

Policy Effectiveness and Usage: The case of the United Kingdom

The English Longitudinal Study of Ageing

Professor James Banks

*English
Longitudinal
Study of Ageing*

ELSA

RIETI-JSTAR Symposium on Japan's future as a Super-ageing Society,
Tokyo, 12 December 2014

Financial support for this research from the ESRC and the NIA is gratefully acknowledged
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What is ELSA?

- Just like JSTAR.... but started in 2002
- 50% funding from UK government
 - Department for Work and Pensions
 - Department for Health
 - Office for National Statistics
 - Department for Culture Media and Sport
 - Department for Transport
- 50% from US National Institute of Ageing

English Longitudinal Study of Ageing

Multidisciplinary collaboration

- Economics, health, sociology, psychology, demography

Representative sample

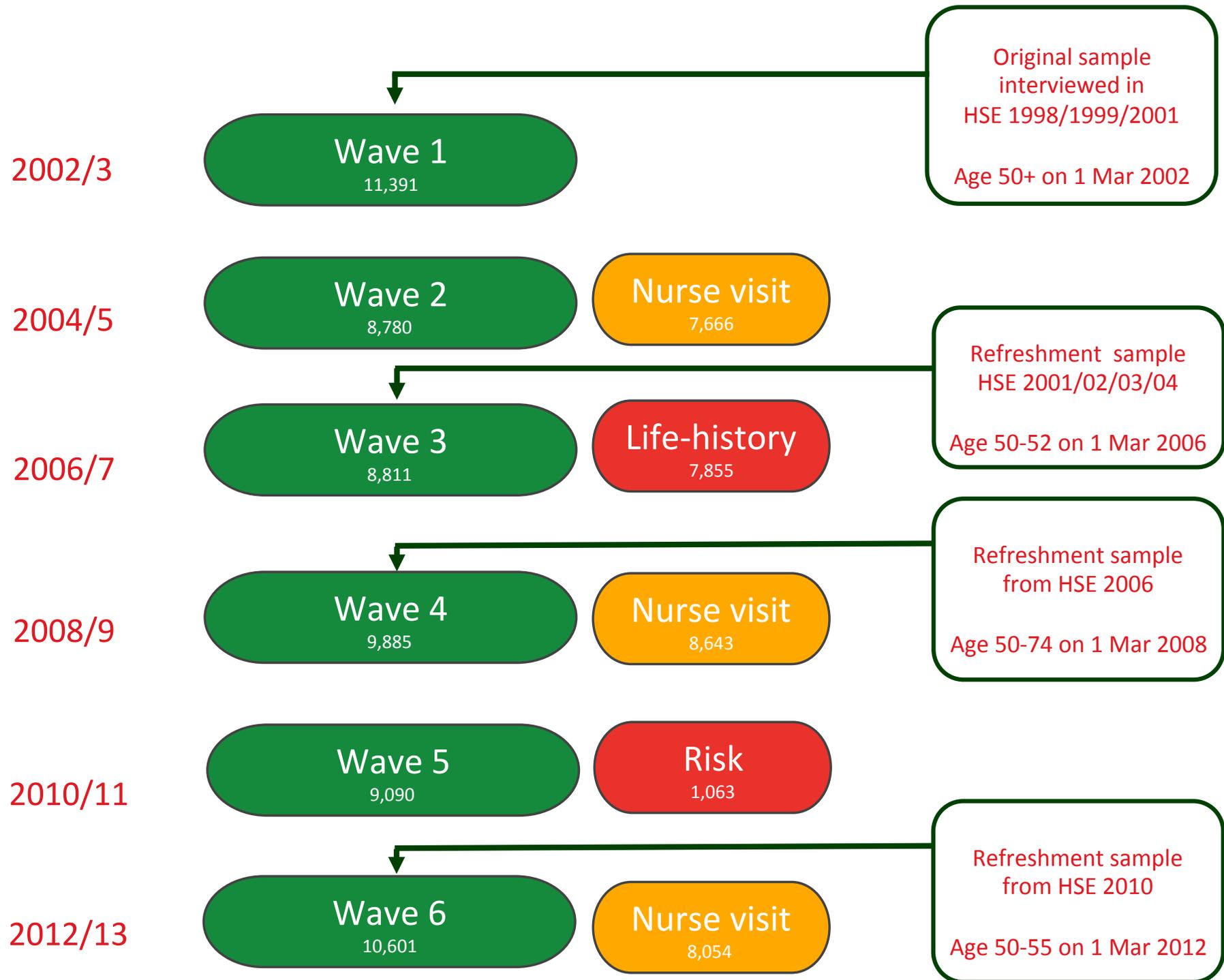
- Representative geographically & demographically of people living in England aged 50 and over

Longitudinal measurement

- Data collected every 2 years since 2002; with biomarkers and performance tests every 4 years

Open access

- Data deposited in public archives within 8-12 months; Used by government and researchers



Data is accumulating steadily

- 17,901 respondents
- 62,945 CAPI interviews with self-completion
- 24,031 nurse visits

- 7,855 life-history interviews (2007)
- 7,079 sexual functioning/attitudes modules (2012)
- 1,063 risk preference experiments (2011)

Long run trends in UK policy

- Reduction in state pension generosity
- Increase in private pension alternatives
- Removal of work disincentives in both state and private pensions
- Removal of age-specific employment rules
- Increase in State Pension Age

- Continuing program of pension reform

Current UK policy changes

- Increase in State Pension Ages, 2010-20, 2026-28
- Reforms and restructuring to disability benefits, 2008-2016
- Abolition of mandatory annuitisation in DC pensions, 2015
- Continuing protection of the living standards of older adults and pensioners, 2011-
- Funding of social care costs, 2016(?)
- Primary care commissioning, 2013-
- Transfer of public health to local government, 2013-
- Digital by default service standard, 2014

The policy debate

- **Pensions** debate is not about cost, instead whether people will provide for themselves
 - Will people work for longer?
 - Will people save for their own retirement?
 - Or will there be pensioner poverty in the future?
- **Social care** debate around cost/quality
 - Public versus private funded care
 - Formal versus informal (family) care
- **Health** debate around quality of care, NHS funding, and disability-free life-expectancy

Broad aim is active/successful ageing

- “We see retirement as an increasingly active phase of life where people:
 - have opportunities to continue contributing to society by working longer or volunteering in their communities
 - take personal responsibility for their own wellbeing by working, saving and looking after their health”

*Department for Work and Pensions,
Improving opportunities for older people,
8 August 2013*

Collection

Future of ageing

From: [Government Office for Science](#)
First published: 4 November 2013
Last updated: 18 November 2014 , [see all updates](#)

Foresight project analysing the challenges and opportunities of an ageing society.

Contents

- [Local essays](#)
- [Seminar reports](#)

The number of older people in the UK is projected to increase significantly over the coming decades. This change will bring both challenges and opportunities for central and local government, with impacts on a wide range of public services.

This project will provide an evidence base to help identify options that will:

- improve quality of life for older people
- enable older people to participate more fully in society
- ensure everyone can access the tools and facilities to help them live a long and healthy life

Three types of policy use for ELSA

- Government use for own calculations and monitoring of policy effects
- Direct evidence to policy commissions
 - Turner commission on Pension Reform
 - Dilnot commission on Social Care Funding
 - Hills commission on Inequalities
- Background evidence to guide direction of policy or measure outcomes over time
 - Wellbeing, isolation, social participation
 - Digital inclusion, literacy, numeracy

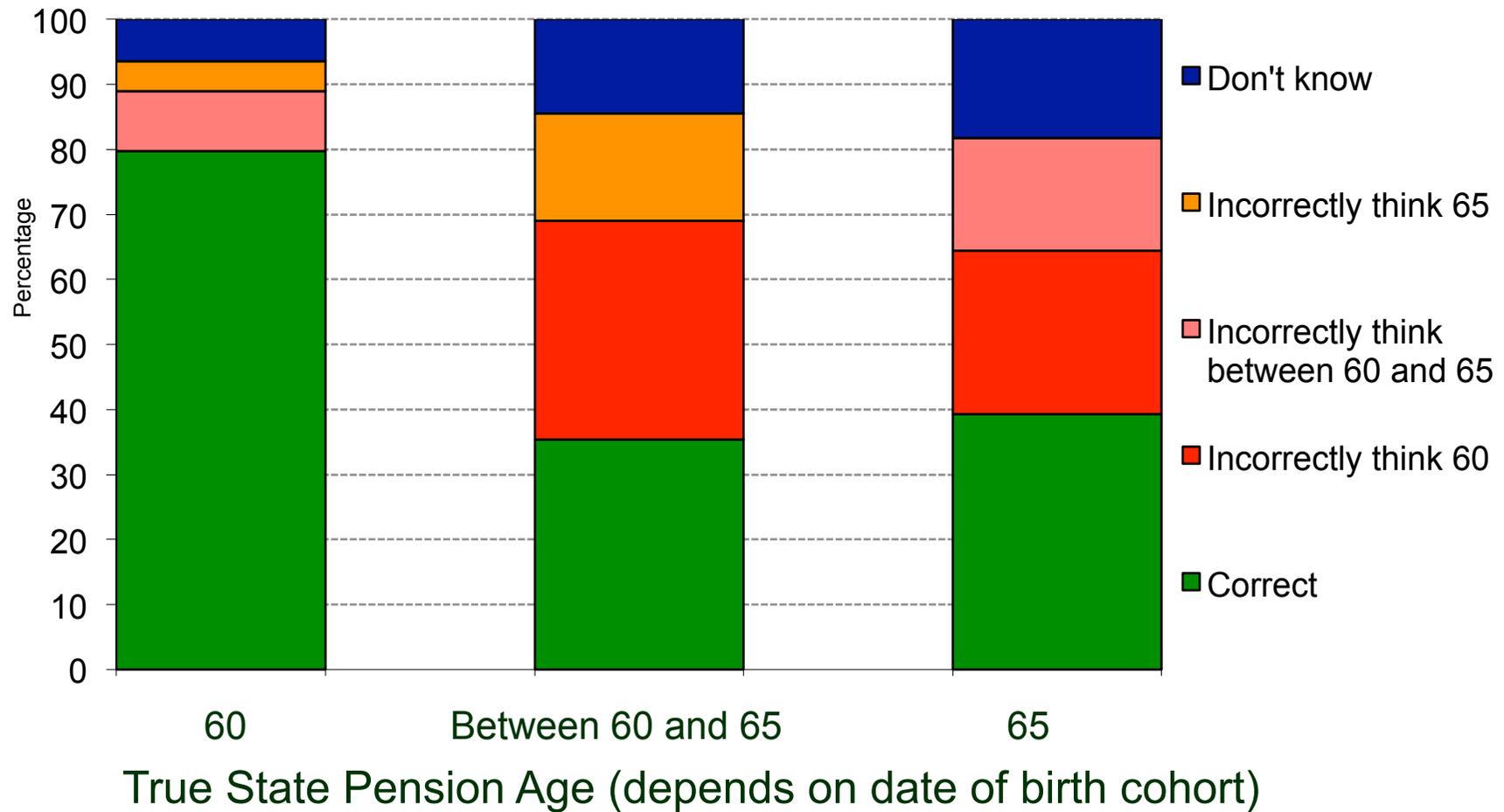
Changing State Pension Age

- An interesting time for retirement in the UK
- Increasing SPA for women having greater effects than economic incentives alone would predict
 - Why? And which groups affected?
- Knowledge of SPA still imperfect

