

In-House Research

Understanding Material Deprivation Among Older People

By Anna Bartlett, Claire Frew & Joanne Gilroy

Department for Work and Pensions

In-House Research No 14

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Glossary

Benefit unit

A single adult or a couple living as married and any dependent children; from January 2006 same-sex partners (civil partners and cohabitants) are also included in the same benefit unit.

Equivalisation

The process by which household income is adjusted by household size and composition as a proxy for material living standards. Household incomes are divided by household equivalence factors which vary according to the number of adults and the number and age of dependants in the household.

Household

A single person or group of people living at the same address as their only or main residence, who either share one meal a day together or share the living accommodation (i.e. living room). A household will consist of one or more benefit units.

Material deprivation

The material deprivation suite of questions was introduced in the Family Resources Survey from 2008/09 to investigate deprivation amongst pensioners. Questions are asked on whether families are able to afford to buy essential items or services, or to participate in leisure or social activities. Further details can be found in the Introduction and Appendix, and throughout the report more generally. The latest core results for pensioner material deprivation and poverty are reported annually in Households Below Average Income¹.

Relative poverty/low income

Individuals are said to be in relative low income if they live in a household with an equivalised income below a percentage of contemporary median income, Before or After Housing Costs. Relative low-income statistics fall if income growth at the lower end of the income distribution outstrips overall income growth. The After Housing Costs measure tends to be used for pensioner poverty analysis, as the majority of pensioners own their own home.

Absolute poverty/low income

Individuals are said to be in absolute low income if they live in a household with an equivalised income below a threshold of median income (for example 60 per cent of median income) in a specific year adjusted for inflation, Before or After Housing Costs. The year 1998/99 is currently used in Households Below Average Income as this is the first year where some information is available for the United Kingdom. Absolute low-income statistics fall if low-income households are seeing their incomes rise faster than inflation.

¹ The latest report, Households Below Average Income: An analysis of the income distribution 1994/95 – 2010/11, can be found here: <http://research.dwp.gov.uk/asd/index.php?page=hbai>

Summary

This report, for the first time, provides in-depth quantitative analysis of the material deprivation and low income experiences of older people. It is based on Family Resources Survey (FRS) data and builds on the high-level results which are reported in the Households Below Average Income (HBAI) series.

A new measure to assess material deprivation among pensioners was introduced into the FRS from May 2008. Respondents are asked whether they have access to 15 goods and services, which were identified by independent academic analysis.

Some of the main findings of the report are set out below:

- The vast majority, around 80 per cent, of pensioners do not experience relative poverty or material deprivation. However, around 2 million pensioners do experience some level of need (either financial or non-financial).
- Disability appears to be one factor which is associated with material deprivation. This suggests that disabled pensioners experience some difficulty in being able to access certain goods & services.
- Housing tenure is also an important factor, with those pensioners living in social-rented accommodation appearing to be at greater risk of material deprivation than those who own their own homes.
- Social deprivation is the most common form of material deprivation for pensioners, with over 90 per cent of materially deprived pensioners lacking a social item (e.g. being able to go on a holiday, or see friends and family regularly). Very few pensioners lack basic items, such as not being able to have a filling meal each day or not having a warm coat.
- The most common reasons given by pensioners for being materially deprived vary by item and degree. Not being able to afford an item and health/disability issues affecting them are some of the most common reasons cited.
- More than half (over 5 million, or 51 per cent) of all pensioners do not report any level of material deprivation. A further 40 per cent (around 3.9 million) report that they lack up to 3 of the 15 items, but none of these individuals are deemed 'materially deprived' according to the FRS definition.
- The vast majority of those pensioners who are materially deprived obtain a score which means that they lack between 3 and 6 items. These individuals tend to be experiencing some level of social and financial deprivation.

1. Introduction

This report provides an in-depth quantitative analysis of the material deprivation and relative low income experiences of older people. It is based on data from the suite of material deprivation questions for pensioners, included in the Family Resources Survey (FRS) since 2008 and reported in the Households Below Average Income (HBAI) report since 2009/10.²

1.1. Background

It is widely recognised that living standards are about much more than just income. Poverty is usually measured as a level of income below a certain threshold; the standard definition of relative poverty among pensioners as used in HBAI is income below 60 per cent of the median level, After Housing Costs. Whilst such measures are extremely powerful for assessing changes over time, they are unable to capture the multi-dimensional nature of poverty. Academics, in particular Stephen McKay (McKay, 2010³) therefore advocate using ‘indirect’ measures of poverty (material deprivation measures being the most notable), alongside the more traditional ‘direct’ measures.

Indicators relating to material deprivation of families with children have been included in the FRS since 2004/05. A Department for Work and Pensions (DWP) Working Paper (McKay, 2008⁴) concluded that the standard adult questions were not appropriate for older people, due to significant differences in responses. This is because older people are more likely to state that they “do not need/want” an item, rather than “cannot afford”, and so an expansion of the reasons for lacking items was one significant change that was required to cover ill health, disability or social isolation.

In 2006, the DWP commissioned a programme of work, which included quantitative analysis and cognitive testing of the proposed questions with older people, to develop a suite of questions to capture material deprivation among older people for inclusion in the FRS. This culminated in a published DWP Working Paper by an independent academic, Stephen McKay, which provided a comprehensive assessment on how to construct a measure of material deprivation for older people within the FRS (McKay, 2010). Material deprivation uses a set of goods, services and experiences to capture low standards of living.

The material deprivation indicator was subsequently launched by the Minister for Pensions Steve Webb MP in May 2011, and was reported on for the first

² In 2009/10 and 2010/11, material deprivation was measured for those aged 65 or over, and hence all analysis in this report uses this definition. Income poverty measurement for pensioners in HBAI is based on those over State Pension age.

³ McKay, S. (2010) Using the new Family Resources Survey question block to measure material deprivation among pensioners, DWP Working Paper No. 89

⁴ McKay, S. (2008) Measuring material deprivation among older people: Methodological study to revise the Family Resources Survey questions, DWP Working Paper No. 54

time in the HBAI 2009/10 series later that month, having been included in the FRS in 2008/09. Importantly, this indicator is designed to complement the existing income-based measures, not replace them.

The Government wants all older people to have a decent standard of living, in which they have sufficient income and are able to participate in their community. This indicator will help the Government and other interested parties assess how the day-to-day experiences of older people might change over time, and as appropriate, consider possible policy responses.

1.2. Purpose of the study

This in-house study was conducted in order to provide a fuller assessment of the material deprivation experiences of older people, using FRS data, to what is published in the HBAI series. This report, for the first time, provides insights into material deprivation by type, depth and reason. Our intention is that this report adds to current debates around how to best measure peoples' lived experiences, given that it demonstrates what constitutes material deprivation for older people, over and above low income.

The rest of Chapter 1 discusses the methodology behind the construction of the material deprivation indicator for older people, and the trends in pensioner poverty/low income and material deprivation. Chapter 2 then goes on to discuss the key characteristics of those in low income and material deprivation. Chapter 3 analyses material deprivation in terms of type of deprivation (basic, financial, social, housing) and the reasons for why respondents state they lack an item or items. Chapter 4 considers the different depths of material deprivation that older people experience, and Chapter 5 outlines the conclusions.

Figures in the analysis tend to be rounded to the nearest percentage point or one hundred thousand, unless otherwise stated. All of the figures are subject to a degree of sampling error.⁵

1.3. Deriving the material deprivation indicator for older people

As stated above, a suite of questions were included into the FRS in 2008/09 to specifically capture the material deprivation experiences of older people aged 65 and over. Respondents are asked whether they have access to 15 goods and services, which were constructed from extensive independent academic research, as discussed in section 1.1. These items are:

- At least one filling meal a day

⁵ Sampling error is the uncertainty in estimates that arises because the results are derived from a random sample of the household population.

- Go out socially at least once a month
- See friends or family at least once a month
- Take a holiday away from home
- Able to replace cooker if it broke down
- Home kept in a good state of repair
- Heating, electrics, plumbing and drains working
- Have a damp-free home
- Home kept adequately warm
- Able to pay regular bills
- Have a telephone to use, whenever needed
- Have access to a car or taxi, whenever needed
- Have hair done or cut regularly
- Have a warm waterproof coat
- Able to pay an unexpected expense of £200

Lacking some or all of these items indicates deprivation, but they do not represent a minimum standard. If respondents do not have access to a good or service they are asked whether this is because:

- They do not have the money for this;
- It is not a priority on their current income;
- Their health / disability prevents them;
- It is too much trouble or tiring;
- They have no one to do this with or help them;
- It is not something they want; it is not relevant to them;
- Other.

Only where respondents state that they lack the item as “it is not something they want; it is not relevant to them” are they *not* counted as being materially deprived. So the respondent is defined as being deprived for that item if they lack it for financial or non-financial reasons, but not if they choose to not have access to/own that item.

The follow-up responses to the unexpected expense question differ. They are:

- use own income but cut back on essentials;
- use own income but not need to cut back on essentials;
- use savings;
- use a form of credit;
- get money from friends or family;
- other.

A material deprivation score is attached to each item which is based on how common that item is among all older people, using a system of prevalence weighting. Prevalence weighting is a technique of scoring deprivation in which more weight in the deprivation measure is given to families lacking those items that most families already have. This means a greater importance, when an item is lacked, is assigned to those items that are more commonly owned in the population.

If a respondent is not deprived of a single item, they are scored zero for that item, but if they are deprived of that item, then the particular score associated with that item is assigned. The scores and weights for each of the items in 2010/11 can be found in Appendix A. These scores are then aggregated across all of the 15 items. Total scores can range from 0 (indicating that the respondent lacks no items and so is not considered materially deprived) to 100 (where all items are lacked by that respondent, indicating very severe deprivation).

Where a respondent scores a total of 20 or over, they are considered to be materially deprived, and this is the threshold used for the analysis throughout this report. Although the child material deprivation threshold is drawn at 25 it was deemed inappropriate to use this level for pensioners since the questions which derive the score are different and therefore the overall scores are not directly comparable. The independent academic paper (McKay, 2010) noted that setting a threshold between 15 and 20 would be credible and defensible on academic grounds. It noted specifically that a threshold of 20 would be: "...seen as plausible... consistent with fewer pensioners being materially deprived than other groups..... consistent with other studies of material deprivation....", and hence this was the chosen convention.

What does a score of 20 mean in practice? Should an individual lack any two of the fifteen items they would not be considered to be materially deprived; whereas an individual lacking any four items would be deemed materially deprived. Depending on the items, an individual lacking three items may or may not be materially deprived, depending on the weighting. Table 1.1 shows two hypothetical examples, where both lack three items but only one is considered to be materially deprived.

Table 1.1 Hypothetical examples of items that could be lacked

Example 1: Materially deprived	Example 2: Not materially deprived
Have a warm waterproof coat	Take a holiday away from home
Heating, electrics, plumbing and drains working	Go out socially at least once a month
At least one filling meal a day	Able to pay an unexpected expense of £200
Total score: 21.72	Total score: 16.19

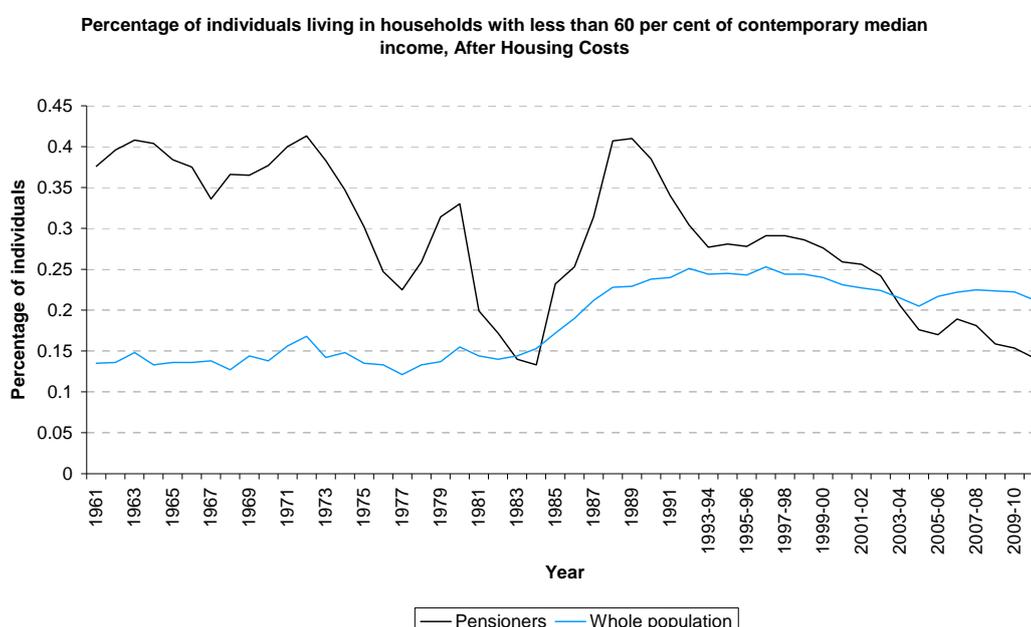
1.4. Trends in pensioner poverty and material deprivation

Pensioner poverty in 2010/11 was almost at an all-time low, with 14 per cent (1.7m) of pensioners (above State Pension age) being in relative poverty, After Housing Costs. This is significantly lower than the risk of poverty for the population as a whole at 21 per cent. Figures from the Institute for Fiscal

Studies which present data since 1961⁶ show rates of pensioner poverty were only lower than their 2010/11 levels in 1984 as shown in Figure 1.1 below. The impacts of the economic cycle on pensioner poverty can be seen in the figure; pensioners fare relatively better than those of working age over a recessionary period, as their incomes remain more stable (as benefit incomes, which represent a substantial proportion of pensioners' incomes, are more stable). Further around a million fewer pensioners are living in relative poverty compared to ten years ago.⁷

Most of the improvement can be put down to increased pensioner benefits, including Pension Credit, and pensioner incomes have grown faster than average earnings across the economy as a whole since 1998/99⁸.

