



HM Treasury

House of Lords Select Committee on Intergenerational Fairness and Provision report on 'Tackling intergenerational unfairness':

**Government's response to
recommendations**



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Presented to Parliament by
The Financial Secretary to the Treasury
by Command of Her Majesty

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Chapter 1

Government response

- 1.1 The Government has considered the report titled ‘Tackling intergenerational unfairness’. This report was produced by the House of Lords Select Committee on Intergenerational Fairness and Provision and published on 25 April 2019.¹
- 1.2 The Government welcomes this report. Improving living standards for all and delivering a brighter future for the next generation are central considerations for this Government. We thank the Select Committee on Intergenerational Fairness and Provision for contributing to the fulfilment of these aims by giving careful thought to these important issues.
- 1.3 This paper sets out the Government’s response to all of the Committee’s recommendations. The report’s text is in bold and the Government’s response is in plain text. The paragraph and recommendation numbers refer to the report.

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

- 1.4 The Government agrees that fully considering the long-term implications of policies is important – as evidenced by our commitment to our fiscal rules. This means sustainable public finances which lessen the debt interest burden on future generations. Borrowing has been reduced by over four-fifths from the post-war peak and debt has begun its first sustained fall in a generation.
- 1.5 The Government is committed to strengthening its management and understanding of the public sector balance sheet as part of its duty to manage the public sector’s assets and liabilities to the benefit of current and future generations. The Government is therefore undertaking a Balance Sheet Review aimed at improving the returns on the Government’s assets and reducing the costs of its liabilities. We also committed to complying with the International Monetary Fund’s (IMF’s) Government Financial

¹ ‘Tackling intergenerational unfairness’, House of Lords Select Committee on Intergenerational Fairness and Provision, 25 April 2019: <https://publications.parliament.uk/pa/ld201719/ldselect/ldintfair/329/329.pdf>

Statistics Manual, which requires regular statistical reporting of the entire balance sheet, starting in 2019.

- 1.6 The Government will publish a full Spending Review (SR) document at the conclusion of the next SR, as it has done for all previous reviews. This will detail the funding allocated to each department over the SR period, and the key programmes and policies on which the money will be spent.
- 1.7 The National Audit Office (NAO) already provides substantial scrutiny of the Spending Review process. For example, the NAO recently published a report on improving the Government's planning and spending framework, which has recommendations for the upcoming SR. In its response, the Government has committed to requiring departments to show how their bids deliver long-term. The Government will continue to work with the NAO in its scrutiny of the way future SRs are conducted.

Recommendation (3, Paragraph 52) The UK Statistics Authority should prioritise improving generational statistics. This work should begin by the Office for National Statistics introducing a generational breakdown of the Effects of Tax and Benefits on Household Income data set and releasing a backdated time-series of this data. The Office for National Statistics should also investigate ways to improve the Wealth and Assets Survey's coverage of gifts and inheritances as well as publishing a generational breakdown of the survey's findings in each release. In addition, the Department for Work and Pensions should introduce a generational breakdown of the Households Below Average Income data set in its annual release and publish a backdated time-series of this data.

- 1.8 Please note that the Office for National Statistics (ONS) will be providing their own response direct to the Select Committee in regard to introducing a generational breakdown of the Effects of Tax and Benefits on Household Income data set and investigating ways to improve the Wealth and Assets Survey's coverage of gifts and inheritances.
- 1.9 The Government agrees that generational breakdowns can be informative. It is already possible for users to conduct generational analysis using the Households Below Average Income (HBAI) data set.
- 1.10 Users are able to get access to the data to undertake generational analysis through Stat-Xplore and the UK Data Archive. Stat-Xplore allows users to analyse income and poverty by 5-year age bands from 1994 onwards. These 5-year age bands can be aggregated to construct the specific 'generations' the user wants to analyse.
- 1.11 Stat-Xplore is easy to use and can be accessed instantly by registering for a username and password on the website (<https://stat-xplore.dwp.gov.uk/webapi/jsf/login.xhtml>).
- 1.12 DWP also makes available all the underlying data through the UK Data Archive (<https://www.data-archive.ac.uk/>). The HBAI datasets on the UK Data Archive provide the age in years of each survey respondent in each year from 1994/95, allowing the user to create the generations they want to analyse.
- 1.13 The Department for Work & Pensions (DWP's) approach to ensuring users gain the maximum value from the HBAI data has been to improve access to

the data. This will allow users to undertake their own analysis rather than to add large numbers of pre-defined tables to the HBAI publication which already contains hundreds of tables that users can find difficult to navigate. Pre-defined tables in the HBAI limit flexibility if, for example, users want to define generations differently.

