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General for Population & Public Policy

The Lord True CBE
Chair, Intergenerational Fairness and Provision Committee
House of Lords
London
SW1A 0PW

14 September 2018

Dear Lord True,

I write in response to the call for evidence from the House of Lords Select Committee on Intergenerational Fairness and Provision.

The Office for National Statistics (ONS) is the UK's National Statistical Institute, and largest producer of official statistics. We aim to provide a firm evidence base for sound decisions, and develop the role of official statistics in democratic debate.

In response to the Committee's call for evidence, we have reviewed the data we currently hold relating to the issue of intergenerational fairness. The following short note provides a summary of the existing evidence we have on the broad issue of which generations are better or worse off in specific areas of life and highlights some planned and possible future work relating to intergenerational fairness.

It also describes the aims of two centres we have recently established in response to policy demand for data on these relevant issues: Centre for Inequalities and Centre for Ageing and Demography. Given the scope of the Intergenerational Fairness review, staff from the Centres would welcome exploring with the Committee the potential to collaborate and contribute to this evidence base. ONS are also keen to take into account the Committee's priorities when developing our future workplans in these areas.

I hope this is helpful to the Committee. Please do not hesitate to contact me if I can be of any further assistance.

Yours sincerely,



Iain Bell

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INVESTOR IN PEOPLE

Official Statistics on Intergenerational Fairness and Provision

The first section of the following note considers the question posed by the Committee ‘Which generations are better or worse off, and in which ways?’ summarising existing data we hold. The second section outlines our planned future work relating to this area. Finally, the third section sets out the work of our recently established centres for inequality and ageing and demography.

1. Summary of Existing Evidence

ONS publishes a range of statistics and analyses which includes comparisons between different age groups; this allows us to explore differences in life experiences for different generations.

Some key findings that emerge from existing evidence include:

- Overall, the well-being of people of different ages in the UK¹ highlights that those aged 65 and over are currently faring better on many measures of personal, social and financial well-being than their younger counter-parts. However, those over 75 particularly note less satisfaction with health. Personal well-being declines as people move into their 80s.
- While those aged between 16 and 24 are more likely to be physically active and are more satisfied with their general health than older people, they are also more likely to report symptoms of mental ill health, and less likely to feel they have someone to rely on or a sense of belonging in their neighbourhood. They also have higher rates of unemployment and more frequently report loneliness.
- Although retired households have on average lower incomes than non-retired households, older people are more satisfied with their income and report finding it easier to get by financially than younger people². In addition, the taxes and benefits system affects different age groups in different ways. Households where the head is aged between 25 and 64 years on average pay more in taxes than they receive in benefits, while the reverse is true for those aged 65 and over³. There is also lower income inequality among retired households than non-retired households⁴.
- Comparing the experience of breadwinners in different age groups in recent times with those in previous generations⁵, has shown that households with breadwinners in their 20s have seen the slowest growth in income since the mid 1980s of all age groups, and they were worst affected by the economic downturn. In contrast, while households with breadwinners aged 60 and over had the lowest disposable income on average in 1986, in 2014/15 they had the highest.
- As might be expected, average wealth increases with age, however the experience of younger generations has changed over time, with younger generations having less wealth at the same age than previous generations⁶.

¹ These findings are taken from the [Measuring National Wellbeing report \(ONS, 2018\)](#).

² See Section 7 of [Living longer - how our population is changing and why it matters. \(ONS, 2018\)](#)

³ See [The effects of taxes and benefits on UK household income: financial year ending 2017 \(ONS 2018\)](#)

⁴ See [Household disposable income and inequality in the UK: financial year ending 2017 \(ONS, 2018\)](#)

⁵ See [Breadwinners in their 20s - how are they doing compared with previous generations? \(ONS, 2016\)](#)

⁶ See Section 8 of [Living longer - how our population is changing and why it matters. \(ONS, 2018\)](#)

2. Planned and possible future work on intergenerational fairness

In response to policy interest, ONS is planning new pieces of relevant analysis to increase the evidence base.

Wealth inequality in Great Britain

We are currently working on an article on intergenerational inequalities specifically exploring inheritances and gifts/loans from friends and family, the number of people with negative net wealth, and how this is broken down across age, income and wealth distributions. It will detail the percentage of each age group and wealth/income quintile that has received an inheritance or gift/loan, or has financial debts or negative net wealth. It will also detail the amounts received or held and how this is distributed across the aforementioned categories. The analysis uses data from the Wealth and Assets Survey and is expected to be published in October. We would be happy to send a copy of this publication to the Committee.

Intergenerational mobility

We are examining the feasibility of new analysis on intergenerational mobility to inform policy relating to social mobility. The aim would be to examine how the relationship of parents' earnings to their children's earnings has changed over time, and whether it has become stronger or weaker. The research would look at both occupational and educational mobility using data from the ONS Longitudinal Study and the Annual Survey of Hours and Earnings.

3. Centre for Inequalities and Centre for Ageing and Demography

Centre for Inequalities

The Centre for Inequalities at ONS has recently been established to ensure that the right data are available to address the main social and policy questions about fairness and equity in society, with relevant analysis taken forward using the most appropriate methods. The Centre acts as a convening centre, bringing together a range of experts from across UK government, academia and other organisations to achieve these aims.

For example, we are currently working collaboratively on an Inequalities Data Audit to identify the extent and quality of data available on the nine protected characteristics of the Equality Act (2010). These include age as well as disability, gender reassignment, race, religion or beliefs, sex, sexual orientation, marriage and civil partnership, and pregnancy/maternity. We are reviewing the data available for each protected characteristic group across several important areas of life including: education, work, living standards, health, justice and personal security, and civic participation. A report of the audit's findings will be published at the end of October. Through its consideration of data sources relating to age, the audit will provide an opportunity to consider where data currently exist that could answer questions related to intergenerational fairness and where there are gaps that need to be addressed before we are able to do this.

We are producing an article on young people's earnings progression and geographic mobility, which explores young people's earning progression and the effects on earnings growth of moving to London

and other major city regions in England and Wales. The article focuses specifically on young people, but also includes comparisons with older age groups to understand intergenerational differences. It also examines any disparities in earnings growth in terms of sex and ethnicity to shed further light on the extent and nature of gender and ethnicity pay gaps. The analysis uses data from the Census 2011 linked to Department for Work and Pensions (DWP) data and Her Majesty's Revenue and Customs (HMRC) PAYE data. We intend to publish this by the end of October and would be happy to send a copy to the Committee when published.

Centre for Ageing and Demography

ONS has established a new Centre of Ageing and Demography which will ensure that statistics, analysis and expertise provide the necessary evidence to inform public debate and policy decisions. The Centre will work in partnerships across central and local government, academia and other organisations to identify the highest priority topics and where evidence is needed most and aims to bring coherence and accessibility to the multiplicity of evidence that is produced across (and outside of) government to assist decision makers.

The Centre recently published a report on *Living longer - how our population is changing and why it matters*⁷. This provides an overview of population ageing in the UK and some of the implications for the economy, public services, society and the individual and includes further analysis to that already referenced above. An evidence slide pack⁸ and blog⁹ were also published alongside this.

⁷ See [Living Longer publication](#) (ONS, 2018)

⁸ See [Living Longer evidence slide pack](#) (ONS, 2018)

⁹ See [Living Longer blog](#) (ONS, 2018)

