



Vision needed to tackle the challenge of population ageing

The ILC-UK's manifesto briefing

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The International Longevity Centre – UK (ILC-UK) is an independent, non-partisan think-tank dedicated to addressing issues of longevity, ageing and population change. It develops ideas, undertakes research and creates a forum for debate.

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Introduction

The 2013 report of the House of Lords Committee on Public Service and Demographic Change argued that the UK was woefully underprepared for our ageing society¹.

This short briefing aims to consider the extent to which the party manifestos have recognised this challenge and how the general election might impact on the ability of the UK to become “ready for ageing”.

Sadly we conclude that, based on the manifestos alone, the parties still “don’t get it”. While there is clear recognition in the manifestos of the need to support older people, a coherent set of policy measures intended to address the challenges posed by an ageing population remain absent.

There is a critical difference between policies which support older people from those seeking to mitigate the potential hazards of population change.

Our evolving demographic make-up will affect everyone, regardless of age. At worst, not only could it imply rising poverty, poor health and the erosion of social care for those in old age over the coming decades, but also lower standards of living for all of us, as ageing acts as a drag on economic growth and the future delivery of public services.

It doesn’t have to be this way.

With a coherent vision about how we face up to the challenge of ageing we can drive-up health and prosperity across the generations even with an ageing population. But these manifestos are somewhat devoid of the long-term vision necessary to get to grips with the challenge.

Background: The challenge of population ageing

While much has been written about the UK’s ageing population, it is worth noting that this is a global phenomenon which will affect all countries – both in the developed and developing world.

A rapidly ageing world: the numbers

- From 2010 to 2050 the proportion of the world’s population aged 65 and over will rise from 7.7% to 15.6% and the numbers will swell from 600 million to 1.5 billion.
- Across more economically developed countries, the proportion aged 65 and over will rise from 16% to 26% and the proportion over 80 will rise from 4.3% to 10%.
- While many regions are set to age rapidly, Asia stands out with the proportion aged 65 and over set to rise from 7.5% in 2010 to 17.4% by 2050².

A glimpse into the future: economic and fiscal challenges

While the prospect of such a rapidly ageing world must be welcomed as a significant human achievement, it poses a challenge. If the over 65s are unable to find employment, those who are in

¹ House of Lords (2013) *Ready for ageing?* Select Committee on Public Service and Demographic Change

² All statistics taken from the United National Population Division

work will account for a diminishing *proportion* of the population. Two broad challenges stem from this.

The fiscal challenge: Tax revenue from those in work may fail to keep up with demand for social security and healthcare from an increasingly large proportion of people aged over 65 and out of work and who have poor health. This will force governments into making tough choices between taxing companies and those in work more (which risks reducing the prosperity of those people and organisations driving economic output), or reducing welfare and health spending on the over 65s (many of whom may require such support to secure a basic standard of living).

The Economic challenge: In countries where growth in the *numbers* (as distinct from proportion) of people aged 16-64 is projected to slow sharply or even fall, the economic challenge is particularly stark. For these countries, unless the productivity of those in work substantially increases or the numbers of people over 65 and in work rises, economic output will slow or even shrink. Research from the ILC-UK has shown that if the UK were effective at supporting longer working lives and the proportion of older people in work rose in line with the 20 year trend, this could reasonably boost economic output by £3.3 trillion over the period up to 2037³.

Delivering a sustainable older society is therefore critical to the future of the UK, but it requires politicians to think beyond the electoral cycle.

The ILC-UK's overall view: How can we respond to an ageing society?

The next Government must develop a long-term strategy for addressing demographic change which has cross-party consensus. This strategy should be focused on delivering five key elements:

1. **Raising the productivity of the UK's workforce:** The UK faces a “productivity puzzle” where we have a record number of people in work but where overall output per worker is no higher than it was before the financial crisis eight years ago. Unless we find ways to make work more productive, an ageing population will result in economic stagnation.
2. **Extending working lives:** An increasing number and proportion of people are staying in the workforce as they age but still only around 1 in 10 people aged over 65 are working. Meaningful employment for the over 60s, allied to increased productivity for those in work will help to drive-up growth and prosperity into the middle of this century.
3. **Smarter public services:** We need a rethink about the delivery of public services in the UK and in particular health and social care. Building a sustainable and tailored health and social care

³ ILC-UK analysis (2014) *How changes in the rates of migration and variations in the 65+ employment rate can boost UK output*, slides available from: <http://www.slideshare.net/ILC-UK/how-changes-in-the-rates-of-migration-and-variations-in-the-65-employment-rate-can-boost-uk-output>

system to meet the preferences of a diverse population requires innovative thinking, careful planning and thorough consultation.

