NEW PARADIGMS IN PUBLIC POLICY

Demographic futures

by Pat Thane

POLICY CENTRE

The British Academy, established by Royal Charter in 1902, champions and supports the humanities and social sciences across the UK and internationally. As a Fellowship of 900 UK humanities scholars and social scientists, elected for their distinction in research, the Academy is an independent and self-governing organisation, in receipt of public funding. Its Policy Centre, which draws on funding from ESRC and AHRC, oversees a programme of activity, engaging the expertise within the humanities and social sciences to shed light on policy issues, and commissioning experts to draw up reports to help improve understanding of issues of topical concern. This report has been peer reviewed to ensure its academic quality. Views expressed in it are those of the author(s) and are not necessarily endorsed by the British Academy but are commended as contributing to public debate.

DEMOGRAPHIC FUTURES: ADDRESSING INEQUALITY AND DIVERSITY AMONG OLDER PEOPLE

A REPORT PREPARED FOR THE BRITISH ACADEMY

by Pat Thane FBA

NEW PARADIGMS IN PUBLIC POLICY

Chair: Peter Taylor-Gooby FBA

Working group:
Andrew Gamble FBA
Ian Gough
Tariq Modood
Anne Power
Gerry Stoker
Pat Thane FBA

POLICY CENTRE

THE BRITISH ACADEMY
10-11 Carlton House Terrace
London SW1Y 5AH
Web site: www.britac.ac.uk

Registered Charity: Number 233176
© The British Academy 2012

Published June 2012

ISBN 978-0-85672-603-3

Typeset by Soapbox
www.soapbox.co.uk
Printed by Repropoint

CONTENTS

	Foreword	5
	Executive summary	9
1.	Current paradigms	17
2.	Evidence	21
	Numbers	*21*
	Life expectancy	*21*
	Expectation of healthy or 'disability free' life	*23*
	Housing	*28*
	Age discrimination	*29*
	Birth-rates	*29*
	Patterns of migration	*30*
	Projections	*31*
	Older people's inputs to economy and society and intergenerational equity	*33*
	Occupational pensions	*38*
3.	Policy futures	41
	Fertility	*41*
	Immigration	*41*
	Extending healthy life expectancy	*42*
	Raising pension and retirement ages	*44*
	Health and social care	*47*
	Housing	*49*
4.	Policy priorities	51
5.	References	53
	About the contributors	59
	British Academy Policy Centre publications	60

4

FOREWORD

Population ageing is often presented as one of the most intractable issues facing public policy. The problem is typically seen as one of managing dependency and preparing for greater burdens on public spending. Responses include raising pension ages, weakening public responsibilities for social care and improving the cost-efficiency of health care and finding new sources of revenue. In this paper Professor Pat Thane FBA shows that many of the current policies pay little attention to the substantial and growing inequalities among older people. These require an approach that allows greater flexibility in retirement and protects public services for more vulnerable groups and those on lower incomes. Many commentators also ignore the considerable contribution made by older people in waged and unwaged work and as citizens and providers of social care. One result is that the opportunities for older people to participate in society grow more limited. Her work suggests that policymakers need to recognise the diversity of older groups and to plan more positively in integrating older people into work and social life.

Governments face many challenges and, after all, this is what they are there for. Commentators identify problems facing public policy in the UK on many levels. Two themes are perhaps striking in the current context. One is the assumption that radical changes are needed. For a number of reasons we can't go on as we are. The other is that we are failing to find new ways forward that offer the potential to solve our problems. Public policy is stuck and it is much easier to state the problems than to answer them.

The papers in this series, *New paradigms in public policy*, to be published throughout 2011 and 2012, review some particularly difficult issues in public policy: climate change, recession and

recovery, population ageing, neighbourhood problems and the Third Sector, rebuilding democratic engagement and managing the demands of an increasingly assertive public. The series reviews current understanding of the issues, situated within academic theory-building, and discusses possible ways forward. Rather than advocating one best solution to these problems, we analyse a range of feasible scenarios. We also consider how the framing of an issue in current debate affects the chances of success in tackling it. Some problems benefit from being approached in new and different ways. The guiding assumption is that analysing and re-framing is what academics do best, and is the most helpful contribution they can make in the policy making process.

Peter Taylor-Gooby FBA
University of Kent and Chair of the *New paradigms in public policy* project
April 2012

EXECUTIVE SUMMARY

THREE PARADIGMS

There are three paradigms prevalent in current discussions about an ageing population, its implications and policies to deal with those implications.

1. The dominant paradigm about Britain's demographic future focuses on the rapid ageing of the population combined with shrinking numbers of younger people of working age due to falling fertility in the recent past. It assumes this trend imposes an unprecedented economic burden on health and social services, and pensions, and suggests solutions such as increasing the state pension age.
2. The second stresses the great diversity within an 'age-group' said to extend from around age 60 to past 100, in terms of health, income, capacity for independent living, culture and experience. It emphasises the considerable contributions of many older people to society and the economy, through paid and unpaid work, tax, spending and substantial gifts to younger people. It criticises the dominant paradigm which blames ageing people for costs that are linked to other causes: for example, the cost of health care is affected by rising costs of changing technology and NHS salaries, as well as an ageing population.
3. The third speaks of 'intergenerational inequity' between 'baby-boomers' and younger people. It overlooks extreme socio-economic inequalities within generations and the extensive lifetime financial transfers from older to younger generations.

The evidence below suggests that the second paradigm presents the strongest basis for realistic, evidence-based policies in the UK.

EVIDENCE

Numbers

- Between 1984 and 2009 the proportion of people aged over 65 in the UK population increased from 15 to 16 per cent (Office of National Statistics, hereafter ONS, 2011a).
- The fastest growth has been among people aged 85 and over, whose numbers more than doubled from 660,000 in 1984 to 1.4 million in 2009 (ONS 2011a).

Life expectancy

- Life expectancy statistics are often misunderstood, especially for past times when high infant mortality reduced life expectancy at birth. There is consequent underestimation of the numbers of older people in the past.
- Real life expectancy has risen over the past century but there are significant variations in life expectancy within the UK.
- The impact of increasing life expectancy since c. 1945 is currently all the greater because it coincided with the rising birth-rates of the period from the second world war to the late 1960s, the so-called 'baby boom'. This was followed by a birth-rate decline until 2001, and the UK now has a 'bulge' of people who are growing older and living longer than any previous generation.

Expectation of healthy or 'disability free' life

- In comparison to the 1940s-60s, many more people are remaining fit and active for longer. However, disparities linked to income and wealth still exist: people living in the most advantaged fifth of the population can expect to spend 10 per cent more of their lives in favourable health than the most disadvantaged fifth.
- The poorest people in the UK die on average 7 years earlier than the richest; the gap between rich and poor for

'disease-free life expectancy' is 17 years.

- The proposed universal state pension appears likely to improve the incomes of some poorer pensioners if it is implemented at the level announced in April 2011, though large inequalities will remain. The inequalities faced by ethnic, cultural and LGBT minority groups at all ages also continue into later life.
- Future trends in healthy life expectancy (HLE) and disability free life expectancy (DFLE) will depend on whether the multiple lifetime inequalities described above are diminished or exacerbated; on advances in medical knowledge and its application; and on preventative health education.

Housing

- Housing conditions exemplify and reinforce inequalities. Older women are more likely than older men to live alone. There is an urgent need for adaptation of existing housing and the provision of more housing to enable older people to live as independently as possible, taking account of their wishes.

Age discrimination

- This is pervasive in British society, including the NHS. For instance, a 2009 Department of Health survey showed that women over 80 had markedly poorer access to investigation and treatment for cancer than women aged 65 to 69.
- Although age discrimination was outlawed under the Equality Act 2010 (implemented in 2012), there is evidence that this has not resolved the problem of inferior service provision for those above 65.

Birth rates

- The proportion of older people in the population depends not only on survival rates to old age, but also on fertility and the ratio of births to deaths. However, fertility levels are

notoriously difficult to predict. The total fertility rate (TFR) rose from 2001 despite predictions that it would flatline. In 2009 it was 1.94, the highest since 1973.

Patterns of migration

- Continuing immigration helps reduce the proportion of older people in the population.
- The unpredictable variable is the number of immigrants who do or do not stay in UK for their lifetimes.
- The first generation of post-war Commonwealth immigrants is among the growing numbers of older people at present.
- Emigration of older British-born people may have declined as the pound, and hence the value of their pensions overseas, has fallen relative to other currencies such as the euro. Many return to the UK at later ages.

Population projections.

