



Healthier and Happier

An analysis of the fiscal and
wellbeing benefits of building
more homes for later living

A report by



STRATEGY for

Homes for Later Living 

September 2019





What are homes for later living?

Homes for later living means specially designed housing suitable for older people who want to maintain the independence and privacy that comes with having a home of their own but may want access to varying degrees of support and care, plus an in-built social community.

Typically built for people who no longer want or need a family-sized house, and often taking the form of apartments or bungalows, homes for later living are designed to help people remain independent, safe, secure and sociable for as long as possible.

One of the key differences between new-build housing for older people and new-build mainstream housing is the provision of extensive communal areas where neighbours can socialise, host visitors and be part of a friendly, like-minded community.

Another key difference is the presence of an on-site manager or team, someone whose role is to look out for people's welfare, be a point of call if help is needed, make sure the communal areas are well-maintained and to be a reassuring, friendly presence.

Homes for later living typically come in two types:

- Housing with support, or Retirement Living – age restricted housing, typically for those aged 60 and above, with communal lounges and other facilities such as a shared laundry and a guest room. Importantly, support is provided by an on-site manager who is dedicated to the running of the development. Schemes are typically between 30 to 60 units in size.
- Housing with care, or Extra Care housing – age restricted accommodation, typically for those aged 70 and above. As above but with an increased range of on-site services including care in a style that can respond flexibly to increasing need whilst fostering independence as far as is possible in older age. Developments are typically between 40 to 70 units in size.

Facilities common to both types can include a communal lounge, restaurant with on-site kitchen, function room, laundry, guest suite, well-being centres, hairdressers, and staff rooms.



About the author

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Homes for Later Living

Homes for Later Living has been set up to promote greater choice, availability and quality of housing specifically for older people. It is comprised of Churchill Retirement Living, McCarthy & Stone and PegasusLife Group (made up of PegasusLife and Renaissance Retirement) and operates alongside the Retirement Home Builders Group within the Home Builders Federation (HBF).

Homes for Later Living exists to promote all types of housing which are specifically designed, built or adapted for people over the age of 60. These properties are operated in the long-term interest of residents, so that as people grow older and their needs change they can choose to live in a property that works for them.



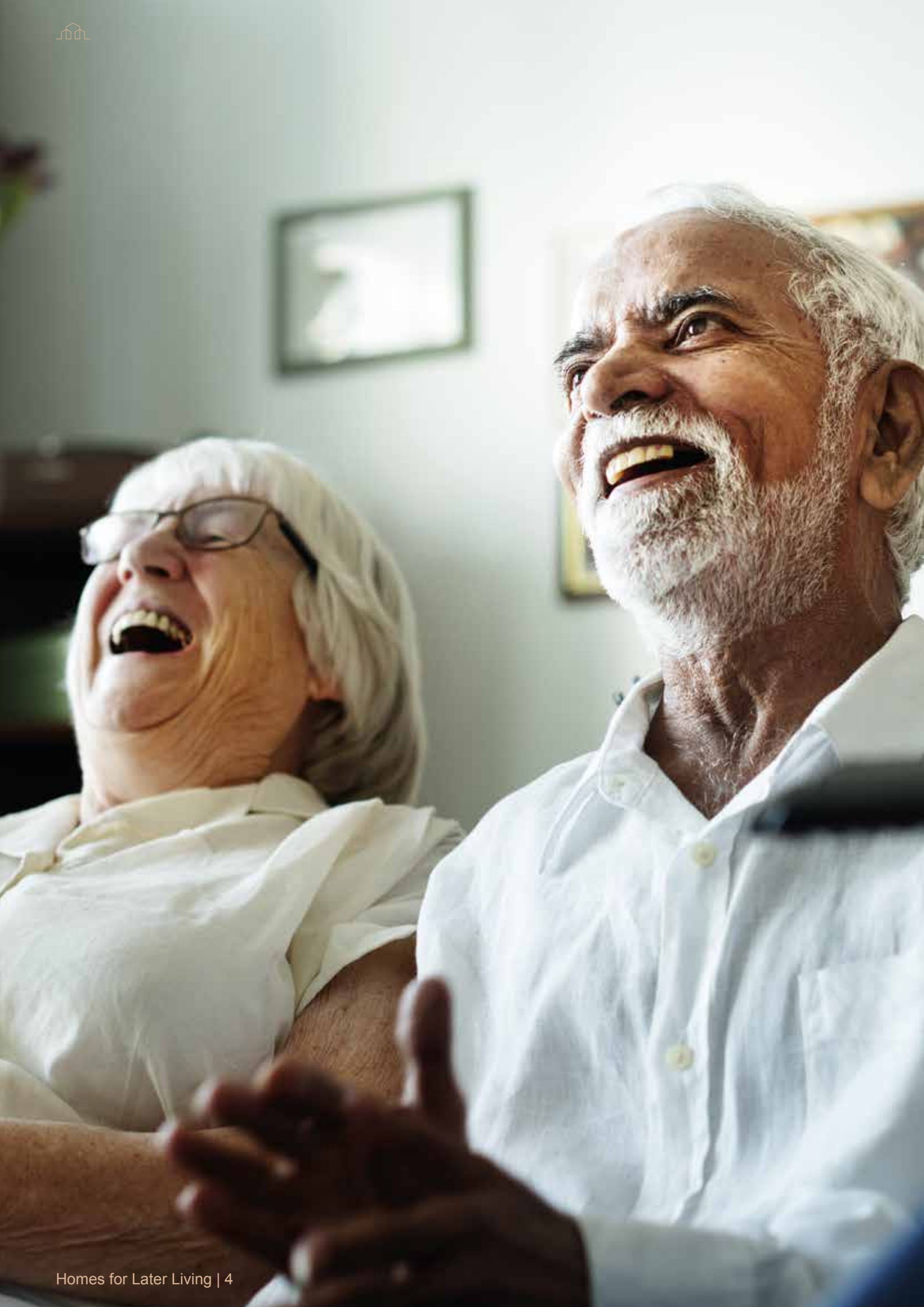
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Contents

Foreword	5
Executive summary	6
Introduction.....	9
A housing headache – old homes versus care homes	10
Health problems in old age.....	12
Benefits of homes for later living	14
A survey of Homes for Later Living residents	15
The lack of good quality homes for later living	17
Fiscal impact: key findings.....	19
Well-being impact: key findings	21
Conclusion.....	23
Annex	24
Endnotes	28



Foreword

One hundred years ago, the average life expectancy for men and women was 55 and 59 respectively. Thanks to advances in medicine, technology, diet and lifestyle, things look very different today. As a result, the number of older people in England is growing significantly and this rate of growth is projected to speed up over the next 20 years.

This is good news for all of us but it creates a challenge for the NHS and local authorities – long term conditions can kick in as we get older, meaning that we need more health and social care support. According to latest government forecasts, the number of people aged over 80 is set to rise from around 3.2 million today to 5 million in 2032. Meanwhile, the number of people aged 100 or over has increased by 85% over the last 15 years, with 14,430 centenarians living in the UK at the last count.

As the population increases and ages, it is vital that the link between housing and health and social care is recognised. The right kind of housing can help people stay healthy and support them to live independently. As this important report from Homes for Later Living highlights, there is currently a severe shortage of suitable housing for the growing numbers of people entering retirement. The result is that many older people are often living alone in unsafe, unsuitable and unhealthy accommodation, where they are most likely to suffer from falls, loneliness and dementia.

This report shows that moving into specialist retirement housing is proven to reduce incidence of falls and reduce delays in discharge from hospital. Building more homes across all tenures for later living every year would give people more choice and flexibility on how they live their lives. Encouraging this shift in accommodation could save the NHS and local authorities huge sums every year.

And while these fiscal savings are important, what this research shows is that the kind of services and amenities available to people living in specialist retirement living can give older people a new lease of life. When it comes to wellbeing, retirement housing can help people turning 60, 70 or 80 to feel considerably more positive about life. Residents benefit from a safer, more secure place to live, which allows support at varying levels to maximise independence. Communal areas hosting social events and exercise classes help tackle social isolation which often manifests amongst those in later life.

