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Age Concern England (ACE) is a national voluntary organisation aiming to improve opportunities and quality of life for people over 50. We work through campaigning, policy development, research, information provision, publishing, training, grant-making and international and European work.

Age Concern England is part of a federation of approximately 400 independent charities working with and for older people in England. They share the name Age Concern and are committed to a common purpose and shared values. As the national Member, ACE supports and works with local Age Concerns and, as the National Council on Ageing, brings them together with other national bodies, including charities, professional bodies and representational groups with an interest in older people and ageing issues.

The views expressed are those of the authors and do not represent the corporate opinions of Age Concern England. ACE is eager to support new thinking in its areas of policy interest, but is independent of any political party or group.

# 2056

## What future for Maggie's Children?

edited by

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with assistance from Emily Price

policy  
exchange

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## Summary of Recommendations

The essays in this book look at the challenges facing ‘Maggie’s Children’ – those born between 1980 and 1995 – and their prospects for the later stages of their lives in 50 years’ time. They will experience tougher financial conditions than their predecessors, not least because of high house prices and the contraction of company pension provision. Uncertainties over longevity – both theirs and their parents’ – threaten to raise the cost and reduce the availability of many pension products; the erosion of family ties increases their risk of isolation as they grow older; and their working lives will be spent in an increasingly competitive environment for which our education system leaves many unprepared.

To meet these challenges, these essays recommend that policy-makers consider the following proposals:

- To improve the availability and affordability of housing we need a more decentralised, incentive-based planning system.
- Help in building up savings through Lifetime Savings Accounts, with top-ups from government and greater flexibility in making use of the savings.

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- Other measures to increase flexibility, notably the relaxation or scrapping of the annuity rule.
- Full support for the linking of the basic state pension to wages in a drive to reduce means-testing.
- Government to examine issuing longevity-linked bonds to reduce the risk to providers of many pension and savings products, thereby bringing down their costs.
- For government to keep its own exposure to longevity risk under control, steady increases in the state pension age, based on regular reports by the Government Actuary; similarly greater flexibility about Normal Pension Ages could help occupational pension schemes manage this risk.
- Reform of local government finance, and empowerment of local authorities through much stronger Local Area Agreements, to ensure sustainable funding support for social care and more integrated care for the patient.
- To support 'horizontal' family links, and recognition of marriage within the tax system.
- To support 'vertical' family links (those across the generations), tax credits for childcare given by grandparents and an end to housing benefit rules that force young people to leave the family home as soon as they start earning.
- A restructuring of the relationship between government and the voluntary sector, with simpler, more predictable funding streams based more on public choices and less on political direction. Government should match charitable donations in proportion to the needs of the community served, helping build a funding base in the most hard-pressed areas.
- Volunteering should be made simpler, with a single 'volunteer passport' to reduce repetitive and costly checks.

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- Volunteering incentives should also be improved, both for those at university (through credits) and during working life.
- Major changes to education philosophy and practice, including the introduction of a 'practical learning' year, access to five-year learning credits at any age after 16 and a transformed business-education relationship.
- Underlying these changes, there must be a paradigm shift in education. This must be driven by learners, teachers, employers and careers advisers, and not top-down government initiatives. This must recognise the need to cultivate a much broader range of aptitudes than at present, and to engage those who are disaffected and failed by the current system.

## About the Authors

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## Foreword

Neil Churchill, Age Concern England

“I’m not interested in here today, gone tomorrow fast food politics. That’s no way to run a country. I’m interested in real ideas, long term solutions. That’s what sustainability is all about.”

David Cameron, Forum for the Future Speech, 20th July 2006

Like every other developed nation, Britain is getting older. A combination of increasing longevity and declining birth rates means that there will soon be more people over 65 than aged under 16. And this change is for good, making it one of the most significant social trends facing us all over the coming years.

‘Maggie’s Children’ – who were born in the years of Margaret Thatcher’s premiership – are unlikely to be thinking about getting old. The oldest of them may be at the start of their careers and more worried about student loans and the housing ladder. But the world they know will increasingly be determined by anxieties about ageing; the pensions crisis; paying the costs of care; working for longer.

Indeed, Maggie's Children will already have to wait until they are 68 – at least – to draw a state pension.

Of course, ageing does not have to be a time bomb. Indeed, it is a wonderful opportunity for most of us to live the kind of lives we want to enjoy in an active and healthy retirement. But the greying of Britain will only be an opportunity if we plan for it, taking decisions based on clear and accepted values and with the active engagement of all parts of society. Any party that wants to be a party of government needs to be clear how it will respond to the challenges of population ageing, and how it will rise to the long-term challenges it presents, as well as the short-term demands of the political cycle. There is no doubt that older voters will determine the outcome of the next General Election but equally we can be sure that voters' concerns will not be addressed by bungs and bribes at election time.

The challenges and opportunities are these:

- How can people enjoy choice and individual liberty as they age, when many people find they are considered 'too old' to work, receive health treatment or even hire a car?
- Who will pay for the extra costs of health and care that will be needed by the fast-growing ranks of the very old?
- How can a strong but limited state encourage people to plan for their future, at a time when retirement savings are in massive shortfall?
- How will enterprise grow in an age when older people are denied opportunities to work?
- How will local democracy thrive when younger people are much less likely to vote?
- How can we ensure that no-one is abandoned to poverty and

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deprivation, and that the most vulnerable older people living alone and in care homes get the support they need?

- To what extent will our society change for the benefit of all generations, or will a lack of planning set one generation against another as each pursues different priorities? What kind of politics do we need to ensure this does not happen?

Some of the contributors to this book are writing from a non-partisan point of view; however, there are also essays by three Conservative MPs. The questions listed above are the kind of long-term challenges that the Conservative Party faces and will need to resolve if it is to give Maggie's Children more control over their lives and their communities, and increase our whole society's sense of well-being. Indeed it is imperative that all political parties rise to this challenge, and we urge them to give serious consideration to our policy proposal. But let us be clear that these are not distant challenges. For the decisions we each make today have a huge influence over the kind of lives we can hope to lead tomorrow.

Age Concern is delighted to support Policy Exchange with the publication of this collection of essays. We believe there is much to be learnt from looking with a blank sheet at the society we want to build for future generations of older people. Our hope is that the world Maggie's Children will want to enjoy in retirement can also be built in the present day for the benefit of their grandparents.

## **Old Age in Britain**

### A historical reflection

Ferdinand Mount

These laid the world away; poured out the red  
Sweet wine of youth; gave up the years to be  
Of work and joy, and that unhopéd serene,  
That men call age...

Rupert Brooke, 'The Dead'

If Rupert Brooke had survived the Great War, he would have reached retiring age in the 1950s. He, like the million of his fellow countrymen who also died in the war, would have belonged to the retirement generation of 1956. They would have had much the same experience of "that unhopéd serene," as their fathers and grandfathers had had. For the majority, old age would have been a relatively brief period, overshadowed by ill health and poverty. Most of them would have been excluded or deterred from formal employment by

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official regulations. The 'earnings rule', which extinguished your state pension if you took on anything but the most minimal part-time work, was eased over the 70s and 80s, but was not finally abolished until 1989. Nothing much was then expected of the elderly (of the men at any rate, the women were still sweeping and scrubbing), except perhaps to be grateful for the arrival of the Welfare State. They sat on benches in parks and pubs, in faded armchairs in the corners of other people's sitting rooms, and in the dayrooms of institutions. If they achieved serenity, it was because they had nothing much else to achieve.

For the retirement generation of 2056 it will all be very different. Over the past half-century there has been a remarkable change in our attitude to old age. We no longer hope for it to be serene at all. When I say 'we', I mean of course those of us who live in advanced industrial countries. In the poorer world, those who are lucky enough to survive that long can still expect a traditional old age, scarred by hardship and ill-health but not, as so often in the West, by the contemptuous disregard of the young. In India, the old may still earn respect by laying the world away and retiring into a life of religious meditation and abstinence.

But in the West the hope now is for an old age which is above all active and embraces the world, prolonging the years of work and joy to the maximum. Almost overnight, society has turned into the brisker sort of nurse whose one thought is to chivy the patient out of bed and back on his or her feet. Life expectancy has continued to lengthen, and, perhaps more significant still, so has the period in which the average oldie remains tolerably fit and *compos mentis*. To lengthen that period further still, every inducement is offered to help the elderly person to work and play harder. Old people are licensed

to gad about free of charge or at concessionary rates. Even those in wheelchairs are expected to roar up the ramps of airports and museums, offices and gyms and department stores; anything to keep the wrinklies on the go.

There are three reasons to welcome this reversal of traditional attitudes towards and expectations of the elderly – and there is one bad side effect. The reasons are pretty good, but the side effect may turn out to be damnably bad, and we need to think more carefully about both, which is why this Policy Exchange pamphlet is such a valuable exercise in thinking ahead.

The first good reason is that bringing the elderly back into the mainstream of life can remedy the chronic labour shortage of an ageing society. In particular, it can remove the need for repeated waves of large-scale immigration with all their extra costs and disruptions. Our official retirement ages are a hangover from the days when much work was physically hard and when life expectation was much shorter, so that a halt to regular work had to be called at an early point if the workers were to enjoy any retirement at all. Now that work has been so overwhelmingly ‘mechanised’ and ‘feminised’, most jobs can be performed to a high standard by people who are years past retirement age. It cannot be very difficult to adjust the structures of our pay and pensions so that employers have an incentive to employ the over-60s and the over-60s have an incentive to keep at it. The difficulty is often not that the rules discourage people from working on but the fact that under prevailing pay structures the young are often far cheaper to employ than the old. We may need to allow pay scales for older workers to coast downwards, their reduced wages being supplemented by private savings and the state pension.

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The next good reason is that most firms and institutions benefit hugely from the experience and savvy of older workers who alone can remember what went wrong the last time. This is especially true in the City where time and again simple errors (like putting all your eggs in one basket) have brought great firms crashing to the ground. Successful merchant banks, like Warburgs and Morgan Stanley, have made a point of keeping on wise old buzzards, like Eric Roll and Gordon Richardson, well into their 80s.

The third good reason – the one most touted in oldlit – is that making yourself useful cheers people up at any age, and the elderly are no exception. The terrible collapse of morale that can follow early retirement has become notorious and is often followed by a precipitous decline in health. It is, after all, an extraordinary idea that at one moment one should be a valuable and trusted prop of society and the next day one should be considered a useless burden. Now that people not only live longer but may live a large part of their latter years in tolerably bouncing health, any such sharp cut-off begins to look absurd.

What is the bad side effect? Well, it is largely the converse of the good reasons and intimately linked to them in the 21st century mind, namely the belief that an inactive life – more particularly a life that is severely crippled by pain or dementia – is a life that is scarcely worth living. At the extreme, it is surely no accident that our obsession with activity in old age should have coincided with a growing public itch for euthanasia. How, is it said, can we justify 'keeping alive' those whose lives have become a burden to themselves, as well as to their families and to the economy? Some form of mercy killing is supported by 70% of the public on the grounds of compassion, that is, 'suffering with'. To me, though, it often seems

more like an impatience with suffering. The general brisking-up of our attitudes towards old age seems to bring in its train a certain erosion of reverence for human life. This too is a question that will not go away in the next 50 years.

The numbers of the lonely and the sick and the dying will all be increasing as our population continues to age and to rise and to live more solitary lives. And in its eagerness to keep us romping till we drop, society must not lose sight of its duty to comfort and care for them. In 2056 we shall need the hospice more than the gym. The reality remains that, as Noel Annan, the former Provost of Kings College, Cambridge, remarked on reaching his eighties, "old age is not for wimps." Serenity may have its uses yet.

## **After the Age Shift** The UK population in the 2050s

Age Concern England

“The baby boomers don’t show up and then go away. They show up and we’re older forever.”<sup>1</sup>

Population ageing is global, affecting both developed and developing regions. It is a pervasive, but unprecedented phenomenon.<sup>2</sup> Low fertility rates, coupled with low mortality rates and increases in longevity, have led to a dramatic shift in population age structure over the past 50 years. By 2050, the number of older persons in the world will for the first time ever exceed the number of young people, a truly historic moment.

For the UK, the landmark moment when there will be more people aged 65 and above than young people (below the age of 16) will come as soon as 2007.<sup>3</sup> Despite this, the rate of demographic change in Britain is more modest than in many other OECD countries.<sup>4</sup> Southern European countries, such as Spain and Italy, face lower and lower labour force replacement rates for people

reaching retirement age, and Japan's population will fall by 8 million between now and 2035. From that date on, the projections suggest Japan will experience a population decline of half a per cent per annum.<sup>5</sup> Nonetheless, in the next 50 years, positive natural change in the size of the UK population will produce a near doubling in the percentage of the population aged 65 and over. A further increase is forecast beyond the 2050s.<sup>6</sup>

What will be peculiar about demographic change in the 2050s is that the main growth will be among the 'oldest old', those aged 85 and above; most of the growth among all over-65s will actually already have been recorded by the early 2030s.<sup>7</sup> The Government Actuary Department (GAD) forecasts there will be around 136,000 centenarians in the UK by 2051. And according to the most optimistic projections, by 2074 the centenarian population could soar to as high as 1.2 million.<sup>8</sup> That would see a 100-fold increase in the space of 68 years.

This chapter will fulfil two functions. Firstly, we will describe and explain some of the drivers of the rapid ageing of British society, most of which are predictable and can be mapped reasonably easily. Secondly, we will construct a scenario of what the UK population could look like in the 2050s. This is a somewhat less certain task. However robust we believe our demographic projections to be, recent developments would seem to indicate that there is always room to underestimate the future size of our population.

Our starting point will be to place the UK's demographic shift in its proper global context. We will examine the factors determining the future size and shape of our population, including age and gender distribution, and population distribution by geography and

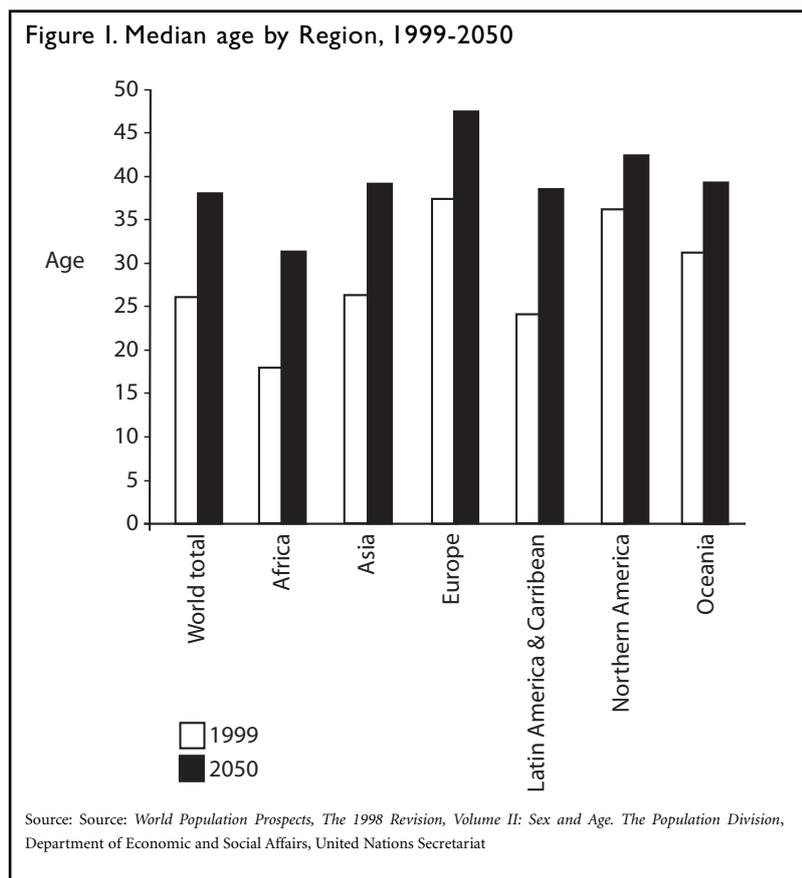
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settlement type. We will use this evidence to help build our awareness of its implications: changing family and household patterns; the shape of the post-baby boomer labour force; generational differences in the distribution of assets and earning potential; and the uncertain implications for political participation of the very different voter profiles of 50 years' time.

### **An Older World**

“Some consider the ageing of global populations to represent little less than a ‘demographic timebomb’. Others regard it as a success story – a major miracle of science. Whatever one’s take on the facts, they remain clear: in the next 50 years the number of persons aged 60 or over is expected almost to triple”<sup>9</sup>

The unprecedented ageing of UK society over the next 50 years can be explained by drivers of change that are not isolated to the UK experience. Since 1960, the number of people over the age of 65 in the OECD countries has risen by 45 million, but this was more than offset by the even greater increase (120 million) in the working age population. However, from around 2010 the OECD societies will feel the effects of declining fertility and the ageing of the baby-boom generation. If retirement ages remain fixed, the projections suggest a smaller proportion of OECD populations will be in employment after 2010, while by 2023 the number of people of pensionable age in the OECD will rise by 70 million, compared with an increase of only five million in the working-age population.<sup>10</sup> Figure I shows that ageing is a global phenomenon, and that Europe will continue to have the oldest populations.

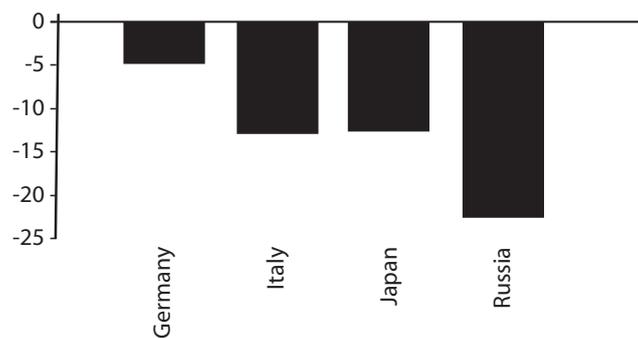


Where the UK faces a specific challenge – in contrast to some European nations like Sweden and Switzerland – is in maximising labour market participation after the age of 60. Good progress has been made in this area, with the trend for early retirement appearing to undergo a small reverse in recent years.<sup>11</sup> Nonetheless the OECD projects that unless there is a significant increase in labour force

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participation among older people, available labour resources will remain “broadly stagnant” over the next 50 years.<sup>12</sup> However, with its population relatively close to replacing itself, Britain will not face – at least not on the same scale – the thorny questions of sustainability and declining populations confronting other countries such as Germany, Italy, Japan and Russia.

Figure II. Population Forecasts in four OECD nations with falling replacement rates, 2005-2050



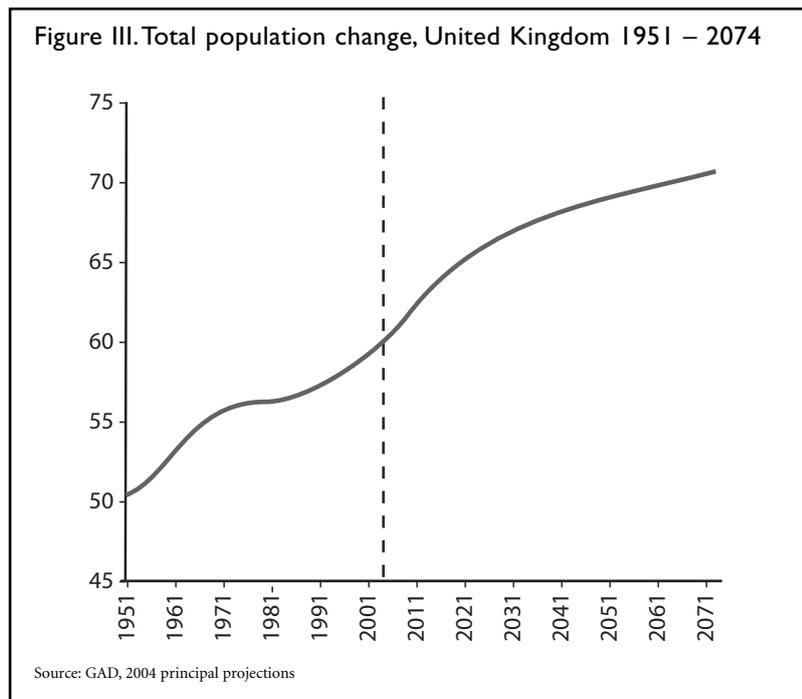
Source: *Greying Japan*, The Economist (5/1/06)

### Population: towards 70 million

The UK population is set to rise by around 10.5 million people over 70 years. According to one anxious commentator this is equivalent to the population of one and a half more cities the size of London or 57 more cities the size of Luton.<sup>13</sup>

The UK population reached 60.2 million in mid-2005<sup>14</sup>. It is projected to increase to 67.0 million in 2031 and it is assumed it will reach a grand total of 69.3 million in 2051 (see Figure III below).<sup>15</sup>

Looking beyond 2051, it is suggested that the UK population will reach the 70 million mark in the 2060s and continue rising until the end of the projection period, in 2074. This is faster growth than the GAD's earlier projections, which had assumed that the population would peak in the middle of the century and then begin to decline. Now, the UK faces what some like to describe as a 'demographic revolution',<sup>16</sup> but why has this thinking changed?



