Scottish Affairs Committee

Oral evidence: Demography of Scotland and the implications for devolution, HC 746
Monday 18 April 2016

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Watch the first panel

Watch the second panel

Members present: Pete Wishart (Chair), Kirsty Blackman, Margaret Ferrier, Mr Stephen Hepburn, Chris Law

Questions 1-63

Witnesses: **Professor David Bell**, Fellow, Royal Society of Edinburgh, and **Andrew Macnaughton**, Population Matters, Scotland, gave evidence

Q1 Chair: Welcome, everybody to the Scottish Affairs Committee. This is the first evidence session in a new inquiry into the demographics and population of Scotland. Before we start with our first two guests, we have just had an excellent presentation from the ONS and the National Records of Scotland that described very effectively some of the issues that we have in the context of the things that we would like to consider. What we hope to get from both of you fine gentlemen today is some of the policy levers behind the statistics that we have heard. I think the issue for this inquiry is how much we can make a difference to population matters and demographic challenges through policy levers.

We will maybe have a conversation first about your understanding of where we are in terms of Scotland's population. What we heard from the presentation from the National Records is that Scotland's population, while growing, is still significantly behind the rest of the United Kingdom. We heard several things about inwards migration and about the birth rate. In your view, why is there a difference between the population growth in Scotland, as projected, versus the rest of the United Kingdom? We will start with you, David, if you do not mind.

Professor Bell: Thank you for inviting us to give evidence. In relation to the question of Scotland's population falling behind the rest of the UK, according to the latest ONS projections Scotland's population will fall from around 8.3% of the UK population to 7.7% by 2039. At the same time, Scotland's population will be at a record high at that point. It will be around 5.7 million, which in historic terms is the largest population that Scotland has ever had. Scotland is falling behind the rest of the UK because the rest of the UK is growing more rapidly than almost anywhere else in Europe. By the mid-2040s, according to the Eurostat projections, the UK will be the largest country in population terms in Europe. Scotland is growing but it is growing as part of a country that, based on current

assumptions, the underlying assumptions, which you will no doubt have heard about in relation to the ONS projections, is growing more rapidly than the rest of Europe.

Q2 Chair: Just on that, why is the UK growing so quickly compared to other European and developed nations? Are there any particular reasons for that?

Professor Bell: I would cite a couple. For example, the UK birth rate or total fertility rate—how many children a woman will have over her lifetime—is about 1.8. Spain is 1.3, Germany 1.47, Italy 1.37, Portugal is down to 1.23 and the EU average is 1.58. So first, the UK has quite a high birth rate. Scotland is 1.62, so it is above a lot of European countries, but it is behind the rest of the UK. The only bit of Scotland that is exceeding or close to the UK average is my part of the world, the Highlands and Islands, where it is 1.78—do not ask me for the explanation for that. That is one factor. The other factor is immigration; so the UK, in terms of the net migration flows, has been growing relatively rapidly. That was particularly the case after the A8 accession and the projections assume that relatively high levels of net immigration to the UK will continue into the future. That is a very tricky thing to forecast, but they are really just projecting the latest trends and based on that, based on what has happened in other countries, this is how the UK turns out to be overall a rapidly growing country in terms of its population.

Q3 Chair: Thank you. Mr Macnaughton, if you would, just for the record, say who you are and please make any introductory remarks to the Committee, but we want to, if we can, focus on the idea of why Scotland seems to be dragging behind the rest of the UK in population growth.

Andrew Macnaughton: Certainly. Thank you, Mr Chairman. I represent Population Matters, which is a charity concerned with the environmental implications of increasing population, both domestically and globally, so we do come at the issue from that angle.

Turning to the question that you raised, I think both Professor Bell and I are operating off the same set of statistics, so I do not have a lot to add there. The only thing I would point out is that in Scotland the rate of increase is currently in round terms down to 10% through natural increase, births of people in Scotland, and 90% through net migration. In the rest of the UK, which is predominantly driven by England, it is an approximately 50:50 split, so you can see the greater impact of the higher birth rate there. I would not care to speculate on why there is a higher birth rate, or fertility rate, in England over Scotland.

Q4 Chair: When I was first elected, there was always great concern that Scotland's population in terms of its short to medium-term planning would drop below the iconic 5 million mark, and obviously that has been allayed, given that we have seen an increase in population in Scotland. It seems to be nearly all migration-driven. I do not know if that is your understanding of that and if there are any other levers that may suggest why Scotland is not increasing its population. I know there seems to be only two levers, birth rate and migration, but is there anything else that you have observed? It looks like Scotland's population trends are more like those of Germany and Japan, where there might be modest growth compared to the rest of the United Kingdom. I want to come on to what this will mean for policy planning, but are there any other things that you have seen that could have led to the increase in the population of Scotland?

Professor Bell: Remember too that life expectancy has been increasing and improving in Scotland and that also is a force that leads to population increase. That is down to a number of causes, which maybe we will investigate later on, but of life expectancy, birth rate and migration, it is probably migration that has the big effect. To quote from the Royal Society paper that I helped co-author, the difference between the high and the low migration assumptions when you go out into the 2030s can be quite substantial in its effect on Scotland's population, more than the population of Edinburgh between the high and the low. That is understandable because it is such a difficult aggregate to predict. I am old enough to remember the population projections that were being made in the 1990s, which I think is what you were referring to, when we were really worried that Scotland's population would drop below the 5 million. Something that could not be predicted at the time was the effect of the accession countries and Poles, Latvians, Lithuanians and so on coming to Scotland, basically because it was open and an economically attractive place to come to.

Q5 Chris Law: I want to develop a little further the question about migration. Looking at the statistics, the population growth has been different from the rest of the UK and overseas. I want to know what proportion of international migrants to the UK are settling in Scotland and, based on that, do you think Scotland should have a separate immigration policy?

Professor Bell: I am not absolutely sure of the proportion of international migrants who are settling in Scotland. I did recently look at some statistics on Scotland's cities and found that Glasgow had quite a high proportion of non-EU citizens living in it and Edinburgh had a reasonably high proportion of non-EU citizens, quite a high proportion of non-British EU citizens. In fact, Edinburgh's proportions were higher than quite a lot of other large cities say in the north of England, which might give the impression—and it might just be an impression—that Edinburgh is seen as an attractive location particularly for EU citizens. I have not had time to look into why Glasgow comes out as having a higher non-EU citizen base.

I do not know exactly the answer to the first part of your question, but I think there is a case for Scotland having a different migration policy. It is possible for a province in Canada, Quebec, to have a somewhat different policy from Canada as a whole. What would be the case for that? The case might be that you believe that Scotland will fall behind in population terms relative to the rest of the UK, and if you think that it is a policy objective that that should not happen, then there is a case, it seems to me—and we have made this point in the paper—for thinking again about things like the Fresh Talent initiative, which did not seem to be a policy that prejudiced the overall UK strategy in relation to migration. It helped the universities, even if it was not taken up, because you have to remember that one of Scotland's main export industries is the education of foreign students inside Scotland. People were perhaps attracted to Scotland on the basis of the existence of the policy and did not necessarily take advantage of it when they graduated. I think that is an example of a differential policy. It is difficult to know how you might differentiate Scotland other than that, other than the Fresh Talent initiative, because the UK's migration policy is a bit of a moving target and how Scotland positions itself relative to that. It seems to me to be quite difficult to know where things will go, especially depending how the referendum on EU membership goes in the next month.

Q6 Chair: We have already done an inquiry into post-study work schemes that sort of suggested the response that you gave. In that inquiry we looked at some national migration policies, international examples, and it does show that this is possible and it can be done and works very effectively in nations such as Australia and within Canada. You helped us very much with the inquiry into the fiscal framework conversations, and I know there was this challenge thrown down to Scotland by the UK Government to grow population so that we do keep up with the rest of the United Kingdom per capita. This was one of the reasons why I think the Committee was interested in taking up this inquiry. While we have you here, you were obviously involved in that, you heard that challenge that was given to Scotland to grow our population. In looking at these issues, what levers does Scotland have in order to try to ensure that we can maybe keep up with the rest of the UK per capita and what do we need to do to be able to ensure that our population can grow at the same levels as in the UK?

Professor Bell: To ensure that Scotland's population grows at the same rate as the rest of the UK, you have the three levers that we have just been talking about. You work on life expectancy, birth rates and migration, and of those three it is migration that is the one that you can affect most readily in relation to policy. People have offered tax incentives for increasing the size of families. Within the current settlement, it does not seem to me that there is a possibility in relation to taxation to work on that lever. Child support and offering nurseries and so on obviously fall within the Scottish Government's policy remit. It is difficult to know how much that might affect the decisions to have or not to have children. I think it has always been the view that the ability to affect or to increase birth rates is limited in policy terms. Of course you can have policies like the one-child policy in China, which does the opposite, and that is obviously a policy that now even the Chinese have dropped out of.

In terms of life expectancy, you have policies in relation to health, which is pretty much all under the control of the Scottish Government, but is again a difficult nut to crack. I don't know, we may go on and discuss that issue, but it all tends to come back to migration. That has been the main factor that has caused Scotland's population to increase rather than decrease over the last couple of decades.

Andrew Macnaughton: You might expect from the organisation that I represent that I would challenge the idea that you should pick up this challenge—that you should necessarily grow Scotland's population—as that has all sorts of other impacts that compete across other policy objectives, such as environmental sustainability objectives most notably. We are in a time of demographic transition and change is never comfortable, but although this may take some time and there are different views about how quickly it will occur in both this country and other countries in the world, the rate of population increase globally is slowing down and is likely to continue to slow down as countries adopt more equitable relations between the sexes, as they have access to better healthcare and family planning services, for example, and when women are given the choice about whether they wish to have children. Of course there tends to be a relationship between the wellbeing of a country and the rate of childbearing. All of that is slowing down and so this change is going to happen. From our perspective, it is about managing this change rather than trying to put a finger in the dyke, so that is why, respectfully, I would suggest that there is an issue, but—

Q7 Chair: Can I explore this a little bit further with you? One of the things that we heard from the National Records of Scotland that was quite profound is what is called the

demographic gap: the number of working-age people who will have to support an increasing number of pensioners. Surely that must be a difficulty or issue for any society to cope with, and that must be a concern even for somebody who looks at population trends such as this and would perhaps challenge the economic assumptions of that. This is something that each society is going to have to address, surely.

Andrew Macnaughton: I would certainly agree that this does cause us to challenge some of our assumptions and maybe preconceptions about what is working age, for example. There are some assumptions that elderly people are somehow an economic cost. That need not necessarily be the case. They provide quite valuable services such as childcare, and many would wish to remain in employment if they were able to. But I think the point I would make is that there is no necessary connection between the size of the working population and the size of the output of an economy. The Japanese economy, for example, in the 1950s and 1960s grew by roughly 10% a year, so it was kind of their glory years. Their working population grew by only 1% a year, so 9% per annum is down to improvements in efficiency, innovation, ideas, and that was all bolstered by a strong investment in education, technology, business innovation and the like. There are ways around dealing with this transition, and I agree this transition will be a difficult one to deal with.

Q8 Chair: I know Mr Bell wants to come in, but just on that, your evidence says that the dependency ratio—I was struggling to find the appropriately elegant term to describe this feature—was likely to rise from 50 dependants per 100 working-age people in 2014 to 67 per 100 in 2039. Surely that has a massive impact on how we plan public services and obviously there are issues to do with economic growth and continued development? We will take Mr Bell and we will come back to Mr Macnaughton on this point.