Recommendation (4, Paragraph 58): The Treasury must do more to generate and publish data on intergenerational fairness. It can immediately begin by producing a distributional breakdown of the effects of each budget by age group using the static models it already has. It should invest in developing its capacity to model the generational effects of tax and benefits policies.

- 1.14 The Treasury, along with other Government departments, carefully consider the equality impacts of the individual measures of fiscal events on those sharing protected characteristics, including age, gender, race and disability - in line with both its legal obligations and with its strong commitment to equality issues and promoting fairness.
- 1.15 We have reservations about whether a distributional breakdown by age could be produced in a way that does not paint a misleading picture of Government policy. Many benefits are delivered on a household level. As people of different ages live together, providing a breakdown by age requires assumptions to be made about how income is shared in a household, and the results of any analysis will be heavily dependent on the specific assumptions made.
- 1.16 The Treasury already publishes distributional analysis alongside each fiscal event showing the cumulative impact of policy changes on households across the income distribution. The Government's current modelling capability is constantly under review as we always seek to make the best of the data which is available.

Recommendation (5, Paragraph 59): The Government should create Intergenerational Impact Assessments for all draft legislation indicating how it will affect different generations.

- 1.17 HM Treasury's Green Book (central government guidance on appraisal and evaluation for programmes, policies and projects) already recommends that a number of steps are taken in the preparation of business cases to ensure that the impacts of an intervention on future generations are fully captured and appraised. Both the social costs and social benefits of an intervention must be included in the appraisal. Where long-term effects are expected to occur, the appraisal of proposals may involve longer timescales with declining discount rates, and further sensitivity analysis. This ensures that, where relevant, the costs and benefits of an intervention to future generations are fully captured.

Recommendation (6, Paragraph 73): The Government is not taking the action needed to ensure that there is a sufficient supply of affordable housing. In particular, action needs to be taken to substantially increase the supply of social housing. One means of doing this is to ease the ability of local authorities to borrow to fund housing building. This lack of action on housing is primarily hurting younger generations. However,

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

- 1.18 The Government is committed to increasing the supply of affordable housing and recognises the vital role local authorities have to play in driving up delivery of diverse housing stock that meets the needs of communities.
- 1.19 Since 2010, the Government has delivered over 430,000 new affordable homes, including over 293,000 affordable homes for rent. The Government has made over £9bn available through the Affordable Homes Programme to March 2022, lifted the Housing Revenue Account borrowing cap and created a stable investment environment for social landlords in England through a five-year rent settlement from April 2020. This is supporting council and housing associations to build more affordable homes.
- 1.20 The £9bn Affordable Homes Programme will support councils and housing associations to build more affordable homes, in areas of acute affordability pressure, and deliver a wider range of homes to meet the housing needs of a range of people in different circumstances. This will enable them to deliver 250,000 new affordable homes of a wide range of tenures, including social rent.
- 1.21 The Housing Revenue Account borrowing cap was abolished on 29th October 2018, empowering all local authorities to use or open a Housing Revenue Account to borrow to build a new generation of council housing. The Government estimates this will enable councils to increase delivery to around 10,000 new homes a year.

Recommendation (9, Paragraph 97): The Government has failed to manage properly the land which it owns. It should invest in developing a central government capability to understand fully what land public bodies own, how public sector bodies use that land and where it can be disposed of.

- 1.22 The Government agrees with this recommendation and is investing in developing central government capability to understand more comprehensively what land is owned by public bodies, how they use that land, and where it might be released for other uses.
- 1.23 The Office of Government Property (OGP) is leading programmes to support government departments and the wider public sector to manage their estate more efficiently.
- 1.24 The OGP leads the implementation of The Government Estate Strategy (GES). Published in 2018, the strategy commits to delivering more land for housing, create supportive infrastructure, and support development, including on brownfield land.
- 1.25 This is supported by a cross-government initiative to release £5bn of property assets from central government departments in the period 2015-2020; this target is on track to be achieved.
- 1.26 The Government also now publishes an annual transparency report that details all property assets sold. The last report, which relates to property assets disposed of in 2017/18, was published in January 2019.

- 1.27 The OGP is also taking steps to enhance transparency around land ownership, so everyone can find out which part of government is holding assets and make representation if they think it could be better used. One of the commitments in the GES is to improve the central government property database of property assets by building a digital National Asset Register.
- 1.28 The OGP will continue to work with all central government departments, seeking to improve their asset management processes and the release of land for housing, to raise capital receipts, cut running costs, and deliver local economic growth, including new homes and jobs. In addition, proposals by local authorities for the release of central government land for housing will be considered, mainly via One Public Estate, or through other relevant initiatives.

