INDEPENDENT AGE

Let's end financial hardship in later life

Private renting, pensioners and poverty in Scotland: trends and projections to 2045

November 2026

About Independent Age

Independent Age are the national charity working towards ending financial hardship in later life. Our Helpline and expert advisers offer free information and advice to older people without enough money to live on, while our external training equips professionals with the information they need to support older people on low incomes. Through our grants programme, we fund and support hundreds of local charities working with older people across the UK. We use the knowledge and insight gained from our support services and partnerships to highlight the issues experienced by older people in poverty and campaign for change. We believe no one should face financial hardship in later life.

This briefing was produced by Malcolm Sayers and Debbie Horne of Independent Age and is based on an analysis of existing data sets from the Family Resources Survey, the Department for Work and Pensions, and National Records of Scotland.

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1. Executive summary

While it is often assumed that people who have reached State Pension age (SPa) own their homes outright and live in relative comfort, there are currently around 130,000 pensioners in Scotland living in poverty.[1] Almost half of those are renters.

Those pensioners who are private renters are four times more likely to be in poverty than those who own their homes outright (table 7).

In this *policy briefing* we focus on the changing nature of housing tenure among pensioners in Scotland, particularly the growing trend in private renting and how this interacts with pensioner poverty.

The human cost of pensioner poverty is well known, from increasing rates of malnutrition to being unable to stay warm at home.[2]

Recent research commissioned by Independent Age shows that pensioner poverty not only devastates lives and communities, but also adds quantifiable costs to the public purse through poverty-related spending on health and social care services.[3]

It is clear - in the context of aspirations to live in a fairer, more socially just Scotland which supports all of us to live well, and with the current political focus on developing preventative spending measures - that pensioner poverty requires significant action.

With home ownership increasingly out of reach for current working-age generations, the experiences of today's older private renters should ring alarm bells and focus minds on the need to provide immediate targeted support alongside longer-term solutions.

This briefing:

- lays out historic trends of private renting among older people in Scotland and projects how these might impact the scale of private renting among pensioners over the next 20 years;
- highlights the lived experience of older private renters;
- explores the interaction of poverty and renting;
- highlights issues surrounding social security and rent support;
- suggests policy responses for UK and Scottish Governments which could positively influence this changing picture and support older people to live well.

[1] Unless otherwise stated the measure of poverty used in this report is from Department of Work and Pensions (DWP) - Households Below Average Income (HBAI) data on households with less than 60% of median income After Housing Costs.
[2] Food Train, *Food Train Newsletter Autumn 2024* & *https://news.stv.tv/scotland/16-of-pensioners-at-risk-of-malnutrition-claims-charity*. Independent Age, *The Older People's Economic Wellbeing Index: Scotland 2026*
[3] Independent Age, *Closing the take-up gap Scotland* (2026) this research from Public First shows that full take up of three main entitlements for pensioners would lift 30,000 out of poverty and deliver annual savings of £90m per year to Scotland's health and social care budgets.

Trends and projections

People who have reached State Pension age (SPa) are more likely to own their own homes than younger age groups. 79% of pensioners are owner occupiers compared to 66% of the general population.

Of those over SPa:[4]

- 76% own outright
- 3% still pay a mortgage
- 16% rent from a social landlord
- 5% rent from a private landlord.

However, there has been an upward trend in the proportion of pensioners in the Private Rented Sector (PRS) over the past two decades from 4% to 5% (figure 1). Combined with an increased pensioner population over that period, this increase in the rate of private renting saw the numbers of pensioners in the PRS rise from 36,000 to 54,500.[5]

If this trend continues and is combined with projected increases in the pensioner population over the next two decades, we are likely to see the numbers of pensioners in the PRS rise from the current 54,500 to 71,500 by 2045 (table 1).

Applying the current pensioner poverty rate among pensioners in the PRS (31%) to these results sees the number of pensioners in poverty in the PRS increase from the current 16,900 to over 22,000 – an increase of 31% in the number of individual pensioners in poverty in the PRS by 2045.

This result is based on projected tenure estimates calculated solely from historic trends of private renting among pension-age households. However, changing patterns of tenure within younger age bands of pensioners and of working-age households show significantly greater increases in rates of private renting, so it is likely there will be further upward pressure on these trends (figure 2).

To illustrate this, we have produced a range of lower (LE – based on all over SPa), middle (ME – aged 65 - 74) and higher (HE – aged 60-64) estimates based upon those varying tenure trends as detailed in section 2 below. Table 1 combines the tenure and population projections for the next 20 years across that range of estimates. It also applies the current poverty rate among pensioners in the PRS (31%) to those projections and shows the differences from 2025.

Table 1 shows that by 2045 the ME would see a rise of 38% in the number of pensioners in poverty in the PRS, while the HE would see approximately a doubling of the numbers in poverty, from 16,900 to 35,000.

[4] DWP HBAI

[5] Methodological note - there is a slight difference between the HBAI data and some of the data presented in this report (e.g. 2025 HBAI data shows 52,000 pensioners renting compared to the 54,500 used here). The discrepancy is due to basing estimates on National Records of Scotland (NRS) population estimates and projections which are slightly higher than historic HBAI population counts. We use the HBAI data to calculate the percentage rate of renting among pensioners, and then apply this to the NRS population projections over the next 20 years.