Figure 1.1 Percentage of pensioners and the whole population living in relative poverty since 1961, After Housing Costs



But, as stated before, low income is only part of the story. The new indicator finds that 9 per cent (0.8m) of older people were materially deprived in 2010/11. This figure has remained stable over its two years of reporting. To put this another way, as an approximation, 1 in 7 pensioners are living in relative poverty, with 1 in 11 being materially deprived.

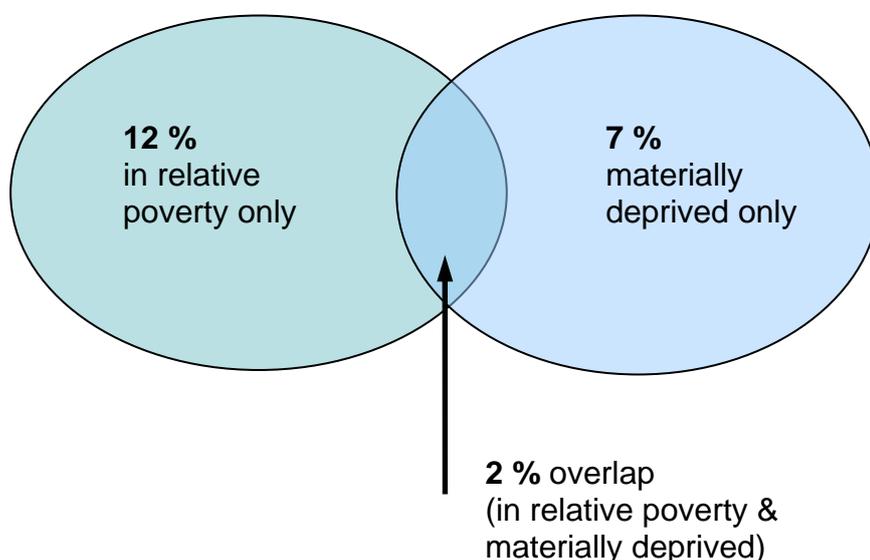
Yet analysis shows that there is very little overlap; only 2 per cent of pensioners are living in relative poverty and are material deprived, as demonstrated in Figure 1.2.

⁶ The dataset, Institute for Fiscal Studies: Inequality and Poverty Spreadsheet, can be found here: <http://www.ifs.org.uk/fiscalFacts/povertyStats>

⁷ Households Below Average Income, 2009/10. Figures used are 60 per cent below median income, After Housing Costs.

⁸ The Pensioners' Income Series, 2010/11 edition, DWP.

Figure 1.2 Overlap between material deprivation and relative poverty



1.5. Key characteristics of materially deprived pensioners

Age: In general, the older the age of pensioners, the greater the risk of relative poverty⁹. However, the pattern is different for material deprivation. The likelihood of material deprivation fluctuates across the age groups, with those aged 70 to 74 being the most likely to be materially deprived (10 per cent) and the 85 and over age group the least likely (7 per cent).

Table 1.2 Material deprivation data from HBAI 2009/10 - 2010/11

Percentage of pensioners at risk of material deprivation (%)		
Age	2009/10	2010/11
65 – 69	9	9
70 – 74	11	10
75 – 79	9	7
80 – 84	9	9
85 +	8	7

- **Single pensioners** – are just over twice as likely to be materially deprived as pensioner couples (13 per cent compared with 5 per cent).
- **Female pensioners** – 10 per cent are materially deprived compared to 7 per cent of male pensioners.
- **Disability**

⁹ Households Below Average Income, 2010/11 edition, DWP.

- Those living in families where someone is disabled are over twice as likely to be materially deprived as those where no-one is disabled (11 per cent compared to 5 per cent).
- A higher proportion of materially deprived pensioners are disabled compared to the pensioner population (around 80 per cent compared to around 60 per cent).
- **Ethnic minorities** – are over 3 times more likely to be materially deprived than white pensioners (26 per cent compared to 8 per cent).
- **Renters** – around 20 per cent pensioners who rent their home (socially or privately) are materially deprived, compared to only 5 per cent who are owner occupiers.
- **Financial aspects**
 - Over a quarter of those with no savings are materially deprived (26 per cent) and 10 per cent of those with less than £1,500 in savings are also materially deprived.
 - Around 30 per cent of those in receipt of Housing Benefit and over 20 per cent of those in receipt of Pension Credit are materially deprived.
 - Just over 40 per cent of those who are materially deprived are in receipt of some form of occupational or personal pension, compared to around 75 per cent of all pensioners.

2. Characteristics of low income and material deprivation

2.1. The four groups

This chapter considers the four groups defined by low income and material deprivation. In order to look at more detailed analyses of those pensioners who are materially deprived and/or in relative low income, pensioners have been split into the following groups for the purposes of this study:

- A. Relative low income but not materially deprived (relative low income only);
- B. Neither relative low income nor materially deprived (neither);
- C. Relative low income and materially deprived (both); and
- D. Not relative low income but materially deprived (material deprivation only).

<p>Quadrant A: Relative low income only</p> <p>12% of pensioners 1.2 million individuals</p>	<p>Quadrant B: Neither relative low income nor materially deprived</p> <p>79% of pensioners 7.8 million individuals</p>
<p>Quadrant C: Relative low income and materially deprived</p> <p>2% of pensioners 200,000 individuals</p>	<p>Quadrant D: Material deprivation only</p> <p>7% of pensioners 600,000 individuals</p>

As shown in the diagram above, out of a total of 9.8 million pensioners who are aged 65 years or over¹⁰, the vast majority (almost 80 per cent) do not experience low income or material deprivation.

In 2009/10 and 2010/11, material deprivation was measured for those aged 65 or over (as opposed to all over State Pension age); and hence all analysis in this report is based on those aged 65 or over, unless otherwise stated.

¹⁰ The definition of a 'pensioner' in this study is an adult aged 65 or over. This differs to 'over State Pension age' and hence is the reason why some of the headline poverty figures may differ.

Relative low income/poverty is defined as having an income below 60 per cent of the median, After Housing Costs.

Around 2 million pensioners experience some form of need (financial, non-financial or both) – the focus of this study is therefore on those who fall into Quadrants A, C or D. However, it is important to place this in the context that many pensioners are fairing relatively well.

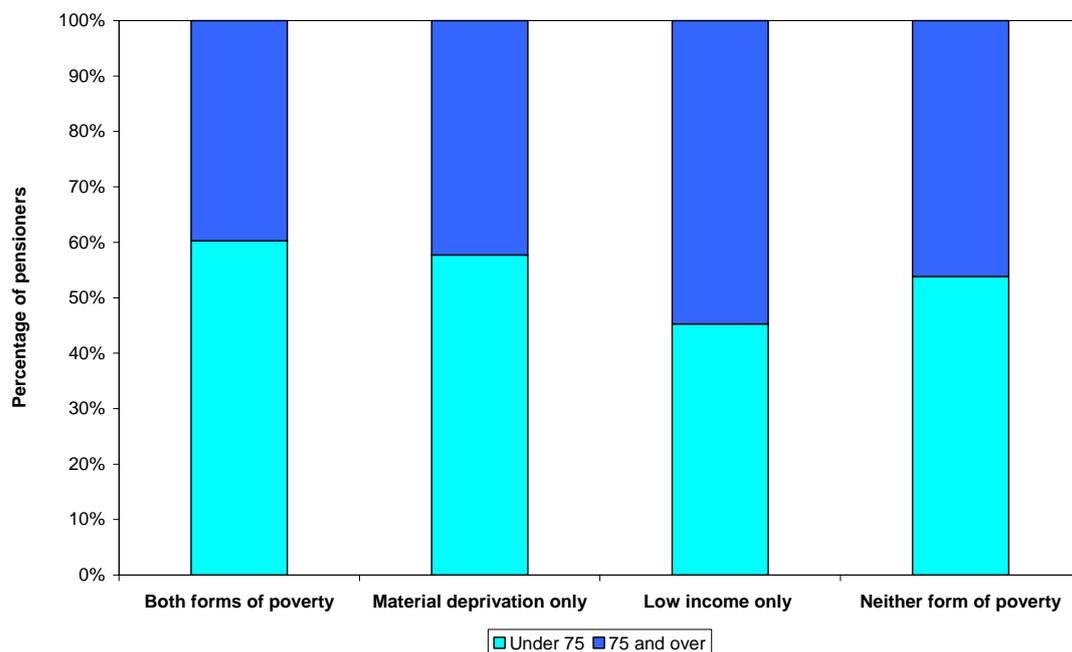
The analysis explores the characteristics of each of the ‘quadrants’ in turn and looks at particular findings that stand out across the groups.

Age

Those who experience low income and material deprivation tend to be younger, with 60 per cent of that group aged under 75. This is similar for those in the material deprivation only group, where nearly 60 per cent are aged under 75.

On the other hand, the low income only group contains more older pensioners, with only 45 per cent aged under 75.

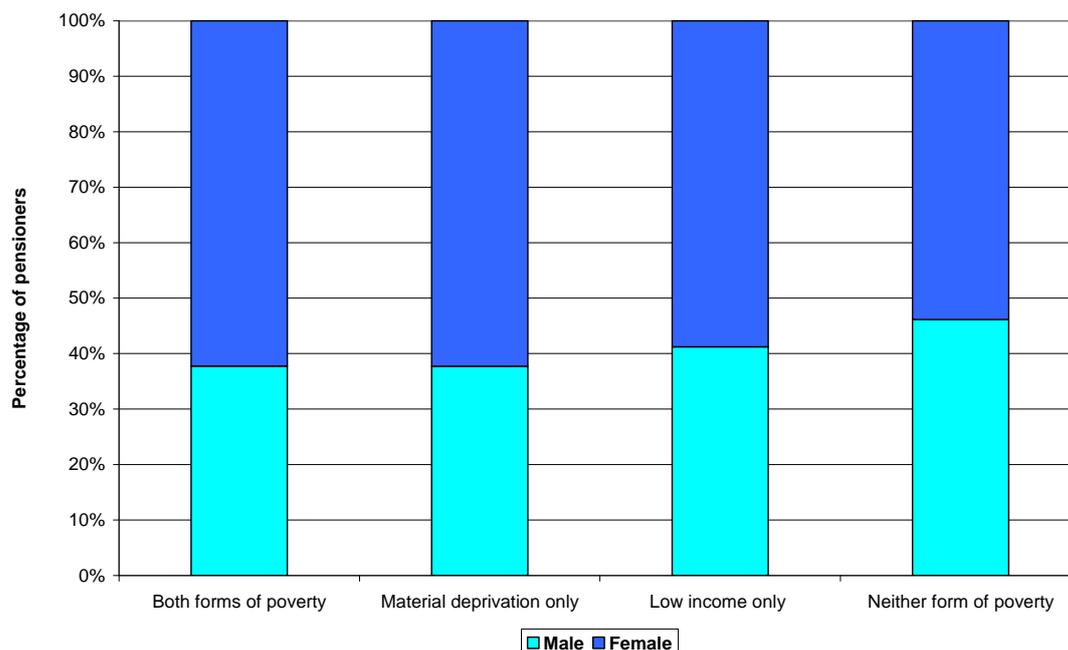
Figure 2.1 Types of poverty and age group



Gender

Figure 2.2 below demonstrates that there is no clear story to tell about gender and poverty, with a greater proportion of females prevalent in each of the poverty quadrants.