Recommendation (10, Paragraph 100): In order to increase housing supply, local authorities should be given a presumption to develop on land owned by public sector bodies. Local authorities should be empowered to ensure that development on public land takes place.

- 1.29 The presumption in favour of granting permission, in line with an up to date development plan, already applies in planning legislation and policy. It is for authorities to actively progress development on land owned by the public sector in their development plans, and ultimately to prioritise deliverable land irrespective of ownership.
- 1.30 Local authorities can already grant themselves planning permission on land they own, have an interest, or intend to develop jointly. Since February 2018, all local authorities can dispose of land with the benefit of planning permission they have granted to themselves, allowing them to proactively promote development of their land by selling on 'development-ready' land. This reduces risk for developers, including small-scale and custom builders.

Recommendation (11, Paragraph 106): The Government should give powers to local authorities to set their own planning fees up to cost. Local authorities should ensure that additional fees are retained by planning departments.

- 1.31 The Government agrees with this recommendation. In January 2018, we introduced a national fee increase of 20%. All local planning authorities committed to ring-fence the increased revenue from the fee increase for investment into resourcing their planning departments.
- 1.32 Local planning authorities may also charge fees for bespoke services such as pre-application advice. Fee levels for these services are set by individual local planning authorities.

Recommendation (12, Paragraph 110): The Government should issue guidance clarifying that extra care retirement communities fall within the C2 use class as they are capable of delivering high levels of care to older people and so should be treated as the same planning use class as care homes.

- 1.33 The Government will publish new planning guidance shortly on housing for older and disabled people. Charging authorities have flexibility over how they set Community Infrastructure Levy rates and the uses on which they choose to apply the levy, and do not have to set rates in line with the Use Classes Order.

- 1.34 It is for a local planning authority to consider into which use class a particular development may fall. When determining whether a development for specialist housing for older people falls within C2 (Residential institutions) or C3 (Dwellinghouse) of the Use Classes Order, consideration can, for example, be given to the level of care provided.

Recommendation (13, Paragraph 114): The Government should issue planning guidance to recommend that local plans consider the needs of younger people alongside the existing specified demographics.

- 1.35 The revised National Planning Policy Framework already makes it clear that local planning authorities should be planning to meet the needs of different groups in their community. Where there is identified need for specific groups, it is expected that this will be reflected in local planning policies.
- 1.36 In the revised National Planning Policy Framework, the Government has also introduced a new entry level exception site policy which promotes the delivery of entry level affordable homes for first-time buyers and first-time renters. The delivery of these sites is likely to be beneficial to younger people looking to assess the housing market for the first time.

Recommendation (14, Paragraph 115): The Government should ensure that local plans have specific policies to address the needs of younger and older people. If the new National Planning Policy Framework's requirement that local authorities consider these issues does not achieve this, then the Government must take more direct action.

- 1.37 The Government is committed to delivering more and better-designed homes, and to do so faster. Local authorities have a critical role in planning for the right homes in the right places to meet the needs of the communities they serve.
- 1.38 The Government has strengthened the revised National Planning Policy Framework, published in July 2018, so that local planning authorities are expected to have planning policies which identify the size, type and tenure of homes required for different groups in the community.
- 1.39 The Government will shortly publish guidance on housing for older and disabled people to help councils put these policies in place.
- 1.40 The Government continues to monitor the policies in the National Planning Policy Framework to ensure they are operating as intended.

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

- 1.41 Schools are encouraged to teach Personal, Social, Health and Economic Education (PSHE). We know that many schools are already delivering a PSHE (or similarly described) programme for their pupils and are encouraged to continue to do so where this is successful and can be modified to meet the new requirements.

- 1.42 The reforms to make Relationships Education, Relationships and Sex Education (RSE) and Health Education compulsory from September 2020 means that substantial areas of PSHE will be compulsory. Schools will have the freedom to set these subjects in the context of their wider PSHE programme and decide which, if any, other elements of PSHE they wish to teach. PSHE continues to be compulsory in independent schools which are not academies.
- 1.43 At the heart of these reforms is a focus on preparing young people for the opportunities and challenges of adult life. Financial education is statutory within the national curriculum through Citizenship for 11-16 year olds and the rigorous Maths curriculum which gives pupils the skills they need to make decisions later in life. The curriculum ensures that young people are equipped with the knowledge to enable them to manage their money on a day-to-day basis, and plan for future financial needs.
- 1.44 Pupils are taught the functions and uses of money, the importance and practice of budgeting, and managing risk. They will also learn about income and expenditure, credit and debt, insurance, savings and pensions, financial products and services, and how public money is raised and spent. Schools can draw on the expertise and resources of external organisations when teaching about financial issues. For example, Young Money and Martin Lewis recently launched a free financial education textbook for secondary schools, to support high quality teaching across the area and we have welcomed the opportunity to support this work.