Professor Bell: Yes, I do think there will be an issue. I think it is important, as Andrew says, to look at the lifetime working experience and try to extend the length of that. That is where health interventions may be quite important, but also it seems to me that when you are looking at proportions of population that are aged over 65 relative to those between 16 and 65, again Scotland would have quite a high proportion, but nothing like as high as countries like Portugal, Italy and Germany. Of course, if you think of Europe as a contained bloc, then it is slightly a beggar-thy-neighbour problem, in the sense that when lots of young Polish people come to Scotland or Hungarians come to the rest of the UK, what that means is there are fewer young people in those economies and they end up with a more difficult ageing problem. Within Scotland it is true—and it is true through the UK—that you get a drift of young people to the cities, which means that the rural areas will have much higher proportions of old people relative to the young than the overall average for Scotland. I think the Western Isles will end up having about the highest dependency ratio, as it is called.

Q9 Chair: Do you want to come back, Mr Macnaughton, given I did quote your presentation?

Andrew Macnaughton: The statistics should not be unfamiliar to you, because they are pretty much drawn from the national records of the ONS website. I do not dispute that. I believe that transition is difficult—I do not for a moment gainsay it—but there are a number of reasons. It is about dealing with that transition rather than maybe saying we can stop this transition from taking place through migration and increasing population. At

some point that is equivalent to a Ponzi scheme, where you continually need to grow the population to meet the demands of people who are passing out of working age and young people who you need to support through the taxes from those who work. That cannot keep going forever. We do have to face up to this issue at some point.

Professor Bell: I wonder if I could make in point in relation to the fiscal framework? I do not think I completed my answer in relation to that.

Chair: Please, yes. We are always interested in your views on the fiscal framework.

Professor Bell: It is the point that the settlement that was finally agreed was the per capita indexation method. This method has been agreed up until 2021, when there will be a review. Over that period of time it is not necessary for Scotland to increase the number of capita, the number of heads; it is important for it to increase the amount of tax revenue per capita. That is a different argument and it is an argument about efficiency in the economy, about productivity and so on. Of course, coming back after 2021 there will be a review. The comparable method is favoured by the Treasury and how these two relate to each other seems to be quite confusing, but it may be that post-2021 the pressure for increasing population will become more relevant as far as Scotland is concerned.

Q10 Chair: But in order to meet the challenge that in part the UK Government seem to throw down to Scotland, surely issues like the dependency ratio will be a drag on being able to try to equalise or come up to the level of the rest of the United Kingdom when it comes to per capita?

Professor Bell: Tax revenues per capita mean over the whole population. It does not mean over each taxpayer; it means over the whole population, and if you have a large proportion of the population outside the workforce, then that will be a drag on that number. Of course, it is also true that the high birth rate in England means that there is a large number of schoolchildren and we are seeing the effects of that today with not enough places for them in primary school. That is a different effect on the per capita tax revenue.

Chair: Here we will end the fiscal framework conversation—you will have heard the sighs around the Committee when that issue was brought up again.

Q11 Margaret Ferrier: I would like to speak about life expectancy and go back to that. Current data from the National Records of Scotland show that Scotland's population is ageing while the life expectancy is increasing, although at a lower rate than in western Europe. We also heard earlier some shocking statistics from the National Records of Scotland about differing life expectancies between areas within Scotland and between male and female. The life expectancy in Scotland varies by almost 10 years between people living in the most and least deprived areas. Do you feel this gap is as wide in the rest of the UK or is it unique within Scotland?

Professor Bell: I thought maybe the National Records of Scotland had stolen my thunder there, but I do have some statistics, because one way of portraying these—I do not know if this was the method that the National Records of Scotland used—is to take a commuter line and go from one end of the commuter line to the other end of the commuter line from an affluent area to a deprived area. The one that is used most frequently in relation to Scotland is from Jordanhill to Bridgeton in Glasgow. I have forgotten how many stops

there are on that line, but over the course of it life expectancy drops by 14 years. It goes from 75.8 for males in Jordanhill to 61.9 for males in Bridgeton, and for women 83.1 down to 74.6, so it is not quite such a big gap for women. In comparison, I then took the Jubilee line trip that I quite frequently make from Canning Town to Westminster. In Canning Town, average life expectancy for both genders is 75, so it is about the same at is in Jordanhill, and it increases to 82 in Westminster, so you have a seven-year gap along the Jubilee line and a 14-year gap within Glasgow. There is clearly an argument that health inequalities in Scotland are as great or greater than they are anywhere else in the UK. Indeed, the five areas with the lowest life expectancy in the UK are Glasgow, Inverclyde, Blackpool, West Dunbarton and Dundee. It is not just Glasgow; within Scotland there are other areas where life expectancy is well below the UK average and indeed substantially below the European average.

Q12 Margaret Ferrier: Could I come back to you on that? I am interested that you having mentioned Bridgeton, because I went into that area. We have an organisation called Clyde Gateway that works in the east of Glasgow and also comes into my constituency. They said that the Bridgeton area in Glasgow was the worst area for inequality and poor health. They have been working for a number of years to boost jobs in the area, but they are wanting to look at the health issues there as well, so it is interesting you mentioned that. Also we heard earlier the differences between East and West Dunbartonshire, that one has a lower life expectancy than the other. It is very interesting to hear that.

Professor Bell: To take that a little bit further, it seems to me that the researchers find it very difficult to explain exactly what the root causes are here. You compare Glasgow with Liverpool and Manchester and you find that in many ways levels of deprivation are not much different. Mortality, particularly of working-age people aged between 16 and 64, is much higher in Glasgow than it is in these other industrial but otherwise quite similar cities.

Q13 Chair: This is absolutely fascinating to us. I think of all the things we have heard this morning, this is the thing that is most dramatic for this Committee and we are grateful for your views on all this, but we have known about this for a long time. I remember Sam Galbraith, as a Scottish Executive Minister, talking about health inequalities and lifetime outcomes and a number of things that were done. In your view, is there anything that we have done in policy change or putting forward a series of Government interventions that has made a difference to this gap?

Professor Bell: I can think of a number of different policies and prohibitions. The ban on smoking and people's reaction to smoking has had a very substantial effect on mortality from lung cancer in Scotland, there is no doubt about that. It may also have been the tax, because the cost of cigarettes is in real terms quite significantly higher than it was. We may have a sugar tax coming in; whether that will happen or not at the moment is unclear. The Scottish Government are looking for a unit-of-alcohol tax and that is kind of locked up in the EU at the moment. There is some evidence that maybe fiscal measures can have an impact, but do not expect them to have an impact in the very short term; it is probably longer term. Then you have the nudge factors, trying to change behaviours so that people adopt more healthy lifestyles and that sort of thing. I do not know if there is clear evidence that that sort of thing is working. There are lots of different initiatives and it is sometimes difficult to disentangle the evidence on how far these are going.

There is a series of explanations about place and communities and things like social capital. It is an acknowledgement that the issues relating to health are not rooted solely in individuals being unlucky as far as their health outcomes are concerned; it is more about their economic and social circumstances, the whole cultural setting that they live in. There you have Harry Burns's kind of initiatives in relation to place and trying to build communities or what we might call social capital. There is lots going on, but it seems to me there is not that much that has been demonstrably effective. It may have been effective in a small way, but we are not seeing a massive reduction in the gap. Life expectancy is increasing for people in Bridgeton but it is also increasing for people in Jordanhill, so the reduction in inequalities has been painfully slow. Things like having more health visitors, having early years intervention around issues like healthy eating and so on may, in the long run, have a very beneficial effect, but that means in the very long run, I am afraid.

Q14 Margaret Ferrier: There is another point I would like to ask your opinion on. Obviously job creation within the area is quite important, because you may have had generations of people that have not been in work, and also if the area is quite run down, they have no pride in their area. One of the things that Clyde Gateway has done is to inject a bit of life back into the area. We now have the Women's Library and the library itself is a place for people to go, so they have made it a top-class library that people feel proud of in the area. But I believe that job creation is an issue as well, if you have had generation after generation of no work, and I think that takes us back to the steel industry at the moment, where we are going to have areas within the UK where thousands of people are out of work. The whole area will be affected and then it is a downward spiral.

Professor Bell: It is quite possible that these kinds of interventions—certainly interventions to boost employment—are likely to have beneficial effects. It may not be a silver bullet, in the sense that sometimes these initiatives are particular to the geography and might not be suitable for Dundee—it might, I don't know, but we have not seen as yet a single policy that is having an overall effect. I would argue that public health-type interventions also should be considered, like the smoking ban, although it is not clear whether an alcohol or a sugar equivalent can easily be found.

Q15 Kirsty Blackman: On the issue of reducing inequality in life expectancy, just to get a clearer answer on this: the short-term measures that we have taken or that have been taken by various Governments have increased the life expectancy across the board, whereas you think that the longer-term measures that could be taken by Government might have more of an impact on those people at the bottom of the pile with the shortest life expectancy. Is that right?

Professor Bell: Yes, I do think so. The early-years interventions are quite likely to have a beneficial effect. If I can put in a small ad, I am one of the co-investigators for an ageing study that we are just starting in Scotland, which is part of a worldwide network of ageing studies. We are trying to follow people aged 50 and above through time, because if you adopt a healthy lifestyle it may be years before you find the beneficial effects in not going to utilise health services so much. We are hoping to get that off the ground very soon and over time match the English equivalent, which has had a huge effect under Sir Michael Marmot's interventions, and the American one that is the equivalent. Scotland's great unique selling point over the rest of the world is that our health records are almost second to none and, therefore, the linkage that we can make between people's health records and

their economic and social circumstances could make Scotland a world beater in terms of this survey.

Q16 Margaret Ferrier: Talking about life expectancy, but also healthy life expectancy—the length of time an individual is expected to live free of debilitating disease—which has to be taken into account, do you think it is important to bring in both factors? Maybe I will go to Mr Macnaughton first.

Andrew Macnaughton: I think the data shows that there is a linkage between life expectancy and healthy life expectancy. The people who live longer tend to have longer, healthier lives, so I think yes is probably the short answer to your question. Naturally it is terribly important in terms of health costs and the like.

Professor Bell: I think it is true that even though people's life expectancy in the more deprived areas is much shorter than those in the rest of Scotland, it is also the case that their healthy life expectancy is proportionately lower, so they spend as much time being treated for some kind of chronic ailment as people who live much longer.

Q17 Mr Hepburn: Just on that healthy life expectancy, I am 56 and hopefully quite fit, but I look at these figures, and if I lived in some parts of Glasgow, there is a very good chance I could have a chronic disease. But when I was at school in the 1970s, we were told that because of developments, inventions, improvements in health and the wealth of the country that we would be retiring earlier, we would be healthier and we would be better off. What happened in the 1980s to change this?

Professor Bell: I do think there is some legacy of the massive changes that took place in the structure of Scotland's economy and the economy of other parts, especially in northern England, over that time. The differences within Glasgow and between Glasgow and the rest of Scotland historically were not as great as they were post the 1980s. I would need to check to be absolutely sure about that, but I think that is correct. It is not occupational illness. Occupational illness played a part in what happened post the 1980s and occupational illness is very important in places like Wales, which has higher levels of disability than Scotland, and indeed the north-east.

But in terms of what has happened since the 1980s, maybe the medical profession sold us a bit of a raw deal—or rather a pig in a poke—in what they said could be done. It is important, that medicine cannot cure all of the ailments that are associated with our lifestyles and if we adopt lifestyles that are not particularly healthy, then there is a limited amount that the health service can do to correct that. Over time we have seen changes in lifestyle, we have seen a big reduction in smoking but at the same time a very large increase in obesity, which in a few years' time is going to be as big a challenge as smoking has been in the past. I guess what I am saying is that lifestyle is very important, and lifestyle is part of the culture. It is affected by the economic circumstances, social norms and so on and these have changed through the time. But the 1980s was one period of time where change was particularly marked. The biggest increase in inequality took place during the 1980s.

