HAGIS
Healthy Ageing In Scotland

COVID-19 AND YOU: IMPACT AND RECOVERY STUDY

How the pandemic affected respondents' financial situation and their saving and spending behaviour.

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Rapid Report

UKRI Economic and Social Research Council
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EXECUTIVE SUMMARY

The COVID-19 Pandemic caused a change in the working patterns experienced by many Scottish people. This report describes the impact on income, savings and consumption induced by the pandemic and the restrictions it imposed.

The sample of older people (aged ≤50) was drawn from two Scottish longitudinal studies - Healthy Ageing in Scotland (HAGIS) and Generation Scotland. A predefined panel of Scottish respondents (aged ≤50) was additionally invited to participate. Data were collected between October 2021 – January 2022 using electronic and postal self-complete interviews and telephone-assisted personal interviews (TAPI). From a target sample of 15,674 older people, 3373 (41% men, 59% women) participants completed the survey.

KEY FINDINGS

1. Those still in work are more likely to feel worse off than those who are retired.
2. The relationship between household income and feeling worse or better off is nuanced, neither declining nor rising universally as we move up the household income bands.
3. There is significant reticence among those feeling 'better off' to report their intentions regarding how they would save their extra savings. This may be because respondents have simply not regarded it as a decision to be made given that, by the time the Survey was conducted, respondents believed that the situation was resolving itself.
4. Those feeling worse off resorted to paring back their consumption during the Pandemic, with some use of existing savings and the sales of goods to supplement their incomes.
5. The respondents have spent less on socialising outside their households, perhaps as a result of reduced incomes (in some cases) and the 'fear' effect of Coronavirus.

INTRODUCTION

During the COVID-19 pandemic, social distancing strategies were introduced to restrict spread of the infection. One group who were especially affected by these strategies were older people (50+) some (still) in paid employment, and others fully retired.

The data collected as part of the COVID-19 wave of the HAGIS survey shed light on the scale of these changes and on how they were experienced by older people living in Scotland.

AIMS

To describe the income, spending and saving experience of those aged 50 and over in Scotland during the COVID-19 pandemic.

METHODS

Sample and recruitment

The eligible participants were older people aged 50 and over living in Scotland. The recruitment was primarily targetted at the participants from two existing Scottish longitudinal studies - Healthy Ageing in Scotland (HAGIS) and Generation Scotland. Additionally, a predefined panel of 600 Scottish participants meeting the eligibility criteria was invited to participate. Data were collected remotely between October 2021 and January 2022. This was the period when most but not all public health restrictions were lifted in Scotland; however, due to the rapid transmission of the new Omicron variant of the SARS-CoV-2 virus in December 2021, the restrictions on large gatherings and physical distancing in hospitality venues were re-introduced. Multiple modes of remote data collection were used – electronic, telephone and postal interviews. Postal participants were additionally offered to take the survey online, referred to as ‘nudge to web’ mode (see Figure 1). More details on the participant recruitment to multiple modes of data collection are available in Appendix A.

There were 3,373 core respondents to the COVID-19 Wave of HAGIS, data for which were collected in late 2021. Of these, 2,679 were asked about their economic circumstances, which is the module from which the data for this report derive. These analyses were carried out on those respondents in our sample who were asked about their income, saving and spending circumstances and how they had changed because of the Pandemic.

2021-2022

	OCTOBER	NOVEMBER	NOVEMBER-DECEMBER	DECEMBER-JANUARY
TARGET SAMPLE n=15,674	HAGIS n=186 GS n=7,076	HAGIS n=190	HAGIS n=627 GS n=6,995	PANEL n=600
ACHIEVED SAMPLE n=3,696	HAGIS n=65 GS n=2,307	HAGIS n=18	HAGIS n=153* GS n=553*	PANEL n=600
EFFECTIVE SAMPLE n=3,373	HAGIS n=54 GS n=2,017	HAGIS n=18	HAGIS n=153 GS n=531	PANEL n=600

