

HOLDING THE CENTRE:

Social stability and
Social capital

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The authors are all serving MPs.

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Executive Summary

Strengthening social capital opens up solutions to blighted aspiration, insecurity and fiscal constraints.

This report draws on five evidence gathering sessions convened by a group of Conservative MPs. It responds to the concerns of many constituents about the vulnerability of their economic position, the pressures they face, and the erosion of the social structures that form the fabric of community life.

It sets out an approach to policymaking and specific policies showing how we can successfully pursue recovery, protect relationships and redefine responsibilities so that social progress can be achieved within a competitive economy.

Social capital: the wealth of one nation

While economic recovery is an essential foundation, it is not enough. Debt burdens, housing costs, worries about social care, and lack of confidence that all will share the fruits of domestic hard graft and global competitiveness weigh heavily. Fractured relationships are both a cause and consequence of these issues.

Strong communities and extended families can build both financial and social capital, increasing wellbeing and reducing long-term pressures on public spending. Every department of the government should therefore be crystal clear about the extent to which it relies on family and community relationships and the costs of that contribution being compromised.

A 'triple test' for policy

We applaud the Prime Minister's recent announcement of a family test so that 'every government department will be held to account for the impact of their policies on the family'. He is right to say that 'whatever the social issue we want to grasp - the answer should always begin with family'.

Yet we feel this needs to go further so that our long term plans hold together the economic, social and environmental aspects of our wealth. As the Prime Minister said in his family speech 'to really drive this through, we need to change the way government does business'.¹

We therefore recommend that the Conservative Party radically reorients the policy making process with clear, consistent and continuous leadership right at the heart of government. Policy development, proposals for legislation, and government action should all be subject to a 'triple test'— economic, environmental and social.

The policy implications of such an approach for debt, housing, social care, business and the family follow.

Our recommendations deliberately include both the general and specific. They all arise from proposals and discussion during our evidence sessions and are intended both to inform Conservative Party policy (including continuing commitment to existing policies)

¹ Prime Minister's speech at Relationships Alliance summit on 18/8/14



and to stimulate further thinking in these areas. This report has been stimulated by the approaching general election, but will be updated and revised in subsequent years given how important social capital and stability is to our society.

Most recommendations do not involve additional spending commitments. Those which do (for example access to respite care, tax breaks for informal care and increasing the married tax allowance) aim to support those who are contributing greatly to social capital and stability through their care for families, loved ones and the wider community. Without this contribution, public expenditure would be much higher. We have deliberately not suggested levels of support because the aim is to recognise and underpin such great contributions, not to provide 'state compensation' for them.

All proposals will, of course, be subject to tests of viability and affordability.

Debt

We live with the consequences of a rapid growth in debt: government borrowing to cover both a structural deficit and the consequences of a banking crisis; the impact of highly leveraged business models and growth in corporate debt; and rising household debt as banks pushed credit to those eager to consume. Many people burdened by debt are under the radar, meeting minimum payments but vulnerable to rising interest rates.

The social consequences of this have been too readily ignored. Debt problems put family relationships under intolerable strain. New approaches whereby finance strengthens relationships, and where social capital enables new financial products, support and advice are therefore needed.

Recommendations

- **Flexible lifetime savings accounts** to promote higher levels of saving in order to reduce vulnerability to debt. Mutual support and commitment within families and communities can also be fostered by moving away from artificially low interest rates, linking return to risk, and continuing to use technology to encourage new saving practices.
- **Improve financial education**, through better impact assessment and funding to support peer mentoring that helps people to be better off through better money management, increases digital inclusion, and offers recognised qualifications.
- **Cap the total amount repaid on credit agreements** to limit the extent to which interest can be charged on interest.
- **Strengthen affordability tests** to include all charges and repayment of the principal loaned.
- **Reform poverty measures**: income poverty measures should include all sources of financial support received by households, whilst broader poverty measures should include the strength or weakness of social support from family and other relationships.

Housing

One in six UK families is overburdened by housing costs, one of the highest rates in Europe. Many younger people believe that home ownership is a dream receding beyond their reach. Inequality between individuals and families who are already home owners and those who are not has increased over the years. Many of the 9 million tenants in the private rental sector are concerned about stability and security of tenure, as well as quality of housing.

The cost of housing influences household finances and thus other choices including marriage, having children and where to live. Housing size, design and quality influences the health of children, whether families can eat together, ability to do homework, as well as the nature and quality of relationships with neighbours. Requirements to commute take time away from the family and can reduce associational activity. The ability to provide care and accommodation for frail older people is currently curtailed by the lack of purpose-built multi-generational family homes.

Recommendations

- **Longer term contracts for private renters** that create a suitable environment for raising a family whilst also keeping letting attractive for landlords.
- **Capture more of the planning gain uplift in land values** for infrastructure development and cheaper housing.
- **Use more local authority owned housing as an asset against borrowing to fund more social housing provision.**
- **Housing developments to include a greater variety of homes designed for flexible use** - including suitability for older people, people working from home, first time buyers and renters, and homes with linked but separate accommodation for relatives or loved ones who may need some support. These should also enable 'downsizing', helping to free up larger homes for families.
- **Increase shared equity ownership** through further development of the financing and ongoing market.

Social Care

Many elderly and disabled people enjoy the love and support of family and friends. Yet there also many who experience loneliness which affects physical and mental health. They and their relatives also fear the consequences of insecure and low quality care. Flying visits in domiciliary care provide limited interaction.

Growing demands for social care (projected to increase by over 50%) will continue to put pressure on both local and central government.

6.5 million people in the UK currently care unpaid for an ill, frail or disabled family member or friend. Purchasing such care would cost an estimated £119 billion a year. Inadequate support that causes carers to leave paid employment has wider economic costs estimated at £1.3 billion. Informal caring has a particularly heavy impact on the lives of women.

Care costs and pressures can strain families, while the capacity of families to care may be impaired due to distance, broken relationships, working hours, or inflexible models of funding and provision. Respite care has been shown to help ease these strains.

More people are entering old age having experienced the breakdown of a couple relationship. The relationships that are such a vital ingredient for care can be strengthened through effective support for carers, attention to the ways in which participation in society can be supported, lifelong housing and other planning and transport improvements to support an ageing population, innovation in the provision of care, and continuing reforms to the ways in which care is both funded and integrated. GPs and others need to be more aware of whether their patients are carers, and of what help can be offered to them.

Recommendations

- **Guaranteed access to respite care** for carers.
- Ensure that national and local government promotes **flexible provision in the care market** to offer greater variety, flexibility and quality.
- **Introduce tax breaks for informal care.**
- **Improve the career path, status and remuneration of the care profession.**
- **Create a central Government risk pool** for the care of those with severe illnesses and disabilities.
- Fund and commission services that **maximise the contribution of third sector organisations which improve the quality of life of older people** and those who support them.
- **Increase integration of health and social care** by introducing a single identifier (eg NHS or NI reference) for all service users.

Business

Private enterprise has enormous potential to improve people's lives, as long as it acknowledges and contributes to social capital. Business leaders need to better communicate the benefits of what they do, as well as the world of politics showing a friendlier attitude towards business.

Business relies on social capital, including trust in institutions (as well as in business itself), a strong and cohesive civil society as well as the networks that enable access to knowledge and finance.

Businesses also have considerable social impact: on employees and their families (e.g. working hours), on communities (through job creation, or losses following relocation), the production of 'social goods' (e.g. involvement in health, welfare and education) alongside wider social impacts (e.g. income inequalities or the sexualisation of children).

The banking and debt crisis of recent years has placed both business and capitalism under greater scrutiny with particular concerns about short-term outlooks (encouraged by quarterly reporting), corporate malpractice, tax payment by multinationals, the treatment of customers by banks and utilities, and pay differentials.

Lack of public confidence in the contribution of business and capitalism to national progress is creating a sympathetic climate for greater regulation that hinders growth.

