

# HOUSE OF LORDS

## Select Committee on Intergenerational Fairness and Provision

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Report of Session 2017–19

# Tackling intergenerational unfairness

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### *Select Committee on Intergenerational Fairness and Provision*

The Select Committee on Intergenerational Fairness and Provision was appointed by the House of Lords on 9 May 2018 “to consider the long-term implications of Government policy on intergenerational fairness and provision.”

### *Membership*

The Members of the Select Committee on Intergenerational Fairness and Provision were:

[Baroness Bakewell](#) (resigned July 2018)

[Lord Bichard](#)

[Baroness Blackstone](#)

[Viscount Chandos](#) (appointed 19 July 2018)

[Baroness Crawley](#)

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See Appendix 1.

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## CONTENTS

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	<i>Page</i>
<b>Summary</b>	<b>3</b>
<b>Chapter 1: Introduction</b>	<b>5</b>
Intergenerational fairness and provision	5
Looking forward and taking a lifecourse approach	9
The Committee's work and acknowledgements	11
<b>Chapter 2: Accounting for the future</b>	<b>12</b>
Improving governmental processes	12
Data on intergenerational fairness	16
<b>Chapter 3: The housing challenge</b>	<b>21</b>
The rising cost of housing	21
Figure 1: Proportion of income spent on housing costs by generations: GB	21
Figure 2: Generational home ownership rates by age: UK	22
Housing supply	23
Figure 3: Trends in tenure (proportions), 1980 to 2017–18	24
The private rented sector	26
Intergenerational transfers and financial products	28
Development of public sector land	30
Box 1: Proposed reform of public land development	32
The capacity of local authorities to deal with planning issues	32
Housing for older generations	34
Planning for each generation	35
<b>Chapter 4: Educating generations for the 100-year life</b>	<b>37</b>
Education in schools	37
Further Education	40
Box 2: Changes in apprenticeship policy since 2015	42
Higher Education	43
Lifelong learning	45
<b>Chapter 5: Working in the 100-year life</b>	<b>48</b>
Pay progression	48
Figure 4: Median real weekly employee pay (CPIH-adjusted to 2017 prices), by age and cohort: UK, 1975–2017	49
Insecurity of the job market	50
Box 3: Common job market terms	50
Flexible working and mid-life career reviews	53
Ageism	55
Figure 5: Age 65+ UK Employment Rate, 1992–2018	56
Box 4: EHRC definition of ageism	57
<b>Chapter 6: All-age communities as drivers of intergenerational fairness</b>	<b>59</b>
The negative social consequences of age segregation	59
Figure 6: Reported frequency of loneliness by tenure (proportion)	60
The power of community action	62
Box 5: Innovative ways community run activities are tackling intergenerational divides	62
Facilitating community activity	63

Box 6: Community assets	65
Box 7: Community libraries	66
<b>Chapter 7: Intergenerational taxation</b>	<b>68</b>
Distribution of income and wealth	68
Figure 7: Average net effect of the tax and spending by age of household representative	68
Figure 8: Total direct and indirect taxation by age of household representative	69
Table 1: Median income after housing costs by household type adjusted for household size (2015/16–2017/18)	70
Table 2: Median total household wealth by household type 2014 to 2016	70
Age-related benefits	72
National Insurance	75
Property taxes	77
Inheritance Tax	81
<b>Summary of conclusions and recommendations</b>	<b>84</b>
<b>Appendix 1: List of Members and declarations of interest</b>	<b>90</b>
<b>Appendix 2: List of witnesses</b>	<b>92</b>
<b>Appendix 3: Call for evidence</b>	<b>98</b>
<b>Appendix 4: Note of Committee visit to Doncaster: 14 November 2018</b>	<b>100</b>
<b>Appendix 5: Contact Group for the Inquiry</b>	<b>104</b>
<b>Appendix 6: Acronyms and abbreviations</b>	<b>111</b>

Evidence is published online at [www.parliament.uk/intergenerational-fairness/publications](http://www.parliament.uk/intergenerational-fairness/publications) and available for inspection at the Parliamentary Archives (020 7219 3074).

Q in footnotes refers to a question in oral evidence.

## SUMMARY

Intergenerational fairness is an increasingly pressing concern for both policy makers and the public. It is exacerbated by an ageing population, the global financial crisis and successive government policies that have failed to consider generational issues. We believe the issue of intergenerational fairness needs to be addressed.

The relationship between older and younger generations is still defined by mutual support and affection. However, the action and inaction of successive governments risks undermining the foundation of this relationship. Many in younger generations are struggling to find secure, well-paid jobs and secure, affordable housing, while many in older generations risk not receiving the support they need because government after government has failed to plan for a long-term generational timescale.

Our report has reached six main conclusions:

- (1) Lack of political will has meant that data is not published on generational differences in income and wealth, nor on the potential effects of policy on different generations at the time policy is being considered. Both the Government's fiscal rules and the way it conducts spending reviews encourage an often damaging short-term approach. They need to be reformed with a new fiscal rule focused on the Government's generational balance of debt and assets and a more transparent spending review process. There should be a broad equivalence, and a sense of equivalence and fairness, about what is contributed over a lifetime and what is received by successive generations.
- (2) Many younger people are struggling to secure affordable housing. This is caused by the failure of successive governments to ensure a sufficient supply of affordable homes to buy and to rent. Although the Government states that housing supply is one of its priorities, it is still not doing enough to address this problem. It could go further by giving local authorities much stronger powers to develop housing on publicly owned land and to borrow to fund house building. It has also failed to ensure that the private rented sector is a viable tenure for people to live in for the long-term. Tenants in the private rented sector need much greater security and stability.
- (3) Younger people are also disadvantaged by an education and training system that is ill equipped for the needs of the rapidly changing labour market and all generations will need support in adapting to technological change in the course of what will be longer working lives. Post-16 vocational education is underfunded and poorly managed. The Government's apprenticeships strategy is confused and has not achieved the desired effect. In addition, the options to retrain and reskill in later life are incoherent and underfunded. Much more investment is needed in both vocational education and lifelong learning to prepare younger generations for a 100-year life.
- (4) Pay progression has slowed for younger generations. They are unlikely to enjoy the same generation on generation income gains that their predecessors received. Younger generations are also more

likely to find themselves in insecure employment, without the rights that come with worker status. The Government should ensure that employment rights cover all those in genuine employment by ensuring that worker status is the default position. Longer working lives will require greater consideration for initiatives such as flexible working, mid-life career reviews and tackling ageism in the workforce.

- (5) Active communities have a key role to play in meeting these generational challenges. Communities and a strong sense of place strengthen intergenerational bonds by bringing generations together and sustaining shared loyalties. Communities may also help to directly tackle skills, care and housing shortages through innovative local initiatives.
- (6) The tax and spending policies of successive governments have failed to pay sufficient regard to longer term policy consequences. This is an endemic failure of policy making. It has undermined intergenerational fairness, including for generations yet to be born. Successive governments have failed to make proper provision for the costs of social care in old age for the large post war cohort who are now entering a lengthy retirement and who will rely on smaller, younger generations to pay for them. More recently, governments have prioritised social security spending for older people. This was originally justified. But now retired people have higher incomes on average than many younger groups. Changes are necessary to both age-related benefits and the taxation system to address these issues.

# Tackling intergenerational unfairness

## CHAPTER 1: INTRODUCTION

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### Intergenerational fairness and provision

1. Previous work on intergenerational fairness has sought to define generations by year of birth. The Intergenerational Commission defined the post war generations as the Baby Boomers, born between 1946–65, Generation X, born 1966–80, Millennials, born 1981–2000, and the Latest Generation, born since the year 2000. Whilst these neat birth cohorts are useful for statistical analysis, they do not fit with the reality of people’s experience or changes in demography over time. They do not take account of recent or future improvements in life expectancy or changes in social and policy expectations. For example, young people are entering the workplace later and a generally healthier population is blurring the barrier between retirement and working life. This approach has led to a failure to appreciate the changing needs of the so-called 100-year life<sup>1</sup> and to plan accordingly.
2. As a result, we take a broader definition of generations, grouping together people by their current stage in life and their common lived experience rather than by their year of birth. We define intergenerational fairness as the idea that each cohort should retain a fair expectation of social improvement and can have a fulfilling life without being unduly harmed by the actions of a previous or subsequent cohort.
3. Each generation contributes through the state and our communities, as well as having the opportunity to receive the benefits of state and community action. As the challenges faced by each generation change, the nature of this contribution and the benefits our collective institutions provide will necessarily change. But, to sustain a positive relationship between generations without animosity, there should be a broad equivalence, and a sense of equivalence, about what is contributed over a lifetime and what is received. This sense of fairness must also extend to generations just born, or about to be born, who have no voice to advocate for them. Policy based on the expectation that future generations will disproportionately pay for present or past consumption cannot be considered just or sustainable.
4. The good news from our inquiry is that a strong and positive relationship does exist between generations even though there are serious concerns about fairness in public policy. We found in our research little public support for

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1 The ONS suggests that one in three children born today will live to 100. Office for National Statistics, ‘What is my life expectancy and how might it change?’: <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandlifeexpectancies/articles/whatismylifeexpectancyandhowmightitchange/2017-12-01> [accessed 15 January 2019]. Professor Andrew Scott told us that this means we have to think about our lives, especially our working lives, differently. [Q 57](#) (Professor Andrew Scott)



the idea that older people are to blame for the woes of younger generations or that one generation has wilfully robbed another. Such language is unhelpful.<sup>2</sup>

5. As part of our inquiry we brought together representatives from different ages to tell us how they felt about intergenerational fairness as part of a Contact Group. The message we heard was of strong bonds between people at different parts of their life. Young adults told us how much they appreciated the support that they received from their parents and how much they treasured their grandparents. Parents told us their concerns about their children's futures. Older people expressed concern about the difficulties younger generations faced. No group that we heard from blamed other generations for the problems that they encountered in their own lives. The intergenerational compact flows from this positive feeling. We define that compact as each generation helping those that came before and those who follow after as they themselves are helped by other generations.
6. The strength of the intergenerational compact can also be seen in the vast amounts of practical, emotional and financial support passed within families. Research from the Social Market Foundation (SMF) finds that 27 per cent of parents with adult children provide them with regular financial help.<sup>3</sup> Nigel Keohane, SMF's Director of Research, told us that most of this assistance is helping people cope day to day with rent, bills and other regular costs.<sup>4</sup> Although many first time buyers are receiving help from the so-called 'Bank of Mum and Dad' to help them with deposits, this represents a minority of the cash support that individuals receive from other generations, with help to cover the general costs of living being substantially more common.
7. Alongside these cash transfers individuals also give a substantial amount of time to support other generations.<sup>5</sup> The millennium cohort study found that grandparents provided at least some care for 42 per cent of families with a 9 month old infant, rising to 71 per cent of families where the mother was in employment or studying.<sup>6</sup> This informal care is not distributed evenly within families however, with women providing much of the effort that holds the intergenerational compact together. People commit so much time and money in helping other generations because they have strong bonds with them, within families, and, often, within communities. We have seen no

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2 Intergenerational Commission, *The Millennial Bug: Public attitudes on the living standards of different generations* (September 2017): <https://www.intergencommission.org/wp-content/uploads/2017/09/The-Millennial-Bug.pdf> [accessed 28 January 2019] and Britainthinks, *Intergenerational Fairness: A citizens' view* (February 2016): <https://www.pwc.co.uk/assets/pdf/Intergenerational-fairness-report-with-britain-thinks.pdf> [accessed 28 January 2019]

3 Social Market Foundation, *Britain's Family Bank: An examination of family financial support across the generations and its impact* (September 2018) p 5: <http://www.smf.co.uk/wp-content/uploads/2018/09/Britains-Family-Bank-1.pdf> [accessed 28 January 2019]

4 Q 152 (Nigel Keohane)

5 Evidence to the House of Lords Affordable Childcare Select Committee suggested that grandparents contributed the equivalent of £7.3 billion in childcare in 2014 (Select Committee on Affordable Childcare, *Affordable Childcare* (Report of Session 2014–15, HL Paper 117)). Informal unpaid carers provide £57 billion worth of social care each year - Office for National Statistics, 'Unpaid carers provide social care worth £57 billion': <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/articles/unpaidcarersprovidesocialcareworth57billion/2017-07-10> [accessed 28 January 2019]. This figure includes individuals caring for others in their own generation as well as including intergenerational caring.

6 Government Office for Science, *Future of an Ageing Population* (July 2016), p 72: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/535187/gs-16-10-future-of-an-ageing-population.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/535187/gs-16-10-future-of-an-ageing-population.pdf) [accessed 28 January 2019]



evidence of the desire to reach across generations diminishing. This is a social good which should be recognised, respected and sustained.

8. Whilst the spirit of intergenerational support is willing, the ability to provide this help is weakening for many. Members of our Contact Group told us that they worried about whether they would be able to help younger generations in the same way that they had been helped by their parents. The intergenerational compact is vulnerable if the needs of one generation are beyond the amount that can be supported by others. The needs and disappointed expectations of the current younger generations in housing and the workplace are the greatest near-term dangers to the intergenerational compact, with the looming costs of social care in old age a further danger, as generations move through their life.
9. Intergenerational fairness should offer the opportunity of a fulfilling life. This is based on the principles that each generation should be able to access a working life that offers fulfilment and can provide for their family, and a secure and affordable home in which to live. It is not the case that all younger people have a worse chance of achieving these aims than the generations before them but rather that the increasing proportion who are struggling to meet these aims may lead to intergenerational resentment if no action is taken.
10. We have been particularly concerned by the problems and perceptions of younger people. Younger generations worry that they are facing the end of generation on generation income progression and there is some evidence to suggest that they are right.<sup>7</sup> Since the Second World War each generation that entered the labour market has seen higher real wages than those preceding it. However, young people who entered the labour market since the mid-2000s have seen similar wages to the generation before them. This may be a result of entering the workforce just before the financial crisis. However, there were some indicators of these problems before the crisis set in and generational wage progression has not resumed in the decade since.
11. Previous generational increases in wages were partly driven by increased educational attainment and skills development. Access to good education is the soundest basis for progress in life. We are concerned by the UK's relative underperformance on many recent international measures. We consider that a failure to improve training for those who do not go to university is an endemic long-term policy failure, which would inevitably contribute to wage slow down in a more competitive and open world. That is why we focus in Chapter 4 on skills, training and technical education. In preparation for the world of work, Further and Higher Education are poorly balanced, student finance flawed and the apprenticeships system incoherent. The problems of an insufficiently skilled workforce risk being amplified by wider socio-economic changes including increased global uncertainty and the decline of growth in western economies.
12. As well as experiencing a wage slowdown, younger generations also report increased insecurity in work. We heard concerns from our Contact Group and others that it is more difficult for young people to find permanent secure employment. We look at this aspect of the world of work in Chapter 5.

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<sup>7</sup> Intergenerational Commission, *Stagnation Generation: The case for renewing the intergenerational contract* (July 2016) p 25: <https://www.intergencommission.org/wp-content/uploads/2016/07/Intergenerational-commission-launch-report.pdf> [accessed 28 January 2019]

13. The other pressure affecting younger people is the continuing decline in home ownership and the affordability of housing. Each generation born since the 1960s has spent more of their income on housing and is less likely to own their home than the generation born before them.<sup>8</sup> The generation that has recently retired has had a mostly more benign experience of the housing market than generations currently in the labour force. They were more likely to achieve a secure home either through substantially higher home ownership rates or a much larger socially rented sector. Throughout their life, on average, they spent a smaller proportion of their income on housing costs than any generation since has at the same age. However, this positive experience of the housing market was not uniform within older generations, as many suffered from the effects of persistent high interest rates and inflation. Some experienced negative equity, a problem that could recur once the present policy of artificially depressed interest rates ends.
14. Younger generations are increasingly living in the private rental sector, which takes up more of their income and provides no long-term security. Short-term insecure tenancies are especially a problem for young families, as children are particularly affected by frequent moves. The private rented sector plays a valuable role, but poor standards and arbitrary treatment of tenants have resulted in insecurity for many. There has also been a large increase in the numbers of young people living with their parents either by choice or due to an inability to access a home of their own.<sup>9</sup> The supply of local authority and other social housing has fallen dramatically. These concerns are discussed in Chapter 3. While some of these pressures are felt differently across the country, with London more acutely affected than other areas, these generational challenges pose problems for large numbers of young people.
15. Meanwhile, older generations face their own challenges in a society that is ill-prepared for their numbers and needs as they age. The generation born between 1946 and 1965 is substantially larger than subsequent or preceding ones. We have heard that there is an inadequate supply of housing that is adaptable or specialised to meet the needs of this larger cohort as their care needs increase. There also has been insufficient preparation to meet their social care needs. Social care for the ageing population is the current focus of an inquiry by the House of Lords Economic Affairs Committee. We do not intrude on that inquiry. However, we recognise this is a vast issue, not only intergenerationally, but for each generation in its lifecourse. It requires a lifecourse approach, which focuses on an individual throughout the course of their life rather than looking only at specific points in time. Social care costs cannot unfairly be loaded on the young, or remitted, in public debt, to future generations. A balanced approach to meeting rising costs must be found in which all those receiving public support make a full and fair contribution.
16. Alongside these challenges to specific age groups the increased atomisation of our society also poses a threat to intergenerational fairness. The breakdown of common institutions has allowed loneliness to proliferate in both young and old people as well as creating a breeding ground for ill-informed

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8 Intergenerational Commission, *Home Affront: Housing across the generations* (September 2017): <https://www.intergencommission.org/wp-content/uploads/2017/09/Home-Affront.pdf> [accessed 28 January 2019]

9 ESRC Centre for Population Change, *The changing living arrangements of young adults in the UK, Briefing 7* (April 2012): [http://www.cpc.ac.uk/docs/BP7\\_Living\\_Arrangements\\_of\\_Young\\_Adults\\_in\\_the\\_UK.pdf](http://www.cpc.ac.uk/docs/BP7_Living_Arrangements_of_Young_Adults_in_the_UK.pdf) [accessed 28 January 2019]

stereotypes about other generations. Modern technologies and social media provide more ways to communicate than ever before. This is a major benefit, not enjoyed by past generations. However, thriving and attractive public space, a shared sense of place and physical daily contact will always remain a basis for healthy communities and positive contact across the generations. Community activity can help bring generations together to strengthen the bonds between groups and tackle loneliness. In addition, we heard examples of the ways in which communities can directly tackle the problems with housing and employment that afflict different generations. This is our focus in Chapter 6.

17. Government tax and benefit policies have an impact on intergenerational fairness. Some policies which specifically raise intergenerational questions are the focus of Chapter 7.

### Looking forward and taking a lifecourse approach

18. Each of these individual problems can be viewed in isolation as problems in themselves. We have drawn on several recent Select Committee inquiries for analysis of specific issues.<sup>10</sup> Others have looked at intergenerational issues, for example the House of Lords Select Committee on Public Service and Demographic Change<sup>11</sup> and the House of Commons Work and Pensions Committee's short inquiry into intergenerational fairness which focused on social security.<sup>12</sup> Our work has also been informed by the work of several other organisations including the large amount of illuminating data and analysis produced by the Intergenerational Commission convened by the Resolution Foundation.
19. Where we hope to add value to this large volume of material is by taking a forward-looking approach that looks at fairness across the lifecourse for each generation. We look at what today's young people can expect to experience as they become tomorrow's old people. We recognise that financing present public expenditure through creating an unsustainable financial burden for future generations would damage the intergenerational compact. Taxation must be fair between different generations. Our goal is for the intergenerational compact to be as strong, if not stronger, in 20 years' time as it is today.
20. We must anticipate the large scale social, economic and technological changes that will reshape our society in the coming decades. The UK population is getting older. This is not just a result of the uneven size of different generations but of recent increases in life expectancy. Old age has changed, both in the perception of who we see as old and in the fact that a boy born in 2015 will have the same chances of dying at 75 that a boy born in 1955 had of dying at

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10 Economic Affairs Committee, *Building more homes* (1st Report, Session 2016–17, HL Paper 20), Economic Affairs Committee, *Treating Students Fairly: The Economics of Post-School Education* (2nd Report, Session 2017–19, HL Paper 139), Work and Pensions and Business, Energy and Industrial Strategy Committees, *A framework for modern employment* (Second Report, Session 2017–19, HC 352), Work and Pensions Committee, *Self-employment and the gig economy* (Thirteenth Report, Session 2016–17, HC 847), Housing, Communities and Local Government Committee, *Private rented sector* (Fourth Report, Session 2017–19, HC 440), Communities and Local Government Committee, *Housing for older people* (Second Report, Session 2017–19, HC 370), Women and Equalities Committee, *Older people and employment* (Fourth Report, Session 2017–19, HC 359)

11 Select Committee on Public Service and Demographic Change, *Ready for Ageing?* (Report of Session 2012–13, HL Paper 140)

12 Work and Pensions Committee, *Intergenerational fairness* (Third Report, Session 2016–17, HC 59)

65.<sup>13</sup> Longer lives mean that we should rethink some of our expectations of what the lifecourse should look like. This potentially represents a large gain. More people enjoy varied career opportunities and more years of healthy living. A 100-year life will not resemble the same education, work, retirement pattern of recent decades. At the same time, technological change, including the growth of artificial intelligence, is reshaping what will be needed from the workforce. This technology has the potential to improve quality of life by providing new products and services. But it calls for lifelong education and training that can help all generations adapt to it, something on which we focus in Chapter 4.

21. The 100-year life also poses questions on how we combine longer working lives with support for different generations. Maintaining the intergenerational compact will call for increasing flexibility from employers to allow people to take time off for caring responsibilities, not only in the middle of their life as parents but in later careers when they may be caring for a partner or parent. This leads to our focus on the need for flexible working in Chapter 5.
22. Responsible government requires long-term vision and a clear assessment of how policy choices will affect different generations in the future, as well as today. As we discuss in Chapter 2, successive governments have failed to consider the needs of different generations and failed to plan for the long-term. This lack of foresight lies behind many of the problems we see in housing, education and the workforce. We believe this is a fundamental and continuing failure in public policy-making and the process of government. It must be urgently addressed.
23. **There is a structural shift taking place, with younger generations not seeing the increase in living standards enjoyed by previous generations. At the same time older generations face a society that is not prepared for their numbers or their needs as they age. Many young people, their parents and their grandparents worry about younger people being able to afford a home and achieve a secure well-paying job. This is not due to older generations deliberately or selfishly profiting at their expense but is instead a result of the failure of successive governments to plan for the future and prepare for social, economic and technological change.**
24. If society continues on its current trajectory, and the Government takes no action, there could be a breakdown in the intergenerational compact. If no action is taken now, over the coming decades some young people could grow to resent older people for having the property security that they lack and having benefited from a lifetime of well-paid secure employment of which younger generations can only dream. Our recommendations will not fix all the problems we have outlined, but they point the Government in the right direction so that it has the tools necessary to keep our intergenerational compact strong by ensuring security for all generations.
25. Much of the evidence that we have received has stressed that each generation is not a homogenous group. We acknowledge the many intragenerational issues that exist. However, in accordance with our remit, we have had to focus on the areas where we believe the unfairness is between generations rather than within them and that remit has guided our inquiry.

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13 ESRC Centre for Population Change, *The changing meaning of old age*, Briefing 31 (February 2016): [http://www.cpc.ac.uk/docs/BP31\\_The\\_changing\\_meaning\\_of\\_old\\_age.pdf](http://www.cpc.ac.uk/docs/BP31_The_changing_meaning_of_old_age.pdf) [accessed 20 March 2019]

### The Committee's work and acknowledgements

26. Our Committee was appointed on 9 May 2018 with the broad remit “to consider the long-term implications of government policy on intergenerational fairness and provision”. In reply to our call for written evidence we received 72 submissions. We heard oral evidence from 55 witnesses, and from some of them we received supplementary written evidence. The witnesses are listed in Appendix 2. We are most grateful to all of those who sent us their ideas or spoke to us in person. Their evidence was invaluable and forms the basis of our work. We are likewise deeply grateful to all of those who came to speak at two informal seminars, to the members of our Contact Group and the people who contributed to their discussions, and to those we visited in Doncaster. Full notes of those events are in the Appendices.<sup>14</sup> We also tender our thanks to Professor Jane Falkingham, Professor of Demography and International Social Policy at the University of Southampton, who has been our specialist adviser, for her expert help and thoughtful input.

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<sup>14</sup> Appendix 4 to see more about our visit to Doncaster, Appendix 5 to see more about the Contact Group.



## CHAPTER 2: ACCOUNTING FOR THE FUTURE

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27. To ensure that there is fairness between generations the Government must think on a generational scale. Successive governments have failed to do this. The Government must plan for the long-term, being transparent about what it believes the country's needs will be and how it will meet them. It needs to model the effects of its policies on specific generations. In addition, far more data on different generations must be collected and published to ensure a high quality public debate and to hold the Government to account.

### Improving governmental processes

28. One repeated criticism throughout this inquiry has been that successive governments have failed to plan ahead. This can be seen in the failures to ensure that there is affordable housing, to plan for an ageing population and to create an education and training system that can respond to coming technological change, as we will explain in the following chapters. A lack of preparation means that younger generations are unable to secure the jobs and housing they need whilst older generations suffer from inadequate support in old age. While there are areas where the Government could improve its analytical ability, Julian McCrae, Senior Adviser to the International School for Government at King's College London, told us the UK Government compares favourably to other governments in terms of its analytical ability.<sup>15</sup> The problem lies in how that analytical ability is used. Government has the capability to model future needs. But Julian McCrae told us that government departments begin a spending review process with "quite reasonable assumptions" but these are then eroded during the process:

"we run an iterative decision-making process and there will be five or six iterations of, 'This doesn't quite balance with our political aspirations'. ... you push assumptions and build in optimism bias as you go ... and you end up with completely unreasonable assumptions."<sup>16</sup>

29. Julian McCrae suggested that a positive alternative version of this was when in 2014 the NHS made a public bid for increased spending that "produced a model that linked potentials for efficiency and potentials for future tax funding to an estimate of how demand would move forward". He stressed that whilst "no models are right and they cannot predict the future" this provided a basis for proper debate of what the needs of the health service were, what efficiencies can be made and how it can be funded. The ability to scrutinise the Government's modelling of the future level of need would ensure greater transparency about how it will deal with that need and allow us to understand the assumptions behind government spending decisions. Julian McCrae suggested that these assumptions should be established as the parameters within which politicians make "the real decisions about what our tax and spend is going to look like".<sup>17</sup> By making the assumptions and the modelling behind them more transparent we can ascertain when the Government is making political choices with regard to tax and spend and where it is underestimating or overestimating the size of a future problem.

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15 [Q 172](#) (Julian McCrae)

16 *Ibid.*

17 *Ibid.*

30. The Institute for Government (IfG) has similarly criticised the lack of transparency of the spending review process.<sup>18</sup> It also notes that spending plans tend toward optimism bias, fail to focus on risks and move costs between programmes. The IfG has found that there is currently little independent scrutiny of spending plans. It highlights that the Office for Budget Responsibility (OBR), an organisation that provides this sort of scrutiny elsewhere, explicitly makes no judgement on whether policy objectives or programmes can be achieved for the funding allocated to them. Parliamentary scrutiny of spending plans is limited due to the fact that “published settlements include very little detail, and figures are often rounded.”<sup>19</sup> The IfG recommends that the Government should publish a statement detailing planned spending and how changes are going to be achieved and that the National Audit Office (NAO) should be invited to comment on whether the modelling and assumptions on which these statements are based are robust.
31. The NAO is itself critical of the spending review process suggesting that it:

“creates a risk that departments and HM Treasury are complicit in agreeing over-optimistic delivery or spending reduction plans that have no realistic chance of being delivered. Departments have their short-term funding needs met; and HM Treasury gets the savings it needs to meet its fiscal targets. Performance problems that begin to appear can be patched up with short-term funding boosts, when the fiscal position makes this possible. Meanwhile the long-standing lack of transparency around performance and value for money has made it extremely difficult for Parliament or citizens to hold government to account for failure to deliver.”<sup>20</sup>
32. Similar calls for transparency have been made of the government accounting process by the House of Commons Public Administration and Constitutional Affairs Committee.<sup>21</sup> As the Government works on its 2019 spending review process this presents an opportunity to improve long-term planning in government and increase transparency.
33. Transparency alone will not improve how the Government plans for the future. Pressure from an independent source is needed in order to ensure that the Government’s modelling represents a fair and accurate picture. The IfG’s suggestion that the NAO be invited to comment on the modelling and assumptions could provide this independent voice. An alternative option put forward by Julian McCrae was for the Government to set up an “OBR for spend which can look at the spending and the forward projections quite seriously and develop some of the models.”<sup>22</sup> The House of Lords Select Committee on the Long-term Sustainability of the NHS and Adult Social Care recommended the creation of an Office for Health and Care Sustainability which would monitor and publish data on demographic trends

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18 Institute for Government, *The 2019 Spending Review: How to run it well* (September 2018) p 4, p 21: [https://www.instituteforgovernment.org.uk/sites/default/files/publications/IfG\\_2019\\_%20spending\\_review\\_web.pdf](https://www.instituteforgovernment.org.uk/sites/default/files/publications/IfG_2019_%20spending_review_web.pdf) [accessed 18 January 2019]

19 *Ibid.*

20 National Audit Office, *Improving government’s planning and spending framework* (November 2018) p 62: <https://www.nao.org.uk/wp-content/uploads/2018/11/Improving-government%E2%80%99s-planning-and-spending-framework.pdf> [accessed 18 January 2019]

21 Public Administration and Constitutional Affairs Committee, *Accounting for Democracy Revisited: The Government Response and Proposed Review* (Sixth Report, Session 2017–19, HC 1197)

22 [Q 176](#) (Julian McCrae)



relating to health as well as looking at the workforce implications of these changes and the stability of funding relative to demand.<sup>23</sup> Although focused on health, this model addresses the same concerns that we wish to raise. The Government's response to the Committee's recommendation suggested that this body would be replicating existing work done by other bodies like the OBR and the Office for National Statistics (ONS).<sup>24</sup>

34. As the Government is keen not to replicate existing work and not to create new bodies, it could begin by publishing its models for parliamentary scrutiny with a possible role for the NAO in assisting that scrutiny. If the Government is unable to publish models which can inform public debate, then this would strengthen the case for an Office for Spending Sustainability. Reform is also needed in the Treasury to ensure it is focused on long-term sustainability.
35. Successive governments' short-termism has also caused intergenerational tensions through bad, politically driven accounting choices. One clear example has been the student loan system. Whilst student loans and the cost of a university education to students has caused concern (and will be discussed in Chapter 4) the cost of student loans to the Government has also been a source of intergenerational unfairness. The Chair of the House of Lords Economic Affairs Committee, the Rt Hon The Lord Forsyth of Drumlean told us that the current system of student loans was a "fiscal illusion".<sup>25</sup> Higher Education is funded by students paying upfront fees financed by a student loan. However, most student loans will not be paid off in full, with anything remaining unpaid written off 30 years after they have been issued. Under the current system, only the write off after 30 years appears on the Government's borrowing figures. This would effectively mean that the cost of educating today's students would be paid by taxpayers 30 years from now. The House of Lords Economic Affairs Committee concluded that it "is unacceptable to expect future taxpayers to bear the brunt for funding today's students" and recommended that this should be changed so that current spending reflects the current investment in Higher Education.<sup>26</sup> We strongly agree and note the previous flawed policy resulted from politically driven short-termism, enabled by the very lack of long-term transparency we have criticised.
36. Following this recommendation and reports from other committees, the ONS reclassified how student loans will be treated for the purposes of the National Accounts.<sup>27</sup> It has stated that an estimate of the amount of student loan that it expects not to be paid off will be treated as current capital expenditure. This change will have a positive effect as it will no longer flatter government spending on Higher Education compared with Further Education (FE). This is a sensible change that we support.