Year	Men	Women
2010	65	60
2012	65	61
2014	65	62
2016	65	63
2018	65	65
2020	66	66
2026	66	66
2028	67	67
2044	67	67
2046	68	68

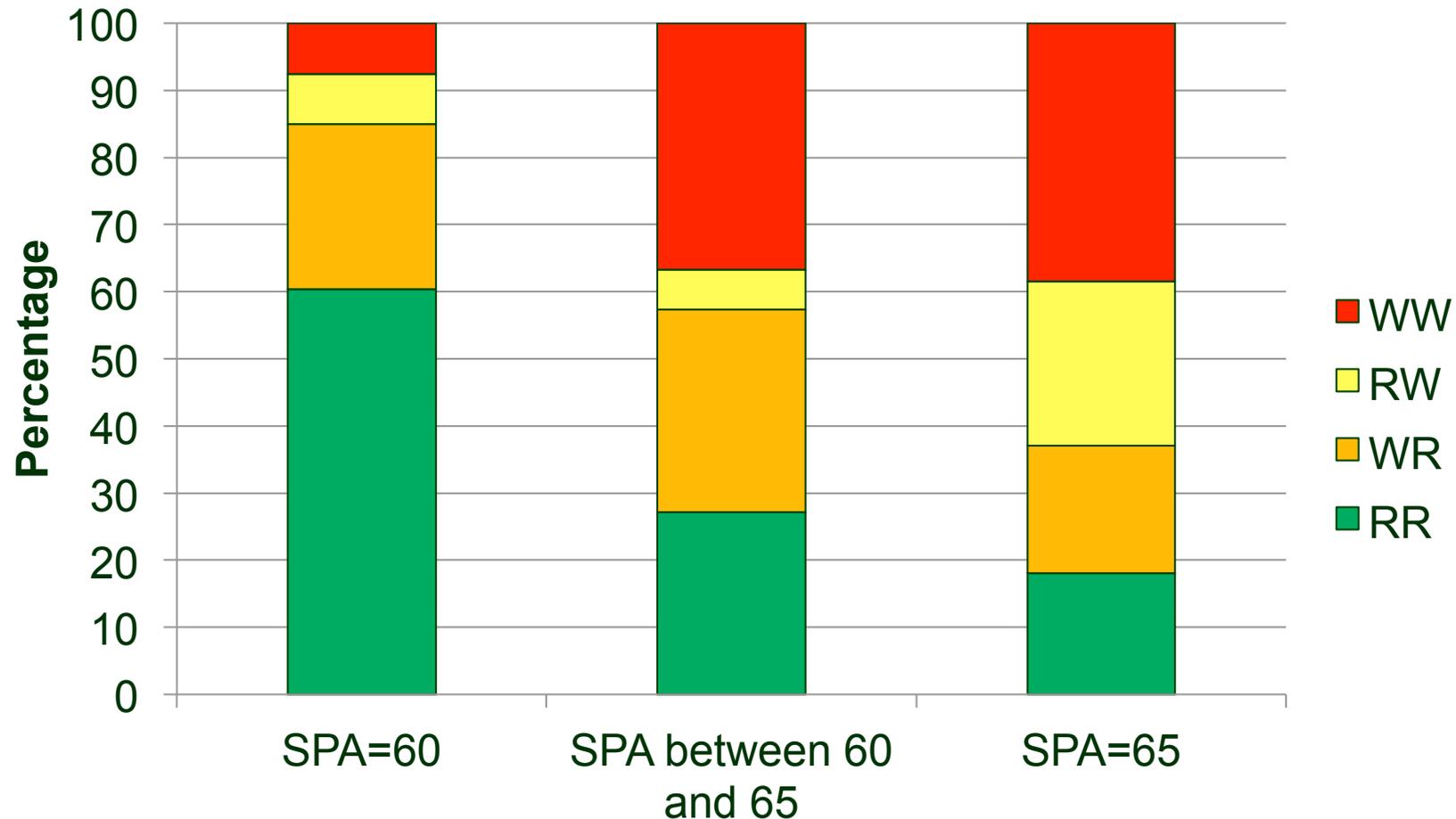
Knowledge of changes to Female SPA

Age at which women think they will reach State Pension Age, by true SPA



Knowledge of changing Female SPA

Changes in self-reported State Pension Age: women, by actual SPA as legislated in Pensions Act 2007 (2006/07 to 2010/11)



Note: R="right", W="wrong". Responses are coded as "right" for people with an SPA between 60 and 65, if an answer within one year of the true value was given.

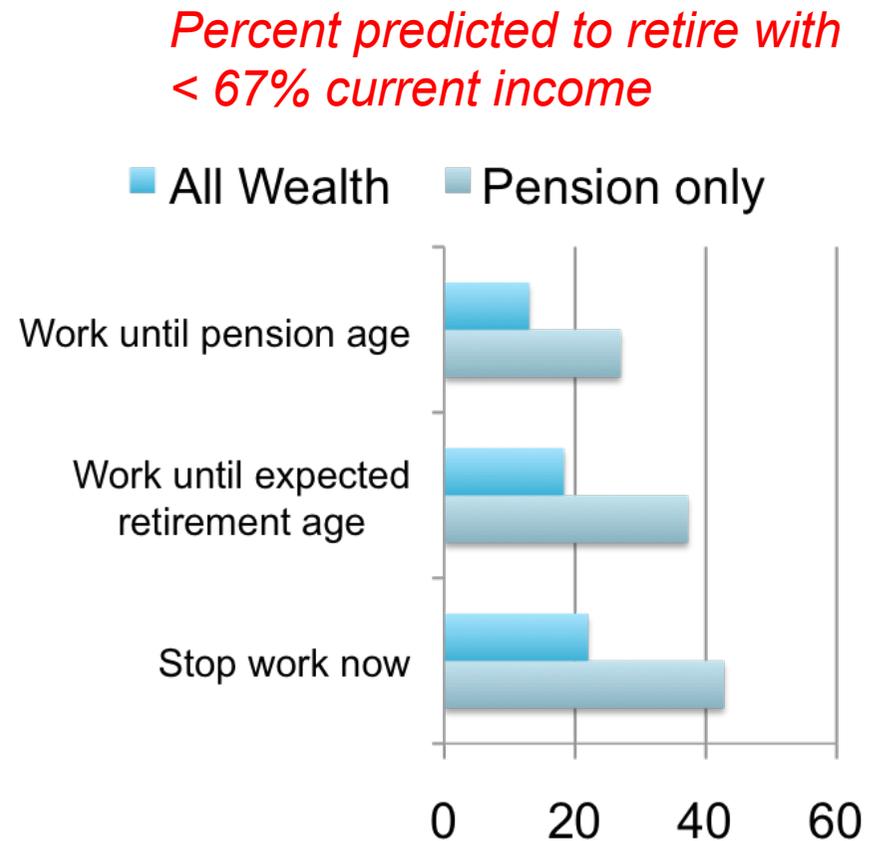
Source: English Longitudinal Study of Ageing (2006–07 and 2010–11, balanced panel).

The adequacy of retirement resources

- ELSA measures all sources of wealth, and we can calculate how much retirement income that will yield
- Under various different assumptions about
 - Life-expectancy
 - Retirement age
 - Pension rules
 - Use of housing
- Can describe this, or compare to ‘optimal’ model benchmark

Simulating retirement incomes: 1

- Employment patterns and expectations are important
- Pensions are only one element of future incomes
- Other wealth and assets are important



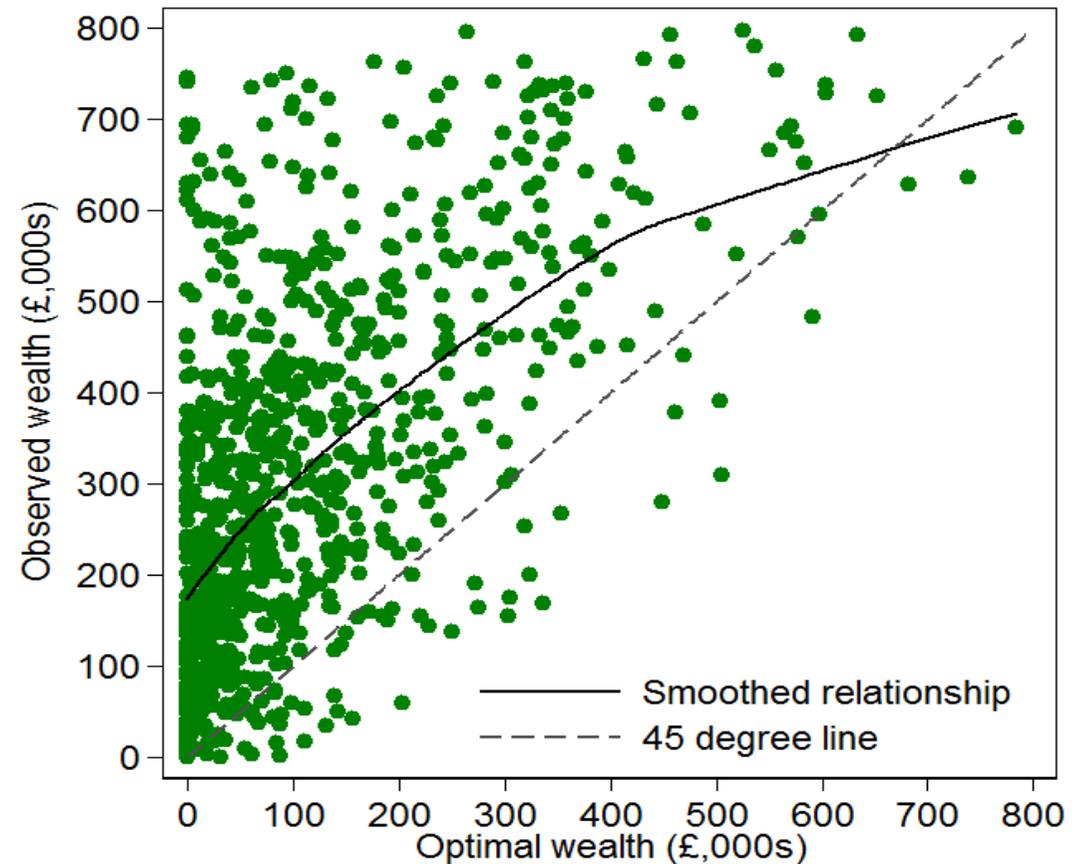
Exploiting National Insurance admin data

- Wave 1 respondents linked to their entire history of NI contributions, allowing:
- Detailed modeling of current pension reforms and potential future reforms
 - e.g. across-the-board gains from move to Single Tier Pension for those retiring in next few years
- Redistribution in public pensions by lifetime earnings
- Comparison of wealth accumulation with predictions of dynamic life-cycle model (a la Scholz et al.)