The other benefit of building more homes for later living is the positive impact on younger generations looking to buy a property of their own or to upsize. By giving an ageing population a real choice over where to downsize to, more family homes could be freed up for younger families looking for suitable housing to raise their children.

People shouldn't fear getting older. Turning 80 should be seen as just the next stage in life. Downsizing is not simply the end of an era but an opportunity to shed the cumbersome upkeep of a large property and explore a new way of living in later life.



Rachael Maskell MP

Chair of the All-Party Parliamentary Group for Ageing and Older People

September 2019



Executive summary

As a result of ongoing advances in technology, better healthcare and improved lifestyles, we are living longer and are often healthier. By 2032 there will be five million people over eighty living in the UK.

But as the number of older people in the UK goes up, we are experiencing a shortage of homes specifically designed for later living. This does not just mean that millions of older people are stuck in housing that may no longer suit their needs, but that the shortage of specifically designed housing for older people is unnecessarily drawing resources from elsewhere in the NHS and local authorities.

The answer to this escalating problem is a radical increase in the supply and mix of specialist housing schemes for later living, funded by using existing equity in housing stock.

In this report, we have explored the significant savings that Government and individuals could expect to make if more older people in the UK could access this type of housing. Our research also looks at how - by maximising independence and increasing social interaction - homes for later living can significantly improve the wellbeing of older people. The analysis shows that:

- **Each person living in a home for later living enjoys a reduced risk of health challenges, contributing to fiscal savings to the NHS and social care services of approximately £3,500 per year.**
- **Building 30,000 more retirement housing dwellings every year for the next 10 years would generate fiscal savings across the NHS and social services of £2.1bn per year.**
- **On a selection of national well-being criteria such as happiness and life satisfaction, an average person aged 80 feels as good as someone 10 years younger after moving from mainstream housing to housing specially designed for later living.**

Our analysis comes amid mounting evidence that poor housing is closely linked to poor health, increasing the strain on the social care system and the NHS.

As things stand, many older people find themselves with little option but to stay put in properties that are remote from shops and services, ill- equipped for changing mobility needs, hard to maintain and potentially hazardous to grow old in. The lack of opportunities to access suitable housing in retirement means that, when it finally comes, their next move is to a care or residential home.

In contrast, Homes for Later Living offers varying levels of support and social interaction for those who want to remain independent for as long as possible by living in a safe and sociable environment in later life. All schemes offer residents the opportunity to live independently in their own apartment or bungalow while 'extra care housing' includes many shared services and 24 hour on-site care.

Various social activities combined with the abundance of communal spaces means that, compared to older people in other housing types, Homes for Later Living residents are around half as likely to feel lonely.

“Many older people are living in unsafe, unsuitable and unhealthy accommodation, with little hope of being able to move somewhere better or improve their homes.”

APPG on Ageing and Older People. 2019 inquiry into decent and accessible homes for older people

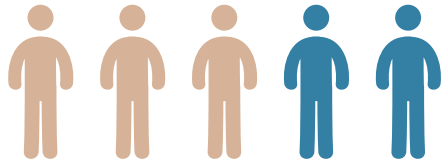
This report is the first of three explorations of the case for building more homes for later living. In future studies, we will investigate the positive impact that more homes for later living would have on the wider housing market and we will assess the significant benefits that local communities receive from building more homes for later living.

We will also be exploring a number of mechanisms to encourage more homes of this nature to be built, and to ensure that those in later life are aware of the options available to them.

It is our contention that all older people should have better access to homes for later living, which offer varying levels of support and social interaction for those who want to stay safe and keep their independence in later life. The personal well-being improvements associated with moving to a home for later living should not be understated – and on a human level are by far the most important.

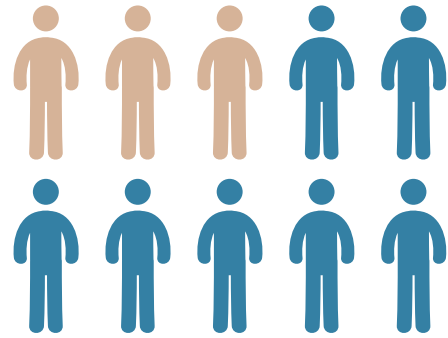
However, it is the significant potential fiscal savings that should make all politicians sit up and take note. Any policy-maker looking to mitigate increasing costs to the state associated with an ageing population cannot afford to ignore these findings.

By 2032, there will be almost 2m more over 80s in the UK



Key:  = 1 million over 80s

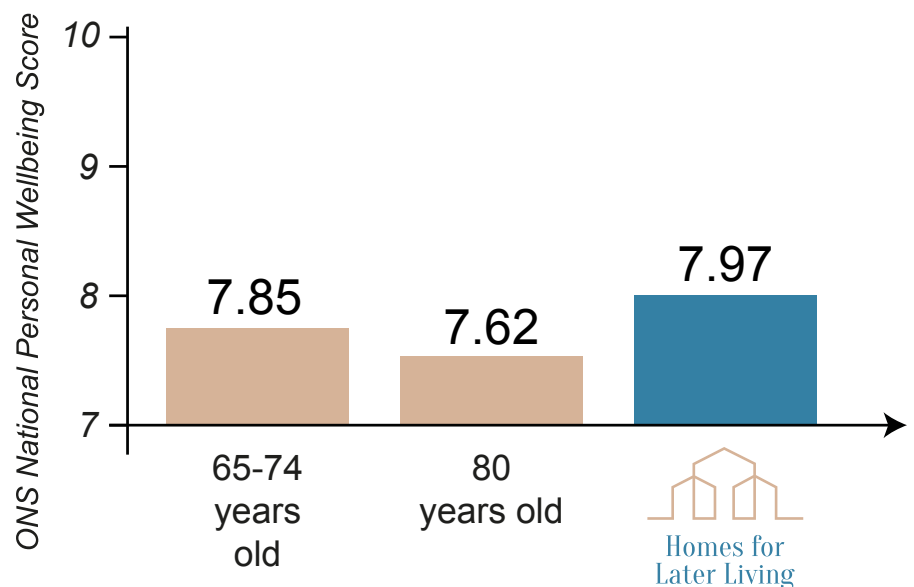
This will increase to 10m by the end of the century



Each person in a home for later living saves c. **£3,500** to the NHS and social services per year

Building more homes for later living could save up to **£2.1bn** to the NHS and social services per year

The average 80-year-old living in a homes for later living property can feel as good as someone 10 years younger





Introduction

A perfect storm has created the conditions whereby many older people have little choice but to remain in a house that may no longer meet their changing needs as they get older. For these people, their housing may be denying them considerably better health and social outcomes later in life.

Not only do more people live in the UK than ever before, it is a well-known fact that we also have an ageing population. Although improvements in life expectancy have recently stalled, people are generally still living longer than they used to and, by 2032, the number of people in the UK aged over 80 is set to rise to five million from 3.2 million today.¹

As the population has been growing and ageing, a housing crisis has been brewing. Politicians have repeatedly insisted that housing is rising to the top of the political agenda and promised to take bold action, but this has mainly targeted helping people onto the housing ladder rather than making sure people are able to move back down the ladder as they get older.

Politicians widely accept there is a significant problem. Time and again we have heard about the 'broken housing market' which can only be fixed by building more homes. Government targets are set at delivering 300,000 homes a year by the middle of the next decade. Yet while house building has risen since the lows reached during the financial crisis of a decade ago, a further significant increase is still needed to achieve this goal.

The toll that the ongoing housing crisis has taken on young people has been well-documented. Nearly a million more 20-34 year olds live at home with mum and dad than 20 years ago, despite no rise in their population.² Homes have become unaffordable for millennials and rents have continued to rise steeply. Over the last ten years, the average age of first-time buyers has risen from 31 to 33 with many people now relying on help from the 'Bank of Mum and Dad'.³ According to the last available figures, 39% of first-time buyers had help from family or friends, while 10% used an inheritance.⁴ As things stand, the plight of many young people struggling to get on the property ladder is only exacerbated by the lack of family-sized homes coming back onto the market.

