

Age UK London

Poverty amongst older Londoners

October 2023



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Introduction

London is seen as a wealthy city, yet one in four of its older residents live in poverty. Moreover, poverty rates for older people living in London remain persistently higher than for the same age group in the rest of the country. If poverty rates for the over 50s in London were at the same rate as the rest of England, some 125,000 fewer older Londoners would be in poverty.

The purpose of this report is both to highlight the scale of poverty among older people in London and to call on those with the power to address this problem, to do so.

The most common definition of poverty and the one that we have used in this report is to say that someone in the UK is in poverty if they live in a household with an income below 60% of current median household income, taking into account the number of people living in the household. The figures we present here come from the most recent edition of the Department for Work and Pensions' 'Households Below Average Income (HBAI)' statistics. We have not included 2020-21 statistics, as data collection was affected by the COVID-19 pandemic.

“My mind drifts back to my childhood when there was ice on the inside of the windows and very little food on the table and I’m beginning to understand what an extremely hard life my mother must have had. I never imagined I would be experiencing similar conditions 70+ years later.”

Sally

Headline findings

- 24% of older Londoners (over the age of 50) live in poverty, compared to 19% in the rest of England.
- Despite poverty rates for people of all ages having fallen recently in London overall, rates for older people have persistently increased from 19% a decade ago to 24% in 2021/22.
- If poverty rates for the over 50s in London were at the same rate as the rest of England, some 125,000 fewer people would be in poverty.
- 46% of older Londoners living in social housing are in poverty.
- The proportion of pensioners (UK pension age is currently 66 years old for both men and women) in London living below the Minimum Income Standard has dropped since 2019 from 38% in 2019/20 to 31% in 2021/2022. This is now the same rate as for the rest of England.
- The gap between poverty rates after housing, for pensioner couples and single pensioners has nearly doubled in the past decade.

Poverty amongst older Londoners 2021-22

Poverty amongst over 50s in London in contrast to the rest of England

The latest data for London, collected over the 2021/2022 financial year, shows poverty rates amongst the over 50s in London were five percentage points higher than for the same age group in the rest of England. To put this into perspective, if poverty rates for the over 50s in London were at the same rate as the rest of England, some 125,000 fewer over 50s in London would be in poverty. In the rest of England poverty rates for the over 50s have increased by four percentage points over the last decade reaching 19% in 2021/22. Yet in London, poverty rates increased by 6 percentage points up to 25% in 2018/19 and 2019/20, falling by just one percentage point in 2021/22.

There are various factors behind the differential between poverty amongst older people in London and the rest of the country:

- Renting being a more common tenure type in London.
- The higher proportion of BAME older people in London, and the higher rates of poverty they experience due to structural racism.^a
- The higher proportion of LGBTQ+ people in London, and the higher rates of poverty they experience due to discrimination and other structural inequalities.

