

## Written evidence submitted by the Centre for Ageing Better

### About the Centre for Ageing Better

The UK's population is undergoing a massive age shift. By 2050, one in four people will be over 65. The fact that many of us are living longer is a great achievement. But unless radical action is taken by the government, business and others in society, millions of us risk missing out on enjoying those extra years.

At the Centre for Ageing Better we want everyone to enjoy later life. We create change in policy and practice informed by evidence and work with partners across England to improve employment, housing, health and communities. We are a charitable foundation, funded by The National Lottery Community Fund, and part of the government's What Works Network.

### What are the trends in intergenerational inequality, and how has the crisis affected them?

We are undergoing a seismic shift in the age structure of our society. In 2000 there were 9.3 million people over 65, today it is over 12 million, and in 20 years' time there will be a staggering 17 million people in this age group.<sup>1</sup> People approaching later life, those aged 50-70, already make up around a quarter of the population in England – over 14 million people.<sup>2</sup>

Given the inequalities within this age group, the term intergenerational inequality oversimplifies the challenges we face and can lead to the wrong policy interventions. Direct comparisons between generations often mask the significant inequalities and intersectionality within generations themselves. Age does not equal wealth and the advantages and disadvantages we are born with compound over the course of a life time: the mid-life cohort has some of the widest inequalities in financial security of any age group.<sup>3</sup> People aged 65+ in the least wealthy 10% have 12 times more wealth on average (excluding pension costs) than the least wealthy aged 25 to 24, but 37 times less wealth than the wealthiest in their own age group.<sup>4</sup>

Key areas where the Treasury can make a big difference to inequalities are work/skills, health and housing. Tackling these policy areas will greatly improve productivity and wellbeing for those approaching later life and could protect the economy from future shocks.

#### **Recommendations:**

- Government should be circumspect about using the phrase intergenerational inequality or intergenerational fairness, as well as using this lens when making policy decisions. Age is a poor proxy for inequalities and disadvantage and the intergenerational framing is divisive and risks missing the real issues.

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<sup>1</sup> ONS (2019) Principal projection – UK population in age groups, ONS (2021) Estimates of the population for the UK, England and Wales, Scotland and Northern Ireland

<sup>2</sup> ONS (2021) Estimates of the population for the UK, England and Wales, Scotland and Northern Ireland

<sup>3</sup> Centre for Ageing Better, IPPR and UCL – due to be published in October

<sup>4</sup> ONS (2016-2018), Wealth and Assets Survey, Great Britain

- Government should address the inequality among those approaching later life and attention must be paid to the intersections between other protected characteristics and age.

### **What are recent trends in income and wealth inequality in the face of the pandemic?**

Before the pandemic, employment rates among people aged 50 and over had been rising for more than twenty years. But as a result of the pandemic, we now see a 'u-shape' curve - with the youngest and oldest workers hardest hit.<sup>5</sup> Since the start of the pandemic in March 2020, the number of 50-64s who were out of work has risen by more than 230,000.<sup>6</sup>

Older workers have been slower to return to work from furlough than younger workers, making them particularly vulnerable to unemployment when the Coronavirus Job Retention Scheme (CJRS) comes to an end. Recent analysis from the Resolution Foundation showed that 26% of workers age 55+ who were furloughed in February 2021 were still on full furlough in May, compared with 6% of 35-44s and 16% of 18-34s.<sup>7</sup>

Over 50s are twice as likely to fall into long-term unemployment once they lose their jobs compared to younger workers. New analysis from the Institute of Fiscal Studies (IFS) shows that women and people with lower levels of education in particular are less likely to return to work when they become unemployed in their 50s and 60s.<sup>8</sup> This puts this group at risk of long periods out of work in the run up to state pension age or being forced to retire before they can afford to. This could lead to a greater dependency on state support.

A median earner who loses their job at age 55 and as a result, misses out on over a decade of workplace pension saving could have private pension savings of around 34% less (£32,812 compared to a £50,393).<sup>9</sup> In June 2021, there were over 560,000 over 50s claiming unemployment-related benefits. Additionally, there are likely to be countless others who are not eligible and are rapidly eroding their retirement savings to cover costs.<sup>10</sup>

Household debt levels are also growing. The average debt-to-income ratio has risen from 115% in the decade 1998-2008 to 135% in the decade 2008-2018.<sup>11</sup> More than one in three are now retiring with unpaid debts, averaging around £17,500, with 8% owing more than £20,000.<sup>12</sup> Those who reach retirement with debt will have less disposable income available in order to achieve a suitable standard of living or use some of their pension or other savings to pay down debt rather to sustain their income in retirement.