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23 Select Committee on the Long-term Sustainability of the NHS, *The Long-term Sustainability of the NHS and Adult Social Care* (Report of Session 2016–17, HL Paper 151)

24 Department of Health and Social Care, *Government response to the Lords Select Committee report on Long-term Sustainability of the NHS and Adult Social Care*, Cm 9504, February 2018: <https://www.parliament.uk/documents/lords-committees/NHS-Sustainability/Gov-Resp-NHS-Social-Care.pdf> [accessed 18 January 2019]

25 **Q 116** (Lord Forsyth of Drumlean)

26 Economic Affairs Committee, *Treating Students Fairly: The Economics of Post-School Education* (2nd Report, Session 2017–19, HL Paper 139)

27 Office for National Statistics, 'New treatment of student loans in the public sector finances and national accounts': <https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/publicsectorfinance/articles/newtreatmentofstudentloansinthepublicsectorfinancesandnationalaccounts/2018-12-17> [accessed 18 January 2019]

37. The student loan system is not a unique area where government policy has failed to prioritise long-term considerations. The NAO's report into improving the Government's planning and spending framework highlighted several policy decisions where the Government appears to be sacrificing long-term value for money for short-term funding decisions.<sup>28</sup> This includes capital spending for schools where there "is insufficient focus on routine maintenance to keep school buildings in good condition and prevent more costly problems in the future." The NAO stated that "HM Treasury's own success measures prioritise spending control over long-term value for money."
38. One positive development in recent years has been the development of the Whole of Government Accounts. First published in 2011, these provide a more comprehensive view of the Government's balance sheet, clearly showing its assets and liabilities, than the National Accounts, which are based on meeting an internationally agreed comparable accounting framework.<sup>29</sup> The Government is currently conducting a balance sheet review looking at how it minimises its liabilities and maximises the return from its assets. Julian McCrae told us that whilst this approach can generate some "sensible public policy" it can also generate some "very bad public policy".<sup>30</sup> He suggested that the Treasury were making short-term budgetary decisions to reduce contingent liabilities rather than planning for the future.
39. The contents of the Whole of Government Accounts are controversial. The line over whether something should be included as a liability or is just expected future expenditure is hard to draw. The clearest example of this is the State Pension. Whilst future spending on already promised public sector pensions is included in the Whole of Government Accounts, the State Pension is not. Michael Johnson, Associate Fellow at Bright Blue, argued that the State Pension should be included in the accounts as it should be treated as a right that is secured through National Insurance Contributions (NICs).<sup>31</sup> However, currently NICs do not fund the State Pension. The State Pension is part of the social security system, along with other welfare payments, which are not included in the Whole of Government Accounts because it is ordinary government spending. Treating the State Pension as an acquired right and a liability for the Whole of Government Accounts would have implications both for the rate at which the State Pension is increased and who should face NICs. We discuss both these questions in more detail in Chapter 7.
40. Chris Giles, Economics Editor at the Financial Times, told us that successive UK governments had a very poor record of considering their assets and liabilities. He mentioned the student loan system and the recent sale of railway arches which he said were "almost certainly" sold too cheap.<sup>32</sup> He suggested that one way to counteract this short-termism would be to have a fiscal rule that is specifically targeted at the balance sheet as is done in New Zealand.<sup>33</sup>

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28 National Audit Office, *Improving government's planning and spending framework* (November 2018) p 9, p 48: <https://www.nao.org.uk/wp-content/uploads/2018/11/Improving-government%E2%80%99s-planning-and-spending-framework.pdf> [accessed 18 January 2019]

29 National Audit Office, 'Report of the Comptroller and Auditor General: Whole of Government Accounts 2015–16': <https://www.nao.org.uk/report/report-of-the-comptroller-and-auditor-general-whole-of-government-accounts-2015-16/> [accessed 4 February 2019]

30 [Q 171](#) (Julian McCrae)

31 Written evidence from Michael Johnson ([IFP0074](#))

32 [Q 173](#) (Chris Giles)

33 [Q 176](#) (Chris Giles)

41. Fiscal rules determine how governments write their budgets. In New Zealand the Public Finance Act sets out its fiscal rules which prescribe that the government must pursue its policy objectives in accordance with multiple principles including, “achieving and maintaining levels of total net worth that provide a buffer against factors that may impact adversely on total net worth in the future”, requiring the government to focus on its overall balance sheet in addition to current spending, and “when formulating fiscal strategy, having regard to its likely impact on present and future generations”.<sup>34</sup> This long-term approach contrasts sharply with the UK’s approach. The UK’s fiscal rules commit the Government to reducing the cyclically adjusted deficit to below two per cent of GDP by 2020–21 and having debt as a share of GDP falling in 2020–21.<sup>35</sup> These both focus on the current levels of spending rather than the Government’s overall level of assets and liabilities. Chris Giles told us that although fiscal rules are “rules of thumb and are not perfect,” measuring them can make them “become more important within government.”<sup>36</sup>
42. When we raised the positive example set by New Zealand with John Glen MP, Economic Secretary to the Treasury and City Minister, he stated that New Zealand had a different scale of economy with less complexity than the UK.<sup>37</sup> He claimed that the UK’s Whole of Government Accounts put us at the “forefront of financial reporting and transparency”. The work done on creating the Whole of Government Accounts and the Treasury’s balance sheet review means that the UK is well placed to manage its assets and liabilities for the long-term. It appears that what is missing is the political will to prioritise this. This would help ensure that the Government has productive assets to pass on to the next generation instead of only passing on expensive liabilities.
43. *The Government must think better about the long-term in order to tackle intergenerational fairness. It should create a fiscal rule that addresses the whole of the Government balance sheet, in addition to that focusing on its current spending deficit. It should also improve transparency and accounting of the spending review process by publishing the analytical assumptions behind each department’s initial requests at the start of the spending review to show its perception of the country’s needs over the course of the next spending period. There should also be an independent validation of these assumptions, for example by the National Audit Office.*

#### Data on intergenerational fairness

44. In order to tackle a problem properly, it is essential to understand it. However, there is too little data in the public domain to understand the state of intergenerational fairness fully. To foster a high quality public debate on this subject there should be data on the incomes and assets of each generation, estimates of the effects of current policy on each generation and models of the effects of policies across an individual’s lifecourse. This data should be presented both in terms of current age groups (for example 20–25 year olds

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34 Public Finance Act 1989, [section 26\(G\)\(1\)](#)

35 HM Treasury, *Budget 2018* (October 2018) p 16: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/752202/Budget\\_2018\\_red\\_web.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/752202/Budget_2018_red_web.pdf) [accessed 18 January 2019]

36 [Q 176](#) (Chris Giles)

37 [Q 233](#) (John Glen MP)

have X income in 2017/18) and by birth cohorts (for example people born 1980–1989 have seen their income grow by Y in the last decade). Presenting data like this would allow for discussion of how current age groups are affected, as well as allowing for comparisons of different birth cohorts over time. Currently, there are substantial gaps in the data. The data that does exist is available only to the Government or to researchers upon request.<sup>38</sup>

45. The ONS has told us that it has recently established a Centre for Inequalities and a Centre for Ageing and Demography, both of which are seeking to improve the amount and quality of data available in these areas. However, these initiatives are in their early stages and large gaps remain in the data available.
46. The lack of data on the intergenerational effects of policy was raised repeatedly during this inquiry. The Rt Hon Frank Field MP told us that the Government did not publish sufficient data on the intergenerational effects of its policies.<sup>39</sup> The House of Commons Work and Pensions Select Committee's inquiry into intergenerational fairness, which Frank Field chaired, recommended that the Government produce an assessment of the intergenerational distribution of private income and wealth as well as the fiscal contributions and withdrawals made by different generations.<sup>40</sup>
47. Chris Giles told us that whilst the Government published much data on the distribution of income, it did not publish data showing the generational distribution of income despite this being "where all the action in income distribution has been over the last decade."<sup>41</sup> He suggested that the Department for Work and Pensions (DWP) should publish this breakdown. When we put this to Alok Sharma MP, Minister of State for Employment, he stated that the Department makes the relevant Households Below Average Income (HBAI) data set available to researchers.<sup>42</sup> However, as Chris Giles told us, this data would "be much more powerful if it came in an official government report."<sup>43</sup> Iain Walsh, Director of Labour Market Strategy and International Affairs at DWP, informed us that the HBAI data set goes back to 1994 and that the Government could provide a breakdown of what has happened to different cohorts within those 20–25 years.<sup>44</sup> He suggested that data from before 1994 was based on a different survey which had a lower sample size and therefore was not suitable for breaking down into age groups or birth cohorts. Given that the Government is able to publish a 20 year time series of the income distribution between birth cohorts and could publish this breakdown by cohorts alongside its other data on income distribution, it is unclear why it has yet to do so.
48. Chris Giles suggested that the Office for National Statistics should publish generational breakdowns of the Wealth and Assets Survey (WAS) in order to provide similar information on the wealth of different cohorts.<sup>45</sup> WAS has substantially fewer previous releases than HBAI as it was launched in 2006

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38 The UK Data archive contains much of the data which we would like to see published but is only provided to registered researchers and requires specialised software and research expertise to use.

39 [Q 104](#) (Frank Field MP)

40 Work and Pensions Committee, *Intergenerational Fairness* (Third Report, Session 2016–17, HC 59)

41 [Q 172](#) (Chris Giles)

42 [Q 214](#) (Alok Sharma MP)

43 [Q 172](#) (Chris Giles)

44 [Q 214](#) (Iain Walsh)

45 [Q 172](#) (Chris Giles)



and is a biennial rather than annual survey.<sup>46</sup> This means that there would be limited use in a special release of a time series of the data to date, but a breakdown by age groups or birth cohort could be included alongside other breakdowns in future releases.

49. Both Chris Giles and Professor James Sefton, Chair in Economics at Imperial College London, suggested that the WAS's coverage of gifts and transfers within families could be improved.<sup>47</sup> Professor Sefton highlighted the lack of information on the socioeconomic group of those who give gifts. Another limitation of the WAS is that it only provides information on gifts and transfers over £500.<sup>48</sup> An alternative source for data on intergenerational transfers is the Understanding Society survey which can provide data on smaller gifts<sup>49</sup> and can, when combined with its predecessor the British Household Panel Survey, be used to create matched pairs of parents and children for information on who gives transfers.<sup>50</sup> However, this survey is not as specialised as the WAS and cannot provide as detailed data on wealth.
50. As with income distribution and wealth distribution there is a relevant ONS data set which could provide more information on the generational effects of tax and benefits. Professor Sefton told us that the ONS's Effects of Tax and Benefits on Household Income data set uses information from the Living Costs and Food Survey to allocate in-kind consumption and provide a "good picture of the intergenerational distribution of government resources."<sup>51</sup> This data estimates the amount of tax households pay across a variety of direct (income tax, National Insurance etc.) and indirect taxes (VAT, Council Tax etc.), the amount of social security payments households receive, as well as an estimate of the value of education, health and other support they receive from the Government.
51. The most recent release of the ONS's Effects of Tax and Benefits on Household Income data provided a high-level breakdown of the overall level of total tax, benefits and various services different age groups receive.<sup>52</sup> However, it did not contain the detailed data on individual tax and benefits which the data set can produce. A time series breaking down the tax paid and benefits received by different birth cohorts would be a valuable resource in understanding the effect of government decisions on different generations.
52. ***The UK Statistics Authority should prioritise improving generational statistics. This work should begin by the Office for National Statistics introducing a generational breakdown of the Effects of Tax and Benefits on Household Income data set and releasing a***

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46 Office for National Statistics, 'Wealth and Assets survey QMI': <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/debt/methodologies/wealthandassetssurveyqmi> [accessed 18 January 2019]

47 Q 172 (Chris Giles, Professor James Sefton)

48 Office for National Statistics, 'Intergenerational transfers: the distribution of inheritances, gifts and loans, Great Britain: 2014 to 2016': <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/articles/intergenerationaltransfersthedistributionofinheritancesgiftsandloans/2018-10-30> [accessed 18 January 2019]

49 As seen in Social Market Foundation, *Britain's Family Bank* (September 2018): <http://www.smf.co.uk/wp-content/uploads/2018/09/Britains-Family-Bank-1.pdf> [accessed 18 January 2019]

50 As seen in Resolution Foundation, *House of the rising son (or daughter): The impact of parental wealth on their children's homeownership* (December 2018): <https://www.resolutionfoundation.org/app/uploads/2018/12/House-of-the-Rising-Son.pdf> [accessed 18 January 2019]

51 Q 172 (Professor James Sefton)

52 This data is the basis for Figure 7 and Figure 8 in Chapter 7.

*backdated time-series of this data. The Office for National Statistics should also investigate ways to improve the Wealth and Assets Survey's coverage of gifts and inheritances as well as publishing a generational breakdown of the survey's findings in each release. In addition, the Department for Work and Pensions should introduce a generational breakdown of the Households Below Average Income data set in its annual release and publish a backdated time-series of this data.*

53. Whilst the ONS and DWP's survey-based data sets can provide a historical record of the effect of policy on different cohorts, there is a lack of information on the predicted future effects. Lindsey Whyte, Director of Personal Tax, Welfare and Pensions at the Treasury, told us that the Treasury tends to use static analysis looking at the effects of suggested policy on different age groups.<sup>53</sup> She told us that the Treasury will "look at individual measures for a fiscal event, using, as far as we can, the micro-simulation model we have to look at tax and benefit reforms, which would give us a snapshot of the implications for different age groups."<sup>54</sup> However, whilst in each budget the Government publishes the results of these models in a distributional analysis for income, it does not provide a similar summary of the effects of the budget for each age group.<sup>55</sup>
54. More concerning is the lack of government analysis of the long-term effects of its policy on different cohorts as they age. Iain Walsh from DWP told us that the department has PENSIM, a pension simulation model which looks at the effects that possible pension changes could have on future cohorts,<sup>56</sup> but no other examples were given of government departments using this sort of long-term cohort modelling. Lindsey Whyte told us that there is very limited data on people's life cycle and that the Treasury does not look at whether a cohort has been or will be a net contributor to the Exchequer.<sup>57</sup>
55. One particular government weakness is a lack of work on generational accounts. Generational accounts are a way of measuring the financial sustainability of the Government's tax and spending decisions. These accounts model current policy projected forward to see if future generations would have to pay more tax to finance the spending on current generations if nothing changed. Professor Sefton told us that "because of demographic ageing, it seems that current tax and spending plans are unsustainable and will have to be rebalanced—otherwise, current unborns will ... inherit a large government debt from the older generations".<sup>58</sup> Lindsey Whyte stated that the Government does not undertake generational accounting analysis but instead monitors "the work that various think tanks, such as the IFS, are doing in developing that capability."<sup>59</sup>

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53 [Q 39](#) (Lindsey Whyte)

54 [Q 40](#) (Lindsey Whyte)

55 HM Treasury, *Impact on households: distributional analysis to accompany Budget 2018* (October 2018): [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/752045/impact\\_on\\_households\\_distributional\\_analysis\\_to\\_accompany\\_budget\\_2018\\_web.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/752045/impact_on_households_distributional_analysis_to_accompany_budget_2018_web.pdf) [accessed 18 January 2019]

56 [Q 40](#) (Iain Walsh)

57 [Q 40](#) (Lindsey Whyte)

58 [Q 169](#) (Professor James Sefton)

59 [Q 39](#) (Lindsey Whyte)

56. Since 2001/02 government gross debt has risen from 33.7 per cent of Gross Domestic Product (GDP) to 85.4 per cent of GDP in 2017/18.<sup>60</sup> The Government has not quantified to what extent this additional spending is investment meant to benefit future generations. Investment in generational modelling of its policies would allow the Government to better differentiate where it is investing in the future and where it is unjustly passing on debt to future generations who will not benefit from its spending. Michael Johnson suggested that the Government should produce Intergenerational Impact Assessments to accompany draft legislation which “explicitly quantify the extent to which costs are being deferred” onto future taxpayers.<sup>61</sup>
57. Frank Field suggested that the reason for the lack of data on intergenerational fairness was a lack of political will.<sup>62</sup> The reliance on external academics to analyse income and wealth distribution data, as well as a reluctance to publish existing Treasury analysis suggests that it is not a political priority. This low priority can also be seen in the Government’s reliance on external organisations to develop generational accounting rather than working to develop their own models.
58. *The Treasury must do more to generate and publish data on intergenerational fairness. It can immediately begin by producing a distributional breakdown of the effects of each budget by age group using the static models it already has. It should invest in developing its capacity to model the generational effects of tax and benefits policies.*
59. *The Government should create Intergenerational Impact Assessments for all draft legislation indicating how it will affect different generations.*

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60 Office for National Statistics, ‘UK government debt and deficit: September 2018’: <https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/publicspending/bulletins/ukgovernmentdebtanddeficitforeurostatmaast/september2018#how-much-is-the-general-government-gross-debt> [accessed 14 February 2019]

61 Written evidence from Michael Johnson (IFP0074)

62 Q 109 (Frank Field MP)

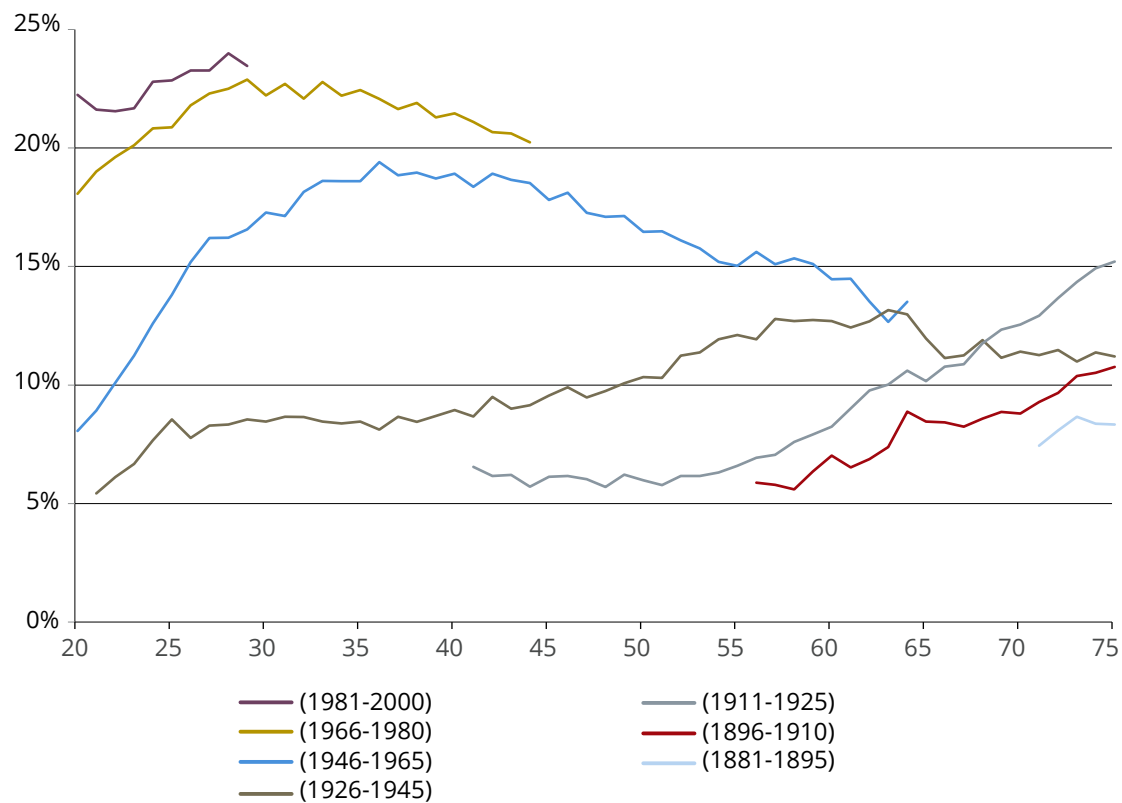


## CHAPTER 3: THE HOUSING CHALLENGE

### The rising cost of housing

60. One major pressure that younger generations are facing is increased housing costs. As Figure 1 shows, the two youngest generations are devoting a greater proportion of their overall income to housing than previous generations. People born between 1981 and 2000 appear to be spending over one and a half times more, as a proportion of their income, on housing at the age of 25 than the generation born immediately after the Second World War spent at that age. For previous generations, housing costs as a proportion of income have declined as individuals enter their 30s, but it is unclear whether this latest generation will experience a similar decline.

**Figure 1: Proportion of income spent on housing costs by generations:**  
GB<sup>63</sup>



Source: Intergenerational Commission, *Home Affront: Housing across the generations* (September 2017) p 31:  
<https://www.intergencommission.org/wp-content/uploads/2017/09/Home-Affront.pdf> [accessed 28 January 2019]

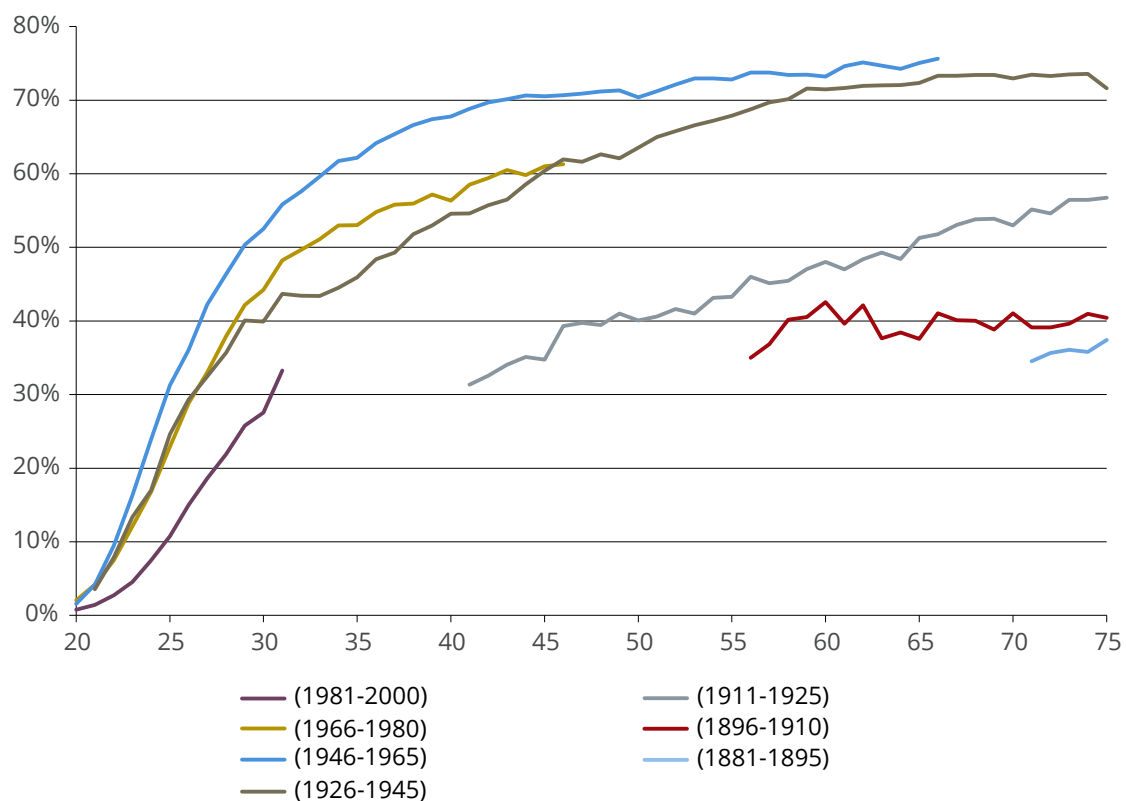
61. This increase in housing costs as a proportion of income does not appear to be caused by younger generations choosing to spend more to prioritise living space. The amount of floor space per person for those under 45 has fallen

63 Note: Income and housing costs both include housing benefit. Incomes and housing costs are assumed to be shared equally within households. Figures for each generation are derived from a weighted average of estimates by single year of age for each single-year birth cohort within that generation, generations are included if at least given birth years are present in the data. The graph is formed of Resolution Foundation analysis of data from Institute for Fiscal Studies Households Below Average Income (Family Expenditure Survey), covering 1961 to 1991, and data from Department of Work and Pensions, Households Below Average Income (Family Resources Survey) covering 1994–95 to 2015–16.

over the last 20 years whilst the amount for those over 45 has risen. Nor is it the case that younger generations are paying more to live closer to work. For the cohorts for which there are data, each cohort has had longer commutes than the generation before them had at their age.<sup>64</sup>

62. The relationship between generations and the proportion they spend on housing changes slightly if households are differentiated by tenure. In the private rented sector younger generations have a larger income gap with previous generations than the overall picture in Figure 1, with private renters born 1981–2000 paying 35 per cent of their income at 25 whilst private renters born just after the Second World War were paying just over 15 per cent of their income at 25. Mortgage holders in younger generations were paying similar amounts to mortgage holders born just after the Second World War at 25. This is mainly due to lower interest rates. This could change if interest rates rise.<sup>65</sup> Older generations who owned at a young age had a more difficult experience than younger generations who own today. Owners from older generations faced higher interest rates and for some the experience of negative equity. However, there are fewer home owners in younger generations than those that came before, as seen from Figure 2.

**Figure 2: Generational home ownership rates by age: UK<sup>66</sup>**



Intergenerational Commission, *Home Affront: Housing across the generations* (September 2017) p 13: <https://www.intergencommission.org/wp-content/uploads/2017/09/Home-Affront.pdf> [accessed 28 January 2019]

64 *Home Affront: Housing across the generations*, p 48–52

65 *Home Affront: Housing across the generations*, p 33–37. The picture in the social rented sector is more complicated and depends on how housing benefit is treated.

66 Note: figures for each generation are derived from a weighted average of estimates by single year of age for each single-year birth cohort within that generation, generations are included if at least five birth years are present in the data. The graph is formed of Resolution Foundation analysis of data from the Family Expenditure Survey covering 1961–1983 and data from the Labour Force Survey covering 1984–2017.

63. There have been many social and economic changes between generations that could delay buying a house. Younger generations are entering the labour market later, are less likely to live with a partner and are having children later, all of which could delay the decision to buy; conversely, they could themselves be delayed by housing costs. Adjusting for these demographic differences does account for some of the home ownership differences between generations, but there remains a large difference between home ownership rates.<sup>67</sup>
64. The Intergenerational Foundation highlighted that this difference in home ownership has “huge implications for intergenerational equity”. House price rises across the country, especially in London and the South East, benefited home owners whilst young adults “must either buy or rent their housing in an over-inflated housing market or live with their parents for much longer than was considered usual by previous generations.”<sup>68</sup> There has been some innovation in offering new models to tackle the housing crisis, such as Homeshare and the rent a room scheme.<sup>69</sup> Age UK told us that whilst these schemes may be helpful for some, they are small scale and should not be seen as comprehensive solutions.<sup>70</sup>
65. A decline in homeownership is partly due to house prices being inflated by monetary policy. Quantitative easing and low interest rates have reduced the returns to saving and have increased the price of assets like housing.<sup>71</sup> This is a destabilising factor that will need careful attention. But, whilst a tightening of monetary policy might reduce house prices, it would not necessarily reduce the cost of housing (as mortgage costs would rise).

### Housing supply

66. We heard compelling arguments that the rise in housing costs and the decline in ownership is caused by a reduction in housing supply. Dr Kristian Niemietz told us that housing is the cause of many of the UK’s social and economic problems and this housing problem is caused by a lack of supply. He stated that since 1980 house prices in the UK have risen by a factor of 3.5 in real terms which makes the UK an outlier in international comparisons.<sup>72</sup> Dr Niemietz said that these price increases in the UK result from building fewer new homes than in comparable countries for four decades. Professor Christian Hilber, Professor of Economic Geography at the London School of Economics (LSE), told us that the underlying problem was that supply constraints “have become extremely binding over the last couple of decades.”<sup>73</sup> The TaxPayers’ Alliance suggested that different balances in supply against demand explain the regional differences in housing affordability.<sup>74</sup> It stated that in London, floor space per person is falling and the average number of people per dwelling is rising, whilst the opposite is happening in much of the country.

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67 *Home Affront: Housing across the generations*, p 16–17

68 Written evidence from the Intergenerational Foundation (IFP0042)

69 HM Government, ‘Rent a room in your home’: <https://www.gov.uk/rent-room-in-your-home/the-rent-a-room-scheme> [accessed 7 March 2019], written evidence from Shared Lives Plus (IFP0015)

70 Written evidence from Age UK (IFP0047)

71 [Q 31](#) (Ian Mulheirn and Paul Johnson)

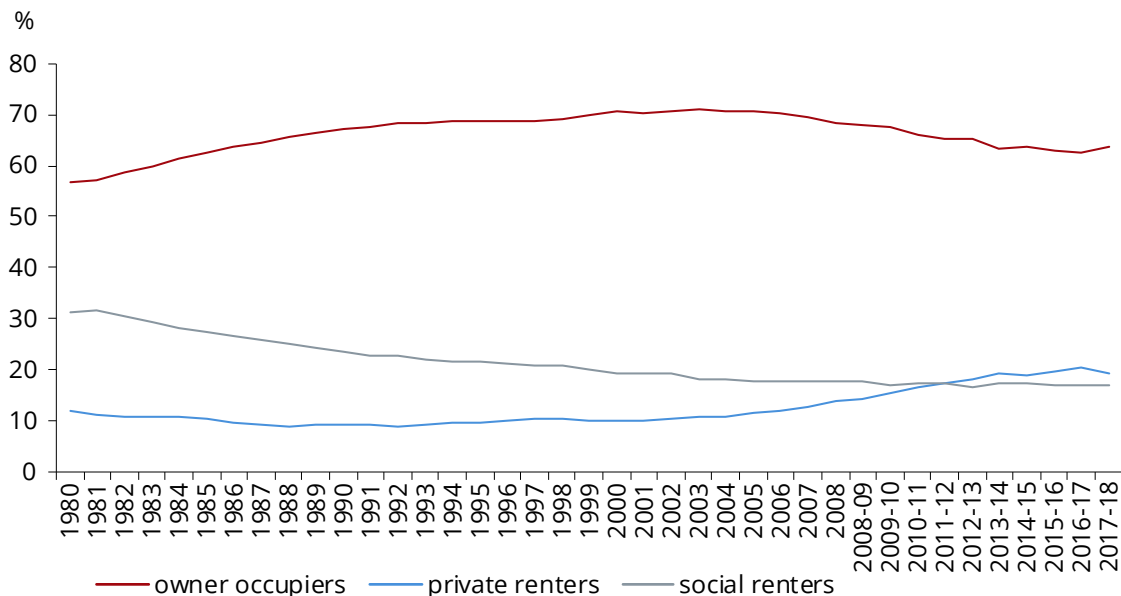
72 Written evidence from Dr Kristian Niemietz (IFP0003)

73 [Q 132](#) (Professor Christian Hilber)

74 Written evidence from the TaxPayers’ Alliance (IFP0069)

67. The Rt Hon The Lord Forsyth, Chair of the House of Lords Economic Affairs Committee, told us that the principal issue that needed to be tackled in the housing market was the need to build more affordable, social homes and the lack of government action needed to ensure that this happens.<sup>75</sup> The Government’s evidence stated that “successive governments have not built enough homes, and the Government acknowledges that for many people today, the housing market does not work.”<sup>76</sup> It has committed to delivering 300,000 homes a year by the middle of the next decade. However, as Lord Forsyth told us, it is not clear that the Government’s proposed measures will reach this target. Dr Niemietz suggested that current house prices are “predicated on the (implicit) assumption that the Government will not address the causes of the housing crisis, and that house prices and rents will continue to rise.” He suggested that once this assumption is no longer held prices could begin to fall.<sup>77</sup>

**Figure 3: Trends in tenure (proportions), 1980 to 2017–18**



Source: Ministry of Housing, Communities & Local Government, *English Housing Survey: Headline Report, 2017–18* (January 2019) p 6: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/774820/2017-18\\_EHS\\_Headline\\_Report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/774820/2017-18_EHS_Headline_Report.pdf) [accessed 31 January 2019]

68. Figure 3 shows the proportion of households living in different tenures. Whilst home ownership has declined over the last decade (falling from a peak of 70.7 per cent in 2005 to 63.5 per cent in 2017–18) and the private rental sector has increased in size (rising from a low of nine per cent in 1992 to 19.5 per cent in 2017–18), the largest change has been the large fall in the number of social renters (falling from 31.7 per cent in 1981 to 17.0 per cent in 2017–18). A substantial part of this was the result of tenants in the 1980s exercising their right to buy their homes.
69. Dr Rory Coulter told us that in the long-term “there is a pressing need to build more housing for low-cost and secure social renting tenancies.”<sup>78</sup> The Peabody Trust stated that since 2010, the “construction rate on social

<sup>75</sup> Q 113 (Lord Forsyth of Drumlean)

<sup>76</sup> Written evidence from HM Government (IFP0058)

<sup>77</sup> Written evidence from Dr Kristian Niemietz (IFP0003)

<sup>78</sup> Written evidence from Dr Rory Coulter (IFP0019)

housing has dropped by 97 per cent with projections estimating a loss of 370,000 social homes over the next three years.” It suggested that social rented stock “is being sold off into the private rented sector and not being replaced like for like.”<sup>79</sup> London Councils suggested that a “chronic undersupply of social housing is a key factor” in the housing crisis in London. It argued that the country has not built a substantial amount of social housing since the late 1960s, when social housing made up almost half of the total supply. London Councils argued that due to central government’s “erosion of local authority budgets, and the borrowing cap on housing revenue accounts (HRA), councils have little scope to invest in social housing on the scale required.”<sup>80</sup> During the course of our inquiry the Government has made progress on this by abolishing the HRA cap that controls local authority borrowing for house building.<sup>81</sup> However, this will not by itself solve this problem, and will not help those local authorities which do not have an HRA.

70. Age UK told us how the lack of adequate housing supply affected different age groups:

“The general lack of housing supply particularly affects younger people although there is also a need for a wider range of affordable housing options for older people. A major obstacle to downsizing (or ‘rightsizing’) is the lack of affordable, suitable housing options in preferred locations, with access to good transport links and key services. ... However, despite housing policies that have benefited older owner-occupiers there is an uneven distribution of housing wealth within this population. Older people living in areas with high property values, especially in London, the South East, and larger cities have more options to either downsize or release home equity. Older people living in parts of the Midlands, North East, North West, Scotland and Northern Ireland have fewer options because of lower property values”.<sup>82</sup>

71. The Centre for Ageing Better suggested that the problem of supply should not just be thought of as relating to young people. It states that “the biggest increase in demand for housing over the coming decades will be among older adults.” The Centre for Ageing Better suggested that as the proportion of older households increases, “so too will the proportion of the population with disability, accessibility and mobility requirements.” It highlights that most existing housing stock “does not meet the needs of people as they get frailer.”<sup>83</sup>
72. The supply of adequate housing is clearly a key issue for intergenerational fairness. This impacts young people through rising housing costs and impacts older people through a lack of suitable housing.<sup>84</sup>
73. **The Government is not taking the action needed to ensure that there is a sufficient supply of affordable housing. In particular, action needs to be taken to substantially increase the supply of social housing. One means of doing this is to ease the ability of local authorities to borrow to fund housing building. This lack of action on housing is primarily**

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79 Written evidence from the Peabody Trust ([IFP0023](#))

80 Written evidence from London Councils ([IFP0029](#))

81 *Budget 2018*, p 62

82 Written evidence from Age UK ([IFP0047](#))

83 Written evidence from the Centre for Ageing Better ([IFP0049](#))

84 The Government’s announcements in the Spring Statement do not alter this conclusion.

**hurting younger generations. However, younger generations can be helped by building more housing which is accessible and adaptable for older generations as part of a wider increase in supply.**

### **The private rented sector**

74. The private rented sector is growing but this is not necessarily by choice as most people still want to own their home. The Intergenerational Foundation told us that 79 per cent of non-home owners aged between 20 and 45 would like to own one day, although 39 per cent said that they did not think they would ever be able to afford it.<sup>85</sup>
75. We asked witnesses to name their top priority for government action to improve intergenerational fairness and a large number suggested improving conditions in the private rented sector. Ian Mulheirn, then Director of Consulting at Oxford Economics, suggested that the single biggest thing that the Government has the greatest power over is the difference of experience in renting against owning property. He stated that the “insecurity of tenure faced by younger people in the private rented sector is a world away from ownership”.<sup>86</sup> Douglas McWilliams, Deputy Chairman of the Centre for Economics and Business Research (Cebr), told us that although people want flexibility when they rent, one of the biggest fears of young people is their uncertainty of tenure. He suggested that anything that could be done to increase their certainty without removing the rights of a landlord would be a good thing.<sup>87</sup> Professor Sue Heath, Professor of Sociology at the University of Manchester, stated that the increasing pressure to move into owner-occupation is partly driven by the conditions of insecurity experienced by younger adults. She said that improving the private rental sector was a priority for her students.<sup>88</sup> Paul Broadhead, Head of Mortgage Policy at the Building Societies Association, suggested that the reason that people took out unwise interest-only mortgages without any way of securing repayments was because it “was the only way they could get security of tenure.”<sup>89</sup>
76. The Intergenerational Foundation told us that people in private renting move far more often than in other tenures. In 2013/14 one in four private renters moved home compared to only five per cent of social renters and three per cent of owner occupiers. This is a particular problem in London where 37 per cent of private renters had moved three or more times in the past five years.<sup>90</sup>
77. Professor Karen Rowlingson highlighted the effect that insecurity in the private rented sector has on younger generations, particularly those with families. She stated that families “can be asked to leave their homes with two months’ notice and have to move away from schools and friends to find alternative accommodation”.<sup>91</sup> The Intergenerational Foundation told us that a quarter of families now live in the private rented sector.<sup>92</sup> Children who move home more frequently do less well in school and if they move

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85 Written evidence from the Intergenerational Foundation ([IFP0042](#))

86 [Q 37](#) (Ian Mulheirn)

87 [Q 159](#) (Douglas McWilliams)

88 [Q 159](#) (Professor Sue Heath)

89 [Q 159](#) (Paul Broadhead)

90 Written evidence from the Intergenerational Foundation ([IFP0042](#))

91 Written evidence from Professor Karen Rowlingson ([IFP0026](#))

92 Written evidence from the Intergenerational Foundation ([IFP0042](#))



often whilst very young can miss out on key vaccinations.<sup>93</sup> Some adults are delaying the decision to have children due to living in the private rental sector. The Intergenerational Foundation stated that 47 per cent of 20–45 year olds did not believe it was right to have children until they owned their own home. It suggested that:

“The reason why renting privately in England is so unstable is because tenants enjoy virtually zero legal protection from being evicted if they are renting under the Assured Shorthold Tenancy (AST) agreements which predominate within the private rented sector, which usually last for either 6 or 12 months. Landlords are free to increase the rent each time an AST gets renewed, and can seek a court order to have a tenant evicted for no legal reason (even if the tenant isn’t in rent arrears) as long as they have lived in the property for a total of more than six months. This is completely different to the situation in Ireland and most other European countries which have large private rented sectors, where tenants enjoy greater protection from eviction.”<sup>94</sup>

78. It found that 57 per cent of 20–45 year olds also believed that they would not be able to retire if they were still renting.<sup>95</sup> Age UK told us that they are concerned about the increasing number of older people living in the private rented sector. It stated that nine per cent of households in the private rented sector are over 65 but that this could increase to a million households by 2035–36.<sup>96</sup> The Centre for Ageing Better told us that the private rented sector has the highest proportion of poor quality housing and this affects the wellbeing of older renters by increasing their risk of falls and exacerbating existing health conditions.<sup>97</sup>
79. Members of our Contact Group expressed many of the same concerns as in our formal evidence. They told us that they were faced with low quality housing that was often unaffordable and insecure, with the threat of possible eviction constantly hanging over them.
80. The Government is taking a number of steps to try and improve the private rented sector. It has supported the new creation of the new Tenant Fees Act 2019, which bans letting fees paid by tenants, and the Fitness for Human Habitation Act 2018 which ensures minimum safety requirements.<sup>98</sup> The Government recently consulted on the barriers to longer tenancies and proposed creating a new minimum three-year model tenancy but has yet to publish a response to this consultation.<sup>99</sup>
81. Increased regulation of the private rented sector could result in fewer landlords entering or remaining in the market. This is especially the case for small landlords who let only one property and may require greater flexibility.