Ensuring that business sustains the social capital it relies on requires greater recognition of, and commitment to, long term value; greater shareholder responsibility; and integrated reporting that enables greater transparency of and accountability for social and environmental as well as financial performance.

Private capital is raised and used with a spectrum of approaches to social value. Social impact investing is allowing more private capital to be deployed for social benefit. Increasing this contribution to improved outcomes in public services and other public goods should be encouraged.

Recommendations:

- **Equity capital should be encouraged by being given similar tax treatment to debt finance** to promote both stability and shareholder responsibility.
- **Pursuit of long term value and integrated reporting should be encouraged by Government**, for example through requirements for directors to comply or explain their regard for longer term value and stakeholder interests.
- **Relational ratings of companies** to promote accountability on pay differentials, treatment of suppliers and other stakeholder concerns.
- **Improve small companies' and charities' access to social investment** through continuing development of a supportive tax regime and infrastructure.
- **Improve social enterprises' and charities' access to public services procurement contracts** through more open and informed commissioning.

Family

The health and strength of family relationships are a major influence on the health, wellbeing and life chances of adults and children. There is a strong link between couple relationship quality, parenting and children's outcomes. Stressful childcare can also harm early years development. Secure, stable, nurturing relationships support the healthy development of children through to adulthood: the lack of such relationships should be recognised in any account of inequality and poverty.

Many of government's most important goals rely on the contribution of families. This contribution is, however, too often under-recognised and the impact of policy on these relationships ignored. The impact of weak or broken relationships (whatever their structure or legal status) on the need for welfare support, increased housing demand and support for housing costs, public health, and the development of children (and thus their future pro- or anti-social behaviour) generate costs estimated at some £46 billion a year.

We welcome the work of the Family Stability Review and the promotion of stronger relationships by the Relationships Alliance, Centre for Social Justice and many others. We applaud the Prime Minister's recent support for many of their recommendations around such issues as cabinet level responsibility for families, extending the troubled families programme and funding for relationships education.

We also recognise that families are influenced by policy in many areas. We have seen how debt leads to the break-up of family relationships, but also how intra-family support can be a vital resource. Housing costs can lead to premature cohabitation and delay marriage or having children. It increases pressures on working hours and commuting time, and adds to financial worries. The provision of social care is an expression of love and commitment, yet can also be a source of great anxiety, financial cost and physical strain.

Above and beyond the many practical measures to support families and strengthen relationships, we therefore seek to ensure that our manifesto pledge that 'Britain's families will get our full backing across all our policies' is delivered. The recently announced 'family test' on all policies is therefore most welcome.

Whilst we are making these recommendations for government action, we also recognise the limits of state intervention - it is neither desirable nor realistic to expect the state to act as a surrogate family.

Recommendations:

Alongside existing and recently announced policies we also recommend:

- **Addressing the disparity between the married tax allowance and tax allowance support for childcare.**
- **Including the father's name on a child's birth certificate**, as a means of both enabling and ensuring the involvement of fathers.
- **Improved local data on relationship strength** to inform local authorities' health and wellbeing strategies.
- **Funding for research into the impact of raised cortisol levels on child development** in the early years of life.

1 True national wealth

Despite a recovering economy, many of our constituents are still vulnerable and under pressure. They seek security in their finances, housing, in sickness and old age, and in their closest relationships. Progress cannot be bought with borrowed money, nor all the challenges regulated or legislated away. The health and strength of our social structures is essential if we are to achieve a globally competitive economy that increases the wellbeing and life chances of all. This wealth, our social capital, is not reported in Budget statements. We need a fundamental change at the heart of government in the way all elements of our national capital are nurtured and harnessed.

One Nation?

Over the last four years, fears about the economy have receded. Economic growth has returned. Education and welfare are being reformed. The deficit is being cut. Despite real progress in these and other areas, many of our constituents are concerned about the vulnerability of their own economic position, the pressures they face and the erosion of the social structures that form the fabric of community life.

They may not be confident that they personally will share the fruits of success in a global race.

Debts are still high. Rises in interest rates will hit some borrowers hard and mean that economic recovery does not necessarily translate into higher disposable income.

The dream of home ownership remains distant for many younger people, whilst private and social rented housing too often do not provide the desired security and control.

The expense, quality and reliability of care for children or elderly relatives compound the practical pressures and burdens of caring.

Many consumers doubt whether business operates fairly: prices rise while those who raise them seem better protected from the ebb and flow of global economic tides.

The promise to be the most family friendly country in Europe is not yet convincingly fulfilled.

Why Social Capital?

*Things fall apart; the centre cannot hold
Mere anarchy is loosed upon the world²*

Yeats' poem, written in 1919, reflects the impact of the First World War. As we mark the centenary of the start of the war it seems appropriate to reflect on why 'things holding

² From WB Yeats *The Second Coming*

together' is such an essential foundation for prosperity and progress. In particular, we are concerned with the central role of family relationships in our economic prosperity, wellbeing and the life chances for children, as well as the cohesion of the nation where growth and prosperity is underpinned by fairness and responsibility.

Stanley Baldwin, a former Conservative Prime Minister when our country faced economic depression and grave security threats, espoused 'one nation' and offered voters 'Baldwin's security mixture'. Today, no less than then, people seek security: in their finances, in their housing, in sickness and old age, and in their closest relationships.

It is right that economic prosperity is no longer viewed as an end in itself and there is growing pressure for governments to broaden the agenda, to accommodate more directly the 'non-economic' key areas affecting those they represent.

We know that this can be done: enormous and important progress has been made in recent decades in respect to the environmental agenda. We now fully recognise the importance of our environmental capital as well as our economic capital. Our view is that, along with these, the government needs to give much greater emphasis to our national social capital.

The term 'Social Capital' is used in a wide range of technical and specialised ways across many academic disciplines but we use it in the simplest sense. 'Social' refers to relationships and connections which have particular value not just to individuals but for the nation as a whole; links which provide opportunity and support and which enable responsibility. 'Capital' refers to a vital asset or resource, the wherewithal which allows us to do things. Capital is often built up over long periods of time and grows, or is eroded, through the way it is used.

In a recent speech Mark Carney, Governor of the Bank of England, described social capital as:

*"the links, shared values and beliefs in a society which encourage individuals not only to take responsibility for themselves and their families but also to trust each other and work collaboratively to support each other."*³

David Halpern at the Institute for Government also makes a similar case for rebalancing our national priorities. He has described the 'hidden wealth of nations' as the 'stuff that, for most part, makes our societies and economies work.' He writes about how much of this hidden wealth is:

*"expressed in everyday ways, such as our common values, the way we look after our children and elderly, or whether we trust and help strangers. It is a hidden dimension of inequality and helps explain why governments have found it so hard to reduce gaps in society."*⁴

Resourcing aspiration

A government that draws on and nurtures the wealth of our social capital can give people confidence about their future prospects. The ability and opportunity to make choices in life and see aspiration fulfilled. The enjoyment of family and friends, not the loneliness or

³Inclusive Capitalism: creating a sense of the systemic', speech, 27/5/14

⁴*The Hidden Wealth of Nations*, Polity Press, 2010

the pain of broken relationships. An economy that grows sustainably and systems that work fairly.

While government profoundly influences all of these, it does not simply deliver them by legislation, targets or spending. Progress cannot be bought with borrowed money. Neither can the state simply legislate or regulate the challenges away. Reform requires that relationships in all areas of society – families and communities, public services and in business – become a far more productive and mutually supportive resource to help drive both our economic and social recovery.

A triple test

The government's Budget statements do not report on the extent of this wealth, or how effectively it is being nurtured or deployed. Neither national GDP, the outputs of public services, nor the quarterly profits of the nation's businesses give us a full picture of how well or poorly we are doing. Nor are Local Authorities required to assess this adequately.

Progress will be severely limited unless there is first a fundamental change at the heart of government

We therefore set out a 'Big Picture' and specific policy ideas for a path to recovery not based on increasing national debt but on building up the nation's social structures which form the fabric of community life.

