
CLARION
HOUSING GROUP

# Resident of the Future

October 2024

## Who will we be housing in ten years' time?

What can data trends tell us about residents in the future and the world they will live in

# Contents







# Foreword from the Group Chief Executive

**Clare Miller**
Group Chief Executive

**At Clarion, we have developed a good understanding of our residents, their needs and their challenges and value the collaboration we have built through our resident groups, our resident board members and more recently our customer committee.**

Our annual customer insight survey – The Clarion Index, now in its thirteenth year, provides valuable trend information on the lived experience of our residents, as well as over a decade of shifting demographic factors. It reveals where changes are happening across households and findings over time highlight significant differences between how various groups have responded to changes around them, and the range of challenges they face.

Having already started to look at the trends and patterns in our own survey data, we have very much welcomed the Housing Ombudsman's focus on forecasting to identify gaps in services for current and future residents.

This report starts to bring together our data with external trends that will influence who our residents are in the future, as well as the world they are likely to inhabit. Sadly, the picture of the future resident is one that is older, lonelier, in worse health, and financially poorer. Overall, it is likely that – unless rapid progress is made to address the housing crisis -residents will be in greater need of support. Demand on Clarion's resources will increase, and partnership working with local support services, local government, and the NHS will become even more crucial.

By creating future scenarios using identified trends and overlaying this with our own customer segmentation and insight, we hope we better understand the potential impact of a changing external environment on different clusters of residents in the future. While we cannot predict what lies ahead, we can prepare and pre-empt different futures based on the knowledge we have. This will ensure we are better prepared for various of eventualities. There will undoubtedly be opportunities to join expertise and pool data with other housing associations, and we look forward to working together with government and the sector to ensure we are doing our best by those who need us.

# Introduction

This report is the first stage in Clarion's forecasting, considering who our resident of the future may be, what challenges they may face and what they might need and expect from their housing provider. It takes a funnel approach and looks first at wider societal changes and economics, then at the housing sector and then what we know about our residents. It closes with some potential scenario exercises that could be used to pull these things together.

Various national trends are highlighted, including an aging population, unpredictable immigration, increasing ethnic diversity, more households, and increasing affordability challenges in the housing market. These trends start to provide insight into the future landscape in which Clarion residents will live.

At the start of 2024 The Housing Ombudsman (HO) published a spotlight report on attitudes, rights and respect.[1] Among other recommendations, the report suggested that social landlords ought to conduct a forecast of the future to identify any gaps in services for residents into the future.

This report starts to answer this and sets out our plans to build an actionable forecast of who our residents might be in ten years' time. This will support the business to think about any potential future gaps in services with a view to mitigating these.

This report considers external social, economic and housing market trends, drawing on research from several sources including the UK Housing Review, ONS, and English Housing Survey, as well as The Clarion Index[2], to understand the trends that will shape who the resident of the future is likely to be. Taken together, the picture of the future resident is one that is older, lonelier, in worse health, and financially poorer. Residents are likely to be in greater need of support as social housing becomes the preserve of only the most vulnerable in our society.

External Trends

# Social Trends

This section of the report utilises data from the Office for National Statistics (ONS) to explore the evolving demographic profile of future residents. Its 2024 release of national population projections[3] is especially useful to build an understanding of the changing demographics that will influence the society in which future Clarion residents live.

TREND 1.1

## Growing population driven by ageing population and immigration

According to the ONS[4], between mid-2021 and mid-2036, the population of the UK is expected to rise by 6.6 million individuals, marking a 9.9% increase from an initial estimate of 67.0 million to 73.7 million. This growth is attributed to a combination of factors, including 541,000 more births than deaths and 6.1 million individuals moving to the country from abroad.[5]

The primary drivers of this expansion are the aging demographic of the population, and a rise in migration to the UK. Over the next 15 years, there will be a significant increase in the elderly population, with the number of individuals aged over 85 years expected to grow from 1.6 million (representing 2.5% of the total population) to 2.6 million (3.5%).[6]

Therefore, the anticipated 6.6 million increase in the overall population is expected to be influenced by two main factors: a higher number of births than deaths, which is projected to account for half a million (8.2% of the total increase) of the growth, and net international migration, which is expected to contribute 6.1 million (91.8% of the total increase).[7]

TREND 1.2

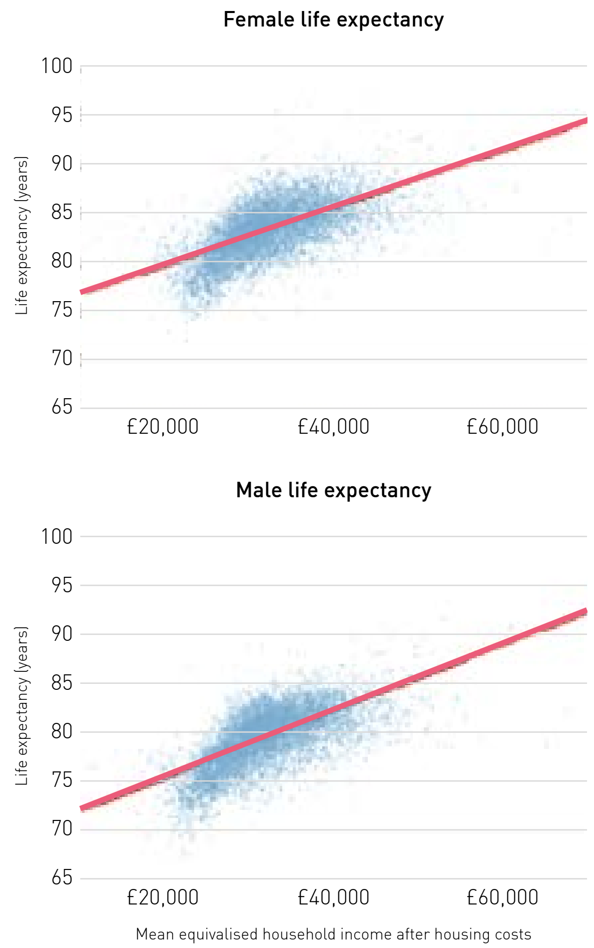
## People are living longer

As a society we have long been aware that people are living longer, impacting the overall demographics of our population.

Data points at a national level indicate cohort life expectancy at birth in the UK is projected to increase by 2.8 years to reach 90.1 years for boys and by 2.4 years to 92.6 years for girls born in 2045.[8] By 2066 there are projected to be a further 8.6 million UK residents aged 65 years and over.[9] The total number in this group could be 20.4 million, comprising up to 26% of the total population. The fastest increase will be seen in the age group 85 years and over.[10] However, we should note that those on lower incomes, and therefore more likely to live in social housing and have lower life expectancies than the wider population.

**Figure 1.2 (Right)**: Relationship between life expectancy and net household income for both men and women, by neighbourhood: England, 2016-20.

Source: Health Foundation analysis of Office for National Statistics, Income Estimates for Small Areas, England & Wales, 2017/18; Life expectancy at birth and age 65 by sex for Middle Layer Super Output Areas (MSOAs), England: 2016–20



TREND 1.3

## Increased migration

Looking at immigration specifically, the population projections for the UK are based on an assumption of long-term net international migration of 315,000 per year from mid-2028 onwards.[11] The current figure is much higher (net migration in 2023 was 672,000) due to a rise in non-EU immigration driven by a range of factors including those arriving via humanitarian routes (including Ukrainian and British National (Overseas) schemes), as well as an increase in non-EU students and workers.[12]

Experts predict that migration will return to pre-pandemic levels, suggesting that the present spike is not typical. The Migration Observatory agrees with the direction of the ONS population projections (which predate the most recent immigration figures) that net migration will level out at 245,000 per year. However, it settles on a higher estimate, estimating that net migration will fall to 350,000 by 2030, roughly to its pre-Brexit level.[13]

Although it's useful to see the projections for migration over this period, it's essential to note migration assumptions cannot account for recent and future policy, societal, or economic changes, so there is always some uncertainty in estimates of migration. One detail that these predictions agree on though, is that we will see growth in immigration to the UK over next c. five years.

TREND 1.4

## UK becoming increasingly ethnically diverse

The UK is increasingly ethnically diverse. In 2021, 44.4 million people in England and Wales (74% of the population) identified themselves as White British.[14]

This compares to 87.5% of the population recorded in the 2001 Census. During this period, the largest percentage point increase for any ethnic group was in the White Other group, which went up from 2.6% to 6.2 % of the total population. There has also been a recent increase in the number of usual residents in England and Wales born outside the UK: 4.6 million (8.9% of the population) in 2001; 7.5 million (13.4%) in 2011; and 10 million (16.8%) in 2021.[15]

Minority ethnic groups are more likely than White British households to be living in housing disadvantage and deprivation, so this shift may start to impact the homes we build and how we shape our services in the future.[16]

TREND 1.5

## More households

Demographic changes and changes to the population structure of course impact on projections of household formation rates. Using the ONS most recent household projection, the number of households[17] in England is projected to increase by 1.6 million (7.1%) over the next 10 years, from 23.2 million in 2018 to 24.8 million in 2028. This equates to an average of 164,000 additional households formed per year.

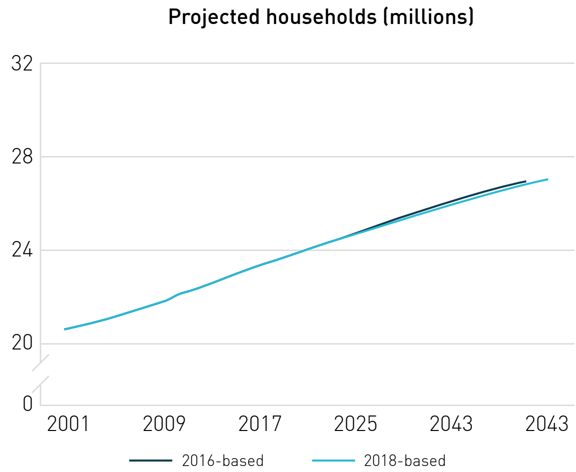



**Figure 1.5 (right)**: Projected growth in the number of households is broadly similar to the 2016-based projections.

Source: Office for National Statistics – Household Projections

TREND 1.6

## Number of households is projected to grow because of increases in older households without children

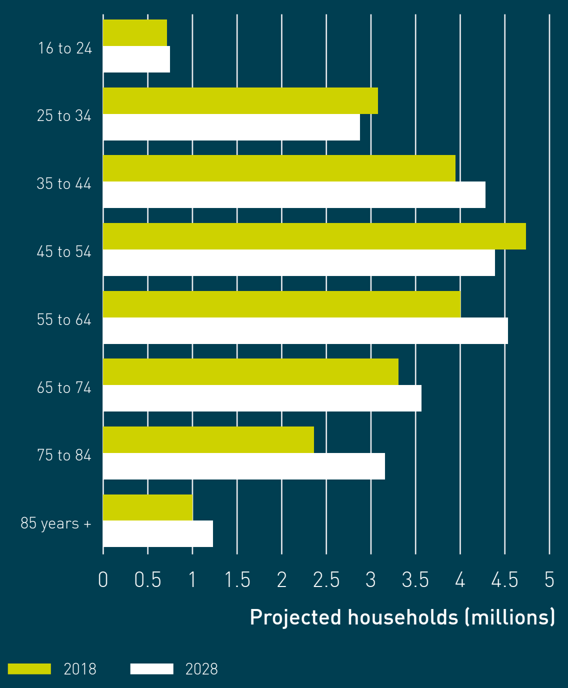



**Figure 1.6 (Above)**: The largest projected growth in the number of households occurs at older ages.

Source: Office for National Statistics – Household Projections

The ONS projections state that "most of the projected growth in households between 2018 and 2028 will come from one-person and multiple adult households without dependent children".[18] Of those with dependent children, the number is expected to increase by only around 80,000 (1.2%), while one-person households will increase by 727,000 (10.1%) and multiple-adult households by 833,000 (8.8%).[19]

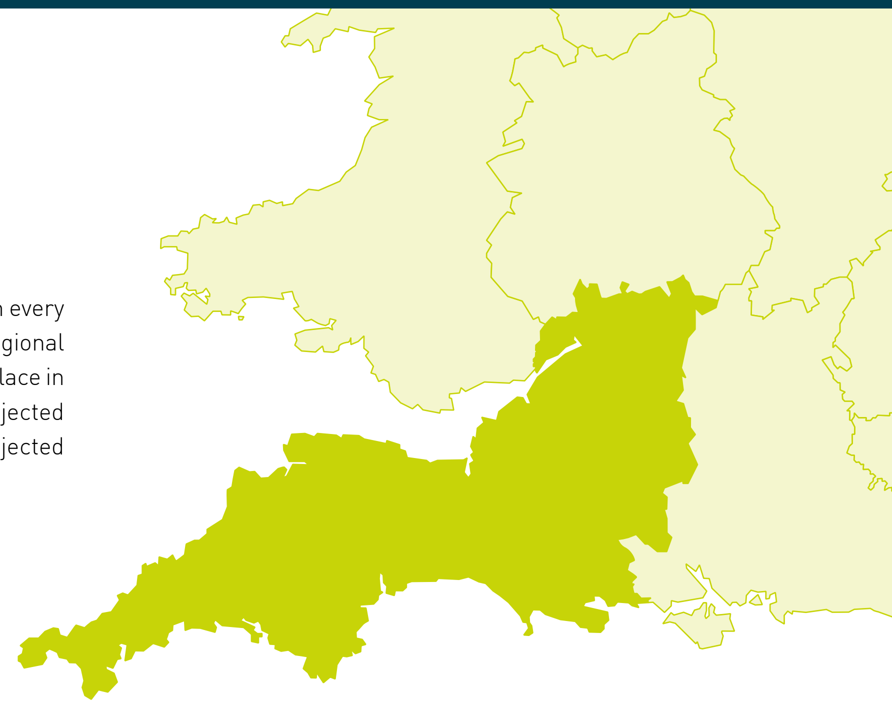
Much of this projected growth in the number of households is a symptom of an ageing population (as noted above). Households where the lead householder is aged 75 years or over account for 64% of the total growth in households. Figure 1.6 shows the projected number of households for 2018 and 2028 by age group. The number of households is expected to decrease in the 25 to 34 years category and the 45 to 54 years category. The number of households where the lead householder is over 55 is expected to increase.