- Seeking to assess the future shape of the population is essential for planning. But population projections should always be read critically: the first paradigm, described above, assumes greater certainty about the demographic future than is justified by experience or by recent official statistics.
- The ONS is wary of this and now cautiously produces a range of population projections based on different combinations of assumptions about future developments in life expectancy, fertility and net migration (ONS 2009).

Older people's inputs

- The most prominent assumption is that 'old people' are dependent, costly burdens on the active, younger workforce.
- However, while ages at retirement fell for some years, they have recently risen. In 2011 the average male retired at 64.5; in 2009, the average female retirement age was 62.5.
- Older people make a growing contribution to the economy

through paid work, yet this is often overlooked. They also make unpaid contributions: for example, people over 65 are a substantial proportion of volunteers. In 2011, 65 per cent of people over 65 regularly helped elderly neighbours, 49 per cent looked after young children including grandchildren and 31 per cent of grandparents helped grandchildren buy a home. 16 per cent in their 60s and one-third in their 70s give financial support to grandchildren and, increasingly in the recession, to their children (Grundy 2005: 233–255; GrandparentsPlus 2011).

- It is only when grandparents reach age 75 or older that they are more likely to receive than to give financial and practical help to younger people.
- The over 65s are estimated to make a net contribution to the UK economy, after deduction of the costs of pensions, welfare and health care costs, of £40 billion through tax payments, spending power, donations to charities (£10 million per annum) and volunteering (WRVS 2011).

This evidence seriously challenges the 'intergenerational inequity' paradigm.

Occupational pensions

- It is often asserted that the current 'burden' of public sector pensions is wholly due to the ageing population living longer on their pensions. But it is also due to the declining investment income of pension funds following the financial crisis and the cutting of employer contributions to pension funds in the 1990s.

POLICY FUTURES

Fertility

- If improving fertility rates is considered an appropriate policy option then a social investment plan would have to be implemented. This would call for improved and funded child care and parental leave schemes enabling fathers as well as mothers to take a substantial role in child-rearing. Increasing birth-rates would have to be balanced with environmental impact concerns.

Immigration

- But Treasury forecasts suggest that concerns about a shrinking younger workforce are not acute in the near future; hence there is no immediate need to consider measures to increase fertility or immigration.

Extending healthy life expectancy (HLE)

- Further encouragement, training and accessible facilities can help all age groups improve their diets, increase exercise and promote healthier lifestyles. But cuts to local authority budgets are currently reducing preventive measures already in place, such as free access for older people to swimming pools and support for exercise classes.

Raising pension and retirement ages

- These can potentially reduce pension costs and increase the workforce, but may have a disproportionately severe effect on low income groups.
- Living standards, health care and conditions of work have considerably improved since the days when the poor simply worked until they died, yet great inequalities remain. About 20 per cent retire for health reasons before reaching the state pension age. The major cause of economic inactivity in the

age group 50–65 is ill-health or disability, primarily among men and low earners.

- More equitable pension alternatives exist. One is a flexible retirement age, as recommended in 1942 by William Beveridge, which would recognise the diverse needs and capacities of the older age group and would be fairer for the most disadvantaged. We need to balance the costs of an ageing population with the important contributions they make to our economy and society: if older people are to stay longer in the workforce, fewer of them will have time for formal or informal unpaid support for others.

Health and social care

- For those who can no longer work, paid or unpaid, due to physical and mental frailty, we need non-discriminatory care geared to maximising the independence that surveys show the majority of older people prefer. This has recently been reviewed and reforms recommended by a government-appointed committee chaired by Andrew Dilnot, but the government response is as yet unclear.
- Alternatives to state and personal provision for care in later life include voluntary solutions, such as encouraging local 'good neighbour' schemes, or 'Time-Credit' schemes, pioneered in Japan, though their effectiveness is unclear.
- Informal care by volunteers cannot wholly substitute for trained professional care, though it may complement it.

Housing

- There is no shortage of designs but a shortage of implementation which requires a combination of effort by public, private and NGO sectors.

1 CURRENT PARADIGMS

The dominant paradigm in political and public discourse about the demographic future focuses on the rapid ageing of the population combined with shrinking numbers of younger people of working age due to falling fertility in the recent past. This demographic shift is said to be causing an unprecedented economic burden imposed by an apparently undifferentiated age group of 'old people' whose numbers are driving up the costs of health and social services and pensions, causing a crisis for the welfare state and, indeed, for the economy. Policy solutions to this perceived challenge include raising the universal state pension age in order to expand the workforce and cutting the costs of pensions.

There is a competing paradigm influential among social scientists and based on a substantial and growing body of research. This stresses the great diversity within an 'age-group' said to extend from around age 60 to past 100, in terms of health, income, capacity for independent living, culture and experience. Its advocates assert, among other things, that the dominant paradigm overlooks this diversity, including the very considerable contributions of many older people to society and the economy, through paid and unpaid work, tax, spending and substantial gifts to younger people, which should be placed in the balance against the costs. The dominant paradigm also risks blaming ageing people for costs with other causes. For example the rising health care bill owes much to the costs of changing technology and salaries as well as to demographic change; and the shrinking of private pensions is partly attributable to past management decisions and tax changes concerning pension funds, and to actuarial errors (Clark 2000).

Recent innovative research on the attitudes of older people themselves suggests that, to many of them, the second of these paradigms makes greater sense of their lives. Also that many feel

alienated from a political system which persists in embracing the first paradigm, to a point at which some are even becoming reluctant to vote (despite this age group having previously been the most likely of all age groups to vote). They express exasperation at having policies preached at or imposed upon them based on abstract assumptions rather than upon assessing their actual conditions and experiences and listening to them (Bazalgette *et al.* 2011: 10[1]).

A third paradigm has recently gained some prominence, that of 'intergenerational inequity' between the so-called 'baby-boomers', born c. 1945-c1965, and younger people whose 'birthright' they are said to have 'pinched' by living too long and accumulating too many assets, especially in the value of their houses, which, it is claimed, they devote primarily to their own pleasures (Willetts, 2010; Howker and Malik, 2010). As we will see, this overlooks extreme socio-economic inequalities within generations, which are at least as great as those between generations, and also the extensive lifetime financial transfers from older to younger generations. This paradigm has produced no policy proposals clearly distinct from those arising from the first paradigm above. For a balanced assessment of the debate see Piachaud *et al.* (2009).

What is the evidence for and against the competing paradigms and what are the policy implications?

---

1 This is the first report of a project funded by the Economic and Social Research Council through the New Dynamics of Ageing Initiative. It was led at Brunel University by Philip Tew, Nick Hubble and Jago Morrison, who are co-authors of the report. The report is extensively referenced.

2 EVIDENCE

NUMBERS

Between 1984 and 2009 the proportion of people aged over 65 in the UK population increased from 15 to 16 per cent according to the Office for National Statistics (ONS 2011a). This was lower than the c.19 per cent rise by 2011 projected by the Office of Population, Censuses and Surveys in 1985 (OPCS 1988). This was because the birth-rate rose from 2002, which was quite unforeseen in 1985 (see below). The fastest growth has been among people aged 85 and over, whose numbers more than doubled from 660,000 in 1984 to 1.4m in 2009 (ONS 2011a). The number of centenarians in the UK more than quadrupled from 2,600 in 1981 to 11,600 in 2009 of whom 1,700 were males, and 9,900 females (ONS 2010a).

LIFE EXPECTANCY

Average life expectancy has risen steadily since official statistics of births and deaths were first comprehensively recorded in 1837 (in England and Wales, 1855 in Scotland, 1864 in Ireland). Statistics of life expectancy are often misunderstood and this can lead to overestimation of the speed and impact of demographic ageing. For example, in 2009, the Department of Health (DoH) stated in a green paper:

> In 1948 when the welfare state was founded, society looked very different. A boy born at that time could expect to live to 66; a boy born today, in 2009, can expect to live to over 78 (DoH 2009: 32).

This refers to life expectancy at birth, but death rates in the

early years of life were higher in 1948 than has since become the norm. High infant death rates of course reduce average life expectancy at birth across the whole population. A man who reached age 65 in 1948, as very many did, could expect, on average, to live to 78 (HC Health Committee 2010: 38–9). Survivors of the hazardous early years of life tended, throughout history, to be hardy and capable of long life (Thane 2000: 19–27). The larger numbers of women who survived childhood could expect to live still longer. In most times and places through history, so far as we can tell, women have tended to outlive men (Thane 2000: 21–4).

From 1948 to 2009, male life expectancy at age 65 rose by 4.6 years, but male life expectancy at birth rose by 12 years. This was due to a more dramatic fall in deaths at earlier than at later ages, in a period of rising standards of living and of medical care. What occurred is sometimes described as a 'rectangularisation of mortality', i.e. the concentration of deaths into an increasingly narrow set of older age bands (e.g. Fries 1980: 130–135). This occurred in the UK and other developed countries over the past century, especially the past 60 years, and was a major change compared with the whole of previous history when deaths were more evenly spread across the life-cycle. This has obvious implications for the age distribution of health care costs.

