

Northern Ireland Poverty and Income Inequality Report, 2021/22



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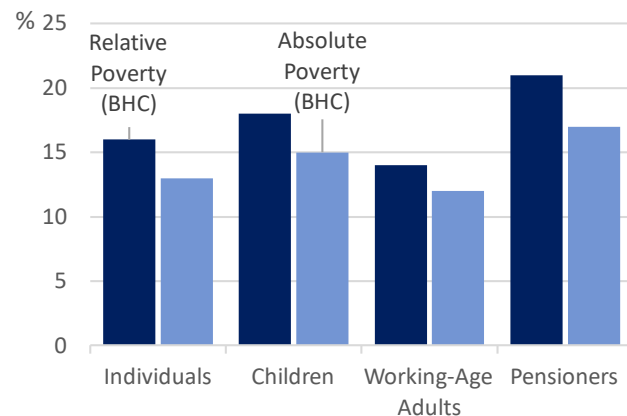
This report presents annual estimates of the proportion of people, children, working-age adults and pensioners in Northern Ireland living in poverty, and other statistics on household income and income inequality. Unless otherwise stated, these statistics are based on net income and adjusted for household size (equivalised). Poverty is defined at the household level. If the household income is below the poverty threshold, all people within the household are in poverty. 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.**

Data collection in 2020/21 was impacted by COVID-19 restrictions resulting in a heavily reduced sample size. This led to additional uncertainty around the estimates, particularly for smaller groups. As such, for 2020/21, only figures relating to the whole population in NI are presented in this publication.

Corresponding statistics relating to poverty and income inequality in the UK are available from the Department for Work and Pensions' Households Below Average Income (HBAI) publication (<https://www.gov.uk/government/collections/households-below-average-income-hbai--2>).

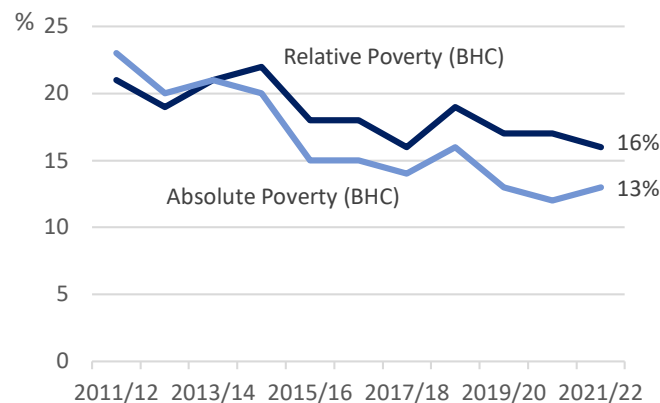
Headline Figures

Percentage of Individuals, Children, Working-Age Adults and Pensioners in Poverty (BHC), 2021/22



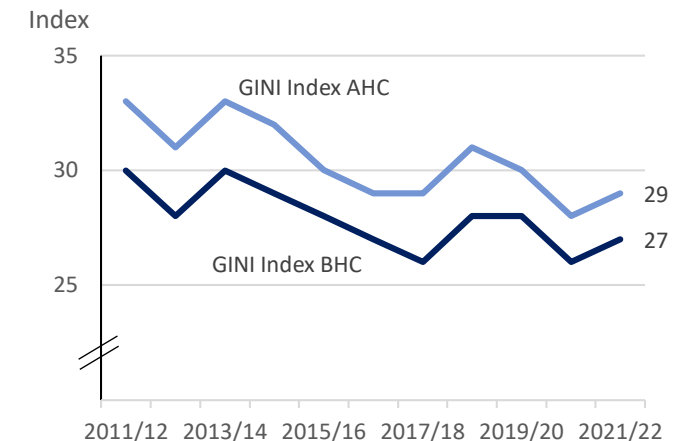
Across all of the population subgroups, relative poverty (BHC) is higher than absolute poverty (BHC). In 2021/22 16% of individuals were in Relative Poverty (BHC). This equates to 300,000 people. 13% of individuals were in Absolute Poverty (BHC) equating to 249,000 people.

Percentage of Individuals in Relative and Absolute Poverty (BHC)



The proportion of individuals in relative poverty (BHC) decreased from 17% in 2020/21 to 16% in 2021/22. Conversely the percentage of individuals in absolute poverty (BHC) increased from 12% in 2020/21 to 13% in 2021/22.

Income Inequality (as measured by the GINI Index)



The Gini Index measures the inequality between the households with the lowest and highest incomes. The index ranges from 0% (everyone has equal incomes) to 100% (one individual has all the income). The measure has shown that NI income inequality in 2021/22 rose both BHC and AHC to 27% and 29% respectively.

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The Northern Ireland Poverty and Income Inequality Report is the primary source for data and information about poverty and income inequality in Northern Ireland. Users include central government, local authorities, academics, journalists and the voluntary sector.

Income Measures

This report incorporates widely used international standard measures of poverty and inequality. The primary measure used 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 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.

Consumer Price Index (CPI) inflation has been used when estimating how incomes are changing in real terms over time. **For further information on how income is measured see the corresponding Quality and Methodology Information Report.**

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

Survey Data

Estimates are based on responses from approximately 1,700 Northern Ireland households provided during telephone interviews in 2021/22 (a decrease from 2,000 households on average pre COVID-19 but an increase from 700 at the height of the COVID-19 pandemic in 2020/21 when more restrictions were in place). 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 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-1>

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 **2021/22** the relative poverty threshold for a couple with no children was an income of **£339 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 (£227).

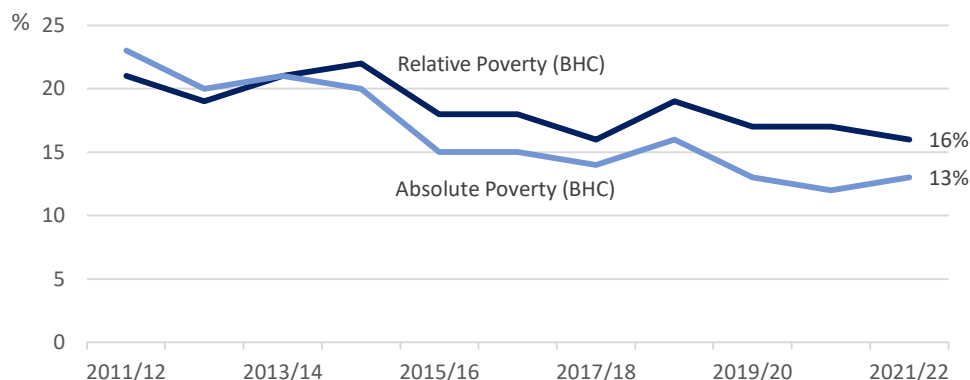
See **Table 1.8** for full data.