Recommendation (16, Paragraph 135): The apprenticeship system is confused. It is not adequately serving young people or apprentices retraining later in life. Apprenticeships should develop skills for those who need them, including routes to technical and craft careers. Resources raised via the levy should not be used to rebadge training that would occur anyway. There is too little monitoring and too little focus on quality and outcomes. We note the number of changes in the system in recent years, but do not believe failed experiments should be used as a pretext for deferring effective reform. The Government must improve the quality of apprenticeships to deliver real skills for lifelong and fulfilling careers and ensure they are focussed on those young people, and re-trainers, who are not well served by other education routes. It must review and remove reported bureaucratic barriers to the provision of apprenticeships by employers.

- 1.45 We agree with the Committee that apprenticeships should develop skills for those that need them, whether that is a young person starting out on their career, someone returning to work, or someone upskilling within their workplace. Our reforms are designed to achieve precisely this.
- 1.46 As we set out in our vision document: 'The English Apprenticeships 2020 Vision' we are improving the quality of apprenticeships by putting employers at the heart of the new system. Employers are designing new standards, to replace frameworks, which meet their skills needs; new rigorous end-point assessments are ensuring that apprentices are fully competent; and the new independent Institute for Apprenticeships and Technical Education is leading the development of these new standards and ensuring the overall quality of the apprenticeships system. Investment in apprenticeships has risen to over £2.5bn in 2019-20, through the introduction of the levy which is helping

employers to invest in apprenticeships – and the skills of their workforce – for the long term.

- 1.47 We take a holistic approach to monitoring the quality of the programme, as set out in our Benefits Realisation Strategy. This is being supported by the Quality Alliance (a group led by the Institute for Apprenticeships and Technical Education which brings together the various bodies whose roles are to ensure the quality of apprenticeships). They published the Quality Strategy in March 2019 which sets out best practice expectations before, during and after apprenticeships. The Quality Alliance is now developing the Quality Strategy Action Plan that will set out how each body will contribute to putting the Quality Strategy into practice.
- 1.48 Employers are able to choose what apprenticeships they need, at what level and when, but are not able to simply to re-badge existing training. Apprenticeship standards must follow the Institute for Apprenticeships and Technical Education’s rigorous standards approval process. Apprenticeships must last a minimum of 12 months and include at least 20 per cent off-the-job training - few current employer training programmes meet those requirements.
- 1.49 The quality of provision, and monitoring of that, is essential to the success of our reforms. The Register of Apprenticeship Training Providers (the Register) ensures that only providers who are appropriately skilled, ready to deliver and financially stable can access apprenticeship funding. During 2019, all providers currently listed on the Register will be required to re-apply to remain on the Register, undergoing a strengthened application process. Ofsted quality assure apprenticeship providers, visiting all new apprenticeship providers (at Levels 2-5) within 24 months of their funding start date. We remove providers that Ofsted find to be inadequate from the Register.

Recommendation (17, Paragraph 136): The Government should substantially increase funding for Further Education and vocational qualifications. Many students would be better served by pursuing vocational educational pathways. The current system of funding and access is inefficient, complex and risks perpetuating unfairness between those who access Higher Education and those who do not. We must rebalance the value attributed to Higher Education and Further Education.

- 1.50 The Government understands the importance of Further Education (FE) and technical education, which are at the heart of our plans for an education system that works for everybody. Further Education forms part of our national infrastructure for skills, having a key role in delivering improved productivity, filling skills gaps, and equipping people with the skills both they and the country need. FE is unique in that it provides a wide range of education and training from basic skills to level 7 and is also a great driver of social mobility, providing education and training to both young people and adults whatever their background.
- 1.51 We have protected the base rate of funding for 16 to 19 year-olds until 2020 and are investing nearly £7 billion this year alone to make sure there is an education or training place for every 16 to 19 year old who wants one. We are giving young people a genuine choice about their education by

transforming technical education through T Levels – backed by up to £500m extra a year. Our commitment to the 16 to 19 sector has contributed to the current record high proportion of 16 and 17 year-olds who are participating in education or apprenticeships.

- 1.52 FE funding will be considered along with all other public spending as part of the next spending review. We are considering how effective our funding and regulatory structures are in supporting providers to deliver excellent provision for young people and adults. We have been working with the sector to ensure the system can support sustainable, high-quality education, and effective recruitment and retention of teachers and leaders.
- 1.53 We welcomed the publication of the ‘Independent Panel Report: Post 18 Review of Education and Funding’ on 30 May 2019. We will continue to engage with stakeholders to deliver a post-18 education system that is joined up and supported by a funding system that works for students and taxpayers. Government will consider the panel’s recommendations carefully and will conclude the review at the Spending Review. The Government has not yet taken decisions with regards to the recommendations put forward.