This will require looking at how family and community may be undermined or put under intolerable pressure by such issues as debt, the burdens of care responsibilities, housing policy, or poor role models. It will also consider how these social structures are essential if we are to be able to 'do more with less' and so

achieve a globally competitive low tax economy capable of increasing the wellbeing and life chances of all citizens.

The evidence we have heard from many organisations and individuals points to a wealth of policy proposals which build on social capital and these are set out in the following chapters. We have not sought to duplicate the excellent work by many organisations in each of the policy areas we have considered but highlight the practical policy options that we believe to be most important.

But, above and beyond this, we also believe that progress will be severely limited unless there is first a fundamental change at the heart of government in the way that our national capital is nurtured and harnessed.

Five evidence gathering sessions have been held between February and June. We are grateful to all those who gave evidence for their time and expertise. This report, however, represents the views of the authors and should not be seen as representing the views of any witness or their organisations.

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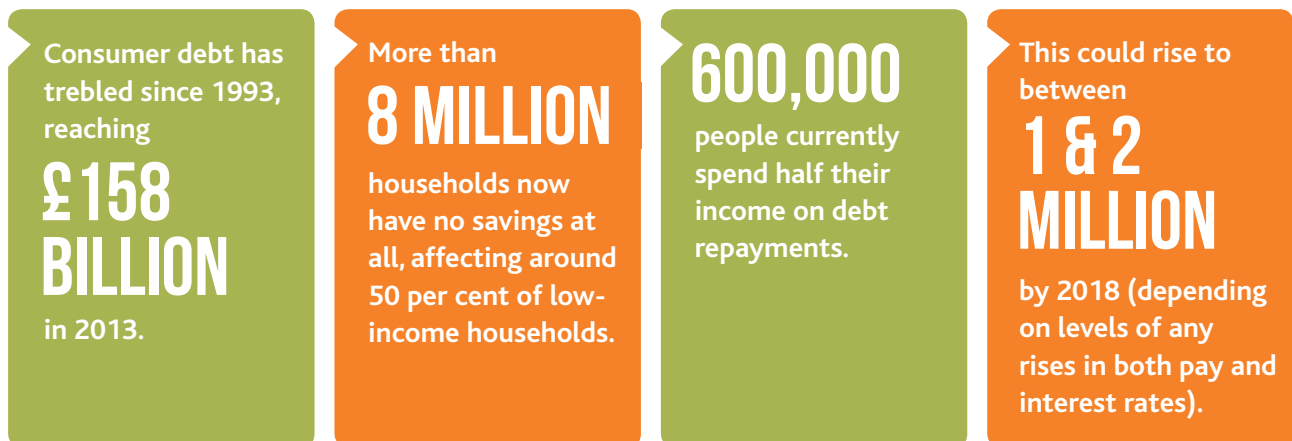
Caroline Spelman

2 Debt

The social implications of promoting debt to fuel growth were ignored. Financial transactions can be a positive expression of social capital, but debt can have a devastating impact on relationships. Policy support for debt can also undermine responsibility.

We live with the consequences of a rapid growth in debt: government borrowing to cover both a structural deficit and the consequences of a banking crisis; the impact of highly leveraged business models and growth in corporate debt; and rising household debt as banks pushed credit to those eager to consume.

The scale and nature of the problems associated with household debt have been extensively documented by the Centre for Social Justice⁵, Resolution Foundation⁶, The Money Charity⁷ and many others.



The burden of debt is a product of many financial pressures: the cost of housing, fuel, utilities, child care or providing for children while real wages have fallen. Payday lenders represent only around 2% of problem debt.

Much of the problem is still under the radar as people are currently meeting minimum repayments or have switched to interest only payments on their mortgages with lenders delaying actions to repossess until the housing market improves.

Debt creates a social as well as fiscal deficit

Debt statistics do not convey the human misery it brings. The strain of financial worries and debt problems can have a devastating impact on individuals and their relationships. Families find debt and money hard to talk about, with surveys suggesting one in 10 hide debts from their partner. In 2012, three out of four debt advice clients in a relationship said their debt had negatively affected it, causing it to end entirely for one quarter of people.

⁵ *Maxed Out: Serious Personal Debt in Britain*

⁶ *Closer to the Edge? Prospects for household debt repayments as interest rates rise*

⁷ The Money Charity publishes debt statistics monthly

Family breakdown is also one of the pathways to debt. Separation or divorce was the primary cause of debt for around one in ten debt advice clients.

Financial support can express social capital

Intra - family financial support is not confined to more prosperous families. Research by the Social Market Foundation found that 52% of people on a low incomes had received financial support as an adult from a parent.⁸ Low income donors gained much happiness and joy from helping their children, especially if it meant getting to spend time with their grandchildren. Nonetheless, a significant minority reported that they felt taken for granted and stressed. For some, the support was putting them into more debt.

Policy options

Any government that seeks to give people confidence that life will be better for them must offer a pathway out of debt, reduce the likelihood of debt problems in the future, whilst also being demonstrably fair to the prudent and to savers.

Policies to limit the erosion of social capital by debt and harness social capital to limit the negative impact of debt should include promoting saving, ameliorating the impact of debt, using technology to support new lending and borrowing relationships, and enabling supportive family and community relationships.

We welcome the practical action and policy proposals from the many organisations seeking to address the problems of consumer debt, and commend the government's introduction of financial education into the school curriculum from 2014. We also seek further action on:

Flexible lifetime savings accounts that offer greater flexibility of use than pensions. In return for the tax benefits, draw down would be confined to clearly defined circumstances. Group schemes could be available to families to promote intra-family support and provide flexibility in management of care responsibilities. It was noted saving may not be fully incentivised until it is likely to enable higher levels of protection or service, for example providing income insurance in the case of ill health.

Saving: Vulnerability to debt, and its impact on family relationships, is increased by lack of savings. Artificially low interest rates to help borrowers come at the expense of savers. Return should be linked to risk, but savers in banks and building societies have been encouraged to lose sight of the fact that they are lending money, not simply storing it. Insulating lenders from risk has fostered the growth of 'too big to fail' banks and there should be a distinction between protected 'storage deposits' and lending at risk in the hope of greater returns.

By bringing lenders and borrowers closer together, peer to peer lending makes clear that depositing is, in fact lending. This offers better rates but needs to build greater customer confidence in security and is disadvantaged in comparison to banks unless there is equal treatment of deposit guarantees or access to tax efficient wrappers.

⁸Family Fortunes: the bank of Mum and Dad in low income families

Financial education: The work of Toynbee Hall and others clearly shows that it is possible to enable disadvantaged communities to become more resilient to the risks and pressures of debts. There should be better impact assessment of existing financial education, particularly beyond school age, and more funding to support peer mentoring. Successful schemes tend to highlight how people can be better off through better management of their money and offer other benefits such as digital inclusion, gaining recognised qualifications (particularly important for those who have left school with few or no qualifications) and a variety of ways to save money.