Absolute Poverty

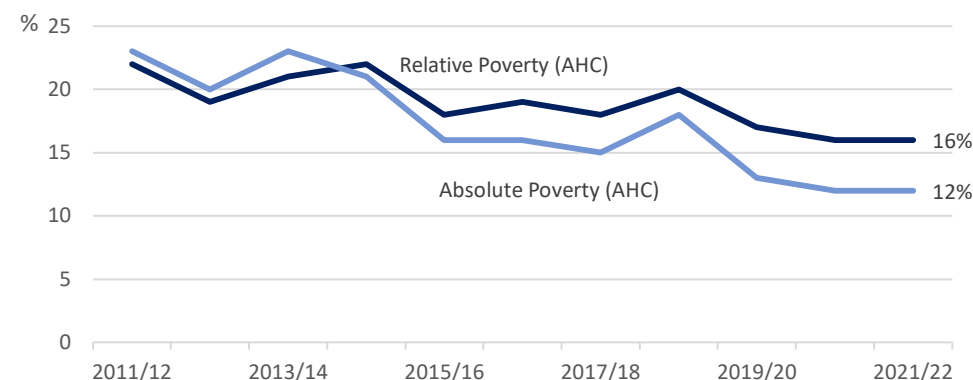
- An individual is considered to be in absolute poverty if they are living in a household with an equivalised income below **60% of the (inflation adjusted) UK median income in 2010/11**.
- This is a measure of whether those in the lowest income households are seeing their **incomes rise in real terms**.
- In **2021/22** the absolute poverty threshold for a couple with no children was an income of **£314 per week (BHC)**. For a couple with children the threshold would be higher and for a single person (without children) the threshold would be lower (£210).

See **Table 1.8** for full data.

Percentage of Individuals in Relative and Absolute Poverty (BHC)



Percentage of Individuals in Relative and Absolute Poverty (AHC)



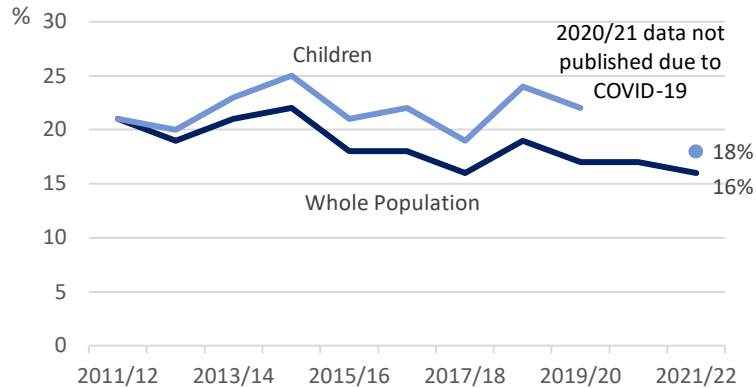
Main Findings

- In 2021/22 **16% of individuals in NI (approximately 300,000), were considered to be in relative poverty (BHC)**, a decrease from 17% in 2020/21.
- In 2021/22 **13% of individuals in NI (approximately 249,000), were considered to be in absolute poverty (BHC)**, an increase from 12% in 2020/21.
- Over the last ten years, there has been a fall in the proportion of individuals in relative poverty (BHC), from 21% in 2011/12 to 16% in 2021/22 while over the same period absolute poverty (BHC) has fallen from 23% to 13%.
- Of all family types, 'couples without children' had the lowest risk of being in relative poverty (BHC), at 10%. The family type at the highest risk was single female pensioner, at 31%. More detail on poverty by different household characteristics can be found in the **tables in Chapter 2**.

Children in Poverty

Three poverty measures for children 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 Quality and Methodology Information Report <https://www.communities-ni.gov.uk/topics/family-resources-survey#toc-1>.

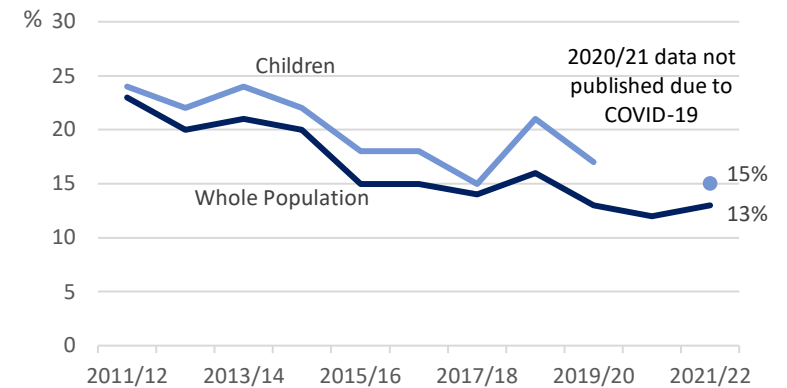
Percentage of Children in Relative Poverty (BHC)



18% of Children in Relative Poverty (BHC)

15% of Children in Absolute Poverty (BHC)

Percentage of Children in Absolute Poverty (BHC)



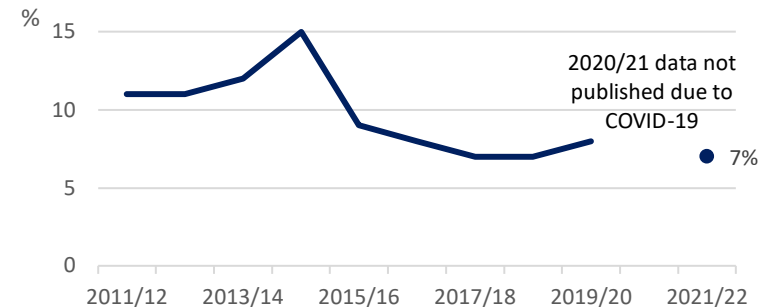
Main Findings

- The proportion of children in **relative poverty (BHC)** is estimated to be **18% (approximately 83,000)** in 2021/22, which is lower than the last available estimate of 22% in 2019/20.
- In 2021/22 the proportion of children in **absolute poverty (BHC)** decreased to **15% (approximately 68,000)**, from 17% in 2019/20.
- 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 1.1 and 1.4** for full data.

Children in Low Income and 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 cannot 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 UK median.
- The estimated percentage of children in **combined low income and material deprivation** decreased from **8% in 2019/20 to 7% in 2021/22**. See **Table 3.5** for full data.