But it is not just the under 30s affected by the housing crisis. While much of the media focus has been on first time buyers and the plight of young renters, a housing shortfall has been steadily developing at the older end of the housing market. As people in the UK get older, there is a severe shortage of housing being built specifically for people in later life. The result is that many older people are living in accommodation that becomes potentially unsafe, unsuitable and unhealthy for them given their changing needs, with limited options as to how they can either adapt their homes or move somewhere specially designed for their needs.





A housing headache – old homes versus care homes

Just like any other age group, older people are highly diverse. They may be rich, poor, or somewhere in between. Their health needs and their housing situations vary, greatly dependent upon their tenure, geographical location, income and equity. Their personal situations — links with family, friends and neighbours, their interests, lifestyles and aspirations — are also diverse.

For those who do not have pressing care needs and are keen to remain independent, it may not seem necessary or frankly appealing to leave the family home. But the result of this is that many older people remain in a house which is not able to sustain their changing needs as they get older.

The UK has the oldest housing stock in the EU with 38% of our homes dating from before 1946 and 21% from before 1919.⁵ Older homes are often in a poorer state of repair and have more dangers, including cold, damp, fire risk and general fall hazards. They also tend to be lacking basic adaptations such as handrails in the shower and on the stairs, as well as more substantial elements such as wider internal doors, stair lifts and walk-in showers. For less mobile older people, these adaptations mean that everyday essential tasks like getting out of bed, going to the bathroom or getting dressed are safer and more manageable, helping to support their independence.

Even for those not struggling with day-to-day tasks, a downside to staying at home in old age is the lack of companionship and increased risk of loneliness. Some 3.8 million individuals over the age of 65 live alone in the UK, 58% of whom are over 75.⁶ Half of the over-80s live alone. While their physical health may be holding up, older people who remain in the family home may suffer from having no close friends or relatives nearby. Their house might also have poor public transport links and not be within easy reach of local services and amenities. If this is the case then even the most active and outgoing older people can find themselves at risk of social isolation, with an increasing sense of loneliness and vulnerability.

For many people, the eventual move often occurs at a situation very late in life when options are limited and the change in residential needs can be drastic. When older people require high levels of care, a care home is often seen as the natural next step in their housing journey. Around 421,000 older people in the UK are thought to be in this type of accommodation,⁷ where a number of older people live, usually in single rooms with access to on-site care services. But there is a high level of reluctance

around taking this step. Previous polling commissioned by the Alzheimer's Society found that seven in ten Britons are scared of going into a care home.⁸

Despite the variable quality, care homes can eat up public and private funds at an alarming rate. For the 41% of care home residents who pay privately, costs can range from £27,000 to £39,000 per year. If nursing is required, the cost can be as high as £55,000 per year.⁹

Within local authorities, over a third of budgets are now spent on adult social care, which also includes the huge sums spent on council-funded home care.¹⁰ The cost is such that almost half of councils have seen the closure of domestic home care providers in their area in the past year and a third have seen residential care homes close, collectively affecting more than 8,000 clients and residents.¹¹

The former deputy prime minister Damian Green MP is one of a number of politicians to have raised the alarm over the social care crisis and the impact on care homes. In July 2019, Green suggested that local authorities are increasingly reluctant to allow care homes and retirement homes to be built in their areas because they can't afford the social care costs associated with that demographic. "We need to face up to these unpalatable truths," he said. "The current system isn't sustainable financially or politically... Local authorities don't want to become attractive places for retired people."

Caroline Caunter MBE

Current Homes for Later Living resident

After being diagnosed with a brain tumour, Caroline was forced to move out of her three-bedroom house and into a nursing home for six months. Whilst she needed a higher level of care, Caroline explained how she came to find a happy balance between independence and care:

“I'm very independent and lived on my own for 30 years since my husband died, so I felt too well to be spending my time sitting in a care home, but wanted the security of being somewhere surrounded by people and with an emergency care system.”



Since moving to her homes for later living property, Caroline now has a 24-hour Careline system in case of emergency which ensures a quicker response to limit any medical difficulties which can impact on elderly people living alone. She has support with daily tasks such as maintaining her garden, and an apartment built with frailer residents in mind to prevent the majority of accidents which could occur.



Health problems in old age

While many column inches have been dedicated to the problems faced by young people struggling to get on the housing ladder, the plight of the many older people stuck in unsuitable housing has received significantly less media attention. And yet the evidence that poor housing can lead to health problems in old age is already well-established, with enormous resultant costs to the NHS and social care.

A lack of suitable accommodation amongst elderly patients is often the cause of delayed discharge from NHS hospitals at an enormous cost of £500 a minute and furthermore risks comprising a full recovery.¹³ It stands to reason that if more elderly people lived in homes which were properly designed and equipped for their needs the rate of delayed discharge would be considerably reduced.

Falls

While anyone can have a fall, older people are especially vulnerable. Public Health England statistics show that in 2017/18 falls accounted for 335,000 hospital admissions in England of people aged 65 and over. Around one in three adults over 65 who live at home will have at least one fall a year,¹⁴ and around half of people aged 80 and over fall at least once a year.¹⁵

A fall can be caused by poor vision, balance problems, muscle weakness or other long-term health conditions. It is most likely to happen as a result of poor housing conditions. These could include dim lighting, rugs or carpets not properly secured and storage areas that are difficult to access.

Falls can result in a range of injuries including head injuries and hip fractures. The human cost of a fall can include distress, pain, injury, loss of confidence, loss of independence and mortality. For health services, they are both high volume and costly. The NHS itself has described falls and fractures in older people as “a costly and often preventable health issue.”¹⁶

Cold and keeping warm

Millions of older people in the UK are living in homes that are too cold. According to one expert, by remaining in a larger house which is difficult and costly to keep consistently warm over a long period of time, some “asset-rich but cash-poor” older people face a choice of “heat or eat.”¹⁷

A cold home can cause chronic and acute illnesses and lead to reduced mobility, falls and depression. In 2018, the House of Commons Housing, Communities and

Local Government Committee heard that there was a well-evidenced link between cold homes and chronic diseases, such as respiratory and cardiovascular diseases and rheumatoid arthritis, and poor mental health. The committee also heard that cold homes were connected to acute cases, namely heart attacks, strokes and falls.¹⁸

Social isolation

Many older people live far away from relatives in homes that are not within easy reach of local services, amenities and public transport links. These factors all contribute towards social isolation, which can lead to loneliness and depression.



Around 1.5 million people aged 50 and over are always or often lonely, researchers have calculated.¹⁹ Projections from Age UK suggest that this could rise to two million people within the next 10 years.²⁰ Loneliness makes it harder for people to regulate behaviours such as drinking, smoking, and over-eating, which in turn have their own significant negative outcomes.

Research has suggested that the impact of loneliness and isolation on mortality is equivalent to smoking 15 cigarettes a day.²¹ There are also much wider negative results to note, including that older people who are lonely are more than three times more likely to suffer depression,²² and 1.9 times more likely to develop dementia in the following 15 years.²³

Studies have also shown that social isolation increases the risk of being diagnosed with chronic illnesses. Indeed, there is a vast amount of research on social isolation and health suggesting that people who participate in social activities have been found to have a lower risk of suffering from multiple chronic diseases.



Benefits of homes for later living

These days, many people in later life are as active as ever.²⁴ Indeed, amongst the over 80s there are some 53,000 people who are still in employment. Others are increasingly enjoying action-packed retirements.

For the increasing number of active older people, care provision is not the only consideration in play when it comes to choosing where to live in their later years. Companionship and a sense of control are also important, as is access to a variety of support services.

In short, retirees of today expect far more choice and greater quality. Specialist housing schemes for later living respond to this by offering varying levels of support and social interaction for those who want to stay safe and keep their independence in later life. All schemes offer residents the opportunity to live independently in their own space, usually a one or two-bedroomed apartment or bungalow.