Comparing 'optimal' and actual wealth: Controversial findings

Results (excluding housing):

Median optimal wealth (Model)	£78,275
Median observed wealth (Data)	£188,930
Proportion oversaving	75%
Median surplus (for oversavers)	£120,788
Median deficit (for undersavers)	£42,434



Crawford and O'Dea (2014)

Many other examples where ELSA is used

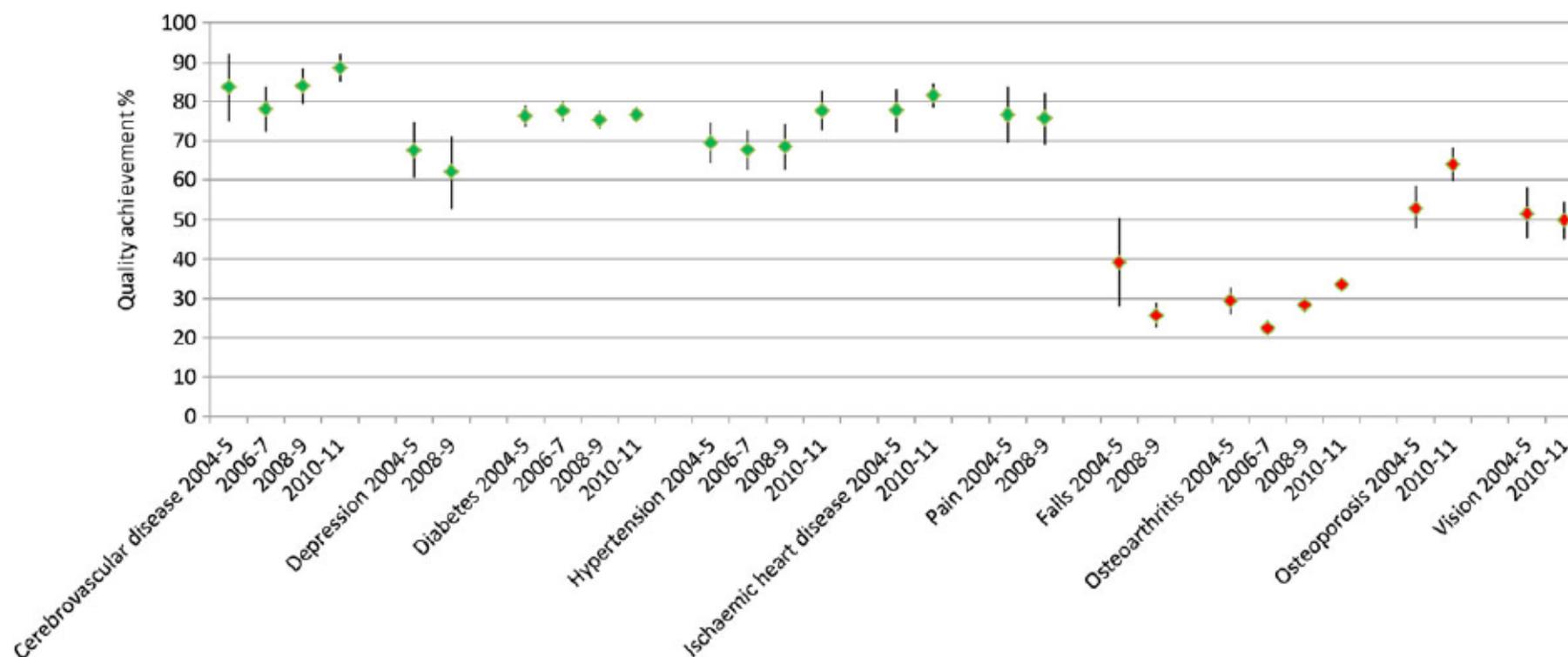
- Disability benefits and their affect on work
- Quality of health care received
- Cognitive ability and health literacy
- Enjoyment of life and its links to health
- Digital inclusion (internet usage)
- Social isolation, transport and issues relating to ageing in urban and rural areas
- The take-up of cancer screening programs

Many other examples where ELSA is used

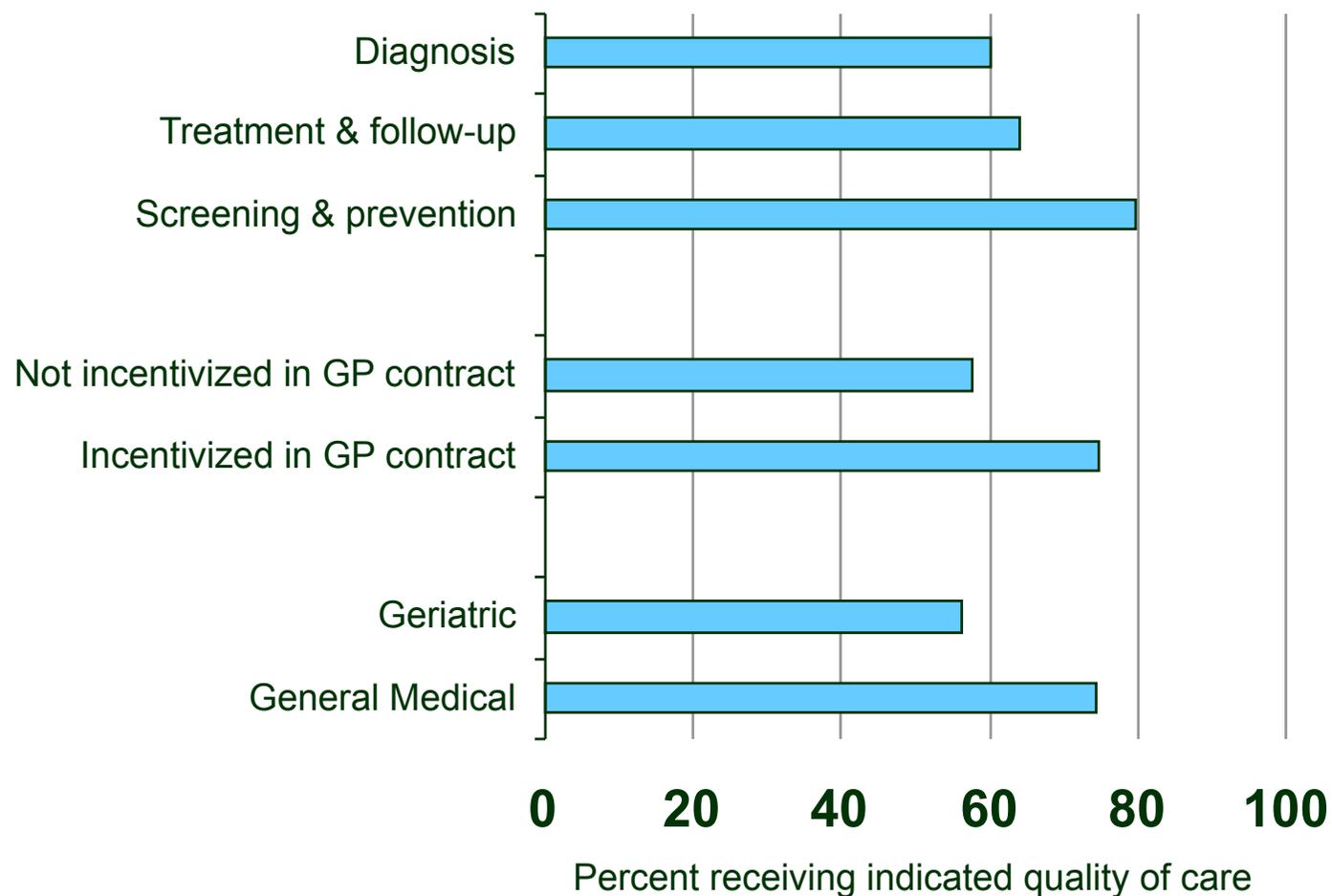
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Quality of care received

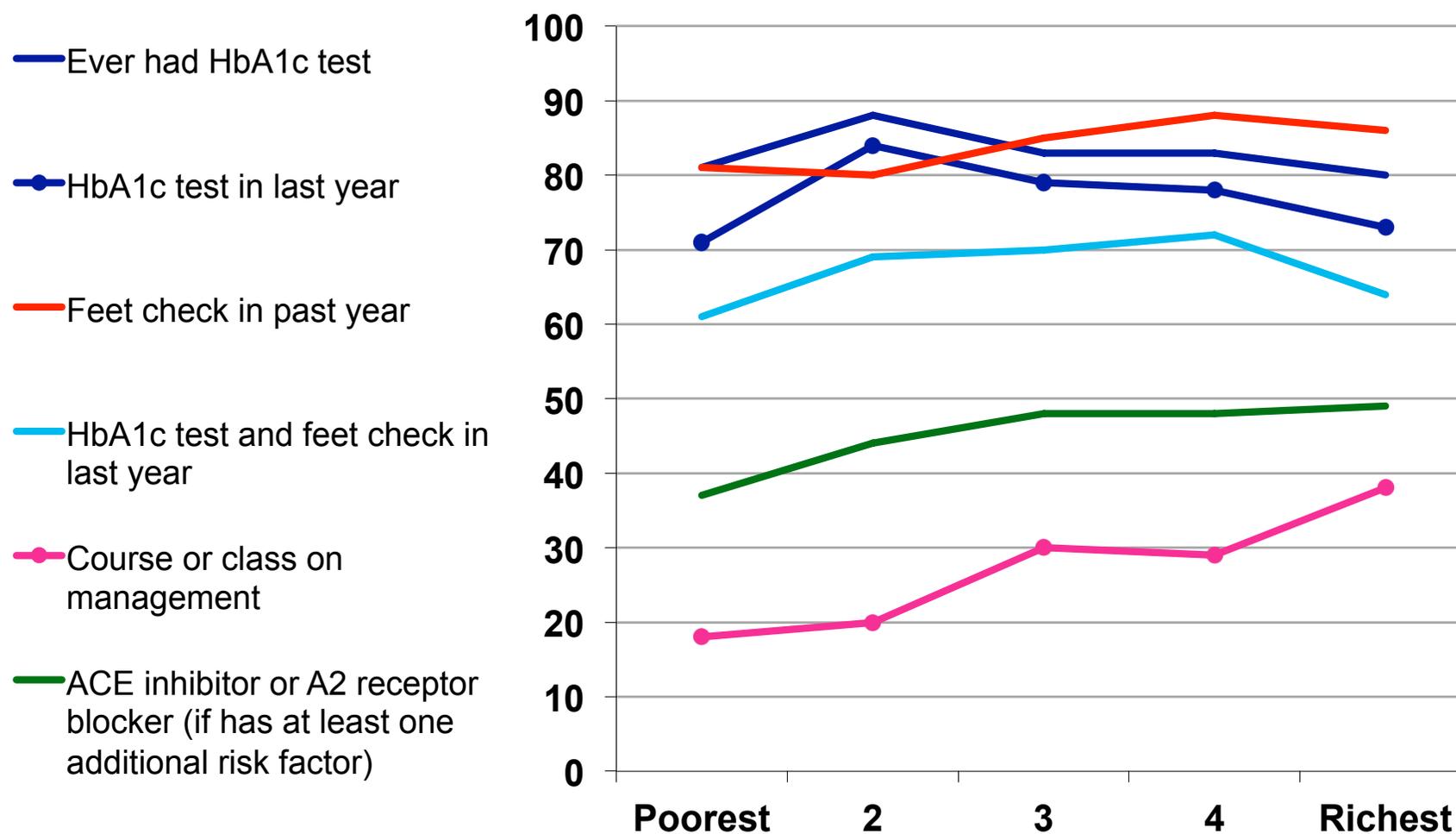
Proportion of care reaching treatment quality threshold, by condition and over time