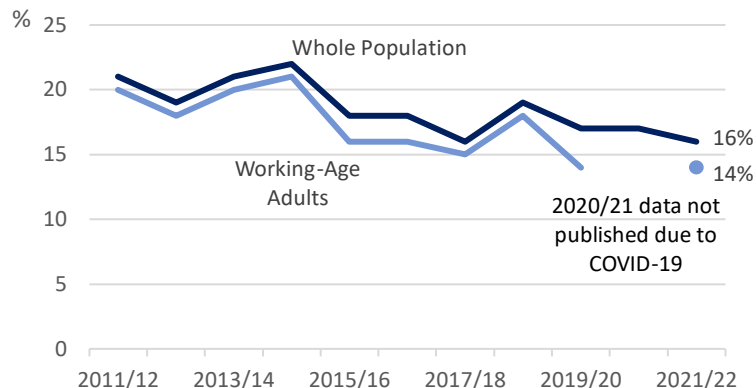
Percentage of Children in Low Income and Material Deprivation (BHC)



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, the majority of income for working-age adults is sourced from earnings and therefore results are sensitive to changes in the labour market.

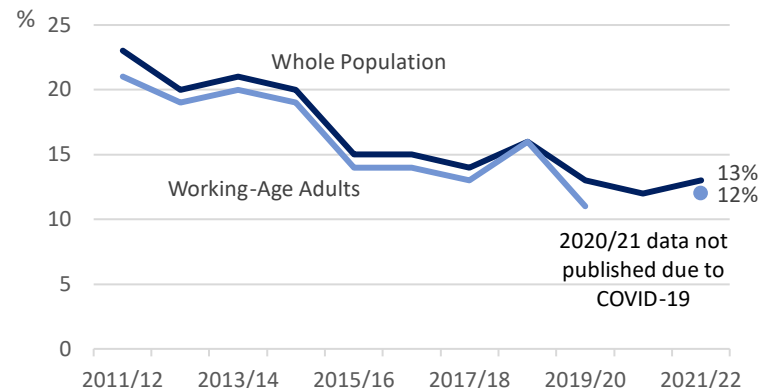
Percentage of Working-Age Adults in Relative Poverty (BHC)



14% of Working-Age Adults in Relative Poverty (BHC)

12% of Working-Age Adults in Absolute Poverty (BHC)

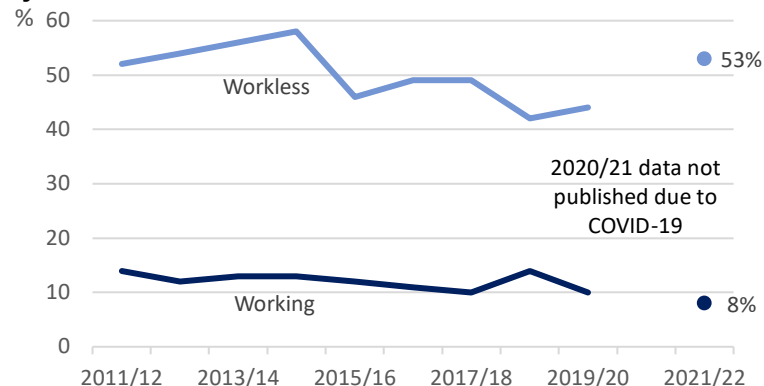
Percentage of Working-Age Adults in Absolute Poverty (BHC)



Main Findings

- The proportion of working-age adults in **relative poverty (BHC)** in 2021/22 remained constant in relation to the 2019/20 level at 14% (approximately 155,000).
- The proportion of this group in **absolute poverty (BHC)** increased from 11% in 2019/20 to 12% in 2021/22 (approximately 131,000).
- The proportion of working-age adults in relative poverty (BHC) is at a ten year low.
- 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.

Percentage of Working-Age Adults in Relative Poverty (BHC) by Economic Status of Household

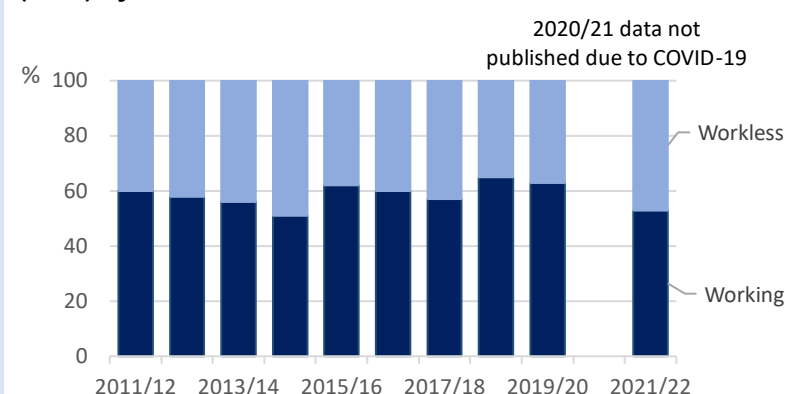


In 2021/22, 8% of working-age adults in working households were in relative poverty BHC compared to 53% in workless households.

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 NI.

In total, 155,000 working-age adults were in relative poverty BHC with 53% in working households and 47% in workless households.

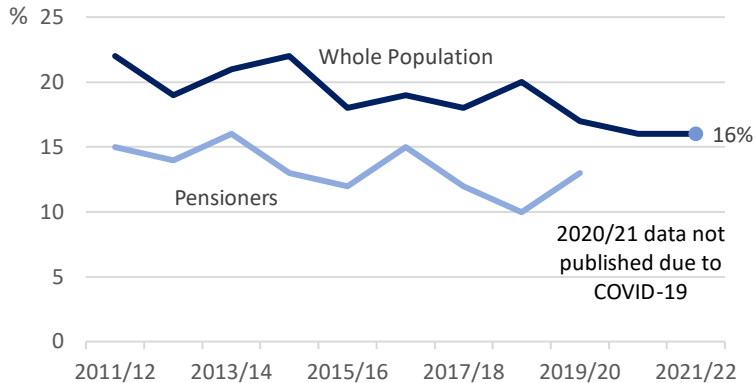
Composition of Working-Age Adults in Relative Poverty (BHC) by Economic Status of Household



Pensioners in Poverty

When looking at pensioner poverty the **After Housing Costs analysis is the Government's preferred measure**. This is because over four fifths (82%) 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.