Recommendation (20, Paragraph 152): The Government’s National Retraining Scheme should be extended and scaled up to prepare for the challenges of an ageing workforce and technological development. This should be targeted throughout the lifecourse and must adequately reach those who are not employees.

- 1.54 We are currently developing the National Retraining Scheme working in partnership with the Confederation of British Industry and the Trades Union Congress to ensure the voices of workers and business actively feed into our policy design. In developing the scheme, we are taking an approach of starting small, testing, evaluating, and then scaling-up as we learn what works. We are building the service around the people and businesses who will use the Scheme, taking a user centred approach. This will ensure that we learn the lessons from previous training programmes so we can provide an effective response in the face of the changing economy. We will grow the service by delivering more products to more people when we are sure those products can meet their needs.
- 1.55 It is critical that the National Retraining Scheme helps those whose jobs are most at risk of automation and labour market changes and supports those who may have comparatively less access to existing sources of government support. It is vital that while doing this the scheme takes full account of people’s past experience of the education system and how this may affect their willingness to retrain. That is why we launched the Cost and Outreach pilots to look at the best ways to reach our target group and motivate them to retrain. The findings from these pilots will help inform the ongoing development of the Scheme. Investing in these individuals first, who may have comparatively less access to existing sources of government support, allows those who are most at risk to develop their skills and ensures that we are not duplicating existing services.

Recommendation (21, Paragraph 153): The Government should consider new incentives to encourage people in lifelong learning. The National Retraining Scheme alone will not suffice. The Government should implement a cohesive lifelong learning strategy following on from the results of the review of post-18 education.

- 1.56 In October 2017 the Government launched the Flexible Learning Fund. Through this fund, the Government is making available £11.4 million to support 30 projects across England, which will design and test flexible and accessible ways of delivering learning to working adults with low or intermediate skills. And last year the Prime Minister announced a major review of post-18 education and funding. This was conducted by an independent panel, chaired by Philip Augar, which published its advice to Government on 30 May 2019.
- 1.57 We welcome the panel's report and will continue to work with stakeholders to deliver a post-18 education system that is joined up and supported by a funding system that works for students and taxpayers. Government will consider the panel's recommendations carefully and will conclude the review at the Spending Review. The Government has not yet taken decisions on the recommendations put forward.

Recommendation (24, Paragraph 170): Denying workers the rights that come with worker status fails to protect them from exploitation and poor working conditions. This disproportionately affects younger people. There should be an assumption of the employment status of 'worker' by default, in order to make the rights and protections that come with this status enforceable, without interfering with the rights of those who genuinely wish for self-employed status to adopt it.

- 1.58 We are committed to improving the quality of work in the United Kingdom, recognising that those involved in insecure work are often younger.
- 1.59 In the Good Work Plan the Government committed to a wide range of policy and legislative changes to ensure that all workers can access fair and decent work, that both employers and workers have the clarity they need to understand their employment relationships, and that the enforcement system is fair and fit for purpose.
- 1.60 The Government believes that the first step is to get the fundamental issues and principles right in legislation around employment status. As long as there is uncertainty around employment status and workers' rights, introducing worker status by default would not have the desired effects, even if it is done through legislation. For example, if an individual has been classed as self-employed by their employer but believes that they should be a worker by default, then the individual would need to seek redress via an employment tribunal to enforce this.
- 1.61 Under the Good Work Plan, we will bring forward legislation to improve clarity on employment status, reflecting modern working practices, as well as detailed proposals for a new single labour market enforcement agency to better ensure that vulnerable workers are more aware of their rights, have easier access to them, and that businesses are supported to comply.

Recommendation (25, Paragraph 173): The timetable should be released for when the research commissioned into those workers with uncertain employment status will be published and when it will make a decision on bringing forward legislation.

1.62 Through the Good Work Plan, the Government committed to legislate to improve the clarity of the employment status tests, reflecting the reality of modern working relationships. Employment status is a complex issue and so it is only right that we take time to consider how best to achieve change that works for all. We will bring forward detailed proposals, and publish research on employment status in due course.

Recommendation (26, Paragraph 177): The Government should work with employers to ensure that more jobs are advertised as flexible. The public sector is leading the way in flexible working. Wherever possible, public sector jobs should be advertised as flexible.