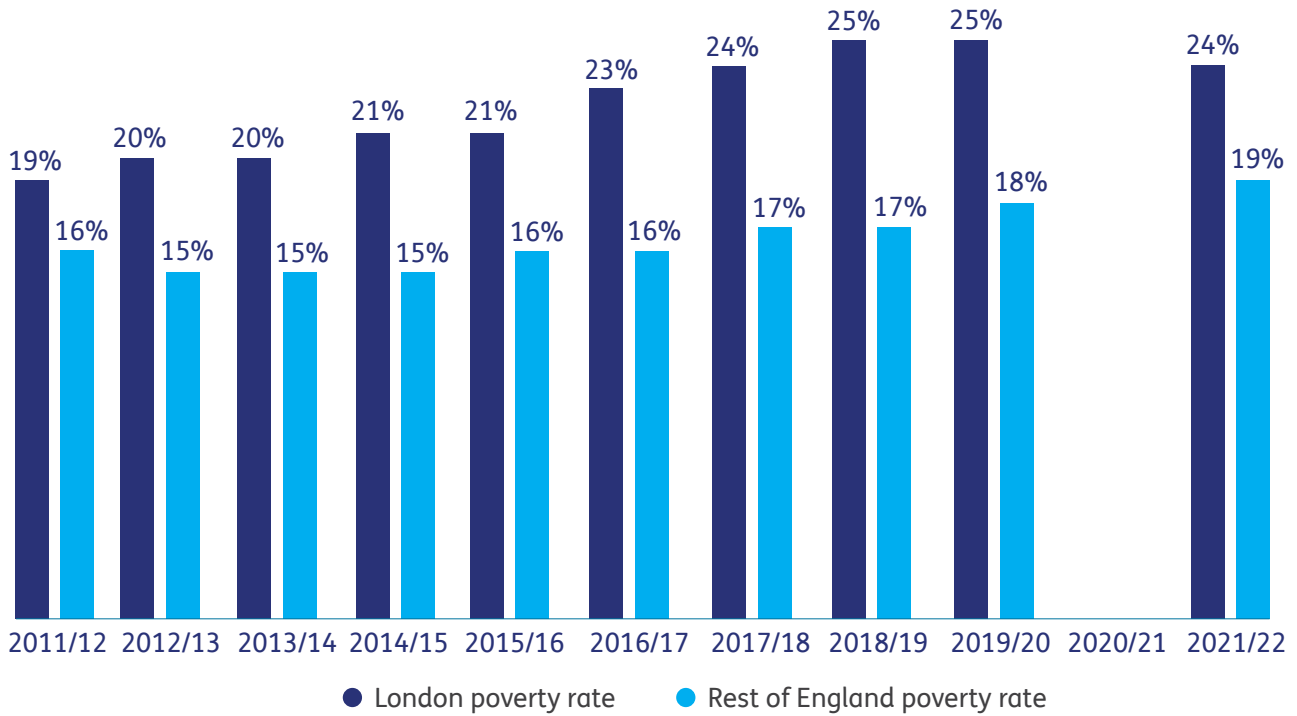
On the housing tenure factor, we note 32% of over 50s in London are renting compared to 21% in the rest of England. This is mostly made up of social housing: 22% of all tenures in London for over 50s are social, compared to 13% in the rest of England.

The drivers behind these changes to poverty rates are complicated and further analysis is needed to fully understand them; this report seeks primarily to describe and draw attention to the current situation.

“The cost of living is worrying to old people and there is nothing you can do about it. If you are poor and everything is going up, it is really scary.”

Jane

Figure 1: Comparison of poverty rates after housing costs for people aged 50+ in London and the rest of England



Data source: Households Below Average income, Department for Work and Pensions.

Note: This data uses three-year averages to the year mentioned, apart from 2020/21, which had been removed because of survey quality issues relating to COVID-19. Poverty is defined as 60% of median household income or that year.

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“ I’m genuinely scared. I am disabled with a few other ailments, and I can’t put the heating on at home, unless I’m going to have a bath, and never before 6pm. ”

Abdul

Poverty amongst over 50s compared to under 50s in London

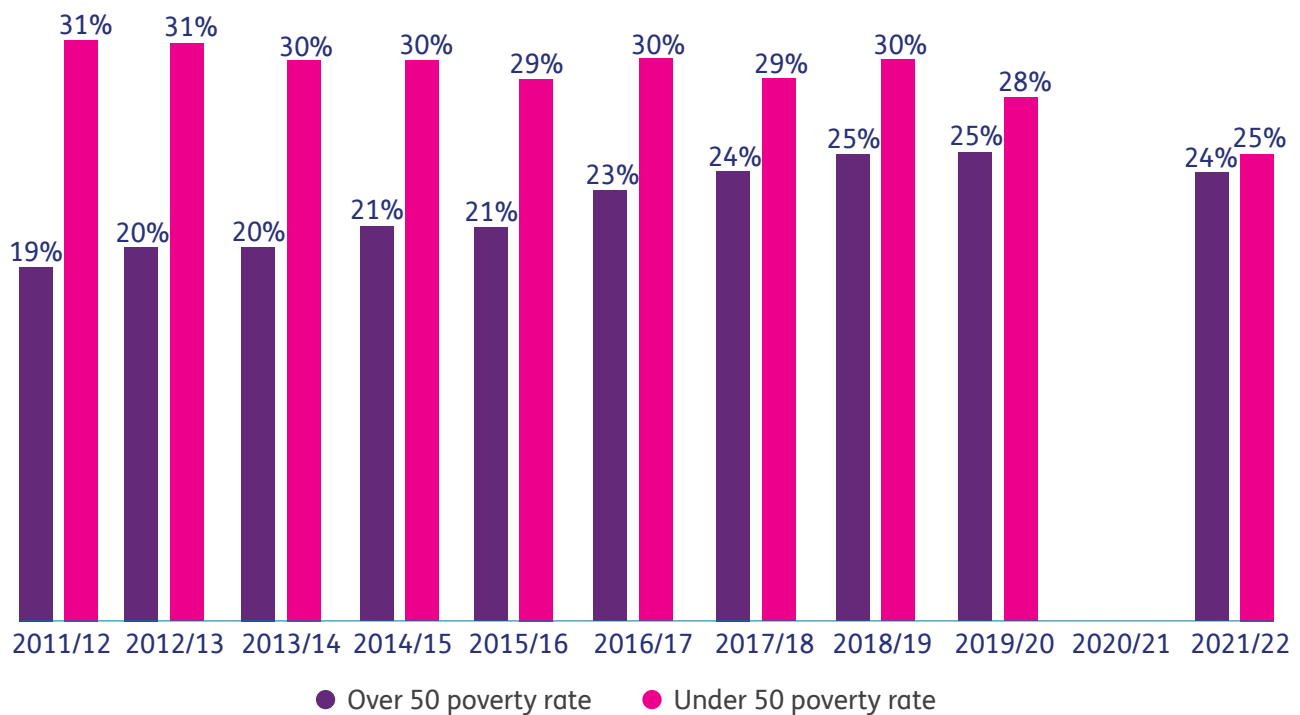
As the graph below shows, there are clearly opposing trends in poverty rates for people aged over and under 50 in London. Londoners under the age of 50 have seen a reduction in poverty rates in the longer term from 31% in 2011/12 and 2012/13 falling consistently over the decade to 25% in the most recent data 2021/22 – a fall that is to be welcomed.