Mr Hepburn: Never!

Q18 Margaret Ferrier: Just on having a healthy lifestyle, I think there was some evidence that came out not long ago about one of the far east countries that would normally have been eating very healthy food and then started to go down the route of eating fast foods. The change in the diseases being brought into their country was incredible. It is obesity, but it is linked up with fast food, the growth in people eating fast food and sugar.

Andrew Macnaughton: More broadly, a Western diet, which is not necessarily the healthiest diet for people who have had a plant-based diet for millennia, and it is probably not very healthy for us either.

Q19 Mr Hepburn: Just to get these two questions on the record: with life expectancy generally increasing, do you think it is time to revisit the state pension age?

Professor Bell: The Government actuaries are trying to figure out what they call the sustainability of the state pension. Basically that is an argument about how many people are likely to live until at least the state pension age and then how much longer they live thereafter. Clearly they have taken the view that there is an increase coming up and then one in the late 2020s, I think, as far as the state pension age is concerned. It is partly what society is willing to pay for the state pension and there is a question here about what is fair as between young people and the old and we have effectively been touching on that when we are talking about old-age dependency ratios. Partly that is a political decision, and we have seen in general that older people's benefits have been protected in the last few years and working-age people's benefits have declined.

With growing life expectancy, clearly you can make a case for increasing the state pension age, and then some people will benefit from that, others will lose. Ultimately it is a political decision, although the routes by which people win and lose are quite complicated because one group who may lose are taxpayers who are helping to fund this. Ultimately it is the politicians who have to make that decision. It is the role of bodies like the Office for Budget Responsibility to point out what the implications of political decisions are on where the Budget will be 10, 20 years hence, on our best guess, if you leave the state pension age at 65, increase it to 66, increase it to 67, but these kinds of decisions have to be political in nature.

Q20 Mr Hepburn: With Scotland having a lower life expectancy, do you think Scotland should have a lower pension age, and if so, what would be the drawbacks and the benefits of this?

Andrew Macnaughton: You could make a case either way, which therefore makes it quite clearly a political decision and that would probably be unwise to comment on. You could say that if Scotland's old people do not live as long but they pay in their share then it is fair they get a proportionate response, or you could say that is going to be a significant burden on the taxpayer and intergenerational fairness would suggest that we have to address this and we could go that way.

Q21 Chair: In the latest Budget there was a bit of demographic profiling going on and I think a lot of commentators were making this charge—if there is such a thing as a charge—that the Budget tended to favour those of older generations as opposed to those of younger generations. This has been done already and the Chancellor, in presenting the Budget, is

maybe having a look for political reasons across the demographic range and bringing forward policies and fiscal changes and levers to benefit one group over another. Is that something either of you have identified and what do you think about it?

Professor Bell: I was thinking about this last week. There is no policy that the Chancellor introduced that does not have distributional consequences, whether it is old versus young, rich versus poor, or whatever. It is impossible to avoid, impossible to design policies that are completely neutral. If you think of what the Bank of England did in relation to quantitative easing, which you might think has nothing to do with the balance between the old and the young, it maybe got the UK economy out of the hole by increasing the supply of money when banks were not all that keen on lending, but the net effect of that—and the Bank of England acknowledged this subsequently—was to raise asset prices and asset prices, of course, are concentrated in housing. Who holds most housing? It is older people who hold housing, so that is the distributional effect of what seemed like a policy that was completely neutral. The Bank of England buys government bonds, and you would think that has no distributional consequence. In fact, it had quite major distributional consequences and what has happened to house prices in the last few years partly reflects this.

Q22 Chair: What about you, Mr Macnaughton? When you observed the last Budget did you detect a little bit of a sense of favouring one demographic over the other?

Andrew Macnaughton: I suspect that is true of this Budget, but I suspect it is true of all Budgets, to be quite blunt, so I am hardly surprised.

Q23 Kirsty Blackman: Just on the state pension, obviously the taxes that we are paying are funding the state pensions of those people who are retired now, and we are going to have this growing dependency ratio. What impact does that have on the future of the state pension and its future financial viability?

Professor Bell: It follows from the discussion that we have already had about the proportion of people who are working and contributing to the proportion who are receiving. It will tend to mean that in the long run taxes will continue to be relatively high if the funding is to continue, and particularly if the state pension is going to be guaranteed via the so-called triple lock, which is the max of earnings growth, prices growth or 2.5%. At the moment 2.5% looks the most likely outcome for at least the short term and even into the medium term, which means real increases in the value of the pension, and whether that is sustainable going forward given also the increase in the number of pensioners.

Of course the situation you described is one that is as a result of a kind of pay-as-you-go system, not one where we are making a contribution towards our own future pension requirements with perhaps some state top-up for those who have not be able, during their working lifetime, to make a very substantial contribution. Instead, we are just running the tank, hoping that it will be full next time we make a demand in terms of how many people and the value of the pensions they expect.

Q24 Chris Law: It must be breathtaking for people who are watching this, both at home or sitting here today, that we have been on a giant Ponzi scheme since the Second World War,

and also that the national insurance contributions that we were told were going towards a separate fund for our pensions is a complete bogey. Is that the case?

Professor Bell: I think that is the case now. National insurance does not fund the health service and the pension system. National insurance, as currently constituted, is another form of income tax.

Andrew Macnaughton: Employment tax.

Professor Bell: Yes. If you take employers' contributions, there is that side. As far as employees are concerned, it effectively changes the marginal tax rate that you pay. Interestingly, when you discuss issues like whether Scotland should have a different threshold on the higher rate of income tax, people tend to forget that that will also have implications for the marginal rate they pay, because in the rest of the UK national insurance thresholds are harmonised with the income tax thresholds. If Scotland goes a different route, that harmonisation will not exist and so you might have a marginal rate of 52% if your income is between £43,000 and £45,000 if Scotland does not go the same route as the Chancellor is proposing for 2017-18, I think, for changing the threshold. It is mistaken to view the national insurance as paying for the kinds of benefits that people typically associate it with, which is the health service and pensions. I am afraid that the idea that you have paid your national insurance all your life and therefore you have paid in enough to cover the costs of these things is typically wrong.

Q25 Chris Law: Andrew, do you have something you would like to say on that?

Andrew Macnaughton: No, just simply to agree with everything that has been said. It is something you hear particularly older people say. Sadly, it is terribly wrong and they have been misled in some form or other, I would suggest. But that is probably off-topic for me.

Q26 Chris Law: I was just looking at what the National Records of Scotland stated about how we needed more sophisticated policies than simply considering life expectancy. What could the UK or Scottish Government introduce to deal with the fact that pensioners may not be financially reliant on a pension immediately on retirement but will perhaps become more dependent on the state as they reach older age?

Professor Bell: I think there is a lot to be said for intensively studying the conditions under which people can be encouraged to extend their working lives. That is why I am going down to London on Friday to talk about what they are doing in the US, China and Europe to do that. Part of that is health. You cannot work longer if you are not fit to do so. Part of it is making sure that it pays to work at that stage in your life. What is not very good is for people to come up to a position—and I am afraid a lot of women have been dumped into this position in recent years—where they are not receiving their pension when they expected to receive it and have to try to figure out what to do until such time as they get their pension.

What we have seen is a massive increase in self-employment among people in general but particularly among older workers. We have different kinds of self-employment. We have self-employment that is entrepreneurial and likely to employ people. Then we have self-employment that is forced self-employment because people cannot find any other option. I do not think we have a strategy for helping people in that situation. They are not helped by trade

unions because they are employing themselves. It is an area of the labour market that we do not know a lot about because it has been developing so rapidly since the recession. It is an area that more work needs to be done on. It is an area where policy intervention—whether that be to make working circumstances pay better, looking at how people can contribute and support themselves by making contributions towards a pension over that period of time—is very important, but at the moment not understood well enough.

Andrew Macnaughton: I would only add that we could probably look quite closely at what Japan is doing. Japan is having a demographic transition that is catastrophic—I suppose you might describe it—by comparison to what is happening in Scotland. Their forecast population is due to reduce from, I think, 187 million to about 87 million by 2060 and down possibly to only one third of its original population of around about 42 million, I think, by 2010. They are absolutely drastic changes. They have been forced to confront the issue about retaining more elderly people in the workforce, encouraging people to re-enter the workforce, and particularly encouraging women to enter the workforce where they have had social issues that have made that more difficult. There are countries out there that I think would bear a closer look.

Professor Bell: If I could add too that the increasing number of older people, and at the moment the lack of any cure or even set of medications that can substantially change the effects of dementia, is likely to cause a further difficulty around the sorts of ages you are thinking about. Many people of that age in the future will be looking after a parent who is aged over 90 and you are talking about prevalence rates above 30% for dementia once you get up into that kind of age group. You end up with people who are in a very difficult situation, where they may have children at university or still in education in some way or other, thinking about having a job themselves in order to generate a pension for themselves and, at the same time, an older parent who requires care. This is like a Catch-22. It is a really difficult situation to deal with.

The Scottish Government are taking initiatives in relation to the amalgamation of health and social care, but there are all kinds of aspects to that issue, like how care workers are paid, what professional standards they have and so on, which impact on that. In terms of occupational growth in the last 15, 20 years, care workers is the occupation that has grown easily the most rapidly in Scotland.

Chair: I am going to try to move this through a bit quicker. We have only about 10 minutes to get the rest of the questions in. Chris, I know you have another question on this, but maybe just briefer answers in response.

Professor Bell: Sorry.

Q27 Chris Law: I am looking at the evidence you gave, Andrew, on population matters. In your written evidence you said, "The implication of a higher dependency ratio in Scotland is that the percentage of women who are of childbearing age is relatively lower". Does the fact that there are fewer people of a childbearing age in Scotland mean that the dependency ratio is unlikely to reduce?

Andrew Macnaughton: It rather depends on how many children they have. It may seem like a really obvious answer, but it is an obvious answer because one of the things the Japanese Government did was to try to promote couples having more children. I believe there is some Australian evidence that would suggest that is a more effective way of

dealing with demographic transition, if this is what you want to do, than by encouraging migration.

Q28 Chris Law: I am glad you have raised comparisons because it ties in with my next question. It suggests that the UK could learn from other countries, within Europe and globally, who have experience of demographic changes resulting in an ageing population with a higher reliance on public services. Are there particular models that you would point to as good examples of dealing with these policy challenges and how do they compare with the UK?

Andrew Macnaughton: Focusing particularly on Japan, because that has been the most and is the starkest demographic challenge that I can think of, they have a very different social structure to us and some of the things that they have done we have done already. They have a much more stereotyped view of what the roles of different genders are, for example, and their big innovation might be to break those roles down, whereas I think we would argue we have gone quite a long way towards that. They have encouraged migration—which is something that the Japanese historically are very cautious about doing because they have a very insular attitude—but only from selected countries, which of course they are in a position to do. Perhaps we find that more difficult because of our arrangements. But it is only a small increase; I would not say that that is a major strand. It has been encouraging more children, encouraging women to participate more fully in the labour market, encouraging the continued participation of older workers in the labour market and they have increased the retirement age.

Q29 Margaret Ferrier: I would like to come on to talk about the funding settlement, which you mentioned briefly earlier, through the block grant, and how the current funding settlement does not seem to take into account spending needs, such as differential rates of population ageing and increases in the prevalence of illness. What would be the benefit of taking those needs into account—and I am going to bring in just the next bit—and could this lead to an unstable financial settlement that would need to be reassessed on a regular basis?