Table 1: Estimated number of individual pensioners in poverty in Private Rented Sector (PRS) (Scotland)

	Lower estimate (LE)			Middle estimate (ME)			Higher estimate (HE)		
	No. in PRS	No. in poverty in PRS	Diff. from 2025	No. in PRS	No. in poverty in PRS	Diff. from 2025	No. in PRS	No. in poverty in PRS	Diff. from 2025
2025	54,500	16,900	0	54,500	16,900	0	54,500	16,900	0
2035	67,100	20,800	23%	68,400	21,200	26%	97,000	30,100	78%
2045	71,500	22,200	31%	75,200	23,300	38%	112,800	35,000	107%

Source: Independent Age calculations based on National Records of Scotland (NRS) population projections (mid-2024 based), DWP Households Below Average Income (HBAI) poverty rates by tenure (three-year averages), and Family Resources Survey (FRS) on tenure trends (three-year averages). See section 2 for details.

While the higher trends in renting used in the ME and HE will not necessarily transfer at the same rate to all those over SPa, it is likely that these trends will drive up the rates of private renting among pensioners as a whole as these younger cohorts age – this is particularly true as a change of tenure among those age groups is unusual.

The experiences of private renters

"I'm very low on money right now... I usually go down to the shops and have to look for things cheaper [or on deal] ... It's probably not doing my diet very good, I'm not eating a lot of vegetables or fruit due to them being more expensive." Helpline caller

We can glimpse what these numbers mean for older people by the **hardships** reported in our recent polling of 1,800 pensioners in Scotland.[6] Renters are most likely to report being on low incomes, struggling with housing costs, and to be found cutting back on food, heating, social interactions and suffering in terms of health and life satisfaction (table 5).

Tenure and poverty

The relative **poverty rate** among pensioners who rent privately rises from almost 17% Before Housing Costs (BHC) to 31% After Housing Costs (AHC), meaning that housing costs are responsible for around half of the numbers in poverty among private renters (section 4).[7]

The potential additional cost of ongoing rent over a pensioner's lifetime is significant, and older private renters will be looking at, on average, between £110,000 and £250,000 in rental outlay over their post-SPa years for a one-bedroom property.

To give some perspective, the full new State Pension, or State Pension topped up by Pension Credit, over that same twenty-year period for a single person would be around £250,000 (the equivalent of the higher average range for a one-bedroom property).

[6] Independent Age, *The Older People's Economic Wellbeing Index: Scotland 2026*
[7] DWP HBAI

Social security and renting

There is financial support available for older renters whose incomes and savings are below relevant cut-off points.[8] However, limitations imposed by the UK Government's Local Housing Allowance, deductions applied to Housing Benefit due to even the smallest of workplace pensions, and low take-up rates leave many older private renters facing serious and ongoing financial hardship.

> *"The increases in rent over the past year or two have far outstripped the increases in pension… and because the Housing Benefit is based upon an unrealistic rent, I now pay 60% to 70% of my monthly income in rent" – respondent to our survey.*[9]

Policy recommendations

Scottish Government

Discretionary Housing Payments (DHP): Independent Age recognise that the gap between the amount of Housing Benefit paid and actual rents is driven by the Local Housing Allowance, which is set by the UK Government. We welcome the availability of support through the DHP budget funded by the Scottish Government and recognise this as a vital lifeline for many older households in serious financial hardship. We call for the expansion of this part of the fund and for activity to raise awareness of the payment among older people.

Rent controls:[10] We fully support the recent introduction of a legal mechanism for rent controls and will be monitoring their implementation to protect older private renters on low incomes from excessive rent hikes.

Social security take-up: We welcome the latest approach of the Scottish Government's Benefit Take-Up Strategy 2026 to 2031. In particular, we welcome the inclusion of reserved entitlements in this work, along with exploration of data sharing to help with referrals, and awareness raising. We want this work to demonstrably impact low take-up rates, increase awareness of social security payments, and improve people's experience of engaging with the various Government systems. We look forward to continued feedback on the progress of the strategy.

Energy costs: Living in a cold home is commonplace for older renters on a low income and can have a detrimental impact. Independent Age want to see the collection of better demographic data that assesses the impact that energy performance schemes have on older people, as is required by the Public Sector Equality Duty. We welcome the support for energy performance improvements in the Private Rented Sector (PRS) and call for expanded funding and broader support targeted at low-income pensioners in the PRS. We also urge the Scottish Government to explore data sharing and formalised referral pathways across public agencies to drive uptake of energy efficiency support by older low-income renters. We support the extension of Minimum Energy Efficiency Standards to the PRS and the general principles behind the proposals for Home Energy Efficiency Strategic Technical Assessment,

[8] Age UK, fs17_housing_benefit_fcs.pdf
[9] Independent Age, SurveyMonkey, 2025
[10] Independent Age, Homing in: How to improve the lives of older renters in Scotland

and we call for the speedy introduction of these. Private renters must be protected from excessive rent increases and eviction following improvement work.

Housing supply: An increase in the supply of suitable and adaptable social housing is vital as part of a longer-term approach to the upward pressures in private renting trends and an ageing population.