Average life expectancy at birth in 1981 was 76 for men, 80.4 for women; in 2007–9, 77.7 for men, 81.9 for women – the highest on record and a slight narrowing of the life expectancy advantage of women. In 1984 there were 156 women aged 65 and over for every 100 men of the same age, 129/100 in 2009. Based on 2007–9 mortality rates, a man aged 65 could expect to live another 17.6 years, a woman aged 65, 20.2 years, compared with about 14 and 18 years respectively in 1980 (Pensions Commission 2004: 3).

There are significant variations in life expectancy within the UK. Life expectancy at birth in England in 2007–9 was

78 for males, 82.1 for females; in Scotland it was the lowest in the four countries, at 75.3 and 80.1 respectively. There were similar gaps in life expectancy at age 65. Within each country of the UK there were regional differences. These were closely related to socio-economic status (see below) and to patterns of internal migration e.g., the retirement of better off older people to seaside resorts, especially in the south of England and East Anglia and to certain rural areas (ONS 2010b: 4–5). Differences in life expectancy among ethnic groups cannot be established from national statistics because birth certificates do not record ethnicity, but differences certainly exist (see below).

The impact of increasing life expectancy since c. 1945 is currently all the greater because it coincided with the rising birth-rates of the period from the Second World War to the mid 1960s, the so-called 'baby boom'. Since this was followed by a 35 year birth-rate decline, it created a 'bulge' of people who are now growing older and living longer than any previous generation. These will continue to enter 'old age' – defined as from age 65 – until 2030. They will be followed by a smaller 35 year cohort, the birth-rate decline ('baby-bust'?) generation, born between the later 1960s and 2002. Since 2002 birth-rates have risen, though there was a slight fall in 2009 (see below, ONS 2011b). It is widely assumed that life expectancy will continue to rise for the foreseeable future, though, as we will see, the rate, and indeed the certainty, of increase is debated.

EXPECTATION OF HEALTHY OR 'DISABILITY FREE' LIFE

This is equally, or more, important to assess. It is often assumed that because the number of older people is growing and they are living to later ages, the numbers needing health care must grow more or less commensurately, creating a crisis for health

and social care. It is clear that many more people are remaining fit and active to later ages compared with the 1940s-60s and all previous times, though comparable data over long periods is hard to find. According to the Office of National Statistics (ONS), life expectancy (LE) increased faster than healthy life expectancy (HLE, expected years of life in good, or fairly good, health) and disability free life expectancy (DFLE, expected years of life without a limiting illness or disability), between 1981 and 2006 (Table 1).

Table 1: LE, HLE, DFLE for males and females at birth and age 65, GB 1981 and 2006

		Males			**Females**		
	Year	**LE**	**HLE**	**DFLE**	**LE**	**HLE**	**DFLE**
At birth	1981	70.9	64.4	58.1	76.8	66.7	60.8
	2006	77.2	68.5	62.6	81.5	70.5	63.8
At 65	1981	13	9.9	7.6	16.9	11.99	8.5
	2006	17.2	12.8	10	19.9	14.5	10.6

Source: ONS (2010a): 3.

On average, the proportion of life spent in good health fell between 1981 and 2006, as the population aged, but only slightly. However, as ONS points out, national averages hide significant socio-economic differences. Currently, people living in the most advantaged fifth of the population can expect to spend 10 per cent more of their lives in favourable health than the most disadvantaged fifth (ONS 2010b: 4).

A government commissioned report, published February 2010, chaired by the distinguished epidemiologist, Sir Michael Marmot, heading a team of experienced social and medical

scientists, *Fair Society, Healthy Lives*, rigorously reviewed the available evidence on health related to social inequalities.[2] The report concluded that the poorest people in the UK die on average 7 years earlier than the richest. The gap in 'disease-free life expectancy' is 17 years, which the report describes as 'an avoidable difference which is unacceptable and unfair'. Men in Kensington and Chelsea have a life expectancy at birth of 88 years; men in Tottenham can expect 71 years, and are more likely to suffer from conditions related to inadequate diets, lack of exercise, smoking, low pay and job insecurity. The gap widened in the ten years preceding the study, despite increased spending on health services, by 2 per cent among men and 11 per cent among women (Marmot 2010, 45–55.).

Inequalities earlier in life, indeed from the very beginning of life, affect health standards in later life, perpetuated by continuing inequalities in income and living conditions after retirement (Glaser *et al.* 2009 a and b). In the UK, average gross pensioner incomes increased by 44 per cent in real terms between 1994/5 and 2008/9, ahead of the growth in average earnings of the whole population. But the averages conceal wide variations. The highest fifth of pensioner couples in 2006–9 had median net incomes 3.8 times those in the lowest fifth; the comparable figure for single pensioners was 3.1. On average, older pensioners have lower incomes than younger, and females than males. In 2008/9, couples where the household head was aged 75 or above had an average gross income of £469 per week compared with £602 for those under 75; single males aged 75 and over grossed on average £301 per week compared with £308 per week for those under 75; single females over 75 grossed £250 per week compared with £280 for females under 75. In 2008/9 an estimated 1.8m pensioners lived in poverty,

2 It reviewed and cited extensively the available social science and medical evidence assisted by a large number of experts in relevant fields.

according to the most commonly used official measure: less than 60 per cent of equivalised median income after housing costs, a decline from an estimated 2.8 million in 1999/2000 (ONS 2010b: 7–8). The decline was due mainly to the introduction of the Minimum Income Guarantee, later named the Pension Credit in 1999. This was more generous than any previous means-tested supplement to the pension. However, as with most means-tested benefits, around 20 per cent of suitably qualified pensioners failed to claim and remained in poverty (Ginn 2006: 92).

The proposed universal state pension appears likely to improve the incomes of some poorer pensioners if it is implemented at the level suggested in the Budget of March 2012 – 'about' £140 per week, though large inequalities will remain and it will not, apparently, apply to existing pensioners or to anyone before 2016. At the time of the 2012 Budget, the final details were still to come.

The inequalities faced by minority groups at all ages also continue into later life and increase their difficulties. The older minority ethnic population is large and growing and they are likely to be among the poorest older people. In particular those from the Bangladeshi and Pakistani communities, who are among the poorest at all ages, will fall into this group. Members of minority groups may not qualify for full state pensions if they have not lived in the UK all their working lives. If they are female, they may not have been in paid employment and are likely to have low state pensions and no, or very low, occupational pensions. Members of minority ethnic groups are likely to suffer relatively poor health, especially members of South Asian communities, often due to poverty in earlier life in their countries of birth, perpetuated by conditions in the UK. They are more likely than others to live in poor housing. English may not be their first language, especially among women, which can cause problems in accessing health and

social services. Health and social care services may not recognise their different cultural and religious needs. The Policy Research Institute reported in 2005:

> Black and minority ethnic elders do not enjoy the same quality of life as their peers, continue to have many unmet needs, from care to quality of life issues, which reduce their potential for participation, have witnessed changing family structures and are growing old in a country that many of them thought they would not remain in after their 'working period'. These experiences are in addition to a lifetime where discrimination and disadvantage have often been an everyday part of their experience (ODPM 2006: 101–2; for a survey of more recent research see EHRC 2010).

I have found no information on the experience of older members of the most marginalised minority group of all: Gypsies and Travellers.

Older lesbian, gay, bisexual, transsexual and transgender (LGBT) people also report negative responses and lack of recognition of same-sex relationships in hospitals, care homes and from home-carers. Many of them suffer weakened health in later life due to HIV infection (Ward *et al.* 2011).

Future trends in HLE and DFLE are hard to predict. They will depend on whether the multiple lifetime inequalities described above are diminished or exacerbated; on advances in medical knowledge and its application, e.g. in treatment of dementia; in the further development of preventive health education, to encourage fitness at all ages. Current high levels of obesity at all ages, and of associated diseases such as diabetes, may slow or even reverse current trends towards better health at later ages, though they may not significantly affect life expectancy. Various forms of dementia may afflict the growing numbers of people who survive other hazards to reach later

life. The dementia research community is not optimistic of a cure in the next 15 years, but are hopeful that they can develop understanding and treatments which will modify and slow its effects. Opinion on all of these issues is uncertain and contested. More certainly, more people with long-term mental and physical disabilities are now living to later ages and their needs in later life must be taken into account (HC Health Committee 2010: Ev 618[3]).

