

# Households Below Average Income: Northern Ireland 2019/20

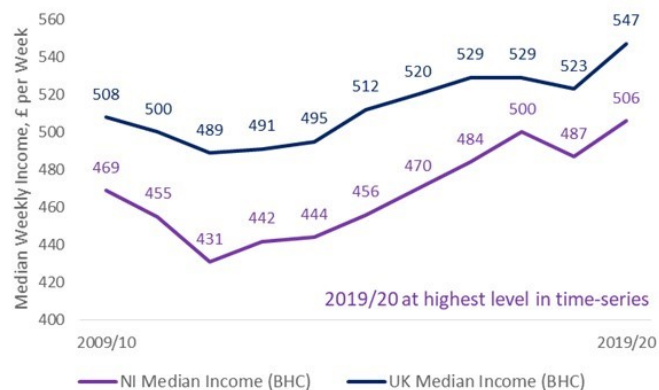
• Annual Published: 5<sup>th</sup> August 2021 by Professional Services Unit (Department for Communities) [PSU@communities-ni.gov.uk](mailto:PSU@communities-ni.gov.uk)

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 2019/20 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 Before Housing Costs (BHC) increased by 4% between 2018/19 and 2019/20. It is at its highest level over the time-series.
- Income inequality (between lowest and highest income households) in Northern Ireland, as measured by the Gini Index (BHC), stayed the same at 28% in 2019/20
- Low-income Indicators show that the percentage of individuals living in poverty decreased in 2019/20, reaching record lows for Households in absolute poverty both BHC and AHC.

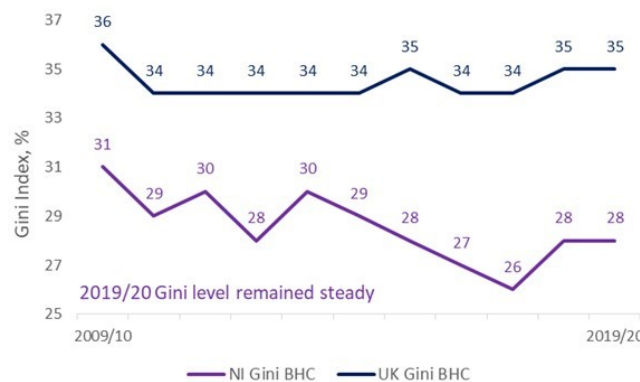
### Average Household Income In 2019/20 prices



Average household income, BHC now stands at £506 per week (£26,447 per year).

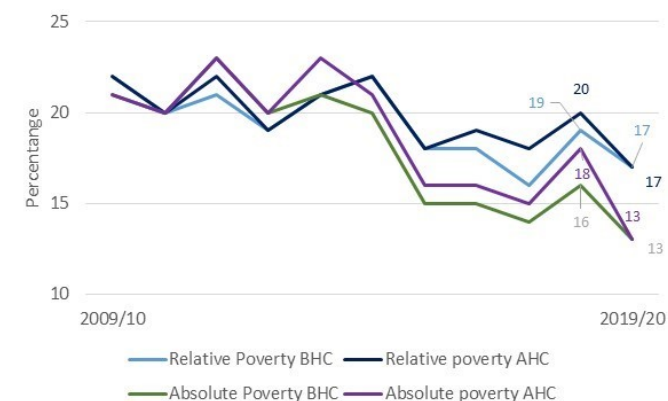
Taking account of inflation this is a £75 per week increase since a series low of £431 in 2011/12

### 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% (everyone has equal incomes) to 100% (one individual has all the income). The measure has shown that income inequality in NI has remained steady between 2018/19 and 2019/20 at 28%

### Low income/Poverty Indicators



The percentage of individuals in Northern Ireland living in Relative and Absolute Poverty (BHC and AHC) has been generally trending downwards since 2014/15.

Poverty levels rose between 2017/18 and 2018/19 however these levels decreased again between 2018/19 and 2019/20 and the changes were significant for Absolute Poverty BHC and AHC.

## At a glance

## What you need to know

The Overall Northern Ireland Income Distribution	2
Income Equality	3
Sources of Income	4
Poverty Measures	5
Children in Poverty	6
Working-Age Adults in Poverty	7
Pensioners in Poverty	8
Housing Costs and Poverty by Tenure	9
Household Food Security	10
Measuring income in HBAI	11
About these Statistics	12

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

### Income Measures

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

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

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

### Survey Data

Estimates are based on responses from approximately 2,000 Northern Ireland households provided during face to face interviews. Use of survey data means that **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 determines whether a reported change is real or has only arisen by chance due to variations in the sampling. Ninety five percent confidence intervals are calculated 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

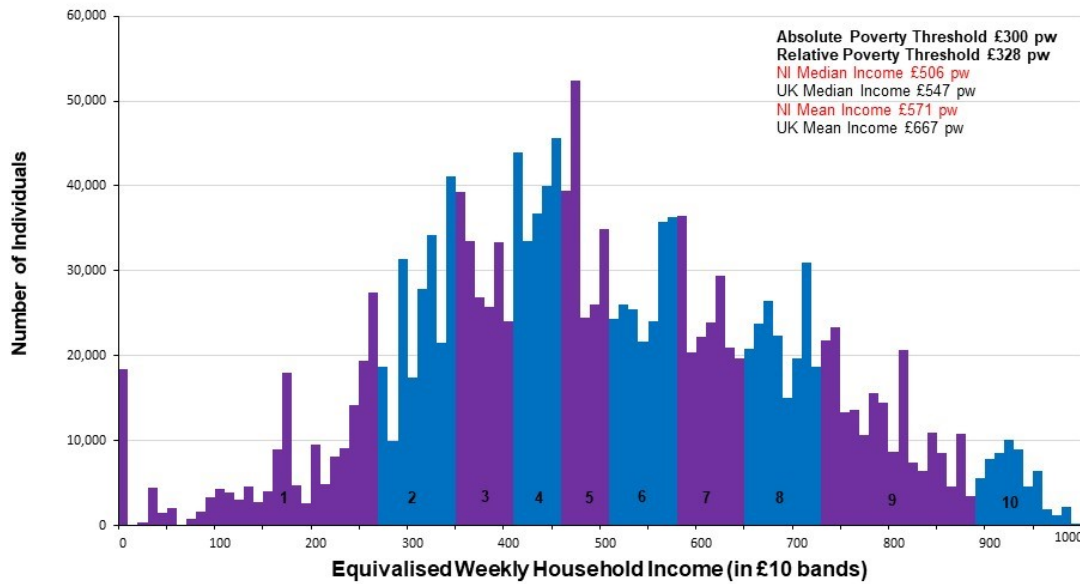
Supporting data tables are available to download at:

<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, 2019/20, Northern Ireland

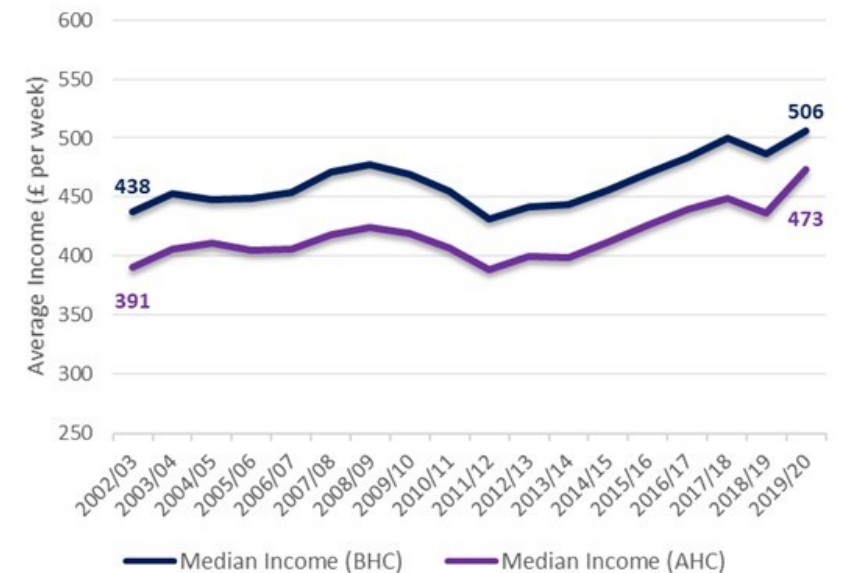


- In 2019/20 approximately three fifths of individuals in Northern Ireland had a household income below the **NI mean income of £571 per week** resulting in a positive skew to the distribution. NI household incomes are more evenly distributed when compared with the UK, where approximately two thirds of individuals lived in households with an income below the **UK mean income of £667 per week**.
- The presence of high-earning individuals skews the distribution, therefore the median is generally used as the standard measure of average income.
- Approximately three fifths of individuals in Northern Ireland had a household income below the **UK median income** of £547 per week.
- The relative and absolute poverty thresholds are £328 and £300 respectively per week. In NI, approximately 111,000 individuals have an equivalised household income close to these thresholds (between £290 and £330 per week), therefore 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.

## Main Findings

- In 2019/20 average household income before housing costs increased to £506 per week (£26,447 per year), representing a 4% increase from the previous year. The after housing costs income increased by 8% to £473.
- 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 seeing a series high in 2019/20 both BHC & AHC. See **Table 2.6** for full data.
- The Northern Ireland income levels remain lower than those in the UK as a whole, £506 per week v £547 per week. The after housing costs figures are £473 (NI) and £476 (UK).

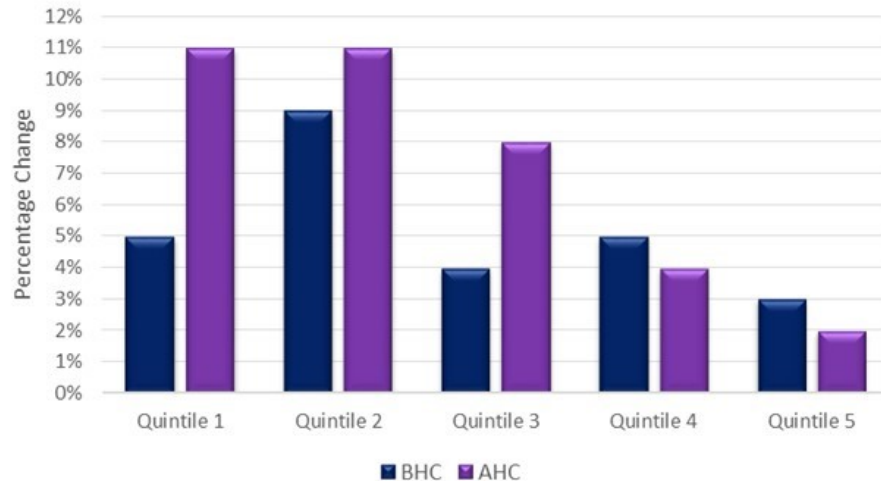
## Average household incomes in 2019/20 prices



# Income Equality

Changes in Average Household Income between 2018/19 and 2019/20

Main Findings



- 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 2019/20 the median values of the weekly household income for each quintile on a BHC basis increase steadily between quintiles 1 and 4, with an average increase between quintiles of approximately £126. This is also the case on an AHC basis (approximately £122). The increase between quintiles 4 and 5 was approximately £240 for both BHC and AHC measures.
- The bar chart to the left shows that on average individuals in all quintiles saw their household incomes increase in 2019/20. See **Table 2.5** for full data.