Professor Bell: The way I think it works at the moment is that the Barnett formula, on which we have relied for many years, does not take into account spending need. It does not increase if Scotland's death rate increases. It is completely impervious to that. It changes on the basis of whatever changes are made in the UK Budget. There have been calls for a formula that more closely reflects spending need, particularly from Wales who feel that the Barnett formula certainly does not favour them. Spending need is taken into account when distributing money for education or for health across Scotland. For example, per person in Glasgow, the allocation of health spending is higher than it is for the richer areas.

In terms of the settlement that has been made, spending need has not been taken into account but a different thing has been taken into account, which is tax capacity. You can look at how much money a particular part of a country gets by looking at its ability to raise taxes on its own behalf or its needs to spend on the other hand. One of the difficulties around trying to develop a formula that is based on spending need is that we would never agree on what the needs are. Most countries do it on the basis of tax capacity. The tax capacity of, let's say, one of the poorer German Länder is only 80% of the German average. It gets an extra grant to add to the revenue that it already has to what is called "equalise" tax capacity. That has not been developed in relation to its spending need and that is how it works. The comparable method, which is the one that will be revisited in

2021, is the first time that the UK Government have taken into account tax capacity. It is based on the notion that Scotland's income tax revenues per head are about 80% of the UK's tax revenues per head.

In terms of your question—should you take spending need into account?—I don't think you can do that without abandoning the Barnett formula.

Margaret Ferrier: Would you like to—no.

Andrew Macnaughton: Not my area.

Q30 Margaret Ferrier: Would a funding settlement such as that mean that there would be less incentive for the devolved institutions to improve health services in their area?

Professor Bell: Yes. That is exactly true. If you know that if you continue to be at the bottom of the league table, as far as say life expectancy is concerned, you are going to get more money, then that is not an incentive to try to move into the premier league and improve life expectancy. Compensation for spending need has always diminished incentives.

Q31 Chair: Could I explore this just a little touch? It is fascinating because it gets to the heart of several conversations that you have helped this Committee with. We hear of all these needs assessments across the United Kingdom and then we get the figures that suggest that the individual Scottish pay is at £2,500 per head more than the rest of the United Kingdom. Given that you are thinking there of 80% of tax revenues we match in the United Kingdom, surely that suggests a needs assessment anyway and then how does that figure of £2,500 come into how all this is levelled down and applied? Do you understand what I am getting to?

Professor Bell: Yes.

Chair: There does seem to be a contradiction at the heart of all these numbers.

Professor Bell: The number I gave you is about income tax. The £2,500 per head is all revenues, so it goes beyond income tax to include VAT and all the other taxes, and oil when it was doing quite well. That is the way to think about that reconciliation. The reason why the income tax is a bit lower is not that Scottish incomes in general are lower. Median income in Scotland is higher than in the UK as a whole. However, Scotland does not have as many high rate taxpayers and additional rate taxpayers. That is it.

Chair: I thought it would be interesting to explore that a little bit further with you.

Q32 Kirsty Blackman: On the question of the planning formula, it is possible to do it on a formula of a needs-based assessment and, as you say, the major problem with that is working out which needs and the arguments between the Governments that there would be. Are there places where there is one that is relatively uncontested?

Professor Bell: I think the Commonwealth Grants Commission in Australia is a body that sits outside the Australian Government and is thought to be an honest broker in relation to the decision about meeting different spending needs in the different territories of Australia. But it is more common to have this tax capacity adjustment than the spending need one.

Chair: Kirsty, any further questions? Have they been answered?

Q33 Kirsty Blackman: I think my questions have mostly been answered. The second one is probably available, though. What are the effective ways that the Government can use demographic trends and patterns to plan for the future—so, looking at the past trends and making plans for the future, whether that is changing the population or ensuring that public policy is suitable going forward? Do you have any comment on that?

Andrew Macnaughton: I suppose this could refer back to a piece of evidence that we put in, which is to do with a recommendation reported to the Population Panel in 1973, when people were interested in population pressures and did quite a lot of work on them. That was that there should be ministerial responsibility for looking at population as a policy area and with policy implications. We would wholeheartedly endorse that and, given the tenor of discussions that we have had around the Committee and the evidence today, there are some weighty issues to be considered and population absolutely is at the heart of them. I think it deserves serious ministerial consideration and I would absolutely endorse that as a recommendation that belatedly could be taken up.

Chair: It is funny you should mention that because that was the last question that I had for you. I did note that this recommendation was made in 1973 and you are right, the conversations that we have had today suggest that this is now the common path that we look at to ensure that we get this resource.

Could I say thank you so much to both of you? That really helped us to shape up some of the things that we are going to be looking at in the course of this inquiry. Again, as always—particularly to yourself, Mr Macnaughton—if there is anything you observe in the course of this inquiry and the evidence that we take and the visits that we are likely to go on, if there is anything that you feel we are missing or you could contribute to the work of the Committee, please let us see that, and the same to you, Professor Bell. Thank you very much for coming along and answering these questions so fully.

Examination of Witnesses

Witnesses: **Keith Dryburgh**, Citizens Advice Scotland, **John McAllion**, Scottish Pensioners Forum, **Derek Young**, Age Scotland, and **Owen Miller**, Alzheimer Scotland, gave evidence.

Q34 Chair: Can I first of all welcome our guests to the Scottish Affairs Committee? We started this inquiry today with a wonderful presentation from the National Records of Scotland and we have had our first formal evidence inquiry this morning too. We are at a very early stage of this inquiry and report. We are looking to you fine people to help us shape up some of the things that we want to look at and we are hopefully going to have an interesting conversation—hopefully it will be more of a conversation, given the layout of the table today—about some of the issues that you are feel are important that this Committee looks at in the course of its inquiry.

What we will do is go around the whole table, which is unusual for us because we usually only ask the guests. We will start with me and then we will go to Margaret. I am Pete Wishart. I am the Chair of the Scottish Affairs Committee.

Margaret Ferrier: Margaret Ferrier, MP for Rutherglen and Hamilton West.

John McAllion: John McAllion from the Scottish Pensioners Forum.

Keith Dryburgh: I am Keith Dryburgh, Policy Manager at Citizens Advice Scotland.

Mr Hepburn: Stephen Hepburn, Member of Parliament.

Derek Young: I am Derek Young. I am a senior policy officer with the charity Age Scotland.

Chair: I forgot that you need to press that little button there. It is mainly for recording because we can all hear each other perfectly adequately here, but if you would remember to press that. I think we have got everybody covered as I went round but I will go to—who are you again?

Kirsty Blackman: I am Kirsty Blackman. I am the MP for Aberdeen North, Pete, not south.

Chris Law: I am Chris Law and I am the MP for Dundee West and not east.

Owen Miller: I am Owen Miller. I am a policy officer for Alzheimer Scotland.

Q35 Chair: I am grateful. You have seen the remit of this inquiry, the type of things that we want to look at. Do any of you have any particular opening statements that you would like to give this Committee to get things started a little bit? I am looking round to see if there is anybody. We will go straight into it, yes.

This morning we had quite a number of very interesting—and almost quite dramatic—issues to do with Scotland's population and demographics and new terms, like dependency ratio, were a feature of some of the things that we got today. I think we got a good context for the type of things that we are going to want to look at, so could I kick this conversation off, and colleagues feel free to jump in with anything you want to hear expanded or emphasised. How has the changing nature of Scottish demographics impacted and affected the work that you provide? We will start with you, John, if you do not mind.

John McAllion: We are not a service provider. We are a campaign organisation that tries to give voice to pensioners across Scotland on issues that affect them. We are political campaigners but not party political, completely non-party. All we are interested in are the issues that affect pensioners and we try to give a voice to those issues.

Q36 Chair: Keith, in what way are the changing demographics impacting and affecting the work and services that you provide?

Keith Dryburgh: I have prepared a quick summary of our statistics for the Committee just to show how the demographics are impacting on our services. About one third of CAB clients are aged between 45 and 59. We are actually slightly under-represented in the 60-plus, but we think that maybe those 45 to 59 year-olds will bring in their issues and carry on seeking advice at the bureau. Older people tend to seek advice on energy. The average age of somebody seeking advice on energy is 55. They are more than twice as likely as other clients to seek advice on energy. They particularly seek advice on consumer issues, transport issues and health and community care issues. There is already an impact in that

those are the trends, but you can see that developing next to the years and also the issue of single adult households, which is another growing demographic trend. About 60% of the clients who come to the Citizens Advice Bureau are a single adult in their household. It is not just single pensioners. It is mainly single people of working age. That is something I wanted to bring to the Committee.

Derek Young: We combine both the roles of Citizens Advice, being an information advice provider and a service provider in other ways at Age Scotland, and also, being a campaigning organisation much like the Scottish Pensioners Forum, we see some impact on the services that we do provide because of shifting demographics. Keith has already mentioned the growing numbers of older people living alone, so increasingly there are issues of social isolation and loneliness that are being recognised by national decision-makers and policymakers that are of great importance.

Equally we are also aware of shifting patterns of demand for other services—notably statutory services, health and social care—in the campaigning work that we do. It is a complex picture and it does not always accord with perceptions that you often find. One of the key additional elements is the nature and the tone of the public debate around ageing. It is something that we play a—

Chair: Can you talk a bit more about that?

Derek Young: Sure. It is not at all uncommon—either in national debates in Parliament or especially in media coverage—to see what has sometimes been described as apocalyptic demography or voodoo demographics. You very frequently hear the word "burden" when hearing about debates around the shifting demographic patterns and in particular population ageing. In fact, there is a lot of evidence that is available publicly and we plan to submit a written submission for the benefit of the Committee's inquiry as well—and we will make reference to some of this—which says that, over the piece, the contribution economically that older people make and the benefits that they draw, broadly speaking, even out. There is a lot of very intense and dramatic language around shifting population that very often is not borne out by statistics or at least not to the extent that the debate can portray that.

Q37 Chair: Owen, I think you were in for the session earlier when David Bell was saying a quite staggering figure of 30% of over-90s would expect to have Alzheimer's or a related illness.

Owen Miller: Yes. At the moment in Scotland there are 90,000 people with dementia across the country. About 3,000 of those are aged under 65, which gives you a sense of the scale of the number over 65 who experience the condition. That is not including their families and their carers, who also need additional support. That number, as you may have seen in various media reports in different ways, is expected to double over the next 20 to 25 years. By 2050 in western Europe it is expected that figure Europe-wide will double.

I should point out that Alzheimer Scotland is similar to Age Scotland. We have a sort of policy role and influencing role as well as the services that we deliver. The services that we deliver are primarily aimed at living within community settings; so, we provide support through our link workers, but we also offer day care services and sensory enhancement services to provide support for people with dementia. But we are beginning to look towards the future at what else we need to do. As those numbers grow, as expected, quite

quickly and as people are being moved into community settings, we are beginning to look towards: how do we make changes in those areas where people are living to help improve their lives? A lot of the work that we are going to do is especially with dementia-friendly communities, because we are realising that if we are going to have this shift away from acute settings, which is welcome, then you need to have the services and you need to have support in communities to keep people within their realm.

Q38 Chair: Could I just say that Mr Young has come up with the phrase of today, which is "apocalyptic demography", which is a very elegant phrase. If we could have you, and perhaps John, look at this a bit more. I think what you said is it is always defined as something that is counterproductive, which is an issue, a difficulty and a problem. Is there any way that we could get beyond that type of assessment about these things and look at this much more positively?