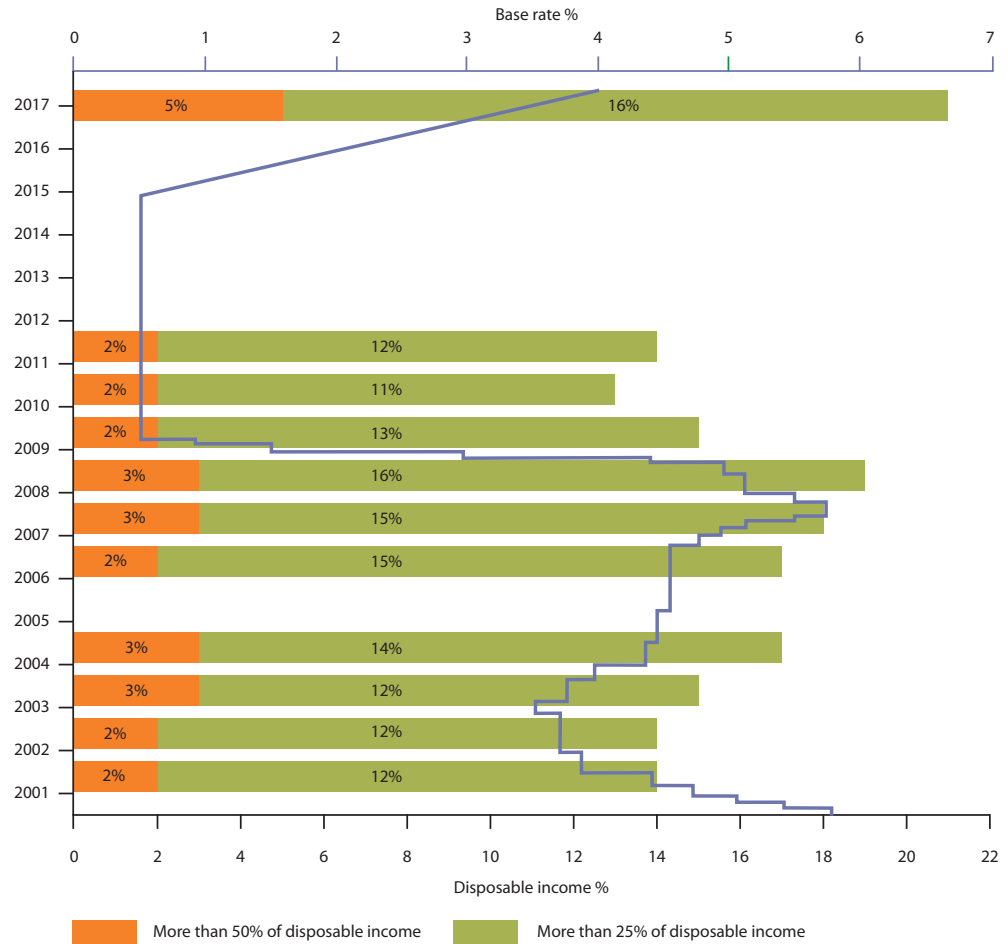
The latter is significant given the evidence that people on lower incomes tend to pay more for utilities or insurance. However, poor control of personal finances, and the accompanying stress produced, is evident across all ages and sectors. Inculcating a 'healthy financial living' approach through a variety of formal and informal training measures for all ages would help address this and help change current cultural attitudes- namely, that managing money well is not something we need to learn or talk about.

Lending: Capping the total amount repaid on a consumer credit agreement, particularly where minimum payments can continue indefinitely creating a debt trap as interest is charged on the interest and the debt spirals out of control. Affordability tests should be strengthened to include all charges and repayment of the principal loaned.

Poverty: Current measures of poverty do not capture the strength or weakness of social support, and the financial and practical support such relationships can provide. With half of those on low incomes receiving support from family members at some point, it is important to capture this in poverty measures.

Trends in proportion of households considered to be "debt-loaded" or in "debt-peril" and Bank of England base rate: 2001-02 to 2017

Source: Resolution Foundation



3 Housing

Recent increases in house-building and help for buyers are welcome. Housing costs have social consequences – dividing the nation between owners and renters, and harming family life. For too many young people the dream of home ownership, or even secure stable renting, remains out of reach. To relieve the burdens created by expensive or insecure housing, more homes are needed of the right size, in the right places, at the right cost.

The homes and places we live in shape our relationships with family and community. They are where we bring up families. They may be close to, or distant from, those to whom we give or receive support. They enable rooted commitment to communities, are assets for old age and future generations, and are part of the choice and control we seek in our lives. It is no surprise that aspiration is so often focused around housing.

Blighted aspiration becomes division. 71% of 20-45 year olds think the country is in danger of being divided by social and economic differences between home owners and renters.⁹ Two thirds of parents in England fear their children will not be able to buy their first home without parental help.¹⁰

Housing also reflects our relationships: the growth in single person households; the increased demand as relationships break down forming two households instead of one; or the boundaries between communities.

Housing pressures

Cost: Housing in the UK is amongst the most expensive in Europe with one in six of the population spending over 40% of take home pay on housing.¹¹ The average house price is over 5 times the average salary.¹² 5% of all households are considered to be overcrowded. If poverty was measured after housing costs, the poverty rate in London would nearly double from 16% to 28%.¹³

Private renting: There are now 9 million tenants in the private rental sector. Buy-to-let has been financially rewarding and assured short-term tenancies have given many would-be landlords the confidence to enter the market, knowing that they can get rid of troublesome tenants. Insecure tenure in areas of high housing demand, particularly where agents promote churning of tenants, makes access to work, childcare and other support extremely disjointed.

Aspirations to home ownership: The paucity of alternatives to home ownership shows that this is not an overstated ambition. In purely economic terms, buying, as opposed to renting, is the most sensible option - the value of a house in real terms is increasing all the time, accruing a huge, non-taxable return on the investment. The social reasons for wanting to own a home are even more compelling: stability and control over a home in which to

⁹Halifax, *Generation Rent: A Society Divided?*

¹⁰YouGov survey for National Housing Federation

¹¹Eurostat data

¹²Halifax House Price Index

¹³<http://www.londonpovertyprofile.org.uk/>

raise children; confidence to put down roots in the place their children go to school; to feel part of their community; or to build up an asset for later life to pay for care costs, help their children out with higher education and housing costs, and supplement pensions.

Social housing: The housing benefit bill has risen from £15.7bn to £23.9bn in the past 5 years. Many families are in overcrowded accommodation with few options for moving. Increasing the supply of social housing is therefore essential alongside improved employment prospects. Changes to housing benefit and other welfare reforms should be subject to the 'triple test'.

Housing and social capital

The cost of housing, its design and quality, and the nature and security of tenure have a profound impact on people's wellbeing and on family and community life.

21%

of 18- to 44-year-olds without children (2.8 million) admit they are delaying starting a family because of a lack of affordable housing.

Nearly a

QUARTER

(24% / 11.3 million) have continued to live with a partner, or know someone who has, because they couldn't afford to live apart.

22%

of 18- to 34-year-olds (2.9 million) live with their parents. Of this group, 58% report that developing and maintaining relationships is harder because of their living situation.

Over a

QUARTER

of people (28% / 13.1 million) have reduced the amount they spend on food to help pay their housing costs.

5.6 MILLION

people (12%) report that high housing costs have affected their ability to move for work.

Source: Shelter

Family formation and security: The cost of housing influences household finances and thus other choices including marriage, having children and where to live. Many young people admit to having moved in with their partner sooner than they would otherwise have done due to high housing costs, and, conversely, couples delay having children due to a lack of a suitable home in which to raise them. Housing size, design and quality influences the health of children, whether families can eat together, ability to do homework, as well as the nature and quality of relationships with neighbours, are all profoundly affected by housing.

The ability to provide care and accommodation for elderly is currently radically curtailed by the lack of purpose-built multi-generational family homes.

Young people: There has been a steady decline in private home ownership amongst young people, as they are increasingly crowded out of an unattainably expensive market. 3.3m adults between the ages of 20-34 live with a parent, with research showing that this arrangement tends not to be by preference.

Family support for housing: Social divisions are forming between those who own their homes and those who do not. Parental assistance leads to a four year difference in the age at which a first home is bought. The bank of mum and dad is effectively the 11th biggest lender in the country.

Community integration: Building new homes can be deeply unpopular if residents fear the impact of new, poor quality housing on their own house price and the loss of green spaces. The community benefits of new, high quality housing must be persuasively communicated, making sure that local people are able to afford the homes being built. Support for new housing also requires local political leadership, consulting those who don't yet live in the area as part of the planning process, in particular young people who might move into the area. A willingness to use brownfield sites is also needed, as advocated by the Chancellor of the Exchequer in his 2014 Mansion House speech.

Policy options

We note the extensive work on housing policy by many organisations. We seek improvements in housing supply and affordability, whilst strengthening relationships both within families and with their wider community, through the following policy measures:

Incentivising downsizing: Lack of appropriate alternatives can discourage older people downsizing, and thus freeing up larger homes for families. Small, high density, energy-efficient housing suitable for both young couples and older people could be promoted alongside 'extra care' retirement communities.¹⁴

Shared-equity ownership: While this is a helpful and appropriate form of ownership for some people, the financing and ongoing market for such homes remain under-developed. Greater choice of mortgages could be aided by improved legal definition. A large-scale, permanent intermediate market that provides decent homes for priced out families throughout their lives is needed.