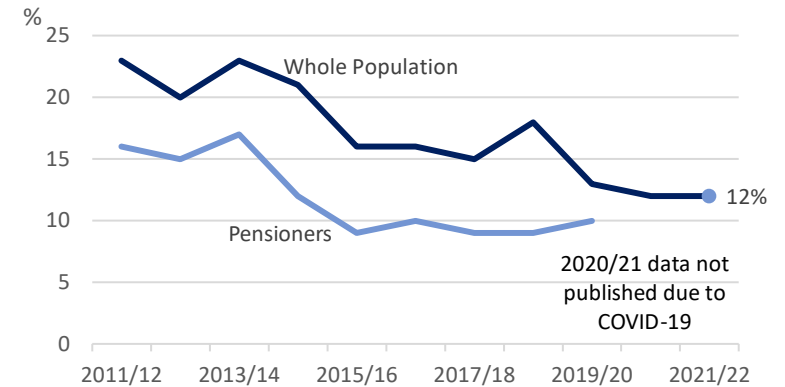
Percentage of Pensioners in Relative Poverty (AHC)



16% of Pensioners in Relative Poverty (AHC)

12% of Pensioners in Absolute Poverty (AHC)

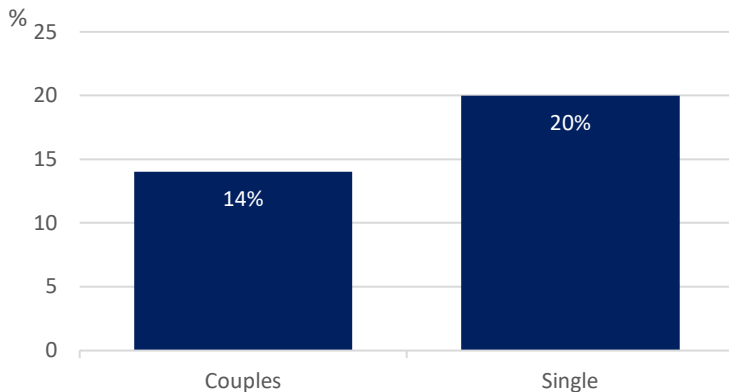
Percentage of Pensioners in Absolute Poverty (AHC)



Main Findings

- The estimated proportion of pensioners in **relative poverty (AHC)** was **16% (approximately 47,000)** in **2021/22**, an increase from the last available estimate of 13% in 2019/20.
- The estimated percentage of pensioners in **absolute poverty (AHC)** was **12% (approximately 34,000)** in **2021/22**, an increase from 10% in 2019/20.
- As shown in the charts above, over the last ten years **pensioners have generally been at a lower risk of being in poverty (AHC)** than the population as a whole.
- BHC and AHC measures are available in **Tables 1.1 and 1.4** with further pensioner analysis available in **Chapter 5** of the tables which accompany this report.

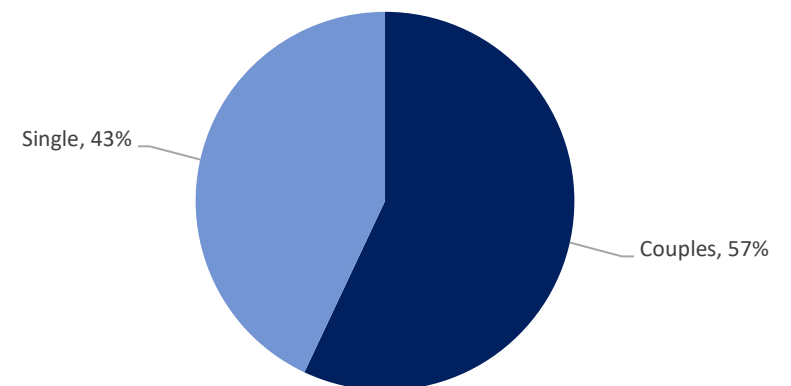
Percentage of Pensioners in Relative Poverty (AHC) by Family Type, 2021/22



In 2021/22, 14% of pensioner couples were classed as being in relative poverty (AHC), compared to 20% of single pensioners.

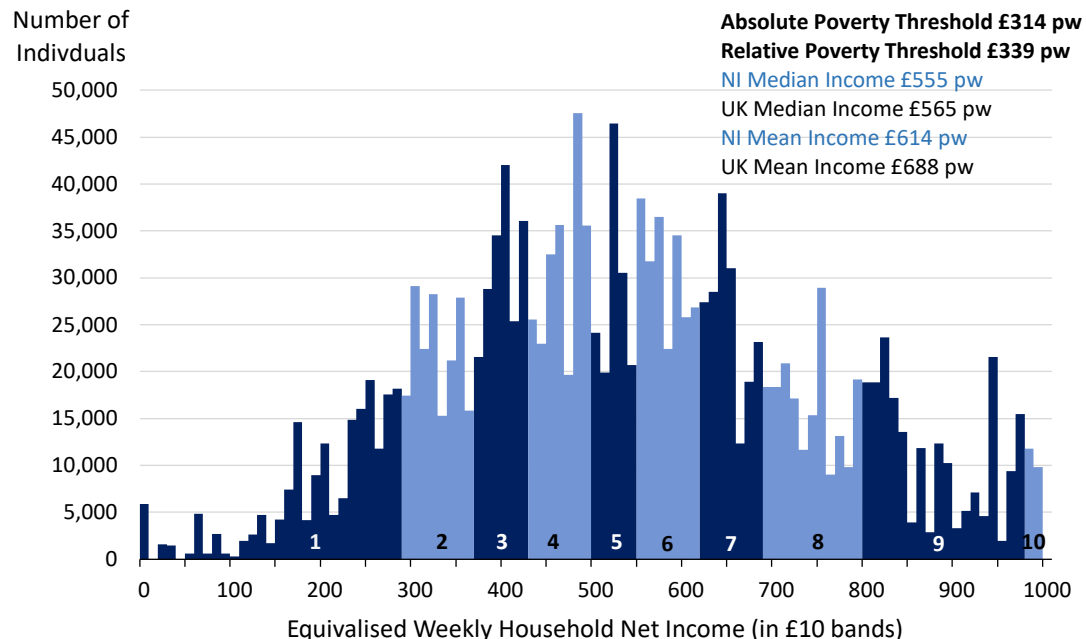
Approximately 47,000 pensioners were in relative poverty (AHC) in 2021/22 and, of these, 43% were single.