Derek Young: First, I cannot claim credit for that phraseology myself. I took that from an article in the *British Medical Journal*, and that will feature in the written submissions that the Committee eventually receives.

You can delve back into lots of history of humankind to understand that most financial provisions for older people and for care responsibilities existed within families, and in traditional societies and developing countries that is still very much the model. As that starts to be shifted at least partly towards the state, that is where we start to see some of the change in tone. We have had to cope with this type of population ageing for a very long time. It has been a persistent and gradual change since probably the 1840s. In fact, the only interruption to that constant increase was the two world wars. So, although it is a profound social shift with economic consequences, it is actually quite a predictable one. Of all the social changes that policymakers have to grapple with, such as the digital revolution, changing attitudes to LGBT, for example, this is one that we have been able to predict to a much greater degree and that does allow you to plan for financial provision and for service provision. But when old-age pensions were introduced in 1908 the first qualifying age was 70. That was at a time when very few people in the population would live to that age. Also, it was not treated as an entitlement. There was a character test imposed, so if you were a habitual drunkard, for example, you would not qualify for an old-age pension when it was introduced. We have adapted that and we have changed our expectations and our models in relation to shifting demographics before, and there is nothing altogether out of order, surprising or difficult about the challenges we face today.

Q39 Chris Law: Just listening to you, Derek, talking about how it has been fairly constant—and we have known for a hell of a long time, frankly, what the predictions are likely to be for demographics long term—what is your view about that fact that pensioners today, many of whom were born after the Second World War, who believe that they have been paying into a UK pension pot actually have no UK pension pot?

Derek Young: I wasn't here for the earlier evidence session you heard with David Bell, but I did catch some of it on the live stream and I know that he addressed that question too. It is certainly the case that many older people regard the state pension as a contribution-based system, even if that does not accurately reflect the way that the policy has developed and has been organised. There wasn't a formal contribution to the state pension through national insurance until the National Insurance Act of 1946, which obviously came a lot later than the introduction of state pensions, but that is certainly how it is regarded. When

you talk to older people, for example, they say, "Well, I have paid my fair share and I am entitled to draw on that." If we were in a position where there was a state pension fund/pot, I think the character and the tone of the discussions we would be having would be a lot different, because there would be an identifiable sum of money that you could point to that people had made a contribution to and was allocated. The difficulty with meeting all current state pension liabilities from current revenue is that there is always this tendency to try to match what current income is against what is affordable, as opposed to the perceptions that people have, especially when they see that as an entitlement and certainly do feel that way.

John McAllion: My generation certainly believe there is such a thing as a national insurance fund and in fact, if you look at the National Pensioners Convention, which is a UK-wide organisation, they have traced this national insurance fund and they have identified it as having a £35 billion, £36 billion surplus every year. The Government do not treat it as a pension pot and it does not meet the costs of the pensioners and so on, but it is used to meet the general Government expenditure. That is because successive Governments have done that. That is not the way the 1946 Act was originally sold. It was sold to pensioners as something that you contributed to and then it was you who were paying for your own retirement at some point in old age.

I would like to reinforce very much what Derek was saying. People forget that pensioners are taxpayers, both at a national and a local level. They are pouring in lots of money, spending power, into the local economy through volunteer and childcare cost, for example. Many grandparents look after grandchildren to enable their sons and daughters to go out to work. It is not the people in work who are supporting pensioners. Pensioners support the people in work to go to work, because they are providing free childcare. It is the same when you speak about caring for older people. I was at a party last week for a woman in Dundee who was 101. It happens to be my mother-in-law. There was another person there who was 100, or she will be 100 in July. The principal carers of those two women, 100 and 101 years old, were 74 and 65. Older people are looking after older people and without them the state would be in a very bad position indeed. We have to get away from this idea that older people are the problem; they are not. Older people are part of the solution to the problem. I think if you take that kind of perspective it would greatly improve the kind of work you did.

Margaret Ferrier: Just before going on to the question I was going to ask, John makes a very good point. I certainly would not have been able to go out to work after having my child if it had not have been for my mother taking over the childcare, because at that point it was going to be very difficult to pay for childcare and go to work as well. It was not going to be worth my while, so that is a very good point in the round. A lot of people rely on their parents to look after the children.

I think many of you around the table will be aware too of the WASPI campaign, which is Women Against State Pension Inequality, where they are being expected to work longer. That is all right maybe if they are in good health, but the argument behind it is that these women, who were born in the 1950s, have done their time. They have done their work. A lot of them started work at, say, age 15, 16, so they feel that they should be able to retire now and get a pension without having to wait.

Q40 Mr Hepburn: We are all aware of the issues. I wondered about the individual roles of your organisation and the additional services you are going to have to provide in the future to

cater for the changes that are coming ahead. For example, John, the Pensioners Forum—I addressed the north-east pensioners convention—is a brilliant organisation, as we know, throughout the country, but when I was younger that sort of thing did not exist. It has developed throughout the years and I wonder how it is going to develop on. There are more and more courses going on in the community to make people aware of Alzheimer's and help to spot it. Parliament is drawing up an Alzheimer's awareness policy at the moment, so that staff and everybody can be aware. These are tremendous changes and for the better. How do your individual organisations see your roles and services changing in the future?

Owen Miller: The integration of health and social care services was mentioned in the evidence session this morning—it was just touched on briefly—but I think, in terms of a broader picture and how Alzheimer Scotland can play out its role as well, it is looking at the bits that can be provided that are not necessarily statutory services. Alzheimer Scotland does provide services that it is contracted to do through local authorities. However, the example you mentioned of dementia-friendly communities work is a collaborative effort. Alzheimer Scotland did a lot of work, but the first place that we did it in was in Motherwell and it was done along with NHS Lanarkshire and North Lanarkshire Council as well, and we went to local businesses and said, "Here is what you can do." Some of their staff took dementia-awareness training. They were also given the small dementia-friendly communities toolkit to make changes to their businesses as well. I know that in other areas across Scotland it is now beginning to go well. I know that in Hamilton the South Lanarkshire Council has been heavily involved in piloting some of the work, especially in relation to community services such as the library, which is now dementia-friendly because some of the services we run are done there.

They are not huge changes. They do not require a massive transformation. It could be something as simple as making the signage easier for people to read so that they can navigate their way about. It could be making it more accessible. I think there is a way. Collaboration and partnership working is really key, and just another aspect of that has been the 8 Pillars model of community support that Alzheimer Scotland developed and has now been piloted by the Scottish Government.

We are working with health boards and local authorities in the care sector across Scotland to look at a different way of delivering services for people who are living in the community, so if they need access to HP support or different services, they will get that through the main dementia practice co-ordinator. But again it goes beyond that. It goes into looking at what the connections are, what peer support is out there, what other groups, and how people can be supported to continue to do what it is they want in the community. It really is about looking at how you can work together, both in terms of statutory services and community assets. That is one way.

Q41 Margaret Ferrier: Owen, you mentioned earlier in your briefing that I think you said there are 3,000 people in Scotland who are suffering from dementia who are under 65. Have we any reasoning behind that? That is obviously a massive issue. Dementia is a massive issue that will only get worse as we go forward and we need ways to deal with it, but I am interested in why that would be in the under-65s.

Owen Miller: Simply because there are so many different types of dementia. It does affect predominantly older people, but for some people—depending on the condition that they have—it does naturally develop earlier on in life. One of the things we hear about that quite often is the need for greater services for people who are under 65 as well, because so

many of the services that are available out there now are targeted to above 65, simply because that is where the numbers are. But it does mean that people who are under 65 who experience dementia don't always have access to some of the services that they might.

Q42 Chair: One of the new phases that emerged this morning—one that I had not thought of before—was that we talk about greater life expectancy, we are also making this distinction between healthy life and this period that we could only characterise as unhealthy retirement. I don't know that I found that distinction particularly helpful. Then when we asked how this figure and how this divide was determined, it was voluntary—people were saying, about their quality of life, whether it was healthy or unhealthy. Do any of you have any thoughts at all about how we look at these issues?

Derek Young: One of the things that these two statistics do point up is the size of the gap. Although healthy life expectancy is largely self-defined, there are more objective criteria, such as whether people have one or more life-limiting long-term health conditions. That is covered in things like the Scottish household survey and so on. What it points up in a Scottish context is that, although we do not do too badly by comparison with the rest of Europe in terms of our life expectancy, the gap between healthy life expectancy and life expectancy is greater. I think that points to some of the very deep and structural health challenges that Scotland has. I know that some of the written evidence that has already been submitted refers to the regions of the UK where life expectancy is lowest. A lot of those are based in urban west central Scotland, which is where you find the highest levels of relative deprivation, for example. That is obviously very closely related to quality of health and then life expectancy too.

John McAllion: I think it is in the evidence that has already been given to this Committee—by the national registers or somebody. It points out that the gap between the least deprived quintile—the top 20% of the population—and the bottom 20% is 18 years of healthy life expectancy.

Chair: That is what we heard in the evidence today, yes.

John McAllion: That is nothing to do with some individual making the wrong choices; it is where those individuals are born and the circumstances into which they are born, the environment into which they are born. We know for a fact that in more deprived areas there are problems with smoking, alcohol and drug abuse. Mental health problems predominate to a much greater extent. When you are talking about things like raising the state pension age or making people work longer, you have to take these factors into consideration. Some people are not able to work into their 70s and the 75s and so on. That cannot become the norm. We have to find a system that takes their position into consideration.

Q43 Chair: Another thing that came out very clearly in the evidence we secured this morning was health inequality and pension age. I think it was Professor Bell's example of taking a train from Jordanhill to Bridgeton and contrasting it to a similar journey from Canning Town to Westminster. Not only was there an inequality between Jordanhill and Bridgeton but there was a massive discrepancy between that specific journey and the one made in London. Now that we are on this, do our guests have any views about this health inequality? Have you seen anything in public policy that has helped to challenge some of these huge inequalities that we have seen in the course of the past 20 years? You will

remember Sam Galbraith, the first Health Minister, who very much evangelised about health inequalities. Have we moved any further forward? I know we have greater life expectancy but that seems to be across the board. Is there any sense that we have managed to tackle some of the inequalities?

Derek Young: I don't know if they plan to make submissions to this inquiry, but the Glasgow Centre for Population Health and the Joseph Rowntree Foundation have done a lot of research work linking health inequality with income levels. That is at a very profound level. Governments for generations now have tried to make efforts to encourage better health promotion. The American President's Council on Physical Fitness was created by John F Kennedy in the 1960s. There is a lot of health advice and we are an information provider ourselves. I know that Citizens Advice do something similar, encouraging people to remain fit, to abstain from smoking, to limit their alcohol intake, to get some exercise, to eat well, but that has a partial and limited effect on the quality of your health. You also have to take account of social factors that have been referred to in the other discussion and the points that John has made.

John McAllion: I came across one suggestion, which I think was in the report made by the Scottish Parliament Committee that looked at this same problem a couple of years ago. They were calling for national indicators to be available to show the progress that was being made year by year in reducing health inequalities. I don't know to what extent that has ever been adopted, either by the Scottish Parliament or the Westminster Parliament, but clearly that would be one policy that you could measure. I know when the Christie commission was published, the late Campbell Christie made the point that with the state devolution there had been no progress in reducing health and income inequalities in Scotland. Setting up the Scottish Parliament is not enough. Both the Scottish Parliament and the Westminster Parliament have to follow the right policies to make an impact. I am not blaming you: I was there for a long time myself, so I am as much to blame as anyone else. We are not making enough progress as a society and we are going to have to find ways of measuring how we are making that progress. I don't think we have done that so far.