Figure 2.2 Types of poverty and gender



Income and financial resources

Receipt of private pensions

In 2010/11 over 70 per cent of those who were in low income and materially deprived do not receive any occupational or personal pension income (the highest proportion not in receipt across the quadrants).

Of those who are either in the low income only or material deprivation only groups, the proportion without occupational or personal pensions is the same, at 55 per cent. This is considerably higher than the rate of less than 20 per cent for those who are in neither form of poverty, and around a quarter for the whole pensioner population.

Value of savings and investments

Nearly two thirds of those in the low income and material deprivation group have savings of less than £1,500¹¹. And similarly two thirds of those who are in material deprivation only have savings of less than £1,500.

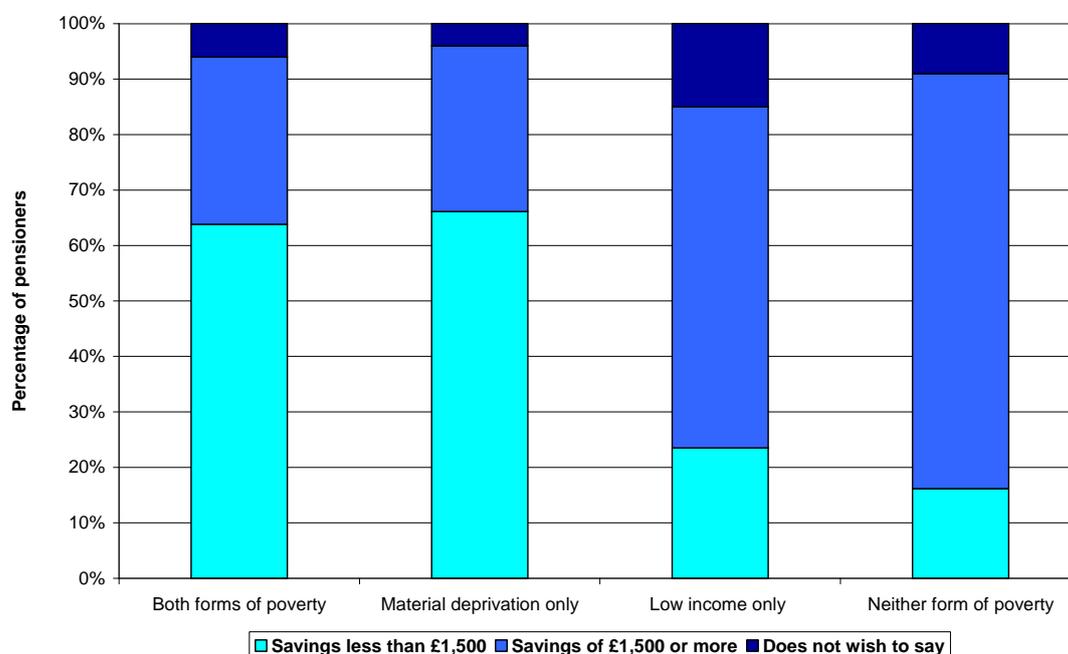
However, by comparison, less than one quarter of the low income only group fall into this lowest category of savings. This suggests that savings may cushion those with low incomes from material deprivation. Over half of pensioners who can afford an unexpected expense of £200 do so by using their savings. These results suggest that pensioners, including those with low incomes, may be coping with unexpected expenses through using savings.

¹¹ The data relating to investments and savings should be treated with caution. It is likely that there is some under-reporting of capital by respondents, in terms of both the actual values of the savings and the investment income.

Recent qualitative research from NatCen with materially deprived pensioners¹² supports this view. The research found that savings were the key tool for dealing with financial shocks. For those respondents who were able to put some money away, they did so (a) to provide emotional security, (b) to cover known costs, and (c) in preparation for unexpected costs, such as a cooker needing to be repaired. Further the research pointed to a degree of financial risk aversion and uncertainty which respondents felt, which prompted them to consider and try to build up some savings or spend some time planning for future possibilities.

Figure 2.3 illustrates the differences in the value of savings between the quadrants. This shows that, as one might expect, those pensioners who are not in poverty also have a more substantial buffer in the form of savings.

Figure 2.3 Value of savings for pensioners



Receipt of income-related benefits

There are notable differences in the receipt of income-related benefits between the types of poverty (Figure 2.4)¹³. Nearly two thirds of the material deprivation only group are in receipt of income-related benefits, whereas under a quarter of the low income only group and neither form of poverty group are in receipt. This suggests that income-related benefits can help to alleviate low income, but to a lesser extent material deprivation. It also

¹² Kotecha, M., Arthur, S. and Coutinho, S. (2013) Understanding the relationship between pensioner poverty and material deprivation. DWP Research Report No. 827.

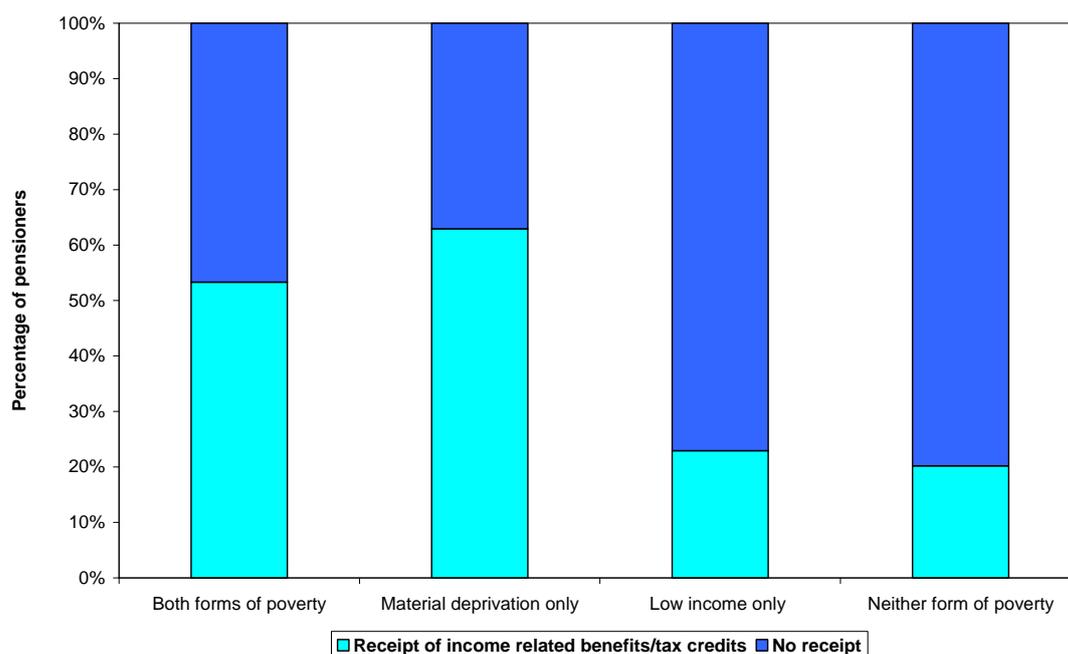
¹³ The FRS information on benefits relies on the respondent being able to accurately report the amount of benefit they receive. As a result it under-reports receipt of most of the benefits. More information can be found at <http://statistics.dwp.gov.uk/asd/frs/index.php?page=intro> in Chapter 9 of the current year's FRS.

suggests that improved take-up of income-related benefits could help to lift some people out of low income.

The primary income-related benefit for pensioners is Pension Credit, with over 2.54 million claimants as at May 2012¹⁴, with latest estimates for take-up of Pension Credit being between 62 and 68 per cent overall¹⁵. Previous research shows that the main reason given by pensioners for not claiming Pension Credit is perceived ineligibility; with around two-thirds of surveyed eligible non-recipients saying that they did not claim because they did not think they were eligible / or may have too much money to be deemed eligible¹⁶.

In the same study, over 60 per cent of eligible non-recipients also stated that they 'do not like asking for benefits'. And the vast majority of eligible non-recipients (over 90 per cent) said they would apply for Pension Credit if they knew they were eligible. This demonstrates that there are pensioners who are entitled, but are experiencing various barriers to claiming and taking-up Pension Credit, and potentially other benefits as well (such as, help with housing costs and council tax).

Figure 2.4: Types of poverty and receipt of income-related benefits



¹⁴ DWP Tabulation Tool, <http://statistics.dwp.gov.uk/asd/index.php?page=tabtool>

¹⁵ Barton, A. and Riley, K., eds. (2012). Income Related Benefits: Estimates of Take-Up in 2009–10. DWP.

¹⁶ Radford, L., Taylor, T. and Wilkie, C. (2012). Pension Credit eligible non recipients: Barriers to claiming. DWP Research Report No. 819.

Family type and marital status

Family type

In the material deprivation only group, there are proportionately more single people than in the pensioner population as a whole. The same is also true for the low income and material deprivation group, but not for those in the low income only group. This suggests that being single is associated with material deprivation more strongly than it is with low income for pensioners.

Marital status

Analysis by marital status supports the view that being single is more closely associated with material deprivation than with low income. In general, being married/in a civil partnership/cohabiting is the most common marital status. Those who are divorced or separated, single and have never been married or are widowed, account for the majority of the material deprivation only group, as demonstrated in Table 2.1.

Table 2.1 Percentage of pensioners in each of the quadrants by marital status (%)

	Low income & materially deprived	Material deprivation only	Low income only	Neither form of poverty
Married/ civil partnership/ cohabiting	40	36	55	62
Widowed	32	38	31	26
Divorced/ Separated/ Single never married	27	27	14	12
Total	100	100	100	100

Note: Due to small sample sizes, those who are divorced/ separated/ or single and never married have been combined. Figures may not sum to 100 due to rounding.

In particular, those pensioners who are divorced or separated appear to be over-represented in the low income and material deprivation group and material deprivation only groups, accounting for one fifth of the total for those two groups, despite only comprising of one tenth of the whole pensioner population.

Those who are married, in a civil partnership, or are cohabiting, account for over half of the low income only group. They represent a smaller proportion of the material deprivation groups - around one third of the material deprivation

only group and two fifths of the low income and material deprivation group. This also supports the idea that material deprivation is more likely to be experienced by those who are single.

Recent qualitative research¹⁷ demonstrates how informal support (particularly from family) plays a significant role in dampening the effects of material deprivation or helping pensioners to stay out of material deprivation. This support includes occasional and frequent financial help, physical assistance to help manage on a day to day basis, emotional support to reduce their sense of isolation, and support when there are emergencies.

Having their support networks provide direct financial help (such as, replacing a broken television) and services that would otherwise have a cost (such as cleaning or maintaining a property), the respondents in this research were, to some degree, able to off-set low income with help and services that they would have otherwise have had to pay for.

This research also showed that some participants who were struggling financially received a lot of informal support, and this may be one reason why they did not feel they were materially deprived. Informal support from families, friends, neighbours and partners enabled them to feel financially secure, because they felt there would be someone to fall back on in times of need.

