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Dear Ms Sandford

YEARS AHEAD TASK GROUP REPORT ON THE MATERIAL DEPRIVATION INDICATOR

Thank you for providing the above named report to the UK Advisory Forum on Ageing (UKAFA.) I have been asked to reply on behalf of DWP.

Although the Minister responded to the report in his presentation at the UKAFA meeting on 26 November, I wanted to reply in more detail to some of the specific points raised.

I would like to begin by saying how much DWP policy colleagues and I welcome the report. One of its key themes is that *'poverty should not always be defined by monetary value.'* I agree that tackling poverty means addressing issues beyond income such as transport, amenities and community cohesion: the solutions to material deprivation lie, in part, in partnership work, particularly at a local level.

That is why stakeholder input is vital and why we all put so much in to ensuring UKAFA and the Age Action Alliance are successful. We very much agree the report's recommendation *'continue the involvement of Older People in Decision Making.'*

I would like to offer some specific responses on some of the main points raised in the report.

Provision of a fair State Pension:

We are reforming the State Pension. The Single Tier pension – welcomed in the report – will be simpler and fairer. It will be set at a level above the weekly means test and provide a firm

foundation for pension saving. Under the terms of the 'triple lock' the Basic State Pension increased by 2.5 per cent in April 2013. That increase is therefore higher than the increases in prices and earnings. The value of the State Pension is now higher relative to average earnings than at any time in the last 20 years. From April 2014 the basic State Pension will rise by 2.7 per cent under these terms.

Pension Credit and income maximisation

I agree with the report's assertion that income maximisation is key. Older people should receive all the help to which they are entitled. In respect of Pension Credit, we have introduced a web-based Pension Credit Toolkit (the link is here: <https://www.gov.uk/government/publications/pension-credit-toolkit>.) Its purpose is to provide customer representative organisations with all the information needed in order to talk to pensioners about Pension Credit. In partnership with Age UK, local authorities and other groups, a structured campaign was undertaken to create awareness of the Toolkit amongst those who support our customers.

The Department writes to people up to 4 months before they reach their State Pension age explaining their options, including how to claim their State Pension or how to defer receiving it until later. State Pension can be claimed online, by phone, or by submitting a claim form. When a customer makes a claim to State Pension or reports a change in their circumstances, a customer adviser will also discuss a Pension Credit application with those who may be entitled. There is also a visiting service available to support vulnerable customers who are unable to access its services through other channels, such as telephony, post or online.

Pensioners can, where eligible, claim Housing Benefit and Council Tax Benefit alongside Pension Credit in a single phone call, without the need for a signed claim form. Calls to the 0800 731 7898 claims number from a BT landline or from the six largest mobile phone networks are free.

Fuel Poverty

The report says '*fuel poverty was highlighted as a key policy issue that can help to eliminate material deprivation.*'

I agree it's vital that older people receive the right help in this regard. We have in place a range of measures to help older people stay warm by addressing the key drivers of fuel poverty.

In respect of income, the Government provides Winter Fuel Payments (£200 for most people) and Cold Weather Payments (£25 each time they are triggered.) The Warm Home Discount scheme requires energy suppliers to provide assistance with energy costs to low income and vulnerable groups.

With energy prices projected to continue to rise, improving the thermal efficiency of Britain's housing stock is key, which is why we have the Green Deal and the Energy Company obligation in place to help.

Energy Prices: Energy prices are the responsibility of the Department for Energy and Climate Change. They are working to ensure that all households obtain the best deal for their gas and electricity. This will mean energy companies place consumers on the cheapest tariff that meets their preferences and deliver a simpler tariff framework, so that consumers can shop around more easily for the best deals. They have recently announced a package of proposals worth £50 on average to households, helping to reduce the impact of energy company price rises. They have given OFGEM the power to push for criminal sanctions if they find evidence that the

energy market has been manipulated; and are encouraging energy suppliers to help people switch providers within 24 hours – without leading to an increase in costs.

I would like to offer the following key statistics in respect of fuel poverty:

- 2 million households will be helped by the Warm Home Discount scheme.
- Over 1 million of the poorest pensioners will have £135 discounted from their energy bill in 2013/14.
- In winter 2012/13, Winter Fuel Payments were made to over 12.5million older people in over 9million households, at an estimated cost of £2.15 billion.
- In winter 2012/13, the Government made 5.84 million Cold Weather Payments at an estimated cost of over £146 million.

The design of the material deprivation indicator

The report suggests changing some of the questions within the material deprivation indicator. The indicator was developed in conjunction with pensioner groups and is designed to provide a wider and more direct measure of pensioners' living standards. It provides greater depth of information about older people's experience of poverty to consider alongside the low income measure. I believe we have to be mindful of the potential consequences of amending questions in the Family Resources Survey. Changing the indicator makes it harder to gain a consistent view over time. We will however keep all questions under review and investigate including a question on digital inclusion, as the report advocates.

North East Region Statistics

- The income poverty figure for the North East is 13%, slightly *below* the national average;
- 9% of pensioners in the North East are materially deprived, in line with the national average;
- The average weekly net income after housing costs for a single pensioner (2009/12 average) is £234. The figure for the North East is £235, *higher* than most other UK regions.

Transport.

The report refers to transport and the role it plays in community cohesion. The Government remains committed to free bus passes, and to other key benefits for older people including free eye tests, free NHS prescription charges and free television licences for those aged 75.

In closing I am pleased to confirm that a number of the other English Forums on Ageing have already committed to using the *Comfortable Lives* toolkit, recognising the potential it offers to dig deeper and understand better wider determinants and potential solutions to tackling deprivation.

Yours sincerely

Jonathan Bailey