4. ***Honest about the future responsibilities of the State versus the individual:*** We must make it explicit to UK citizens that the responsibility for the three pillars of the welfare state; securing a basic retirement income, help during periods of unemployment, and support for health and social care will lie both with the individual as well as with the State. The State should always be there to provide a base level of support for those in need, but it may not be practical to promise anything more than this over an extended time horizon.
5. ***Viable individualised solutions:*** Given that the state cannot guarantee anything other than a base level of support over the long term, there must be viable alternative solutions that individuals can opt into to fill the gap. In practise, this means effective private savings and investment vehicles, accessible income protection insurance for the unemployed and insurance to cover some health and social care needs. To be clear, these private-led solutions should not replace the basic social safety net provided by the state, but be allied to it to ensure that people have adequate support at times of need.

Our detailed take on the manifestos

Solving our economic problems

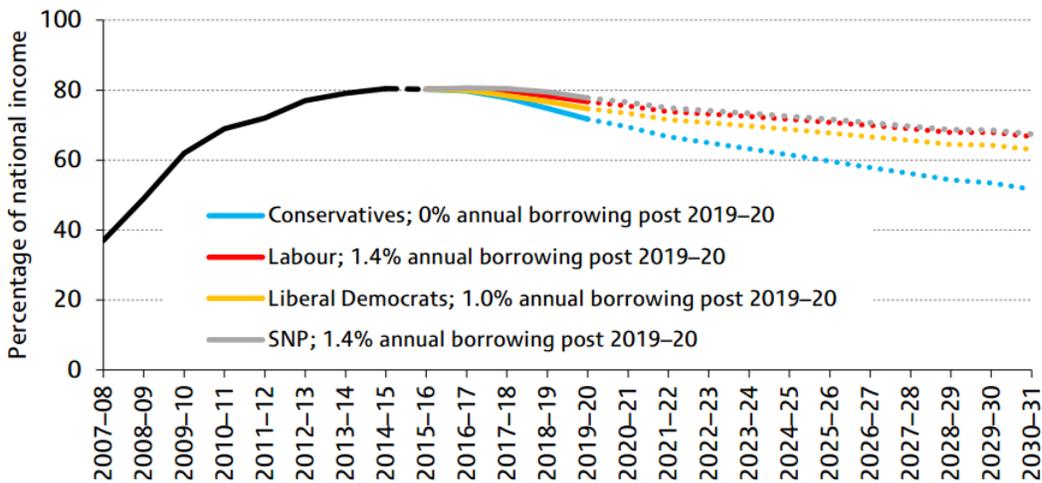
While the Conservatives continue to emphasise deficit reduction and stable public finances as key to the UK's economic future, Labour's emphasis is on living standards though they also emphasise the importance of being prudent with the public purse.

...public spending

With regard to public spending, the Conservatives pledge to “continue to reduce government spending by one per cent each year in real terms for the first two full financial years of the next Parliament”. They say they “will find £13 billion from departmental savings, the same rate of reduction as in this Parliament”. Labour say that “outside of the protected areas of health, education and international development there will be cuts in spending.”

ILC-UK view: When compared against one another, it is worth noting all parties are pledging to reduce debt as a proportion of GDP over the coming parliament, and that despite all the rhetoric, Labour, the SNP and the Liberal Democrats plans imply similar debt to GDP trajectories (see chart below). Only the Conservatives stand out in terms of the pace of debt reduction, far sharper than the other parties, though ultimately the sharpness of the fall will not just depend on the level of spending cuts, but also economic growth.

Public sector net debt profiles compared



Source: Institute for Fiscal Studies⁴

With all parties committed to reducing public spending as a proportion of GDP and all committed to ring fencing certain areas, this implies potentially severe cuts to some departments which, as yet, have not been articulated. The chronically underfunded adult social care sector, for instance, which relies on local government money could therefore face even greater funding shortfalls over future years irrespective of which party, or configuration of parties, holds the reins of power in Westminster.

