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# Comparison of In-Work Poverty in NI, GB and ROI

## 1 Introduction

The following paper provides a comparison of the working poor in Northern Ireland, Great Britain and the Republic of Ireland.

## 2 Key Points

- The Joseph Rowntree Foundation (JRF) Poverty and Social Exclusion Report identified that 13 million people in the UK were living in poverty;
- In-work poverty is defined as:

*Those individuals living in households where at least one member of the household is working (either full or part time) but where the household income is below the relative poverty (BHC) threshold.*

- This paper uses data provided by the Department for Work and Pensions to compare in-work poverty across the UK and discusses similar data from the Republic of Ireland.

## Northern Ireland

- A 2012/13 bulletin by the Department for Social Development identified that 19% of individuals were in relative poverty Before Housing Costs, or around 338,000 people. This is a fall in the percentage of those in relative poverty BHC on the previous year by two percentage points;
- Households Below Average Income (HBAI) data identifies that for the three year average period of 2010-11 to 2012-13 the median income for the UK was £444 per week, with the relative poverty threshold for the UK at £266 per week BHC. For Northern Ireland median household income was £398 per week, resulting in a relative poverty threshold of £239 per week;
- Over the ten year period provided by the DWP HBAI data, poverty amongst working age adults has increased in total from 17% in 2002/03 to 2004/05 to 19% in 2010/11 to 2012/13;
- Nearly all the status groups have had an increase in their level of poverty by the end of the data series in comparison to the start;
- This increase in the level of in-work poverty may be a result of a number of factors, including an increase in part-time employment with the percentage of those working part-time but who want full-time employment higher in NI (4.4% of working-age people) higher than the GB average (3.5%) and a sharp fall in incomes across the UK but which is more pronounced in NI;

## Scotland

- The most recent Family Resources Survey for Scotland provides figures for 2012/13 and it found that 16 per cent of Scotland's population were living in relative poverty (BHC), or approximately 820,000 people;
- HBAI data shows that there has been a fall in in-work poverty levels. For example, the "Workless, other inactive" group has had a drop in poverty levels from 50% in 2002/03 to 2004/05 to 36% in 2010/11 to 2012/13;
- A JRF study found that this fall in poverty may be a result of:
  - The Scottish labour market has improved over the last 20 years, and is now stronger than the UK labour market as a whole; and
  - Average full-time earnings in Scotland are now almost as high as the UK as a whole.
- However, a recent National Statistics publication found that there was an increase in in-work poverty in 2012/13 in comparison to 2011/12 and working-age poverty in general, with the averaging method used in the HBAI data not reflecting this increase;

## England

- The HBAI identifies that for the period 2010-11 to 2012-13 15% of England's population lived in Relative Poverty;

- Within its regions, this figure varies somewhat, from a high of 19% in Yorkshire and Humber, to a low of 13% in the South East of England;
- For the 2010-11 to 2012-13 period, the HBAI identified England's median income as £448 per week BHC with a relative poverty threshold of £269 per week;
- England's working age adult population has a slight increase in its levels of poverty, from 14% to 15% in 2010/11 to 2012/13;
- A JRF study in 2013 found that high rates of unemployment could be found across England, contributing to the levels of poverty. For example, in the North East eleven of the twelve local authorities had an unemployment rate of over 9 per cent;

### **Wales**

- Wales had an overall poverty rate of 23% in 2013;
- The study found that the West, North-West and North-East of Wales had above average shares of in-work poverty and noted that these were rural areas, whilst Cardiff had a much lower share of in-work poverty;
- Wales has had a slight increase in its percentage of working age adults living in poverty, from 18% to 19% over the period discussed;
- As with Scotland and England, those in workless households have seen a fall in the number living in poverty, although it should be noted that for the group "Workless, one or more unemployed" there has been an increase since the low of 43% in 2006/07 to 2008/09 and it sits at 69% in 2010/11 to 2012/13;
- The JRF found that the instances of working-age poverty may be a result of factors such as a high level of underemployment, with around 19% of part-time workers in 2012 wanting full-time employment;

### **Republic of Ireland**

- The Republic of Ireland uses a similar system to that of the UK in identifying poverty levels;
- A survey is conducted to identify poverty levels by the Central Statistics Office (CSO). The Survey on Income and Living Conditions uses an At-risk-of-poverty threshold rather than a relative poverty figure as applied in the UK. It is, however, a similar measure, based on 60% of median income;
- In 2010 the at-risk of poverty rate was 15.8%, or 706,500 people at risk of poverty. The 2009 percentage at-risk-of-poverty was 14.1%;
- The at-risk-of-poverty rate is higher than that of the in-work rate and has been increasing since 2009 following a fall in 2008;
- In-work rates of poverty have remained relatively stable over the last number of years;
- The Nevin Economic Research Institute (NERI) found that in 2012, 12.6% of those at work were at risk of poverty, a fall from 14.2% the previous year;