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93 ‘Moving home can affect your children’s health and education’, *The Conversation* (26 August 2016): <https://theconversation.com/moving-home-can-affect-your-childrens-health-and-education-62738> [accessed 28 January 2019]

94 Written evidence from the Intergenerational Foundation (IFP0042)

95 *Ibid.*

96 Written evidence from Age UK (IFP0047)

97 Written evidence from the Centre for Ageing Better (IFP0049)

98 Written evidence from HM Government (IFP0058)

99 Ministry of Housing, Communities & Local Government, *Overcoming the Barriers to Longer Tenancies in the Private Rented Sector* (July 2018): [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/721556/PRS\\_Longer\\_Tenancies\\_Consultation.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/721556/PRS_Longer_Tenancies_Consultation.pdf) [accessed 28 January 2019]



Nonetheless, while policy needs to be sensitive to those risks, there is need for further reform.

82. **The Government’s proposed reforms do not create a regulatory framework that will provide private tenants the security they need. This particularly affects young people who are unable to buy and becomes a greater problem as they age. Change is needed so that renters who want a long-term secure tenancy can find one.**

### Intergenerational transfers and financial products

83. Although younger generations have faced a more difficult housing market than previous generations, they are also receiving greater support from older generations. Douglas McWilliams told us that their survey found that increasing numbers of young people are receiving support from relatives in buying a house. Its research found that as of April 2018, 316,000 properties were purchased that year with help from an older generation, representing 27 per cent of all purchases. The average contribution was between £5,000 and £6,000.<sup>100</sup> Paul Broadhead told us that close to 60 per cent of first-time buyers expected to need some help from family members.<sup>101</sup> Nigel Keohane, SMF’s Director of Research, explained to us that whilst there was evidence that older generations were increasingly helping with deposits, intergenerational transfers often went beyond this:

“Most of the assistance is for helping people cope day to day. Some of that would be paying the rent, some would be paying the bills, some of it would be cash payments to the younger generation to help them get by. The second reason why that is important is because when we think about the bank of mum and dad we tend to think of quite affluent older people helping potentially reasonably affluent younger people. That is going on, but there is a lot of activity going on right across the socioeconomic spectrum. Looking at people in lower-skilled occupations, we did some analysis of government surveys and found about a third of those people there are giving regular financial support to the younger generation, to their children.”<sup>102</sup>

84. The SMF’s research finds that 23 per cent of familial financial assistance is to help cover the general costs of living, only seven per cent is to help buy a home and a similar proportion (six per cent) is to help pay for the costs of rent.<sup>103</sup> Professor Karen Rowlingson told us that families are supporting each other by “giving significant financial gifts or loans; by providing accommodation directly; and/or helping with rent/mortgage payments”.<sup>104</sup> The National Pensioners Convention told us that some older members of working-class families were selling possessions or taking out loans to support younger generations.<sup>105</sup>
85. Another form that this financial support can take is through intergenerational financial products. Isobel Stephen, Housing Supply Director at the Ministry

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100 [Q 152](#) (Douglas McWilliams)

101 [Q 152](#) (Paul Broadhead)

102 [Q 152](#) (Nigel Keohane)

103 Social Market Foundation, *Britain’s Family Bank: An examination of family financial support across the generations and its impact* (September 2018) p 15: <http://www.smf.co.uk/wp-content/uploads/2018/09/Britains-Family-Bank-1.pdf> [accessed 28 January 2019]

104 Written evidence from Professor Karen Rowlingson ([IFP0026](#))

105 Written evidence from National Pensioners Convention ([IFP0030](#))

of Housing, Communities and Local Government (MHCLG) explained the variety of products available. She told us that the market can be divided into three parts: equity release, interest-only mortgages and intergenerational mortgages. Equity release is where a relative can release some equity from their property which can be used to fund a deposit. No repayment is required until the property from which equity has been taken from is sold, but this tends to be expensive. Isobel Stephen stated that the “average amount of equity released is £60,000. There are about 37,000 of those mortgages taken out every year. The average age of the borrower is 70.”<sup>106</sup> Equity release products are typically offered by insurance companies.

86. Interest-only mortgages for retired people were facilitated by a rule change by the Financial Conduct Authority last year. These allow the borrower to free up equity from their house that is repaid when the property is sold but in the intervening period the borrower makes monthly interest payments. However, Isobel Stephen told us that there “is a challenge for the lenders in pricing the risk in case somebody stops working or becomes ill and requires care.”<sup>107</sup>
87. An intergenerational mortgage is where a deposit is replaced or combined with a charge against a relative’s home or savings. Isobel Stephen gave the example of “a Barclays product where a first-time buyer can get 100 per cent loan to value on the property that they are buying if a relative deposits 10 per cent of the value of the property in a Barclays bank account as collateral against the mortgage.”<sup>108</sup>
88. There is a growing market of intergenerational mortgage products in response to the increasing difficulty that younger generations face in accessing affordable housing. Paul Broadhead told us that the equity release market in 2017 was approximately £3 billion with around a quarter of that being used to help family with housing, either to buy or rent.<sup>109</sup> Douglas McWilliams told us that equity release is only 14 per cent of the funding from the so called “Bank of Mum and Dad” to help younger generations afford a deposit. He told us that seven per cent of the funding comes from re-mortgaging and six per cent from taking out a loan.<sup>110</sup> Paul Broadhead explained to us that the increase in joint purchases with family members alongside guarantor mortgages were not necessarily helping those who would not otherwise be able to buy but were instead helping people to buy earlier than they otherwise would have been able to.<sup>111</sup>
89. Care & Repair England warned us that six per cent of older households rent privately and 18 per cent live in social housing, so reliance on older generations to help younger generations to owner occupation would exacerbate inequalities between families and others.<sup>112</sup> Nigel Keohane suggested to us the role that intergenerational financial products could play:

“It seems to me from a societal perspective we are not worried about people who do not own homes because they do not have that equity to release; we are not really worried about the people who have got a lot a

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106 [Q 96](#) (Isobel Stephen)

107 *Ibid.*

108 *Ibid.*

109 [Q 153](#) (Paul Broadhead)

110 [Q 153](#) (Douglas McWilliams)

111 [Q 154](#) (Paul Broadhead)

112 Written evidence from Care & Repair England ([IFP0020](#))

financial wealth because they can give cash. We are worried about the middle section of the population who may have housing wealth, but only a modest amount of financial wealth. It probably would not be in their interests for them to dispense with all their financial wealth because that would potentially cause them problems further down the line. That seems to be the target group.”<sup>113</sup>

90. Nigel Keohane suggested that this target group could be helped by a guarantor mortgage to use their own property as collateral for younger generations. He suggested that equity release was a less desirable product as it has substantially higher interest rates than mortgage products.<sup>114</sup> Paul Broadhead explained that another reason why there was increasing innovation within financial products was that the sector was entering a better regulatory environment. He told us that between the financial crisis in 2007/08 and 2015 the sector had been using the money it would usually invest in innovation on complying with new regulation. There was more innovation taking place now.
91. **Intergenerational transfers play an important role in housing affordability for many members of younger generations. There is a need for innovative, flexible products which can help address this issue. The Government and the Financial Conduct Authority have a key role to play in ensuring a regulatory framework that encourages new challenger entrants to these markets, who can shake up the existing playing field.**
92. Paul Broadhead suggested that one thing holding back the ability of younger generations to obtain mortgages was the Bank of England’s requirements on mortgage providers. He told us that the Bank of England’s rules effectively mean that “mortgage lenders stress-test that people can afford mortgages at around seven per cent to eight per cent over five years.” He argued that we are unlikely to see interest rates that high in the near future and that people were stuck living in rented accommodation because of the way the stress test is done.<sup>115</sup> However, careful consideration would have to be given as to what level of financial risk it is wise to expose younger generations and the economy as a whole to.
93. Ian Mulheirn told us policymakers can trade financial stability for higher home ownership rates by allowing for very high loan-to-value rates at scale, but that this was not a good idea.<sup>116</sup> In the absence of financial instability he suggested that direct government support is necessary to increase the supply of affordable housing.

### Development of public sector land

94. One way in which the Government can support increasing supply of affordable housing is by making better use of the land that it already owns. This was one of the issues addressed in the House of Lords Economic Affairs Committee’s report on *Building more homes*.<sup>117</sup> It recommended that a senior cabinet minister should be responsible for identifying and coordinating the release of public land for housing, with a particular focus on providing low cost homes. The evidence we received also suggested that the use of public

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113 [Q 154](#) (Nigel Keohane)

114 *Ibid.*

115 [Q 158](#) (Paul Broadhead)

116 [Q 31](#) (Ian Mulheirn)

117 Economic Affairs Committee, *Building more homes* (1st Report, Session 2016–17, HL Paper 20)

land is an under-used lever in providing more affordable homes. We heard that the lack of competence within Government to manage the land it owns undermines its ability to make the best use of it to tackle the housing crisis.

95. Julian McCrae, Senior Adviser to the International School for Government at King's College London, told us that the idea of using public land "was an old perennial of what Governments try to look at and find value from." He said that civil servants had been asked to do this since at least the 1970s but there had been little progress from these efforts. The one area that he identified where progress had been made was in the management of the part of the government estate on and around Whitehall since 2010. He told us that the difference was that there had been a much more information-led approach looking at utilisation rates to understand what property was needed and what could be disposed of. The key to this approach was investment in acquiring the knowledge and the capability to use that knowledge. He told us that in "that relatively small part ... of the government property [port]folio, we have the capability to manage things properly."<sup>118</sup> When we questioned Kit Malthouse MP, the Minister of State for Housing, we were not persuaded that the Government had that capability to manage public land. He stated that although all departments should have a list of the land that they own or is owned by subsidiaries, he could not "speak for all departments as to whether it is completely accurate or not".<sup>119</sup>
96. There is some evidence of government activity to improve this capability. The Government's public sector land disposal programme had sold land with capacity for 13,817 homes by September 2016 and had identified land for disposal for a further 131,675 homes.<sup>120</sup> It released a new Government Estate Strategy in July 2018<sup>121</sup> and has developed an online government property and land finder tool<sup>122</sup> which allows the public to find public land to rent, buy or to contest its current use. However, this tool does not include all public land and is symptomatic of the Government's approach. It has the right idea in wishing to use public land to help tackle the housing crisis but is not investing enough to be most effective. It is inadequate to the pace and level needed and the scale of publicly owned land.
97. *The Government has failed to manage properly the land which it owns. It should invest in developing a central government capability to understand fully what land public bodies own, how public sector bodies use that land and where it can be disposed of.*
98. A further limitation on the use of public land is the requirement that it must be disposed of at market value. Tom Kenny, the Acting Deputy Head of Policy and Research from the Royal Town Planning Institute (RTPI) told us that this could be a key way in which local authorities can meet social needs in their area.<sup>123</sup> The Government recently consulted on giving local authorities broader powers to dispose of local authority land at less than market value

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<sup>118</sup> [Q 173](#) (Julian McCrae)

<sup>119</sup> [Q 204](#) (Kit Malthouse MP)

<sup>120</sup> Supplementary written evidence from the Ministry of Housing, Communities and Local Government ([IFP0066](#))

<sup>121</sup> Cabinet Office, *Government Estate Strategy* (July 2018): [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/738217/Government\\_Strategy\\_Final\\_AW\\_v2.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/738217/Government_Strategy_Final_AW_v2.pdf) [accessed 28 January 2019]

<sup>122</sup> HM Government, 'Find government property and land to rent or buy': <https://www.gov.uk/find-government-property> [accessed 28 January 2019]

<sup>123</sup> [Q 124](#) (Tom Kenny)

when there are wider public benefits, without seeking specific consent from the Secretary of State. However, this would still not dramatically alter the balance of power and force more public land to be used to provide affordable housing and would not affect public land owned by any public body other than local authorities. We asked witnesses about radically shifting the balance of power so that local authorities lead the process and the onus would shift onto public bodies to object or develop the land themselves. Tom Kenny told us that the RTPI “would certainly welcome local authorities taking a bigger role in proactively planning to meet the needs in their areas.”<sup>124</sup>

99. When we put this suggestion to the Minister, he suggested that a negotiated outcome between local authorities and other bodies would be more productive but failed to provide any reason why this would be the case.<sup>125</sup> This negotiated approach has not produced stellar results to date; it is time to think more radically about public land. This failure should be seen within the wider context of other land with planning permission not being developed. The Government should look more widely at how to ensure land with planning permission is built on and brought to market more quickly, but specific action is needed on public land. Local authorities already have the ability to apply for planning permission on public land, but they lack the power to ensure that development takes place.
100. *In order to increase housing supply, local authorities should be given a presumption to develop on land owned by public sector bodies. Local authorities should be empowered to ensure that development on public land takes place.*

### Box 1: Proposed reform of public land development

If a local authority includes public land within its local plan or in a supplementary planning document, then the public authority which owns that land should have six months to submit plans for developing it. In the absence of a response, the local authority should be able to grant itself planning permission in the normal way, where the landowner would have the opportunity to make representations at the Planning Committee.

If permission is granted, then the matter should be remitted directly to the Secretary of State, who would only be able to decline on the basis of non-planning concerns, such as national security or public health and would be obliged to lay a report before Parliament stating the details of these concerns. If the Secretary of State upholds the permission, then the public land owner should have a limited period in which to show a clear intent to execute on the plan. In the absence of this clear intent then the local authority may appoint developers to deliver the plan.

### The capacity of local authorities to deal with planning issues

101. Much of the Government’s strategy for delivering more houses relies on local authorities’ ability to plan effectively for their local areas. The Minister told us that he did not believe central government should develop housing forecasting capacity for the future needs of different generations. He suggested that local authorities “are best placed to be able to make decisions

<sup>124</sup> [Q 125](#) (Tom Kenny)

<sup>125</sup> [Q 204](#) (Kit Malthouse MP)



about the formulation of housing in their area ... and deciding through their plans what type of housing they think they need in their particular area.”<sup>126</sup>

102. Whilst the Minister acknowledged that forecasting would be “quite difficult” for central government, he expected local authorities to be able to do so. Given central government’s difficulties in developing robust modelling for future generations (as discussed in Chapter 2) this seems to be overly optimistic. When the Minister was pressed on how the Government was ensuring there was sufficient suitable housing for older generations, he told us that there was “a plan-led approach from local authorities.”<sup>127</sup> He expected local authorities to develop a land supply that could be used for the following 10 years in order to be able to remove planning permission from uncooperative developers.<sup>128</sup>
103. Alongside this the Government has made it more difficult for local authorities to plan for their local area by introducing additional permitted development rights, where developers can bypass part or all of the planning permission processes in certain circumstances such as converting office space into housing.<sup>129</sup> Setting aside the economic impact of lost office space in some areas, the inability of councils to control the use of such developments means that there is no way in which they can be made to comply with local need, for example, in new appropriate, affordable housing for younger people or older people.
104. Tom Kenny told us that local authorities were struggling to deliver the housing that their local area wanted. He suggested that a lack of resources and expertise were a problem for local authorities. Tom Kenny said that local authorities were losing through attrition by not being able to compete with the resources that developers could put in to viability negotiations.<sup>130</sup> The Government nationally set limits on the basic fee for planning services, but local authorities can perform additional fee-generating activity. Between 2010/11 and 2017/18, there was a 37.9 per cent fall in net current real expenditure in real terms on planning functions by local authorities. However, once income generated from sales, fees and charges or transfers from other public authorities are included, the fall in spending was 14.6 per cent from £1.125 billion to £961 million.<sup>131</sup> The Minister told us that planning fees had increased by 20 per cent but did suggest that “if it becomes clear that capacity in planning departments is a brake on development, we will have to look at that again.” The NAO has reported that:

“The Ministry of Housing, Communities and Local Government (the Department) has little oversight of how local authorities generate income from planning. It does not collect information on the extent of planning performance agreements, or how much income they are generating ... The Department required local authorities to commit to spend the additional resource within their planning teams, but the Department

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126 [Q 193](#) (Kit Malthouse MP)

127 [Q 196](#) (Kit Malthouse MP)

128 [Q 199](#) (Kit Malthouse MP)

129 The Town and Country Planning (General Permitted Development) (England) Order 2015 ([SI 2015/596](#))

130 [Q 129](#) (Tom Kenny)

131 National Audit Office, *Planning for new homes* (February 2019) p 11: <https://www.nao.org.uk/wp-content/uploads/2019/02/Planning-for-new-homes.pdf> [accessed 11 February 2019]

has not performed detailed checks as to whether local authorities have spent the additional income generated on planning.”<sup>132</sup>

105. The Minister also raised the fact that capacity could be a problem for local authorities as they may occasionally need “a level of expertise and a senior planner which it would not necessarily have on a day-to-day basis.” His preferred solution for this was to pool that central expertise so that it could be shared between local authorities.<sup>133</sup> The NAO’s investigation into the planning system found that the Department did not understand the extent of the skills shortages and only has “patchy” data on staff numbers.<sup>134</sup>
106. *The Government should give powers to local authorities to set their own planning fees up to cost. Local authorities should ensure that additional fees are retained by planning departments.*

### Housing for older generations

107. Gareth Lyon, Head of Policy and Communications at the Associated Retirement Community Operators (ARCO) told us that the UK had much lower levels of people living in retirement communities than comparable countries. He stated that in “Australia, New Zealand and the US, between five per cent and six per cent of older people live in retirement communities. In the UK, that figure is 0.5 per cent to 0.6 per cent.”<sup>135</sup> One positive feature of retirement communities is that they reduce overall care costs:

“The cost of providing lower level social care in a Retirement Community has been found to be £1,222 (17.8 per cent) less per person per year than providing the same level of care in the wider community. The cost of providing higher level social care has been found to be £4,556 (26 per cent) less per person per year. NHS costs reduce by 38 per cent for those moving into Retirement Communities, an average saving of £1,114.94 per person per year. This relates to GP visits, nurse visits, and hospital visits.”<sup>136</sup>

108. One problem that stops more retirement communities from being created is the inconsistency of planning use class assigned to them. Care homes are classified as C2 whilst regular houses are classified as C3. Properties classified as C2 can face fewer planning restrictions as to where they are built and have fees waived.<sup>137</sup> ARCO states:

“There is a large body of case law and precedent confirming that genuine housing-with-care schemes often fall within the C2 use class, as they are capable of delivering high levels of care to older people. However, there is much confusion and inconsistency between different councils’ approaches to specialist older people’s housing-with care in terms of what Use Class such specialist accommodation falls within.”<sup>138</sup>

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132 *Planning for new homes*, p 39

133 [Q 201](#) (Kit Malthouse MP)

134 *Planning for new homes*, p 41

135 [Q 122](#) (Gareth Lyon)

136 Written evidence from ARCO ([IFP0014](#))

137 Harrison Clark Rickerbys Solicitors, ‘C3 or not C3? Planning use classes for retirement housing’ (November 2016): <https://www.hcrlaw.com/blog/c3-not-c3-planning-use-classes-retirement-housing/> [accessed 28 January 2019]

138 Written evidence from ARCO ([IFP0014](#))



109. Age UK presented a slightly different case, stating that “the debate around whether there should be reforms to planning gain rules to incentivise retirement developments is finely balanced, and it can be argued they should make a reasonable contribution to affordable homes for lower income groups and community infrastructure costs, especially developments at the top end of the market.” It suggests instead that there should be a focus on a wider range of housing options for older people, including properties built to higher accessibility standards and encouraging the development of integrated age friendly homes and communities that bring younger and older generations together.<sup>139</sup> On our visit to Doncaster we saw the positive effect that extra care housing can have by offering somewhere that can provide care whilst still helping residents remain part of the local community. As these facilities can provide care it is not clear why they are not more consistently classified for the basis of planning in the same use case as care providers. In the long-term, as ARCO recommends,<sup>140</sup> it may make sense for them to have their own specialised planning use case.
110. *The Government should issue guidance clarifying that extra care retirement communities fall within the C2 use class as they are capable of delivering high levels of care to older people and so should be treated as the same planning use class as care homes.*

#### Planning for each generation

111. Different age groups can have differing housing needs and it is important for these to be considered. ARCO told us that currently only 11 per cent of Local Plans in England and Wales have specific policies to address older people’s housing needs, with only four per cent of plans including land allocations for housing for older people. This is despite the expectation that 30 per cent of the population will be over 65 by 2036.<sup>141</sup> The Minister told us that two thirds of local planning authorities have no older people’s accommodation in their local plan. However, he stated that under the National Planning Policy Framework, local authorities are supposed to consider the needs of older people in their area and that this had not happened yet because we “are in a transition phase on planning.”<sup>142</sup> The National Planning Policy Framework specifies that:
- “the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes).”<sup>143</sup>
112. The Minister suggested that as plans are submitted to inspectors they will be assessed on whether they have a sound evidence base.<sup>144</sup> However, he did not state that a failure to consider the needs of older people would lead to inspectors rejecting the local plan. It is too early to say whether the new

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139 Written evidence from Age UK (IFP0047)

140 Written evidence from ARCO (IFP0014)

141 *Ibid.*

142 Q 196 (Kit Malthouse MP)

143 Ministry of Housing, Communities & Local Government, *National Planning Policy Framework*, CP 48, February 2019, p 17: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/779764/NPPF\\_Feb\\_2019\\_web.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/779764/NPPF_Feb_2019_web.pdf) [accessed 4 April 2019]

144 Q 196 (Kit Malthouse MP)

National Planning Policy Framework, updated in February 2019, with new guidance on this subject, will change this.<sup>145</sup> Care & Repair England summarised the current state: “Planning policy and Building Regulations are currently failing to systematically address population ageing through building better homes that meet people’s needs across the lifecycle.”<sup>146</sup> Younger people’s needs are not currently explicitly considered as part of the framework.

113. Whilst it is important for the housing needs of different age groups to be considered, we do not believe that this should be done by creating separated housing for each group, but instead by creating mixed communities with housing that is appropriate for different ages. We heard from Simon Gallagher, Planning Director at MHCLG, that the Government is looking at how good design can help create mixed communities that will survive in the long-term because it generates engaged communities.<sup>147</sup> Tom Kenny told us that by designing places that are suitable for older people, planners can create places that work better for people with young children and for disabled people as the same features help each group. He stated that:

“If we are going to create compact, appropriate-density mixed-use developments with good links to public transport, we need to make them adaptable so that they can be converted if need be. If we are going to build this type of housing, we should try to build it everywhere, and for everyone, because it is just better.”<sup>148</sup>

Planning for all ages requires including attractive and accessible public space and facilities, the importance of which we discuss in Chapter 6.

114. *The Government should issue planning guidance to recommend that local plans consider the needs of younger people alongside the existing specified demographics.*
115. *The Government should ensure that local plans have specific policies to address the needs of younger and older people. If the new National Planning Policy Framework’s requirement that local authorities consider these issues does not achieve this, then the Government must take more direct action.*

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145 Ministry of Housing, Communities & Local Government, ‘Housing and economic needs assessment’: <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments> [accessed 4 April 2019]

146 Written evidence from Care & Repair England (IFP0020)

147 Q 99 (Simon Gallagher)

148 Q 127 (Tom Kenny)

## CHAPTER 4: EDUCATING GENERATIONS FOR THE 100-YEAR LIFE

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116. One in three of today's babies will live to see their 100th birthday.<sup>149</sup> This stark demographic fact, whilst being a positive reflection of modern lifestyles and technology, has profound implications for our working lives. The three-stage model of life created in the 20th century of 'education, work, retirement' is no longer suitable with the prospect of careers that may span over 60 years.<sup>150</sup> We need to think in much more multifaceted terms: more of us will have a multistage career, where we will need to frequently update what we are learning to make this possible. We are not adequately educating today's young people for their longer working lives. Access is scarce to quality education and adequate funding outside of full-time undergraduate university education up to age 21. In the current system, too many young people do not get the right skills to start with and then, as they grow older, do not have access to the skills training they need to stay employable in a changing workplace. The Economist Intelligence Unit rated the UK tenth out of 50 economies in its 'Worldwide Educating for the Future Index', behind countries such as Canada, the Netherlands, Germany and France.<sup>151</sup>

### Education in schools

117. Young people face a range of financial decisions early on in life, for which they need to be adequately prepared. This matters on both a personal and societal scale: better informed citizens would be able to make informed financial decisions that support the functioning of the economy. Participants in our Contact Group also expressed a desire for a broader education for young people, including the non-academic skills they would need after leaving school. These concerns came from across the age ranges. We heard from Lewis Addlington-Lee, Deputy Chair of the British Youth Council, that young people want:

“a proper curriculum for life, by which I mean a curriculum that not only provides people with learning around the core subjects but teaches young people about things like mortgages and taxation and first aid.”<sup>152</sup>

118. The provision of financial education has been the source of much attention in recent years.<sup>153</sup> It is not our wish to overburden schools, many of whose resources are already stretched to breaking point. Universities might seem

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149 Office for National Statistics, 'What is my life expectancy and how might it change?': <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandlifeexpectancies/articles/whatismylifeexpectancyandhowmightitchange/2017-12-01> [accessed 15 January 2019]

150 Q 57 (Professor Andrew Scott)

151 The Economist Intelligence Unit, 'The Worldwide Educating for the Future Index 2018: Building tomorrow's global citizens': <https://educatingforthefuture.economist.com/> [accessed 20 March 2019]

152 Q 163 (Lewis Addlington-Lee)

153 The All-Party Parliamentary Group (APPG) on Financial Education for Young People recommended strengthening school provision of financial education (APPG on Financial Education for Young People, *Financial Education in Schools: Two Years On: Job Done?* (May 2016) p 9: <https://www.young-enterprise.org.uk/wp-content/uploads/2019/02/APPG-on-Financial-Education-for-Young-People-Final-Report-May-2016.pdf> [accessed 3 April 2019]). The House of Lords Select Committee on Financial Exclusion devoted their attention to the issue of financial education in schools, and found it wanting. (Select Committee on Financial Exclusion, *Tackling financial exclusion: A country that works for everyone?* (Report of Session 2016–17, HL Paper 132). In November 2018, Martin Lewis OBE and the financial education charity Young Money published the first curriculum-mapped financial education textbook. This was supported, but not funded by the Government. All 3,400 state-funded schools in England received 100 free copies of the textbook.

an obvious point in the lifecourse for this financial education, given that they already provide much practical careers advice and some pastoral care. However, this would exclude the 50 per cent of young people who do not go to university,<sup>154</sup> whose routes through life immediately after leaving school are less clear. We believe that all young people should have some basic financial understanding before leaving school at age 16.

119. On our visit to Doncaster, we heard from young apprentices working with St Leger Homes that one of their key concerns was housing and homelessness. They told us that after leaving school they felt they did not know enough about how social renting and the private rental sector worked, or the options available if they had trouble affording housing. One of their key recommendations was that schools should do a better job of preparing young people to deal with the issue of housing when they enter the world of work. The Peabody Trust recommended “more housing education and awareness of welfare benefits and budgeting should be delivered within schools.” It suggested this could be designed by housing providers.<sup>155</sup> Local authorities may also be well placed to follow best practice in distributing information about local services that can provide help should young people find themselves in an uncertain financial or housing situation.
120. The Minister of State for Apprenticeship and Skills, the Rt Hon Anne Milton MP, stated that some provision, both compulsory and optional, of financial education was available for schools, saying:

“Financial literacy is compulsory in schools ... Schools can include teaching financial education in Personal, Social and Health Education (PSHE) if they want to. There are a number of online tools ...”<sup>156</sup>
121. Anne Milton’s statement that financial literacy is compulsory in schools needs some clarification. Financial education is currently split across the Maths and Citizenship curriculums, as well as within the non-statutory element of Personal, Social, Health and Economic (PSHE) education. Financial education is not compulsory in schools, but rather forms part of the National Curriculum as part of the non-statutory citizenship education taught in local authority-maintained schools, but not free schools or academies. Housing education could come within PSHE. However, the Government provides no standardised frameworks or programmes of study for PSHE and only sex and relationship education within the subject are statutory. We believe the financial aspects to be important, but we understand the risks of overload and that when there is resource pressure, the non-statutory elements are dropped first.
122. Anne Milton also told us that while Ofsted does not have to report on Citizenship, it does report on teaching and that Citizenship “is treated as equal to, the same as, any other subject in school.”<sup>157</sup> A previous select committee found that subjects on which Ofsted do not report and are

154 Department for Education, Participation Rates in Higher Education: Academic Years 2006/07–2016/17 (September 2018) p 3: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/744087/Main\\_text\\_participation\\_rates\\_in\\_higher\\_education\\_2006\\_to\\_2017.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/744087/Main_text_participation_rates_in_higher_education_2006_to_2017.pdf) [accessed 4 January 2019]. The Higher Education Initial Participation Rate for 2016/17 was 49.8 per cent.

155 Written evidence from Peabody Trust (IFP0023)

156 Q 220 (Anne Milton MP)

157 Q 221 (Anne Milton MP)

not prioritised in school league tables tend to be neglected by schools.<sup>158</sup> Citizenship is therefore not treated in the same way as other subjects that are in the English Baccalaureate or subjects which Ofsted has a statutory duty to inspect, as the Minister suggested. Further to this, the House of Lords Communications Committee, in its report *Growing up with the Internet*, recommended “that the Government should make PSHE a statutory subject, inspected by Ofsted.”<sup>159</sup> We endorse this recommendation.

123. Anne Milton told us she was more concerned about the number of young people leaving school without basic numeracy or literacy skills and that “29 per cent of young people leave school without a good pass in English and Maths. Financial literacy only works if you can do a certain basic level of Maths.”<sup>160</sup> Such longstanding failure to deliver basic skills does not excuse sending young people into an independent life improperly equipped.
124. Our intention is not to blame schools or overburden them with preparing students with a financial education. Qualifications in English and Maths must take precedence. However, we must not shy away from empowering young people to feel able to support themselves and their families by equipping them with financial and housing knowledge. Young people need to be able to make sound financial judgements and must have access to good, impartial advice. Otherwise, we risk raising generations of young people who do not understand basic financial processes, particularly those relating to housing and debt.
125. We understand that financial education may be a source of anxiety for teachers, who may not feel they have sufficient expertise in the subject to teach it adequately. The All-Party Parliamentary Group (APPG) on Financial Education for Young People found that only 17 per cent of secondary school teachers have personally received, or are aware that a colleague has received, training or advice on teaching financial education, yet 58 per cent would like to receive more training in this area.<sup>161</sup> Efforts need to be made to improve teacher confidence and skills in this area. Schools might look to the wider community to aid them with this. Organisations such as Citizens Advice, local employers and older volunteers may be well placed to engage with young people in schools. Where schools do not have the resources to train teachers in this area, local authorities might be well placed to provide them with information to signpost students to relevant advisory bodies.
126. *The Government should ensure that young people are provided with sufficient education about housing and other practical finance matters before leaving school. The Government should make PSHE a statutory subject inspected by Ofsted. Increased housing and financial education within PSHE would be helpful. Local organisations should, where possible, be brought into schools to signpost young people to suitable financial education resources, including relevant advisory bodies.*

158 Select Committee on Citizenship and Civic Engagement, *The Ties that Bind: Citizenship and Civic Engagement in the 21st Century* (Report of Session 2017–19, HL Paper 118)

159 Communications Committee, *Growing up with the internet* (2nd Report, Session 2016–17, HL Paper 130)

160 *Q 221* (Anne Milton MP)

161 APPG on Financial Education for Young People, *Financial Education in Schools: Two Years On: Job Done?* (May 2016) p 8: <https://www.young-enterprise.org.uk/wp-content/uploads/2019/02/APPG-on-Financial-Education-for-Young-People-Final-Report-May-2016.pdf> [accessed 28 March 2019]



### Further Education

127. After school, the choices young people make about their education have a profound impact on the path their lifecourse will take. The Association of Colleges commented that spending is falling as a share of GDP and that “the root of the problem in state-funded education is public spending restraint at a time when demand and need is rising.”<sup>162</sup> Research from the Institute for Fiscal Studies (IFS) concurs with this assessment on Further Education. They find that school sixth forms have faced budget cuts of 21 per cent per student since their peak in 2010/11 and Further Education colleges have seen a cut of eight per cent per student. They highlight that by 2019/20, funding per young person in Further Education will be around the same as in 2006/07: only 10 per cent higher than it was 30 years earlier in 1989/90. Spending per student in school sixth forms will be lower than at any one point since at least 2002. They also report that total funding for adult education and apprenticeships has fallen by 45 per cent since 2009/10.<sup>163</sup> Julian Gravatt, Deputy Chief Executive of the Association of Colleges, told us that the people losing out most as a result of these cuts are those “young adults who do not go to Higher Education, because the Government have found a solution to the funding of Higher Education, which is not really quite there for the other 50 per cent of the age group.”<sup>164</sup>
128. We have heard that undergraduate degrees have been allowed to dominate post-18 education. This might not be in students’ or the country’s best interest, and it has failed to create an effective market.<sup>165</sup> Simon Kelleher, Head of Education and Skills at Policy gave young people who leave school with very few qualifications at a low level as an example of a challenge facing a particular group, where age intersects with other issues to compound damage.<sup>166</sup>
129. The complexity of Further Education pathways and funding demonstrates, at a practical level, the undervaluing of the sector compared with Higher Education. University students have a single point of access via the UCAS process, while Further Education students and apprentices must seek out and apply to several individual providers. Matthew Percival, Head of Group, Employment and Employee Relations at the CBI said that, “One of the main things that makes it difficult for people to progress and move up in the labour market is the absence of a ladder of the same strength on technical education as there is on academic qualifications.”<sup>167</sup> Paul Johnson, Director at the IFS told us that his one recommendation to the Government would be looking at:
- “ ... young people going into the labour market who are not going through Higher Education. The more I look at this, the more angry it makes me. There is no clear route through, there are tiny numbers of higher-level apprenticeships for 18 year olds ... A lot of them are funnelled into Higher Education where, actually, they may not get very

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162 Written evidence from Association of Colleges ([IFP0044](#))

163 Institute for Fiscal Studies, *2018 Annual Report on Education Spending in England* (September 2018) pp 46–47: <https://www.ifs.org.uk/uploads/publications/comms/R150.pdf> [accessed 28 March 2019]

164 [Q 57](#) (Julian Gravatt)

165 Written evidence from Lord Forsyth of Drumlean ([IFP0061](#))

166 [Q 57](#) (Simon Kelleher)

167 [Q 186](#) (Matthew Percival)

much benefit, and a lot of them find it much easier to get a very low-skilled job rather than to go into a career with appropriate training.”<sup>168</sup>

130. The House of Lords Economic Affairs Committee’s Report, *Treating Students Fairly: The Economics of Post-School Education*, concluded that “Further Education is the poor relation to Higher Education and its position has been weakened and undermined by reductions to its budgets and a complex funding structure.”<sup>169</sup> The Minister of State for Apprenticeships and Skills agreed that there is a long-enduring “intellectual snobbery” surrounding Further Education. We concur with the Minister’s and the House of Lords Economic Affairs Committee’s assessment that Further Education is undervalued by society; greater social value and respect should be accorded to those with practical skills. In Doncaster we spoke to young apprentices and participants on the St Leger Homes World of Work (WoW) programme, who had faced stiff competition in applying for their apprenticeships and were learning specialist trades such as roofing and engineering. They stressed the opportunity and self-esteem gained by having these skills. The value of such technical and craft skills cannot be overstated.
131. One specific form of Further Education is apprenticeships. There have been many changes in apprenticeship policy since 2015. The Association of Colleges stated that there “are good reasons for each individual change though negative consequences from some. Implementing several big changes at the same time has a disruptive impact in a cumulative way.”<sup>170</sup> In 2015, the Government created a 2020 vision strategy for apprenticeships. This included the aspiration that apprenticeships would become “a high quality and prestigious route path to a successful career”<sup>171</sup> available in all parts of the country, in all sectors and at all levels. These policy changes are detailed in Box 2 below.

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168 Q 27 (Paul Johnson)

169 Q 59 (Julian Gravatt)

170 Written evidence from Association of Colleges (IFP0044)

171 Department for Business, Innovation and Skills, *English apprenticeships: Our 2020 vision* (December 2015) p 10: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/482754/BIS-15-604-english-apprenticeships-our-2020-vision.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/482754/BIS-15-604-english-apprenticeships-our-2020-vision.pdf) [accessed 29 March 2019]

**Box 2: Changes in apprenticeship policy since 2015****The Apprenticeship Levy (2015)**

Around 20,000 employers with payrolls above £3 million pay £2.6 billion a year to HMRC. This means that public spending on apprenticeships is now funded by a tax on employers rather than from general taxation.