*Note. *Inclusive of 'nudge to web' participants*

Figure 1. Timeline for survey fieldwork

Results

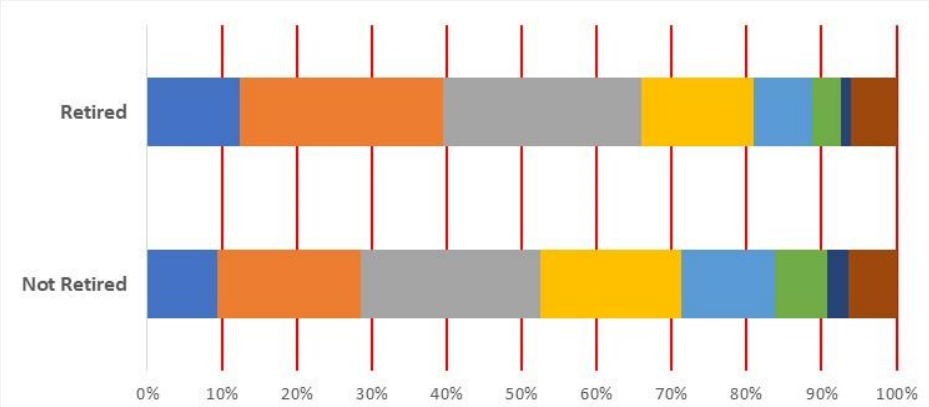
Respondents were asked a number of questions regarding their income and spending and how it may have been affected by the Pandemic. The questions were in five main groups:

1. Monthly Income
2. Financial Situation
3. Use of Savings
4. Funding Income shortfalls
5. Consumption

The responses are weighted in an effort to make the results more representative of the 'older' Scottish population at the time of the surveys.

Monthly Income

We asked respondents to indicate their *household* income band, ranging from under £1,000 per month to £7,000 and more per month. As *Figure 2* indicates, people not yet (fully) retired tended to have higher household incomes than those fully retired. This is not particularly surprising, given that retirement incomes tend to be less than employment incomes, and it may also be the case that the retired group are more likely to be living in smaller households with fewer income-generating co-habitees). That said, the percentage of both groups enjoying the highest monthly incomes of £7,000 or more is almost the same: it might be speculated that many of the retirees may be in households with one or more unretired income earners.



	Not Retired	Retired
Up to £1000	9.3	12.42
£1000 - £1999	19.22	27.15
£2000 - £2999	23.97	26.39
£3000 - £3999	18.82	15.06
£4000 - £4999	12.5	7.74
£5000 - £5999	6.87	3.83
£6000 - £6999	2.92	1.34
£7000+	6.39	6.09

Figure 2. Monthly Income: Retired and non-retired

Financial Situation

We asked the respondents a number of questions about how their 'financial situation' at the time of the survey compared with their pre-Pandemic situation. One question was:

Overall, how do you feel your current financial situation compares to before the first official lockdown was announced on 23 March 2020?

As *Figure 3* shows, more than half of the respondents reported an unchanged situation, with 18% feeling *better off* and over 25% feeling worse off.

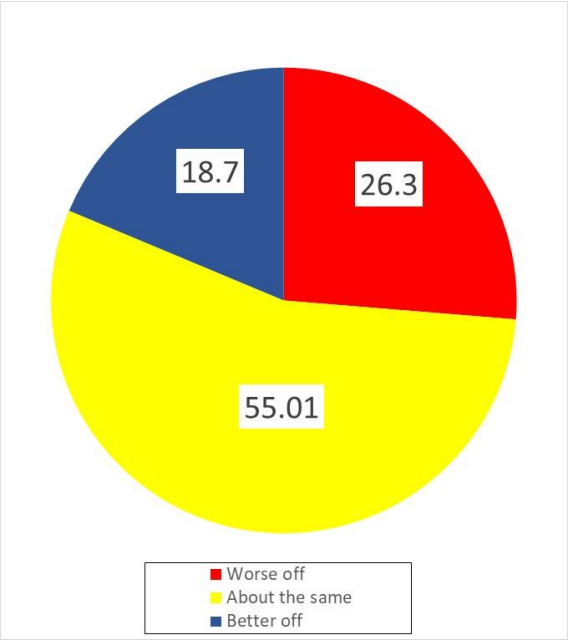


Figure 3 The percentages of all respondents who feel how their financial situation compared with their pre-Pandemic situation

This indicates that the disruption to incomes and consumption as a result of the Lockdown measures, continuing on to the time of the survey, had resulted in a significant polarisation amongst the older population in Scotland.

