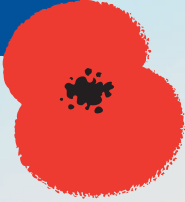


THE ROYAL BRITISH
LEGION



Legion welfare in the 2010s: a decade of change

Centre for Future Studies

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March 2011

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Foreword

Amongst all of the current uncertainty, we can be sure of one thing, that the next 10 years will be a period of transformation.

The Coalition Government has already begun instigating their policies aimed at quickly reducing our significant deficit, while making government smaller and society bigger. These policies are untested, and the outcomes unclear.

While the future is uncertain, this report begins to bring into focus the issues we need to address or mitigate. There is much we do not know, but what we do know is that the number of beneficiaries likely to need our help far outweighs the support that the Legion is currently able to offer. Going forward, we will need to augment, not replace the support from the state, and collaborate with others to maximise the range of services our beneficiaries can draw upon for support.

The conflicts in Iraq and Afghanistan have presented us with a new generation of beneficiaries who are dealing with the trauma and impact of war, and will be for years to come, but we must not forget about those who came before them. The Legion is here to support the whole Armed Forces community, old and young, standing shoulder to shoulder with our beneficiaries in their daily efforts to put the legacy of conflict behind them.

This report provides us with an excellent overview of the community that we serve, and how it is expected to change over the years ahead. The Armed Forces community is large and heterogeneous group, they have a wide range of needs, which alter at different critical life events. This presents the Legion with a significant challenge, one that can only be met by listening to our beneficiaries, working with others and evolving our approach to health and welfare services.

This is the challenge we face in our ninetieth year, and as we approach our centenary, the Legion is well placed and prepared to succeed in our mission to become the number one provider of welfare, comradeship, representation and Remembrance to the Armed Forces community.

By Sue Freeth

1. Introduction

The purpose of this study is to inform The Royal British Legion's strategic planning for the provision of health and welfare in the coming decade. The research and analysis was conducted in October/December 2010. The study updates the previous findings of the report: "Future Profile and Welfare Needs of the ex-Service Community" which was published by The Royal British Legion in November 2006.

This study appraises:

- The major forces driving change in welfare provision in the UK
- The current and future size of the Armed Forces community
- The current and future size and basic demographics of the ex-Service community
- The current delivery of welfare services to Legion beneficiaries
- The welfare needs of the ex-Service community to 2020
- The major challenges facing future health and welfare service provision and delivery

The findings are both definitive and indicative, combining quantitative analysis and qualitative judgement.

2. Executive summary

Abstract

The 2010s will be a decade of significant change in the management, resourcing and delivery of welfare services and social care in the UK. The major drivers of change are: the perilous state of the UK economy which has resulted in far reaching cuts in public spending, heralding the 'age of austerity'; the devolution of power and responsibility for welfare to local authorities and the voluntary sector as part of the 'Big Society' initiative designed to galvanise community engagement and 'social renewal'; and the ageing of society which is placing an increasing strain on the resources and capabilities of the National Health Service (NHS) and social care; this at a time when the NHS will be undergoing major structural change.

Spending cuts on the scale and at the speed announced by the Government would not be possible without a strategy for shifting responsibility away from the state to individuals, small groups, charities, philanthropists, local enterprise and big business. Primarily, it will be the voluntary sector that will face increasing demands for welfare and social care services which bridge the widening gaps in state provision.

The impacts on The Royal British Legion's welfare services are potentially far reaching. Legion beneficiaries are in the significant majority elderly. The veteran 75+ age group is forecast to total 1.6 million in 2020 and their dependents aged 75+ is forecast to total 1.1 million by 2020. This age group is considered to be the most vulnerable and in most need of welfare and social care support. While the total number of beneficiaries is forecast to decline, the demand for Legion support is forecast to increase and the nature of the demand will become more complex.

As a consequence, a strategic, long-term, integrated approach to the provision of welfare services will need to be taken. This could involve the restructuring of resources, the re-defining of the welfare agenda and the training and re-skilling of staff and volunteers.

The challenges that lie ahead are considerable and will require concerted endeavour among all the organisations involved in the provision and delivery of welfare. The Royal British Legion has developed some key partnerships with such organisations and can play a leading role in such initiatives.

Key conclusions

- The austerity measures being taken as a result of the Government's Spending Review in October 2010 and the devolution of power to local authorities herald the transformation of the welfare state.
- The transforming welfare state and the transitions to new models of social care will redefine the agenda for welfare provision. The likelihood is that the current gaps in meeting social need will widen, the number of gaps will increase and that specific needs will emerge which were previously obscured by past remedial state actions.

- Spending cuts on the scale and at the speed announced by the Government would not be possible without a strategy for shifting responsibility away from the state – to individuals, small groups, charities, local enterprise and big business. As a consequence the Spending Review will contribute to and help shape the way the Legion determines future welfare strategies.
- It will be imperative that third sector organisations take a strategic, long-term, integrated approach to the provision of welfare services. This will necessarily involve greater degrees of collaboration and the harnessing of collective resources.
- The future level and nature of demand for Legion services cannot be assessed simply by the number of people in the beneficiary community. At present, approximately one third of those who are supported by the Legion require more than one intervention.
- While the number of people in the Armed Forces community will decline over the coming decade, the number of required interventions is likely to increase as the focal points for social care change.
- In the future, a more holistic appraisal of individual welfare need is likely to be needed, rather than a siloed approach to welfare service provision.
- A strategic, long-term, integrated approach to the provision of welfare services will need to be taken. This could involve the restructuring of resources, the re-defining of the health and welfare agenda and the training and re-skilling of staff and volunteers.

Key Legion data 2010 - 2020

- The total size of the ex-Service community (excluding those currently serving, outflows from the Armed Forces and hidden sub groups) is forecast to decrease from around 9.1 million people in 2010 to 7.3 million in 2020.
- The forecast predicts that there will be 1.0 million fewer veterans in 2020 than in 2010; from 4.6 million in 2010 to 3.5 million in 2020.
- The number of dependants should decline by about 0.8 million over this period, but it will become an increasingly significant minority sub-group within the total beneficiary population, as the number of children aged under 16 years remains relatively static.
- The forecast 7.3 million ex-Service beneficiaries in 2020 would constitute 3.5 million veterans and 2.5 million adult dependants (aged over 16) and 1.3 dependent children.
- The veteran 75+ age group is forecast to total 1.6 million in 2020.
- The adult ex-Service dependents aged 75+ are forecast to total 1.1 million in 2020. The dependent group are 98% female, and the number of beneficiaries in this group is forecast to increase by 51.1% from 0.7 million in 2010 to 1.1 million in 2020.