## Measuring Inequality

Income inequality 2002/03 to 2019/20

- 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 one, 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 Gini index which is the coefficient multiplied by 100 shows no change between 2018/19 and 2019/20 BHC (28%) with AHC decreasing slightly (31% to 30%). The UK Gini index numbers remained the same for both BHC (35%) and AHC (39%) between 2018/19 and 2019/20.
- The 90/10 ratio is the average 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 90/10 ratio BHC shows that in 2019/20 those households in the top 20% of the income distribution had a weekly income 3.3 times higher than those in the bottom 20% (compared to 4.1 for the UK); while the AHC equivalent ratios were 3.6 in NI and 5.2 in the UK. See **Table 2.4** for full data.

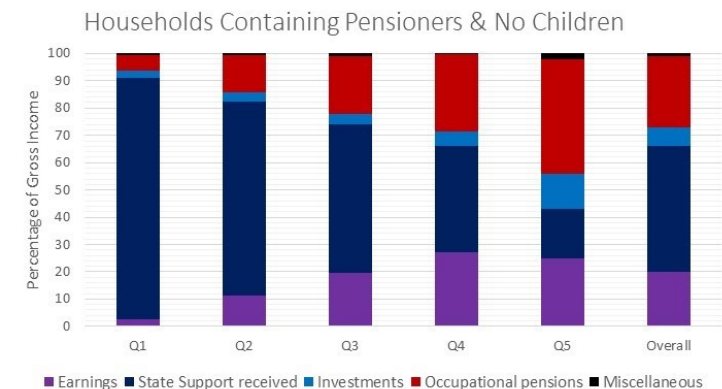
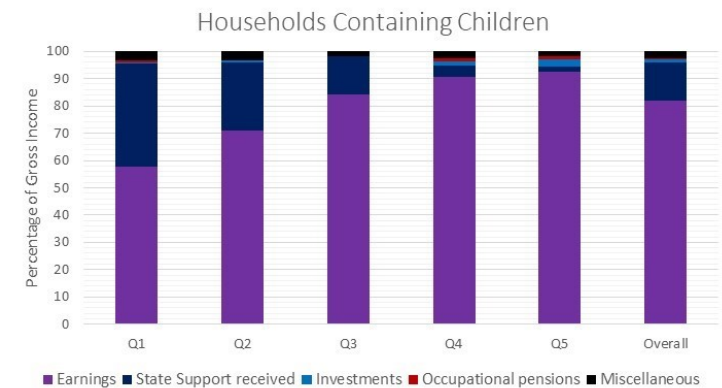
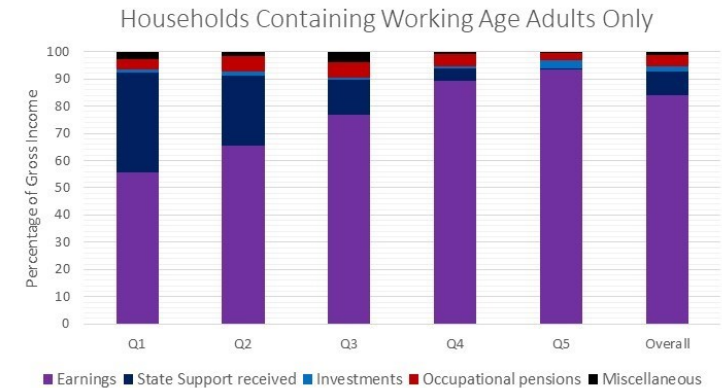
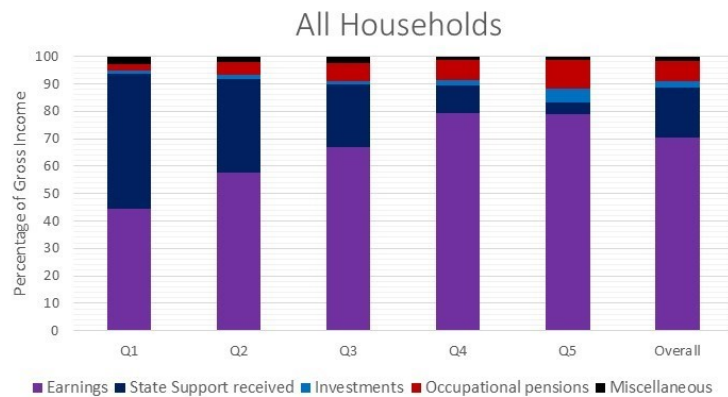


# Sources of Income

## Main Findings

- The chart below shows the proportion of each income source that makes up the overall gross household income, divided into income quintiles. It is evident from the chart that two fundamental income sources make up the majority of household income - 70% from Earnings and 18% from state support. This is a similar proportion to that in the UK where 73% of income is sourced from earnings and 13% from 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 state support decreases. See **Table 2.1** for a full breakdown.

## Income Sources as a proportion of gross income (BHC) by Income Quintile & household type 2019/20



- 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 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.
- In contrast 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.