In addition to the impact of an aging population, there has been an increase in the number of people who are living alone, from 7.5 million in 2009 to 8.3 million in 2022.[20] The increase in households may be slightly mitigated, by the average age of leaving the parental home increasing from 21 in 2009 to 24 in 2019.

TREND 1.7

## Number of households is projected to grow fastest in the South West

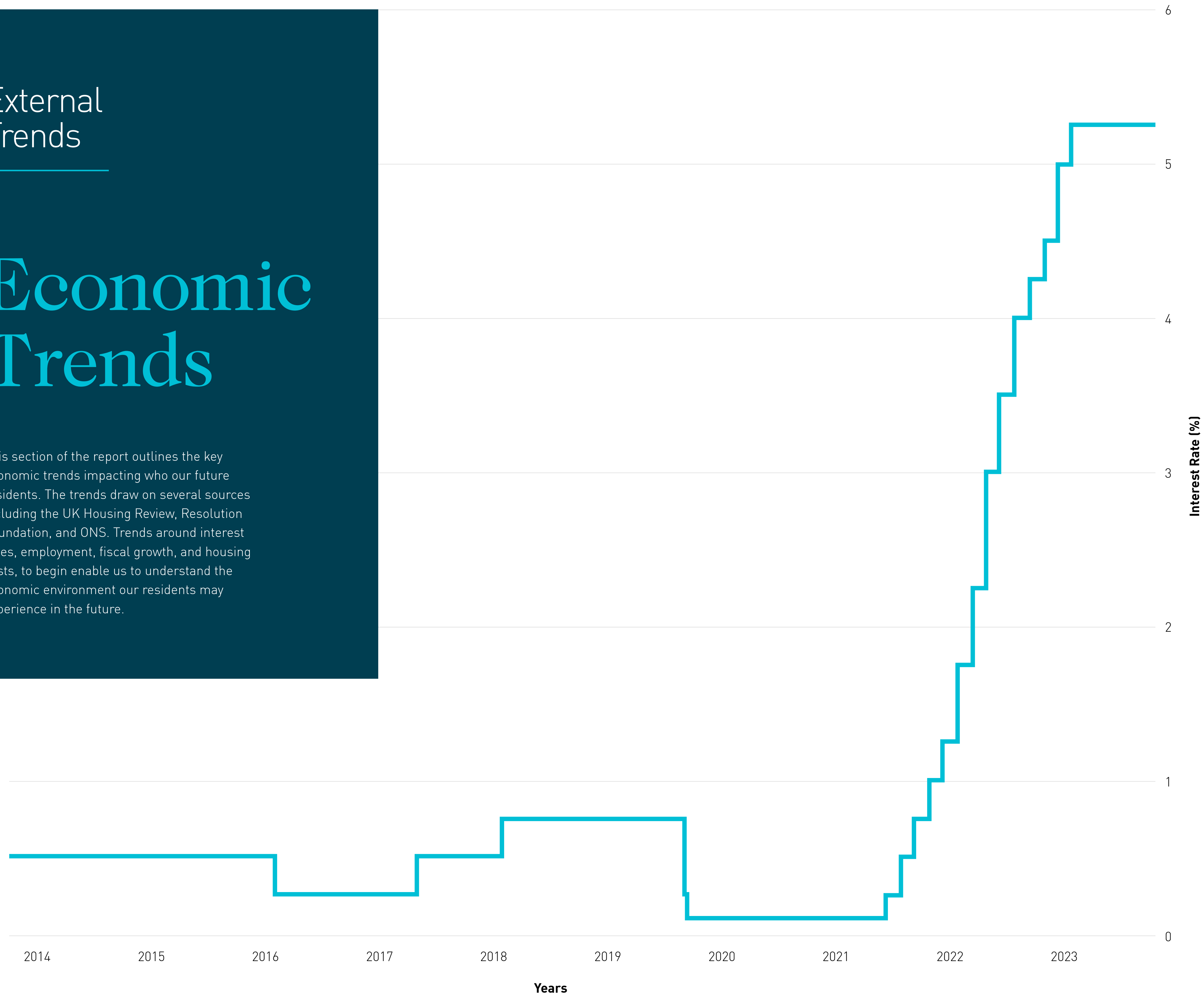
The number of households is projected to grow in every region in England by 2028. However, the highest regional rate of growth in households is projected to take place in the South West (9%), while the North East is projected to have the slowest rate (4.2%). London has a projected rate of household growth of 7.8%.[21]



External Trends

# Economic Trends

This section of the report outlines the key economic trends impacting who our future residents. The trends draw on several sources including the UK Housing Review, Resolution Foundation, and ONS. Trends around interest rates, employment, fiscal growth, and housing costs, to begin enable us to understand the economic environment our residents may experience in the future.




TREND 2.1

## Interest rates

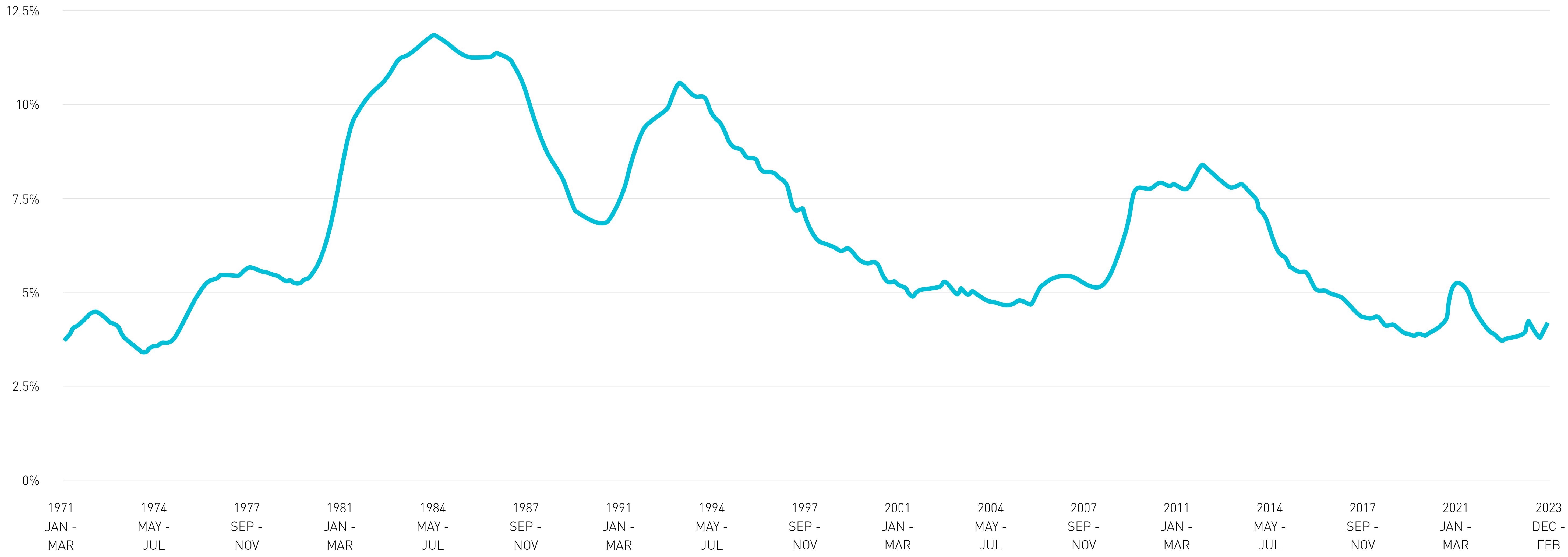
Although over the past forty years interest rates have fluctuated, since the 1980s the broad direction of interest rates has been downward. In the 1970s and 1980s, the UK base rate averaged close to 10%, falling to 8% in the early to mid-1990s. Interest rates then averaged 5% from 2000 until the 2008 financial crisis. In most recent years following the recession and pandemic, the UK rates have been historically low, running at an average of 0.5% until late 2021.[22]

Following the mini budget in 2022, where the Truss government implemented a package of £45 billion tax cuts, the markets panicked and the British Pound dropped to a record low. This led to a sharp increase in gilt interest rates, which peaked in August 2023 at 5.25%.[23] Commentators expect the higher interest rates to become the 'new normal' levelling out to 3.4% in five years' time.[24] Changes in interest rates have a delayed impact, especially when it relates to the housing market. Despite the fact that about half of mortgages have had their rates adjusted since December 2021, the Bank of England anticipates that five million additional borrowers will have average monthly payments increase by £240, or 39%, by 2026.[25]

**Figure 2.1 (left)**: Bank of England Bank Rate (Interest Rate) History

Source: Bank of England Database

Bank Rate




TREND 2.2

## Low unemployment

Unemployment crept up from 3.8% in January to 4.3% in June 2023, however the estimates based on tax and benefits records suggest that it remained stable since then.[26] The Office for Budgetary Responsibility (OBR) forecasts unemployment to peak at 4.4% in the second quarter of 2024.[27]

**Figure 2.2 (left)**: Unemployment rates (aged 16 and over, seasonally adjusted): %

Source: Office of National Statistics, Unemployment

**Unemployment rate (Aged 16 and over, seasonally adjusted)**

TREND 2.3

## Low economic growth/stagnation

The UK Housing Review has frequently commented on the stagnation of the UK economy since the global financial crisis. In the Review's 2024 publication, it notes that "since 2008, productivity in the UK has stalled and, along with it, real-income growth has stalled, too. The UK's longstanding regional economic inequalities have become more exposed and were a factor driving Brexit which, in turn, has further weakened the UK economy".[28]

The report also drew attention to the final published report of the Economy 2030 Inquiry (a collaboration between the Centre for Economic Performance and the Resolution Foundation) which reiterates some of the increasingly acknowledged elements of the UK's economy such as:

### STAGNATION NATION 10 KEY FACTS

Source: Resolution Foundation, Ending Stagnation: A New Economic Strategy for Britain[29]

**Low growth:** Real wages grew by 33% a decade from 1970 to 2007, but have flatlined since, costing the average worker £10,700 per year in lost wage growth.

**High inequality:** Income inequality in the UK is higher than any other large European country.

**The toxic combination:** Low growth and high inequality means typical households in Britain are 9% poorer than their French counterparts, while our low-income families are 27% poorer.

**Stalled progress:** 9 million young workers have never worked in an economy with sustained average wage rises, and millennials are half as likely to own a home, and twice as likely to rent privately, as their parents' generation.

**Talent wastes:** Almost a third of young people in the UK are not undertaking any education by age 18 – compared to just one in five in France and Germany.

**Gaping gaps:** Income per person in the richest local authority – Kensington and Chelsea (£52,500) – was over four times that of the poorest – Nottingham (£11,700) – in 2019.

**Bad work:** Half of shift workers in Britain receive less than a week's notice of their working hours or schedules.

**Flaky firms:** UK companies have invested 20% less than those in the US, France and Germany since 2005, placing Britain in the bottom 10% of OECD countries, and costing the economy 4% of GDP.

**Taxes up:** Having averaged 33% of GDP in the first two decades of this century, the tax take is now on course to rise over 4 percentage points by 2027-28: equivalent to £4,200 per household.

**The wrong track:** Six in ten Britons think the country is heading in the wrong direction, with far fewer – just one in six – thinking it is on the right track.

