

Social Inclusion Monitor 2012



An Roinn Coimirce Sóisialaí
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Summary

The purpose of the Social Inclusion Monitor is to report officially on progress towards the national social target for poverty reduction - to reduce consistent poverty to 4 per cent by 2016 and to 2 per cent or less by 2020 - and the new sub-target on child poverty. It also charts Ireland's contribution to the Europe 2020 poverty target – to lift 20 million people out of the risk of poverty and social exclusion by 2020 - and on other relevant indicators of poverty and social exclusion. The Monitor is primarily based on data from the CSO *Survey on Income and Living Conditions 2012*.

Key findings

- The economic crisis worsened in 2012, with unemployment reaching 14.7 per cent, while long-term and household joblessness also increased. Welfare provision was largely maintained, despite the requirement for expenditure savings.
- The social impact of the crisis was reflected in an increase in most poverty and social exclusion indicators, with the upward trend in basic deprivation especially noticeable.
- Against this challenging backdrop, social transfers performed strongly in reducing at-risk-of-poverty from 39 per cent to 16.5 per cent, a reduction of 57.7 per cent. Ireland remains among the best performing EU countries on this indicator.
- Other positive outcomes were the largely unchanged level of income inequality, while both in-work poverty and financial exclusion fell.
- The connection between unemployment and poverty was intensified, with over 80 per cent of those in consistent poverty – the priority group for poverty monitoring - living in households with little or no work. This highlights the importance of reducing unemployment as a route out of poverty.
- Spatially, consistent poverty was more prevalent in the Border, South-East and South-West regions, along with small and medium towns.



Statement from the Tánaiste and Minister for Social Protection

This second Monitor details progress on the national social target for poverty reduction, comprising the headline target, the new child-specific social target for poverty reduction and the Irish contribution to the EU2020 target. As part of the process of developing it as an open and transparent monitoring tool, this year's Monitor includes new insights into poverty, drawing from research conducted on behalf of the Department; an analysis of the spatial distribution of poverty; and additional data on different social groups and on social inclusion indicators.

This year, a child-specific social target for poverty reduction was adopted in the National Policy Framework for Children and Young People 2014-2020 (Better Outcomes, Brighter Futures): To lift over 70,000 children out of consistent poverty by 2020, a reduction of at least two-thirds on the 2011 level. The Framework is broadly in line with a multi-dimensional social investment approach and seeks to improve children and young people's lives and life chances. The Area-Based Childhood Programme, to break the intergenerational cycle of poverty in disadvantaged areas, was launched this year by the Department of Children and Youth Affairs and the Office of An Tánaiste. The recently published Statement of Government Priorities states that Budget 2015 will introduce measures to assist low-income families by improving the system of child income supports such that those moving from welfare to work will retain payments for children to ensure that people are better off in work. A seminar, involving national stakeholders, will be held in November on implementing a multi-dimensional approach to child poverty, informed by the EU Recommendation on Investing in Children and in

the context of commitments in National Policy Framework for Children and Young People. These efforts will contribute to better living standards for working families and to addressing child poverty.

The Monitor documents that the economic crisis peaked in 2012, with unemployment reaching 14.7 per cent, while the social impact of the crisis is reflected in a decline in household incomes by almost 5 per cent in real terms. But social transfers continued to perform strongly in reducing the at-risk-of-poverty rate from 39 per cent to 16.5 per cent, a 'poverty reduction effect' of 57.7 per cent (excluding pensions; the poverty reduction effect including pensions was 67.2 per cent). Ireland is among the best performing EU countries in reducing poverty through social transfers. This reflects concerted State intervention and investment in the social protection system.

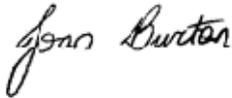
As the economy recovers, it is particularly important to get people back to work. The Monitor shows that there continues to be a very strong connection between household unemployment and poverty, with households with very little adult work accounting for the vast majority of those in consistent poverty. This includes those long-term unemployed, disadvantaged youth, and those furthest from the labour market, including lone parents, people with disabilities and carers in the home or those on home duties.

The national aspiration to reduce poverty is shared by the European Union in its Europe 2020 Strategy for growth and jobs. The target is to lift 20 million people out of the risk of poverty or social exclusion by 2020. The Monitor shows an increase in the Irish contribution to the Europe 2020 target population. Nominally, this is an increase of 95,000 from 2011 or 225,000 people on the 2010 baseline figure. A mid-term review of the strategy has been initiated, providing an opportunity to assess progress and evaluate lessons learned.

The Monitor's findings emphasise the need for timely data to measure the social situation. The statistics in the Monitor are mainly taken from the CSO Survey on Income and Living Conditions (SILC), which is the official source of data on household income and living conditions. Unfortunately, these data relates to 2012, yet we are

already in the second half of 2014. Efforts are underway to ensure the earlier reporting and publication of SILC data, which will enhance the ability of the Monitor to inform policy debates in a timely fashion.

This Government has prioritised the decisions needed to broaden and deepen the economic recovery in a manner that is felt in the daily lives of individuals, families and communities across the country. In this sense, the ongoing programme of economic repair will now be accompanied by an equal emphasis on social recovery. I am confident that developments this year, together with the delivery of targeted policies across Government departments and the involvement of social partners and civil society, will contribute to progress on the national social target for poverty reduction. I encourage all stakeholders concerned with issues of poverty and social inclusion to read the Monitor and to discuss its findings among their membership.

A handwritten signature in black ink, reading "Joan Burton". The signature is written in a cursive, flowing style.

Joan Burton TD
Tánaiste and Minister for Social Protection

Section 1: Introduction

1.1 Introduction

The purpose of the *Social Inclusion Monitor* is to report on progress towards meeting the national social target for poverty reduction by providing regular, timely and accessible updates on key national indicators. The Monitor is one of two instruments to strengthen the implementation of the national social target, the other being integrated social impact assessment. This is the second edition of the Monitor.

The statistical data presented in the Monitor are taken from the *Survey on Income and Living Conditions* (SILC), which is produced by the Central Statistics Office (CSO).¹ The focus of the Monitor is on social and economic outcomes as they relate to poverty and social exclusion; it does not examine the implementation of policies on poverty.² The Monitor was produced by the Social Inclusion Division in the Department of Social Protection, as part of its remit to monitor poverty trends and progress towards national poverty targets.

There are four elements to the Monitor:

- a) the national social target for poverty reduction, including the child poverty sub-target (called the 'child-specific social target' for poverty reduction); and the Irish contribution to the Europe 2020 poverty target;³
- b) supporting indicators which capture key dimensions of poverty that underpin progress towards the target;
- c) contextual indicators relating to lifecycle and vulnerable groups, as well as specific policy dimensions of poverty; and
- d) spatial indicators which show the distribution of poverty by region and location.

¹ The co-operation of the CSO in producing the *Social Inclusion Monitor* is greatly appreciated.

² For information on high level goals and actions implemented to support the national social target for poverty reduction refer to the *Social Inclusion Report incorporating Annual Reports for 2011 and 2012* and the *National Social Report for Ireland* (www.welfare.ie) and the *National Reform Programme for Ireland Update under the Europe 2020 Strategy* published by Department of An Taoiseach (www.taoiseach.gov.ie).

³ The proposal for a sub-target on very low work intensity will be considered following the completion of further analysis of SILC and QNHS measurements of jobless households.

The Monitor also reports on new research methodologies for enhancing our understanding of poverty at a household level and due to the economic crisis.

The main focus of the Monitor is on progress towards the national social target for poverty reduction. Table 1.1 sets out the target and its component parts (i.e. the child poverty sub-target and the Irish contribution to the Europe 2020 poverty target).

Table 1.1 The national social target for poverty reduction

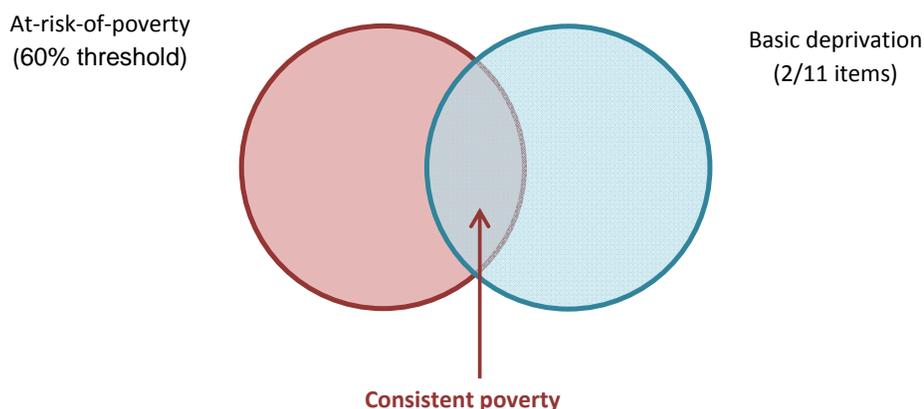
Target	Target description
Headline target	To reduce consistent poverty to 4 per cent by 2016 and to 2 per cent or less by 2020, from the 2010 baseline rate of 6.3 per cent.
Child poverty sub-target	<p>This 'child-specific social target' for poverty reduction is to lift over 70,000 children (aged 0-17 years) out of consistent poverty by 2020, a reduction of at least two-thirds on the 2011 level.</p> <p>This target also seeks to reduce the higher consistent poverty risk for households with children as compared to non-child households (8.8% vs 4.2%), and for children as compared to adults (aged 18 years and over) (9.3% vs. 6%).</p>
Europe 2020 poverty target	To reduce by a minimum of 200,000 the population in 'combined poverty' (i.e. consistent poverty or at-risk-of-poverty or basic deprivation) between 2010 and 2020.

Box 1 outlines the indicators used to define the population for the national social target for poverty reduction.

Box 1: Indicators used to define the target population

The target population for the national social target for poverty reduction is based on the consistent poverty indicator. This indicator is the overlap of two component indicators: (i) at-risk-of-poverty – which measures individuals whose household income is below 60% of the median – and (ii) basic deprivation – which captures individuals lacking 2 or more of 11 basic necessities. A person is in consistent poverty if they are both income poor and deprived.

Irish indicators of poverty



Consistent poverty reflects a multi-dimensional understanding of poverty and is designed to identify the population which has the greatest needs in terms of both low income and lack of resources. Research in Ireland has also found that during recessionary times, the consistent poverty indicator is particularly effective in capturing perceived economic stress and risk factors associated with poverty.⁴

By contrast, Ireland's contribution to the Europe 2020 target is measured by the combination of the Irish indicators of consistent poverty, at-risk-of-poverty or basic deprivation. This is in line with the Europe 2020 methodology to combine multiple indicators, rather than focus on the overlap of the indicators as in the Irish approach.

⁴ Watson, D and Maître, B (2012), *Technical Paper on Poverty Indicators. Appendix C: Report of the Review of the National Poverty Target*, Dublin: Department of Social Protection. www.socialinclusion.ie

In recognition of the higher risks and life-long consequences of child poverty, a new child-specific social target was set in the National Policy Framework for Children and Young People 2014-2020 (*Better Outcomes, Brighter Futures*) in 2014. The target is to lift over 70,000 children (aged 0-17 years) out of consistent poverty by 2020, a reduction of at least two-thirds on the 2011 level. This target will include reducing the higher consistent poverty risk for households with children as compared to non-child households (8.8% vs 4.2%), and for children as compared to adults (aged 18 years and over) (9.3% vs. 6%).

The Europe 2020 poverty target is to lift at least 20 million people out of the risk of poverty or social exclusion by 2020 (as measured by the combination of three EU indicators).⁵ All 28 EU Member States have set national targets for contributing to the Europe 2020 objective for reducing poverty or social exclusion. Ireland's contribution to the EU target is measured by the combination of the Irish indicators of at-risk-of-poverty or basic deprivation. Therefore, unlike the national target, which is the *overlap* between the two indicators, Ireland's EU 2020 target includes those who are in consistent poverty, at-risk-of-poverty or basic deprivation. The Irish target contributes 1 per cent to the overall EU poverty target, in line with the population share.

The second section of the Monitor reports on five supporting indicators which underpin progress towards the national social target. Two of the indicators are already used to make-up consistent poverty: basic deprivation and at-risk-of-poverty.

The other three indicators are:

- 'vulnerable to consistent poverty';
- the impact of social transfers; and
- at-risk-of-poverty anchored in 2010 values.