In short, the increases in population size are partly attributable to 'positive natural change', that is more births than deaths, and partly due to net migration. 'Positive natural change' represents a significant

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slice of the population increase between 2004 and 2031, but the projected positive net migration of 4.1 million is the bigger factor. For instance, the 7.2 million population increase predicted by 2031 can be broken down. A rise of 3.1 million can be attributed to 'positive natural' change, whilst 4.1 million can be attributed to net migration (see Appendix 1).

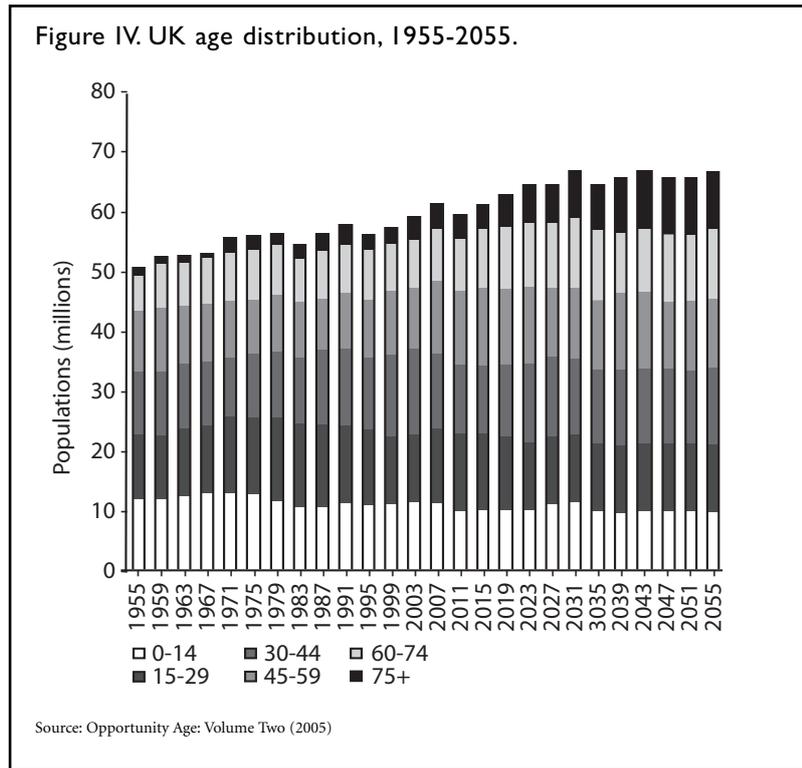
### **From the Pyramid to the Column**

Today one person in six is aged 65 or over. By 2035 it will be more than one in four. Fast forward 50 years and the UK population will resemble less a 'population pyramid' than a 'population column', with different age groups forming roughly equal parts.

'Opportunity Age', the government's strategy document on the ageing society, claims that we are already experiencing the impact of the 'age shift' (see Figure IV below)<sup>17</sup>. But, with fertility rates expected to be stable at relatively low levels<sup>18</sup> the process still has a lot further to go. Between now and the 2050s children will fall as a proportion of the UK population, and the age profile of the working population will shift substantially upward (see appendix 2).

The share of the UK population aged 35-44 is projected to fall by approximately four percentage points, while the median age will finally peak at 44 or 45 years of age.<sup>19</sup> Whereas those aged 75 and over are now a small minority, by the 2050s the population will be much more evenly balanced between different age bands.

Recent attempts to map future life expectancy have significantly underestimated increases in longevity.<sup>20</sup> Projections based on life expectancy at age 65 are particularly difficult; however, even existing forecasts suggest significant increases. A man aged 65 in 2050 could



expect to live for another 22.1 years, compared with 17.1 years today, while for a woman the figures are 24.4 years and 19.7 years respectively. It is also clear that women will continue to outnumber men, although improving mortality rates among men mean that the gap will close a little. In 2050 life expectation at birth is projected to be 83.5 years for a man (now 77.2 years) and 86.9 years for a woman (now 81.3 years).<sup>21</sup>

Living longer is not however a guarantee of a healthier or disability-free life: it is predicted that in 2050 there will be around

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1.8 million people living with dementia, most of them over the age of 65. This represents an increase of more than one million people who could be suffering from forms of dementia like Alzheimer's Disease.<sup>22</sup>

### **From Coasts to Costas**

Patterns of demographic change are projected to remain uneven; the four nations of the UK will experience population ageing at varying levels of intensity. Forecasts show the migration of older people from urban to rural areas gathering speed. Other developments might include greater numbers of older people choosing to retire abroad.

Although life expectancy is increasing in each of the constituent countries of the UK, there are significant variations (see Appendix 3). England's predominance is projected to increase, with its population still rising in 40 years' time. The population of Wales will peak in the early 2030s, but will then start to fall; Northern Ireland's population is also set to rise until the early 2030s. Scotland is set to undergo the greatest transformation. It has the lowest fertility rate in the UK, and although life expectancy continues to creep up, this will not be enough to prevent a slight decline in the population from just over 5 million now to 4.9 million in 40 years' time.

Where will older people live? So far, the trend towards rural rather than urban areas – in spite of the former's relatively poor public transport links – shows no sign of abating. Newcastle University's Centre for Rural Economy has claimed that the population of over-50s in rural areas will increase by 47% over the next two decades.<sup>23</sup> However, the predominance of coastal areas such as Cornwall may

be slipping. Patterns of growth over the last 15 years have been very uneven, with some of the most significant increases taking place in areas such as the Thames Valley, Bedfordshire and Buckinghamshire.<sup>24</sup> Thus, coastal areas like Cornwall and western Wales, though still likely to contain concentrations of people over State Pension Age in 50 years' time, could lose their current predominant position.

Although precise numbers of older people living abroad are hard to come by, they seem to be increasing. A report published in 2003 predicted that by 2010 one in eight British over-55s will be living abroad, and by 2020 this may well have grown to one in five.<sup>25</sup> With rising numbers of second and third homeowners, the number of British retirees living as expats is projected to double, with new destinations such as Croatia and Turkey emerging alongside the traditional 'costas' and France.

### **Home Alone: Households in 2056**

**More older people who are divorced. More older people cohabiting and in second marriages. Household patterns of older people will increasingly reflect the changes in family structure of recent years**

One of the principal implications of low fertility rates and increased longevity for the UK is the interaction between the ageing of our population and changing family and living arrangements. Higher divorce rates, re-partnering, the propensity for couples to choose cohabitation over marriage, motherhood occurring later on in the lifecourse and an explosion of births outside marriage have embedded themselves in British culture. The ageing of the UK population neither accelerates nor slows these trends, but the projections

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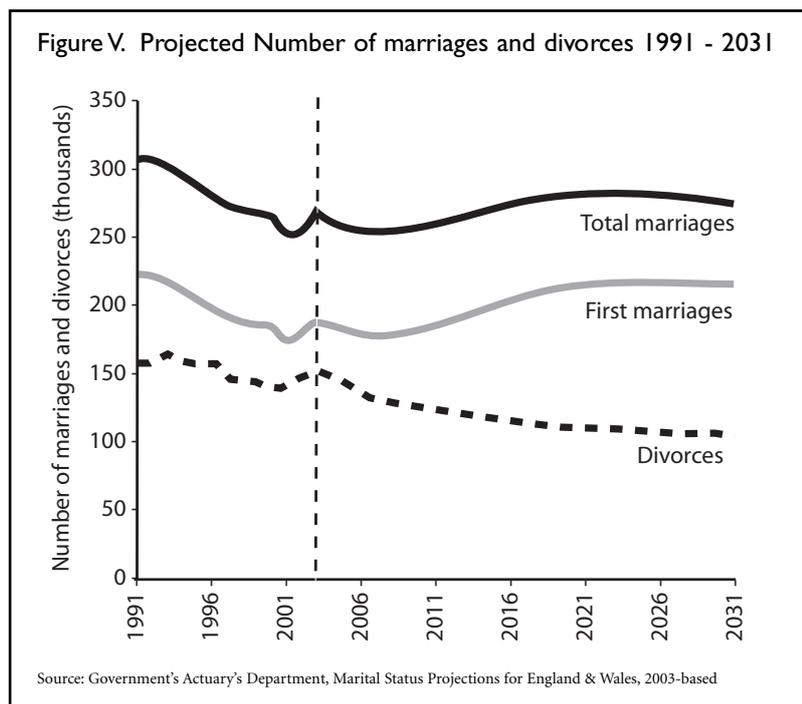
indicate that by the 2050s greater numbers of older people will be exposed to them.

Divorces among older people are rising, as are remarriages. In 1971 older couples accounted for around 1% of divorces; by 2021, this is projected to reach 5%.<sup>26</sup> With later marriage, the mean age of divorce has also risen and this is projected to continue.<sup>27</sup> Figure V projects the number of marriages and divorces over the next 30 years; because of the steep fall in marriage rates at ages under 30 there will be marked falls in the married, and increases in the never-married population at ages 30 to 64. The number of divorces will also be lower, but this does not necessarily mean a decline in the divorce *rate*.

Although cohabitation has increasingly replaced marriage as a basis for first partnership,<sup>28</sup> it is still rare among older people at present (only 2.5% of men and 1.6% of women aged 65 to 74 cohabit). However, this is likely to change significantly by the 2050s: even by 2031, the projections suggest 41% of males and 36% of females over the age of 45 will be cohabitants, a gigantic increase of around 20% for both sexes.<sup>29</sup> This reflects not only habits established earlier in life, but also an increasing number of older cohabitants as a result of higher divorce rates.

Thus, even though the GAD predicts that improvements in mortality will bring a 16% fall between 2003 and 2031 in the proportion of females aged 65 and 74 who become widowed, and a smaller but significant fall for males, the proportion of older people living in married households is still set to fall (see Appendix 4). And while the proportion of cohabitants will rise, so will that of people living alone. The total number of households is expected to rise by 3.5 million over the next 20 years. Older households account for a large

part of this, reflecting increased numbers of older people who are divorced or who never got married.



**Where did all the workers go?**

The trend towards early retirement was one of the defining characteristics of the last half-century; one of the implied consequences of the ageing society in the next half-century is a workforce which is at risk of shrinking.

In its First Report in 2004 The Pensions Commission showed how for more than two decades the post-war baby boom sheltered the

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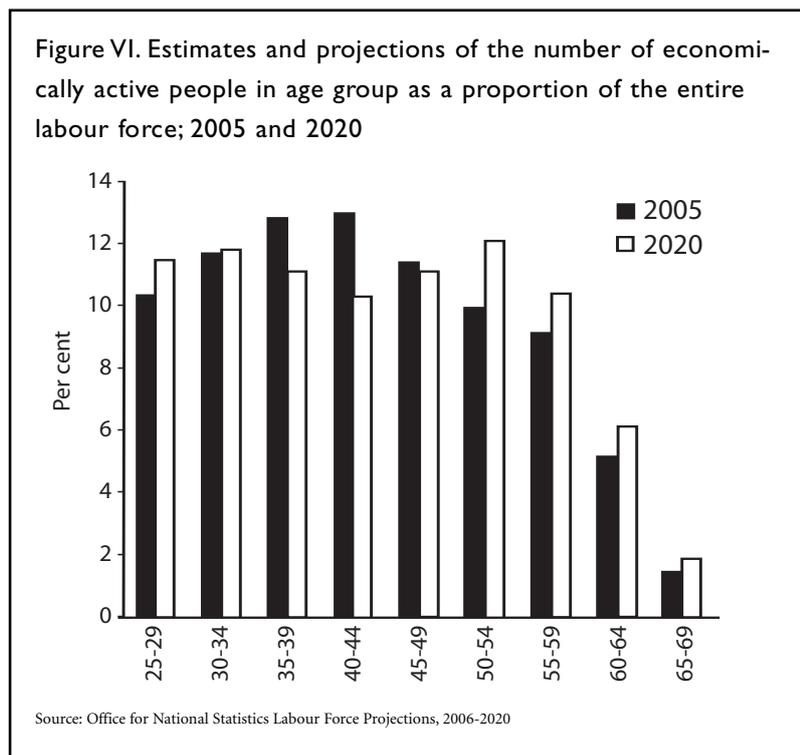
UK's labour market from the effects of population ageing. Now the large cohorts born in the 1940s and 1950s are starting to reach retirement age; the final baby boomers will reach this point around 2025. From that moment the old-age dependency ratio will increase in spectacular fashion, as the increase will be much more rapid than is implied by improvements in life expectancy alone.

The traditional dependency ratio, which assumes that old age means retirement, seems increasingly inadequate. Many commentators prefer to focus on overall economic activity, assessing which adults – whatever their age – will be contributing to the economy, and which will not.<sup>30</sup> The trend towards earlier retirement has gone into reverse in the last decade, and projections – which extend only to the 2020s – show a relative shift towards older workers. The economically active over 50s will make up an increasing proportion of the total labour force in 2020, while the share of younger groups will decline (see Figure VI below).

To manage the impact of demographic change successfully, the UK needs to improve further the participation rates of older workers. While performing better than many OECD – and in particular Continental European – countries, the UK does still have some distance to travel before it catches up with the best performing OECD nations such as Norway, Sweden and Switzerland (see Figure VII). It is also unclear how far older people's contact with the labour market will continue to vary throughout the UK, and in particular, across the English regions.

**To have and have not**

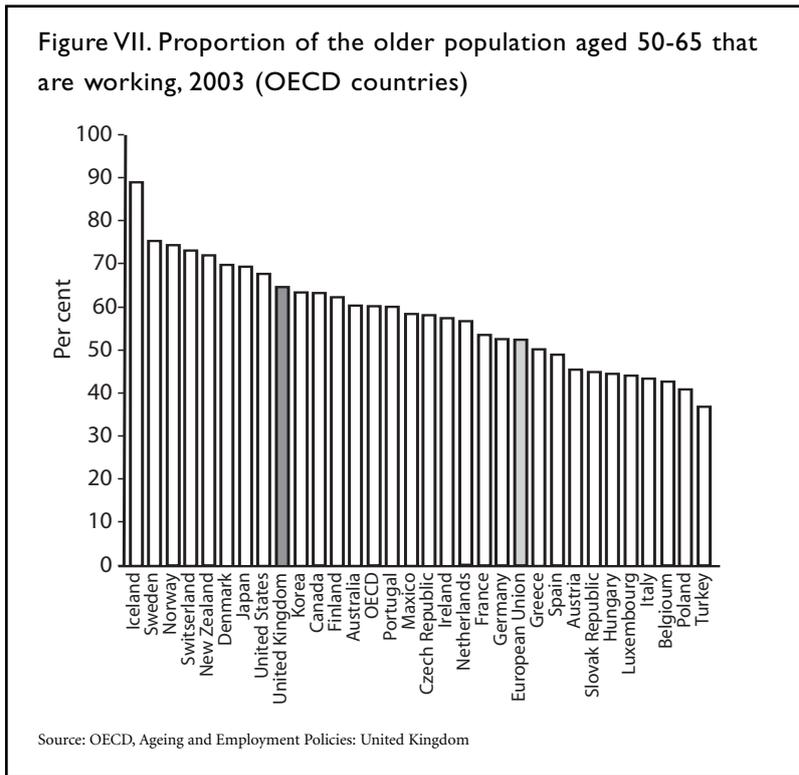
The baby boomer generation has been blessed with favourable economic trends: today's 50 and 60-somethings got into the



housing market in time to enjoy the enormous appreciation of the past 30 years. But the outlook for today's younger generations as they strive to create a meaningful pool of assets is less encouraging.

Both public and private retirement provision are likely to be affected by the large baby boomer cohort, with knock-on effects on their children and grandchildren. Both reflect the unique role of the baby boomer cohorts, whose earning and saving potential has had – and will continue to have – a distorting effect on the financial

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security on offer in retirement. Escalating public transfers to people above State Pension Age alone could create inter-generational conflict as younger generations resent subsidising the lifestyle of their forebears. However, developments in the private sector could compound this effect.

The OECD has pointed out that once the baby boomers reach retirement age, a number of countries (including the UK) could see private saving rates drop as these large cohorts draw down accumulated assets.<sup>31</sup> Depressed private and national saving rates could

lower economic growth; the counterpart would be the effect on financial markets and financial returns as sales of assets by the retiring generation forces down rates of return for the investments of the smaller cohort that follows them.<sup>32</sup> If this is added to the high house prices and poor company pension provision faced by today's younger people, then the baby boomers' predominance could once again leave the successor generation struggling to build an adequate asset base through their working lifetimes.

Prediction of future asset prices – let alone asset distribution – can be no more than speculative, with some commentators arguing that demographic effects will be overwhelmed by other factors, such as economic growth and fluctuations in interest rates and inflation. Nonetheless, the baby boomers' predominance leaves a potential challenge for public policy.

### **(Non-) voters of the future?**

It is not only pensioners that need to be alert to the consequences of the demographic revolution. Recent research carried out by Loughborough University suggests there is a great deal for elected politicians to ponder over as well.<sup>33</sup>

The growing importance of older voters can be explained by two simple facts.<sup>34</sup> First, there are greater numbers of them than ever before. Second, older voters tend to use their vote more often. The first trend is set to continue; the intriguing question is whether or not the second will do so.

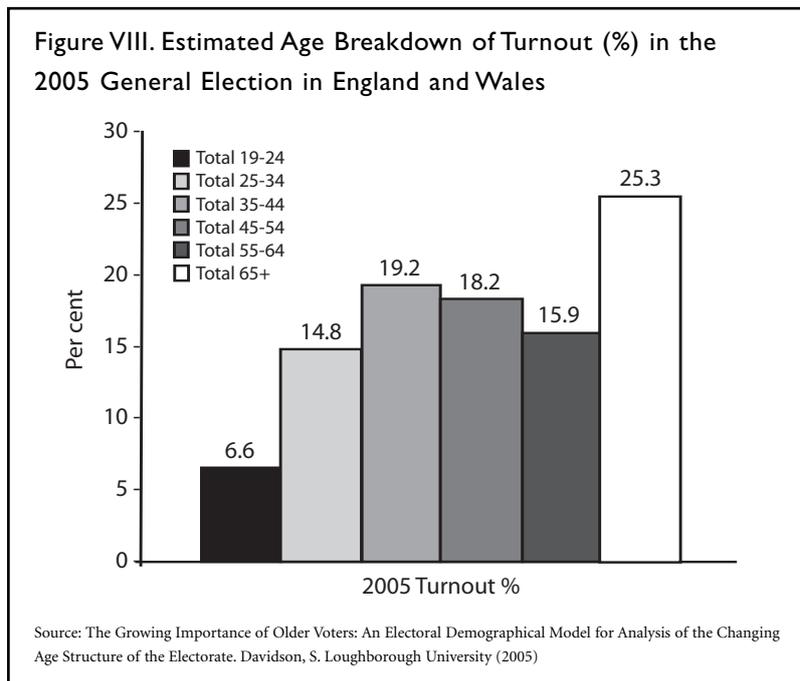
Scott Davidson of Loughborough University has used data on electoral behaviour and mapped population changes to model the age breakdown of turnout in constituencies up to 2025. In the 2005 General

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Election, 24 constituencies in England and Wales had older voters in the majority. By 2025, it will be just over half (53.9% in Scotland).

Analysis of the top 70 grey vote seats suggests that they do not necessarily fit the stereotype of being predominantly in southern England and Conservative-voting. Nor are older voters stuck in their ways. 1.8 million of them described themselves as 'floating voters' in 2005, and 14% of the top 70 older voter seats changed hands in 2005, compared to 8% of seats nationally.<sup>35</sup>

Turnout among older voters remains relatively high; MORI estimates indicate that they are roughly twice as likely to vote as young people. Around a quarter of all votes in England and Wales were cast by people aged 65 and over (see Figure VIII). People aged



55 or over comprised about 34% of the eligible electorate but MORI estimates they cast 41.2% of the total vote.<sup>36</sup>

Other things being equal, an older electorate should therefore result in rising turnouts. However, successive cohorts of young people show declining levels of participation: 37% of 18 to 24 year olds voted in 2005, a drop of two percentage points since the previous General Election in 2001<sup>37</sup>, which was in turn a fall of around 12% on 1997 levels. The question therefore is which effect will predominate: a life-cycle effect (people are more likely to vote as they get older) or a generational effect (today's young people will remain less engaged than their predecessors)?

The Electoral Commission has expressed its concern that today's younger voters may 'learn' the behaviour of not voting and settle into a routine of democratic disengagement.<sup>38</sup> If today's 18-24 year olds show low levels of electoral participation even when they reach old age, then by the 2050s, the age gap in voter turnout could very well close rather than – as at present – grow wider. Both older and younger voters could settle into non-voting habits; today's younger generations would reach old age having never acquired an appetite to vote at elections and future generations of younger people would stay away from the ballot box because disengagement had become a societal norm.