Chair: That is a really helpful point and I think we will hold on to that one just in terms of how we will take forward our conversations about that.

Q44 Margaret Ferrier: We heard earlier that Scotland has an ageing population. A report by Derek's organisation, Age UK, stated that people aged 65 and over actually contribute to society; in fact, last year in the UK contributed £61 billion through employment, caring and volunteering. Much of the discussion concerns the financial impact and challenges of supporting an ageing population, however many retired and older people contribute to society. Can you give us some more in-depth examples of how they do that, Derek?

Derek Young: I will try. I am very pleased, Ms Ferrier, that you referred to the £61 billion figure. Age UK is technically a sister charity, but we are obviously closely connected and work closely with them. We have used that £61 billion figure to try to address some of the challenges we find in the public debate around ageing and the contribution that older people make. I think it identified £37 billion was the contribution through employment and taxation, £6.6 billion through childcare, £11.4 billion through informal caring for spouses and other relatives and £5.8 billion through volunteering. It might have been the Royal Voluntary Service that produced the statistics that between one in four and one in five older people do regular volunteering within their local communities, and there are many

third sector organisations and charities who would not be able to fulfil their functions or achieve what they can without the contribution that older people make through volunteering. Age Scotland is an example of that.

There are lots of anecdotal bits of evidence about grandparental childcare but that is something that in terms of policy we could begin to look at a bit more closely, because there is an increasing number of children who are getting a mix of grandparental childcare and also more formal sources. In more formal sources in Scotland, once you reach the age of three you are tied into the Curriculum for Excellence, for example, so there are very specific outcomes that formal childcare provision is directed towards. What the evidence does also suggest is that although you might have more structured educational outcomes from formal childcare, children who have at least some childcare from their grandparents benefit from better socialisation, earlier and more developed communication skills, things like that. That is something we could do more work to quantify. There is already a degree of this that points to a contribution that, even if not economic through earning, has a very defined economic impact.

Owen Miller: Just on a similar point about the involvement in activity of older people, Alzheimer Scotland is very engaged with its membership, but also there is also the Scottish Dementia Working Group. It is mainly for people who have dementia, who have had a diagnosis and a lot of whom are over 65. It is a key group for pushing the policy agenda and making sure dementia remains a priority across the UK. We have local groups as well at a more local level—so, there is one in Dundee, one in West Dunbartonshire. These groups are engaging with their local health boards and with the local authorities and saying, "Here are what our priorities are. We have a lot of experience. We know what people with dementia need within the locality," I think they have a huge contribution to play in that way by taking a human rights-based approach and involving people. Involving the carers in those decisions is hugely important. It is often assumed that a person gets dementia and that is it. They don't have a contribution left to make, they don't have anything to offer. Nothing could be further from the truth. I think that these involvement groups are a real testament to that.

Q45 Kirsty Blackman: No matter what is said about the fact that older people do contribute—they absolutely do—in terms of concerns about making sure that there is a balance, the Government have to pay the state pension and these kinds of softer contributions in financial terms. Which types of people choose to stay and work beyond the state pension age, which the Government is probably keen to encourage because they are making a hard financial contribution today? Of those people that do, do you think the Government should be providing an incentive to ensure that more people choose to stay in work beyond the state pension age and, if they do, what kind of incentives could the Government provide to encourage folk to stay in work longer?

Derek Young: Who is staying in work beyond the state pension age? It tends to be people who have good health. That would be the first thing. It tends not to be in what we could say are manual or physically demanding occupations. That is a wider point about the increase in the state pension age too. Ms Ferrier mentioned the WASPI campaign. We run the national telephone helpline in Scotland for older people. We have received calls from women who were unaware that these changes were taking place, and they may work in demanding service sectors, like hospitality or catering, where they are anticipating and looking forward to their retirement a great deal. To find that the time at which that is due to

happen has changed is a very strong emotional blow for them, particularly when they feel they have not had time to adjust to these changes. The Turner report in 2005 recommended that whenever the timetable for state pension age changes there is meant to be a 20-year advance notice period, which I think is a reasonable balance.

The Work and Pensions Committee in the House of Commons is conducting an inquiry into intergenerational fairness at the same time. I know that Steve Webb, the former Minister of State for Pensions, said that the Government Actuary's Department is going to give evidence to the regular review of the state pension age, that is now happening every five years, to point out where the balance lies between two-thirds of your adult life spent in work and one-third drawing a state pension. That might be a sustainable basis on which to look at it. That was taken very strongly into account by the independent review now chaired by John Cridland.

It tends to be people who are in productive forms of work—work that they enjoy, work that is more cerebral or relationships-based: these are the types of occupations where you would tend more often to find people deferring their state pension or claiming it later. What we don't yet know, and we will probably need more evidence on, is if greater private provision through occupational schemes is encouraging people to defer their state pension. Auto-enrolment, which has now been introduced in the last year or two, might have an impact on that, but we are not likely to see the effects of that for a couple of decades.

John McAllion: If you go back to the early 1990s, I don't think there were any national pensioner organisations. The Scottish Pensioners Forum grew out of the Scottish Trades Union Congress older people's committee. There is now the Scottish Pensioners Forum, the Scottish Seniors Alliance, and the National Pensioners Convention, Scotland. These three bodies came together to support a Scottish Older People's Assembly, which is now forming itself into a national movement like the rest of us. None of them wants to see the state pension age changed from 65—that is it: everybody. They have a big voice now. Pensioners organisations are politically on the move across Scotland and they don't think people should be forced to stay on at work beyond 65. None of them accepts that, because most of them come from working class, trade union backgrounds. If you are a film star or a Larry Grayson or somebody you don't want to retire, but that is different, isn't it? If you have to go to work 9 to 5 and it is hard work and it is stressful work, everybody wants to give it up and have a good retirement. Everybody has a right to that.

Keith Dryburgh: I should have come in on what Derek said earlier, that the Citizens Advice service absolutely would not exist without older volunteers. They saved the service and I think they do have a positive role to play right across society.

I want to take up Kirsty Blackman's points about support for older people, whether it is to work longer or to stay in employment. I think there was an argument made a couple of years ago that if the Scottish Government did not have the devolved powers available, that could have an impact on outcomes for older people. The devolution of social security, employment support, parts of the fuel poverty programmes and so on means there are those policy levers within the Scottish Government and in Scotland, and particularly in partnership with the UK Government, to provide that support. The devolution marks an opportunity to support older people, whether it is to stay in employment or whether it is a carers allowance or attendance allowance. I think there is much greater scope to improve public policy in that regard.

Chair: There is absolutely no doubt there will be more policy levers available to the Scottish Government in the next year when the full devolution is—and I think that is something that this Committee will be interested in looking at. I am sure we are going to ask people along. If you have any views at all about that—this is an ongoing, open inquiry—please let us know if there is anything that you have observed.

Q46 Margaret Ferrier: I would like to get the panel's thoughts on how Government policy support can older people to be more active and enjoy a longer period of good health in their old age. Would any of you like to answer that one first?

Owen Miller: I think there is some good work going on. Again, I am taking this from a dementia perspective, but there is some good work being done around this already, particularly the Scottish Government's guarantee for a minimum of one year post-diagnostic support for people with dementia. That year is spent working with people with dementia with an interlink worker who comes and creates a personal plan with them. It is done to build the resilience of a person, to find out what they like to do, what they want to keep doing within their communities, and works with them to explain how they can do this, what is available in the community to support them to do this. It is to help them come to terms with the diagnosis but also to plan for the future so that they are able to do that and are able to play healthy and active roles. We know that where this is done well people really value it. The shock of a diagnosis of dementia can throw people and they think they cannot participate anymore and they often don't know what services or supports are out there. When they have this one year to work with a person—as I say, a minimum—they have told us that it is invaluable and that they are able to plan for the future. In a lot of cases there are peer support groups that they can go along to. They can speak to people who have dementia or who have been through this already, and it is important to do that so that, as the illness progresses, health professionals are supporting them and know what it is they want to have support on.

Q47 Margaret Ferrier: Thank you, Owen. Just one point that has probably not been touched on yet is how that affects the partners of people with dementia going forward and how it changes the relationship that they have.

Owen Miller: Absolutely. That is definitely one of the key things when we are working with a person with dementia and especially with the 8 Pillars model that I referred to earlier on. It is a specific element designed for carers to make sure that their needs are being supported as well, whether that is a carer support peer group or making sure that there is respite care available or day care services available, so that it gives them a bit of time off in the care-giver role. We have been really clear on that and especially with services, as much as we are absolutely determined that people with dementia will be involved, we are the same for carers as well. We want to hear their experiences and make sure that their experiences are fed into health and social care professionals, because as you say it impacts on them almost as much as it impacts on the person with dementia.

Derek Young: I have now had time to collect my thoughts on this, which is useful. The Scottish Government at the moment have an active and healthy ageing action plan and that is in the process of being refreshed, but there are a number of different strands to it. First, there is a greater encouragement of people to manage their own long-term health conditions—which, if they can do to a greater degree, will not just encourage them to be able to manage their health, whether they have dementia or sensory impairment or any

other type of condition, but will also mean they have a much more positive outlook in managing that circumstance. Social science is pointing to that as being a very critical factor. If you have a positive outlook, if you believe that you are valuable and valued, that greatly increases your quality of life and your self-perceived health, especially since that reflects on the healthy life expectancy statistics. You begin to see an effect there.

A number of different local authorities are investing in what is called re-ablement. People have an identified, firmly assessed care need. They are encouraged to develop their capacities over time so that their care need shifts and becomes more manageable. There are a couple of good examples that Age Scotland supports, which I will mention to the Committee. Both of them relate to men and it is sometimes difficult to get men to access services if they are reluctant to actively seek them out or to join local social-based community groups. The first is walking football, which is now being developed with a walking football network in Scotland with the SPFL Trust. This is football where you are not allowed to run, so it is much like the Olympic walking tournaments. It is very popular among men aged 50 and over. There is an annual festival now in Scotland and we are looking to develop as many clubs and associations around Scotland as we can.

Equally, we have the Men's Sheds movement. This started in Australia over a decade ago and there are now 900 sheds. These are community spaces where very often there is joinery and carpentry and fixing things—especially popular with men who used to work with their hands, but they are also able to access information and health advice there. Sometimes men have gone to these sheds and talked about the fact that they are not able to do things as well with their hands as before, and it has led to an earlier diagnosis of arthritis, for example. As I mentioned, there are 900 in Australia. If you take a population equivalent per capita basis, there would be 225 in Scotland, so that means every community in Scotland that wanted one could get one.

Q48 Chair: I will bring John on in a minute, but one thing that also strikes me is what can be done in terms of positive health interventions. If you think of the generations now who have hip and knee replacements, that is one thing Government has responded to in policy development with what has been described as an ageing population. It has a health benefit for this healthy retirement we talk about. Also with mobility issues there are mobility scooters available and all the other means that allow people to enjoy full access to facilities and community resources. We are interested in the sort of things that can be done positively by these types of interventions by Government.

John McAllion: I would endorse that. Just recently the Dundee pensioners organised a walking football tournament in City Square in Dundee as part of International Older People's Day. Remember the free bus pass? It makes a massive contribution towards overcoming isolation and depression among older people, enabling them to lead very healthy, active lives and the people who attack it time and time again should try to think about what the consequences of removing that bus pass might be for older people right across Scotland. In the end that may prove to be more expensive than maintaining it as it is at the moment.