# Poverty Measures

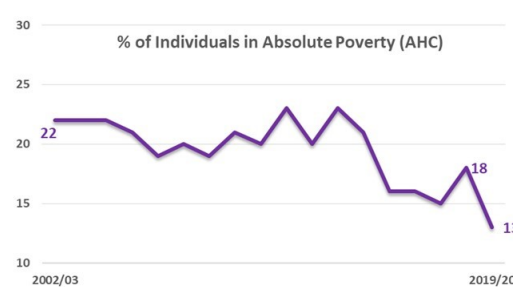
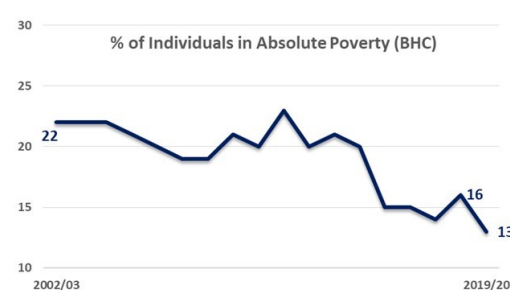
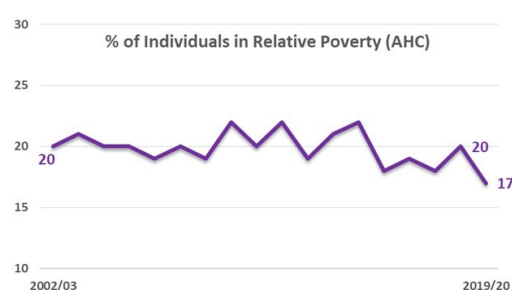
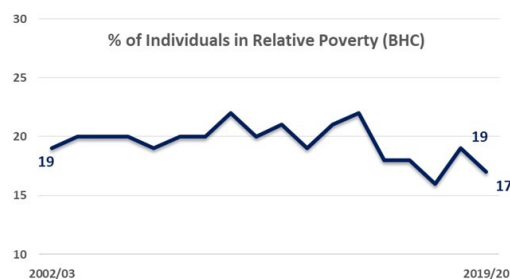
## Relative Poverty

- 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 **2019/20** the relative poverty threshold for a couple with no children was an income of **£328 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 (£220).

## 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 2019/20 the absolute poverty threshold for a couple with no children was an income of **£300 per week** (BHC).
- See **Tables 1.2** and **1.5** for full data.

❖ **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.**



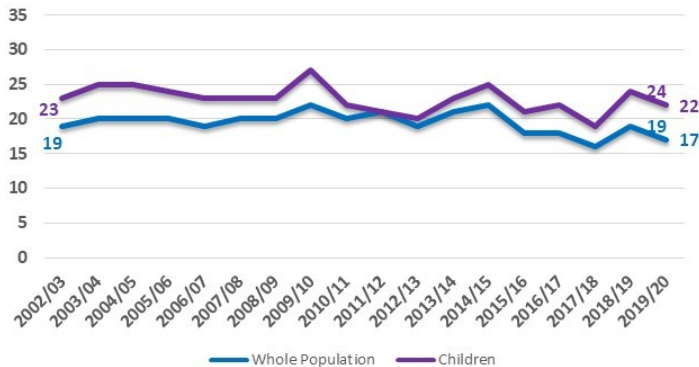
## Main Findings

- In 2019/20 **17% of individuals in NI (approximately 313,000), were considered to be in relative poverty BHC**, a decrease from 19% in 2018/19.
- In 2019/20 **13% of individuals in NI (approximately 241,000), were considered to be in absolute poverty BHC**, a decrease from 16% in 2018/19. This is a statistically significant change.
- Since 2014/15, there has been a fall in the proportion of individuals in relative poverty BHC, from 22% to 17% in 2019/20, and in absolute poverty BHC from 20% to 13%. These changes are statistically significant.
- Of all family types, 'couples without children' had the lowest risk of being in relative poverty (BHC), at 9%. The family type at the highest risk was single with children, at 34%. More detail on poverty by different household characteristics can be found in the **tables in C3**.

# 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

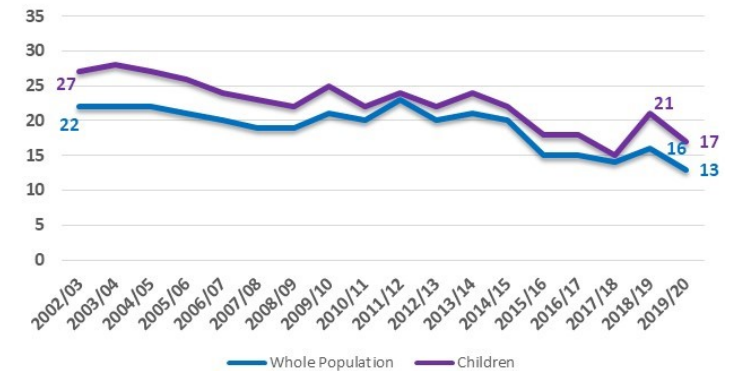


## Children in Poverty

Children in Relative Poverty BHC = 22%

Children in Absolute Poverty BHC = 17%

## % of children in Absolute Poverty BHC



## Main Findings

- The proportion of children in **relative poverty** is estimated to be **22% (approximately 100,000)** in 2019/20 (BHC), which is lower than the 24% estimate of the previous year.
- In 2019/20 the proportion of children in **absolute poverty** decreased to **17% (approximately 75,000)** (BHC), from 21% the previous year.
- 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 full data.

## Low Income and Material Deprivation

- **Child Low Income & Material Deprivation** – respondents are asked whether they have access to a list of 21 goods and services including for example, affording to go on school trips or affording a warm winter coat. If they can't afford a given item, this is scored in the material deprivation measure, with items more commonly owned in the population given a higher weighted score. A child is considered to be in low income and material deprivation if they live in a family that has a total score of 25 or more out of 100 and an equivalised household income BHC below 70% of the median.
- The estimated percentage of children in **combined low income and material deprivation** increased from **7% to 8% in 2019/20** (12% in the UK). See **Table 4.8** for full data. The difference in the 2010/11 and 2019/20 estimate is statistically significant.