In essence, low productivity caused by underinvestment has pushed median incomes below those of comparator countries. With high levels of income inequality this means that low-incomes households earnings fall even farther behind compared to other comparator nations.[30]

TREND 2.4

## High taxes and squeezed public expenditure

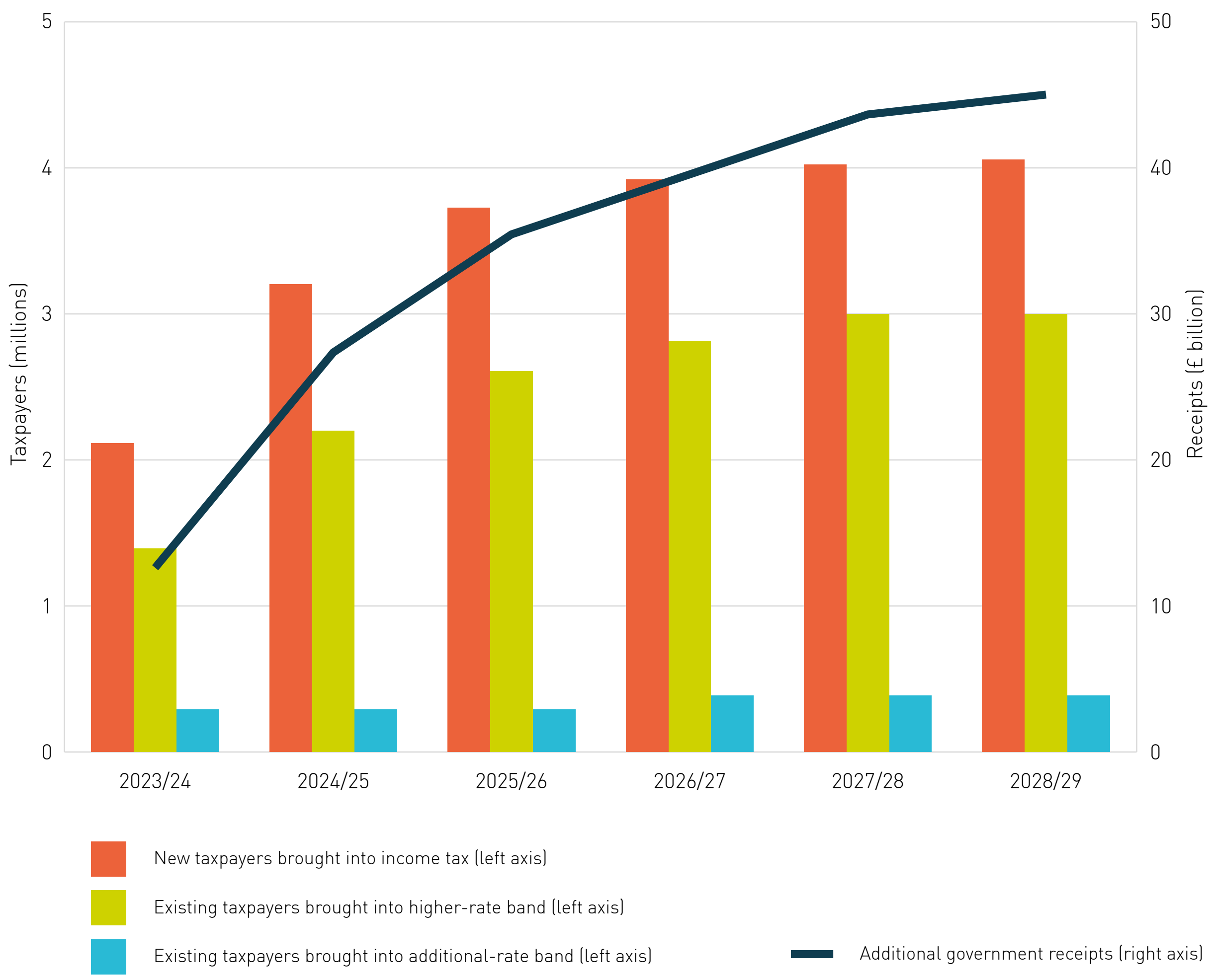
According to the Institute for Fiscal Studies (IFS), the six year freeze of personal allowance and tax thresholds in cash terms has accelerated a long-term trend that will see the percentage of people paying higher rates of tax increase from 3.5% in 1991–1992 to 14% in 2027–2028. (Figure 2.4) This increase coincides with a period of high inflation.[31]

As a result, the tax burden is expected to rise to 37.7% of GDP in 2027/28, the highest levels since the Second World War. Despite the higher tax burden, public services are not seen to be improving, as funding is used to service debt rather than invest – with the stock of government debt increased, and the UK's widespread use of RPI inflation-linked gilts, this caused the cost of servicing this debt to soar from 1.2% of GDP in 2020/21 to 4.4% in 2022/23.[32]

As highlighted in the UK Housing Review, any expected public expenditure squeeze will not impact departments evenly – with areas such as health protected, and others such as social security where spending is driven by demand, other areas such as housing will find themselves squeezed more so than others. Trends in public expenditure also impact local government services financed through the General Fund, with councils viewing the 2023 Autumn statement as "insufficient and to leave many more councils facing insolvency…[with] one in five councils are said to be at risk of doing so [declaring insolvency]".[33]

**Figure 2.4 (below)**: Effect of threshold freezes on additional taxpayers and tax receipts prices UK

Source: OBR



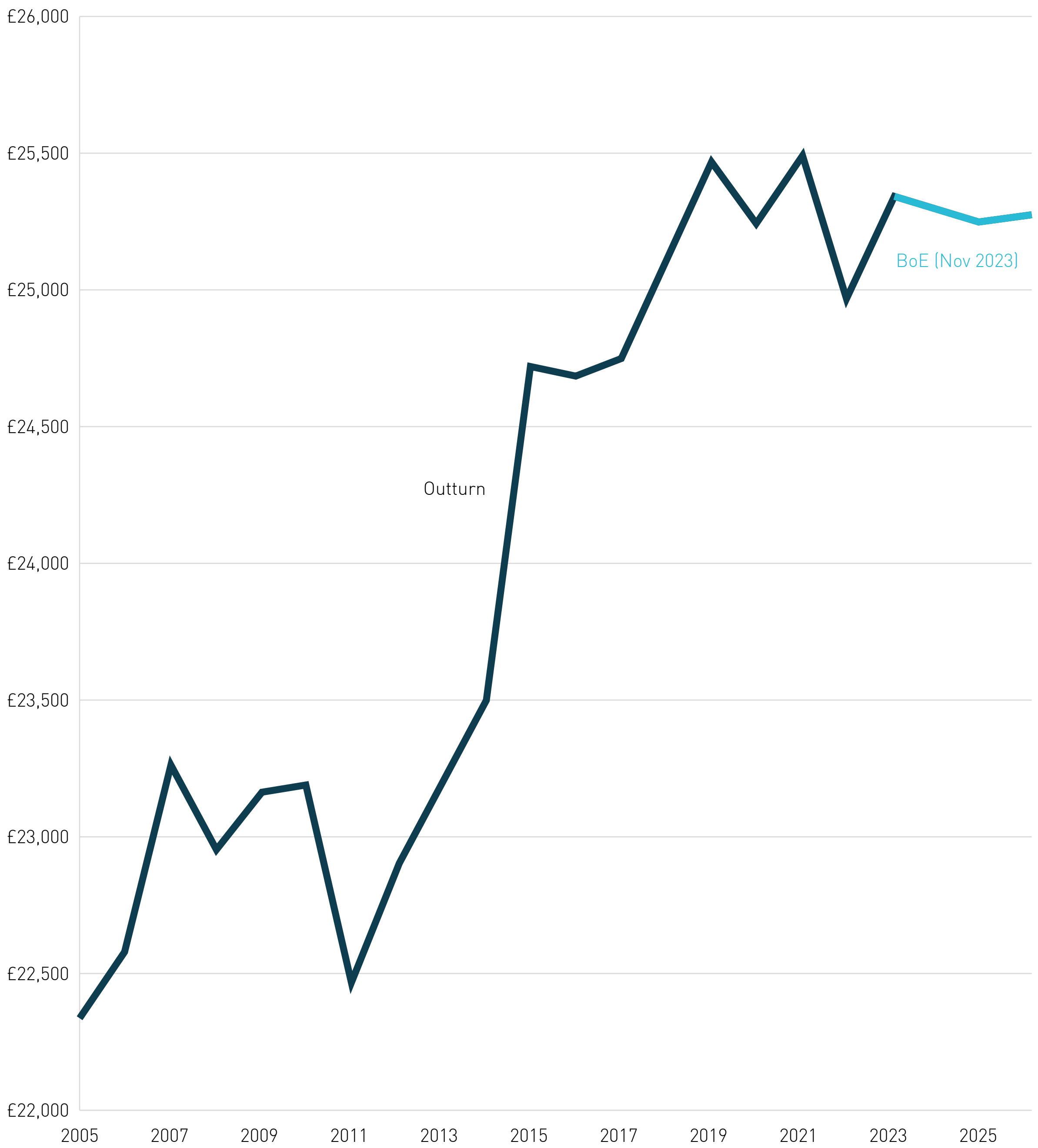
TREND 2.5

## Household income not expected to meet pre-cost of living peak until 2027

According to research by the Resolution Foundation, although wages began to grow faster than prices again by the summer of 2023, rising housing costs indicate that living standards will take some time to recover. Figure 2.5 indicates that household incomes are not anticipated to return to the peak they were before the cost-of-living crisis until 2027.[34]

**Figure 2.5 (below)**: Outturns and forecast for Real Household Disposable Income per person, in 2023 prices UK

Source: Resolution Foundation – Ending Stagnation




TREND 2.6

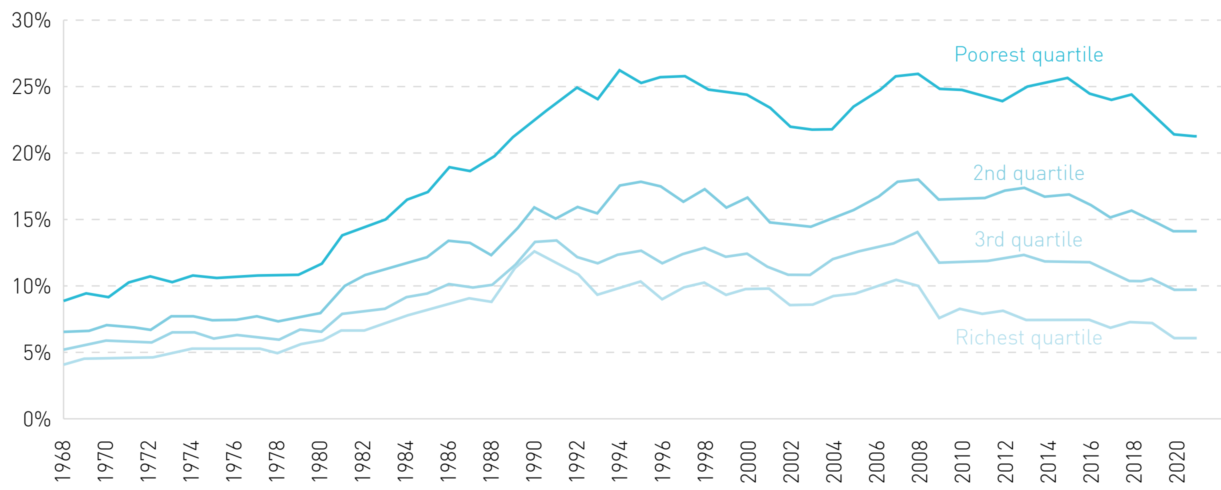
## Housing Costs – Poorer households spend more of their income on housing than do richer households

The Social Market Foundation (SMF) conducted a cross-national comparative study assessing headline outcomes in the UK, with Australia, Cananda, Ireland, and New Zealand (collectively known as 'the Anglosphere'). Looking at housing indicators, the study found that the UK is the worst performer both when it comes to the proportion of disposable income spent on housing, and the proportion of the population on the waiting list for social housing.[35]

The Institute of Fiscal Studies (IFS) report on Housing costs and income inequality in the UK highlights that not only is the UK is the worst performer when it comes to the proportion of disposable income spent on housing, it is also the poorest households that spend the highest proportion on housing compared to their richer counterparts. This difference has increased over time resulting in a polarisation between rich and poor – in 1968, housing costs constituted 9% of average disposable incomes for households in the poorest quarter of the population, rising to 26% in 2015 before falling to 21% in 2021.[36]

**Figure 2.6 (below)**: Percentage of income spent on housing costs by before housing costs (BHC) income quartile.

Source: Institute for Fiscal Studies, Housing costs and income inequality in the UK




TREND 2.7

## Improving living standards, however improvements delayed for those on lower incomes

The Winter 2024 UK Economic Outlook, conducted by the National Institute of Economic and Social Research (NIESR), indicates that "living standards as measured by real household disposable income are projected to go up by about 2% in 2024-25, but for the bottom half of the income distribution the recovery to pre-pandemic levels is not expected until 2027-28".[37]

According to NIESR, "For the poorest 10 per cent, the fall in real income since 2019-20 is about £4,500 (in current prices): their living standards are lower by some 18 per cent compared with the pre-pandemic levels".