## Summary

- Based on the HBAI data provided by DWP, it can be seen that Northern Ireland has proportionally one of the highest working age poverty levels in the UK;
- Northern Ireland has the highest level of working age poverty in:
  - Couple, one full-time, one part-time work;
  - Couple, one full-time work, one not working;
  - Workless, one or more aged 60 or over (same level as England and Wales);
  - Workless, other inactive (same level as Wales); and
  - All working-age adults (same level as Wales).

## 3 Poverty Measures and In-Work Poverty

The Joseph Rowntree Foundation regularly publishes a Poverty and Social Exclusion Report. Its most recent, published in 2013, identified that 13 million people in the UK were living in poverty.

There has, however, been a change in the profile of poverty. The Living Wage Commission found that: <sup>1</sup>

*While overall poverty rates are falling... the nature of poverty is changing dramatically. For the first time, there are now more people in working poverty than out-of-work poverty. 6.7 million of the 13 million people in poverty in the UK are in a family where someone works. That is 52% of the total.*

In-work poverty is defined as:<sup>2</sup>

*Those individuals living in households where at least one member of the household is working (either full or part time) but where the household income is below the relative poverty (BHC) threshold. This group contains non-working household members such as children and non-working partners.*

Relative Poverty is measured via identifying those with household income less than 60% of the contemporary median<sup>3</sup> (the relative poverty line). Households that fall below this amount are considered to be in Relative Poverty.<sup>4</sup>

Relative Poverty is the most widely used measure of poverty in the OECD and EU.

<sup>1</sup> The Living Wage Commission, Working for poverty, [http://livingwagecommission.org.uk/wp-content/uploads/2014/02/Living-Wage-Commission-Report-v2\\_f-1.pdf](http://livingwagecommission.org.uk/wp-content/uploads/2014/02/Living-Wage-Commission-Report-v2_f-1.pdf)

<sup>2</sup> National Statistics, 1 July 2014, Poverty and income inequality in Scotland: 2012/13, <http://www.gov.scot/Resource/0045/00454875.pdf>

<sup>3</sup> Contemporary median income refers to the median income in the survey year being considered. Source: ONS, <http://www.ons.gov.uk/ons/guide-method/compendiums/compendium-of-uk-statistics/social-indicators/find-out-more/index.html>

<sup>4</sup> OFMDFM, Institute for Fiscal Studies, January 2014, Browne et al, Child and working-age poverty in Northern Ireland over the next decade: an update <http://www.ofmdfmi.gov.uk/child-working-age-poverty-update-jan-2014.pdf>

In addition, the Before Housing Costs (BHC) measure allows for an assessment of the relative standard of living of those individuals who were actually benefiting from a better quality of housing by paying more for better accommodation, and income growth over time incorporates improvements in living standards where higher costs reflected improvements in the quality of housing.<sup>5</sup>

It should be noted that the paper considers a relatively narrow definition of poverty, focusing on relative poverty before housing costs as per the cited definition of in-work poverty.

There are additional measures of poverty which consider the impact of inflationary increases (Absolute Poverty) and of housing costs. These measures have not been included within this paper in order to retain the focus on in-work poverty and to maintain comparability.

A search for comparable data on in-work poverty figures was unsuccessful.

As such a request for further information was made to the Department for Work and Pensions which compiled the UK Households Below Average Income (HBAI) data as gathered via the Family Resource Survey.

The HBAI provides information on living standards in the UK and annual estimates on the number and percentage of people living in low-income households.

DWP provided data which shows the percentage of working age adults in households below the 60% median equivalised net disposable income threshold by economic status (working age adults in households living in Relative Poverty).

Using the DWP data, it is possible to identify the in-work poverty measure mentioned previously.

This information is provided in Tables 1 - 4. It should be noted that the data was provided in three year estimates as:<sup>6</sup>

*Single year estimates are considered to be too volatile.*

## 4 In-work Poverty in Northern Ireland

The Department for Social Development (DSD) produces a bulletin each year that identifies the level of poverty in Northern Ireland.

The 2012/13 bulletin identified that 19% of individuals were in relative poverty BHC, or around 338,000 people.<sup>7</sup> This is a fall in the percentage of those in relative poverty BHC on the previous year by two percentage points.