HOUSING

The housing conditions of older people both exemplify and reinforce inequalities. Older women are more likely than older men to live alone and the percentage increases with advancing age, due to their longer life expectancy. In 2008 in Great Britain, 30 per cent of women aged 65–74 lived alone compared with 20 per cent of men of this age group; among those aged 75 and over the proportions living alone were 63 and 35 per cent respectively. 79 per cent of people aged 50–64 lived in owner-occupied households in 2008, compared to 61 per cent of those aged 85 and over. Particularly among the older age group, homes are more likely to be in poor repair than those of younger home-owners. Sixteen per cent of 50–64 year olds and 33 per cent of people over 84 live in social rented housing (ONS 2010b: 5–6). There is urgent need for adaptation of existing housing and provision of more housing designed to enable older people to live as independently as possible while taking account of their wishes. Many of them wish not to live in older persons 'ghettoes' but in contact with people of all ages and with space for visiting relatives and friends (Bazelgette 2011: 135–6; HAPPI 2010).

3 This report references extensively the mass of relevant research in these fields.

AGE DISCRIMINATION

Age discrimination in the NHS and social care services – often unconscious and taken-for-granted on the part of practitioners and administrators – also undermines the health of older people in the UK. Among other evidence, a survey for the Department of Health in 2009 found that over 65s received poorer care after suffering a stroke than younger victims, and poorer mental health care, their problems often being under- or misdiagnosed. Women over 80 had markedly poorer access to investigation and treatment for cancer than women aged 65 to 69. Age discrimination in health and social care became illegal under the Equality Act 2010, implemented in 2012. The coalition government has declared that this will be observed, and that 'the NHS must never discriminate based on age' (DoH 2011).

BIRTH-RATES

To understand what is happening to the UK age structure, and the implications, we need to take account of birth and migration as well as death, life and health expectancy rates. The proportion of older people in the population depends not only on survival rates to old age but also on fertility and the ratio of births to deaths and life expectancy. Older people are now a higher proportion of the population than at any time in the past, both because more people are living longer than ever before and also because the fertility rate declined from the later 1960s to the lowest level since the early 1930s, which was the lowest level then ever recorded.

The report of the Pensions Commission, chaired by Adair Turner, *Pensions: Challenges and Choices* (2004), assumed that the Total Fertility Rate (TFR) for England and Wales would flatline from 2000–2050 at the low level of 1.7/1.75, since

'no significant increase has been observed in any developed country since birth rates came down in the 1970s and 80s and the most reasonable assumption is that only a small recovery [to 1.75] will occur' (Pensions Commission 2004: 4–5). The Commission was convinced that the reversal from the 1940s of the comparable decline before the Second World War was 'unlikely' to be repeated (Pensions Commission 2004: 130). In reality, the TFR fell still further to 1.63 in 2001, then, contrary to the Report's assumptions (which were widely shared) started to rise, reaching 1.96 in 2008, still below the replacement rate (i.e. the rate necessary for total births to compensate for total deaths) of 2.07, but much closer. The TFR fell slightly in 2009 to 1.94, but it was still at its highest since 1973 (ONS 2010b, 2011b). Currently, fertility is rising also in some other European countries, including Sweden, France and Belgium, though at lower rates than in the UK in these three countries (HM Treasury 2009: 35–6). In the UK, the increase appears to be led by higher fertility among women in their later 30s and 40s, though births to women in their twenties also rose 2002–8, before declining slightly in 2009 (ONS 2011b). Births to immigrants have also contributed (ONS 2011a). Fertility levels are notoriously difficult to predict, as the unanticipated turnaround from 2002 (like the equally unanticipated one of the 1940s) suggests.

PATTERNS OF MIGRATION

Immigration to the UK by younger people from the late 1940s added to the post-war bulge in younger age groups. Continuing immigration helps reduce the proportion of older people in the population, at least in the short run, since most immigrants are in younger age groups. Net immigration grew, 1997–2007. In the past it has fallen during recessions and ONS statistics

indicated a fall of 70,000 in 2008 (ONS 2009). Over the longer run, many of the first generation of immigrants are among the growing numbers of older people at present. Another important and unpredictable variable is the number of immigrants who do or do not stay in the UK for their lifetimes.

Emigration by older people, either those who immigrated when younger returning to their country of origin, or British-born people retiring abroad, also affects age structure, though statistics are elusive. Emigration of British-born people may have declined as the pound, and hence the value of their pensions overseas, has fallen relative to other currencies such as the euro. Older British émigrés tend to return to the UK at later ages to be close to family when they are widowed or become infirm (King *et al.* 2000).

PROJECTIONS

Of future birth, death and migration rates are frequently quoted in discussions of demographic futures. This is unavoidable. Seeking to assess the future shape of the population is essential for planning. But population projections should always be read critically, because future patterns are uncertain, as we have seen when discussing fertility trends. As a Treasury report put it in 2009:

> Some aspects of demographic change are much harder to predict than others. Future developments in life expectancy and even more in fertility and net migration are all unknown today and therefore extremely difficult to project with any certainty. In contrast the ageing of past baby boom generations is more certain as the key events (past fluctuations in birth rates) have already taken place and the relevant people are already

> born. Given the uncertainties around future developments, it is important to interpret population projections with great caution, and where possible to consider a range of different outcomes that allows for variations in the underlying assumptions (HM Treasury 2009: 11).

Caution is important because failure in the recent past to recognise that births can go up as well as down led to planning failures. During the high birth-rate boom of the 1940s-60s it was assumed by politicians and their advisers that there would be no return to low birth-rates, so there was no reason to remember the acute concern about the low birth-rate and ageing population from the 1920s to 1940s. Consequently, also forgotten was the extensive research and debate of that period on realistic means to extend the working lives of older people in order to redress the balance of costs across age-groups (Thane, 1990: 283–305). Similarly, when lower birth-rates did return from the late 1960s, it was wrongly assumed that this was a reversion to a long-run trend following a blip in the 'baby-boom' years which would not be reversed. The Turner report commented that:

> The baby boom is not…the cause of the high dependency ratio [which the report projected] from 2030 onwards. Instead… because the baby-boom allowed us to ignore long-term realities, we must now in the next 30 years make adjustments to public policy and to private retirement and savings behaviour which we should ideally have started to make over the last several decades (Pensions Commission 2004: 10)

This was correct, but the report went on to make the similar error of assuming that the birth-rate would not rise again, and when it rose, from 2002, policymakers were unprepared.

The ONS has learned some lessons from recent

demographic history and now cautiously produces a range of population projections based on different combinations of assumptions about future developments in life expectancy, fertility and net migration (ONS 2009), though these complexities are not always picked up in public debate. The first paradigm, described above, assumes greater certainty about the demographic future than is justified by experience or by recent official statistics.

OLDER PEOPLE'S INPUTS TO ECONOMY AND SOCIETY AND INTERGENERATIONAL EQUITY

A prominent assumption of paradigms one and three above, which is challenged by paradigm two, and by a great deal of evidence, is that 'old people' are takers from, not contributors to, society and economy; that they are dependent, costly burdens on the active, younger workforce.

To assess whether or not this is so we need, firstly, to examine how the employment patterns of older people have changed over time. Ages at retirement fell for some years but have recently risen. The average male retirement age in the UK fell from 67.2 in 1950 to 64.6 in 1980 and 63.1 in 1990. There were similar falls elsewhere in Europe (Kohli *et al.* 1991). It then rose to 63.8 in 2004 and 64.5 in 2011. The average female retirement age also rose slightly from 61.2 in 2004 to 62 in 2009, despite their state pension age remaining at 60 (though it was in process of rising for younger women). Following an historically unprecedented general shift to earlier retirement, more people are now staying at work to later ages (Pensions Commission 2004: 41–44).

In the 1950s and 1960s, the key change among men was the falling numbers in employment aged 65–69, from 48 to

30 per cent, 1952–1971. From the mid 1970s to mid 1990s, employment of men aged 50–64 fell from 88 per cent in 1973 to 63 per cent in 1995. This was concentrated in two phases: the early 1980s saw a major decline in the male manufacturing work-force, many of whom, especially older men, never re-entered employment; in the early 1990s there were further manufacturing job losses but, more significantly, redundancies and early retirements in financial and other areas of white-collar employment. Older, better-paid managers were laid off with generous retirement packages from pension funds which were then in significant surplus. These are a source of popular images of prosperous golden retirees on permanent vacation in the sun (Pensions Commission 2004: 34).

By the early 2000s, early retirement of men aged 55–59 was concentrated in the lowest and the highest wealth quintiles, with a large percentage of those in the lowest two describing themselves as sick or unemployed, i.e., not reconciled to retirement but forced into it. Most of the richest were content to describe themselves as 'retired'. The picture for women aged 55–59 was similar but with higher levels of inactivity across all wealth quintiles (Pension Commission 2004: 27–55).