Disability

Disability status

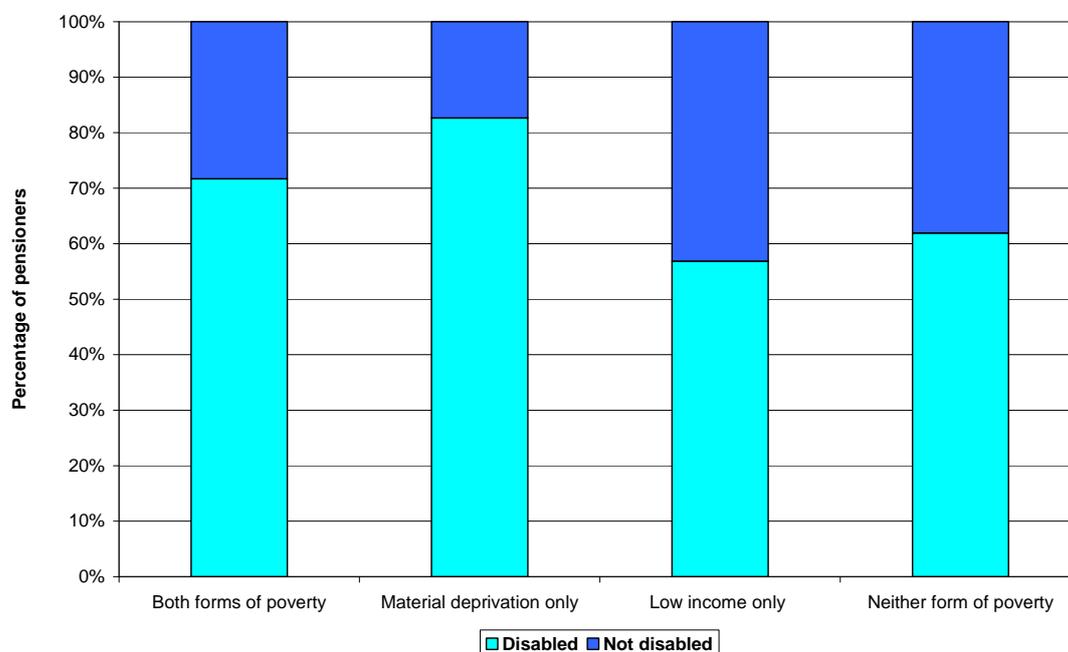
There are notable differences in disability status between the types of material deprivation. Within the whole pensioner population nearly two thirds have a disability¹⁸; this is a similar proportion to the low income only group. This proportion rises considerably for those in the low income and material deprivation (72 per cent) and material deprivation only (83 per cent) quadrants.

As stated above, over 80 per cent of those who are materially deprived only are disabled. This suggests that those experiencing material deprivation are more likely to be disabled than those in low income. Chapter 3 explores the various types of material deprivation and their interaction with disability in more detail.

¹⁷ Kotecha, M., Arthur, S. and Coutinho, S. (2013) Understanding the relationship between pensioner poverty and material deprivation. DWP Research Report No. 827.

¹⁸ In this report, we have used the Equality Act 2010 definition of disability. In the Equality Act, a person has a disability if they have a physical or mental impairment which has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities.

Figure 2.5 Types of poverty and disability status



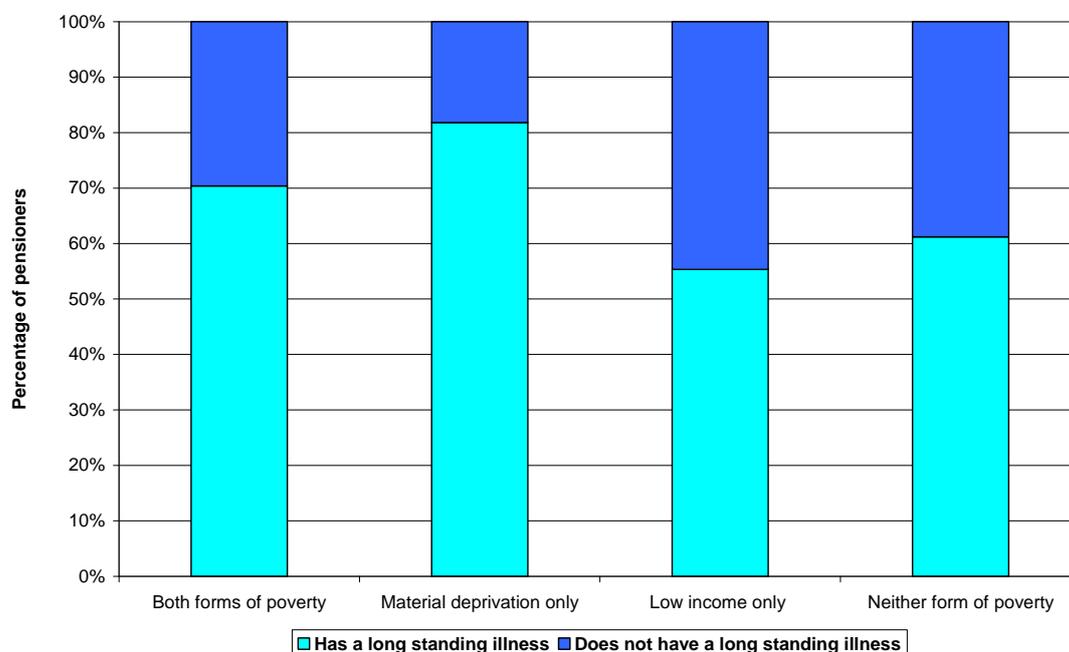
Long-standing illness

As with disability status, over eighty per cent of those who are materially deprived only have a long-standing illness, which is the largest representation across the quadrants (Figure 2.6).

Similarly, over half of those who are in the low income only group have a long-standing illness. This suggests that having a long-standing illness or disability is associated with material deprivation more strongly than it is with low income for pensioners. Disability and long-standing illness are consistently prevalent across the whole pensioner population (in both cases over 60 per cent); however, for the groups where there is material deprivation, the likelihood is much higher.

Given that disability and long-standing illness is more prevalent where pensioners experience material deprivation (compared to low income), this suggests that having a health condition or disability can be a preventative factor in enabling pensioners to access certain goods and services. Chapter 3 explores in greater detail the reasons why pensioners lack particular types of items.

Figure 2.6 Types of poverty and whether have a long-standing illness



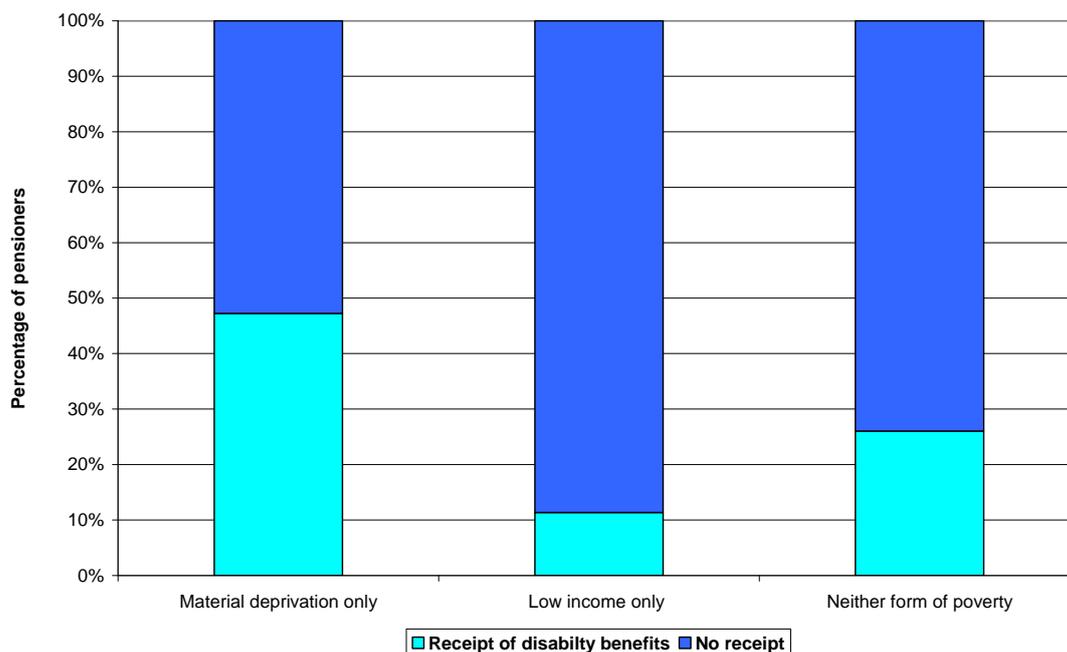
Receipt of disability benefits

Nearly half of those who are materially deprived only are in receipt of disability benefits, compared to a quarter of the whole pensioner population.

Figure 2.7 shows that just one in ten of those in the low income only quadrant are in receipt of disability benefits. This might suggest that disability benefits go some way to alleviate low income, but higher incomes on their own do not appear to be sufficient to overcome issues of material deprivation.

It should also be noted that receipt of disability benefits across the whole pensioner population is considerably lower compared to the proportion of pensioners with a disability (one quarter compared to nearly two thirds).

Figure 2.7 Receipt of disability benefits¹⁹



Over eighty per cent of those who are in the material deprivation only quadrant have one or more disabled adults within their benefit unit. However, around a half of those in the low income group have one or more disabled adults in their benefit unit. This suggests that disability within the benefit unit is likely to have an effect on support and responsibility for either spouse or the individual, for example not being able to go out socially because of not having someone to do the activity with, or because they are caring for an ill partner or dependent. The reasons people give for being materially deprived is explored in more detail in Chapter 3.

Housing tenure and location

The tenure profile for both the low income and material deprivation, and material deprivation only, groups are similar, and contain proportionately more social sector tenants than the pensioner population overall (44 per cent, compared to 16 per cent overall).

Table 2.2 shows that the low income only group has a considerably different profile, with half the amount of social sector tenants than the material deprivation only group. The low income only group also has considerably more pensioners who own their home outright compared to the material deprivation only group (66 per cent, compared to 39 per cent). Housing status appears to be a contributing factor towards standards of living. In particular, socially renting and owning a home outright appear to be a risk factor in terms

¹⁹ It has not been possible to provide results on disability benefits for those pensioners in the 'both forms of poverty' group, due to small sample sizes.

of material deprivation. Interestingly, recent qualitative research²⁰ with pensioners found that social/rented housing was an important factor in dampening the effects of low income. Even though those who rent their homes are more at risk of being materially deprived, the research found that those who lived in social housing may to some extent be shielded from the full effects of material deprivation, as their homes were usually maintained to a good standard. They may also receive support to maintain their properties, such as help with expensive repairs and equipment like boilers and radiators; this gave residents a greater sense of security.

Table 2.2 Percentage of pensioners in each of the quadrants by housing tenure type (%)

	Material deprivation only	Low income only	Neither form of poverty	Both forms of poverty
Socially rented	44	21	13	59
Privately rented	10	8	3	
Owned outright	39	66	79	41
Owned with a mortgage	7	4	5	
Total	100	100	100	100

Note: Due to small sample sizes the main tenure types (renting and home ownership) have been combined for the both forms of poverty quadrant (pensioners who are both low income and materially deprived). Figures may not sum to 100 due to rounding.

However, the previously quoted qualitative research can provide some interesting insights here. This research suggested that where older people live has an impact on their lived experience of material deprivation. It found that the two main aspects associated with feeling the effects of material deprivation more strongly were where respondents lived in areas of high crime or anti-social behaviour, and areas where amenities (particularly local shops and a doctor's surgery) were difficult to get to.

²⁰ Kotecha, M., Arthur, S. and Coutinho, S. (2013) Understanding the relationship between pensioner poverty and material deprivation. DWP Research Report No. 827.

3. Types of material deprivation

This chapter will examine in more detail the 800,000 pensioners who are classified as materially deprived, looking at the number and specific items they lack. For simplicity, these items are grouped into themes for comparison, and whether they vary in terms of those that are classed at low income compared to those that are not low income.

The 15 pensioner material deprivation questions asked within the Family Resources Survey have been broadly categorised into four thematic groups, as follows:

<p>Basic items</p> <ul style="list-style-type: none"> • At least one filling meal a day • Have a warm, waterproof coat • Have access to a telephone whenever needed 	<p>Financial items</p> <ul style="list-style-type: none"> • Able to replace cooker if it broke down • Able to pay an unexpected expense of £200 • Able to pay regular bills
<p>Social items</p> <ul style="list-style-type: none"> • Go out socially at least once a month • See friends or family at least once a month • Take a holiday away from home • Have access to a car/taxi whenever needed • Have hair cut regularly 	<p>Housing items</p> <ul style="list-style-type: none"> • Home kept in a good state of repair • Heating, electrics, plumbing and drains working • Have a damp-free home • Home adequately warm

The most common form of material deprivation for pensioners is that of social deprivation, with 96 per cent of those who are materially deprived lacking at least one of the five social items. Around 50 per cent of materially deprived pensioners experience some form of housing deprivation. Figure 3.1 illustrates the proportion of materially deprived pensioners who experience the different themes of deprivation.