UK Government

Local Housing Allowance (LHA): Independent Age are calling on the UK Government to:

- restore LHA to cover at least the cheapest 30% of rents
- uprate LHA annually
- ensure the LHA leaves older renters in financial hardship with the income needed for a minimum, dignified, socially acceptable standard of living.

Housing Benefit:[11] The UK Government should review the rules regarding Housing Benefit cut-offs and taper rates related to pension income and assumed income from savings, to ensure that low-income renters in later life can afford to live with dignity and choice after their housing costs are paid.

Income adequacy:[12] Any assessment by the UK Government or the Pensions Commission of what is defined as an adequate income for those over SPa must consider the impacts of ongoing housing costs on disposable income.

Income maximisation: [13] The UK Government should increase take-up of social security entitlements. To achieve this, we want to see them develop and deliver an all-entitlements, centralised public take-up strategy. This strategy should be person-centred, system-wide, data-powered, and evidence-led, with a clear focus on the initiatives which will have the greatest impact in driving take-up for different groups and ultimately improving people's lives.

Energy:[14] The UK Government should enhance the Warm Home Discount as soon as possible and set the longer-term ambition of introducing a more comprehensive energy social tariff to ensure better support for those in need.

[11] Pensioners Policy Institute, Assessing the Interaction Between Housing Benefit and Private Pensions Savings for Older Renters (2026)
[12]Independent Age, Income_adequacy_briefing_1.pdf
[13] Independent Age, Jumping_through_hoops.pdf
[14] Independent Age, Closing the fuel poverty gap: a plan for targeted energy support | Independent Age

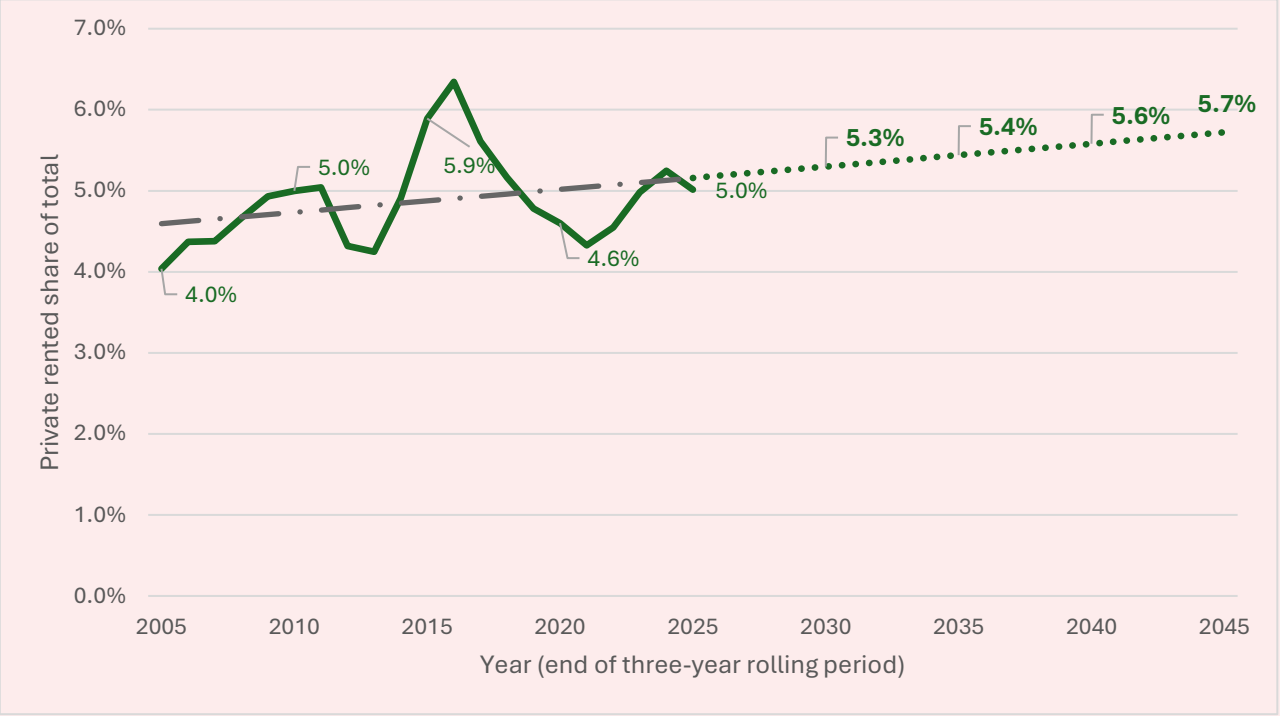
2. What the data tells us

Tenure trends and projections among pensioners

The incidence of private renting among pensioners increased by 1 percentage point between 2002/03 and 2024/25, up from 4% to 5% (fig.1). This is the equivalent of a 25% increase in the rate over that 23-year period. Combined with a growth in the pensioner population, this meant an increase in the numbers of pensioners in the PRS, up from 36,000 to 54,500 over that period. [15]

Projections based on the continuation of this trend suggest a further rise of 0.7 percentage points between 2025 and 2045, up from 5% to 5.7% (fig.1). This is the equivalent of a 14% increase in the rate by 2045. In the next section we combine this with population projections to estimate how many pensioners this will mean are likely to be in the PRS in the coming years.