There was a turnaround in trends in retirement from the mid 1990s due partly to economic recovery leading to fewer redundancies and some re-entry to employment by people in their 50s. Also, companies were less willing to provide generous pension packages as surpluses in their pension funds dwindled. Some employers began to recognise that they had lost valuable skills by paying off experienced senior workers, and that the potential shortage of younger workers due to the fall in the birth-rate required them to keep older workers, even to raise retirement ages. They became somewhat more willing to employ older workers. Labour governments between 1997 and 2010 actively encouraged and advised over-50s into work because they thought it desirable in view of demographic change and

as a means to cut the cost of welfare benefits. Also, they were under growing pressure from older people themselves, who were organising and campaigning to remain in employment, such as through the Third Age Employment Network (TAEN), now the Age and Employment Network.

The economic crisis from 2008 did not, by 2011, increase the numbers of older unemployed people as previous recessions had done. At the end of January 2011, 900,000 people over 65 were in work, the largest number since 1992. Over the previous three months, the number of over 65s in work increased by 25,000 men and 31,000 women. In 2010, 11.7 per cent of men aged 65 or over were in work compared with 10 per cent in 2008, and the rate among women of the same age grew from 12.3–13.5 per cent (ONS 2011c). The rise had much to do with deteriorating private sector pensions and, especially from 2008, falling interest rates on savings, combined with the (very gradual) impact of age discrimination legislation and, as suggested above, the growing recognition by some employers of the value of older workers and their need for them. Whether this trend will continue as the public sector contracts in 2011 remains to be seen. It may be influenced by the fact that until April 2011 employers could insist on retirement at 65 (as many did) even if the worker asked to stay on (as many did). In April 2011 employers lost this right.

Older people make a growing contribution to the economy through paid work. Also important, and overlooked, are their unpaid contributions to society and the economy. A survey in 2011 revealed that people over 65 are a substantial proportion of volunteers, both formally, through voluntary organisations (about 30 per cent of over 60s volunteer regularly) and informally, by helping relatives, friends and neighbours, many

of them also retired (WRVS 2011[4]). Growing numbers work with overseas charities as nurses, doctors, teachers, giving training in office skills and how to start businesses, improving water supplies, with skills and experience to offer which is vastly greater than that of many younger people. For example, the large international NGO, Voluntary Service Overseas (VSO), was set up in 1956 to provide opportunities for young people to volunteer in poorer countries for a year or so after leaving university. Now, an important resource is the growing number of fit, active retired people. In 2008 28 per cent of VSO volunteers were aged 50 or above, compared with 3 per cent twenty years before.[5]

In 2011, 65 per cent of people over 65 regularly helped elderly neighbours and were the most likely age group to do so; 30 per cent helped neighbours aged under 65. 49 per cent looked after young children including grandchildren. The value of their formal volunteering was estimated at £10 billion pa saved to public social services; that of informal social care at £34 billion (WRVS 2011). Increasing numbers of grandparents help younger people in employment by caring for grandchildren, sometimes retiring from paid work themselves to do so. 1 in 3 working mothers rely on grandparents for childcare, 1 in 4 of all working families. 43 per cent of children under 5 whose mothers are employed are looked after by grandparents, 42 per cent aged 5–10 after school, when sick and in school holidays. The value of this childcare contribution is estimated at £3.9 billion. Four in 10 parents say they are more likely to turn to grandparents for help with childcare during recessions, such as that from 2008, to save money and due to the growing costs

---

4 This survey was carried out for WRVS by independent economists, SQW. The report was peer reviewed by Professor Tom Kirkwood, Director of the Institute for Ageing and Health, Newcastle University and Robert McNabb, Professor of Economics, Cardiff Business School.

5 Personal communication from CEO of VSO, 2010.

and falling numbers of nursery places, largely outcomes of government cuts in public spending from 2010. Grandparental care is most common in poorer families but not exclusive to them (Griggs 2010). Forty percent of grandparental care is provided by grandfathers (Daycare Trust 2011). Whether such care is more or less common than in the past we do not know because there are no reliable, long-run statistics. It is certainly not new.

Far from lavishing their money on their own pleasures, as much rhetoric about 'intergenerational inequity' would have it, 31 per cent of grandparents save to help grandchildren buy a home; 16 per cent in their 60s and one-third in their 70s give financial support to grandchildren and, increasingly in the recession, to their children (Grundy 2005: 233–255; GrandparentsPlus 2011). It is only when grandparents reach age 75 or older that they are more likely to receive than to give financial and practical help to younger people (Glaser, 2010). Nor is this new: historically, older people have been givers as well as receivers of care and financial help (Thane 2000: 489–493).

Over 65s are estimated to make a net contribution to the UK economy, after deduction of the costs of pensions, welfare and health care costs, of £40b through tax payments, spending power, donations to charities (£10 million per annum) and volunteering (WRVS 2011) . They are much less of a 'burden', dragging down the welfare state, than conventional policy paradigms would have it.

This evidence seriously challenges the 'intergenerational inequity' paradigm. There is a danger that rhetoric about generational inequality diverts attention from wider socio-economic inequalities and their consequences. The generation now retiring has not always been so fortunate compared with younger people. Even in the 1960s fewer than 4 per cent of school-leavers went to university and a very high proportion

of people left school at 15 without qualifications. University education was free, but few benefitted. Now more than 40 per cent stay in full-time education to approximately age 21, then rarely go on to lives of hard manual labour. Many, though not all, older people have gained from rising house prices in recent decades, but, as we have seen, it should not be assumed that they are all spending the gains on self-indulgence. The issues involved in the intergenerational equity debate are too many and too complex to be fully reviewed here. For a fuller, but still incomplete discussion see Piachaud *et al.* (2009).

The generations do not live in separate boxes, but in families and communities, where there is much mutual support across the generations, contrary to popular assumptions that the generations have no time for one another in the modern, runaway, mobile world. There is a widespread tendency to overestimate the extent of family support for older people in 'the past' and to underestimate it in the present (Thane 2000: 119–146, 287–307, 407–436, 480–1; McCrae 1999, esp. 199–262.). There are serious problems such as the acute shortage of affordable housing for people of all ages. But these are not best tackled by blaming the older generation, who did not on the whole consciously cause, or always welcome, rising house values. Rather, successive governments failed to control house prices or to expand building of affordable housing. Demographic change is too often given the burden of blame for problems with other sources.

OCCUPATIONAL PENSIONS

The debate about the cost and welfare implications of the ageing society would be helped by greater transparency about the reasons for cuts in public and private sector occupational pensions in recent years. It is often asserted that the current

'burden' of public sector pensions is wholly due to the ageing population living longer on their pensions. But it is also due to the declining investment income of pension funds. The financial crisis exacerbated this decline, but the causes go back further. Many private pension schemes were cut back in the 1990s, allegedly due to population ageing leading to increased costs. In reality, many private sector employers – and also some public sector employers – took 'pension holidays', cutting employer contributions to pension funds when investment returns were high in the 1980s. Instead they could have built up the funds against the highly predictable likelihood that shares would go down as well as up. They were encouraged at the time by Chancellor of the Exchequer, Nigel Lawson. The situation was made worse by persistent underestimation by actuaries of rising life expectancy. The outcome has been problematic for the pension funds. There is no space available for a detailed assessment of these complex issues, but see Clark (2000), Cutler and Waine (2010 and 2011) and the references they cite. Again, demographic ageing alone does not explain every problem in public or private welfare systems.

3 POLICY FUTURES

What policy implications follow from the evidence reviewed above?

FERTILITY

A central policy question is whether government should consider policies to stabilise the birth-rate at replacement level for a sustained period. There are environmental reasons for not seeking further to expand population size. And there are very few examples, nationally or internationally, at any time, of government policies successfully influencing fertility. Measures to encourage women to stay out of the workforce and have more children would be seriously retrogressive after decades of modest advance towards gender equality and it is highly doubtful that many women would respond positively, or that this is economically desirable if we indeed face a shortage of younger workers. Much improved child care provision, combined with child benefits, was successful in raising the French birth-rate in the twentieth century and it did not fall in the later twentieth century commensurately with that in other European countries (Quine 1996: 52–88). Improved child care, combined with extended, adequately funded, parental leave, enabling fathers as well as mothers to take a substantial role in child-rearing, could have positive effects in preventing a future decline in the birth-rate, if that is thought desirable.