Figure 3.1 Proportion of materially deprived pensioners experiencing deprivation theme

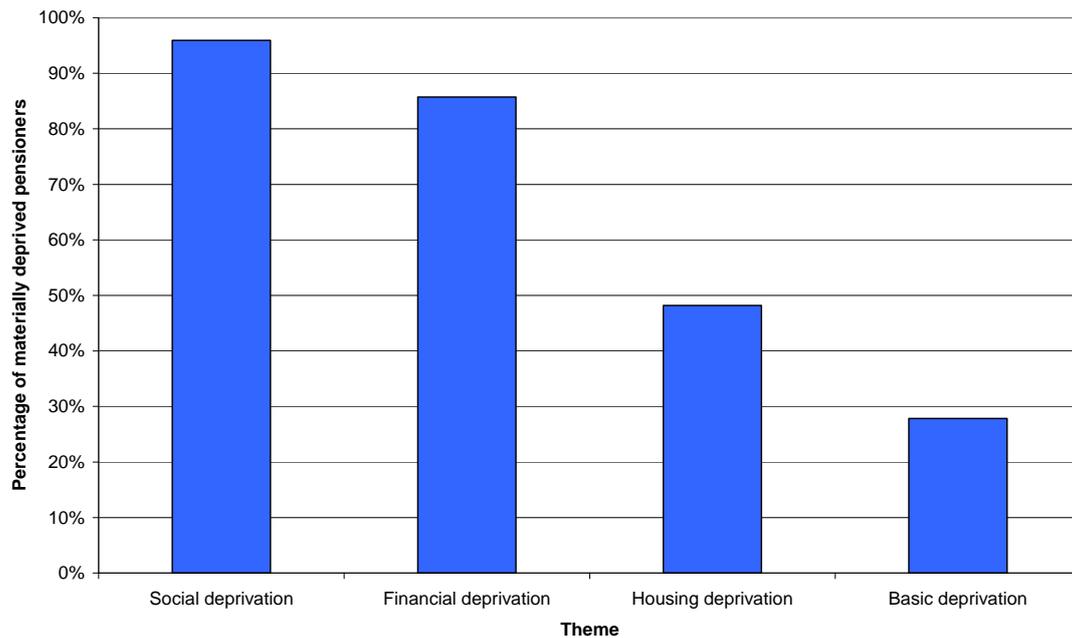
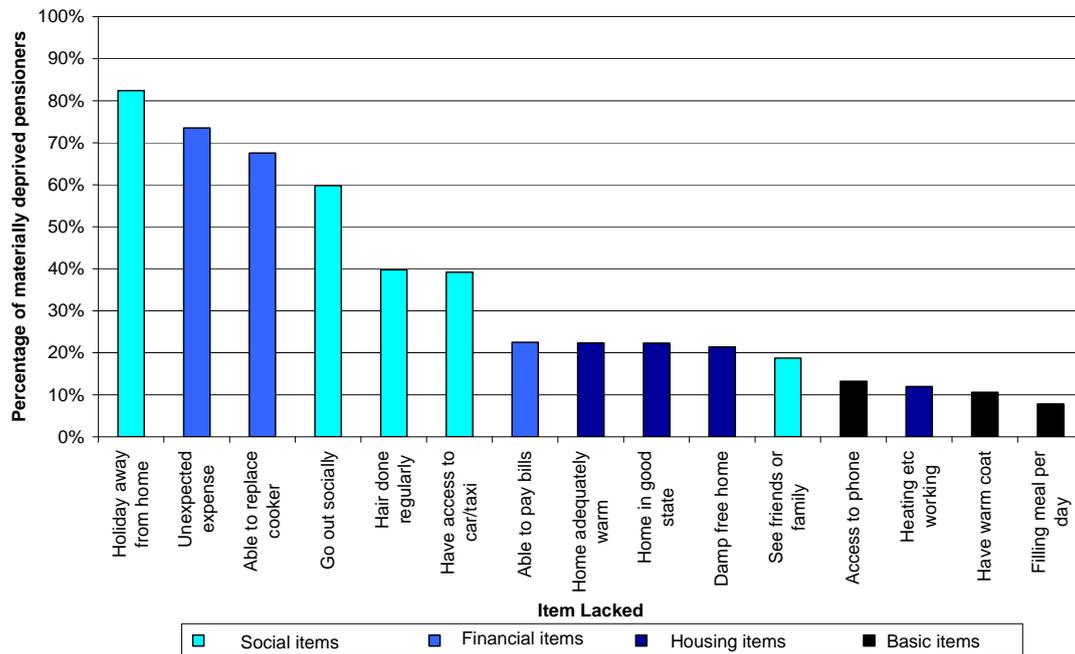


Figure 3.1 clearly shows that social items and financial items are the ones which are most commonly lacked across the materially deprived group. Figure 3.2 shows that over 80 per cent said that they were unable to take a holiday away from home, while around 70 per cent said that they would be unable to pay an unexpected expense of £200 or replace their cooker if it were to break down. Basic items are lacked by only a minority of deprived pensioners, with less than ten per cent being unable to have a filling hot meal each day.

Figure 3.2 Proportion of materially deprived pensioners lacking each item



3.1. Linkages between the types of material deprivation

Table 3.1 goes on to group together the most common combinations of types of deprivation experienced by materially deprived pensioners. These pensioners are likely to lack items from across the themes, i.e. experiencing two or more types of deprivation.

Interestingly, less than five per cent of materially deprived pensioners lack items from a single theme. For example, only four per cent of those who are materially deprived lack only social items. The largest group is the combination of 'social and financial' with around one third of pensioners, followed by the combination of 'social, financial and housing', with around one quarter of pensioners.

Table 3.1 Combinations of deprivation groups experienced by materially deprived pensioners

Combinations of material deprivation	Percentage experiencing combination (%)
Social Only	4
Social & Financial	33
Social, Financial & Housing	26
Social & Housing	7
Other combinations	28
Housing Only	0
Financial Only	0
Financial & Housing	2

3.2. Analysis of the individual types of material deprivation

This section considers each of the four types of material deprivation in turn, reporting the proportions of all materially deprived pensioners lacking items from within that type. Where interesting trends within certain characteristics may be found and the relevant sample size is large enough, these findings have been reported.

Social Deprivation

Nearly all (96 per cent) of materially deprived pensioners experience some degree of social deprivation, the majority lacking at least two items under this theme. As outlined earlier in the chapter the most common social item which is lacked is being able to take a holiday away from home.

Of those who are materially deprived, disabled pensioners are slightly more likely to be experiencing social deprivation (at 97 per cent), compared to those who are not disabled (at 93 per cent).

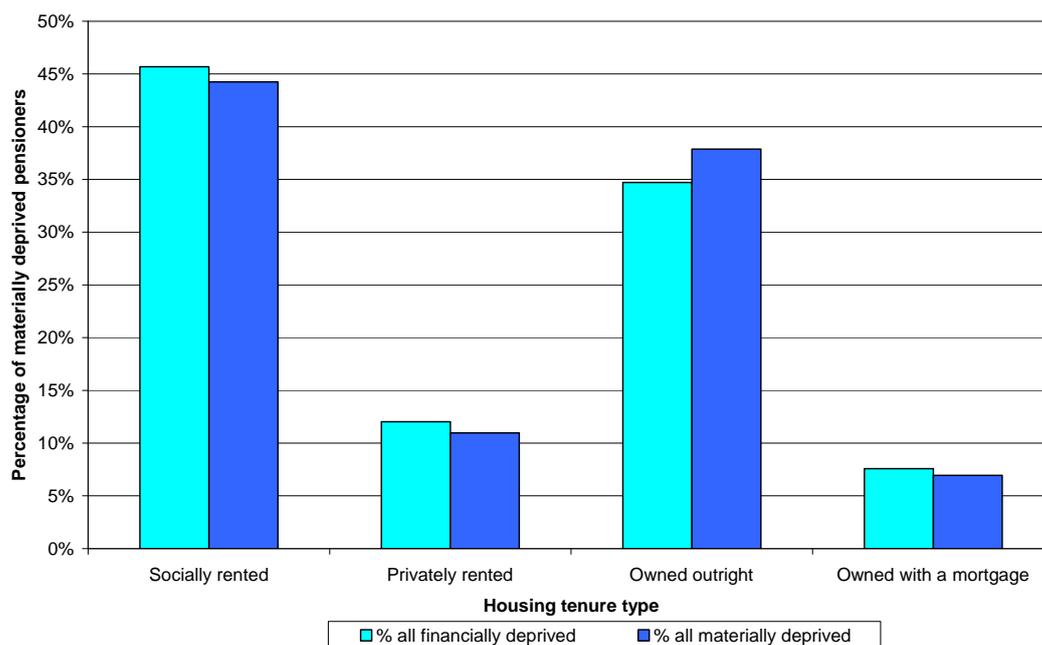
Financial Deprivation

The vast majority (86 per cent) of materially deprived pensioners are experiencing some element of financial deprivation. The majority of such individuals lack two out of the three financial items; these tend to be lacking the ability to replace a cooker and dealing with an unexpected expense of £200.

Younger pensioners are more likely than older pensioners to be experiencing financial deprivation (at 90 per cent of all those materially deprived pensioners aged under 75 year), compared with 80 per cent of all those aged 75 or over.

Material deprivation and financial deprivation levels are quite consistent for each of the housing tenure types. Deprivation (both financial and material) is more common for those pensioners who live in rented accommodation

Figure 3.3 Proportion of materially deprived and financially deprived pensioners by housing tenure



Note: Due to small sample sizes, social & private renting, and owned outright & with a mortgage, have been combined.

It is difficult to say too much about savings levels and financial deprivation as some of the samples within each bracket are too small, however we can report that a higher proportion of those at the bottom of the savings scale (less than £1,500 – 96 per cent) experience financial deprivation than those with slightly more savings (£1,500 – £8,000 – 71 per cent).

Housing Deprivation

Nearly half of materially deprived pensioners experience housing deprivation, with the majority of these lacking only one of the four items.

The housing items could be inherently linked, for example a person’s home may be inadequately warm as a result of the poor insulation, which could be a result of the home not being in a good state repair. Similarly a damp house could also be in a poor state of repair.

There is little difference between the proportions of materially deprived pensioners lacking the housing items, with over 20 per cent being unable to

either keep their home warm, in a good state of repair or damp free. A slightly lower proportion (12 per cent) do not have their heating, electrics or plumbing in good working order.

Around half of younger pensioners suffer some form of housing deprivation; this is a similar level experienced by older pensioners.

Housing deprivation varies considerably across the housing tenure types, with a higher proportion (around 60 per cent) of those owning their home outright experiencing housing deprivation, and those within social rented accommodation appearing more resilient to the effects of housing deprivation (around 40 per cent). This supports the findings around the relationship identified between material deprivation and housing tenure identified in Chapter 2.

Those with savings below £1,500 are slightly less likely to be in housing deprivation (47 per cent) than those with those with savings between £1,500 and £8,000 (52 per cent).

A high proportion of the low savings bracket (below £1,500) live in social rented accommodation in comparison to materially deprived pensioners overall; the tenure type which appears somewhat more resilient to housing deprivation.

Basic Deprivation

Less than a third (28 per cent) of all materially deprived pensioners lack items from the theme of basic deprivation. Those who do, lack just a single item. The most commonly lacked item within this theme is 'lacking access to a phone whenever needed; with 13 per cent of materially deprived pensioners lacking this item. Less than 10 per cent of materially deprived pensioners do not have a hot meal each day.

The sample sizes for the basic deprivation group are small; therefore breaking down into smaller subsets limits the ability to report many meaningful findings.

3.3. Relationships between the types of material deprivation and income

Section 3.2 discussed each of the themes in turn, reporting the proportion of all materially deprived pensioners who lacked items from that theme. Those experiencing housing deprivation and basic deprivation are slightly more likely to also be in relative poverty. However, the majority of materially deprived pensioners do not fall into the low income bracket.