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<sup>5</sup> Department for Social Development, Poverty in Northern Ireland: 2011/12, [www.dsdni.gov.uk/ni\\_hbai\\_bulletin\\_2011-12\\_final\\_release\\_document](http://www.dsdni.gov.uk/ni_hbai_bulletin_2011-12_final_release_document)

<sup>6</sup> Correspondence with DWP, FOI ref: 2015 / 523

HBAI data identifies that for the three year average period of 2010-11 to 2012-13 the median income for the UK was £444 per week, with relative poverty threshold for the UK at £266 per week BHC. For Northern Ireland median household income was £398 per week, resulting in a relative poverty threshold of £239 per week.<sup>8</sup>

This is £27 lower than the UK relative poverty measure.

Table 1 shows the DWP data on in-work poverty for Northern Ireland.

**Table 1:** Percentage of working-age adults in households in Relative Poverty in NI

Economic status of adults in the family (3-year average)	2002/03 to 2004/05	2003/04 to 2005/06	2004/05 to 2006/07	2005/06 to 2007/08	2006/07 to 2008/09	2007/08 to 2009/10	2008/09 to 2010/11	2009/10 to 2011/12	2010/11 to 2012/13
One or more full-time self-employed	19	20	19	17	17	19	22	23	23
Single/couple all in full-time work	4	4	3	4	4	3	3	3	3
Couple, one full-time, one part-time work	3	4	4	3	2	3	6	7	6
Couple, one full-time work, one not working	17	17	14	15	17	19	20	20	20
No full-time, one or more in part-time work	22	22	20	22	23	27	27	29	26
Workless, one or more aged 60 or over	30	30	34	34	35	36	33	33	32
Workless, one or more unemployed	66	60	57	57	56	60	61	66	67
Workless, other inactive	39	39	41	44	43	42	41	40	39
All working-age adults <sup>2</sup>	17	17	16	16	16	17	18	19	19

Table 1 shows that over the ten year period provided poverty amongst working age adults has increased in total from 17% in 2002/03 to 2004/05 to 19% in 2010/11 to 2012/13.

Of the different economic status groups only the “Single/couple all in full time work” group has had a relatively stable status, with a small fall in poverty levels over the period from 4% to 3%.

The other groups have seen much greater variation in their poverty levels. For example, the “Workless, other inactive” group has at first glance had no change in its poverty levels. However, closer examination shows a large increase in poverty levels in the 2005/06 to 2007/08 period, before a gradual return to the 2002/03 to 2004/05 figures.

<sup>7</sup> Department for Social Development, Poverty in Northern Ireland: 2012/13, [http://www.dsdni.gov.uk/ni\\_poverty\\_bulletin\\_201213.pdf](http://www.dsdni.gov.uk/ni_poverty_bulletin_201213.pdf)

<sup>8</sup> Gov.UK, Households below average income (HBAI): 1994/95 to 2012/13, <https://www.gov.uk/government/statistics/households-below-average-income-hbai-199495-to-201213> please note relative poverty calculation was carried out by RalSe.

Nearly all the status groups have had an increase in their level of poverty by the end of the data series in comparison to the start.

The UK HBAI found that NI has the highest rates of working age adults in relative low income for 2010/11 to 2012/13 in the UK.<sup>9</sup>

This increase in the level of in-work poverty may be a result of a number of factors, including:<sup>10</sup>

- There has been an increase in part-time employment with the percentage of those working part-time but who want full-time employment higher in NI (4.4% of working-age people) higher than the GB average (3.5%); and
- A sharp fall in incomes across the UK but which was more pronounced in NI.

## 5 Scotland

Scotland uses the same data source as the other UK regions for its publications on poverty statistics, the Family Resource Survey.

In its most recent Poverty and Income Inequality in Scotland, National Statistics found that 16 per cent of Scotland's population were living in relative poverty (BHC), or approximately 820,000 people.<sup>11</sup>

For the 2010-11 to 2012-13 period, the HBAI identified Scottish median income was £447 per week BHC with a relative poverty threshold of £268 per week.<sup>12</sup>

After housing costs are taken into account, 19 per cent of Scottish people lived in relative poverty, or 1 million people.

The National Statistics bulletin provides the following information on in-work relative poverty for Scotland:

- In 2012/13, 52% of working age adults in poverty were in in-work poverty;
- In 2012/13, there were 250,000 working age adults in in-work poverty;
- In 2012/13, 59% of children in poverty in Scotland in 2012/13 were living in families where at least one adult was in employment;
- In 2012/13, there were 110,000 children living in poverty who were in families in employment;
- 45% of all people in poverty in Scotland were in in-work poverty; and
- In 2012/13 the rate of in-work poverty increased compared with 2011/12.

<sup>9</sup> Alongside the North East, Yorkshire and Humberside and Wales.