- The number of dependants aged less than 16 years of age is forecast to remain constant over the forecast period at around the 1.2 million. This minority group will represent 34% of ex-Service dependants in 2020.
- In 2010, it is estimated that the ex-service community aged 16 – 54 totalled 2.1 million representing 26% of the total ex-service community. By 2020, it is estimated that this number will decrease by 26.2% to 1.5 million but will represent 36% of the total ex-service community.
- It is estimated that in 2010 the ex-Service community aged 55 – 75+ totalled 5.8 million. By 2020, this number is forecast to decrease by 22% to 4.5 million. Data used to describe the welfare and social care needs of this age group in the UK should apply equally to the ex-Service community. However, it should be recognised that the process of recruitment into the Armed Forces may have an effect on the number of people with lifelong disabilities or ill health.
- The gender balance among ex-Service adults will remain 50:50, with men predominating amongst veterans and women predominating amongst dependants.
- The ex-Service community in 2020 will be in the majority elderly and very elderly. The 75+ age group making up 36% of the total population. 1.6 million veterans will be aged 75+ (64% of adult veterans) and 1.1 million dependents will be aged 75+ (42% of adult dependents).
- It is estimated that the defence cuts recently announced will increase the outflow from the Armed Forces by 17,000 in the short term and by 2020, the size of the Armed Forces could decrease by circa 40,000 to 154,500 (Ministry of Defence, Strategic Defence and Security Review, 2010).
- It is estimated that there were 1.5 million male veterans of working age (16 – 64) in 2010 representing just under 40% of the total male veteran community. By 2020, this number is forecast to decline to 1.0 million (34%).
- The number of female veterans of working age (16 - 64) is estimated to have been 0.4 million in 2010 representing 50% of the total female veteran community. By 2020, this number is forecast to decline to 0.2 million (38%).
- It is estimated that there were 1.2 million female ex-Service dependants of working age (16 – 64) in 2010 representing 39% of the total female dependant community. By 2020, it is forecast that this number will decline to 0.8 million (36%).
- The number of male ex-Service dependants of working age (16 - 64) in 2010 is estimated to be 0.2 million representing 85% of the total male dependant community. By 2020, it is estimated that the number declines to 0.17 million (80%).
- The total number of male veterans of pensionable age (65+) is estimated to have been 2.3 million in 2010 representing 60% of the total male veteran population. This number is forecast to decline to 2 million (66%) by 2020.

- The total number of female veterans of pensionable age (65+) in 2010 is estimated to have been 0.38 million (50%) declining to 0.36 million by 2020 (62%).
- The total number of male ex-Service dependants of pensionable age (65+) in 2010 is estimated to have been 35,000 (15%). By 2020, this is forecast to increase to 42,000 (20%).
- The total number of female ex-Service dependants of pensionable age (65+) in 2010 is estimated to have been 1.9 million (61%), declining to 1.5 million (64%) by 2020.
- In 2005, just under half of veterans had previously served in the Army; 25% in The Royal Air Force; 10% in the Royal Navy or Royal Marines. 83% of veterans had served in the UK Regular Forces and 16% in the Reserve Forces. 7% had served in other related ways which qualify for assistance from the Legion.
- In 2005, the Service connections of dependants were very similar to those of veterans, although a slightly higher proportion are dependent on someone who has previously served in the Regular Forces (87%) and slightly fewer are dependent on someone who has previously served in the Reserve Forces (12%).

3. The forces of change in the provision of welfare

3.1 The economic backdrop

While economic forecasts vary, there is a general consensus that the medium term headwinds facing the UK economy are formidable with rising unemployment, steep tax increases and higher interest rates. The prognosis is that the 2010's will be a decade of fiscal consolidation, marginal growth in post-tax incomes and a deteriorating delivery of public services.

We define the early period 2011 – 2015 as one of 'precariousness' – one which is finally balanced between the economic legacies of the past and the restructuring of the economy for the future. This is the 'age of austerity'. This period will be characterised by high levels of uncertainty, risk, complexity and vulnerability. The UK economy now faces a long period of deficit reduction and anaemic growth marked by higher taxes and major restraints on public spending.

Impact indicators

It has been estimated by the Institute for Fiscal Studies (IFS) that as a direct consequence of the austerity measures 1 million more people will be living in absolute and relative poverty¹ with stagnation in the incomes of the broad mass of the population. IFS reports that currently, almost 2 million children in Britain are living in conditions of severe poverty² and 4 million are living in poverty.

A survey by the National Equality Panel based on figures from 2007/2008 found that the richest 10 percent of the population were over 100 times wealthier than the poorest 10 percent, and that income inequality had reached its highest point since the end of the Second World War.

In July 2010, UKJobs.net reported that the average annual salary had dropped by more than £2,600 in the past six months, with across-the-board wages falling from £28,207 to £25,543.

According to the Independent, the number of emergency welfare loans paid out to people in dire distress has almost trebled in the last five years. More than 3.6 million 'crisis loans' were made in the last financial year up from 1.3 million in 2005/2006.

The Bank of England has also forecast a tightening financial squeeze on many families due to increasing commodity and utility prices. It warned that more than one in two people with unsecured debts are struggling to cope.

The Confederation of British Industry (CBI) has warned that interest rates will have to rise by almost six fold due to inflation over the next 24 months, from 0.5 percent to 2.75 percent by 2012. This would result in millions of homeowners facing an increase of almost £200 on the average monthly mortgage payment.

The major risks to economic performance

The major risks to the UK economy are seen to be: the squeeze on real incomes suppressing consumer spending; a further tightening of fiscal policy; continuing fiscal and sovereign debt crises in Western Europe; the imposition of protectionist trade barriers; an over dependence on European export markets and the failure of the UK economy to meet the growth projections made by the Office for Budget Responsibility on which the UK's deficit reduction by 2015 depends.

The new economic order

We define the period 2016 – 2020 as 'the emerging new economic order' - a period of revitalisation when the UK economy will have the potential for real sustainable growth. It will not be a return to the former status quo but rather it will be a restructured economy which is more resilient and enterprising. We anticipate the year 2016 will mark the intersection of the old and new orders. However, overall, the benefits of the new economic order will take some years to be realised and the achievement of sustainable economic growth will be protracted spanning the period to 2020. It is to be anticipated that the casualties of the economic transitions will increase in number; their welfare needs will increase; while the funding and delivery of welfare will be circumscribed.

3.2 The 'age of austerity'

The Coalition Government's Spending Review in October 2010 aims to achieve public spending cuts of over £80 billion in the period to 2014/5. The main burden of deficit reduction will be borne by reduced spending rather than increased taxes.

In the June Budget 2010 the Government announced that it would save £11 billion per annum from welfare spending by 2014/5. The Spending Review confirmed further savings of £7 billion, bringing total welfare savings to £18 billion per annum by 2014/5.

Over the next two Parliaments the current complex system of means-tested working-age benefits and tax credits will gradually be replaced with the Universal Credit, an integrated payment that is aimed at sharpening work incentives and the reduction of fraud and error.

Councils across England will have their funding cut by 28% over the next four years with ring fenced grants scrapped and absorbed into a single revenue grant. This is alongside plans for the devolution of financial power from central government to councils that gives local authorities more control over where money is spent - and more responsibility for where cuts are made.

While additional funding of £2bn for social care was announced, anxieties for the future of adult social care have been expressed: the prospect of increased eligibility criteria, the difficulties of making the right decisions in meeting critical needs while at the same time investing in preventative support for people who are not in critical need but who can benefit greatly from support.

