

Changes to the statistics

Summary

- **Change of reference year for absolute low income:** As advised in the 2010/11 HBAI publication, and in order to measure absolute low income in line with the Child Poverty Act 2010, absolute low incomes will be measured against the median in 2010/11 adjusted for inflation, instead of against the 1998/99 median income as in previous publications.
- **Child material deprivation:** As advised in the 2010/11 HBAI publication, four new questions about additional material deprivation items for children were introduced into the 2010/11 Family Resources Survey (FRS) and from 2011/12 four questions from the original suite were removed. We have presented the breakdown tables for 2011/12 including the new questions. The time series table presents figures from the original suite of questions up to and including 2010/11, and the new suite of questions from 2010/11 onwards. Therefore 2010/11 data is presented on both bases as figures from the old and new suite of questions are not comparable. Due to the break in the series it will not be possible to calculate results for ethnicity or regional breakdowns for the 2011/12 publication as these require three consecutive years' data, this will be available for the 2012/13 HBAI publication.
- **State Pension Age:** Pensioners are defined as all those adults above State Pension age. Prior to 6th April 2010, women reached the State Pension age at 60. From 6th April 2010, the basic State Pension qualifying age for women has been gradually increasing. The changes do not affect the State Pension age for men, currently 65. Therefore, as with the 2010/11 publication, the age groups covered by the analysis of working-age adults and pensioners will change for the 2011/12 publication.
- **Pensioner material deprivation:** For the 2011/12 publication we have three years of data on pensioner material deprivation, and are able to present ethnicity and regional breakdowns for the first time.
- **Ethnicity breakdowns:** The ethnicity figures in the 2011/12 publication reflect the new harmonised standards published in August 2011 and updated in February 2013. This has resulted in some changes, the most significant being to the following categories:
 - Chinese has moved from the 'Chinese or other ethnic group' section to the 'Asian/ Asian British' section;
 - Arab is now specifically included in the 'Other ethnic group' section; and
 - the treatment for 'Gypsy' and 'Gypsy or Irish traveller' is different for respondents in Northern Ireland compared to Great Britain.

Change of reference year for absolute low income

For the 2005/06 to 2010/11 HBAI publications absolute low income was measured against median household income in 1998/99 adjusted for inflation. As advised in the 2010/11 publication, and in order to measure absolute low income in line with the [Child Poverty Act 2010](#), and to keep the absolute measure more in line with contemporary living standards, we have amended tables in the 2011/12 publication to measure absolute low income against the median in 2010/11 adjusted for inflation for all groups of the population. The following tables in the publication are affected:

Chapter 3 - 3.2tr, 3.4tr, 3.7ts, 3.8ts, 3.9ts, 3.13ts, 3.14ts, 3.15ts;

Chapter 4 - 4.2tr, 4.4tr, 4.10ts, 4.11ts, 4.12ts, 4.13ts, 4.20ts, 4.21ts, 4.22ts, 4.23ts, 4.24ts, 4.25ts;

Chapter 5 - 5.2tr, 5.4tr, 5.5tr, 5.6tr, 5.7ts, 5.8ts, 5.9ts, 5.13ts, 5.14ts, 5.15ts;

Chapter 6 - 6.2tr, 6.4tr, 6.5tr, 6.6tr, 6.13ts, 6.14ts, 6.15ts, 6.16ts, 6.17ts.