<sup>10</sup> Joseph Rowntree Foundation, 25 March 2014, Monitoring poverty and social exclusion in Northern Ireland 2014, <http://www.jrf.org.uk/publications/monitoring-poverty-and-social-exclusion-northern-ireland-2014>

<sup>11</sup> Scottish Government, Poverty and Income Inequality in Scotland: 2012/13, <http://www.gov.scot/Publications/2014/07/9247/4>

<sup>12</sup> Gov.UK, Households below average income (HBAI): 1994/95 to 2012/13,

<https://www.gov.uk/government/statistics/households-below-average-income-hbai-199495-to-201213> Please note relative poverty calculation was carried out by RalSe.

Table 2 on the page following shows the DWP provided data.

**Table 2:** Working-age adults in households in Relative Poverty in Scotland (%)

Economic status of adults in the family (3-year average)	2002/03 to 2004/05	2003/04 to 2005/06	2004/05 to 2006/07	2005/06 to 2007/08	2006/07 to 2008/09	2007/08 to 2009/10	2008/09 to 2010/11	2009/10 to 2011/12	2010/11 to 2012/13
One or more full-time self-employed	16	17	15	17	16	17	16	16	18
Single/couple all in full-time work	3	3	2	3	2	3	3	3	3
Couple, one full-time, one part-time work	3	3	3	3	3	3	3	3	4
Couple, one full-time work, one not working	14	15	16	15	14	13	13	11	10
No full-time, one or more in part-time work	26	23	22	23	25	26	24	21	21
Workless, one or more aged 60 or over	31	29	31	30	32	30	30	28	26
Workless, one or more unemployed	66	66	63	58	58	62	64	58	57
Workless, other inactive	50	48	46	47	49	49	46	40	36
All working-age adults	16	15	15	15	15	16	15	14	14

The table shows that unlike Northern Ireland, Scotland has had a fall in the overall percentage of working age adults living in poverty, from 16% to 14%.

In some groups this fall is quite large. For example, the “Workless, other inactive” group has had a drop in poverty levels from 50% in 2002/03 to 2004/05 to 36% in 2010/11 to 2012/13.

Only two of the economic status groups had an increase in their poverty level over the ten year period shown in the HBAI data – “One or more full-time self-employed” and “Couple, one full-time, one part-time work”.

It should be noted that the data provided in Table 2 does not match that provided in the Scottish Government report. This is the result of the HBAI data being based on three averages, rather than the one year figures in the report.

Indeed, it is stated by the Scottish Government that:<sup>13</sup>

*In 2012/13, 15 per cent of working age adults in Scotland were living in relative poverty (BHC). This increase reverses the falling trend in relative poverty for working age people in Scotland seen in recent years. In 2012/13, there were 480 thousand working age adults in Scotland living in relative poverty (BHC), 70 thousand more than the previous year.*

As such, future HBAI releases may reflect this change in circumstances.

The decrease in the level of poverty in Scotland identified in DWP data may be a result of a number of factors.

<sup>13</sup> Scottish Government, Poverty and Income Inequality in Scotland: 2012/13, <http://www.gov.scot/Publications/2014/07/9247/4>

A JRF study found that:<sup>14</sup>

- The Scottish labour market has improved over the last 20 years, and is now stronger than the UK labour market as a whole; and
- Average full-time earnings in Scotland are now almost as high as the UK as a whole.

The JRF stated that:<sup>15</sup>

*The risk of in-work poverty is lower in Scotland than for the UK overall for any given work intensity (that is, the average number of hours worked by household members of working age).*

The JRF found that this is partly a result of people moving from part-time to full-time employment. It goes on to state that this is a trend not replicated in England.

A study into child poverty by the New Policy Institute (NPI) on behalf of the JRF, found that poverty levels in workless families remains high but that there has been a fall in the rate, partially as a result of more people moving into work in Scotland.

However, the NPI found that changes to benefits in 2012 are likely to increase poverty amongst the workless, although the Scottish Government has absorbed some of the changes such as taking on the cut to Council Tax Benefit, replaced the abolished components of the social fund and provided compensation to some families affected by the under-occupancy charge, or “bedroom tax”.<sup>16</sup>

## 6 England

The HBAI identifies that for the period 2010-11 to 2012-13 15% of England’s population lived in Relative Poverty.

Within its regions, this figure varies somewhat, from a high of 19% in Yorkshire and Humber, to a low of 13% in the South East of England.

For the 2010-11 to 2012-13 period, the HBAI identified England’s median income as £448 per week BHC with a relative poverty threshold of £269 per week.<sup>17</sup>

The table following shows the DWP provided data.