...productivity

Only Labour's manifesto makes explicit references to the UK's productivity challenge and outlines measures to deal with it. Labour's central idea is to ensure that the UK must make efforts to raise the productivity of those in work and that any productivity gains are shared by the many not just the few. To help meet this aim the manifesto pledges an Infrastructure Commission, to establish a state-owned British Investment Bank to boost lending to small firms, and to work with employers on apprenticeships and skills policy. The manifesto also notes that the UK needs an "industrial strategy" to achieve a "national renewal."

ILC-UK view: While in our view it is absolutely right to think about ways to stimulate productivity improvements amongst the UK workforce, and some of the rhetoric is bold, this is not matched by equally bold policy initiatives. The proposed rise to the minimum wage, for instance and the banning of zero hour contracts may make some difference at the edges of the labour market but neither will have a game-changing impact on productivity growth. And we need more details about what an industrial strategy actually means in practise to be able to judge whether it would have any impact at all⁵.

⁴ Crawford et al (2015) *Post-election Austerity: Parties' Plans Compared*, IFS Briefing Note BN170

⁵ For more on this theme see an excellent blog from Wheldon (2015) *Labour: Reshaping British capitalism?*, blog for the BBC: <http://www.bbc.co.uk/news/business-32284804>

The National Health Service

The NHS is a key election battleground. Most of the parties are committed to continuing to invest in the NHS but the main question will be whether the spending promised is likely to meet the demands associated with increasing cost and increasing needs.

Spending on the NHS

- Conservatives pledge to “spend at least an additional £8 billion by 2020 over and above inflation to fund and support the NHS’s own action plan for the next five years”
- Labour say that they will spend £2.5bn more per annum than the Conservatives paid for by a new mansion tax, clampdown on tax avoidance amongst big corporations and a new tax on tobacco companies.
- The SNP commit to an extra £9.5 billion in UK-wide health spending by 2020/21 and pledges the party’s support for the NHS five year forward view. The manifesto also restates the SNP’s commitment to oppose ‘further privatisation’ of the English NHS, and back moves to restore the Health Secretary’s responsibility to provide a comprehensive health service in England.
- Liberal Democrats claim they are “the only party with a credible plan to deliver the extra £8 billion NHS leaders know our health service in England needs by 2020”
- Labour say they will “We will build up our NHS so that it has time to care, funding 8,000 more GPs, 20,000 more nurses and 3,000 more midwives”
- UKIP commit to spending £3bn a year on the NHS by the end of the Parliament

A number of the parties talk about making the NHS more accessible, with the Conservatives pledging to “provide 7-day a week access to your GP and deliver a truly 7-day NHS” and the Liberal Democrats saying they will “ensure easier access to GPs, expanding evening and weekend opening, encouraging phone and Skype appointments, encouraging GPs to work together in federations, and allowing people more choice.

One significance difference in emphasis in NHS policies between Labour and the Conservative manifestos is in relation to the role of localism and competition, with Labour committing to “repeal the Government’s Health and Social Care Act, scrapping the competition regime and restoring proper democratic accountability for the NHS”.

ILC-UK view: All parties say they are committed to funding the NHS though some parties are proposing larger real terms spending rises than others. The big question though is whether the government can ensure that NHS funding rises in line with the demand due to population ageing over the next 20 years and not just the next parliament. None of the parties appear to have a long-term vision about how we can provide a modern world class health service for the coming decades rather than papering over the cracks that are emerging. In addition, while some of the manifestos do highlight the importance of “prevention”, there are,

arguably, few new ideas as to how to actually deliver this. The Conservatives commit to being “the first country to implement a national, evidence-based diabetes prevention programme” whilst Labour say that their health reforms will focus on prevention and early intervention” but with little detail as to how.

Social Care

There is little by the way of commitment of extra funding for social care in the major party manifestos. The Green Party however say they would introduce “Free social care funded through taxation”.

Yet there are commitments in the manifestos which seek to improve care as well as the conditions faced by care workers. Recognition of the current and future care crisis seems limited and it is not clear how the additional commitments can be delivered without radical change. The hope seems to be that “integrated care” is the solution. But will it be enough?

The Conservatives state they “we will guarantee that you will not have to sell your home to fund your residential social care”, a pledge which seems disingenuous if based on current policy plans which is likely to result in many needing to sell their home to fund their care (if only after their death).

The Conservatives say they will “cap the amount you can be charged for your residential care” whilst Labour supports “measures to cap the costs of care”.

Integration of health and social care

The integration of health and care is a common theme across the manifestos with the Conservatives committing to “integrate health and social care, through our Better Care Fund”. This funding approach is currently being piloted in Greater Manchester and is focused on pooling resources to ensure that there is joined up funding of both health and social care services.