£1bn of the additional £2bn will go directly into local authority revenue grants and, with no ring-fencing, there are concerns about how much of the funding will be spent on social care. Given the historic under-funding of social care and the realities of demographic change, there is a growing concern in the social care sector that the Spending Review is a patch and mend strategy.

At present, large sections of public health work falls under the aegis of primary care trusts (PCTs) and strategic health authorities. But following the decision to axe both, most responsibility for public health will be shared between local councils; Public Health England (PHE), a new quango; and GP commissioning services. PHE will take over the work of the Health Protection Agency and the National Treatment Agency for Substance Abuse, both of which are closing.

The new public health service is planned to be in place by 2013 but is expected to take a couple of years to bed down. Funding for public health will then have a specific ring fenced budget.

Spending on the NHS is to be reduced from an annual increase of 6% to 0.4% over the next four years, starting in April 2011. This 0.4% annual increase in NHS spending is the lowest since the 1950s.

The NHS operates in a far more complex and interdependent world than it did when it was founded in 1948. Spending cuts affecting welfare, incapacity benefit, working tax credits, childcare funding, housing, and other areas will have a serious negative impact on the NHS and result in growing pressures on services as the fallout from the cuts is felt.

Cuts totalling 28% over four years in local government spending will add to the pressures on the NHS. Only social care is singled out for special protection, but the funding set aside (£2bn in total, with £1bn coming from NHS funds) is not ring fenced and may be insufficient to meet the funding gap identified by the Local Government Association (LGA).

The IFS has concluded that the Spending Review's impact is regressive because some of the biggest losses will be felt by those who benefit most from the public services that are being cut. The heaviest users of such services are the poor, and without new jobs in the private sector to absorb the newly unemployed the ranks of the poor will inevitably grow.

Not only will pressure on the NHS intensify as a result of the fallout from the spending review but the NHS will find it increasingly difficult to cope as it enters a period of major restructuring that threatens its very stability and long term future. The changes affect every part of the NHS and will distract attention from the most disruptive upheaval since 1974. The reorganisation will require additional resources estimated at around £3bn to succeed.

At a time of such drastic cuts, it is going to be very difficult for directors of adult social care to secure the resources and retain the expert staff required to make the right decisions. Some are far better placed than others to do so. There are likely to be significant variations in how, and how well, local authorities respond.

A great deal of low-level support is currently provided by user-led, voluntary and community sector groups, often through local authority contracts or grant funding. The £100m Transition Fund (one year only) is unlikely to be sufficient to support a sufficient number of these organisations to survive and reshape how they operate.

For working-age disabled adults, including people with learning difficulties, the Spending Review could result in increased, not reduced, demand for social care as a result of cuts and changes to welfare benefits. While the Disabled Facilities Grant and 'Supporting People' are to be continued, this is partially offset by real anxieties about changes to social housing and the lack of funding for new, affordable and adaptable homes.

The Spending Review – when seen in its entirety, including and beyond social care – is being viewed as largely concerned with cuts and less concerned about a long-term strategy for transformation.

The Spending Review notes that:

“Local authorities will have to make significant savings over the Spending Review period, in line with other parts of the public sector. Many councils are already fundamentally reviewing their roles and services, including using greater personalisation and increasing delivery through the voluntary and community sector.”

There will be increasing pressure on the third sector to take a strategic, long-term, integrated approach with severely restricted resources.

Spending cuts on the scale and at the speed announced by the Government would not be possible without a strategy for shifting responsibility away from the state – to individuals, small groups, charities, philanthropists, local enterprise and big business. As a consequence the Spending Review will shape the way the 'Big Society' develops.

3.3 The 'Big Society'

The 'Big Society' is the Government's programme for major structural change. The goal is to devolve power to the lowest possible level and use the state to galvanise community engagement and 'social renewal'. The 'Big Society' champions a new relationship between citizens and the State, advocating social and personal responsibility over State control. It will seek to support communities to address the most challenging, persistent and complex social problems in society, tackle social injustice, and improve the lives of the most disadvantaged. Implementing the 'Big Society' is a major cross-government programme led by the Office for Civil Society.

There is no blueprint for the 'Big Society'. The Government wants decisions to be taken locally and for people to choose for themselves what actions to take. There are, however, three core components: 'empowering communities', 'opening up public services' and 'promoting social action'.

Empowering communities

The objective is to bring about a 'major power shift' from central government to local communities. Locally-based organisations will take over and run local assets and services. Some of the funds earmarked for local government will be re-routed to voluntary and third sector bodies. Councils will have more control over how they spend money and more information about how they spend it will be made available to the public.

Opening up public services

Empowered communities - charities, social enterprises and cooperatives - will have a larger role in running public services, alongside conventional businesses. This will involve modernising the commissioning process to specify desired outcomes, so that organisations bidding for contracts are left to provide details of how they will achieve them. Many more services will be put out to competitive tender, with contractors rewarded for the results they achieve, not just for the work they carry out. Public sector workers are encouraged to form cooperatives to bid for contracts. The Government is planning to set targets for the share of public services to be outsourced to private and third-sector bodies.

Promoting social action

This involves persuading individuals, charities and community based groups to propose and take initiatives. Civil society organisations will be encouraged and supported through various programmes including: online toolkits; mentoring and other forms of pro-bono support by larger businesses and charities; and bursaries for 'frontline groups' to obtain assistance with tendering, mergers, and 'substantial collaborations'.

The Government particularly wants to explore how the following could drive reform further in a range of service areas:

- Promote independent provision in key public services. Develop new rights for communities and public employees to buy and run services.
- Attract external investment and expertise into the public sector to deliver better and more efficient services.
- Extend innovative payment and funding mechanisms, such as personal budgets and payment-by-results commissioning in more areas.
- Increase democratic accountability at a local level.
- Maintain continuity of service and managing risks in light of these reforms.

There is a continuing debate on the viability and efficacy of the 'Big Society' and the jury is out on the real benefits that will be achieved. There is, however, consensus on the additional responsibilities and burdens that are likely to fall on third sector organisations.

3.4 The ageing society

The population of the UK is ageing. Over the last 25 years the percentage of the population aged 65 and over increased from 15 percent in 1984 to 16 percent in 2009, an increase of 1.7 million people. Over the same period, the percentage of the population aged under 16 decreased from 21 percent to 19 percent. This trend is projected to continue. The latest projections are for 2.5 million more elderly people (65+) in 10 years' time and the number will have nearly doubled to around 19 million by 2050.³

The fastest population increase has been in the number of those aged 85 and over, the 'oldest old'. In 1984, there were around 660,000 people in the UK aged 85 and over. Since then the numbers have more than doubled reaching 1.4 million in 2009. By 2034 the number of people aged 85 and over is projected to be 2.5 times larger than in 2009, reaching 3.5 million and accounting for 5 percent of the total population.⁴

As a result of these increases in the number of older people, the median age of the UK population is increasing. Over the past 25 years the median age increased from 35 years in 1984 to 39 years in 2009. It is projected to continue to increase over the next 25 years rising to 42 by 2034.⁵

Much of today's public spending on benefits is focused on elderly people. 65% of Department for Work and Pensions benefit expenditure goes to those over working age, equivalent to £100bn in 2010/11 or one-seventh of public expenditure. (<http://statistics.dwp.gov.uk/asd/index.php?page=recent>). Continuing to provide state benefits and pensions at today's average would mean additional spending of £10bn a year for every additional 1 million people over working age.