When we look at the differences in opinion between the retired- and non-retired groups (*Figure 4*), we can see those still in employment were more likely to feel *worse off* (32%) than those fully retired (21%). Similarly, 59% of the retired group reported being in the same financial situation as before, compared to (only) 50% of those still in employment. This is not particularly surprising, as it is reasonable to expect that retired people's incomes are less prone to economic shocks, like a Lockdown. It would also seem that any cost-savings (such as commuting to/from work) were not sufficient to balance out lost income.

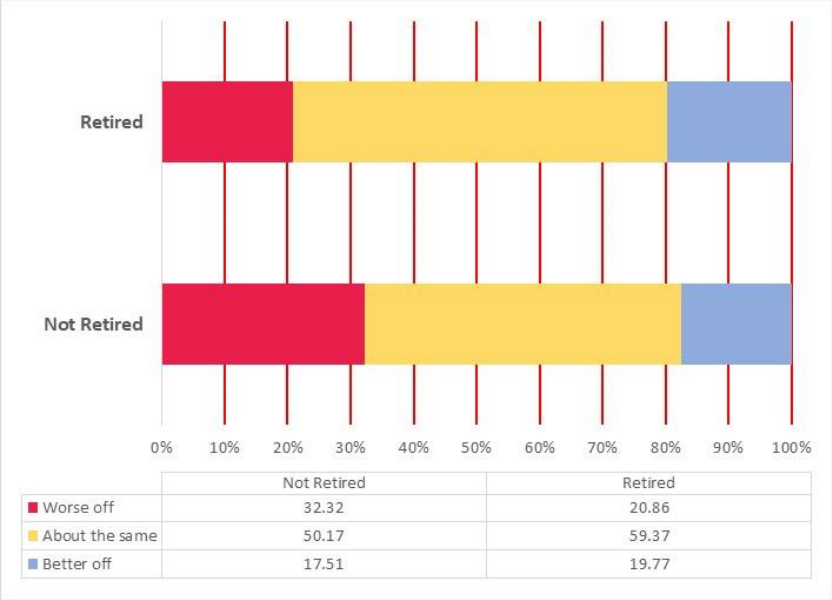


Figure 4 The percentages of all retired and non-retired respondents who feel how their financial situation compared with their pre-Pandemic situation

Analysing the responses by monthly household band (*Figure 5*) shows clearly that those in the lowest income band were the most likely to report feeling worse off (43%) with a steady tapering off as we move up through the higher income bands to be only just under 12% for those in the £6,000 - £6,999 income band. However, 22% of those in the highest income category felt worse off: it might be speculated that respondents in that category were sourcing their income for sources more impacted by the Lockdown (for example, own-business profits, share dividends).

Figure 5 The percentages of respondents who feel how their financial situation compared with their pre-Pandemic situation by monthly household income band

Similarly, people in the lower income groups were *less* likely to report feeling better off, though increasing steadily from 11% to 30%, until the £6,000 - £6,999 group, when it falls back, rising at little in the top-income group. Again, it might be speculated that there is within the higher-income groups, a subset of individuals for whom the Lockdown boosted their income (and/or significantly reduced their outgoings).

Use of Savings

Those fortunate enough to report that they felt at least a little better off were then asked

What do you intend to do with your increased savings?

how they intended using the (additional) money they were able to save. *Table 1* summarises the responses made by the 460 people who felt better off.

Table 1 Intentions regarding additional savings

	Intends doing	Does not intend doing	PNTS
Spend savings gradually	9.7%	6.3%	84.0%
Invest in non-property assets	9.0%	6.3%	84.7%
Invest in property / reduce mortgage	5.9%	6.3%	87.8%
Spend savings quickly	1.6%	7.8%	90.6%
Other	18.3%	5.3%	76.4%

What is most noticeable is the large percentage of people unwilling, or unable to report how they planned to spend their windfalls. This may be simply because the respondents had not decided upon a definite plan for this or believed that there was really no decision to be made, as they regarded these 'windfalls' to be short-term in nature and would simply dissipate as their lives re-normalised.