Figure 1: Percentage of pensioners in Private Rented Sector (Historic 3-year average 2002/3 to 2024/25 and linear projections to 2045: individual pensioners, Scotland)



Source: Historic trends are based on the Family Resources Survey, with projections based on Independent Age analysis of those trends.

This projection assumes the trend within the pensioner age group carries on as it has done since 2002/03.

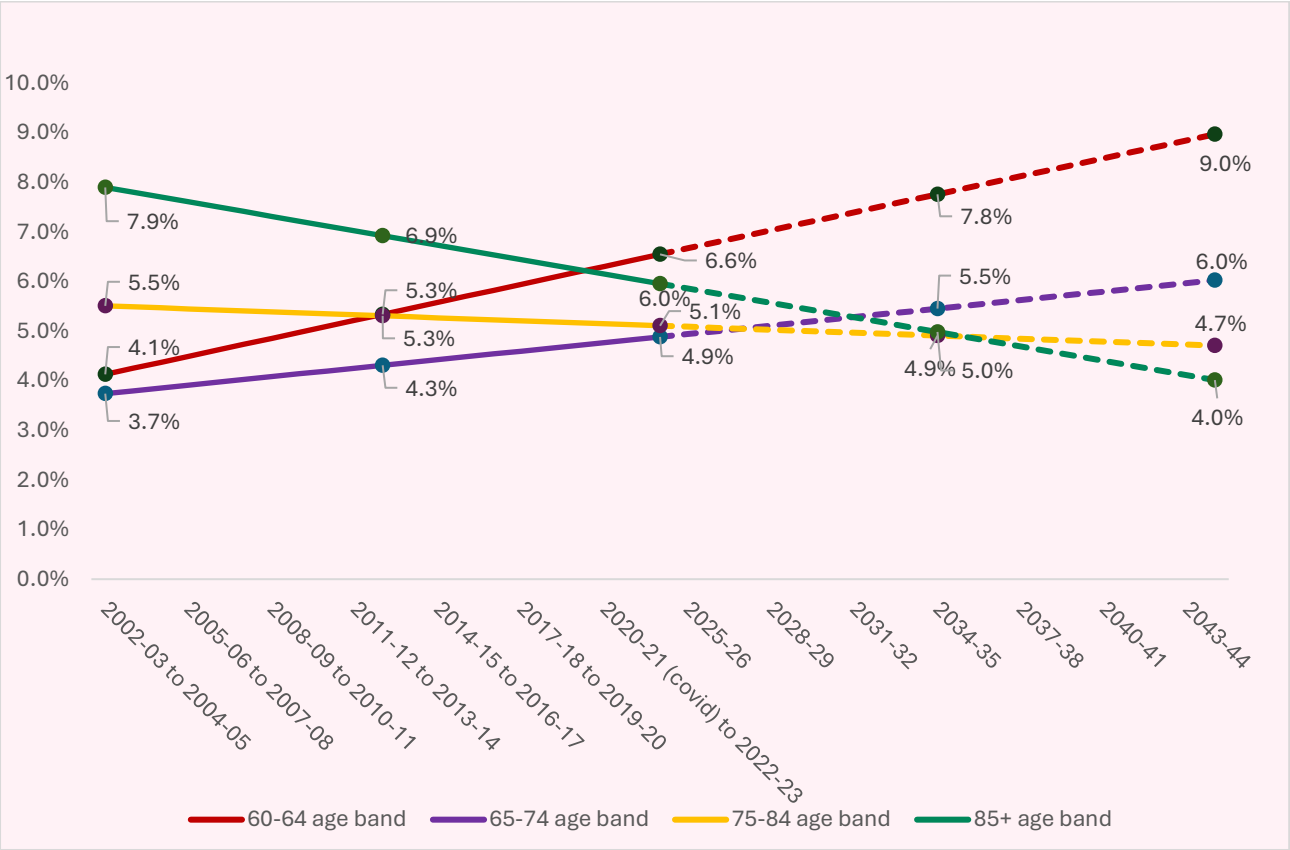
Clearly, there are many factors which will influence this trend. Increasing the availability of social housing, for instance, may offset any rise in older private renters, while barriers to home ownership in working age may exacerbate it. Additionally, a limit to the number of rented properties available at any time will at some point limit the potential for such trends to continue. Therefore, the projections are

[15] Methodological note - see endnote 6

best treated with caution and viewed as indicative of a direction of travel, and as reasonable estimates of the likely scale going forward.

That said, the historic data suggest there are already upward pressures at work on these trends. Trends and projections presented in figure 2 show the younger age band of older people (65-74) experienced a rise of 1.2 percentage points in private renting over the historic period (3.7% to 4.9%), slightly higher than the 1 percentage point increase experienced by the pensioner population as a whole. Projecting that trend forward sees the proportion of older private renters rise to 6% by 2045 (figure 2).

Figure 2: Percentage of selected age bands in Private Rented Sector (Historic rolling 3-year average 2002/3 to 2024/25 and linear projections to 2045: individual pensioners, Scotland)



Source: Historic trends and projections based on Independent Age analysis of FRS data sets.

We know that it is unusual for someone to experience a change of tenure from private renting to owner occupation after reaching SPa.[16] We also know that significant shifts from private to social renting are dependent upon, and limited by, the availability of social housing.