IMMIGRATION

Encouraging immigration by younger people to maintain population 'balance' raises similar concerns about the

environment and about taking workers from poorer countries. If it is favoured, positive measures both to assist immigration and improve reception of immigrants in the UK are possible, though they go against the grain of current government policy. However, Treasury forecasts suggest that concerns about a shrinking younger workforce are not acute in the near future, hence there is no immediate need to consider measures to increase fertility or immigration. It stated in 2009:

> The workforce in the UK is likely to continue growing, as the number of people of working age continues to grow. In addition … trends in labour participation will also affect total employment. For example it is likely that participation of females will continue to increase and labour participation among older workers is likely to continue increasing as healthy life expectancy improves (HM Treasury 2009: 34).

This optimistic forecast was grounded in analysis of a range of projected outcomes based on high and low fertility and high and low life expectancy scenarios to 2059. It challenges the gloomy first and third policy paradigms described above.

EXTENDING HEALTHY LIFE EXPECTANCY

The Treasury forecast was partly based on the likelihood that more older people would remain at work. As discussed above, there is much to be said for evaluating more positively than at present the current and potential contributions of many older people to the economy and to society, and seeking to maximise these contributions. Also, as we have seen, more people are remaining in employment to later ages. Measures seeking to extend expectation of healthy life would be a useful first step in

encouraging even more to do so. It is reasonable to expect the general trend towards staying healthy and active to later ages to continue. But, to ensure real improvement, socio-economic, ethnic and other cultural inequalities need to be eliminated, or at least substantially reduced, along with age discrimination in health and social care. Equality legislation is making a start in reducing some inequalities and discrimination but, obviously, it must be implemented effectively from very early life, which is when inequalities originate. However, there are few signs at present of effective early interventions. On the contrary, the OECD reported in April 2011 that progress in the reduction of child poverty in the UK, visible under the last government, had stalled, because of cuts by the coalition government to schemes such as Child Benefit and early years services such as Sure Start (OECD 2011).

Further encouragement, training and accessible facilities can help all age groups improve their diets, increase exercise and generally promote healthier lifestyles. Past experience suggests that this can work: for example, measures to dissuade people from smoking and to persuade them to exercise and to eat with care appear to have reduced the incidence of heart disease and some other illnesses. But cuts to local authority budgets are currently reducing preventive measures already in place, such as free access for older people to swimming pools and support for exercise classes. There is also need for continued research into serious causes of ill-health at later ages – e.g. Alzheimer's – and their alleviation and cure. Research into the health conditions particularly afflicting older people, like care for these conditions, was too often marginalised in the recent past (MRC 1994).

RAISING PENSION AND RETIREMENT AGES

Raising pension and retirement ages, as the government currently plans, can potentially reduce pension costs and increase the workforce, but is not without problems. The long-run trend of increasing Healthy Life Expectancy suggests that this is realistic, but only up to a point. Current pension/retirement ages of 60/65 became universal in UK after the Second World War. The civil service pension age was set at 60 in the 1850s, and then adopted elsewhere in the public and private sectors. State pension ages were set at 60 for women (currently rising to 65) in 1940 and at 65 for all men in 1946. At that time most people reaching those ages had left school at ages 13/14 and led long, often hard, working lives, often on low incomes, with no National Health Service. It was only after the Second World War that retirement at the state pension age began to be normal for most of the workforce. Previously poorer people worked until they dropped and the better-off could choose when to retire (Thane 2000 esp 385–406). Living standards, health care and conditions of work have since been transformed, though great inequalities remain. As we have seen, average fitness at age 65 has risen significantly since the 1940s, not to mention the 1850s. The case for raising the state pension/retirement age seems clear. The current government, like its predecessor, proposes to raise the minimum state pension age, as the Pensions Commission recommended, though exactly to what age, and when, is unclear at the time of writing. A target age of 68 was proposed by the Labour government.

But already significant numbers of people are not fit to work even to 65. About 20 per cent retire for health reasons before reaching the state pension age. The major cause of economic inactivity in the age group 50–65 is ill-health or disability, primarily among men and low earners. Nearly half (47.4

per cent) of incapacity benefit claimants are in this age range (Marmot 2010; McNair, 2011; DWP 2010). Even fewer stay fit to 68. In *Fair Society, Healthy Lives*, Sir Michael Marmot points out that 'Three-quarters of the country do not have disability-free life expectancy [at 68]' (Marmot 2010, 18). There is a real danger that if we move in the next few years from an inflexible retirement/pension age of 65 to an inflexible later age many people, mostly the poorest, will be further disadvantaged. If they lose their present right to a state pension at age 60/65, under current arrangements, they will be forced onto the alternative, discretionary Employment Support Allowance (ESA, before 2008, Incapacity Benefit). ESA is currently lower than the state pension, relatively stigmatised and recipients are required to undergo stringent fitness for work tests which can lead to reductions in benefit and considerable stress. Alternatively, older workers may feel pressured to struggle on in any employment they can find until they reach the higher pension age – a return to the common experience of poor people through the centuries, which is hardly desirable.

A fairer option, better suited to the actual needs and capacities of many older people, is a flexible retirement/pension age, which recognises the diversity of the older age group. This is not a new, or unrealistic, idea. In his influential wartime report, *Social Insurance and Allied Services* (1942), William Beveridge recommended just this: a flexible retirement age, designed to keep the labour force in balance between younger and older workers, to be achieved by paying higher pensions to those who felt able to defer retirement. Almost 70 years ago Beveridge knew that people become physically unfit at diverse ages, but it was not a new idea even in 1942. The first state pensions in the world, introduced in Germany by Bismarck in 1889, were Disability and Old Age Pensions paid at any age, whether 50 or 80, at which the contributor was judged permanently unfit for work (Hennock 2007).

Beveridge's recommendation arose from his concern about the combination of the falling birth-rate with increasing life longevity, and its impact on the labour market. He believed that the improved pensions he proposed would avert the danger that fit older people might withdraw from the workforce, but his proposal for a flexible retirement age was accepted only minimally by the post-war Labour government. The additional pensions for late retirees were too small to have a noticeable impact and, as Beveridge foretold, retirement at the state pension age spread as never before. This is not the first, or the last, example of politicians failing to listen to expert advice from a social scientist. If Beveridge's recommendations had been followed in full, we might already have a more flexible retirement/pension system better suited to contemporary needs, higher pensions on which people could survive without means-tested supplements and lesser income inequalities in later life, as Beveridge also intended (Beveridge 1942; Harris 2006: 27–38). It must surely be possible in the twenty-first century to invent an adequate pension payable at flexible ages.

Enabling those who can stay in the workforce to later ages requires the government to persuade employers and society in general that older people can be economically useful, are not past learning new skills, can be re-trained, have valuable experience and may even be more reliable than younger workers. In addition, the working environment can be adapted to maximise the work capacities of older people. There has long been strong evidence for all of this (Munnell and Sass 2008; Myerson 2010).

The recent increase in employment in later life suggests that employers may be somewhat more willing to recognise the value of older workers than in the past. But we still need more positive efforts to combat pervasive age discrimination in the workplace and to ensure that physically and mentally fit older workers have access to training. Labour made a start on this

while in government, through its New Deal 50+ programme. Their policies should be continued and further developed. Employers might also be encouraged to be more positive about part-time work for older people at all levels, since many older people express the desire to shift from full to part-time work as they age, in place of what is often the shock of the sudden transition from full-time work to full-time leisure.

But if we want people to work longer, we need joined-up thinking about the paid and unpaid contributions of older people to the economy and society. As we have seen, older people make a major contribution to voluntary and community action and this needs to be acknowledged and valued. However, if older people are to stay longer in the workforce, fewer of them will have time for formal or informal unpaid care and support for others, such as grandchildren and people still older than themselves. These are potential losses from extending working lives, which will impose real social and economic costs.

HEALTH AND SOCIAL CARE

For those who can no longer work, paid or unpaid, due to physical and mental frailty we need non-discriminatory care geared to maximising the independence that surveys show is preferred by most older people. Good health care is essential. Furthermore, very many older people want to stay as long as possible in their own homes because they prefer independence; want contact with people of all age-groups rather than the more restricted company of residential homes and sheltered housing; and want to maintain their social networks (Bazelgette *et al.* 2011). There is evidence that such connections keep people active. But they often need some support. A major problem is the uncertain dividing line between 'health care' which is free of charge and 'social care' which is currently free to only

4 per cent of over 65s in the UK (compared with 25 per cent in Denmark, 13 per cent in The Netherlands and 9 per cent even in the US (Wanless 2006)), and there are signs that it is currently being cut further in the UK. The point at which support for an Alzheimer's sufferer, or someone recovering from a stroke becomes 'social' rather than health-related has long been uncertain and contentious; it remains unresolved, and the potential costs worry many older people (HC Health Committee 2010). One policy move so far is towards personal budgets for social care, 'to make sure that anyone who needs care and support can exercise choice and control to live their lives as they want' (Putting People First 2011). However, many older people are unenthusiastic about personal budgets: the costs of purchasing care are likely to be higher for individuals than for local authorities able to benefit from economies of scale, and the budgets are in danger of being cut (Bazelgette et al. 2011: 100–1). A government appointed committee chaired by Andrew Dilnot has thoroughly reviewed this field recently (see the review for an up-to-date survey of relevant research) and has made recommendations for reform which have been widely praised. However, the policy response is currently unknown (Dilnot 2011).