Long-term tenancies: Stability is less readily achieved for people in the private rental and social housing sectors. Other countries offer a range of examples for encouraging longer-term tenancies whilst still making the market attractive to private landlords.

Land values: The land market for housing is recognised as a major driver of high prices. A range of mechanisms have been proposed or developed, both in the UK and internationally, that would allow land for house-building to be purchased closer to the value of agricultural

¹⁴Developers often believe such housing is not as profitable- whilst we question this, we nonetheless recognise that incentives are needed to encourage the building of this type of housing unit.

land with more of the gain from planning permission captured for infrastructure development and affordable housing.¹⁵

Leveraging the development capacity of local authority housing stock: Transfers to housing association ownership have stalled recently. Borrowing for new building using this stock continues to be constrained. The National Housing Federation believe up to £25 billion for 250,000 new homes could be leveraged either through reforms to borrowing restrictions or stock transfer to housing associations.

Housing associations already effectively leverage government funding in building housing, as well as providing a range of additional support services to tenants such as digital inclusion and access to debt and money advice.

Multi-generational Homes: Local Authority planning consent to adapt existing properties to increase the stock should be easier. Construction of more new multi-generational homes with flexible use should be encouraged.

¹⁵This featured in many of the shortlisted entries to the recent Wolfson prize. See also the KPMG/Shelter report *Building The Homes We Need*

4 Social Care

Many elderly and disabled people experience loneliness and fear the consequences of insecure low quality care. Care costs and pressures can strain families, while the capacity of families to care may be impaired due to distance, broken relationships, working hours, or inflexible models of funding and provision. Growing demands for social care will continue to put pressure on both local and central government, and will be exacerbated if families' capacity for social care diminishes.

Loneliness and isolation

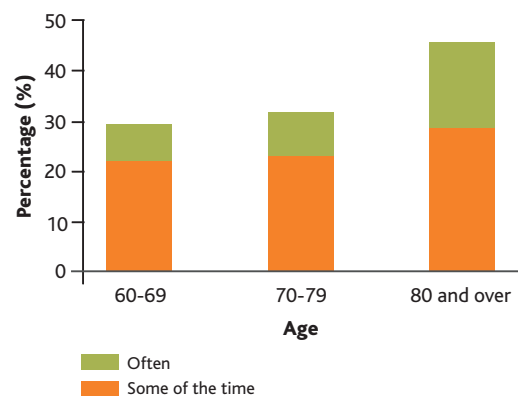
Over **1 MILLION** older people describe themselves as "always" or "often" feeling lonely.¹⁶

A similar number do not know their neighbours.

A THIRD feel unable to rely on neighbours for help and support.¹⁷

Loneliness affects mental health and wellbeing, physical health (e.g. cardio-vascular disease) and the ability to participate in health-promoting activities. Both carers and those in receipt of care are at risk.

Being surrounded by people (for example in residential care) is not a panacea. There may be contact which reduces isolation, but it is still possible to feel lonely if such relationships are not valued or rewarding. Family care can also be isolating if, for example, it means moving away from friends, or even if contact with friends is lost. Friendship and community relationships, for example those fostered by the University of the Third Age are also vital.



Frequency of feeling lonely by age group

Source: ONS Measuring National Well-being 2013

¹⁶TNS Loneliness Omnibus Survey for Age UK (April 2014)

¹⁷Survey for AgeUK

Relate's work on relationships in later life has found that what matters most to older people is (1) health (2) relationships and (3) finance.¹⁸ Financial planning for retirement is well established, and systems of health care provision in place, but far less attention is paid to the 'relational pension' that is such a vital factor in wellbeing in later life. More support for these relationships is needed, including during key transitions such as retirement or during ill-health.

The generation of 'baby boomers' comprise the largest block of people ever to enter older age in the UK. Their couple and family relationships have generally been characterised by greater fluidity than those of the generation before them, with more step-families and more single people in older age. The full implications of this for the family provision of social care are yet to be seen.

Care provision

Between 2010 and 2030 the number of older adults requiring informal care will increase by

58%

to three million.¹⁹

The numbers requiring formal care will increase by

63%

to 3.175 million, most of which will be in residential care.

800,000

800,000 people are estimated to have unmet care and support needs.

Resources are increasingly focused on people whose needs are substantial or critical, making it harder to invest in relatively simple and inexpensive interventions that help people in their own homes, risking increased future demand for health and care.

Local authorities have reduced their adult social care budgets by 20 per cent over the current Spending Review period. The fees paid by councils to providers increased by only 0.9 per cent in 2012/13 – well below the rate of inflation. In a recent survey, 46% of directors of adult social services felt that the quality of services they had commissioned had declined in the past 12 months.²⁰

Only 26% of the public are confident that older people receiving social care are treated with dignity.²¹ Where poor quality care is refused or terminated this throws the pressure back on to informal carers who have to step in.

Flying visits in domiciliary care provide limited interaction: 15 minute timeslots only allow physical needs to be met, not social and emotional. While the Francis Report has highlighted concerns about neglect and the lack of a proper culture of care, people are also at risk of neglect in their own homes and in the community. At least 241,700 older

¹⁸ *Who Will Love Me When I'm 64?*

¹⁹ PSSRU/CARESIM data

²⁰ King's Fund, *Paying for Social Care: Beyond Dilnot*

²¹ AgeUK survey

people were suffering physical, psychological, financial or sexual abuse at the time of the last census in 2011 with upper range estimates of over 370,000.²²

The experience of carers

The increase in numbers of carers and the hours provided is outstripping the demographic increase in demand.

6.5 MILLION

people in the UK currently care unpaid for an ill, frail or disabled family member or friend.

Friends and neighbours are about

12%

of those providing care.

The number of people providing unpaid care of 50 or more hours per week has increased by

26%

26 per cent over the past decade.

The number of carers is predicted to reach

9 MILLION

by 2037.

The value of care provided by family carers is estimated at

£119 BILLION

a year.²³

Caring duties - whether for a short intensive period, a regular obligation, or a lifelong commitment - have correspondingly varied social and relational effects. Caring can help deepen and strengthen relationships, yet without sufficient support caring can also cause ill health, reduced employment, poverty and social isolation. Those caring for longer hours, and those living with the person they care for, are at greatest risk of adverse effects.

Inadequate support that causes carers to leave paid employment has wider economic effects, with a public expenditure cost of £1.3 billion a year (based on the costs of the carer's allowance and lost tax revenues) according to one estimate.

²²House of Commons Library

²³Carers UK figures

75%

of carers said it was hard to maintain relationships and social networks because people do not understand the impact that caring has.

“ Family and friends have not been supportive. However despite this lack of help and understanding I have made some wonderful friends within the caring community and it is only with support from care groups and fellow care friends that I can cope.

“ My social life has dwindled and I feel increasingly isolated.

“ You have no social life whatsoever as a carer. Take it from me - I have been an unpaid carer for 20 years. I do not feel part of society at all. I feel a complete outsider.

“ Friends have drifted away so I am exhausted from caring and have little support. I am becoming increasingly isolated and depressed.

Source: Carers UK 'State of Caring 2014'

Policy options

The current funding and provision of care creates a number of problems due to the often stark boundaries between public and private, and between formal and informal, alongside assessment that is focussed on dependency rather than strengths based assessment. Key decisions include:

- whether to focus on a reactive or preventative system, and whether funding decisions are strength or dependency based;
- how much we are willing to pay;
- how we pay, including the extent to which costs are shared between individual and state and where the funding come from - tax, self-payers, insurance or equity release;
- how NHS (universal, free) and social care (limited and means tested) is aligned in both funding and outcomes.