Of those reporting an explicit plan to, or not to spend their extra savings, the modal intention (ignoring the 'Other' category) was to increase their regular consumption slightly, followed by investing in assets other than property. Only a small percentage intended to invest in property or reduce their existing mortgage: this is not particularly surprising, as it might be expected that a high percentage of this group did not have a mortgage or were otherwise settled with their current property arrangements. This may also be evidence that the level of the savings is judged insufficient to consider investing in (additional) property and/or transient in nature and unsustainable over the longer run.

Funding Income shortfalls

We asked those reporting that they felt worse off 10 questions starting with:

What funds have you used to support you and your family during the pandemic….?

Each question offered a particular way in which the 'worse off' household may have supplemented its reduced income, and were non-exclusive: that is to say, that any respondent may have used any number of the 10 methods on offer. *Figure 6* reveals a high degree of responder reticence, similar to those who felt better off.

	Increased Mortgage	Commercial Loan	Mortgage/ Rent Holiday	Family Loan	Other means	Sold Goods	Furlough	Benefits	Savings	Household Income
Yes	0.38	0.67	0.91	1.50	2.59	4.63	5.03	11.74	27.04	51.98
No	29.59	29.22	29.19	28.79	28.22	26.98	27.50	24.21	17.32	13.51
PNTS	70.03	70.11	69.90	69.72	69.19	68.39	67.46	64.05	55.64	34.50

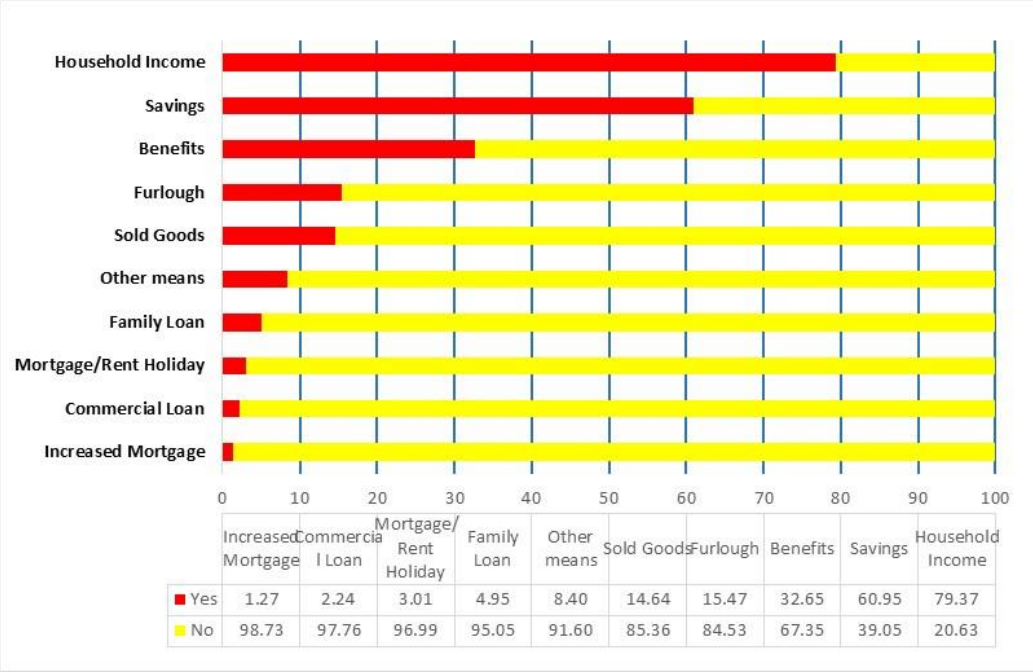
Figure 6 Methods used/not used to support income during the Pandemic (all response categories)

Figure 7 reports the results only for those making an explicit 'Yes' / 'No' response. By far the most popular method employed by this group was to rely on existing income that, by implication, was less than it had been in real terms before the Pandemic. A large percentage of these households (61%) supplemented their consumption from existing savings, something perhaps only older people could contemplate as a short-to-medium term 'plug'. Almost one-third relied on (additional) State Benefits and 15% the Coronavirus Job Retention ('Furlough') Scheme (CJRS) that had already come to an end by the time of the survey. Given that the Scheme supported 11.7 million [1] of the 35 million jobs

[1] https://commonslibrary.parliament.uk/examining-the-end-of-the-furlough-scheme/, accessed 24th September, 2022

in the UK [2] (i.e. approximately 33%), this group benefitted less, proportionately, than the general adult population. Of course, this is to be expected given that 61% of the sample were fully retired by the time of the Survey, and not eligible for any CJRS support (though note *Figure 8*, below).