1.63 The Government agrees with this recommendation, which is why we continue to work to make flexible working widely available. We believe that partnership with employers is vital to achieving this goal. This is why the Flexible Working Taskforce has been established. The taskforce is co-chaired by the Department of Business, Energy & Industrial Strategy (BEIS) and the Chartered Institute of Personnel and Development and it has a broad membership who represent Trade Unions, groups representing employers and managers, representative and interest groups and a range of government departments. The taskforce has developed a business case for flexible working, guidance on flexible recruitment and run a campaign to promote more flexible hiring – “Happy to Talk Flexible Working”.

1.64 The Government, through the Civil Service Employee Policy, is represented on the Flexible Working Taskforce as an employer and is working with Taskforce members to consider how best to explain the availability of flexible working to prospective applicants. It is standard practice to advertise all Civil Service posts as available for flexible working unless there is a strong business case for a different approach.

1.65 The Government is also considering requiring employers to say in each job advert whether it can be done flexibly. There are many good reasons why a job might not be suitable for flexible working, but where it is, signalling this at the outset will encourage interest from a wider range of candidates and enable both sides to take full advantage of the flexibility.

1.66 The Government is committed to ensuring that regulation continues to have the desired impact. As part of this general commitment, we will be reviewing the statutory right to request flexible working in 2020.

Recommendation (30, Paragraph 210): Local authorities should share intergenerational best practice and publish practical examples and information relating to community-run services and community assets.

1.67 Our work with the five Integration Areas, as set out in our Integrated Communities Strategy, demonstrates that a place-based approach supports partners in a local community to work together to identify their priorities and the best ways to address them. The Integration Area Programme is focussed on testing what works in practice and putting processes in place for sharing

what the Government learns together, so other local authorities can inform their approaches to this agenda.

- 1.68 In addition, Government's work with Locality in establishing the My Community website ensures that local authorities and the voluntary and community sector have access to an online platform which provides the practical advice and support for those interested in running community services and taking assets into community ownership.
- 1.69 The Department for Digital, Culture, Media and Sport (DCMS) committed to review the guidance which sets out the statutory duty placed on local authorities to provide appropriate local youth services to improve young people's well-being. It is expected that the review will provide greater clarity of government's expectations.
- 1.70 The Government is also supporting local people to access community spaces through a £1.8m fund to help local people maximise the potential of underutilised community spaces. £1m of this funding provides a particular focus on improving access to community space for young people.

Recommendation (31, Paragraph 216): At all levels, government should be an enabler of community activity. Both central and local government should concentrate on permitting and facilitating community activity, rather than strictly policing when and where it takes place.

- 1.71 The Government is committed to bringing people together and enabling communities to influence and act. People should feel empowered to play a part in their communities and the Government recognises that shared spaces and shared activities help to create a sense of place and foster local residents' pride in their community.
- 1.72 Local government plays a fundamental role in building strong, integrated communities. Through their locally-led Local Integration Partnerships, the five Integration Areas in England have actively involved local voluntary and community organisations in the development of their local integration strategies. Those strategies recognise the value of community activity and the important role that the social sector plays in supporting community cohesion and integration.
- 1.73 Government is committed to providing meaningful social action opportunities for young people to build their skills and have a positive impact on local communities. The #iwill fund is a joint £40m investment between Government and the National Lottery Community Fund that supports the creation of new opportunities to engage young people in volunteering and community engagement in their local areas.
- 1.74 DCMS is funding the Community Organisers Expansion Programme (COEP), a £4.2m programme running from 2017-2020. Through COEP, 3,500 more people will be trained in community organising, enabling them to go out and listen to their neighbours, bring people together, and take action on things that they care about.
- 1.75 In addition, the Place Based Social Action Programme (PBSA), a 7-year, £4.5m programme jointly funded by DCMS and The National Lottery

Community Fund, is running from 2017-2024. PBSA aims to create positive change by enabling citizens, civil society organisations, businesses, service providers and the local authority to work collaboratively to create a shared vision and plan for the future of their place, and address local priorities through collective community action.

Recommendation (32, Paragraph 217): The Government must ensure that there are long-term sources of funding available for community activity.

1.76 The Government acknowledges that getting the balance right for the funding of community activity requires a long-term and strategic approach which embraces local innovation and new models of finance as set out in the Civil Society Strategy. This approach has informed how Government has unlocked more than £600m for good causes through the dormant assets scheme since 2011, including a tranche of £330m announced in 2018. The Government will continue to shape the longer-term vision to help communities access the resources which support community activity.

Recommendation (33, Paragraph 232): The triple lock for the State Pension should be removed. The State Pension should be uprated in line with average earnings to ensure parity with working people. However, there should be protection against any unusually high periods of inflation in the future.

1.77 The Government is committed to the Triple Lock for the remainder of this Parliament, as outlined in the Confidence and Supply Agreement with the DUP.

