

PRESS RELEASE

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A decade of intergenerational unfairness and now COVID-19

Young people in the UK have lived through a decade of rising intergenerational unfairness, having fallen behind in 9 out of 10 policy areas, with COVID-19 exacerbating their plight, according to new research released by the Intergenerational Foundation (www.if.org.uk) and supported by Curtis Banks.

The report, [*“Left Behind: A decade of intergenerational unfairness”*](#), used 31 indicators in order to investigate how the position of young people has changed in the labour market, housing, higher education, government expenditure, wealth and expenditure, physical and mental health, political representation and the environment. In all policy areas, except for the environment, the position of younger people has either declined or stagnated over the past 10 years.

Angus Hanton, IF Co-founder, comments, “For ten years we have been shining a light on younger people’s plight, be it sky-high housing costs, 41% marginal tax rates due to student debt, stagnating wages, and reduced wellbeing. The UK’s £400 billion cost of countering the COVID-19 pandemic is now being paid for mainly by the young. We can but conclude that the government has chosen to target the young despite the many sacrifices that they have already made. It need not be like this - those in the older generation who have made large windfall gains on property and who have generous pensions could easily be asked to contribute more. Instead, the Government has recently announced another astonishing intergenerational unfairness by making younger, poorer workers pay more in National Insurance and, we fear, pay more back in student loan repayments, in order to protect the unearned income, and assets, of older wealthier generations who could afford to contribute more.”

Andy Stuart-William, Head of Product & Communications, Curtis Banks said, “Curtis Banks is proud to partner with the Intergenerational Foundation and support the excellent work that it undertakes to protect the interests of younger and future generations. There is a societal need to establish fairness between the generations and ensure the younger generations have the opportunity to thrive in the future. COVID-19 has hit younger people hardest and it has widened the inequality between the old and young. We believe that policy makers have to understand the drivers of these inequalities and tackle them quickly in order to help rebalance intergenerational fairness. We look forward to working with the Intergenerational Foundation to address these issues in the coming years.”

Younger age groups have been considerably more likely to be unemployed or be in involuntary part-time employment since the global financial crisis of 2008, which took 8 years to return to pre-recession employment levels. The nation’s youngest workers have seen the biggest decrease in hourly wages in real terms, from £5.60 in 2004 to £5.12 in 2020.

Homeownership declined for every age group under 65 but increased for the over-65s between 2003/4 and 2019/2020, driven by the older generation’s increasing wealth. Average house prices doubled from £125,000 to £250,000 between January 2003 and January 2021.

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All generations except the over-65s have experienced a decline in living space.^[1] Housing wealth has contributed to an increase in the wealth gap between the youngest and oldest age groups, with the gap increasing by 43% in just 6 years from approximately £208,000 in 2010-2012 to £298,000 in 2016-2018. Meanwhile in 2019/2020, the percentage of children in low-income households rose to over 30% – the highest rate since 2007/2008. In 2018/2019, the government was spending approximately £20,800 on each pensioner in comparison to £14,700 on each child – a £6,000 difference.^[2]

On transport, government spending on travel concessions for older people increased by almost 12 times between 1999 and 2018 while concessionary bus travel for schoolchildren, which is not protected by statute, has been abandoned by many local authorities. In 2019, 45% of recent graduates and 35% of non-recent graduates were working in non-graduate roles. The report demonstrates that before the impending student finance reforms, recent graduates earning over the threshold of repayment of £27,295 (the annual average wage is around £30,000) faced marginal tax rates of 41% for the next 30 years. Add the 1.25% NICs levy on top of the lowering of the threshold of repayment the government is making it even harder for younger generations to set aside savings for their own life goals such as owning a home or saving for a pension. This is at a time when the average under-35 year-old spends 62% of their average weekly income on essential goods and services.^[3]

Spending on health per person has increased at a similar rate over time for pensioners and working-age adults but spending on children has stagnated since 2010/11. This is at a time when the percentage of young adults indicating depression or anxiety has risen – from 18% in 2009/2010 to 25% in 2017/2018.

COVID-19 has broken many of the previous records. Three in five job losses in the year following February 2020 were from people under 25 years of age; the 25-34 age group has consistently had the highest number of Universal Credit claimants as well as the highest number of people on furlough. One in seven renters aged 18-24 had gone into rent arrears by the end of 2020.

The report recommends that the government: implements intergenerational impact assessments; introduces taxation which focuses more on unearned wealth rather than incomes; reforms the triple lock on the state pension; reforms the student loans system; increases the 1.25% NICs levy on over-65s who continue to work; and removes cross-subsidies which working-age people have to fund such as free prescriptions or free travel for the over-60s who are below State Pension Age.

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Notes to editors

All data go back to at least 2010/2011, and for many indicators data go back to the mid-1990s, except for COVID-19 data which is 2020/2021.

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Andy Stuart-William, Curtis Banks, is also available for interview. Please contact Louise Dolan: louise.dolan@camarco.co.uk or call 0203 757 4982 / 07446 870025

- ^[1] Wiles, Colin (2021) Stockpiling Space: How the pandemic has increased housing inequalities between older and younger generations: <https://www.if.org.uk/research-posts/stockpiling-space-how-the-pandemic-has-increased-housing-inequalities-between-older-and-younger-generations>
- ^[2] Bui, M. (2020) Age Bias: How government spending is skewed against the young: <https://www.if.org.uk/research-posts/age-bias-government-spending-by-age>
- ^[3] Kingman, D. (2019) All Consuming Pressures: The cost-of-living crisis facing younger generations Intergenerational Foundation: <https://www.if.org.uk/research-posts/all-consuming-pressures-the-cost-of-living-crisis-facing-younger-generations>