Almost 15% of the respondents reported selling goods to supplement income, though less than 5% relied, respectively, on loans, increased mortgages and/or repayment holidays.



	Increased Mortgage	Commercial Loan	Mortgage/ Rent Holiday	Family Loan	Other means	Sold Goods	Furlough	Benefits	Savings	Household Income
Yes	1.27	2.24	3.01	4.95	8.40	14.64	15.47	32.65	60.95	79.37
No	98.73	97.76	96.99	95.05	91.60	85.36	84.53	67.35	39.05	20.63

Figure 7 Methods used/not used to support income during the Pandemic ('Yes'/'No' response categories only)

Figure 8 indicates, unsurprisingly, that those who were retired were more likely to rely on their existing (non-labour) incomes than those still in employment (to some extent, at least). They were also more likely to report reliance on (additional) State Benefits, though as is already evident from *Figure 7*, both groups were in the minority. Surprisingly, 6% of those fully retired reported some reliance on the CJRS, though it should be recalled that this pertains to *household* income, not just their own. As mentioned above, they were less likely to report a reliance on this source than those not retired.

[2] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/jobsandvacanciesintheuk/june2022#:~:text=Download%20this%20chart,-Image%20.csv%20.xls&text=In%20March%202022%2C%20there%20were,nearly%20412%2C000%20from%20December%202021., accessed 24th September, 2022

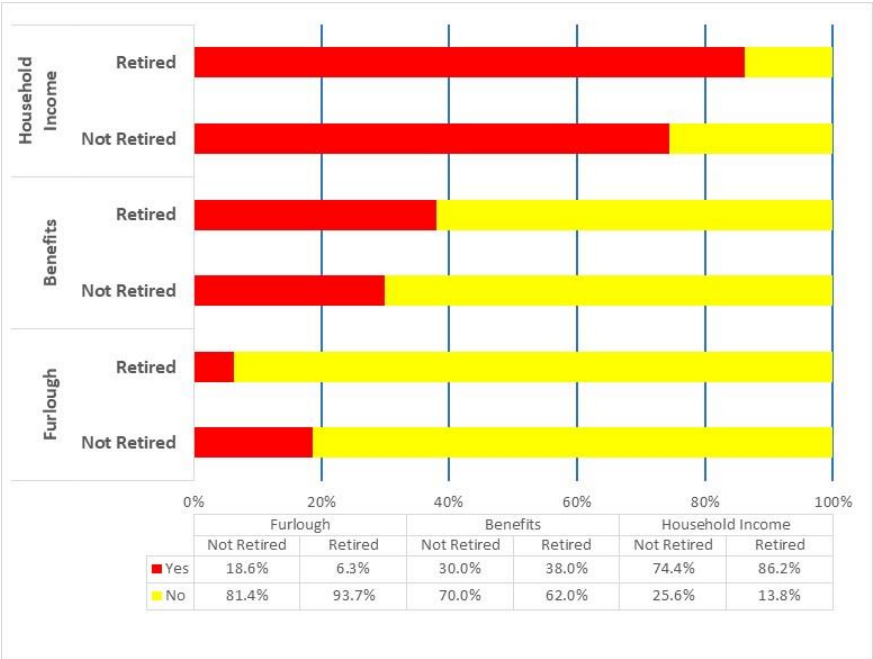


Figure 8 Retired- and non-retired use of Household Income, State Benefits and 'Furlough' to supplement income

Consumption

In the final section of questions, we asked all respondents the following:

Thinking about your spending habits compared with what they were before the pandemic, please indicate your agreement or disagreement with the following statement…..

… split into a number of questions about specific spending categories and how they compared with before the Pandemic, including (1) purchasing goods on-line (as opposed to from shops) and (2) Socialising (away from the home). [3]

In the context of *Figures 9* and *10*, 'Disagreement' means disagreement with the statement:

'I spend more purchasing goods online… before the Pandemic'

that they spent *less* on-line than they did, for example. *Figure 9* shows the responses by monthly household income category. We can see that the majority across all groups spent more, or the same on-line than they did before the Pandemic. The percentage doing so increases as we move up through the income bands until the £6,000 - £6,999 and £7,000 and over bands are reached, when it

[3] We also asked questions on spending on holidays and saving in case of another Pandemic, or similar crisis in the future.

falls slightly. Given that many sales outlets were either closed or operating at lower capacity than before the Pandemic and there would have still be a level of fear associated with in-person shopping, it might be construed that any 'disagreement' with the statement implies a *reduction* in consumption.