Given both the growing demand for care and the richness of relationships that wellbeing requires, it is clear that the needs of carers and those in receipt of social care cannot be addressed simply by increased spending.

Significant progress can be made in addressing concerns about social care through support for the family relationships that are such a vital ingredient for care, effective support for carers, attention to the ways in which participation in society can be supported, lifelong housing and other planning and transport improvements to support an ageing population, innovation in the provision of care, and continuing reforms to the ways in which care is both funded and integrated.

Supporting carers: Love and responsibility are still the prime drivers for family care. Taking this for granted and assuming that this can simply backfill retreating or overwhelmed state and local authority provision is to invite disaster. Far more successful is to ensure a strong core service to meet needs, that crowds in rather than crowds out family provision, which is then increasingly able to fulfil the more social requirements of care that the state is least able to provide.

There is currently limited employment flexibility for care responsibilities (even less than in the US) in contrast to the approach to childcare which is more oriented to maintaining employment. Japan has changed policy due to unaffordable loss of women from the labour market. Tax breaks for carers as well as guaranteed access to respite care should be part of the process for supporting carers.

Better use of technology, e.g. telemedicine, can reduce pressure as carers don't have to accompany people to hospital appointments. Better respite opportunities for carers are urgently needed, perhaps through the introduction of a minimum respite entitlement.

Flexible provision: Improvement in the care market is needed to offer greater variety, flexibility and quality. This could include a broader spectrum of care. Care Quality Commission regulations on low-level care, for example where cleaners provide some additional care support, should not preclude what can be a valued and flexible mechanism. Improvements are also needed to the career path, status and remuneration of care workers.

Schemes such as Shared Lives Plus in which those with care needs can live with or be supported by other families can be up to £26k per annum cheaper for people with learning disabilities. The average saving for Shared Lives is £13k per year alongside the benefits of greater relational interaction and inclusion. Innovation in the use of personal budgets to harness the full potential of community and peer support should be promoted more extensively by Local Authorities.

Support for Local Authorities may be needed where, for example, national centres of excellence in residential care can lead to an influx of people with expensive care needs placing a disproportionate burden on the social care budget. Local authorities could, for example, pay a fixed premium into a central risk pool annually, and draw on the pool for individuals with costs in excess of c.£250,000 per year. Potential demands on the social care budget should not create disincentives to granting planning permission to care providers.

Third sector: There are many organisations which play a vital role in improving the quality of life of older people and those who support them. Funding and commissioning services should maximise this contribution. Community Hubs, such as those being piloted in Cheshire East, can aid this process. The Campaign to End Loneliness propose many ways in which loneliness and isolation can be addressed.

Rethinking the focus of service provision, for example embedding relationship support in the local service landscape, may also be required. This would seek to ensure the impact on relationships is integral to the decisions of local authorities and clinical commissioning groups, and so that older people are offered and can access support at existing touch points with public services.

5 Business

The banking and debt crisis of recent years has placed both business and capitalism under greater scrutiny. It is essential that business has a positive social impact and that this is clearly demonstrated, yet public confidence in the contribution of business and capitalism to national progress is not firmly established, creating a sympathetic climate for greater regulation.

Business has great social value. It provides employment, goods and services. It generates economic wealth. The innovation and productivity of business support human flourishing, enable needs to be addressed, and must be an integral part of the creation of social capital and stability.

Businesses also have considerable social impact: on employees and their families (e.g. through working hours), on communities (through job creation, or losses following relocation), the production of social goods (e.g. involvement in health, education and welfare) alongside wider social impacts (e.g. income inequalities or the sexualisation of children).

Confidence in social benefit

A recent Populus poll reported that 49% of people agreed with the statement 'the public has more to fear from the conduct of Big Business than the actions of trade unions these days' with only 13% disagreeing.²⁴ Public confidence in the social benefits of business have been weakened by:

Corporate malpractice: recent high profile examples include the fixing of LIBOR rates or mis-selling.

Tax payment by multinationals has been the focus of a number of public campaigns.

Short-termism: the priorities of maximising financial return (monitored through quarterly reporting) may not give adequate attention to the long term health of a business or its contribution to society. Such concerns are most evident in the context of takeover and mergers, or highly leveraged acquisitions (linked to the tax advantages for debt finance) which may impair longer-term prospects.

Fairness: The rewards to executives and the treatment of customers (particularly in the pricing of utilities) have been a focus of concern. The High Pay Centre, for example, reports average FTSE100 CEO remuneration (£4.8m) as being 185 times the average salary. The justification for high pay has come under more intense scrutiny when other incomes are under pressure, where tax payer support has been required, or performance has been poor.

At the same time as an increased disillusionment in Big Business, there are clear signs that people want to do business with businesses that do good. Promoting and developing corporate and social responsibility undertakings by business should be beneficial both economically and in terms of building social capital.

²⁴Poll for BBC *Daily Politics*, May 2014

Responsible ownership

A government that does not wish to address these concerns through ever greater regulation must seek to end a form of capitalism that no longer bears its own risks. The positive exercise of shareholder responsibility should be promoted. The capital supply chain for a listed company places both financial/investment advisers and fund managers between the capital provider and the company with many 'owners' of companies taking little responsibility for companies' actions.²⁵

The Governor of the Bank of England, Mark Carney, is one of many who have highlighted the need for reform. In a recent speech he argued that:

*"... just as any revolution eats its children, unchecked market fundamentalism can devour the social capital essential for the long-term dynamism of capitalism itself. To counteract this tendency, individuals and their firms must have a sense of their responsibilities for the broader system."*²⁶

Responsible ownership and use of capital should be promoted

Tomorrow's Company, among others, suggest that there has been too little conversation about the purpose and merits of business with a tribal disconnect between parliament, business leaders, and finance.

Ensuring that business sustains the social capital it relies on requires greater recognition of and commitment to long term value²⁷, greater shareholder responsibility, and integrated reporting that enables greater transparency of, and accountability for, social and environmental as well as financial performance.

Social investment

The private ownership of business can be seen as part of a spectrum of capital, with differing approaches to social value influencing how the capital is both raised and used.

Securing improved outcomes in public services and other public goods at a time of fiscal constraint can be aided by deploying more private capital. This can be of particular benefit where the resources required to meet current needs leave limited scope for early intervention and investment in prevention. One estimate of the gap between expected demand for services and the ability to pay for the UK in 2025 is USD 170 billion.²⁸ Private capital that yields social impact as well as financial returns will be vital in plugging this gap.

Britain has a growing and internationally renowned social impact investing sector that intentionally creates positive environmental and social outcomes, as well as financial. Social impact investments can be made into companies, organisations, and funds, seeking

²⁵These issues are discussed in Rushworth J, and Reisberg, A. 'Transforming Capitalism from Within: a relational approach to company management and operations', *International Corporate Rescue*, Special issue, 2014

²⁶Speech on Inclusive Capitalism, 27/5/14

²⁷See Tomorrow's Company, *Tomorrow's Value* report

²⁸Cabinet Office, *Status of the Social Impact Investing Market: A Primer*, 2013

below market or market-rate returns. The advantages of social impact investing include: transfer of risk; paying for success, not failure; longer-term funding and the measurement of efficiency.

Policy options

Equity vs debt finance: further action on tackling the tax advantages of debt over equity finance should be considered to increase both stability and shareholder responsibility.

Long term value and integrated reporting: Concerns about the short-term, shareholder focussed and financially driven approach which directors feel compelled to follow should be addressed. This should change to embrace the interests of all stakeholders in a company and society more generally. It would develop as a social capital approach in which shareholders, with an ownership interest in the company, would take more responsibility for the actions of the directors and hold them to account if the company's actions fall short of the standard expected by society. Existing initiatives to promote and encourage shareholder responsibility should be actively supported in preference to regulation or changes to company law where possible.

By recognising the value of relationships with the company's stakeholders, and putting the interests of stakeholders at the heart of company decision making, companies will become more competitive, stable, sustainable and successful, generating greater long term profits. Increasing regulation which stifles company development would be replaced by a renewed responsible focus on stakeholder interests.