<sup>14</sup> Joseph Rowntree Foundation, 9 June 2014, Referendum briefing: poverty and work in Scotland, <http://www.jrf.org.uk/publications/referendum-briefing-poverty-and-work-scotland>

<sup>15</sup> Joseph Rowntree Foundation, 9 June 2014, Referendum briefing: poverty and work in Scotland, <http://www.jrf.org.uk/publications/referendum-briefing-poverty-and-work-scotland>

<sup>16</sup> Joseph Rowntree Foundation, Referendum briefing: child poverty in Scotland, [http://npi.org.uk/files/9613/9118/9726/Scotland\\_briefing\\_note\\_1.pdf](http://npi.org.uk/files/9613/9118/9726/Scotland_briefing_note_1.pdf)

<sup>17</sup> Gov.UK, Households below average income (HBAI): 1994/95 to 2012/13, <https://www.gov.uk/government/statistics/households-below-average-income-hbai-199495-to-201213> please note relative poverty calculation was carried out by RaISe.

**Table 3:** Percentage of working-age adults in households in Relative Poverty in England

Economic status of adults in the family (3-year average)	2002/03 to 2004/05	2003/04 to 2005/06	2004/05 to 2006/07	2005/06 to 2007/08	2006/07 to 2008/09	2007/08 to 2009/10	2008/09 to 2010/11	2009/10 to 2011/12	2010/11 to 2012/13
One or more full-time self-employed	16	17	17	18	18	19	19	18	18
Single/couple all in full-time work	3	3	3	3	3	3	3	3	3
Couple, one full-time, one part-time work	3	4	4	4	4	4	4	4	4
Couple, one full-time work, one not working	14	14	15	16	17	17	16	16	16
No full-time, one or more in part-time work	23	23	23	24	26	26	25	24	23
Workless, one or more aged 60 or over	32	32	33	34	35	33	32	30	32
Workless, one or more unemployed	59	59	58	61	60	59	55	53	52
Workless, other inactive	42	42	43	43	42	41	39	37	34
<b>All working-age adults</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>

England's working age adult population has a slight increase in its levels of poverty, from 14% to 15% in 2010/11 to 2012/13.

Of note is that whilst levels of poverty either held steady or rose slightly amongst those in work, for people declaring themselves as workless the level of poverty fell across the ten year period, although for those aged 60 or over the figure held relatively steady across this period, with a slight increase up to 2006/07 to 2008/09 and a subsequent fall.

A JRF study in 2013 found that high rates of unemployment could be found across England, contributing to the levels of poverty. For example, in the North East eleven of the twelve local authorities had an unemployment rate of over 9 per cent.<sup>18</sup>

## 7 Wales

Wales had an overall poverty rate of 23% in 2013.

For the 2010-11 to 2012-13 period, the HBAI identified Wales's median income as £416 per week BHC with a relative poverty threshold of £250 per week.<sup>19</sup>

The Joseph Rowntree Foundations report into poverty in Wales found that:<sup>20</sup>

<sup>18</sup> Joseph Rowntree Foundation, MacInnes et al, Monitoring poverty and social exclusion 2013, <http://www.jrf.org.uk/sites/files/jrf/MPSE2013.pdf>

<sup>19</sup> Gov.UK, Households below average income (HBAI): 1994/95 to 2012/13, <https://www.gov.uk/government/statistics/households-below-average-income-hbai-199495-to-201213> please note relative poverty calculation was carried out by RaISE.

*As a consequence of rising in-work poverty in Wales, more working-age adults and children were now in low-income working families (285,000 on average in the three years to 2010/11) than in low income non-working ones (275,000).*

The study found that the West, North-West and North-East of Wales had above average shares of in-work poverty and noted that these were rural areas, whilst Cardiff had a much lower share of in-work poverty.

As mentioned previously DWP supplied figures on working age adults who fall below the 60% median income poverty threshold (relative poverty).

Table 4 provides this data for Wales.

**Table 4:** Percentage of working-age adults in households in Relative Poverty in Wales

Economic status of adults in the family (3-year average)	2002/03 to 2004/05	2003/04 to 2005/06	2004/05 to 2006/07	2005/06 to 2007/08	2006/07 to 2008/09	2007/08 to 2009/10	2008/09 to 2010/11	2009/10 to 2011/12	2010/11 to 2012/13
One or more full-time self-employed	20	22	21	24	22	20	21	23	24
Single/couple all in full-time work	4	4	3	3	3	4	4	3	3
Couple, one full-time, one part-time work	4	5	4	4	4	5	6	6	3
Couple, one full-time work, one not working	12	13	15	15	16	18	19	17	18
No full-time, one or more in part-time work	29	29	25	28	30	30	29	29	33
Workless, one or more aged 60 or over	30	30	33	35	33	30	29	34	32
Workless, one or more unemployed	71	76	64	54	43	52	57	68	69
Workless, other inactive	52	49	45	46	46	44	39	38	39
<b>All working-age adults</b>	<b>18</b>	<b>18</b>	<b>17</b>	<b>18</b>	<b>17</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>19</b>

Wales has had a slight increase in its percentage of working age adults living in poverty, from 18% to 19% over the period discussed.