Alternatives to state and personal provision for care in later life are proposed voluntary solutions, such as encouraging local 'good neighbour' schemes, as initiated by Labour in the 1970s and still surviving in some areas. As we have seen, such informal support is already quite extensive and it is quite unclear whether it is capable of further expansion. A variant is 'Time-Credit' schemes, pioneered in Japan, whereby people give care and accumulate credits in return for support when they need care themselves or in exchange for care given to their parents living at a distance. These are helpful to many older people, though the extent of their coverage is unclear and, as is commonly the case in voluntary situations, carers are willing to carry out

certain tasks, such as shopping, cooking, socialising with a person needing care, but not the more intimate services that many people need – such as washing, helping to the toilet – that are defined as 'social care' (Hayashi 2010). Informal care by volunteers cannot wholly substitute for trained professional care, although it may complement it. There is a need for clear definition of the tasks that can reasonably be expected of either volunteers or professionals and for clarity about the real potential for the growth of voluntary and community action.

HOUSING

It is trite but true to say that the independent living of older people can be helped by an adequate supply of suitably designed housing. There is no shortage of designs but a shortage of implementation which requires a combination of effort by public, private and NGO sectors.

4 POLICY PRIORITIES

Paradigm 2, above, suggests that the most realistic, evidence-based policies to deal with issues around the ageing population should include:

1. Listening to the opinions of older people before formulating policies and evaluating their needs carefully. Being aware of the great diversity within the age group c. 60–100+.
2. Formulating measures to reduce socio-economic inequalities throughout life, from improved early years' services to higher pensions.
3. Introducing flexible state pension/retirement ages, taking account of current real differences in healthy life expectancy.
4. Improving health education to prolong healthy life.
5. Ending age discrimination in health and social care, in the workplace and in society generally.
6. Encouraging employers to implement measures, such as improved workplace design and access to training, to enable older people to work longer.
7. Increasing research into health conditions particularly affecting older people.
8. Providing adequate, affordable, support for independent living, including provision of suitably designed housing and assistance to improve existing homes.
9. Recognizing the value of the inputs of older people into the economy and society, in place of labelling them as 'burdens'.
10. Carefully evaluating the extent of voluntary/community action at present, the potential for future growth and which tasks are most appropriately assigned to volunteers, and which to trained professionals, as a necessary basis for 'Big Society' proposals to assist older people.

Most of these policies require the continued collaboration of central and local government with non-governmental organisations and individuals.

5 REFERENCES

Most items below contain extensive further references to the mass of research in this broad field.

AgeUK (2011) 'Average retirement age on the rise' (online), www.ageuk.org.uk. (Accessed on 17 January 2012)

Bazalgette, L., Holden, J., Tew P., Hubble, N., Morrison J. (2011) *'Ageing is not a policy problem to be solved…' Coming of Age* (London, Demos).

Beveridge, W. (1942) *Social Insurance and Allied Services* Cmd 6404 (London, HMSO).

Clark, G.L. (2000) *Pension Fund Capitalism* (Oxford, Oxford University Press).

Cutler, T. and Waine, B. (2010) *Moral Outrage and Questionable Polarities: The Attack on Public Sector Pensions* (University of Manchester, CRESC Working Paper, 80).

Cutler, T., and Waine, B. (2011) *In Defence of Public Sector Pensions: a Critique of the Independent Public Service Pensions Commission* (University of Manchester, CRESC Working Paper, 100).

Dilnot, A. (2010) Commission on Funding of Care and Support (the Dilnot Commission) *Call for Evidence on the Future Funding of Care and Support* (Online), www.dilnotcommission.dh.gov.uk/files/2010/12/1.1-Call-for-Evidence-FINAL-pdf.pdf (Accessed on 15 January 2012).

Dilnot, A. (2011) Commission on Funding of Care and Support (the Dilnot Commission) *Fairer Care Funding. The Report of the Commission on Funding Care and Support* (Online), www.dilnotcommission.dh.gov.uk (Accessed on 15 January 2012).

DoH (Department of Health) (2009) *Shaping the Future of Care Together,* Cm 7673. (Online), www.doh.gov.uk (Accessed on 16 January 2012).

DoH (2011) Press release 'No more age discrimination in the NHS'. Press Release, 3 March, 2011. (Online), www.doh.gov.uk (Accessed on 16 January 2012).

Department of Work and Pensions Information Directorate (DWP) (2011) Work and Pensions Longitudinal Study, Nov. 2010. (Online), www.dwp.gov.uk/ (Accessed on 16 January 2012).

EHRC (Equality and Human Rights Commission) (2010) *Just Ageing? Fairness, Equality and the Life Course. Final Report*. (Online) www.equalityhumanrights.com/publications/key-commission-reports/ (Accessed on 19 January 2012).

Fries, J.F. (1980) 'Aging, Natural Death and the Compression of Morbidity' *The New England Journal of Medicine* 303: 130–135. (Online), www.nejm.org/doi/full/10.1056/NEJM198007173030304 (Accessed on 23 January, 2012).

Ginn, J. (2006) 'Gender Inequalities: sidelined in British pensions policy' in Pemberton, H., Thane, P., Whiteside, N., *Britain's Pensions Crisis. History and Policy* (Oxford, Oxford University Press for the British Academy).

Glaser, K., Price, D., Willis, R., Stutchbury, R., Nicholls, M. (2009a) *Life course influences on health and well-being in later life: a review.* (Online), www.equalityhumanrights.com/uploaded_files/research/life_course_influences_on_health_and_well-being_in_later_life-_a_review.pdf (Accessed on 23 January 2012).

Glaser, K., Nicholls, M., Stuchbury, R., Willis, R., Gjonça, E. (2009b) *Life course influences on poverty and social isolation in later life.* (Online), www.equalityhumanrights.com/uploaded_files/research/life_course_influences_on_poverty_and_social_isolation_in_later_life_a_secondary_analysis.pdf (Accessed on 23 January, 2012).

Glaser, K. *et al.* (2010) *Grandparenting in Europe* (London, Grandparentsplus).

Grandparentsplus (2011) 'Policy briefing paper 01. Statistics.' (Online), www.grandparentsplus.org.uk. (Accessed on 23 January, 2012).

Griggs, J., (2010) *Protect, Support, Provide: Examining the role of grandparents in families at risk of poverty* (London, EHRC with Grandparents Plus).

HAPPI (Housing Our Ageing Population: Panel for Innovation) (2009) *Report about meeting housing needs of older people* (London, Homes and Communities Agency).

Harris, J. (2006) 'The Roots of Public Pensions Provision: Social Insurance and the Beveridge Plan' in H. Pemberton, P. Thane, N. Whiteside *Britain's Pensions Crisis. History and Policy* (Oxford, Oxford University Press for the British Academy).

Hayashi, M. (2010) 'Testing the limits of care for older people' *Society Guardian,* 29 Sept 2010. (Online), www.guardian.co.uk/society/2010/sep/28/japan-elderly-care-mutual-support (Accessed on 23 January 2012).

Hennock, E.P. (2007) *The Origin of the Welfare State in England and Germany, 1850–1914* (Cambridge, Cambridge University Press).

HM Treasury (2009) *Long-term public finance report: an analysis of fiscal sustainability.* (Online), www.hm-treasury,gov.uk (Accessed on 23 January, 2012).

HC (House of Commons) Health Committee (2009–10) *Social Care.* Third Report of 2009–10 (London, The Stationery Office).

Howker, E. and Malik, S. (2010) *Jilted Generation: how Britain has bankrupted its youth* (London, Icon Books Ltd).

King, R., Warnes, T., Williams, A.M. (2000) *Sunset Lives: British Retirement Migration to the Mediterranean* (Oxford, Berg).

Kohli, M., Rein, M., Guillemard, A-M., van Gunsteren, H. (1991) *Time for Retirement. Comparative studies of early exit from the labor force* (Cambridge, Cambridge University Press).