Therefore, as younger cohorts of pensioners replace older ones, the overall rate of renting among pensioners as a whole will face upward pressure.

Moreover, the 60-64 age band has experienced a significantly greater increase of 2.5 percentage points in private renting rates over the historic period (4.1% to 6.6%) and, if that trend continues, it will reach 9% by 2045.

[16] Pensions Policy Institute, *Pensions Adequacy: Housing, Households and Auto-Enrolment (2026)* pg.5

While the trend among the 60-64 age group has not historically transferred at the same rate into the 65-74 age group, it can be seen in figure 2 that the direction of travel has been broadly similar.

Combined, those trends among younger older people—those aged 60–64 and 65–74—will create significant upward pressure on the trends going forward.

Therefore, we view the 5.7% presented in figure 1 as being at the low end of estimates (LE), 6% as being mid-range (ME) and 9% as being at the high end (HE).

Population trends and projections

In order to estimate the impact that changing tenure rates might have on the actual numbers of older people privately renting in the future, we need to account for projections of a growing pensioner population.

National Records of Scotland (NRS) project that the numbers of individuals over SPa will rise from 1.09m in 2025 to 1.25 million in 2045 (table 2).

Table 2 shows what the three estimates would mean for the numbers of pensioners in the PRS going forward. We can see that applying the Lower Estimate (5.7%) will mean 71,500 pensioners privately renting by 2045, a rise of 17,000 (31%) from the current number.

Table 2 also lays out these results if applying the Middle and Higher Estimates to the NRS projections. From this we see a rise of 38% in the number of individuals over SPa in the PRS using the middle estimate by 2045, and a rise of 107% using the higher estimate.

Table 2: Comparative increases in older private renters (selected age bands, Scotland)

Year	SPa pop.	Lower Estimate (all above SPa)			Middle Estimate (65-74)			Higher Estimate (60-64)		
		% in PRS	No. in PRS	Increase in No. in PRS	% in PRS	No. in PRS	Increase in No. in PRS	% in PRS	No. in PRS	Increase in No. in PRS
2025	1,090,000	5.0%	54,500	0%	5.0%	54,500	0%	5.0%	54,500	0%
2035	1,240,000	5.4%	67,100	23% (+12,700)	5.5%	68,400	26% (+13,900)	7.8%	97,000	78% (+42,500)
2045	1,250,000	5.7%	71,500	31% (+17,000)	6.0%	75,200	38% (+20,800)	9.0%	112,800	107% (+58,400)

Source: Independent Age analysis of NRS, HBAI and Family Resources Survey data. Minor discrepancies due to rounding.

Numbers in poverty

In order to explore the impact that changing tenure patterns might have on the incidence of financial hardship among those over SPa, we have chosen to apply a measure of relative poverty to the projections above.[17] While this measure doesn't cover all those in financial hardship, the data is readily available, robust and comparable to the data on tenure trends. It is also indicative of the order of magnitude that a change in tenure shares might have on pensioners in financial hardship more generally.

[17] See footnote 1

We have chosen to apply the current 31% (AHC) poverty rate for pensioners in the PRS to the projected data on tenure and population.[18] We do this due to changes in the HBAI methodology. [19] This means that, while we saw an increase in the pensioner poverty rate from 2012 onwards, [20] we currently have no way of assessing trends under the new methodology. Given the secular incline since 2012, this approach may underestimate the numbers in poverty within our projections.

Applying the current 31% rate to the projected number of pensioners in the PRS using the Lower Estimate would see the numbers of pensioners privately renting and in poverty increase from 16,900 to 22,200 by 2045. This increase over the period, of 3,900 by 2035 and 5,300 by 2045, is the equivalent of a rise of 23% and 31% respectively (table 3).

Table 3: Poverty in the PRS, projections (individual pensioners, Scotland, Lower Estimate)

Year	No. of pensioners in PRS (LE)	31% poverty rate applied to No. in PRS	Increase in the number in poverty in PRS from 2025	% increase from 2025
2025	54,500	16,900	0	0
2035	67,100	20,800	3,900	23%
2045	71,500	22,200	5,300	31%

Source: Independent Age analysis of NRS mid-2024 based population estimates and the HBAI three-year average for individuals.

Table 4 compares the results when applying the 31% poverty rate to the Middle and Higher Estimates outlined above. In these scenarios, we see a 6,400 (38%) increase in the numbers in poverty by 2045 using the Middle Estimate, while using the Higher Estimate shows a doubling of the numbers, with an increase of 18,100 (107%). These results suggest significant upward pressure on the numbers in poverty in the coming years driven by ongoing tenure trends among younger age bands.

Table 4: Comparative increases in poverty among pensioners in PRS (selected age bands, Scotland)

	Lower estimate		Middle estimate		Higher estimate	
Year	No. of pensioners in PRS in poverty (31%)	Increase from 2025	No. of pensioners in PRS in poverty (31%)	Increase from 2025	No. of pensioners in PRS in poverty (31%)	Increase from 2025
2025	16,900	0%	16,900	0%	16,900	0%
2035	20,800	23% (+3,900)	21,200	26% (+4,300)	30,100	78% (+13,200)
2045	22,200	31% (+5,300)	23,300	38% (+6,400)	35,000	107% (+18,100)

Source: Independent Age analysis of NRS, HBAI, and FRS data.