⁵The Europe 2020 poverty target defines its target population using a combination of three indicators (at-risk-of-poverty, severe material deprivation and very low work intensity), a group which is described as being at risk of poverty or social exclusion.

Table 1.2 Supporting indicators for the national social target for poverty reduction

Indicator	Indicator description
Vulnerable to consistent poverty	The percentage of the population experiencing basic deprivation and whose income is between 60% and 70% of the median.
Basic deprivation	People are regarded as experiencing basic deprivation if they live in a household deprived of 2 or more of the 11 basic deprivation items because they could not afford them (i.e. not by choice).
At-risk-of-poverty	People are regarded as being at-risk-of-poverty if their equivalised income is below 60% of the median income.
Impact of social transfers on at-risk-of-poverty (excluding pensions)	The impact of social transfers is measured by the percentage reduction, in absolute and relative terms, in the at-risk-of-poverty rate as a result of social transfers (excluding pensions).
Anchored at-risk-of-poverty	The percentage of the population with an equivalised disposable income below 60% of the at-risk-of-poverty threshold anchored in 2010 values.

The third section of the Monitor presents additional indicators of poverty and social exclusion which provide a context for the headline target. These include a breakdown of the population using the consistent poverty indicator; along with specific indicators reflecting national and European policy concerns, such as income inequality, food poverty, financial exclusion and in-work poverty.

Finally, the Monitor presents a spatial analysis of key poverty trends. The *National Action Plan for Social Inclusion* includes a commitment to build viable and sustainable communities, improving the lives of people living in disadvantaged areas and building social capital. As such, a new section is being added to the Monitor to examine national poverty data disaggregated by region (NUTS 2 and 3 levels⁶) and by rural-urban characteristics.

Each target and indicator is analysed individually in the Monitor, using a diagram to represent change since the baseline year of 2010, together with a short commentary. In order to put the data into a wider context, a medium-term review of the headline and supporting indicators is presented comparing the periods 2005 to 2008

⁶ NUTS 2: the Border, Midland & Western (BMW) region and the Southern & Eastern (SE) region; and NUTS 3: Border, Midlands, West, Dublin, Mid-East, South-East, Mid-West; and South-West.

(economic growth) and 2009 to 2012 (economic crisis). It is important that year on year trends are complemented by a medium-term perspective to fully understand the poverty trends pre- and post-crisis.

1.2 Macro-economic and social context⁷

The macro-economic and social context during the income reference period covered by SILC 2012 (i.e. January 2011 to December 2012) continued to dis-improve.

1.2.1 Macro-economic and labour market indicators

Table 1.3 summarises the macro-economic and labour market indicators for 2012 as compared with previous years and for 2013. Economic activity as measured by Gross National Product (GNP) grew by 2 per cent in 2012, compared with a fall of 0.9 per cent in 2011. This followed a period of major economic decline between 2009 and 2011, with a further improvement in 2013. Inflation, as measured by the consumer price index, was 1.7 per cent in 2012. This compares to inflation rates of 2.6 per cent in 2011, -1.0 per cent for 2010 and -4.5 per cent for 2009.

Table 1.3 Macro-economic and labour market indicators

	2009	2010	2011	2012	2013
Gross National Product⁸	-9.0%	1.7%	-0.9%	2.0%	3.3%
Inflation	-4.5%	-1.0%	2.6%	1.7%	0.5%
Unemployment rate⁹	12.0%	13.8%	14.6%	14.7%	13.1%
Long-term unemployment rate¹⁰	3.5%	6.7%	8.6%	9.0%	7.8%
Adults (18-59 years) in jobless households¹¹ (QNHS)	13.0%	15.1%	15.9%	16.3%	15.1%

Source: CSO surveys – national accounts; consumer price index, QNHS, various years

⁷ An overview of the main policy measures introduced over this period is available in [Distributional Impact of Tax, Welfare and Public Sector Pay Policies: 2009-2012](#), [Distributional Impact of Tax, Welfare and Public Service Pay Policies: Budget 2014 and Budgets 2009-2014](#) and [Summary of 2012 Budget and Estimates Measures Policy Changes](#).

⁸ At constant market prices referenced to 2012

⁹ Figures based Seasonally Adjusted Annual Average Standardised Unemployment rate

¹⁰ Figures based on annual averages

¹¹ The QNHS defines this indicator as adults aged 18 to 59 years living in households where no member of the household is working. Students aged 18 to 24 years living in households composed solely of students are excluded.

Both the unemployment rate and the long-term unemployment rate increased continuously between 2009 and 2012. The unemployment rate went up from 12 per cent in 2009, to 13.8 per cent in 2010, to 14.6 per cent in 2011. It peaked at 14.7 per cent in 2012, before falling in 2013. The long-term unemployment rate in 2012 was over two and a half times that in 2009, rising from 3.5 to 9 per cent. A related economic indicator, adults in jobless households, increased from 13 per cent in 2009 to 16.3 per cent in 2012.

1.2.2 Social protection indicators

Table 1.4 provides an overview of social protection expenditure and beneficiaries. In 2012, total social protection expenditure was €20.8 billion. It remained broadly static between 2009 and 2012. Social protection expenditure represented an increasing proportion of GNP rising from 15.3 per cent in 2009 to 16 per cent in 2011, but fell back slightly to 15.7 per cent in 2012.

Table 1.4 Welfare expenditure and beneficiaries¹²

	2009	2010	2011	2012	2013
Total social welfare expenditure	€20.5bn	€20.9bn	€21.0bn	€20.8bn	€20.3bn
Social welfare expenditure as a % of GNP	15.3%	15.8%	16.0%	15.7%	14.7%
No. of social welfare recipients	1,379,206	1,430,833	1,467,129	1,468,481	1,467,918
No. of qualified adults	175,037	190,043	197,730	205,684	202,559
No. of qualified and other children	522,013	558,552	583,425	593,334	602,526
No. of beneficiaries	2,076,256	2,179,428	2,248,284	2,267,499	2,273,003
No. of beneficiaries as a % of the population	45.8%	47.8%	49.0%	49.5%	49.5%

Source: Department of Social Protection *Statistical Information on Social Welfare Services*, various years and the revised December 2012 monthly statistics

¹² Data for Tables 1.4 and 1.5 are taken from the Department of Social Protection's *Statistical Information on Social Welfare Services*, which is available at www.welfare.ie. Recipients of child benefit are not included. There were minor revisions to the figures published in the 2012 report due to a revised methodology; as such the figures quoted are based on the revised December 2012 monthly statistics.

Over 1.4 million people were in receipt of a weekly social welfare payment in 2012. Including the 205,684 qualified adults and 593,334 qualified children, there were 2,267,499 beneficiaries of social protection in 2012, almost half the population. This represents an increase of 3.7 percentage points on the 2009 figure.

Table 1.5 shows the minimum social welfare rates and rates of child income support for the period 2009 to 2012. The minimum personal rate for people under 66 years of age was unchanged at €188 in 2012. The minimum personal rate as a percentage of the at-risk-of poverty threshold was 92.4 per cent in 2012.

Table 1.5 Welfare indicators

	2009	2010	2011	2012	2013
Minimum personal rate¹³ (per week)	€204.30	€196	€188	€188	€188
At-risk-of-poverty threshold	€231.20	€213.78	€208.68	€203.55	n/a
Minimum personal rate as a % of the at-risk-of-poverty threshold	88.4%	91.7%	90.1%	92.4%	n/a
Qualified adult rate (per week)	€135.60	€130.10	€124.80	€124.80	€124.80
Qualified child rate (per week)	€26.00	€29.80	€29.80	€29.80	€29.80
Back to School Clothing and Footwear Allowance¹⁴ (per annum)	€200	€200	€200	€150	€100
Child benefit (per month)	€166	€150	€140	€140	€130
Total child income support (weekly equivalent)	€68.01	€68.13	€65.83	€64.87	€61.61
Child income support as a % of the minimum personal rate¹⁵	33.3%	34.8%	35.0%	34.5%	32.8%

Source: Department of Social Protection *Statistical Information on Social Welfare Services*, various years

The qualified adult rate also remained unchanged at €124.80 per week in 2012. The qualified child rate increased to €29.80 per week in 2010 and has stayed at this rate since. Child Benefit for the first child was €140 per month in 2012. There were changes made to the Back to School Clothing and Footwear Allowance in 2012, when it fell from €200 per annum in 2011 to €150 per annum.

¹³ This is the standard personal rate for working-age schemes. The supplementary welfare allowance is slightly lower at €186 per week.

¹⁴ This is the Back to School Clothing and Footwear Allowance for children aged 4-11 years. The weekly equivalent figures are: €3.83 in 2009 to 2011, €2.87 in 2012 and €1.92 in 2013.

¹⁵ Goal 4 of the *National Action Plan for Social Inclusion 2007-2016* is to maintain the combined value of child income support measures at 33 to 35 per cent of the minimum adult social welfare payment rate over the course of the Plan.

Overall, the combined value of child income support across the three strands for families on social welfare was almost €65 per week in 2012. This represented 34.5 per cent of the minimum personal rate in 2012. This is within the target range of 33 to 35 per cent as set out in the *National Action Plan for Social Inclusion 2007-2016*.

Section 2: Progress towards the national social target for poverty reduction

2.1 Introduction

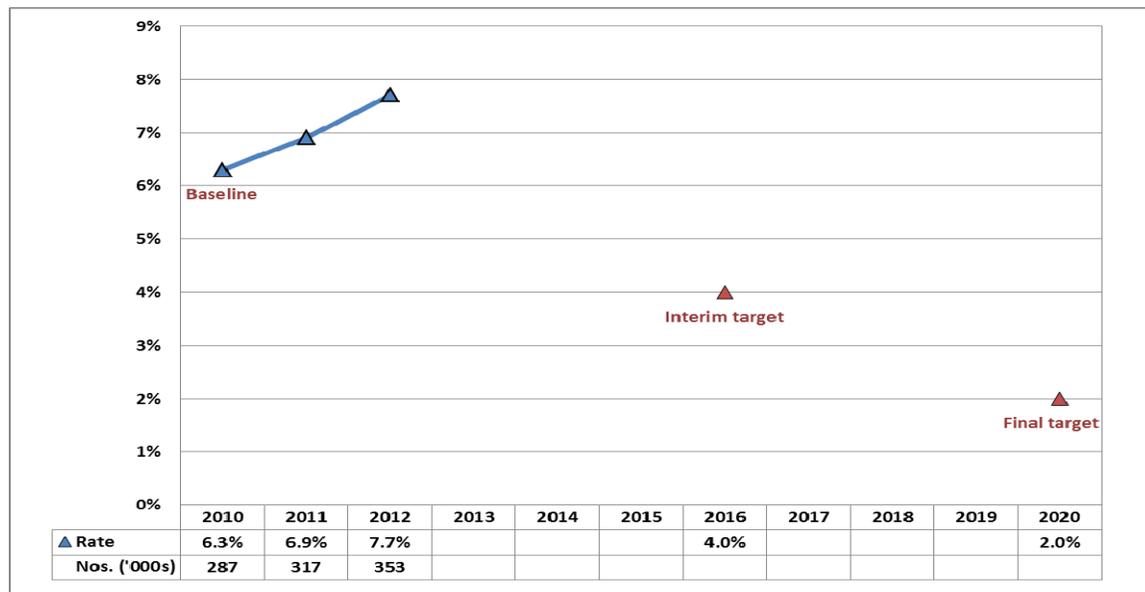
This section presents progress towards the national social target for poverty reduction, the newly agreed child-specific social target, and the Irish contribution to the Europe 2020 poverty target.

2.2 Headline target

To reduce consistent poverty to 4 per cent by 2016 and to 2 per cent or less by 2020, from the 2010 baseline rate of 6.3 per cent.

Figure 2.1 shows the consistent poverty rate in 2012 was 7.7 per cent. In numerical terms, 353,000 people were in consistent poverty in 2012.¹⁶ While not a statistically significant change on the 2011 figure (6.9 per cent), the trend continued to dis-improve.¹⁷ This equated to a gap of 3.7 percentage points between the 2012 rate and the 2016 interim target.

Figure 2.1 Progress towards the national social target for poverty reduction



Source: SILC, various years

¹⁶ This is based on a CSO population estimate of 4,585,407 in 2012.

¹⁷ Further analysis is required to determine if the changes between 2010 and 2012 are statistically significant.