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<sup>5</sup> Centre for Ageing Better (2020) A mid-life employment crisis: how COVID-19 will affect the job prospects of older workers

<sup>6</sup> ONS (2021) Labour market overview, UK

<sup>7</sup> Resolution Foundation (2021), Living Standards Audit 2021

<sup>8</sup> IFS (2021) Changing patterns of work at older ages

<sup>9</sup> Pensions Policy Institute (2021) What is an adequate retirement income?

<sup>10</sup> ONS (2020) CLA02: Claimant Count by age group (experimental statistics)

<sup>11</sup> Pensions Policy Institute (2019) Generation VeXed: solving the retirement puzzle

<sup>12</sup> Key Retirement Solutions (2020) One in three are retiring in debt this year

Nevertheless, a third (34%) of those who are planning to retire in 2020 continue to support their families financially with regular payments amounting to over £3,700 per year, representing almost a fifth (18%) of the average retirement income.<sup>13</sup>

### Recommendations

- Government should improve back-to-work support for older workers. The Restart scheme does not currently include provisions that incentivise providers to provide intensive, tailored support to older workers through priority payments. At the very least, they need to be monitoring and scrutinising the service levels being provided to the over 50 age group and intervening if they drop below those for younger workers.
- Government should urgently consult on making the right to flexible working a default option from day one. Flexible work is vital to our ability to remain in work as we age and the provisions we were expecting from the Employment Bill including carers' leave need to be brought forward without delay.

### As we recover, how do we combat the inequalities that have been exacerbated as a result of the pandemic?

Actions taken now to safeguard the health, wellbeing and financial security of this large cohort will yield huge economic and fiscal benefits as they age. Our demographic shift is an opportunity for growth and need not be an increasing cost for the Treasury. Addressing health inequalities should be at the heart of the government's recovery package. This will create a more resilient society in the future and enable more people to be active economically and contribute to society.

A choice between health and economic recovery is a false one. The two go hand in hand. Keeping people healthy and improving the wider social determinants of health will have a significant impact on the economy. Increasing disability free life expectancy enables people to work for longer, thus maximising the contribution those in mid to later life make to the economy. Poor health is the primary reason for people leaving employment, and research from the Northern Powerhouse cities found that up to 30% of the productivity gap could be tackled by addressing ill-health, raising participation in the workforce.<sup>14</sup> A 1% increase in the number of people aged 50-64 in work could increase GDP by around £5.7 billion per year and have a positive impact on income tax and National Insurance Contribution liabilities of around £800 million per year.<sup>15</sup>

In its manifesto, the government re-committed to extending healthy life expectancy by five years by 2035. To achieve it, the focus must be on the large proportion of the population who are in mid-life where interventions can have a big impact on their health in later life. It can only be achieved through both a primary prevention strategy and a set of complementary policies that address the aspects of our environment, homes, communities and workplaces which limit our ability to live disability free lives. This was the goal of the Industrial Strategy Ageing Grand

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<sup>13</sup> Key Retirement Solutions (2020) People heading for retirement spend £3,700 per year helping their families

<sup>14</sup> Bamba, Munford, Brown et al (2018) Health for Wealth: Building a Healthier Northern Powerhouse for UK Productivity, Northern Health Sciences Alliance, Newcastle

<sup>15</sup> HMT (2018) Managing fiscal risks: government response to the 2017 Fiscal risks report.

Challenge and if the target is to be achieved it is important that the Plan for Growth maintains this mission as a key factor of economic strategy.

The Physiological Society and the Centre for Ageing Better brought together physiologists, nutritionists, geriatricians, physiotherapists and clinicians to discuss areas where the impact of the pandemic and lockdown on older people required greater consideration.<sup>16</sup> Home confinement in older people may cause cardiorespiratory and metabolic deconditioning, insulin resistance, muscle loss and increased fat mass. In addition, social isolation may be worsened. Getting COVID-19 can also cause or worsen frailty either indirectly (deconditioning) or directly (lung disease, muscle wasting). Mental health may also suffer, and needs for rehabilitation and mental health support may be quantitatively and qualitatively different from those of people who are younger.

Physical activity (with tailored exercise or physical activity goals) represents the single most impactful way in which older people can reduce the risk of developing severe COVID-19, improve recovery, and limit deconditioning and frailty from home confinement. We need a National COVID-19 Resilience Programme to support older people to keep healthy and active.