Schemes often classified as 'retirement living' provide a dedicated manager and communal spaces for regular social events, which can range from bridge nights to wine tasting events. While all accommodation will be equipped with emergency alarm systems, 'extra care housing' means domestic and personal care tailored to the level of support needed by the residents - from maintaining their apartment to daily care visits.

Significant shared services will also be provided, such as a residents' lounge, restaurant with on-site kitchen, function room, laundry, guest suite, well-being centres, hairdressers and staff rooms.

By maximising independence and increasing social interaction, all of these housing environments can improve the well-being and health of older people and so enhance their overall quality of life.

Given the majority of developments for later living are located on or close to a high street, there are also significant community benefits. Businesses situated nearby can expect to feel the effects of the 'grey pound' as residents of homes for later living regularly use shops and local facilities. At the same time, organisations which rely on volunteers such as libraries, charity shops and community centres also benefit from having more people with free time to get involved living close to the high street.

Indeed, research by McCarthy & Stone in 2014 found that more than three-quarters (78%) of their residents used local shops at least once a week; and around 90% used local shops and/or supermarkets more than once a month.²⁵ Other local services were also used regularly by owners, with around a quarter using services such as local taxis, hairdressers, pubs, cafes and restaurants more than once a week.

Geoff Oxlee in Seaford

Current Homes for Later Living resident

“Many of the owners have lost their partners, and the friendship and care shown by the hosts plus the companionship shared both in the lounge and the gardens helps alleviate loneliness. This is of course fundamental to the concept of a caring and comfortable retirement living. I feel we are part of a good community and living here is indeed a pleasure. We are seen as and quite properly called “owners” not just residents.”

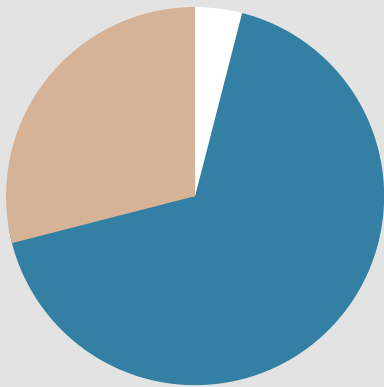


A survey of Homes for Later Living residents

Residents of schemes run by Churchill Retirement Living, McCarthy & Stone and Pegasus Life Group were surveyed in 2019.

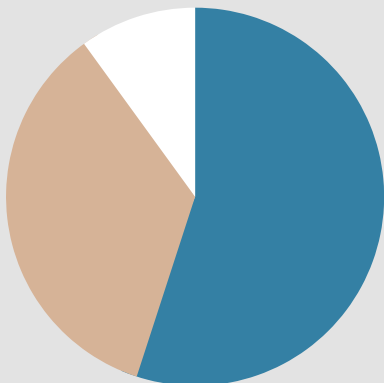
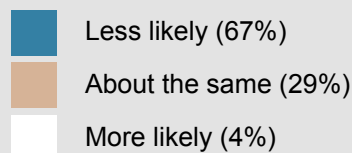
Questions were answered by more than 1,400 residents and the survey results showed that:

- Two thirds (67%) of residents feel they are less likely to move into a residential care home since moving into their current home.
- Over half (55%) of residents have a greater sense of community since moving into a Homes for Later Living property.
- Three quarters (76%) of residents feel communal areas are important for well-being and ability to socialise.

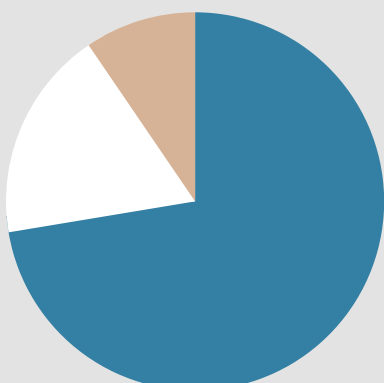
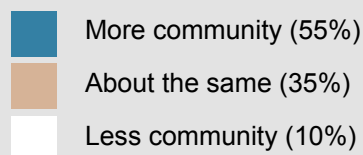


Breakdown of questions and responses:

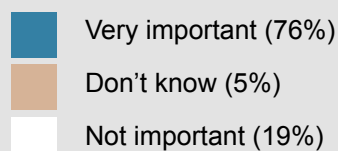
Do you feel your new home means you're more likely, or less likely, to move into a residential care home?



Since you moved into your retirement property do you feel more, or less, of a sense of community where you live?



How important are the communal areas in your development to your general well-being and ability to socialise?





Oomph! exercise classes

Oomph! is partly funded by Sport England and is the UK's leading wellbeing business for older adults. It partnered with McCarthy & Stone earlier this year, training staff members to deliver specifically tailored exercise classes for Homes for Later Living residents. The regular classes provide the opportunity to exercise for all levels of physical ability and are a fun way of socialising with other homeowners.

Residents have said Oomph! makes them happy, makes them laugh and creates stronger muscles. "It's the best thing I have ever done coming to this class each week. I am 92 and it keeps me going," says Joyce, who attends classes in Plymouth.



Dedicated on-site help and support

A dedicated on-site manager is the point of call for all residents, responsible for the effective and smooth running of developments. Also known as hosts or concierges, they oversee all communal areas and activities, offering support for residents where necessary and providing a sense of stability and security.

Ann Clare, lodge manager at De Clare Lodge in Cowbridge, Wales, says that getting to know a range of people is the most gratifying part of the role.

"I'm a real people person so that's the aspect of the job I love," she says. "I've enjoyed getting to know all my new owners, supporting them with their move and helping to sort out any little problems that they might have. Looking out for the health and wellbeing of my owners will be a key part of making sure they enjoy their new lifestyle here and make the most of it."

The lack of good quality homes for later living

As previously suggested by the think tank Demos, over half of over-60s – around eight million people currently living in seven million homes – are interested in moving and one third specifically wanting to down-size.²⁶ More recently, Legal & General found that of all the households with homeowners aged 55 and over with at least two unoccupied rooms, more than half would consider downsizing.²⁷ The 2017/18 English Housing Survey found that 67% of home owners aged 65 or over live in an under-occupied property, equivalent to 3.6 million households in England.²⁸



Freeing up this stock could make a huge contribution to easing the housing crisis, releasing many more family homes close to schools onto the market. But in the absence of enough local choice and incentive to consider moving home, many older people stay put in properties that are unsuitable and even unsafe to grow old in.

“Quite simply, older people who would like to move will be deterred from doing so if they cannot find a property that they would like to live in.”