Quality of care, by category of care

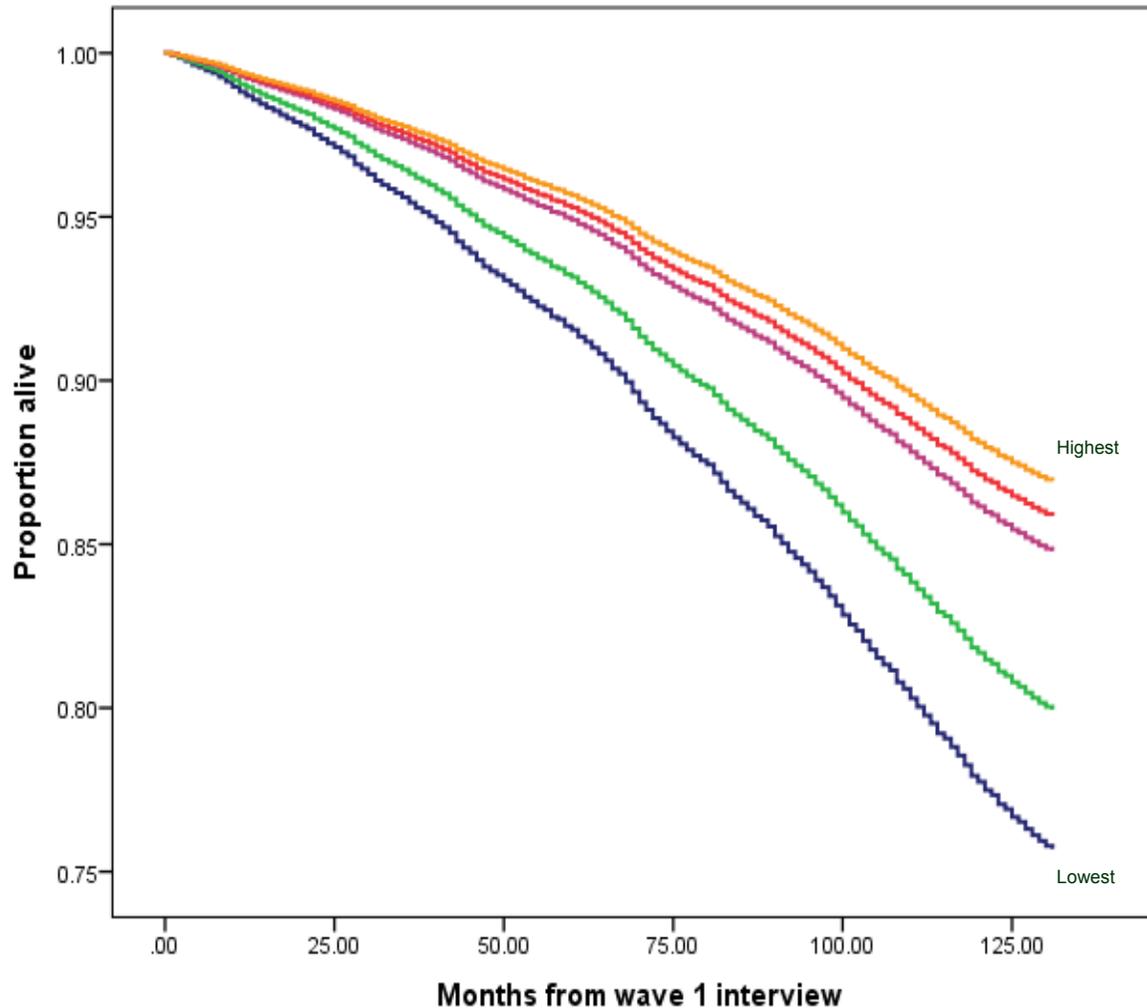


Quality of diabetes care, by wealth



Source: Steel et al (2006), in Banks et al (2006), ELSA wave 2 report

Wealth and survival in ELSA



Deaths

Highest wealth:	15.3%
Second:	17.7%
Third:	20.0%
Fourth:	26.4%
Lowest wealth:	38.9%

Age, sex:

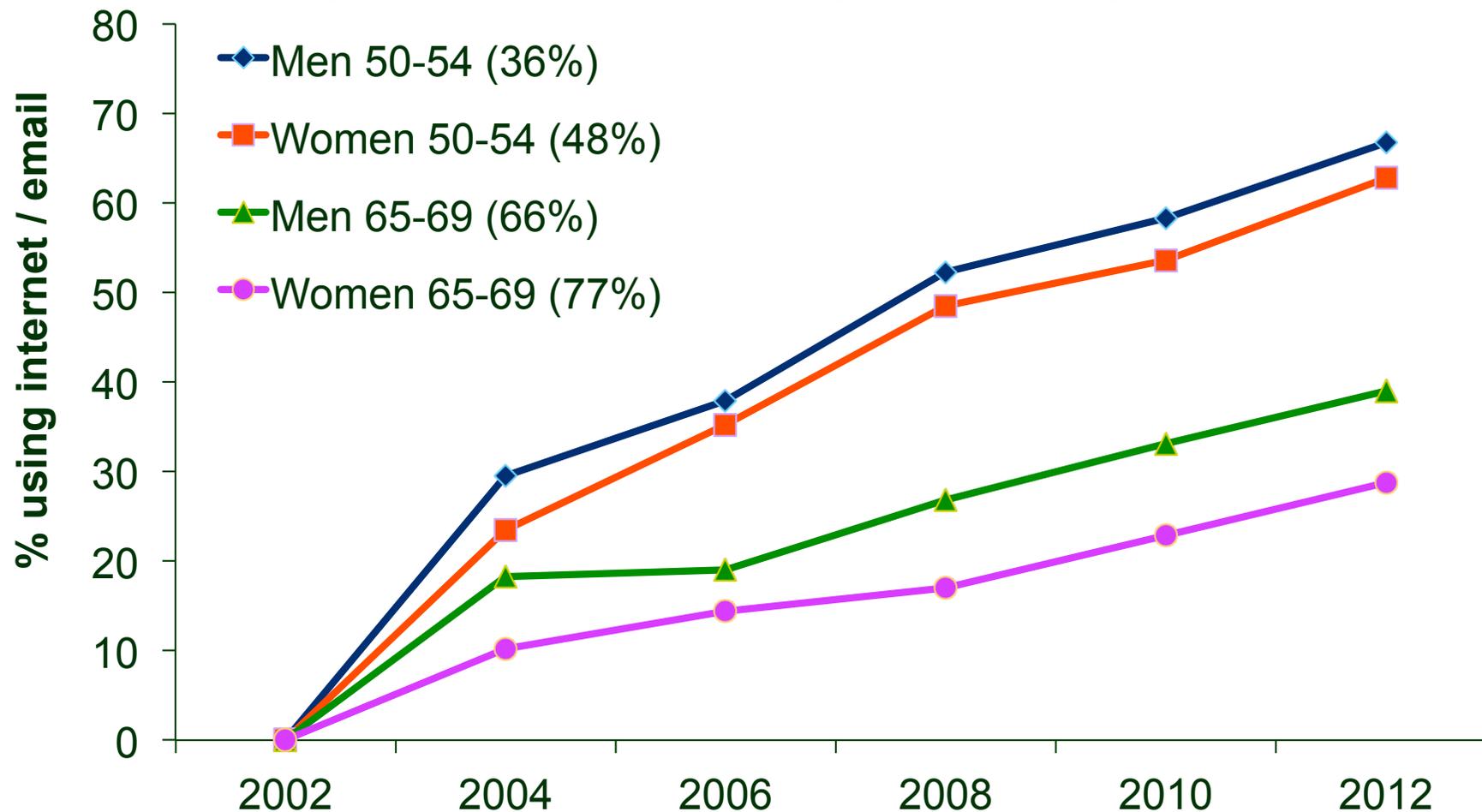
HR 1.99 (1.74 – 2.27)

Adjusted for demographic factors, baseline health, depression and health behaviours

HR 1.41 (1.21 – 1.63)

Uptake of internet / email

For those without internet/email at baseline



First Annual ONS Experimental Subjective Well-being Results

Abstract

This report presents experimental estimates from the first annual Subjective Well-being Annual Population Survey (APS) dataset, April 2011 to March 2012. Overall estimates of people's views about their own well-being are provided as well as estimates for: key demographic characteristics (such as age, sex, ethnic group), different geographic areas and countries within the UK, aspects which are considered important for measuring national well-being (such as personal relationships, health and work situation) These first annual estimates of subjective well-being are considered experimental statistics, published at an early stage to involve users in their development. ONS is collecting subjective well-being estimates to complement existing socio-economic indicators to allow a fuller statistical picture of the nation's well-being.

ONS wellbeing measures

63 Overall, how **happy** did you feel **yesterday**?

Not at all											Very	Don't know
0	1	2	3	4	5	6	7	8	9	10		
<input type="checkbox"/> ₁	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅	<input type="checkbox"/> ₆	<input type="checkbox"/> ₇	<input type="checkbox"/> ₈	<input type="checkbox"/> ₉	<input type="checkbox"/> ₁₀		<input type="checkbox"/> ₉₈

64 Overall, how **anxious** did you feel **yesterday**?

Not at all											Very	Don't know
0	1	2	3	4	5	6	7	8	9	10		
<input type="checkbox"/> ₁	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅	<input type="checkbox"/> ₆	<input type="checkbox"/> ₇	<input type="checkbox"/> ₈	<input type="checkbox"/> ₉	<input type="checkbox"/> ₁₀		<input type="checkbox"/> ₉₈