### **A wake-up call to policy makers**

The essays in this book seek to determine how public policy can accommodate, and ultimately take maximum advantage of, significant demographic and socio-economic change. Long-term demographic projections can never be exact. One possible – and topical – threat to forecasts of an 'old-age heavy' UK population lies in the impact on life

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expectancy of obesity levels in today's children and teenagers. Nor do numbers explain everything: predictions of how many older people will require social care tell us little about the significance of individual choice in determining the sort of care that people will prefer.

However, the population projections are likely to be robust, at least as regards to the general direction of change in population composition. By 2056, this is likely to mean not merely an ageing, but a sharply older society. This book enables us to start looking beyond the baby boomers and to begin addressing the future needs and concerns of today's teenagers and 20-somethings. If future generations of older people are going to retire secure in their surroundings, policy-makers need to prepare themselves for the challenge of re-thinking the way the British economy and society function and operate. The essays in this book aim to equip policy-makers with the tools to set out on this task.

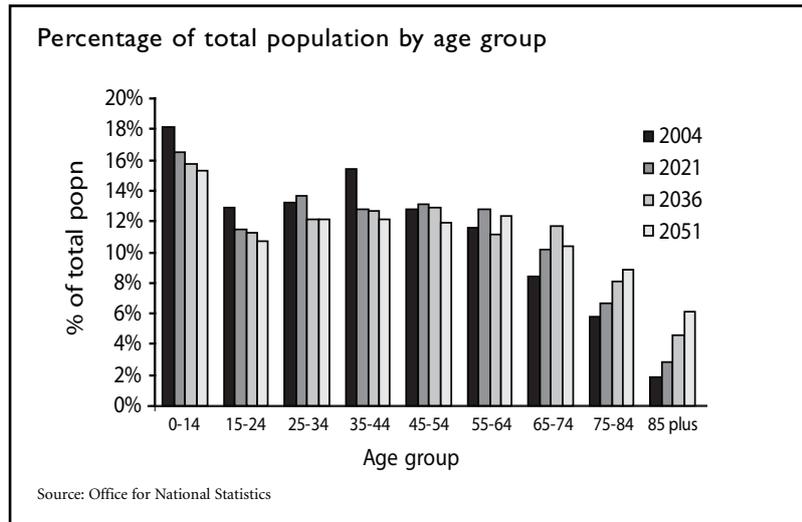
## Appendix 1

Thousands	Principal projection
Population at mid-2004	59,835
Births	19,219
Deaths	16,141
Natural change	3,078
Net migration	4,100
Total change	7,178
Population at mid-2031	67,013

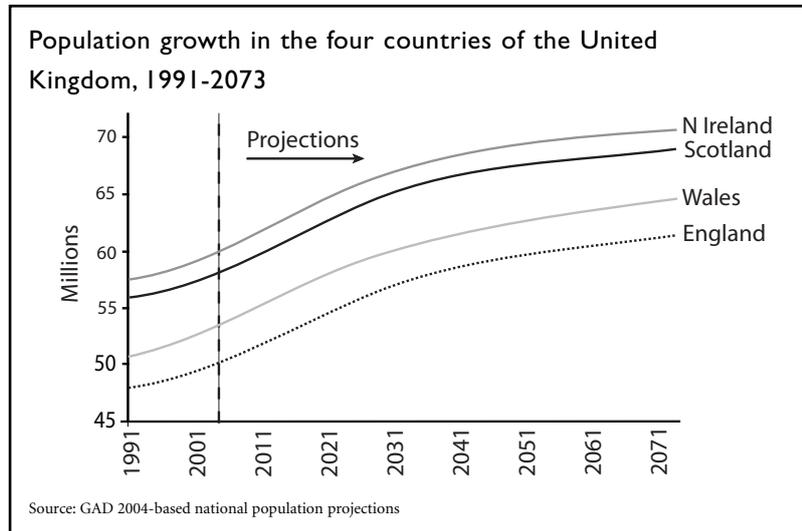
*Analysis:* There are projected to be just under 3.1 million more births than deaths in this period. Net migration accounts for a larger slice of population change in these years (4.1 million people added to the UK population).

Source: Migration and population growth, GAD 2004-based principal projections

Appendix 2



Appendix 3



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## Appendix 4

Projected population by age, sex and legal marital status, 2003 – 2031 (%)				
Males, Age 65-74				
	Never married	Married	Widowed	Divorced
2003	7	76	9	8
2011	7	75	7	11
2021	10	70	6	14
2031	17	63	5	16
Females, Age 65-74				
	Never Married	Married	Widowed	Divorced
2003	5	58	28	9
2011	5	61	21	13
2021	6	59	16	18
2031	13	55	12	20

Source: Marital Status Projections for England and Wales, 2003-based

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- 9 United Nations, DESA, Population Division, *The World Population Prospects: The 2004 Revision*, 2004
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- 13 Optimum Population Trust Press Release, 'Another 10 Million – UK set for even faster population growth' October 2005 <http://www.optimumpopulation.org/opt.release20Oct05>
- 14 Office for National Statistics 'Population Estimates'
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- 16 For examples see Huber, J & Skidmore, P, Demos & Age Concern, *The New Old, Why the Baby Boomers won't be pensioned off*, 2003, or UN Programme on Ageing, *The Ageing of the World's Population: a demographic revolution*, <http://www.un.org/esa/socdev/ageing/>
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- 18 The latest principal projections indicate that by 2021 the total fertility rate and the average completed family size will converge to a rate of around 1.74 children per woman.
- 19 Shaw C. Interim 2003-based national population projections for the United Kingdom and constituent countries (Winter 2004) *Population Trends* 118, p.12
- 20 In 2004 the Government Actuary Department (GAD) had to revise its principal projections for future life expectancy, especially life expectancy at age 65.
- 21 We use the figures referred to by the GAD as 'Period expectations of life', which are worked out using the mortality rates at a given period (either in a single year, or in a run of years), with no allowance for any later actual or projected changes in mortality.
- 22 The Alzheimer's Society policy position on demography [http://www.alzheimers.org.uk/News\\_and\\_Campaigns/Policy\\_Watch/demography.htm](http://www.alzheimers.org.uk/News_and_Campaigns/Policy_Watch/demography.htm)
- 23 Eds. Professor P. Lowe & Lydia Speakman, Commission for Rural Communities and Age Concern, *The Ageing Countryside. The Growing Older Population of Rural England*, 2006
- 24 See Figure 7 in *Opportunity Age: Volume Two – A Social Portrait of Ageing in the UK*, HM Government, 2005
- 25 Alliance & Leicester International (ALIL) and The Centre of Future Studies (2003), *The New Age of Retirement Migration*
- 26 HM Government, *Opportunity Age: Volume Two. A Social Portrait of Ageing in the UK*, 2005, Section 2, p.14
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- 36 Worcester, R., *The Observer*, 'Women's support gave Blair the edge', May 2005
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## **Heirs to the Baby Boomers**

### Securing equity across the generations

David Willetts

We used to think of a society divided by class in Britain. Increasingly we worry about a society divided by conflicts of culture and identity. But for today's children and young people, those born between 1980 and 1995, there is another, still more significant division: that of age. The generation that preceded them, the generation that is in positions of power and influence today – in business and finance, in media and even in politics – have enjoyed a happy confluence of wealth and opportunities. However, there is every sign that this good fortune is not being shared across the generations, and that if we do not make significant policy changes, the experience of today's young people will be much less favourable.

#### **Safety in numbers**

One reason for this imbalance is very straightforward: it is a matter of numbers. The generation now in its forties and early fifties is a

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very big cohort. Given other factors, such as migration, the number of births in particular years is a crude indicator, but useful nonetheless. Between the mid-fifties and mid-sixties, births were running at around 800,000 a year, with numbers rising towards the end of the period (although there was a brief postwar surge in births, the bulk of British baby boomers are rather younger than their American counterparts). Roughly a generation later, between 1980 and 1995, the annual average was around 650,000.

There is a lot of comment about how the baby boomers are continuing to shape the cultural environment around us. One of the advantages of being a big, prosperous generation like that is that your music and your cultural tastes carry on being celebrated: you can still go to Rolling Stones concerts, get Beatles CDs, and drive trendy versions of the Volkswagen Beetle and the Mini. But it is not just that baby boomers have shaped the cultural environment, they have also shaped an economic and social environment that works for them very well. A young person could be forgiven for believing that the way in which economic and social policy is now conducted is little less than a conspiracy by the middle-aged against the young.

In fact, we should be a little wary of terms like 'conspiracy'. Far from being self-satisfied 'greedy geezers', many middle-aged parents show strangely mixed emotions: they are proud of the wealth that they have in their house but are increasingly anxious whether their children can ever hope to buy a place of their own. Survey evidence also suggests that, for this generation, issues that will affect their children and grandchildren, such as education and affordable housing, are significant concerns.<sup>1</sup>

Nonetheless, that big cohort has done remarkably well in terms of housing and pensions, both of which pose severe difficulties to

today's young people. If we add to this a relatively recent policy decision – the change to student finance – then we have the ingredients for a serious squeeze on their prospects for owning and saving.

### **The luckiest generation(s)**

Many of those who began their adult lives in the four or even five decades after the Second World War, have gained from a number of beneficial trends. From the early sixties, increasing numbers of them went to university, and had their tuition paid for. When they started working, increasing numbers of them had access to salary-related pension schemes. Above all, if they bought a house they saw its value rise steeply. This was not a smooth process for everyone; many baby boomers were caught up in the house price falls and negative equity problems of the late eighties and early nineties. Over time, however, most people ended up with substantial gains.

There were a number of factors behind this, including the demand from record numbers of first time buyers and property being a hedge against inflation. Later, however, low inflation helped as it resulted in much lower interest rates, which was perhaps the most powerful factor of all. For most people – especially young people buying in the eighties and nineties – the main effect was to make their house an appreciating asset. But anyone with a defined contribution pension scheme, or the largely older and wealthy group with significant personal financial assets, gained too as falling interest rates led to a step change in asset prices. If the generation that we are concerned with are Maggie's Children, their parents – and often grandparents – are Maggie's beneficiaries.

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We can see what has happened through the changing composition of personal wealth. Before the great housing boom and council house sales of the past 30 years, housing made up less than one-fifth of total wealth: now it has shot up to nearly half. A generation ago housing wealth used to be worth less than our pension. When Labour came to office our housing was worth about the same as our pensions. Now it is worth double. The house price boom and the pension crisis have massively shifted personal wealth in Britain away from funded savings and towards housing.

This shift helps to explain the problems of the generation that is now trying to establish itself. As house prices have continued to rise, only occasionally pausing for breath, the younger generation are finding it harder to get started as owner occupiers than ever before. The median age of a first-time buyer is up to 30. In fact the mean age for a first-time buyer is now up to 34, but that is distorted upwards by the middle-aged return to owner occupation. In 1985 34% of under 25's were already home owners: this had dropped to 22% by 2003. Among 25 to 29-year-olds owner occupation rates are down from 62% in the mid-80's to about 52% now<sup>2</sup>. Kate Barker's Report shows that affordability is now a big problem; in 2002 only 37% of new households could afford to buy a property compared to 46% in the late 1980's.<sup>3</sup> Amongst young people home ownership is an aspiration as strong as ever but one that seems harder and harder to fill.

Meanwhile, from the late nineties onwards, the company pension options open to new workers have narrowed dramatically. Again, there are a variety of factors behind this, including the falling markets of 1999-2003, Gordon Brown's notorious 1997 'raid' on the funds, accounting changes and – a point to which we will return – the uncertainty generated by increased longevity.

According to the Government Actuary's Department, the number of active members of defined benefit pension schemes in the private sector has fallen by 30% since 1995, from 5.2 million to 3.7 million. The fall is much sharper still in relation to those schemes that remain open to new members. In 1995, 5.0 million people were in private sector defined benefit schemes open to new members. In 2005, the figure was just 2.1, which equates to around one in every 11 private sector employees.<sup>4</sup> In the Pensions Commission's First Report, it was suggested that the number of private sector employees in defined benefit schemes might eventually stabilise at between 1.6 and 1.8 million. In the subsequent report, published just a year later, the Pensions Commission said, "a much lower figure now seems likely. It is difficult to see private sector DB [Defined Benefit] provision, certainly final salary in form, playing more than a minimal role in the future UK pension system."<sup>5</sup> This sharp, gradual and ongoing decline in defined benefit pension provision is hitting younger people hard and it seems certain that this disparity will go on growing in the years ahead.

The classic response of a company to the pension crisis of the past few years has been to close its pension scheme to new members, plug the deficit with an injection of company funds and set up a new, much less valuable, Defined Contribution pension for new employees. This adds up to a very dramatic shift in resources across the generations. The traditional salary-related scheme remains for established older employees. Profits from the company as a whole are diverted into plugging the deficit in their scheme. New employees who are much younger have a much less generous pension to look forward to, or rather not. In ducking any

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challenge to the rights and retirement age of existing employees, the Government has taken a similar approach to public sector pensions. In both cases, it is the young new recruits who are the poor bloody infantry being sacrificed as the generals fight the pensions crisis.

Nor is the current economic policy mix of high public spending and low inflation favourable to younger people. The Treasury, to their credit, claim to have pioneered generational accounting, which models the net shifts of resources between different generations, in their estimates of long-term fiscal trends. Some of the assumptions in these models are deeply implausible, but it is a very useful framework for looking at many economic issues, such as the growth of public borrowing under Gordon Brown. He is shifting the burden of paying for today's public expenditure on to the next generation. As future taxpayers they will be burdened with Gordon Brown's public debt as much as they will be burdened with their own student debt.

Unlike their predecessors, they are not getting any help with their debts from inflation. Most of the baby boomers borrowed heavily to buy houses before sustained low inflation was achieved in the early nineties; thus they haven't just seen the value of their house rise, they have also got a mortgage that inflation could well have shrunk to a fraction of its former size in real terms. For the younger generation trying to borrow to finance a house today, our new low inflation environment means that the borrowings they take on are likely to be almost as burdensome in 20 years' time as they are now. It is all well and good moving to a low inflation world, but it is very convenient for the baby boomers that it has been achieved after their debts have been effectively written off. It is still more convenient that this comes

when they are starting to look at retirement, when quite possibly their income will be fixed in money terms.

### **Comparing the generations**

Having looked at the recent trends, let us take a snapshot of the UK today with people from three generations: a 75-year-old, a 50-year-old and a 25-year-old.

The 75-year-old may have had a company pension, though the period of high inflation and restrictions on moving pension rights with a change of job may well have taken their toll; they may also have rented rather than owned a property. They are unlikely to have much wealth. They are quite heavy users of public services such as the NHS. They are quite likely to be dependent on means-tested benefits as well. They are the prime beneficiaries of increases in public spending.

The 50-year-old is very likely to be a member of a good occupational pension scheme. Their house has shot up in value and they are now at the stage where they might well be saving money on top. They have been blessed with some incredibly favourable economic and demographic trends.

Then there is the 25-year-old – one of the older members of our target generation. He or she has had to pay for their university education which the 50-year-old enjoyed for free, so they have just started work with a large amount of student debt. For those leaving university this year, the average figure was a little over £13,000.<sup>6</sup> There is no way that as a new employee they are going to have any rights to a decent company pension scheme. Although they still aspire to own their own home it is going to take ages to build up a

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deposit that will even get them into the small flats that the Government is driving builders to put up. If they can buy a house, they may well have to do it with support from their parents: the average amount parents are giving to their children to get onto the housing ladder is nearly £18,000<sup>7</sup>. That may say something for inter-generational solidarity, but that dependence is not perhaps a comfortable position for either side.

The difficulty of buying a house and creating a nest also means that family formation is delayed. This in turn means that people have children later, and they will have fewer children. It is no accident that the British birth rate fell successively every year from 1997 to 2003 as house prices rose and so did the average age of the first-time buyer. Families are under pressure in other ways. If you go to Euston station on a Friday afternoon you will see the phenomenon of the weekly commute of people who work in London during the week and live hundreds of miles away. For many that is the only way they can afford somewhere decent to live. Hence the new phenomenon of the LATs – people who live apart together. The other option could be a cramped bedsit in one of London's dingier quarters. Overcrowding or life apart from your partner or family: these are the choices being faced by many of today's young people.

### **The challenge of 2056**

Thus, without significant policy changes, the generation that will be in or approaching retirement in 2056 will have found it much harder to accumulate assets and build financial security than did its predecessors. In addition to the asset price and policy changes already described, this generation faces risks linked to longevity – its own

and that of the previous generation. Growing uncertainty over longevity has already contributed to the demise of many defined benefit pension schemes and has made annuities more expensive and unattractive.

I believe that we should put fairness across the generations as the centrepiece of our approach for spreading ownership, to reforming our pensions, and to better policies on housing. It is a powerful appeal to fairness, preoccupied not with social class, but instead, looking at the fair distribution of income and wealth from one generation to the next. The challenge for the Conservative Party is to develop proposals to show that we are not just the Party of possession but also the Party of opportunity.

Solutions will have to tackle the areas in which the problems have arisen. We need to look at how home ownership can be made easier and more affordable for the younger generation. Here Policy Exchange, through the excellent work by Alan Evans and Oliver Hartwich, has made a major contribution to shifting the terms of the debate. As we look at more and more areas where we can break up centralised Whitehall control, then the planning system must be a candidate. If central controls were to go we would need a better balance of local incentives and rewards instead, allowing local authorities to enjoy the economic and revenue benefits of allowing development in their areas. This is not a panacea: as Kate Barker points out in her report, the planning system accounts for only part of the rise in property prices. However, over time it could contribute to easing the affordability crisis.

On pensions, there have been some encouraging developments this year with the Government's acceptance of the proposals of the Turner Report. For some time, the Conservative Party has argued the

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case for raising the basic state pension by earnings not prices so as to reverse the spread of means-testing. This does not just offer a better deal to today's pensioners, it is above all a policy aimed at encouraging today's working generation to save for the future. Similarly, Adair Turner was driven ineluctably to recognise that you could not look at how to encourage private saving without also reforming the system of state benefits.

However, we need to go further. It is absurd that we are in the world where it is very easy to borrow and very hard to save. Mechanisms for borrowing have been transformed over the past 10 or 15 years and they are far more flexible and adaptable than they used to be. The challenge is to make saving as easy and flexible as well. It is pretty heroic asking a 25-year-old to set aside money for a pension that he or she will not be able to touch for many decades. This is asking them to climb an Everest of saving when they might well still have student debt to pay off and want to build up a deposit to put down on the first house. That is the argument for a Lifetime Savings Account, making it easier for people to build up money with a reward alongside. And if there is not an absolute requirement for the money to be tied up until people reach pension age, it may – paradoxically – encourage saving. Just as we drive our car faster because we know the brakes work, so the ability to get at your money may give a greater encouragement to put more money aside in the first place.

Finally, we should help the current generation of young people to manage the risks associated with uncertainties over longevity. In the past, I have argued the case for some form of longevity-linked government bond, through which government would take on some of the risks of increased longevity (by, for example, adjusting the coupon in line with significant changes in forecast life expectancy),

just as, a generation ago, index-linked gilts covered inflation risk.<sup>8</sup> This could help bring down the cost of products such as annuities. Government already takes significant longevity risk (for example, through the state pension and public sector pensions), and would have to examine carefully any increase in that risk; however, it looks like the sort of social risk that government is uniquely placed to bear.

The issue of equity across the generations is potentially an enormously powerful theme running through British politics. Tony Benn used to talk about achieving a fundamental shift of power and wealth to working people. In reality the pensions crisis, the housing boom, and the cycle of inflation and disinflation have shifted power and wealth to the baby-boomers. It will be a crucial economic and indeed ethical test for that generation to ensure that today's young people, the older generation of 2056, have the same opportunities that we have enjoyed. So far we are failing that test; if we are to pass it, we have to act soon.

