed a core set of poverty and social exclusion indicators which are regularly produced for every EU country on a comparable basis. These indicators are known as the 'Laeken Indicators' (see Annex A). The percentage of children in households under the 60% median income threshold before housing costs for EU countries is presented in Figure 2 below.¹⁴

¹⁴ Reproduced from the Poverty Website - <http://www.poverty.org.uk>



Source: European Community Household Panel Survey; the data is for 2005; updated Aug 2007

Figure 2. International Comparison of child poverty using 60% of median income



Source: European Community Household Panel Survey; the data is for 2005; updated Aug 2007

Figure 3. Poverty line in Euros per year (based on 60% median income for a single person)

Figure 3 illustrates the difficulties of using a relative measure of income for international comparisons across different EU countries. The poverty line is drawn much higher, for example, in richer countries.

According to the EU-SILC Survey in 2005, 22% of all children under 16 in the Republic of Ireland were at risk of poverty i.e. living in families whose income was below 60% of median income (before housing costs). This is above the EU average (which is 18% for EU15 and 19% for EU25) and is on a par with the incidence of child poverty in the UK (see Figure 2). 10.6 % of children were also defined as living in consistent poverty, based on a combined measure of 'at risk' and deprivation (see Annex A for definition). This has increased from 9.9% in 2004.¹⁵

The National Children's Strategy (NCS) and the National Anti-Poverty Strategy (NAPS) set out the Irish government's plans and targets to reduce consistent child poverty to 2% by 2007. Based on these figures, it looks unlikely that this target will be met.

CONCLUSIONS

Comparing child poverty across different regions is by no means straight forward. There are so many measures of poverty available that the picture has become somewhat confused. However, using the only comparable measure available (the EU 60% median income measure before housing costs), it would appear that the level of child poverty in Northern Ireland is above that in Great Britain and the Republic of Ireland, and well above the EU average.

Finally, it is worth emphasising a point made by the Northern Ireland Anti-Poverty Network (NIAPN). There are gaps in the data on groups experiencing poverty. Local ethnic and new immigrant populations do not tend to feature in quantitative research studies. The groups identified at greatest risk of poverty by people experiencing poverty attending NIAPN consultative events are ethnic minorities (particularly migrant workers and asylum seekers); travellers; young people (especially those aged 16-18), lone parent families; families of ex-prisoners; people with low or no educational qualifications; long term unemployed; people living in disadvantaged communities; and people living in border areas.¹⁶

¹⁵ Comparable data not available for Northern Ireland; data from EU-SILC Report table 4 and table 7 - http://www.cso.ie/releasespublications/documents/eu_silc/current/eusilc.pdf

¹⁶ <http://www.niapn.org/PDFs/17thOctfactsheetonPovertyinNINIAPN2007.pdf>

ANNEX A: EU Poverty Measurement Definitions¹⁷

Equivalisation

Equivalence scales: Equivalence scales are used to calculate the *equivalised household size* in a household. Although there are numerous scales, we focus on two: the modified OECD scale and the national scale. The national scale attributes a weight of 1 to the first adult, 0.66 to each subsequent adult (aged 14+ living in the household) and 0.33 to each child aged less than 14. The modified OECD scale attributes a weight of 1 to the first adult, 0.5 to each subsequent adult and 0.3 to each child aged less than 14. The weights for each household are then summed to calculate the *equivalised household size*.

Example:

A household consists of 5 people: 2 adults and 3 children. The modified OECD scale gives a weight of 1 to the first adult and 0.5 to each subsequent adult (aged 14+) living in the household, and 0.3 to each child. Thus, this household's *equivalised household size* is $1 + 0.5 + 0.3 + 0.3 + 0.3 = 2.4$.

Equivalised income: The disposable household income is divided by the *equivalised household size* to calculate the equivalised income for each individual, which essentially is an approximate measure of how much of the income can be attributed to each member of the household. This *equivalised income* is then applied to each member of the household.

Example:

If a household has a total disposable income of 50,000 and the equivalised household size is 2.4, the equivalised income for this household is 20,833.33. This income is applied to each member of the household.

Laeken indicators In 2001 the Laeken European Council endorsed the first set of 18 common statistical indicators for social inclusion, which will allow monitoring in a comparable way of member states' progress towards agreed EU objectives regarding poverty and social exclusion. They cover four dimensions of social exclusion: financial poverty, employment, health and education. The Laeken indicators are:

- At-risk-of-poverty rate by various classifications
- Inequality of income distribution: S80/S20 quintile share ratio
- At-persistent-risk-of-poverty rate by gender (60% median)
- Relative at-risk-of-poverty gap
- Regional cohesion (dispersion of regional employment rates)
- Long term unemployment rate
- Persons living in jobless households
- Early school leavers not in education or training
- Life expectancy at birth
- Self-defined health status by income level
- Dispersion around the at-risk-of-poverty threshold
- At-risk-of-poverty rate anchored at a moment in time
- At-risk-of-poverty rate before social transfers by gender
- Inequality of income distribution: Gini coefficient
- At-persistent-risk-of-poverty rate by gender (50% median)
- Long term unemployment share
- Very long term unemployment rate
- Persons with low educational attainment

¹⁷ From Central Statistics Office EU-SILC Report - http://www.cso.ie/releasespublications/documents/eu_silc/current/eusilc.pdf

Consistent poverty The consistent poverty measure looks at those persons who are defined as being at risk of poverty and assesses the extent to which this group may be excluded and marginalised from participating in activities which are considered the norm for other people in society. The identification of the marginalised or deprived is achieved on the basis of a set of eight basic deprivation indicators:

- No substantial meal for at least one day in the past two weeks due to lack of money
- Without heating at some stage in the past year due to lack of money
- Experienced debt problems arising from ordinary living expenses
- Unable to afford two pairs of strong shoes
- Unable to afford a roast once a week
- Unable to afford a meal with meat, chicken or fish (or vegetarian equivalent) every second day
- Unable to afford new (not second-hand) clothes
- Unable to afford a warm waterproof coat

An individual is defined as being in 'consistent poverty' if they are:

- Identified as being at risk of poverty and
- Living in a household deprived of one or more of the eight basic deprivation items listed above (Note that it is enforced deprivation that is relevant in this context. For example, a household may not have a roast once a week. The household is classified as deprived of this basic indicator only if the reason they didn't have it was because they could not afford it).

8 November 2007