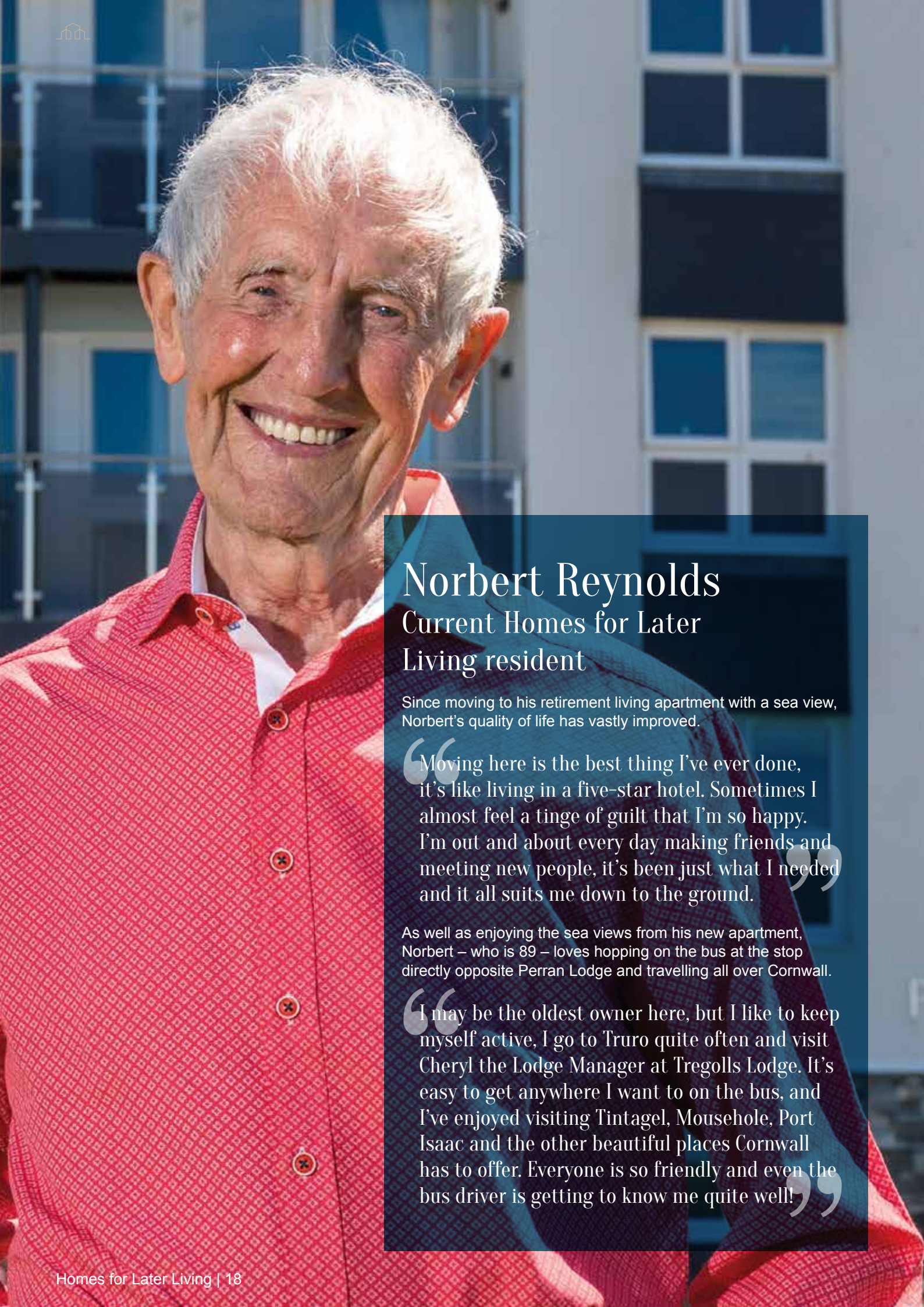
Housing, Communities and Local Government Committee, 2018

Of course, the practical and emotional upheaval of moving from the family home cannot be overlooked, but it is only part of the picture. Rather, most experts point to the massive shortage of housing that can keep older people healthy and support them to live independently.

In its report on the issue, Legal & General found that only 13% of all homeowners aged 55 and over had gone ahead with downsizing, adding that “the lack of good quality later living housing is the fundamental barrier to Last Time Buyers making the decision to move.”²⁹

Parliamentarians have reached the same conclusion, with the House of Commons Housing, Communities and Local Government Committee highlighting a lack of suitable accommodation for older people to move to. “Quite simply, older people who would like to move will be deterred from doing so if they cannot find a property that they would like to live in. This is particularly so given the practical, financial and emotional implications of moving,” stated the Committee’s 2018 report.³⁰

In 2019, the House of Lords Committee on Intergenerational Fairness and Provision also heard a similar story. “The generation born between 1946 and 1965 is substantially larger than subsequent or preceding ones,” they stated. “We have heard that there is an inadequate supply of housing that is adaptable or specialised to meet the needs of this larger cohort as their care needs increase.”³¹



Norbert Reynolds

Current Homes for Later Living resident

Since moving to his retirement living apartment with a sea view, Norbert's quality of life has vastly improved.

“Moving here is the best thing I've ever done, it's like living in a five-star hotel. Sometimes I almost feel a tinge of guilt that I'm so happy. I'm out and about every day making friends and meeting new people, it's been just what I needed and it all suits me down to the ground.”

As well as enjoying the sea views from his new apartment, Norbert – who is 89 – loves hopping on the bus at the stop directly opposite Perran Lodge and travelling all over Cornwall.

“I may be the oldest owner here, but I like to keep myself active, I go to Truro quite often and visit Cheryl the Lodge Manager at Tregolls Lodge. It's easy to get anywhere I want to on the bus, and I've enjoyed visiting Tintagel, Mousehole, Port Isaac and the other beautiful places Cornwall has to offer. Everyone is so friendly and even the bus driver is getting to know me quite well!”

Fiscal impact: key findings

A programme of private investment in specialist housing, funded by existing equity, would do more than remove the biggest barrier stopping thousands of people from downsizing. We have calculated that the average person living in specialist housing for older people saves the NHS and social services £3,490 per year. Assuming average household sizes of around 1.33 in homes for later living, building 30,000 homes for later living every year could therefore generate fiscal savings to central government and local authorities of at least £1.4bn a year within a decade.³²

This comes on top of the fiscal savings already being delivered by the existing homes for later living market, thought to be at least £750 million a year. In total, £2.1bn a year in fiscal savings could be delivered if we had these additional properties built over the coming decade.

Each person living in a Homes for Later Living property enjoys a reduced risk of health challenges, contributing to fiscal savings to the NHS and social care services of almost £3,500 per year.

To put it in context, the three leading retirement living developers and operators built a combined 3,300 dwellings - around 20% of which were extra care housing - in 2019. Their ambition for the sector as a whole is to deliver the extra 30,000 properties per year by 2032.

The average resident in a homes for later living property is in their early 80s,³³ and the average age of first purchase is around 79.³⁴ There are currently 3.2 million over 80s in the UK with this figure set to rise to five million by 2032 and ten million by the end of the century.³⁵ Assuming there are 1.33 people per homes for later living household, building the extra accommodation would mean around 400,000 people housed more appropriately, rather than struggling to get by in the family home or going into long-term residential care. It would amount to 600,000 out of five million over 80s – one in eight - living in specialist housing by 2032.

This would generate the additional fiscal savings across the NHS and social services of £2.1bn a year. But these are only the fiscal savings we have been able to quantify and apply in our modelling, with others unaccounted for. For example it is unlikely to capture the full scale of NHS savings and does not capture savings beyond health and social care services, for example, those linked to reduced crime as a result of living in a more secure environment.

Furthermore, this kind of intervention in the housing market would prevent thousands of over 80s going into expensive long-term residential care. A number of studies have estimated that around 10 to 12% of those currently living in retirement living (or 'sheltered housing') would be in expensive residential care were these specialist homes not available.³⁶ It is also believed that around a third of the 421,000 elderly people currently in residential care today could be housed and cared for more effectively in specialist housing.³⁷ This would improve the quality of life of tens of thousands of people and save money both for private individuals and their families as well as for local authorities picking up the tab for social care. The over-use of institutional care for the over 80s manifests a vast fiscal inefficiency and we estimate around £1,800 saved per person to the public purse for every homes for later living resident through reduced use of institutionalisation alone.

Homes for later living properties are designed to keep residents safe and secure and to minimise risk. Building homes for retirement living requires the best available design and accessibility standards. For example, communal spaces are shared to avoid the potentially isolating effects of retirement and loneliness - which has been linked to an increased risk of dementia. This explains why specialist homes are proven to prevent or reduce an array of adverse health outcomes that cost the NHS and social care services billions of pounds a year.

By 2032 there will be five million people over eighty living in the UK - if one in eight were housed in a homes for later living this could generate total fiscal savings across the NHS and social services of £2.1bn per year.

Health spending on the average 80-year-old is £6,200 a year and long-term care at £1,000 a year, rising almost exponentially with age (it is 'just' £2,700 and £300 for the average 65 years old).³⁸ The most costly hospital admissions for older people tend to result from falls and fractures, dementia, and strokes.

What are the improved outcomes?