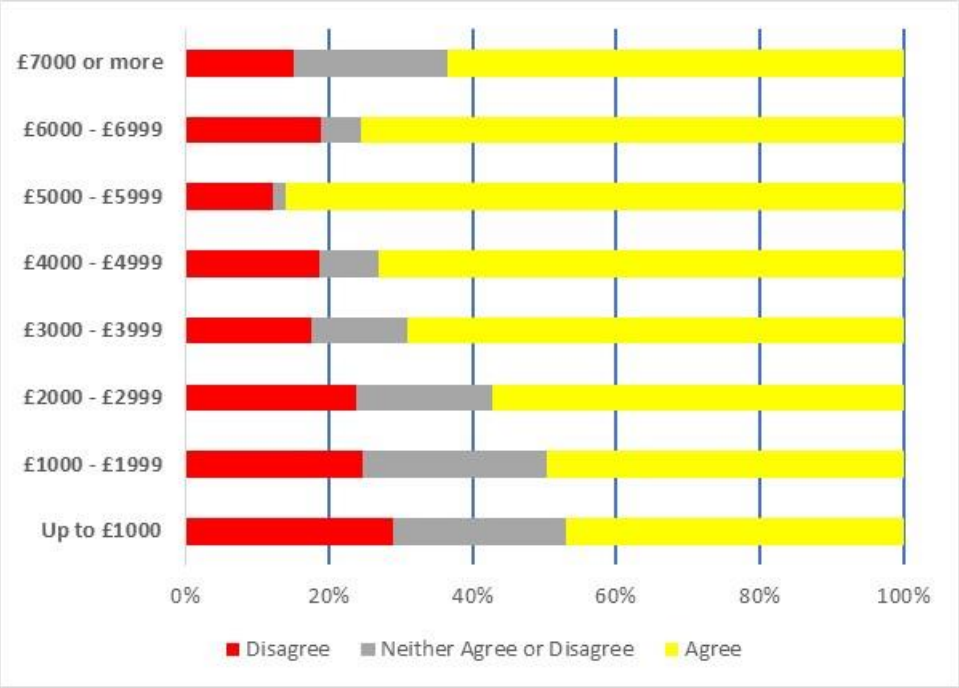


Figure 9 Change in on-line spending compared to before the Pandemic, by Household Monthly income category

We recall from *Figure 5* that, in general, the lower household income, the more likely people were to feel worse off and therefore more likely to reduce their consumption. The fact that the disagreement level increased in the top two income groups may refer to the fact that a significant component of the 'luxury goods and services' they purchased on-line were of no use to them during a Pandemic.

When the responses are analysed by age category (*Figure 10*), we can see higher levels of disagreement in the 70-79 and 80+ age groups compared to the 50-59 and 60-69 age groups. That said, there are not large differences in the percentage *agreeing* that they spend more on-line. It might be the case that, although older (retired) people are less well off than the non-retired (*Figure 1*), there may be a heightened level of Covid-fear (and other immobility factors) amongst the older age groups that was maintaining their preference for on-line transacting (regardless of their perceived income level).

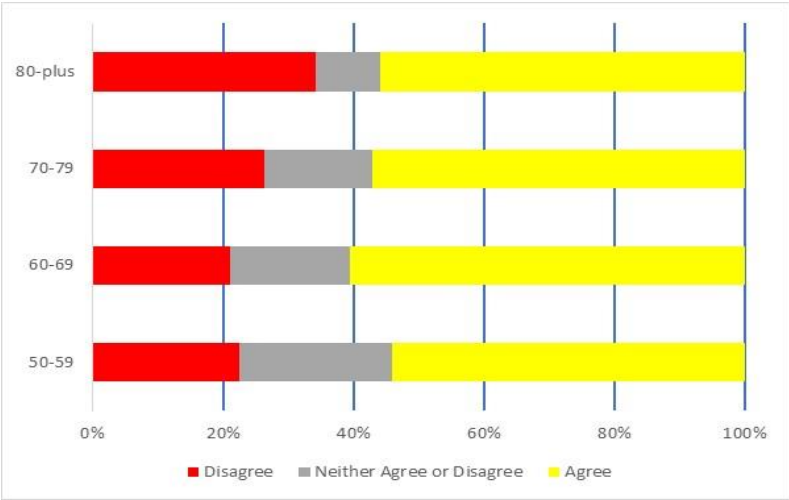


Figure 10 Change in on-line spending compared to before the Pandemic, by Age category