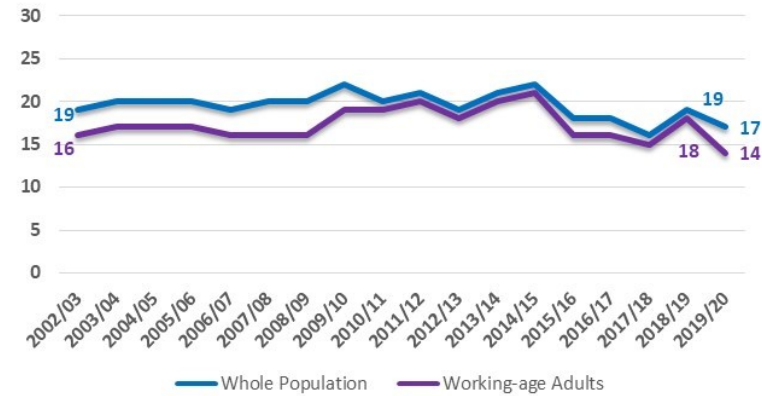
## Percentage and number of children falling below thresholds of low income and material deprivation 2010/11- 2019/20



# 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 poverty measures. 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

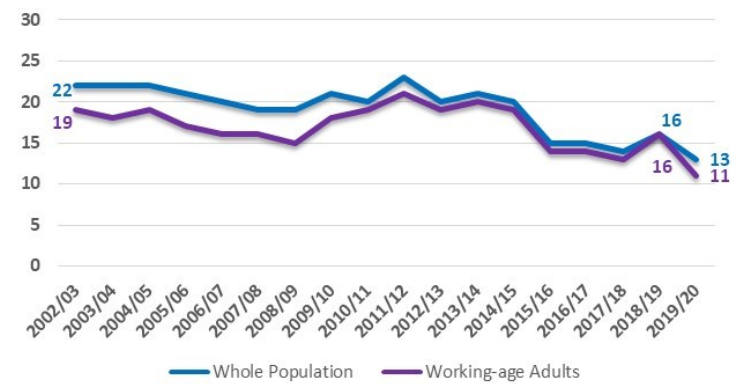


Working-age Adults in Poverty

Working-Age Adults in Relative Poverty BHC = 14%

Working-Age Adults in Absolute Poverty BHC = 11%

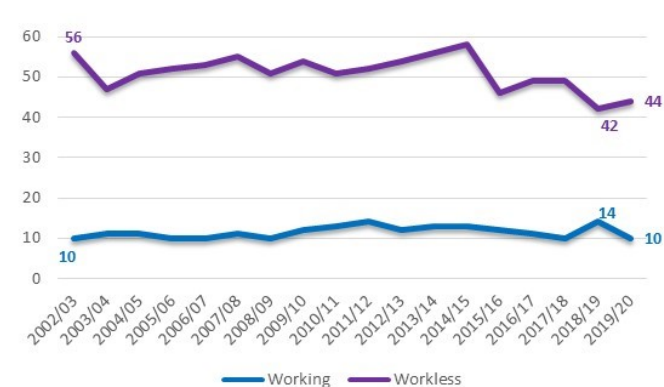
% of Working-Age Adults in Absolute poverty BHC



## Main Findings

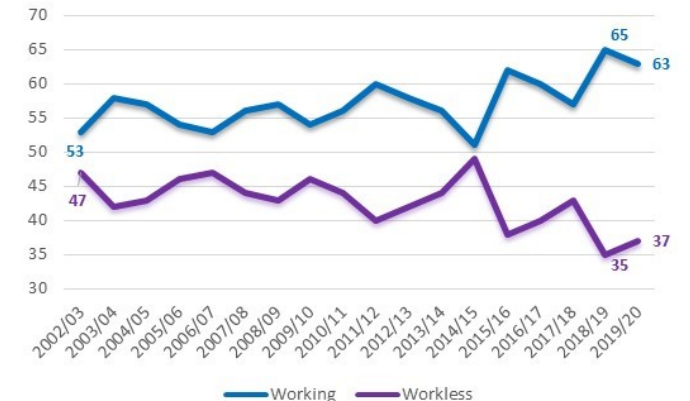
- The proportion of working-age adults in **relative poverty in 2019/20 decreased to 14% (approximately 162,000), from 18% in 2018/19 (BHC)**. This is a statistically significant change.
- The proportion of this group in **absolute poverty in 2019/20 decreased from 16% in 2018/19 to 11% in 2019/20 (approximately 126,000) (BHC)**. This is a statistically significant change.
- The proportion of Working-Age Adults in Relative and Absolute poverty is at a time series low.
- Since 2018/19, there has been a statistically significant fall in both the proportion of working-age adults in Relative Poverty AHC (19% to 15%) and absolute poverty AHC, (17% to 12%).
- 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 relative poverty by economic status (BHC)



- In 2019/20, 10% of Working-Age Adults in working families were in relative poverty BHC compared to 44% in workless families (rising from 42% 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.
- In total, 162,000 working-age adults were in relative poverty BHC with 63% in working families and 37% in workless families.

Composition of Working-age adults in relative poverty by economic status (BHC)

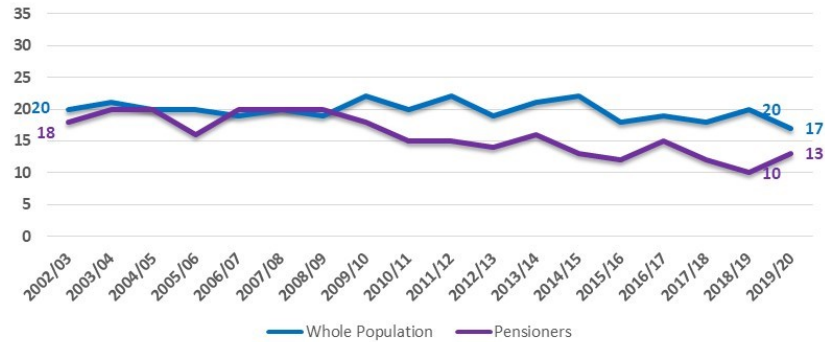




# Pensioners in Poverty

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 33% of the working age population). The charts on this page provide pensioner analysis on an AHC basis.