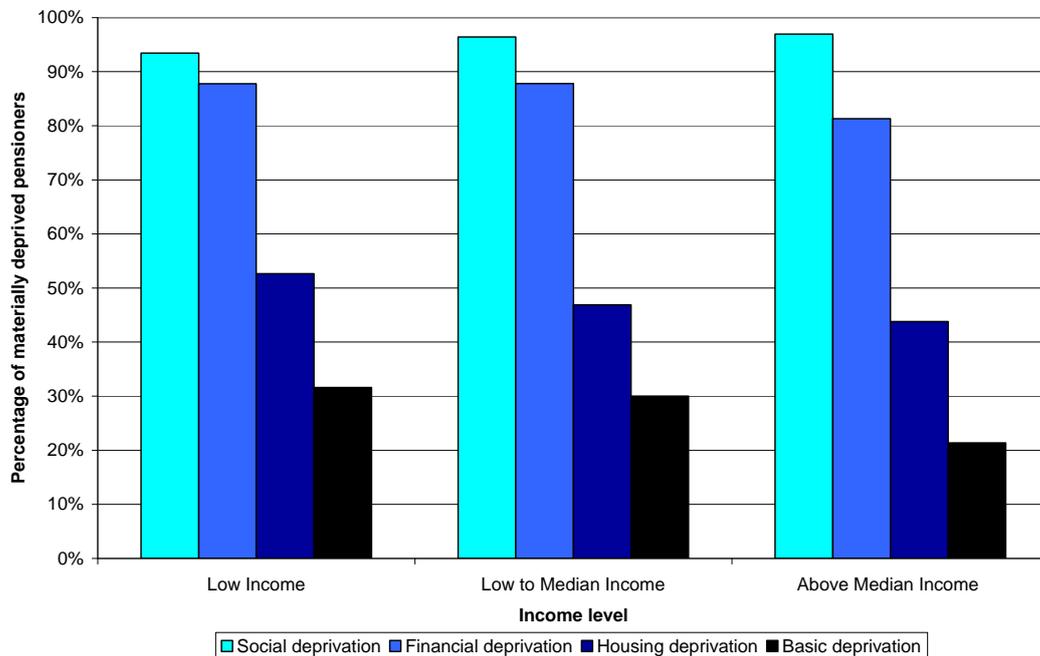
Figure 3.4 shows for each theme, the proportions of materially deprived pensioners lacking one or more items each by income bracket. For this analysis, the income brackets are defined as low income (households with a

weekly equivalised income below £215, After Housing Costs (AHC)); between low and median income (those with a weekly equivalised income between £215 and £359, AHC); and those above median income (with more than £359 per week, AHC). As illustrated, the proportions of materially deprived pensioners experiencing the deprivation themes vary when looking by income bracket. There appears to be a trend whereby all forms of deprivation, with the exception of social deprivation, fall in prevalence as incomes rise. Housing deprivation for example which reduces from 53 per cent of all low income, falling to 47 per cent between low and median income and finally 44 per cent for those above median income.

Basic deprivation drops when moving between low and median incomes to above median income. Interestingly, in the case of financial deprivation, there is little difference between low incomes and low to median incomes, with almost 90 per cent of each of these experiencing this deprivation. This may suggest that from a financial perspective having an income just above the low income threshold is not a strong buffer against material deprivation.

As stated above, social deprivation appears to be more prevalent amongst those with higher incomes. For instance, 93 per cent of all low income pensioners experience social deprivation, rising to 97 per cent of those with incomes above the median level.

Figure 3.4 Proportion of materially deprived pensioners by theme and income bracket



3.4. Reasons given for being materially deprived

This section looks at the reasons provided by pensioners for why they lack a particular item or items.

As stated earlier in section 1.3, where respondents state that they do not have access to a good or service they are asked whether this is because:

- They do not have the money for this;
- It is not a priority on their current income;
- Their health / disability prevents them;
- It is too much trouble or tiring;
- They have no one to do this with or help them;
- It is not something they want;
- It is not relevant to them; or
- Other.

For the particular question of whether the respondent would be able to afford an unexpected expense of £200, the follow-up questions are asked to explore how those who said “yes” would pay:

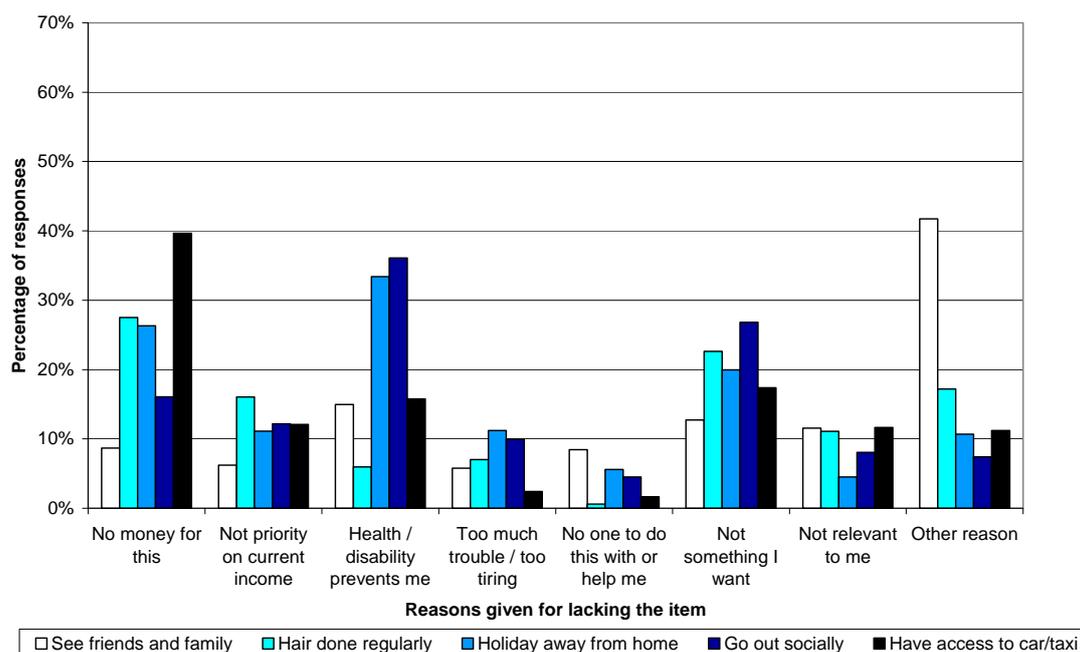
- They would use own income but cut back on essentials;
- They would use own income but would not need to cut back on essentials;
- They would use savings;
- They would use a form of credit;
- They would get money from friends or family; or
- Other.

Please note that instances where the resulting sample size is too small to report have been suppressed within the charts so where a reason is missing for a particular item it does not necessarily mean that no one within the sample gave it as a reason.

Reasons for Social Deprivation

The reasons provided by pensioners for why they are materially deprived do vary by item and across theme. There appears to be a wider variety in responses for why social items are lacked, compared to the other types of deprivation. There does not appear to be a reason which is most prominent across the overall social deprivation theme. Ill health or disability is the main reason for why older people do not socialise on a monthly basis or take a holiday away from home.

Figure 3.5 Reasons given for lacking social items



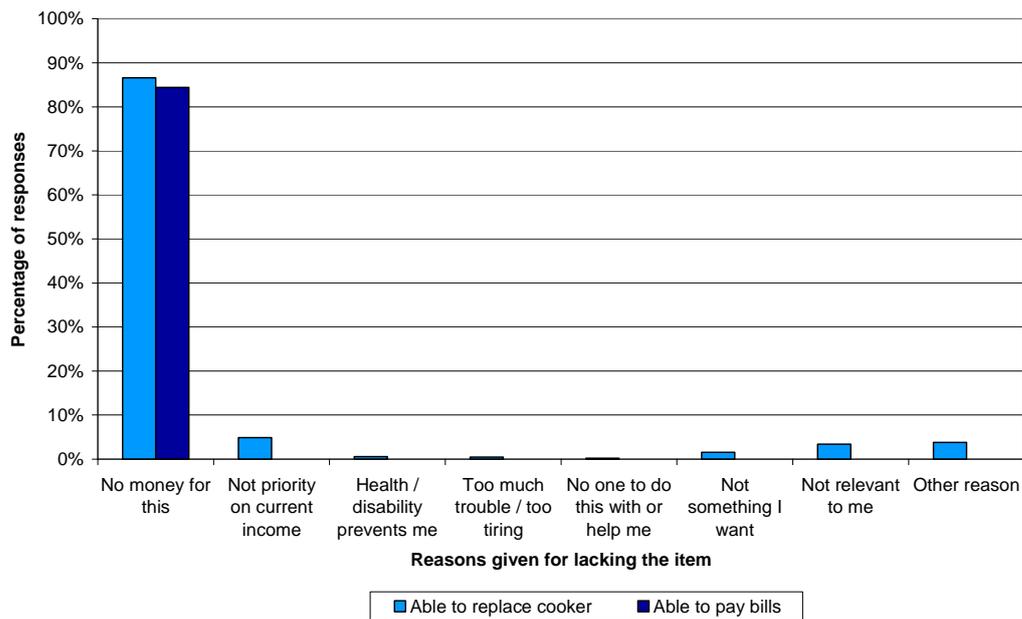
There is little variation in the reasons for lacking certain items provided by pensioners of different age groups, with the exception of social items. As stated earlier, older pensioners (those aged over 75) are more likely than younger pensioners (those aged under 75) to lack social items. Health and disability are more commonly cited by older pensioners for why they experience social deprivation, particularly regarding the ability to take a holiday away from home, going out socially once a month, and seeing friends/family regularly. Younger pensioners are more likely to state they have no money as the reason for lacking these items.

Reasons for Financial Deprivation

The response of 'no money for this' is the most common reason provided for lacking financial items, with over 80 per cent of all those unable to pay bills regularly or replace a broken cooker, stating this as the core reason.

Furthermore, of those who answered that they would be able to pay an unexpected expense of £200, 52 per cent said that they would do so by using savings (as opposed to, say, using a form of credit, getting money from friends and family, or using own income but cutting back other expenditure).

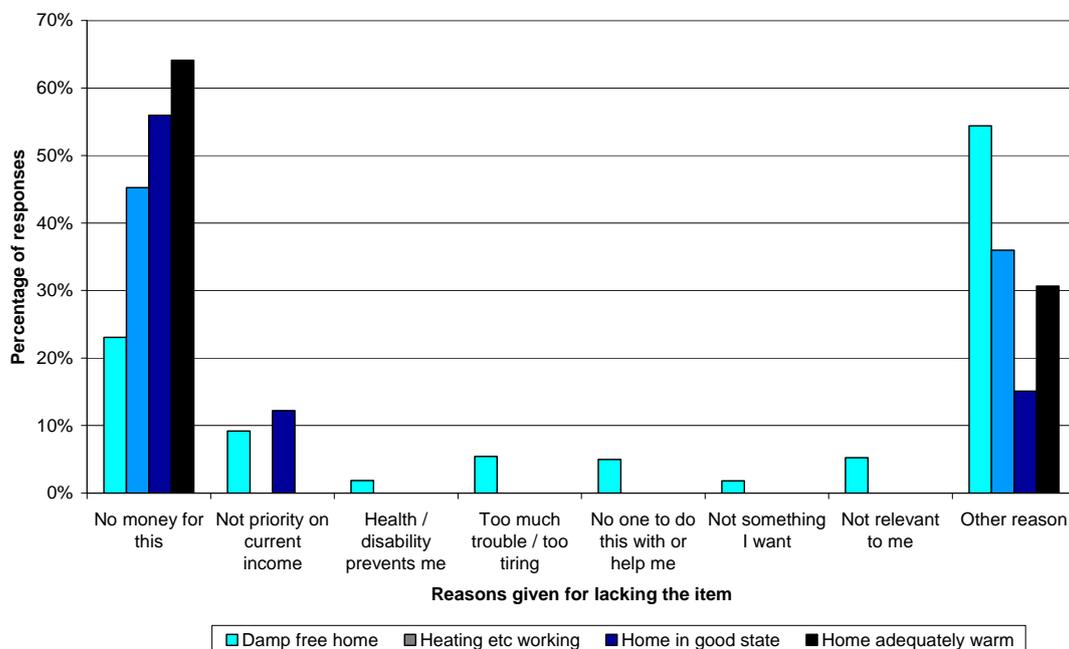
Figure 3.6 Reasons given for lacking financial items



Reasons for Housing Deprivation

As shown in Figure 3.7, the two most common reasons for experiencing housing deprivation are ‘no money for this’ and ‘other’.