Most of those living in a homes for later living property are in their 80s. Half of over 80s in the general population live alone.³⁹ Yet those in homes for later living could be around half as likely to have falls,⁴⁰ with resulting fractures, injuries and costly inpatient bed stays. Considering that the number of over 80s will rise from around 3.2m today to around 5m in 2032, and around a half of the 80s will fall in any given year - the implied number of over 80s falling will rise from 1.6m today to around 2.5m in 2032, a rise of 900,000 should fall rates remain the same. If we built 30,000 specialist homes per year, housing roughly 400,000 over 80s, it could mean 100,000 fewer fallers. In addition, residents of homes for later living are around half as likely to



be lonely,⁴¹ making them significantly less likely to develop dementia.⁴² Reduced isolation also means that stroke sufferers get the urgent medical attention that is so crucial to surviving a stroke and making a full or near-full recovery, the key message of the award-winning Act FAST TV campaign.⁴³ What follows is a reduced dependency on long term care and the toll that takes on local authority social care budgets

Table below: The fiscal impacts of mainstream vs homes for later living housing, by outcome and efficiency

	Mainstream housing, pp >80yrs	Homes for Later Living housing, pp >80yrs	Difference
Adverse health outcomes / cause:	Cost (£)	Cost (£)	Saving (£)
Fracture or serious injury / falls	811	300	(510)
Dementia / loneliness	2,119	1,874	(244)
Stroke incapacitation / delayed action	477	343	(134)
Pneumonia, heart attacks, arthritis / cold homes*	205	nil	(205)
Visits to GP and A&E attendance / (various)	267	195	(72)
Subtotal (prevention)	3,878	2712	(1,166)
Efficiencies:			
Utilisation of public-funded institutional care**	1812	nil	(1,812)
Use of public-funded home care services	984	820	(164)
Use of disabled facilities grant money***	349	nil	(349)
Subtotal (efficiencies)	3,144	820	(2,324)
Total	7,022	3,512	(3,490)

*assumes no HFLL homes are cold. **includes only those in HFLL homes that would otherwise be in institutional care, if HFLL didn't exist. ***assumes zero use of disabled facilities grant in HFLL homes as these ones are already adapted. A more detailed methodology can be found in the annex.

The numbers for the three fiscal big hitters are stark. Falls and fragility fractures cost the NHS at least £2bn a year and social services £1.1bn.⁴⁴ Dementia costs the NHS £4.3bn a year and social services over £4.5bn.⁴⁵ For strokes it is £3bn and £2.5bn respectively.⁴⁶ That is £17.5bn a year just for the big three, even without capturing everything across health and social services.

All in all, we identify fiscal savings across NHS and social care services of almost £3,500 a year for the average person living in a home for later living.

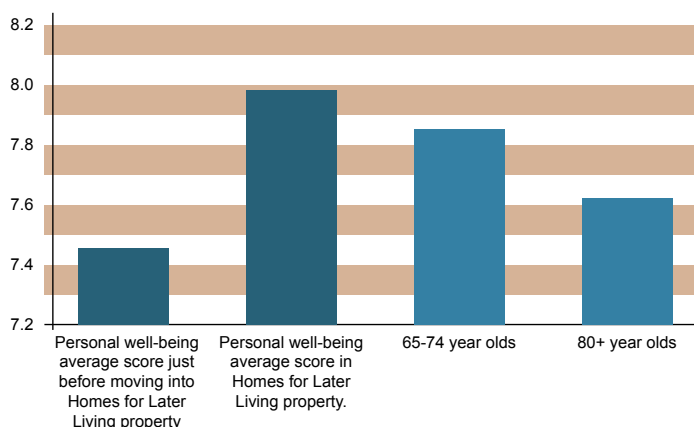
Well-being impact: key findings

Of course, huge savings for local authorities and the NHS are only part of the picture. Our evidence also points to dramatic improvements in the personal well-being of a typical person aged 80 moving from mainstream housing to Homes for Later Living properties. We have found that Homes for Later Living residents score as highly as someone 10 years younger on the nationally recognised general well-being criteria. In particular, those over 80 living in specialist housing are much less likely to have feelings of anxiety compared to the over 80s living in mainstream housing.

We estimate that the monetary value of this improved feeling of personal wellbeing could be as high as £1,530 per person per year, or around £10,000 (discounted) over the average eight-year period a resident lives in a Homes for Later Living property. This is when valued on the same basis as the Quality Adjusted Life year (QALY), the means of evaluating whether to conduct a medical intervention which values one year of quality life as high as between £20,000 and £30,000 per year. If the ambition to build 30,00 homes for later living properties per year was met, the value of personal well-being improvements could be as high as £600m a year.

To assess how moving into specialist housing from mainstream housing is associated with significant improvements in personal wellbeing, we surveyed over 1,400 Homes for Later Living residents. Our research found that moving to the current property was associated with a marked improvement in residents' average personal well-being scores. Overall, the average scores went up from 7.46 out of 10 to 7.97 out of 10. This is an improvement of 0.51 percentage points or, equivalently, 7%. Much of this improvement came through a greater sense of life satisfaction and reduced levels of anxiety.

Chart below: Average personal well-being scores for Homes for Later Living residents compared with national population



Amongst the general population, feelings of personal wellbeing over a person's lifetime (as reported by the ONS' National personal well-being data) appear to peak

with the onset of retirement at the age of 65. But then they decline from about the age of 75. Average national personal wellbeing scores plateau for those aged 65-74 at 7.85 out of 10, then fall to 7.72 for those aged 75-79. For those aged between 85 and 89 average scores fall even further to 7.59.⁴⁷ These declines may be the result of life event factors which adversely affect personal well-being, including the loss of a partner, and increased loneliness, or failing health, impaired mobility and reduced independence.

The average age of those in Homes for Later Living properties is a little over 80. The average personal well-being score for those surveyed who currently live in these properties was 7.97. The survey results show that the well-being scores of those over 80s who have moved into a Homes for Later Living property actually increases and is higher than personal well-being reported by the over-80s nationally.

Lifetime events occurring just before or at the time of moving can of course impact on wellbeing scores in either direction. For example, just over a quarter of respondents cited the loss of a partner as a reason that best describes why they moved into their retirement property. Across all the providers, 14% of survey respondents reported feeling lonely often or some of the time in their current retirement property. 18% of respondents reported they felt lonely often or some of the time just before they moved to their current retirement property.

The increased personal well-being scores from moving into a Homes for Later Living property restore to over-80s living in these properties a sense of personal well-being that would otherwise have peaked when they were 65-74 years old (the mid-point being 70). In other words, matching personal well-being levels of those at least ten years younger.

Table below: Survey of personal well-being indicators for Homes for Later Living residents

	Personal well-being average score just before moving into their current home	Personal well-being average score in current home
Life satisfaction	7.31	7.95
Life worthwhile	7.72	8.06
Happy yesterday	7.32	7.75
Not anxious yesterday	7.51	8.12
Blended average	7.46	7.97

A photograph of an elderly woman, Marjorie Carter, with short white hair and glasses, wearing a blue and white patterned top. She is smiling and reaching out towards the camera. The background is a blurred indoor setting with colorful fabric.

Marjorie Carter

Current Homes for Later Living resident

Former Olympian Marjorie Carter, who lives in a Homes for Later Living property, defies gravity – and conventional wisdom – by continuing to perform gymnastics routines at the age of 84.

Marjorie started gymnastics at the age of 10, going on to compete in both the 1952 Olympic Games in Finland and the 1960 Games in Rome. 74 years later, she can still stand on her head, perform the splits and cartwheel.

“You need to keep moving. It’s so important when you get older to maintain that independence and mobility. As they say, ‘use it or you lose it.’

Living at Jowett Court with a range of people of a similar age is a good lift for the mind, as well as making friends and spending quality time with people, which is as important as regular exercise for maintaining a healthy lifestyle.”

Conclusion

Retirees of today expect far more choice and greater quality than previous generations. A few housing providers are responding to this, and in many cases older people are benefiting from residing in homes for later living that are tailored to meet their evolving needs. But much more can be done.