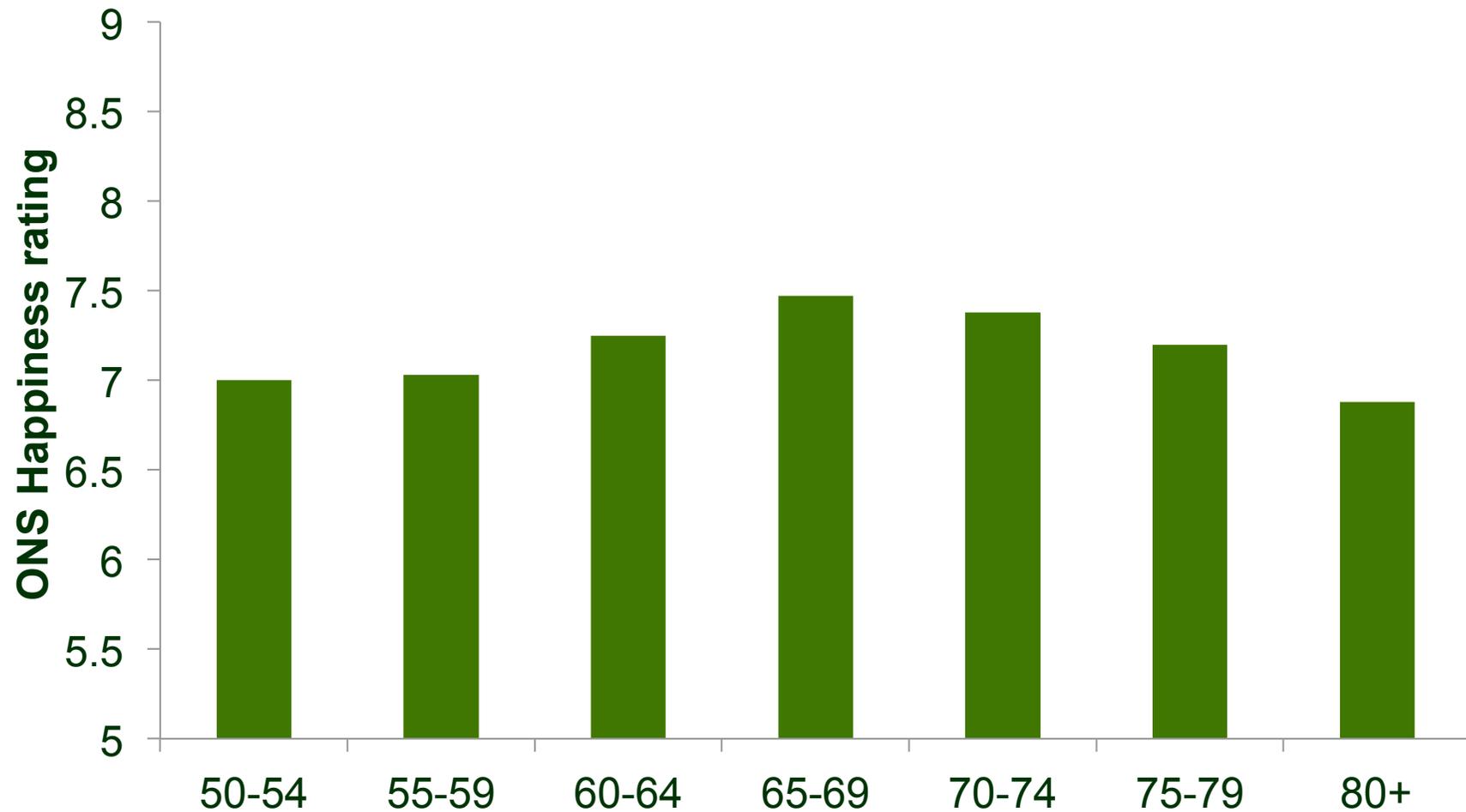
65 Overall, how **satisfied** are you with your life nowadays?

Not at all											Very	Don't know
0	1	2	3	4	5	6	7	8	9	10		
<input type="checkbox"/> ₁	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅	<input type="checkbox"/> ₆	<input type="checkbox"/> ₇	<input type="checkbox"/> ₈	<input type="checkbox"/> ₉	<input type="checkbox"/> ₁₀		<input type="checkbox"/> ₉₈

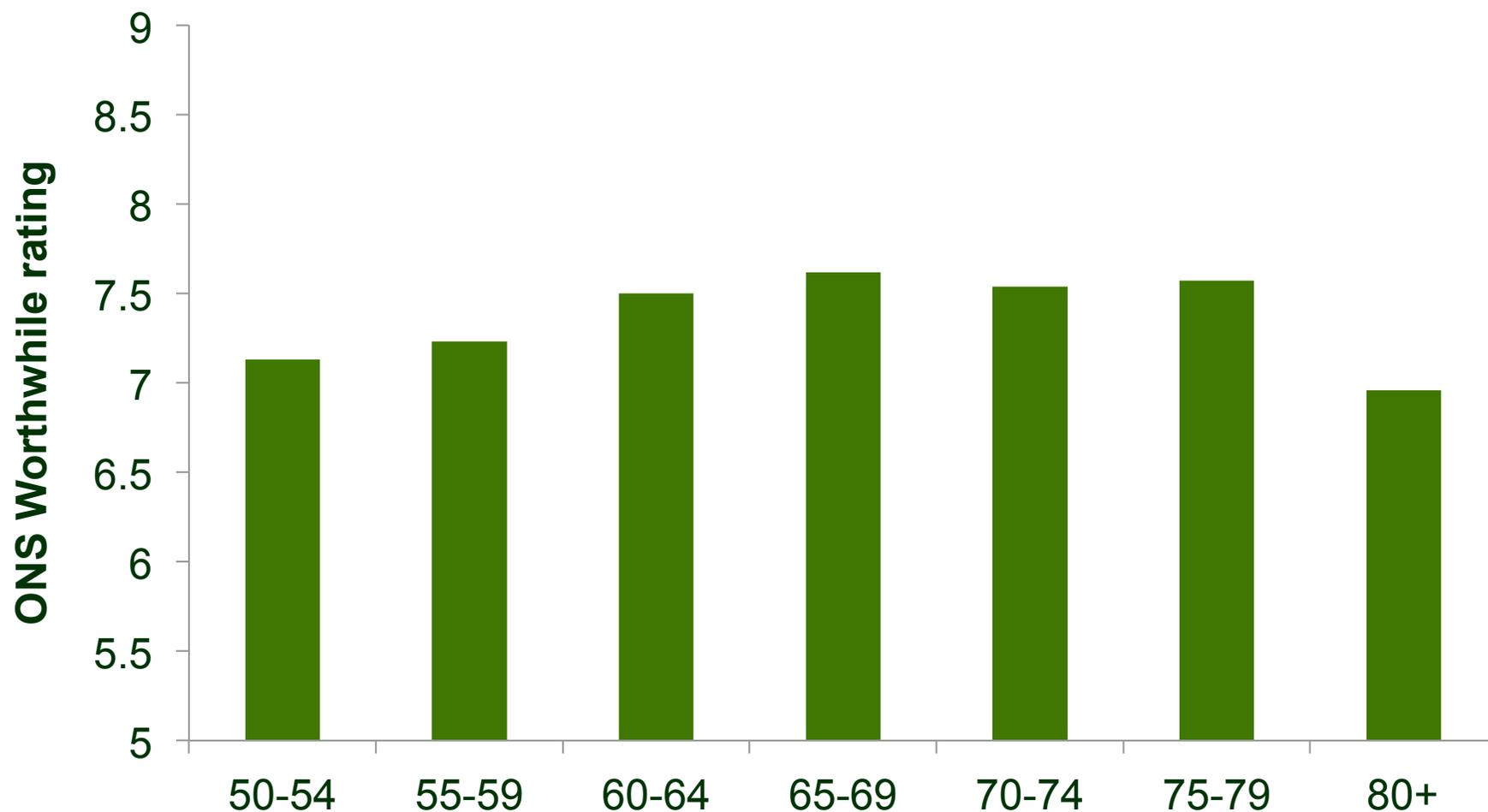
66 Overall, to what extent do you feel the things you do in your life are **worthwhile**?

Not at all											Very	Don't know
0	1	2	3	4	5	6	7	8	9	10		
<input type="checkbox"/> ₁	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅	<input type="checkbox"/> ₆	<input type="checkbox"/> ₇	<input type="checkbox"/> ₈	<input type="checkbox"/> ₉	<input type="checkbox"/> ₁₀		<input type="checkbox"/> ₉₈

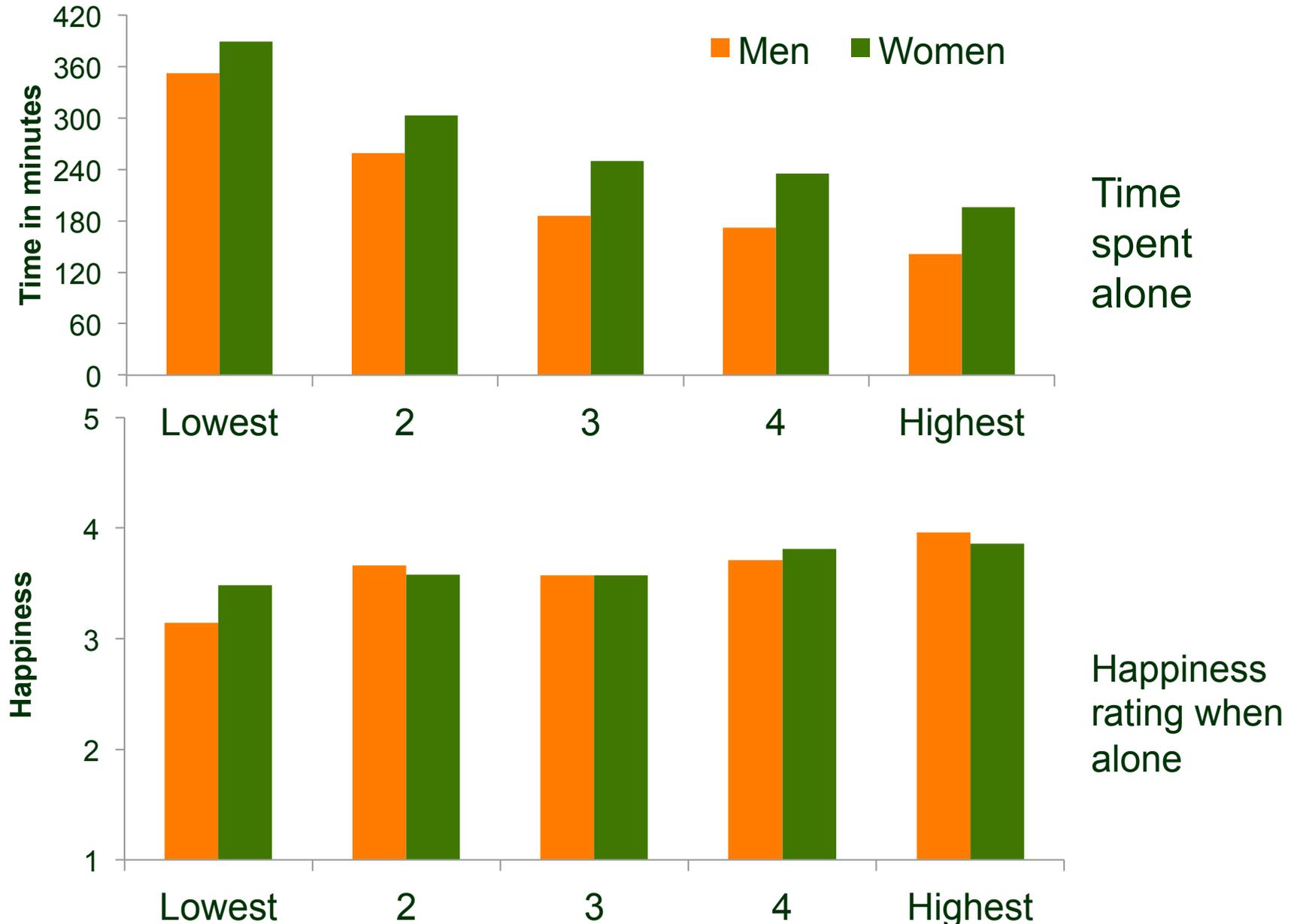
How happy did you feel yesterday?