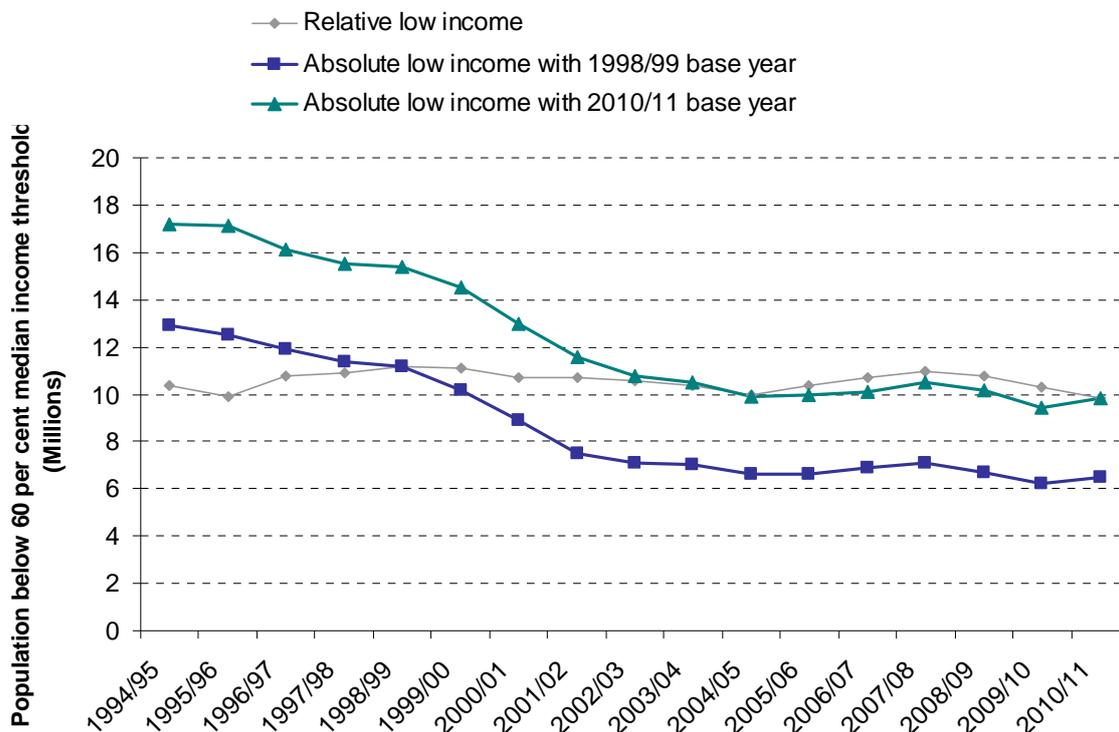
The change of the measurement of absolute low income against the median in 2010/11 adjusted for inflation has a large effect on the proportion and number of people identified as in absolute low income. It also magnifies the scale of historical changes in the time series of the indicator. This is because the threshold has moved to a more densely populated part of the income distribution. The change in the reported headline figure does not reflect a real change in the living standards of those who now fall below the rebased poverty line, nor is it a correction to the previous estimate or a worsening situation in the UK economy than previously estimated – it is a re-classification of ‘absolute low income’.

Chart 3A.1 below shows the absolute measure over time using both the 1998/99 and 2010/11 baseline years. This clearly shows the increase in population identified as in absolute low income.

The change in base year means that the absolute low-income threshold has moved from £220 to £251 per week in 2010/11¹. When this shift is shown in the context of the income distribution, as in Chart 3A.2 below, the threshold has moved up into a much denser part of the distribution. This means that not only is more of the population identified as in absolute low income but also that historical changes in absolute low income are larger.

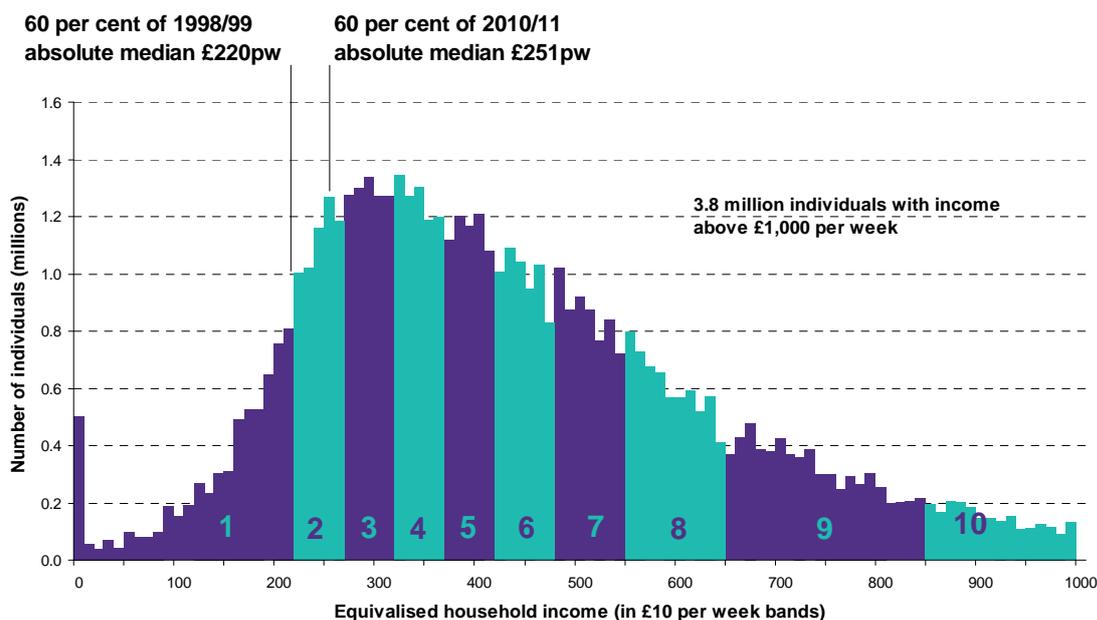
¹ In 2010/11 prices.