The slow rise in living standards can be attributed to a disproportionate decline in living standard for the bottom 50% of the income distribution but also a combination of other factors at play. This includes the "the slowdown in real wage growth, higher price levels for energy, housing and food as well as low economic growth, flatlining productivity and insufficient investment".[38]

Sector Trends

# Housing Market Trends

This section of the report draws primarily on research from the UK Housing Review and English Housing Survey. Here we bring together trends in the housing market such as tenure, affordability, and housing investment to begin to explore the housing landscape that will face our future residents.

TREND 3.1

## Owner occupation remaining the largest tenure group

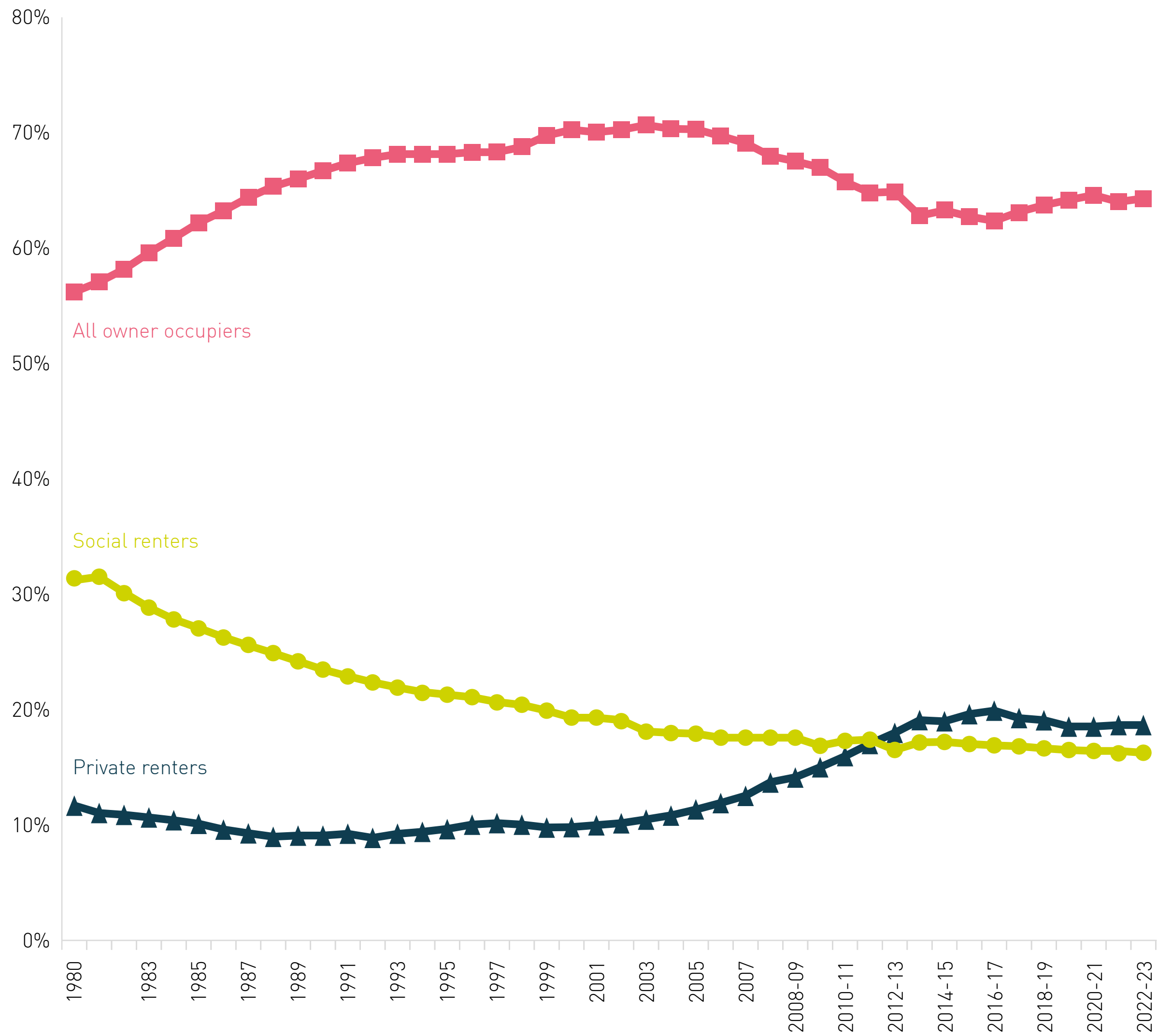
Home ownership has long been the dominant housing tenure in England. In 2003, 71% of all households were owner-occupied. Twenty years on, drawing from the 2023 English Housing Survey, owner occupiers still represent the largest group by tenure, with 15.8 million households, but their share has reduced to 65% of all households. Over the last ten years owner-occupation levels have not significantly changed (Figure 3.1).[39]

Until 2013-14, since the early 1980s there were more outright owners than mortgagors. In 2013-14 they overtook those with a mortgage, and by 2022-23, 35% of households were outright owners while only 29% had a mortgage. The aging population is at least partly responsible for this shift, with large numbers of people retiring having paid off their mortgages.[40] (Figure 3.3)

With increased interest rates, there has been a strain on homeownership since the mini budget. The UK Housing Review notes that some commentators suggest there could be "a be a severe and sustained downturn with prices falling and a sharp rise in arrears and possessions".[41] Although prices have been reducing in real terms for some time now, nominal falls in ownership numbers were only observed in the latter half of 2022 and in 2023.

**Figure 3.1 (below)**: Trends in tenure (proportions), 1980 to 2022-23

Source: 2022-23 English Housing Survey Headline Report



TREND 3.2

## Growth in PRS has plateaued

In 2022-23, the private rented sector accounted for 4.6 million or 19% of households. Throughout the 1980s and 1990s, the proportion of private rented households was steady at around 9% to 11%. While the sector has doubled in size since the early 2000s, the rate has remained around 19% or 20% since 2013-14 with demand for renting privately remaining strong.[42] With growing unaffordability for home ownership, this could start to have knock on effect on the demand for the currently stagnant PRS sector.

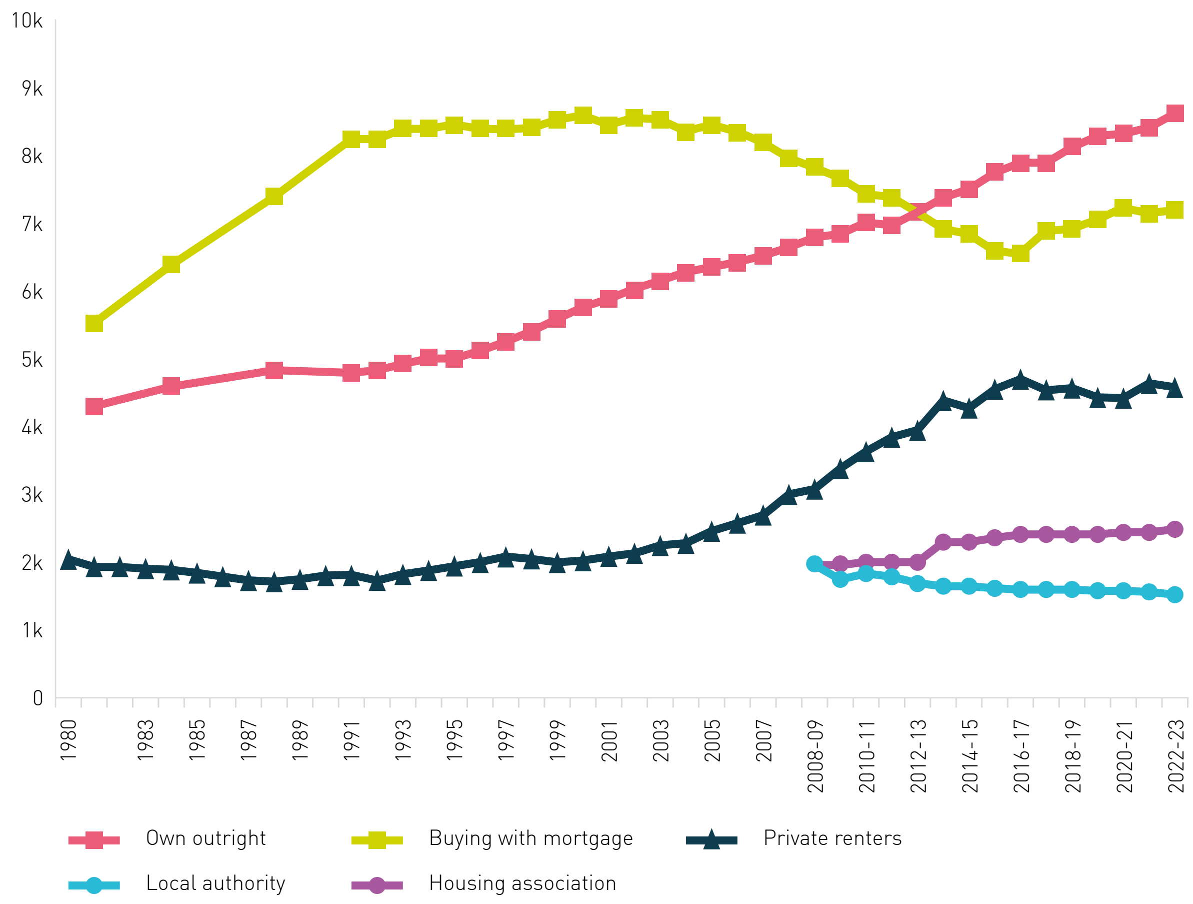
TREND 3.3

## Growing percentage share of social housing for Housing Associations

While the size of the social sector has remained relatively steady over the last decade, the composition has changed. In 2008-09, the social rented sector accounted for 18% of households with 9% (2.0 million) renting from housing associations and 9% (1.9 million) renting from local authorities. In 2022-23, more households (10% or 2.5 million) were renting from housing associations, and fewer (6% or 1.5 million) from local authorities.[43]

**Figure 3.3 (below)**: Trends in tenure (thousands of households), 1980 to 2022-23

Source: 2022-23 English Housing Survey Headline Report








TREND 3.4

## Increasing unaffordability

Since housing prices have risen faster than incomes, owning a home is becoming more and more expensive. In 1997, the median full-time worker in England could expect to pay about 3.5 times their annual earnings to buy a home; this had more than doubled by 2021 reaching its peak at 9.1 times salary.[44]

The number of areas with the least affordable housing (a ratio of 12 or more) decreased from a peak of 76 in 2021 to 60 in 2023 (or 19% of areas). This marks a return to the levels seen in the years before the coronavirus (COVID-19) pandemic (in this case, 2017 to 2020). Some 82% of London Boroughs had affordability ratios above 12 in 2023.[45] Increased unaffordability also has an impact on the private rented sector as increased demand fuels ever-higher rents, in turn making it even harder to save for a deposit to buy.

TREND 3.5

## Regions beyond London and the South-East are becoming increasingly unaffordable

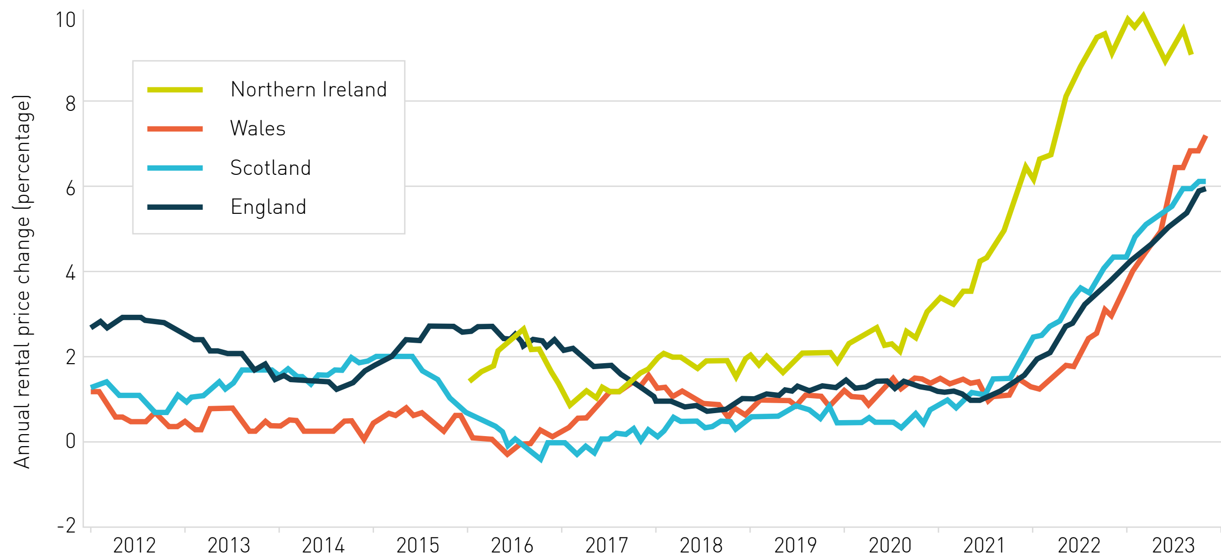
The biggest increases in affordability ratios[46], as affordability becomes more challenging for buyers over the past five years, include many areas in Derbyshire and Nottinghamshire. By contrast, the ten biggest decreases in affordability ratios in the past five years have all occurred in LAs in London or bordering London. However, this does not go far enough to mark a market correction, as they remain some of the least affordable areas.[47]

Similarly, in the PRS, Rightmove reported a 12% year-on-year increase in average London private rents in autumn 2023, and rents outside London rose by 10%, setting record highs for fifteen consecutive quarters.[48]

The UK Housing Review notes the ongoing supply-demand imbalance persists, "with a 41% increase in tenants seeking private lettings in 2023 compared to 2019, coupled with a 35% fall in available supply".[49] These trends highlight the challenges in the PRS, with the sector often unaffordable for those on lower incomes both inside and outside of London.

