

Consultation Response

Age UK's submission to the House of Lords Select Committee on Intergenerational Fairness and Provision

September 2018

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About Age UK

Age UK is a national charity that works with a network of partners, including Age Scotland, Age Cymru, Age NI and local Age UKs across England. In the UK, the Charity helps more than seven million older people each year by providing advice and support. It also researches and campaigns on the issues that matter most to older people. Its work focuses on ensuring that older people: have enough money; enjoy life and feel well; receive high quality health and care; are comfortable, safe and secure at home; and feel valued and able to participate.

1. Key points

1.1 Age UK believes it is useful to look at differences between generations but this should be done alongside considering the differences within generations. Policy around housing, employment, care and other areas should meet the needs of all generations.

1.2 Age discrimination in the workplace is still rife, affecting older and younger workers. Ways to enable longer and fuller working lives include: greater access to flexible working; better guidance (for example through a 'Career MOT at 50'); and improved training opportunities.

1.3 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. The private rented sector needs significant reform to meet the needs of increasing numbers of young families and the small, but growing, proportion of older people in this sector.

1.4 We would like to see the development of more integrated age friendly communities – rather than simply an expansion in segregated specialist schemes designed exclusively for older people. The lifetime homes standard should be applied to all new homes to provide flexible accessible forms of housing that work for all age groups.

1.5 The voluntary and community sector can play a key role in helping older and younger people connect and help each other, and there are plenty of examples of initiatives that increase positive intergenerational contacts.

1.6 Tax increases are never popular although may be acceptable if people feel confident that services will improve as a result and any additional contributions are seen

as fair. We believe there is scope for greater public and political debate about wealth and capital taxes but we recognise any change would bring major political and administrative challenges.

2. General

2.1 Age UK believes that it is helpful to look at the differences between generations. However, there are no straightforward answers to the question 'Which generations are better off or worse off, and in which ways?' We support intergenerational solidarity and we believe it is important that the debate about the position of different generations does not pitch younger generations and older generations against each other.

2.2 Problems and desired outcomes will often be similar for people across the age range - for example, both younger and older people can face discrimination in areas such as employment, access to insurance, having a voice and stereotyping in the media. Equality legislation has helped to address some of these issues and it is important that we build on the progress that has been made.

2.3 Even where the problems facing different generations appear very different, differences of scale may be masking some similar issues. For example, difficulties finding suitable affordable rented housing are currently much more prevalent among younger people, but may also have a serious impact on the six percent of older households in the private rented sector. Lack of social care provision may appear to be an older person's issue, but around half of adult social care funding in England goes to people under the age of 65. What may appear to be an issue of 'intergenerational unfairness', is more a reflection of how housing and care policies are not currently meeting the needs of all generations.

2.4 Sometimes it is a matter of things being different rather than necessarily being better or worse. For example, in the past university students were clearly very privileged financially compared to students today who can build up large amounts of debt. However, a much smaller proportion of people now in their 50s and older had the opportunity to go to university.

2.5 And importantly we should always look at differences within generations alongside differences between age groups and cohorts in order to get a comprehensive picture. Without taking into account the (often greater) diversity within generations, policy reforms could focus too much on age or cohort without considering wider circumstances.

3. Jobs and the workplace

3.1 Different generations face different challenges in terms of the workplace and the economic climate throughout their working life, but as pointed out above, there are also differences within generations. The Resolution Foundation has highlighted the difficulties that many low income workers, particularly older workers, have in escaping low pay.ⁱ The organisation also looked specifically at the position of the 1.8 million ‘low to middle income’ households aged 50 to State Pension age (28 per cent of all households in this age group). On average they had household income no higher than eight years ago and the report concludes they ‘face a struggle to maintain living standards at a time of life when many save for retirement’.ⁱⁱ

3.2 Age discrimination is still rife, and affects both older and younger workers. Studies show that among the over 55s, over a third report having experienced this.ⁱⁱⁱ Recruitment practices in particular should be improved and the implementation of the Equality Act should be re-examined to ensure that employers do not discriminate. This would help all workers and jobseekers who are disadvantaged because of stereotypes, regardless of their age.

3.3 There are a range of measures that can enable a longer and fuller working life. (See Age UK’s submission to the Women and Equalities Select Committee’s Older workers Inquiry for more information.^{iv}) One of these is enabling flexible working as long as this is introduced in a way that genuinely helps employees balance work with personal responsibilities. Currently, flexibility is more likely to be available to higher skilled professional employees than to lower skilled, routine workers, which means it is less accessible to older people in low skilled jobs as well as many young people. Age UK has called for a system of ‘flexible by default’ to be introduced whereby all jobs can be considered flexible unless the employer can demonstrate otherwise. We are pleased to be part of the Government’s ‘Flexible Working Taskforce’, which is examining how best to extend flexibility to workers in all occupations.