International standards of integrated reporting are being developed alongside new corporate governance codes. These should help to recognise the value of social as well as financial capital. A way to measure the relational impact of companies and their responsibility to society has also been proposed.²⁹

Social investment: We will take note of the G8 social investment task force, reporting in September 2014. Areas for action include making social investment accessible for small companies; continuing development of a supportive tax regime; continuing reform of public services procurement to improve access to contracts by social enterprises and charities; and further development of the sector's infrastructure. Pensions funds could also be encouraged to put assets into social investment funds, particularly where this supports the interests of their stakeholders.

²⁹Rushworth and Reisberg *Transforming Capitalism from Within*

6 Family

Many of government's most important goals rely on the contribution of families. The cost of broken relationships is a significant consideration in public spending. The contribution of families is, however, too often under-recognised and the impact of policy on these relationships ignored.

Family friendly government

The health and strength of family relationships are a major influence on the health, wellbeing and life chances of adults and children. The extent of the fragility of family relationships, the pressures they face, and the contribution from them that policy in many areas requires, makes it essential to build on current support for families in the context of a more coherent programme across government. Such support should extend beyond nuclear families in single households and recognise the important role of the extended family including grandparents, non-resident parents, adult siblings and other relatives.

The Conservative Party entered the 2010 election promising to 'make Britain the most family-friendly country in Europe'. Recognising that 'strong families are the bedrock of a strong society' we promised to 'help families with all the pressures they face'. The bottom line of this was that 'Britain's families will get our full backing across all our policies'.

We therefore welcome the Prime Minister's recent announcement that all policy will be subject to a family test, as well as commitments to funding relationships education and clear responsibility for this within a single department.³⁰

This builds on previous pledges and existing support. Funding for relationships counselling, support for troubled families, the social justice outcomes framework, and the family stability review are all recognition of the importance of family relationships.

The Prime Minister is absolutely right in saying that:

"... for those of us who want to strengthen and improve society, there is no better way than strengthening families and strengthening the relationships on which families are built.

Whether it's tackling crime and anti-social behaviour or debt and drug addiction; whether it's dealing with welfare dependency or improving education outcomes - whatever the social issue we want to grasp - the answer should always begin with family."

There is more to be done. The impact of families extend far beyond a range of social issues – they influence the competitiveness of our economy and the achievement of many policy goals. When we came into government the pressures of debt, care, work and housing meant that families in the UK were amongst the most pressured in Europe.³¹ Despite progress on the economy, many of these pressures still loom large.

Families and social capital

Our focus on social capital enables the family to be set in the wider context of the importance of the relational resources of family and community and the extent to which the impact of policy on those relationships is adequately considered.

³⁰Prime Minister's speech at Relationships Alliance summit on 18/8/14

³¹*Family Pressure Gauge*, Relationships Foundation

The changing structure and stability of family relationships is well documented. It includes an increase in the number of cohabiting couples and more lone parents. On current trends a child born today has only a 50:50 chance of living with both birth parents by the time he or she is 16. Behind all the statistics lie the joys of dreams realised and the pain of dreams broken.

Polling consistently shows that people aspire to stable couple relationships (and still via marriage for nearly three quarters of young people) and recognise their importance to society. Relieving the pressure on these relationships, and making it easier for people to fulfil their aspirations is therefore vital.

Polling for the Centre for Social Justice found strong public concern for family stability:

83% of the British public thinks family breakdown is a serious problem; over a third thinks it is very serious.³²

9 OUT OF 10 mothers consider it important that a child grows up living with both parents, six in ten thought it was very important.³³

Parents from across the social spectrum and parents who are not still together acknowledge the benefits to children of intact families and want the Government to take a strong lead:

Over **80%** of parents from social class DE (where there are the highest levels of family breakdown) agree that the Government is right to say that stability matters for children

THREE-QUARTERS of lone parents and almost nine in ten step-parents also agree that this is an appropriate and necessary message for Government to send.³⁴

Changes in divorce rates in recent decades are almost entirely explained by changing stability in the early years of relationships. Public, legally recognised intentional acts of commitment, supported by relationships education in the early stages of a relationship, are a beneficial aspect of the relationship formation process. The rise in cohabitation may be seen as a growing tendency to 'slide' into relationships. We look forward to the outcomes of the Family Stability Review, and any measures to encourage commitment in relationships.

³²CSJ/YouGov polling of 2,084 adults, September 2011

³³CSJ/Bounty – the Parenting Club polling of 1,828 mothers (either expectant or with children under two), July 2012

³⁴ibid

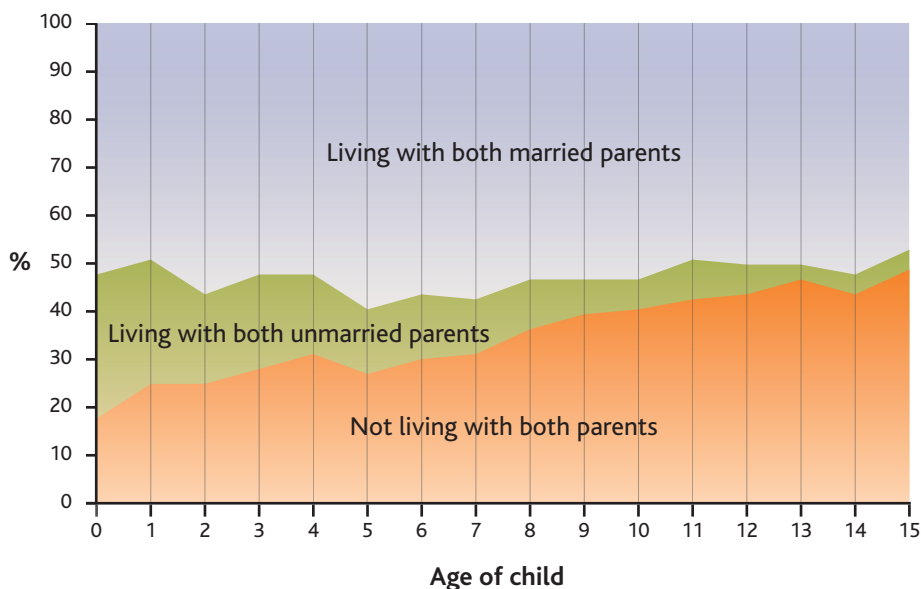
The costs to society of broken relationships are a significant factor in public spending. The impact of weak or broken relationships (whatever their structure or legal status) on the need for welfare support, increased housing demand and support for housing costs, public health, and the development of children (and thus their future pro- or anti-social behaviour) generate costs estimated at some £46billion a year.

Parents *and* couples

The concern for children’s development and life chances has lead, at times, to a focus on parenting relationships to the exclusion of the couple relationship. Yet the Tavistock Centre for Couple Relationships report a strong link between couple relationship quality, parenting and children’s outcomes and recommend that interventions address these links.

The Parents as Partners programme is one example of how things could go forward. Parenting classes should always be expected to take account of the couple relationship – the context in which parenting is happening - leading to improvements in both parenting and couple relationships. This is essential since so many young people have no positive role models in their own lives on which to draw in their own relationships.

Secure, stable, nurturing relationships support the healthy development of children through to adulthood: the lack of such relationships should be recognised in any account of inequality and poverty as the fundamental cause of such issues.



Family stability amongst children

Source: Understanding Society 2010-11³⁵

³⁵Analysis by The Marriage Foundation

Childcare

While the funding of childcare is clearly important for families, and something which government is currently seeking to address, we were interested to consider the potential impact on children of different care arrangements.

Evidence from What About the Children? highlighted the potential risks of consistently raised cortisol levels due to stressful care environments in early years children. Cortisol is toxic to the brain, affecting the frontal cortex and the hippocampus which are the sites where emotional stability, conscience, compassion, and caring are based. A third of children in nurseries have raised cortisol levels with higher rates in the worst nurseries. More research is needed on British children before the age of four on the developmental consequences.