Another spending category we asked about was the extent to which they agreed with the statement:

> *…. compared with …. before the pandemic, ….. I do not spend so much on socialising, nights out etc.*

When analysing the responses to this question (*Figure 11*), we can see that the vast majority of respondents in all income categories agreed that they were spending less on entertainment, socialising, etc, outside the home than before the Pandemic, with only some apparent *increase* evident in some of the groups, though no clear progression in any direction as we move up, or down the groups.

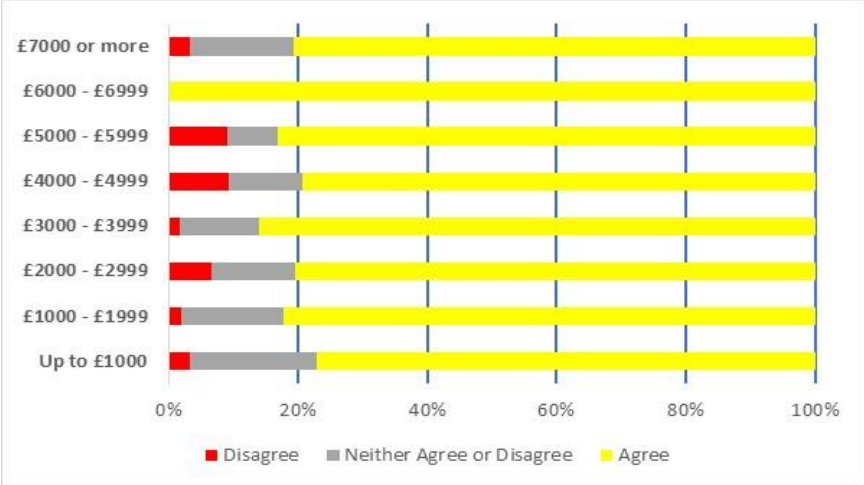


Figure 11 Change in spending on 'socialising' compared to before the Pandemic, by Household Monthly income category

Analysis of the responses to the same question by age category (*Figure 12*) also reveals the high degree of agreement that less is being spent on socialising, post-Pandemic, with an small increase in the percentages of the younger age groups indicating that they were spending more than before. The oldest age group (80 and over) had a relatively high percentage indicating that their spending on this category was unchanged, though this may be because they were not spending much on it it anyway.

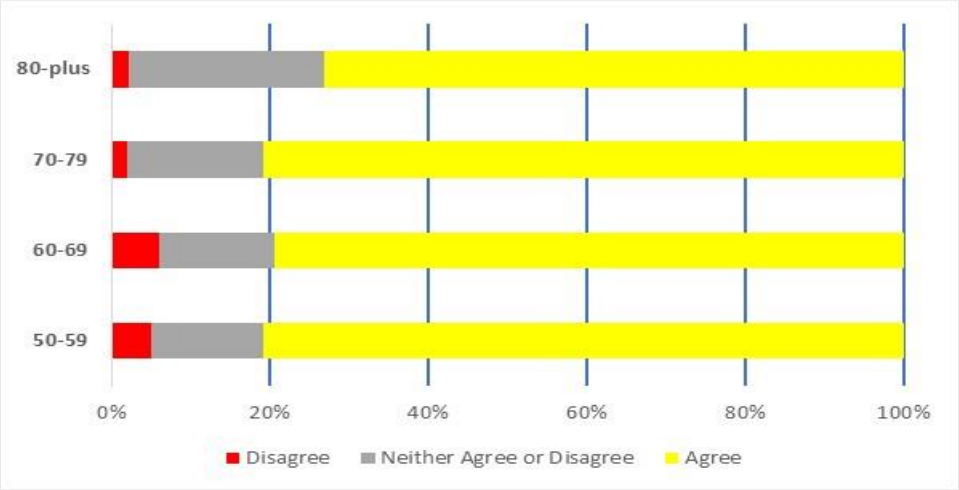


Figure 12 Change in spending on 'socialising' compared to before the Pandemic, by Age category

Finally, we asked the respondents whether or not they were engaging in certain leisure activities as much as they like at the time of the survey, specifically:[4]

'Would you like to do the following activity more often but feel that, for whatever reason, you cannot….. ?'