- 1 'Winning in 2009: The Importance of Boomers', presentation by Age Concern England and Opinion Leader Research, October 2005
- 2 These figures can be found in the Council of Mortgage Lenders (CLM) publication 'Understanding first-time buyers,' Jackie Smith, Bob Pannell, Alan Holmes and Andrew Thomas, July 2005
- 3 Kate Barker, *Delivering stability: securing our future housing needs*, Barker Review of Housing Supply, Final Report-Recommendations, HM Treasury, March 2004
- 4 Pensions Commission, *Challenges and Choices: The First Report of the Pensions Commission*, October 2004, p.85; Government Actuary's Department, *Occupational Pension Schemes 2005: The thirteenth survey by the Government Actuary*, June 2006, Tables 3.2 and 3.3(i)
- 5 Pensions Commission, *A New Pension Settlement for the Twenty-First Century: The Second Report of the Pensions Commission*, November 2005, p.48
- 6 NatWest Student Money Matters Survey, August 2006
- 7 The Alliance and Leicester Mortgages' movingimproving index, August 2006
- 8 David Willetts, 'The Pensions Crisis: What it is and what to about it', speech to Politeia, 5 July 2004

## **Funding the Future**

### Today's pensioners and tomorrow's pensioners

Nicholas Hillman

Pensioners in the UK have never had it so good. People who have reached State Pension Age in recent years have benefited from the maturity of SERPS,<sup>1</sup> which was at its most generous around the turn of the century, and the fat years during which salary-related occupational pension schemes made generous promises and had wide coverage.<sup>2</sup> Recently-retired pensioners have also gained from the sluggish manner in which policy makers have tackled increasing longevity and from the way in which employers have been forced to turn pensions provided on a 'best endeavours' basis into a guaranteed, indexed income for life.

As a result, many new pensioners are receiving secure private pension income and the most generous state pensions that have ever existed. In addition, in the words of the Pensions Commission, they have enjoyed 'a uniquely favourable opportunity to accumulate

housing wealth.<sup>3</sup> And, even though they are likely to live longer than any previous generation, they have the same State Pension Age as their parents and grandparents.

These comfortable realities are of little succour to the millions of pensioners who remain below the poverty line. But it is nonetheless true that pensioners are – as a whole – better off than they have ever been before: they are less likely to be living in poverty than their predecessors and they are less likely to be living in poverty than the population as a whole. The main policy challenge they present is how to ensure the wealth that is already flowing to them is spread a bit more evenly than in the past.

There is a more difficult task in relation to the cohort of people who will become pensioners in 2056, or thereabouts, because the state pension is falling as a proportion of average earnings and voluntary private pension provision is “in serious and probably irreversible decline.”<sup>4</sup> Ensuring that tomorrow’s pensioners receive a fair chunk of the cake is a challenge that needs to start being tackled today.

It is a particularly daunting challenge because of the projected growth in the number of older people and the steep increase in dependency ratios that is expected to occur from the end of the current decade. According to the Pensions Commission, if pensioners in 2050 are to be as well off on average as today’s pensioners and to retire at the same age and if this were to be paid for by the state, then taxes and National Insurance would need to increase by £57 billion a year in today’s money.<sup>5</sup>

### **The Government’s proposals**

The Government’s ideas for helping tomorrow’s pensioners were outlined in a White Paper published in May 2006.<sup>6</sup> The proposed

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reform programme is largely based on the Pensions Commission's recommendations and has three main elements.

First, ministers intend to introduce a revamped State Pension that is worth more and which more people receive in full. To make the new arrangements affordable, the new earnings link for the basic State Pension is to be held off until 2012 – or possibly even 2015 – and the State Pension Age will increase to 68 in three two-year bursts between 2024 and 2046.

Secondly, people in work will be automatically enrolled into funded pension saving from 2012 – either into a new system of personal accounts or into employer-sponsored arrangements (such as occupational pension schemes and Group Personal Pensions). So long as they do not opt out and are happy to contribute 4% of their salary, they will receive additional contributions from their employer (3%) and the Government (1%).<sup>7</sup>

Thirdly, the Government hopes to ensure there is less means testing than there would be if current policies were to continue. The official projections show that around one in three pensioners will be entitled to the means-tested Pension Credit in 2050, compared with over two out of three (70%) if current policies were to be continued.<sup>8</sup>

This programme carries a number of significant risks. Political risk is one factor, as some politicians are less keen than others on the proposals. Another is the inability of government to manage large-scale computer projects of the sort that will be necessary for the new personal accounts system. Recent IT systems designed for the National Health Service, the Passport Agency, the Contributions Agency, the Child Support Agency, the Criminal Records Bureau and the Inland Revenue (for tax credit administration) have all

faced very serious implementation problems and damaged public confidence.

In modelling the future, however, it is reasonable – after noting the caveats – to assume that the Government’s proposals will be implemented. There remains a great deal of uncertainty in relation to the proposed personal accounts, but people on all parts of the political spectrum accept the general direction of policy.

If the Government’s proposals are put in place in a timely way and prove to be sustainable, then people reaching State Pension Age in 2056 or thereabouts will be the first generation to have spent the vast majority of their working lives within the new pensions system. If the proposals meet ministers’ objectives, then this group will have significant pension savings, little entitlement to means testing and a low risk of living in poverty. In the absence of reform, a recently-retired pensioner who had previously been a median earner (on £23,000 a year) might expect to receive an income of £150 a week in 2050; after the reforms, they could reasonably expect to receive around £220 a week (an increase of nearly 50%), although from a higher age.<sup>9</sup>

It is unclear whether this positive outcome will occur in practice, however, for pensions policy is an area where both short-termism and the law of unintended consequences are particularly powerful. There are grounds for arguing, as the Government does, that the proposed new pensions settlement will produce generation after generation of better-off pensioners while also being fairer. But there are similarly strong grounds for thinking that the outcomes for both state and private pensions might be less good than is hoped.

For example, the evidence suggests that many existing occupational pension schemes will respond to auto-enrolment and the

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influx of new members by revising their benefit rates downwards or even abandoning their schemes altogether and leaving their employees to an inferior personal account instead.<sup>10</sup> In this scenario, the total amount being saved for retirement could fall rather than increase: there could be more savers, but less saving. Similarly, the evidence on the state pension system suggests that the Government has significantly underestimated the proportion of pensioners who will be entitled to the means-tested Pension Credit by the middle of the century.<sup>11</sup>

### **Helping tomorrow's pensioners today**

Even if the Government's proposals achieve all their objectives, they will not herald a new age of wealthy pensioners. The proposals are largely based on the Pensions Commission's model, which was designed to provide a median earner with a retirement income of around 45% of their previous earnings. As the Commissioners themselves made clear, however, this is a bare minimum and most people will desire a higher replacement rate.<sup>12</sup>

Because the White Paper's ambitions are relatively modest, it would not take many unforeseen events to throw the whole programme off course. The challenge now is to ensure the proposals really will meet their objectives and produce generation after generation of pensioners that are more prosperous, more independent and less poverty-stricken than they would be if existing trends continued.

The reforms need to be improved in three important ways if they are to provide adequate and secure incomes for pensioners retiring in 2056: first, by doing more to simplify the State Pension; secondly,

by making it easier for employers to provide good pensions of their own; and thirdly, by providing more flexible ways for individuals to build and access their assets.

i) Doing more to simplify the State Pension

Although state support for pensioners is set to become more generous, it will remain phenomenally complicated. The Government has proposed that the State Pension should continue to have two separate layers (the basic State Pension and the State Second Pension) with different contribution and indexation rules and that both parts of the Pension Credit (the Guarantee Credit and the Savings Credit) should remain.

There are genuine challenges in simplifying the State Pension system because of the pattern of rights that have already accrued. But the new State Pension settlement needs to provide more understandable and, therefore, more predictable outcomes if it is to be insulated against further, piecemeal reforms and if people are to be able to make sensible decisions about their own long-term saving. Integrating the basic State Pension and the State Second Pension into one revised benefit (for future accruals only) would make a substantial difference.

In addition, rising longevity should be reflected in a more meaningful way within the State Pension system. The idea of increasing the State Pension Age in three short bursts is confusing, out-of-kilter with the increase in female State Pension Age (which is set to rise gradually from 60 to 65 between 2010 and 2020) and arguably unfair. Raising the State Pension Age episodically rather than in a more continuous fashion would also fail to recognise the more steady way in which longevity has increased in the past and it was not even considered as an option by the Pensions Commission.

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One alternative way to reflect rising longevity would be to convert the State Pension system into a notional defined contribution one, in which each member has a nominal capital sum that is converted into an income on retirement that reflects life expectancy trends (as reflected in the annuity rates at the time). However, while such systems are responsive and can be of value in countries seeking to reduce their state pension provision, they are very complicated. Moreover, notional schemes are less suitable for flat-rate, rather than earnings-related, systems for it is difficult to reflect people's similar entitlements meaningfully in the form of individual accounts.<sup>13</sup> In the UK, it makes more sense to increase the State Pension Age upfront but to do so smoothly, rather than in short bursts, in order to reflect more closely the likely increase in longevity.

It is hard to envisage a pension system without any means-testing – even New Zealand, which has a relatively generous universal state pension, retains some means-testing for pensioners. But it seems likely that means-testing, with all the attendant problems of disincentives and low take-up, will remain too common among pensioners in the UK in the future. Research by the Pensions Policy Institute suggests an 'acceptable' level of means-testing among pensioners would be lower than 30%, as it was for most of the 1990s.<sup>14</sup> The Government should strive to re-attain this historic rate of means-testing among pensioners, as opposed to the higher levels currently envisaged, through brave up-rating policies and good incentives for personal saving.

ii) Making it easier for employers to provide good pensions

On average, pensioners' incomes have risen dramatically in recent years. This is largely a reflection of the UK's well-developed system of

private funded pensions, which for some pensioners provide more than the state pension. However, there are many people who have no – or only very little – entitlement to funded pensions and they have benefited much less from the overall increase to pensioners' incomes.

Automatically enrolling employees into funded pension saving will eventually make a big difference to the total number of people with worthwhile funded pension savings, but it will only be truly successful if it also leads to higher overall rates of saving. Currently, it is highly doubtful that this will occur – the Pensions Commission suggested the impact of their proposals would, “be simply to keep funded pension savings, as a percentage of GDP, roughly stable.”<sup>15</sup>

It is vitally important to ensure that the pension reforms do not damage those parts of the current system which work well. If good quality existing work-based pension provision is to be protected, then there needs to be some easing of the enormous financial pressures on schemes. In recent years, we have seen the widespread closure of generous salary-related pension schemes to new members and their replacement by defined contribution schemes, which on average have a much more modest employer contribution of around 6%.<sup>16</sup> It would be a tragedy if these defined contribution schemes were in turn replaced by the Government's personal accounts, which envisage an employer contribution of just 3%. Yet this currently seems likely to occur for employers, who will need to pay for the influx of new members somehow.

For salary-related pension schemes, the costs associated with rising longevity have hit at the same time as new costs imposed by Government, such as compulsory indexation and preserved benefits for early leavers. The savings that have resulted from the gradual replacement of salary-related schemes with cheaper defined contribu-

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tion alternatives for new staff are being used to plug the deficits in the slowly-declining salary-related schemes run for old timers. In short, twentysomethings are footing the bill for the better pensions of fiftysomethings.

The Government could address this issue by offering debt that more closely matches the shape of pension schemes' liabilities. For example, they could issue longevity bonds that are indexed to changes in life expectancy and also seek to stimulate the nascent private longevity bond market. This would make it easier for company pension schemes and annuity providers to cover their liabilities. However, the Government already holds a great deal of longevity risk and the Pensions Commission is right to warn that it should not take on any more until it loses some from elsewhere, perhaps by reforming public sector pensions.<sup>17</sup>

An alternative, or complementary, way of helping schemes manage longevity risk would be to allow them to raise their Normal Pension Age – if it is acceptable for the Government to raise State Pension Age for accrued and future benefits in order to limit costs, then this option should also be on offer to private sector schemes.

If the financial pressures of increasing longevity were tackled alongside other new cost-saving measures, such as less strict rules on the indexation of pensions, then employers might be able to increase their contributions to the pensions of younger workers. Instead of shifting from their own defined contribution schemes to the less generous personal accounts system, some might even convert their existing defined contribution schemes into hybrid ones that share some of the risks between the employer and the employees. That way, there would be a much fairer sharing of the spoils between twentysomethings and fiftysomethings.

iii) Providing more flexible ways for individuals to build and access their assets

It is too big an expectation to believe that new entrants to the labour market will be happy to pay money to a pension that they will not be able to access for decades. Until the late 1980s, membership of the company pension was often a condition of employment so younger workers could not opt out even if they felt like it. Today, younger workers are more likely to be steeped in student debt and will often do all they can to avoid paying any money to a pension, particularly if they believe their likely retirement date is receding into the distance.

It is strange that, in the Child Trust Fund, there is a Government-backed and Government-funded savings product that is compulsory for all children from birth, yet there remains no savings product that is aimed specifically at the more complicated needs of twentysomethings. Indeed, it is much easier for this group to borrow even more than it is for them to start saving. A more coherent savings environment would provide a continuous thread between the Child Trust Fund, the aspirations of twentysomethings and long-term pension saving. This could be done either via a new tax-advantaged product that links short-term and long-term saving (such as the LISA from the Conservative Party's 2005 manifesto) or by providing greater flexibility than is currently proposed within the new personal accounts system. It is notable that in New Zealand, which is the only other country in the world close to implementing a national auto-enrolment savings scheme, the KiwiSaver will provide extra incentives and early access to those who wish to purchase a first home and allow people to divert some of their contributions to their mortgage.

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One of the buzzwords of pension reform in recent years has been “informed choice”. According to the Government, this means: ‘Empowering individuals to make real and informed choices on working and saving for retirement’.<sup>18</sup> However, the current pension reform proposals seek to build on people’s inertia rather than on active decision-making. There is a good evidence base for reforms of this type, but they come with the danger that consumers and policy-makers will relax once automatic enrolment is in place.

Research shows that automatic enrolment does not, on its own, motivate people to make good decisions about how much to save and default decision-making can, “either facilitate or hinder better savings outcomes.”<sup>19</sup> Without careful handling, the reforms could become an additional excuse for people to avoid making financial decisions. In order to tackle this, the Government should consider establishing a public-private partnership that provides generic financial advice to those on modest incomes.

Across the world, there is a great deal of interest in innovative ways to accumulate savings, such as automatic enrolment and asset-based welfare, but there has been less debate on access to those assets once they have built up. This is particularly important in Britain, as we have some of the most restrictive rules on the use of retirement savings – for example, despite the historically low annuity rates, many people still effectively have to purchase an annuity with their pension fund. In addition, the means testing rules make it difficult for people to access the money invested in their homes via equity release.

If people were given greater choice over the use of their own savings, then this would help to encourage more saving. Further relaxation of the annuity rules so that people have much more

freedom over the use of their own long-term savings combined with ongoing reductions in the coverage of means-tested benefits could transform the incentives to save.

The Labour Government's proposals for pension reform are broadly right and have the potential to produce better and fairer outcomes for pensioners in 2056. Although it carries enormous risks, the Government's current approach is infinitely better than their previous policies, which extended means-testing, harmed employer-based pension provision and discouraged private saving.

With careful handling, there is sufficient room for building a broad consensus around the Government's new position. When SERPS was introduced, it was built on a consensus that dissipated very quickly – not least because the true costs had not been considered properly.<sup>20</sup> This time a great deal more work has been done to devise a sustainable programme of reform and there is consequently more chance of any consensus lasting over the long term. But, if pensioners in 2056 are to be reasonably assured of a comfortable and contented retirement, then the Government's proposals need to go further, particularly with regard to state pension reform, incentives for employers and the build-up and use of personal financial assets.

- 1 The State Earnings-Related Pension Scheme or SERPS began in 1978. Accrual ceased in April 2002, when the State Second Pension took over.
- 2 Government Actuary's Department (GAD), Government Actuary's Quinquennial Review of the National Insurance Fund as at April 2000, October 2003, Figure 9.1; GAD, Occupational Pension Schemes 2005: The thirteenth survey by the Government Actuary, 2006, Figure 3.1. The high point of occupational pension coverage in the UK was the late 1960s.
- 3 Pensions Commission (PC), *A New Pension Settlement for the Twenty-First Century: The Second Report of the Pensions Commission*, November 2005, p.44
- 4 PC, *A New Pension Settlement for the Twenty-First Century*, p.2
- 5 PC, *Challenges and Choices: The First Report of the Pensions Commission*, October 2004, p.14

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- 6 Department for Work and Pensions (DWP), *Security in retirement: towards a new pensions system*, May 2006
- 7 Contributions will be calculated on annual earnings between around £5,000 and £33,000 a year
- 8 DWP, *Security in retirement*, p.122
- 9 DWP, *Security in retirement: towards a new pensions system, Regulatory impact assessments and technical appendices*, May 2006, Figure 1.vi and p.21. All figures are in 2005/06 earnings terms and are pre-tax. The example assumes that the individual would do no private retirement saving in the absence of reform and that, after the reforms, they would not opt out of automatic enrolment nor pay more than the default contribution.
- 10 Capita Hartshead, *13th Pension Scheme Administration Survey 2006*, 16th May 2006, p.37; Association of Consulting Actuaries, Placard, April 2006, p.15
- 11 Pensions Policy Institute (PPI), *Supplementary Evidence to the House of Commons Work and Pensions Committee's inquiry into pension reform following the White Paper*, June 2006, p.3
- 12 PC, *A New Pension Settlement for the Twenty-First Century*, p.132
- 13 PC, *A New Pension Settlement for the Twenty-First Century*, pp.176-177
- 14 PPI, Submission to the House of Commons Work and Pensions Committee's inquiry into pension reform, March 2006, p.12. These figures are for basic income only so do not include other means-tested benefits such as Housing Benefit.
- 15 PC, *A New Pension Settlement for the Twenty-First Century*, p.286
- 16 PC, *A New Pension Settlement for the Twenty-First Century*, p.55
- 17 PC, *A New Pension Settlement for the Twenty-First Century*, p.182
- 18 DWP, *Simplicity, security and choice*, p.v
- 19 John Beshears, James J. Choi, David Laibson and Brigitte C. Madrian, 'The Importance of Default Options for Retirement Saving Outcomes: Evidence from the United States', *Pension Research Council Working Paper WP 2006-2*, p.23
- 20 R. Hemming and J.A. Kay, 'The Costs of the State Earnings Related Pension Scheme', *The Economic Journal*, no.92, June 1982, pp.300-319

## **Not Ageing Equally**

### Health and social care

Dr Suzanne Wait

#### **Introduction**

The question of how the ageing of our population will affect health and social care in 50 years' time is full of uncertainty. Most demographers agree that today's younger people – our focus is on those born between 1980 and 1995 – are likely to live longer than those born 60 years ago, although by how much longer is the subject of much speculation. Longitudinal studies seem to indicate that older people in 50 years' time will, on average, be living healthier for longer – the so-called 'compression of morbidity' theory. Yet at the same time, some demographers are warning that the impact of obesity in children will be so strong that it will reverse the current trend of continuing increases in life expectancy.

Clearly, these contradictory predictions require a more subtle analysis. However, an undeniable fact is that, 50 years from now, people over 65 will represent a sizeable proportion of the population – as will those over the age of 85. The purpose of this essay is to discuss whether

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our health and social care systems are prepared for this demographic change and to propose changes that policy-makers could put into place to ensure that the older generations of tomorrow have access to the health and social care services that they need.

First, we look at the financial sustainability of our health and social care systems, and explore the question of whether we are living healthier, as well as longer, lives. Secondly, we discuss the role that integrated care may play in allowing older people of tomorrow to grow old in their own homes and communities. Finally, we examine how current trends towards patient choice and patient engagement are likely to affect future generations of older people – and how we can ensure that the principles of equity and financial fairness are maintained as our populations grow older.

### **The sustainability of our health care system**

Older people today represent 16% of the population, but consume 40% of health care resources, and use up to two-thirds of hospital beds<sup>1</sup>. Based on these figures, it is commonly asserted that the ageing of the population will necessarily cause the ruin of our health care system.

There are three important reasons to refute, or at least question, this assumption. First, macroeconomic studies have not found ageing to be the main factor explaining the rise in health expenditure observed over the past few decades – factors such as the rise in technology play a more significant role. Comparative macroeconomic analyses performed by the Organisation for Economic Cooperation and Development (OECD), for example, found little correlation between overall health expenditure for older people and the proportion of the population over the age of 65.

Secondly, whilst on the aggregate older people consume more health services than younger people, this is not necessarily true at the level of the individual. A number of UK studies have found that, for the same diagnosis, the health care costs of older people may be lower than those of younger people. For example, Dixon *et al.* conducted a retrospective cohort study of over 250,000 in-hospital deaths to determine age-specific costs of treatment in the last three years before death. They found that the median number of days spent in hospital before death did not increase with age. If one assumes that number of hospital days is a suitable proxy for hospital costs, then this study suggests that older patients are not necessarily more 'costly'. The authors concluded from their work that "the older sector of the population accounts for a higher proportion of acute healthcare resources because they are nearing the end of their lives, not because care is individually more expensive"<sup>2</sup>.

Thirdly, and most importantly, is the question of whether older people of tomorrow will be living healthier lives for longer, or whether their later years will be spent in illness and disability. Here again the answer is complex. A number of longitudinal studies in the UK, and across Europe, suggest that older people are getting healthier over time, rather than unhealthier<sup>3, 4</sup>. Whilst earlier research supported an 'expansion of morbidity' scenario, suggesting that the time that people spent in ill health was increasing with greater longevity, more recent studies support instead the more optimistic scenario of a 'compressed morbidity' with increased longevity<sup>5, 6</sup>. Yet it remains a fact that older age is associated with a greater risk of chronic illness. When several chronic conditions occur at the same time (a phenomenon known as poly-morbidities), this may bring about considerable disability and loss of independence for the individual affected.