The other thing that I think is very important is the Scottish Government are integrating health and social care for older people and they are setting up joint integrated boards to run this new system. There has been a persistent demand from older people's organisations to have an older people's representative on that board, which has been consistently refused. Involving older people in making the decisions about how their care and treatment is

organised is a very important aspect of the future. I think the authorities should be encouraged not to try to keep older people at arm's length and let them come into the decision-making process.

Q49 Margaret Ferrier: I am very interested to hear you mention Men's Sheds. I was speaking to somebody yesterday about the Men's Sheds when it had been mentioned on the television the other evening, and I think it is possibly the way to go because men are not quite as sociable as women and may become more isolated at home. On the health side, which goes back to my original question, again men are not as good at going to the doctor if they are unwell, and prostate cancer is an early intervention and can be treated, as can things like bowel cancer. It is very important that men do access healthcare as well as women.

Chair: Hold your thoughts a minute. I see Steve Hepburn wants to come in.

Mr Hepburn: I was in favour of the ban on smoking in clubs and enclosed places. I think it is a great thing, but it did mean a lot of older people, single people and older men, did not get out, because they went out for a cigarette and a drink or whatever. They are now isolated in their homes. Do you think when these policies and changes in the law are brought about for the benefit of people there should be more consideration of keeping older people more included?

Derek Young: I very much think that and that leads itself to a consideration of whether we should have a more strategic approach to an ageing population. I think that John previously mentioned that since 2007 the Scottish Government have adopted an approach of proven science. There is a national performance framework with dedicated national outcomes and so on, one of these being that we live longer, healthier lives and that people are able to enjoy their independence while they get older for as long as possible. Prior to 2007 there was a strategy for Scotland with an ageing population called All Our Futures and one of the ambitions of that was to effectively test the impact of other policy decisions on older people as a community. You might also cite, for example, the regulation of bus services. If local transport has to be run on an economic base model, it is unlikely that it will make a great contribution, except by accident, to social objectives. If you have an ambition to allow older people to get out and about, that is something that you ought to factor into that type of system, and similarly with the pattern of Post Office provision or local library services around the country. There are lots of locally-based public services and also shops, but that is less within the sphere of public, which make a great contribution to older people's interaction with other people. That ought to be considered when these decisions are being made.

Q50 Chair: I am keen to move on, because I have a few more questions, but I know Keith has wanted to come in for a while and then we will maybe take a question from Kirsty.

Keith Dryburgh: Thank you. I just wanted to come in with what support the Government can provide. I think it is important when you consider the ageing population that it is not just people who are aged 60 or 65 and over now; it is the people who are going to be aged 60 or 65 in 20 or 30 years. When people, say, lose their jobs in their 40s and cannot get into the labour force, that may be the main factor of their health when they are in their 60s rather than what happens when they reach the age of 60. I think it is crucial that you support people in middle age or older to get back into employment. We see a number of

clients who are in their 40s and 50s lose their jobs and, because they do not have online skills, suddenly they are excluded from the labour market and they are out of work, and that has an impact on what it is like for them in old age. Equally, if support for people with disabilities works, it keeps them in work, keeps them healthy. I think financial advice is important. If people have saved, if they have their finances in line, they have proper financial advice in their 50s, it makes their 60s and 70s much easier. All of those things need to be in place for when somebody becomes older. When they are older, things like fuel poverty are crucial—that is the main thing that people come for advice on—and also that people claim their entitlement. Attendance allowance has something like only 60%-odd claim rate and I think it is because older people do not claim. It is a really important thing that older people feel that they can claim and the support is clear

Owen Miller: I know you want to move on, but just to follow on from the points that have been made, it was mentioned that men can be quite isolated, especially in the older age. There has been a lot of work done on football reminiscence projects, which has grown arms and legs, and rugby reminiscence projects, and it has gone on to a whole range of other things as well. I did want to make a point—about dementia, but it is also for other carers as well—which is that dementia is a particularly gendered disease. It affects women far more than it affects men. The people who are carers of people with dementia are also women. They have a much higher percentage rate of supporting people with dementia than do men. Although I take your point, and it is absolutely well made, that there are issues around isolation for men, there are for women as well. That comes to the fore when you think that the carer has to give up work to care for a person with dementia, or for anyone else for that matter, and they can find it particularly difficult to get back in and find themselves very isolated. That is the point I wanted to make. In terms of inequalities for pensions and for income more generally, that has a huge impact, especially if they have had to take time out to care for a person.

Q51 Kirsty Blackman: Before I ask my question, I wanted to ask a question of Keith, because he mentioned the rise in single adult households. Not so much for older people but in general, do you think the Government should be making policy changes or at least taking that into account when they are making policy for the future?

Keith Dryburgh: I think maybe it is an overlooked point as part of the demographic of Scotland that 35% of households in Scotland have one adult. That is more than the number of households that have two adults, and that is across single pensioners, single adults and single mothers. I think something like 1.15 million households in Scotland by 2030 will be single-adult households, and by far more than any other household type. Looking at the Scottish Government statistics, they are the group most likely to be in poverty. If you live on your own as an adult, you have a 21% chance of being in poverty, but here a single parent with a child has a 16% chance of being in poverty. Not having a child makes you more likely to experience poverty, which seems a bit strange.

That is reflected in our statistics, particularly for men. I think 40% of our male clients live on their own and it seems that it is a good predicting factor of the kinds of problems that people seek advice on, particularly things like food banks and housing that people in a single adult household seem to have problems with. I think it is worth bearing in mind. I do not have future predictions, but I think it is something that is maybe being overlooked in the demographics of Scotland, whether it is single pensioners or single people and single working age people.

Q52 Kirsty Blackman: That is really interesting, thank you. I know that one of the food banks that I visited has an increasing number of single males coming through the door, and they say that is their highest group. Moving back to pensions, what impact will the recent changes that have been made to the state pension have on future generations of pensioners coming through?

Derek Young: We do not explicitly take the same attitude as the Scottish Pensioners Forum, in that we are not overjoyed about the fact that the state pension age is increasing, but it seems to be a reflection of reality, particularly this one-third, two-thirds principle that is applied. What it will increasingly mean, of course, is that the definition of working age is going to change. You heard a lot of evidence earlier on about the dependency ratio—which I must say is terminology that we decry completely, given the evidence you have already heard here about the contribution that older people make and they certainly do not regard themselves as dependants. There are academics in the University of Edinburgh—again, we can submit this in writing—who say that the dependency ratio has fallen. It does not compare the number of people who are economically active to the ones who are dependent, not just in terms of the financial provision but also in health and social care costs and so on. There are other tools that you could use to quantify that much more successfully.

However, it would be difficult, for example, to have a situation where people who are in different types of occupations reach their pension age earlier than others. First, there might not be a great deal of public support for that idea, but also people change jobs quite frequently. They change employers certainly much more than they used to do, so they have to evidence what was the situation where someone would qualify for an earlier state pension age.

What you could do is link certain means-tested benefits to healthy life expectancy. If there were people who were more likely to suffer particular health conditions as a result of their working pattern throughout their working lives then there might be forms of support that did have some qualification process, but which were not either the basic state pension or now the single-tier state pension. Lots of older people like the fact that it is a universal service offered on the same basis.

John McAllion: It is the state pension in general, not just the pension age. With the new pension you have to have 35 years national insurance contribution to qualify for it. The majority of future pensioners will not have that, because of the nature of work nowadays and so on, and will not get the full pension. It is not clear whether they will still qualify for housing benefit and council tax rebates and so on if they are on that £155 a week. Some people estimate that the majority of the future pensioner population will be worse off because of the pension changes that have been introduced.

On the question of age, we already have firemen and policemen retiring earlier than anybody else, for a very good reason, but they do not get the state pension until 65. I do not think anyone in the pensioner movement wants to see the pension age increased to 70 or 71. The life expectancy of the bottom quintile of males is 71 years. If you raise the pension age to 70, they will not get the pension after contributing to it their whole life. You cannot really have that. That is a massive injustice.

A different way of looking at it is that in one of the latest studies that has come out of the National Pensioners Convention at the UK level, they argued for a state pension that is based upon 30 years' residency. You have to be resident in the United Kingdom for 30 years to

qualify for the state pension, but it does not matter about contributions. They now probably recognise that the contributor principle has become a myth because of the way Government have treated it over many years. I think that may be a way forward, and the only means-testing that would then be allowed would be for people who did not qualify because they were latecomers into this country and so on and may need some kind of means-tested benefit. To increase means testing would be resisted by all the pensioners' organisations across this country. It is the one anathema that the pensioner movement has. They do not wish to see any means test of pensioners in order to qualify for a pension.

Chair: Thanks for that, John. We have a couple of other questions on pensions. I know Chris wants to ask a couple.

Q53 Chris Law: John, you have touched on the very thorny topic that I have next, which is about raising the state pension age. A couple of things I have been looking at is the House of Lords Committee on Public Service and Demographic Change and their report in 2013 called "Ready for ageing?" Their own recommendations and those of the Turner commission have not been agreed by the Government. In fact, the Government are moving slower on raising the state pension age than was indicated in that. One other thing I am just looking at here is that the National Records of Scotland stated that there is projected to be an increase of 20% between 2014 and 2039 in Scotland, which leads me on to the thorny question: when do you think the age of state pension will next have to be revisited?

John McAllion: By law I think it has to be revisited in every Parliament at the moment, but any idea of increasing the state pension age would be resisted. I think one of the problems is you have to think these things through very carefully. There will be some pensioners who are fitter, healthier, living much longer in much better, healthy conditions. Do you want them competing with young people in a job market that is dominated by zero-hours contracts, low wages and low-skilled jobs? That does not help young people. It probably squeezes young people out of the job market if you get more pensioners working on and taking jobs that should be going to younger people who have not had the chance to work and so on—plus the fact that even in the working population I think almost a quarter suffer from some kind of disability: 40% of the pensioner population suffer from illness and disability. You cannot impose upon these people by raising the pension age so that they are going to have to work longer. That is not the answer. It is a very complicated situation, but we need more thought given to it and what the implications of any change may be.

I am very much in favour of some kind of requirement on Government at UK level and Scottish level taking into consideration the demographic consequences, the implications for the different sections of the population of any policy change that is brought in. If you are going to make pensioners be in the job market longer, what is the implication for youngsters leaving school who do not have many skills? Pensioners will have skills.

Q54 Chris Law: My next question revolves around the figures that came out from the Scottish Government that suggested that pensioners in Scotland will get £10,000 less for men and £11,000 less for women than in the UK as a whole because of the differences in life expectancy. The Scottish Government suggested looking at lowering the state pension age in Scotland. What do you think the positive consequences of that could be and are there any potential negative ones?

Chair: Differential pension ages. It was mentioned during the last general election campaign because of the lower life expectancy in Scotland. Do any of you have views about that?

John McAllion: I think one of the consequences would be that the rest of the pensioners in the UK would be very upset. It would certainly be welcomed in Scotland.

Q55 Chair: I think that would be almost certainly the case. I know you take a different view from the Pensioners Forum when it comes to these things. What is your general view about particularly Turner and all the conversations that are going on now about raising the pension age, and this life expectancy issue that was thrown into the general election campaign last year?

Derek Young: There is a point about process and there is a point about substance. The process point is that when the Scottish Government first mooted the idea of differential pension ages it was in the context of the independence referendum and if Scotland were to be independent in the future, that sort of decision could be made quite straightforwardly.