Figure 13 shows that the majority of respondents were happy with their current frequency of participation in the leisure categories mentioned in each question. There is clearly the greatest scope for increased participation in dining out and concert-going, with 40% of all respondents indicating that would do this more than at the time of the survey. The extent to which this is due to deteriorated financial circumstances and/or reluctance to venture out of the home is not clear but may be better known with more analysis of the survey data.

[4] We also asked about the extent to which they were engaging in these activities on a regular basis at that time.

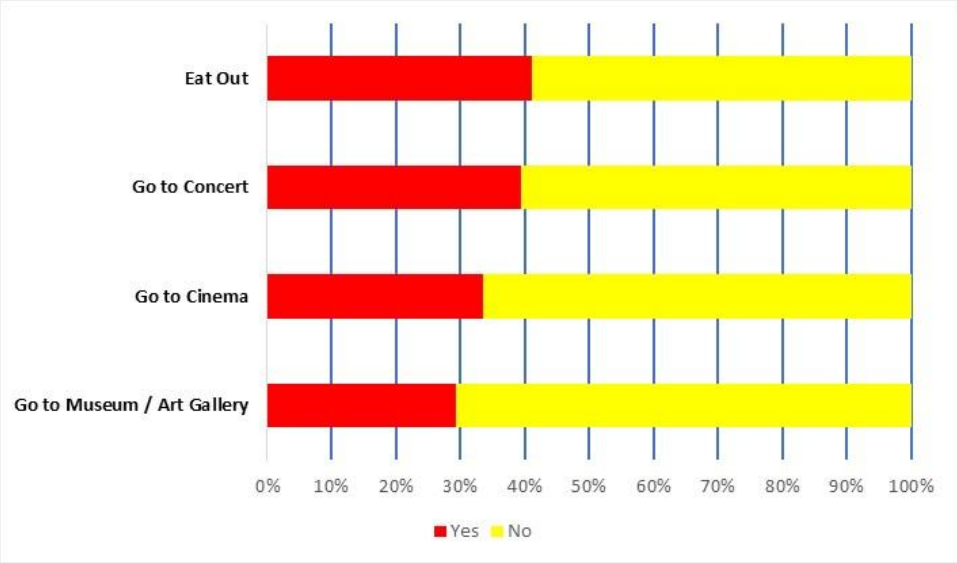


Figure 13 Would you like to do this activity more than you can, at present?

APPENDIX

Participant Recruitment to Multimodal routes of Data Collection

Online mode: Eligible online participants from two existing Scottish longitudinal studies received an electronic invitation letter with an enclosed link to the study website and a personalised link to the survey. The website described the study, how to take part in the survey and get more information about the study. An email address and a freephone number was provided to connect directly to HAGIS researchers for clarifications. The survey was hosted on the Qualtrics XM Platform. Participants received a reminder to complete the survey following 2 weeks post-invitation. DJS Research (a social marketing research agency) recruited panellists to the study by sending an initial electronic invitation. The panellists who expressed an interest to participate were directed to the survey hosted by DJS Research using Nebu Platform. Panellists are paid for completing the survey, at a rate of £12 per survey.

Telephone mode: Participants for phone interviews were approached by DJS Research. Interviewers explained the study and ways to get more information about the survey. For participants who were interested to take part, interviewers arranged a suitable time for the interview. Survey responses were entered initially into the Telephone Assisted Personal Interview (TAPI) system, followed by the transfer into the Qualtrics XM Platform.

Postal mode: Eligible postal participants received the postal invitation letter, information leaflet and postal survey, with an accompanying reply-paid envelope. All postal participants were offered an option to take part in the survey electronically through the study website. The reminder postcards were sent to participants 3 weeks post-invitation.

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