Yet this contrasts starkly with the over 50s who are now more likely to be in poverty than they were a decade ago: 19% of over 50s in London were in poverty in 2011/12, whereas this figure stands at 24% in 2021/22. Had the over 50s trend followed at the same rate as the under 50s, the poverty rate for them would now stand at just 15%, equivalent to 630,000 fewer older people in poverty.

There are various factors behind the differential between poverty in London between older and younger people. Among these factors are:

- differences in residential mobility for older and younger households.
- COVID-19 having had a disproportionate impact on older populations.
- incomes often being more fixed for older people.

Figure 2: Comparison on poverty rates in London after housing costs for people aged under and over 50



Data source: Households Below Average income, Department for Work and Pensions.

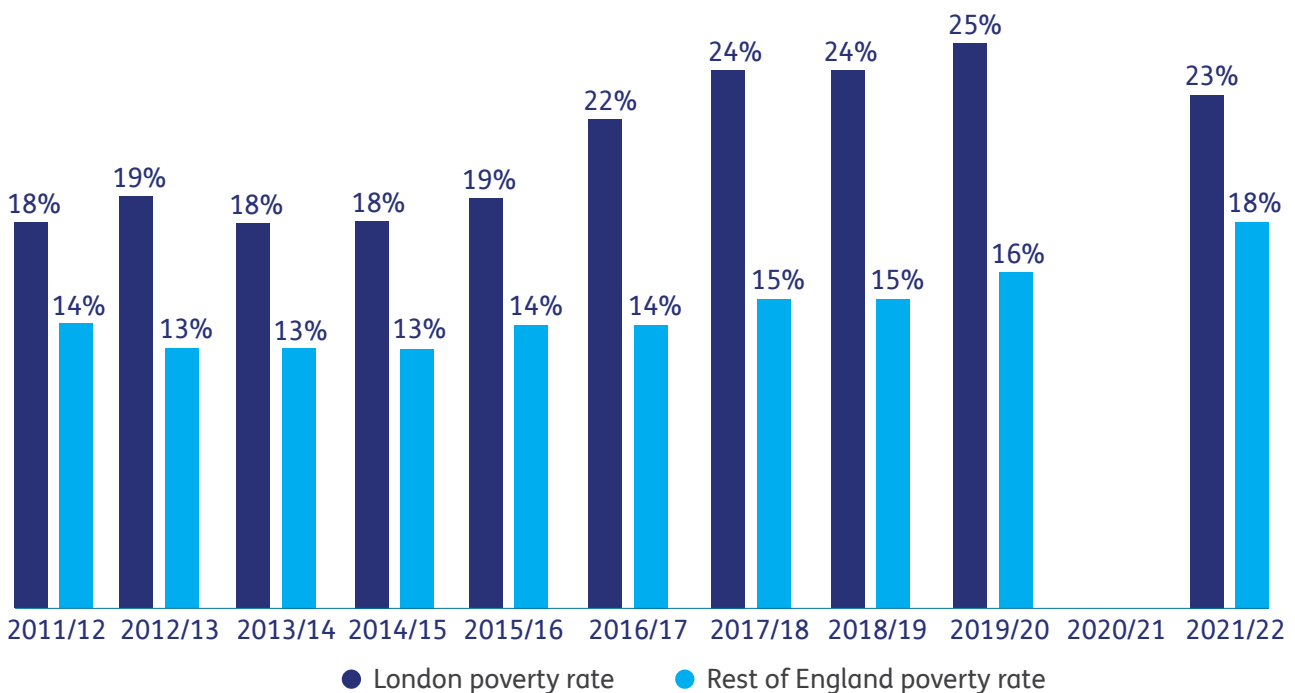
Note: This data uses three-year averages to the year mentioned, apart from 2020/21, which had been removed because of survey quality issues relating to COVID-19. Poverty is defined as 60% of median household income for that year.