**Digital Apprenticeship Service (2016)**

Levy paying employers can register on the Digital Apprenticeship Service (DAS) and access an account which allows them to allocate up to 110% of their levy payments and use these to commission apprenticeship training. Levy funds expire after 24 months. From April 2018, levy paying employers can transfer 10% of their levy funds to another employer under certain conditions.

**New apprenticeship funding system**

The Education and Skills Funding Agency introduces a new funding formula, a new register and a new rulebook for training including requirements for 20 per cent off-the-job training for all apprenticeships and a minimum 10 per cent fee for apprentices in smaller non-levy paying employers.

**Training content**

A new regulator, the Institute for Apprenticeships oversees a programme to introduce new apprenticeship standards to replace all existing frameworks. There are 562 apprenticeship standards in development, 277 of which are approved for delivery. All new apprenticeships involve end-point assessment by external organisations.

Source: *Written evidence from the Association of Colleges (IFP0044)*

132. We have heard of the difficulty that employers, particularly SMEs, face in navigating this system. The Chairman of the House of Lords Economic Affairs Committee, Lord Forsyth, suggested that smaller businesses face difficulty in taking on apprentices because “they need to be provided with the means—with local colleges—so that they can do this, knowing what they have to do and how to do it, and be given advice.”<sup>172</sup> Lina Bourdon, Chair of the Diversity Policy Unit at the Federation of Small Businesses (FSB) told us that 25 per cent of small businesses would consider taking an apprentice on board, but they are deterred by “complexity, paperwork, a lack of clarity on how to approach it and cost.”<sup>173</sup> We also heard from Matthew Percival that the apprenticeship levy has restricted the budget flexibility that businesses have in hiring apprentices, meaning fewer are hired.
133. The Government announced a number of reforms to apprenticeship funding in the 2018 Budget. These included £695 million to support apprenticeships, increases in the apprentice minimum wage and the transfer cap and a decrease in small business’ apprenticeship fees, from 10 per cent to five per cent.<sup>174</sup> The Government has also announced the creation of T-levels, which will be taught from September 2020 and are designed to provide a technical education equivalent to A-levels. A report by Policy Exchange on the introduction of T-levels is sceptical, however, that the lessons have been learnt from previous attempts at introducing technical education qualifications,

<sup>172</sup> [Q 118](#) (Lord Forsyth of Drumlean)

<sup>173</sup> [Q 87](#) (Lina Bourdon)

<sup>174</sup> *Budget 2018*, p 36, p 61, p 79

particularly in how T-levels are supposed to link to apprenticeships.<sup>175</sup> In 2018 the Government announced the ‘Augar Review’ of post-18 education and funding. This is due to report in ‘early 2019’. We look forward to the results of the review and hope that they will address the clearly inadequate funding of vocational and Further Education.

134. In its 2019 report on the apprenticeships programme, the NAO found that recent reforms in the apprenticeship programme mean that the Department for Education “now has a better, more holistic approach to assessing the benefits of the programme.”<sup>176</sup> However, it finds that the Government is very unlikely to meet its target of three million apprenticeship starts by 2020. Most worryingly, one third of apprentices covered by inspections in 2017/18 were being trained by providers rated by Ofsted as ‘inadequate’ or ‘requires improvement’. This does a disservice to those young people entering the world of work, or those apprentices who are reskilling for a longer working life.
135. *The apprenticeship system is confused. It is not adequately serving young people or apprentices retraining later in life. Apprenticeships should develop skills for those who need them, including routes to technical and craft careers. Resources raised via the levy should not be used to rebadge training that would occur anyway. There is too little monitoring and too little focus on quality and outcomes. We note the number of changes in the system in recent years, but do not believe failed experiments should be used as a pretext for deferring effective reform. The Government must improve the quality of apprenticeships to deliver real skills for lifelong and fulfilling careers and ensure they are focussed on those young people, and re-trainers, who are not well served by other education routes. It must review and remove reported bureaucratic barriers to the provision of apprenticeships by employers.*
136. *The Government should substantially increase funding for Further Education and vocational qualifications. Many students would be better served by pursuing vocational educational pathways. The current system of funding and access is inefficient, complex and risks perpetuating unfairness between those who access Higher Education and those who do not. We must rebalance the value attributed to Higher Education and Further Education.*

### Higher Education

137. The introduction of high tuition fees for those who choose to pursue Higher Education at universities has put another strain on the intergenerational compact. The first generation of young people who have had to pay for their full-time undergraduate education is entering the workforce having amassed large debts. The participants from our Contact Group who were students, or had children or grandchildren who were students, were especially worried about this. However, tuition fee debt does not function in the same way as

175 Policy Exchange, *A Qualified Success: An investigation into T-levels and the wider vocational system* (February 2019): <https://policyexchange.org.uk/wp-content/uploads/2019/02/A-Qualified-Success.pdf> [accessed 6 March 2019]

176 National Audit Office, *The apprenticeships programme* (March 2019) p 11: <https://www.nao.org.uk/wp-content/uploads/2019/03/The-apprenticeships-programme-Summary.pdf> [accessed 6 March 2019]

other debt and is written off 30 years after the loan is taken out. We heard that mortgage providers treat tuition fee debt more like a tax than a debt.<sup>177</sup>

138. Most graduates will not pay off the full debt they take on. This is due to two of the elements of the loan system. Graduates only pay contributions on earnings in excess of £25,000. This protects people on low incomes and ensures that those on wages close to the UK average pay the least. However, throughout the loan period, interest accrues at the unacceptably high rate of RPI plus zero to three per cent. This has a regressive effect as individuals with the highest incomes who pay off all their debt quickly will pay less than many of the others who contribute for the full 30 years.
139. We must ask if these debts are always incurred to practical personal benefit. What particularly concerned the young participants of the Contact Group was the insufficiency of a degree alone in finding employment. There was a mismatch between the jobs they had been expecting and the jobs that were available. Newcastle University Institute of Health and Society also found that young graduates perceived a mismatch between the jobs they were expecting and the low-skill, low paid jobs they were finding.<sup>178</sup> Higher Education had been presented to our young Contact Group participants as the only viable route to a good job. Yet it was felt that better available jobs were needed to justify going to university and incurring large debts. The issue of unpaid internships and the ‘extras’ necessary to find a job was brought up, due to the crowding of graduate markets. This perspective of the qualified utility of the university path for many was corroborated by many pieces of written evidence that we received.<sup>179</sup>
140. Research conducted by the IFS finds that the relative labour market returns for graduates vary significantly depending on course and institution. It finds that graduates from Russell Group universities have earnings 10 per cent higher on average for women and 13 per cent higher on average for men than graduates of other institutions with the same observable characteristics. The highest performing courses also offer earning returns of around double the average degree, while the lowest performing courses offer returns around 40 per cent below the average degree for women and 50 per cent below the average for men.<sup>180</sup> The think tank Onward similarly found that “university represents extremely poor value for money for some graduates”, with 40.6 per cent of graduates in 2016–17 studying subjects with expected median earnings of less than £25,000 (the repayment earnings threshold) after five years.<sup>181</sup> In a 2017 report, the Chartered Institute of Personnel and Development (CIPD) concluded that for graduates outside of vocational subjects such as medicine, dentistry and veterinary studies, and STEM subjects, it is questionable whether the benefits of getting a degree outweigh the costs.<sup>182</sup>

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<sup>177</sup> Q 12 (Lord Willetts)

<sup>178</sup> Written evidence from Newcastle University Institute of Health and Society (IFP0024)

<sup>179</sup> Written evidence from Graduate Fog (IFP0027), Older Feminists Network (IFP0032), Young Fabians (IFP0045) and Newcastle University Institute of Health and Society (IFP0024)

<sup>180</sup> Institute for Fiscal Studies, *The relative labour market returns to different degrees* (June 2018) p 38, p 39, p 47: <https://www.ifs.org.uk/uploads/publications/research%20summaries/Graduate%20earnings%20summary.pdf> [accessed 22 January 2019]

<sup>181</sup> Onward, *A Question of Degree* (January 2019) p 12: <https://www.ukonward.com/wp-content/uploads/2019/01/J6493-ONW-A-Question-Of-Degree-190104.pdf> [accessed 7 January 2019]

<sup>182</sup> CIPD, *The graduate employment gap: expectations versus reality* (November 2017) p 7: [https://www.cipd.co.uk/Images/the-graduate-employment-gap-2017-expectations-versus-reality\\_tcm18-29592.pdf](https://www.cipd.co.uk/Images/the-graduate-employment-gap-2017-expectations-versus-reality_tcm18-29592.pdf) [accessed 7 January 2019]



141. Nevertheless, we accept that the value of Higher Education is not easily quantifiable. A liberal, open-minded education should produce intelligent graduates with the necessary enterprising and creative skills to make a success of employment and to deal with complexity, diversity and change. Our serious concern is that the potentially higher value of alternative pathways for many individuals, and access to the wider labour market, is not sufficiently recognised, or supported.
142. **The qualifications that young people leave education with do not always match the needs of the labour market. Post 16 educational providers and the bodies that regulate them should seek to link educational outcomes more closely to the labour market.**

### Lifelong learning

143. Concern over poor vocational education is not restricted to young people. There are fewer people involved in continuing education, a recognised key pathway to help adults retrain,<sup>183</sup> and part-time Higher Education participation is plummeting. The concept of lifelong learning is regressing at a time when we need skilled people of all ages to gain employment, a situation that is made even more pressing when considered in the context of the 100-year life. We heard from Dr Eliza Filby, Visiting Fellow at King's College London, that the education received at age 21 is insufficient in equipping people for a working life that may span over 65 years.<sup>184</sup> The evidence we heard from Professor Andrew Scott, Professor of Economics of London Business School, supported this, stating that:

“I cannot think of anything that I can learn at 20 that will probably still be relevant when I am 70. We will have to think about a multistage career, where people need to continually change what they are doing and what they are learning. If you impose technological change on this longevity, you can see that the implications for the skills provision are pretty extensive.

There are two main challenges: what do we teach young people if they are going to be working into their 70s, and how do we create a system where people can continually learn and update their skills throughout their life?”<sup>185</sup>

144. We have heard from young people that they feel insecure because they have not left school with the skills needed for the labour market,<sup>186</sup> and employers have painted a similar picture.<sup>187</sup> Similarly, older people may feel insecure in the labour market as their skills become outdated without retraining.<sup>188</sup> According to the CIPD, the proportion of employees who undergo job-

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183 Written evidence from Association of Colleges ([IFP0044](#))

184 [Q 161](#) (Dr Eliza Filby)

185 [Q 57](#) (Professor Andrew Scott)

186 [Q 163](#) (Lewis Addlington-Lee). Written evidence from Healthwatch Essex ([IFP0011](#)) and Alison Peel ([IFP0009](#)). The directors at Doncaster Council and the younger participants in our contact group were concerned about the mismatch in skills obtained in education and those required by the job market.

187 CBI, *Skills needs in England: The employer perspective* (October 2018): <https://www.universitiesuk.ac.uk/policy-and-analysis/reports/Documents/2018/skills-needs-in-england-the-employer-perspective.pdf> [accessed 3 April 2019]

188 Centre for Ageing Better, *A silver lining for the UK economy? The intergenerational case for supporting longer working lives* (February 2018) p 32: <https://www.ageing-better.org.uk/sites/default/files/2018-02/Silver-lining-UK-economy-crucial.pdf> [accessed 7 January 2019]

related education or training drops off among employees aged 60 or over.<sup>189</sup> Lifelong learning and training may be important in improving productivity, particularly as older people stay in the workforce for longer and become a greater proportion of the workforce.

145. The Government claims it has prioritised reskilling the workforce.<sup>190</sup> Yet spending on adult education, outside apprenticeships and offender learning, fell from £2.8 billion in 2010–2011 to below £1.4 billion in 2015–2016.<sup>191</sup> In the 2015 spending review, the Government promised to protect the budget at £1.5 billion until 2020, but this is a cut in real terms. Depending on provision level and employment status, many people over the age of 23 have to co-fund their education<sup>192</sup> and the funding structure of adult education is set to become more complex, with the Department for Education (DfE) to devolve around £700 million (about 50 per cent of the adult education budget) in 2019–2020 to six Mayoral Combined Authorities and Greater London Authority.<sup>193</sup>
146. The National Retraining Scheme (NRS) is the Government’s flagship lifelong learning scheme. In the autumn 2018 Budget, the Chancellor pledged £100 million for its first phase, which aims to help adults access lifelong learning and obtain the skills they need for new careers.<sup>194</sup> Sinead O’Sullivan, Director of Career Learning, Analysis, Skills and Student Choice from the DfE told us that the scheme is “targeted ideally at adults already in employment who are potentially at risk because they are in a sector that is declining.”<sup>195</sup> These sectors are the construction industry and digital sector. Julian Gravatt suggested that adult education was a “very confusing picture” and pointed out that the NRS, which is a DfE-led initiative, works separately to the DWP and that these different programmes are not completely joined up, and are hard for people to access.<sup>196</sup>
147. The Scheme has been criticised because of the lack of clarity as to whether it is employer led, or participant led. Dr Susan Pember assessed the NRS in March 2018 and concluded that an employer-led NRS would exclude millions of adults who are not employees, including workers on zero-hours contracts, agency and temporary staff.<sup>197</sup> Lina Bourdon warned us that those who are self-employed are often an afterthought of policymakers.<sup>198</sup> Similarly, the Government’s Fuller Working Lives strategy is employer-

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189 Written evidence from the Chartered Institute of Personnel & Development ([IFP0050](#))

190 HM Government, *Industrial Strategy: Building a Britain fit for the future* (November 2017) p 11: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/664563/industrial-strategy-white-paper-web-ready-version.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/664563/industrial-strategy-white-paper-web-ready-version.pdf) [accessed 1 February 2019]. In its 2017 Industrial Strategy White Paper, the Government declared one of its key policies to be reskilling people and “harnessing the power of innovation to help meet the needs of an ageing society”.

191 House of Commons Library, *Adult further education funding in England since 2010*, Briefing Paper [Number 7708](#), March 2019

192 Education & Skills Funding Agency, *Adult education budget: funding and performance management rules* (July 2018) p 23: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/733335/2018-19\\_AEB\\_funding\\_pm\\_rules\\_July.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/733335/2018-19_AEB_funding_pm_rules_July.pdf) [accessed 30 January 2019]

193 Written evidence from Association of Colleges ([IFP0044](#)). HM Government, *Adult education budget (AEB) devolution* (November 2018): <https://www.gov.uk/guidance/adult-education-budget-aeb-devolution> [accessed 29 March 2019]

194 *Budget 2018*, p 61

195 [Q 46](#) (Sinead O’Sullivan)

196 [Q 61](#) (Julian Gravatt)

197 Dr Susan Pember, *Shaping the new National Retraining Scheme* (March 2018) p 3: <https://www.campaign-for-learning.org.uk/Handlers/Download.ashx?IDMF=c072b847-c124-4f37-a670-de7d989b1cb9> [accessed 17 January 2019]

198 [Q 85](#) (Lina Bourdon)

led. The Fuller Working Lives strategy profiles the demographic change facing the UK and presents the opportunities and challenges that an ageing workforce has on employers. We strongly believe that the NRS should be able to meet the needs of all adults, regardless of labour market status.

148. Dr Pember's report concludes that, "the NRS has yet to be assigned a role or its position in the existing 18+ education and training landscape."<sup>199</sup> Both the Minister and Sinead O'Sullivan were unable to give us specific information about the NRS, other than that it was to be 'bespoke' and was still in development. We were surprised that the Minister of State for Apprenticeships and Skills remarked that the concept of lifelong learning "strikes fear in my heart and always has done. It does for a lot of people."<sup>200</sup> We disagree.
149. The Government must incentivise people to participate in lifelong learning. How it intends to do this is, like much of the scheme, as yet unclear. Other countries use credit-based systems that allow individuals to use their credits to access training. We believe this may be an option to explore. We were cautioned to be realistic about what employers could do. Other witnesses said that it is important for state-run institutions to be run alongside employer training.<sup>201</sup> The Rt Hon The Lord Willetts suggested that Universal Credit provided an opportunity for a monitoring system to target retraining at those who are not in employment and that local jobcentres could run such schemes.<sup>202</sup> The Centre for Ageing Better told us that the NRS is a "welcome first step" which should be extended to other sector deals and should also be aligned with funding streams with work and health, to support those facing health-related challenges to working longer to retrain into new, more suitable roles.<sup>203</sup>
150. The upcoming government review of post-18 education provides an opportunity for the Government to take a wide definition of post-18 education outside of undergraduate degrees. We trust that the Government will use this moment to consider seriously a coherent lifelong learning strategy, of which the National Retraining Scheme may be part.
151. **Lifelong learning is a cause for serious concern. We are concerned that existing policy is inadequate and will not meet the need for growth. Lifelong learning over the lifecourse will become more important as more people lead longer working lives. The Government is failing to grasp the scale of lifelong learning required to cater for people living longer and for technological change.**
152. *The Government's National Retraining Scheme should be extended and scaled up to prepare for the challenges of an ageing workforce and technological development. This should be targeted throughout the lifecourse and must adequately reach those who are not employees.*
153. *The Government should consider new incentives to encourage people in lifelong learning. The National Retraining Scheme alone will not suffice. The Government should implement a cohesive lifelong learning strategy following on from the results of the review of post-18 education.*

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199 *Shaping the new National Retraining Scheme*, p 6

200 [Q 215](#) (Anne Milton MP)

201 [Q 88](#) (Lina Bourdon, Kate Bell)

202 [Q 10](#) (Lord Willetts)

203 Written evidence from Centre for Ageing Better ([IFP0049](#))

## CHAPTER 5: WORKING IN THE 100-YEAR LIFE

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154. The three-stage model of life created in the 20th century of ‘education, work, retirement’ is no longer suitable with the prospect of careers that may span over 60 years.<sup>204</sup> We need to think in much more multifaceted terms: more of us will have a multistage career, where we will need frequently to change what we are doing and what we are learning to make this possible. This need for a shift in thinking becomes more profound in the context of technological change and advancement, the total impact of which we cannot yet precisely predict. We have received evidence that showed while both employers and employees recognise the benefits of having age-diverse teams, most employers are failing to plan for an ageing population.<sup>205</sup> We therefore turn our attention to how a new, multistage model might be conducted.

### Pay progression

155. By historic standards, youth unemployment is low. The UK’s youth unemployment rate of 11.2 per cent in July to September 2018 was lower than the rate of 15.1 per cent for the European Union as a whole, although this ranges from 6.2 per cent in the Czech Republic and Germany to 37.5 per cent in Greece.<sup>206</sup> However, many young people face worrying problems with pay progression. The incomes of younger people have fallen more than for other age groups since the financial crisis a decade ago.<sup>207</sup> Research from the Intergenerational Commission suggests that cohort-on-cohort pay progress has stalled, with the oldest cohort of millennials recording earnings at age 30 only slightly higher than the cohort born 15 years before them.<sup>208</sup> It states that pay progress was declining even before the crisis, and that one of the roots of the decline is a slowdown in the rate of skills improvement.
156. Despite the public perception that young people move around frequently between jobs, this is not borne out by the data. Kate Bell, Head of Rights, International, Social and Economics Department at the TUC, suggested that one of the reasons young people’s pay progression is so poor is that job-to-job moves have diminished substantially, even though “moving job can often be the best way to increase”<sup>209</sup> pay. She also stated that a lack of a sense of security in their current living situation, such as the inability to get onto the property market, might be holding young people’s progression back. Other potential reasons for this lack of pay progression that have been suggested are the concentration of young workers in low paying jobs, a lack of access to skills development and that young people are particularly vulnerable to insecure work.<sup>210</sup>

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204 [Q 57](#) (Professor Andrew Scott)

205 Written evidence from CIPD ([IFP0050](#)) and Centre for Ageing Better ([IFP0049](#))

206 House of Commons Library, Youth Unemployment Statistics, Briefing Paper [Number 5871](#), March 2019

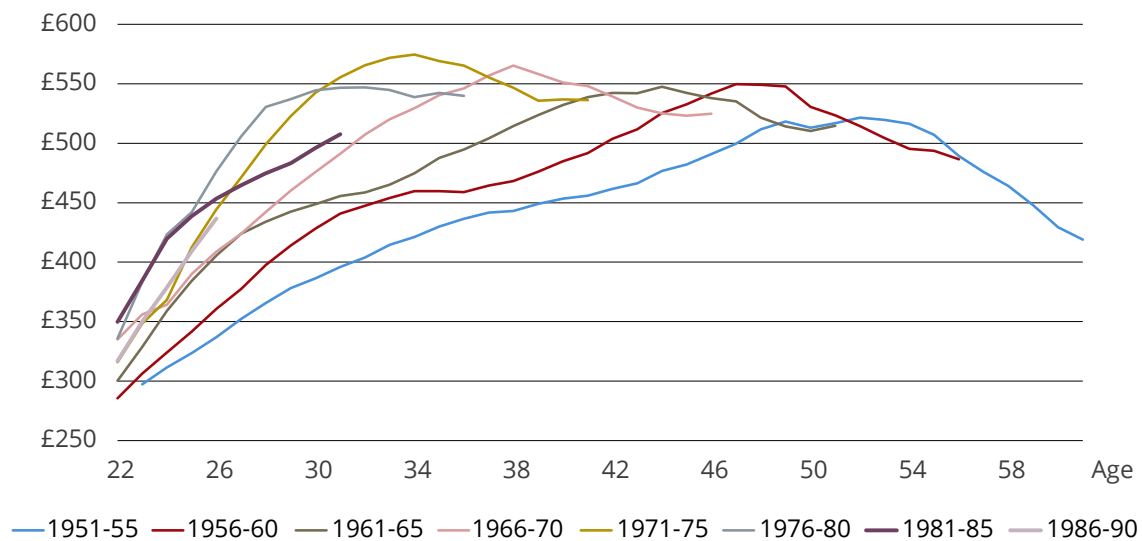
207 Written evidence from Intergenerational Foundation ([IFP0042](#)) and TUC ([IFP0046](#))

208 The Intergenerational Commission, A New Generational Contract: The final report of the Intergenerational Commission (May 2018) p 10: <https://www.resolutionfoundation.org/app/uploads/2018/05/A-New-Generational-Contract-Full-PDF.pdf> [accessed 15 January 2019]

209 [Q 87](#) (Kate Bell)

210 Written evidence from The Intergenerational Foundation ([IFP0042](#))

**Figure 4: Median real weekly employee pay (CPIH-adjusted to 2017 prices), by age and cohort: UK, 1975–2017**



Source: The Intergenerational Commission, *A New Generational Contract: The final report of the Intergenerational Commission* (May 2018): <https://www.resolutionfoundation.org/advanced/a-new-generational-contract/> [accessed 30 January 2019]

157. It is not clear whether—or indeed, how—policy should seek to encourage young people to change jobs more often. These are questions of personal choice. However, low paid workers should have opportunities to progress into higher-paying roles without having to leave their employer. This re-emphasises the importance of in-work training and continuing education. In their 2014 Policy Report, the CIPD recommended that employers should increase opportunities for progression by ensuring that people on low pay know who to have meaningful discussions with about pay progression, and by routinely asking employees if they want to progress and setting up skills packages to enable progression with an organisation.<sup>211</sup>
158. We have also received evidence that older workers had experienced a lack of pay progression; we heard from Age UK that low- to middle- income older workers have also seen poor income growth in the last eight years.<sup>212</sup>
159. We do not doubt that stagnant pay progression presents a worry at every age, but we have seen that slow pay progression is a particularly acute concern for young people, and that this might have serious consequences for their progression through life. YouGov conducted a survey of 1,422 young workers aged 21–30 for the TUC in May 2018.<sup>213</sup> They found that in the preceding year alone, 41 per cent had to ask their family or friends for financial help due to a shortage of money. More than one fifth of respondents had put off starting a family, and over a quarter had put off changing careers again

211 CIPD, *Pay progression: Understanding the barriers for the lowest paid* (October 2014) p 31: [https://www.cipd.co.uk/Images/pay-progression\\_2014-understanding-the-barriers-for-the-lowest-paid\\_tcm18-10970.pdf](https://www.cipd.co.uk/Images/pay-progression_2014-understanding-the-barriers-for-the-lowest-paid_tcm18-10970.pdf) [accessed 15 January 2019]

212 Written evidence from Age UK (IFP0047)

213 TUC, *Stuck at the start: young workers' impressions of pay and progression* (June 2018) p 5: <https://www.tuc.org.uk/sites/default/files/Stuck%20at%20the%20start-%20young%20workers%20progress%20and%20pay.pdf> [accessed 14 February 2019]



due to a shortage of money.<sup>214</sup> The nature and quality of work is important throughout the lifecourse, not least to ensure good outcomes for people later in life, both in terms of financial security and health.

160. The evidence we received from the Government acknowledged that younger generations are not experiencing the same earnings progression as seen by previous generations. It does not suggest any particular policy response to this trend, although it does mention that the DWP has a large randomised control trial on how to support those in low-paid work to progress through Universal Credit. This report has since been published and found mostly small or insignificant effects in earnings progression.<sup>215</sup>
161. **Slow pay progression is a particularly acute concern for young people. This is a real challenge, as slow pay progression can have serious consequences for progression through life. Business' best practice for encouraging pay progression should be shared. Acting on the recommendations proposed for lifelong learning will aid progression through the lifecourse.**

### Insecurity of the job market

162. We heard numerous times about worries that the labour market was becoming less secure. It is helpful, when thinking about insecure labour conditions, to define and differentiate between commonly used terms.

### Box 3: Common job market terms

**Flexible working:** A way of working that suits an employee's needs, for example having flexible start and finish times, or working from home.<sup>216</sup>

**Insecure employment:** Includes low-paid self-employment, workers on zero-hours contracts and insecure temporary work, for example agency, casual or seasonal work. Sometimes referred to as atypical employment.

**Gig economy:** A labour market characterised by the prevalence of short-term contracts or freelance work, as opposed to permanent jobs. Instead of a regular wage, workers get paid for the 'gigs' they do, such as a food delivery or car journey. Workers in the gig economy are not entitled to sick pay.

163. There was a widespread feeling among the Contact Group participants that zero- and low-hours contracts created a problem of insecurity. Younger people are disproportionately affected by insecure work, such as zero-hours contracts. There are an estimated 3.7 million people in the labour market in some form of insecure work.<sup>217</sup> 15–24 year olds are substantially more likely to be in temporary work than other age groups<sup>218</sup> and 36 per cent of people

214 *Stuck at the start: young workers' impressions of pay and progression*, p 4

215 Department for Work and Pensions, *Universal Credit: In-Work Progression Randomised Controlled Trial* (September 2018), p 9: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/739766/summary-universal-credit-in-work-progression-randomised-controlled-trial.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/739766/summary-universal-credit-in-work-progression-randomised-controlled-trial.pdf) [accessed 22 January 2019]

216 HM Government, 'Flexible working': <https://www.gov.uk/flexible-working> [accessed 31 January 2019]

217 **Q 85** (Kate Bell)

218 OECD, 'Data: Temporary employment': <https://data.oecd.org/emp/temporary-employment.htm#indicator-chart> [accessed 6 March 2019]

on zero-hours contracts are aged 16 to 24 years, compared to 11.4 per cent for all people in employment.<sup>219</sup>

164. Zero-hours contracts might work well for some young people, such as students who want part-time work. We heard that there is a lack of quantitative evidence surrounding those who want or are forced into zero-hours contracts. This is partly because it is a relatively new form of employment, but also because it is very hard to track people down.<sup>220</sup> Ian Brinkley, Interim Chief Economist at the CIPD, suggested that “probably both” business’ and employees’ desire for flexibility has driven the growth of zero-hours contracts and that in averaging out four surveys on zero-hours contracts, “you probably have something close to a third saying that they do not want to be on them, and two-thirds who say they are indifferent or suit them very well.”<sup>221</sup>
165. Certainly, the flexibility that such atypical employment offers is attractive to some, and therefore we should not look to abolish such contracts completely. 19 per cent of those on a zero-hours contract are in full-time education and around 63 per cent of workers on zero-hours contracts do not want to work more hours.<sup>222</sup> Yet we have heard that young people often want much the same outcomes as other workers.<sup>223</sup> Our concern is the implications they might have on some young people’s progression through the lifecourse. Research submitted to us by the Young Women’s Trust highlighted the potential suitability of this work in addition to other vocations, such as studying, but that this type of employment was not as secure as a full-time career.<sup>224</sup> The lack of security offered by this type of employment on a sustained basis means that people have less access to training and development and there is no steady source of income. This last consequence results in limited access to mortgages, and difficulty in getting into the private rental sector market.
166. **Insecure employment is concentrated in the younger part of the age spectrum. While this may not be a problem if insecure work is performed alongside studies, it poses a problem when it accounts for a young person’s only source of employment.**
167. We heard that workers currently in the ‘gig economy’ are often compulsorily pushed into self-employment. Professor Stephen Machin, Director at Centre for Economic Performance, LSE, suggested that one striking feature of the good employment performance since 2008 had been “that almost all of the increase in the number of jobs has been in self-employment positions” and told us that:

“Part of that is the increase in the number of people in the gig economy in, if you like, this hinterland between self-employment and employment, this independent contractor status, which has become increasingly hazy. This is a very important feature of the way the labour market has been evolving over time, with lots of people now classified as self-employed who may not have been classified as self-employed in the past.”<sup>225</sup>

219 Office for National Statistics, ‘Contracts that do not guarantee a minimum number of hours: April 2018’: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/articles/contractsthatdonotguaranteeaminimumnumberofhours/april2018> [accessed 6 March 2019]

220 Q 22 (Professor Stephen Machin)

221 Q 76 (Ian Brinkley)

222 House of Commons Library, Zero-hours contracts, Briefing Paper [Number 06553](#), August 2018

223 Q 183 (Matthew Percival)

224 Written evidence from the Young Women’s Trust ([IFP0037](#))

225 Q 22 (Professor Stephen Machin)

168. The House of Commons Work and Pensions Committee completed two inquiries in 2017 on ‘atypical’ work. The Committee concluded that many companies in the gig economy were using existing laws to “propagate a myth of self-employment”, and that the “apparent freedom companies enjoy to deny workers the rights that come with employee or worker status fails to protect workers from exploitation and poor working conditions.”<sup>226</sup> The Committee suggested that there should be an assumption of the employment status of ‘worker’ by default, meaning the rights and protections that come with this status could be enforced. These rights include receiving the National Minimum Wage and the statutory minimum level of paid holiday.
169. We endorse this recommendation, from the perspective that it will particularly benefit young people. Looking across the lifecycle, insecure work means that young people cannot benefit from employee contributions towards their pensions. Young people would also miss out on pension contributions obtained through auto-enrolment on pension schemes with an employer. This poses the risk of long-term insecurity: today’s young workers will be tomorrow’s retirees. This is but one of the negative consequences of such workers being given ‘self-employment’ status.
170. *Denying workers the rights that come with worker status fails to protect them from exploitation and poor working conditions. This disproportionately affects younger people. There should be an assumption of the employment status of ‘worker’ by default, in order to make the rights and protections that come with this status enforceable, without interfering with the rights of those who genuinely wish for self-employed status to adopt it.*
171. On 17 December 2018 the Government published its Good Work Plan, following up on the work of the Taylor review and responding to the consultation the Government conducted on employment status. Following the consultation, the Government has taken up many of the recommendations and has committed to bring appropriate legislation forward. The Government has said that it has also commissioned independent research to find out more about those with uncertain employment status, which will help us to understand how best to support them when bringing forward legislation.<sup>227</sup> However, the Good Work Plan does not include any timetable setting out when this research will be conducted and when they plan to bring forward legislation.
172. Non-standard, insecure work has become more common since the financial crisis in many countries. The Resolution Foundation conducted a cross-country comparison of policy responses to an increase in insecure work. Some countries act to minimise either the existence of insecure work or the negative consequences; thus, France and Norway have implemented restrictions on non-guaranteed hours, while Australia has increased the cost of such work. The Resolution Foundation concluded that “specific

226 Work and Pensions Select Committee, *Self-employment and the gig economy* (Thirteenth Report, Session 2016–17, HC 847)

227 HM Government, *Good Work Plan*, Cm 9755, December 2018, p 10: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/766167/good-work-plan-command-paper.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/766167/good-work-plan-command-paper.pdf) [accessed 21 January 2019]

employment restrictions appear the most common and straightforward way of limiting non-standard work.”<sup>228</sup>

173. **The timetable should be released for when the research commissioned into those workers with uncertain employment status will be published and when it will make a decision on bringing forward legislation.**

### Flexible working and mid-life career reviews

174. In Box 3, we distinguished insecure, atypical working from flexible working. Several written submissions suggested that longer working lives would only be possible if there were more flexible and part-time opportunities for people.<sup>229</sup> Increased provision of flexible working is important for intergenerational fairness for a number of reasons. Firstly, as the length of people’s working lives increases, strategic workforce planning through flexible working arrangements can help older workers stay in the workforce for longer.<sup>230</sup> Secondly, as older generations age, middle generations may find themselves as ‘sandwich carers’, with caring responsibilities for both older and younger generations necessitating flexible working patterns.<sup>231</sup> Thirdly, as a new generation of workers enter the labour force with increased technological knowledge, flexible-working arrangements may become the norm. Quality part time or flexible work is in high demand,<sup>232</sup> but there is a lack of understanding surrounding flexible working by both employers and employees.
175. Kate Bell from the TUC told us that it is not only the existence of rights to request flexible arrangements that is important, but rather whether people are aware that such rights are “a reality in their workplace and how they can be empowered to actually ask for them.”<sup>233</sup> Lina Bourdon from the FSB suggested flexibility is more widely accepted and offered by small businesses.<sup>234</sup> Their informal arrangements often work well and in some cases are necessary for the viability of such small businesses. The CBI told us that there is greater awareness among employers, but for many it remains “quite scary” and that because of the variations in flexible working requests, “there is a bit of myth busting and awareness raising”<sup>235</sup> to do. More managers need to develop the ability to consider flexible working arrangements. We heard that many CBI members are taking action as a direct consequence of gender pay reporting.<sup>236</sup> If so, a similar measure could be introduced for flexible working, in order to raise awareness amongst employees and reassure employers.

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228 Resolution Foundation, *Atypical approaches: Options to support workers with insecure incomes* (January 2019) p 7: <https://www.resolutionfoundation.org/app/uploads/2019/01/Atypical-approaches-report.pdf> [accessed 21 January 2019]

229 Written evidence from United for All Ages (IFP0018), Centre for Ageing Better (IFP0049), CIPD (IFP0050), International Longevity Centre (IFP0051)

230 Q 67 (Dr Anna Dixon)

231 Q 78 (Professor Athina Vlachantoni)

232 Q 75 (Emma Stewart MBE). Emma Stewart MBE, CEO and Co-Founder of Timewise, told us that of the six million job vacancies that Timewise track every quarter, only 11 per cent are advertised as flexible.