Composition of Pensioners in Relative Poverty (AHC) by Family Type, 2021/22



The Overall Northern Ireland Income Distribution

Equivalised Weekly Household Net Income (BHC) Distribution, 2021/22

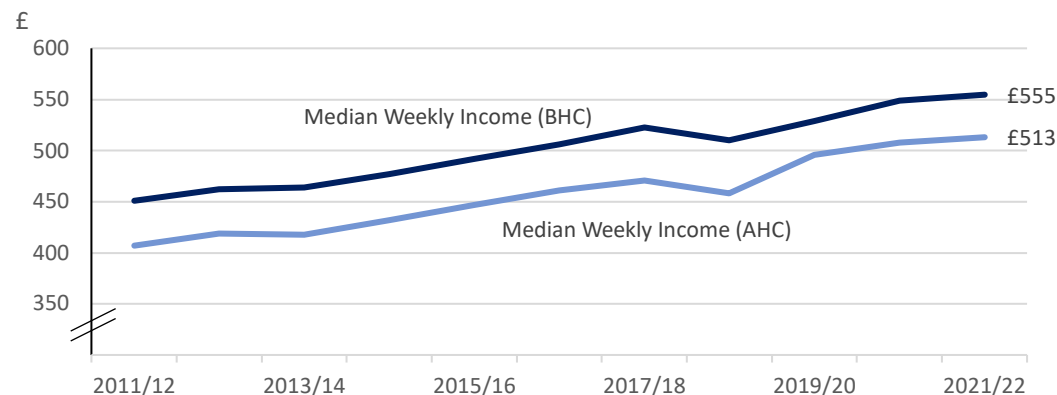


- In 2021/22 approximately three fifths of individuals in Northern Ireland had a household income below the **NI mean income of £614 per week** resulting in a positive skew to the distribution. NI household incomes are more evenly distributed than the UK, where approximately two thirds of individuals lived in households with an income below the **UK mean income of £688 per week**.
- The presence of high-earning individuals skews the distribution, therefore the median is generally used as the standard measure of average income.
- Just over half of individuals in Northern Ireland had a household income below the **UK median income** of £565 per week.
- The relative and absolute poverty thresholds are £339 and £314 respectively per week. In NI, approximately 116,000 individuals have an equivalised household income close to these thresholds (between £300 and £350 per week), therefore small movements in the income distribution can lead to more sizeable movements in the levels of poverty.
- See **Table 6.5** 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

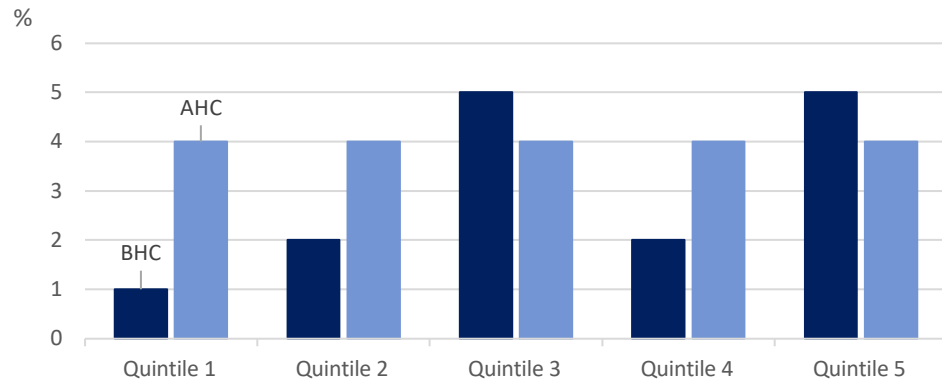
- In 2021/22 average equivalised household income before housing costs increased to £555 per week (£28,939 per year), representing a 1% increase from the previous year. The average income after housing costs also increased by 1% to £513 per week.
- The BHC and AHC income measures have followed a similar pattern over the last 10 years with each steadily increasing from a series low in 2011/12 as a result of the economic recession. See **Table 6.4** for full data.
- The Northern Ireland income levels before housing costs remain lower than those in the UK as a whole, £555 compared to £565 per week, respectively. The corresponding after housing costs figures are £513 (NI) and £500 (UK).

Median Equivalised Household Net Income (£ per Week in 2021/22 Prices)



Income Inequality

Percentage Change in Equivalised Weekly Net Household Income, 2019/20 – 2021/22

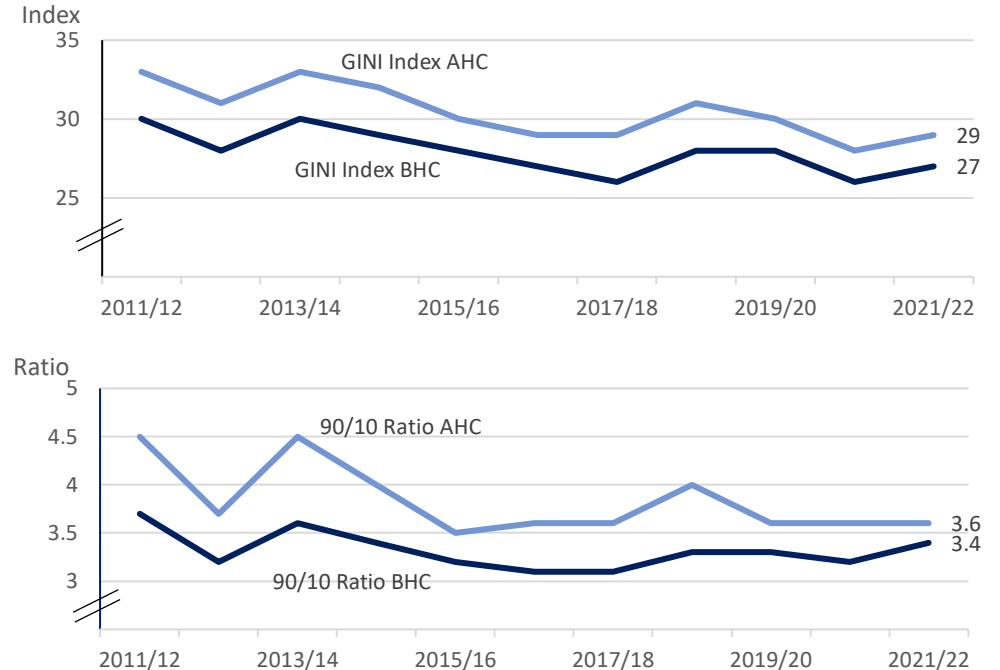


- Quintiles divide the population, when ranked by a particular variable (in this case weekly net household income) into five equal groups where the first and fifth quintiles represents the lowest and highest 20% of the income distribution respectively.
- By dividing the population into quintiles ranked by household income it enables analysis of how the most well off and least well off compare against each other.
- On average individuals in all quintiles saw their household incomes increase in 2021/22 in comparison to the last available estimates in 2019/20. Quintiles 3 and 5 saw the largest increase BHC (5%), while quintile 1 saw the smallest increase BHC (1%). A 4% increase AHC was seen in all five quintiles.
- See **Table 6.3** for full data on the median equivalised weekly income for each quintile.