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Poverty amongst those over State Pension age

Looking specifically at individuals over State Pension age (currently 66), nearly a quarter (23%) are classed as being in poverty after housing costs have been taken into account. Between 2015/16 and 2019/20 we saw a widening gap in the poverty rate for pensioners in London compared to the rest of England. This was driven by an increase in the rate in London from 18% in 2014/15 up to 25% in 2019/20. This then fell back to 23% in 2021/22, at the same time as the rate increased in the rest of England to 18%.

Figure 3: Poverty rates after housing costs for pensioners in London and the rest of England



Data source: Households Below Average income, Department for Work and Pensions.

Note: This data uses three-year averages to the year mentioned, apart from 2020/21, which had been removed because of survey quality issues relating to COVID-19. Poverty is defined as 60% of median household income for that year.

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“ I am 74 years old and worked all my life just to watch my money disappear very quickly. I am becoming house bound, gas up, electricity up, water rates up, council tax up, food prices up – my pension is just not enough! ”

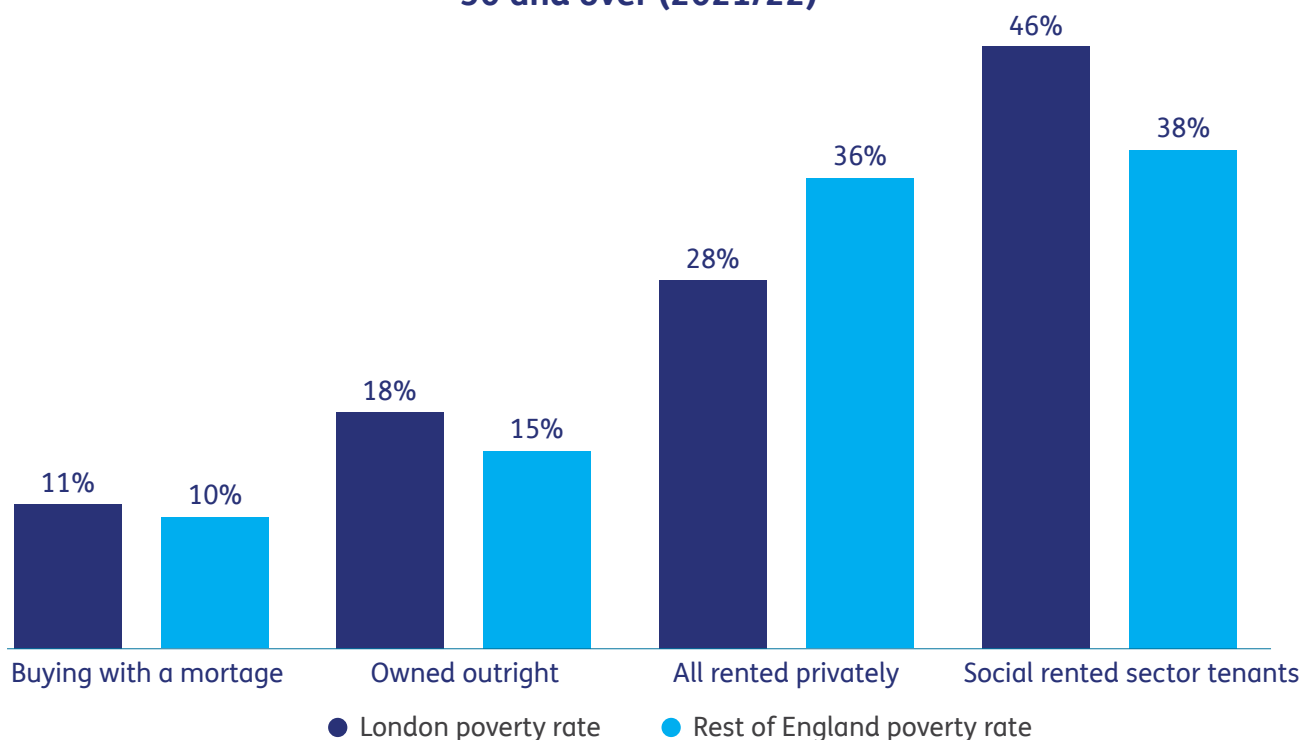
Duncan

Poverty rates by housing tenure in London and the rest of England