233 Q 86 (Kate Bell)

234 Q 86 (Lina Bourdon)

235 Q 184 (Matthew Percival)

236 *Ibid.*

176. The right to request flexible working was introduced in the Employment Act 2002<sup>237</sup> and expanded in the Children and Families Act 2014.<sup>238</sup> The statutory right to request flexible working entitles employees who have been continuously employed for 26 weeks to apply for a change relating to their hours, times or location of work. The Prime Minister has asked employers to “make flexible working a reality for all employees by advertising all jobs as flexible from Day 1, unless there are solid business reasons not to.”<sup>239</sup> We also heard from civil servants that the Government has convened a flexible working task force that takes as its starting point “to look at recruitment and then follow on with other aspects of the employment life cycle.”<sup>240</sup> On 14 January, the task force launched its campaign to encourage UK employers to advertise jobs as flexible by using the strapline “Happy to talk flexible working” in job advertisements, regardless of level or pay grade.<sup>241</sup>
177. *The Government should work with employers to ensure that more jobs are advertised as flexible. The public sector is leading the way in flexible working. Wherever possible, public sector jobs should be advertised as flexible.*
178. We have heard support for the idea of a ‘mid-life MoT’ at the age of 50 as an opportunity to receive guidance ahead of retirement.<sup>242</sup> John Cridland’s Review of the State Pension Age recommended a ‘mid-life MoT’ in people’s late 50s and 60s to support the gradual transition to retirement. This would act as a trigger to encourage people to take stock, provide holistic advice to prepare for the transition and help workers to make realistic choices about work, health and retirement.<sup>243</sup> Specifically, the review recommended that the National Careers Service should develop, test and implement a national mid-life MoT programme and that the devolved administrations should consider similar arrangements. The Government stated that at present “DWP are only at the stage of considering the [MoT] policy and possible delivery implication of the mid-life MoT recommendation” and that work was happening cross-departmentally.<sup>244</sup> The National Careers Service currently delivers mid-life career reviews via employers, but this relies on employers taking up the offer.
179. Dr Anna Dixon, Chief Executive of the Centre for Ageing Better, said that in very early case studies of the mid-life MoT, most employers who offered such support were larger employers who had the capacity to provide such a service. She highlighted that these organisations will reach their employees, but “the question is how we ensure that the people who are most likely to benefit from that sort of conversation get access to it.”<sup>245</sup> Mid-life MoTs must

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237 Employment Act 2002, [section 47\(1\)\(a\)](#)

238 Children and Families Act 2014, [Part 9](#)

239 HM Government, ‘Prime Minister announces new drive to end the gender pay gap’ (October 2017): <https://www.gov.uk/government/news/prime-minister-announces-new-drive-to-end-the-gender-pay-gap> [accessed 1 February 2019]

240 [Q 45](#) (Mark Holmes)

241 CIPD, ‘Government and employers unite to kick-start flexible working’: <https://www.cipd.co.uk/about/media/press/flexible-working-taskforce> [accessed 11 March 2019]

242 Written evidence from Age UK ([IFP0047](#)) and Centre for Ageing Better ([IFP0049](#))

243 Department for Work and Pensions, *Independent Review of the State Pension Age, Smoothing the Transition: Final Report* (March 2017) p 17: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/611460/independent-review-of-the-state-pension-age-smoothing-the-transition.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/611460/independent-review-of-the-state-pension-age-smoothing-the-transition.pdf) [accessed 18 January 2019]

244 Written evidence from HM Government ([IFP0058](#))

245 [Q 68](#) (Dr Anna Dixon)



engage with people whose employer would not offer a mid-life review. This might be achieved through contacts such as the NHS health check.

180. We also heard that such initiatives were most successful when they were part of an ongoing process, rather than a substitute for regular career reviews. We concur with Emma Stewart MBE, Chief Executive and Co-Founder of Timewise, who told us that mid-life MoTs were “really about trying to instil the culture within an organisation that goes beyond any specific legislative requirement, in order to make sure those conversations can be had on a regular basis.”<sup>246</sup> Reviews should be part of a continuous responsibility of the employer, rather than a one-off event. The Independent Review of the State Pension Age final report remarked that there is often no natural trigger point which encourages people to think about the sorts of questions which need to be answered in mid-life.<sup>247</sup> A mid-life MoT might provide this.
181. Earlier in this report we recommended that financial education was important to equip young people with sufficient financial knowledge to make informed decisions. Maintaining this financial knowledge is important at all stages of the lifecourse. Age UK reported that the MoT presents an opportunity for discussions on pensions and saving provision, to ensure a secure retirement.<sup>248</sup> In a similar manner to teachers’ signposting students to sources of financial advice, employers might point participants to further sources of information such as Pension Wise.
182. **Mid-life MoTs can play an important role in preparing people for a longer working life. Mid-life MoTs cannot be a one-off, discrete event, and are most effective when viewed as part of a process of good management. The Government’s efforts to encourage mid-life MoTs are in danger of missing those most in need of support, including individuals who work for employers that lack the capacity to provide mid-life MoTs and those outside the workforce. On the other hand, providing a single statutory MoT at a fixed age to every employee would lack flexibility and might lead to waste. If MoTs are to be introduced effectively, the Government needs to give a good deal more thought to how they should operate.**

### Ageism

183. There are an increasing number of older workers in employment; over the past three decades, employment rates among those ages 50 to 64 have risen from 66 per cent of men and 47 per cent of women in 1992, to 76 per cent of men and 68 per cent of women in 2018.<sup>249</sup> Moreover, as Figure 5 shows the increasing UK employment rate for those over 65. Whilst this is still low, at a little over 10 per cent, it has doubled in the last quarter century. This rise in employment rate is undoubtedly a positive, as employment brings with it many

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246 Q 80 (Emma Stewart MBE)

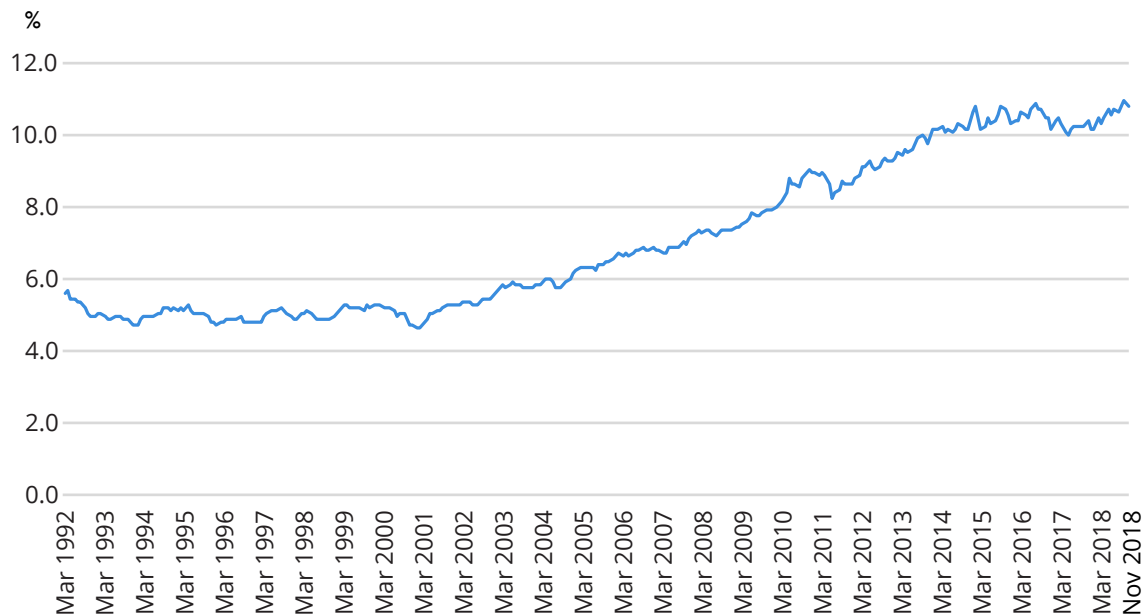
247 *Independent Review of the State Pension Age, Smoothing the Transition: Final Report*, p 100

248 Age UK, *Creating a ‘Career MOT’ at 50’: Helping people keep working and save for later life* (October 2017): [https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/active-communities/rb\\_oct17\\_creating\\_a\\_career\\_mot\\_at\\_50.pdf](https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/active-communities/rb_oct17_creating_a_career_mot_at_50.pdf) [accessed 21 January 2019]

249 Office for National Statistics, ‘Dataset: A05 NSA: Employment, unemployment and economic inactivity by age group (not seasonally adjusted)’: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/employmentunemploymentandeconomicinactivitybyagegroupnotseasonallyadjusted/a05nsa> [accessed 26 March 2019]

social and economic benefits. Yet, we have heard much evidence to suggest that ageism is still rife in the labour market, particularly in hiring decisions, and that this is a barrier to greater numbers of older people remaining in or seeking to re-join the labour market. The DWP found that there were almost one million individuals aged 50–64 that are not in employment but state that they are willing to, or would like to, work.<sup>250</sup>

**Figure 5: Age 65+ UK Employment Rate, 1992–2018**



Source: Office for National Statistics, ‘Dataset: A05 NSA: Employment, unemployment and economic inactivity by age group (not seasonally adjusted)’: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/employmentunemploymentandeconomicinactivitybyagegroupnotseasonallyadjusted/a05nsa> [accessed 30 January 2019]

184. Research by Professor Dominic Abrams, Dr Libby Drury and Dr Hannah Swift for the Equality and Human Rights Commission (EHRC) showed that “ageism is the most commonly experienced form of prejudice in the UK, with almost one in three people (26 per cent) reporting being unfairly treated because of their age.”<sup>251</sup> Age UK found that approximately one third of workers over 55 have experienced discrimination at some point.<sup>252</sup> This is borne out by several personal written submissions which contained personal experience of people over the age of 50 struggling to find work and facing what they perceived as ageism in doing so.<sup>253</sup> The Centre for Ageing Better identified that older workers are more likely to stay unemployed for the long-term, and in response called on the Government to do more to tailor employment support to older people.<sup>254</sup> Care England suggested that “one of the biggest challenges of this era is to move to a system that is age neutral

250 Department for Work and Pensions, *Fuller Working Lives: Evidence Base 2017* (February 2017), p 7: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/648979/fuller-working-lives-evidence-base-2017.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/648979/fuller-working-lives-evidence-base-2017.pdf) [accessed 20 March 2019]

251 Written evidence from Professor Dominic Abrams, Dr Libby Drury and Dr Hannah Swift (IFP0038)

252 Written evidence from Age UK (IFP0047)

253 Written evidence from Catherine Harris (IFP0001), Christine Williams (IFP0005), Alison Peel (IFP0009)

254 Written evidence from Centre for Ageing Better (IFP0049)

and where ageism is seen to be as unacceptable as racism, homophobia or any of the other equality categories” and that the EHRC was not countering ageism sufficiently.<sup>255</sup>

#### Box 4: EHRC definition of ageism

##### Age Discrimination

Age is one of the nine protected characteristics under the Equality Act 2010. Under the Equality Act, ageism is therefore being treated differently because of your age in one of the following situations:

- when you are in the workplace (including in recruitment)
- when you use public services like healthcare (for example, visiting your doctor or local hospital) or education (for example, at your school or college)
- when you use businesses and other organisations that provide services and goods (like shops, restaurants, and cinemas)
- when you use transport
- when you join a club or association (for example, your local tennis club)
- when you have contact with public bodies like your local council or government departments

ECHR guidance says that an employer can make a decision based on a person’s age, if they can show that it is objectively justified. In order to show that a decision is objectively justified, an employer must be able to show that there is a good reason for doing what they are doing, and that what they are doing is proportionate.

Stereotyping about a person’s age to make a judgement about their fitness or ability to do a job is illegal.

Source: Equality and Human Rights Commission, ‘Age discrimination’: <https://www.equalityhumanrights.com/en/advice-and-guidance/age-discrimination> [accessed 30 January 2019], Equality and Human Rights Commission, *What Equality Law Means for You as an Employer: When You Recruit Someone to Work For You* (April 2014) p 15: [https://www.equalityhumanrights.com/sites/default/files/what\\_equality\\_law\\_means\\_for\\_you\\_as\\_an\\_employer\\_-\\_recruitment.pdf](https://www.equalityhumanrights.com/sites/default/files/what_equality_law_means_for_you_as_an_employer_-_recruitment.pdf) [accessed 20 March 2019]

185. Some of our Contact Group members felt that older people staying in work reduced the number of jobs on offer for younger people. However, we have received evidence that there is no fixed number of jobs and that older people working longer did not reduce the number of jobs for young people.<sup>256</sup> This is the so-called “lump of labour fallacy”. We heard that remaining in the workforce helped older workers by maintaining confidence and preventing loneliness. The difference between the perception of members of the public and the statistical reality might play a part in fuelling the ageism that exists in the workplace. Research into ageism shows that it can also affect younger people,<sup>257</sup> but it tends to be in areas other than hiring decisions.

186. Professor Abrams, Dr Swift and Dr Drury concluded that ageism in the workplace can be a substantial barrier to individuals’ propensity to live long

<sup>255</sup> Written evidence from Care England (IFP0013)

<sup>256</sup> Q 71 (Dr Brian Beach, Dr Anna Dixon, Professor Jacqueline O’Reilly), Written evidence from Centre for Ageing Better (IFP0049)

<sup>257</sup> Written evidence from Professor Dominic Abrams, Dr Hannah Swift and Dr Libby Drury (IFP0038)

and full working lives.<sup>258</sup> The Women and Equalities Committee's report on Older people and employment concluded that:

“Ageism remains a significant problem within British society and is affecting the ability of people to continue working into later life, despite long-standing laws against age discrimination. Discrimination in recruitment is a significant problem and the public sector is not leading the way in the retention of older workers when it should be.”<sup>259</sup>

We endorse this conclusion.

187. The Women and Equalities Committee's report also concluded that the EHRC are failing to enforce the law on age discrimination and must be clearer that prejudice, unconscious bias and casual ageism in the workplace are all unlawful under the Equality Act 2010.
188. We have heard various positive examples of businesses that champion the inclusion of older workers, through conversations about flexibility and adaptation. Professor Abrams, Dr Swift and Dr Drury's research suggested that age discrimination can be reduced through increased contact between generations.<sup>260</sup> The workplace is a potential space for such intergenerational contact, featuring working towards common goals and cooperation. Positive contact in the workforce and beyond can help to reduce ageism in society more widely.
189. **Notwithstanding the increase in employment of older people, ageism remains a problem within British society and is affecting the ability of some people to continue working into later life, despite long-standing laws against age discrimination. Discrimination in recruitment is a particular problem. More should be done to recruit and retain older workers.**

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<sup>258</sup> *Ibid.*

<sup>259</sup> Women and Equalities Committee, *Older people and employment* (Fourth Report, Session 2017–19, HC 359)

<sup>260</sup> Written evidence from Professor Dominic Abrams, Dr Hannah Swift and Dr Libby Drury ([IFP0038](#))

## CHAPTER 6: ALL-AGE COMMUNITIES AS DRIVERS OF INTERGENERATIONAL FAIRNESS

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190. Contrary to a divisive narrative that is often pushed about a gulf between older and younger generations, we have heard messages of strong bonds between people across the lifecourse, and particularly within families. Much of the evidence we have heard has focussed on the importance and strength of intergenerational contact, which in turn strengthens the intergenerational compact. Yet the increased atomisation of our society poses a threat to intergenerational fairness. Loneliness is increasing at all stages of the lifecourse, which allows negative age stereotypes to proliferate. The most common response to the questions on community activity in our call for evidence was support for greater efforts to bring generations together and encourage contact. We believe that age diverse communities can provide a regeneration of intergenerational connection outside of the family setting and can play a crucial role in directly tackling the causes of intergenerational unfairness. At a time when investment in the public sector is in major decline, the potential of communities to support themselves should be enhanced by government. The potential that exists within communities to sustain activity needs to be liberated and the Government must ensure that it incentivises, rather than stifles this community activity. This would benefit all generations.

### The negative social consequences of age segregation

191. In Chapter 3, we discussed the need to create mixed age communities through thoughtful and long-term planning of housing provision. Research conducted by the Intergenerational Foundation found that age segregation is increasing; rural areas have aged nearly twice as rapidly as urban ones over the past 25 years and for the typical child in the 25 largest cities, only five per cent of their neighbours are now over 65.<sup>261</sup> We heard that this could have serious social consequences. Professor Elspeth Graham, Professor of Geography at the University of St Andrews, suggested that at the extreme, this segregation could threaten social cohesion, because people might vote for different self-interests, or age-related interests.<sup>262</sup> David Kingman, Senior Researcher at the Intergenerational Foundation, added that a political system based on age-segregated geographical representation would be likely to contribute towards political polarisation, given that age is now the most accurate demographic predictor of which way someone will vote.<sup>263</sup>
192. The rise in the private rental sector might also have contributed to a decrease in high quality intergenerational contact. Our Contact Group participants reported that opportunities for intergenerational contact were lessening due to the transience of neighbourhoods, which diminished opportunities to build relationships and networks. Where people cannot settle in a stable, long-term home, they are less able to forge meaningful connections. This may have a disproportionate impact on young people, who are most likely to be renting. Research by the ONS has found that renters reported feeling

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261 Intergenerational Foundation, *Generations Apart? The growth of age segregation in England and Wales* (September 2016) p 4: <http://www.if.org.uk/wp-content/uploads/2016/09/Generations-Apart-Report-Final-Web-Version-1.pdf> [accessed 22 January 2019]

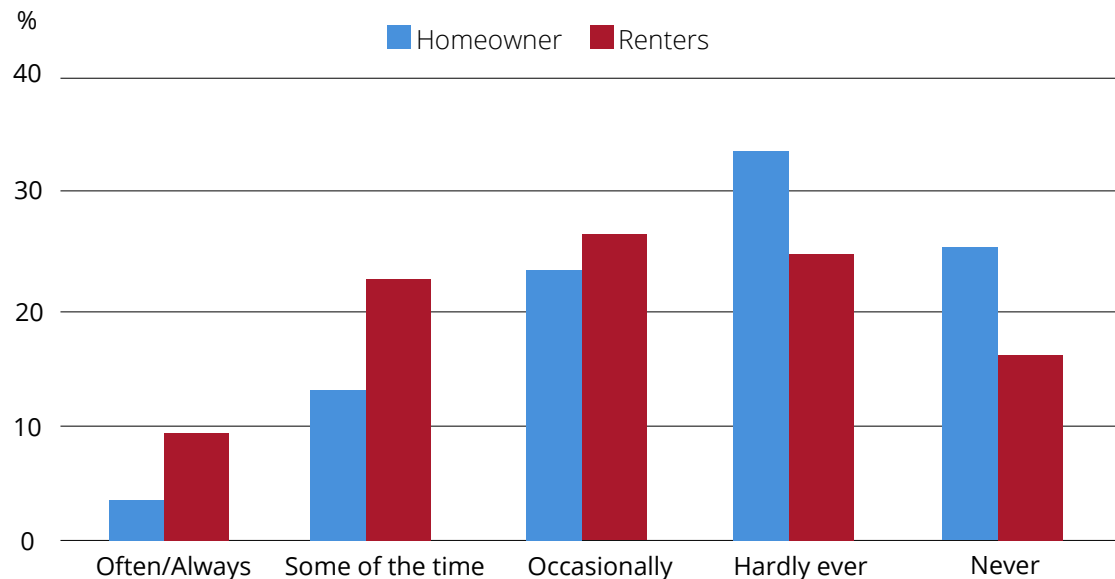
262 Q 133 (Professor Elspeth Graham)

263 Q 133 (David Kingman). In 2017, YouGov conducted analysis of over 12,000 people and found that age is the new key predictor of voting intention in British politics. YouGov, 'The demographics dividing Britain' (April 2017): <https://yougov.co.uk/topics/politics/articles-reports/2017/04/25/demographics-dividing-britain> [accessed 7 March 2019]



more lonely more often than home owners. People who feel they belong less strongly to their neighbourhood and people who have little trust of others in their local area also reported feeling lonely more often. There is an intergenerational disparity here; as we saw in Figure 2 and 3 in Chapter 3, young people are much less likely to own their home and cannot easily access social housing, so are left in the private rented sector. The ONS’s research also found that young renters with little trust and sense of belonging to their area are at particular risk from loneliness.<sup>264</sup>

**Figure 6: Reported frequency of loneliness by tenure (proportion)**



Source: Office for National Statistics, ‘Loneliness - What characteristics and circumstances are associated with feeling lonely?’: <https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/articles/lonelinesswhatcharacteristicsandcircumstancesareassociatedwithfeelinglonely/2018-04-10> [accessed 23 January 2019]

193. One diminishing source of intergenerational contact is found in the decline of the high street. According to analysis from *The Telegraph* in January 2019, 1,267 shops had been closed or earmarked for closure since January 2018.<sup>265</sup> A report on loneliness by the Co-op and British Red Cross concluded that the disappearance of social spaces, such as squares where people tend to congregate, can contribute to feelings of disconnection.<sup>266</sup> Given that many older people rely on accessing the high street as a source of maintaining contact with their community, which in turn prevents loneliness, this decline might disproportionately affect older people. In October 2018 the Government announced the establishment of a new £675 million Future

264 Office for National Statistics, ‘Loneliness—What characteristics and circumstances are associated with feeling lonely?’: <https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/articles/lonelinesswhatcharacteristicsandcircumstancesareassociatedwithfeelinglonely/2018-04-10> [accessed 23 January 2019]

265 Josh Wilson and Patrick Scott, ‘1,267 retail store closures and counting: tracking the high street’s miserable 2018’, *The Telegraph* (10 January 2019): <https://www.telegraph.co.uk/business/0/1300-retail-store-closures-counting-tracking-high-streets-miserable/> [accessed 11 January 2019]

266 Co-op and British Red Cross, *Trapped in a bubble: An investigation into triggers for loneliness in the UK* (December 2016) p 7: [https://assets.ctfassets.net/5ywmq66472jr/5tKumBSlO0suKwiWO6KmaM/230366b0171541781a0cd98fa80fdc6e/Coop\\_Trapped\\_in\\_a\\_bubble\\_report.pdf](https://assets.ctfassets.net/5ywmq66472jr/5tKumBSlO0suKwiWO6KmaM/230366b0171541781a0cd98fa80fdc6e/Coop_Trapped_in_a_bubble_report.pdf) [accessed 11 January 2019]

High Streets Fund to help local areas respond and adapt to changes.<sup>267</sup> The Campaign to End Loneliness has welcomed recent government investment in reviving the high street as an important step “towards keeping people connected to their communities.”<sup>268</sup>

194. The ONS finds that loneliness decreases with age, with younger people (16–24 year olds) significantly more likely to say that they are often or always lonely than older people (75+).<sup>269</sup> Rebecca Carter, Director of Strategy, Planning and Communications at The Challenge told us that from The Challenge’s experience of running programmes where younger and older people connect, “it is those two age groups who experience loneliness the most who may gain the most from it.”<sup>270</sup>
195. Research from Age UK shows that people are more likely to view older people as stereotypically warm or friendly rather than competent.<sup>271</sup> These patronising stereotypes of older people may undermine their opportunities. We also heard from our younger Contact Group participants that they are concerned about age stereotypes about younger people. They said they are often treated badly by older generations who either stereotype them as being ‘trouble’ or as being ‘soft’ and ill-equipped for reality. This was reflected in the evidence we collected from older people that our Contact Group participants spoke to, who said that younger generations are unprepared to sacrifice and save in order to plan for the future. Research conducted by Demos has found that false stereotyping of young people in the media and wider society has a negative effect on both their self-esteem and employment opportunities.<sup>272</sup>
196. Meaningful contact between members of different social groups can reduce age prejudice, stereotyping and discrimination.<sup>273</sup> Dr Libby Drury, Lecturer in Organisational Psychology at Birkbeck University of London, told us that segregation “can create a psychological barrier between younger and older people, and the more segregation that develops, the fewer skills that younger and older people have at interacting together.”<sup>274</sup> Un-nuanced and poorly designed opportunities for intergenerational contact might confirm such stereotypes, for example contact in a care home might confirm negative stereotypes of older people being dependent. Examples of positive meaningful contact were provided by witnesses, such as Iona Lawrence from the Cares Family, who explained the work of the Cares Family to bring generations together as equals to participate in activities and create

267 HM Treasury and MHCLG, ‘Future High Streets Fund’ (29 October 2018): <https://www.gov.uk/government/publications/future-high-streets-fund/future-high-street-fund> [accessed 29 March 2019]

268 Campaign to End Loneliness, ‘Response to Autumn Budget 2018’ (October 2018): <https://www.campaigntoendloneliness.org/press-release/campaign-to-end-loneliness-response-to-autumn-budget-2018/> [accessed 29 March 2019]

269 Office for National Statistics, ‘Loneliness—What characteristics and circumstances are associated with feeling lonely?’: <https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/articles/lonelinesswhatcharacteristicsandcircumstancesareassociatedwithfeelinglonely/2018-04-10> [accessed 23 January 2019]

270 [Q 145](#) (Rebecca Carter). The Challenge currently runs programmes such as the National Citizen Service, HeadStart and Step Forward.

271 Age UK, *Ageism in Europe: Findings from the European Social Survey* (June 2011) p 7: [https://www.ageuk.org.uk/Documents/EN-GB/For-professionals/ageism\\_across\\_europe\\_report\\_interactive.pdf?dtrk=true](https://www.ageuk.org.uk/Documents/EN-GB/For-professionals/ageism_across_europe_report_interactive.pdf?dtrk=true) [accessed 23 January 2019]

272 Demos, *Introducing Generation Citizen* (February 2014) p 46: [https://demosuk.wpengine.com/files/Generation\\_Citizen\\_-\\_web.pdf?1392764120](https://demosuk.wpengine.com/files/Generation_Citizen_-_web.pdf?1392764120) [accessed 23 January 2019]

273 Written evidence from Professor Dominic Abrams, Dr Libby Drury and Dr Hannah Swift ([IFP0038](#))

274 [Q 147](#) (Dr Libby Drury)

connections.<sup>275</sup> The Challenge also highlighted the work that they do through the National Citizens Service to generate meaningful interactions through social action.<sup>276</sup> Further examples of specific initiatives that aim to sustain communities to the benefit of young and old are detailed in Box 5 below.

### The power of community action

197. Local communities are best placed to tackle social problems in their area. They can find innovative solutions that are specifically tailored to tackle local issues. This can range from tackling loneliness in older people to providing the skills that younger people need.

#### Box 5: Innovative ways community run activities are tackling intergenerational divides

Alive told us how their work to bring children in local schools and older people living in care homes together had resulted in positive outcomes for both groups. They told us that visits from children lift the spirits of socially isolated residents, improving their mental health and general wellbeing, and that children learn about many different aspects from the past.<sup>277</sup>

Participants in our Contact Group from Tower Hamlets praised the Bromley-By-Bow Centre, a project that combines a neighbourhood hub with a medical practice and a community research project. The participants felt that it was directed at all-ages of the community, rather than being a youth centre, and particularly praised the hub's ability to reduce the isolation of young mothers.

Local pubs are often the cornerstone of community activity. The Pub is the Hub campaign encourages rural pub owners, licensees and local communities to work together. It aims to support and retain essential local services, which, wherever possible, can be located within the pub itself, such as Post Offices and activities for older people.<sup>278</sup>

198. On 15 October 2018, the Prime Minister launched the Government's strategy to tackle loneliness, which set out a series of commitments to help all age groups build connections, including pledging £20 million of funding to support organisations that tackle loneliness. The strategy also encourages GPs to prescribe community activities to patients, provides funding for research into community-led housing projects and offer £1.8 million of funding to help local communities build social connections through community spaces.<sup>279</sup> The Government currently has a Cross Governmental Ministerial Group on Loneliness. This is chaired by the Minister for Sport and Civil Society. Part of delivering on the government strategy has been the creation and delivery of the £11.5 million Building Connections Fund, which has both a Main and Youth Strand.
199. We are encouraged that there has been a recognition of youth loneliness but are eager that there should be more focus on forging intergenerational connections. Our request to hear from a Department for Digital, Culture,

275 Q 145 (Iona Lawrence)

276 Written evidence from The Challenge (IFP0067)

277 Written evidence from Alive (IFP0036)

278 Written evidence from HM Government (IFP0058)

279 HM Government, *A connected society: A strategy for tackling loneliness—laying the foundations for change* (October 2018) p 11: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/750909/6.4882\\_DCMS\\_Loneliness\\_Strategy\\_web\\_Update.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/750909/6.4882_DCMS_Loneliness_Strategy_web_Update.pdf) [accessed 23 January 2019]

Media & Sport (DCMS) Minister on this and other intergenerational issues was rejected, despite the ministerial lead on the loneliness strategy being located in that department. When we questioned Ministers from MHCLG, DWP and DfE, none of them were able to answer questions on the Government's loneliness strategy, other than stating that there would be cross-departmental working. They were also not aware, until we prompted them, who was the lead on delivering the loneliness strategy since the previous Minister for Loneliness resigned. The current ministerial responsibility lies with the Minister for Civil Society, who at the time this report was published was Mims Davies MP. This suggests, despite the Government's written evidence stating, "Central government will provide national leadership on this [loneliness] agenda",<sup>280</sup> it is not a priority for the Government and cross-departmental working has not been successfully achieved.

200. The Government's written evidence suggested that the Loneliness Strategy is a foundation for a "generation of policy work". It pledges that the cross-government ministerial group will publish an annual progress report on the agenda, and that the Government will explore ways to embed consideration of loneliness as a factor when making new policies. It stated that the Government's intention is to "embed consideration of loneliness and relationships throughout the policy-making process."<sup>281</sup> All of this sounds encouraging but, given the poor quality of ministerial response we received, we remain sceptical and await further progress on the strategy to see if the Government is serious about tackling the intergenerational issue of loneliness.
201. **Community initiatives that bring generations together are an important way of cementing intergenerational bonds. These bonds provide support to both young and old members of communities where needed.**

#### **Facilitating community activity**

202. The Government's Civil Society strategy recognises that "Government alone cannot solve the complex challenges facing society, such as loneliness, rough-sleeping, healthy ageing or online safety."<sup>282</sup> The Government will have to work with Civil Society groups to encourage active communities to address such issues. In practice, this means giving communities enough space and resources to support themselves. We believe that active communities are the best way of encouraging intergenerational contact and ameliorating loneliness, which affects both young and old alike. Beyond this, community activity can also directly address the intergenerational skills and housing issues we have raised in this report. In order for communities to be active, government at all levels should be permissive and supportive.
203. The way we connect to each other has fundamentally changed in recent years. We were frequently told of the potential that social media held to connect families and neighbourhoods.<sup>283</sup> Any concern about technology's impact lay

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280 Supplementary written evidence from HM Government (IFP0062)

281 *Ibid.*

282 HM Government, *Civil Society Strategy: Building a future that works for everyone* (August 2018), p 12: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/732765/Civil\\_Society\\_Strategy\\_-\\_building\\_a\\_future\\_that\\_works\\_for\\_everyone.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/732765/Civil_Society_Strategy_-_building_a_future_that_works_for_everyone.pdf) [accessed 23 January 2019]

283 Written evidence from Alive (IFP0036), Age UK (IFP0047), Professor Irene Hardill (IFP0028)

mainly in the ability to access technologies, particularly for older people.<sup>284</sup> The importance of a shared physical space was stressed by the participants in the Contact Group, who told us that a shared technological space was a supplementary, not substitute, setting for intergenerational contact. This perspective was supported by the evidence we received from Alison Bailey.<sup>285</sup>

204. We heard many examples and proposals for the innovative use of existing spaces for community purposes. We heard that retirement communities could generate contact between generations by providing communal facilities for the wider community.<sup>286</sup> On our visit to Doncaster we heard from the staff of the Swallowdale Extra Care Facility that it was important to brand the facility as a housing scheme, rather than a retirement community or nursing home, in order to view the facility as part of the wider community. We heard from members of the Contact Group that school premises could be used outside opening hours as a site of community activity.
205. There could also be consideration given to alternative use of empty property that previously housed high street bank branches. Kit Malthouse MP told us that MHCLG has announced a new ‘Open Doors’ initiative in November 2018, which aims to facilitate landlords offering vacant high street properties for temporary community use.<sup>287</sup> We believe that empty publicly-owned bank branches, which are frequently landmark buildings on high streets, market squares and street corners, should be used as part of this initiative, to turn declining high streets into vibrant community hubs. Such buildings, by their nature secure and conveniently located, could offer a range of advice and services, including cash machines and points of contact for all banks, which otherwise are progressively deserting the public space frequented by the very people they are paid to serve. This has the potential to bring different generations together and alleviate loneliness.
206. The Government’s supplementary written evidence stated that DCMS will devote up to £1.8 million in funding to help local people maximise the potential of underutilised community spaces “in innovative and creative ways.”<sup>288</sup> It stated that this could include bringing existing space that is not currently available into use and piloting extended opening hours. The Government’s supplementary written evidence said that the Government “believes schools should support maximum use of their premises and facilities by the local community for meetings and events in the evenings, at weekends and during the school holidays”<sup>289</sup> and pledged that the Department for Education will also collect data on which schools already allow use of their premises, in order to understand how best to support other schools to do so. This advice was due to be updated in late 2018,<sup>290</sup> but no update has yet been published. The Northern Ireland Government Department of Education currently encourages schools to build stronger links with the communities they serve, by allowing their premises to be used by the community outside school hours.<sup>291</sup>

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284 Written evidence from Catherine Harris (IFP0001), Centre for Ageing Better (IFP0049)

285 Written evidence from Alison Bailey (IFP0034)

286 Written evidence from ARCO (IFP0014)

287 Supplementary written evidence from the Ministry of Housing, Communities and Local Government (IFP0075)

288 Supplementary written evidence from HM Government (IFP0062)

289 *Ibid.*

290 *Ibid.*

291 Northern Ireland Government Department of Education, ‘Community use of school premises’: <https://www.education-ni.gov.uk/articles/community-use-school-premises> [accessed 14 January 2019]



207. The Government's evidence provided examples of funding and support for community activity.<sup>292</sup> However, Ailbhe McNabola, Head of Research and Policy at Power to Change, suggested that, while government policy and existing legislation is supportive, "quite a lot rests with local government" because there lies much of the relationship between government and community organisations.<sup>293</sup> Dr Tom Archer, Research Fellow at Sheffield Hallam University, informed us that the community development function of local authorities had substantially decreased in recent years and that this decreased the ability to have community activity.
208. The Government's evidence suggested that its policy on Assets of Community Value could bring communities together. Hardip Begol, Director of Integration and Communities at MHCLG informed us that best practice is shared using the mycommunity.org.uk website, where voluntary organisations can go to find information "about the rights community organisations have in relation to their assets, good practice and case studies."<sup>294</sup> However, Stephen Rolph, Head of Community Assets and Enterprise at Locality, told us that there is not enough learning from what already exists. He stated that there is a need for 'myth-busting' with local authorities so that they can know how successful activity has been.<sup>295</sup>

### Box 6: Community assets

The Localism Act 2011 provides communities (defined as a group of 21 or more people within one locality) and parish councils with the right to register a building or piece of land as an 'Asset of Community Value', if the asset's principal use furthers their community's social wellbeing or social interests and is likely to do so in the future. This is known as the 'Right to Bid'.

Community assets can provide a suitable location for such community activity to take place, in accordance with the belief that community should revolve around a sense of place. The Government's evidence stated that, "Enabling more community ownership of assets has the potential for initiating more intergenerational connections."

Source: *Localism Act 2011, Part 5*

209. We heard that there was little reliable data on community assets, but that the situation was gradually improving. Dr Archer told us that the last large study of community assets took place in 2011.<sup>296</sup> Ailbhe McNabola stated that this was because approved community assets are published on local authorities' website, rather than the national website. Power to Change are working on a platform called Keep it in the Community, as "it is very difficult to find what assets have been listed in your area and what other people in your area are trying to energise around."<sup>297</sup> Only around 5,000 community assets are registered on the Keep it in the Community website thus far.<sup>298</sup> We believe that the accumulation of data on existing community assets is necessary to publicise good practice.

292 Written evidence from HM Government ([IFP0058](#))

293 [Q 141](#) (Ailbhe McNabola)

294 [Q 102](#) (Hardip Begol)

295 [Q 143](#) (Stephen Rolph)

296 [Q 139](#) (Dr Tom Archer)

297 [Q 138](#) (Ailbhe McNabola)

298 *Ibid.*

210. *Local authorities should share intergenerational best practice and publish practical examples and information relating to community-run services and community assets.*

### Box 7: Community libraries

Throughout our inquiry, we have been informed of numerous examples of community engagement with community-run services. On our visit to Doncaster, we heard how Doncaster Council previously ran 24 council-owned libraries; now only four of these libraries were council-owned, and the rest were run by communities. This means that facilities and activities will be different across community libraries because they could be adapted to meet the needs of the local area.

In 2017, DCMS conducted research and analysis of the effectiveness and sustainability of community managed libraries in England but were unable to reach any firm conclusions<sup>299</sup> because of a lack of information on the quantity and quality of community libraries. In moving forward with their strategies on loneliness and civil society, the Government should consider harnessing the innovation seen in community run libraries and support such community activity.