[18] DWP HBAI
[19] Changes in the methodology applied by the DWP in assessing HABI results were introduced in 2026. The new methodology revised the numbers of pensioners below the relative poverty line (>60% of median income) down. They have only provided results for Scotland for the past 3 years under this new methodology. As the Scottish data sets require the use of 3 year averages we have, as yet, no way of identifying any trend under this new method.
[20] Independent Age, *Building Pensioner Poverty Strategy for Scotland (2025)* Fig.1

3. The experiences of private renters

"I'm very low on money right now... I usually go down to the shops and have to look for things cheaper [or on deal] ... It's probably not doing my diet very good, I'm not eating a lot of vegetables or fruit due to them being more expensive." Helpline caller

The impact of the relatively high poverty rate among private tenants can be seen in the personal experiences of financial hardships faced daily by low-income pensioner households. These are reflected starkly in responses to our *Older People's Economic Wellbeing Index Scotland: 2026* (based on nationally representative polling of 1,800 pensioners in Scotland) compiled in table 5.[21]

We have compared the results for private tenants with those for people who own their homes outright. However, this should in no way be read as any diminishment of the experiences of older low-income owner occupiers who we know also struggle on a daily basis to get by. The comparison is done merely to give some perspective on the rates experienced in these different tenures and the clear need for policy intervention for the group of older private renters. Similar, and in several instances worse, results can be seen among those in the Social Rented Sector, but our focus here is the private sector due to higher rent levels and relative insecurity.

Table 5: Comparison of polling responses regarding the past 12 months (pensioners, Scotland, 2026)

	Private tenants	Owned outright
Housing costs are, or are becoming, unaffordable	42%	20%
Skipped meals in the past 12 months due to financial difficulties	36% (7% frequently)	23% (1% frequently)
General quality of life – dissatisfied (*fairly/very*)	24%	10%
Health satisfaction – dissatisfied (*fairly/very*)	29%	19%
Financial situation – *(good/very good)*	27%	54%
Social interaction – cutting back on social interactions due to financial difficulties (*occasionally/frequently)*	45%	30%
Cut back on **heating** due to financial difficulties at some point in the past 12 months.	69% (25% frequently/often)	57% (14% frequently/often)
Affordable warmth – unable to afford to stay warm	33%	16%

Source: Independent Age, *Older People's Economic Wellbeing Index Scotland: 2026*.

[21] Independent Age, *The Older People's Economic Wellbeing Index: Scotland 2026*

4. The relationship between poverty and renting

While only 21% of pensioners rent their homes (16% in the social rented sector and 5% in the private rented sector), they account for around half (47%) of pensioners in relative poverty After Housing Costs (AHC).

Independent Age's *Older People's Economic Wellbeing Index Scotland: 2026* shows that households who rent privately are 2.5 times as likely to have a household income under £15,000 than their counterparts who own outright. They are also seven times more likely to be in receipt of means-tested entitlements such as Pension Credit (table 6).

Various factors drive this higher incidence of poverty among renters.

Access to home ownership via the mortgage market is heavily dependent upon sufficient income and savings in working life. The strong correlation between renting and relative poverty is therefore no surprise and is due, at least partly, to renters having had low-paid and/or intermittent employment during working age, or being unable to participate in the labour market due to other barriers such as caring responsibilities or living with a long-term health condition or disability.

Another factor shaping access to home ownership is seen in the intergenerational transfer of wealth from older generations to their children. Such support is clearly limited to those who have wealth to transfer, in particular home equity. Many do not have this option, which adds to the flow of intergenerational poverty and the concentration of renting among those whose parents also rent or have little home equity to transfer.[22]

However, as well as renting being a consequence of low income, it can also cause and/or exacerbate poverty during both working age and pension age.

During working age, rental costs which are high relative to mortgage costs will reduce the capacity of renters to save into workplace pensions and, in turn, feed into continued relatively low income in later life. This is reflected in our polling, which found that 38% of older private renters in Scotland have no workplace pension, compared to 24% of those who own outright. Additionally, older private renters are around half as likely as owners to have any income from savings (table 6).

Table 6: Indicators of correlation between renting and low income (individual pensioners, Scotland 2026)

	Income < £15k	In receipt of PC	No workplace pension	Income from savings
Private renters	30%	20%	38%	10%
Owned outright	12%	3%	24%	19%

Source: Independent Age, *Older People's Economic Wellbeing Index Scotland: 2026*.

The impact of continued rental costs on poverty rates among those over SPa is apparent in the comparison of those rates Before Housing Costs (BHC) and After Housing Costs (AHC). This shows an

[22] UK Collaborative Centre for Housing Evidence, Housing Challenges faced by low-income and other vulnerable privately renting households (2022) pg.23 & Pensions Policy Institute, Op Cit

almost doubling of the rate of relative poverty among private renters from 17% BHC to 31% AHC. Additional housing costs are therefore responsible for 7,600 of the 16,900 pensioners in relative poverty in the private rented sector AHC (table 7).

While there is also a significant increase in poverty rates among social renters when accounting for housing costs, it is slightly less, reflecting, at least in part, the higher average rents in the private sector, and restrictions surrounding Housing Benefit and Local Housing Allowance (see section 5 below).