3.4 We are also calling for a ‘Career MOT at 50’, which would provide a combination of careers and training advice, alongside ensuring that a person’s pensions and other finances are in the best possible place ahead of retirement. See our briefing ‘Creating a Career MOT at 50’ for further details.^v Other interventions at different points in the life course might also be beneficial and should be considered.

3.5 Training and re-skilling are also of great importance. Over recent years, public expenditure on training and skills has declined and while 24+ Advanced Learner Loans are available we have seen a drop in the number of older people participating. We recommend

a thorough review of Further Education funding for all those aged 25 and above, which should also consider the role that employers play in delivering training to their workforce.

3.6 Finally, we would like to mention the ‘lump of labour fallacy’ – although it has been consistently dismissed by researchers, there remains a popular belief that more older workers means fewer jobs for younger people. When looking across the whole economy, this is completely untrue – having more older workers is good for the economy, increasing GDP and creating more opportunities for everyone, including younger workers. Please see our briefing on this for an overview of the academic research.^{vi}

4. Housing

4.1 The general lack of housing supply has caused problems which particularly impact on younger people. 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.

Private rented sector

4.2 Problems in the private rented sector have justifiably focused on the experience of younger people rather than the relatively small percentage of older tenants. According to Government figures 17 per cent of households in this sector are over 55 years of age, with nine per cent over 65.^{vii} However, this focus is changing as we begin to see an increase in older tenants. Generation Rent has estimated that by 2035-36 there will be around a million households aged 65+ in the private rented sector.^{viii}

4.3 The private rented sector needs significant reform if it is going to cater for both the needs of younger families and older people. Older people in private rented housing are among the most disadvantaged in our society – see our report ‘Ageing in squalor and distress’.^{ix} Action is needed to address insecurity, high rents, benefit restrictions and quality – this being the sector with the highest percentage of non-decent housing (29 per cent). It is welcome that the Government is looking at measures to lengthen tenancies, which is a key factor in reducing the insecurity created by the possibility of a no fault eviction after 6 months.

4.4 This shift in tenure also raises longer term questions about welfare policies that rely on housing equity and how future generations of older people will save and invest.

Planning system and ensuring properties are suitable for all

4.5 At the time of writing the Government has yet to release its planning guidance on housing for older and disabled people – which is a requirement of the Neighbourhood Planning Act 2017. Age UK agrees that the planning system could do more to allow downsizing by requiring local authorities to promote the development of a range of retirement housing options based on an assessment of local need and the aspirations of older people themselves. However, 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.

4.6 Age UK's view is that the focus should be on a wider range of housing options for older people including new-build properties built to the 'lifetime' standards that cater for all age groups. Even with significant expansion, retirement housing will only cater for a relatively small proportion of older people. We would like to see the development of integrated age friendly homes and communities that bring younger and older generations together – rather than simply an expansion in segregated specialist schemes designed exclusively for older people. At the same time, there are good examples of extra care housing (very sheltered), to buy and rent, which although designed for older people encourage intergenerational engagement.

4.7 Given the majority of older people will continue to live in mainstream housing, support for home adaptation services is vitally important for many older and disabled people, while achieving higher accessibility standards, for existing and new homes could ensure more housing is suitable for all generations. Younger people wanting room for a double buggy will be just as grateful for level access to a property and a roomy hall as a disabled older person using a wheelchair or walking frame.

Transfer of property wealth

4.8 Many older people already offer financial help to their children to allow them to get a foot on the property ladder if they are able to. In addition, children of better off homeowners are now more likely to benefit from the inheritance of property wealth from their parents^x – although increased longevity may mean the benefit to children or grandchildren is delayed. This raises the question of whether housing wealth should be

released at an earlier stage to help younger people through the promotion of equity release schemes or incentives for older people to downsize. However, this approach does not address inequalities in the housing wealth between younger people. It raises difficult questions over inheritance and property tax and how resources can be re-invested in housing for younger people in lower income groups.

Downsizing

4.9 There is debate about encouraging older people in larger homes to move to release properties for younger 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. Although older people might need less space they may still seek a two to three bedroom house to provide separate bedrooms for couples for health reasons, or allow space for a carer, guests or family (including those who are unable to afford their own home). And unless supply issues more generally are addressed it is possible that older people downsizing may end up competing with younger people for smaller properties.