As with Scotland and England, those in workless households have seen a fall in the number living in poverty, although it should be noted that for the group “Workless, one or more unemployed” there has been an increase since the low of 43% in 2006/07 to 2008/09 and it sits at 69% in 2010/11 to 2012/13.

Two of the in work groups have a fall in the level of poverty, “Single/couple all in full-time work” and “Couple, one full-time, one part-time work” over the period.

<sup>20</sup> Joseph Rowntree Foundation, 18 September 2013, Monitoring poverty and social exclusion in Wales 2013, <http://www.jrf.org.uk/publications/monitoring-poverty-wales-2013>

The group which saw the largest rise in poverty was “Couple, one full-time, one not working” which went from 12% living in poverty in 2002/03 to 2004/05 to 18% in 2010/11 to 2012/13.

The JRF found that the instances of working-age poverty may be a result of factors such as a high level of underemployment, with around 19% of part-time workers in 2012 wanting full-time employment.

In addition, part-time workers are more likely to be paid less per hour than full-time workers. This is reflected in the “No full time work, one or more in part-time work” group in Table 4.

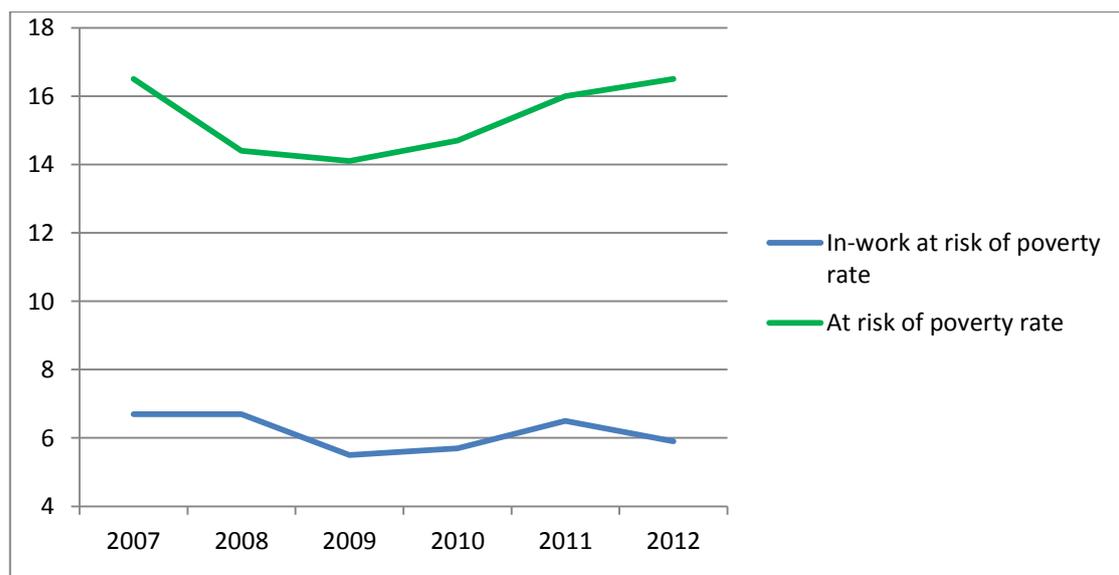
## 8 Republic of Ireland

The Republic of Ireland uses a similar system to that of the UK in identifying poverty levels.

The Survey on Income and Living Conditions, carried out by the Central Statistics Office (CSO) uses an “at-risk-of-poverty” threshold rather than a relative poverty figure as applied in the UK. It is, however, a similar measure, based on 60% of median income.

In 2010 the at-risk of poverty rate was 15.8%, or 706,500 people at risk of poverty. The 2009 percentage at-risk-of-poverty was 14.1%.

The study provides information on those in-work and at-risk-of-poverty. Figure 1 below shows the in-work at-risk-of-poverty rate and the at-risk-of-poverty for the ROI for 2007 to 2012. It should be noted that as the information is recorded in a different manner to that of the UK it is not possible to apply direct comparisons.