Poverty rates in the private rented sector for the over 50s in London stood at 28% in 2021/22. This is a drop from a peak of 34% in 2019/20. However, the number of older renters in poverty remains nearly two times the rate of their home-owning peers in London.^b

Poverty rates for those aged over 50 in London who own their property outright are higher than for those that are still paying off a mortgage (18% and 11% respectively). This is likely to be because those paying a mortgage will more often still be in work (i.e., be the younger proportion in the sample), and therefore typically be in receipt of higher incomes. Those who own their property outright will often have paid their mortgages off, and by definition, be more likely to be older and beyond retirement age. Furthermore, the higher owner outright figure could reflect in part low pension income/state pension level, which was below the poverty line for 2021/22 (£150 per week being the line for single persons – the state pension was £137.60 at the time).^c

Figure 4: Poverty rates by housing tenure for London and rest of England aged 50 and over (2021/22)



Data source: Households Below Average income, Department for Work and Pensions.

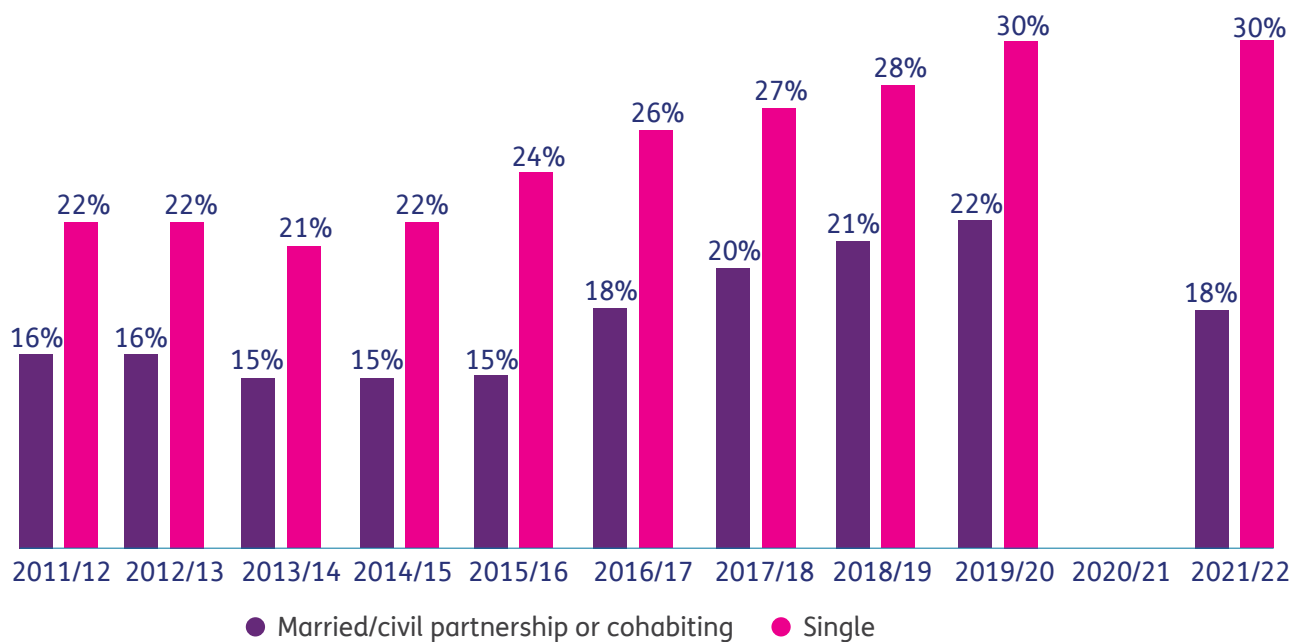
Note: This data uses three-year averages to the year mentioned, apart from 2020/21, which had been removed because of survey quality issues relating to COVID-19. Poverty is defined as 60% of median household income for that year.