### **Recommendations**

- The government and the new Office for Health Promotion must target spending on the health concerns of those in mid-life in order to achieve its target of increasing healthy life expectancy, with this focus reflected in the Plan for Growth. They should take a holistic approach to health which means addressing risk factors early and taking a more preventative approach to physical inactivity and obesity to enable people to live disability free for longer.
- The government should launch a National COVID-19 Resilience Programme which includes tailored exercise programmes focusing on 50-70 year olds that is available nationally, broader interventions to support increased activity levels with guidelines to cover when, how and how frequently, and the use of various national programmes and platforms to promote the benefits of physical activity. They should also invest in evidence-based community strength and balance programmes to help people maintain functional ability and independence as they age.

### **How effectively is the Treasury taking disability, gender and race into account when formulating policies and making decisions on departmental spending allocations? How can the Treasury better reflect the impact of its policies by disability, gender, and race in its impact assessments?**

Age is a protected characteristic just like disability, gender and race and should be considered as such when allocating spending. Change in the age structure cuts across all departments and regions not just DWP and DHSC and should be thought of in a comprehensive way during Spending Reviews.

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<sup>16</sup> The Physiological Society (2021) A National COVID-19 Resilience Programme: Improving the health and wellbeing of older people during the pandemic.

It's important to recognise the intersectionality of age with disability, gender and race as well. An increasing number of Black, Asian and Minority Ethnic people are now approaching later life and our evidence shows that, compared to white people, some groups are facing challenges due to an accumulation of disadvantage built up over the life course.

BAME people's health, well-being and employment have also been shaped by the impact of racism and discrimination over time. As we get older, the steady accumulation of a lifetime of advantages or disadvantages, together with where we live and our income, result in vastly unequal levels of health, wealth, happiness and security in later life.

Our evidence shows that some BAME older people are more likely to be at risk of missing out on a good later life than their White counterparts.<sup>17</sup> Black men and women in their 50s and 60s are far more likely to still be working compared to the White population (74% vs. 60%). The average income of Black people aged 50–69 is £100 less per week (£397) than for White and Asian people (£499 and £500, respectively). Pakistani women and Bangladeshi men also have the lowest disability-free life expectancy (55.1 years and 54.3 years).<sup>18</sup>

Overlooking the diversity of the over 50s population will simply store up problems for the future – for these individuals but also for our communities, our public finances and our health and care system.

**Recommendation:**

- Collect high quality collection data that is representative by both age and ethnicity so that informed decision-making can be made.

**How can the Government address regional imbalances and mitigate the impact of scarring in regions?**

Levelling up and addressing regional imbalances requires an understanding of local demography. By taking a place-based approach to levelling up and designing tailored solutions from the bottom up, local and regional government can take a leading role in transforming their local area. Looking closely at local data, the age of its workforce, the power of older consumers and future trends in health and care they can identify who needs to be collaborating and where specific funds should be targeted to boost the economy. For example, LEPs should have a strategy to harness the talent of older workers through a collaborative life-long skills and jobs agenda. Collaboration will look different in each local area. By putting place at the heart of decision making and highlighting the strengths of the community, local areas can develop strong networks that reflect their unique circumstances.

Greater Manchester recognised their ageing population and unique strengths in research capabilities and life sciences. They focused their local industrial strategy on seizing the

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<sup>17</sup> Centre for Ageing Better, IPPR and UCL – due to be published in October

<sup>18</sup> Fouweather, T et al (2015). Comparison of socio-economic indicators explaining inequalities in Healthy Life Years at age 50 in Europe: 2005 and 2010.

opportunities of the demographic shift and improving the health of the population.<sup>19</sup> Greater Manchester are establishing an Innovation Partnership on Healthy Ageing, with a board comprising of representatives from GM, the private sector and government agencies and departments. They also have an Ageing Hub which allows local people to directly feed their voice into strategic decisions. Similarly, the North of Tyne devolution deal prioritised inclusive growth by developing an Employment Support Framework Agreement that will drive better coordination of employment, skills and health services. They will seek to improve the progression of employees and particularly focus on the retention and progression of older workers. This requires collaboration between DWP, Jobcentre Plus, the LEP, local businesses and local authority partners. GMCA are also working with DWP and the Centre for Ageing Better on a pilot to redesign employment support services for older workers. Both initiatives have recognised the importance of older people to their local economic success, something that will be even more important in the post pandemic recovery.