Growing numbers of elderly people also have an impact on the NHS, where average spending for retired households is nearly double that for non-retired households: in 2007/08 the average value of NHS services for retired households was £5,200 compared with £2,800 for non-retired. These averages conceal variation across older age groups, with the cost of service provision for the most elderly likely to be much greater than for younger retired people. The Department of Health estimates that the average cost of providing hospital and community health services for a person aged 85 years or more is around three times greater than for a person aged 65 - 74 years.

State benefits and the NHS accounted for just under half of government expenditure in 2009/10. With much of this spending directed at elderly people, their growing number will present challenges for providers of these particular services as well as for the public finances as a whole.

The requirement for age related spending is expected to increase from 20.4% GDP in 2008 to 24.1% (2020) and 26.1% by 2030. Given the cuts in government spending there will be an increasing gap between demand which will be increasing and the provision of services.

¹ Absolute poverty is the lack of sufficient resources with which to keep body and soul together. The numbers in absolute poverty - defined as households with income of less than 60 percent of the median in 2010/2011, adjusted for inflation - is forecast by the Institute for Fiscal Studies (IFS) to rise by 900,000 by the end of 2014. Of these, some 200,000 will be children, the first rise in absolute child poverty in 15 years.

Relative poverty defines income or resources in relation to the average. It is concerned with the absence of the material needs to participate fully in accepted daily life. The IFS forecasts to rise by approximately 800,000 by the end of 2014.

² People with less than 40% of average household income.

³ Source: 2008-based national population projections, Office for National Statistics

⁴ *ibid*

⁵ *ibid*

4. The changing Armed Forces community

4.1 The Armed Forces

The annual strength of the Armed Forces has been fluctuating and gradually declining over the past four years. At October 2010, the strength of the Armed Forces, full time trained and untrained personnel was 194,540.

The numbers entering the Armed Forces have been in gradual decline for the past five years, with a high of 24,230 in the twelve months ending 30 September 2009 to a low of 15,570 in the twelve months to 30 September 2010.

Outflow numbers have also been in gradual decline. In 2007/8, the total outflow was 24,690; in the twelve months ending 30 September 2010, it totalled 18,240.

Early Service leavers (ESL), those who left before completion of four years service or were compulsorily discharged, comprise circa 40% of all Service leavers in 2008/9 and their age range generally lies in the 16 - 24 year old range.⁶

Data collected by the DWP and HMRC indicates that approximately 50% of ESLs are in work and paying income tax within six months of leaving the Services. This rate compares unfavourably with the employment statistics for those older personnel who have transitioned to civilian life. 94% are in employment at the six month point. The statistics suggest that the ESL population fares worse than its comparable civilian population and significantly so for those ESLs leaving the Army.⁷

As a result of the defence budget cuts announced in October 2010, the forecasts suggest a reduction of 20% in Service personnel to 2015. The current extent of the reductions is 17,000 but by 2020 the strength of the Armed Forces could be reduced by circa 40,000 to 154,500

The research conducted by the Legion in 2005 reported that 83% of veterans had served in the UK Regular Forces, of these, just under half of had previously served in the Army; a quarter in the Royal Air Force (RAF); and one in ten in the Royal Navy or Royal Marines.

16% of veterans had served in the Reserve Forces, of these, around 9 percent had served in the Territorial Army, around 2 percent with RAF reserves and 3 percent with Naval reserves.

7% of veterans had served in other related ways which qualify for assistance from the Legion, such as service with the Merchant Navy in hostile waters or in the Home Guard for at least six months.

The Service connections of dependants were very similar to those of veterans, although a slightly higher proportion were dependent on someone who had previously served in the Regular Forces (87%) and slightly fewer were dependent on someone who had previously served in the Reserve Forces (12%).

4.2 Profile of the ex-Service community in 2010

In 2010, the ex-Service community is estimated to comprise 4.6 million veterans and 4.5 million dependants; a total community of 9.1 million. The majority of veterans are male and the majority of dependants are female. Overall, the community is in the majority elderly and very elderly.

The hidden communities

The data quantifying the hidden populations is unreliable due to limitations in sample size and research design. For this reason, the data has not been included in the ex-Service population, and are excluded from the numbers reported above.

Homeless

At present, there are no accurate figures on the prevalence of ex-Service personnel in the homeless population. Studies on ex-Service homelessness in the UK have been almost exclusively small-scale surveys with small sample sizes ($n < 100$), and are mostly focused on individuals living in London. Whilst it is difficult to draw firm conclusions, the studies suggest that compared with their civilian counterparts, homeless individuals with an Armed Forces background are older and homeless for longer.

In the first quarter of 2010, there were around 65,000 homeless households in temporary accommodation in Great Britain. Recent data from homelessness day centres and accommodation projects across England shows that, on average 6% were veterans.⁸

This means the estimated number of homeless veterans in 2010 is in the region of: 3,900, based on an average of estimates.

Residential care

It is estimated that 4% of people of pensionable age (65+) are in residential care in UK (Laing and Buisson).

In 2010, the ex-Service community over 65 totalled 4.5 million therefore applying this national percentage to the number of 65+ in the ex-Service community results in an estimated 180,000 in residential care. By 2020, this number is forecast to decrease by around 40% to 73,080.

In custody

In January 2010 there were 81,000 offenders in HM Prisons (England and Wales).

According to the Ministry of Defence and the Ministry of Justice, approximately 2,500 veterans are currently in Britain's prisons, making up around 3 percent of the prison population. The Defence Analytical Services Agency (DASA) who prepared the estimate subsequently revised the figure to 3.5% of prisoners: 2,820.

DASA's revised estimate of the number of veterans in prison can be broken down by Service. It is estimated that of the 2,820 veterans in prison, 77% are ex-Army, 15% are ex-Naval Services and 8% are ex-RAF.

The age distribution of veterans in prison is:

Age group (Years)	Veterans Number (%)	
18-25	268	(10%)
26-34	577	(20%)
35-44	534	(19%)
45-54	619	(22%)
55-64	473	(17%)
65-74	307	(11%)
75-84	42	(1%)
85+	0	(0%)

Total 2,820 (100%)

A survey by the probation officers' union NAPO last year put the total number in prison at 8,500 – 10 percent of the prison population. Added to the number on probation, NAPO said the total number of veterans in Britain's criminal justice system was around 20,000.

Based on the current literature, the percentage of veterans in custody is estimated at 2,820.

Total hidden populations in 2010

Homeless	3,900
Residential care	180,000
Custody	2,820
Total	186,720

4.3 Profile of the ex-Service community in 2020

The total size of the ex-Service community (excluding those currently serving, outflows from the Armed Forces and hidden sub-groups) is forecast to decrease from 9.1 million people in 2010 to 7.3 million in 2020. The forecast predicts that there will be 1.0 million fewer veterans in 2020 than in 2010; the veteran sub-group within the ex-Service community is expected to see the fastest decline.

The number of adult dependants (aged over 16) should decline by about 776,000 over this period.

