THE IMPACT OF DEMOGRAPHIC CHANGE ON PUBLIC SERVICES

Call for evidence

The House of Lords Committee on Public Service and Demographic Change, chaired by Lord Filkin, was set up on 29 May 2012 “to consider public service provision in the light of demographic change, and to make recommendations”. The members are listed below.¹ The Committee hopes to report by 28 February 2013.

The main, though not the only, demographic change is the very significant increase in the older population of the United Kingdom now and over coming decades. Living longer and healthier lives is to be welcomed, but it increases the need for and cost of public services, as the Office for Budget Responsibility (OBR) set out in its Fiscal Sustainability Report, July 2012.

If current policies go unchanged, the OBR advises that the cost of public services will increase to unsustainable levels. We cannot borrow more, yet there is a limit to how much extra society is willing to pay in taxes. This forces us to consider wider ways to respond.

There have been official inquiries into aspects of this. What has been lacking is an overall consideration of the implications of demographic change and an ageing population, for publicly funded services, individuals and localities.

An ageing population will pose challenges and choices for individuals, families and government and requires a re-thinking of attitudes and expectations about work, retirement, savings and the welfare state.

It is also necessary to consider whether the services, funding and support for older people are ready and able to cope with this major change, and the efficacy of wider public services.

The Committee will look as far ahead as 2040, but will pay particular attention to the next 10-15 years.

We invite you to contribute written evidence to this inquiry by 1st September 2012.

The scope of the inquiry is wide-ranging, so respondents should select from the issues below according to interest and expertise.

¹ Lord Bichard, Baroness Blackstone, Earl of Dundee, Lord Filkin (Chairman), Baroness Finlay of Llandaff, Lord Griffiths of Fforestfach, Lord Mawhinney, Baroness Morgan of Huyton, Baroness Shephard of Northwold, Lord Tope, Lord Touhig, Baroness Tyler of Enfield
The Committee is exploring the implications of an ageing society for public services through the following six questions which it considers are fundamental. We invite you to address them.

1. Does our culture about age and its onset need to change, and if so, how?

2. Do our expectations and attitudes about work, savings, retirement and independence need to change, and if so, how?

3. Do the extent and nature of public services need to change? If so, how, and how should they be paid for?

4. Do we need to redesign and transform public services for these challenges? If so, how?

5. What should be done now and what practical actions are needed?

6. How can we stimulate national debate about these issues?

The appendix gives some background, but respondents should not be limited by this.

---

2 Public services are defined broadly to encompass all publicly funded actions including welfare payments. The welfare state itself takes about 2/3 of public expenditure net of debt payments.
APPENDIX

A. What challenges will an ageing population pose?

1. The population projections from the Office for National Statistics show the very significant growth of the older population, and there will be many social benefits from this. But the OBR’s recent Fiscal Sustainability Report, July 2012, forecasts a worsening fiscal deficit as a consequence. Do these forecasts capture the challenges or underestimate them?

2. If life expectancy rises further but healthy or disability free life expectancy does not there will be costs for health and social care, for state pensions and for public sector pensions. Are these risks and costs adequately shared?

3. Raising productivity in the NHS and in public services generally is fundamental to coping with the immediate fiscal challenge. Do you think it will happen? If not, what are the implications for the coming demographic challenges?

4. What will an ageing society be like? What might this imply for individuals, families, and communities? What are the implications for individuals’ capacity to work longer and live independent lives, and for productivity, competitiveness and inequality?

5. Do the additional fiscal deficits caused by an ageing society, the increased demand for services and better outcomes require a radical re-think by central and local government and the NHS to prepare and change to address them? What should be done?

B. What strategic choices need to be addressed?

6. There are many benefits from an ageing population, but growing public sector demands and a growing fiscal challenge are consequences too. If society will not accept substantial tax increases what are the big choices for what the state does and what individuals do? Who should pay for what?

7. The increasing cost of an ageing population could put great pressure on expenditure on other priorities and investment. Will free health services, improved social care and decent state pensions all be affordable? What are the choices?

8. We will be better off in the future but there will still be a need to re-shape our expectations and our welfare state for an ageing population. Which attitudes and expectations need to change about our welfare state, about retirement, the age of retirement and inheritance?