One way to understand the issues facing us as we age is to set up a consultative group to ensure older people's voices are heard. The Centre for Ageing Better, the Leeds Older People's Forum and Leeds City Council work together to highlight the voices of older residents and tackle the social and health inequalities experienced by people in later life. Councillors should take every opportunity to speak with older residents to understand the unique problems and opportunities in their area. Only by talking to older people and seeing the local context through their eyes will real solutions be found.

A great example of this is the [UK Network of Age-friendly Communities](#). In an age-friendly community, services, local groups, businesses and residents all work together to identify and make the changes in both the physical environment (e.g., transport, outdoor spaces) and social environment (e.g., volunteering, employment) that are relevant to their own local context and enable people to lead healthy and active later lives – maximising social and economic participation.

### **Recommendations**

- The government should maintain the commitments made as part of the Ageing Grand Challenge in the Plan for Growth to reduce inequalities and recognise the 50-70 cohort as a key driver of economic growth.
- The redevelopment of the local industrial strategies must take account of the local population and involve local residents of all ages in decision making. Local economic strategies should prioritise action for over 50s workers and maximise the economic participation of people in mid and later life.

### **How does housing, and housing finance, impact on intergenerational inequality and regional imbalances?**

Much of the government's focus has been on increasing home ownership for younger adults to address the difficulty younger adults face in getting on the housing ladder. But the biggest increase in demand for housing over the coming decades will be among older adults. Over the

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<sup>19</sup> <https://www.greatermanchester-ca.gov.uk/what-we-do/economy/greater-manchesters-local-industrial-strategy/>

next 25 years, the proportion of households where the oldest person is 85 or over will grow faster than any other age group – by 2025 there are projected to be 8.2 million households headed by someone who is 65 years and over – an increase of 23% from 2015.<sup>20</sup>

Adults over the age of 50 are commonly stereotyped as asset-rich homeowners, however the overall proportion of older private renters is also growing, with 799,000 over 55s renting privately compared to 366,000 in 2003-04.<sup>21</sup> Already, nearly a quarter (24%) of people aged 35-44 rent privately, meaning in the future, private renting will be the norm for many in mid and later life. By 2040, an estimated third of those aged over 60 could be living in the private rented sector.<sup>22</sup>

Finding incentives to encourage older homeowners to move is often promoted as one possible measure to help to tackle housing shortages. We believe the focus should be on 'rightsizing' - arbitrary ideas about how many bedrooms someone needs ignores the facts these seemingly surplus rooms are used for a variety of different purposes, as work rooms, study rooms, accommodation for guests when they come to visit or the myriad other uses we have for our space at home.

While some people wish to move to specialist housing, only 5% of over 65s live in specialist housing,<sup>23</sup> with the vast majority of older people live in mainstream housing and 80% wishing to remain in their own homes as they age.<sup>24</sup> A better understanding of what older consumers are looking for from their homes is needed if the housing market is to serve this increasingly significant proportion of the population.

The government need to prioritise building homes of all tenures for people of all ages, not just first-time buyers and younger people. This includes providing incentives to developers to build homes that are built to a higher accessibility level and are in areas close to amenities and transport.

The growing numbers of people approaching later life means we must build with an ageing population in mind. Given the high embodied carbon cost of housebuilding, in order to tackle the climate crisis and meet the government's net zero commitment it is imperative that our homes are fit for the future and to last for hundreds of years, meeting the requirements of the dozens of residents and thousands of visitors of all ages and ethnicities who will use the home during this time.

Currently, 91% of homes do not provide even the most basic accessibility features.<sup>25</sup> The problem is that houses are usually designed with only the first occupants in mind, not the

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<sup>20</sup> DCLG (2016) 2014 based household projections in England, 2014 to 2039

<sup>21</sup> MHCLG (2020) English Housing Survey 2018 to 2019: headline report. Table AT1.4

<sup>22</sup> CIH (2015) UK Housing Review Briefing 2015

<sup>23</sup> ARCO (2018) written evidence available at:

<http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/communities-and-local-government-committee/housing-for-older-people/written/49340.pdf>

<sup>24</sup> James, L., & Parry, W (2015) Older owners: research on the lives aspirations and housing outcomes of older homeowners in the UK

<sup>25</sup> MHCLG (2020) English Housing Survey 2018: accessibility of English homes. Tables AT1, AT2, AT3 and AT4

multitude of people who will call it home across its lifespan. The homes we build now should be accessible and adaptable to enable people to live there safely and independently for as long as they wish. This type of inclusive housing benefits not just older people but also a wide range of people, including disabled people, young families with buggies or those who are recovering from injuries.