Figure 3.7 Reasons given for lacking housing items



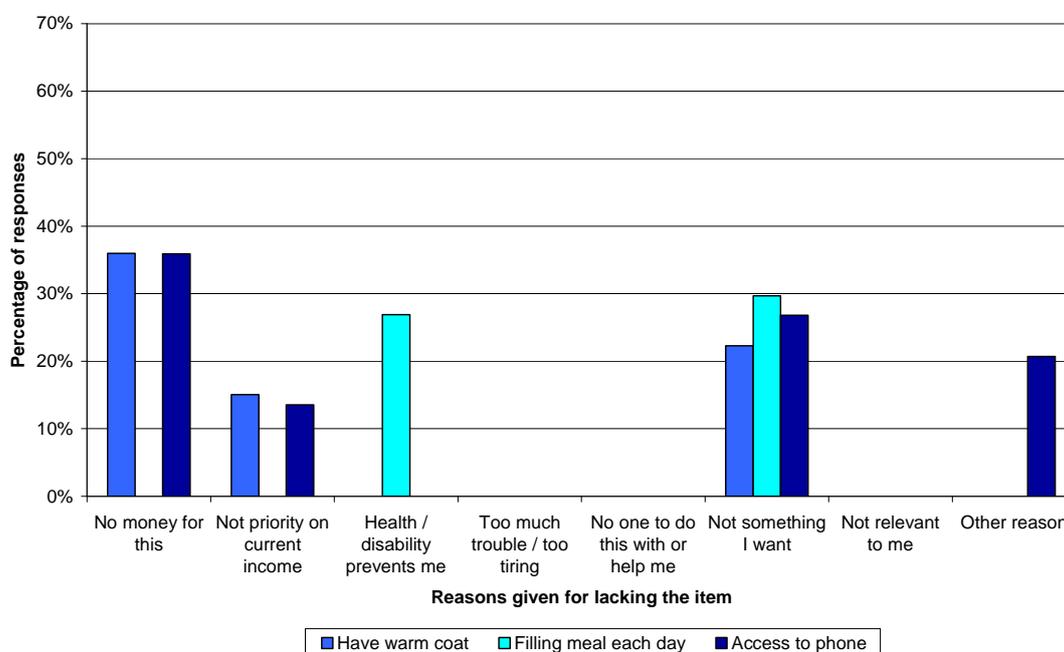
Owner occupiers are more likely than social renters to state that the reason they experience housing deprivation that they do not have the money for

upkeep²¹. For example, around 60 per cent state this as the reason for why their home is not in a good state of repair, compared to around 50 per cent of social renters. 'Other' is also given by these groups for why they lack housing items.

Reasons for Basic Deprivation

Only 2 per cent of pensioners do not have a warm waterproof coat, with the most common response for not having one being 'no money for this'. Only 1 per cent of pensioners do not have at least one filling meal per day, with the responses here for this being 'health/disability prevents me' and 'not something I want'. The final basic deprivation item, lacking access to a telephone, is experienced by 3 per cent of all pensioners, with several responses given.

Figure 3.8 Reasons given for lacking basic items



²¹ Sample sizes within the private rented sector and home owners with mortgages are too small to report.

4. Depth of material deprivation

4.1. Distributions of material deprivation

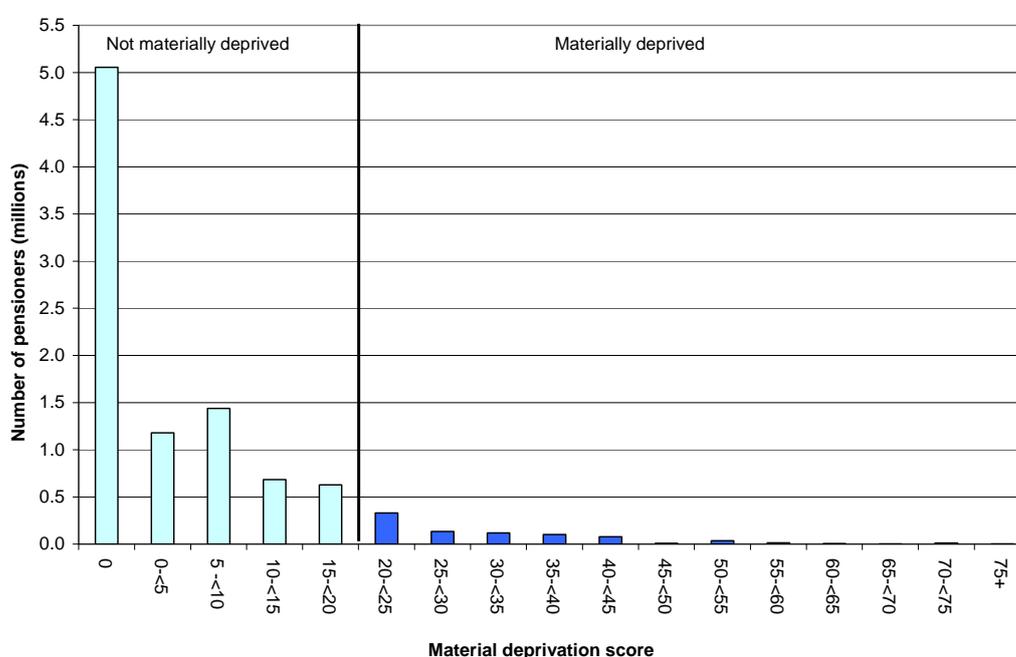
Chapter 3 introduced analysis of the types of material deprivation older people experience. This chapter moves on to look at the degree of material deprivation experienced, and the characteristics associated with these levels.

As stated within the introductory chapter, a person may lack access to goods or services but unless the aggregated score of each of those items reaches the threshold of 20, they are not classed as materially deprived on this measure.

Figure 4.1 below illustrates that the majority (over 5 million, or 51 per cent) of **all** pensioners do not report any level of material deprivation (thereby scoring zero on the scale). A further 40 per cent (around 3.9 million) obtain a score between zero and 20; this means that they experience some (small) level of material deprivation, but are not deemed 'materially deprived' according to the Family Resources Survey definition.

Further, as stated earlier, 9 per cent (800,000) of pensioners were materially deprived (i.e. have a material deprivation score of 20 or more) in 2010/11.

Figure 4.1 Frequency of material deprivation score



The following hypothetical examples indicate what a pensioner could lack to have a total material deprivation score of just above the threshold of 20:

<p>1. Social, financial and basic items lacked: Score 20.09</p>	<ul style="list-style-type: none"> - Have hair cut regularly - Able to pay an unexpected expense of £200 - Have access to a telephone whenever needed
<p>2. Social, housing and basic items lacked: Score 20.64</p>	<ul style="list-style-type: none"> - Have access to a car/taxi whenever needed - Have a damp-free home - Have access to a telephone whenever needed
<p>3. All three basic items lacked: Score 21.61</p>	<ul style="list-style-type: none"> - At least one filling meal a day - Have a warm, waterproof coat - Have access to a telephone whenever needed

In reality the third example is unlikely, as basic deprivation only really comes in to play at the deepest levels of deprivation so it is unlikely that someone just over the threshold would only lack these items alone.

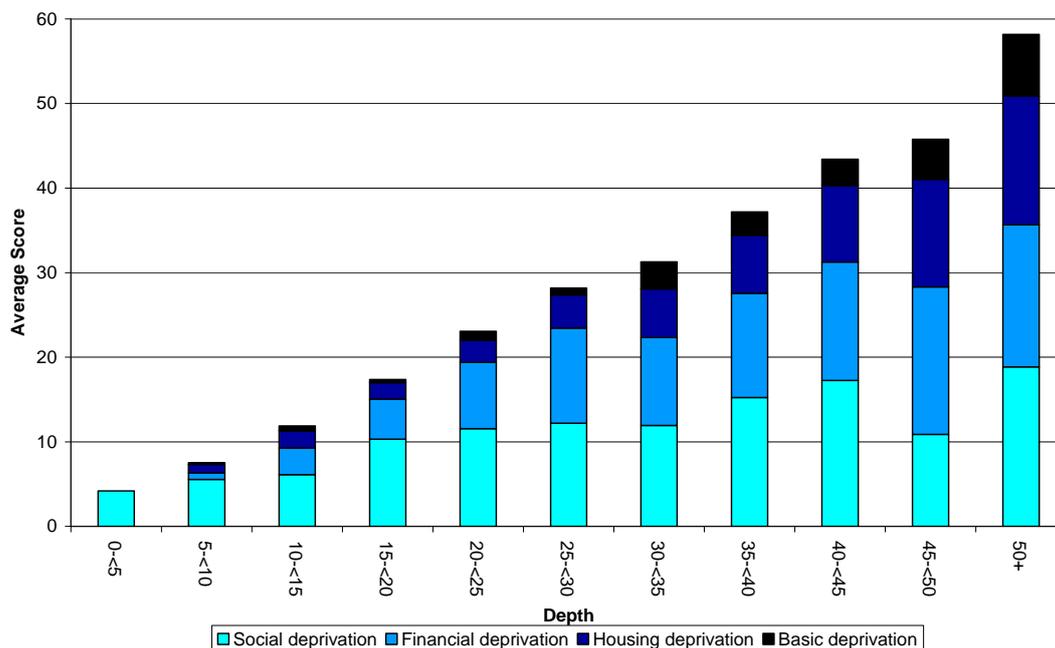
Moving into the deeper levels of deprivation, for example, scores over 40, a person would lack at least 6 items. Those with the highest scores over 75 would lack a maximum of 13 items.

4.2. Material deprivation scores by deprivation type

Chapter 3 was devoted to understanding further how material deprivation differs according to type. It was established that the most common form of material deprivation amongst pensioners is social deprivation.

Figure 4.2 illustrates how the four types of deprivation (basic, housing, financial, and social) contribute to the different depths of material deprivation individuals experience.

Figure 4.2 Components of material deprivation score by depth of deprivation



The figure demonstrates that for those who experience a low level of material deprivation (i.e. below the threshold of 20, and so not deemed 'materially deprived' according to the FRS measure), the majority of their scores can be attributed to social types of deprivation.

Financial scores rise steadily up to the point of the threshold, but remain more stable where they then contribute around ten points to the aggregate score for those in material deprivation.

As we look towards greater levels of deprivation, it can be seen that the contribution of housing deprivation rises to around ten points for those at the top end of the scale, compared with just three to five points for those at, or just above the threshold.

Deprivation of the most basic items contributes very little to the average aggregate scores and only really becomes prevalent at the deepest levels of deprivation.

4.3. Material deprivation scores across the income distribution

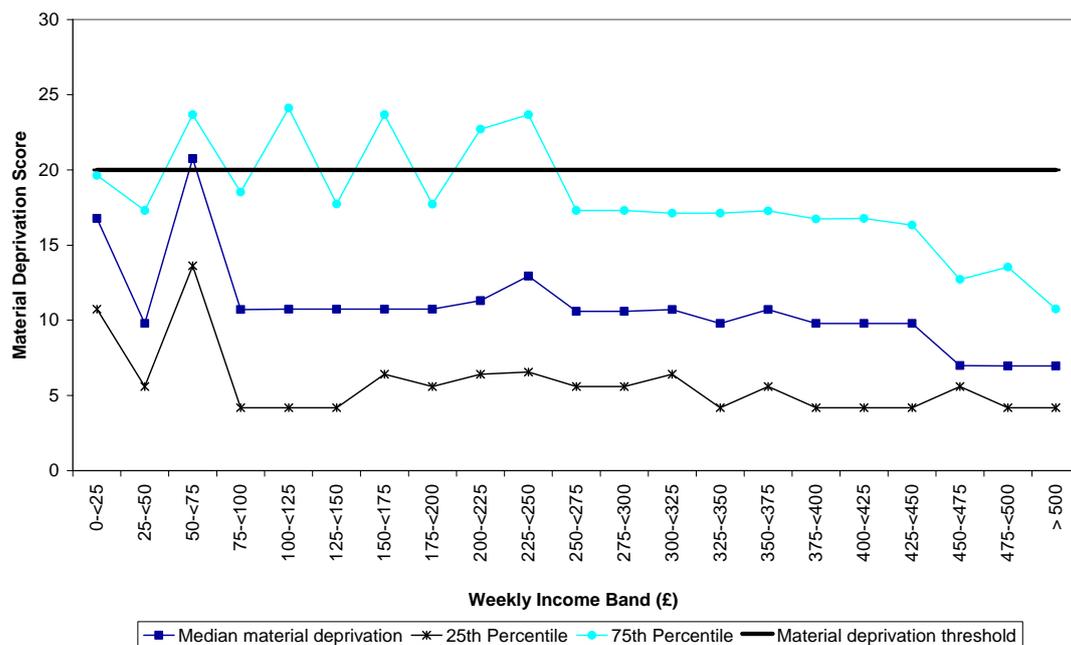
In 2010/11, 14 per cent of pensioners were in low income/relative poverty; however, as mentioned earlier the overlap between relative poverty and material deprivation is small, at only two per cent. At first, this may seem surprising; however we find that of pensioners who are materially deprived:

- 23 per cent are in low income living in households with a weekly equivalised income at 60% of median income (up to £215);
- 52 per cent have weekly incomes between £215 and the median income levels of approximately £359; and
- 24 per cent have incomes above median income.