The forecast 6.0 million ex-Service adults in 2020 would constitute 3.5 million veterans and 2.5 million adult dependants (aged over 16). This represents a decrease of 1.8 million over the period 2010 – 2020.

The male veteran 75+ age group will increase from 1.1 million in 2010 to 1.4 million in 2020. The number of adult dependents in the same age group will decrease from 3.2 million in 2010 to 2.5 million in 2020.

The number of dependants aged under 16 years is forecast to remain constant over the forecast period at around the 1.2 million. Dependents under 16 years represented 39% of the total dependent population in 2010. By 2020, dependents under 16 years represent 50% of the total dependent population.

In 2010, the ex-Service community of working age (16 – 64) totalled 3.3 million. By 2020, this is forecast to decline to 2.2 million. Those of retirement age (65+) totalled 4.9 million in 2010 reducing to 2.7 million by 2020.

The gender balance among ex-Service adults will remain 50:50, with men predominating amongst veterans and women predominating amongst dependants.

The ex-Service community will remain elderly and very elderly. Data used to quantify and describe the characteristics of these age groups in the UK apply equally to the ex-Service community.

⁶ Report on the career transition partnership; Operations during financial years 2007/8 and 2008/9
Directorate of Resettlement, Tenth Report

⁷ Ibid

⁸ Centre for Housing Policy at York University in 2008

5. The changing welfare agenda

5.1 Previous research carried out by the Legion

In 2005 the Legion commissioned a research programme to investigate the size, demographics and health and welfare needs of the ex-Service community. Included in the programme was an omnibus survey of around 6,000 UK adults.

Some of main findings of this research included:⁹

- It was estimated that around 530,000 or 6% of the ex-Service community were experiencing some welfare difficulty, but were not getting any help, advice or support.
- Almost 1.5 million people in the ex-Service community were experiencing three or more health or welfare difficulties, and 570,000 more than five difficulties.
- While around 72% of the ex-Service community were aware of the Legion, only 33% were aware of Legion welfare services, this figure dropped to less than 10% for adults in the ex-Service community who were aged 24 years or below.
- The average age of the ex-Service community was 63 years of age.
- The number of people aged over the age of 85 years of age within the ex-Service community was predicted to increase significantly, to around half a million people by the year 2010.
- The average net household income was around £15,000 per annum among ex-Service people, and the number of people reporting a net household income of less than £5,000 was around 900,000.
- Over half of the ex-Service community had a long-term illness or disability.
- Those aged 25 - 64 in the ex-Service community were considerably more likely to report poor health than their peers in the wider UK population.
- Within the ex-Service community, 7 percent or 570,000 adults had another adult in the household who was dependent on them for care because of a long-term illness disability or old age.
- The unemployment rate for those aged 18 - 49 was twice that of the general UK population.
- In the 16 - 44 age group, the number of reported mental health disorders from the ex-Service community was three times that of the UK population of the same age.
- Among those of working age, the greatest needs were financial difficulties, unemployment or lack of skills and training, depression, mobility, bereavement and mental health problems.
- Among those of pensionable age, the greatest needs were (apart from health and care) house and garden maintenance, mobility (at home and in the community) and low incomes, followed by loneliness and depression.

5.2 Strategic Plan for Legion Welfare 2006 – 2010

In 2006, the Legion instigated a strategy which aimed to narrow the welfare gap, which was clear from the research findings. The plan outlined four main aims:

- To reach more people - the Legion has increased the number of people it supports from 23,300 in 2006/7 to 38,700 through formal welfare services, and has increased the number of formal welfare services delivered from 73,500 in 2006/07 to 152,300 in 2009/10.
- To raise awareness – the Legion has invested in branding the Legion’s welfare services as Poppy Support, and invested in targeted advertising campaigns to reach more people and improve awareness.
- Focus on the greatest needs – defined as those that affect the largest number of people or needs that are the most severe. New services were implemented by the Legion to widen their portfolio and address the needs gap, including a new Benefits & Money Advice service, a home repair handy van service and a range of health and wellbeing projects.
- Provide a holistic response – the Legion wanted to do more for people with multiple needs by doing fuller assessment and delivering multiple services. The number of people getting one or more Legion service through a single contact was 4,000 in 2009/10, representing 10% of the total client base.

The Strategic Plan for Legion Welfare also included eight strategic objectives to focus activities, these were, to:

- Campaign and lobby for improvements to legislation, public policies and statutory services.
- Increase the household income of people living in poverty.
- Help an increasing number of people to live independently.
- Help more people of working age to develop their vocational skills and find sustainable employment.
- Increase the range and quality of care services for the most vulnerable older people.
- Improve quality of life for isolated or excluded people and families.
- Establish formal partnerships and provide grant to others to widen the service response.
- Develop the skills and increase the strength of the volunteer caseworker and staff resource.

The Legion’s 2009 Annual Report states that expenditure for welfare activities in 2009 was £1.2 million per week or £62.4 million per year. The number of Legion services delivered per year has increased by over 100% in the last four years and the number of people assisted by 60% over the same period to just under 40,000 people per year receiving a formal welfare service. The Legion also reports that many more beneficiaries are assisted each year, but are not recorded, through informal support from members and volunteers locally.

5.3 Legion welfare 2010 - 2020

The coming decade will witness the transforming of the welfare state as a result of the austerity measures, the devolving of power to local government and structural changes in the NHS. The combined impact of the austerity cuts and structural changes is likely to increase the severity of welfare need and increase the numbers of those requiring welfare support.

The nature and scale of welfare need among those aged 55+ in the ex-Service community can be estimated by applying national statistics which quantify the circumstances in which those potentially in need of support were living in 2010.

Financial need

- 16% of those who are aged 65+ are living below the poverty line amounting to 736,000 Legion beneficiaries.¹⁰
- 11% of those who are aged 65+ are living in persistent poverty amounting to 506,000 Legion beneficiaries.¹¹
- Percentage of those aged 55 – 75+ with savings of less than £2,000:¹²
 - o 23% of those aged 55 – 64 amounting to 300,000 beneficiaries
 - o 19% of those aged 65 – 74 amounting to 475,000 beneficiaries
 - o 25% of those aged 75+ amounting to 500,000 beneficiaries

Loneliness and isolation

- 51% of those aged 75+ live alone amounting to 1 million beneficiaries.¹³
- 11% of those aged 65 or over say they are always or often feel lonely amounting to 506,000 beneficiaries.¹⁴
- 11% of those aged over 65 have less than monthly contact with family, friends and neighbours amounting to 782,000 beneficiaries.¹⁵

Housing

- 8% of those aged 65+ need specifically adapted accommodation due to medical condition or disability amounting to 368,000 beneficiaries.¹⁶

Long term illness

- 39% of those aged 65+ have a limiting longstanding illness amounting to 1.8 million beneficiaries.¹⁷

Long term care

- The funding and provision of long term care is a growing concern among those aged 55+:¹⁸
 - o 8% of those aged 55 – 64 96,000 beneficiaries
 - o 17% of those aged 65 – 74 221,000 beneficiaries
 - o 23% of those aged 75 + 460,000 beneficiaries
- Care home fees in 2010 are estimated on average to be in the region of £30,000 per annum.