## % of Pensioners in Relative Poverty AHC

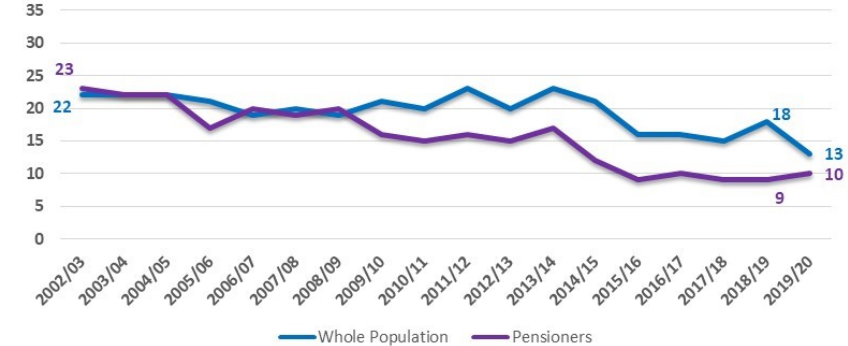


## Pensioners in Poverty AHC

Pensioners in Relative Poverty AHC = 13%

Pensioners in Absolute Poverty AHC = 10%

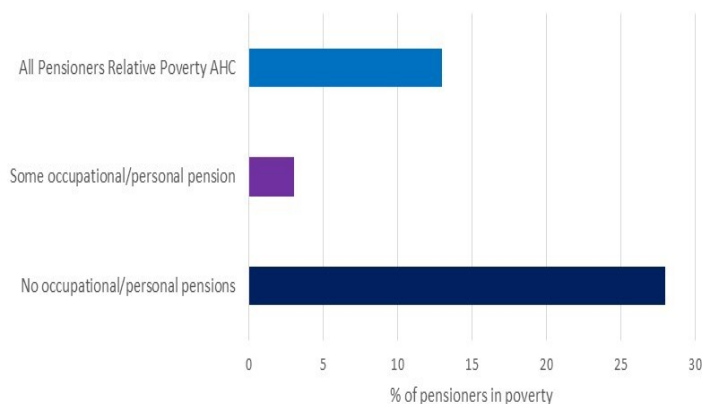
## % of Pensioners in Absolute Poverty AHC



### Main Findings

- The estimated proportion of pensioners in **relative poverty AHC** was **13% (approximately 38,000)** in 2019/20, an increase from 10% in the previous year.
- The estimated percentage of pensioners in **absolute poverty AHC** was **10% (approximately 29,000)** in 2019/20, an increase from 9% in the previous year.
- As shown in the charts above, after 2008/09 pensioners have been at a 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

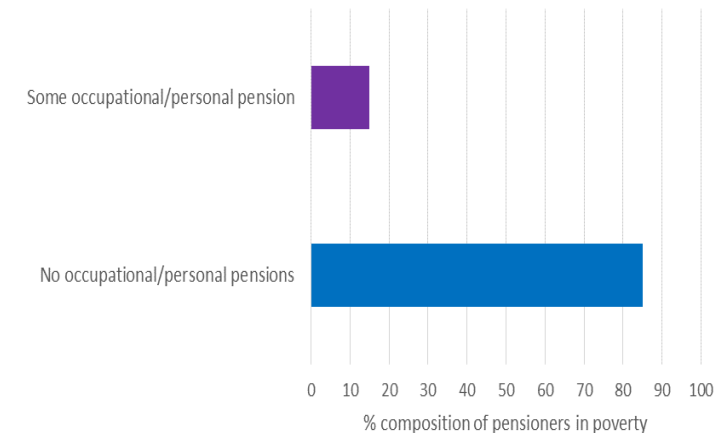
## % of Pensioners in Relative Poverty AHC by pension receipt\*



- In 2019/20, 28% of pensioners who were not in receipt of an occupational/personal pension were classed as being in relative poverty (AHC), compared to only 3% of those who were in receipt of some occupational/personal pension.
- Approximately 38,000 pensioners were in relative poverty (AHC) in 2019/20 and, of these, 85% had no occupational/personal pension provision.

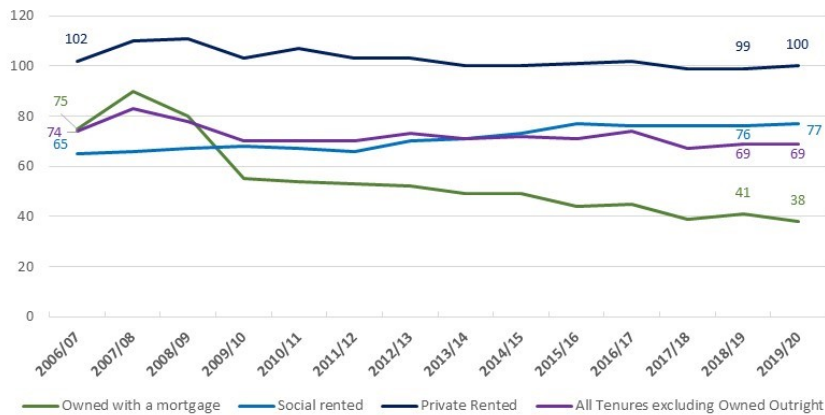
\* Pension receipt based on Pensioner benefit unit i.e. pension receipt of the single pensioner or pensioner couple