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Thus to summarise, it is most likely that future generations of older people will, on average, live longer and healthier lives, however a sizeable proportion of younger people today will not attain this state of healthy ageing. This may be due to several factors, some related to health (for example the presence of a chronic condition or obesity) and some related to socio-economic circumstances, such as poor housing, lower educational attainment, poverty and high risk behaviours (e.g. smoking and alcohol consumption). These factors act together to compromise the health outcomes and life expectancy of some individuals, whilst those who are exempt from these risk factors may enjoy greater (and healthier) life expectancy. It follows that the costs of care for these two groups of individuals may follow very different patterns. As the older population grows in size, these health inequalities will become increasingly apparent. Any future health care system must account for this diversity of needs within its older population if it wishes to remain sustainable.

### **An expansion of social care?**

Any discussion of the sustainability of the health care system is incomplete without looking at the parallel impact of the ageing of the population on social care. A number of studies have warned of the expansion of social care costs and the growing gulf between supply and demand for services. For example, Seshamani and Gray found that whilst health care costs amongst people aged 65 and older in England increased less than those of middle age groups over the period 1985-87 to 1996-99, social care costs increased for individuals over the same period<sup>7</sup>.

Yet policy-makers are just beginning to take a long-term view in the planning of social care. Generally, social care tends to be poorly planned and highly decentralised. Local communities often are expected to pick up the tab where the NHS or national budgets are inadequate, however significant gaps and lack of coordination exist between regional and local agencies. Social care is also means-tested and many families incur high out-of-pocket costs to access the services they need. Moreover, service provision varies significantly across communities, with rural areas in particular in dire need of services. Staff shortages in publicly-run social care agencies are chronic and capacity is limited, thus most families have to resort to some form of privately-provided care. The voluntary sector also plays a huge role in filling the gap between supply and demand for home care services. Individuals are faced with a situation of limited funding streams and multiple providers from different sectors, with often confusing rules as to 'what may be funded by whom'.

A particularly alarming gap in service provision is in long-term care, be it residential (nursing homes) or home care. Wittenburg *et al.* estimated that expenditure on long-term formal care in the UK would need to rise by 315% by 2051 to meet current demographic pressures if dependency rates remain unchanged.<sup>8</sup> Planning for long-term care must also factor in changing family patterns with a growing number of single-person households emerging in the older population.

Clearly, schemes are needed to enable individuals to access the services they need. Initiatives such as direct payments, which allow families to choose the care they need (across all sectors) have been successful across many parts of the UK. Yet many challenges remain. Without better coordination amongst funding sources and better planning for service provision, there is a huge risk that we are

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creating a two-tiered system of social care, where those older people who can afford it access the home care and social care services they need to grow old comfortably in their homes, whilst others reach premature disability and dependence due to lack of resources to acquire the help needed. Long-term, cohesive planning of social care provision and budgets is urgently needed.

### **The need for integrated care**

Looking towards the future, the most urgent need is to break down the divide between health and social care and move to an integrated model of care. The rise of chronic conditions that accompanies the ageing of the population is invariably shifting the demand and needed structure of care, from acute-based models of episodic care to care management over a longer period of time. At the same time, there is a trend towards older people wishing to grow old in their homes and communities. Thus the challenge is to provide older people community-based care that is person-centred and fosters their independence over a long period of time.

Integrated care imposes the patient's perspective as the organising principle of service delivery. In theory, integrated care enables health and social care provision that is flexible, personalised, and seamless. It breaks down the existing divide between health and social care provision. For the older person presenting with multiple chronic conditions at the same time, integrated care may offer more continuous care where health and social care needs are addressed simultaneously and care is coordinated across different providers.

Possibly the most important benefit of integrated care models is their potential to provide *a more seamless care experience for the user.*

Specifically, the patients and their carers are no longer required to coordinate different treatments and steer themselves across different providers; treatment is no longer 'stop-start' in nature and disruptions in the relationship between patient and care professionals is minimised.

There have been several promising initiatives to move towards an integrated model of care. In England, for example, a Single Assessment Process has been put into place so that the needs of individuals are assessed in a single time and place. Throughout the UK, we are seeing more community-based outreach, more multidisciplinary assessment and care management, more rehabilitation and home care, more community clinics where patient outcomes can be monitored closely and continuously<sup>9</sup>. However important challenges remain to be overcome before integrated care becomes the standard model of care for older people across the country<sup>10</sup>. Possibly the greatest challenge has to do with governance and the allocation of funds between health and social agencies, as they remain aligned across very separate budgets. As usual, the solution will require centralised coordination and planning, as well as allowance for sufficient resources and flexibility at local levels to adapt solutions to the particularities of local population needs.

### **Who will care for older people in the future?**

A serious issue which we face with our ageing population is that of carer capacity. There is a growing need for care workers who work at the interface between health and social care – home-care workers, nurses, community health/district health nurses, physiotherapists and rehabilitation specialists. The current ratios of physicians-to-nurses may also need to change – although achieving the 'ideal balance' will

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depend on the relative supply of physicians and nurses, on their skill levels and ability to move towards a new dynamic of care.

This need for more community-based carers is concerning, however, given the demographics of the health and social care workforce. In the UK, one nurse in five is over 50<sup>11</sup>. The physician workforce is also ageing and is not necessarily being replaced to keep up with demand. Although aggressive policies for training new doctors and nurses and recruiting foreign clinicians have been implemented, the time lag needed to fully train health professionals is at least 10 years. Shortages in critical staff in health and social care are likely to prevail unless significant changes to professional training are introduced to boost up capacity.

As the gulf between supply and demand of professional carers grows, the onus for care will fall increasingly on families. Already today, between 65-80% of older people in need of care are cared for by their relatives. Women, most often older retired women, provide the greatest share of informal care. Yet changing family patterns and a growing number of older people living alone suggest that the available pool of informal carers may diminish in future. One cannot take for granted that informal carers will continue to fill the gaps in provision within our health and social care systems. Long-term planning and forecasting of workforce needs must take into account all of these factors if we want to ensure that, as we age towards 2056, we have access to the care we need as we grow older in our communities.

### **Patient choice, engagement in care: will older people be left behind?**

One trend in health policy that is important to consider is the push for a greater role for the individual in clinical decisions, as well as the

shaping of health policy priorities for service reform. Angela Coulter suggests that by 2014 the definition of patients would need to be changed from ‘a person who is receiving medical care’ to ‘co-producer of health, autonomous partner in treating, managing and preventing disease’<sup>12</sup>. Looking towards 2056, is it realistic to assume that this will apply equally to older and younger future generations alike? It has been suggested that the older generation of the future – the ‘new old’ generation of baby boomers – will be active, vocal and demanding consumers and citizens.<sup>13</sup> Yet at the same time, studies have shown that older people have lower expectations of care and are often less engaged in decision-making than younger patients.<sup>14</sup> As a senior NHS manager once commented, “older people are not very good at going out and asking...and the services aren’t that good at finding unmet need”<sup>15</sup>. These low expectations reflect a broader issue of internalised ageism amongst older people, with low expectations resulting from their feelings of unworthiness and fear of being a burden on public services. What is unclear is whether this disempowerment is an effect of ageing (applicable to all generations) or whether it is a generation effect – and that the future generations of older people will be, as suggested by Coulter, active and demanding consumers throughout all stages of their lives.

How can we ensure that by 2056, our health care systems foster patient engagement and access to information, thus promoting choice and individualised care for people of all ages? A first necessary step is to continue to push for better and more accessible information on care options and outcomes. Secondly, as we push for individuals to take a more proactive role in their care, we must be careful that services and information are accessible to *all* older people. As the ‘older’ segment of our society grows, it will encompass

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greater cultural and ethnic diversity as well as greater inequalities in terms of education and wealth. Our health policies and practices must recognise and account for this diversity, otherwise we will create a two-tiered system which exacerbates existing health inequalities, with empowered and engaged older adults contrasting with disenfranchised, frail and dependent older people.

### **Conclusion**

There has been significant reflection across the UK on how the health service may best serve the needs of older people in the future. The 'National Service Framework for Older People', the 'Sure Start for Older People' programme, the introduction of intermediate care and the 'Single Assessment Process' are all important forward-looking approaches that will help ensure that the way we deliver care keeps up with the ageing of the population.

Yet we cannot afford to be complacent. Possibly the most important risk we run is to treat older people as a homogeneous group. As we grow old towards 2056, we will not all age equally – chronic disease, disability, frailty and need for services will confront us at different times and to varying degrees. Somehow, our societies and our care systems need to engage us as individuals to optimise our chances of healthy ageing. They must ensure equitable access to high-quality and flexible care and offer services that match our needs and those of our families. We, as individuals reaching towards 'old age', have a responsibility to voice our preferences and make sure our preferences are known and engage in service reform and clinical decisions. At the same time, the care systems that serve us have an obligation to deliver care that

respects the principles of equity, responsiveness, fair financing and high quality for all.

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## **Before the Frog Boils** Education and learning for 2056

Andy Powell

The generation that will be in its sixties and seventies in 2056 seems likely to have lived through two revolutions in the world of work. The first is the well-known narrative of technological innovation, the communication revolution and the advent of an increasingly competitive global marketplace. The second is the demographic shift set out in the second chapter of this volume. While any forecasting at this distance is inevitably somewhat speculative, the latter implies longer working lives, while the former implies an ever more frequent need to develop new skills. Taken together, they require individuals who can 'learn how to learn'. This paper considers the implications of these demands for education and learning.

We know that if we do not get it right 'first time' it becomes very much more difficult to get people back into learning and to develop the basic skills, knowledge and attitudes necessary for success in

work and life; this justifies a focus on the formal education system for young people. However, 70% of the working age population of 2020 have already completed their compulsory school education.<sup>1</sup> It is therefore essential that adults too have opportunities to update and develop new skills and knowledge, and the paper will also consider continuing learning and development. For Maggie's Children – the youngest of whom are now beginning secondary education – this will be vital.

We are at the point of diminishing returns. Carrying on with the same sort of system and introducing the same sort of policy changes will not be enough – we need a paradigm shift, overturning deeply ingrained ways of doing things. The paper suggests the shape of a new paradigm for 2056, and argues that a more strategic approach to cultural change is required if a shift is to occur.

Looking ahead to 2056 and the sorts of changes we will be going through can be alarming. Even more alarming perhaps is the notion that our education and learning system will still be broadly the same as it is now (and in some key respects the same as it was 50 years ago). That is truly frightening. As Charles Handy has written: "If you put a frog in water and slowly heat it, the frog will eventually be boiled to death. We too will not survive if we don't respond to the radical way in which the world is changing."<sup>2</sup>

### **The current education and learning system – where are we now?**

Vocational education – a great idea for other people's children  
At present there is a high road and a low road in terms of our formal education system.

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There is a well-resourced, clearly-signposted, strongly-supported and generally – recent controversies about A-levels notwithstanding – highly-regarded academic highway. At its end, a degree bestows what is commonly regarded as a passport to future work and success. This route receives by far the most status and attention.

On the other hand if by choice or through not jumping the necessary hurdles along the way a pupil takes a more vocational route, they find the going less easy. The pathways are not well-signposted (partly because new routes are continually being built and old ones taken away), a significant proportion – perhaps a third – do not lead anywhere<sup>3</sup>, the quality is often much poorer, there is less funding and support, and the passport at the end restricts many in their future choices. Alison Wolf's acute observation sums it up beautifully: "Vocational education – a great idea for other people's children."<sup>4</sup>

As Correlli Barnett's blistering account makes clear, the tripartite education system was only 'enabled' by the 1944 Education Act; its implementation was left in the hands of "those who (in a self-fulfilling judgement) believed that modern and technical education constituted second-class studies for rude mechanicals"<sup>5</sup>. Despite numerous commissions and acts of parliament (Wolf lists 23 major government reports in the 100 years since 1867), nothing has changed.

The academic/vocational divide – and the association of 'vocational' with 'second-best' – is reinforced by:

- teachers who channel only failing pupils into practical and applied routes;
- employers who use degrees as 'screening tools' for their recruitment, even though they may not regard a degree as necessary for a particular post;

- policy-makers who link practical and vocational learning schemes only with the social inclusion agenda or national skill needs;
- parents who equate 'aiming high' solely with going to university;
- academics who feel that universities are being 'debased' by vocational courses;
- the media who endlessly report minor changes in GCSE and A-level results, but rarely give attention to skills or those gaining vocational qualifications.

Thus vocational qualifications have not taken off. Employers continue to place most value on academic qualifications, while in the eyes of politicians and the public, success equates to the number of GCSEs achieved at grades A\* to C, and the number of 'A' Level passes achieved, with rising pass rates.<sup>6</sup>

As a result:

- After over 10,000 hours of formal education, only 44% leave school with the equivalent of 5 GCSEs at grade A\*-C, including English and Maths.
- In 2004, more than 27% of boys finished compulsory education with no graded GCSE passes, or only passes at grades D-G.
- Over five million people of working age in the UK have no qualification at all.
- Only 70% stay on in formal education and training after the age of 16 – one of the lowest rates in the OECD.

There are also increasing concerns from employers that academic success does not go hand-in-hand with readiness for employment. Employers value skills such as time-keeping, problem-solving,

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communication and team work – often above the content of a specific qualification – and are increasingly taking account of the extra-curricular activities of young people, whether that be work experience, holiday jobs or community activity.

Two-thirds of the employers interviewed in a recent survey for Edge by YouGov believed that schools do not equip young people with the practical skills that they need for employment when they leave education. Four out of five employers believed that schools should place more emphasis than now on teaching these skills as well as literacy and numeracy.

Many graduates recognise the problem. A cohort of men and women, interviewed seven years after they had graduated, made clear the gap between the skills needed in their jobs, and the extent to which these skills had been developed when they were at university. Over 80% said spoken communication was important in their work, but only 34% said these skills were developed on their university courses. 70% said they needed teamwork and problem-solving skills, but under 30% said these skills were enhanced by their time at university.<sup>7</sup>

'If at first you don't succeed, you don't succeed'<sup>8</sup>

The earlier you leave the highway, the harder it is to get back on, and the less likely it is that you will receive education and training later in life.

This pattern repeats itself through life, and indeed the generations. The most immediate effect of the academic-vocational divide is seen at 18. While the vast majority of A-level students progress to higher learning, in 2005 just 3.5% of apprentices did so. The same goes for adult education: successive surveys show no long-term

increase in participation in socio-economic classes D and E, yet these are the people who, with their lack of qualifications, would gain the most. And the children of parents with unskilled manual backgrounds have a 20% probability of achieving five or more A\*-C GCSEs, compared with 69% for children with managerial or professional parents.<sup>9</sup>

Little wonder that, in a comparison of eight European and North American countries, Britain and the US have the lowest social mobility; but in Britain it has declined whereas in the US it is stable. Part of the reason has been that the better off have benefited disproportionately from increased educational opportunity.<sup>10</sup>

Meanwhile developing countries are providing not only cheaper labour but also cheaper brains as their education systems improve.<sup>11</sup> It is not only a matter of huge numbers of science and engineering graduates in China and India, impressive though the figures are: the real difference is in motivation to learn and succeed. Young people from developing regions are hungry to learn and value education highly; many of our young people do not.

Need to change direction

Education has been a priority for this government and very significant increases in investment have been made (spending in England is set to rise by over £12 billion in the next three years – a 73% increase since 1997). There has also been a relentless succession of white and green papers, commissions, structural changes and new initiatives. The harsh reality is that the impact has been limited.

It is impossible to avoid the conclusion that the current system has reached the point of diminishing returns. We have a deep-seated cultural problem that needs to be addressed.

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The urgent task now is to search for a new approach to education, one that is geared to our changing world and 2056, not the world of 50 or 100 years previous. We need to change the paradigm.

### **A new paradigm – where do we want to get to?**

What are the key elements of a new paradigm? Here are ten suggestions:

Learners as active participants, not passive recipients

People only learn if they are motivated to do so. Looking back from the vantage point of 2056 it will seem extraordinary that despite the evidence that many young people were dissatisfied and demotivated, little was done in any systematic way to engage them or give them an active role in their own learning and development.

Learning to be smart, not clever

It would surely be astonishing if in 2056 general education is still focused on a narrow definition of cleverness linked to being articulate, good analytically and able to memorise large chunks of knowledge<sup>12</sup>. Being smart now, and even more so in 2056, requires a much wider range of skills and abilities: self-understanding; motivation and resilience; team-working; being able to adapt and learn new ways of doing and thinking about things; and problem-solving.

Continuous learning for all, not just the academically successful

The idea that continuous learning and development is largely the preserve of those already highly educated and who are members of exclusive professional institutions will seem anachronistic. This country will not be successful if in 50 years' time education is still

seen by half the population as something that is to be endured while young and then forgotten about.

Integrated theory and practice, not an academic-vocational divide. Being 'smart' rather than 'clever' will require the development of a range of skills and knowledge through various techniques and projects that link theory with practice. Long before 2056 there must be a clear route to success through a largely practical or vocational route, including at the higher levels; this must include a general practical qualification that allows students to keep their options open. All young people must have far greater opportunity to learn by doing things for real, working with experts, and then reflecting on that practice. It is primarily by doing things that people find out for themselves what they are good at, where their interests lie, and what they want to do and be – in work and in life.

Education-employer partnerships, not sporadic links

The greater integration of theory and practice will require a major shift in culture regarding the way in which employers and educational institutions work together. If work experience is to be an essential part of learning and not a bolt-on, then providing such experience will need to become a natural and recognised part of business culture. Schools, colleges and universities will be centres of learning expertise with a remit to support their local employers and communities; they will be heavily involved in business and social enterprise activity.

Lifelong teaching, not just lifelong learning

Full-time teachers and trainers will continue to have a vital and respected role to play. In the future however greater emphasis will

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be given to the fact that we are all lifelong teachers as well as lifelong learners – whether that be at work, leisure or the home. To transfer knowledge and skills, and to support the development of others, is just as much part of the essence of being human as to learn.

Advanced brokerage and feedback mechanisms,  
not just expert advice

It is unrealistic to expect expert careers advisors to understand all the employment opportunities available and to provide independent individual advice. It should not be surprising that careers advice has rarely been rated highly by students; people tend to consider future work and careers based on their own experiences, and those of their family and friends. If you come from a background whereby you can gain these experiences and use connections to find out more you are fine; if you do not your horizons and ambitions are limited.

The advent of ever-more powerful and sophisticated internet technology will enable everyone to have very wide networks of 'friends' from whom they can gain feedback – whether that be on education establishments and courses of learning, or future work and careers advice. People will be able to gain advice from those who have already travelled the path they are considering, from the 'horse's mouth'; the expert will become the mediator and facilitator.

Significant autonomy for teachers and learning institutions,  
not top down reform

In 50 years' time it will seem very odd that despite the rhetoric about the importance of high quality teachers, and despite their obvious frustrations and low morale, so little opportunity was given for them to innovate and adapt provision for their learners.

Funding must focus on the learner and not the institution  
Funding should focus on supporting the learner in a place (school, college, at work and in the community) and at a time that is of most benefit to their individual needs. Investment in new schools equipped for the 21st century is essential, but we must also ensure that the funding system enables colleges, employers and the community as a whole to play an optimum part in the learning and development of young people.

Government steering, not rowing

We need to move away from the never ending torrent of top-down, well-intentioned government vocational initiatives that do not fit with what has gone before. Government must steer, but it must also do far more to empower and utilise the knowledge and skills of teachers, careers advisors and employers in determining what changes are needed in our current learning system.

### **Changing the paradigm – how do we get there?**

Many policies and new initiatives recently proposed, tried or currently under way support the new paradigm; these include:

- School/college student councils
- Key and core skills
- A new common diploma (Tomlinson's proposals)
- 14 new specialised (vocational) diplomas
- City Academies with greater autonomy
- Extended school hours
- Personalised learning

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- Compulsory work experience at key stage 3
- Grants at any age for learning towards a first Level 2 or 3 qualification

It is not too difficult either to develop exciting new policy ideas and initiatives<sup>13</sup>, such as:

- Shorten key stage 3 to two years, keep stage 4 as another two year block leading to intermediate qualifications in year 10, and release year 11 for a year of 'practical learning': a year in which to explore ideas, experience different forms of learning, find out about a wide variety of work and career options, develop self-awareness and communication skills, and appreciate the importance of learning and helping others to learn.
- Learning credits for say five years full-time learning after the age of 16, which can be cashed in at any stage in life.
- Local tax incentives for employers related to support for work experience and practical learning.

So why are there not significant improvements in practice? Why does the underlying paradigm not change?