Labour say they will “bring together services for physical health, mental health and social care into a single system built around the individual”. The Liberal Democrats also back integration and talk of “full pooling of budgets between the NHS and care services”. They also say they will “combine the public health, adult social care and health outcome frameworks into a single national wellbeing outcomes framework to ensure the NHS and local government work together towards common goals.”

ILC-UK view: While integration of funding for health and social care would be a positive step forward it would not solve the more fundamental problem which prevents full integration – and that is the experience of the end user. While health care is free at the point of use, social care is not, with individuals subject to a means test to identify whether they are eligible for government support. Much has been written about the seemingly arbitrary divide between when people can receive “free” health care and when they must pay for social care. At worst, it undermines confidence in the social care system, makes it hard for individuals to financially plan for their future and incentivises the deprivation of assets long before a care need arises and works as a disincentive to save.

Home care

On Home Care, Labour say they will work to “end time-limited 15-minute visits” and the Liberal Democrats say they will “invest half the initial £1 billion in providing care in people’s own homes and communities, preventing emergency admissions and making it easier to discharge people after a hospital stay.”

Labour also say they “will recruit 5,000 new home-care workers – a new arm of the NHS – to help care for those with the greatest needs at home”. They also pledge to “introduce a system of safety checks to identify risks facing vulnerable older people and enable preventative measures to be put in place, such as grab rails to prevent falling.”

Informal care

Informal care attracts the attention of the main parties. The Conservatives say they will increase support for fulltime unpaid carers whilst the Liberal Democrats say they would introduce an annual Carer’s Bonus of £250 for carers looking after someone for 35 hours or more each week. The Liberal Democrats also pledge to “to raise the amount you can earn before losing Carer’s Allowance from £110 to £150 a week.” In response to the increasing prevalence of informal care, Labour say they will introduce a new duty on NHS organisations to identify carers so they can be linked up with the right support. They also state that they will ring-fence the money councils receive for carer’s breaks to ensure the money is spent directly on carers.

ILC-UK view: More support for informal carers is clearly a welcome move. Informal carers are putting their own health and wellbeing on the line and they deserve support to help them through this – ideally financial, physical and mental support. But none of the manifestos discuss one of the principle reasons for the rising prevalence of informal care – the lack of available and affordable adult social care which is principally due to years of underfunding within the sector. Unless this is addressed, not only will informal caring have to play an even greater role, but it is also likely to result in increased levels of unmet need.

The cost and delivery of care

There are a number of commitments in the manifestos which could potentially have an impact on the overall cost of care. Labour say that “by stopping the use of zero-hours contracts, where regular hours are being worked, we will improve the working life of care workers.” But clearly this could result in increased costs for providers and so there are questions about how this would be paid for. There are also mentions of tackling poor/bad care. The Liberal Democrat pledge to “extend Freedom of Information laws to cover private companies delivering public services” which could have a major impact on the care sector. Similarly, plans to increase the minimum wage will push up costs in the care sector and will mean greater funding is needed.

Employment and skills

There is much talk in the manifestos of the importance of developing new apprenticeships. The Conservatives say they will “support three million new apprenticeships, so young people acquire the skills to succeed”. The Conservatives also say they will “abolish long-term youth unemployment, and make sure that all young people are either earning or learning”. Labour on the other hand want as many young people to go on an apprenticeship as currently go to university by 2025. They also plan to create a million new high technology, green jobs by 2025 and plan to ban "exploitative" zero hour contracts.

ILC-UK view: We know that poorer young people too often become poorer older people, so ensuring that younger people have access to employment is vital. However it is worthy of note that whilst unemployment is a major challenge for younger and older people, there are no real mentions of how the next Government would support older people in the workforce. Whilst most of the manifestos talk of upskilling younger people, there is little by the way of consideration as to how to upskill middle aged and older adults. Extending working lives is a critical area of public policy if we are to get to grips with population ageing, so it is rather concerning that it received no attention within the manifestos.

Measures to incentivise working

The Conservative Government has begun to use National Insurance (NI) as a way of incentivising employers to employ younger people (the NI exemption for under 21s). In their manifestos, both Labour and the Conservatives say they will not raise NI contribution rates.”