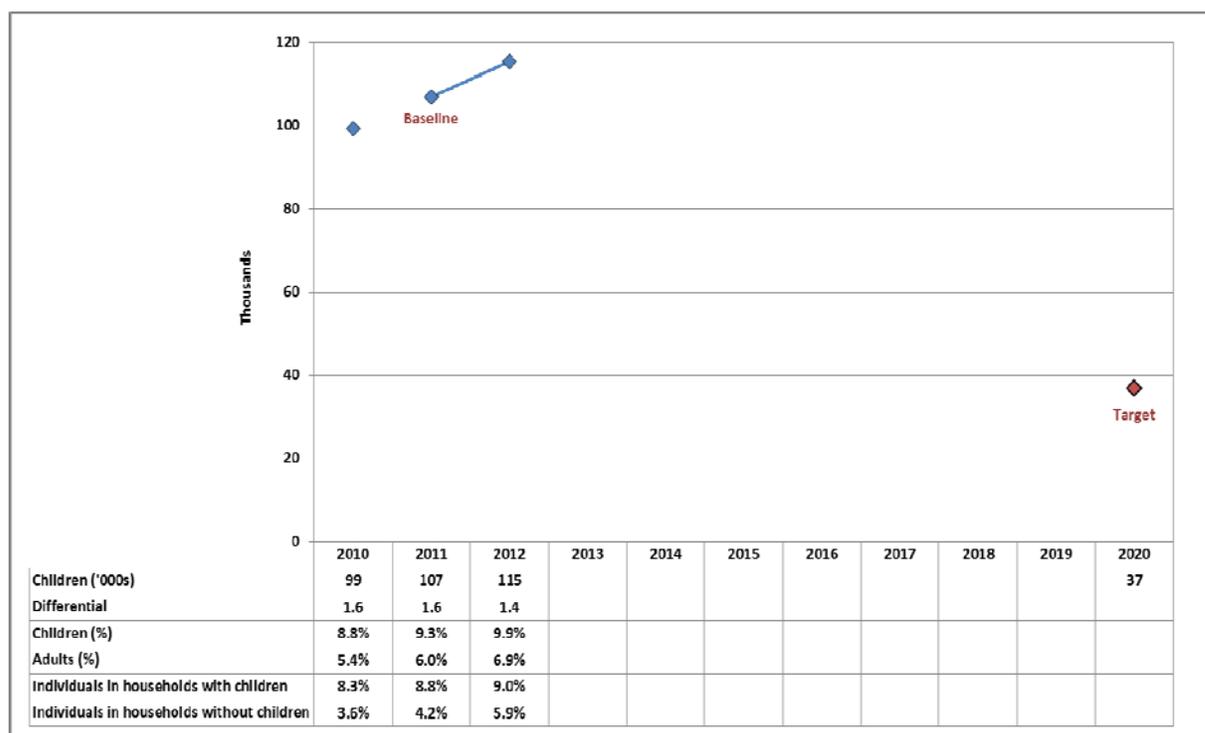
2.3 Child-specific social target

To lift over 70,000 children (aged 0-17 years) out of consistent poverty by 2020, a reduction of at least two-thirds on the 2011 level.

Figure 2.2 shows that there were 115,000 children in consistent poverty in 2012, an increase of 8,000 children on the 2011 baseline for the target population. This means that a new figure of 78,000 children have to be taken out of consistent poverty to meet the target population in 2020.

The consistent poverty rate for households with children in 2012 was 9 per cent, compared to 5.9 per cent for non-child households. The rates in 2011 were 8.8 per cent and 4.2 per cent respectively. Children had a consistent poverty rate of 9.9 per cent in 2012, compared to 6.9 per cent for adults (aged 18 years and over). Children were 1.4 times more likely to experience consistent poverty than adults, a reduction on the 2011 figure of 1.6.

Figure 2.2 Progress on the child-specific social target



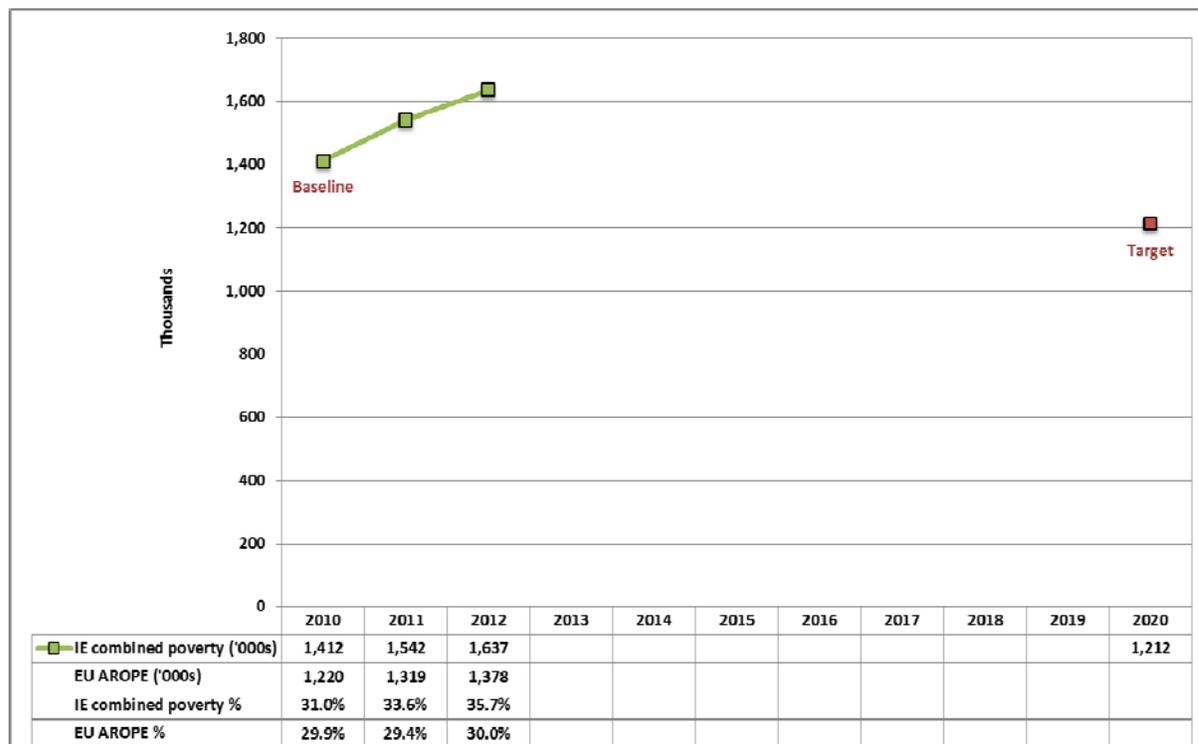
Source: SILC, various years

2.4 Irish contribution to Europe 2020 poverty target

To reduce by a minimum of 200,000 the population in ‘combined poverty’ (i.e. consistent poverty or at-risk-of-poverty or basic deprivation) between 2010 and 2020.

The population using the Irish ‘combined poverty’ measure was 35.7 per cent in 2012, compared to 33.6 per cent in 2011. This equated to 1.6 million people. This higher figure reflects an increase in both basic deprivation (up 2.4 percentage points to 26.9 per cent) and at-risk-of-poverty (up 0.5 per cent to 16.5 per cent). Nominally, this represented an increase of 95,000 from 2011 or 225,000 people on the 2010 baseline figure. This upward trend in the Irish contribution to the Europe 2020 target population highlights the social impact of the economic crisis in Ireland (see Figure 2.3).

Figure 2.3 Ireland’s contribution to the Europe 2020 poverty target¹⁸



Source: CSO SILC and Eurostat EU-SILC, various years

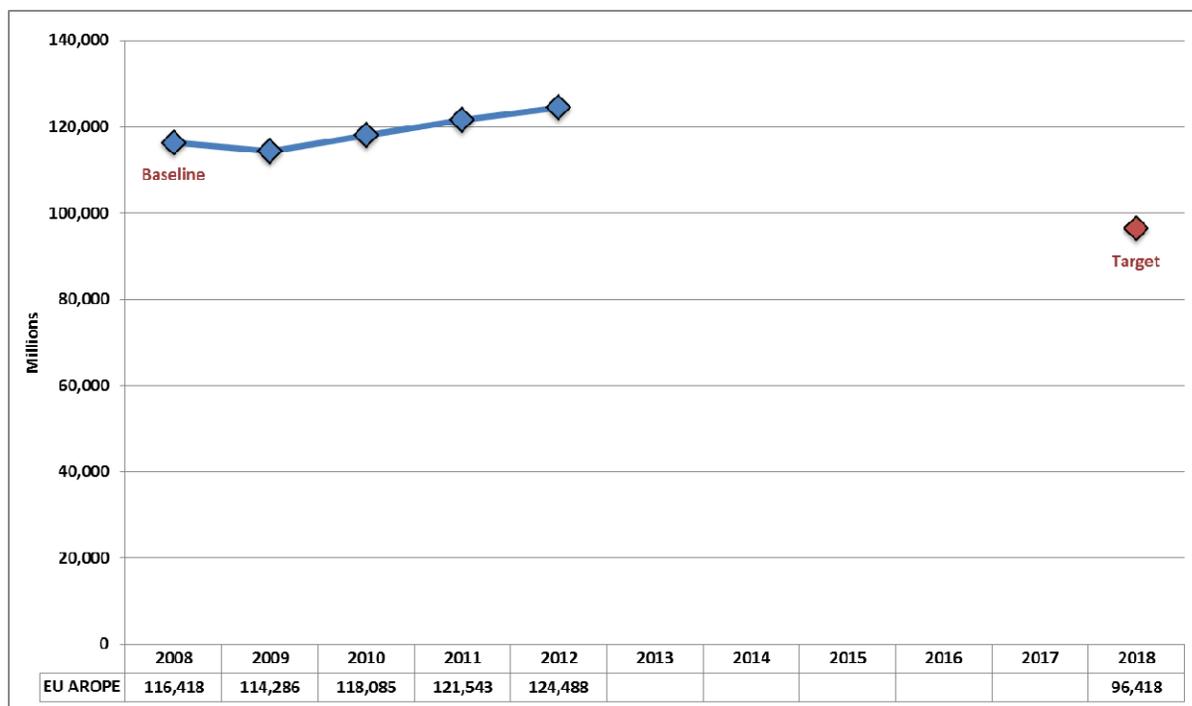
¹⁸ The EU AROPE target figure in 2020 is indicative. The percentage targets are also indicative and based on 2010 population figures.

Box 2: Progress towards the Europe 2020 poverty target

The *Europe 2020 Strategy* for smart, sustainable and inclusive growth was launched in 2010. The strategy contains five headline targets, one of which relates to poverty and social exclusion: to lift as least 20 million people from the risk of poverty and social exclusion (baseline figure 116.4 million in 2008; target figure 96.4 million by 2018).¹⁹

Figure 2.4 shows there has been little progress towards the target since 2008, the baseline year. The number of people at risk of poverty and social exclusion has risen from 116.4 to 124.5 million. This is largely due to increases in severe material deprivation and very low work intensity households.

Figure 2.4 Progress towards the Europe 2020 poverty target²⁰



Source: Eurostat EU-SILC, various years

¹⁹ The Europe 2020 poverty target is based on the combination of three indicators: at-risk-of-poverty, severe material deprivation, or very low work intensity (aka jobless households) – see diagram in glossary. In cases where people experience more than one of these indicators, they are counted only once.

²⁰ In 2010, the Europe 2020 poverty target was set using the latest available data (2008) for all 27 Member States. Croatia joined the European Union on 1st July 2013, becoming the 28th Member State. Figures for 2010 to 2012 include Croatia, which contributes an additional 1.3-1.4 million to the target population across these years. Data for Croatia is not available before 2010.

2.5 Medium-term perspective on the headline targets

Table 2.1 compares the changes in poverty rates across two time periods; economic growth (2005 to 2008) to economic crisis (2009 to 2012). This type of analysis contrasts with the trend analysis used in the rest of the Monitor, which can focus on peaks and troughs. The time period analysis neutralises any oscillations or extremes giving a clear sense of the contrast between poverty rates in Ireland during contrasting periods in the economic cycle.

The Table shows there was a small change (0.9 percentage points) over the two periods for consistent poverty. Meanwhile, the consistent poverty rate for children (aged 0-17 years) increased from an average of 91,000 in 2005-2008 to 104,000 in 2009-2012. Combined poverty rose 7.1 percentage points to an average of 31.5 per cent in 2009-2012, largely driven by an increase in basic deprivation. The general increase across the periods shows the social impact of the economic crisis.