This report has examined the significant benefits of homes for later living, which encompasses retirement living properties with and without care services. Our research has shown that people living in all forms of housing for older people have significantly greater well-being than those living in other types of accommodation. The potential fiscal savings to the NHS and local authorities are significant. However, savings of over £2bn a year will only become apparent if we can build 30,000 homes for later living properties per year over ten years, ideally by 2032 to keep pace with demand.

The huge savings are possible because the design of homes for later living is specially tailored to older people, meaning that residents are around half as likely to have falls with resulting fractures, injuries and costly inpatient bed stays. As well as having their own living space, typically an apartment, abundance of communal spaces also means they are around half as likely to feel lonely. The quality of these homes has to be unparalleled across the market to meet high quality requirements, ensuring the safety of residents in later life.

In order to deliver savings of £2.1bn to the NHS and social services, we need to keep pace with demand by building 30,000 homes for later living properties per year.

Despite the benefits, it is widely accepted that currently there is inadequate provision of homes for later living. While the range of choice for those in later life has considerably increased over the last 20 years, the current planning system makes it difficult for existing retirement house builders to meet growing demand. At the same time, the system works against other mainstream house builders looking to enter this part of the market.



The need for homes for later living to be treated differently from conventional, mainstream housing has been accepted by the likes of the Law Commission and the Housing, Communities and Local Government Committee. This was seen in the distinction the Law Commission made with regard to the case for exit or event fees, the distinction the Government made with regard to the need for an economically sustainable ground rent and the distinction the Housing, Communities and Local Government Committee made with regard to planning obstacles and the case for a new use class. Going further, local planning authorities proactively planning for the provision of more homes for later living and adopting a presumption in favour of proposals for this type of housing (including special considerations around planning applications) should help meet the increasing demand for homes for later living.

In addition to the fiscal savings and personal improvement in quality of life for older people, building more suitable homes for a rapidly ageing population will also have knock-on benefits for the wider housing market. We will be exploring these wider benefits and further mechanisms to encourage more homes for later living to be built in subsequent reports.

This report comes as policy makers continue to search for an answer to the housing crisis and the multiple challenges associated with an ageing population and provision of long term social care. It sets out the benefits the Government can expect to see on both fronts if it invests in homes for later living. Now the onus is on policy makers to take action.



Annex

Fiscal Savings

There are two streams of fiscal savings:

1. Adverse health outcomes reduced by being in specialist housing as opposed to mainstream housing, including: falls and fractures, dementia onset through loneliness, and stroke inaction.
2. Efficiencies through residential and nursing care avoided by people moving from mainstream to specialist homes rather than directly into institutional care, as well as reduced need for home adaptations (i.e. homes for later living properties are already adapted) and better collective home care provision (i.e. those needed care all in one place).

Adverse health outcomes

With at least 162,000 market specialist homes currently existent, and an ambition for the sector to build 300,000 more, and assumed average household sizes of around 1.33, the implied annual fiscal savings would be:
 $(162,000 + 300,000) \times 1.33 \times £3,490 = £2.1\text{bn p.a.}$

Falls & fractures

Outcomes

- We assume fallers are halved in specialist housing vs living in mainstream (MS) housing, from 50% to 25% in Retirement Living (RL), and 60% to 30% for those in Extra Care (EC).
- 14.5% of RL falls (and 17.4% of EC falls) lead to a hospital admission.
- This implies that out of an over 80s population of 3.2m, 1.6m fall each year and 224,000 are admitted to hospital - typically with a fracture.
- Hospital bed days per person are reduced from 12.5 to 6.25 in RL (and 12.5 to 1.5 EC).

Costs to public

- Falls cost the NHS £2bn a year o/w £0.9bn treatment and £1.1bn hospital bed.
- With 335,000 fallers overall that implies £5,970 per patient and around £2,420 for the hospital treatment and £3,550 cost of hospital bed.
- We assume bed stays are longer for the over 80s – £4,325 bed (also 12.5 days at £346 per day), plus the £2,420 treatment cost, or £6,745 per over-80 patient
- In addition, falls cost state-funded social care £1.1bn, or an implied £3,284 per person, though we

don't assume it is any higher for the over 80s.

For the average over-80 person in each accommodation type then the costs of falls are as follows:

RL: 25% fall x 14.5% hosp admission x {£2,420 treat + (6 day x £346 bed) + £3,284 sc} = £285
MS(vRL): 50% fall x 14.5% hosp admission x {£2,420 treat + (12 day x £346 bed) + £3,284 sc} = £727
EC: 30% fall x 0.168 hosp admission x {£2,420 treat + (1.5 day x £346 bed) + £3,612 sc} = £325
MS(vEC): 60% fall x 0.168 hosp admission x {£2,420 treat + (12.5 day x £346 bed) + £3,612 sc} = £1,047
RL therefore produces a £442 saving against its counterfactual (£727 – £285) and EC £722. £442 and £722 are uprated by inflation over one year to bring them to 2019 money, £453 RL and £740 EC.

Loneliness & dementia

Outcomes

- We assume loneliness is halved in specialist housing vs mainstream housing (particularly given that a large proportion of the over 80s also live alone), from 30% to 15% in all specialist housing types.
- 1 in 6 of the over 80s (17%) have dementia. We assume those who are lonely are twice as likely to develop it.
- These assumptions imply dementia amongst the over 80s who are lonely is 26%, dementia amongst those not lonely is 13% i.e.
 $(30\% \text{ lonely} \times 26\% \text{ dementia}) + (70\% \text{ not lonely} \times 13\% \text{ dementia}) = 17\% \text{ average dementia}$
- We further assume the rates of dementia in EC are 50% higher – 39% for the 'lonely' and 19.5% for the 'not lonely'.

Costs to public

- Dementia costs the NHS £4.3bn a year across 850,000 sufferers, an implied average cost of £5,060 per person, though we don't assume it is any higher for the over 80s.
- In addition, dementia costs state-funded social care £5.2bn a year, an implied average cost of £6,060 per person, though, again, we don't assume it is any higher for the over 80s.

For the average person over 80 in each accommodation type then the cost of dementia is:

RL: (15% x 26%) x (£5,060 treat + £6,060 sc) + (85% x 13%) x (£5,060 treat + £6,060 sc) = £1,662
MS: (30% x 26%) x (£5,060 treat + £6,060 sc) + (70% x 13%) x (£5,060 treat + £6,060 sc) = £1,879
EC: (15% x 39%) x (£5,060 treat + £6,060 sc) + (85% x 0.195) x (£5,060 treat + £6,060 sc) = £2,494
MS: (30% x 39%) x (£5,060 treat + £6,060 sc) + (70% x 0.195) x (£5,060 treat + £6,060 sc) = £2,819
RL therefore produces a £217 saving against its counterfactual and EC £325. £217 and £325 are uprated by inflation over one year to bring them to 2019 money, £222 RL and £333 EC.

Stroke inaction

Outcomes

- Stroke victims are found and treated quicker in specialist housing, particularly because many otherwise live alone or have irregular interaction with others.
- We assume this quicker reaction delivers reduced treatment costs, better outcomes amongst survivors and thus reduced long term social care costs, of 25%
- Around 1.5% of the 80s have a stroke each year.

Costs to public

- Strokes cost the NHS £3bn a year across 115,000 sufferers, an implied average of £26,500 per sufferer, though we do not assume it is higher for the over 80s.
- In addition, strokes cost state-funded social care £2bn a year across 1 million stroke sufferers, or £2,000 per stroke survivor. Over 3 years this is £6,000.

For the average over 80 person in each accommodation type then the cost of strokes occurring each year is:

RL or EC: $1.5\% \times (£26,100 \text{ treat} + £6,000 \text{ sc}) \times 75\%$
FAST = £334

MS (vRL or vEC): $1.5\% \times (£26,100 \text{ treat} £6,000 \text{ sc}) =$
 £465

RL or EC therefore produce a £131 saving against their counterfactuals, uprating by inflation over one year brings it to **£134 RL or EC**.