ILC-UK view: We are far from convinced that using age to give a financial advantage for employers to employ a certain group is helpful. How would a 22 year old feel if they were turned down because it was cheaper to employ a 21 year old for instance? In our view this flies in the face of anti-discrimination legislation which makes it illegal to discriminate on the basis of age. Similarly, given NI contributions are no longer ring-fenced and used for specific purposes, it remains hard to justify the exemption which is also available for people working past state pension age.

Both Labour and the Tories consider potentially draconian measures targeted at people who refuse to take a job or enter training. Labour promise a guaranteed, paid job for all young people who have been out of work for one year, and for all those over 25 years old and out of work for two years”. If younger people do not take the compulsory job guarantee, they will lose benefits. Similarly the Conservatives say that they will withdraw Jobseeker's Allowance from young people after six months unless they take part in "community projects". The Conservatives, are also aiming to “halve the disability employment gap” but do not set out any details about how they go about achieving this goal.

ILC-UK view: Providing support to those who are unemployed to get back to work is very important. Long periods out of work can cause an erosion of skills with significant implications for an individual’s long-term employment and earnings prospects. In that regard, some form of “jobs guarantee” is likely to be a positive move as long as the job

actually provides meaningful employment in terms of both developing skill sets and training and adequate financial support for the individual. There is also a question about whether older people will also be subject to this guarantee – they also need access to meaningful employment but currently the Jobcentre does not appear to be working adequately for them⁶.

State Pension

Both the Conservative and Labour Party pledge to keep the triple-lock on pensions, increasing the basic state pension by at least 2.5 per cent. The Liberal Democrats go further and propose legislating to make the triple-lock permanent.

UKIP make the case for the introduction of a flexible state pension where people can choose to take a lower pension in their early 60s. As the Pensions Policy Institute recently noted, a flexible state pension could require an initial increase in Government expenditure, “but over the long-term could cost less than a system with a single SPA, although this would be dependent on decisions regarding the rates people receive when they claim their state pension at different ages.”⁷

The Green Party say they would introduce a “Citizens Pension for all pensioners of £180 a week or £310 a week for couples. Taking all pensioners over poverty line”

Labour points out that while increases in the state retirement age are necessary to keep our pensions system affordable, we will ensure that people have time to plan for changes”.

Meanwhile the SNP say they will review the proposed increase in the state pension age from 66 to 67, “so that people in Scotland, who have paid in to a state pension all their lives, don’t lose out”.

ILC-UK view: As the OBR has pointed out, continuing with the triple lock indefinitely is expected to be expensive – to the tune of 0.8% of national income by the early 2060s (£15 billion in today’s terms). And as the Institute for Fiscal Studies has noted, it has the curious feature that “in the long run the level of the single tier pension will depend not just on how prices or earnings grow over time but on whether years with high price growth were also years with high earnings growth”. The IFS has argued that “this is absurd”⁸. While the two policy measures may be popular with middle aged and older voters there are clearly cost implications as well as issues of intergenerational fairness – for example, why should state pensions rise by 2.5% per annum when working age benefits fail to keep up with rising living costs. Indeed, the Conservatives have said that there will be no increase in benefits for working-age people for two years which they hope will save £3bn.

⁶ Beach et al (2015) *The Missing Million: Pathways back into employment*, Report for ILC-UK, BITC and PRIME.

⁷ For more details see PPI (2015) *2015 Election Briefing: Pensions*, Briefing Note Number 74,

⁸ IFS (2015), *Taxes and Benefits: The Parties’ Plans*, IFS Briefing Note BN172

Pensioner benefits

The main parties have fairly similar policies in relation to pensioner benefits with cuts for higher rate taxpayers. The Conservatives say they will “protect pensioner benefits including the free bus pass, TV licences and Winter Fuel Payment while implementing the “temperature test” for Winter Fuel Payment, so that expats in hot countries no longer receive it”.

Labour say they “will stop paying Winter Fuel Payments to the richest five per cent of pensioners” and the Liberal Democrats will “Withdraw eligibility for the Winter Fuel Payment and free TV Licence from pensioners who pay tax at the higher rate (40%).” They “will retain the free bus pass for all pensioners.”

UKIP and the Greens promise to protect pensioner benefits.

ILC-UK view: As has been noted by numerous experts, withdrawing these additional pensioner benefits makes little difference to the overall state of the UK’s public finances.

Private pension reforms

The main parties are committed to continuing “pension freedoms” whereby people are free to do what they like with their pension pots at the point of retirement. It is therefore unlikely that the direction of travel will change significantly. Labour and UKIP highlight the need to protect retirees from scams/retirement rip offs. The Liberal Democrats say they will crack down on charges.