**Figure 1:** In-work at-risk-of-poverty rate and at-risk-of-poverty measures 2007-2012

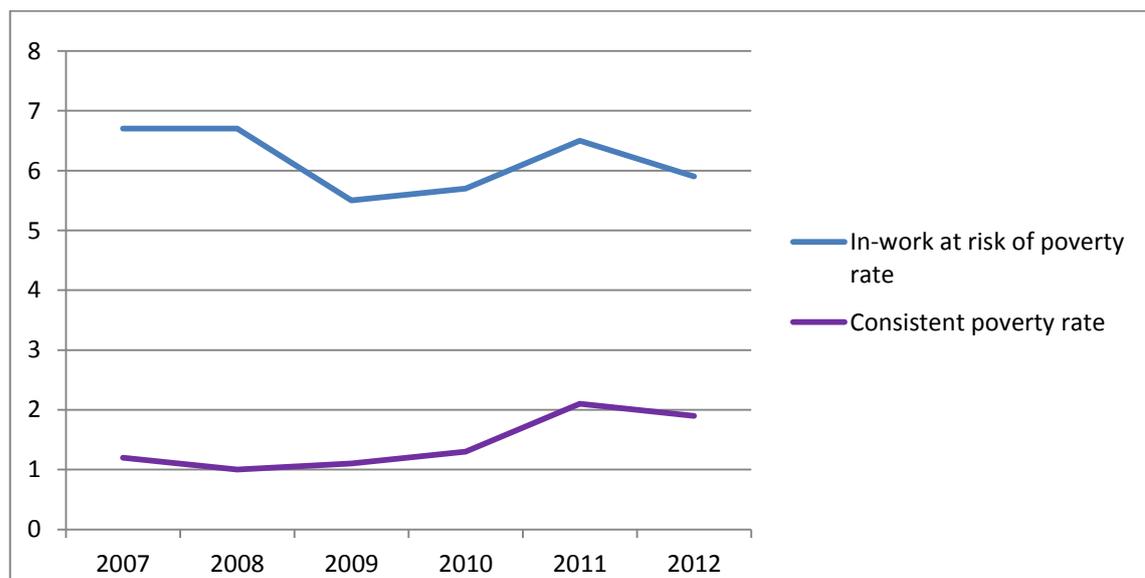
As can be seen above the at-risk-of-poverty rate is higher than that of the in-work rate and has been increasing since 2009 following a fall in 2008.

In-work rates of poverty varied somewhat between 2007 to 2012, with a fall in 2008 to 2009, with a subsequent increase post 2009. In 2011, the rate once again dropped.

Figure 2 below compares workers at risk of poverty and those in consistent poverty.<sup>21</sup>

The Consistent Poverty measure is:<sup>22</sup>

*The proportion of individuals whose principle economic status is 'at work' and who are at risk of poverty and also experience enforced deprivation<sup>23</sup>.*



**Figure 2:** Consistent poverty rate and In-work at-risk of poverty 2007-2012

The consistent poverty rate for those in work is much lower than that for the at risk of poverty rate, although it has risen fairly consistently since a low of 1.0% in 2008.

A NERI publication in winter 2014 provides a composition of those at risk of poverty in 2012 (the most recent data available):<sup>24</sup>

<sup>21</sup> Central Statistics Office, Survey on Income and Living Conditions, SIA 14 Income and poverty rates by principal economic status, statistical indicator and year, [http://www.cso.ie/px/pxeirestat/Database/eirestat/Survey%20on%20Income%20and%20Living%20Conditions%20\(SILC\)/Survey%20on%20Income%20and%20Living%20Conditions%20\(SILC\)\\_statbank.asp?SP=Survey%20on%20Income%20and%20Living%20Conditions%20\(SILC\)&Planguage=0](http://www.cso.ie/px/pxeirestat/Database/eirestat/Survey%20on%20Income%20and%20Living%20Conditions%20(SILC)/Survey%20on%20Income%20and%20Living%20Conditions%20(SILC)_statbank.asp?SP=Survey%20on%20Income%20and%20Living%20Conditions%20(SILC)&Planguage=0)

<sup>22</sup> Nevin Economic Research Institute, January 2013, Quarterly Economic Facts, [http://www.nerinstitute.net/download/pdf/qef\\_january\\_2013\\_complete\\_edition.pdf](http://www.nerinstitute.net/download/pdf/qef_january_2013_complete_edition.pdf)

<sup>23</sup> Enforced Deprivation: Experiencing two or more types of deprivation – there are 11 measures of deprivation in the ROI, including not having two pairs of strong shoes, not able to replace worn furniture and not able to keep the home adequately warm (source: Survey on Income and Living Conditions).

