



BRITISH ACADEMY

RESPONSE FROM THE BRITISH ACADEMY TO A CALL FOR EVIDENCE ON THE IMPACT OF DEMOGRAPHIC CHANGE ON PUBLIC SERVICES.

Introduction

1. The British Academy welcomes this opportunity to submit evidence to the House of Lords Committee on Public Service and Demographic Change.
2. In July 2012, the British Academy's Policy Centre published *Demographic futures*, written by Professor Pat Thane FBA for the Policy Centre's 'New Paradigms in Public Policy' project.¹ In her report, Professor Thane emphasises the urgent need for a change in societal attitudes towards ageing and older people in order to fully appreciate the diversity of a large age group, to recognise the contributions older people make to society, and for the state to provide fairly and effectively for them.
3. This summary, written by Professor Thane, draws on the *Demographic futures* report alongside her other academic works. It addresses the following questions from the committee:
 - Does our culture about age and its onset need to change, and if so, how?
 - Do our expectations and attitudes about work, savings, retirement and independence need to change, and if so, how?
 - Do the extent and nature of public services need to change?
 - Do we need to redesign and transform public services for these challenges?

The views expressed in this submission and the *Demographic futures* report are those of the author and are not necessarily endorsed by the British Academy. The British Academy is taking this opportunity to submit to the enquiry to highlight the key findings of Professor Thane's report and the evidence collected in it.

¹ *Demographic futures* is available to download in full at <http://www.britac.ac.uk/policy/Demographic-futures.cfm>. All references to figures quoted can be found in the report.

Summary of recommendations and evidence

4. As a society, we need to stop generalising about people aged from 60 to past 100 and recognise their diversity.
5. Challenge discrimination against older people in all spheres, including mistaken assumptions about the capacities of many of them to work and learn new skills. And discrimination in the NHS should be challenged too: for instance, as just one of all too many examples, past age 70 women are not automatically called for breast cancer screening, although the disease is most common past 70, thus increasing health care costs. This is one example of the potential to improve preventive and care services to extend healthy life expectancy.
6. Challenge assumptions that past retirement most are dependents. Assess and encourage retirees' positive inputs into society and economy: 30% of over 60s volunteer regularly through formal organisations; 65% of over 65s regularly help older neighbours; 1 in 3 working mothers rely on grandparents for childcare. Their unpaid inputs reduce public expenditure and enable younger people to work. Those who can afford it give substantial financial help to younger generations. Over 65s make an estimated net contribution to the UK's economy, after deduction of costs of pensions, health and welfare services, of £40 billion per annum through taxes, spending, donations to charities and volunteering.
7. Challenge generalisations about 'intergenerational inequity', which present older people as having benefited at the expense of younger generations, and reinforce age discrimination. Provide robust estimates of socio-economic inequities *within* as well as between generations, taking account of net discounted contributions over the life cycle (e.g. 72% of 'baby boomers' left school at 15 without qualifications in 1960s, then worked and paid taxes; only 4% went to university, while 40%+ of young people do so now). Assess the generational impact of current financial and welfare policies. Older people lose out from the switch from Retail Price Index to Consumer Price Index as the measure of inflation for pension adjustments. They suffer disproportionately from cuts to social and health services e.g. 90% of Primary Care Trusts recently reported 'restricting' cataract, knee and hip replacement operations, disproportionately affecting older people; untreated, these conditions restrict their capacity for independence and increase demand for costly services. And older people, dependent on savings, are losing income due to low interest rates which favour younger mortgage holders.

8. Provide good estimates of the real costs of the ageing population e.g., how far *are* rising NHS costs due to ageing or other costs, such as of technology, drugs and staff? The *OBR Fiscal Sustainability Report, 2012*, which stresses ageing as a cause of rising costs, refers, in a footnote, to the 2006 OECD calculation that, 1970-2002, the effect of demographic change on health spending across OECD countries was only 0.4%².
9. Healthy life expectancy has increased for most people since pension /retirement ages were fixed at around 60/65 in the mid twentieth century. Many are now fit to work to later ages. Government should speed up the rise in the state pension age, beyond present proposals, for most people. However, already about 20% are not fit to work even to 65 (Sir Michael Marmot FBA: *Fair Society, Healthy Lives*). To protect these people, consider a flexible pension age, paid as a right when people become unfit for regular work; or, as proposed by Lord Beveridge FBA in 1942, retain the current basic state pension age but build in the incentive of higher pensions to work longer.
10. It is fair to tax older people at the same rate as younger. Government should tax winter fuel allowances and, if possible, free transport. Do not means-test these benefits because this will be costly to administer and, in all known means-testing systems, many eligible people fail to apply, including some of the neediest. For instance, in Britain between 20 and 30 per cent of those on incomes low enough to qualify for the Pension Credit fail to apply³. Non-applicants tend to be the poorest and most excluded⁴ : those most cut off from advice and information, perhaps past their best mentally and unable to understand the requirements, and therefore people who most need warmth in winter and encouragement to move around.

Demographic futures is available to download in full
at: <http://www.britac.ac.uk/policy/Demographic-futures.cfm>

² Jennifer Gill and David Taylor *Active Ageing: Live Longer and Prosper*. UCL School of Pharmacy, 2012.

³ Department for Work and Pensions *Pension Credit Estimates of Take-Up in 2005-*

06. http://research.dwp.gov.uk/asd/income_analysis/PCpublication.pdf National Statistics, 2007.

⁴ *Ibid*.

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