211. Many of these community-owned libraries described in Box 7 have developed out of local authority budget cuts. However, we have been impressed by the innovative community-centred and intergenerational manner in which they are run. The Government provides a good practice guide for community managed libraries, produced by the Libraries Taskforce, for people who run or are considering establishing community libraries.<sup>300</sup> We believe that community libraries provide an exemplary space for intergenerational activity; libraries are welcoming spaces that offer a safe, trusted and creative environment.
212. The Commission on the Future of Localism, a project run in partnership between Locality and Power to Change, suggests that there are a number of ways that government can act as a barrier to more community activity and that there are therefore ways they could improve. The Commission criticises top-down decision making when things are ‘done to’ communities which “reinforces a paternalistic relationship between citizens and the state.”<sup>301</sup> It also suggested that the Localism Act, followed by devolution deals across the country, helped bring greater control and involvement to communities but this was dependent on the co-operation of the local authorities involved. It stated that where councils are unsupportive, the Right to Challenge is insufficient to overcome the hurdles. The Minister for Housing was appreciative of this

299 Department for Digital, Culture, Media & Sport, *Research and Analysis to Explore the Service Effectiveness and Sustainability of Community Managed Libraries in England* (May 2017): [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/631715/Research\\_and\\_Analysis\\_to\\_Explore\\_the\\_Service\\_Effectiveness\\_and\\_Sustainability\\_of\\_Community\\_Managed\\_Libraries\\_in\\_England\\_-\\_May\\_2017.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/631715/Research_and_Analysis_to_Explore_the_Service_Effectiveness_and_Sustainability_of_Community_Managed_Libraries_in_England_-_May_2017.pdf) [accessed 31 January 2019]

300 HM Government, ‘Community managed libraries: good practice toolkit’: <https://www.gov.uk/government/publications/community-libraries-good-practice-toolkit/community-libraries-good-practice-toolkit> [accessed 19 March 2019]

301 Locality, *People Power: Findings from the Commission on the Future of Localism* (January 2018) p 16: <https://locality.org.uk/wp-content/uploads/2018/03/LOCALITY-LOCALISM-REPORT-1.pdf> [accessed 1 February 2019]

point and said that while the Government “can provide assistance and gentle coaxing, we have to be careful not to be too assertive.”<sup>302</sup>

213. Dr Thomas Moore, Lecturer in Planning at the University of Liverpool suggested that the main way in which the Government could support community activity was by providing long-term secure funding. He told us about the role of community housing organisations which provide affordable housing for young people and housing for older people that can alleviate loneliness. He criticised the Government’s existing community housing fund for only lasting until 2020 and suggested longer horizons were necessary. Dr Moore stated that if “we are serious about trying to help and support a thriving community housing sector, or more broadly a community asset sector, we have to make the resources available.”<sup>303</sup> The Minister was unable to answer if there was any prospect of the community housing fund running past 2020.<sup>304</sup> Rebecca Carter told us that one specific way that local government could help bring generations together would be not to allocate their funding by age group. She suggested that “rather than having a young person pot and an old person pot, why is there not a pot for activities that have mutual benefit across generations.”<sup>305</sup> Locality has called upon the Government to kick-start a community ownership fund, looking specifically at the dormant assets fund to provide for this<sup>306</sup> and we believe that this is a sensible resource on which to draw.
214. Initiatives such as community assets can provide innovative solutions to issues faced by communities. However, these initiatives are of little value in themselves without an active community to support and maintain them. There is some effort being made by the Government to facilitate community activity, yet much of this has not been seen through, or is not known about by the public. Many of these initiatives are small scale and do not represent a clear government strategy, especially for the most disadvantaged areas.
215. One of the messages our Contact Group requested we pass onto Ministers was that a more permissive environment should be created for local communities to organise activities. In the present situation, it was felt that such activity was often hindered by local authorities, who in turn were restricted by national government. This sentiment was best encapsulated on our visit to Doncaster. There was a strong belief from the people we met that the people within a community know that community better than people externally, and that this local knowledge should be harnessed wherever possible. We appreciate that striking a balance between support and the risk of paternalism is not always easy, yet it is one the Government must make, for the sake of the health of the intergenerational compact.
216. *At all levels, government should be an enabler of community activity. Both central and local government should concentrate on permitting and facilitating community activity, rather than strictly policing when and where it takes place.*
217. *The Government must ensure that there are long-term sources of funding available for community activity.*

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302 [Q 208](#) (Kit Malthouse MP)

303 [Q 141](#) (Dr Thomas Moore)

304 [Q 208](#) (Kit Malthouse MP)

305 [Q 150](#) (Rebecca Carter)

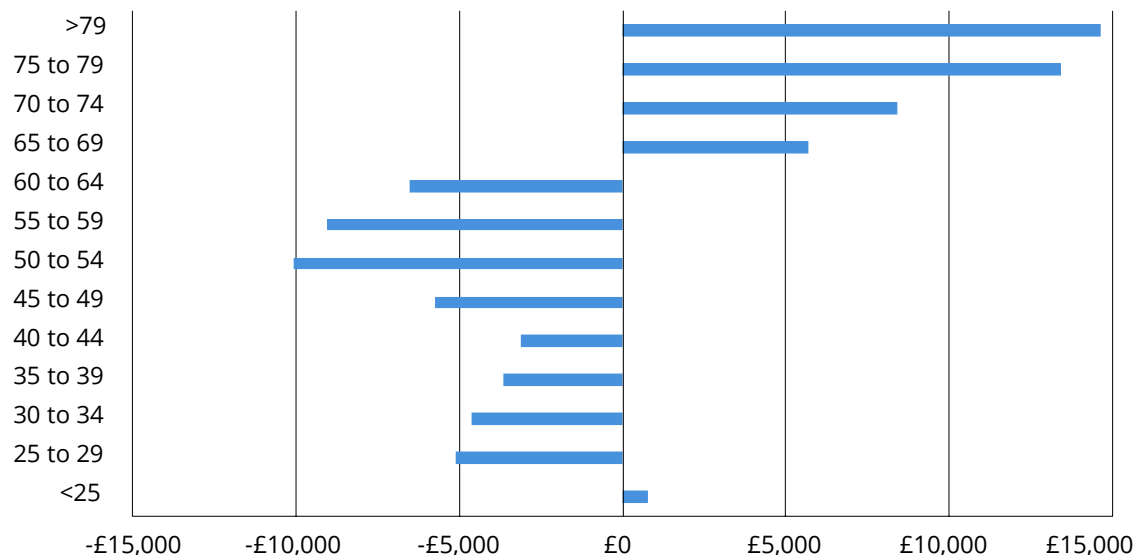
306 [Q 141](#) (Stephen Rolph)

## CHAPTER 7: INTERGENERATIONAL TAXATION

### Distribution of income and wealth

218. The tax and benefit system has the potential to shape fairness between generations by ensuring that generations do not pay in far less than they receive. In Chapter 2 we discussed the limitations of the published data on how the tax and benefit system affects different age groups. The ONS does not publish the effects of each tax and spending measure on different age groups. Nor does it publish longitudinal analysis to show how this has changed over time. It does, however, publish an overall summary of the effects of tax and benefits on households broken down by the age of a household representative<sup>307</sup> as set out in Figure 7. Figure 7 shows that broadly the tax system takes more than it gives throughout a working lifetime and reverses that trend once a person retires and is supported by the State Pension and receives more support from the National Health Service.

**Figure 7: Average net effect of the tax and spending by age of household representative**



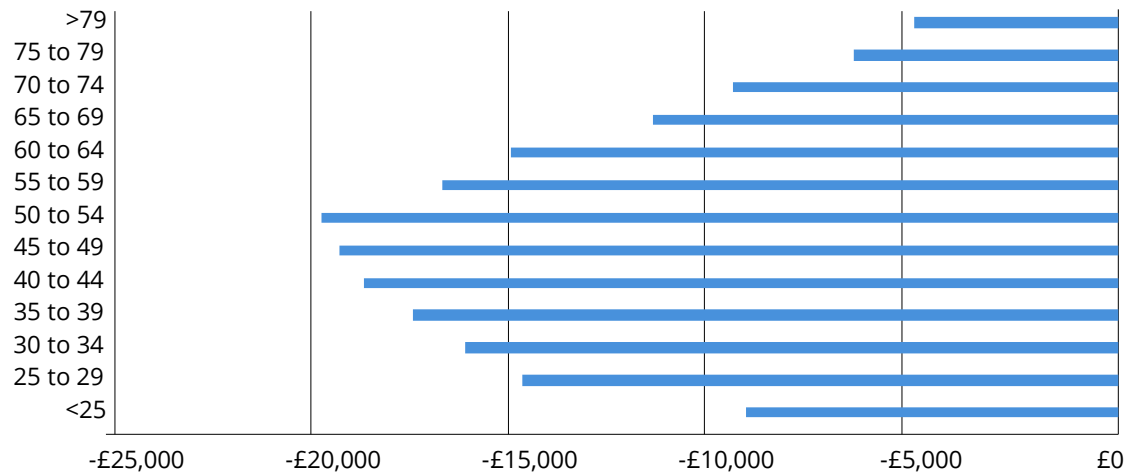
Source: Office for National Statistics, 'Effects of taxes and benefits on UK household income: financial year ending 2017': <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/theeffectsoftaxesandbenefitsonhouseholdincome/financialyearending2017> [accessed 31 January 2019]

219. Figure 8 shows how tax alone is split between different age groups. Individuals pay the most tax as they enter the later part of their working lives in their 50s and then once retired pay less tax than they paid in their working lives. The purpose of the social insurance system as designed by William Beveridge was that income from paid work would be taken through taxation and then paid out when that person was unable to work. As Professor Sir John Hills, Chair of Centre for the Analysis of Social Exclusion and Richard Titmuss Professor of Social Policy at LSE, describes it, "Much of what social policy does is still motivated by such life cycle variations in resources and

<sup>307</sup> The Household Representative Person (HRP) is the owner of the accommodation in which the household lives, the person legally responsible for that accommodation or if this responsibility is held jointly the individual with the highest income. If the accommodation is held jointly and incomes are equal then it is the older of the individuals who is the HRP.

needs.”<sup>308</sup> Although it may not be as well adapted to perform this function in the context of the 100-year life.

**Figure 8: Total direct and indirect taxation by age of household representative**



Source: Office for National Statistics, 'Effects of taxes and benefits on UK household income: financial year ending 2017': <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/theeffectsoftaxesandbenefitsonhouseholdincome/financialyearending2017> [accessed 31 January 2019]

220. After taxes and benefits have been applied to a household's income and after housing costs are applied, the final distribution for different family types is described in Table 1.<sup>309</sup> The results are clear. Households over the State Pension age have higher incomes than those below State Pension age with children but lower levels of income than those without children. This represents a profound change in recent decades. In the late 90s,<sup>310</sup> those over the State Pension age were the group with the lowest incomes apart from single parents.<sup>311</sup> However, an increased generosity of age-related benefits, increased private pension savings and an increase in the number of people over State Pension age in employment has changed this picture. The Rt Hon Frank Field MP, Chair of the Work and Pensions Committee, told us that if we were discussing intergenerational fairness a decade ago the agenda would have been dominated by pensioner poverty but due to the introduction of pension credit this changed so that poverty now “wears a younger face.”<sup>312</sup>

308 John Hills, *Good Times Bad Times: The Welfare myth of them and us*, Revised edition, (Policy Press, 2017), p 49–51

309 As discussed in Chapter 2, the Households Below Average Income (HBAI) does not breakdown income by age of the Household Representative Person (HRP), so here we are using household type.

310 1996/97–1998/99

311 Department for Work and Pensions, 'National Statistics Households below average income: 1994/95 to 2017/18' (28 March 2019): <https://www.gov.uk/government/statistics/households-below-average-income-199495-to-201718> [accessed 28 March 2019]

312 [Q 105](#) (Frank Field MP)



**Table 1: Median income after housing costs by household type adjusted for household size (2015/16–2017/18)**

Couple without children	£587
Pensioner couple	£463
Single male without children	£434
Single female without children	£424
Couple with children	£415
Single male pensioner	£408
Single female pensioner	£377
Single with children	£271

Source: Department for Work and Pensions, 'National Statistics Households below average income: 1994/95 to 2017/18' (28 March 2019): <https://www.gov.uk/government/statistics/households-below-average-income-199495-to-201718> [accessed 28 March 2019]

221. The difference between people over and under the State Pension age is much larger in terms of wealth than income. As is to be expected, over the course of a person's life they build up wealth. This saving is primarily in housing and pension wealth.<sup>313</sup> This is desirable as it acts as a foundation for long-term personal and family security and supports them through retirement. The natural effect of this is that people over the State Pension age have substantially more wealth than people under it. Table 2 shows that to be the case and also shows families with children have less wealth than equivalent families without (as was the case with income). As this wealth is mostly in housing and pension wealth it is not easily accessible.

**Table 2: Median total household wealth by household type 2014 to 2016**

Couple 1 over/ 1 under SPA, no children	£703,000
Couple both over SPA, no children	£618,400
Couple, non-dependent children	£573,500
Couple both under SPA, no children	£331,000
Couple, dependent children	£238,900
Single household, over SPA	£232,000
2 + households/other household type	£163,700
Lone parent, non-dependent children	£154,400
Single household, under SPA	£95,000
Lone parent, dependent children	£28,900

Source: Office for National Statistics, 'Total Wealth: Wealth in Great Britain': <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/datasets/totalwealthinwealthingreatbritain> [accessed 29 March 2019]

222. The tax and spending system operates on a pay as you go basis, where, for example individuals who have received an education pay for the costs of

313 Office for National Statistics, 'Wealth in Great Britain Wave 5: 2014 to 2016': <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/wealthingreatbritainwave5/2014to2016> [accessed 28 January 2019]

the education of the children of others, and current generations of working individuals pay for spending on current older individuals. This means that the post-war generation paid for the pensions, health and care of the previous smaller generation rather than paying ahead for themselves. The large size of the post-war baby boom compared to subsequent birth cohorts will pose challenges to the intergenerational compact implicit in our tax and spending system in the coming years. The relative difference in size of the generations means that the country is under threat of increasingly living beyond its means.

223. The number of retired people who receive more from the state than they pay in taxes will grow as this age group draws State Pensions and increasingly requires medical treatment and social care. If the increased costs of later life for a growing older population were to be paid for simply by increasing the rates of existing taxes then, as to be expected from Figure 8, it would be primarily paid for by working age households. If no action is taken, then the costs of this spending will be added to the national debt, greatly increasing its size from its already enlarged state. This is not sustainable and the costs of servicing and repaying this debt will be borne by younger generations and the unborn.
224. In addition to the current offering of the NHS and social security support for older generations which struggle to be financed from existing tax revenue, longer life also creates the risk of large social care costs for a proportion of the population. There have been a number of recent attempts to review and reform the finance of long-term social care to ensure those claiming bear a higher proportion of the burden. Such reform is in our judgment necessary. The last proposal by the Conservative Government at the 2017 General Election was widely criticised as a ‘dementia tax’ and, in the climate of an election, was abandoned. However, the challenge of future social care costs deserves mature cross-party reflection—and, ideally, political consensus.
225. There is currently a lottery whereby if a person is incapacitated and requires full-time residential care, then the largest part of their personal wealth, including their home, is ultimately forfeit and if they require only continuing healthcare they keep the entirety of their savings. However, if an incapacitated person can remain at home, the value of their home is not included in the calculation of their contribution toward the costs of their care. There are also variations in approach across the country, which renders the whole system difficult—and often frightening—for the public to understand. We believe that those who sustain high costs in social care and who have the ability to pay should make a larger contribution and do so on an equitable basis. There is currently an investigation into paying for social care by the House of Lords Economic Affairs Committee.<sup>314</sup> The Government is also due to release a long-awaited Social Care Green Paper. We have not therefore sought evidence here. Nor do we make recommendations beyond noting that while every person may at some point need social care due to the uneven size of generations, it is a concern for intergenerational fairness and is not a cost that can simply be pushed onto younger generations and those just being born.

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314 House of Lords Economic Affairs Committee, ‘Social care funding in England inquiry’: <https://www.parliament.uk/business/committees/committees-a-z/lords-select/economic-affairs-committee/inquiries/parliament-2017/social-care-funding-in-england/> [accessed 14 February 2019]

226. In relation to National Insurance, respect should be paid to the widely held view dating back to the origins of the Welfare state—that it is by National Insurance Contributions individuals have paid toward their security in their old age. This concept may well have assisted in securing consent for taxation. But in reality the principle no longer holds as National Insurance Contributions are not linked to future spending on health, social care or the State Pension in retirement. The changes that are needed to the tax and benefit system are not about redistributing from old to the young but are instead a necessary part of ensuring that each generation contribute adequately toward the costs of the payments and services they receive.
227. If this does not happen the agreement between generations may degrade as the unborn are saddled with debt to pay for the costs of generations before them. The challenge of dealing with the costs of a larger generation has been apparent for decades but subsequent governments have failed to tackle it. Now is the time for action to ensure that government policy is sustainable for generations to come.

### Age-related benefits

228. There is a case to be made that the relative enhancement of the incomes of those over the State Pension age in recent years and its effect on the relative incomes of different age groups is an issue of intergenerational fairness. Social security payments to those over the State Pension age have been protected from cuts to the social security budget since 2010. Frank Field told us that cuts to social security spending had focused on households of people under the State Pension age, whilst protecting the incomes of those over the State Pension age. He submitted House of Commons Library research to us which showed that social security and tax credit spending for those under the State Pension age would be cut by £37 billion per year by 2020–21 from previously projected spending, if there was no policy change.<sup>315</sup> Since this analysis was conducted, a small portion of these cuts had been reversed but the large majority remain in place.
229. These changes to the social security system have entirely focused on reducing intra-generational transfers and have failed to consider the larger generational challenge. Instead, changes to the social security system have increased the size of the generational challenge. The State Pension has seen real terms increases as a result of the “triple lock” which was included in the Coalition Government’s Programme for Government in 2010. This triple lock means that the State Pension is uprated according to whichever is highest of wages, inflation or 2.5 per cent.
230. Between the Social Security Act of 1980 and 2010 the State Pension was only uprated with inflation and did not keep up with earnings increases during this period. The House of Commons Work and Pensions Committee inquiry into intergenerational fairness concluded that the triple lock had succeeded in restoring the value of the State Pension, but that provided “the new state pension is maintained at this proportion of earnings the work of the triple lock, to secure a decent minimum income for people in retirement to underpin private saving, will have been achieved.”<sup>316</sup> It also suggested that maintaining the triple lock indefinitely would be unsustainable. Frank Field

315 Written Evidence from Frank Field MP ([IFP0060](#))

316 Work and Pensions Committee, *Intergenerational fairness* (Third Report, Session 2016–17, HC 59)

told us that he still supported this conclusion but was worried about its political ramifications.<sup>317</sup>

231. The TaxPayers' Alliance told us that it was "egregiously unfair" that at a time of spending restrictions on young people that the State Pension was rising at such a high rate. It also suggested that as there was a public spending deficit the cost of these rises was being paid by future generations. It recommended that the State Pension should be frozen.<sup>318</sup> Whilst there is a case for spending restraint it does not seem fair for people reliant on the State Pension to fall behind working people. Nor on the other hand is it fair for them to have their incomes lifted at a faster rate than that experienced by working people.
232. *The triple lock for the State Pension should be removed. The State Pension should be uprated in line with average earnings to ensure parity with working people. However, there should be protection against any unusually high periods of inflation in the future.*
233. Alongside the State Pension there are a number of other age-related social security payments. These benefits do not appear to be well targeted to achieve their purposes. An example of this is the Winter Fuel Payments of £100–300 (depending on age and whether the individual lives alone) are made to all over 65s, in theory, to help them pay their heating bills.<sup>319</sup>
234. Professor Hills told us that Winter Fuel Payments "are almost the least effective way of coping with fuel poverty."<sup>320</sup> Government fuel poverty statistics suggest that Winter Fuel Payments are not well targeted for those who experience fuel poverty.<sup>321</sup> Single parents are substantially more likely to be in fuel poverty (26 per cent) than either single people over 60 or couples over 60 (fewer than 10 per cent of either group). Households where the oldest member is 16–24 are more likely to be in fuel poverty than any other age group. Similarly, households where the youngest member is under 15 (16–21 per cent) are significantly more likely to be in fuel poverty than those where the youngest member is over 60 (eight per cent). Households where the youngest member was 11–15 had an average fuel poverty gap (the amount needed to exit fuel poverty gap) of £386 compared to households where the oldest member was over 75 which had an average fuel poverty gap of £262. Professor Hills suggested that the money from Winter Fuel Payments should be diverted to something that "made a difference to the people at risk of fuel poverty". He indicated that "a permanent solution" involving the "insulation of their homes" was preferable.<sup>322</sup>
235. Across the UK older people can apply for an older person's bus pass, but the age differs according to where in the UK someone lives. In London, Wales, Scotland and Northern Ireland the free bus pass (and certain other travel concessions) begins at age 60 whilst for the rest of England it applies from the age of 65 and is scheduled to rise with State Pension age. Warwick Lightfoot,

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317 [Q 105](#) (Frank Field MP)

318 Written evidence from TaxPayers' Alliance ([IFP0069](#))

319 HM Government, 'Winter Fuel Payment': <https://www.gov.uk/winter-fuel-payment> [accessed 29 January 2019]

320 [Q 179](#) (Professor Sir John Hills)

321 Department for Business, Energy & Industrial Strategy, *Annual Fuel Poverty Statistics Report, 2018 (2016 Data)* (June 2018) p 53–61: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/719106/Fuel\\_Poverty\\_Statistics\\_Report\\_2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/719106/Fuel_Poverty_Statistics_Report_2018.pdf) [accessed 29 January 2019]

322 [Q 179](#) (Professor Sir John Hills)

Head of Economics and Social Policy at Policy Exchange, questioned the fairness of bus passes for older people which allowed individuals in their early 60s to receive free transport whilst still working, when the funding for services for those who have serious difficulty in accessing transport like Dial-a-Ride, was severely restricted.<sup>323</sup> However, there is an environmental case to be made for incentivising less able older people to use public transport rather than a car for short, or medium range, journeys that younger people would be able to walk or cycle.

236. A further benefit that goes to older people is that they have access to a free television licence if they are over 75. A TV licence costs £154.50 per household.<sup>324</sup> This cost is met out of the BBC's budget. It is estimated that it will cost £745 million a year by 2021/22 which is equivalent to 20 per cent of the BBC's current budget for programmes and services.<sup>325</sup> The BBC is currently considering the future of the free TV licence. This Committee does not consider the method of financing the BBC to be a factor in determining the intergenerational equity of this benefit. The overall structure of the licence fee is beyond our remit. However, we note that it is inappropriate that the BBC should be tasked with funding the social policy goal of supporting older generations. If the Government wishes to subsidise the licence fee, the BBC should not carry the cost.
237. **In our submission, free television licences for all over a certain age should be phased out. Those who can afford to pay for a television licence should do so. The poorest may be subsidised directly by the Government, if it so chooses.**
238. Rory Meakin, Research Fellow at the TaxPayers' Alliance, suggested that most of these age-related benefits should be means tested. He told us that the current terminology is insulting to older people in suggesting that they should spend their money in particular ways and that a more dignified solution would be for them to be given as an undirected credit to people on low incomes.<sup>326</sup> Professor Hills warned against means testing these benefits. He informed us that reducing means testing had been an important principle of the Pensions Commission, as means testing caused negative disincentive effects when combined with taxes which affected people's decisions on saving and earning. Warwick Lightfoot told us that means testing creates an administrative nuisance factor. An additional concern noted by Carys Roberts, Senior Economist at the IPPR, was that pension credit (a means tested age-related benefit) has a very low take up and the process of means testing "because of the structure of families ... ends up being quite regressive."<sup>327</sup>
239. Frank Field suggested that these age-related benefits should be treated as taxable income for the purposes of income tax as a way to create fairness between generations. He stated that the benefits received would "just be entered on our income tax forms."<sup>328</sup> However, as Steve Webb, former Minister for Pensions, told the House of Commons Work and Pensions

323 Q 179 (Warwick Lightfoot)

324 TV Licensing, 'TV Licence types and costs': <https://www.tvlicensing.co.uk/check-if-you-need-one/topics/tv-licence-types-and-costs-top2> [accessed 20 March 2019]

325 BBC, 'BBC launches consultation on TV licences for older people' (20 November 2018): <https://www.bbc.co.uk/mediacentre/latestnews/2018/tv-licence-consultation> [accessed 21 January 2019]

326 Q 179 (Rory Meakin)

327 Q 179 (Carys Roberts)

328 Q 106 (Frank Field MP)



Committee “most people do not fill in tax returns.”<sup>329</sup> Warwick Lightfoot told us that a prominent reason for recent changes to the older person’s tax regime was to ensure that as few older people fill out tax form as is possible.<sup>330</sup>

240. Professor Hills suggested that existing benefits could be “grandfathered” out of the system.<sup>331</sup> This would mean that the age at which you receive the credit is raised but it is done in such a way that people’s immediate budgets are not upset. This is in some way a similar approach to the Government’s proposed future changes to the State Pension age, where it has announced the ages it will rise to well in advance of the time that individuals who would be affected by the change reach that age. Whilst this can be an effective approach, if done poorly or without sufficient notice it can have negative consequences for specific cohorts. This can be most clearly seen in the case of women born in the 1950s who have seen their State Pension age rise as part of government efforts to equalise men and women’s State Pension age. Any future changes must ensure that they do not hit the cohort which has already lost out most from other changes in the State Pension age.
241. *The Government should seek to target existing age-related benefits better at individuals outside the workforce. Age thresholds should be raised. From 2026–28 when the State Pension age is due to rise to 67, free bus passes and Winter Fuel Payments should be available no sooner than five years after the State Pension age and age thresholds should be aligned across benefits. The difference should be maintained from then on as the State Pension age rises. There should be transitional protection so that individuals who currently receive these payments continue to receive them. This should ensure that the cohort of women who have been most severely affected by changes to the State Pension age would not suffer a double disadvantage from this subsequent change.*
242. *Alongside changing the age of applicability, the Government should investigate the feasibility of treating these benefits as taxable income for those above the tax threshold without requiring individuals who currently do not complete an income tax form having to fill out a form.*

### National Insurance

243. One area where the tax system explicitly advantages older people over people younger than the State Pension age is National Insurance Contributions. Employees over the State Pension age do not pay employee National Insurance Contributions. Frank Field suggested that this current situation was not fair. He stated the principle that a person who is working should be taxed in the same way as any other person working.<sup>332</sup> Paul Johnson, Director at the IFS, described this situation as “hard to justify on any normal grounds.”<sup>333</sup> Professor Hills told us that there “was a logic to the system when most pensioners were poor” but that this is no longer the case.<sup>334</sup>

329 Oral evidence taken before the Work and Pensions Committee, 2 March 2016 (Session 2016–17), [Q 41](#) (Steve Webb)

330 [Q 179](#) (Warwick Lightfoot)

331 [Q 179](#) (Professor Sir John Hills)

332 [Q 106](#) (Frank Field MP)

333 [Q 26](#) (Paul Johnson)

334 [Q 178](#) (Professor Sir John Hills)

244. John Glen MP, Economic Secretary to the Treasury and City Minister, told us that the reason employee National Insurance Contributions stopped at the State Pension age is because “National Insurance is a contribution made towards a contributory benefit. When you reach retirement age, you have made that contribution. Subsequently insisting on an additional tax when you have already reached your entitlement to that benefit does not seem to hold true.”<sup>335</sup> Professor Hills described this contributory benefit as “an accounting fiction” based on the idea that we pay in our working lives and receive benefits after retirement.<sup>336</sup> However, as acknowledged at the beginning of this chapter, individuals do not pay in to fund their own benefits, they pay for the current older generation. Professor Hills told us that tax and spending contributions had not worked out evenly between generations, partly due to increased life expectancy not being reflected in higher State Pension ages, resulting in “a benefit for people born between 1945 and 1960.” Warwick Lightfoot warned that the idea of a contributory system is very popular, that people do not like it when there are changes in terms of what needs to be contributed and that the erosion of this contributory system was a source of irritation for some people.<sup>337</sup>
245. Paul Johnson suggested that the one way in which having a lower tax rate on people over the State Pension age could be justified would be to encourage employment. He told us that “65-year-old men are quite responsive to different tax rates.”<sup>338</sup> Warwick Lightfoot stated that the international evidence shows that taxes like National Insurance Contributions affect people’s working and saving decisions and can remove people from the labour market.<sup>339</sup> John Glen MP argued that the current system “creates an incentive for people to work longer if they so wish.” As discussed throughout this report, government policy must support individuals remaining economically active for longer as part of a 100-year life.
246. Caroline Abrahams, Charity Director at Age UK, also made a fairness argument for not charging individuals over the State Pension age:
- “What if you have been in a really well-paid job, you retire on a great pension and you can have a wonderful retirement to look forward to, as opposed to somebody else who has struggled all their lives financially, has not built up a good state pension record and is forced to work past the state pension age. Why should they lose out, relatively speaking, compared to somebody else? Is that the right group of people?”<sup>340</sup>
247. However, this argument relies on the idea that people who stay in work after the State Pension age are relatively less well off than those who retire at that point. The evidence we received from the researchers behind the Understanding Society survey suggested that this was not the case. They presented research showing that decisions to continue working after State Pension age “were not strongly associated with financial difficulty”.<sup>341</sup> The evidence suggests that most individuals who work beyond the State Pension age choose to do so for their own benefit rather than being forced to by

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335 [Q 229](#) (John Glen MP)

336 [Q 178](#) (Professor Sir John Hills)

337 [Q 178](#) (Warwick Lightfoot)

338 [Q 26](#) (Paul Johnson)

339 [Q 178](#) (Warwick Lightfoot)

340 [Q 168](#) (Caroline Abrahams)

341 Written evidence from Understanding Society, the UK Household Longitudinal Study ([IFP0021](#))

their circumstances. It is also to society's benefit that they continue to work, contributing to the economy and to the Exchequer through their work. On the other hand, the justification for keeping a sharp policy delineation between people receiving a State Pension and those who do not makes less sense when people are working longer. Old age should not be defined by the receipt of the State Pension.

248. **The National Insurance system functions poorly. NICs do not pay for the State Pension even though they are used as a way to determine eligibility for it. They are not linked to any actual rules on the size of State Pension and the Government does not treat it as a future liability in the Whole of Government Accounts. There are strong arguments for the Government to consider greater alignment and the eventual merger of the NICs and income tax systems.**
249. *The reality of longer working lives should prompt the Government to rethink the National Insurance system. It is not fair that only individuals under the State Pension age pay this tax. Individuals over the State Pension age should contribute. Older people with lower incomes could be protected from this change by aligning the NICs threshold for this group with the income tax personal allowance.*

#### Property taxes

250. One idea raised in the evidence we received was that the generational funding challenge could be met by increasing taxation on the wealth of older people in society. As property and pension wealth make up the majority of this wealth and pension income is already taxed, individuals with this view have chosen to focus on property taxes. Proponents of wealth taxes argue that property taxes can fulfil two functions in terms of intergenerational fairness. Property taxes could be a way of raising more revenue from generations with a larger amount of property wealth and could also have a behavioural effect by increasing the cost of living in more expensive property. This, it was argued, would have the effect of forcing some people to “downsize” or sell their family home in order to meet the costs of property taxation.
251. Although this taxation of wealth would have the once-off effect of contributing to the financing of spending for older generations, it would also have a long-term effect on taxation through the lifecycle. Today's younger generations would face the same costs of property taxation on any property that they are able to accumulate. To some degree this would reduce the extent to which it solves any intergenerational problem as it would be borrowing from younger people's future. Younger generations who do not have the same problem of living in a larger cohort than the one they are financing the retirement of would end up paying for the cost of their retirement twice: once through paying in through the tax system during their working life and then again through wealth taxes in their later life.
252. The nature of the housing difficulties that younger generations face and the amount of property wealth that older generations have differ widely across the country. The average household in the North East has £44,000 in property wealth whilst in the South East they have £170,000.<sup>342</sup> In the context of

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342 Office for National Statistics, 'Wealth in Great Britain Wave 5: 2014 to 2016': <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/wealthingreatbritainwave5/2014to2016> [accessed 28 January 2019]

property taxation, including stamp duty, there is a case for investigating regional taxation of property to match this regional inequality. This could still be administered by central government. The Government already applies different standards to London and the rest of the country in relation to some of its interventions in the housing market, such as Help-to-Buy or Lifetime ISAs. However, there is not enough data on the intergenerational effects of regionalisation to make useful recommendations at this time. As a result, in this chapter we have concentrated on issues that underlie the current national system of property taxation.

253. The OECD estimates that in 2017 the UK collected the second largest amount of property tax of any OECD country, with only France collecting more.<sup>343</sup> It estimates that the UK takes 4.2 per cent of GDP in property taxes, a similar amount to the United States but less than the 4.4 per cent collected by France.<sup>344</sup> The average for OECD countries is to take 1.9 per cent of GDP in property taxes. The two largest taxes on property in the UK are Council Tax and stamp duty. Of these two taxes, Council Tax is by far the larger, estimated to have raised £32.1 billion in 2017–18, whilst all property transaction taxes, including stamp duty, raised £13.6 billion.<sup>345</sup>
254. Council Tax, while being the UK’s largest property tax, was not designed as a property tax. This explains some of its apparent oddities. It was introduced to contribute towards local government services, as a replacement for the Community Charge (also known as the Poll Tax) which was a flat service charge to fund local councils. The Community Charge was seen as unfair as it levied tax on everybody whether they owned property or not and did not reflect the value of property. The Community Charge was itself a replacement for the Rates system which was also seen as unfair as it did not bear any relation to income or numbers in a household. Council Tax was created as a compromise between the two systems as a charge for services that varies by property value but with less variation than the previous rates system. In reality, Council Tax covers only a proportion of each local authority’s cost. If Council Tax was reclassified as a service charge rather than a property tax, then the UK would have levels of property taxation that are much closer to the OECD average.<sup>346</sup> If Council Tax is treated as a property tax, then, in its current form it fares quite poorly at achieving the aims of proponents of property taxes.
255. Paul Johnson told us that the right way to think about Council Tax is as tax on the consumption of housing, but that a good tax on the consumption of housing “ought to be broadly proportional to the value of the property” whilst Council Tax “is regressive in the value of the property; it rises at only half the rate of the value of the property and it is capped. You can see that as a straightforward inequity in the sense that you have a lower proportional tax on more expensive properties.”<sup>347</sup> Furthermore, he informed us that this difference has a particularly intergenerational effect as older generations tend to own more expensive properties and so benefit from being taxed

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343 OECD Data, ‘Tax on property’: <https://data.oecd.org/tax/tax-on-property.htm> [accessed 28 January 2019]

344 The US takes 4.179 per cent and the UK 4.186 per cent.

345 *Budget 2018*, p 96

346 Intergenerational Foundation, *Home Affairs: Options for reforming property taxation* (March 2018) p 17: <https://www.resolutionfoundation.org/app/uploads/2018/03/Council-tax-IC.pdf> [accessed 28 January 2019]

347 [Q 30](#) (Paul Johnson)

less proportionately by Council Tax.<sup>348</sup> However, whilst many older people owning properties are capital rich as a result of large increases in asset prices, some are income poor.