The initial BHC poverty rate among pensioners who own their homes shows a slightly lower incidence of 15%. This then falls to 8% AHC, meaning there are fewer home-owning pensioners in poverty relative to the rest of the population once housing costs are accounted for.

Table 7: Relative poverty rate (60% HBAI) Before and After Housing Costs (individual pensioners, Scotland – three-year average, 2022/23 to 2024/25)

	Relative poverty (BHC) %	Relative poverty (AHC) %	No. in relative poverty (BHC)	No. in relative poverty (AHC)	Impact of housing costs (AHC-BHC)
Owners combined	15	8	129,100	68,800	-60,300
Renters combined	16	28	36,600	64,100	27,500
Social Rented	15	26	26,100	45,300	19,200
Private Rented	17	31	9,300	16,900	7,600

Source: Percentages are based on DWP HBAI data; numbers are based on applying those rates to NRS data.

The potential additional cost of ongoing rent over a pensioner's lifetime is significant. With life expectancy in Scotland at age 65 being around another 20 years, and there being little prospect for older renters on a low income of buying a home at that point, older private renters will be looking at, on average, between £110,000 and £250,000 in rental outlay over their post-SPa years for a one-bedroom property. This rises to between £136,000 and £325,000 for a two-bedroom property.

To give some perspective, the full new State Pension, or State Pension topped up by Pension Credit, over that same twenty-year period for a single person would be around £250,000 (the equivalent of the higher average range for a one-bedroom property). For a couple, the State Pension would be around £500,000, while Pension Credit would top up a couple's income to around £377,500.

While there is some social security support for rental costs for people on a low income, shortfalls in this support can be significant (see section 5).

5. Social security and renting: Housing Benefit, Local Housing Allowance and Discretionary Housing Payments

"If it's private rent, you're pretty much always paying something yourself... I'm not sure if I've ever done a benefit check for someone in private rent where it covers all of the rent, so, something's not right."
Independent Age adviser

There is financial support available for older renters whose incomes and savings are below relevant cut-off points.[23] However, there are three main issues around this support which leave many older private renters facing serious and ongoing financial difficulties.

Firstly, for those whose sole income is the State Pension or whose income includes an element of Pension Credit, full financial support for 100% of *eligible* rent may be available through Housing Benefit.

However, even those pensioners are left with a shortfall between *eligible* rent and *actual* rent.

The level of *eligible* rent paid via Housing Benefit is limited by the Local Housing Allowance (LHA) set by the UK Government.[24] Initially this was set at a rate covering the lowest 50th percentile of local rents. This was then reduced to the lowest 30th percentile in 2011. However, the LHA rate has been intermittently frozen since then, and currently sits at the rate set in 2024 - meaning Housing Benefit payable has not kept up with rent increases. Research by Crisis suggests LHA levels currently cover only around 10% of properties in Scotland.[25]

DWP data shows that over 65% of pensioners in Scotland who were receiving Housing Benefit in March 2026 faced a shortfall in their rent. Analysis by Crisis found that Scottish households of all ages in the PRS faced a shortfall of between £100 and £200 per month in 2025. Polling for Independent Age found 28% of older private renters have less than £200 disposable income per month after paying rent shortfalls. What this means is significant ongoing financial stress and hardship for the majority of older renters.

"The increases in rent over the past year or two have far outstripped the increases in pension... and because the Housing Benefit is based upon an unrealistic rent, I now pay 60% to 70% of my monthly income in rent" – older renter responding to our survey[26]

Support for such shortfalls is potentially available through an element of the Scottish Government-funded and local authority-administered Discretionary Housing Payments (DHP). However, the estimated total shortfall in Scotland between the LHA rate and what would be required to meet the lowest 30th percentile of rents across Scotland is around £100m per year. The maximum available through the element of DHP which could be allocated to top up rents due to the LHA cap is £3.7m.

Secondly, for households with savings and/or income above certain levels (with income from pension included as income), Housing Benefit is also reduced. This is true whether the LHA cap has impacted

[23] Age UK, fs17_housing_benefit_fcs.pdf
[24] For discussion on LHA and impacts focussed on polling from England & Wales see The_rent_cannot_wait - Independent Age_0.pdf
[25] Crisis, Submission to Social Justice and Social Security Committee Dec 2025 pg3
[26] Independent Age, SurveyMonkey, 2025

someone or not. This means the LHA may limit *eligible* rent at a level below *actual* rents and then the amount paid may be reduced further due to a small pension income. Private pension savings, even at the very lowest levels, materially reduce entitlement to Housing Benefit after State Pension age. Every £1 in private pension income above the Housing Benefit personal allowance (which is set just below the level of the full new State Pension) reduces Housing Benefit by 65p. Therefore, those private renters who have been able to pay into a workplace/private pension, even at a very low amount, may well see the returns from this reduced through needing to fund shortfalls in Housing Benefit.

Therefore, older private renters on a low and fixed income, with no realistic housing alternatives and receiving all the entitlements they are eligible for, are likely to face permanent rent shortfalls and ongoing financial hardship.