Table 2.1 Medium-term perspective on the headline targets

	2005 - 2008	2009 - 2012	Difference
National social target for poverty reduction	5.7%	6.6%	↑ 0.9 (pp)
Child-specific poverty target	91,000	104,000	↑ 13,000
Irish contribution to the Europe 2020 poverty target	24.4%	31.5%	↑ 7.1 (pp)

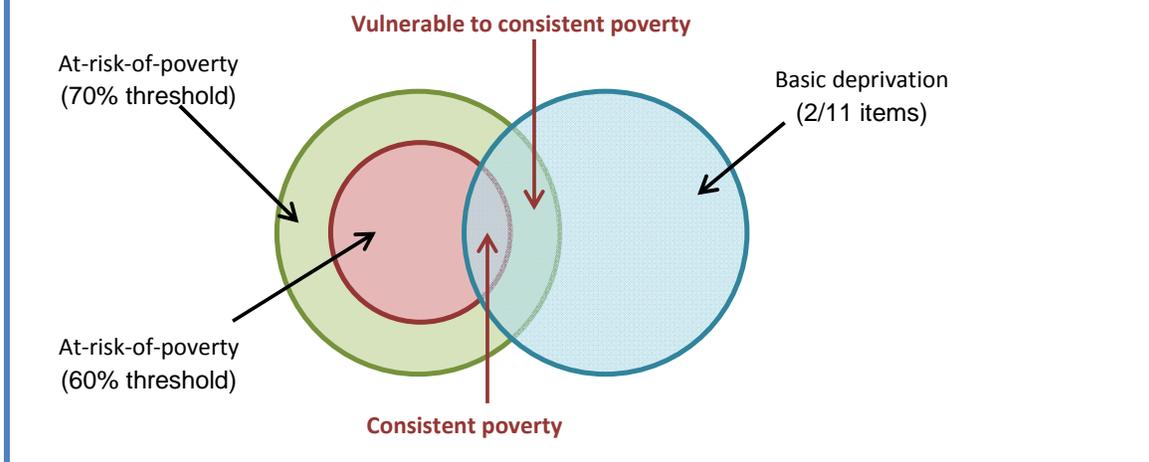
Source: SILC, various years

Section 3: Supporting indicators for monitoring progress towards the national social target

3.1 Introduction

Five supporting indicators are used to monitor progress towards the national social target for poverty reduction. They capture important dimensions of poverty and social exclusion which underpin the national target. The first indicator is 'vulnerable to consistent poverty' (see Box 3). It is comparable to consistent poverty, except that equivalised household income is slightly higher. It complements consistent poverty as during recessions falling incomes may make the poverty threshold less reliable as an indicator of change over time.²¹ The second and third indicators are the individual components of consistent poverty: basic deprivation and at-risk-of-poverty.²² The final two indicators relate to at-risk-of-poverty. They measure the impact of social transfers on at-risk-of-poverty²³ and at-risk-of-poverty rate anchored in 2010 values.²⁴ The section also includes a new insight on poverty measurement.

Box 3: Vulnerable to consistent poverty indicator



²¹ Watson, D, Maître, B and Whelan, CT (2012) op. cit.

²² Basic deprivation is considered an effective measure as it has a strong link with risk factors for poverty and, during recessionary times, it captures changes sooner than other measures. At-risk-of-poverty has a number of drawbacks during periods of rapid economic growth or decline. For example, during downturns when median income is falling, the decrease in the threshold could result in less people being at-risk-of-poverty, though their real income has not changed. There is also a delay in the measurement of income changes as the income reference period is the 12 months preceding the survey (Ibid).

²³ Pensions are generally excluded as they are considered an inter-generational transfer rather than a social transfer (see Social Protection Committee (2012), *Social Europe: Current Challenges and the Way Forward: Annual Report of the Social Protection Committee (2012)*, Belgium: European Union).

²⁴ This indicator reflects changes in fixed living circumstances. Therefore, it is a useful indicator at a time of economic uncertainty, as it measures real incomes and changes.

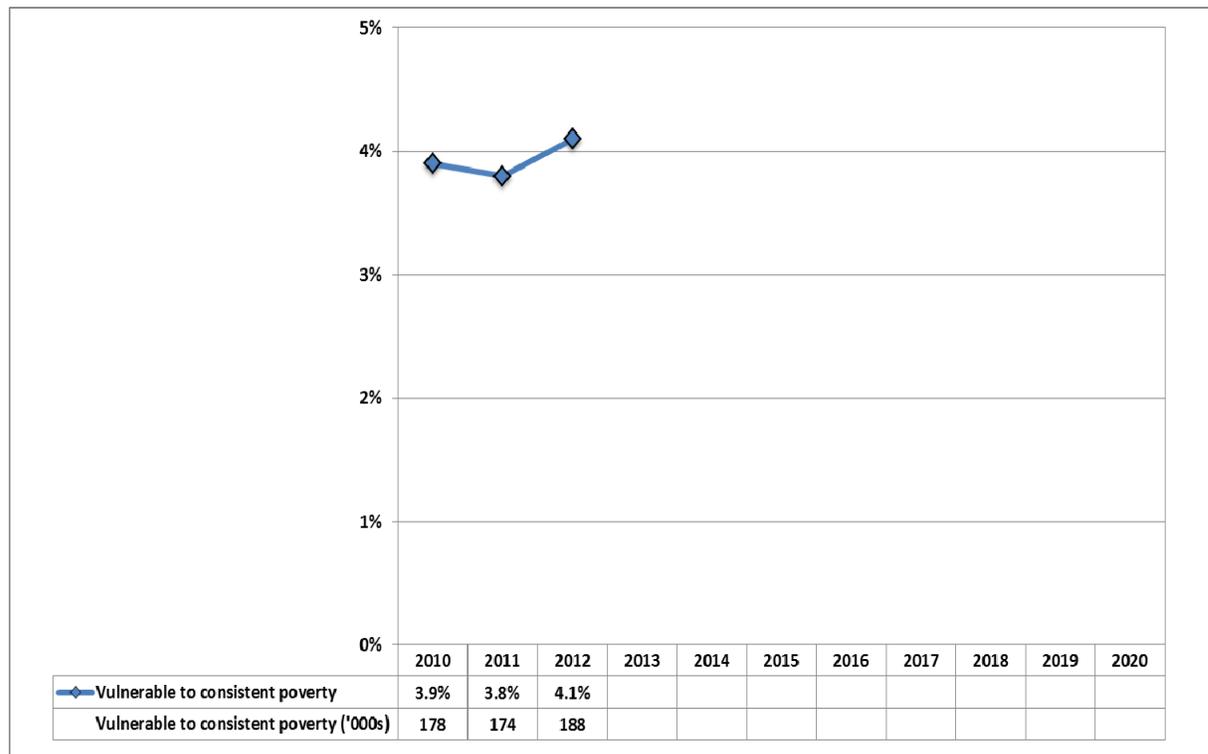
3.2 Vulnerable to consistent poverty

Vulnerable to consistent poverty identifies the population experiencing basic deprivation and whose income is between 60% and 70% of the median.

Figure 3.1 shows that the vulnerable to consistent poverty indicator has remained fairly constant over the period 2010 (3.9 per cent) to 2012 (4.1 per cent).²⁵

Numerically, there were 188,000 people vulnerable to consistent poverty in 2012.

Figure 3.1 Vulnerable to consistent poverty



Source: SILC, various years

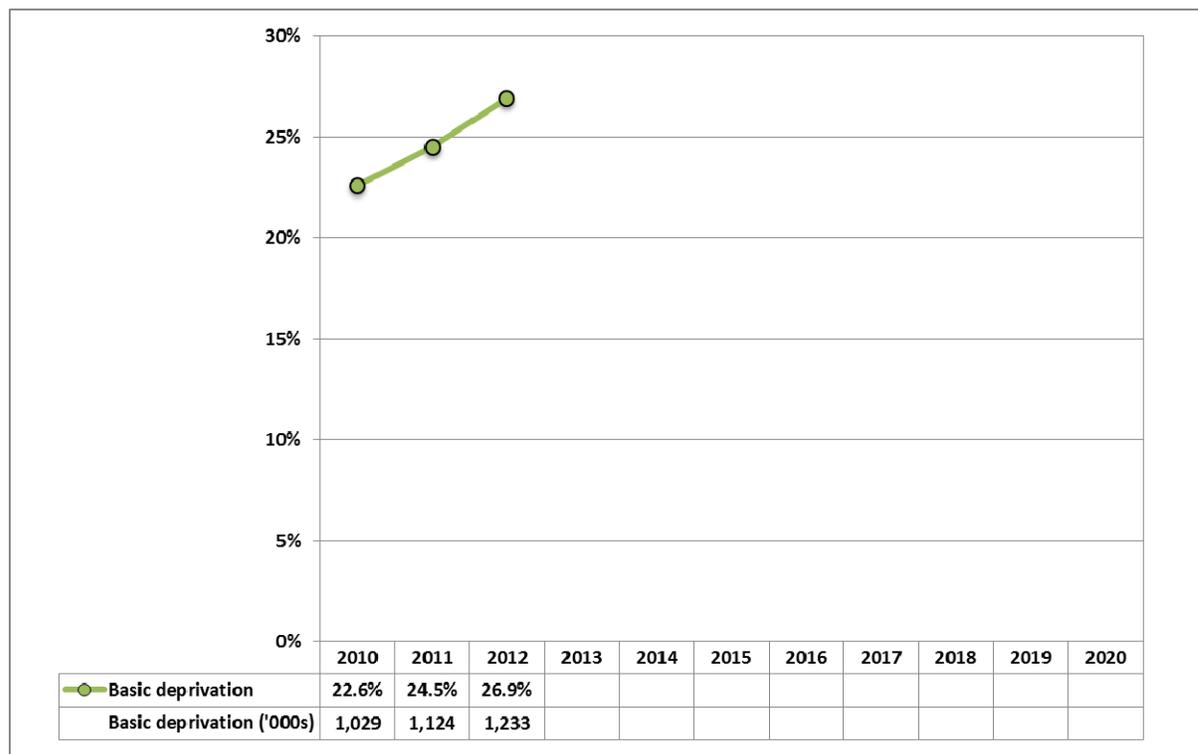
²⁵ Combining the vulnerable to consistent poverty rate with those experiencing consistent poverty gives a combined figure of 11.8 per cent in 2012, up from 10.7 per cent in 2011.

3.3 Basic deprivation

People are in basic deprivation if they live in a household lacking 2 or more of 11 basic necessities.

Basic deprivation worsened in 2012 and now affects 26.9 per cent of the population (up 2.4 percentage points on the 2011 rate).²⁶ This change was statistically significant. The main increase was among those who were not at-risk-of-poverty (23 per cent, up 2 percentage points). The 2012 rate continued to show a rapid decline in this indicator to the extent that it was two and a quarter times the rate in 2007, when it was at its lowest (11.8 per cent). Numerically, 1.2 million people experienced basic deprivation in 2012.

Figure 3.2 Basic deprivation



Source: SILC, various years

²⁶ Of those reporting experiencing basic deprivation, 16.1 per cent were deprived of one item only, 9.3 per cent on two items only, and 17.6 per cent were deprived of three or more items.