## Composition of Pensioners in Relative Poverty AHC by pension receipt\*



# Housing Costs and Poverty by Tenure

## Housing Costs by tenure (£ per week - 2019/20 Prices)

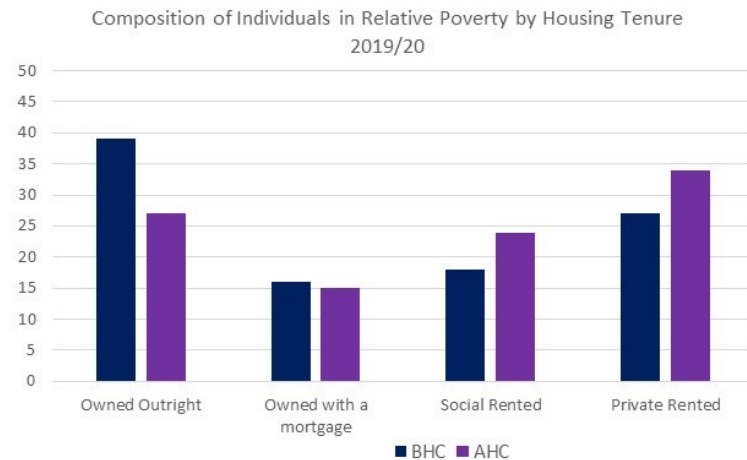


### Main Findings

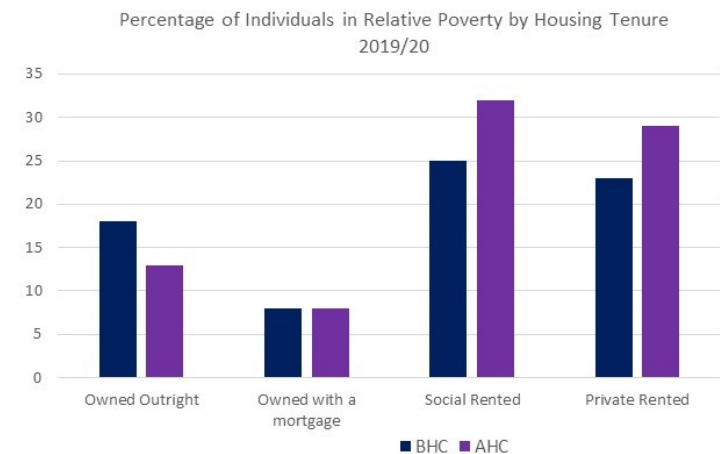
- The poverty estimates reported in this bulletin measure relative and absolute poverty on both a BHC and AHC basis, represented by the charts on page 5. The background data available in the accompanying tables (**Tables 1.2 and 1.5**) show that in general these estimates are higher after housing costs.
- The highest housing costs (for 'All Tenures excluding Owned Outright') over the time series, were in 2007/08 (£83 per week); the 2019/20 figure stands at 17% below that level (£69 per week).
- Comparing different tenures for the same time period (2007/08 to 2019/20), average housing costs for Owning with a Mortgage\*\* is currently approximately 57% lower, Private Rented sector 9% lower and Social Rented sector 15% higher.
- The highest housing costs in 2019/20 (£100 per week) are associated with the Private Rented sector compared with £77 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 Poverty by Housing Tenure



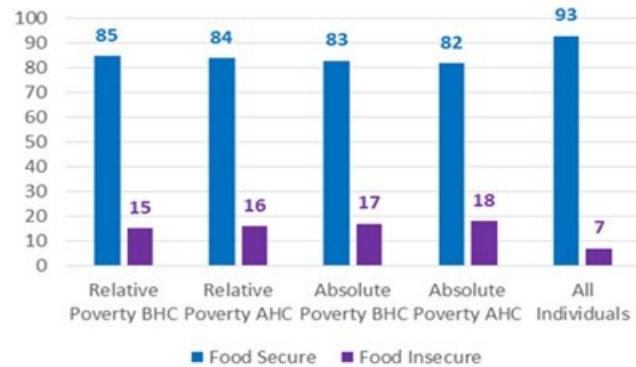
- Of those individuals in relative poverty BHC 39% live in homes which are Owned Outright, 27% live in the Private Rented sector, 18% live in the Social Rented sector and 16% live in homes owned with a mortgage.
- On an AHC basis the figures are 34% in private rented, 27% Owned Outright, 24% in the Social Rented sector and 15% Owned with a Mortgage.
- In 2019/20 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



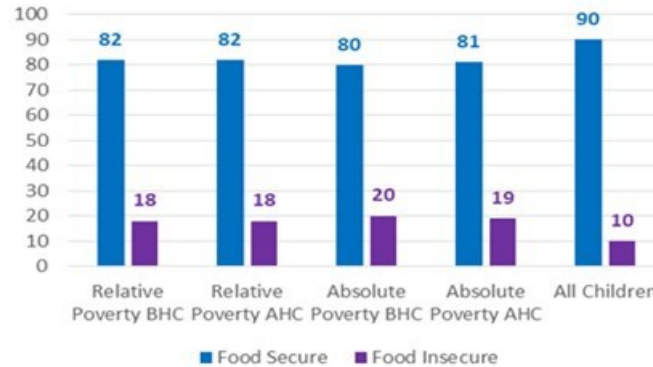
# Household Food Security

From April 2019, the FRS has asked questions on household food security for the first time. Households with high or marginal food security are “**food secure**”. Food secure households are considered to have sufficient, varied food to facilitate an active and healthy lifestyle. Households with low or very low food security are “**food insecure**”. Food insecure households have a risk of, or lack of access to, sufficient, varied food.