4.10 Incentives to encourage downsizing also present dilemmas over whether subsidies should be provided to older people who already have housing wealth, when younger low income groups are struggling to find a secure affordable home. There are questions over how far specific measures, such as exemptions to stamp duty, would incentivise older people to downsize. In practice, there is a range of social, emotional, financial and practical factors which will determine whether an older person moves.

4.11 Differences in individual circumstances mean that older people need better access to information, advice and practical help to make informed decisions about their housing options. For many downsizing will not be a realistic option and they may need help with adaptations, repairs and heating to remain independent. Home Improvement Agencies are in a good position to provide help, but many are stretched and under-funded. Improvements to information, advice and practical services were a major recommendation of the CLG select committee on older people's housing.^{xi} Yet despite this, specialist housing services such as First Stop housing advice have seen cuts to funding.

Intergenerational home sharing and lifetime homes

4.12 We support measures to make it easier to adapt existing homes and to build an annex to separately accommodate parents or other older relatives. The Government allows council tax exemption for an annex or 'granny flat' to encourage more people to take up this option. There are around 33,000 annexes in England and Wales.^{xii} While this

may be a good option for some families it still seems unlikely this approach could make a significant contribution to the overall supply of homes given the space and resource requirements involved, nor will it appeal to all older people who want to retain separate independent lives.

4.13 Over the years there have been a number of home sharing initiatives designed to encourage older people with a spare room to offer accommodation to a younger person in exchange for basic housing support. This has included the Homeshare Partnership Programme funded by Lloyds Bank Foundation and the Big Lottery Fund and building on the work of Shared Lives Plus. A recent review of homeshare initiatives demonstrated the benefits for participants but also highlighted a number of barriers to the wider adoption of this approach.^{xiii} There is still little evidence that homeshare could offer a meaningful solution to the shortage of housing in the UK, nor does it remove the need for younger people or families to secure a permanent home of their own.

5 Communities

5.1 It is well-evidenced that increased positive intergenerational contact reduces age based prejudice.^{xiv} The voluntary and community sector can play a key role in helping older and younger people connect and help each other. It is important to counteract unnecessary age segregation wherever possible, and seek out the contributions that all age groups in society can make as well as identify needs that can be met by volunteers.

5.2 Initiatives to encourage contact between generations and increase contributions within communities include:

- Recruiting volunteers from all sections of the community and being creative about the ways that older people can contribute – for example mentoring and coaching services, and support with reading in primary schools.
- Being flexible about the formal requirements in recruiting volunteers to ensure that people with health conditions and mobility and sensory impairments can contribute.
- Planning spaces to bring together different generations and facilitate interactions, for example: crèches located in or near older people’s residential homes with planned activities to bring people together; the Channel 4 project bringing 4 year olds into a care home; activities run by groups such as South London Cares and North London Cares who organise a wide range of activities and events in cities and bring together young professionals who have moved into the cities for work with older people who share interests.^{xv xvi}

5.3 Digital communications can provide valuable ways of maintaining social connections, but there is a big difference in use of technology by different generations. For example, around 93 per cent of those aged 16-24 have a social media profile, compared to just 15 per cent of people aged 75+.^{xvii} Even with improved access to technology, many older people emphasise the physical and social benefits of getting out and about and talking to people directly. As one woman told us 'With the internet you lose personal contact with people, you do even with your family because they email you or text you and you think it would be nice to hear your voice.'^{xviii}

5.4 Having said that we know that many older people who use technology benefit greatly from linking with others in the community, and maintaining contact with friends and family who do not live nearby. Age UK nationally and locally works to increase digital inclusion – for example, we are part of 'One Digital', an initiative working with four other organisations using digital champions working in the community.^{xix} Projects bringing together different generations can work well, for example, one of the 'One Digital' projects involves providing training to local schools and colleges to train students as young as 10 as Digital Champions, equipping them with the skills and confidence to support older people in their community with digital skills. Students have held group sessions in local community centres as well as providing one-to-one support to friends and relatives.

6. Taxes

6.1 Increasingly, there seems to be a recognition that we need to invest more in public services and this could involve tax increases. While few of us want to pay more tax, when we have spoken to older people about care funding, we found there was a recognition that this could involve them paying more, although they wanted to be confident that this would result in a better service and that everyone would contribute. In respect of possible tax changes, ideas most favoured included a rise in general taxation and five per cent off everyone's estates following their death.^{xx}

National insurance

6.2 A number of commentators have advocated extending National Insurance (NI) to the earnings of people who have reached State Pension age. We can understand why some people feel the current system is unfair but any Government considering changes would need to look at costs, benefits and impact. For example: would this discourage people from working longer; what is the income distribution of those likely to be affected; and how does this fit in with the concept of a contributory State Pension based on 35 years of contributions given that those reaching State Pension age may have already paid

NI for 45 years or more? If there is a review of NI we would expect this also to look at the case for removing the upper earnings limit for NI contributions.