Mental health

- 85% of those aged 75+ who suffer from depression do not receive help from the NHS amounting to 1.7 million beneficiaries.¹⁹
- 8% of those aged 65+ suffer from late onset dementia amounting to 368,000 beneficiaries.²⁰

Home care

- 15% of those aged 65+ have care and support needs that the state does not meet amounting to 690,000 beneficiaries.²¹
- 4% of those aged 65+ have an unmet need for practical household jobs amounting to 184,000 beneficiaries.²²

Older careers

- 28% of those aged 55+ provide unpaid care amounting to 1.6 million beneficiaries.²³

Future demand for Legion welfare

By 2020, the number of those aged 55 – 75+ will have declined by 51.8 percent. If welfare need is assessed purely on the number of people in the ex-Service community then it could be postulated that there will be a corresponding decline in welfare demand. But we forecast that this will not be the case.

The future level of demand for Legion services cannot be assessed simply by considering the number of people in the Armed Forces community. At present, it is estimated that around a third of those who are supported by the Legion require more than one intervention and return to the Legion several times for assistance over a three year period. The number of required interventions is likely to increase over the coming decade as the gaps in state welfare provision widen causing multiple welfare need.

The most vulnerable groups will be:

- The 75+ elderly who are in poor health
- Elderly living alone suffering isolation
- Those in financial distress
- Those needing home care support
- Low income families with dependent children
- Young families dependent on welfare state support

The key pressure points are likely to be concerned with:

- Healthcare and mental health needs
- Significantly increasing poverty among the less well off
- The increasing emphasis on the need for self and family/friends care
- Increasing isolation within the community despite the 'Big Society' initiatives



The reality is that those in need of social care and welfare will in future receive less state help. Individuals will have to do more for themselves and also for others.

There will be a need to take a far more holistic approach to the delivery of welfare services which is best visualised by interrelationship diagrams (as illustrated) rather than need hierarchies that place welfare services in silos. Welfare delivery will need to be 'person centred'. This approach will result in a more efficient use of resources with a focus on:

- The prevention of distress
- The addressing of underlying issues which are more complex, time consuming and expensive
- Remedial actions to resolve crises

Overall, future welfare needs among the Armed Forces community are forecast to increase, particularly in regard to:

- At home care services, helping people to stay independent, within their capabilities
- Respite and short term care in a residential setting
- Financial assistance
- Social isolation and loneliness
- Dementia care
- Support services for carers

A strategic, long-term, integrated approach to the provision of welfare services will need to be taken. This could involve the restructuring of resources, the re-defining of the health and welfare agenda and the training and re-skilling of staff and volunteers.

As families become an increasing minority over the longer term, the range of needs will shift towards social and financial and away from health and mobility. The impacts of this transition will be manifest in the period beyond 2020.

5.4 The challenges ahead

- The inadequacy of the resources allocated to adult social care and welfare is one of the most significant challenges. The rationing of scarce resources will continue throughout the 2010s.
- There is a need for an improved understanding of the realities of the lives of elderly people using welfare services. The elderly will struggle to exercise control over the services they receive. They will be in as much need of protection as they will be in need of maintaining their independence.
- One of the key welfare issues will be how to ensure a quality of life for the growing number of elderly people with high support needs.
- Caring for older people already disproportionately falls on families and communities. Six million adults are currently carers in the UK. This is a burden largely being carried by society, not the state. There will continue to be increasing problems with family members and volunteers 'burning out' or being unable to cope, particularly as support through social care budgets are reduced.
- There is a continuing acute need for specialist care and advocacy services and the dedicated training of NHS and social care staff. This situation will take some time and resources to resolve.
- The number of people living with dementia is set to rise over the coming years with estimates that there will be over a million people with dementia by 2020. The scale of the challenge is simply too big to rely on community action alone.

- There will be wide variations in what local councils offer, as they will have considerable autonomy in deciding what services they provide, how much to charge for them and who should pay. This will mean that charitable organisations will need to have a far greater degree of local knowledge than was previously the case in identifying the gaps in welfare provision.
- Sub groups in the Legion beneficiary community may prove to be more difficult to identify and reach; they include those in the hidden communities who are extremely vulnerable. More stringent safeguards could be required.
- The proportionate increase in the number of younger people in the beneficiary community will mean that the design and delivery of welfare services will have to be more flexible.

The challenges that lie ahead are considerable and will require concerted endeavour among all the charitable organisations involved in the provision and delivery of welfare. The Royal British Legion has developed some key partnerships with such organisations, and can play a leading role in such initiatives.

⁹ Profile & Needs of the Ex-Service Community 2005-2020, Compass Partnership 2006, The Royal British Legion.

¹⁰ Households below average income 2008/9, Chapters 2 and 6, DWP, 2010

¹¹ Households below average income 2007/8, Chapter 7, DWP, 2009

¹² Aviva, Retirement, 2010

¹³ General Lifestyle Survey 2008, table 3.3(GB), ONS, 2010

¹⁴ One voice: Shaping our ageing society, Age Concern and Help the Aged, 2009

¹⁵ Loneliness, Social Isolation and Living alone in Later Life, C. Victor et al., 2009

¹⁶ Housing in England 2006/07, Communities and Local Government, 2008

¹⁷ The estimate is for the UK, based on Great Britain data from the General Lifestyle Survey 2008, Office of National Statistics, 2010

¹⁸ Aviva, Retirement, 2010

¹⁹ Royal College of Psychiatrists, press release, 29 October 2009

²⁰ Dementia 2010, The economic burden of dementia and associated research funding in the UK, Alzheimer's Research Trust 2010

²¹ The state of social care 2006 -07, Commission for Social Care Inspection 2008

²² One voice: Shaping our ageing society, Age Concern and Help the Aged, 2009

²³ Focus on Older People, ONS 2008

Appendix 1 Glossary

All those who have served in the Armed Forces for a minimum of seven days are eligible for welfare assistance from The Royal British Legion.

The Armed Forces

The Armed Forces community comprises HM Armed Forces including Regular and Reserve Forces of the UK including the Army, Naval Services, and the Royal Air Force.

Armed Forces community

The Armed Forces community comprises HM Armed Forces including Regular and Reserve forces of the UK including the Army, Naval Services, and the Royal Air Force. It also includes veterans and their dependents (the ex-Service community), as defined below and by The Royal British Legion's Royal Charter.

The ex-Service community

The ex-Service community comprises those who have served in the Armed Forces (veterans) and their dependents, who collectively, are eligible for assistance from The Royal British Legion, as defined by the Royal Charter.

Dependants

Dependants comprise:

- Spouses/partners living as spouses of veterans
- Spouses/partners of veterans who are divorced or separated and not remarried
- Widows and widowers of veterans
- Children whose natural parents are veterans up to and including age 18 (even if the qualifying person dies before the child reaches 18 or the parents divorce or separate).

Adult dependants:

The category 'adult dependants' does not include children aged 0 - 15. Dependent minors aged 16 - 18 were included within the dependent adults category. It also includes all dependants (due to health or disability) over the age of 18.