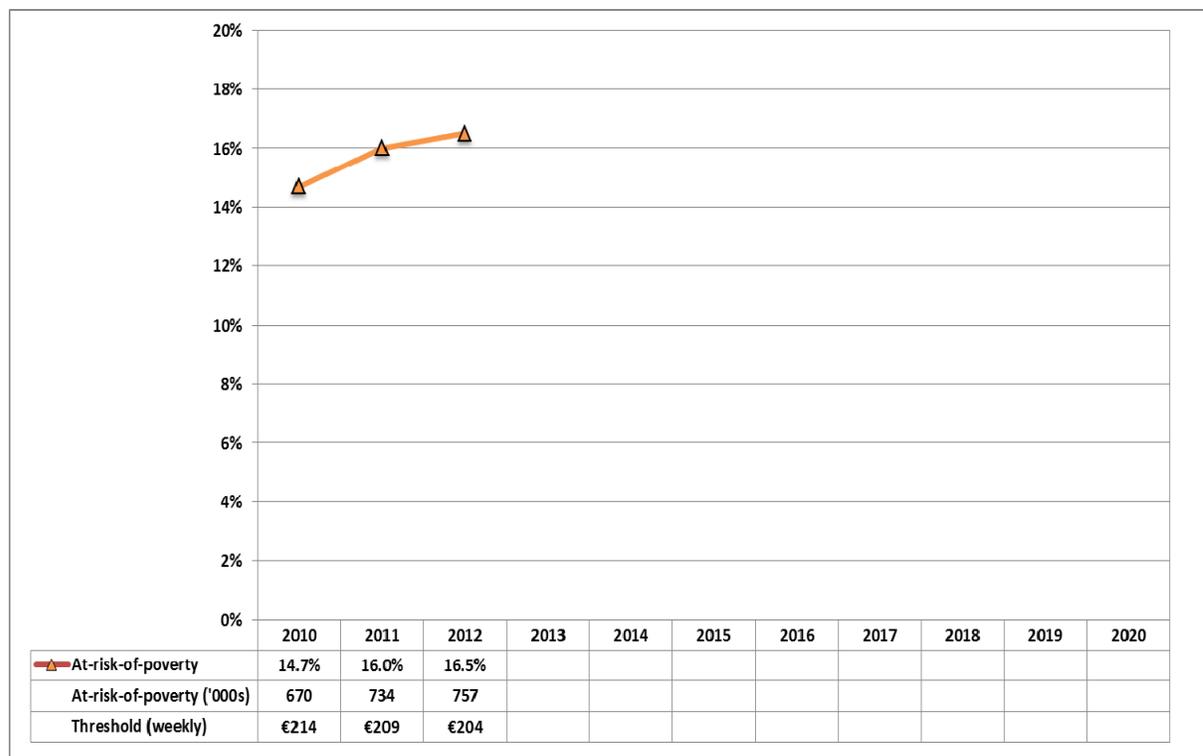
3.4 At-risk-of-poverty

People are at-risk-of-poverty if their equivalised household income is below 60% of the median.

Figure 3.3 shows the at-risk-of-poverty rate was up 0.5 percentage points to 16.5 per cent in 2012, which was not a statistically significant change on the 2011 rate. However, the slight increase continued the gradual deterioration (up 2.4 percentage points) in the rate from the 2008 low point of 14.1 per cent. Numerically, there were 757,000 people at-risk-of-poverty in 2012.

In 2012, the at-risk-of poverty threshold was €10,621 per annum or €203.55 per week for a single person. It was €24,641 or €472.23 a week for a family of 2 adults and 2 children.

Figure 3.3 At-risk-of-poverty



Source: SILC, various years

Box 4: New insights on poverty: income pooling²⁷

A key question in understanding poverty is the extent to which income is pooled for the benefit of other household members. A new study found only small differences in income pooling by gender, but large differences by the person's position in the household. Only about half of adults with personal income contribute all of their income for the use of the household. Single adults living with parents are least likely to contribute any of their personal income for household use while those living with a partner and at least one child under the age of 18 are most likely to contribute all of their income. The percentage of income contributed for household use is higher in households that are poor and/or deprived. This indicates that the proportion of income that is pooled depends at least in part on the needs of the household.

In terms of decision-making, most couples (70 per cent) share responsibility for decisions and in most of the remainder the female partner is responsible. Shared decision making is associated with a lower risk of household and individual deprivation. Both household and individual deprivation are reduced where there is income from work, particularly full time work of the male partner.

There is no evidence that women experience higher levels of individual deprivation where they rely on the income and work of their partners. The proportion of couples relying only on female income, though small, has increased with the recession. There is some evidence that men without an independent income are at higher risk of individual deprivation. This may reflect a lag in adjusting to new ways in which resources are shared in these households.

Research on income poverty tends to assume that income is shared within households to the benefit of all household members. The study suggests this may not be true for certain households, particularly where single adult children live with their parents. This

²⁷ Watson, D., Maître, B. and Cantillon, S. (2013) *Implications of Income Pooling and Household Decision-making for the Measurement of Poverty and Deprivation: An Analysis of the SILC 2010 Special Module for Ireland*, Social Inclusion Technical Paper No. 4, Dublin: Department of Social Protection. See: http://www.socialinclusion.ie/documents/20131022TechnicalpaperImplicationsofincomepoolinghouseholddecision-making_000.pdf

has implications for poverty measurement; income-based poverty measures may overstate the disadvantage of adult children living with parents while understating that of other members of these households (including parents and any younger children). The findings reinforce the case for supplementing these indicators with deprivation indicators which directly measure household and individual standards of living.

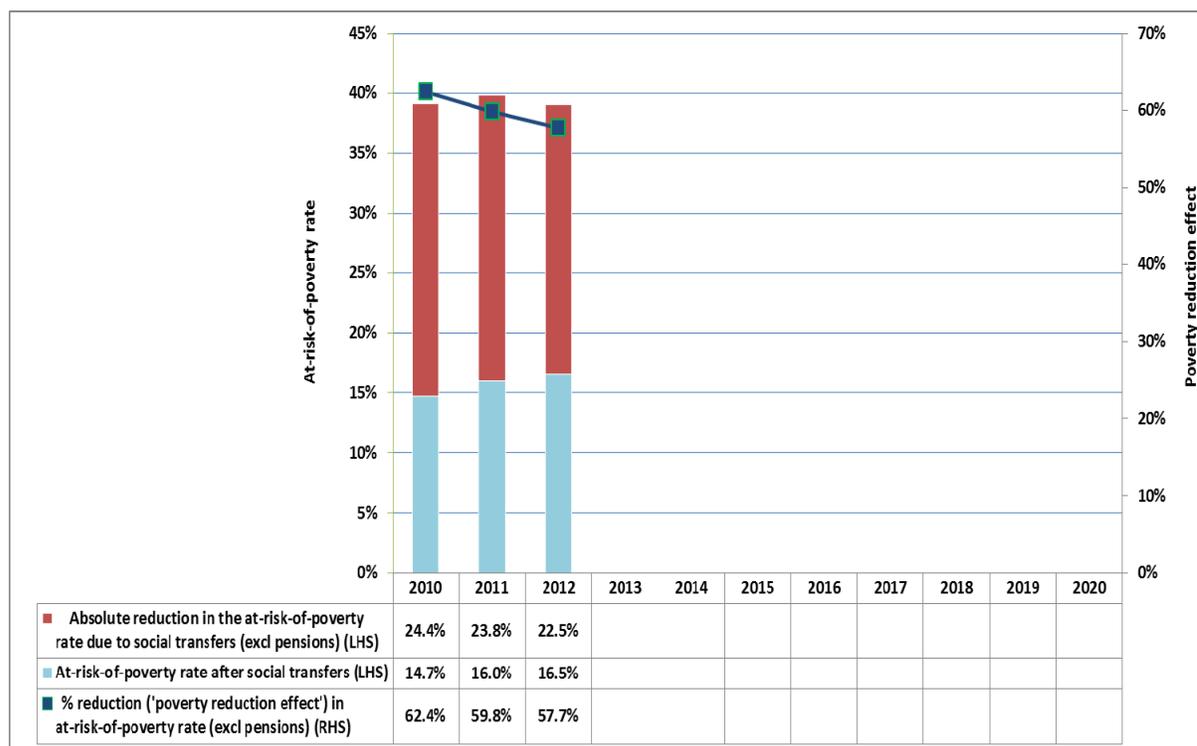
While there were only minor gender differences, it would be useful to continue to monitor individual access to basic goods and services. The items considered in the study (e.g. food, heating, mobile telephone, socialising and money to spend on oneself) could be broadened to include other items such as access to transport, health services and/or leisure, and an ability to save some money.

3.5 Impact of social transfers on the at-risk-of-poverty rate

The impact of social transfers in reducing the at-risk-of-poverty rate in absolute and percentage terms (excluding pensions).

In 2012, social transfers (excluding pensions) reduced the at-risk-of poverty rate from 39 per cent to 16.5 per cent, or 22.5 per cent in absolute terms, a poverty reduction effect of 57.7 per cent (Figure 3.4). The comparable figure in 2011 was 59.8 per cent.²⁸

Figure 3.4 Impact of social transfers on the at-risk-of-poverty rate



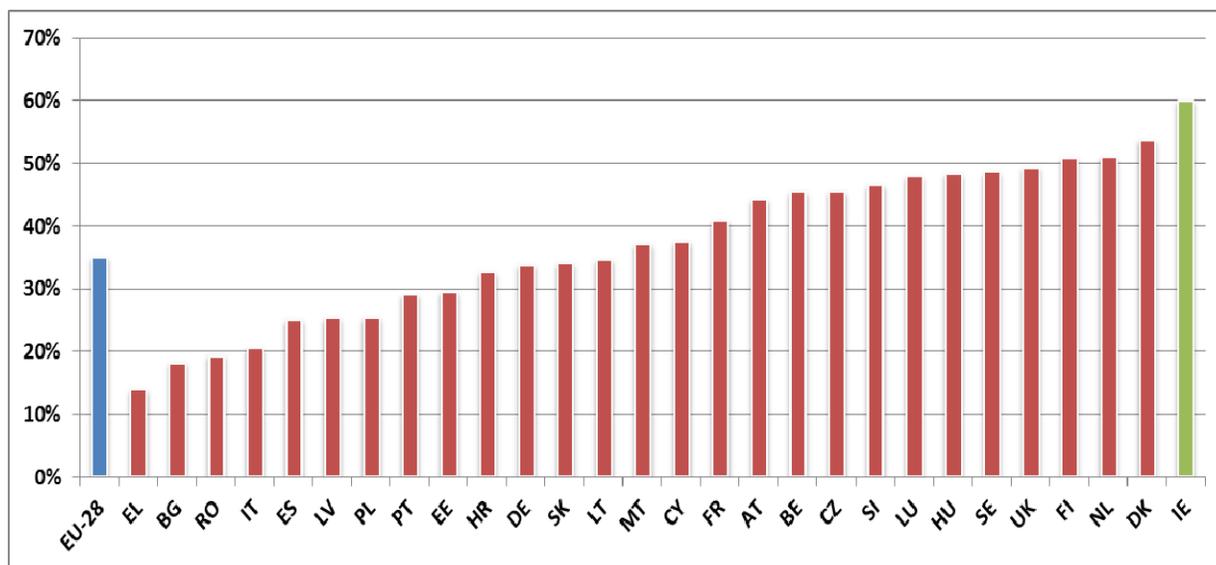
Source: SILC, various years

²⁸ The reduction including pensions was from 50.3 per cent (before social transfers) to 16.5 per cent (after social transfers), a 'poverty reduction effect' of 67.2 per cent.