**Figure 3.5 (below)**: Affordable Housing Delivery per 10,000 population across the UK

Source: Compendium Table 20f



TREND 3.6

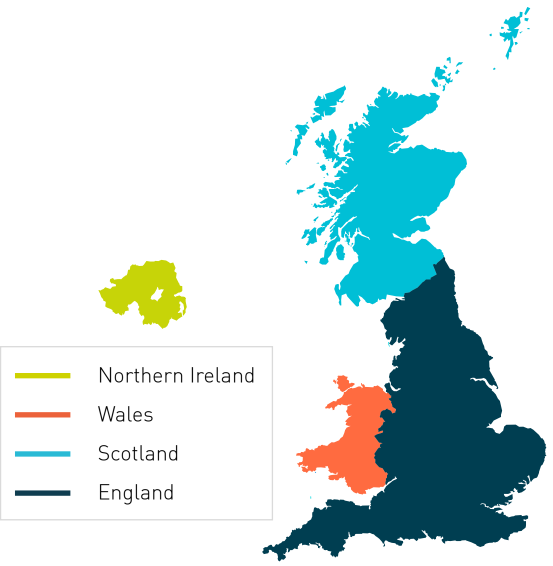
## Underinvestment in affordable housing

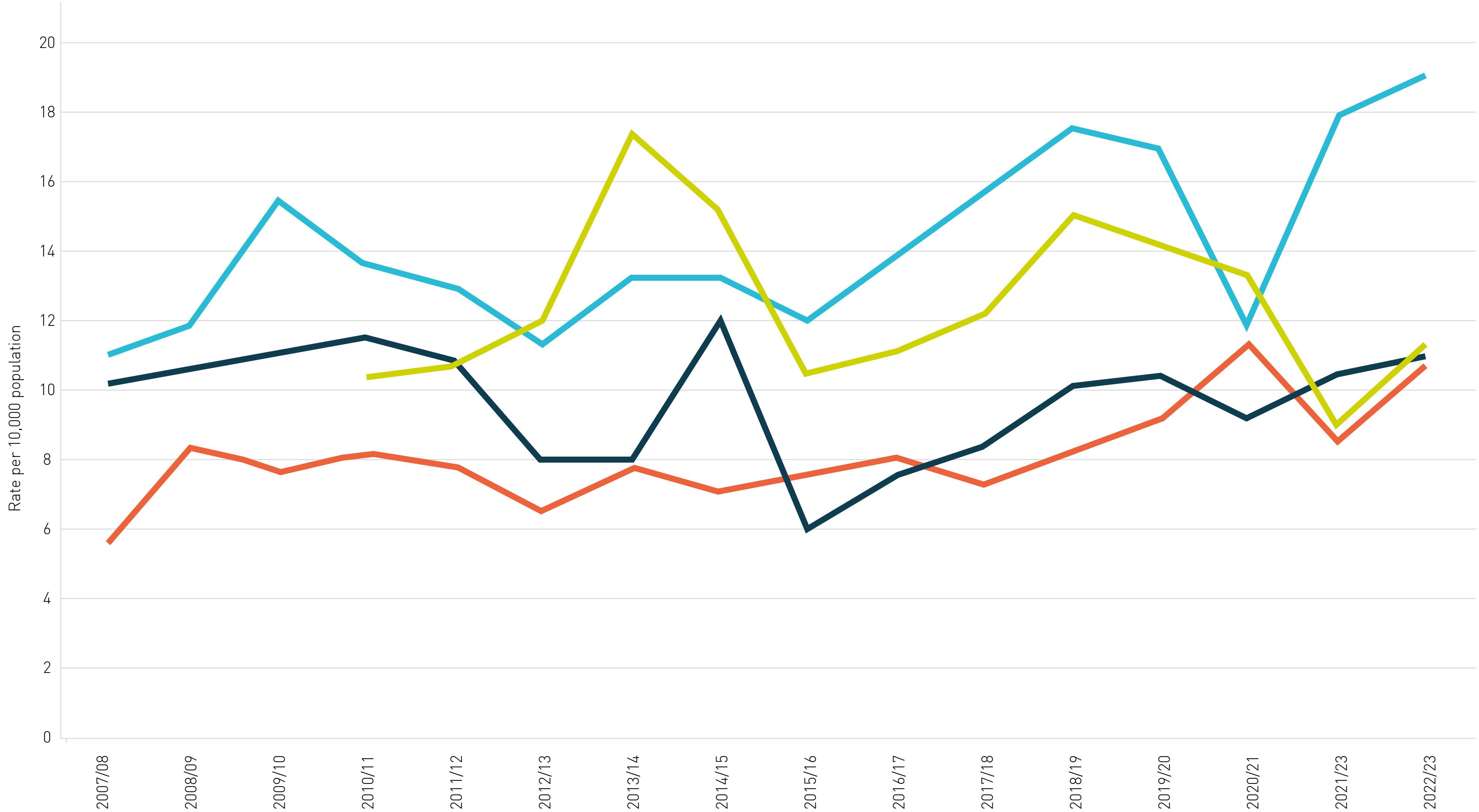
Social landlords across the UK have experienced intense pressures on their finances over the past few years. Increasing costs, constraints on income, and prioritising higher standards in quality and safety have resulted in shortfalls against targets set in the new investment programmes that began in 2021.

The UK Housing Review compared the cross-UK countries and found that England underinvests in affordable housing compared with the three other countries. When evaluating the amount of affordable output produced since 2008/09 in terms of dwellings built per 10,000 people, Scotland leads the way, and England often trails behind both Scotland and Northern Ireland (Figure 3.6).[50]

**Figure 3.6 (below)**: Affordable Housing Delivery per 10,000 population across the UK

Source: Compedium Table 20f




TREND 3.7

## Growing number of social housing units needed to 2031

Annual net need for additional social housing could vary dramatically depending on how the market recovers. Using projections based on seven scenarios from Glen Bramley's 2024 update for NHF and Shelter, we can begin to investigate these potential future supply needs.[51]

Drawing on the economic, demographic and supply baseline scenario which can be broadly characterised as 'carrying on as we are' with existing policies[52] the annual net new need for additional social housing in 2031 is 45,602, the highest of all scenarios. This number is the difference between the number of newly forming households (plus half of net migrants) who cannot afford market rental housing, and the number of social lettings available. Essentially, if this number is positive and high, the backlog is likely to rise, while if it moves into negative territory, then the backlog is likely to fall.[53] In all projected scenarios, we can still see a requirement to build more social housing to meet future need.

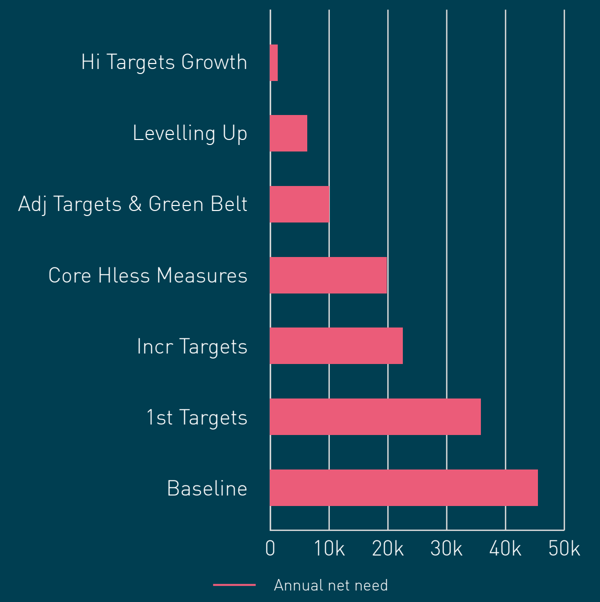



**Figure 3.7 (above)**: Annual Net Need for Additional Social Housing in 2031 by Scenario

Source: Bramley, Housing Requirements in England Revisited, 2024

## Internal Trends

# Clarion Index Trend Data

The Clarion Index[54] enables us to gain some valuable insight into the experience of our residents. A similar methodology is used every year, and the survey questionnaire contains a number of "tracking" questions; these provide historic trends which can be placed into context by comparing with external research.

TREND 4.1

## Age profile

When analysing the our Clarion Index data and looking at various measures (e.g. internet use, levels of disability), there are sometimes significant differences between age-groups: e.g. younger residents are more likely to have access and use the internet frequently, and older resident are more likely to report having a disability. It is therefore useful to consider the age profile trend when interpreting results where there are differences between age groups. Additionally, our resident profile tends to be older than the national population and therefore the wider national aging population trends may be felt more acutely at Clarion.

Unless there is a significant shift in the housing that Clarion builds, or in how social housing is allocated, Clarion's age-profile is likely to remain fairly constant due to natural churn. However, it is likely that as older residents age in place, they will be more dependent on our support services and signposting.

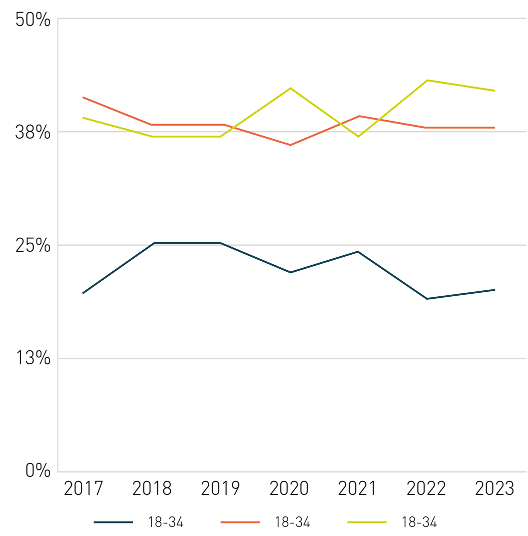



**Figure 4.1 (above)**: Age-group profile of residents (2017-2023)

TREND 4.2

## Households with dependent children

Over the last couple of years when looking to understand how the cost-of-living crisis has impacted residents, it is evident that households with children were faring significantly worse compared to households without dependent children.

Since 2017, there has been a slight reduction in the proportion of households with dependent children among Clarion households.

Although it is not a straight line, should this overall trend continue over the next ten years, we might expect more Clarion households to not have any children living in the home in 2034. Any changes are likely to be driven by wider societal shifts, changing stock profile, or allocation policies.