Appendix 2 Models

A. Model for determining the size of the Armed Forces community

The size is determined by:

- The number of personnel currently serving in the Armed Forces
- Inflow and outflow projections

B. Model for determining the future size of the ex-Service community

The future size is determined by the basic formula:

- Current size of the ex-Service community
- Plus future additions to and subtractions from the ex-Service community

The key variable factors are:

- Outflows from the Armed Forces
- Mortality rates in the ex-Service community
- The number of eligible dependents

Appendix 3 Key data sources

The data regarding the current and future size of the ex-Service community is based on an extrapolation of the data obtained from the research which was conducted in 2005 by the Compass Partnership.

The data regarding the current and future size of the Armed Forces community was drawn from published Defence Analytical Services Agency (DASA) research.

Additional data was obtained from official sources and secondary research conducted by the Centre for Future Studies.

Appendix 4 Data sets

The current Armed Forces

Strength of Armed Forces, full time trained and untrained personnel, at October 2010 was 194,540.

Strength of Armed Forces full time trained and untrained personnel at October 2010	
All services	194,540
Royal Navy	39,060
Army	111,550
RAF	43,930
	194,540

Breakdown by gender		
	Male	Female
Royal Navy	35,410	3,650
Army	103,080	8,470
RAF	37,990	5,940

Includes active Reservists

The average (median) age of UK Regular Forces was 29 years at 1 April 2010. By Service the average (median) age of the Royal Navy, Army and RAF was 29, 28 and 31 respectively. (Male/Female)

Male Officers' average (median) age was 38 years; male other ranks average (median) age was 28 years.

The average (median) age of females in the UK Regular Forces was 28 years at 1 April 2010. Female Officers' average (median) age was 31 years; for female other ranks the average (median) age was 27 years.

At 1 April 2010, there were 3,510 (1.8%) personnel aged less than 18, a reduction of 1,160 (24.9%) compared to 1 April 2009.

The annual strength of the Armed Forces has been fluctuating and gradually declining over the past four years.

Inflow

Inflow 12 months ending 30 September 2010	
All services	6,090
Royal Navy	1,580
Army	3,640
RAF	870
	194,540

The numbers entering the Armed Forces have been in gradual decline for the past five years, with the exception of 2009/10 with a high of 24,230 in the 12 months ending 30 September 2009 to a low of 15,570 in the 12 months ending 30 September 2010. Recruitment and retention over the past 24 months have been strong; anecdotally this has been attributed to the UK economic recession.

Outflow

Outflow 12 months ending 30 September 2010	
All services	18,240
Royal Navy	3,520
Army	11,930
RAF	2,790

Outflow numbers have also been in gradual decline. In 2007/8, the total outflow was 24,690; in the 12 months ending 30 September 2010 it totalled 18,240.

Future increase in outflow

It is forecast that the defence budget cuts announced in October 2010 will accelerate this trend with a reduction of up to 20% in service personnel over the next five years. The current extent of the reductions is 17,000.

Service	Size of reduction
Army	7,000
Royal Navy	5,000
RAF	5,000
Total	17,000

The Ministry of Defence has a £38 billion shortfall in its published spending plans over the next 10 years.

While it is not possible to be precise, it is clear that the outflow into the veteran community will increase significantly. By 2020, the strength of the Armed Forces could be reduced by circa 40,000 to 154,540.

Due to the limitations of the data, the statistics have not been included in the ex-Service populations.

Appendix 5 The ex-Service community in 2010

In 2010, the ex-Service community is estimated to comprise 4.6 million veterans and 4.5 million dependents; a total community of 9.1 million. The majority of veterans are male; while the majority of dependents are women.

In 2005, the latest data, just under half of veterans have previously served in the Army, a quarter in the Royal Air Force and one in ten in the Royal Navy or Royal Marines. 83% of veterans have served in the UK Regular Forces and 16% in the Reserve Forces. 7% have served in other related ways which qualify for assistance from the Legion. It is possible for veterans to have served in more than one of the ways listed; therefore the percentages sum to more than 100%. The service connections of dependants are very similar to those of veterans, although a slightly higher proportion are dependent on someone who has previously served in the Regular Forces (87%) and slightly fewer are dependent on someone who has previously served in the Reserve Forces (12%).

Service Connections of Adult ex-Service Community November 2005²⁴

	Adult Ex-Service Community %	Veterans %	Dependants %
Regular Forces	84	83	87
Army	50	48	53
RAF	24	24	23
Royal Navy/Marines	11	11	11
Reserve Forces	15	16	12
TA	9	11	7
RAFR/RAFVR	2	2	2
RNR/RNVR/RMR	3	3	3
Other	7	7	7

²⁴ The Royal British Legion Profile of the Ex-Service Community in the UK 2005

Demographic structure of veterans 2010

Male veterans	
Age Group (Years)	2010 (000s)
16 - 24	62
25 - 34	187
35 - 44	365
45 - 54	329
55 - 64	580
65 - 74	1,184
75+	1,091
Sub total	3,798
Female veterans	
Age Group (Years)	2010 (000s)
16 - 24	62
25 - 34	187
35 - 44	365
45 - 54	329
55 - 64	580
65 - 74	1,184
75+	1,091
Sub total	3,798
TOTAL	4,653

Demographic structure of adult dependants 2010

Male	
Age Group (Years)	2010 (000s)
16 - 24	136
25 - 34	27
35 - 44	5
45 - 54	9
55 - 64	19
65 - 74	9
75+	26
Total	231 8%

Female	
Age Group (Years)	2010 (000s)
16 - 24	62
25 - 34	187
35 - 44	365
45 - 54	329
55 - 64	580
65 - 74	1,184
75+	1,091
Total	3,063
SUBTOTAL	3,294 92%
Children under 16	1,283
TOTAL	4,577

Social economic classification 2010

	Social status	Occupation Head of household
A	Upper middle	Higher managerial, administrative or professional
B	Middle	Intermediate managerial, administrative or professional
C1	Lower middle	Superiors or clerical, junior managerial, administrative or professional
C2	Skilled working	Skilled manual workers
D	Working	Semi-skilled and un-skilled manual workers
E	Those at lowest level of subsistence	State pensioners or widows, casual or lower-grade workers

Social grade of adult ex-Service community compared with UK population

	Adult ex-Service	UK adults %
A	3	4
B	14	22
C1	25	29
C2	20	21
D	16	16
E	22	8

Social grade of adult ex-Service community not retired compared with the UK population

	Adult ex-Service	UK adults %
A	3	4
B	14	18
C1	27	31
C2	25	22
D	19	14
E	12	11

The percentages of those in the ex-Service community in social grades D and E are higher than the UK population and reflects the average age of the adult ex-Service community. It is to be expected that those within these groups will be reliant on the state pension or fixed incomes.

Those who are low skilled workers (D & E) are likely to be in financial difficulties when in times of high unemployment they are unable to find work. This circumstance can further exacerbate other underlying welfare issues among working age beneficiaries.