256. The Rt Hon The Lord Willetts highlighted the fact that some local authorities charge a lower rate of Council Tax on second properties as an additional unfairness and suggested that it should be redesigned.<sup>349</sup> Professor Hills told us that Council Tax should be redesigned so that the rate charged was more closely related to the size and capital value of the property alongside additional protections for people who are asset-rich but income poor through a system of delayed payments. He showed us an example to highlight the problem with the current system of Council Tax:

“I looked last year at a flat in Kensington for sale for £300,000 and a house for sale a mile away for £30 million. The Council Tax in Kensington and Chelsea payable by the £30 million house was £24 a week higher than that for the £300,000 flat.”<sup>350</sup>

257. Rory Meakin disagreed with this approach, arguing that property values are high due to scarcity and that the “solution is not to tax the upside for the winners of that scarcity. Instead, it is to reduce the scarcity in the first place, i.e. build more houses.”<sup>351</sup> Warwick Lightfoot agreed, stating that there is “a housing supply issue and we are not going to resolve it with a housing taxation solution.”<sup>352</sup>

258. Professor Hilber, Professor of Economic Geography at LSE, told us that an annual tax on property value could be very efficient and if done at the local level could encourage increased housing supply. He told us that:

“If it is done at the local level it has the added benefit that it provides tax incentives to local authorities to permit development. Right now, they face most of the costs of development at the local level and they face the NIMBY residents who do not like development, so it is understandable that they do not want to permit development, from which they have very little tax revenue.”<sup>353</sup>

259. *Council Tax is an incoherent combination of a property tax and a service charge. If the Government decides it would like to continue to fund local authorities through a tax partly based on property value, then it might reform Council Tax so that it adheres to the following principles:*

- (1) *A reformed tax should more closely mirror the value of the property than the existing Council Tax system.*
- (2) *It should include a method for allowing individuals with low incomes but high asset values to delay payment until the property is next sold or transferred.*
- (3) *Second homes should pay the full rate of local tax.*

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348 *Ibid.*

349 [Q 15](#) (Lord Willetts)

350 [Q 180](#) (Professor Sir John Hills)

351 [Q 180](#) (Rory Meakin)

352 [Q 180](#) (Warwick Lightfoot)

353 [Q 135](#) (Professor Christian Hilber)



260. Whilst the evidence we received was mixed on the desirability of reforming Council Tax, our witnesses were almost unanimous in support of reforming stamp duty. Stamp duty is seen as reducing the liquidity of the property market. By increasing transaction costs, it incentivises the “upsizing” of existing homes where people choose to invest in increasing the size of their existing home rather than paying stamp duty on purchasing a new home. This could decrease the number of smaller homes which are more suitable for first time buyers.
261. Paul Johnson told us that that governments liked stamp duty because it is easier to collect and that there has been “a big rebalancing away from Council Tax towards stamp duty over the last 20 years.” He suggested that you would expect an increase in stamp duty to decrease transactions and that is what has happened, although causation is harder to prove. The result of taxing transaction is that “housing will be misallocated between people and between generations.”<sup>354</sup> Lord Willetts described stamp duty as a “classic bad tax” which impedes transactions and stops older people from trading down into smaller housing. He suggested that it should be reduced.<sup>355</sup>
262. Professor Hills told us that stamp duty means that property transactions are “gummed up by people who feel that it is too expensive to move and [decide] it is better to leave property empty or to not downsize”.<sup>356</sup> The Rt Hon The Lord Forsyth, Chair of the House of Lords Economic Affairs Committee, told us that stamp duty in London has “brought some sections of the housing market to a complete dead stop.”<sup>357</sup> He also stated that it was important to decrease stamp duty in order to reduce the burden for people who are downsizing.<sup>358</sup> Professor Hilber presented his research which showed that stamp duty has a particular negative effect on short-distance moves and housing-related moves which could mean that attempts to downsize are particularly affected. He also warned that “Jobrelated mobility could also be negatively affected.”<sup>359</sup> Rory Meakin told us that stamp duty is a “terrible tax” because it keeps older people in larger homes and prevents them from moving somewhere smaller.<sup>360</sup> Carys Roberts summed this up neatly with her statement that she did not think she had “met an economist who thinks that stamp duty is a good tax.”<sup>361</sup>
263. John Glen MP, Economic Secretary to the Treasury and City Minister, told us that the Government had made substantial changes to stamp duty so that “23 per cent of people pay no stamp duty at all, while over half of transactions—51 per cent—are less than £2,500. The main intervention that we made was to remove stamp duty for first-time buyers up to £300,000, while first-time buyers up to £500,000 pay a lower 5 per cent on sums between £300,000 and £500,000.”<sup>362</sup> Paul Broadhead, Head of Mortgage Policy at the Building Societies Association, suggested to us that this decision to reduce stamp duty for first time buyers “clearly has helped many people get on to the housing ladder.”<sup>363</sup> However, John Glen argued that stamp duty

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354 [Q 30](#) (Paul Johnson)

355 [Q 15](#) (Lord Willetts)

356 [Q 180](#) (Professor Sir John Hills)

357 [Q 115](#) (Lord Forsyth of Drumlean)

358 [Q 113](#) (Lord Forsyth of Drumlean)

359 [Q 132](#) (Professor Christian Hilber)

360 [Q 180](#) (Rory Meakin)

361 [Q 180](#) (Carys Roberts)

362 [Q 234](#) (John Glen MP)

363 [Q 156](#) (Paul Broadhead)

was not an important lever on all purchase decisions and did not have much effect on people's decision to downsize:

“From the evidence in the reports from the National House Building Council in December 2017 and the International Longevity Centre in January 2016, the actual amount of stamp duty that they would pay—£2,100 for a property of £230,000, in the example that I have given—is less than one-third of the estate agent's fees. Most of the evidence from the National House Building Council is that it is other factors, such as maintenance costs and security, that determine people's choice to downsize.”<sup>364</sup>

264. Whilst there are many other factors that affect an individual's decision to downsize or upsize their property, it does not make sense to have a tax on transactions, introducing large amounts of friction into the housing market during a housing crisis.
265. *Stamp duty has seriously distorted the housing market. The Government should review the effect of stamp duty on the liquidity of the housing market and consider how stamp duty could be reformed to improve the housing choices and availability for young families.*

### Inheritance Tax

266. Some advocates of wealth taxation support limiting intergenerational transfers as a way of meeting the costs of the generational challenge outlined above. However, others argue that as accumulated private capital naturally flows from one generation to the next, it is unclear in principle that reducing the amount that any part of a subsequent generation receives of the wealth of the previous generation improves intergenerational fairness. Inheritance Tax is the current instrument for diverting such intergenerational capital flows to the Treasury. Above the threshold it acts as a tax on the transfer of the assets of a deceased individual to any person or institution other than a charity. As most retained wealth is possessed in pensions and property, most inheritance is in property, as pension wealth is largely used to finance later life. It is applied at a 40 per cent rate over the Inheritance Tax threshold. The basic threshold is £325,000, this rises to £450,000 if a main home is being given to the deceased individual's children or grandchildren. Any unused threshold can be passed on to a partner meaning that a couple can leave up to £900,000 tax free if this includes their main home and is being given to their children or grandchildren.<sup>365</sup>
267. Stamp duty data from 2017/18 finds that 1.8 per cent of properties sold in the UK were sold for over £1 million (up from 1.7 per cent in 2015/16) rising to 2.5 per cent in the South East (up from 2.1 per cent in 2015/16) and 9.3 per cent in London (up from 7.9 per cent in 2015/16).<sup>366</sup> This suggests that few children outside London currently pay Inheritance Tax solely on the basis of the value of a single property. However, the thresholds for Inheritance Tax have not been rising with inflation so in the coming years it is entirely possible that an increasing proportion of properties in London and some parts of the south east of England will attract Inheritance Tax

364 Q 234 (John Glen MP)

365 HM Government, 'Inheritance Tax': <https://www.gov.uk/inheritance-tax> [accessed 1 February 2019]

366 HM Government, 'UK Stamp Tax statistics: totals and breakdowns of Stamp Taxes collected by HMRC': <https://www.gov.uk/government/statistics/uk-stamp-tax-statistics> [accessed 29 January 2019]

when their owners die. In addition, where inheritance is not given to a direct descendent, greater numbers will be caught more widely.

268. Inheritance Tax raised in 2017/18 £5.2 billion and that is set to rise to £6.9 billion in 2023–24.<sup>367</sup> However, the growth in Inheritance Tax receipts is at a slower rate than the growth of inheritances as a whole.<sup>368</sup> Internationally, there are a wide variety of policy choices on whether or how much to tax inheritance. New Zealand, Australia, Sweden and Canada have abolished their inheritance taxes whilst for Belgium, France and Japan, inheritance taxes make up a larger portion of tax revenues than it does in the UK.<sup>369</sup> As life expectancy increases so does the age of those who receive inheritance. The likelihood of receiving an inheritance increases as individuals age, with those who are 55–64 the most likely to receive an inheritance and this is also the age group that receives the largest inheritances.<sup>370</sup> Every generation at some point in life may hope to inherit or aspire to bequeath the fruits of a fulfilled working life. Even in the case of later life inheritances, resources received could help many individuals with support they will need in the latter part of the 100-year life.
269. Financial and other support that flows between generations is evidence of the strength of the intergenerational compact. For many families, Inheritance Tax is a source of concern. There are a range of views on Inheritance Tax. Just as with stamp duty, our witnesses thought that Inheritance Tax needed reform. Lord Willetts described Inheritance Tax as “a classic bad tax” due to it having “a very high rate that sounds very scary but with very few people paying it.”<sup>371</sup> Carys Roberts from IPPR told us that it was easy to avoid if you are “wealthy, healthy and well advised”.<sup>372</sup> Lord Willetts explained that anyone who had the capacity to give away their wealth more than seven years before their death “are not really paying much of the tax at all.”<sup>373</sup> Rory Meakin from the TaxPayers’ Alliance suggested that Inheritance Tax was “phenomenally unpopular” because most families view it as a tax in the middle that gets in the way of transfers between generations.<sup>374</sup> Warwick Lightfoot told us that the complexity of the current Inheritance Tax system meant many individuals face a bureaucratic burden to comply with the Inheritance Tax system even if they are not actually liable to pay it.<sup>375</sup>
270. An alternative approach to taxing the transfer of resources between generations is to have a capital receipts tax where gifts and inheritances are taxed as income received by the inheritor or giftee. This was the approach favoured by Lord Willetts<sup>376</sup> and Carys Roberts.<sup>377</sup> Carys Roberts told

367 *Budget 2018*, p 96

368 Intergenerational Commission, *Passing On: Options for reforming inheritance taxation* (May 2018) p 14: <https://www.resolutionfoundation.org/app/uploads/2018/05/IC-inheritance-tax.pdf> [accessed 29 January 2019]

369 *Passing On: Options for reforming inheritance taxation*, p 11–12

370 Office for National Statistics, ‘Intergenerational transfers: the distribution of inheritances, gifts and loans, Great Britain: 2014 to 2016’: <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/articles/intergenerationaltransfersthedistributionofinheritancesgiftsandloans/2018-10-30> [accessed 29 January 2019]

371 [Q 5](#) (Lord Willetts)

372 [Q 181](#) (Carys Roberts)

373 [Q 5](#) (Lord Willetts)

374 [Q 181](#) (Rory Meakin)

375 [Q 181](#) (Warwick Lightfoot)

376 [Q 5](#) (Lord Willetts)

377 [Q 181](#) (Carys Roberts)

us that the advantage of this system would be that it “cannot be avoided through those arbitrary means any more.” She also suggested it would incentivise breaking up inheritances to be given to younger generations as the more inheritors there are, the less tax would be paid on the inheritance.<sup>378</sup> Warwick Lightfoot told us that the problem with this type of tax is that it would require a large amount of record keeping from individuals who would have to record the gifts they receive across their lifetime. He also suggested that this, as with Inheritance Tax, could affect people’s incentive to earn, as one of the reasons people work hard is to leave money to their children.<sup>379</sup>

271. Another alternative approach was put forward in a report commissioned by the Building Societies Association.<sup>380</sup> It suggested that funding that was left for the specific reason of becoming a deposit on a home for a younger generation could be exempt from Inheritance Tax. However, this sort of idea, if not carefully implemented, may make the housing crisis worse. The House of Lords Economic Affairs Committee’s inquiry into the housing market found that tax exemptions aimed at property increased prices by incentivising investment in property. It recommended that taxes should not have special exemptions built in to prioritise property. There may however be a case for a carefully targeted relief which solely benefits those seeking a first home with the size of the relief capped to prevent exploitation. This could help address the present exceptional circumstances without incentivising additional investment in property for investment’s sake.
272. **Inheritance Tax is capricious and not currently fit for purpose. Consideration needs to be given to whether and how assets should be taxed on death or transfer in a way that ensures fairness between generations.**

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378 *Ibid.*

379 **Q 181** (Warwick Lightfoot)

380 Building Societies Association, *Intergenerational mortgages: Building on the Bank of Mum and Dad* (November 2018) p 50: <https://www.bsa.org.uk/BSA/files/da/da1a7288-7755-43db-9a5d-69687ef84416.pdf> [accessed 29 January 2019]

## SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

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### Introduction

#### *Looking forward and taking a lifecourse approach*

1. There is a structural shift taking place, with younger generations not seeing the increase in living standards enjoyed by previous generations. At the same time older generations face a society that is not prepared for their numbers or their needs as they age. Many young people, their parents and their grandparents worry about younger people being able to afford a home and achieve a secure well-paying job. This is not due to older generations deliberately or selfishly profiting at their expense but is instead a result of the failure of successive governments to plan for the future and prepare for social, economic and technological change. (Paragraph 23)

### Accounting for the future

#### *Improving Government processes*

2. *The Government must think better about the long-term in order to tackle intergenerational fairness. It should create a fiscal rule that addresses the whole of the Government balance sheet, in addition to that focusing on its current spending deficit. It should also improve transparency and accounting of the spending review process by publishing the analytical assumptions behind each department's initial requests at the start of the spending review to show its perception of the country's needs over the course of the next spending period. There should also be an independent validation of these assumptions, for example by the National Audit Office.* (Paragraph 43)

#### *Data on intergenerational fairness*

3. *The UK Statistics Authority should prioritise improving generational statistics. This work should begin by the Office for National Statistics introducing a generational breakdown of the Effects of Tax and Benefits on Household Income data set and releasing a backdated time-series of this data. The Office for National Statistics should also investigate ways to improve the Wealth and Assets Survey's coverage of gifts and inheritances as well as publishing a generational breakdown of the survey's findings in each release. In addition, the Department for Work and Pensions should introduce a generational breakdown of the Households Below Average Income data set in its annual release and publish a backdated time-series of this data.* (Paragraph 52)
4. *The Treasury must do more to generate and publish data on intergenerational fairness. It can immediately begin by producing a distributional breakdown of the effects of each budget by age group using the static models it already has. It should invest in developing its capacity to model the generational effects of tax and benefits policies.* (Paragraph 58)
5. *The Government should create Intergenerational Impact Assessments for all draft legislation indicating how it will affect different generations.* (Paragraph 59)

### The housing challenge

#### *Housing supply*

6. The Government is not taking the action needed to ensure that there is a sufficient supply of affordable housing. In particular, action needs to be taken to substantially increase the supply of social housing. One means of



doing this is to ease the ability of local authorities to borrow to fund housing building. This lack of action on housing is primarily hurting younger generations. However, younger generations can be helped by building more housing which is accessible and adaptable for older generations as part of a wider increase in supply. (Paragraph 73)

### *The private rented sector*

7. The Government's proposed reforms do not create a regulatory framework that will provide private tenants the security they need. This particularly affects young people who are unable to buy and becomes a greater problem as they age. Change is needed so that renters who want a long-term secure tenancy can find one. (Paragraph 82)

### *Intergenerational transfer and financial products*

8. Intergenerational transfers play an important role in housing affordability for many members of younger generations. There is a need for innovative, flexible products which can help address this issue. The Government and the Financial Conduct Authority have a key role to play in ensuring a regulatory framework that encourages new challenger entrants to these markets, who can shake up the existing playing field. (Paragraph 91)

### *Development of public sector land*

9. *The Government has failed to manage properly the land which it owns. It should invest in developing a central government capability to understand fully what land public bodies own, how public sector bodies use that land and where it can be disposed of.* (Paragraph 97)
10. *In order to increase housing supply, local authorities should be given a presumption to develop on land owned by public sector bodies. Local authorities should be empowered to ensure that development on public land takes place.* (Paragraph 100)

### *The capacity of local authorities to deal with planning issues*

11. *The Government should give powers to local authorities to set their own planning fees up to cost. Local authorities should ensure that additional fees are retained by planning departments.* (Paragraph 106)
12. *The Government should issue guidance clarifying that extra care retirement communities fall within the C2 use class as they are capable of delivering high levels of care to older people and so should be treated as the same planning use class as care homes.* (Paragraph 110)

### *Planning for each generation*

13. *The Government should issue planning guidance to recommend that local plans consider the needs of younger people alongside the existing specified demographics.* (Paragraph 114)
14. *The Government should ensure that local plans have specific policies to address the needs of younger and older people. If the new National Planning Policy Framework's requirement that local authorities consider these issues does not achieve this, then the Government must take more direct action.* (Paragraph 115)

## Educating generations for the 100-year life

### *Education in schools*

15. *The Government should ensure that young people are provided with sufficient education about housing and other practical finance matters before leaving school. The Government should make PSHE a statutory subject inspected by Ofsted. Increased housing and financial education within PSHE would be helpful. Local organisations should, where possible, be brought into schools to signpost young people to suitable financial education resources, including relevant advisory bodies. (Paragraph 126)*

### *Further Education*

16. *The apprenticeship system is confused. It is not adequately serving young people or apprentices retraining later in life. Apprenticeships should develop skills for those who need them, including routes to technical and craft careers. Resources raised via the levy should not be used to rebadge training that would occur anyway. There is too little monitoring and too little focus on quality and outcomes. We note the number of changes in the system in recent years, but do not believe failed experiments should be used as a pretext for deferring effective reform. The Government must improve the quality of apprenticeships to deliver real skills for lifelong and fulfilling careers and ensure they are focussed on those young people, and re-trainers, who are not well served by other education routes. It must review and remove reported bureaucratic barriers to the provision of apprenticeships by employers. (Paragraph 135)*
17. *The Government should substantially increase funding for Further Education and vocational qualifications. Many students would be better served by pursuing vocational educational pathways. The current system of funding and access is inefficient, complex and risks perpetuating unfairness between those who access Higher Education and those who do not. We must rebalance the value attributed to Higher Education and Further Education. (Paragraph 136)*

### *Higher Education*

18. *The qualifications that young people leave education with do not always match the needs of the labour market. Post 16 educational providers and the bodies that regulate them should seek to link educational outcomes more closely to the labour market. (Paragraph 142)*

### *Lifelong learning*

19. *Lifelong learning is a cause for serious concern. We are concerned that existing policy is inadequate and will not meet the need for growth. Lifelong learning over the lifecourse will become more important as more people lead longer working lives. The Government is failing to grasp the scale of lifelong learning required to cater for people living longer and for technological change. (Paragraph 151)*
20. *The Government's National Retraining Scheme should be extended and scaled up to prepare for the challenges of an ageing workforce and technological development. This should be targeted throughout the lifecourse and must adequately reach those who are not employees. (Paragraph 152)*
21. *The Government should consider new incentives to encourage people in lifelong learning. The National Retraining Scheme alone will not suffice. The Government should implement a cohesive lifelong learning strategy following on from the results of the review of post-18 education. (Paragraph 153)*

## Working in the 100-year life

### *Pay progression*

22. Slow pay progression is a particularly acute concern for young people. This is a real challenge, as slow pay progression can have serious consequences for progression through life. Business' best practice for encouraging pay progression should be shared. Acting on the recommendations proposed for lifelong learning will aid progression through the lifecourse. (Paragraph 161)

### *Insecurity of the job market*

23. Insecure employment is concentrated in the younger part of the age spectrum. While this may not be a problem if insecure work is performed alongside studies, it poses a problem when it accounts for a young person's only source of employment. (Paragraph 166)
24. *Denying workers the rights that come with worker status fails to protect them from exploitation and poor working conditions. This disproportionately affects younger people. There should be an assumption of the employment status of 'worker' by default, in order to make the rights and protections that come with this status enforceable, without interfering with the rights of those who genuinely wish for self-employed status to adopt it.* (Paragraph 170)
25. The timetable should be released for when the research commissioned into those workers with uncertain employment status will be published and when it will make a decision on bringing forward legislation. (Paragraph 173)

### *Flexible working and mid-life career reviews*

26. *The Government should work with employers to ensure that more jobs are advertised as flexible. The public sector is leading the way in flexible working. Wherever possible, public sector jobs should be advertised as flexible.* (Paragraph 177)
27. Mid-life MoTs can play an important role in preparing people for a longer working life. Mid-life MoTs cannot be a one-off, discrete event, and are most effective when viewed as part of a process of good management. The Government's efforts to encourage mid-life MoTs are in danger of missing those most in need of support, including individuals who work for employers that lack the capacity to provide mid-life MoTs and those outside the workforce. On the other hand, providing a single statutory MoT at a fixed age to every employee would lack flexibility and might lead to waste. If MoTs are to be introduced effectively, the Government needs to give a good deal more thought to how they should operate. (Paragraph 182)

### *Ageism*

28. Notwithstanding the increase in employment of older people, ageism remains a problem within British society and is affecting the ability of some people to continue working into later life, despite long-standing laws against age discrimination. Discrimination in recruitment is a particular problem. More should be done to recruit and retain older workers. (Paragraph 189)

## All-age communities as drivers of intergenerational fairness

### *The power of community actions*

29. Community initiatives that bring generations together are an important way of cementing intergenerational bonds. These bonds provide support to both young and old members of communities where needed. (Paragraph 201)

### *Facilitating community activity*

30. *Local authorities should share intergenerational best practice and publish practical examples and information relating to community-run services and community assets. (Paragraph 210)*
31. *At all levels, government should be an enabler of community activity. Both central and local government should concentrate on permitting and facilitating community activity, rather than strictly policing when and where it takes place. (Paragraph 216)*
32. *The Government must ensure that there are long-term sources of funding available for community activity. (Paragraph 217)*

## Intergenerational taxation

### *Age-related benefits*

33. *The triple lock for the State Pension should be removed. The State Pension should be uprated in line with average earnings to ensure parity with working people. However, there should be protection against any unusually high periods of inflation in the future. (Paragraph 232)*
34. In our submission, free television licences for all over a certain age should be phased out. Those who can afford to pay for a television licence should do so. The poorest may be subsidised directly by the Government, if it so chooses. (Paragraph 237)
35. *The Government should seek to target existing age-related benefits better at individuals outside the workforce. Age thresholds should be raised. From 2026–28 when the State Pension age is due to rise to 67, free bus passes and Winter Fuel Payments should be available no sooner than five years after the State Pension age and age thresholds should be aligned across benefits. The difference should be maintained from then on as the State Pension age rises. There should be transitional protection so that individuals who currently receive these payments continue to receive them. This should ensure that the cohort of women who have been most severely affected by changes to the State Pension age would not suffer a double disadvantage from this subsequent change. (Paragraph 241)*
36. *Alongside changing the age of applicability, the Government should investigate the feasibility of treating these benefits as taxable income for those above the tax threshold without requiring individuals who currently do not complete an income tax form having to fill out a form. (Paragraph 242)*

### *National Insurance*

37. The National Insurance system functions poorly. NICs do not pay for the State Pension even though they are used as a way to determine eligibility for it. They are not linked to any actual rules on the size of State Pension and the Government does not treat it as a future liability in the Whole of Government Accounts. There are strong arguments for the Government to

consider greater alignment and the eventual merger of the NICs and income tax systems. (Paragraph 248)

38. *The reality of longer working lives should prompt the Government to rethink the National Insurance system. It is not fair that only individuals under the State Pension age pay this tax. Individuals over the State Pension age should contribute. Older people with lower incomes could be protected from this change by aligning the NICs threshold for this group with the income tax personal allowance.* (Paragraph 249)

#### *Property taxes*

39. *Council Tax is an incoherent combination of a property tax and a service charge. If the Government decides it would like to continue to fund local authorities through a tax partly based on property value, then it might reform Council Tax so that it adheres to the following principles:*
- (1) *A reformed tax should more closely mirror the value of the property than the existing Council Tax system.*
  - (2) *It should include a method for allowing individuals with low incomes but high asset values to delay payment until the property is next sold or transferred.*
  - (3) *Second homes should pay the full rate of local tax.* (Paragraph 259)
40. *Stamp duty has seriously distorted the housing market. The Government should review the effect of stamp duty on the liquidity of the housing market and consider how stamp duty could be reformed to improve the housing choices and availability for young families.* (Paragraph 265)

#### *Inheritance Tax*

41. *Inheritance Tax is capricious and not currently fit for purpose. Consideration needs to be given to whether and how assets should be taxed on death or transfer in a way that ensures fairness between generations.* (Paragraph 272)



## APPENDIX 1: LIST OF MEMBERS AND DECLARATIONS OF INTEREST

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### Members

Baroness Bakewell (resigned July 2018)  
Lord Bichard  
Baroness Blackstone  
Viscount Chandos (appointed 19 July 2018)  
Baroness Crawley  
Baroness Greengross  
Lord Hollick  
Lord Holmes of Richmond  
Baroness Jenkin of Kennington  
Lord Price  
Baroness Thornhill  
Lord True (Chairman)  
Baroness Tyler of Enfield

### Declarations of interest

Baroness Bakewell  
*No relevant interests declared*

Lord Bichard  
*Chair, National Audit Office*  
*Vice-President, Local Government Association*  
*Wife, Gillian Guy, Chief Executive, Citizens Advice*

The Rt Hon the Baroness Blackstone  
*Chair, Orbit Group (housing associations)*

Viscount Chandos  
*Director, Credit Services Association Limited*  
*Trustee, Esmée Fairbairn Foundation*  
*Trustee, London Academy of Music and Dramatic Arts (LAMDA)*

Baroness Crawley  
*Member, Prime Minister's Rural Dementia Friendly Task and Finish Group*  
*Former youth theatre leader and teacher*

Baroness Greengross  
*Chief Executive, International Longevity Centre UK*  
*Chair, Intergenerational Fairness Forum*  
*Member, Home Instead Global Strategy Council*  
*Vice-President, Local Government Association*

Lord Hollick  
*Founding Trustee, Institute for Public Policy Research*  
*Member, House of Lord Economic Affairs Committee, 2010–17 (Chair 2014–17)*

Lord Holmes of Richmond  
*Chancellor, BPP University (Deputy Chancellor until November 2017)*

Baroness Jenkin of Kennington  
*Founding Chancellor, Writtle University College*

**Lord Price**

*Director, Stour Publishing Ltd (book publishing and perry pear growing/making), which has a website that measures workplace happiness including intergenerational differences.*

**Baroness Thornhill**

*Vice-President, Local Government Association*

**Lord True**

*Vice-President, Local Government Association*

*Wife is sole proprietor of a nursery school in London SW13*

**Baroness Tyler of Enfield**

*Chair, Making Every Adult Matter (MEAM) (a coalition of charities)*

*President, National Children's Bureau (NBC) (registered national charity)*

*Advisory Group Member, Step Up to Serve Campaign*

*Ambassador, Centrepont*

A full list of Member's interests can be found in the Register of Lords Interests: <http://www.parliament.uk/mps-lords-and-offices/standards-and-interests/register-of-lords-interests/>

**Professor Jane Falkingham (Specialist Adviser)**

*Dean of the Faculty of Social Sciences, University of Southampton*

*Director, Economic and Social Research Council (ESRC) Centre for Population Change (funded by an ESRC research grant)*

*Member, ESRC Council*

*Trustee, PASNAS Pension Scheme, University of Southampton*

## APPENDIX 2: LIST OF WITNESSES

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Evidence is published online at [www.parliament.uk/intergenerational-fairness/publications](http://www.parliament.uk/intergenerational-fairness/publications) and available for inspection at the Parliamentary Archives (020 7219 3074).

Evidence received by the Committee is listed below in chronological order of oral evidence session and in alphabetical order. Those witnesses marked with \*\* gave both oral evidence and written evidence. Those marked with \* gave oral evidence and did not submit any written evidence. All other witnesses submitted written evidence only.

### Oral evidence in chronological order

*	The Rt Hon the Lord Willetts, Executive Chair, Resolution Foundation	<a href="#"><u>QQ 1–20</u></a>
**	Paul Johnson, Director, Institute for Fiscal Studies	<a href="#"><u>QQ 21–27</u></a>
*	Professor Stephen Machin, Director, Centre for Economic Performance, London School of Economics	
**	Paul Johnson, Director, Institute for Fiscal Studies	<a href="#"><u>QQ 28–37</u></a>
*	Ian Mulheirn, then Director of Consulting, Oxford Economics	
**	Iain Walsh, Director, Labour Market Strategy and International Relations, Department for Work and Pensions	<a href="#"><u>QQ 38–55</u></a>
**	Mark Holmes, Deputy Director, Labour Market, Department for Business, Energy and Industrial Strategy	
**	Sinead O’Sullivan, Director, Career Learning, Analysis, Skills and Student Choice, Department for Education	
**	Lindsey Whyte, Director, Personal Tax and Welfare, HM Treasury	
*	Simon Kelleher, Head of Education and Skills, Policy Connect	<a href="#"><u>QQ 56–64</u></a>
**	Julian Gravatt, Deputy Chief Executive, Association of Colleges	
*	Professor Andrew Scott, Professor of Economics, London Business School	
**	Dr Anna Dixon, Chief Executive, Centre for Ageing Better	<a href="#"><u>QQ 65–72</u></a>
**	Dr Brian Beach, Senior Research Fellow, International Longevity Centre - UK	
*	Professor Jacqueline O’Reilly, Professor of Comparative Human Resource Management, University of Sussex	
**	Ian Brinkley, Interim Chief Economist, Chartered Institute of Personnel and Development	<a href="#"><u>QQ 73–83</u></a>

- ★ Emma Stewart, CEO and Co-founder, Timewise
- ★ Professor Athina Vlachantoni, Professor of Gerontology and Social Policy, University of Southampton
- ★★ Kate Bell, Head of Economic and Social Affairs Department, Trades Union Congress [QQ 84–92](#)
- ★ Lina Bourdon, Chair, Diversity Policy Unit, Federation of Small Businesses
- ★★ Hardip Begol, Director, Integration and Communities, Ministry of Housing, Communities and Local Government [QQ 93–103](#)
- ★★ Simon Gallagher, Planning Director, Ministry of Housing, Communities and Local Government
- ★★ Isobel Stephen, Housing Supply Director, Ministry of Housing, Communities and Local Government
- ★★ The Rt Hon Frank Field MP, Chair, House of Commons Work and Pensions Committee [QQ 104–111](#)
- ★★ The Rt Hon the Lord Forsyth of Drumlean, Chair, House of Lords Select Committee on Economic Affairs [QQ 112–119](#)
- ★★ Tom Kenny, Acting Deputy Head of Policy and Research, The Royal Town Planning Institute [QQ 120–129](#)
- ★★ Gareth Lyon, Head of Policy and Communications, Associated Retirement Community Operators
- ★★ David Kingman, Senior Researcher, The Intergenerational Foundation [QQ 130–136](#)
- ★ Professor Elspeth Graham, School of Geography and Sustainable Development, University of St Andrews
- ★ Professor Christian Hilber, Professor of Economic Geography, Department of Geography and Environment, London School of Economics
- ★ Ailbhe McNabola, Head of Research and Policy, Power to Change [QQ 137–143](#)
- ★ Stephen Rolph, Head of Community Assets and Enterprise, Locality
- ★ Dr Tom Archer, Research Fellow, Sheffield Hallam University
- ★ Dr Thomas Moore, Lecturer in Planning, University of Liverpool
- ★★ Rebecca Carter, Director of Organisational Strategy, Planning and Communications, The Challenge [QQ 144–150](#)
- ★★ Iona Lawrence, The Cares Family
- ★★ Dr Libby Drury, Lecturer in Organisational Psychology, Birkbeck University of London

- ★ Paul Broadhead, Head of Mortgage Policy, Building Societies Association [QQ 151–159](#)
- ★ Professor Sue Heath, Professor of Sociology, University of Manchester
- ★ Douglas McWilliams, Deputy Chairman, Centre for Economics and Business Research
- ★ Nigel Keohane, Director of Research, Social Market Foundation
- ★★ Caroline Abrahams, Charity Director, Age UK [QQ 160–168](#)
- ★ Lewis Addlington-Lee, Deputy Chair, British Youth Council
- ★ Dr Eliza Filby, Visiting Fellow, King’s College London
- ★ Professor James Sefton, Chair in Economics, Imperial College London [QQ 169–176](#)
- ★ Julian McCrae, Senior Adviser to the International School for Government, King’s College London
- ★ Chris Giles, Economics Editor, Financial Times
- ★ Professor Sir John Hills, Chair of CASE and Richard Titmuss Professor of Social Policy, London School of Economics [QQ 177–182](#)
- ★ Warwick Lightfoot, Head of Economics and Social Policy, Policy Exchange
- ★ Carys Roberts, Senior Economist, Institute for Public Policy Research
- ★★ Rory Meakin, Research Fellow, TaxPayers’ Alliance
- ★★ Matthew Percival, Head of Group, employment and employee relations, CBI [QQ 183–190](#)
- ★★ Kit Malthouse MP, Minister of State for Housing, Ministry of Housing, Communities and Local Government [QQ 191–210](#)
- ★★ Alok Sharma MP, Minister of State for Employment, Department for Work and Pensions [QQ 211–239](#)
- ★★ Iain Walsh, Director of Labour Market Strategy and International Affairs, Department for Work and Pensions
- ★★ The Rt Hon Anne Milton MP, Minister of State for Apprenticeships and Skills, Department for Education
- ★★ John Glen MP, Economic Secretary to the Treasury and City Minister, HM Treasury
- ★★ Lindsey Whyte, Director, Personal Tax, Welfare and Pensions, HM Treasury



**Alphabetical list of all witnesses**

	Professor Dominic Abrams	<a href="#"><u>IFP0038</u></a>
**	Age UK ( <a href="#"><u>QQ 160–168</u></a> )	<a href="#"><u>IFP0047</u></a>
	Age Watch	<a href="#"><u>IFP0012</u></a>
	Alive	<a href="#"><u>IFP0036</u></a>
*	Dr Tom Archer ( <a href="#"><u>QQ 137–143</u></a> )	
**	ARCO (Associated Retirement Community Operators) ( <a href="#"><u>QQ 120–129</u></a> )	<a href="#"><u>IFP0014</u></a>
	Association of Accounting Technicians (AAT)	<a href="#"><u>IFP0016</u></a>
**	Association of Colleges ( <a href="#"><u>QQ 56–64</u></a> )	<a href="#"><u>IFP0044</u></a>
	Association of Consulting Actuaries (ACA)	<a href="#"><u>IFP0048</u></a>
	Alison Bailey	<a href="#"><u>IFP0034</u></a>
*	British Youth Council ( <a href="#"><u>QQ 160–168</u></a> )	
*	Building Societies Association ( <a href="#"><u>QQ 151–159</u></a> )	
	Dr Judith Burnett	<a href="#"><u>IFP0052</u></a>
	Care & Repair England	<a href="#"><u>IFP0020</u></a>
	Care England	<a href="#"><u>IFP0013</u></a>
**	The Cares Family ( <a href="#"><u>QQ 144–150</u></a> )	<a href="#"><u>IFP0004</u></a>
**	CBI ( <a href="#"><u>QQ 183–190</u></a> )	<a href="#"><u>IFP0073</u></a>
**	Centre for Ageing Better ( <a href="#"><u>QQ 65–72</u></a> )	<a href="#"><u>IFP0049</u></a>
*	Centre for Economics and Business Research ( <a href="#"><u>QQ 151–159</u></a> )	
**	The Challenge ( <a href="#"><u>QQ 144–150</u></a> )	<a href="#"><u>IFP0067</u></a>
	Colin Chambers	<a href="#"><u>IFP0007</u></a>
**	Chartered Institute of Personnel and Development (CIPD) ( <a href="#"><u>QQ 73–83</u></a> )	<a href="#"><u>IFP0050</u></a>
*	June Cochrane	<a href="#"><u>IFP0022</u></a>
	Dr Rory Coulter	<a href="#"><u>IFP0019</u></a>
**	Department for Work and Pensions ( <a href="#"><u>QQ 38–55</u></a> ) and ( <a href="#"><u>QQ 211–239</u></a> )	<a href="#"><u>IFP0071</u></a>
**	Dr Libby Drury ( <a href="#"><u>QQ 144–150</u></a> )	<a href="#"><u>IFP0038</u></a> <a href="#"><u>IFP0070</u></a>
	Equity Release Council	<a href="#"><u>IFP0054</u></a>
*	Federation of Small Businesses ( <a href="#"><u>QQ 84–92</u></a> )	
**	The Rt Hon Frank Field MP ( <a href="#"><u>QQ 104–111</u></a> )	<a href="#"><u>IFP0060</u></a>
*	Dr Eliza Filby ( <a href="#"><u>QQ 160–168</u></a> )	
**	The Rt Hon the Lord Forsyth of Drumlean ( <a href="#"><u>QQ 112–119</u></a> )	<a href="#"><u>IFP0061</u></a>

