

The Economic Contribution of Older People in the United Kingdom – An Update to 2017

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Summary

The monetary value of the direct economic contribution of employment, informal caring, including childcare, and volunteering by people aged 50 or over in the United Kingdom in 2016/17 amounted to £796 bn (approx. 45 per cent of Gross Value Added), of which people aged 65 or over contributed with £160 bn.

Employment contribution amounted to £570 bn (£ 54 bn from 65+); informal caring activities added another £175 bn (£ 95 bn), informal childcare was worth £7.7 bn (only estimated for those aged 65 or over) and volunteering represented another £43.4 bn (£ 2.7 bn).

Introduction

This note updates the estimates presented in the Spring 2014 Age UK Chief Economist's Report. All the figures are expressed in 2017 pounds sterling and as a percentage of Gross Value Added¹.

Contribution from Employment

We estimated the hours worked by people aged 50 or over by region using data from the Labour Force Survey. We averaged the number of actual hours worked excluding overtime by part-time and full-time workers aged 50 or over by age and Government Office Region.

The GVA per hour is a broad measure of labour productivity. We assumed that older workers in each region have the same labour productivity as the total regional workforce. Therefore, the product of the GVA per hour and the total number of actual hours worked gave an estimate of the GVA produced by the 50+/65+ workforce in each region.

Contribution from Caring

We estimated the number of people aged 50 or over providing informal care and the number of hours provided from Wave 7 (2017) of the Understanding Society survey. We extrapolated the results to the total population by age, using the population estimates by the ONS.

To obtain a monetary value of these informal caregiving activities, we used the median hourly pay for care workers, home carers and senior care workers excluding overtime, from the 2017 Annual Survey of Hours and Earnings, which amounted to £8.85.

¹ GVA is a measure of the production of goods and services more appropriate than the more familiar GDP to analyse the contribution to economic activity by sector or, as in this report, age cohort.

Contribution from Childcare

We used data from Wave 7 (2017) of the Understanding Society survey on informal childcare by people aged 65 or over. The data include questions about provision of childcare during school terms and school holidays, which we apportioned accordingly to obtain annual estimates. We then extrapolated the results to total population aged 0-14 using ONS population estimates for 2017.

Finally, we applied the average childminding hourly fee from the latest (2014-2016) survey by the Professional Association for Childcare and Early Years (PACEY) updated from 2017/8 childcare services market information. We used an hourly fee of £6.00, which is a conservative estimate.

Contribution from Volunteering

We used data from the Community Life Survey 2015/16 by the Cabinet Office. We have considered only formal and informal voluntary activities (excluding informal childcare) performed at least once a month. With regards to the number of hours, we used the weekly mean for regular volunteers.

To obtain an estimate of the economic contribution of volunteering, we choose the UK average hourly pay for all employees from the Annual Survey of Hours and Earnings 2017 (£12.44). We believe this choice reflects the wide variety of voluntary work and the socio-economic composition of the voluntary workforce better than, for example, the average hourly pay for the lowest paid workers.

Results

	Contribution 50+ (£m)	GVA (%)	Contribution 65+ (£ m)	GVA (%)
Employment	570,047	31.9%	54,368	3.0%
Informal caring	174,580	9.8%	95,389	5.3%
Childcare	7,758	0.4%	7,758	0.4%
Volunteering	43,383	2.4%	2,699	0.2%
All	795,768	44.6%	160,213	9.0%