<sup>24</sup> Nevin Economic Research Institute, Winter 2014, Quarterly Economic Facts, [http://www.nerinstitute.net/download/pdf/qef\\_winter14\\_reduced.pdf?issuusi=ignore](http://www.nerinstitute.net/download/pdf/qef_winter14_reduced.pdf?issuusi=ignore)

**Table 5:** Composition of those at risk or in poverty in the ROI, 2009-2012

	2009	2010	2011	2012
<b>At work</b>	14.3%	13.5%	14.2%	12.6%
<b>Unemployed</b>	12.9%	15.1%	16.6%	19.0%
<b>Student</b>	14.6%	12.3%	14.7%	14.2%
<b>Home duties</b>	18.0%	17.3%	17.5%	15.4%
<b>Retired</b>	4.7%	4.4%	4.3%	6.0%
<b>Ill/disabled</b>	6.4%	5.4%	4.8%	6.9%

NERI states that:<sup>25</sup>

*Despite the fact that the rate of relative income poverty (5.9%) and consistent poverty (1.9%) is low among those whose principle economic status is work, the fact that the working population comprises a large part of the population aged 16 years and above results in a high number of workers being in poverty. Using the 2012 data, when poverty among those aged 16 years and above is decomposed by principle economic status, those at work (the working poor) account for 12.6% of people at risk of poverty.*

## 9 Summary

Based on the HBAI data provided by DWP, it can be seen that Northern Ireland has one of the highest working age poverty levels in the UK.

Table 6 below highlights this data, by comparing the 2010/11 to 2012/13 HBAI data across the UK regions. The highest poverty levels in each category are highlighted.

**Table 6:** Comparison of Working Age Poverty in the UK

Economic status of adults in the family (3-year average)	Northern Ireland (%)	Scotland (%)	England (%)	Wales (%)
One or more full-time self-employed	23	18	18	24
Single/couple all in full-time work	3	3	3	3
Couple, one full-time, one part-time work	6	4	4	3
Couple, one full-time work, one not working	20	10	16	18
No full-time, one or more in part-time work	26	21	23	33
Workless, one or more aged 60 or over	32	26	32	32
Workless, one or more unemployed	67	57	52	69
Workless, other inactive	39	36	34	39
All working-age adults	19	14	15	19

<sup>25</sup> Ibid

As can be seen in Table 6, Northern Ireland has the highest level of working age poverty in:

- Couple, one full-time, one part-time work;
- Couple, one full-time work, one not working;
- Workless, one or more aged 60 or over (same level as England and Wales);
- Workless, other inactive (same level as Wales);
- All working-age adults (same level as Wales).

Of note is the considerable difference in figures between NI and some of the other UK regions. For instance in Northern Ireland the figure for “Couple, one full-time, one part-time work” is ten percentage points higher than the figure for Scotland.

The NI figure for “Workless, one or more unemployed” is only two percentage points behind Wales, which has the highest level of relative poverty in this group, with the next closest country, Scotland, ten percentage points lower than NI.

Whilst not directly comparable, the ROI identified that its rate of relative income poverty was low amongst those whose principle economic status is work.

A presentation by Oxford Economics at a NICVA conference identified why in-work poverty exists.<sup>26</sup>

- Low pay and lower take home pay after tax and benefit withdrawn;
- Minimum wage below living wage;
- Low working hours/proliferation of part time-insecure work with many people wanting to work more hours;
- Lack of progression opportunities;
- Too few dual working households;
- High cost and low availability of childcare – limits jobs some mothers can take;
- Lack of aspiration; and
- Lack of labour mobility.

A report by the Living Wage Commission goes on to link the higher instances of in-work poverty to low pay. It found that:<sup>27</sup>

- Wages and economic output began to decouple in 2003, five years before the onset of the financial crisis;
- Real average wages have grown by 13% since 1999, whereas economic output has risen by four times this rate. This means that economic growth alone will not solve Britain’s low pay crisis; and

<sup>26</sup> Oxford Economics, May 2014, Harrison, G, Economic Solutions to In-Work Poverty, <http://www.nicva.org/article/creating-good-economy-life-working-poverty>

<sup>27</sup> The Living Wage Commission, Working for poverty, [http://livingwagecommission.org.uk/wp-content/uploads/2014/02/Living-Wage-Commission-Report-v2\\_f-1.pdf](http://livingwagecommission.org.uk/wp-content/uploads/2014/02/Living-Wage-Commission-Report-v2_f-1.pdf)

- Productivity growth and median pay began to decouple in the 1980s and median hourly earnings have failed to keep pace with the average value of output that workers produce.

It also states that the rise in the percentage of the working poor is partly a result of an overall decrease of out-of-work poverty due to targeted measures, such as for pensioners who live in poverty and child poverty.