9. Do we need greater clarity about what the state will and will not fund for the future, and a more explicit contract between the state and individuals? What should this be?

10. Do the dates when the state pension age rises reflect these coming changes? Are the risks and costs of public sector pensions shared fairly between beneficiaries and taxpayers?

11. How might inter-generational fairness be achieved? If we need to encourage younger people to save more for their own retirement, their social care and their higher education, can they also pay more taxes for an ageing population?

12. How are countries with similar ageing populations adapting?
C. What reforms to public actions are needed?

General

13. The additional demands and fiscal challenges caused by an ageing society, plus dissatisfaction with current services and outcome, require all public services to change for the better. Is this recognised, is it happening, if not what must be done?

14. Fundamental service re-designs may be needed. What might be the principles behind such re-design and are there attitudinal, structural and cultural impediments to making them happen such as silo structures and budgets, lack of preventative actions?

15. Where is it important for the state to reduce demand or transform its actions? Should we look at where expenditure is high yet outcomes are poor such as the management of long term conditions?

16. Which preventive programmes are most needed? Could new funding mechanisms such as social impact bonds make this happen?

Older people

17. How good are current services for older people? Services for older people are highly fragmented and subject to unhelpful financial incentives. What evidence is there of good practice in resolving these issues in the UK or abroad?

18. How should labour markets, employment law and practices change to enable older people to work?

19. How might government best stimulate and regulate markets to respond to the varied risks faced by vulnerable elderly people? What are the limits to such markets?

20. How can public actions help extend individuals’ health and independence in older age? How can voluntary and community actions contribute more? How should housing services change better to support independent older living?

21. Funding constraints have already squeezed the resources available to private providers of long term care and NHS geriatric care. There have been concerns about standards in all sectors. What more should be done to improve standards and public confidence?

D. What should be done now?

22. Addressing these challenges requires public debate about choices, attitudes, and expectations. How can this happen? How can the public be stimulated to address the likelihood that they will live longer?

23. What should central government and local government and the NHS be doing now to address these challenges?

24. Changes to state priorities and efficacy for the medium term should arguably be significant considerations in the next public spending round. Is this happening?
Guidance for those submitting written evidence

Written submissions should be provided to the Committee as a Microsoft Word document and sent by e-mail to publicservices@parliament.uk. Please do not submit PDFs (if you do not have access to Microsoft Word you may submit in another editable electronic form). If you do not have access to a computer you may submit a paper copy to The Clerk to the Select Committee on Public Service and Demographic Change, Committee Office, House of Lords, London SW1A 0PW, fax 020 7219 4931. The deadline for written evidence is 1st September 2012.

Short, concise submissions, of no more than six pages, are preferred. A longer submission should include a one-page summary. Paragraphs should be numbered. Submissions should be dated, with a note of the author’s name, and of whether the author is acting on an individual or corporate basis. All submissions will be acknowledged promptly.

Personal contact details supplied to the Committee will be removed from submissions before publication but will be retained by the Committee staff for specific purposes relating to the Committee’s work, such as seeking additional information.

Submissions become the property of the Committee which will decide whether to accept them as evidence. Evidence may be published by the Committee at any stage. It will normally appear on the Committee’s website and will be deposited in the Parliamentary Archives. Once you have received acknowledgement that your submission has been accepted as evidence, you may publicise or publish it yourself, but in doing so you must indicate that it was prepared for the Committee. If you publish your evidence separately, you should be aware that you will be legally responsible for its content.

You should be careful not to comment on individual cases currently before a court of law, or matters in respect of which court proceedings are imminent. If you anticipate such issues arising, you should discuss with the Clerk of the Committee how this might affect your submission.

Certain individuals and organisations may be invited to appear in person before the Committee to give oral evidence. Oral evidence is usually given in public at Westminster and broadcast in audio and online. Persons invited to give oral evidence will be notified separately of the procedure to be followed and the topics likely to be discussed.

Substantive communications to the Committee about the inquiry should be addressed through the Clerk or the Chairman of the Committee, whether or not they are intended to constitute formal evidence to the Committee.

This is a public call for evidence. Please bring it to the attention of other groups and individuals who may not have received a copy direct.

You may follow the progress of the inquiry at http://www.parliament.uk/business/committees/committees-a-z/lords-select/public-services-committee/.

House of Lords
July 2012