	Foundation for Democracy and Sustainable Development (FDSD)	<a href="#"><u>IFP0055</u></a>
	Generations Working Together	<a href="#"><u>IFP0065</u></a>
★	Chris Giles ( <a href="#"><u>QQ 169–176</u></a> )	
	Graduate Fog	<a href="#"><u>IFP0027</u></a>
★	Professor Elspeth Graham ( <a href="#"><u>QQ 130–136</u></a> )	
	Professor Susan Halford	<a href="#"><u>IFP0059</u></a>
	Professor Irene Hardill	<a href="#"><u>IFP0028</u></a>
	Catherine Harris	<a href="#"><u>IFP0001</u></a>
	Healthwatch Essex	<a href="#"><u>IFP0011</u></a>
★	Professor Sue Heath ( <a href="#"><u>QQ 151–159</u></a> )	
★	Professor Christian Hilber ( <a href="#"><u>QQ 130–136</u></a> )	
★	Professor Sir John Hills ( <a href="#"><u>QQ 177–182</u></a> )	
★★	HM Government ( <a href="#"><u>QQ 38–55</u></a> ), ( <a href="#"><u>QQ 93–103</u></a> ), ( <a href="#"><u>QQ 191–210</u></a> ) and ( <a href="#"><u>QQ 211–239</u></a> )	<a href="#"><u>IFP0058</u></a> <a href="#"><u>IFP0062</u></a> <a href="#"><u>IFP0072</u></a>
	Institute and Faculty of Actuaries	<a href="#"><u>IFP0039</u></a>
★	Institute for Fiscal Studies ( <a href="#"><u>QQ 21–27</u></a> ) and ( <a href="#"><u>QQ 28–37</u></a> )	
★	Institute for Public Policy Research ( <a href="#"><u>QQ 177–182</u></a> )	
★★	The Intergenerational Foundation ( <a href="#"><u>QQ 130–136</u></a> )	<a href="#"><u>IFP0042</u></a>
★★	International Longevity Centre–UK (ILC-UK) ( <a href="#"><u>QQ 65–72</u></a> )	<a href="#"><u>IFP0051</u></a>
	Michael Johnson	<a href="#"><u>IFP0074</u></a>
	Later Life Ambitions	<a href="#"><u>IFP0035</u></a>
★	Locality ( <a href="#"><u>QQ 137–143</u></a> )	
	London Councils	<a href="#"><u>IFP0029</u></a>
	LV=	<a href="#"><u>IFP0056</u></a>
★	Professor Stephen Machin ( <a href="#"><u>QQ 21–27</u></a> )	
	Allan Martin	<a href="#"><u>IFP0010</u></a>
	Dr Jennifer McCaffrey	<a href="#"><u>IFP0008</u></a>
★	Julian McCrae ( <a href="#"><u>QQ 169–176</u></a> )	
★★	Ministry of Housing, Communities and Local Government ( <a href="#"><u>QQ 93–103</u></a> ) and ( <a href="#"><u>QQ 191–210</u></a> )	<a href="#"><u>IFP0066</u></a> <a href="#"><u>IFP0075</u></a>
★	Dr Thomas Moore ( <a href="#"><u>QQ 137–143</u></a> )	
	Movement to Work	<a href="#"><u>IFP0064</u></a>
★	Ian Mulheirn ( <a href="#"><u>QQ 28–37</u></a> )	
	National Pensioners Convention	<a href="#"><u>IFP0030</u></a>

	Newcastle University Institute of Health and Society	<a href="#"><u>IFP0024</u></a>
	Dr Kristian Niemietz	<a href="#"><u>IFP0003</u></a>
	Office for National Statistics (ONS)	<a href="#"><u>IFP0053</u></a>
	Older Feminist Network	<a href="#"><u>IFP0032</u></a>
*	Professor Jacqueline O'Reilly ( <a href="#"><u>QQ 65–72</u></a> )	
	Benjamin Osaka	<a href="#"><u>IFP0006</u></a>
	Peabody Trust	<a href="#"><u>IFP0023</u></a>
	Alison Peel	<a href="#"><u>IFP0009</u></a>
	Pensions Policy Institute	<a href="#"><u>IFP0040</u></a>
*	Policy Connect ( <a href="#"><u>QQ 56–64</u></a> )	
*	Policy Exchange ( <a href="#"><u>QQ 177–182</u></a> )	
*	Power to Change ( <a href="#"><u>QQ 137–143</u></a> )	
	Public Service Pensioners' Council	<a href="#"><u>IFP0017</u></a>
	Quakers in Britain	<a href="#"><u>IFP0041</u></a>
	The Retirement Home Builders Group of the Home Builders Federation	<a href="#"><u>IFP0068</u></a>
	Professor Karen Rowlingson	<a href="#"><u>IFP0026</u></a>
**	The Royal Town Planning Institute ( <a href="#"><u>QQ 120–129</u></a> )	<a href="#"><u>IFP0057</u></a>
*	Professor Andrew Scott ( <a href="#"><u>QQ 56–64</u></a> )	
	Fiona Scott	<a href="#"><u>IFP0025</u></a>
*	Professor James Sefton ( <a href="#"><u>QQ 169–176</u></a> )	
	Shared Lives Plus	<a href="#"><u>IFP0015</u></a>
*	Social Market Foundation ( <a href="#"><u>QQ 151–159</u></a> )	
	Dr Hannah Swift	<a href="#"><u>IFP0038</u></a>
**	TaxPayers' Alliance ( <a href="#"><u>QQ 177–182</u></a> )	<a href="#"><u>IFP0069</u></a>
*	Timewise ( <a href="#"><u>QQ 73–83</u></a> )	
**	Trades Union Congress ( <a href="#"><u>QQ 84–92</u></a> )	<a href="#"><u>IFP0046</u></a>
	Understanding Society, the UK Household Longitudinal Study	<a href="#"><u>IFP0021</u></a>
	United for All Ages	<a href="#"><u>IFP0018</u></a>
	University of Birmingham, Centre for the Study of Global Ethics	<a href="#"><u>IFP0031</u></a>
*	Professor Athina Vlachantoni ( <a href="#"><u>QQ 73–83</u></a> )	
	Professor Emeritus Christine Whitehead	<a href="#"><u>IFP0063</u></a>
*	The Rt Hon the Lord Willetts ( <a href="#"><u>QQ 1–20</u></a> )	
	Christine Williams	<a href="#"><u>IFP0005</u></a>
	Young Fabians	<a href="#"><u>IFP0045</u></a>
	Young Women's Trust	<a href="#"><u>IFP0037</u></a>

## APPENDIX 3: CALL FOR EVIDENCE

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The House of Lords Select Committee on Intergenerational Fairness and Provision was established on 9 May 2018 and asked to report by 31 March 2019.

The concept of intergenerational fairness is under strain. Younger people are not experiencing the income progression that successive generations since the Second World War have enjoyed. This has had an impact on home ownership, as house prices remain significantly out of step with average earnings. At the same time, we are living longer, creating additional costs for health and social care systems. For most of us that will mean working longer and retiring later. How should society respond to these challenges?

The Committee has decided to focus on issues of intergenerational fairness and provision across four key areas: jobs and the workplace, including in-work training and skills development; housing; the role of communities; and taxation.

In each case the Committee is seeking solutions which take account of the circumstances of all generations, recognising that decisions concerning older generations today will affect younger generations in a few years' time. Key to the Committee's considerations will be the motivation not to impoverish future generations.

The questions set out below are intended to provide a framework for those who wish to offer their views. You need not answer all these questions.

Information on how to submit evidence is set out below. If you have any questions or require adjustments to enable you to respond, please contact the Committee team: details also below.

It is helpful if opinions are supported by factual evidence where appropriate. Comparisons with practice in other countries are welcome.

The deadline for written evidence submissions is Monday 10 September 2018.

### Questions

#### *General*

- (1) Is the intergenerational settlement in the UK currently fair? Which generations are better off or worse off, and in which ways?
- (2) What are the future prospects for different generations in the light of current economic forecasting?

#### *Jobs and the workplace*

- (3) To what extent do different generations have a better or worse experience of the labour market?
- (4) What needs to change to enable longer and fuller working lives for all? What role should employers play in providing solutions? What role can technology play?
- (5) What are the barriers to greater in-work training and skills development for all generations?

### *Housing*

- (6) To what extent is intergenerational fairness impaired by the UK housing market?
- (7) What has driven the increase in the size of the private rented sector? Which generations are most affected by this and how?
- (8) How can we ensure that the planning system provides for properties appropriate for all generations, including older people?
- (9) How can the property wealth of older generations (parents and grandparents) be utilised to help younger generations (their children and grandchildren) access the property market? What would be the impact on intra-generational fairness of such schemes?
- (10) To what extent are initiatives to encourage down-sizing or intergenerational home-sharing part of a viable solution to the housing shortage for younger generations?

### *Communities*

- (11) In what ways could more active communities help redress imbalances between generations? Are there opportunities for more non-state provided solutions to the challenges faced by an ageing society?
- (12) To what extent are new technologies and social media isolating different generations from each other? How can technology be harnessed to promote active communities working to redress imbalances between generations?

### *Taxation*

- (13) To what extent does the tax system take account of fairness between the generations? What changes, if any, should be made to the tax system to achieve a fair intergenerational settlement?
- (14) How does the Government's practice of running public finances on a cash flow rather than on a balance sheet basis affect the intergenerational settlement?



## APPENDIX 4: NOTE OF COMMITTEE VISIT TO DONCASTER: 14 NOVEMBER 2018

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1. On 14 November, the Select Committee on Intergenerational Fairness and Provision visited Doncaster to see the work being done on intergenerational projects and services and to hear the views of local service providers and users. The Committee visited Doncaster Council and Swallowdale Extra Care facility, and participated in a discussion with staff, residents and apprentices from St Leger Homes of Doncaster.
2. Three members of the Committee were in attendance.<sup>381</sup>
3. Doncaster was chosen because of the borough's Growing Together Strategy, which takes a lifecourse approach. The four-year plan represents considerable efforts by partners locally to improve the quality of life in the borough. St Leger Homes, an arms-length management organisation that manages 21,000 social housing properties in Doncaster, had been cited in one of the Committee's evidence sessions as an example of good intergenerational practice.

### Doncaster's 'Growing Together Strategy'

4. The Committee began its visit with a meeting at Doncaster Council, where the Directors from Doncaster Council gave a presentation on their 'Doncaster Growing Together' (DGT) strategy, which covers living, working, caring and learning. The Committee met with:
  - Mayor Ros Jones, Mayor of Doncaster
  - Deputy Mayor Councillor Glyn Jones, Cabinet Member for Housing and Equalities
  - Councillor Nuala Fennelly, Lead Member for Children's Services with a portfolio for Education and Skills
  - Peter Dale, Director of Regeneration and Environment, Doncaster Council
  - Damian Allen, Director of People, Doncaster Council
  - Paul Tanney, Chief Executive, St Leger Homes of Doncaster
  - Mark Douglas, Director of Children's Social Care, Doncaster Children's Services Trust
  - Lee Tillman, Assistant Director for Strategy and Performance, Doncaster Council
  - Kris Peach, Director of Extra Care, Housing and Care
  - Christian Foster, Head of Service, Strategy and Performance Unit, Doncaster Council
  - Adam Goldsmith, Head of Strategic Housing, Doncaster Council
5. Mayor Ros Jones said that the Council was working to modernise and integrate services to direct them to the areas of greatest need, but Government grant cuts, rising demand for services and an increase in costs would see Doncaster Council face an estimated £21 million budget gap in 2019–20 and a further £13 million in 2020–21. These difficulties, coupled with a

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<sup>381</sup> Lord Bichard, Baroness Crawley and Lord True (Chairman).

lack of certainty about central government funding beyond 2019–20, made financial planning difficult. Despite these challenges, several projects had been delivered, including securing a University Technical College, starting work on a new library and museum, and completing phase two of the Great Yorkshire Way. Work was continuing to join up health and social care and initiatives, such as the ‘Complex Lives Team’ to support people who are homeless, as well as schemes to ensure children get the best start in life.

6. The Directors spoke about the importance of quality of place, particularly the town centre as an economic driver and face of Doncaster. Due to local authority budget cuts, they stressed the necessity of prioritising both people and place. This included improving the look and feel of the town centre, to attract people in and encourage integration and community involvement. When asked about age segregation, the Committee were told that all areas had some age segregation, but that the extent of this segregation was contextual. It was suggested that in villages, people of different ages were more integrated, whilst across the borough (which, due to its large size, the Council thought of as the equivalent of a city) more integration between the ages was needed.
7. There was a large focus on community engagement and community-run services. Doncaster previously ran 24 council-owned libraries; now only four of these libraries were council-owned, and the rest were run by communities. St Leger Homes were giving Tenants and Residents Associations (TARAs) the skills to manage local community events themselves. There was a strong belief that people within the community knew the community better than people outside it, and that this local knowledge should be harnessed where possible.
8. The Committee heard that the renewal of Doncaster’s education and skills system was central to the Council’s commitment to inclusive growth, raising local ambition and bridging the gap between education and work. The Council’s vision for a learning city where lifelong education and culture engage and inspire was intergenerational in its approach. The ‘One Doncaster’ partnership approach had been nominated as one of 20 examples of Global Educational Change for its place-based transformation of learning. Directors of Doncaster Council spoke of the importance of this action being socially situated and socially embedded—speaking to a sense of belonging, identity and origin. Doncaster Council commissioned the Education and Skills Commission in 2016, and it was that commission that had recommended taking a longer term, demand-led view.
9. A particular focus was the skills gap, and the need for a much tighter alignment between school and the growing economy. The Commission recommended that careers advice needed to be aligned with skills developed in education, and that young people needed to understand what jobs were available to go into. The need to mitigate the loss of young people who move away to larger cities was also commented upon. This presented a problem for Doncaster because of the loss of skills. Part of the solution to this was a focus on skills and education, which could provide jobs within the area. Doncaster had a particularly strong business forum, which was recognised by the Education and Skills Commission. This was being harnessed intergenerationally through various initiatives to encourage aspirations and raise awareness of the infrastructure jobs available in Doncaster.

10. In securing the University Technical College, Doncaster Council had focussed on a pervasive learning culture throughout life. The Committee heard that Doncaster is the location of a National College for High Speed Rail campus, which built on the borough's heritage of rail in Doncaster for future generations. The importance of lifelong learning as a focus was stressed by the Council, as was the objective of returning to work after long-term unemployment.

### Swallowdale Extra Care facility

11. The Committee then travelled to the Doncaster Swallowdale Extra Care facility. The Committee was accompanied by three officers from Doncaster Council: Rachael Kenningham, Public Affairs Officer; Christian Foster, Strategy and Performance Head of Service; and Adam Goldsmith, the Head of Service, who leads the Doncaster Council house-building programme.
12. Once at the Extra Care facility, the Committee met staff and residents of the facility, including Joanne Gill, the Regional Manager, and Hilda Cook, the Housing and Care Manager. The Committee held an informal discussion about the facility's purpose-built accessible housing, focussing on the maintenance of older people's independence and the challenge of creating intergenerational practices within an Extra Care facility.
13. Part of this was achieved by branding the facility as a housing scheme, rather than a retirement or nursing home. There was a recognised 'twin track' approach of establishing such facilities alongside helping people stay in their own homes for longer. The staff told the Committee that adapting existing housing, through installing stair lifts and ground-floor level bathrooms, for example, was necessary in addition to providing Extra Care homes. The Committee asked about the affordability of the Extra Care facility and were told that it works in a similar way to downsizing to a smaller house: residents sold their own homes and used the proceeds to buy or rent a unit at the facility.
14. The stated aim of the Swallowdale Extra Care facility was to help people to retain their independence. There were seven similar Extra Care facilities run in the region, though more were planned in the next 18 months. Modelling the ageing population, the inevitable need for even more schemes was raised as an issue. However, there was a need to ensure quality of such services, not just quantity. The larger issue, it was felt, was the future staffing and funding of such services.
15. The Committee enquired about intergenerational contact between older residents and the wider community. They were told about local colleges coming to work with residents, and older residents sharing cooking skills with younger people. There was an emphasis on viewing the facility not as a retirement home, but rather as a community, where everyone has their own front door.
16. Looking ahead, the Committee was told about the potential to increase the sense of community through technology. In the future, it might be possible to integrate technology into the Extra Care facilities in order to help with the care of the residents and to provide regular updates to their relatives. The Committee raised the possible use of Extra Care centres to act as hubs for monitoring and supporting older people in their own homes. The potential wider advantages for district nursing were also mentioned.

## St Leger Homes of Doncaster

17. The Committee returned to Doncaster Council's offices for a discussion with St Leger Homes of Doncaster. The St Leger Homes team gave presentations on their Young Person's projects, engagement work, World of Work initiative and apprenticeship programmes. This included presentations from:
  - Jane Davies, Head of Housing Management
  - Stacey Lynn, Customer Involvement Officer
  - Vikkii Chamberlain, People Development Manager
  - Kevin Butler, World of Work Coordinator
18. The Committee then participated in an informal question and answer session with young and older tenants and apprentices at St Leger Homes.
19. It was noted that tighter alignment between educational skills and economic need could be achieved through better routes into apprenticeships. The Committee spoke to a group of young apprentices and participants on the St Leger Homes World of Work (WoW) programme. Competition for these programmes was intense, with over two hundred applications for six apprenticeships. St Leger Homes pays the living wage, rather than the apprenticeship minimum wage, which made these apprenticeships very attractive to young participants.
20. With regards to longer working lives and continuing in employment, the point was raised by young apprentices that in certain manual sectors, such as roofing and construction, it was difficult to keep working as you aged. There was a focus on retraining within the organisation and moving within the same sector into deployment and customer services. This was done at St Leger Homes through a route of 'careers conversations', in partnership with trade unions.
21. Some commented that young people did not feel prepared by school for the life issues that they need to face. Housing education was raised as an area of absence, particularly where and how to seek help, as well as issues of budgeting, and how to own or rent a home. It was suggested that schools might be the best body through which to provide this information, as otherwise young people relied on their parents. This might not be a bad thing in itself, but it could lead to differences in the quality of information and advice.
22. Homelessness among young people was raised as a pressing issue by the staff and tenants of St Leger Homes. It was felt that this issue was exacerbated by the introduction of Universal Credit, and by young people's lack of awareness of what to do when in financial difficulty. This reinforced the need for better housing education within schools, and the provision of clear signposts in schools about how to access help. St Leger Homes had won a number of awards at the Northern Housing Awards and were shortlisted at the UK Housing Awards for community involvement.

## APPENDIX 5: CONTACT GROUP FOR THE INQUIRY

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1. The Select Committee on Intergenerational Fairness and Provision wanted to hear the views of the public throughout the inquiry, in particular those who may not typically be reached by a parliamentary Call for Evidence. A Contact Group was proposed to run alongside the evidence schedule of the Committee, create substantial and repeat engagement with the Committee and to reflect the different age groups that would be affected by our conclusions and recommendations. This engagement would help inform and strengthen these conclusions and recommendations. This is the first time that a Lords Committee has run a Contact Group, and we hope that this can set a precedent for future Lords Committees.
2. The Committee invited 14 members of the public from across the age groups, and across the country, to form the Contact Group. The Contact Group consisted of:
  - Four representatives of the ‘younger’ age range, as coordinated by British Youth Council.
  - Five representatives of a ‘middle’ age range, coordinated with Coram Family and Childcare Trust. Two of the ‘middle’ age range representatives were accompanied by a ‘volunteer coordinator’.
  - Five representatives of the ‘older’ age range, as coordinated by the Centre for Ageing Better. Two of the ‘older’ age range representatives were accompanied by a ‘volunteer coordinator’.
3. The Contact Group were invited to two meetings at the Houses of Parliament on 31 October and 5 December 2018. On 31 October, participants discussed their experience of the issues covered by the inquiry. These included the concept of intergenerational fairness, housing, employment, communities and taxation. After this, the Contact Group were invited to conduct similar sessions in their own communities. The members of the Contact Group returned to Westminster on 5 December, where they were invited to feedback to members the points raised in the at-home sessions.
4. We heard from the members of the Contact Group about their concerns, and what they thought were the key issues for their own generation, and the other generations present in the room. We are grateful to them, and to the organisations involved. Below is a summary of the issues discussed.
5. The meeting on 31 October was attended by Baroness Blackstone, Viscount Chandos, Baroness Crawley, Baroness Greengross, Lord Hollick, Baroness Jenkin of Kennington, Lord True (Chairman), Baroness Thornhill and Baroness Tyler of Enfield.
6. The meeting on 5 December was attended by Lord Bichard, Baroness Blackstone, Viscount Chandos, Baroness Crawley, Baroness Jenkin of Kennington, Lord Price, Baroness Thornhill, Lord True (Chairman) and Baroness Tyler of Enfield.

### Intergenerational fairness

7. On 31 October, Members of the Contact Group were asked whether they felt their generation was better or worse than other generations and why.



8. The responses received showed a good deal of sympathy and understanding of the challenges each generation faced, with an overriding feeling that no one generation are better or worse off, but rather the pressures and difficulties are dramatically different across the generations. The younger participants did state that they felt their generation were generally worse off compared to other generations at their age due to what they perceived as a break in the generation-on-generation increase in standard of living. However, they recognised that there were new opportunities for themselves that other generations did not have. There was also a concern expressed amongst the older participants that they had ‘paid in’ to the intergenerational contract but didn’t feel that they were getting anything out of this system.
9. A notable recurring comment was that intergenerational contact is invaluable and makes a huge difference, but that such intergenerational contact was lessening. The participants in the ‘middle’ age ranges spoke of not seeing as much intergenerational contact as when they were younger, due to the transience of neighbourhoods. Opportunities for contact in the immediate vicinity of the neighbourhood had been diminished.
10. In the at-home communities sessions, this loss of intergenerational compact was echoed, along with the aversion to blame one generation for the situation of another. In interpreting ‘What is intergenerational fairness?’ the idea of parity of esteem and opportunity was raised numerous times. It was suggested that the greater isolation between young and old was due to a lack of facilities and activities. Within the older participants, there was an expressed concern that older people are stigmatised and made a scapegoat for the problems facing younger people, along with a recognition that younger people do face new problems, especially the inability to ‘move on’ and ‘get started’ with their lives.
11. When the participants fed back to the Committee on 5 December, they raised the issue that ‘intergenerational fairness’ was an ambiguous and relatively new term to most people. While there was an understanding of inequality within generations, taking a cross-generational approach to the issue of fairness was unfamiliar. For example, the younger participants reported back that it had not occurred to many of the young people they had spoken to that other generations faced unique difficulties and the wider issues affecting intergenerational fairness.
12. Concern about education and the preparedness of the younger generations was a theme that ran through participants’ feedback. From the middle age range, participants were worried that younger generations were not equipped for their future and that they would like to empower their children more and see more practical education. However, the younger participants were concerned that there were various stigmas raised against their generation as a result of this perceived ill-equipment for reality.

### Housing

13. There was real anxiety about housing from all participants of the Contact Group. Across the age ranges, the main concern was the lack of affordable, suitable housing. At the first meeting on 31 October, the younger participants felt that they would not be able to buy a house in the next 10 years. They said many of their peers were living at home and that many returned home after university. The phrase ‘beggars can’t be choosers’ was

expressed by these younger participants. The participants from the middle age range spoke of their own children, some of whom were aged 30, moving back in to their childhood homes. This impacted not just the children, but also the parents who they live with, whose lives are also altered. There was a concern that their children were putting off starting families because of the lack of certainty and security that comes with owning a property. The older participants felt that housing, in terms of buying, had been progressively worsening for each generation. There was a recognition from older participants that the impact of student debt on allowing saving for a deposit means buying is even harder for the current generation. The older participants suggested that more home sharing schemes were needed, that encourage more interesting approaches to alleviating housing issues.

14. In the at-home sessions, housing was felt to be the most important issue to the younger generation, for whom owning a house was felt to be an unattainable goal. This was due to both higher deposit rates and prices. Some cited university debts as making it harder to save for a deposit. The people in the middle age range felt that a lack of supply of both social housing and privately-owned housing was the main contributing factor. Once again, the issue of intergenerational overcrowding was brought up; because less people in younger generations were able to afford a home of their own, they were forced to stay with their parents. It was also commented upon that the Help to Buy scheme has helped those who can muster some deposit money, but for those that cannot, there is no provision. The older people spoken to repeated this issue of a lack of supply, but felt that this impacted older people as well as younger people. There was some frustration that people had a misconception about the availability and affordability of mortgages for the older generations. For example, people said that there was not enough housing with care schemes and a lot more of these or retirement villages were needed to enable them to live independently for longer. This was a particular concern for people with dementia.
15. Across the generations, the insecurity of the private rented sector was commented upon. The main issues were the high costs of renting, unreliable landlords causing dangerous living situations. In one group of older people spoken to, every person present was in the rental market and had experienced poor-quality support in accessing housing services. It was commonly felt that the renting situation as it stands led to uncertainty and insecurity. The cost of renting also meant that it was not feasible to save up for a deposit to buy a house. Another indirect effect that was commented upon by participants in both the middle and older age ranges was the rental sector contributing to transient communities as people moved in and out and then did not integrate in the community. This, in turn, contributed to the lack of intergenerational contact.
16. Participants also frequently discussed the intergenerational transfers of wealth in order to meet the cost of housing. Many families help younger generations with affording deposits, a situation that is not unique to the current younger generation. However, it was commented upon that many parents have to help with meeting rent payments and supporting children who move back home after university. Parents also commonly need to help with rental deposits, let alone housing deposits. This subsequently diminished parents' savings, with the point also raised that many parents will put their savings into education and university for their child, which might result in an opportunity cost of

giving money for housing. For the participants who lived in social housing, who had never owned a house and therefore were not able to pass anything down to the next generation and do not have equity, there was real anxiety about their children's future.

## Employment

17. The participants from across the age ranges were asked about their opinions and experiences of the labour market. The younger participants commented upon the competitive nature of the jobs market for graduates and the mismatch between university education and the nature of the jobs market. They felt that their schools had pushed them towards university as the only viable route and weren't equipped to advise them on apprenticeships. Higher Education is tied to the job market as the only good route, with little regard for alternative options. The feedback received from the younger people's at-home sessions echoed this: it was felt that better jobs were needed to justify going to university and incurring large amounts of debt. The older participants were concerned about this situation for younger generations; they believed that young people now had to fulfil many criteria to obtain a job and were competing with a greater number of graduates.
18. Younger participants also spoke of the insufficiency of a degree in getting a job and the need for 'extras' to differentiate oneself from peers, such as internships, many of which were unpaid. This was also an area of concern for the older participants, who felt that in addition to posing a risk for younger generations, the older generations might wish to take on part-time jobs, but if a younger person was willing to do this unpaid, this pushed them out of the opportunity for this job.
19. The issue that the minimum wage was lower for 16 and 18 year olds than for over 25s was raised. Younger people felt that this was unfair, and that equal pay should be received for equal work; to suggest otherwise diminished the contribution that younger workers could make to their jobs.
20. For the participants in the middle and older age ranges, the longevity of working lives was a concern, particularly the issue of choice within this situation. They stated that staying in work and enjoying retirement depended on one's health. They also expressed that they perceived older people staying in work for longer means a shortage of jobs for younger people, which will be compounded when job losses from automation are considered. The older participants felt that the concept of longer working lives needed more structure; some jobs are unsuitable for older people and there may not always be flexible opportunities for working longer. The older participants acknowledged the potential impact on the younger generation in terms of the positives of passing on knowledge and expertise.
21. Amongst younger participants, there were differing opinions on the so-called 'gig economy'. It was said that zero-hours contracts worked well for young people such as students who enjoyed the flexibility, however once these workers were no longer students and needed security it is no longer tenable and should not be a permanent job. It was stated that zero-hours contracts should be a 'top up', but for some it is a lifeline and in these latter cases there posed real insecurity. In a similar fashion, low-hours contracts were fed back by the middle age range participants as having similar worries. This issue linked back into the housing issue, as without job security it would

be extremely difficult to buy a house, or even save up enough to put down a rental deposit.

## Communities

22. Participants were asked about their experiences of ‘communities’ and what the term meant to them. More specifically, they were asked whether this included people from different generations and what effect they felt technological developments had on their sense of community. Across all age groups, the great value in intergenerational contact was commented upon. Participants told the Committee of numerous examples of positive intergenerational contact. In one instance, a local community centre ran a group session with older women and teenage boys. The women taught the boys how to cook a meal, while the boys taught the women how to play video games. There was a desire from all ages to engage with other generations more and the potential to tackle loneliness and negative age stereotypes through this contact was expressed.
23. The younger participants reported the potential for intergenerational community contact provided by social media. This provided a platform for both older and younger people to inform and help each other, as well as learn from each other. It was suggested that social media was a way of connecting with extended family, in a similar fashion to multigenerational housing. The participants from the middle age range also felt that technology connects different generations, but also connects people within the same generation who might share a communal space. Participants spoke of their neighbourhood WhatsApp groups, for example, which allowed them to connect to their neighbours.
24. It was felt across the age ranges, however, that technological connection was not a substitute, but rather a supplement to physical communal spaces. The participants from across the middle and older age ranges commented on the fact that lots of communities lack the physical spaces within which to hold community events. They fed back that many older people and young mothers alike felt isolated from the community. Within the group of older participants at the first meeting on 31 October, opinions varied significantly as to whether young people wanted to be involved. There was a desire for physical community spaces not just to function as youth centres. Older people commented that they used to have dance halls and youth clubs, but that these spaces had since disappeared. There was a suggestion by participants from the older generation that schools might do more to bridge the gap and that this environment would be suitable because it could combat social isolation. However, participants from the middle age range commented that schools are under pressure to meet targets and expectations, so often do not have sufficient time, funds or staffing to facilitate such activities.

## Taxation and benefits

25. Across the age ranges, it was felt that there was a respect for people who had paid into the State Pension and so deserved to reap the benefits of this. In fact, it was explicitly stated at one table that there was no resentment towards older people and that younger generations did indeed respect their situation. In line with the idea of the intergenerational compact, the younger participants said that they expected to pay in and receive their pension, as the older generations said that they had paid tax all their working life, so when they retire should have enough money to live comfortably.

26. The need for creativity in how those at the lower end of the income and wealth spectrum are helped was stressed, particularly in relation to how benefits were taxed. Indeed, across the middle and older groups of participants, there was an anxiety that those in work should be better off than those on benefits, and that ‘carrots not sticks’ were needed to incentivise employment.
27. One creative idea that was suggested by one of the older groups was tapered taxation to help all age groups. This would mean that younger people paid lower tax; a middle group paid higher; older groups paid lower and those staying on in work past the State Pension age would pay no taxation or employee National Insurance Contributions. Another suggestion was borne from the resounding sentiment that one generation did not want to take perks from one demographic and give to another; it was suggested that large companies should make a proper contribution to society by paying greater tax and not evading tax. There was a stated concern not to discourage employers from doing business in the UK, but that they felt big businesses were not paying enough. A final suggestion was suggested by one participant to use ‘local currencies’ to help build and sustain local communities. This might take the form of reduced business rates for buildings that made their space available for community services for a certain number of hours a week. This could also be extended on a personal level.
28. In their feedback, the participants from the middle age range expressed a concern that the student loan repayment scheme needed to be looked at, as current interest rates were too high.
29. The older participants all wanted to ensure that they could help the younger generations with the struggles they face but weren’t sure what they were willing to give up or sacrifice in order to do so. They felt that some of the ‘perks’ they received could be done away with, such as the free TV licence, whereas bus passes are a vital lifeline for many older people.

### Messages to the Minister

30. The final session of the Contact Group was held on 5 December 2018. The Committee’s evidence sessions were held on 11 and 18 December, where it heard from Ministers from four government departments. The Contact Group participants were invited to ask people at the at-home sessions what their three key messages to the Ministers would be. The participants themselves were then asked the same question at the end of the session on 5 December. The following answers were recorded (similar messages have been grouped together.)
31. The younger participants wanted to pass along a message that politicians and those in power should hear and listen to the voice of younger people. They wanted to know what methods they were using to engage with young people and those who are too young to vote. They also felt that they would never own their home and so wanted to know what the government were doing to increase the chance of home ownership for young people. They also sought to know what the government was doing to try and ensure there is a viable job market for young graduates and those who had not gone to university. They wished to know what the government was doing to improve realistic career guidance.
32. The participants from the middle age ranges wanted the government to invest in social mobility, starting with jobs, specifically better training and



more protected contracts. They also wanted Ministers to deal with the disconnection in communities by funding community groups. There was a desire for local leaders to be empowered with funding and resources such as training, and to build ‘people’ centres, rather than solely retirement communities, or areas just for young people. Working mothers from the middle age range said they wanted to see more flexibility and opportunities to work from home. They felt getting back into work that was stimulating but also fitted with their caring commitments was vital and would provide working role models for the next generation. Training, reskilling and increasing people’s confidence would help with this.

33. The older participants wanted to see better planning of local communities to decrease age segregation. They believed the housing needs of all generations should be met in one vicinity and that this would have positive knock-on effects for intergenerational contact and community activity. Older generations also wished to make their anxieties about a reduced pension known; there was a great sense of unfairness around the government diminishing people’s pensions that they had paid into all their working lives.
34. The older participants particularly raised the point that they wished to see a more permissive environment for local communities to organise activities. In the present situation, such activity was often hindered by local authorities, who in turn were restricted by national government. When this point was raised on 5 December, the other age groups indicated strong support for this suggestion, which reflected the productive discussion around communities and resounding desire for greater community activity.
35. All groups raised the message of increased affordable housing supply. There was a desire that this should be accompanied by the appropriate infrastructure. The older groups raised the necessity of increased specialised housing stock, such as Extra Care facilities.
36. Across all groups, there was a keen desire for the private rented sector to see some reform, particularly being made more secure and less expensive. The younger participants wanted guidance on renting and lower deposits, where home owning wasn’t an option. The participants from the middle age range wanted to see the private rented sector made more secure and less expensive. The older participants wanted to highlight issues around the rental market to Ministers. They proposed a cap on rents.

## APPENDIX 6: ACRONYMS AND ABBREVIATIONS

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AAT	Association of Accounting Technicians
ACA	Association of Consulting Actuaries
AOC	Association of Colleges
APPG	All-Party Parliamentary Group
ARCO	Associated Retirement Community Operators
AST	Assured Shorthold Tenancy
BEIS	Department for Business, Energy and Industrial Strategy
BYC	British Youth Council
CBI	Confederation of British Industries
Cebr	Centre for Economics and Business Research
CEP	Centre for Economic Performance
CIPD	Chartered Institute of Personnel and Development
DAS	Digital Apprenticeship Service
DCMS	Department for Digital, Culture, Media and Sport
DfE	Department for Education
DWP	Department for Work and Pensions
EHRC	Equality and Human Rights Commission
FCA	Financial Conduct Authority
FE	Further Education
FSB	Federation of Small Businesses
GDP	Gross Domestic Product
HBAI	Households Below Average Income data set
HE	Higher Education
HMRC	Her Majesty's Revenue and Customs
HMT	HM Treasury
HRA	Housing Revenue Accounts
HRP	Household Representative Person
ICAEW	Institute of Chartered Accountants in England and Wales
IfG	Institute for Government
IFS	Institute for Fiscal Studies
ILC-UK	International Longevity Centre-UK
IPPR	Institute for Public Policy Research
LGA	Local Government Association
LSE	London School of Economics
MHCLG	Ministry of Housing, Communities and Local Government

NAO	National Audit Office
NGO	Non-Governmental Organisation
NHS	National Health Service
NICs	National Insurance Contributions
NRS	National Retraining Scheme
OBR	Office for Budget Responsibility
OECD	Organisation for Economic Co-operation and Development
ONS	Office for National Statistics
PENSIM	Pension simulation model
PSHE	Personal, Social and Health Education
RPI	Retail Price Index
RTPI	Royal Town Planning Institute
SME	Small and medium-sized enterprises
SMF	Social Market Foundation
STEM	Science, technology, engineering and mathematics
TUC	Trades Union Congress
UCAS	Universities and Colleges Admissions Service
VAT	Value Added Tax
WAS	Wealth and Assets Survey
WoW	World of Work programme