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Poverty amongst single and couple households in London

Poverty rates have been consistently higher for single people of pension age across the decade, peaking at around 30% in 2021/22. This is nearly 10 percentage points more than the rate in 2013/14. The gap between single and couple pensioners has widened recently with poverty rates for couple pensioners falling from 22% in 2019/20 to 18% in 2021-22.

Figure 5: Poverty rates after housing costs for single and couple pensioners in London



Data source: Households Below Average income, Department for Work and Pensions.

Note: This data uses three-year averages to the year mentioned, apart from 2020/21, which had been removed because of survey quality issues relating to COVID-19. Poverty is defined as 60% of median household income for that year.

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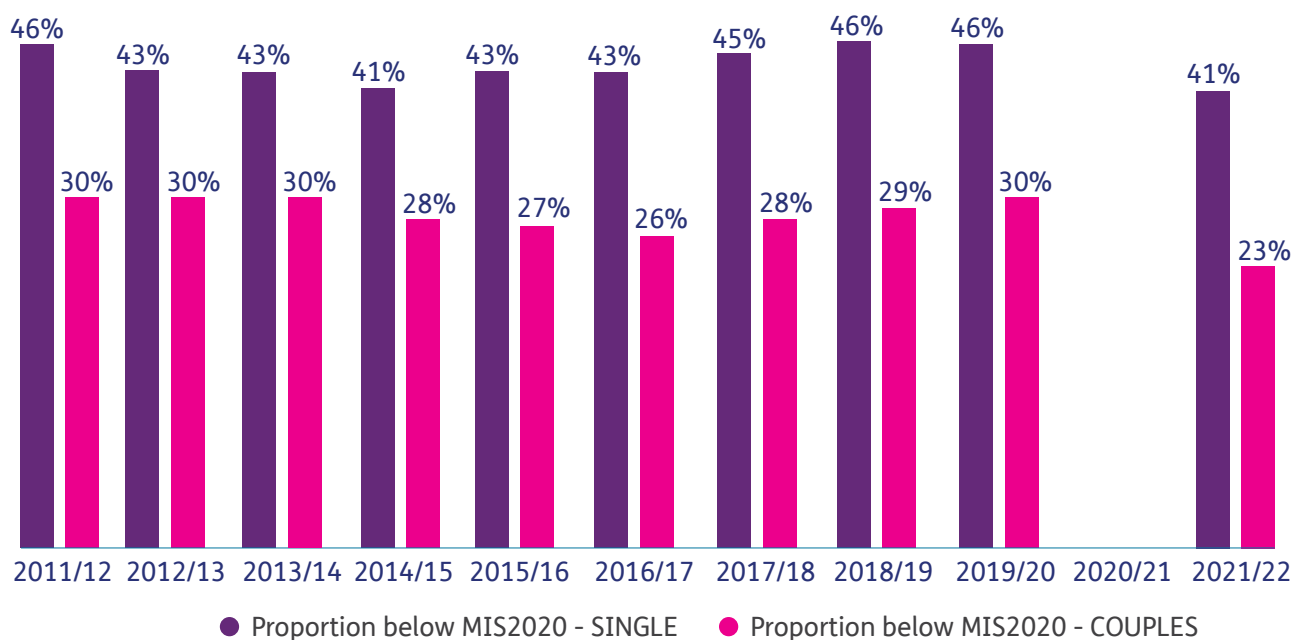
“ I’m very scared of how I will get through the winter and keep warm. I fear losing my (privately rented) home because I cannot cope with the rising cost of living. ”

Mabel

Proportion of pensioners living below the Minimum Income Standard

As well as looking at poverty rates after housing costs, another way of looking at the proportion of older Londoners who cannot afford a decent standard of living in London is to consider the proportion of pensioners in London who are living below the Minimum Income Standard (MIS). This is defined as the income that people need in order to reach a minimum socially acceptable standard of living in the UK today, based on a level reached through consultation with members of the public. Here we see a significant gap between the 41% of single pensioners living below the MIS and the 23% of couple pensioners who live below the MIS.