Box 5: Impact of social transfers across the EU

Ireland continued to be among the best performing EU countries in reducing poverty through social transfers (excluding pensions). Using comparable data from Eurostat from 2012, Ireland’s performance in reducing poverty at 60.1 per cent was far in excess of the EU-28 norm of 35 per cent and compared to the 49.2 per cent reduction achieved in the UK. It was also above the reductions achieved in countries worst affected by the crisis (e.g. Greece 13.8 per cent; Italy 20.5 per cent; Spain 25 per cent; and Portugal 29 per cent).²⁹

Figure 3.5 Poverty reduction effect of social transfers in the EU-28, 2012



Source: SILC, various years

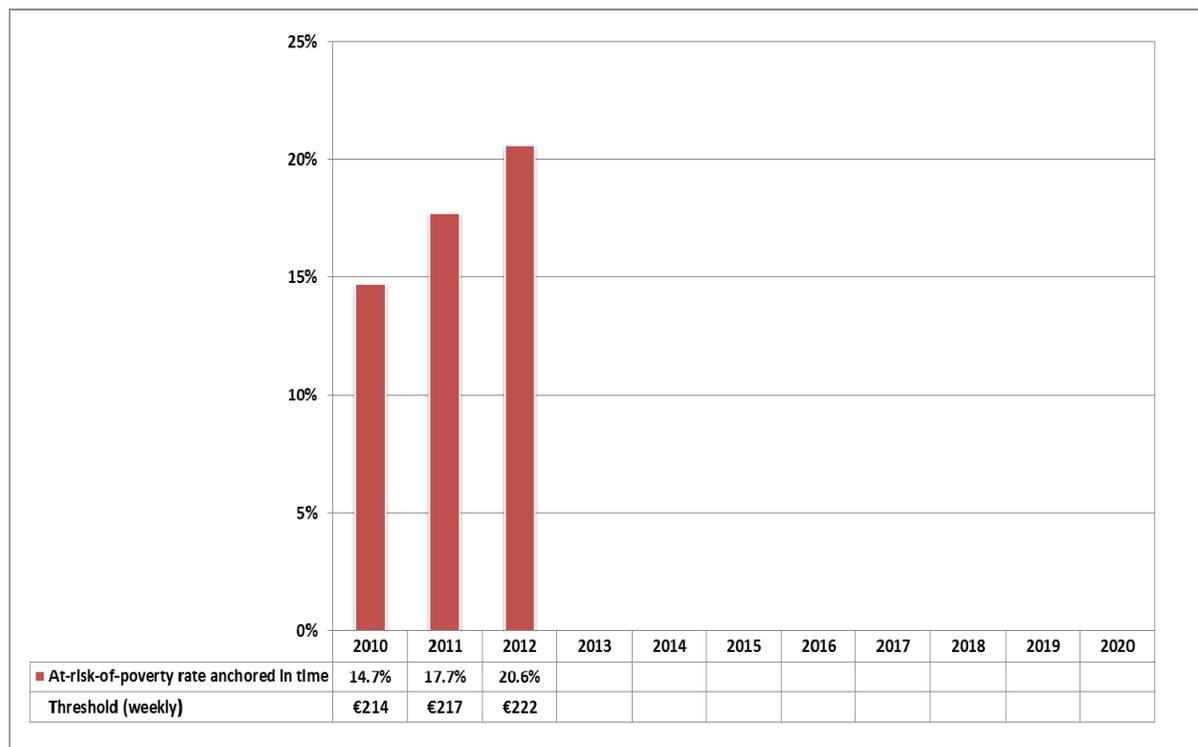
²⁹ The data from Eurostat for Ireland vary slightly from the national indicators due to the different income concept used.

3.6 Anchored at-risk-of-poverty

The percentage of the population with an equivalised disposable income below 60% of the at-risk-of-poverty threshold, anchored in 2010 values.

Figure 3.6 shows that in 2012, the at-risk-of-poverty rate anchored in 2010 values was 20.6 per cent. This was an increase of 5.9 percentage points on 2010. Also, the anchored at-risk-of-poverty rate in 2012 (20.6 per cent) was higher than the relative at-risk-of-poverty rate (16.5 per cent). In 2012, the anchored at-risk-of-poverty threshold was €222 per week for an individual, as compared to the relative at-risk-of-poverty threshold of €204 per week (see Figure 3.3). These trends indicate that the living standards of low income groups declined in real terms in 2012.

Figure 3.6 At-risk-of-poverty anchored in 2010 values



Source: SILC, various years

3.7 Medium-term perspective on the supporting indicators

Table 3.1 compares the changes in poverty rates associated with the supporting indicators across two time periods; economic growth (2005 to 2008) to economic crisis (2009 to 2012).

It shows that the poverty reduction effectiveness of social transfers increased by 10.7 percentage points to 60.2 per cent in 2009-2012. Basic deprivation rose by 9.2 percentage points between the two periods. The vulnerable to consistent poverty indicator increased 1.3 percentage points to 4 per cent in 2009-2012. In contrast, at-risk-of-poverty fell by 1.2 percentage points to 15.3 per cent.

Table 3.1 also looks at the change in the anchored at-risk-of-poverty rate. For the period 2005 to 2008, the at-risk-of-poverty rate anchored in 2005 values decreased 7.7 percentage points from 18.3 per cent in 2005; showing that living standards increased across the period. In contrast, during the second period (2009 to 2012), the at-risk-of-poverty rate anchored in 2009 values increased 8.8 percentage points from 14.1 per cent; indicating that real living standards for those on the lowest incomes fell.

Table 3.1 Medium-term perspective on the supporting indicators

	Average 2005 - 2008	Average 2009 - 2012	Difference
Vulnerable to consistent poverty	2.7%	4.0%	↑ 1.3 (pp)
Basic deprivation	13.6%	22.8%	↑ 9.2 (pp)
At-risk-of-poverty	16.6%	15.3%	↓ -1.2 (pp)
Impact of social transfers on the at-risk-of-poverty rate	49.5%	60.2%	↑ 10.7 (pp)
Anchored at-risk-of-poverty³⁰	14.2%	18.6%	n/a

Source: SILC, various years

³⁰ The anchored rate in 2005 was 18.3 per cent and in 2009 was 14.1 percent.

Section 4: Contextual indicators

4.1 Introduction

This section monitors trends in contextual indicators relating to poverty and social exclusion. The first part presents the consistent poverty indicator disaggregated by social group while the second describes a broader range of social inclusion indicators which relate to specific social policy issues. The final part presents a new insight on poverty methodologies.

4.2 Consistent poverty rate for social groups

Table 4.1 shows that a number of groups continued to be disproportionately affected by consistent poverty. In 2012, groups with the highest rates of consistent poverty (17-20 per cent) were individuals who were unemployed, and those who lived in lone parent families or very low work intensity households or social housing. The strong link between unemployment and poverty was further emphasised in that households with very low work intensity accounted for 84.4 per cent of those in consistent poverty, including 82.2 per cent of poor children. Conversely, those in employment, older people, and people living in owner occupier housing were least affected by consistent poverty.

Children (0-17 years), young people (15-24 years) and people with a disability also had consistent poverty rates above the national average at 9.9, 11.8 and 10.8 per cent respectively. This contrasted with a rate of 7.8 per cent among people of working age (18-64 years) and 2.6 per cent for older people (65+ years).

Table 4.1 Consistent poverty rate for social groups³¹

	Rate			Share
	2010	2011	2012	2012
National rate	6.3%	6.9%	7.7%	100%
Gender				
Male	5.8%	6.9%	7.8%	50.2%
Female	6.8%	6.9%	7.6%	49.8%
Lifecycle groups				
Children (0-17 years)	8.8%	9.3%	9.9%	33.9%
Working age (18-64 years)	6.2%	6.8%	7.8%	62.1%
Older people (65+ years)	0.9%	1.9%	2.6%	4.0%
Social groups				
People with a disability³²	7.3%	6.9%	10.8%	7.3%
Unemployed	16.0%	16.5%	19.2%	22.5%
Young children (0-6 years)	6.2%	7.8%	7.3%	10.3%
Young people (15-24 years)	9.0%	12.1%	11.8%	<i>not available</i>
Nationality³³				
Irish	6.1%	6.8%	7.8%	89.6%
Non-Irish	7.8%	7.4%	7.4%	10.4%
Vulnerable households				
Lone parent families	13.6%	16.4%	17.4%	15.0%
Very low work intensity	23.3%	24.2%	30.5%	84.2%
Social housing	17.3%	21.5%	19.8%	38.4%

Source: SILC, various years

4.3 Social inclusion indicators

Table 4.2 shows real mean equivalised disposable income was down 4.9 per cent from €420 per week in 2011 to €400 in 2012. This was due primarily to a

³¹ The SILC dataset will not facilitate disaggregation for all of the nine equality groups. Those excluded are civil status, sexual orientation, religion, race and membership of the Traveller community.

³² The SILC does not include a question on 'disability'. Therefore, a proxy measure is used for people who respond that they have been 'strongly limited' in activities people usually do in the last six months because of a health problem.

³³ This is based on whether someone identifies themselves as being an Irish citizen / national and is quoted in the ESRI/The Integration Centre Annual Monitoring Report on Integration.

combination of lower social transfers (-4.3 per cent) and higher income taxes and social contributions (+3.9 per cent). Real equivalised weekly social transfers as a proportion of gross income declined from 27.1 per cent in 2011 to 26.7 per cent in 2012. Groups experiencing the highest declines in their real mean equivalised disposable income included those unemployed (-9.1 per cent), ill or disabled (-10.1 per cent) and single adults aged 65 years and over (-8 per cent).

Income inequality remained largely unchanged between 2010 and 2012 based on the Gini coefficient (31 per cent) and the income quintile share ratio (4.8-5.0). On a comparative basis, the level of income inequality in Ireland was slightly lower than the EU average (29.9 per cent vs 30.6 per cent).³⁴ The depth of poverty (measured by the relative at-risk-of poverty gap³⁵) increased from 19.5 per cent in 2011 to 20.3 per cent in 2012. The percentage of very low work intensity households decreased from 24 per cent in 2011 to 23.5 per cent in 2012. In-work poverty decreased from 6.5 per cent in 2011 to 5.9 per cent in 2012.

Food poverty and financial exclusion have emerged as important social policy issues in recent years. Food poverty (as measured by an enforced lack of one of three food deprivation items) was experienced by 11.8 per cent of the population in 2012, similar to 2011 (11.4%).³⁶ 15.9 per cent of households experienced financial exclusion (i.e. did not have access to a bank current account) in 2012, a decline of 1.1 per cent on 2011.

In 2013, the Government published *Healthy Ireland: A Framework for Improved Health and Well-being 2013-2025*, which included a commitment to reduce health inequalities. To reflect this goal a health inequality indicator has been added to the Monitor. It is based on the health status (defined as fair to very bad) of the household reference person. Health inequality, according to this measure, rose from 16.7 per cent in 2010 to 20.5 per cent in 2011, before falling to 17.5 per cent in 2012.

³⁴ <http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/>

³⁵ See definition provided in the Glossary in Appendix 2

³⁶ The figure for food poverty in 2011 was reported as 10 per cent in the Social Inclusion Monitor 2011. This has been corrected in the Social Inclusion Monitor 2012; it was actually 11.4 per cent.

Table 4.2 Social inclusion indicators³⁷

	2010	2011	2012
Nominal equivalised disposable income (per week)	€424.26	€410.89	€399.69
Real equivalised disposable income (per week)³⁸	€439.82	€420.08	€399.69
S80:S20 income quintile share ratio	4.8	4.9	5.0
Gini coefficient	31.4%	31.1%	31.2%
Relative at-risk-of-poverty gap	17.7%	19.5%	20.3%
Very low work intensity³⁹	21.6%	24.0%	23.5%
In-work poverty	5.7%	6.5%	5.9%
Food poverty	10.0%	11.4%	11.8%
Financial exclusion	17.0%	17.0%	15.9%
Health inequality⁴⁰	16.7%	20.5%	17.5%

Source: SILC, various years

³⁷ See definitions provided in the Glossary in Appendix 2.

³⁸ Real income figures have been adjusted for inflation by applying a deflator (2¼ per cent) to the nominal income figures. The deflator is derived from the monthly Consumer Price Index and takes into account the rolling nature of the income data collected by SILC(CSO (2014), *Survey on Income and Living Conditions (SILC) 2012*, Cork: CSO). The deflator base year is 2012, as such the real and nominal values of equivalised disposable income are the same in 2012.

³⁹ Very low work intensity households are where no adult works or where the adults in the household work less than 20 per cent of their total work potential during the past year. Research shows they experience extreme forms of both economic and social exclusion and are highly dependent on social transfers. (See Watson, D, Maître, B and Whelan, CT (2012) *Work and Poverty in Ireland, 2004 – 2010*, Social Inclusion Report No. 3, Dublin: Department of Social Protection and Economic and Social Research Institute and Watson, D, and Maître, B (2013) *Social Transfers and Poverty Alleviation in Ireland: An Analysis of the CSO Survey on Income and Living Conditions 2004 - 2011*, Social Inclusion Report No. 4. Dublin: Department of Social Protection and Economic and Social Research Institute).

⁴⁰ The health inequality indicator is based on the health status (fair to very bad) of the household reference person.

Box 6: New insights on poverty: economic stress⁴¹

Economic stress is a new measure that captures the change in economic fortunes of Irish households by including items such as debt, housing costs, and the difficulties and stresses of managing on reduced household incomes. Specifically, it combines five identified economic stress items: difficulty making ends meet; arrears; housing costs that are a heavy burden; inability to save; and going into debt to meet ordinary living expenses.

The economic stress measure picks up an additional aspect of the experience of the recession that is not captured by existing income or deprivation measures. It is a robust multi-item measure, which is more reliable and stable than a single item stress measure. As such, there is a strong rationale for using the measure as a supporting indicator for monitoring progress towards the national social target for poverty reduction.