The main parties make proposals to reform pensions tax relief to help fund other measures. Labour, for example, say they will “cut tuition fees from £9,000 to £6,000 a year, funded [partly] by restricting tax relief on pension contributions for the highest earners.

The Liberal Democrats will “establish a review to consider the case for, and practical implications of, introducing a single rate of tax relief for pensions, which would be designed to be simpler and fairer and which would be set more generously than the current 20% basic rate relief”.

The Conservatives meanwhile will fund an inheritance tax cut by restricting pension tax relief.

ILC-UK view: Irrespective of whether the pension freedoms are likely to result in “good” or “bad” consumer outcomes, it looks as though they will be with us over the long term. It also appears as though tax relief will come under increasing scrutiny and potentially will be reduced to help fund other initiatives. Any reforms to tax relief must properly consider the implications for savers – both in terms of reducing aggregate amounts saved as well as incentives for saving more. But there is an opportunity to reform tax relief so that its benefits are better understood by the general public.

With regard to the pension freedoms, whatever party or configuration of parties come to power, they will have to consider what additional safeguards are needed to prevent inadequate retirement incomes – not just for those approaching retirement but for those currently in their 20s and 30s. And more broadly, they must develop and implement a long

term savings strategy that addresses the many remaining barriers that could lead to poverty in retirement⁹.

Immigration

The Conservatives pledge to deliver annual net migration in the tens of thousands, not the hundreds of thousands. They say they will be able to achieve this by reducing welfare for European Union migrants. The Conservatives also say that “to prevent sectors becoming partially or wholly reliant on foreign workers, we will require those regularly utilising the Shortage Occupation List, under which they can bring skilled foreign workers into the UK, to provide long-term plans for training British workers”.

Under a Labour Government, migrants from the EU will not be able to claim benefits until they have lived here for at least two years. They say they will make it illegal to undercut wages by exploiting migrant workers, and “work to strengthen integration” within UK communities. They say that “everyone who works with the public in our public services must be able to speak English”.

The SNP meanwhile push a more pro-migration stance and say they will seek to reintroduce the post study work visa, “so that those we have helped educate are able, if they so choose, to make a contribution” to the economy.

ILC-UK view: Debates about migration are highly relevant in the context of population ageing. If ageing results in a slowdown of the availability of workers to replace those retiring, then companies will need to look outside of the UK to fill skills shortages. A public policy agenda that seeks to cap migration in one way or another, could actually help to drive up worker shortages in key areas. The health and social care sector is a pertinent case – it will require millions of additional workers over the next decade, but it is not clear where these workers will come from¹⁰.

Childcare

A barrier to work for people of all ages is the lack of childcare. The Conservatives have already “legislated to introduce tax-free childcare in the next Parliament – worth up to £2,000 per child per year – to help parents who want to work”. They have also “introduced 15 hours a week of free childcare for all three and four-year olds and the most deprived two year-olds”. They say in the next Parliament, they “will give families where all parents are working an entitlement to 30 hours of free childcare for their three and four year-olds.”

Labour say they will “support families by expanding free childcare from 15 to 25 hours for working parents of three and four-year-olds, while doubling paid paternity leave for fathers.

⁹ For more details see: Franklin (2015) *Consensus revisited: the case for a new pensions commission*, Report for the ILC-UK

¹⁰ See Franklin (2014) *The future care workforce*, Report for the ILC-UK and Anchor

The Liberal Democrats say they will extend free childcare to all two year olds, and to the children of working families from the end of paid parental leave”. The Liberal Democrats commit to “an ambitious goal of 20 hours’ free childcare a week for all parents with children aged from two to four-years, and all working parents from the end of paid parental leave (nine months) to two years.”

Government funding for research

Over the past Parliament, research has arguably found itself relatively unscathed compared to cuts in other spending. The language on research within the manifestos is mainly warm but there is little by way of hard promises. The Conservatives state that they will invest in “new capital on a record scale – £6.9 billion in the UK’s research infrastructure up to 2021”. Labour promise to “introduce a new long-term funding policy framework for science and innovation, providing the stability and continuity that our companies and research institutes need to succeed.”

The Green Party promise perhaps one of the most specific pledges on research, with a commitment “to increase spending on scientific research from 0.5% to 1% of GDP”.

In terms of ageing research, the Conservatives (re)announce the creation of “new institutions such as the National Centre for Ageing Science and Innovation in Newcastle” [originally announced in December 2014 Budget].