Measuring Income Inequality

- Income inequality measured by the Gini coefficient and the 90/10 ratio shows the disparity between high-income and low-income households.
- The Gini coefficient is a widely-used, international standard measure of inequality. It can take values from zero to 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 a 1 percentage point increase between 2020/21 and 2021/22 to 27% BHC and 29% AHC. The UK Gini index numbers remained the same for both BHC (34%) and AHC (38%) between the 2020/21 and 2021/22.
- 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 2021/22 those households in the top 20% of the income distribution had a weekly income 3.4 times higher than those in the bottom (compared to 3.9 for the UK); while the AHC equivalent ratios were 3.6 in NI and 4.9 in the UK. See **Table 6.2** for full data.

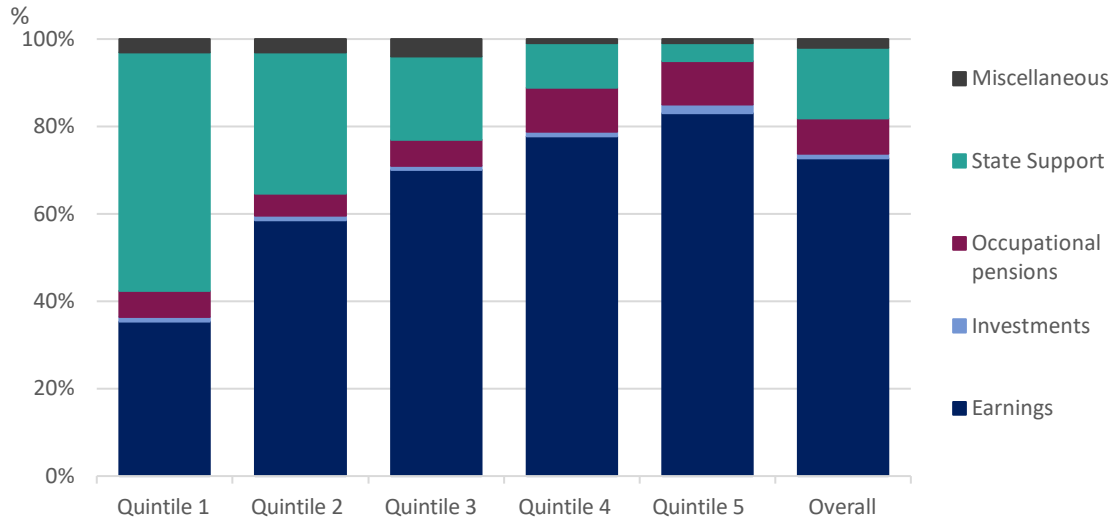
Income Inequality as Measured by the GINI Index and the 90/10 Ratio



Sources of Income

Income Sources as a Proportion of Gross Household Income by Quintile (BHC), 2021/22

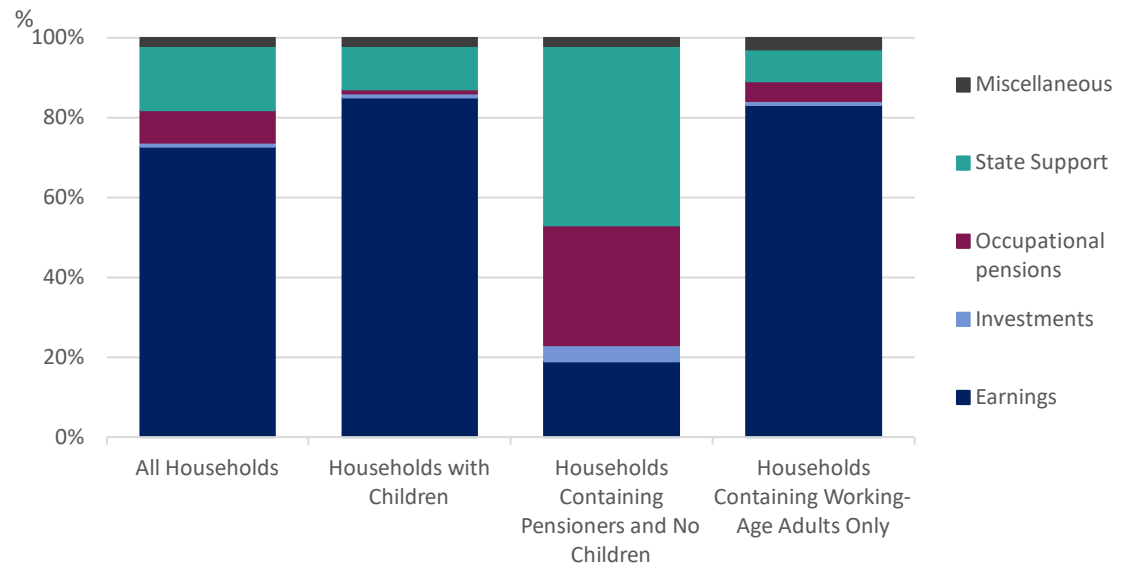
The legend follows the same order as the stacks within the bars.



- The chart to the left shows the makeup of the total gross household income, for each quintile (BHC). The majority of household income (72%) comes from earnings, with 16% from state support. This is similar to the UK proportions of 72% and 14% respectively.
- From the chart it is clear that as the population moves from those in the bottom quintile to the fifth quintile, the proportion of gross income made up by earnings increases and the proportion of state support decreases.
- See **Table 6.1** for a full breakdown.

Income Sources as a Proportion of Gross Household Income by Household Type, 2021/22

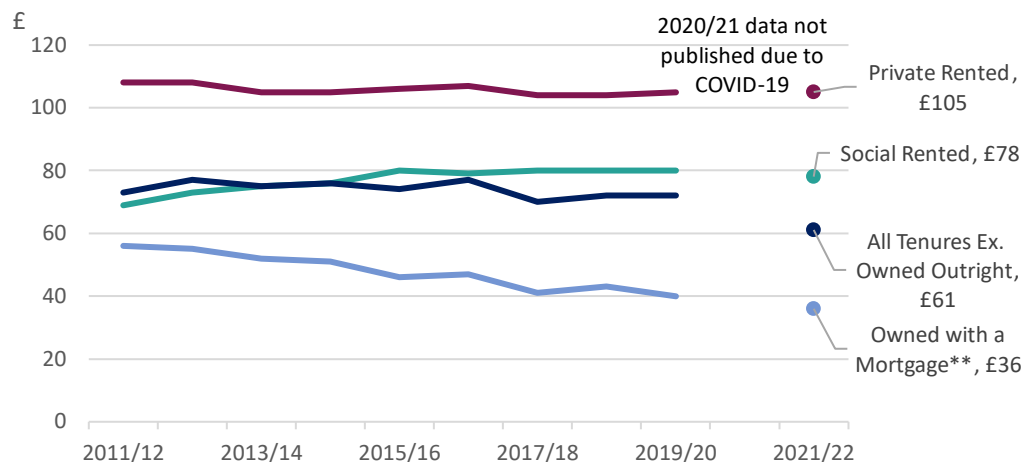
The legend follows the same order as the stacks within the bars.