Marmot, M (2010) *The Marmot Review: Fair Society, Healthy Lives. Strategic Review of Health Inequalities in England* (Online), www.marmotreview.org. (Accessed on 23 January, 2012).

McCrae, S. (ed.) (1999) *Changing Britain. Families and Households in the 1990s* (Oxford, Oxford University Press).

McNair, S. (2011) 'Older people and skills in a changing economy', UK Commission for Employment and Skills, Briefing Paper. (Online), www.ukces.org.uk/assets/bispartners/ukces/docs/publications/equality-older-people.pdf (Accessed on 23 January, 2012).

Medical Research Council (1994) *The Health of the UK's Elderly People* (London, Medical Research Council).

Munnell, A. and Sass, S. (2008) *Working Longer . The Solution to*

the Retirement Income Challenge (Washington, Brookings Institution Press).

Myerson, J. (2010) *New Demographics, New Workspace* (Gower Publishing).

OECD (2011) *Doing Better for Families.* (Online), www.oecd.org/social/family/doingbetter (Accessed 23 January, 2012).

ONS (Office of National Statistics) (2009) '2008-based ONS Population Projections'. (Online), www.statistics.gov.uk/hub/index.html (Accessed on 23 January, 2012).

ONS (2010a) *Statistical Bulletin. Older People's Day,* 30 September 2010. (Online), www.ons.gov.uk/ons/rel/mortality-ageing/focus-on-older-people/older-people-s-day-2011/index.html (Accessed on 23 January, 2012).

ONS (2010b) *Record Number of Centenarians in UK.* Press release, 30 September 2010; 'Centenarians. Number of Centenarians Grows' (Online), www.ons.gov.uk/ons/dcp171778_235000.pdf (Accessed on 23 January, 2012).

ONS (2011a) 'Ageing. Fastest increase in the oldest old' April 1 2011. (Online), www.ons.gov.uk/ons/index.html (Accessed on 23 January, 2012).

ONS (2011 b) 'Fertility. UK Fertility remains high' June 24 2011. (Online), www.ons.gov.uk/ons/index.html (Accessed on 23 January, 2012).

ONS (2011 c) 'Pension trends : the labour market and retirement' Feb 2011. (Online), www.ons.gov.uk/ons/index.html (Accessed on 23 January, 2012).

OPDM (Office of the Deputy Prime Minister) (2006) *A Sure Start to Later Life. Ending Inequalities for Older People. A Social Exclusion Unit Final Report.* (Online), www.communities.gov.uk/publications/corporate/surestart (Accessed on 23 January, 2012).

Piachaud, D., Macnicol, J., Lewis, J. (2009) *A think piece on intergenerational equity.* (Online), http://justageing.equalityhumanrights.com/wp-content/uploads/2009/09/Intergenerational-Equality.pdf (Accessed on 23 January 2012).

Pensions Commission, First Report (2004), *Pensions: Challenges and Choices* (London, The Stationery Office).

Putting People First (2011), *Transforming Adult Social Care* (Online), www.puttingpeoplefirst.org.uk/about. (Accessed on 23 January, 2012).

Quine, M. S. (1996) *Population Politics in Twentieth Century Europe* (London, Routledge).

Rutter, J. and Evans, B. (2010) *Informal Childcare: Choice or Chance?* (Online), daycare trust: www.daycaretrust.org.uk (Accessed on 14 January 2012).

TAEN (The Age and Employment Network) (2011) (Online), http://taen.org.uk/news. (Accessed on 23 January, 2012).

Thane, P. (1990) 'The debate on the declining birth-rate in Britain: the 'menace' of an ageing population' *Continuity and Change*, Cambridge Journals 5, (2): 283–305.

Thane, P. (2000) *Old Age in English History. Past Experiences, Present Issues* (Oxford, Oxford University Press).

Wanless, D. (2006) *Securing Good Care for Older People* (London, The King's Fund).

Ward, R., Pugh, S., Price, E. (2011) *Don't Look Back? Improving Health and Social Care Service Delivery for Older LGB Users.* (Online), www.equalityhumanrights.com/uploaded_files/research/dont_look_back_improving_health_and_social_care.pdf (Accessed on 23 January 2012).

Willetts, D. (2010) *The Pinch. How the baby boomers took their children's future – and why they should give it back* (London, Atlantic Books).

WRVS (Women's Royal Voluntary Service) (2011) 'Gold age pensioners: contribution outweighs cost by £40 billion' (Online), www.goldagepensioners.com. (Accessed on 23 January, 2012).

6 ABOUT THE CONTRIBUTORS

Pat Thane FBA

Pat Thane is Research Professor in Contemporary History at King's College, London. She co-manages the History and Policy project (www.historyandpolicy.org). She was Vice President of the Royal Historical Society, 2005–8; Chair of the Social History Society, 2002–08; a member of the Peer Review Colleges of the Arts and Humanities Research Council (continuing) and the Economic and Social Research Council in 2002–08.

Pat's most recent publications are: *Unequal Britain. Equalities in Britain since 1945* (ed. 2010); *Women and Citizenship in Great Britain and Ireland in the Twentieth Century (2010) co-edited with Esther Breitenbach; The Long History of Old Age (ed. 2005); and Britain's Pensions Crisis: History and Policy* (2006), co-edited with History and Policy contributors Hugh Pemberton and Noel Whiteside. Pat Thane and Tanya Evans, *Sinners? Scroungers? Saints? Unmarried Mothers in Twentieth Century England* will be published by Oxford University Press in 2012.

Peter Taylor-Gooby FBA

Peter Taylor-Gooby is Professor of Social Policy at the University of Kent and is chair of the British Academy's *New Paradigms in Public Policy* project. He is also a Founding Academician at ALSiSS, a fellow of the RSA, and co-director of the Risk Research Institute at Beijing Normal University. He was elected a Fellow of the British Academy in 2009.

Previous roles have included State-appointed Visiting Foreign Expert to China (2008–2011), President of the Sociology and Social Policy section of the British Association of American Studies (2005–2006), and chair of the Social Policy and Social Work Research Assessment Exercise Panel (2005–2008). He has also published over 22 books, 114 articles and 110 book chapters, and has advised governments in the UK and abroad.

BRITISH ACADEMY POLICY CENTRE PUBLICATIONS

Nudging citizens towards localism? a British Academy report, May 2012

Public broadcasting's continued rude health, a British Academy report, April 2012

Minority legal orders in the UK: Minorities, pluralism and the law, a British Academy report, April 2012

Measuring success: League tables in the public sector, a British Academy report, March 2012

Raising household saving, a report prepared by the Institute of Fiscal Studies for the British Academy, February 2012

Post-immigration 'difference' and integration: The case of Muslims in western Europe, a report for the British Academy project *New paradigms in public policy,* February 2012

Building a new politics?, a report for the British Academy project *New paradigms in public policy,* January 2012

Squaring the public policy circle: Managing a mismatch between demands and resources, a report for the British Academy project *New paradigms in public policy,* November 2011

Economic futures, A report for the British Academy project *New paradigms in public policy,* September 2011

Climate change and public policy futures, A report for the British Academy project *New paradigms in public policy*, July 2011

History for the taking? Perspectives on material heritage, a British Academy report, May 2011

Stress at work, a British Academy report, October 2010

Happy families? History and family policy, a British Academy report, October 2010

Drawing a new constituency map for the United Kingdom: The parliamentary voting system and constituencies bill 2010, a British Academy report, September 2010

Choosing an electoral system, a British Academy report, March 2010

Social science and family policies, a British Academy report, February 2010

Punching our weight: The humanities and social sciences in public policy making, a British Academy report, September 2008

POLICY
CENTRE

With constant discussion of how the UK population is ageing, many people have come to see older people as a burden on society. It is often assumed that the main option available to combat increasing pension and NHS costs is to raise the state pension age. In *Demographic Futures*, Pat Thane argues that there are alternatives available, which are informed by a better understanding of the older demographic. Through summarising the relevant evidence around such factors as life expectancy, fertility, migration and older people's activity, this report demonstrates not only the huge diversity in terms of health and lifestyle that exists amongst those over 60, but also the many kinds of contributions this age group are making to society.

The new and evolving political, economic and societal challenges in twenty-first century Britain require policymakers to adapt and change the way they consider their craft. *New Paradigms in Public Policy*, a series of reports published by the British Academy Policy Centre, examines a range of policy issues, explaining the current situation and policy approaches, and making suggestions as to why and how concepts should be adapted, reformed or reinvented.

SPONSORED BY

ISBN 978-0-85672-603-3

10-11 Carlton House Terrace
London SW1Y 5AH
Telephone: +44 (0)207 969 5200
Fax: +44 (0)207 969 5300
Registered Charity: Number 233176