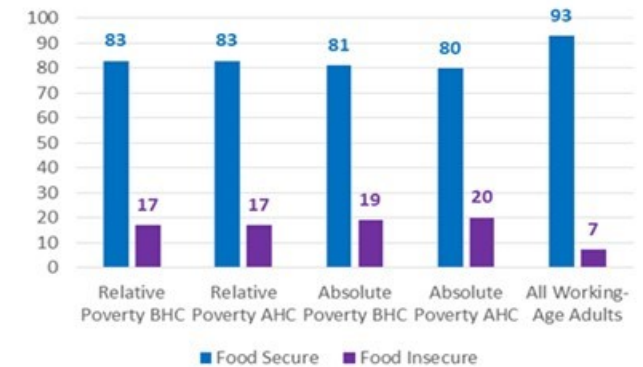
**% of Individuals in Low Income by household Food Security Status 2019/20**



**% of Children in Low Income by household Food Security Status 2019/20**



**% of Working-Age Adults in Low Income by household Food Security Status 2019/20**



## Main Findings

- Most individuals lived in households that were food secure (93%) with 7% (approximately 125,000) in households said to be food insecure in 2019/20.
- In terms of those in **relative** poverty BHC, 15% (47,000) of individuals lived in food insecure households. Of those in relative poverty AHC 16% (49,000) lived in food insecure households.
- There were estimated to be 40,000 individuals in **absolute** poverty BHC (17%) living in food insecure households. Of those in absolute poverty AHC, 44,000 (18%) lived in food insecure households.
- It is estimated that 10% (44,000) of children lived in households that were food insecure.
- There is no difference in the proportion of children who were in **relative** poverty BHC & AHC living in food insecure households (18%) – this increased slightly for those in **absolute** poverty BHC (20%) and AHC (19%).
- It is estimated that 7% (74,000) of working-age adults lived in households that were food insecure.
- There is no difference in the proportion of working-age adults in **relative** poverty BHC & AHC living in food insecure households (17%). This rose slightly for those in **absolute** poverty BHC (19%) and AHC (20%).

# 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.

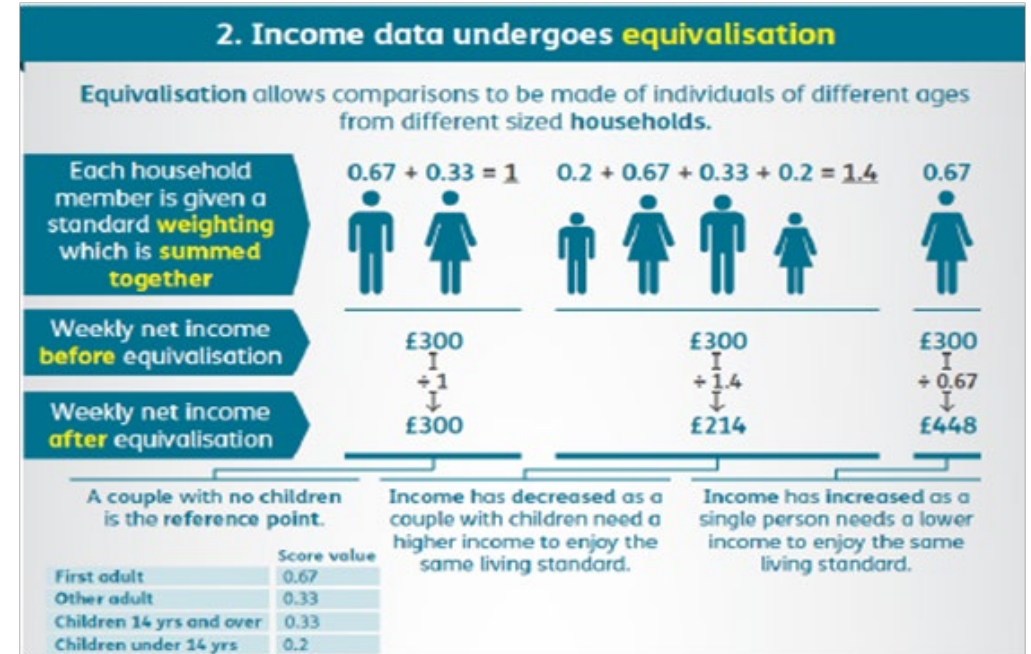
**Sampling Error** Survey results are always estimates, not precise figures and so are subject to a level of uncertainty. Two different random samples from one population, for example NI, are unlikely to give exactly the same survey results. This level of uncertainty can be calculated and is commonly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



## 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 table below explains how the two measures are derived from all income received in a household.

Income Before Housing Costs (BHC)		Income After Housing Costs (AHC)
<b>Includes the following Components</b>	<b>Income is net of</b>	<b>Income after Housing Costs (AHC)</b> is derived by deducting a measure of housing costs from the income measure shown opposite.
<ul style="list-style-type: none"><li>• Net earnings from employment;</li><li>• Profit or loss from self-employment;</li><li>• All Social Security benefits and Tax Credits;</li><li>• Income from occupational and private pensions;</li><li>• Investment income;</li><li>• Maintenance payments;</li><li>• Income from educational grants and scholarships;</li><li>• The cash value of certain forms of income in kind, including free school meals.</li></ul>	<ul style="list-style-type: none"><li>• Income tax payments;</li><li>• National Insurance contributions;</li><li>• Domestic rates / council tax;</li><li>• Contributions to occupational pension schemes;</li><li>• Student loan repayments;</li><li>• All maintenance payments;</li><li>• Parental contributions to students living away from home.</li></ul>	<b>Housing costs</b> These include the following: <ul style="list-style-type: none"><li>• Rent (including housing benefit);</li><li>• Mortgage interest payments;</li><li>• Structural insurance premiums (for owner occupiers); and</li><li>• Ground rent and service charges.</li></ul>

While the AHC measure is comparable between NI 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.

Since designation as National Statistics, we have continued to comply with the Code of Practice for Statistics, and have made the following changes: improved data governance protocols, improved quality assurance documentation and moved to a more simplified and visually appealing format, with improved accessibility

## 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 [psu@communities-ni.gov.uk](mailto:psu@communities-ni.gov.uk) or telephone Alan Anderson **028 90823 588**

## Other FRS Publications

**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#toc-0>