The report shows that levels of economic stress rose across all income class groups, with the income poor experiencing the highest levels. The gap to other groups narrowed over the period 2004 to 2011. Not including agriculture, the self-employed and small employers (also termed the *petite-bourgeoisie*), were exposed to particularly severe consequences of the recession in the construction, retail and other sectors. People in the middle stage of the life-course fared worse with mortgage debt playing a role for this group. Within this age group, the lower middle income groups⁴² experienced the biggest increase in stress.

⁴¹ Maître, B., Russell, H. and Whelan, C. T. (2014) *Trends in Economic Stress and the Great Recession in Ireland – An Analysis of the CSO Survey on Living and Income Conditions*, Social Inclusion Technical Paper No. 5, Dublin: Department of Social Protection. See <http://www.socialinclusion.ie/TrendsInEconomicStress.html>

⁴² with an equivalised income threshold between €10,903 and €22,714 per annum in 2011 values

Section 5: Spatial indicators

5.1 Introduction

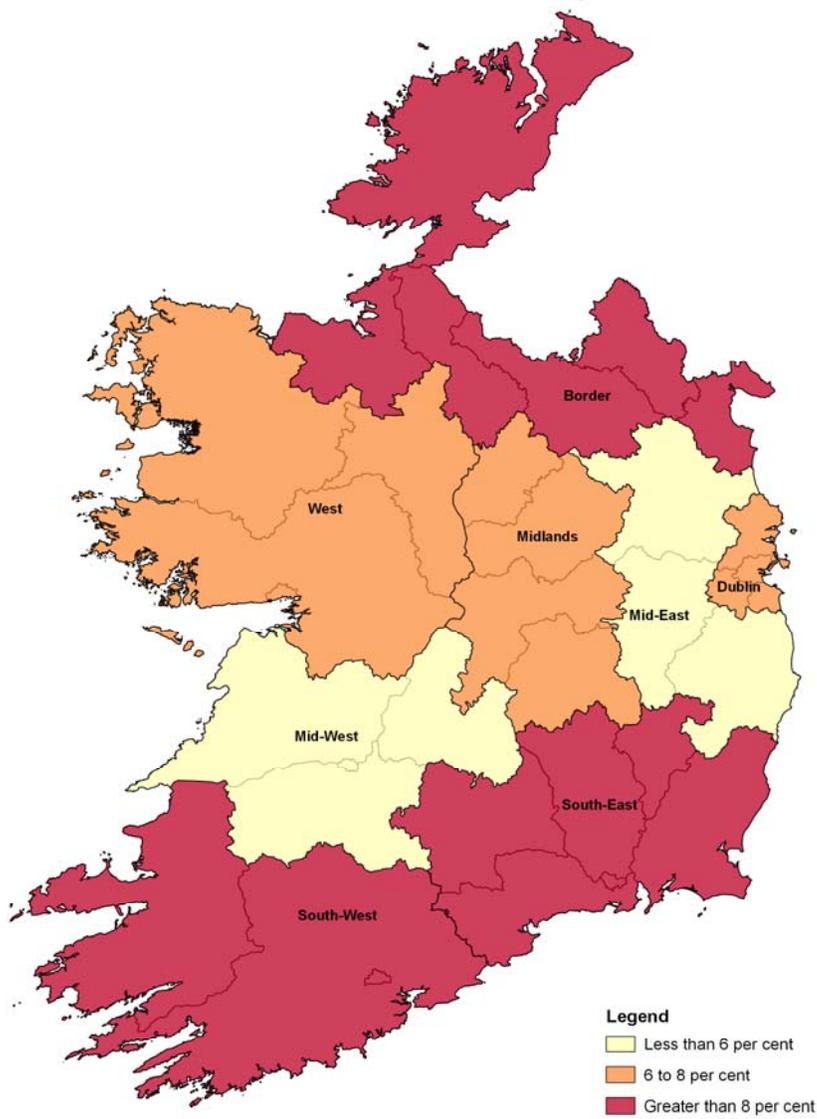
This section of the Monitor provides an overview of the spatial distribution of poverty. There is a limit to which SILC data can be disaggregated by geographical area due to the sample size, as such this section uses data at NUTS 2 and 3 levels. NUTS 2 provides a breakdown of rates across two regions: the Border, Midland & Western (BMW) region and the Southern & Eastern (SE) region while NUTS 3 gives a breakdown across eight regions: the Border, Midlands, West, Dublin, Mid-East, South-East, Mid-West; and South-West regions.

5.2 Rate of consistent poverty by region

The highest rate of consistent poverty by NUTS 2 level was recorded for the Border, Midland and Western region at 9.4 per cent, which was above the national average of 7.7 per cent. This compared to 7.1 per cent in the Southern and Eastern region. Another geographical pattern that emerges is the rural-urban distinction: the consistent poverty rate in rural areas in 2012 was 7.3 per cent, as compared to 8 per cent in urban areas.

Map 1 shows the rates of consistent poverty across NUTS 3 regions in 2012. The highest rate was 12.7 per cent in the Border region, this increased from 9.7 per cent in 2011. In contrast, the Mid-East region experienced the lowest level at 4.1, which fell from 7.9 per cent in 2011. Further analysis is required to determine if the changes are statistically significant. Other regions with rates above the national average were the South-East and South-West regions at 10.6 and 9.7 per cent respectively.

Map 1: Rate of consistent poverty in NUTS 3 regions, 2012



5.3 Rate of consistent poverty by rural-urban characteristics

Table 5.1 presents more detailed information on the rate of consistent poverty, across five locational categories. In 2012, the highest consistent poverty rate was found in towns with populations between 1,000 and 5,000 (12.2 per cent) and with populations greater than 5,000 people (10.6 per cent). The rate in cities and rural areas were slightly below the national average. There was an upward trend in consistent poverty rates in cities and towns between 2011 and 2012.

Table 5.1 Consistent poverty rates by rural-urban characteristics

	Rate		Share
	2011	2012	2012
National rate	6.9%	7.7%	100%
Cities and suburbs	4.9%	6.9%	31.2%
Towns and environs with pop=>5,000	9.6%	10.6%	21.7%
Towns and environs with pop 1,000<=<5,000	10.1%	12.2%	6.0%
Mixed urban / rural areas	7.5%	7.5%	23.0%
Rural	6.5%	6.5%	18.1%

Source: SILC, various years

Appendix 1: Technical note on SILC

The Survey on Income and Living Conditions (SILC) is an annual survey carried out by the Central Statistics Office (CSO) of a representative sample of more than 4,000 households or 11,000 individuals in Ireland. The survey collects information on the income and living conditions of different households in Ireland, in order to derive indicators on poverty, deprivation and social exclusion. It is carried out in every EU country under EU legislation and commenced in Ireland in June 2003.

The definition of income in SILC is based on a rolling 12-month period. The income reference period relates to the preceding 12 months from the date of the interview with the household. In effect, the income recorded can cover 24 months, from January of 2011 to December 2012.

Appendix 2: Trends in economic security and opportunity for children and young people

The National Policy Framework for Children and Young People (*Better Outcomes, Brighter Futures*) sets out a number of commitments and associated indicators across key national outcome areas. The Department of Social Protection is the sponsor for area 4 on economic security and opportunity. Table A2.1 sets out the progress to date on key indicators in this area for children and young people.

Consistent poverty, deprivation and at-risk-of-poverty rates for these groups were above the national average in 2011 and 2012.

In 2012, social transfers reduced the at-risk-of poverty rate for children from 45.3 per cent to 18.8 per cent, a poverty reduction effect of 58.5 per cent. The comparable figure in 2011 was 62.2 per cent. The impact of social transfers on the at-risk-of-poverty rate for young people was 49 per cent in 2012 (reducing the rate from 55.3 to 28.2 per cent). This was an increase on the poverty reduction effect of 44.7 per cent in 2011.

Table A2.1 Trends in economic security and opportunity for children and young people

	Children (0-17 years)		Young People (15-24 years)	
	2011	2012	2011	2012
Consistent poverty	9.3%	9.9%	12.1%	11.8%
Deprivation	32.1%	32.3%	26.8%	32.5%
At-risk-of-poverty after social transfers	18.8%	18.8%	29.4%	28.2%
At-risk-of-poverty before social transfers (ex-pensions)	49.8%	45.3%	53.2%	55.3%
Poverty reduction effect of social transfers (ex-pensions)	62.2%	58.5%	44.7%	49.0%
Very low work intensity households	26.0%	22.9%	21.1%	28.0%

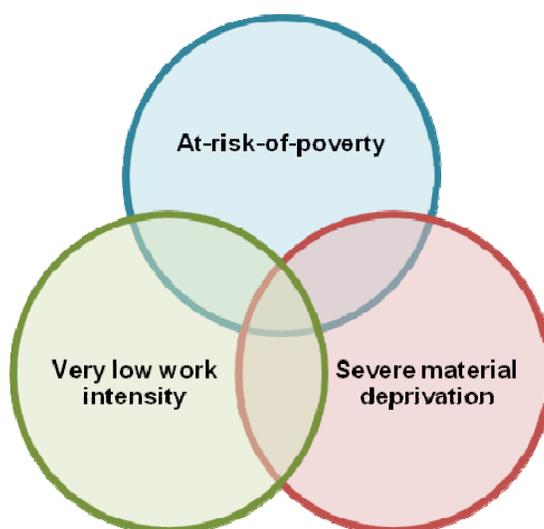
Source: SILC, various years

Appendix 3: Glossary

Adults in jobless households are defined in the QNHS as adults aged 18 to 59 years living in households where no member of the household is working. Students aged 18 to 24 years living in households composed solely of students are excluded.

At-risk-of-poverty: Persons are regarded as being at-risk-of-poverty if their equivalised income is below 60% of the median income. In 2012, the at-risk-of poverty threshold was €10,621 per annum or €203.55 per week for a single person. It was €24,641 or €472.23 a week for a family of 2 adults and 2 children.

At risk of poverty or exclusion: This EU measure combines the number of people who experience at-risk-of-poverty, severe material deprivation, or very low work intensity. This measure is the basis for the Europe 2020 poverty target. In cases where people experience more than one of these indicators, they are counted only once. The Irish version of this measure is 'combined poverty'.



At-risk-of-poverty anchored in time: The proportion of people with an equivalised disposable income below the at-risk-of-poverty threshold calculated in survey year N, adjusted by inflation over subsequent years. It essentially measures the percentage of the population falling below an at-risk-of-poverty threshold of an earlier year, after accounting for the effects of inflation. This indicator is also referred to as an absolute measure of poverty, which reflects changes in fixed living circumstances, as distinct from changes in relative living standards.

Basic deprivation: People who are denied – through lack of income – at least 2 items from a list of 11 indicators are regarded as experiencing deprivation. This is enforced deprivation as distinct from the personal choice not to have the items. The following 11 basic items are used to construct the deprivation index:

- unable to afford two pairs of strong shoes;
- unable to afford a warm, waterproof overcoat;
- unable to afford new (not second-hand) clothes;
- unable to afford a meal with meat, chicken or fish (vegetarian equivalent) every second day;
- unable to afford a roast joint or its equivalent once a week;
- without heating at some stage in the last year through lack of money;
- unable to afford to keep the home adequately warm;
- unable to afford to buy presents for family or friends at least once a year;
- unable to afford to replace any worn-out furniture;
- unable to afford to have family or friends for a drink or meal once a month; and
- unable to afford a morning, afternoon or evening out in the last fortnight for entertainment.

The indicator of basic deprivation was developed by the Economic and Social Research Institute using data from the *Survey on Income and Living Conditions*. See Maître B., Nolan B. and Whelan C. (2006) *Reconfiguring the Measurement of Deprivation and Consistent Poverty in Ireland*, Dublin: ESRI, for further information.

Combined poverty: Ireland's contribution to the EU target is based on reducing the population in 'combined poverty'. This is the combination of three indicators – consistent poverty or at-risk-of-poverty or basic deprivation. It is similar to the EU composite measure, 'at risk of poverty or exclusion'.

The exclusion of very low work intensity from the Irish measure is not the only difference between the Irish and EU composite indicators. The at-risk-of-poverty measure generates different results at EU and national levels as a result of differences in the definition of gross income. The EU definition does not include income from private pensions or the value of goods produced for own consumption. Also, employers' social insurance contributions are included in the national definition of gross income but are excluded from the EU definition. The EU uses an alternative equivalence scale (the OECD scale) to that used for national indicators in Ireland. The OECD attributes a weight of 1 to the first adult, 0.5 to each subsequent adult and 0.3 to each child. The effect of these differences has generally been a higher at-risk-of-poverty rate using EU definitions rather than national definitions. In terms of deprivation, the national approach identifies those experiencing 'basic deprivation' (lacking 2 or more out of 11 basic items) whereas the EU approach is based on 'severe material deprivation' (lacking 4 or more from a 9 item list).