- The chart to the right shows the composition of gross income from the various sources for all households in comparison to three different household types: containing children, containing pensioners and no children and containing working-age adults only.
- From the chart it is noticeable that households containing working-age adults only and households that contain children receive the majority of their income from earnings.
- In contrast households containing pensioners and no children receive the majority of their income from state support and occupational pensions.
- See **Table 6.1a** for a full breakdown.

Housing Costs and Poverty by Tenure

Median Weekly Housing Costs by Tenure (£ per Week in 2021/22 Prices)

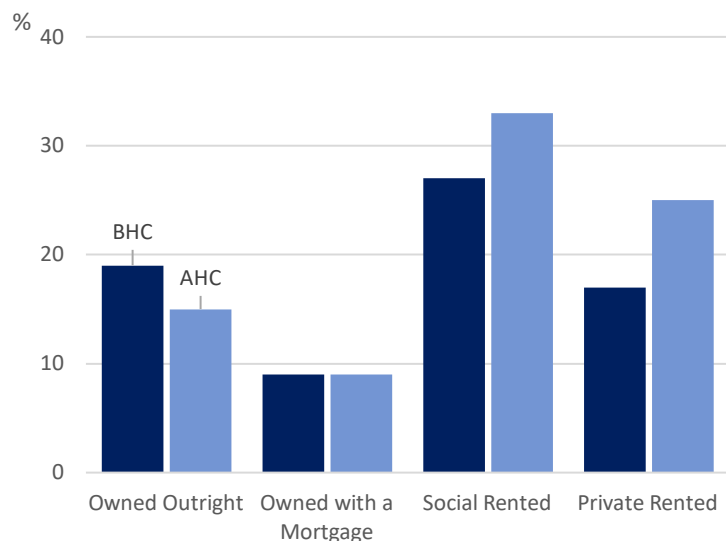


Main Findings

- Housing costs depicted in this section have been calculated as the difference between unequivalised gross income before and after housing costs.
- The highest housing costs (for 'All Tenures excluding Owned Outright') over the last 10 years, were in 2012/13 and 2016/17 (£77 per week); the 2021/22 figure stands at 21% below that level (£61 per week).
- Comparing different tenures over the 10 year time period shows that average housing costs for Owning with a Mortgage** is decreasing while Private Rental has remained relatively stable and the Social Rental has increased.
- The highest housing costs in 2021/22 (£105 per week) are associated with the Private Rented sector compared with £78 for Social Rented and £36 for Owned with a Mortgage**.

****Note that the housing costs associated with 'Owned with a Mortgage' only include the interest component of the mortgage payment.**

Percentage of Individuals in Relative Poverty by Tenure, 2021/22



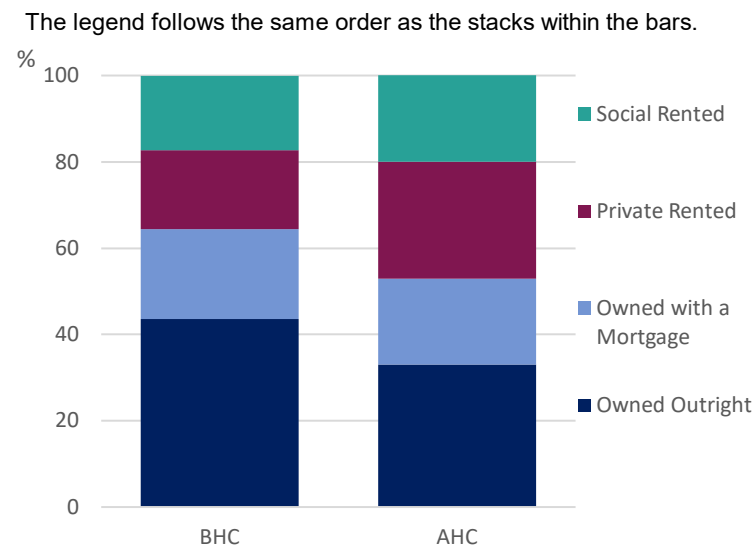
In 2021/22 individuals living in the Social Rented sector were at the highest risk of relative poverty, both BHC and AHC.

Of those individuals in relative poverty BHC 44% live in homes which are Owned Outright, 21% live in homes owned with a mortgage, 18% live in the Private Rented sector and 17% live in the Social Rented sector.

On an AHC basis the figures are 33% in Owned Outright, 27% Private Rented, 21% in the Social Rented sector and 20% Owned with a Mortgage.

More analysis is provided in **Tables 7.1-7.3**

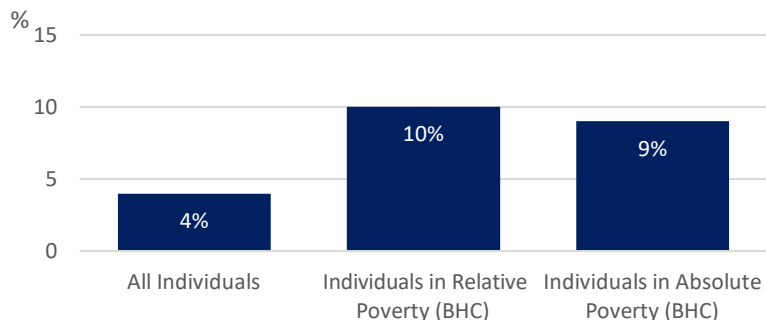
Composition of Individuals in Relative Poverty by Tenure, 2021/22



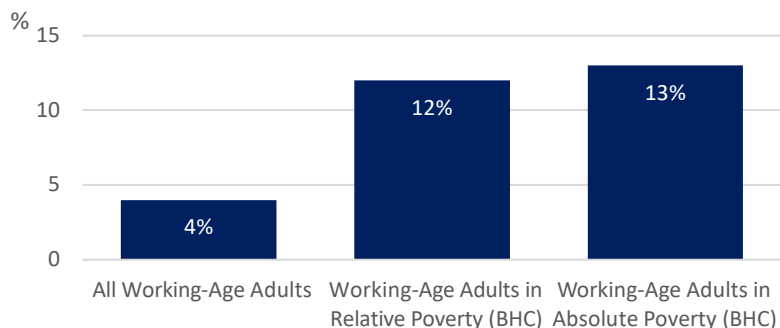
Household Food Security

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.