Chart A3.1: Comparison of relative and absolute low income, BHC, 1994/95 to 2010/11, United Kingdom.



Note: Figures are for GB up to 1997/98 and for the UK from 1998/99.

Chart A3.2: Income distribution for the total population, 2010/11, with 1998/99 and 2010/11 absolute low-income thresholds BHC (2010/11 prices).



This increase in the absolute low-income threshold has meant a larger scale of change is observed between years. For example, when using the 1998/99 baseline series, the 60 per cent low-income threshold moves from £209 per week in 2009/10 to £220 per week in 2010/11. This change meant that 300,000 more individuals were identified as in absolute low income in 2010/11 compared to 2009/10. A similar amount of monetary change occurs when using the 2010/11 baseline which moves the absolute low-income threshold from £239 in 2009/10 to £251 in 2010/11. However, as the threshold for the 2010/11 baseline is in a denser part of the distribution, the change of 300,000 rises to 500,000 individuals who are now reported in absolute low income. This effect is a product of moving the absolute measure to a new baseline and does not reflect a worsening situation in household living standards or in the UK economy than previously estimated.

A similar effect is seen on the percentage of the population, a change of 0 percentage points between 2009/10 and 2010/11 for the absolute measure using the 1998/99 baseline year is instead a 1 percentage point increase for the absolute measure using the 2010/11 baseline year.

Child material deprivation

The HBAI presents two measures of low income and material deprivation which are intended to capture children in families experiencing the material effects of poverty. These are:

- Low income and material deprivation. This measure captures children in families who have a material deprivation score of 25 or more and household income below 70 per cent of contemporary median income, BHC.
- Severe low income and material deprivation. This measure captures children in families who have a material deprivation score of 25 or more and household income below 50 per cent of contemporary median income, BHC.

A family's material deprivation score is calculated using a series of 21 questions included in the FRS. Each question asks whether or not the family is able to afford and want a particular item. The choice of the 21 items was based on analysis by independent researchers (published in [Working Paper 13](#)) and was intended to reflect the kinds of goods and services which people in the UK felt were necessary and which everyone should be able to afford. Items were only chosen if they were considered necessary by a sufficient proportion of people surveyed.

When the child material deprivation measures were developed, it was envisaged that the 21 items in the suite of questions used to measure it would need to be updated at regular intervals, to reflect changes in the items and activities that people in the UK believe to be necessary. This would ensure that the measure remained a relevant and contemporary measure of poverty. In 2009, the Child Poverty Unit commissioned an independent analytical review of the items which was published in [DWP Research Report 746](#).

Based on the findings of this review, four new questions about additional items were introduced into the 2010/11 FRS and four of the existing items were removed for 2011/12. It was envisaged that these new items would be used in the future calculation of material deprivation scores, replacing the four existing items that were identified by the research as potentially out of date, partly because the proportion of the population

considering them necessary had fallen. It is not possible to say whether the large drop in the proportions of people rating these items as necessary was due to hardening attitudes following a recession, or instead part of a longer-term trend against certain 'social' measures of deprivation that will persist during an economic recovery.

The **new** questions are:

- Does your child/do your children attend at least one regular organised activity a week outside school, such as sport or a youth group?
- Does your child/do your children eat fresh fruit and/or vegetables every day?
- Does your child have/do your children have a warm winter coat?
- Do you (and your partner) keep up with bills and any regular debt repayments?

The following four existing items were **removed** from the 2011/12 FRS:

- Does your child/do your children go swimming at least once a month?
- Do you have a hobby or leisure activity?
- Do you (and your family/and your partner) have friends or family around for a drink or meal at least once a month?
- Do you have two pairs of all weather shoes for [all adults in Benefit unit]?