Figure 6: Single and couple pensioners living below the Minimum Income Standard (after housing costs)



Data source: Households Below Average income, Department for Work and Pensions, Minimum income Standard (MIS) for London, Trust for London 2020

Note: This data uses three-year averages to the year mentioned, apart from 2020/21, which had been removed because of survey quality issues relating to COVID-19. Incomes are adjusted into 2021/22 prices. MIS 2020 thresholds from www.trustforlondon.org.uk/data/povert-thresholds.

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“ Everything is going up, but energy bills are by far the worst. My monthly payments have more than doubled. ”

Maureen

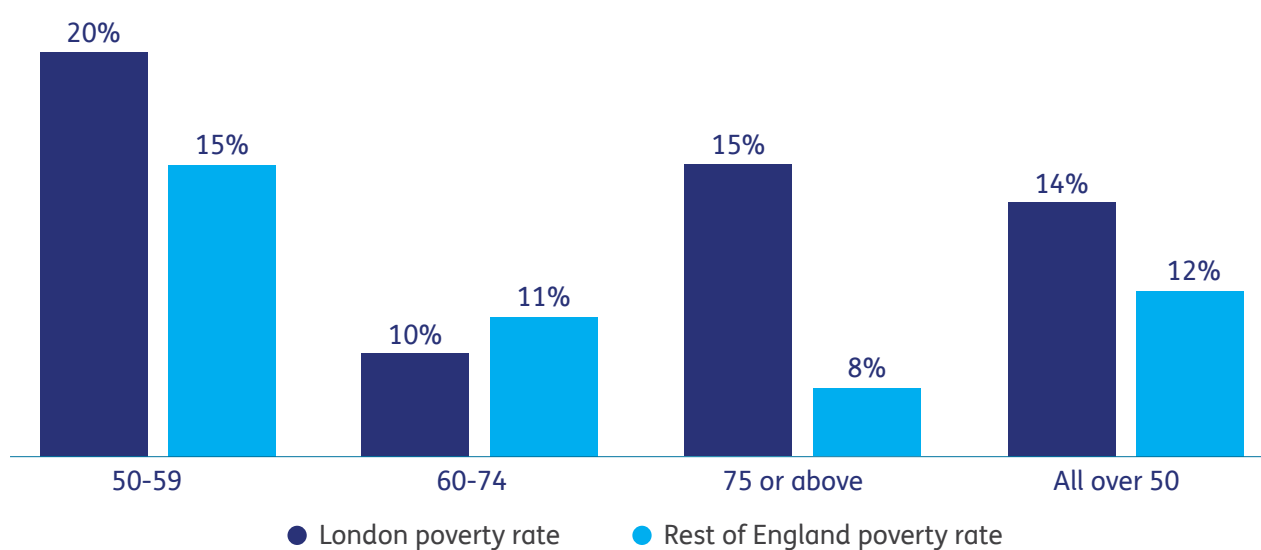
Fuel poverty amongst over 50s

It has not been possible to obtain fuel poverty data for the year 2020-21 but given that older Londoners are especially vulnerable to fuel poverty we present the most recently available data, from 2019. High housing costs and low disposable incomes makes the over 50s in London particularly susceptible to the cost-of-living crisis, especially in the wake of rising energy prices.

In April 2022, the state pension amounted to £9,627 per year. With energy bills for typical usage in the energy price guarantee^d ranging from around £1,750 for purpose-built flats to £3,300 for detached houses, this means between 18% and 34% of a single pensioner's annual basic pension could be being spent just on energy. This compares to 9%^e for the average British household aged under 50 and part of the workforce.