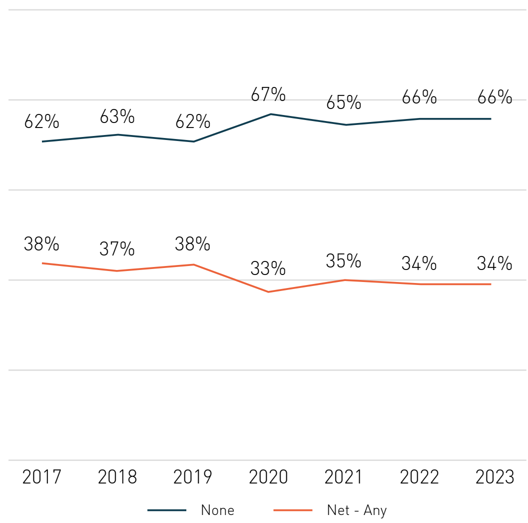



**Figure 4.2 (above)**: The proportion of households with (Net – Any) and without (None) dependent children (2017–2023)

TREND 4.3

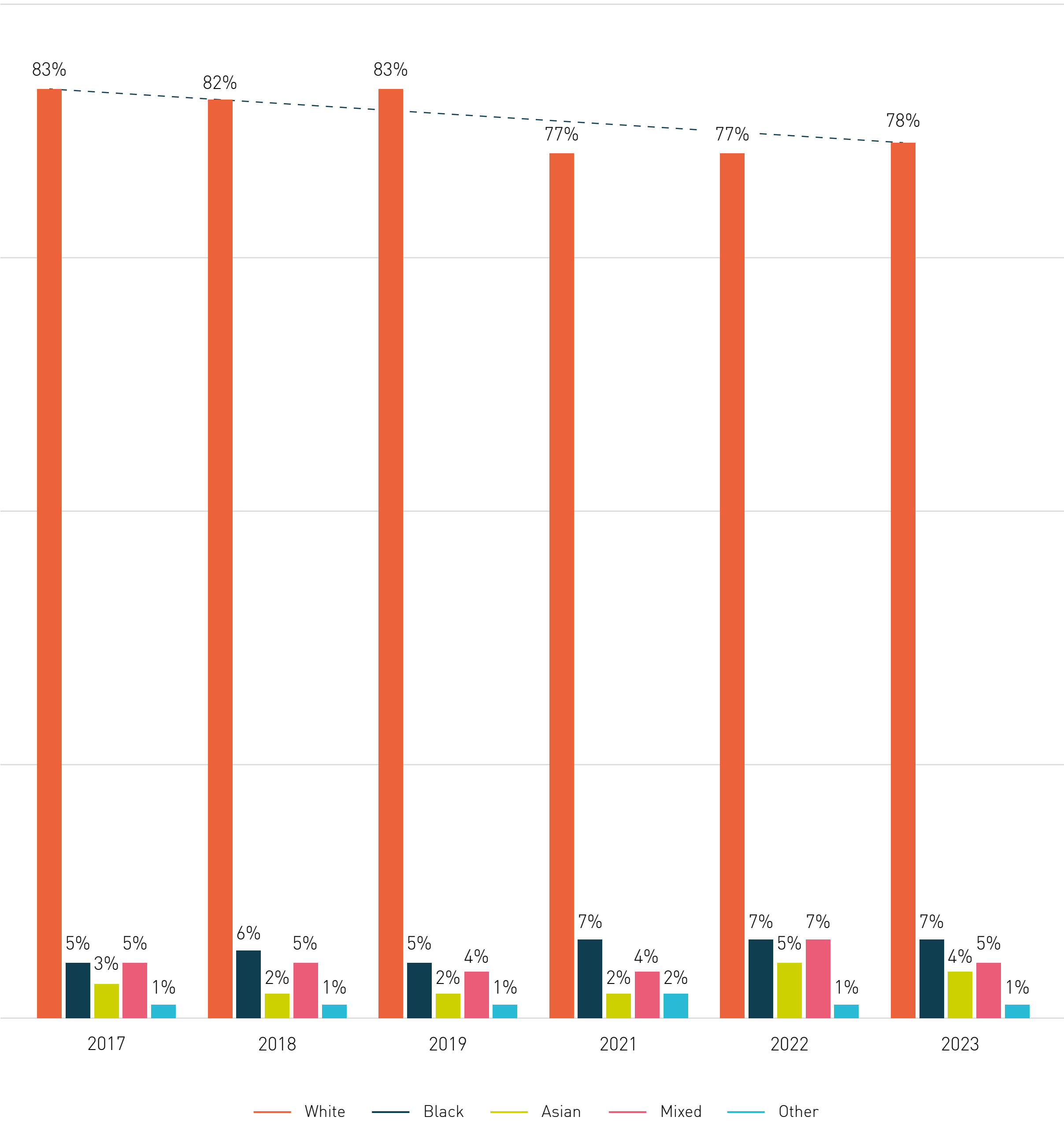
## Ethnicity

As with other demographics, ethnicity is one where different experiences can be seen between different groups, e.g. some minority ethnic groups are struggling more financially during the current cost of living crisis.

There have been some fluctuations since 2017 when looking at the proportion of residents from ethnic minority backgrounds and a slight downward trend when looking at the majority white ethnic group.

Over the next decade while most non-white ethnic groups may become increasingly diverse (perhaps with significant variation across regions) – the overall pattern will remain similar with a gradual reduction in white ethnic groups balanced by a gradual increase in other groups.

**Figure 4.3 (below)**: The proportion of residents from different ethnic backgrounds (2017-2023)



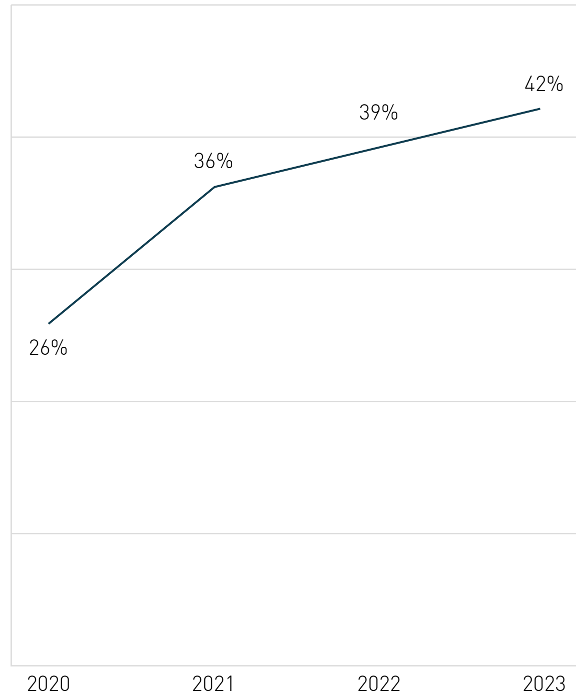

TREND 4.4

## Disability

There is a range of inequalities that exist between disabled and non-disabled people in terms of education, employment, housing, well-being and experiences of crime.[55] The Clarion Index findings have shown disabled residents are much more likely to be negatively impacted by the cost-of-living crisis.

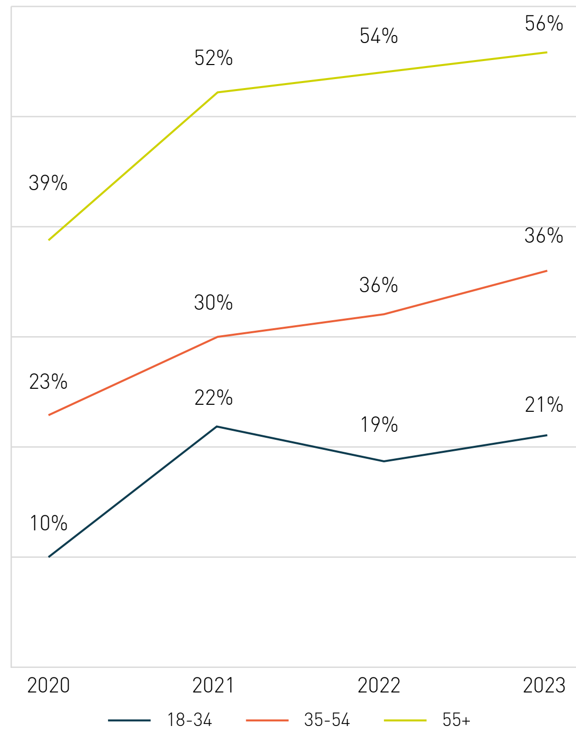
Since 2022, there has been a gradual but significant increase in the proportion of residents reporting they have a disability[56] (see figure 4.4.1). Whilst this directional trend is seen more widely in the UK figures (19% in 2012 – 24% in 2022)[57], our own levels are significantly higher than the national figures – this is to be expected as it is understood that disabled people are more likely to live in social housing compared to any other tenure.

**Figure 4.4.1 (right)**: Proportion of residents who report having a disability (2020-2023)[58]




As might be expected, a higher proportion of older residents report having a disability. Although this has not changed much since 2021, with the greatest proportionate change since 2020 among younger residents (doubled).

**Figure 4.4.2 (right)**: Proportion of residents who report having a disability by age-group (2020-2023)




While we do not ask about disability type, external research has shown that mobility is the most common impairment type (prevalence has declined slightly over the last 10 years) and there has been a significant upward trend in mental health disabilities.[59]

This has been a significant uptick in reported disability for the reasons above, although the trend is slowing. Over the coming ten years we anticipate it may continue to increase, particularly among middle and older age groups, but perhaps not as steeply as it has before.

TREND 4.5

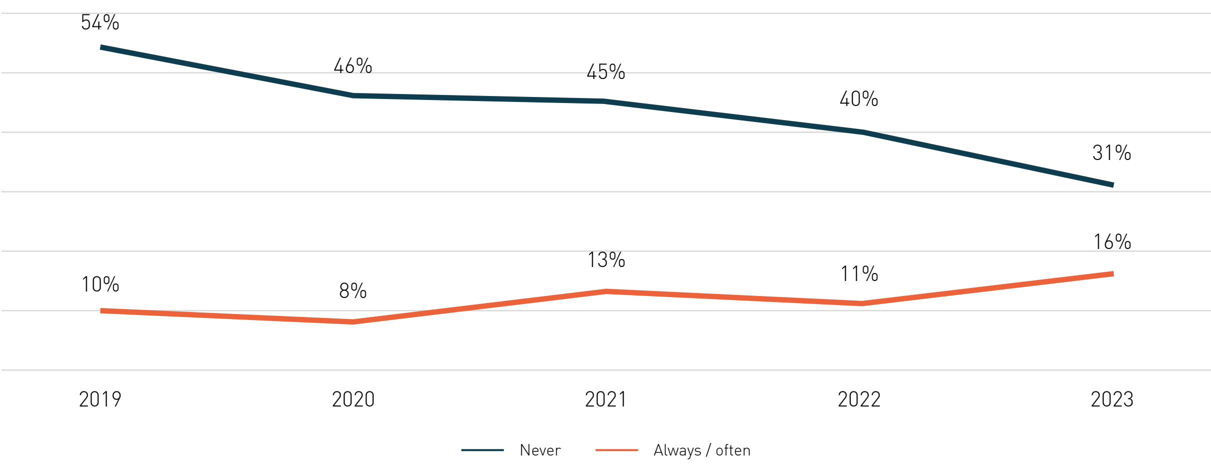
## Loneliness

Prolonged or intense loneliness can have negative impacts on health and wellbeing and engagement with employment and education. The proportion of people in the UK who experience chronic loneliness (feeling often or always lonely) has risen from 6% in 2020 to 7.1%.[60]

Our own figures also show an increase in chronic loneliness over the last 5 years from 10% to 16%, significantly higher than the UK figures. In contrast, whilst there has been a downward trend in the proportion of residents who never feel lonely, our figures here are higher than the UK figure (e.g. 40% compared with the UK 21% in 2022).

If both trends continue, we can expect higher numbers of residents feeling lonely and a lower proportion who say they are never lonely. This may be an area where Clarion will need to have a specific tailored approach to support groups most at risk of chronic loneliness.

**Figure 4.5 (below)**:The proportion of residents who never feel lonely and who experience chronic loneliness (2019-2023)




TREND 4.6

## Working status

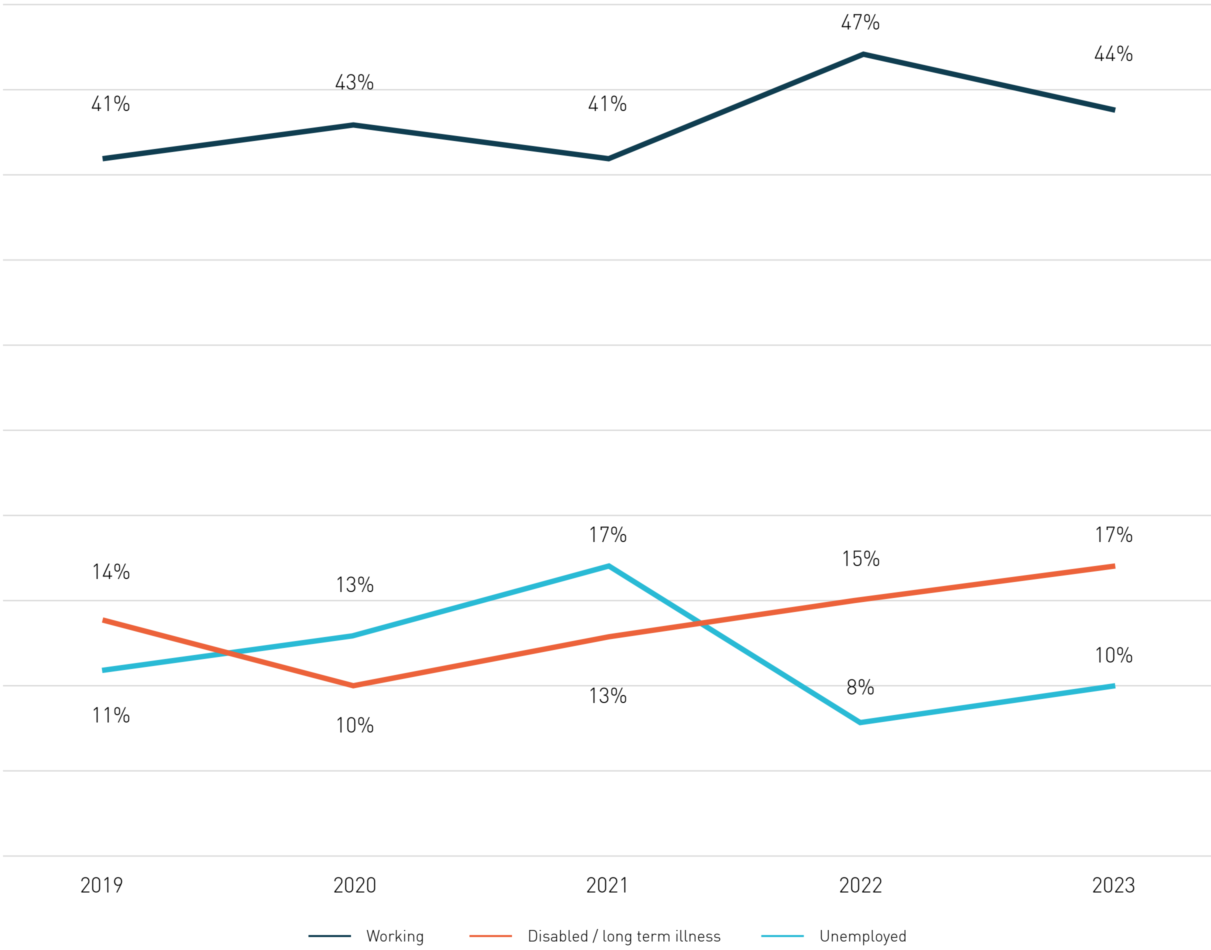
The Clarion Index has shown that being in employment slightly softened the impact of the cost-of-living crisis, but by no means alleviated it. In 2023 we found that 29% of those in work received Universal Credit (up from 25% in 2022), demonstrating that among those in paid employment there has been an increase in those requiring additional support from the government.