This shows that the majority of materially deprived pensioners are not in low income. This goes some way in terms of clarifying why the overlap of pensioners classified as both low income and materially deprived is small. The majority appear to have incomes taking them above the current low income threshold.

Figure 4.3 shows how pensioners' material deprivation scores vary across the income distribution for the low (25th percentile), median, and high (75th percentile) material deprivation groups²². As one might expect, the material deprivation scores tend to be, on average, higher within the lower income brackets.

Figure 4.3 Material deprivation scores across the income distribution (After Housing Costs)



Material deprivation, at some level, appears to spread across the whole income distribution. Median material deprivation scores of around ten (which equates to lacking about two items) can be seen within the middle to higher end of the income distribution. Therefore whilst these individuals would not be classified as being 'materially deprived', they are experiencing some degree of non-financial or financial difficulty.

It is worth bearing in mind that this data does rely on self reporting of incomes

²² This analysis considers only those pensioners who score some degree of deprivation; therefore those with scores of zero are omitted.

(and experiences) which could contain a level of inaccuracy, or perhaps a skewed perception as to what a pensioner envisages they may or may not lack.

With reference to those pensioner benefit units with relatively high incomes of £500 per week or more, the majority (68 per cent) do not experience any degree of material deprivation, 29 per cent score up to 20, and 3 per cent score enough to be classed as materially deprived. This demonstrates the complexity of the relationship between income and material deprivation.

4.4. Variation in depth scores

As stated previously, 51 per cent of all pensioners do not report any level of material deprivation, so by inference 49 per cent do score something on the deprivation scale, lacking at least one of the fifteen items.

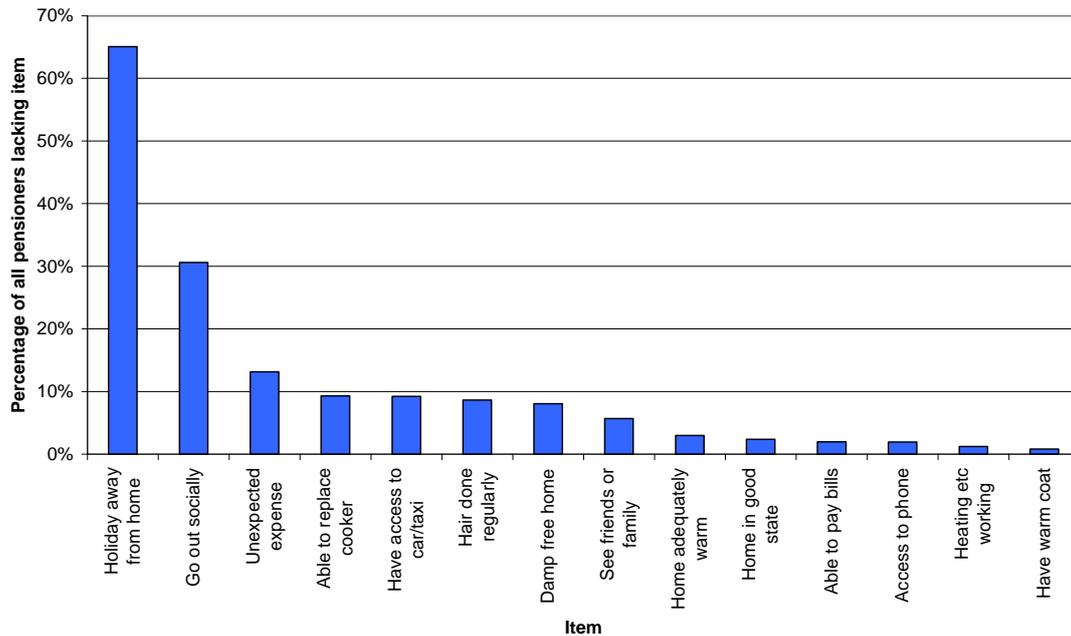
The following discussion focuses on the items lacked and types of deprivation experienced by pensioners within various levels of deprivation (categorised as scoring low, mid and high, with associated scores of less than 20, 20-40, and 40-plus, respectively). It begins to look at some of the characteristics of the pensioners within those brackets including those that do not suffer any deprivation at all.

Low material deprivation scores (scores of 1 to 19)

Around 3.9 million pensioners (40 per cent) experience some small level of deprivation without scoring enough to be classified as materially deprived. Over half of these individuals are deprived of one item only, with the median average aggregate score being around seven points.

The figure below illustrates the proportion of pensioners scoring 1 to 19, lacking each item. Around 65 per cent of those who are in the low material deprivation group go without a holiday each year. There is then a large gap between this and the next frequently lacked item of going out socially on a regular basis, which 31 per cent of this group lack. Very small proportions of this group lack items from the other themes (namely financial, housing, and basic deprivation).

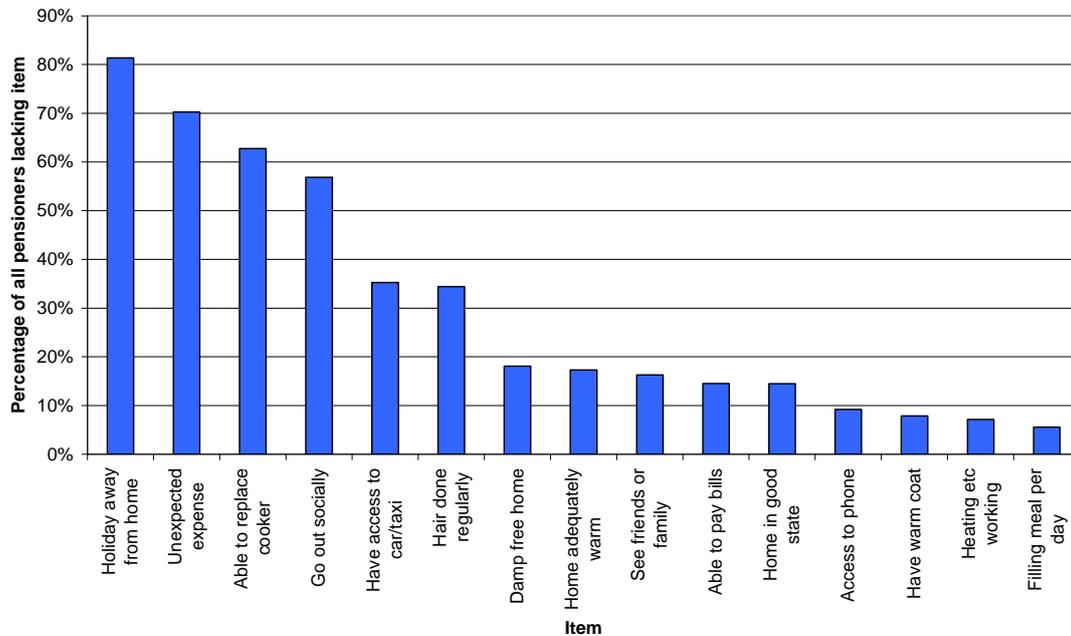
Figure 4.4 Proportion lacking each item for pensioners with 'low' deprivation²³



Mid-level material deprivation scores (scores of 20 to 40)

The vast majority (over 80 per cent) of materially deprived pensioners fall into this bracket with scores of between 20 and 40. Figure 4.5 indicates the proportion of pensioners within this depth bracket lacking each item.

Figure 4.5 Proportion lacking each item for pensioners with mid-level deprivation



²³ It has not been possible to provide results for the proportion of pensioners with low material deprivation who lack a filling meal a day, due to small sample sizes.

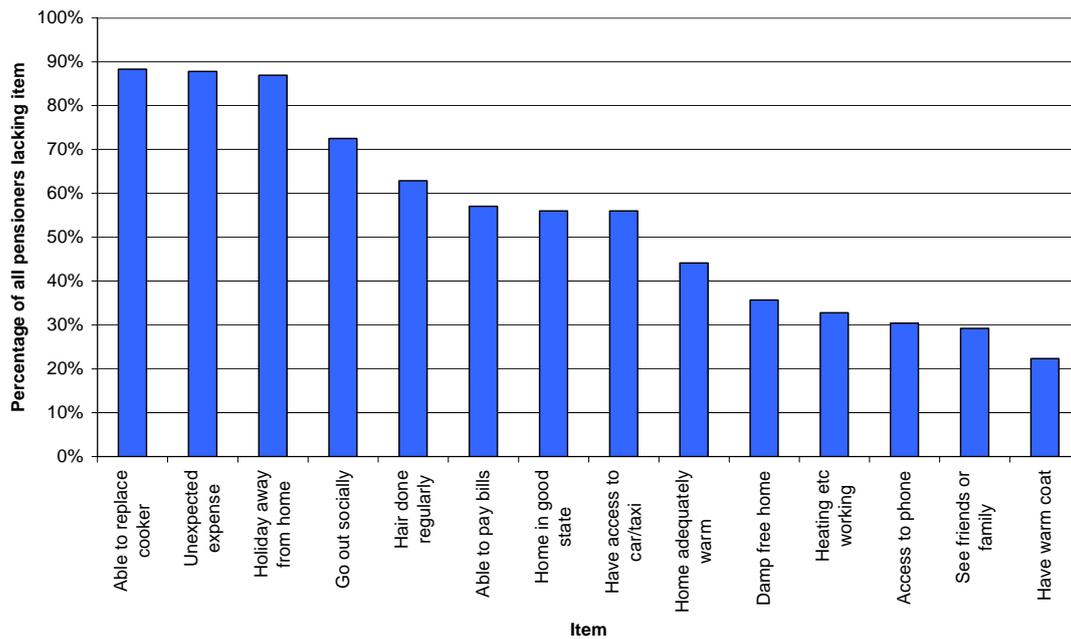
Again, a holiday is the most common item that is lacked, but now some of the financial items come more in to play, with significant proportions being unable to pay a £200 unexpected expense or replace their cooker. The most frequent score for this group is around 23 points.

High material deprivation (score of 40 and above)

Around 160,000 (20 per cent) of materially deprived pensioners are experiencing greater levels of deprivation, attaining scores of 40 or more. To put this into context, for someone to be scoring 40 points, they would be lacking at least 6 out of the 15 items. Whilst there do appear to be some scores in the seventies and eighties, the reality is that most people within this group have scores toward the lower end of the threshold hence the most frequent score for this group is 43, with a median of 45.

As Figure 4.6 indicates, within the high deprivation group, the most common item lacked is no longer from the social theme. Now two of the financial items are even more prominent (i.e. being unable replace a cooker or pay an unexpected expense of £200).

Figure 4.6 Proportion lacking each item for pensioners with high deprivation²⁴



²⁴ It has not been possible to provide a result for the proportion of pensioners with high material deprivation who lack a filling meal a day, due to small sample sizes.

5. Conclusions

This study offers new analytical insights into the nature of material deprivation experienced by older people, and its relationship with income poverty. As the material deprivation measure is relatively new, this analysis builds our understanding of how the measure is working and the nature of the lived experiences of older people, given that we know that poverty is a wider concept than just low income.

Whilst the report gives a flavour of some of the challenges government and society face in developing inclusive strategies to tackle material deprivation; it demonstrates that most pensioners do not face severe hardship due to lack of income. It also suggests some of the opportunities and approaches the changing climate of the next decades might offer.

6. Appendix

- **Appendix A: Material deprivation weights and scores for pensioners in 2010/11**

Appendix A: Material deprivation weights and scores for pensioners in 2010/11

Material deprivation questions	Weights	Final Scores
For pensioners aged 65 and over		
At least one filling meal a day	0.986	7.26
Go out socially at least once a month	0.760	5.60
See friends or family at least once a month	0.949	6.99
Take a holiday away from home	0.568	4.19
Able to replace cooker if it broke down	0.886	6.53
Home kept in a good state of repair	0.966	7.11
Heating, electrics, plumbing and drains working	0.982	7.24
Have a damp-free home	0.945	6.96
Home kept adequately warm	0.967	7.13
Able to pay regular bills	0.969	7.14
Have a telephone to use, whenever needed	0.968	7.13
Have access to a car or taxi, whenever needed	0.889	6.55
Have hair done or cut regularly	0.891	6.56
Have a warm waterproof coat	0.980	7.22
Able to pay an unexpected expense of £200	0.869	6.40
Sum of all weights	13.5754	100

Note: Material deprivation weights are calculated based on responses in the survey year in question.