This means bringing forward changes to building regulations so that the 'accessible and adaptable' Category 2 design standard is the mandatory baseline for all new homes, and enough homes are built for wheelchair users. Alongside other members of the [Housing Made for Everyone \(HoME\) coalition](#), Ageing Better has called on the government to make this change as soon as possible.

The government's recent expansion of permitted development rights has led to substandard homes in unplanned areas which have been described as a 'fiscal giveaway' by the Royal Institute of Chartered Surveyors due to the lack of development contributions required to fund key infrastructure such as affordable homes, schools, hospitals and public transport. The homes themselves are not required to meet even the most basic accessibility standards creating a legacy of poor quality homes across the country that compound the problems facing the NHS and social care and widening inequalities.

A strategic approach to improving England's **current housing stock** would yield enormous benefits. Addressing the millions of homes that fail to meet basic decency standards will help to address health inequalities, provide jobs in some of the most deprived areas and help the government meet its net zero targets. But there is currently no national ownership of the problem of improving our existing homes. Government leadership in this area has been lacking and a cross-departmental approach that leverages private sector finance as well as public investment is needed. New financial products to incentivise individuals as well as better resourced and coordinated housing improvement services will be needed.

Ageing Better recently published a research from CaCHE '[Past, present and future: Housing policy and poor-quality homes](#)', which presents a series of recommendations for addressing the widely acknowledged crisis in housing quality in England and its impact on older people.

Current housing policy has been too focused on building new homes rather than focusing on investing and financing improvements to our existing homes. At least 80% of the homes that people will be living in by 2050 have already been built,<sup>26</sup> but 4.3 million of these homes<sup>27</sup> fail to meet basic standards of decency and pose a serious threat to the health and safety of the people who live there.

Decades of underinvestment, in both the public and private sector, have led to a deterioration of England's housing stock, resulting in our homes being the oldest in Europe, and the least suited to deal with the adaptations needed to accommodate the changing needs of an older population.

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<sup>26</sup> Boardman, B et al (2005) Chapter 5: Building fabric and housing stock, in '40% House', Environmental Change Institute, University of Oxford, UK.

<sup>27</sup> Centre for Ageing Better (2020) Home and dry: The need for decent homes in later life

Funding cuts for programmes that promote the repair and improvement of private housing have undermined the capacity of local authorities and their partners to provide financing and support.

The cost of non-decent homes in England to the NHS is estimated at around £1.4 billion per annum for all ages.<sup>28</sup> The NHS spends £513 million alone on first year treatment costs for over 55s living in the poorest quality housing.<sup>29</sup> CaCHE found that to bring these homes up to that minimum standard requires an investment of £32 billion and investment to improve these homes must be a mix of private and public money, with our housing stock viewed as a national asset, particularly in the context of the UK's ambitious climate change targets.<sup>30</sup>

**Table 1: Investment required by tenure to repair all 4.3 million non-decent homes - excludes decarbonisation and energy efficiency retrofits**

| Tenure              | % of non-decent | Non-decent homes <sup>10</sup> | Average repair cost | Total investment      |
|---------------------|-----------------|--------------------------------|---------------------|-----------------------|
| Social renters (LA) | 4.9%            | 211,738                        | £5,488              | £1.16 billion         |
| Social renters (HA) | 6.5%            | 278,426                        | £4,252              | £1.18 billion         |
| Private renters     | 27.4%           | 1,182,170                      | £7,521              | £8.91 billion         |
| Owner-occupiers     | 61.2%           | 2,640,768                      | £7,774              | £20.52 billion        |
|                     |                 |                                |                     | <b>£31.77 billion</b> |

[The Good Home Inquiry](#), chaired by David Orr OBE will report in September making a series of recommendations for delivering a wholesale improvement to England's housing stock.

As part of its thinking the Inquiry has already published a detailed briefing on the [financing options](#) to improve our housing stock.<sup>31</sup>

#### **Recommendation:**

- Rather than just focus on new housing, the Committee should recommend government leadership on a comprehensive strategy to improve our existing housing infrastructure. The government's plans and spending commitments to decarbonise homes as part of its ambitions to level up and deliver net zero must also deliver improvements to the condition of our homes if they are to represent good value for money.

*July 2021*

<sup>28</sup> Nicol, S., Roys, M., & Garrett, H (2015) The cost of poor housing to the NHS. BRE

<sup>29</sup> Centre for Ageing Better (2020) Home and dry: The need for decent homes in later life

<sup>30</sup> CaCHE (2021) Past, present and future. Housing policy and poor-quality homes

<sup>31</sup> The Good Home Inquiry (2021) Financing home improvements. Technical briefing