The Liberal Democrats plan to “Continue and expand the What Works Network to promote evidence-based policy making”, which is relevant to debates about population ageing given the What Works Centre on ageing will begin to deliver over the next Parliament.

The Conservatives say they will “lead the world in fighting cancer and finding a cure for dementia”. There was a passing mention of dementia in the Liberal Democrat manifesto but surprisingly, no mention at all in the Labour manifesto.

ILC-UK view: Ensuring that research and development is adequately funded in the UK is critical to our long-run growth prospects. Avoiding a slowdown in the pace of innovation and technological change is necessary if we are to avoid so called “secular stagnation” where advanced countries are predicted to face a future of slow growth, low inflation and low interest rates¹¹.

Housing

The Conservatives pledge to build more affordable homes, including 200,000 new Starter Homes exclusively for first-time buyers under 40 years of age at a 20% discount though from the manifesto, it is unclear how they will deliver on this promise.

They also propose a number of measures which is likely to raise demand for property. These include: the extension of the Help to Buy Equity Loan scheme, the introduction of a new Help to Buy ISA and extension of the Right to Buy to Housing Association tenants. The Tories are also

¹¹ CEPR (2014) *Secular stagnation: Facts, causes, and cures*, a Vox eBook

proposing to take the family home out of inheritance tax which is only likely to increase the bias to put money into a home and therefore inflating the value of housing.

Labour state that they will make sure that at least 200,000 new homes a year are built by 2020 by implementing the recommendations of the Lyons Review¹², and that private renters get a fairer deal by legislating to make three year tenancies the norm and place a ceiling on excessive rent rises. They say that their ban on unfair letting agent fees will save renters over £600. And they will create a national register of private landlords.

A Labour government would also exempt first-time buyers in England, Wales and Northern Ireland from paying stamp duty when buying homes below £300,000, for three years.

ILC-UK view: As the Lyon’s review noted in 2014, “successive governments have faced what economists call an insider problem: how to increase housing supply and bear down on prices without damaging the economic interests of existing householders and landowners”¹³. While both Labour and the Conservatives pledge some measures to increase house-building, the details are sketchy as to how they will achieve this. At the same time, both parties are proposing measures which will actively stoke up demand for housing which, if not matched by increased supply, will ultimately drive up costs. Given the constant failure of successive government to foster sufficient housebuilding to meet population growth, it is easy to be sceptical about the chances of the next government resolving the UK’s endemic housing crisis.

Devolution

Most of the parties advocate continued devolution of powers. The Conservatives “will devolve powers and budgets to boost local growth in England” and Labour “will devolve more power and control, not only to Scotland and Wales, but to our great English cities and county regions too.”

Greater devolution may be welcome but it will also make it more difficult for “Westminster” to plan strategically for the long term challenges of ageing.

There is a sense within the manifestos of “localism when it suits”. Talk of localism is followed by commitments to tackle “aggressive parking enforcement” or “requiring local authorities to manage their housing assets more efficiently, with the most expensive properties sold off and replaced as they fall vacant”.

ILC-UK view: If Central Government is genuine about localism, it is likely to need to adequately fund it, give local authorities greater powers, and stop interfering when it suits their wishes.

¹² Lyons (2014) The Lyons Housing Review

¹³ Ibid

Digital Exclusion

There are few mentions of digital exclusion within the Manifestos. Most of the parties focus however on securing the delivery of superfast broadband. The Conservatives say they will “will ensure digital assistance is always available for those who are not online, while rolling out cross-government technology platforms to cut costs and improve productivity – such as GOV.UK.”

Communities

The Conservatives say they will work to “secure the future of 3,000 rural Post Offices” whilst the Liberal Democrats will “create an innovation fund to help keep local GPs, post offices and libraries open”. The main parties all commit to keeping the major national museums and galleries free to enter. UKIP is running a “Save the pub” campaign.

The conservatives revive the language of Big Society saying “Building the Big Society is about involving the people, neighbourhoods, villages, towns and cities of Britain in the great task of improving our country – and giving young people the power and opportunity to play a real part in their community.”