For the 2010/11 report we were able to report on both series of items and used the original items for the calculation of low income and material deprivation, and severe low income and material deprivation statistics.

Analysis presented in **Appendix 3** of the **HBAI 2010/11 publication** showed that the low income and material deprivation statistics are quite sensitive to the combination of the threshold and items chosen. Using the new items instead of the old items translates into higher prevalence weights (the weights assigned to the material deprivation scores according the proportion of families who own each item). Examination of the effect of increasing the sum of weights suggests that, broadly speaking, the higher the overall sum of weights, the lower the overall level of low income and material deprivation. For a given threshold, using the 17 common items and the four new items gives low income and material deprivation levels of approximately 2 percentage points or 200,000 children lower than using the 21 original items. The difference in terms of severe low income and material deprivation is approximately 0.5 percentage points or 50,000 children. This means that changing the items will effectively create a break in the data series. The new series more accurately reflects today's society and the items and activities people in the UK believe to be necessary.

Appendix 3 set out two options for the 2011/12 HBAI publication:

- **Option A:** Present the new basis in the breakdown tables, have both old and new 2010/11 data in the time series table, and keep the existing threshold; or
- **Option B:** Change the materially deprived threshold for new items from 2010/11. A threshold would be chosen to give the closest proportion of children in low income and material deprivation and severe low income and material deprivation on the new basis to that seen on the old basis.

Appendix 3

Since the 2010/11 publication, DWP statisticians internally discussed which option would be best to take forward for the continuation of the measure. It was felt that Option A, breaking the series for the 2011/12 publication, was the most appropriate course of action, as this was a more transparent presentation for users. In early 2013, DWP statisticians discussed these two options, and the DWP preferred view, with various academics interested in material deprivation and poverty measurement. These academics gave no overall consensus for either of the two options.

For the 2011/12 publication we have therefore decided to **keep the existing threshold and present the new basis in the breakdown tables for the latest year**. Both old and new series will be shown in the time series table (Option A).

Due to the break in the series it was not possible to calculate results for ethnicity or regional breakdowns for the 2011/12 publication as these require three consecutive years' data (affecting tables 4.3db, 4.4db, 4.5db and 4.6db). This will however be available from the 2012/13 HBAI publication.

State Pension Age

Pensioners are defined as all those adults above State Pension age. Prior to 6th April 2010, women reached the State Pension age at 60. From 6th April 2010, the qualifying age for women has been gradually increasing. The changes do not affect the State Pension age for men, currently 65. Therefore, as with the 2010/11 publication, the age groups covered by the analysis of working-age adults (**Chapter 5**) and pensioners (**Chapter 6**) has changed for 2011/12.

Tables 5.5tr and 5.6tr present a series including adults up to 64, and tables 6.5tr and 6.6tr present a series that only include pensioners aged 65 and over. These tables provide a consistent time series in light of the equalisation of State Pension age for men and women.

Pensioner material deprivation

For the 2011/12 publication we will have three years of data on pensioner material deprivation, and are able to present ethnicity and regional breakdowns for the first time (in tables 6.7db, 6.8db, 6.9db and 6.10db).

Ethnicity breakdowns

The ethnicity questions used in the FRS adopt the UK [harmonised standards](#) for use in major government social surveys; that is they adopt the standard way of collecting information on the ways in which people describe their ethnic identity. The latest harmonised standards were published in August 2011 and cover the ethnic group question in England, Wales, Scotland and Northern Ireland. They also cover harmonised data presentation for ethnic group outputs. The standards were updated in February 2013 detailing how Gypsy, Traveller and Irish Traveller should be recorded in the outputs, due to differences across the UK.

The FRS adopted these latest harmonised standards for England, Wales and Northern Ireland for the 2011/12 survey questionnaire, and the standards for Scotland were adopted for the 2012/13 survey questionnaire. The 2011/12 HBAI publication has adopted the latest harmonised output standards for ethnic group for the UK. The most significant changes to previous publications are that:

- the 'Chinese' category has moved from the 'Chinese or other ethnic group' section to the 'Asian/Asian British' section;

- an 'Arab' category has been included under 'Other ethnic group' section in the questionnaire, but not shown separately due to only being available for one year; and
- 'Irish Traveller' is included under 'Other ethnic group' for respondents in Northern Ireland, and 'Gypsy or Irish Traveller' is included under the 'White' section for respondents in Great Britain, therefore UK figures have been allocated accordingly.