To understand this, we must revisit the concepts of paradigms and of paradigm shifts as set out in Thomas Kuhn's *The Structure of Scientific Revolutions*. A paradigm is not only a way of seeing things, it affects what we see. It determines not just what kinds of solution we allow, but also what kinds of problem we consider. Paradigms are embedded in vocabulary, textbooks, training and institutions, and reinforced by those with influence.<sup>14</sup>

Thus paradigms are a matter of faith as opposed to logic: two people with two different paradigms see the world in different ways and use different concepts and languages to describe it. For people

to leap across this divide, there must be a sense of crisis to make them lose faith in the old paradigm, and a faith-inspiring alternative paradigm must be available.

Until the middle classes – beneficiaries of the current education system, and a core constituency for any party of government – feel that it is letting *them* down, there is unlikely to be sufficient drive for change. Paying for higher education has, for the first time, perhaps started to sow seeds of doubt in many middle-class households – especially in the minds of the students themselves who are starting to question the value of investing time and money in university courses which no longer provide the automatic passport to their career of choice, or even a graduate-level job. Maggie's Children are the first generation to experience this: this may give them a pivotal role in pushing for change.

It is already widely accepted by middle class people that the education system does not work well for everybody – but this is seen to be about “other people's children”. If we can demonstrate the link with growth in crime and disorder, with poor customer service, with shortages of skilled crafts people and technicians, then middle class people will feel bound up in the failings of the current system. We need to bring this into people's homes as ubiquitously and graphically as Jamie Oliver did with Turkey Twizzlers and school meals.

Equally, middle-class parents must be reassured that there is nothing to fear from the new paradigm. Initiatives such as the new specialised diplomas must show a strong and clear link to good employment and the opportunity later for higher education. Most aspects of the world we might like to see in 2056 are already in existence. It is essential that faith is built in a new paradigm by highlighting these examples of success, and demonstrating that a different way of doing things is possible.

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Lastly, it is necessary to reach out beyond the experts. Paradigms are largely perpetuated by communities of specialists. We cannot expect significant change to come from within the system.

Implications for role of government

Much of what needs to happen cannot be done by government. The primary roles for government become:

- Capture the vision and the rules of the new paradigm.
- Ensure strategy and statements are consistent with the new paradigm; for example, setting targets for the number of people reaching higher levels of learning and skills, rather than percentage going to higher education.
- Encourage and recognise innovation, where it builds faith in the new approach.
- Resist the temptation to maintain central control; instead emphasise the development of a more open market, devolve responsibility, track results carefully and be prepared to intervene where things are not working.
- Use targets as signals, not drivers.
- Encourage and support a stronger voice from participants – especially learners themselves.

## **Conclusion**

Thus, for a very different world of education and lifelong learning for Maggie's Children and their successors in 2056 three things need to happen:

1. *Recognising the problem:* Change will only take place if we convey graphically to everyone the anomalies of the current system and the negative impact this will have on people, especially the middle-classes. Issues, such as paying for higher education, the growth in highly-qualified immigrant labour, and an ageing workforce, must be highlighted in order to spur change.
2. *Demonstrating there is nothing to fear from change:* There are already numerous examples in existence of a new and successful approach. These must be communicated, recognised and rewarded.
3. *Listening to the customer's voice:* We must ensure that the views of students in particular, but also parents and employers, are much better articulated and communicated.

And the role of government? Set the vision, develop a wider and more coherent strategy...and do less!

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## **A Known Unknown** Families in 2056

Paul Goodman

When the oldest of them was born, Britain had just been labelled “the sick man of Europe” by no less a person than our former Ambassador to Paris – a title once reserved for the decaying Ottoman Empire. Margaret Thatcher was proclaiming as Prime Minister that “The lady’s not for turning” as inflation rose to a peak of 20% and interest rates touched 17%. The top rate of tax was 60%. Steelworkers were striking. The riots of 1981 were yet to come.

The world of 1980, into which the oldest of the generation that is the subject of this pamphlet was born, already seems remote. It will appear more so still in 2056, when the survivors will be over 75 – exceeding the biblical span of threescore years and ten, which even now is no longer a common measure of longevity and survival.

In 1980, there were no mobile phones and no internet; indeed, there were only three television channels. Keyhole surgery was yet to be available. Drugs that we take for granted, such as Prozac and

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Viagra, were unknown. The "Star Wars" series, now a longstanding franchise, was in its infancy: "The Empire Strikes Back" was one of that year's cinema hits. Abba's "Super Trouper" was storming the charts, and big hair was starting to come in. A Turkish gunman was yet to attempt the murder of Pope John Paul II, but the question on everyone's lips (as the country tuned in to "Dallas") was: "Who shot J.R.?"

This was the world into which the children of 1980 were born. The last of their generation, for the purposes of this booklet, was born 15 years later in 1995: these years, then, span the great bulk of the four terms of Conservative Government which, first under Margaret Thatcher and then under John Major, drove the economic regeneration of Britain. They are Maggie's Children. What will family life be like for them in 2056?

To find an answer, I fall back on the gnomic words of Donald Rumsfeld, George W. Bush's Defence Secretary, the man who prosecuted America's invasion of Iraq (Saddam Hussein, by the way, is a survivor of 1980: during that year, he launched the Iran-Iraq war). It is necessary to quote these words in full.

"As we know, there are known knowns. There are things we know we know. We also know there are known unknowns. That is to say, we know there are some things we do not know. But there are also unknown unknowns, the ones we don't know we don't know."

Secretary Rumsfeld's "knowns and unknowns" have provoked a mixed reaction. Some have applauded them, some have mocked, and one prankster has actually set them to verse. I find them a useful way (irrespective of their applicability to Iraq, or otherwise) of

starting to think about the family lives that the generation of 1980-95 will lead in 2056, and about the public policy implications which follow, when the oldest of them will be 76 and the youngest 61.

Let us start with the “unknown unknowns”, if only to dismiss them – since, as Secretary Rumsfeld would doubtless point out, an unknown unknown cannot, by definition, be anticipated. But even to mention them makes an important point – namely, that we cannot know what the world will be like in 2056. The contributors to this booklet are largely in the business of extrapolating trends – and, like other people who do so, we are fallible and prone to error: we see “through a glass darkly”. So our task must be approached with humility.

This brings me to the “known unknowns”. The post-war trend of healthier living and diets may reach forward to 2056, or collapse, if the more recent trend of obesity and junk food consumption spreads wider – or the two trends may cancel each other out. Susanne Wait writes about these possibilities in her contribution and, rather than follow her lead, I will entertain, if only temporarily, more fanciful and alarming possibilities.

By 2056 the trends that most forecasters study – a larger population, a rising number of older people, pressure on land and pensions, higher house prices, and relatively low labour costs – may have been thrown startlingly into reverse by a bird flu pandemic, or some other natural disaster, wreaking civilian deaths on a scale unknown since the end of the First World War. In the wake of such a catastrophe, the population would be lower, the number of older people smaller, the price of housing less, labour costs higher and the pensions crisis solved (every catastrophe has a silver lining). Such a post-bird flu Britain would in some ways be remarkably like post-Black Death England.

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Or by 2056, alternatively, scientists may have worked unimaginable wonders with the genetic code (neither genetic screening nor gene therapy were available in 1980), enabling life spans to be greatly expanded. In the wake of such a breakthrough, the number of older people would be larger – all other things being equal – with knock-on consequences for first-time buyers and the affordability of pensions. (All great breakthroughs have difficult side-effects.)

In summary, it is possible that by 2056 a large number of people who might otherwise have lived until their 80s will have died of bird flu in their 20s, or that a large number of people who might otherwise have died in their 70s will live until their 150s (or both). To this list of “known unknowns” can be added the effects of climate change, the future of the European Union (if Turkey is a member by 2056, which seems likely, the potential effect on immigration into western Europe will be considerable) and the possibility of a dramatic and terrifying escalation of Al Qaeda terror in Britain.

This leaves the less giddy and more predictable “known knowns” – principally, the trends in family life. In 1980, three quarters of all women of working age were married. Some 60% of women of working age were employed in the labour market. Only 12% of births took place outside marriage. By 2002, only half of all women of working age were married, the proportion of women of working age employed in the labour market had risen to 70%, and – most strikingly – the proportion of births outside marriage had rocketed to 42%. 54% of mothers with children under five now work in the labour market<sup>1</sup>.

These statistics all point in one direction, whatever one's view of their implications and consequences – in short, towards the erosion

of the married nuclear family (often with a non-working wife in attendance) as the norm.

Lawrence Stone has chronicled the history of the family in Britain in his *'The Family, Sex and Marriage in England, 1500-1800'*. Ferdinand Mount has applauded the role of the family as a bastion against arbitrary state power in his *The Subversive Family*. Powerful conservative journalists, such as Melanie Phillips and Janet Daley, have thrown their weight around in print and on television on behalf of the beleaguered married family, and my colleague David Willetts (who, as a mere politician, is arguably less powerful, and has less weight to throw around) has written brilliantly and indefatigably about these trends – arguing that since people now marry later and live longer, the statistics in relation to marriage are less grim than they appear, and that most children are still raised in a household headed by a married couple. My task is not to follow them, but to assess whether the trend away from the married nuclear family is likely to continue – and, if so, what the consequences will be for Maggie's Children in their old age.

The effect of some recent immigration has been to buttress the conventional family a little: there was a stir recently when it was claimed that a higher proportion of people were married in London's poverty-afflicted East End than in Conservative-voting Tunbridge Wells, from which legions of disgusted correspondents traditionally pen letters to the *Daily Telegraph*. A combination of ethnicity, religion and sociology provided the explanation: Muslims from Bangladesh or Pakistan often come from poor rural societies, not altogether unlike those of nineteenth century Western Europe, in which men are dominant and marriage is prized. Ethnic solidarity and religious belief reinforce the habit.

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But marriage-minded Muslims and Hindus, as well as other recent relatively poor arrivals, are of course a minority of the population, despite the growth of their numbers. (Whether Islam, and the spell of the *umma*, prove more resistant to assimilation and, therefore, to current trends in family life than Judaism remains to be seen.) And in any event, the generation of 1980-1995 is largely white and indigenous. Nonetheless, it is worth noting that the working generations which will pay taxes to fund pensions in 2056 will be less white and less indigenous. The tensions that this may cause help to complete my picture of the "known knowns", which falls into two halves.

First, there is no reason to believe that the current trends in family life will not continue – despite a recent vogue for marriage apparently bought about by the relatively new availability of glamorous locations for weddings. Maggie's Children will be less likely to marry than their predecessors were. (The oldest of them are now reaching the age where they are thinking about it and, in a declining proportion of cases, actually attempting it.) They are more likely, if they do so, to divorce. They are increasingly likely to have a number of partners as they move through the life cycle – to practice "serial monogamy". And people from same-sex relationships are likely to continue living more openly amidst greater social acceptance.

The life cycle is itself, of course, getting longer. I wrote speculatively earlier about the possible effect of a scientific breakthrough on life spans, but lives are increasing in length in any event. Earlier this year, there was a stir when it was announced that a woman in her 60s had become a mother. Such an event will become less unusual. More children will be born to older women; those children will be born into smaller families; the siblings of those children are more likely to have different fathers.

Robert Putnam's *Bowling Alone* is perhaps the best-known of many recent books which have chronicled the loosening of the ties that bind us together, and its consequences: a generation of children who are less socialised than their predecessors, who are consumers rather than belongers, who are materially richer but socially poorer, and who – in these islands, and particularly in England – value spontaneity, immediacy, impatience and authenticity above that symbol of traditional British rectitude and reserve, the stiff upper lip.

This shift to individual expression is perhaps best illustrated, as paradox would have it, by a collective national experience. The oldest of Maggie's Children were 17 when Diana, Princess of Wales, died in Paris, but the outpouring of public grief which followed – with its tears, flowers, Elton John-graced funeral and even reported visions of the dead Princess – set the emotional tone for the youngest tranche of that generation, now approaching their teens, who are being brought up on MTV, Sky Sports, texting and iPods.

In summary, Maggie's Children, when they reach 2056, are more likely to have at least one parent alive than the present generation of 55 – 70 year olds. They are less likely to live with the man or woman they married, if they married at all. Their partners are less likely to be white than the partners of previous generations (though one must not exaggerate this trend<sup>2</sup>). Their children are more likely to be single children, and of mixed ethnicity<sup>3</sup>.

This leads me to the second half of my picture – the second of the big “known knowns”. I wrote earlier about possible tensions between the largely white generation who will be receiving their pensions in 2056, and the less white generation who will be paying them. It is only one of a number of similar clashes, most of which will be heightened by that frequent cause of strife, money.

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Maggie's Children are likely, all things being equal, to enjoy higher living standards than previous generations. All things, of course, are not always equal, and it would be a bold forecaster who predicted that the world economy during the next 50 years will be as tranquil as it has been during the past 15. (The last recession, that of the early 1990s, is unremembered by the majority of the generation whose course I am attempting to foresee.)

But it would be a calamity unknown in recent history for the living standards of an entire generation to decline during their lifetime. That generation, of course, is living on a relatively small island in which space in the greater south-east is scarce, families are becoming smaller, the birthrate is relatively high and immigration is likely to continue on a considerable scale – some of the trends which I described earlier.

The present phenomenon of 'age wars' between the post-war baby boomers and the oldest tranche of Maggie's Children – driven by these trends – is already a hot topic. The baby boomers were given grants when they went to university. The houses that they have bought have greatly increased in value. They are gaining the state pension in their 60s. By contrast, Maggie's Children are paying tuition and top-up fees. They are struggling to climb the housing ladder. They are paying for present state pensions. By the time they retire, they are more likely still to have parents to care for than the baby boomers, as well as children and grandchildren. And they are less likely to have a partner to help them cope with the strain.

According to one view, Maggie's Children may well be a "squeezed generation," sandwiched between the baby boomers above them and the next generation down (Tony's Children, perhaps?) below. According to another, the baby boomers are a uniquely privileged

group – enjoying the social freedoms pioneered in the 1960s and the economic prosperity engendered in the 1980s. Maggie’s Children certainly look to work longer. By 2056, the state pension age will surely have been raised to over 70, and it is a sobering thought, for those born in 1980, that a higher proportion of them will be working well into their seventh decade.

So if the two big “known knowns” are that families will continue to be fragile as 2056 approaches, and that generational tensions are likely to be intense, what can the next Conservative Government do to support those families and ease those tensions – remembering that Maggie’s Children will be in their late twenties, or younger, when David Cameron becomes Prime Minister, and that 2056 is a long way off?

Perhaps the best way of finding an answer is changing the way we think about families. Conservatives have spent a great deal of thought, rhetoric and policy in recent years on “horizontal” family relationships – those between partners. We need to spend more both before and after the next election on “vertical” family relationships – those between parents and children. We need to spend as much time advancing solutions on childcare and housing as on child support and marriage. I want to identify seven areas for action that, I believe, are important.

Raising the subject of marriage allows me to deal with it at once. We all have an interest in increasing children’s life chances, and reducing child poverty. We all want to see Maggie’s Children’s children flourish – and support their parents in their older years, raising what David has called, “general well-being and reducing the burden on the taxpayer.” The evidence that marriage raises life chances, reduces child poverty and increase general well-being is now predominant. David is already (and I believe rightly) pledged to *support marriage in the tax and benefit system*.

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Second, Maggie's Children will need special help when their children are young, during those transitional years of parenthood that lie between 2006 and 2010. This means flexible, affordable, high-quality childcare, whether provided at home, informally, or in a formal setting. David and others have already begun to flesh out *a childcare policy, based on a level playing field for providers and more choice for parents*.

Third, it is important to remember that Maggie's Children have parents as well as children, and that those parents are living for longer. Grandparents are playing an increasingly important role in childcare provision, and we recognised this at the last election by proposing that they have access to tax credits. In 2001, we suggested that parents should have tax breaks for taking in older or disabled relatives. At present, housing benefit rules penalise children who live with their parents once they become adults at 18. *The tax system could play a role in encouraging Maggie's Children, parents and other family members to come together under one roof, thus easing pressure on housing*.

Fourth, housing is itself a source of generational tensions. I have already referred to present rates of house-building. Family money tied up in housing, or used to pay social services bills when homes are sold, is family money no longer free to "cascade down the generations". George Osborne has outlined how *more homes could be built for sale to younger people without concreting over quality green belt land* – if that is what local communities want.

Fifth, *more power for local communities is vital in itself*. Maggie's Children will not merely have a responsibility, in 2056, for their own surviving relatives, and themselves be the responsibility, in turn, of their own children: responsibility for their care – particularly social

care – will also rest with local neighbourhoods and communities. The need to take power from Westminster and Whitehall, and devolve it to local government and communities, is as applicable in relation to Maggie's Children as it is elsewhere.

Sixth, neighbourhood care will usually mean a large measure of voluntary sector care – care exercised by clubs, charities (especially those with a special expertise in relation to older and disabled people), neighbourhood groups and faith communities. A significant proportion of Maggie's Children will be growing older for longer without a partner, away from their children and in relatively good health. This offers a formidable challenge to any notion of general well-being. The companionship offered by voluntary groups will be a significant antidote to loneliness and isolation, and *government must do all it can to encourage voluntary sector care.*

Seventh, higher savings, more flexible working and a more stable pensions system are the key to ensuring that Maggie's Children are happier to work for longer, and that prosperity remains inter-generational. The sheer scale of means-testing since 1997 has already reduced the incentive to save, damaged savings severely and helped harm the transfer of wealth from one generation to another. The Turner Report offers a route out of the spread of means-testing, and *the party has been right to build its pensions policy on the foundation of again linking the state pension to earnings.*

The reach of government is necessarily limited. After all, the main driver of family change is social development, not Ministers' edicts: the availability of the pill and the decline of manufacturing industry have done more to change life at home and in the workplace than, say, the introduction of the tax credit system or paternity leave. However, the next Conservative Government will be able to do

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much to help families in general and Maggie's Children in particular – even if its view of the distant scene in 2056 is, like that of the extrapolators of trends, partial, limited and vulnerable to hubris. Yes, family norms are changing. But those who would write off the family should pause. Families – like political parties, perhaps – have a remarkable way of surviving under pressure, re-inventing themselves and re-emerging to flourish. They are remarkably buoyant and tough. Whatever else happens, they will be still be around to surprise and challenge whoever is the Conservative Prime Minister in 2056.

- 1 These and associated figures can be found in publications from the Department of Trade and Industry's 'Women and Equality Unit', notably 'Key Indicators of Women's Position in Britain,' November 2002 and 'Changing World, Changing Lives,' August 2003
- 2 See the National Statistics report from the 2001 consensus – inter-ethnic marriages only made up 2% of the total marriages in England and Wales
- 3 See the ESRC's publication 'Changing household and family structures and complex living arrangements' from the 'Mapping the Public Policy Landscape Seminar Series' – [http://www.esrcsocietytoday.ac.uk/ESRCInfoCentre/Images/ESRC\\_household\\_tcm6-15384.pdf#search=%22birth%20rate%20%2B%20changing%20ethnic%20makeup%20%2B%20gov%22](http://www.esrcsocietytoday.ac.uk/ESRCInfoCentre/Images/ESRC_household_tcm6-15384.pdf#search=%22birth%20rate%20%2B%20changing%20ethnic%20makeup%20%2B%20gov%22)

## **Such a Thing as Society** Maggie's Children and volunteering

David Burrowes

2056 may turn out to be a year of celebrations. It will definitely be the 300th anniversary of the birth of Mozart and might even see England end its long footballing drought with victory in Euro '56. But will it be the 'Year of the Volunteer'?

For Maggie's Children, the question is vital as they will be both prospective providers and users of the services of the voluntary sector. By 2056, many of them will be in an age group that makes a significant contribution to voluntary activity; only the oldest of them will be over 75, the age at which – as will be shown below – this volunteering appears to fall off (although with longer and healthier old age, this may have changed by 2056). Above them, there will be an older cohort – including, in many cases, their parents – who will be in need of voluntary sector care. And as Maggie's Children approach the age at which they may need such services themselves, they will hope that the volunteering ethos is sustained in the next generation.

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We need to answer these questions for the sake of those who will be the elderly in 2056 and also to recognise the fundamental role the voluntary sector plays in creating a stable and more unified society, while also benefiting volunteers personally. Voluntary sector provision represents a return of £30 for every £1 invested.<sup>1</sup> The National Centre for Volunteering describes volunteering as, “an important expression of citizenship and is essential to democracy. It is the commitment of time and energy for the benefit of society and the community and can take many forms. It is undertaken freely and by choice”. This paper asserts that the civic engagement of the whole community today is vital for the sake of a flourishing free society, where families are strong and voluntary associations vibrant, in 2056. It shows that Maggie's Children are not detached and apathetic, but have a commitment to altruism and to voluntary work that is an important social asset for the coming decades. It also looks at the policy measures necessary to sustain and enhance that volunteering commitment.