Lastly, there is the issue of older people in financial hardship not receiving their entitlements, whether due to lack of awareness (almost 1 in 5 older private renters are unaware of Housing Benefit and almost 4 in 5 are unaware of Discretionary Housing Payments),[27] stigma surrounding applying for income-related payments,[28] or the complexity of the application process.[29]

Recent research commissioned by Independent Age and conducted by Public First, as laid out in our *Closing the Gap* report, shows the extent and impacts of non-take-up of various entitlements, including Housing Benefit. It found that 55,000 pensioners renting in Scotland (from both social and private landlords) are missing out on an average of £2,500 each year in Housing Benefit. This is significantly more than the average annual fuel bill. It is also £139m every year which, if received, would help Scotland's most financially deprived communities and lowest-income older households.

The research also modelled the impacts that 100% take-up of three of the main entitlements (Pension Credit, Housing Benefit and Council Tax Reduction) would have on health and social care budgets. While the sample sizes available from official statistics were too small to investigate the impacts of Housing Benefit alone, the combined impacts across the three entitlements would see savings of around £90m per year to health and social care budgets in Scotland. It should be noted that, while the savings to public finances driven by this increased income flow mainly to the Scottish health and social care budgets, the spending to achieve it is spread across both the UK and Scottish budgets.

Of the £350m that older people on low incomes are missing out on:

- £64m relates to Council Tax Reduction (Scottish Government)
- £143m to Pension Credit (DWP)
- £139m to Housing Benefit (DWP)

In the context of preventative budgeting in Scotland, the case for driving take-up of both reserved and devolved entitlements is clear.

[27] Independent Age, *The Older People's Economic Wellbeing Index: Scotland 2026*
[28] Scottish Government, *Research into seldom-heard groups within the Scottish social security system (2024)*
[29] Independent Age, *Jumping through hoops: Reducing the complexity of the social security system for older people | Independent Age (2025)*

6. Policy recommendations

Scottish Government

Discretionary Housing Payments (DHP): Independent Age recognise that the gap between the amount of Housing Benefit paid and actual rents is driven by the Local Housing Allowance, which is set by the UK Government. We welcome the availability of support through the DHP budget funded by the Scottish Government and recognise this as a vital lifeline for many older households in serious financial hardship. We call for the expansion of this part of the fund and for activity to raise awareness of the payment.

Rent controls:[30] We fully support the recent introduction of a legal mechanism for rent controls and will be monitoring their implementation to protect older private renters on low incomes from excessive rent hikes.

Social security take-up: We welcome the latest approach of the Scottish Government's Benefit Take-Up Strategy 2026 to 2031. In particular, we welcome the inclusion of reserved entitlements in this work, along with exploration of data sharing to help with referrals and awareness raising. We want this work to demonstrably impact low take-up rates, increase awareness of social security payments, and improve people's experience of engaging with the various Government systems. We look forward to continued feedback on the progress of the strategy.

Energy costs: Living in a cold home is commonplace for older renters on a low income and can have a detrimental impact. Independent Age want to see better demographic data collected that assesses the impact that energy performance schemes have on older people, as required by the Public Sector Equality Duty. We welcome the support for energy performance improvements in the private rented sector (PRS) and call for expanded funding and broader support targeted at low-income pensioners in the PRS. We also urge the Scottish Government to explore data sharing and formalised referral pathways across public agencies to drive uptake of energy efficiency support by older low-income households. We support the extension of Minimum Energy Efficiency Standards to the PRS and the general principles behind the proposals for Home Energy Efficiency Strategic Technical Assessment, and we call for the speedy introduction of these. Private renters must be protected from excessive rent increases and eviction following improvement work.

Housing supply: An increase in the supply of suitable and adaptable social housing is vital as part of a longer-term approach to the upward pressures in private renting trends.

UK Government

Local Housing Allowance (LHA): Independent Age are calling on the UK Government to:

- restore LHA to cover at least the cheapest 30% of rents
- uprate LHA annually

[30] Independent Age, Homing in: How to improve the lives of older renters in Scotland

- ensure the LHA leaves older renters in financial hardship with the income needed for a minimum, dignified, socially acceptable standard of living.

Housing Benefit:[31] The UK Government should review the rules regarding Housing Benefit cut-offs and taper rates related to pension income and assumed income from savings, to ensure that low-income renters in later life can afford to live with dignity and choice after their housing costs are paid.

Income adequacy:[32] Any assessment by the UK Government or the Pensions Commission of what is defined as an adequate income for those over SPa must consider the impacts of ongoing housing costs on disposable income.

Income maximisation: The UK Government should increase take-up of social security entitlements. To achieve this, we want to see them develop and deliver an all-entitlements, centralised public take-up strategy. This strategy should be person-centred, system-wide, data-powered, and evidence-led, with a clear focus on the initiatives which will have the greatest impact in driving take-up for different groups and ultimately improving people's lives.

Energy:[33] The UK Government should enhance the Warm Home Discount as soon as possible and set the longer-term ambition of introducing a more comprehensive energy social tariff to ensure better support for those in need.

[31] Pensioners Policy Institute, Assessing the Interaction Between Housing Benefit and Private Pensions Savings for Older Renters (2026)
[32] Independent Age, Income_adequacy_briefing_1.pdf
[33] Independent Age, Closing the fuel poverty gap: a plan for targeted energy support | Independent Age

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Let's end financial hardship in later life



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