Consistent poverty: This is a measure of poverty used in the *National Action Plan for Social Inclusion 2007-2016* that takes account of the household's living standards as well as the household size, composition and total income. Persons are regarded as being in consistent poverty if their income is below 60% of the median income (i.e. at-risk-of-poverty) and are deprived of at least 2 out of the 11 items on the basic deprivation list. (See Box 1)

Disposable income: Tax and social insurance contributions are summed to household level and subtracted from the gross household income to calculate the total disposable household income.

Economic stress: This is a measure that captures the change in economic fortunes of Irish households by going beyond income to include items such as debt, housing costs, and the difficulties and stresses of managing on reduced household incomes. Specifically, it combines five identified economic stress items:

- Difficulty making ends meet;
- Arrears;
- Housing costs that are a heavy burden;
- Inability to save; and
- Going into debt to meet ordinary living expenses.

Equivalence scales: A set of relativities between the needs of households of differing size and composition, used to adjust household income to take into account the greater needs of larger households. In Ireland the national scale attributes a weight of one to the first adult (aged 14+) and 0.66 to each subsequent adult and a weight of 0.33 to each child. International comparisons such as

that done by Eurostat uses the modified OECD scale which attributes a weight of one to the first adult (aged 14+) and 0.5 to each subsequent adult and a weight of 0.3 to each child.

Equivalised income: This refers to household income from all sources adjusted for differences in household size and composition (number of adults and children). It is calculated by dividing total disposable (i.e. after tax) household income by the equivalence scale value. It can be interpreted as income per adult-equivalent.

EU-SILC: *European Union Statistics on Income and Living Conditions*; this is a voluntary household survey carried out annually in a number of EU Member States allowing comparable statistics on income and living conditions to be compiled. In Ireland, the Central Statistics Office (CSO) has conducted the survey since 2003. The results are reported in the Survey on Income and Living Conditions (SILC). Any data as compiled by Eurostat and any reference to the questions or questionnaire in the household survey is here referred to as 'EU-SILC'.

Financial exclusion refers to a process whereby people encounter difficulties accessing and/or using financial services and products in the mainstream market that are appropriate to their needs and enable them to lead a normal social life in the society in which they belong. It is measured by the percentage of individuals/households with no current account.

Food poverty is the inability to have an adequate and nutritious diet due to issues of affordability or accessibility. It is measured by the percentage of individuals experiencing one or more of the following:

- Unable to afford a meal with meat, or vegetarian equivalent, every second day;
- Unable to afford a weekly roast dinner (or vegetarian equivalent); and
- Missing one substantial meal in the last fortnight due to lack of money

Fuel poverty is the inability to afford adequate warmth in a home, or the inability to achieve adequate warmth because of the energy efficiency of the home.

Gini coefficient is the relationship between cumulative shares of the population arranged according to the level of income and the cumulative share of total income received by them. If there was perfect equality (i.e. each person receives the same income) the Gini coefficient would be 0%. A Gini coefficient of 100% would indicate there was total inequality and the entire national income was in the hands of one person.

GNP stands for Gross National Product and is an estimated value of the total worth of production and services, by citizens of a country, on its land or on foreign land, calculated over the course of one year.

Inflation is measured using the Consumer Price Index which is designed to measure the change in the average level of prices (inclusive of all indirect taxes) paid for consumer goods and services by all private and institutional households in the country and by foreign tourists holidaying in Ireland.

In-work poverty is a measure that captures being at work and, at the same time, being in a household 'at-risk-of-poverty'.

Long-term unemployment rate measures the long-term unemployed population (greater than 12 months' unemployment; ILO definition) as a proportion of total active population.

Median income is calculated by ranking the population by equivalised income from smallest to largest and the median or middle value is extracted. This is considered a more appropriate measure than mean income which can be skewed by extreme values.

Nomenclature of Units for Territorial Statistics (NUTS): A hierarchical classification of administrative boundaries developed by Eurostat. The purpose of NUTS is to provide a common designation for different levels of administrative geographic boundaries across the EU regardless of local language and naming conventions. NUTS 2 refers to the Border, Midland & Western (BMW) region and the Southern & Eastern (SE) region. NUTS 3 refers to the Border, Midlands, West, Dublin, Mid-East, South-East, Mid-West; and South-West.

Poverty and social exclusion: these terms are defined broadly in the *National Action Plan for Social Inclusion 2007-2016* as follows:

'People are living in poverty if their income and resources (material, cultural and social) are so inadequate as to preclude them from having a standard of living which is regarded as acceptable by Irish society generally. As a result of inadequate income and resources people may be excluded and marginalised from participating in activities which are considered the norm for other people in society.'

The two concepts are very similar when used in Irish policymaking but poverty is sometimes used in the narrower context to refer to low income (or wealth). On the other hand, social exclusion is almost always used in the broader sense, to refer to the inability to participate in society because of a lack of resources that are normally available to the general population.

Poverty reduction effect of social transfers measures the effectiveness of social protection spending in reducing poverty. This is done by measuring the at-risk-of-poverty rate before and after social transfers.

Relative at-risk-of-poverty gap is the difference between the median equivalised income of persons below the at-risk-of-poverty threshold and the at-risk-of-poverty threshold expressed as a percentage of the at-risk-of-poverty threshold (60% of median equivalised income). This indicator is used to estimate the *depth of poverty*. In policy terms, it indicates the scale of transfers which would be necessary to bring the incomes of those concerned up to the poverty threshold.

S80:S20 income quintile share ratio measures inequality in the distribution of income. It is the ratio of the average equivalised income received by the 20% of persons with the highest income (top quintile) to that received by the 20% of persons with the lowest income (lowest quintile).

Severe material deprivation: This indicator is defined as the share of the population with an enforced lack of at least four out of nine material deprivation items. The nine items are:

- arrears on mortgage or rent payments, utility bills, hire purchase instalments or other loan payments;
- capacity to afford paying for one week's annual holiday away from home;
- capacity to afford a meal with meat, chicken, fish (or vegetarian equivalent) every second day;
- capacity to face unexpected financial expenses [set amount corresponding to the monthly national at-risk-of-poverty threshold of the previous year];
- household cannot afford a telephone (including mobile phone);
- household cannot afford a colour TV;
- household cannot afford a washing machine;
- household cannot afford a car; and
- ability of the household to pay for keeping its home adequately warm.

SILC: *Survey on Income and Living Conditions*. In Ireland, the Central Statistics Office (CSO) is responsible for carrying out the EU-SILC survey. They produce analysis in accordance with Irish national poverty targets, indicators and related issues. These results are reported in the *Survey on Income and Living Conditions (SILC)*. Any data or analysis that is sourced specifically from the CSO is here referred to as 'SILC'.

Social transfers: Social transfers are income from non-market sources. This includes state means-tested allowances, state non-means-tested benefits (such as child benefit and payments based on prior social insurance benefits), occupational pensions, foreign pensions and other non-market transfers (such as from other households or from charities). They are generally categorised in SILC as unemployment benefits, old-age benefits, occupational pensions, children/family related allowances, housing allowances and other social transfers such as survivors, sickness or disability benefits.

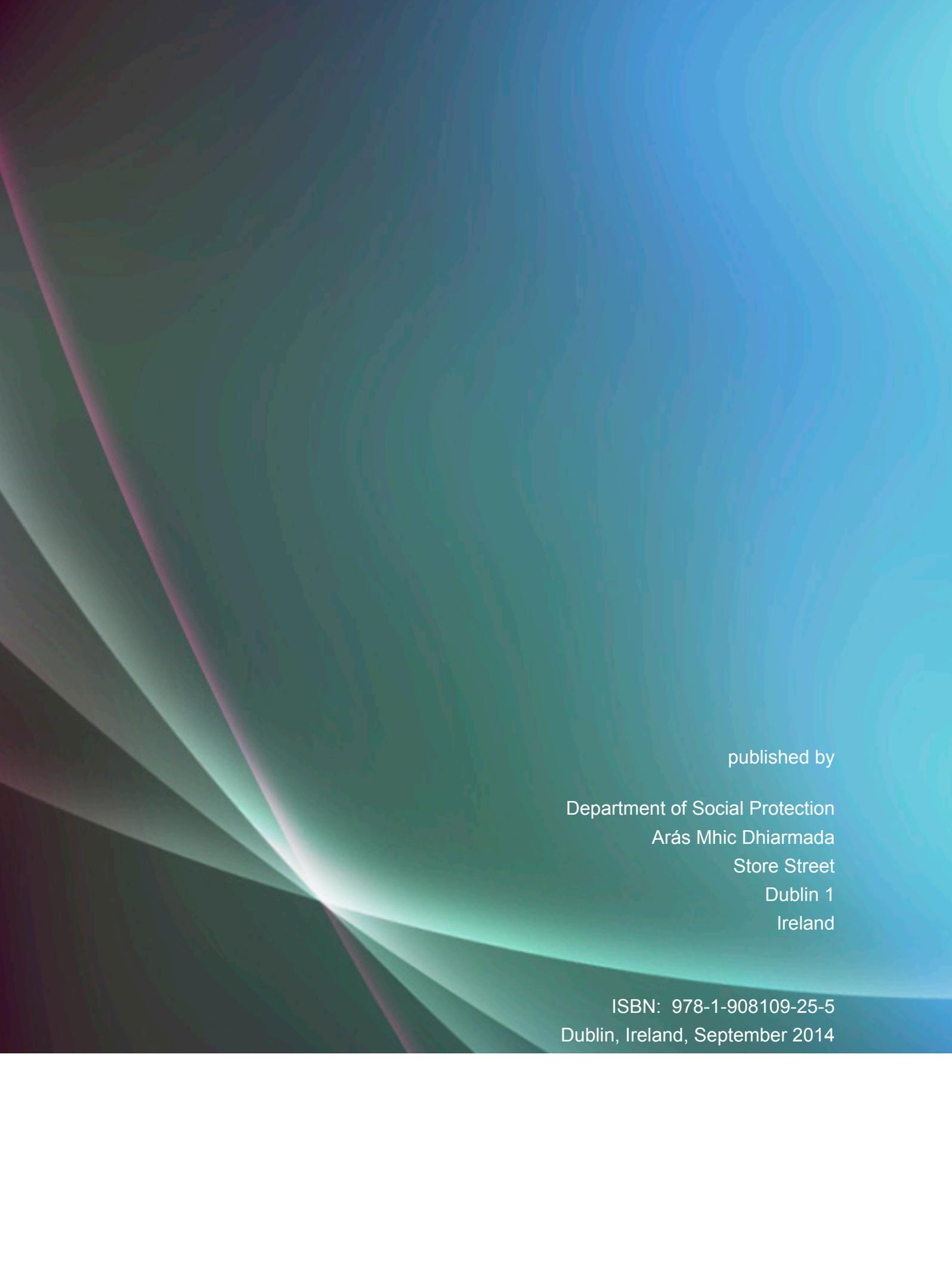
Unemployment rate measures the unemployed population as a proportion of total active population aged 15 years or more.

Very low work intensity (or jobless households) refers to the share of the population aged 0-59 years living in households where the working-age adults worked less than 20 per cent of their total work potential during the previous 12 months. A working-age person is defined as a person aged 18 to 59, not being a student aged between 18 and 24. This measure of poverty is used in defining the 'at risk of poverty or exclusion' indicator for the EU poverty target. The work intensity of working-age adults is applied to all children in the household. (See 'Work intensity').

Vulnerable to consistent poverty identifies the population experiencing basic deprivation and whose equivalised income is between 60% and 70% of the median. This indicator facilitates monitoring of flows into and out of consistent poverty.

Work intensity: This is an indicator of the amount of available work time the working-age adults in a household actually spend at work. It is calculated as the proportion of person-months over the reference year that working-age adults (aged 18-59 years) actually spend in employment. An adjustment is made to the calculation for those who work part-time. Work intensity is often presented in five categories:

- Very low work intensity = less than 20 per cent;
- Low work intensity = 20 per cent to less than 45 per cent;
- Medium work intensity = 45 per cent to 55 per cent;
- High work intensity = over 55 per cent to 85 per cent; and
- Very high work intensity= over 85 per cent to 100 per cent.



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