In 2002, there were an estimated 500,000 to 700,000 organisations in the charitable and wider not-for-profit sector in the country.<sup>2</sup> Over half of all registered charities have an annual income of less than £10,000<sup>3</sup>. These organisations do not necessarily attract the attention of politicians but are rooted in the communities from which they draw support and to which they give service. Greater attention is often given to the emerging group of ‘super charities’ with an income of over £100 million<sup>4</sup>. However, the challenge for charities both large and small is to remain true to the unique quality of the voluntary sector – the volunteer, who can provide the personal care and service which is largely unmatched in the private or public sector. Volunteers provide the vital connection with a local

community and enable a voluntary organisation to retain its distinctive mission and character.

Some 23 million adults are involved in formal volunteering each year, at an annual economic value of around £40 billion. In 2005, 44% of the population had volunteered formally at least once in the last 12 months, which was a 5% increase from 2001. The number of people who volunteered at least once a month also rose, from 27% (2001) to 29% (2005).<sup>5</sup> These numbers strongly suggest that many people have already taken on the volunteering challenge.

We must avoid restricting our idea and definition of volunteering. For example, there are approximately 350,000 school governors, 12,500 special constables and an estimated 10,000 volunteers working with offenders either in prisons or the community. There are also approximately 151,000 voluntary sports clubs in the UK, with an estimated 5.8 million adult sports volunteers providing opportunities for an estimated 10 million players and participants.<sup>6</sup>

But how involved are young people in the voluntary sector? Is there a gap between younger and older volunteers that needs filling? Politicians risk having a jaundiced view, seeing the world through the looking glass of elections, where young people are increasingly turned off politics. However, as the Power Report recently demonstrated, this does not mean that young people are not involved in society: among those who do not vote in general elections 37% are members of, or active in, a charity, community group, public body or campaigning organisation.<sup>7</sup>

In February 2005, 'Make Poverty History' mobilised many young volunteers. 84% of 16- to 25-year-olds, in other words members of our target generation, said the campaign and the Live8 concert had had the biggest impact on them last year, ahead of London's Olympic

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bid victory and the general election. Two-thirds of respondents said they had worn the campaign's white bands and a similar percentage intended to support charities by signing petitions or joining email campaigns as a result. Nearly half said they would attend rallies or events this year, and 45% said they would donate money or goods to charity.<sup>8</sup> At a deeper level of commitment, more than half of the 97 million Red Cross and Red Crescent members and volunteers worldwide are classed as "young people".<sup>9</sup>

The 2003 and 2005 Home Office Citizenship Surveys show that 50% of all young people (aged between 16 and 19) are likely to participate in informal volunteering<sup>10</sup> at least once a month, compared to 29% of the older generation (aged 75 and over).<sup>11</sup> Although most young people volunteer informally, a significant number spend time volunteering formally.<sup>12</sup> 'Almost a third (32%) of 16- to 19-year-olds undertook formal volunteering at least once a month, but this fell to 26% among 20- to 24-year-olds and 25% among 25- to 34-year-olds. Participation levels then rose again to 32% among 35- to 49-year-olds and remained stable before falling to 21% among those aged 75 or over'.<sup>13</sup>

Evidence therefore suggests that contrary to many people's perception, young people are increasingly volunteering and in the case of informal volunteering, at a higher rate than older people. However, it is young people from higher income/ social/ educated groups who are more likely to volunteer. According to Caroline Diehl, chief executive of Media Trust, "It's easier for the middle class because there is probably a parental expectation, it's easier because there may be parental support, it's easier because of the networking, the access and the knowledge will be there. It's not about a lack of interest among disadvantaged young people; it's more a lack of

knowledge and financial resources. In communicating volunteering opportunities we haven't really reached out to those young people."<sup>14</sup>

We therefore need to look at policy initiatives, both those that are working and new projects, which will further increase and broaden youth volunteering.

The issue of youth volunteering is already high up the agenda leading to a number of recent initiatives:

- The Russell Commission was set up by the Government in May 2004 in order to increase the level of youth action and engagement in the voluntary sector. The Commission made a number of recommendations, which the Home Office is charged with delivering, centred around ensuring that young people are themselves engaged in partnerships to create new volunteering opportunities for young people.<sup>15</sup>
- In January 2006, David Cameron outlined proposals for a National School Leavers Programme, providing the opportunity for 3-4 months voluntary work in the community.<sup>16</sup>
- The *Commission on the Future of Volunteering* was established by the England Volunteering Development Council in March of this year. It is the first independent commission on volunteering and will present a final report by June 2007.<sup>17</sup>
- In May 2006 the charity 'V' was launched. This was created in order to attract a million new volunteers between the ages of 16-25. Up to £150 million pounds has been set aside from both public and private sectors in order to recruit at least a million volunteers.<sup>18</sup>
- Also in May 2006, Prince Charles suggested a commendable plan

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to attract more young volunteers, including reducing university fees as an incentive for volunteers.<sup>19</sup>

There are inspiring examples of projects that have successfully engaged young volunteers. BBC Breathing Places, a new environmental campaign to build 50,000 wildlife oases in cities, towns and villages, silenced cynics when 200,000 volunteers showed up to pilot events over 3rd and 4th June 2006 alone.<sup>20</sup> Time Bank UK, which uses units of one hour as a community currency, has matched 50,000 young people to local volunteering opportunities since its launch in 2000. Local schemes can point to similar successes. YAVE (Youth Action Volunteering in Enfield), which offers a variety of community placements and was used by six hundred young people last year, has been praised by Ofsted for offering a "unique" service.<sup>21</sup> Christian volunteers in Norwich provide a remarkable 154,555 hours of social action services within the city every year,<sup>22</sup> while in London some 25,000 young people have participated since 2004 in SOULINTHECITY, a faith-based organisation that sends volunteers to support projects within the local community.<sup>23</sup> However, all these efforts amount to small change when compared to the USA. The 1960s Peace Corps developed under President Clinton into the Americorps and has been built upon by President Bush's creation of the, Freedom Corps. As a result of these organisations, the number of young volunteers has quadrupled since the 1960s. In America, corporate giving of time and money is on a different scale to the UK. For example, 'VolunteerMatch' is an internet based network which resourced 2 million users last year to match volunteers, both individuals and businesses with appropriate projects.<sup>24</sup>

There is also sobering evidence that efforts to broaden the volunteering base in the UK have run into difficulties. The Young Volunteer Challenge Pilot Programme (YVCP), introduced in 2003, offered young people from low-income backgrounds £45 a week if they were willing to dedicate a year to volunteer work. However, it did little to boost take-up and the pilot highlighted that “more work needs to be done to widen both the profile and understanding of what volunteering can offer young people.”<sup>25</sup>

Thus to sustain, and even more, to enhance commitment to volunteering and to the growth of the voluntary and community sectors, a major shift of policy is needed. This will need to include both incentives for voluntary activity, and measures to facilitate participation. However, more fundamentally, there must be a recasting of the relationship between government and the voluntary and community sector.

- Government should work for the voluntary sector not the voluntary sector for government. It is time to revive a number of the important proposals developed in the Conservative Party’s Green Paper of three years ago, *‘Sixty Million Citizens’*.<sup>26</sup> The need to jump through bureaucratic hoops to get access to funding, following politicians’ and officials’ frequently-changing priorities is both a time drain on the voluntary sector and can threaten the original insights and commitment that are its most distinctive features.
- Accountability mechanisms must change and funding made simpler and more predictable. Funding should increasingly follow the choices of people, not politicians, and the sector should be redirected towards its stakeholders: volunteers, the communities they serve and those who use or depend upon the sector’s work. Measures to encourage this could include gift tokens, by which

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council tax payers can direct part of their tax demand to a local charity of their choice, and matched funding by government of charitable donations, with the degree of 'match' in inverse proportion to the wealth and resources of the community served. This could contribute to the growth of sources of funds – such as those built up and supervised by the Community Foundation Network – serving good causes in hard-pressed communities.

- Rules should also be simplified. There should be a single application form for those seeking funds from Whitehall; a one-stop website explaining government funding opportunities; and a simplified 'passport' to public funding streams for organisations that belonged to approved umbrella groups. To reduce regulation and empower the sector, there should be more self-regulation based on indicators designed by the sector itself. Government's role should be one of occasional but intensive audit, and investigation of specific claims of abuse.
- Policy should sustain the distinctive quality of volunteering. The voluntary sector has to be professional and its employees properly paid, but increased rates of volunteering are essential if we are to expand the sector's capacity to reach vulnerable people and if we are to build a culture of active citizenship. A key proposal of the *'Sixty Million Citizens'* Green paper was a Volunteer Bounty, money paid to "charities addressing high priority social needs",<sup>27</sup> which came via the volunteers recruited by that organisation. The more volunteers recruited and the higher the quality of the volunteering experience, the greater the reward.

Secondly, ease of access is critical for the individual volunteer. Here the lessons of YVCP are salutary: the project foundered not

through a lack of funding but a lack of communication and understanding among young people. There needs to be a single portal which enables young people to access volunteering information. The 'Year of the Volunteer 2005' website encouraged people to use the site to find out about volunteering opportunities. Ironically, the site is now closed and the user is invited to look elsewhere among a list of organisations.

Government led initiatives also risk ignoring local volunteering opportunities. Time BankUK is a good example of an organisation which is encouraging flexible solutions by creating local hubs of information and assistance. A central point of communication like [www.do-it.org.uk](http://www.do-it.org.uk) is required for information, linking the user to local volunteering opportunities.

A common obstacle for a volunteer is the bureaucracy and red tape needed to get in through the door of a voluntary organisation, a process that can be repeated with each organisation they might volunteer for. A 'volunteer passport' would enable the volunteer to go to different organisations without enduring repetitive checks during the lifetime of the passport.

Thirdly, there should be more support and incentives for volunteering. According to a survey done by the Institute for Volunteering Research, there were several things that young people said would give them more incentive to volunteer. These included: payment of expenses; more support; more time; more rewarding and appropriate opportunities, and more encouragement from a range of people.<sup>28</sup>

The American system of education credits provides an example of incentives for younger people to volunteer: those who do so can earn a certain number of credits towards either their under-

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graduate or graduate degree. This means that volunteering is seen as a learning experience, and even though many are unpaid, it means that they are still putting something towards their education. We need to consider a similar policy to create an incentive for those who are going to university or who are currently at university, to participate in charity or volunteer work. Tapping the large and growing university population more effectively in the UK would provide an obvious link between young people volunteering and developing a desire for that work to continue upon graduation.

Incentives can also apply during working life. The example of Volunteermatch in the US could be replicated in the UK, particularly in promoting and developing corporate responsibility in business, encouraging them to actively support local causes. Without requiring further legislation, companies could be encouraged to integrate employee and community involvement initiatives into their business strategy. For example, companies can give back to their local community by allowing their staff to volunteer in company time. The growing evidence of volunteerism increasing employee productivity should be an incentive enough. Experience in the US has seen quantifiable benefits to the company and to the individual.<sup>29</sup>

Taken together, these measures could sustain and extend current patterns of youth volunteering, and either retain these young volunteers over the next 50 years, or more likely, will be receptive to reawaken their volunteer spirit on retirement. In addition, many individuals may not have been involved in any voluntary activities throughout their working lives, but on retirement have the capacity and health to contribute to their local community. The voluntary

sector needs to be equipped to give such individuals a 'second chance' to engage. With a large part of the population likely to be enjoying a healthy and active old age in 2056, they will be a critical resource.

Lastly, it is important to be clear about the relationship of volunteering to two important institutions: the family and the state.

It is in a strong family that people first learn the concept of consideration of others and learn to be good citizens. Ideas of responsibility and civic engagement are much easier to develop if modelled well by parents. In the modern age, it is increasingly easy for people to become isolated and self-concerned. Promoting the community engagement of the whole family, parents and children, will ensure the modelling of civic responsibility, whilst also helping to strengthen family bonds. Encouraging families to volunteer together could have vast benefits to the local community and to the family itself.

Any promotion of volunteering should go hand in hand with policies which stem the tide of fragmenting families and isolated individuals. Given that the predicted future fall in marriage rates will equate to an increase in those who never marry in the age range 30-64, it will be harder to recreate the moral sentiments of commitment and formal responsibility naturally found in marriage. Housing policy often encourages households to become smaller, making it harder for the family to have the capacity to care for an elderly or infirm relative. If a young person does not learn to freely give up his or her time to care for others in the family, it becomes harder to gain that understanding of responsibility outside the family. Strong family ties provide a basis for good citizens who will sustain their volunteering spirit into older age.

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The plethora of recent initiatives to promote youth volunteering, and the steps taken to engage with the voluntary sector in the commissioning of services, are welcome but government involvement has its dangers. The history of voluntary organisations in the Victorian era demonstrates the risk that the sector can and will be crowded out by an overbearing state. Government must restrain its interference and respect the distinctive character of the sector; in return, there is a responsibility on the part of voluntary organisations to invest adequately in their volunteers.

Engaging more young people in the voluntary sector is important as we come to terms with an aging population in need of care. It is vital for the care of the elderly, but also fundamental to a flourishing free society which, “depends on strong families in which children are raised to be good citizens of a liberal society and on a vigorous civil society of voluntary associations of every kind in which people work with others to achieve common ends and to promote virtue in one another.”<sup>30</sup>

- 1 *A Powerful Force for Change – A Volunteering Manifesto*  
<http://www.volunteering.org.uk/NR/rdonlyres/AF34BBF7-68FD-41D4-9FF0-9158253AAA56/0/manifesto2005.pdf>
- 2 *Private Action, Public Benefit*, The Strategy Unit, 2002, p15  
<http://www.strategy.gov.uk/downloads/su/voluntary/report/downloads/strat-data.pdf>
- 3 *The UK Voluntary Sector Almanac 2006: The State of the Sector*, Feb 2006  
<http://www.ncvo-vol.org.uk/research/index.asp?id=2380&fid=158>
- 4 *ibid*
- 5 *Volunteering, charitable giving and civil renewal: Early Findings from the 2005 Home Office Citizenship Survey*  
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- 6 *Sport Volunteers are at the heart of our community*, Sport England, June 25 2006  
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- 7 *Power to the People: Executive Summary and Recommendations*, March 2006 [www.powerinquiry.org/report/index.php](http://www.powerinquiry.org/report/index.php)

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- 8 Barkham, Patrick, Anti-poverty campaign mobilized youth, *The Guardian*, 14 February 2006
- 9 National Society development: Youth, International Federation of Red Cross and Red Crescent Societies, <http://www.ifrc.org/publicat/ar/ar2003/youth.asp>
- 10 Informal volunteering is defined as giving unpaid help as an individual to someone who is not a relative. Regular participation is defined as giving unpaid help at least once a month in the 12 months prior to interview (2005 Citizenship Survey: *Active Communities Topic Report*. Department for Communities and Local Government, June 2005, p4.).
- 11 House of Commons Library, *Social Indicators*, 12 January 2006  
<http://www.parliament.uk/commons/lib/research/rp2006/rp06-002.pdf>
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- 13 *ibid*, p.8
- 14 "Is volunteering just for the privileged few?" BBC News, 7 December 2005  
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## **Losing the Voting Habit?** The 2056 electorate

John Curtice

### **Introduction**

At first glance, the anticipated ageing of the British population should not give rise to any undue concern about future trends in electoral participation. Older people are markedly more likely to turn out and vote than younger people. So if the balance of older and younger people tips further in the direction of the former, then this would appear to mean that more people should be willing to cast a ballot at election time.

This, however is to make an important assumption – that older people are more likely to vote because of their age rather than because of when they were brought up and first entered adulthood. But perhaps today's older people belong to a generation that has always been more likely to vote, including when they themselves were younger, whereas today's younger people are markedly less likely to vote than were younger people from previous generations.

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If so, the ageing of Britain's population will do little to enhance the level of turnout. Rather, we might find that overall levels of turnout actually decline as today's generation of older people who are relatively inclined to vote is replaced by a new one that prefers instead to stay at home.

The ageing of the population, together with the apparent tendency for older voters to cast a ballot, also raises another important question. What impact might it have on the priorities on which voters expect politicians to concentrate? Tony Blair came to office saying that his priorities were 'education, education, education'. But maybe an older electorate would rally more readily to a cry of 'pensions, pensions, pensions'? In other words will politicians have to focus to a greater degree than in the past on the needs and interests of older people?

### **Turnout**

There is, in truth, little new about the finding that younger people are less likely to vote. In Table 1 we show what proportion of 18-24 year olds claim to have voted at each election since 1970, the first at which the age of majority was reduced from 21 to 18. The data comes from the British Election Study, the principal instrument for the academic survey based study of voting behaviour in Britain. We also show what proportion of all respondents to that same study, irrespective of their age, said they had voted<sup>1</sup>. It is clear from the table that it has long been commonplace for younger people to be around 10 percentage points less likely to vote than the remainder of the population. However, as each new generation of younger people has grown older so they have caught the voting habit. Thus, for

example whereas only 74% of those aged 18-23 turned out to vote in the 1983 election (for most of them, their first opportunity to vote in a general election), by the time of the 1992 election 88% of this same group, now aged between 27 and 32, went to the polling station. In other words, whereas in 1983 members of this cohort were nine points less likely to vote than the population as a whole, by 1992 the gap had disappeared.

Table 1. How younger people have always been less likely to vote

	% claiming to have voted		
	18-24	All respondents	Difference
1970	73	81	-8
Feb. 1974	78	87	-9
Oct. 1974	73	85	-12
1979	70	85	-15
1983	73	83	-10
1987	76	86	-10
1992	75	87	-12
1997	61	79	-18
2001	54	71	-17
2005	45	71	-26

Source: British Election Study

Yet there is clearly something very different about more recent elections. In 1997 the gap between the level of turnout amongst younger people and that amongst the electorate as a whole rose to a hitherto all-time high of 18 points. Then after staying at almost the same level in 2001, it widened yet again in 2005 to 26 points. Rather than being somewhat but not dramatically less likely to vote, as was

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true of younger people of previous generations, today's younger people seem to have opted out of the electoral process to an unprecedented degree.

This development has of course occurred at a time when turnout amongst the electorate as a whole has fallen to record lows. At 71% in 1997, it was lower than at any previous post-war election. Then in 2001 it plummeted to as little as 59%, the lowest since 1918. At 61%, it was little better in 2005. This suggests the particularly marked decline in turnout amongst younger people could have occurred simply because whatever is responsible for the decline in turnout amongst the public in general has had an especially strong impact amongst younger people.

There are two alternative explanations of why turnout has been so low in general at recent elections. One is that the electorate has become disillusioned with and disengaged from politics. However, for the most part it is difficult to demonstrate that such a trend has occurred in recent years<sup>2</sup>. For example, the 1990 British Social Attitudes survey found that 29% expressed 'a great deal' or 'quite a lot' of interest in politics, a result repeated in the 1986, 1989 and 1991 surveys. Meanwhile, subsequent British Election Studies conducted after the 1997, 2001 and 2005 elections found 33%, 29% and 34% respectively expressing a 'great deal' or 'quite a lot' of interest in politics<sup>3</sup>. The one substantial change that has occurred is that voters are far less likely nowadays to say they feel a 'strong' sense of identity with any particular party (and strong identifiers are more likely to vote), but this trend long predates the sharp decline in turnout at recent elections.

Still, younger people are less interested in politics than older people. But as Table 2 shows, this has always been the case. Moreover,

in contrast to the gap in turnout, there is no clear and consistent evidence that the age gap in interest in politics has changed. For example, in 1990 those aged 65 and over were roughly twice as likely to express a 'great deal' or 'quite a lot' of interest in politics as were the youngest voters – and the position at the time of the 2005 election was much the same.

Table 2. Political Interest by Age 1990-2005

Age	% with 'a great deal' or quite a lot' of interest in politics			
	1990	1997	2001	2005
18-24	19	20	20	22
25-34	24	24	24	23
35-44	30	32	25	31
45-54	25	38	31	36
55-64	33	39	41	38
65+	41	40	33	41

Sources: 1990: British Social Attitudes; 1997-2005: British Election Study

The alternative explanation of why turnout has been so low at recent elections focuses on the messages that voters receive at election time, rather than the motivations they bring to the ballot box. There have been two distinctive features about those messages. The first is that they have conveyed to the electorate the impression that there is little difference between the parties. In 1997 the British Election Study found that just 33% saw a 'great deal' of difference between the Conservative and Labour parties, lower than at any election since 1970 and well down on the 88% who took that view in 1983 when the then Margaret Thatcher was challenged by Michael Foot. At the

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two most recent elections this figure has been even lower – 28% in 2001 and just 22% in 2005, lower than at any election since this question was first posed by the British Election Study in 1964. New Labour's move to the centre has been widely noticed.