Since 2017, there have been some fluctuations in the proportion of residents in employment (full or part time) but with an overall modest increase. The fluctuations are somewhat mirrored by shifts year on year in the proportion of residents unemployed and looking for work.

Of concern is the marked increase in the proportion of residents who are not working due to disability or long-term illness, which has nearly doubled.

The Health Foundation notes that more working age people report having long term health conditions than ever before, and they predict this trend is set to continue. Work limiting conditions are more common among those without university-level education, women, older workers, and there are differences between ethnic groups. Whist having a long-term condition is more prevalent amongst older working age groups, the rate of work limiting conditions has grown fastest among younger age groups (16-34), doubling in the past decade. The rise in work limiting conditions is being driven by increases in reported mental ill health, particularly amongst younger age workers[61].

**Figure 4.6 (below)**: The proportion of residents (all age groups) working, unemployed and looking for work, out of work due to disability / long term illness (2019-2023)



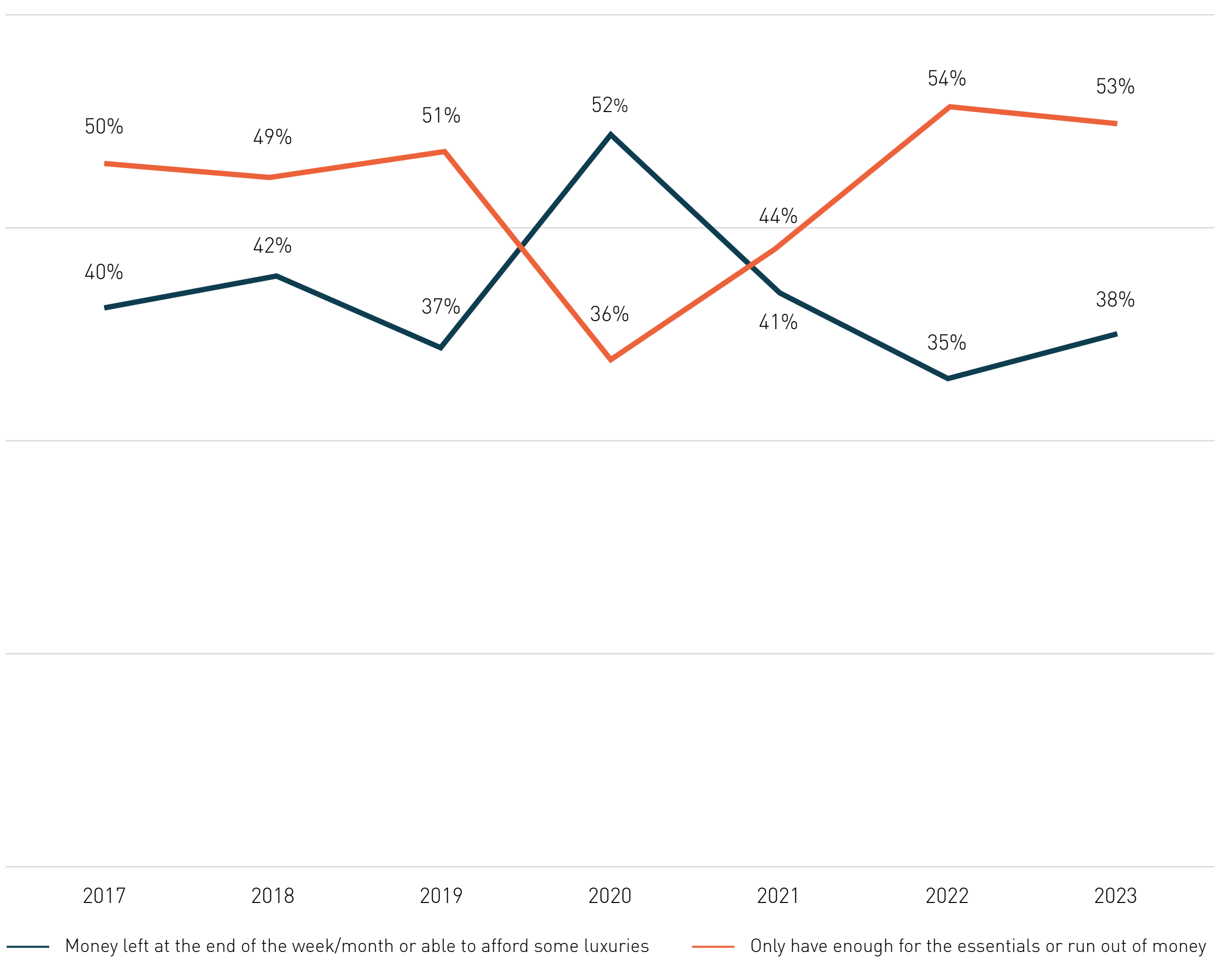
TREND 4.7

## Household Finances

There is much evident to demonstrate that low-income households are experiencing persistent hardship and struggling year on year – the Joseph Rowntree Foundation (JRF) indicate the number of low income households unable to afford food and who are behind on bills has tripled since 2019.[62]

Since 2017, The Clarion Index has found that around half of our residents are struggling financially, only having enough money for essentials or running out of money by the end of the week / month. It is evident that even prior to the current cost of living crisis, a high proportion of residents were struggling financially.

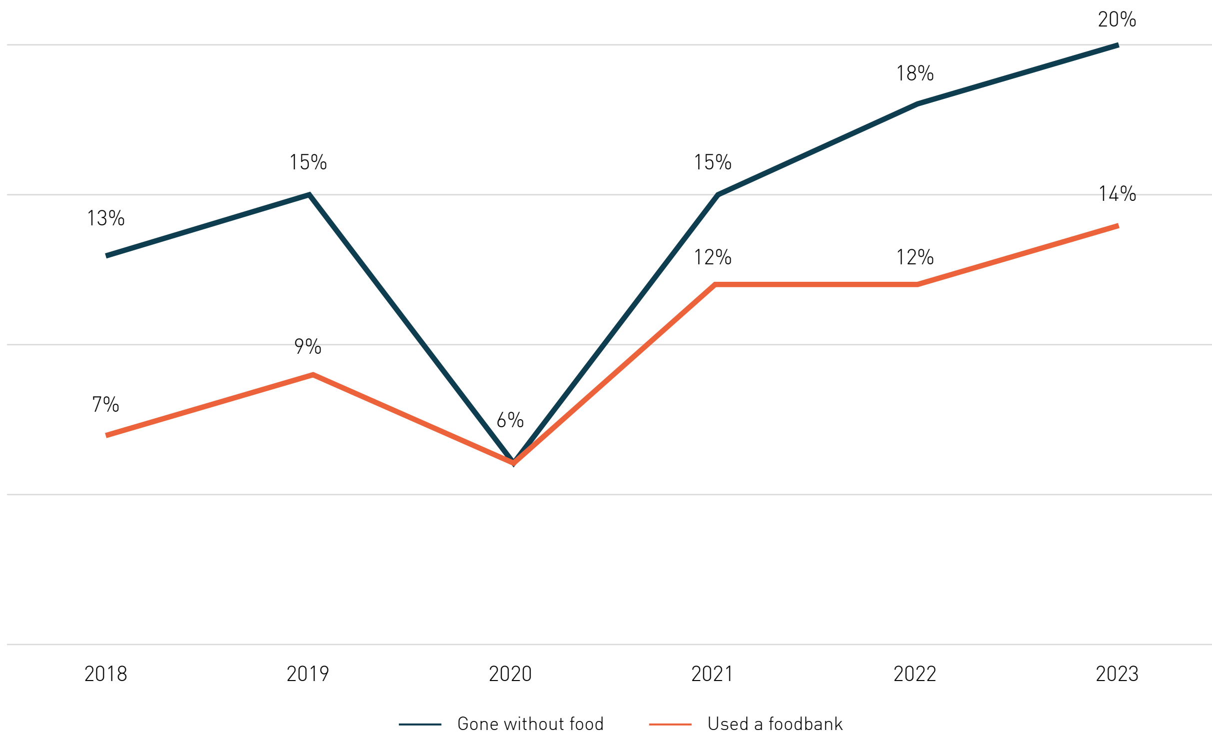
**Figure 4.7.1 (below)**: Household finance situation (2017-2023)




While around half of resident households are struggling financially year on year, other measures show that the extent to which residents are struggling is becoming much worse: Since 2018, more households are using food banks or going without food and since 2021, more households are getting into debt, borrowing money / using credit, and cutting back on household spending. The intervention to increase Universal Credit by £20 per week during the pandemic is clearly seen in the temporary dip in residents going without food in figure 4.7.2.





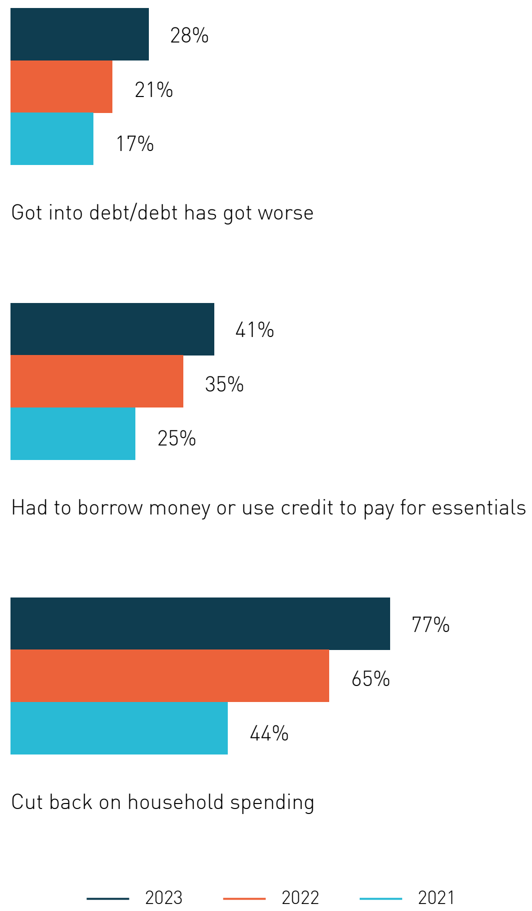



In line with numerous external research findings, our own results have consistently shown that some residents / households are more likely to be struggling than others: disabled residents, households with dependent children, residents receiving Universal Credit, and working age residents not in paid employment. We have also found that some ethnic minority groups are being impacted by the cost-of-living crisis more acutely than others.

