intergenerational foundation
Fairness for Future Generations

Press release

GAP IN SPENDING DOUBLES
BETWEEN CHILDREN AND OLD PEOPLE

The government is increasing spending on older people at the expense of the young. The gap in the amount of money the government spent on an older person compared to what it spent on a child has doubled over the past 19 years according to latest available data analysed by the Intergenerational Foundation. The government now spends around £20,800 on each pensioner and only £14,700 on each child - a £6,000 difference.

The cost of COVID-19 has been well over £400 billion in new borrowings which have been aimed principally at protecting the older generation. Intergenerational Foundation research shows that even before the pandemic the balance of government spending has already swung sharply away from the young.

Melissa Bui, report author comments, “Decades of age-biased government spending has resulted in twice as many children – 4.2 million – now living in poverty compared to older people, who have seen their generation’s poverty levels fall by around half. The government has shown that it can release the purse strings and spend war time levels of money on protecting the health of older people during the pandemic and now is the time to rebalance spending on levelling up the young and investing in their futures.”

Since 2010/11, the research finds that although overall public expenditure has grown by 60% in real terms, reaching £850 billion in 2018/19, pensioners captured 30% of this growth throughout the period, rising by around £100 billion.

Anne Longfield, out-going Children’s Commissioner, adds, “Our children have lost 850 million days of in-person schooling. Their mental health has suffered due to fear and anxiety. Many have suffered the loss of loved ones to a virus they do not understand. Their playgrounds have been closed, friendships put on hold, and the chance of education through socialisation removed, with the most vulnerable falling through the gaps. We are on track to having the highest levels of child poverty since records began in the 1960s.”

The report argues that the Triple Lock on the State Pension, introduced in 2010, and which rises by the higher of earnings, inflation or 2.5%, can explain much of the divergence in spending, and states that the time has come to remove the automatic 2.5% annual increase. Furthermore, the report highlights the fact that the government has spent 45% more on servicing public sector pension debt interest payments (£18 billion a year) over the previous four years than it spent on child benefit payments (£11.5 billion in 2018–19). Pensioners have also benefited from the highest rate of growth in outpatient mental health treatment, receiving three times as much spending in 2018/19 compared to 2011/12, whereas spending on children rose by only 5.6% over the same period.

Angus Hanton, IF Co-founder concludes, “Across so many areas of government spending, the young are losing out to the old. We call on the Chancellor to level the playing field on intergenerational fairness grounds and rebalance spending across the generations. The new £700 million plan to help children and young people catch up on missed learning due to the pandemic is a prime example of the type of recovery package that younger generations need, but it can’t stop there.”

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Notes to Editors:

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