The second key message relayed to the electorate at the last three elections has been that there was little doubt which party was going to win. From the autumn of 1992 onwards (following Black Wednesday in September that year), Labour enjoyed an unprecedented dominance in the opinion polls (a period that only finally ended in spring 2006). Not only was Labour consistently ahead in the polls (apart from a brief spell during the fuel crisis of September 2000), but for much of the time was ahead by more than ten points. Indeed, the final polls in the 1997 election on average put Labour no less than 16 points ahead, while the equivalent polls in 2001 recorded a 14 point lead. While the lead in the final polls in 2005 was more modest at 5 points, the electoral system's favourable treatment of Labour suggested that this was still enough to yield a third three figure majority.

In short, at each of the last three elections the public has received the message that the outcome was evident even before the campaign had begun, while it would not make much difference to Government policy if there were an upset anyway. While those with a strong commitment to a party and a keen interest in politics might still be willing to vote in such circumstances, those for whom politics is of little or no interest might well be expected to stay at home. This is precisely what seems to have happened. The very low turnouts in 2001 and 2005 in particular appear to have been primarily the result of those with little interest in politics staying at home in far larger numbers than before (see Table 3). Those with a great deal or quite

a lot of interest in politics in contrast were just as likely to vote in 2001 and 2005 as they had been in 1997.

**Table 3. Turnout by Political Interest 1997-2005**

Interest in Politics	% voted		
	1997	2001	2005
A great deal	87	88	89
Quite a lot	87	84	85
Some	81	76	77
Not very much	74	62	63
None at all	59	36	32

Source: British Election Study

This gives us a vital clue about why younger people in particular have been less likely to vote at recent elections, and thus why the age gap in turnout has widened so much. We have seen that people with little or no interest in politics have been especially less likely to vote at recent elections. We have observed too that younger people are less likely to have much interest in politics. So perhaps younger people have been especially less likely to vote at recent elections simply because more of them (as is ever the case) are less interested in politics – a characteristic that was unusually strongly associated with abstention irrespective of age. Moreover if this is the case then perhaps there is little reason to believe that a new generation of people disinclined to vote has now entered the electorate. Now that Labour has lost its opinion poll lead we can expect turnout to increase and the age gap in voting to fall – a process that would be assisted further if the parties were now also to become more ideologically distinct.

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However, this assumes the recent decline in turnout amongst younger people can be wholly accounted for by their (persistently) low level of interest in politics. To establish whether or not this is the case we should look at how much difference there is in turnout between the different age groups once we have taken into account people's level of interest in politics. If the age gap has opened up simply because of the growing indifference of those with little interest in politics to the electoral process, then we should find that once we have taken into account someone's level of interest the age gap is no different now from what it was before.

Table 4. Turnout by Age and Interest in Politics 1997-2005, % voted

	Age Group					
	18-24	25-34	35-44	45-54	55-64	65+
<b>1997</b>						
High interest	63	76	85	87	93	91
Low interest	59	54	62	80	78	77
<b>2001</b>						
High interest	71	68	76	85	83	91
Low interest	36	37	52	64	67	78
<b>2005</b>						
High interest	60	65	81	82	89	87
Low interest	27	35	54	51	72	83

High interest: 'Great Deal or 'Quite a Lot' of interest in politics

Low interest: 'Some', 'Not Very Much' or no interest in politics at all

Source: British Election Study

This is what we do in Table 4. One point immediately emerges. Even amongst those that do have a relatively high level of interest in politics, younger people are less likely to vote than older people. Evidently lack of interest in politics is not the only reason why younger people are less likely to vote. At the same time, however, we can see that amongst those with a high level of interest the age gap was no bigger in 2005 than it was in 1997.

On the other hand, when we look at those people with less interest in politics, the age gap has clearly widened. So the failure of recent elections to attract the interest and attention of the electorate has not simply reduced turnout amongst those with little interest in politics in general. Rather it has done so particularly amongst younger people with little interest. However, this should not, perhaps be regarded as surprising given that the younger someone is the less likely they are to vote simply out of duty and habit, whether the election is interesting or not. We might still reasonably expect that the age gap will narrow once more should future elections be more keenly contested.

However, elections have now failed to attract the interest of the electorate for at least a decade. Those who first entered the electorate in the 1990s have lived in such an environment throughout their twenties, the period of their lives during which we would normally expect them to catch the voting habit. So even if they originally entered adulthood with no less motivation to vote than previous generations, the persistent lack of a stimulus to vote over the last decade may have left a permanent mark on their likelihood of voting – and this may remain so even if elections do become competitive once more.

There are clear signs that this could be the case. We saw earlier how those who first entered the electorate in the early 1980s had by

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the early 1990s become just as likely to vote as anyone else. But if we look at what has happened to those who first entered the electorate in 1997, a different picture emerges. In 1997, 60% of those aged 18-23 said they voted. In 2005, now aged between 26 and 31, only 53% did so. Not only has their absolute level of participation declined, but they have also failed to catch up with the rest of the population. There was still a 19 point difference between their level of turnout and that of the electorate as a whole in 2005, exactly the same figure as in 1997.

Two implications flow from this analysis for Britain's ageing society. First, there is clearly no guarantee that as Britain ages, so it will become more inclined to participate in elections. There is a real prospect that those who have entered the electorate more recently will always be less likely to vote, even when they become older. But there is no guarantee either that today's generation of younger people will be followed by yet others who are also less likely to vote. If elections do become more competitive in future then turnout in elections should increase again and turnout amongst new generations of younger people reflect once more the pattern that pertained between 1970 and 1992. Certainly the key to ensuring that Britain's ageing society is indeed a participative one lies in the future competitiveness of elections rather than in a need to find new ways of engaging a newly disillusioned and uninterested generation.

### **Voting**

Still, irrespective of whether turnout and the age gap does or do not fall in future, as Britain ages so a larger proportion of those who do actually vote will belong to older age groups. Might this develop-

ment require politicians to focus increasingly on the needs and wishes of older people – because older people are inclined to put their interests first?

Table 5. Vote Choice by Age Group 2005

% voted	Age Group		
	18-44	45-64	65+
Conservative	21	38	41
Labour	47	34	36
Liberal Democrat	25	23	18
Other	7	6	5

Source: British Election Study

There were clear contrasts in how different age groups voted in 2005. As Table 5 shows, younger voters were more inclined to back Labour whereas amongst older voters it was the Conservatives who were ahead. But did the Conservatives perform better amongst older voters because they were thought by such voters to be more in tune with their interests and needs?

This proposition can be assessed initially by looking at the answers people gave when they were asked how well they thought that either Labour Party or the Conservatives looked after the interests of pensioners. As can be seen in Table 6, neither party appears to have much advantage over the other on this issue, either among the electorate as a whole, or – more critically – among older voters. This makes it unlikely that the Conservatives won more votes amongst older voters because it was thought by them to be better at looking after their interests.

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**Table 6. How well parties look after interests of pensioners by age group**

% say look after interests of pensioners	Age Group			All
	18-44	45-64	65+	
<b>Labour</b>				
Very well	5	5	11	6
Fairly well	42	30	29	34
Not very well	36	37	35	36
Not at all well	17	28	26	23
<b>Conservatives</b>				
Very well	4	3	4	4
Fairly well	44	36	38	39
Not very well	37	40	40	40
Not at all well	13	21	17	17

Source: British Election Study

Nor does the evidence suggest that older voters were more inclined than younger voters to act on their perceptions as to which party was better at looking after pensioner interests. True, amongst those aged 65 and over, no less than 90% of those who said that Labour was better than the Conservatives at looking after the interests of pensioners and who voted either Labour or Conservative backed Labour rather than the Conservatives. But so did 93% of those aged under 65 who felt that Labour were better at looking after pensioners' interests. Meanwhile the equivalent figures for those who believed the Conservatives were better at looking after pensioners' interests were 92% and 81% – a small gap in the required direction but one that proves not to be statistically significant given the sample sizes at our disposal.

So far, then, there is no evidence that older voters place great emphasis on which party they think is more likely to look after their interests. Thus it is not clear that the ageing of British society will increase the pressure on politicians that emerges from the ballot box to pay more attention to the interests and needs of older people. However, at present neither of the two largest parties is regarded as particularly likely to favour pensioners' interests – almost half the electorate think that one party is just as good as the other. This lack of differentiation probably means that voters of any age currently have little reason to regard this issue as a particularly important or pertinent one on which to base their vote. If, however, one of the parties could secure an advantage over the other, then the position might be different.

### **Conclusion**

Our analysis suggests a need for considerable caution in making any forecast about the likely impact about the ageing of British society in the country's electoral process. We cannot be sure either that turnout will increase or that the recent experience of low turnouts will be continued or even exacerbated. Equally, while there is little reason at the moment to believe that an older electorate will place more emphasis on who it thinks will look after the interests of older people in deciding how to vote, we cannot be sure that this will always be the case. In both cases the explanation for this uncertainty is the same. What happens in elections depends not just on voters but also on parties. Turnout depends not simply on how motivated voters are to vote but also on how big a choice they think they are being offered. Equally, whether older voters take more notice about

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who is better able to advance the interests of older people may well depend on whether they think there is an important choice to be made between the parties in that regard. What we can say is that if choice is not on offer in future elections turnout will indeed continue to fall, while those that do vote are unlikely to take much notice about what the parties have to say about the needs and interests of older people. Such an outcome might well not be thought the most desirable for an ageing society.

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- 1 Acute observers will note that the proportion claiming to have voted at each election is higher than the official level of turnout. This is partly because the official turnout actually underestimates the 'true' level of turnout, partly because to some degree surveys are more successful at securing the participation of those who vote, and to some degree because of a reluctance amongst some respondents to admit they did not vote (Swaddle, K. and Heath, A., 1989, 'Official and reported turnout in the British general election of 1987', *British Journal of Political Science*, 19: 537-70). Our interest here however is not in the level of turnout but rather in the difference in the turnout between younger and older people, and there is no reason to anticipate that that the survey's estimate of that difference is materially affected by these considerations.
  - 2 Bromley, C. and Curtice, J., 'Where have all the voters gone?', in A. Park, J. Curtice, K. Thomson, L. Jarvis and C. Bromley (eds.), *British Social Attitudes: the 19th report*, 2002, London, Sage
  - 3 Electoral Commission, *An audit of political engagement 2*, Electoral Commission and Hansard Society, 2005, London

## Conclusion

Roger Gough

This book is not another contribution to the 'ageing society' or 'demographic timebomb' genre. Nor is it a set of forecasts. We have only to think of trying to project from the world of 1956 – the world of Khrushchev, Eisenhower and Eden; of the Suez and Hungarian crises; of the Angry Young Men and the ascendancy of Elvis Presley – to that of today to realise the futility of such an exercise.

Instead, these essays have focused on the challenges facing a particular generation – or, more accurately, half-generation – ranging from those who are now coming to the end of their primary education to those beginning their adult careers. They have also looked out rather further than is conventional. Much current commentary focuses on the great wave of postwar baby-boomers passing the age of 65, which will be a phenomenon of the next 25 years or so, but this book looks almost a generation beyond that. By then, we will be looking at an aged rather than an ageing society, with the most rapid growth among those in their 80s and above rather than in their 60s and 70s.

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But if distant futurology is futile, there are nonetheless some clear trends affecting the life courses of 'Maggie's Children', on which we will need to act *now* – or at least in the very near future – if we are to ease the pressures that they will face.

The essays have highlighted four major risks to the welfare of Maggie's Children. Firstly, there are *difficulties in achieving financial security*. These are the issues raised, above all, in David Willetts' essay. While the previous generation enjoyed substantial rises in asset prices – especially in house prices – Maggie's Children will face much tougher challenges in buying houses, getting access to pensions and building financial assets. Achieving this sort of financial security and independence is desirable in itself, and will make longer lives a blessing, not a struggle. At present, our institutions are failing to deliver this.

Secondly, there is the *huge uncertainty over longevity*. Perhaps the most certain thing that we can project is this uncertainty. Faster than expected increases in longevity have already contributed to the erosion of defined benefit pension schemes, and the range of possible outcomes over the next 50 years is very wide. For Maggie's Children, this throws into question the length of their working lives and the nature of retirement provision offered to them.

Thirdly, there are the *risks of isolation*. So long as present trends in family formation and (especially) dissolution are maintained, many older people will be living alone in 2056. As the essay from Age Concern shows, this will take place in spite of a decline (because of a reduced differential in male and female longevity) in the proportion of widows in the older population. Ferdinand Mount rightly reminds us that even if we embrace the vision of an active old age – 'romping till we drop' – an older society will have significant numbers of the old, the sick and the lonely.

Fourthly and finally, there are the *inadequacies of education and learning*. The problems of an education system that has focused almost entirely on academic measures of ability have been discussed, without successful resolution, for decades. It is failing to deliver for the less academic, while many graduates find that they have few of the skills that they need for the world of work. Ever-sharper global competition fanned by new players and communications technology, coupled with the need for adaptable skills throughout a longer working life, shift our school and other learning systems from the inadequate to the profoundly unsustainable.

There are, however, some reasons for optimism. The achievement of cross-party consensus on the state pension offers some hope that pensioners in this age group (who can hope, if the consensus is sustained, to live most or all of their working lives under this regime) will have a secure floor to their incomes that takes many of them out of means-testing. As Nicholas Hillman points out in his contribution, success is by no means certain and the Turner reforms can only be part of the solution; but policy is at least on a more positive track than before.

In addition, fears that this is a solipsistic young generation, umbilically attached to its iPod and not much else, appear to be wide of the mark. David Burrowes marshals evidence of an impressive level of social concern and voluntary activity. This is an important social asset. The main exception to this is voting behaviour. John Curtice shows that the combination of 'foregone conclusion' elections and a belief that neither major party would make much of a difference, have led to young people voting in much smaller numbers than their predecessors. There is a risk – though not a certainty – that they will never get the voting habit. However, his polling evidence also shows

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that they are at least as interested in politics as earlier cohorts. Clearly, it is down to the political parties to provide more compelling reasons for younger voters to engage.

Despite some positive features, it is clear that Maggie's Children will face significant pressures, and that policy will have to adjust to ease them.

In terms of *financial security*, David Willetts and Nicholas Hillman present a variety of proposals, but with a common theme: our housing, pension and savings regimes are over-complex and inflexible. The effect is both to dilute and corrupt the concept of a property-owning democracy, tilting it – in David Willetts' formulation – towards possession and away from opportunity.

On housing, Policy Exchange can already point to its proposals for a reformed and decentralised planning system in three books published in 2005-06.<sup>1</sup> More affordable housing for young people is important in its own right; it would also be healthy to shift – gradually – expectations as to likely returns on housing, encouraging more of a differentiation between housing (as a place to live) and savings and investments (to provide for the future).

Pensions and savings regimes are still oriented all too clearly to a world of predictable working lives, and equally predictable – and often relatively short – retirements. It should be much easier to save and to draw down savings for major investments, such as house purchase and perhaps lifelong learning, than it is at present. The annuity rule should be relaxed or scrapped and Lifetime Savings Accounts with top-up support from government should be introduced with the support of matched funding from government.

Changes to financial rules and products are also essential to tackling *longevity risks*, thereby making provision of pensions and

other products more attractive. Both David Willetts and Nicholas Hillman raise the issue of longevity bonds issued by government as a way of providing assets that would offset the risks to financial institutions – and by making it more attractive to issue products, reducing the risk to individuals. There is, as Willetts points out, a logic to government taking on this risk; it would nonetheless wish to limit its exposure and to find other areas in which its (already significant) exposure to longevity risk could be reduced.

A change in approach to the state pension age is an obvious candidate. The most elegant means of doing this would be through adoption of the Swedish-style notional defined contribution (NDC) scheme, in which payouts of state pensions would vary with the age at which a person drew them down and the annuity rates prevailing at the time. However, Hillman argues that NDC would be hard to adjust to UK-style flat rate state pensions, and favours instead regular increases in the state pension age rather than the jerky and probably inadequate adjustments proposed by Turner. Going a little beyond Hillman's recommendations, it would make sense for the Government Actuary to be tasked with reporting regularly – perhaps every four years – on developments in longevity. Without being over-prescriptive, the underlying philosophy should be to keep the anticipated portion of a lifetime spent in retirement relatively constant. It would also be necessary for the review to bear in mind the impact of such changes on different sections of the population, bearing in mind differences in life expectancy.

In any case, there is a strong case for longevity risk being reshuffled: having to work longer is a risk for individuals, but probably a less catastrophic one than that produced by the absence of pension and insurance products.

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Uncertainties over longevity are compounded by the likelihood that different members of our target group will have very different experiences of growing old. As Suzanne Wait shows, there is hope that many will not only live longer but experience a healthier old age – ‘compressed morbidity’. Nonetheless, the rise in concern over public health issues, especially obesity, raises questions over both the longevity and the health in old age of at least some of Maggie’s Children.

Wait also shows how it is likely that the greatest cost increases will come in social care – means-tested and organised by local authorities – rather than in the NHS. This has implications, both in terms of care and in terms of finance. From the patient’s point of view, there is a clear need for seamless provision of care, whatever its ultimate source. In financial terms, increased pressure on social care will impact first on individuals and on the prospects of passing on an inheritance to their children. When those resources are exhausted, the cost will fall on one of the least flexible forms of government financing: council tax.

Going beyond Wait’s recommendations, the latter pressure adds a further justification to policies that are desirable for many other reasons: a reform of local government finance to give local authorities more sustainable and buoyant funding sources<sup>2</sup>, and greater empowerment of local authorities with respect to the wider public sector within their area, in particular through giving much greater teeth and scope to Local Area Agreements. With respect to the former, the essays in this book have not re-examined the intractable funding issues surrounding long-term care; however, the issue of some form of public-private co-financing will clearly need to be revisited.

As for reducing the *risks of isolation*, the essays look to strengthen the intermediary institutions, notably the family and the voluntary sector. Paul Goodman indicates that the tax and benefits system should be more supportive of marriage, maintaining 'horizontal' family links, but also of 'vertical' links across the generations through tax credits for grandparents giving childcare, and changing housing benefit rules that encourage children to leave home when they start earning. Since the former may remain shaky, whatever policymakers' hopes and intentions, it is sensible to give as much support as possible to the latter.

The voluntary sector will also play a critical role in providing care and reducing isolation. David Burrowes proposes measures to strengthen incentives to volunteering, but also, more fundamentally, to recast the voluntary sector's relationship with government. Reliance on the 'third sector' has become a political platitude, something that hardly anyone can be against; however, if it means voluntary bodies becoming instruments of government policy and losing their personal and innovative qualities, then it is a trap. Burrowes argues for matched government funding to follow charitable donations, with a bias in favour of the poorest communities, and for simpler access to government funding streams for bodies with proven track records.

Andy Powell's essay tackled *inadequacies of education and learning*, arguing not only for specific measures (a year of 'practical learning', incentives for more profound employer-education links, learning credits for later life), but for a radical shift in attitude and priorities. Powell also makes clear that government can offer a loose but important steer to the process; however, if it attempts hands-on management of the process in the spirit of many recent 'reforms', it

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will fail. Instead, it is from the dissatisfaction both of those who teach and those who learn that the big drive for change will come.

Maggie's Children may be a transitional group in this long-term overhaul. Insofar as it relates only to schooling, it will come too late for a cohort whose youngest members are now approaching secondary school. They may, however, help to drive the change; as the first generation to have paid for university tuition – which in many cases has not led to graduate-level jobs – they may be more critical of the current system's outcomes than were their predecessors. In any case, Powell's proposals are aimed not only at conventional schooling, but at lifelong learning – highly relevant for working lives that will in many cases continue into the 2050s. Furthermore, the quality of the older lives of our target group will be profoundly affected if significant numbers of the generation that follows them have inadequate skills to achieve sustained and well-paid work.

Taken together, these essays show the challenges facing today's younger people, and the risk that they will approach old age in 2056 with fewer assets – financial and social – than their predecessors. They also show that, whatever the difficulty (or impossibility) of long-term forecasting, these problems are deeply entrenched and their consequences only too predictable if no action is taken.

Talk of generational wars is of no help in tackling these problems; there is plenty of evidence of solidarity across the generations, and the baby boomers should not be demonised for being lucky. Instead, what is needed is a major adjustment of policy instruments in housing, pensions, savings and education, to keep up with economic and demographic change. Here government has a vital role in setting the framework. In addition, however, an older society will need

strong social capital; government will need to recognise the importance of resources outside itself – in families, communities and the voluntary sector – that contribute to that capital. It will need to tailor its activities, and sometimes to rein itself back, to allow them to flourish.

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- 1 Alan W. Evans and Oliver Marc Hartwich, *Unaffordable Housing*, June 2005; *Bigger Better Faster More*, September 2005; *Better Homes, Greener Cities*, February 2006
  - 2 See the proposals in Tony Travers and Lorena Esposito, *Nothing to Lose But Your Chains: Reforming the English Local Government Finance System*, Policy Exchange and New Economics Foundation, 2004