1.78 We are committed to ensuring economic security for people at every stage of their life, including when they reach retirement. But we are also clear that fairness between the generations must be maintained.

1.79 The Triple Lock should not be looked at in isolation. The Government has implemented other pension reform measures which seek to ensure fairness between the generations. As well as the Triple Lock, this Government has successfully introduced the new State Pension which improves State Pension incomes for many lower earners and women; whilst putting the State Pensions system on a sustainable footing.

1.80 The Pensions Act 2014 requires the Government to regularly review the State Pension age and report to Parliament, to help to ensure the costs of increasing longevity are shared fairly between the generations, and provide greater clarity around how State Pension age will change in the future. The Government's first review of the State Pension age, published in 2017, proposed increasing the State Pension age to 68 between 2037 and 2039. We will carry out a further review before legislating to bring forward the rise in State Pension age to 68, to enable consideration of the latest life expectancy projections and to allow us to evaluate the increase in State Pension age from 65 to 66. The Government's timetable for this increase, set out in the review, was estimated to save £74bn by 2045/46 (in 2017/18 prices), when compared with the existing timetable. It is fair that each generation should enjoy a roughly similar proportion of life spent in state supported retirement. A policy which allows each generation to spend an increasing percentage of life over State Pension age financed by an increased level of public pension expenditure will be unsustainable in the long run and

unfair to subsequent generations. Together these reforms show how we are working to protect pensioner incomes whilst tackling the challenges of both rising longevity and fiscal sustainability.

Recommendation (34, Paragraph 237): In our submission, free television licences for all over a certain age should be phased out. Those who can afford to pay for a television licence should do so. The poorest may be subsidised directly by the Government, if it so chooses.

- 1.81 The Government is clear that decisions relating to the future of this age-related concession are for the BBC as an independent body, not Government.
- 1.82 The over 75 licence fee concession was introduced in 2000 and allows every person over the age of 75 in the United Kingdom access to a free TV licence. The concession was funded by the Department for Work and Pensions in full between 2000 and 2017.
- 1.83 The Government recognises the continued importance of television to people of all ages, but particularly for older people who value television as a source of entertainment, companionship and way to stay connected with the world.
- 1.84 In the 2015 funding settlement, the Government agreed with the BBC that government funding for the concession would be phased out between 2018 and 2020, with control of the concession and its cost passing to the BBC from June 2020. This reform was subject to public discussion and debated extensively during the passage of the Digital Economy Act 2017 through Parliament.
- 1.85 The BBC subsequently announced on 10 June 2019 that it would reform the concession to ensure that only those aged 75 or above and in receipt of pension credit would continue to receive a free TV licence from June 2020. The Government is disappointed that the BBC will not protect free television licences for all viewers aged 75 and over. The BBC also announced in June 2019 that it would introduce new payment schemes to pay for a TV Licence for affected pensioners. However, the Government changed the rules in April 2018 to allow the BBC to trial a new Simple Payment Plan for the licence fee for people of all ages. The simple payment plan is designed to help those on low incomes who struggle to pay the licence fee. It is not front-loaded and allows customers to pay in equal weekly, fortnightly or monthly instalments. The Government will evaluate the trial's success after it concludes in September 2019 and will consider any options for the future of the payment plan to help those on low incomes.

Recommendation (35, Paragraph 241): The Government should seek to target existing age-related benefits better at individuals outside the workforce. Age thresholds should be raised. From 2026–28 when the State Pension age is due to rise to 67, free bus passes and Winter Fuel Payments should be available no sooner than five years after the State Pension age and age thresholds should be aligned across benefits. The difference should be maintained from then on as the State Pension age rises. There should be transitional protection so that individuals who currently receive these payments continue to receive them. This should ensure that the cohort of women who

have been most severely affected by changes to the State Pension age would not suffer a double disadvantage from this subsequent change.

- 1.86 Winter Fuel Payments provide reassurance particularly to poorer pensioners that they can keep warm during the colder months. The Government has committed to continue the universal nature of the Winter Fuel Payment for the length of this Parliament. Any decisions about changes to the Winter Fuel Payment in the future will be for a subsequent Government to make.
- 1.87 The age of eligibility for concessionary travel in England is rising in line with changes to the State Pension age. The Government decided that this would be the fairest method, rather than introduce a one-off rise which would leave those currently close to retirement age facing a full five-year delay. This change removes the anomalous position of non-disabled, working-age citizens receiving free bus passes, which in turn will help the financial sustainability of the scheme.
- 1.88 For many vulnerable people, a free local bus service can be a lifeline, providing access to healthcare and other essential services as well as allowing them to visit family and friends, stay active and avoid isolation. The Government also recognises the importance of public transport for both the sustainability and independence of communities, so further increasing the age at which people are eligible for concessionary travel would be a barrier to the welfare of many, particularly those in more isolated and rural areas.