It is no surprise that fuel poverty is widespread in London. The Department for Energy and Climate Change (DECC) estimates that almost 58% of those in fuel poverty are either single people or couples over the age of 60.^f Households comprised of couples over 60 have the highest average fuel poverty gap^g of £262.^h

Figure 7: Fuel poverty for households containing people aged 50 and over in London and the rest of England (2019)



Data source: Department for Business, Energy & Industrial Strategy. (2022). English Housing Survey: Fuel Poverty Dataset, 2019. [data collection]. UK Data Service. SN: 8891, DOI: 10.5255/UKDA-SN-8891-1

Note: Fuel poverty uses the official government Low Income Energy Efficiency (LILEE) metric
WPI Economics on behalf of Age UK London, 2022

The group with the highest rate of fuel poverty is Londoners aged between 50 and 59, with around one in five (20%) in this situation. This compares to 15% of those of that age group in the rest of England.

Recommendations

Many of the powers to boost the incomes of older people sit with the UK government in Westminster. However as a charity focused on London, Age UK London is making a series of recommendations to the Mayor and London local authorities in the capital. These recommendations are actions that they should take to reduce poverty amongst older Londoners.

Many of these recommendations relate to increasing the uptake of Pension Credit, a benefit available to older people on the lowest incomes. Currently, an estimated £246.5m of Pension Credit goes unclaimed in London each year; ensuring all those eligible for Pension Credit receive it would go an enormous way to reducing poverty amongst older Londoners.

For local authorities:

- Local authorities should review the effectiveness of current approaches to increase uptake levels of Pension Credit in their borough. A review should also consider any potential to adopt new approaches based on emerging practice in other local authority areas. Independent Age's 2023 guide 'Pension Credit uptake: Good practice examples and principles toolkit , and other guidance' offers a useful reference for this work.
- Where the local authority has a strategy aimed at reducing poverty, we call on them to audit the specific actions listed for their impact on residents over the age of 50.
- Take steps to ensure that external organisations and communities working with or led by older residents are included in the design of interventions and in local anti-poverty partnerships. This should include participation in anti-poverty forums, and relevant steering groups.
- Take steps to enable older residents with lived experience of poverty to fully participate in the development, implementation and ongoing review of any strategy or action plan aimed at reducing poverty.
- In order to reduce fuel poverty and its impacts, local authorities should take steps to improve the energy efficiency of social housing stock.

For the Mayor of London:

- We welcome the targeted campaigns the Mayor has run to boost the uptake of Pension Credit amongst older Londoners. We call on the Mayor to continue these campaigns, whilst taking steps to improve their effectiveness based on learning.
- Explore how they can support councils to work with advice services in order to increase Pension Credit uptake rates.
- Call on the Government to simplify the application process for Pension Credit.
- Take steps to ensure promotion of both Energy Advice London services and the Warmer Homes Advice Service are reaching older Londoners most likely to be unaware of these services, such as those without access to the internet.

**“ We will manage at a stretch and maybe cut back on food...
but we can only hope we survive. ”**

David

We are grateful to those older Londoners who have shared their views and experiences with us. The names of people who provided quotes within this report have been changed for anonymity.

References

- ^a Trust for London, London Poverty Profile 2023 Census 2021: ethnic diversity and deprivation | Trust for London
- ^b <https://adviser.royallondon.com/technical-central/rates-and-factors/state-pension/basic-state-pension-rates/>
- ^c <https://www.gov.uk/government/publications/energy-bills-support/energy-bills-support-factsheet-8-september-2022>
- ^d <https://www.chroniclive.co.uk/news/cost-of-living/heating-energy-october-cap-bills-24715496>
- ^e <https://www.londoncouncils.gov.uk/node/571>
- ^f The fuel poverty gap is the additional income which would be needed to bring a household to the point of not being fuel poor.
- ^g https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1056777/annual-fuel-poverty-statistics-lilee-report-2022-2020-data.pdf
- ^h Local activity to increase Pension Credit uptake (independentage.org)



Age UK London is a charity that campaigns for an age-friendly London. Working with older Londoners, we campaign for specific change to improve the lives of those over 50 living in the capital and ensure that their experiences, needs and contributions are heard and taken into account by decision makers.

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About WPI Economics

We make an impact through economics that people understand, policy consulting and data insight. We help clients influence and drive better outcomes through improved public policy design and delivery.

We work with a range of organisations – from FTSE companies, to SMEs, charities and Central and Local Government. Our focus is on important social, environmental and economic policy debates, such as the future of the green economy, productivity and growth, levelling up and mental health. We are driven by a desire to make a difference, both through the work we do and by taking our responsibilities as a business seriously.

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