The UK population profile, by demographic group, 2009

Base: adults aged 15+

Gender	%
Men	49
Women	51
Age	
15-19	8
20-24	8
25-34	16
35-44	18
45-54	16
55-64	14
65+	20
Yearly personal income:	
Up to £2,999	7
£3,000 - £6,999	11
£7,000 - £12,999	17
£13,000 - £19,999	15
£20,000 - £26,999	10
£27,000 - £33,999	6
£34,000+	8
Presence of children:	
Yes	33
No	67
Working status:	
Full-time – 30+ hours per week	36
Working – less than 30 hours per week	16
Not Working	48

Financial profile of 55+ UK population

Almost 18 million or 29% of the UK population will be over 55 in 2011.

Poverty: 21% of over 55s subsist on an income of less than £750 per month.

Savings: Pre-retirees have the lowest savings – 35% (55 – 64), 25% (65 – 74) and 20% (Over 75 years) have £2,000 or less in savings.

Homeownership: 80% of over 55s own their own homes – 62% (is this 62% of the 80% or of the whole?) outright - but a minority still have significant mortgages

Average Incomes

The average income for households 55 – 75+ is £1,284 per month or 31% less than the average UK monthly income (£1,623). This falls as people age - pre-retirees (£1,433); newly retired (£1,385); long-term retired (£1,136).

Poverty Gap

While state pension increases have outstripped inflation by 12% (state pension increase: 32% vs. inflation: 20%) over the last 10 years, many pensioners are still struggling to survive on a very low monthly income. More than 21% or 1 in five of retirees and pre-retirees subsist on less than £750 per month.

The over 75s (25%) are most likely to be in financial difficulties on this low income followed by ages 55 – 64 (23%) and 65 – 75 (19%).

Savings

Retirees derive 11% of their income from savings, so the recent collapse in the UK base rate has had a significant impact. The average typical savings pot (£11,590) provided an income of £41 per month in January 2000 (best buy 30 day notice account) but this had dropped to just £3 in December 2009. (This is great stuff and I think needs to be referenced in the main body of the report in summary, where noted)

Median or typical savings rises across three age segments. For those approaching the normal retirement age (55-64s) it is just £8,593; for those aged 65 - 74 (£13,957) and those aged 75 and above (£18,748). The median for retirees within these age groups is £14,999. In addition, significant minorities have very low savings of £2,000 or less; 35% of 55 - 64s, 25% of 65-74s and 20% of those aged 75 and over. Married couples are best off and divorcees the poorest. The median or typical savings for a married person is £21,537, while for a divorcee it is just £2,599.

Homeownership

Four in five (80%) of the entire 55 and over age group own their homes, 62% outright. 65 - 74-year olds have the highest degree of homeownership – 84%, followed by those aged 75 and over (82%). Those aged 55 - 64 have the lowest degree of homeownership – 76%. 82% of those who are economically retired own their home.

The average equity of the 55+ age group in their property is £225,988 and the average mortgage £11,615. However while the majority of over 55s have no mortgage debt, of those who do, it is a significant level - £54,567 on average, and £56,250 among the 6% of over 75s who still owe a mortgage.

Long Term Care Implications

While the value of un-mortgaged equity in the over 55s homes represents a potentially significant untapped asset to support incomes in later life, it also has long term care cost implications. Currently, those with an estate worth more than £23,500 need to pay for their own care fees. With care home fees estimated at on average £30,000 per year – unless the results of the current Government investigation into this sector significantly change the realities – many older people will see their estates quickly eroded by these costs. This is especially true for the current group of pre-retirees (55 – 64) as they age.

Long Term Care Issues

Long term care is a growing concern – 55 – 64 (8%); 65 – 74 (17%) and over 75 (23%) – as people realise that financing a lack of mobility and age related illnesses can be very expensive. The financial concerns around these issues are often shared by their families and 10% of children with parents in this bracket are worried about how their parents will pay for medical costs in retirement.

Appendix 6 Profiles of the ex-Service Community in 2020

Forecast veteran population 2010 – 2020

Male			
Age Group (Years)	2010 (000s)	2020 (000s)	% Change
16 - 24	62	64	+ 3.2
25 - 34	187	62	- 66.8
35 - 44	365	187	- 48.7
45 - 54	329	365	+ 10.9
55 - 64	580	329	- 43.2
65 - 74	1,184	580	- 51.0
75+	1,091	1,375	+26.0
Total	3,798	2,962	- 22.0

Female			
Age Group (Years)	2010 (000s)	2020 (000s)	% Change
16 - 24	10	13	+ 30.0
25 - 34	74	10	- 86.4
35 - 44	46	74	+ 60.8
45 - 54	81	46	- 43.2
55 - 64	173	81	- 53.1
65 - 74	136	173	+ 27.2
75+	245	190	- 22.4
Total	765	587	-23.2

TOTALS	4,563	3,549	- 22.2
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Forecast Ex-Service Dependants 2010 – 2020

Male			
Age Group (Years)	2010 (000s)	2020 (000s)	% Change
16 - 24	136	122	- 10.3
25 - 34	27	25	- 7.4
35 - 44	5	4	- 20.0
45 - 54	9	5	- 44.4
55 - 64	19	9	- 52.6
65 - 74	9	17	+ 88.8
75+	26	25	- 3.8
Total	231	207	- 10.4

Female			
Age Group (Years)	2010 (000s)	2020 (000s)	% Change
16 - 24	98	83	- 5.1
25 - 34	97	98	+ 1.0
35 - 44	281	97	- 65.5
45 - 54	275	281	+ 2.2
55 - 64	443	275	- 37.9
65 - 74	1185	443	- 62.6
75+	684	1,034	+ 51.5
Total	3,063	2,311	- 24.5

SUBTOTALS	3,294	2,518	- 23.7
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Children under 16	4,563	3,549	- 23.2
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TOTALS	4,577	3,788	-17.2
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Social care needs data

Loneliness and isolation

- 51% of people aged over 75 live alone
- 11% of people aged 65 or over say they are always or often feel lonely
- 12% of people aged 65 or over feel trapped in their own home
- 17% of people aged 65 or over have less than weekly contact with family, friends and neighbours. 11% have less than monthly contact.

Long term illness

- An estimated 3.9 million (33% of people aged 65-74 and 46% of those aged 75+) have a limiting longstanding illness. This equates to 39% of all people aged 65+.
- 69% of people aged 85 and over have a disability or limiting long-standing illness

Mental health

- 85% of people aged 75+ suffering from depression do not receive any help from the NHS
- Depression affects 40% of the elderly living in care homes
- Up to 60% of older people in hospital have mental health problems

Dementia

- Dementia is one of the main causes of disability in later life
- Over 821,000 people were estimated to be suffering from late onset dementia in 2010. By 2020, the number is forecast to rise to one million
- One in three people over 65 will die with a form of dementia
- Dementia affects one person in six over 80

Home care

- 2.4 million older people in England have care needs of whom just over 1 million receive social care
- Approximately 410,000 older people in the UK have an unmet need for help with practical household jobs
- In 2007/8, the eligibility criteria for adult social care in England was set at a level considered 'substantial' by 70% of councils and 'critical' by a further 2%

Older people as carers

- 2.8 million people aged 50 and over provide unpaid care
- 25% of all carers aged 75+ provide 50 or more hours of informal care each week
- 31% of lone parents and 32% of couples rely on grandparents for informal child care

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