Recommendation (36, Paragraph 242): Alongside changing the age of applicability, the Government should investigate the feasibility of treating these benefits as taxable income for those above the tax threshold without requiring individuals who currently do not complete an income tax form having to fill out a form.

- 1.89 The Government is committed to ensuring that older people are able to live with the dignity and respect they deserve and the State Pension is the foundation of state support for older people. The Government has committed to protecting key support for older people throughout this Parliament, including Winter Fuel Payments, free bus passes, free eye tests, and NHS prescriptions, all of which affect the lives of millions of pensioners every day. As with all aspects of government policy, we keep tax rates and spending under review, and any decisions on future changes will be taken in the context of the wider public finances.

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

- 1.90 National Insurance Contributions (NICs) operate based on a contributory principle – with individuals contributing during their working lives to help fund the National Health Service (NHS) and support those out of work. Over the State Pension age, individuals can no longer increase their entitlement to contributory benefits, therefore, it is fair that we do not charge them NICs. However, there is no such exemption for employers of people over State

Pension age, as employer NICs does not determine entitlement to contributory benefits.

Recommendation (39, Paragraph 259): Council Tax is an incoherent combination of a property tax and a service charge. If the Government decides it would like to continue to fund local authorities through a tax partly based on property value, then it might reform Council Tax so that it adheres to the following principles:

(1) A reformed tax should more closely mirror the value of the property than the existing Council Tax system.

(2) It should include a method for allowing individuals with low incomes but high asset values to delay payment until the property is next sold or transferred.

(3) Second homes should pay the full rate of local tax.

- 1.91 Council tax is a property tax based on two liable adults occupying the dwelling, and with valuation bands used as a proxy for relative ability to pay. It is not a tax on wealth and does not consider the combined income of the occupants of the property, or their asset values.
- 1.92 While changes posited by various commentators may have a number of theoretical advantages over the existing council tax system, the potential benefits of fundamental reform of the council tax system are outweighed by the complexity and cost of administering the new system, and the fairness and equity issues that implementing wholesale changes would create.
- 1.93 A deferral based scheme would be challenging for local government to manage, and potentially disruptive to their finances which are based around a process of annual budget setting. Deferral would mean that full information on income would only become available in the year(s) after the tax was due, requiring complex systems of reconciliation.
- 1.94 The Government is committed to ensuring that no households face large increases in council tax without a referendum. The council tax referendum principles, introduced in 2012-13, mark levels of council tax increases above which local authorities must hold a referendum which allows local residents to approve or veto the increase.
- 1.95 At the same time, the Government recognises that local authorities are best placed to make decisions, informed by local knowledge, that reflect the circumstances and pressures in their area. As such, decisions on council tax levels are taken by local authorities, and the council tax system gives local authorities significant discretion in operation of council tax at a local level. This includes discretion over many discounts, and over premiums on long term empty properties. From 2013, the Government has empowered local authorities to vary or remove council tax discounts on second homes in light of local circumstances. 94% of second homes are now liable for the full rate of council tax. Local authorities are also able to design their own working-age council tax support schemes for low-income residents.

Recommendation (40, Paragraph 265): Stamp duty has seriously distorted the housing market. The Government should review the effect of stamp duty on the liquidity of the housing market and consider how stamp duty could be reformed to improve the housing choices and availability for young families.

- 1.96 At Autumn Statement 2014, the Government reformed Stamp Duty Land Tax (SDLT) on residential properties, cutting the tax for 98% of buyers who pay it, unless they are purchasing additional property. The reform of SDLT was intended to improve the fairness and efficiency of the tax system as each new SDLT rate is only payable on the portion of the property value which falls within each band, rather than tax being due at one rate on the entire property value. The amount of SDLT due has been cut, or stayed the same, for all properties purchased for under £937,500, reducing the upfront cost of purchasing a house.
- 1.97 In addition, at Autumn Budget 2017, the Government announced further changes to increase the price at which a property becomes liable to SDLT to £300,000 for first time buyers, with first time buyers purchasing houses worth between £300,000 and £500,00 saving £5,000. This relief means that 80% of first-time buyers will not pay SDLT, and 95% of first time buyers who pay SDLT will benefit from the change. Over the next five years, the relief will help over a million first time buyers, who are more likely to be young people, get onto the housing ladder.
- 1.98 The Government has announced several steps to boost the availability of houses in the right places, committing a total of at least £44bn of financial support for housing over the next five years. The Government also keeps all taxes under review and will carefully consider further changes ahead of future fiscal events as appropriate.

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