Percentage of Individuals in Food Insecure Households, 2021/22



Percentage of Working-Age Adults in Food Insecure Households, 2021/22



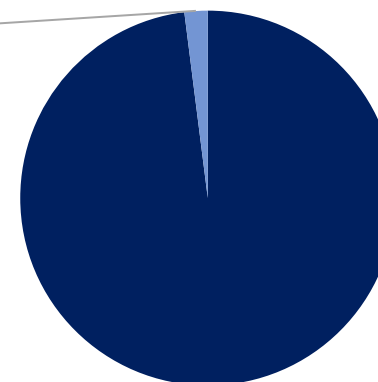
Food Bank Usage

- In 2021/22, 2% of all individuals in Northern Ireland had used a food bank within the last 12 months.
- See **Table 8.3** for information on food bank usage for working-age adults.
- Statistics relating to food bank usage for children, pensioners and those within each population group that are in poverty are not available for 2021/22 due to small sample sizes.

Main Findings

- Most individuals lived in households that were food secure (96%) with 4% (approximately 74,000) in households said to be food insecure in 2021/22.
- In terms of those in relative poverty (BHC), 10% (29,000) of individuals lived in food insecure households.
- There were estimated to be 23,000 individuals in absolute poverty BHC (9%) living in food insecure households.
- The food security status of working-age adults follows a similar pattern to that of all individuals with 4% (49,000) of all working-age adults living in households that were food insecure.
- The proportion of working-age adults who were in relative poverty (BHC) living in food insecure households was 12% (19,000). This rose slightly to 13% (17,000) for those in absolute poverty (BHC).
- Further information on the food security status of those in relative and absolute poverty (AHC) is available in **Tables 8.1 – 8.3**.
- Statistics on the food security status of children and pensioners are not available for 2021/22 due to small sample sizes.

Individuals that have used a food bank in the past 12 months, 2%



Individuals that have not used a food bank in the past 12 months, 98%

Measuring Income

The NI Poverty and Income Inequality Report uses data from the Family Resources Survey (FRS) to derive a measure of disposable household income. Adjustments are made to take account of the size and composition of households in order to make figures comparable.

FRS Survey Data

The FRS cover a statistically valid sample of approximately 1,700 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.

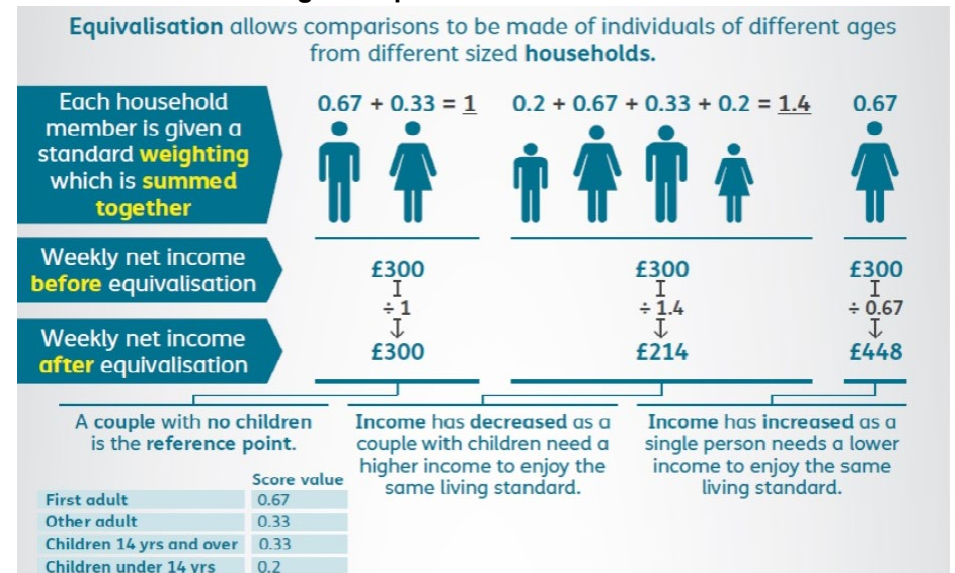
Key Definitions

Household One person living alone or a group of people (not necessarily related) living at the same address who share cooking facilities and share a living room, sitting room or dining area. A household will consist of one or more benefit units or families.

Family or Benefit Unit A single adult or a couple living as married and any dependent children.

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.

How Income Data Undergoes Equivalisation



Inflation is the speed at which the prices of goods and services rise or fall. The use of different inflation measures has an effect on trends in average household income and absolute low income measures in NI Poverty and Income Inequality Report.

The NI Poverty and Income Inequality Report uses variants of CPI to adjust for inflation to look at how incomes are changing over time in real terms i.e. if, for example, average incomes rise by 3% in cash terms but inflation is higher at 5%, then we will record a fall in average incomes as the real average purchasing power of incomes has fallen.

About these Statistics

Measurements of Income

The NI Poverty and Income Inequality Report presents analysis of disposable income on two bases: **Before Housing Costs (BHC)** and **After Housing Costs (AHC)**.

Income Before Housing Costs (BHC)

Includes:

- Net earnings from employment
- Profit or loss from self-employment;
- All Social Security benefits and Tax Credits;
- Income from occupational and private pensions;
- Investment income;
- Maintenance payments;
- Income from educational grants and scholarships;
- The cash value of certain forms of income in kind, including free school meals.

Income is net of:

- Income tax payments;
- National Insurance contributions;
- Domestic rates / council tax;
- Contributions to occupational pension schemes;
- Student loan repayments;
- All maintenance payments;
- Parental contributions to students living away from home.

Income After Housing Costs (AHC)

Income after Housing Costs (AHC) is **derived by deducting a measure of housing costs** from the income measure shown opposite.

Housing costs include:

- Rent (including housing benefit);
- Mortgage interest payments;
- Structural insurance premiums (for owner occupiers); and
- Ground rent and service charges.

Please note, while the AHC measure is directly 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 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-1> For other queries or **to provide feedback** please contact psu@communities-ni.gov.uk or telephone Alan Anderson **028 90823 588**

Other NI Publications Which Use FRS Data

Family Resources Survey report - Northern Ireland

<https://www.communities-ni.gov.uk/topics/family-resources-survey#toc-0>