Policy options

The Relationships Alliance, Centre for Social Justice and others have set out a range of policies to strengthen family and couple relationships. We note and welcome the recommendations around such issues as:

- cabinet level responsibility for families;
- the troubled families programme;
- exploring concepts such as manhood, relationship responsibility, and commitment;
- incentivising father involvement;
- relationships education, including greater emphasis on relationships education in PHSE, the universal offer of pre-marriage counselling and of antenatal classes, as well as supporting healthy couple relationships into old age;
- greater recognition of the importance of relationships for public health;
- specific recognition of, and support for, marriage.

Consideration should be given to the Australian Government's twenty year programme to strengthen family stability. On the premise that prevention is better than cure, some of the substantial funds allocated to relationship breakdown counselling should be redirected to early or pre-relationship counselling. Local Authorities should be required to measure the extent of relationship breakdown through health and wellbeing boards to make strengthening family relationships a key local priority.

Alongside existing and recently announced policies we also recommend:

Addressing the disparity between the married tax allowance and tax allowance support for childcare.

Including the father's name on a child's birth certificate, as a means of both enabling and ensuring the involvement of fathers.

Improved local data on relationship strength to inform local authorities' health and wellbeing strategies.

Funding for research into the impact of raised cortisol levels on child development in the early years of life.

Whilst fully supporting specific measures to support families, we recognise that families are influenced by policy in many areas (and that many policy goals are reliant on the contribution of families). We have seen how debt lead to the break-up of family relationships, but also how intra-family support can be a vital resource. Housing costs can lead to premature cohabitation and delay marriage or having children. It increases pressures on working hours and commuting time, and adds to financial worries. Conversely, secure affordable housing is a vital foundation for family and community life, for both young and old. The provision of social care is an expression of love and commitment, yet can also be a source of great anxiety, financial cost and physical strain.

Therefore, above and beyond the many practical measures to support families and strengthen relationships, we seek to ensure that our manifesto pledge that 'Britain's families will get our full backing across all our policies' is delivered.

Conclusion: a 'triple test' for policy

Building and strengthening social capital opens up solutions to blighted aspiration, insecurity and fiscal constraints.

While economic recovery is an essential foundation it is not enough. People must be confident that they will personally share the 'fruits of hard graft' domestically and the 'fruits of winning' in the global race presented to them by the politicians.

We recognise that many people do not believe that current systems are fair or that the social fabric is being adequately nurtured and protected. In this context we also remember that the country was well on the way to substantial economic growth in 1997 when the people chose to reject the government.

We have therefore set out a series of suggestions for policy development based on building up the nation's social structures which form the fabric of community life.

A social plan as well as an economic plan

But we believe that we must also go further than this. That change needs to be able to be expressed in a simple and easily grasped formula. And it is this: that policy development, proposals for legislation, and government action should all be subject to three tests – economic, environmental and social. This has rightly been called the Triple Test.

We welcome the government's recent commitments on funding relationships education, introducing a 'family test' and other aspects of family policy. These are important statements of good intent.

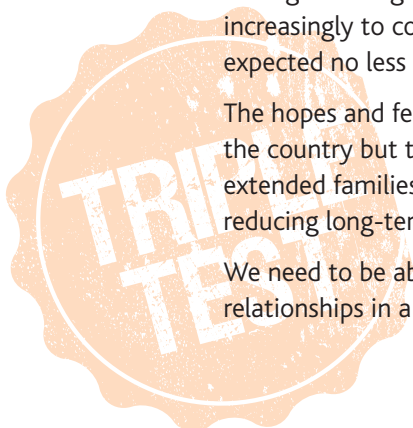
We believe these commitments will be most successful if firmly rooted in an overall approach to government which values and harnesses our social capital. If this aspect of our national wealth is neglected or undermined, people will not see the progress and security they desire, and our economic plans will be compromised.

Clear leadership across government should constantly champion the case for the Triple Test in the public arena, and, working with the Civil Service, develop procedures so that the machinery of government would take such concerns seriously. Here we echo the old bureaucratic adage: what gets measured gets done.

Public policy is never neutral and we believe that policy makers and implementers should always test their proposals not only to ensure, as far as is possible, that these do not damage existing relational links, but also to see if ways can be found to encourage people increasingly to connect with each other in the public sphere. Relational literacy should be expected no less than economic literacy in policymaking.

The hopes and fears of our constituents depend greatly on the economic welfare of the country but their agenda is not simply a zero-sum game. Strong communities and extended families can build both financial and social capital, increasing wellbeing and reducing long-term pressures on public spending.

We need to be able to show that we too care about our nation's communities and relationships in a practical way.



We too want to protect the social capital that people hold most dear and most important in their lives.

We cannot help people realise their ambitions by spending alone. The only way that people's aspirations and potential will be realised and the economy remain competitive is if we nurture and harness the full resources of our social capital.

This means every department of the government being crystal clear about the extent to which it relies on family and community relationships and the costs of that contribution being compromised.

Appendix: Witnesses at evidence gathering sessions

Further details of the evidence and discussion from each session are available at our website www.socialcapitalcommission.co.uk

Debt

Andrew Lilico: Director and Principal of Europe Economics

Chris Pond: Chair, The Money Charity

Matthew Whittaker: Senior Economist, Resolution Foundation

Paul Martin: Credit Risk Director, Zopa

Benjamin Bell: External Affairs, Wonga

Ryan Shorthouse: Social Market Foundation

Sian Williams: Head of Financial Inclusion, Toynbee Hall

Housing

Kathleen Kelly: Policy and Research Manager, Joseph Rowntree Foundation

Roger Harding: Director of Communication, Policy and Campaigns, Shelter

Natalie Elphicke: Chairman, Million Homes

Ruth Davison: Director of Policy and External Affairs, National Housing Federation

Social Care

Chris Sherwood: Director of Policy and External Affairs, Relate

Emily Holzhausen: Director of Policy and Public Affairs, Carers UK

Kate Jopling: Director, Campaign to End Loneliness

Richard Humphries: Assistant Director, Policy, King's Fund

Janet Clowes: Health and Adult Social Care Portfolio Holder, Cheshire East Council

Alex Fox: Chief Executive, Shared Lives

Business

Jonathan Rushworth: Relational Research

Tony Manwaring: Chief Executive, Tomorrow's Company

Simon Rowell: Strategy and Market Development Director, Big Society Capital

Michele Giddens: Partner and Co-Founder, Bridges Ventures

Family

Professor Sir Denis Pereira Gray: President, What About the Children?

Kathy Gyngell, Editor: Conservative Woman.

Dr Samantha Callan: Associate Director for Families and Mental Health, Centre for Social Justice.

Sir Paul Coleridge: founder and chairman, The Marriage Foundation.

Susanna Abse: CEO, Tavistock Centre for Couple Relationships.

Strengthening social capital opens up solutions to blighted aspiration, insecurity and fiscal constraints.

This report responds to the concerns of many constituents about the vulnerability of their economic position, the pressures they face, and the erosion of the social structures that form the fabric of community life.

While economic recovery is an essential foundation it is not enough. Education and welfare are being reformed. Employment has increased and the deficit has been cut. Yet debt burdens, housing costs, worries about social care, and lack of confidence that all will share the fruits of domestic hard graft and global competitiveness still weigh heavily. Fractured relationships are both a cause and consequence of these issues.

Stanley Baldwin, a former Conservative Prime Minister when our country faced economic depression and grave security threats, espoused 'one nation' and offered voters his 'security mixture'. Today, no less than then, people seek security: in their finances, in their housing, in sickness and old age, and in their closest relationships.

We suggest many ways in which responsibility can be encouraged and recognised – whether in business, consumer finance, or in the care of family members. Strong communities and extended families can build both financial and social capital, increasing wellbeing and reducing long-term pressures on public spending.

Every department of the government should be crystal clear about the extent to which it relies on family and community relationships and the costs of that contribution being compromised. We therefore also recommend that all policy development, proposals for legislation, and government action should all be subject to a 'triple test' – economic, environmental and social.