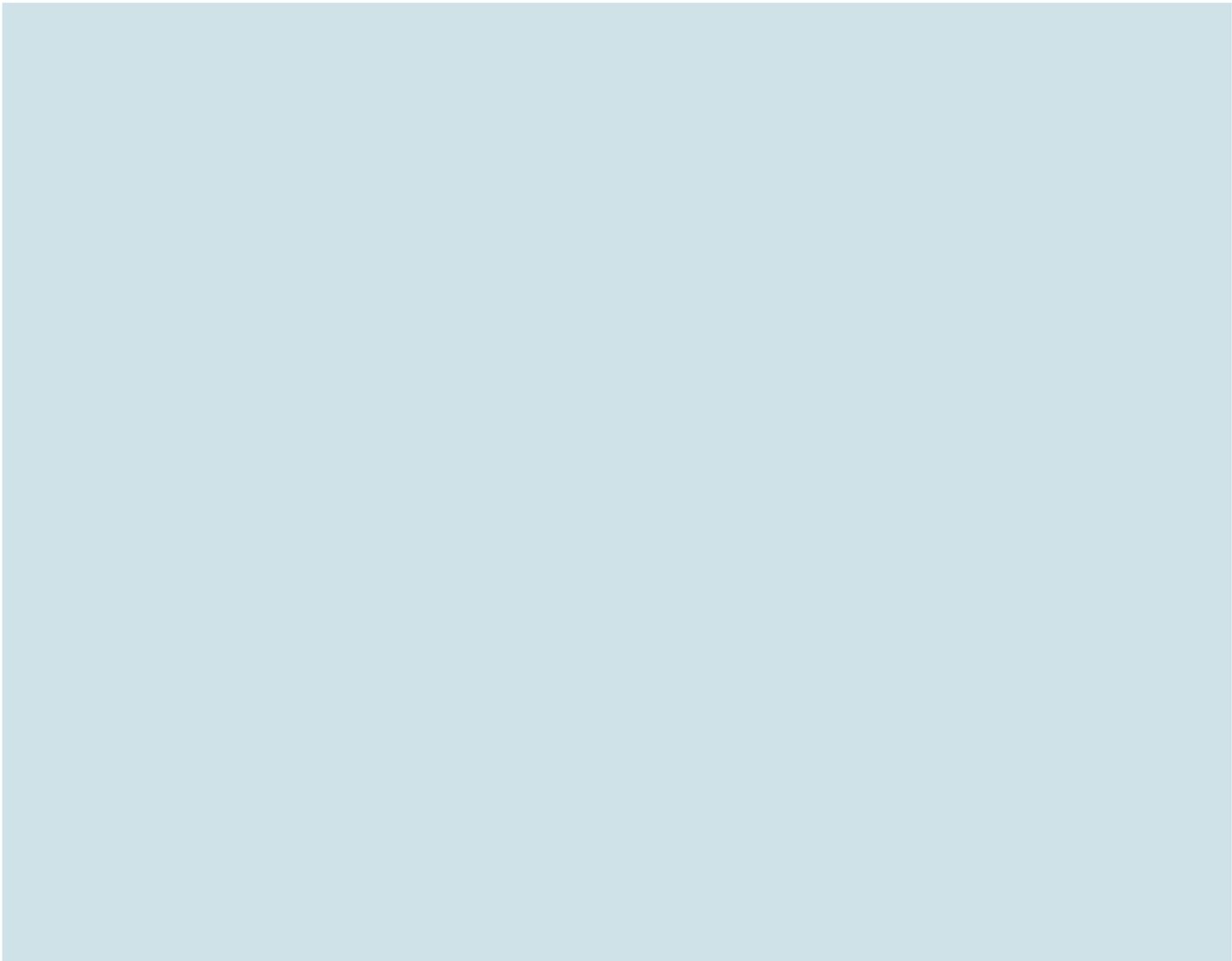
Both Labour and the Liberal Democrats pledge to give the vote to 16 year olds.

Rights

The Conservative Party say they will “scrap the Human Rights Act and introduce a British Bill of Rights” whilst Labour say they will “stand up for citizens’ individual rights, protecting the Human Rights Act and reforming, rather than walking away from, the European Court of Human Rights.”

Concluding remarks

Understandably, politicians are always focused on the electoral cycle. For this reason it is difficult to think truly long-term. And ultimately there is a limit to what can be achieved over a maximum five year time horizon. But addressing population ageing requires a robust, long term response. It requires vision beyond simply reducing the debt and deficit over the next parliament, beyond piecemeal approaches to solving our labour market problems and beyond commitments to ring-fence spending on certain departments. We need broad political support for a programme of policy initiatives that, as a package, seek to tackle all of the various dimensions of the population ageing challenge. At the moment at least, this seems a long way off.



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