Overall, to what extent do you feel the things you do in your life are worthwhile?



Time alone by wealth level



Enjoyment of life and survival in ELSA

Deaths

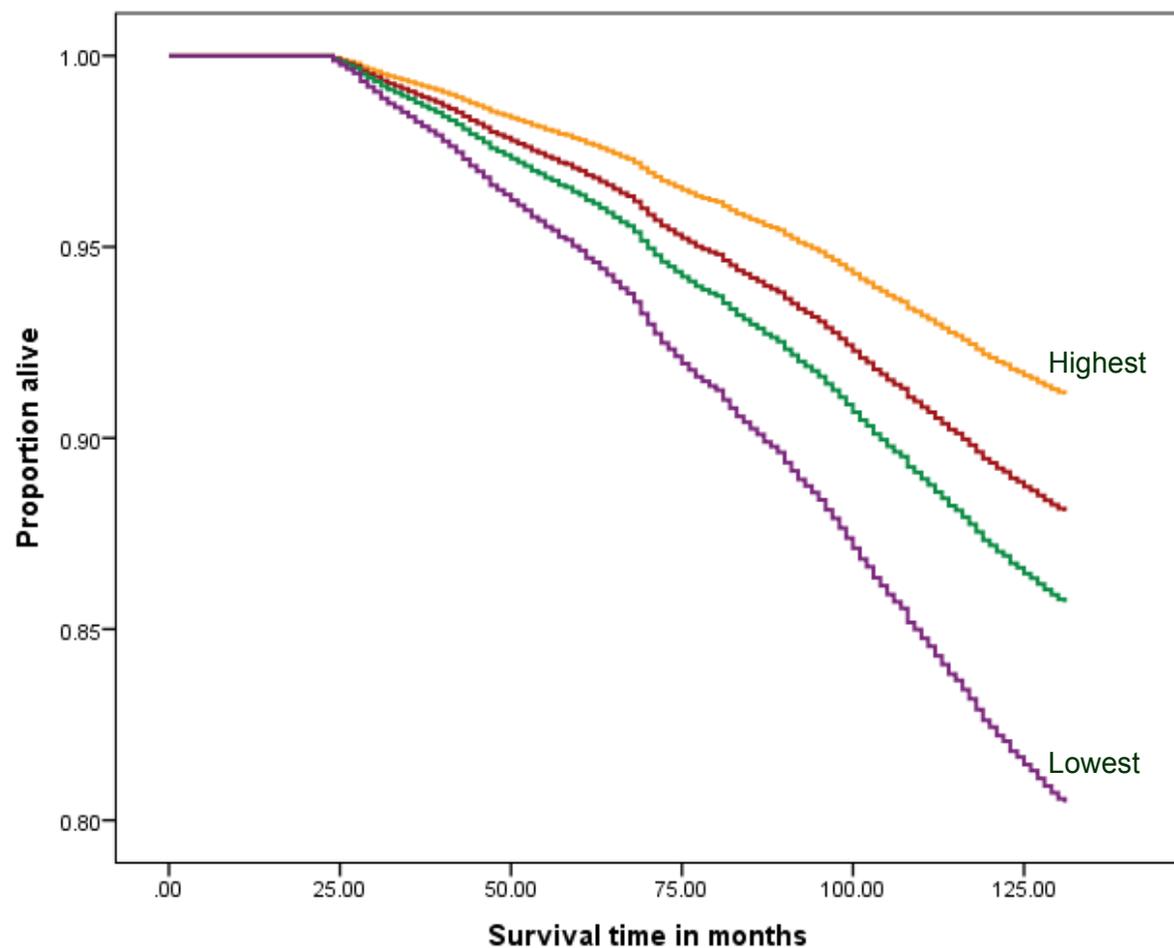
Lowest enjoyment: 27.6%
Second: 21.3%
Third: 17.0%
Highest enjoyment: 9.9%

Age, sex:

HR 0.43 (.36 - .50)

Adjusted for demographic factors,
baseline health, depression and
health behaviours

HR 0.67 (0.56 – 0.81)



Microsimulation tools becoming common

- Descriptive analysis can be of limited value in designing new policies
- Structural models of behaviour beyond capabilities of many policy departments
- Middle ground: Dynamic Microsimulation
 - Estimate multidimensional dynamic relationships observed in the panel and assume these dynamic relationships hold
 - Simulate future generations of elderly under current and alternative policies

Dynamic microsimulation using ELSA

- Using dynamic transition probabilities from ELSA in a number of dimensions
 - Mortality, health, disability, care receipt
 - Employment/retirement, disability benefits
- Three major models now in use
 - MAP2020 (PSSRU): Disability and social care
 - RetSim (IFS): Employment and pensioner poverty
 - PenSim2 (DWP): Pensions