Wealth and wealth taxes

6.3 Median household wealth rises by age peaking around the early and mid-sixties and then falls in later life. This pattern of wealth is to be expected based on people's life stages. However, there are also cohort effects and some older homeowners have benefited from the rise in homeownership and increases in house prices. There are also big differences within generations. As referred to in the comments on housing above, because wealth can be passed on during a lifetime or on death, inequality among younger generations is likely to widen between those who come from wealthy families and those who do not. In respect of homeownership, a recent Institute of Fiscal Studies note states that 'housing inequality doesn't just exist between the young and the old. It has also led to a divide between richer and poorer young adults'.^{xxi}

6.4 Overall levels of household wealth have increased substantially over time and the Resolution Foundation's report on wealth states that wealth inequality is almost twice the level of income inequality.^{xxii} Yet in 2016-17 only 4.3 per cent of total UK tax receipts came from capital taxes (inheritance tax, capital gains tax, stamp duty) and 4.5 per cent was raised from council tax (based partly on property value and partly on who lives there).^{xxiii} We believe there is scope for greater public and political debate about wealth and capital taxes but we recognise any change would bring major political and administrative challenges. For example, inheritance tax is unpopular although it is paid on only a small minority of estates, and attempts by political parties to suggest a greater use of capital to fund social care have been quickly branded the 'death tax' and the 'dementia tax' making debate around the pros and cons of such proposals difficult.

ⁱ <http://www.resolutionfoundation.org/app/uploads/2017/10/Great-Escape-final-report.pdf>

ⁱⁱ <http://www.resolutionfoundation.org/publications/a-mid-life-less-ordinary-characteristics-and-incomes-of-low-to-middle-income-households-age-50-to-state-pension-age/>

ⁱⁱⁱ YouGov (2017), nationwide polling commissioned by Age UK

^{iv} https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/consultation-responses-and-submissions/equality-and-human-rights/crs_nov17_women_and_equalities_select_committee.pdf

^v 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

^{vi} Age UK (2011), Older workers and job blocking, https://www.ageuk.org.uk/documents/EN-GB/For-professionals/Policy/work-and-learning/job_blocking_briefing_June20111.pdf?dtrk=true

^{vii}

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/721556/PRS_Loonger_Tenancies_Consultation.pdf

<https://d3n8a8pro7vhm.cloudfront.net/npto/pages/6390/attachments/original/1510344761/Adler.LifeinRS.November.pdf?1510344761>

ix https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/safe-at-home/rb_oct16_ageing_in_squalor_and_distress_report.pdf

x <https://www.resolutionfoundation.org/publications/the-million-dollar-be-question-inheritances-gifts-and-their-implications-for-generational-living-standards/>

xi <https://www.parliament.uk/business/committees/committees-a-z/commons-select/communities-and-local-government-committee/inquiries/parliament-2017/housing-for-older-people-17-19/>

xii <https://www.saga.co.uk/magazine/money/property/buying-and-selling/granny-annexe-7-things-to-think-about>

xiii <https://homeshareuk.org/hs-resource-library/homeshare-offers-solution-to-loneliness-and-housing-crisis/>

xiv [https://www.ageuk.org.uk/Documents/EN-GB/For-professionals/Research/Making_Intergenerational_Connections-Evidence_Review\(2017\).pdf?dtrk=true](https://www.ageuk.org.uk/Documents/EN-GB/For-professionals/Research/Making_Intergenerational_Connections-Evidence_Review(2017).pdf?dtrk=true)

xv <https://southlondoncares.org.uk/home>

xvi <https://southlondoncares.org.uk/home>

xvii https://www.ofcom.org.uk/_data/assets/pdf_file/0011/113222/Adults-Media-Use-and-Attitudes-Report-2018.pdf

xviii https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/active-communities/life_offline.pdf

xix <https://onedigitaluk.com/>

xx <https://www.ageuk.org.uk/latest-press/articles/2018/march18/older-people-receiving-social-care-and-their-family-carers-set-out-the-problems-they-face-and-how-to-fund-a-better-system/>

xxi <https://www.ifs.org.uk/publications/13268>

xxii <http://www.resolutionfoundation.org/app/uploads/2017/06/Wealth.pdf>

xxiii <http://obr.uk/efo/economic-fiscal-outlook-march-2018/>