The JRF show that poverty is deepening and suggest that, based on the Office for Budget Responsibility forecasts, that average household disposable income will continue to fall until 2025 and these effects will impact people's living standards for years to come; urgent action is needed to reset our social and economic fundamentals, e.g. help and space for people looking for work to find secure jobs, protect time for caring around work, ensuring social security provides enough income to affords essentials and expanding access to quality homes.[63]

**Figure 4.7.2 (above):** Proportion of households using a food bank / going without food (2018-2023)

**Figure 4.7.3 (right):** Actions taken to manage finances (2021-2023)



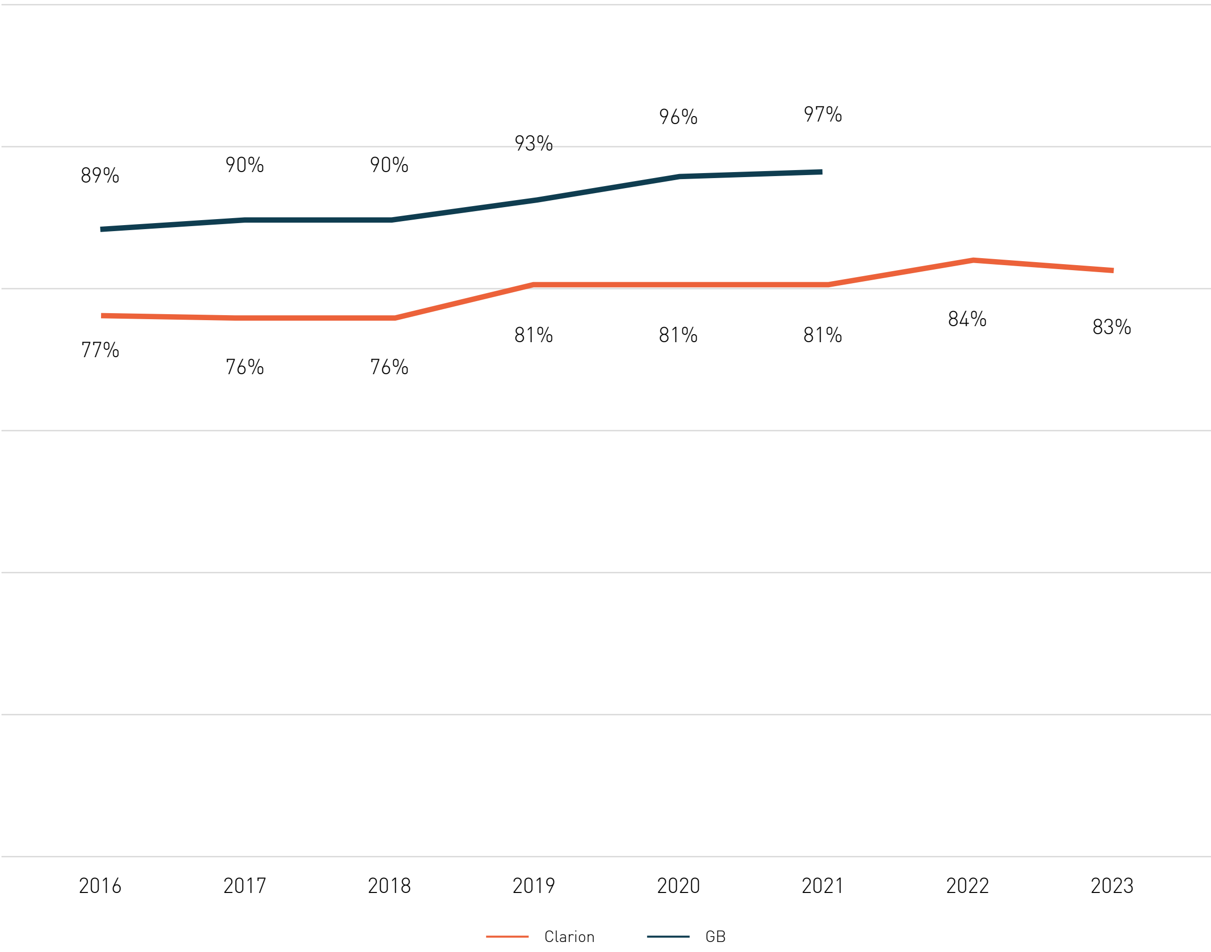
TREND 4.8

## Use of internet

Use of the internet has steadily increased over time but has appeared to plateau – our Index 2023 findings show 83% of respondents use the internet – this figure is below the 2020 national average of 92%, a figure produced by the Office for National Statistics.[64]

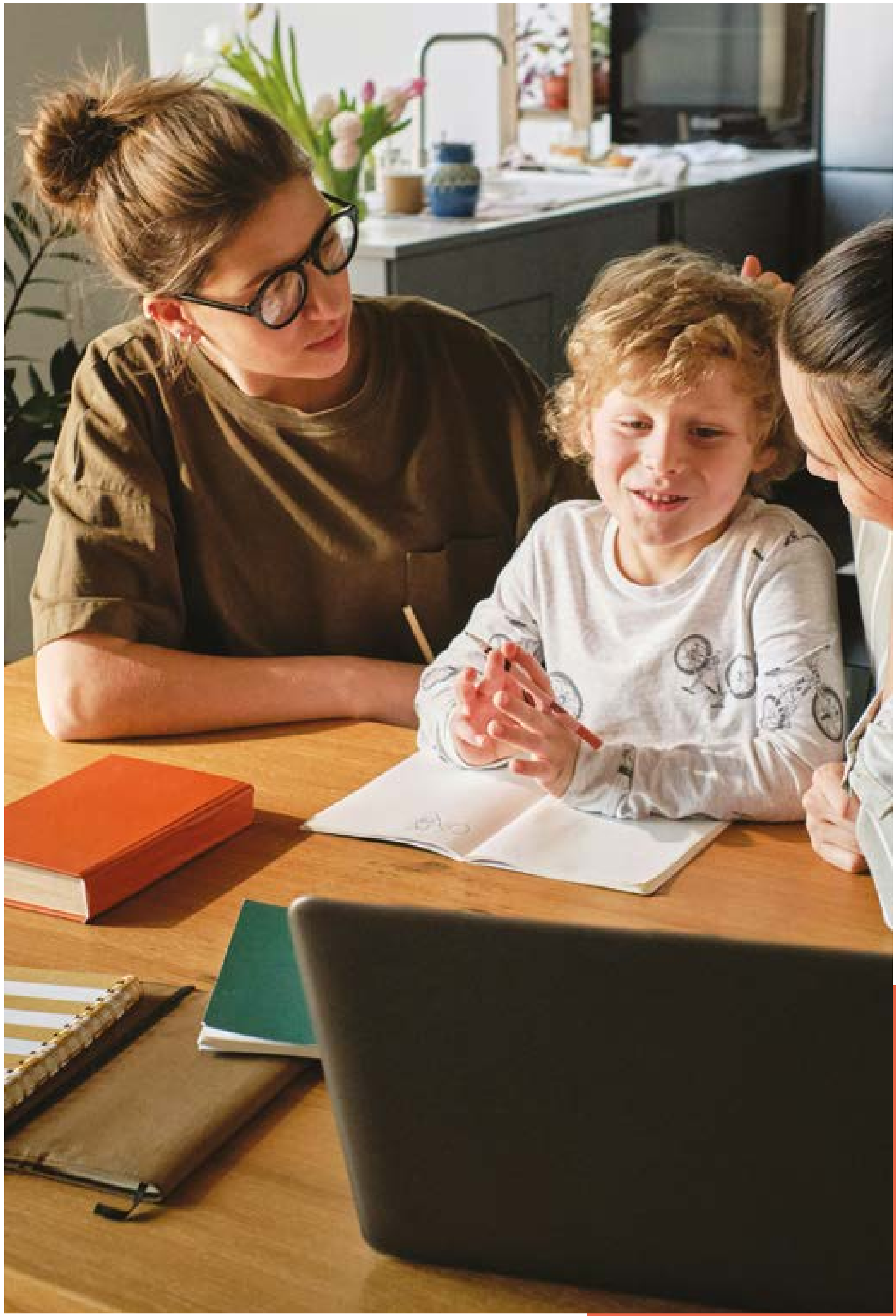
There is a clear relationship between age and internet use – the Index 2023[65] findings show that 98% of 18-44 use the internet compared to 66% of the 55+ age group.

**Figure 4.8 (below)**: Internet use over time (2016-2023) includes Great Britain figures up to 2021




While internet use is below the national average, confidence online is broadly in line with the UK population – over the last few years the proportion of respondents who felt confident using online services was around 81% compared to 79% of the UK population as reported by Ofcom in 2022.[66]

If residents' internet usage moves up beyond this plateau over the next decade, this is likely to be driven, at least in part by the growing proportion of digital natives among our customers over time. With almost all under 55s already using the internet, it is unlikely that internet access will drop off.



# Clarion Resident of the Future

**Overall, by combining what we know from trends in the external environment with the unique insights from over 10 years of The Clarion Index, we anticipate that future residents will most likely be older, poorer and less physically able. The gradual increase of digital natives among our residents means that the resident of the future will also have access to slick digital services form other providers that they are likely to expect us to equal.**

Given the stretched housing market, with home ownership unaffordability persisting, reduced PRS, and limited development of homes (both in the private and social sector), the worst off in society will more likely be housed in the social housing sector. These trends indicate there will be limited housing options for those on lower incomes who are unable to afford to save for a substantial house deposit over the coming years.

Wider economic factors are also making our residents worse off. The impact of the increased interest rates on the cost of living, has further impacted those on lower incomes. Even through improvements are projected, improvements are delayed for those on lower incomes. This is due to fact the bottom 50 % of the income distribution suffered a disproportionately large hit to their living standards following the spike in inflation and impact of Covid.

Poorer households will continue to spend more of their incomes on housing costs compared to more affluent households, and as we can see from the Clarion Index, around half of our residents are already struggling financially, only having enough money for essentials or running out of money by the end of the week/month. Additionally, other measures show the extent that our residents are struggling with more households using food banks or going without food, and getting into debt, borrowing money / using credit, and cutting back on household spending. The demographics of those we know to be struggling most from the Index – including disabled residents, households with dependent children, households receiving universal credit, and working age residents not in paid employment – mean that they are also those most exposed to changes in welfare and benefits. As a result, the Clarion Index will continue to be crucial in measuring and anticipating the impact of such changes on our residents, to shape our services for their future and ours.

Looking the demographic projections, we can see the population is growth is primarily driven by an aging population and increased immigration. This trend mirrors the Clarion Index with the greatest proportion of our residents being in the 55 and over category. This is also reflected nationally, with households where the lead householder is aged 75 years or over account for 64% of the total growth in households between 2018 and 2028. This paired with greater life expectancy indicates people will be living in their homes for longer than experienced previously.

As expected, the aging population will also have an impact on the number of disabled residents in the future. The Index consistently identifies a higher proportion of older residents reporting having a disability. With the proportion of 55 and over residents who report having a disability by age-group (2020-2023) being 56%. As a result, Clarion will need to be prepared for the needs of this growing resident group.

As noted in the report, other trends such as loneliness, and fewer households with dependent children will have an impact on the lived experience of the resident of the future. The main message from the research is Clarion will house residents that are older, more vulnerable in all aspects, and struggling more financially, all compounded by the lack of affordability and supply trends in the housing market.

Although we appreciate this using this approach will not pick up distinct differences in the identities of our residents, by developing a most likely case backed by evidence, we can use this information to help develop, improve and redirect services to better prepare Clarion to meet the needs of our future residents.

# Next Steps

Clarion has long used customer segmentation to help understand the different groups of residents we house. Segmenting our customers using cluster analysis to group those with shared characteristics and behaviours means we can avoid viewing residents as an homogenous group, instead recognising and tailoring services to their diverse needs. By adding what we know from the direction of customer insight trends covered in this report to the make-up of our existing customer segments we can start to build and understanding of who our customer will be in ten years.

The macro and sector trends featured in this report will shape the environment in which the future resident lives, so we plan to explore how these interact with our customer segments.

We plan to take a scenario-based approach to thinking about how each Clarion customer segment's experience might change in the next decade, based on the future socio-political and economic environment they find themselves in. Early thinking on this approach has been developed around four distinct future environments which will be explored further in partnership with colleagues across the business as well as further afield.





**These four scenarios are not firm forecasts or predictions, they are merely evidenced conceptions, intended to help us stretch our thinking so that we can prepare for different eventualities. By combining the external factors most impacting on the lives of Clarion residents, the four proposed scenarios detail an England in the mid-2030s that is either:**

| Cohesive society | Financial resources | |
|---|---|---|
| | "Low income but good quality of life" (Highly cohesive society; Scarce financial resources) | "Scandi-nation?" (Highly cohesive society; Plentiful financial resources) |
| | "The "In-crowd" future" (Not a cohesive society; Plentiful financial resources) | "The "In-crowd" future" (Not a cohesive society; Plentiful financial resources) |

Within each of these scenarios, the experiences of Clarion's nine customer segments can be imagined. Scenario workshops will be carried out to explore what they mean for different customer groups, and what that then means for Clarion. Reading across the different experiences of different clusters in different scenarios, some patterns may emerge:

- Some groups may fare better in some scenarios than in others – identifying and understanding these differences is important to being prepared for such eventualities (whether opportunities, threats or just differences).
- Some important certainties might emerge. If we are thus confident that something is very likely to happen then we should ask whether we are suitably prepared for it.
- Some important uncertainties will be highlighted. It's helpful to explore and capture these and to consider what more we need to know, how we might find out and what our options for responding are.
- Some important choices may emerge – topics or points which require us to make decisions. Can we identify early on what these are, what will trigger the need to make them, and what the related issues and trade-off are?

Identifying the differences for groups of residents in the various scenarios, and the important certainties, uncertainties and choices emerging, should provide powerful material with which to prepare Clarion's response to whatever future transpires. Policy and fiscal decisions made in central government will have a key part to play in ensuring we can meet the needs of the residents of the future. Similarly, where demand on Clarion's resources is likely to increase, partnership working with local support services, local government, and the NHS will become even more crucial.

# Footnotes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