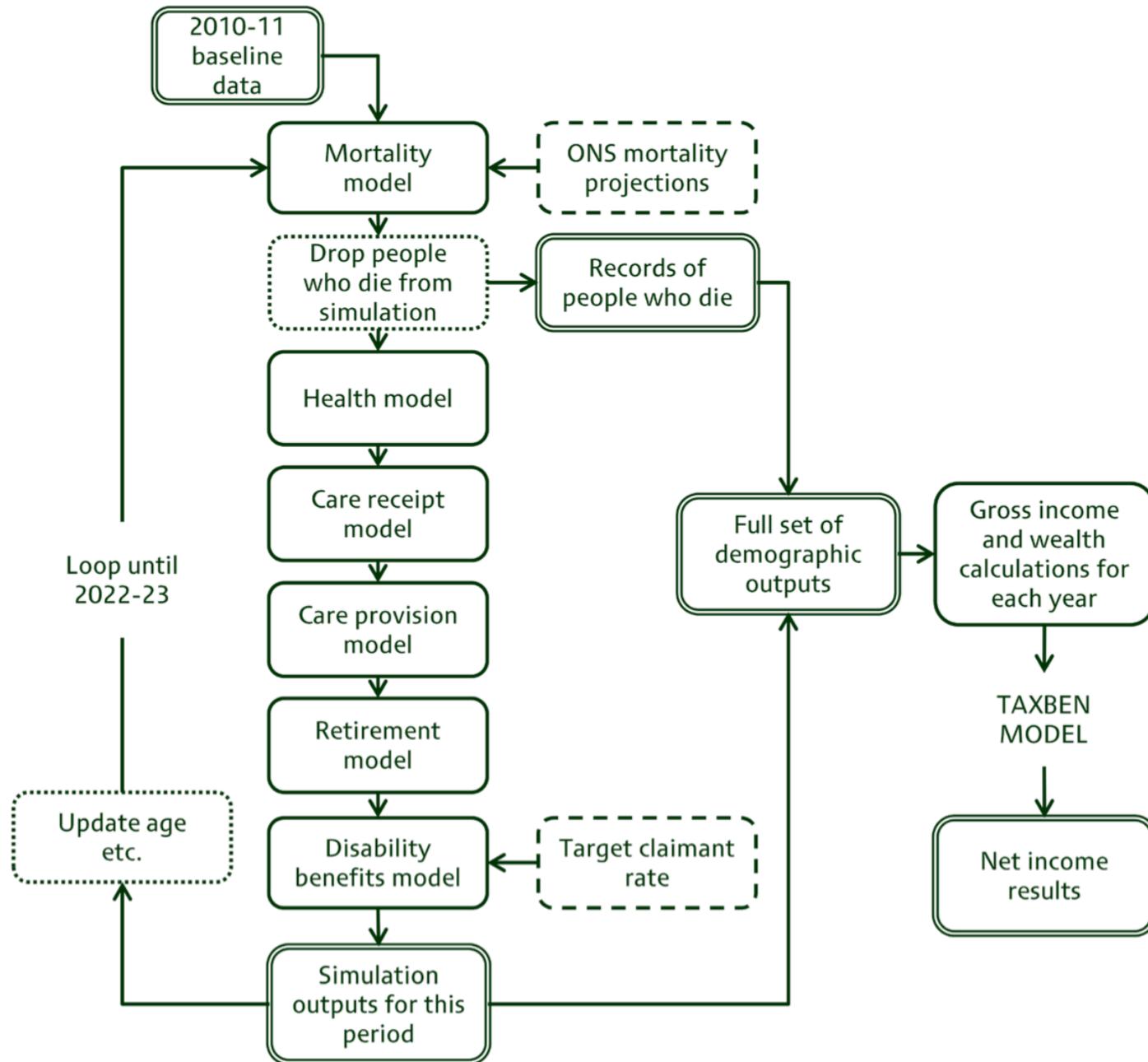
The Changing Face of Retirement

Future Patterns of Work, Health, Care and Income among the Older Population

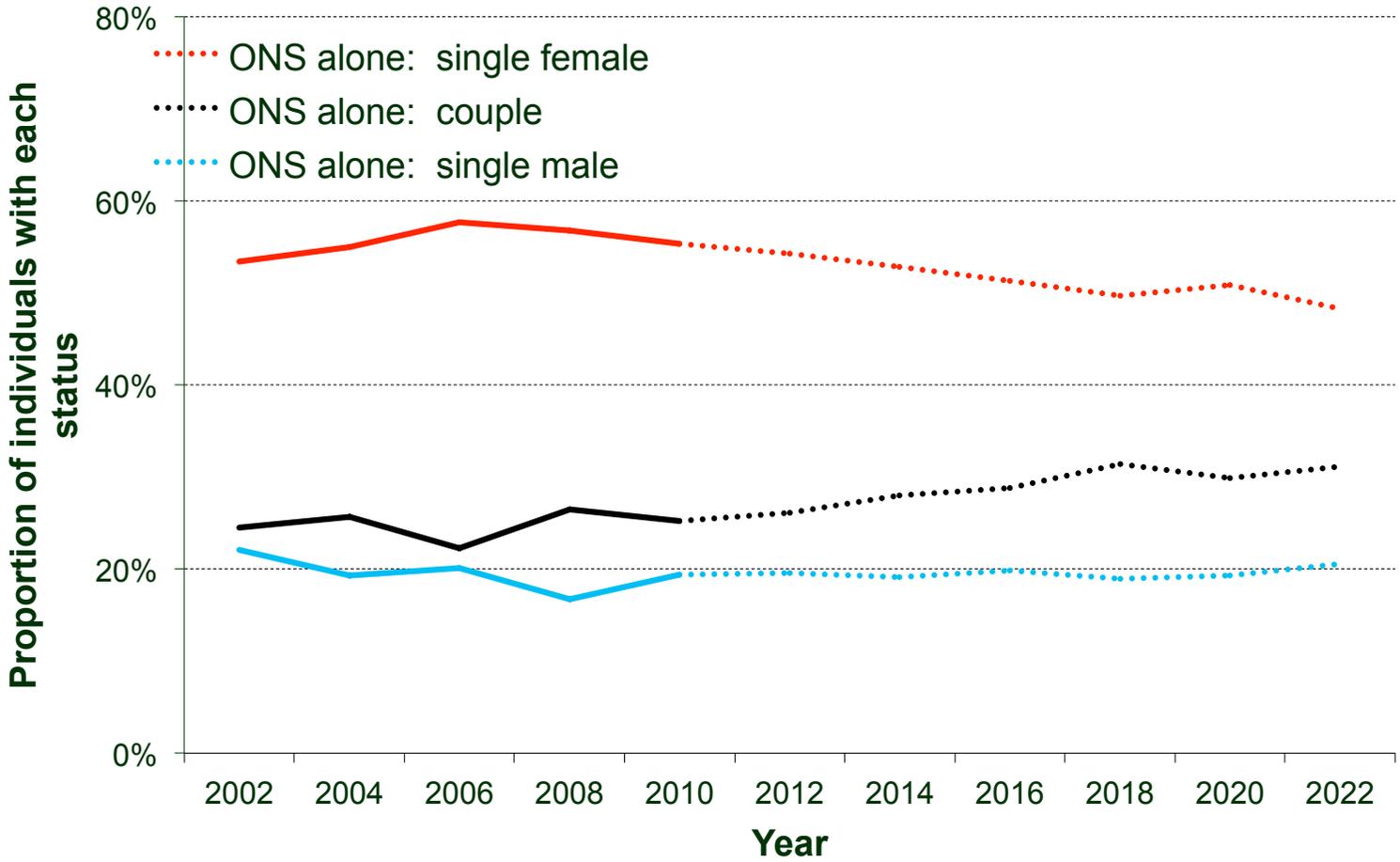
IFS Report R95

**Carl Emmerson
Katherine Heald
Andrew Hood**

Figure 2.1. Overview of the model

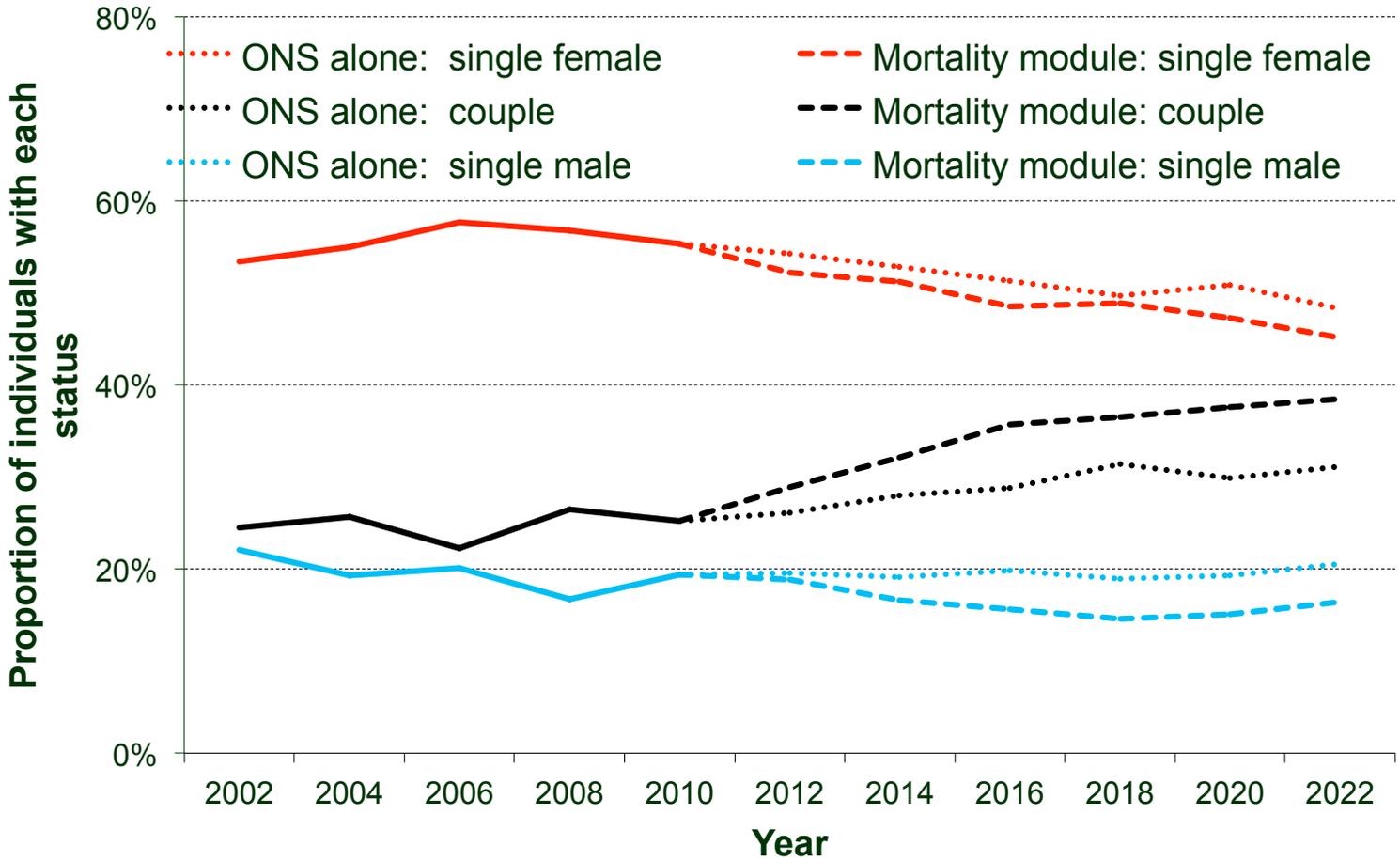


Family type (85+)



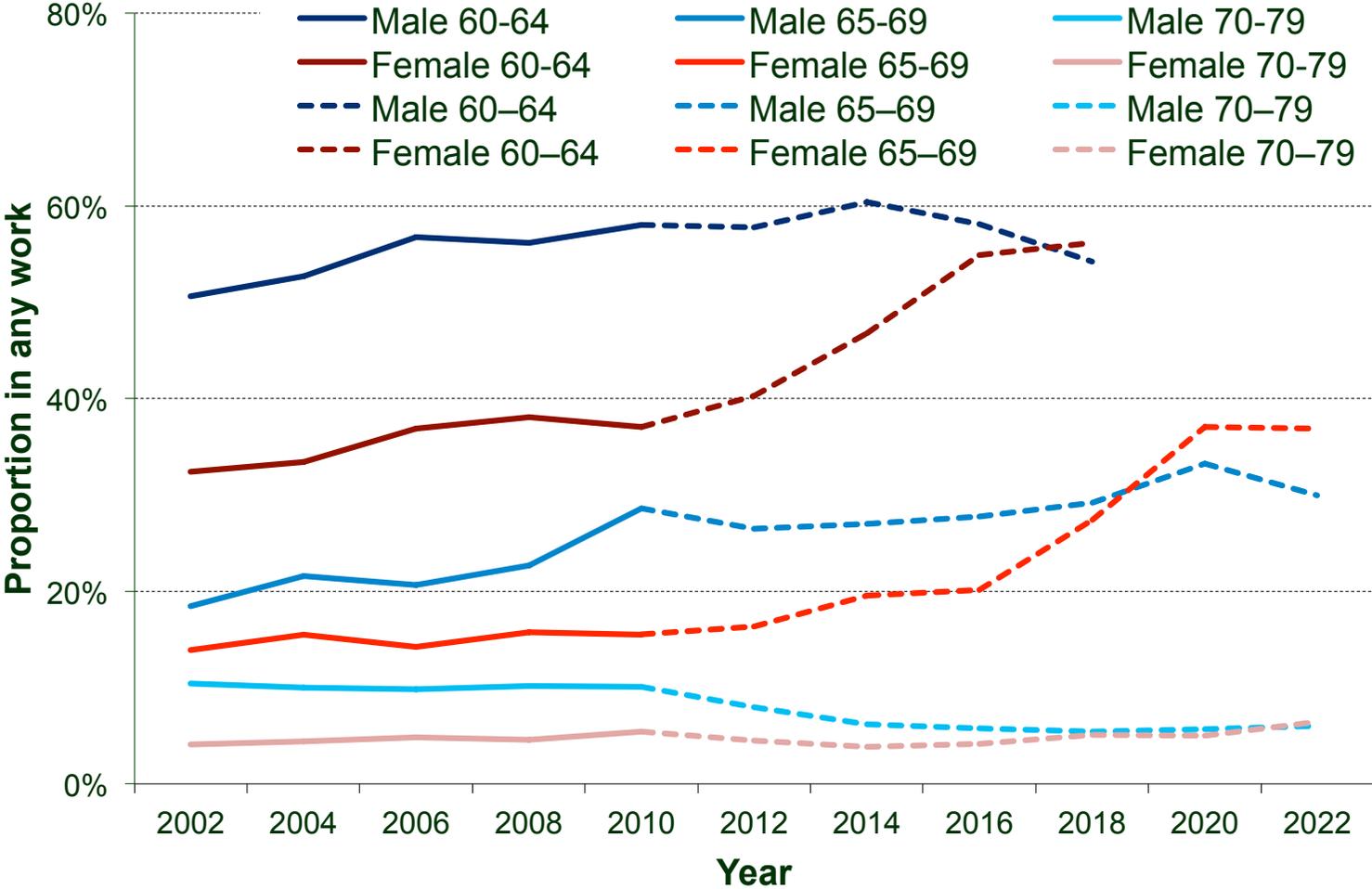
Source: IFS, Emmerson, Heald and Hood (2014), Figure 3.5

Family type (85+)