Miscellaneous

Outcomes

- Annual GP visits per person are reduced from 6 to 4.5 in RL and from 6 to 3 in EC
- Annual A&E visits per person are reduced from 0.5 to 0.4 in RL and EC

Costs to public

- The cost of a GP visit is £30 and of an A&E visit is £160.

For the average over 80 person in each accommodation type then the cost of GPs & A&E is:

RL: $4.5 \times £30 \text{ GP} + 0.4 \times £160 \text{ A\&E} = £199$

MS: $6 \times £30 \text{ GP} + 0.5 \times £160 \text{ A\&E} = £260$

EC: $3 \times £30 \text{ GP} + 0.4 \times £160 \text{ A\&E} = £154$

MS: $6 \times £30 \text{ GP} + 0.5 \times £160 \text{ A\&E} = £260$

RL produces a £61 saving against its counterfactual and EC £106 combining GP and A&E elements. £61 and £106 are uprated by inflation over one year to bring them to 2019 money, £62 and £108.

Furthermore, cold homes inflict health costs on the NHS of £200 per annum for the average over 80 in mainstream housing. It is believed that cold homes cost the NHS £1.36bn a year, or around £100 for every over 65-year old in the UK. We assume it is double for the average 80-year old, uprating by inflation over one year brings it to **£205 RL or EC**.

Residential & nursing care

Outcomes

- We assume 12% of the over 80s living in RL would otherwise be in long term residential care if RL wasn't available, i.e. in the counterfactual.
- We assume 20% of the over 80s living in EC would otherwise be in long term residential care and 30% would otherwise be in long term nursing care if EC wasn't available, i.e. in the counterfactual.
- However, unlike the vast majority in RL, those in EC receive significant home care which - despite initially higher personal savings - local authorities are eventually likely to contribute to because of the higher level of care needed. We assume LAs save £3,000 a year on average in home care where the EC counterfactual is residential care and £6,000 where it is nursing care.
- 80 % of market RL / EC is owner-occupied and 20% is private rented.
- We assume residential / nursing care lasting 5 years if RL and EC were not available.

Costs

- Residential care is assumed to cost £36,000 p.a. (including 'hotel' costs) and Nursing care £45,000 p.a.
- 50% of owner occupiers in RL/EC live alone, and would therefore have been required to sell their previous home to pay for residential care in the counterfactual.
- 50% of owner occupiers in RL/EC live with a partner and would not therefore have been required to sell their previous home to pay for residential care in the counterfactual.
- This produces an average household size of 1.33 (50 adults occupy 25 homes and 50 adults occupy 50 homes or, combined, 100 adults occupy 75 homes. $100 / 75 = 1.33$).
- 100% of renters regardless of status have no home to sell.
- The average specialist owner occupied home can be sold for £250,000.
- Average savings per person are £35,000, £11,750 above the £23,250 capital threshold for local authority support (ignoring the taper to the lower threshold for simplicity).
- The average pension and attendance allowance income is that self-funders would pay towards residential / nursing care (costing £36,000 or £45,000 p.a.) out of their income is £17,750 p.a:

State pension +£8,500

Private pension +£6,000



Attendance allowance +£4,500

Disregarded -£1,250

Total £17,750

In the counterfactual of being in residential /nursing care, single owner occupiers are likely to foot the whole bill and government none, as they are forced to use savings and sell their home to cover any shortfall in residential or nursing care cost against their income.

Couple owner occupiers are not required to sell their home while one partner remains living there. So only the individual's savings can be used to plug any shortfall, government (LA) picking up the rest. The same is true for single and couple renters:

Cost of residential care over 5 years = £36,000 x 5 = -£180,000

Private contribution (income) = £17,750 x 5 = +£88,750

Private contribution (savings) = £40,000 - £23,250 = +£11,750

Shortfall = government (LA) contribution = +£79,500 (44% of total)

Residential (Res) and nursing care (Nur) savings for the average over 80 in RL and EC are therefore:

RL v Res: {50% owner couple x 80% owner occ + 20% renter} x £36,000 cost x 44% public x 12% in res counterfactual = £1,149

EC v Res: {50% owner couple x 80% owner occ + 20% rented} x £36,000 cost x 44% public x 20% in res counterfactual = £1,915*...

EC v Nur: (50% owner couple x 80% owner occ + 20% rented} x £48,000 cost x 58% public x 30% in nur counterfactual = £4,725**...

Home care adjustments are needed for EC v Res and EC v Nur. For the average person in EC, local authorities are assumed to contribute £3,000 x 20% = £600 in home care where the counterfactual is residential care and contribute £6,000 x 30% £1,800 in home care where the counterfactual is nursing care. The LA will no longer have to pay these if the person goes into residential / nursing care and have to sell their homes. The burden on the state is therefore adjusted down to:

EC v Residential care = £1,915* - £600 = £1,315

EC v Nursing care = £4,725** - £1,800 = £2,925

£1,149, £1,315 and £2,925 are uprated by inflation over one year to bring them to 2019 money: **£1,178 RL, £1,348 EC and £2,998 EC.**

Home support efficiencies

Government and local authorities support independent living at home through various channels including home care and the disabled facilities grant (DFG).

Outcomes

- Those in specialist housing already have adaptations

do not need new disabled facilities.

- We assume home care needs are reduced in specialist housing compared to mainstream housing by around 20%.

Costs

- DFG is means-tested, apart from the first £1,000. Over an 8-year average period spent in specialist housing this implies a fiscal saving of £125 a year.
- However, a means-tested DFG of up to £30,000 is available for those eligible and in need. Taking this into account, we assume that the average person in RL would otherwise get DFG of £300 a year if in mainstream housing and the average person in EC would otherwise get DFG of £500 a year. Particularly, if they are also self-funding some or all of their home care, their savings will deplete quicker and so they would become eligible for local authority support.
- Public-funded home care is assumed at £4,000 per person, (paying for 5 hours of care a week) in EC regardless of whether they receive it or not. This is versus £4,800 (paying for 6 hours of care a week) in the mainstream housing counterfactual, an average saving of £800 for those in EC.

Thus being in a homes for later living property would save the government and local authorities £300 and £500 in disabled facilities grant a year, as well as £800 in home care. These figures are uprated by inflation over one year to bring them to 2019 money: **£308, £513 and £820.**

Overall fiscal savings

- Each year of current output generates fiscal savings of £15.3 million
- Building 300,000 new homes plus the 162,000 existing would deliver fiscal savings of £2.1 billion (£1,390 million plus £750 million)

Table below: Fiscal savings at a national level.

	Retirement housebuilding by Homes for Later Living providers in their latest reporting year	People per home	Fiscal saving Per home	Fiscal saving on aggregate
Retirement housebuilding by Homes for Later Living providers in their latest reporting year	3,304	1.33	£4,642	3,304 x £4,642 = £15,337,168
Building 300,000 new homes	300,000	1.33	£4,642	300,000 x £4,642 = £1,392,600,000
Existing 162,000 homes	162,000	1.33	£4,642	162,000 x £4,642 = £725,004,000

Table below: Overall fiscal savings 'scorecard' per person over 80 in specialist housing, p.a.

Adverse health outcomes:	Retirement Living (RL)	Extra Care (EC)	Combined 80:20
Falls & fractures	-£453	-£740	-£510
Loneliness & dementia	-£222	-£333	-£244
Strokes	-£134	-£134	-£134
Conditions related to cold homes	-£205	-£205	-£205
Miscellaneous o/w			
GP visits	-£46	-£92	-£55
A&E visits	-£16	-£16	-£16
Subtotal (A)	-£1077	-£1521	-£1166
Efficiencies:	RL	EC	Combined
Residential care	-£1178	-£1348	-£1212
Nursing care	0	-£2998	-£600
Subtotal (B)	-£1178	-£4346	-£1812
Disabled Facilities Grant	-£308	-£513	-£349
Home care (LA funded)	0	-£820	-£164
Subtotal (C)	-£308	-£1333	-£513
TOTAL (A+B+C) 2019/20 prices	-£2563	-£7200	-£3490



Endnotes

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