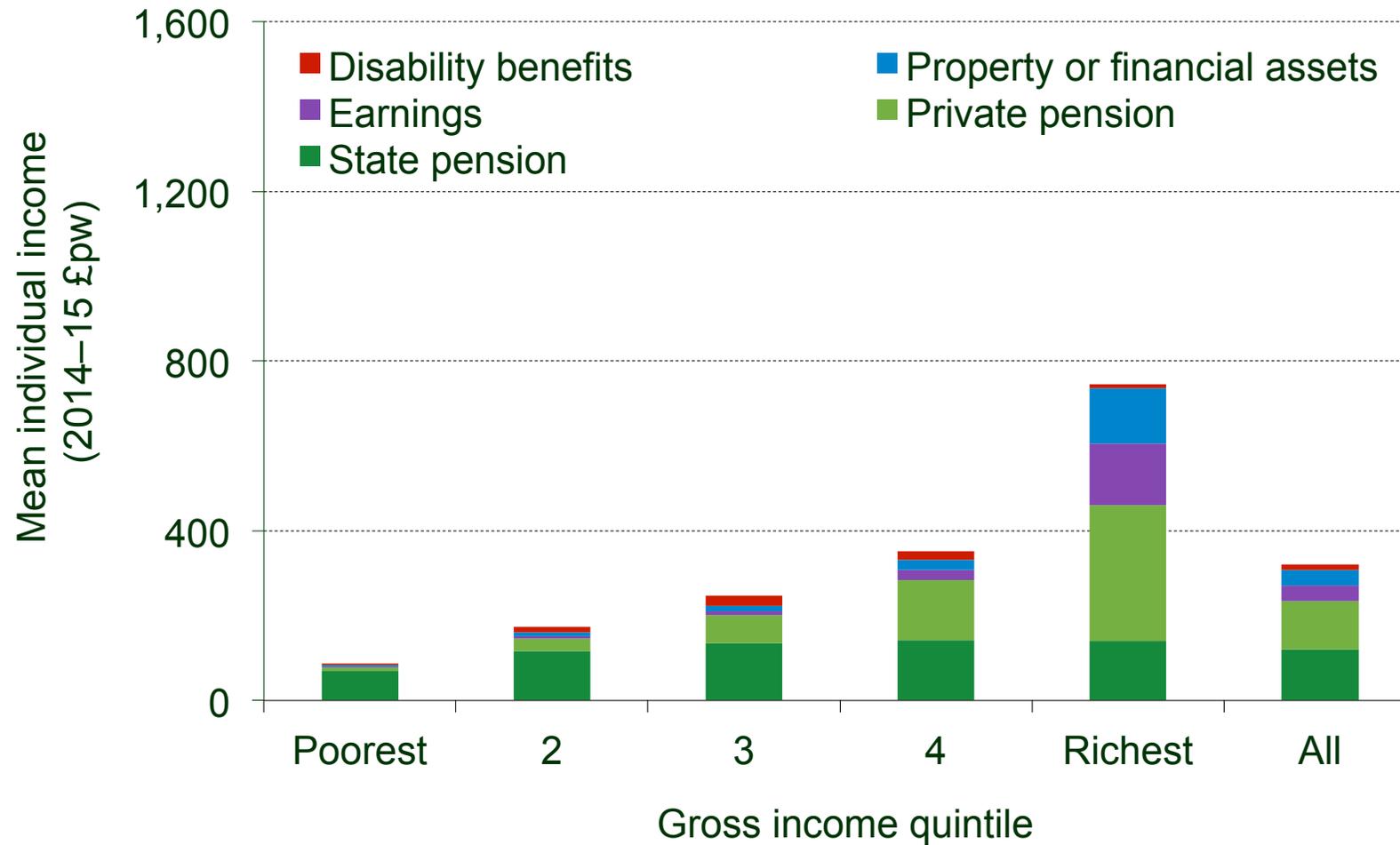
Source: IFS, Emmerson, Heald and Hood (2014), Figure 3.5

People in paid work: projections



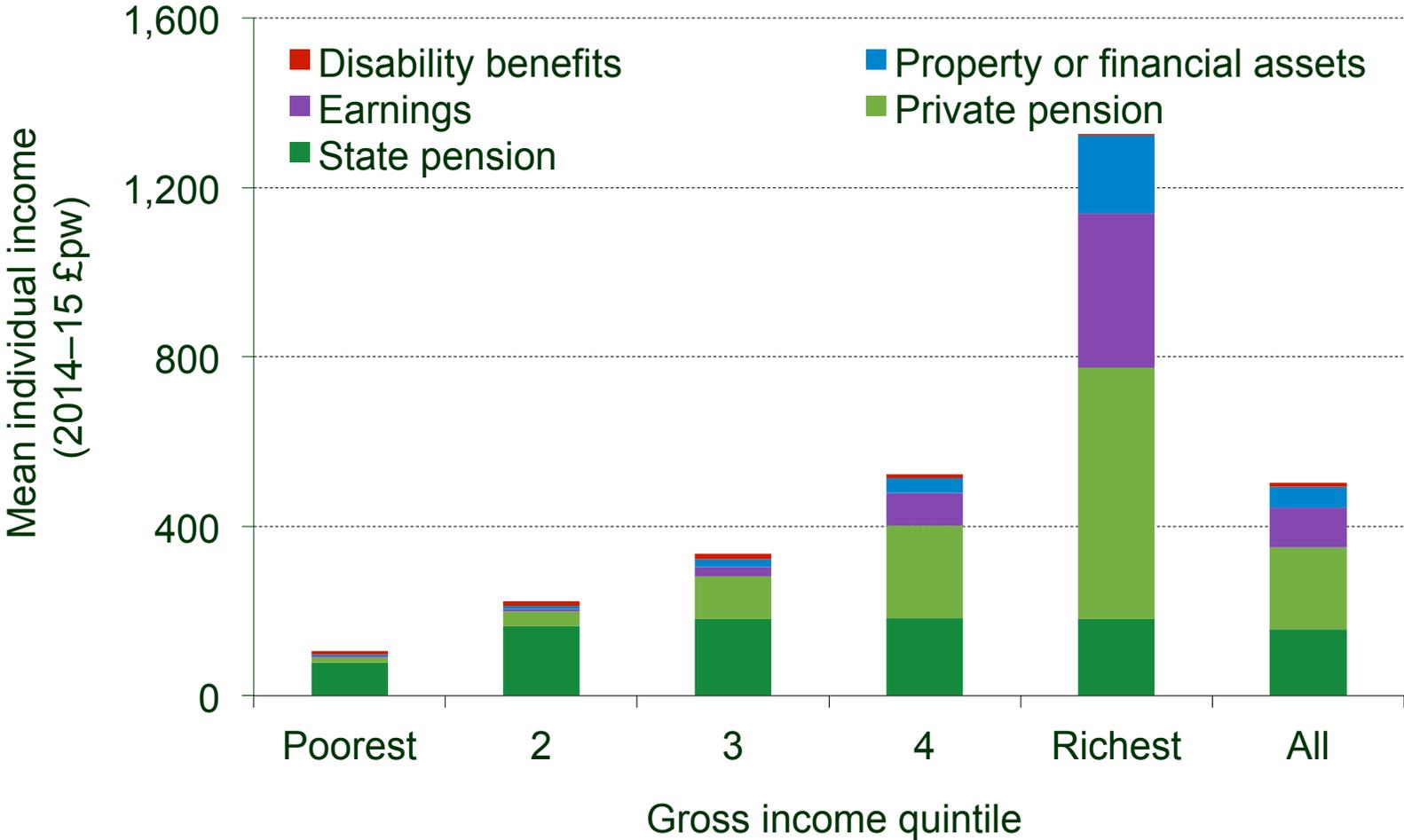
Source: IFS, Emmerson, Heald and Hood (2014), Figure 3.10

Gross incomes for those aged 65 to 74: 2010–11



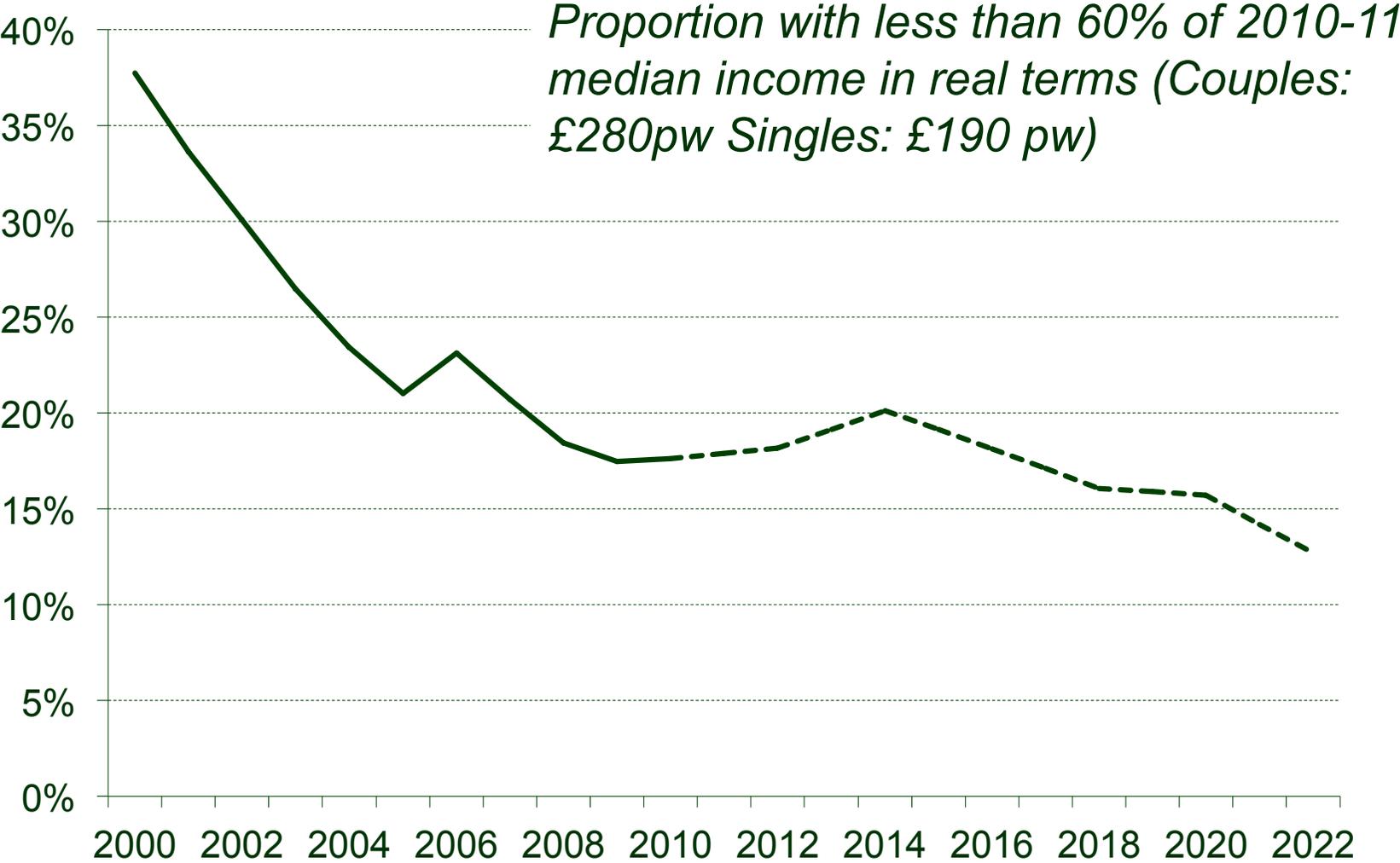
Source: IFS, Emmerson, Heald and Hood (2014), Figure 4.1

Gross incomes for those aged 65 to 74: 2022–23



Source: IFS, Emmerson, Heald and Hood (2014), Figure 4.1

Projected income poverty: 65+ population



Source: IFS, Emmerson, Heald and Hood (2014), Figure 5.4

Key messages

- Multiple dimensions of ELSA are now being used for policy analysis, e.g.
 - Tracking employment trends and State Pension Age changes as they happen
 - Savings adequacy and retirement income security
 - Receipt of health and social care
 - Links between the above factors, and also to wealth, wellbeing and inequality
- Longitudinal transitions and relationships being used to forecast future circumstances
 - If nothing changes
 - Under particular policy scenarios

ELSA policy use is increasing with time

- More cohorts observed going through the same ages and key transitions
- More longitudinal information on existing cohorts
 - Can see longer run results of previous policies
 - Can get better idea of policy target groups
- Many new policy reforms being introduced
- And new areas being added to survey
 - Social care, wellbeing, physical activity, hearing..



Thank you!

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