I know Professor Paul Spicker, who used to be at Strathclyde University, has started to do some work about whether the additional welfare powers and putting the discretionary powers that are available to supplement existing benefits, which would include pensions, could be used to make additional pension provision. I think one of the parties that is currently campaigning in the Scottish Parliament elections has talked about addressing the WASPI problem using the devolved powers that are coming in under the Scotland Act 2016. As far as the substance is concerned, there are a variety of options. It would be important for the Cridland review, which is the review that is taking place every five years, to take into account differences between the nations and regions of the UK and what the impact of an increasing state pension age might be. I know that Age UK, our sister charity, is doing some modelling about some of these options with the Pensions Policy Institute and I think that will be available to the review.

The information and the feedback we received from older people during the independence debate was that there was not a lot of support for the idea that the state pension provision should be different across the UK. That might well be something that changes over time if there was evidence presented about the differences in healthy life expectancy and life expectancy north and south of the border. That might have an impact, but certainly that is the strong feeling that we received as we were consulting older people around the referendum time. As an organisation that I am representative of, we want to try to reflect that and our interactions both with the independence debate and also with the Government policy as it is developing now.

Q56 Chair: A question I asked Professor Bell in the earlier session was that there is much more to Government policy for pensioners than the pension. It was suggested that the Budget that was presented a few weeks ago was much more in favour of older people and it was at the expense of younger people, and that was the way that a few commentators have characterised this Budget. Do you have a particular view about the politics behind support for older people? There is this idea, which is probably true, that older people tend to vote more than young people, so they have a bigger impact on democratic outcomes. Are Government right to look at demographic profiling of things like the Budget as they are making these announcements,

because there is quite a lot of grey power, as it is called, in terms of maybe forcing the Government's hand when it comes to policy?

Derek Young: Yes, I am willing to comment on that. The appropriate phrase to use and the right attitude to have is one of intergenerational fairness, so it is very welcome to see the Work and Pensions Committee and your colleagues on it taking that attitude. I think some of the evidence they have received is that there are some common perceptions about intergenerational unfairness that are simply not borne out by the facts. Putting that on public record contributes to a better public understanding of what cost, benefit, contribution and withdrawal from the system mean. Policy can encourage greater intergenerational interaction, things like the integration of health and social care services. There is a lot of provision, especially around preventative health, that could be done by community-based organisations that might have young people in them. I know that digital inclusion was mentioned already. When older people are learning basic online skills that they maybe do not have, they tend to have those skills encouraged and taught to them by younger people. That is a form of interaction inter-generationally that can encourage far better social relations. That is what we should be aiming for.

I do not wish to add comment on whether or not that was achieved in the last Budget. If that is a principle that we establish and we can make visible signs of showing that we are working towards, including things like inheritance tax, which would be another to take into account, that would start to at least pressurise a change in the debate that we see.

John McAllion: If there was anything in the Budget that discriminated in favour of older people, it would be richer older people, because I think that is the kind of Government that we have at the moment. There is a pensioners' parliament held in Blackpool every June, where pensioners' organisations from all over the UK go and debate pensioners' issues. The main theme at one of the most recent ones was intergenerational solidarity, with each side promising the other that they would not allow politicians to divide them and to play one group off against another. Dundee, for example, is well known as sanction city in Scotland because young people on benefit are continually having their benefit stopped. They are often thrown back on to their guardians, who are expected to look after them when they do not have any money. It is that intergenerational solidarity at the grass roots that still exists. Young people do not want to see older people deprived of their bus pass or get their pensions cut or be made to work longer. They do not want that and older people do not want to see young people exploited through sanctions and all the other things that go on. They want to see everybody come up together, and I think we should resist any attempt to play one age cohort against another because we, the older age cohort, will resist it as long as we can.

Q57 Chair: Thank you very much for that. I have a couple of questions to round off. I do not know if it was you, Derek, who mentioned the Scottish Parliament's Finance Committee inquiry into demographic change. Was it John? A very good report it was too, which has helped shape up some of the things that we want to ask. What they called for—and I think we have seen it in the integration of health and social care—was a bigger collaborative working process between the health providers and local government and social care, and we now have that. The question is: does there need to be a greater collaboration between these areas in the DWP when it comes to pension policy? As well as having health and social care, are we now having to look at bringing health and social care and pension provision integrated into a bigger collaborative sphere?

Derek Young: I was going to recommend the Finance Committee's report to the Committee in its deliberations, so it is good to see that is already on your radar. Interestingly, in the Scottish Government's response to that report they cited not just financial provision and health and social care, but they touched on things like housing provision for older people and public transport. What is increasingly becoming better understood is that there is a range of different services that older people interact with and need in order to have a sustainably good quality of life. It would be good for Government to treat those as connected. I know that a number of the integration joint boards who are implementing integration are looking at the impact that patterns of other service provision have not just on quality of life but on the ability of older people to access services. We would be quite keen, in the strategic and local planning that goes on, for people to also assess social factors that are social determinants of health, such as loneliness and isolation, and the impact that they are likely going to have on demand for services going forward.

The more that you can have a joined-up approach, the better. The Scottish Government would argue, and have done, that the national performance framework leads to that strategic approach. We would also like to see a refreshed and renewed version of the "All Our Futures" planning for Scotland with an ageing population and trying to deal with some of the consequences as well. Both of those can have a positive impact certainly.

Owen Miller: I wanted to make a bit of a follow-on from that. It is about drawing in all of those aspects but keeping it for a person with dementia to have a single point of access to go to for accessing the different services, housing and HP support or other interventions. One of the things we did when the Scottish Government consulted on the devolution of social security powers to Scotland was highlighted the research on fragmentation in the system. People have to go to their local authority for their housing benefit or housing, they have to go to the health board for their treatment, and they have to go elsewhere to get different services. There are examples within Glasgow, I think, where people can go and it is almost a one-stop shop to apply for all these things, and they have a person who will work through all the different benefits and ensure that they get income maximisation. The point that I think Keith made earlier was that a lot of people do not get the benefits that they are entitled to and they do not get the full range of support. There is something there about ensuring that the benefits system works with the health system that works with the social care system and there is not this artificial divide.

For the people down on the ground, especially those with dementia and their carers, that is a really difficult system to navigate. They do not know that there are all these artificial Chinese walls between all the different organisations. They just see the process taking forever. I think a real benefit of that would be encouraging the agencies, regardless of whether it is Westminster or the Scottish Parliament or the Scottish Government, who are in control of these things, the people in charge of setting the direction, to work together. That would be a really positive step forward.

Q58 Chair: Thank you for that. This inquiry is looking at issues of demography as well. We are very grateful for the way you have helped us out in understanding some of the issues to do with the older population of Scotland but we are also looking at population issues and would like to get your thoughts on some of the broader points that we are looking at. We have issues where Scotland's population is not expected to grow as quickly as the rest of the United Kingdom. What does that mean for Scotland in terms of how we provide for our services? I know you do not like the phrase "dependency ratio", but there will be fewer working-age

people in Scotland as a proportion of all the people than there is in the rest of the United Kingdom, which will have an impact on the way that we deliver services and the ability to pay for these services. Do you have any closing views about both the different population as regards the UK and a higher dependency ratio, even though it is a phrase that we have decided we do not particularly like around here? Are there any thoughts or closing remarks about that?

John McAllion: I was talking to somebody recently who was heavily involved in delivering health and social care for older people in Dundee. They made the point that the system would collapse without migrant workers who had moved into the city. Dundee's future is based very much on its universities, which are attracting thousands of foreign students into the city and have turned the city around in a very short space of time. It has been a very positive addition to Dundee's population. They make a massive contribution to looking after people in Dundee. I would be very concerned, for example, if there were cuts to migration because this would start to stretch services, public services especially, which depend to a great extent on workers who come into Scotland from elsewhere.

Derek Young: The key drivers for population change are migration, fertility and longevity. We are probably not qualified to talk about migration and fertility to any great degree, but it is clear that Government action can have an effect on longevity and can extend lives. There is nothing absolutely certain about the fact that we have doubled life expectancy between 1850 and 2010. There are public actions that have been taken to improve environmental conditions, better medicine, technological change, avoiding mass warfare, for example, and better disease control. There are many elements of these that have public elements to them and so we should look at the fact that longevity is increasing as one of the main achievements of civilisation. I would like to put that on the record and hope that the Committee would endorse that as a statement.

When you talk about the dependency ratio, which is a phrase that we do not like, I know there is a different view from the Scottish Pensioners Forum. The last UK Government, the 2010 to 2015 one, had developed a policy of extending working lives where people felt able to and wanted to do that, and that is an important qualification, so that John does not jump down my throat. Increasingly there are people who see that they can continue to make a contribution and want to do so and there are policies that have already been adopted such as abolishing the default retirement age, introducing the prohibition of age discrimination in 2006. We do not yet know what full effect those will have, but what we can do is encourage employers to adopt practices that will allow people to work on where they want to, perhaps in slightly different roles, or encourage people to work with more flexible working patterns. All of these types of changes should be considered, so long as they are not imposed on people against their will. They do allow for older people who can continue to make a valuable contribution, who do have skills, who have an ability to coach their younger colleagues, for example, and share their wisdom and life experience, so that the numbers as you have depicted them, and as I mentioned are sometimes presented apocalyptically, do not have to play out that way.

Owen Miller: First, to follow up on and agree with what Derek said about keeping people within the workplace, especially people with dementia as their illness progresses. They want to keep working because it offers them income and socialisation. They may not be able to continue doing what they want to, but a lot of them will still continue working until they cannot anymore. That point should also be made for carers. As we have said, with the number of people in the future who are going to require care from their family, their employers are going to have to begin to think about how they accommodate that, be it

through flexible working patterns or compressed hours. In a number of different ways employers are going to have to change their thinking about this, because we know from what carers tell us that at the moment they do not always get the support, so it is either work with what you have been doing or resign. A lot of the time there is no support for the middle ground.

Just to round off, I think going forward prevention is going to be the big issue for future health and social care services and housing and others are going to have to come together to put in place preventative plans, because that is how you avoid crisis points. The most expensive health and social care interventions are the ones where a person hits crisis, whether it be life-threatening or they cannot cope with the situation they are in at the moment, whereas if you build the resilience in people, if you build hope and you build and plan for the future, you can either offset that or you can push it so that people do not reach these crisis points. I think with the demographic changes going the way they are predicted to, that is going to be absolutely essential.

Keith Dryburgh: I second what has already been said about maximising the potential of everybody and their contribution. I think public policies can manage any demographic change that comes. I would just emphasise as well that there is no one set of older people and it differs right across the country. We cannot just talk about older people in Scotland; it is older people in Dundee, it is the whole population of Dundee, it is what Dundee needs, what Edinburgh needs. There is a particular issue in rural Scotland in that there is an older population in rural Scotland and younger people tend to move away to the city, so the changing demographic in rural Scotland is quite different to the rest of Scotland. Bear in mind that no one size fits all. Equally, if you follow the mantra of maximising potential and giving people opportunities, everywhere can benefit from the changing demographics.

Q59 Chair: I think your comment about the movement of people is important and valuable. We have looked again and have been presented with some of the trend about how people move throughout the course of their lifetime, like university, coming and studying and moving away in their 20s and going to retire in areas of retirement, so I think these are things that we will want to pick up on in this Committee. Anything further that you have on that that would help us in reporting and inquiring would be really helpful, so that we get a bigger and better sense about how all that works and impacts on services. Have we managed to get most of the issues from you or is there anything else that you feel we have not quite touched on? Are there any questions from my colleagues on the Committee that we have missed out?

John McAllion: I think it was the Cabinet Finance Secretary for Scotland, John Swinney, who pointed out that between 2010 and 2020 the Scottish Parliament's budget would be reduced by 12.5%. During this period we have embarked upon the most ambitious changes to the National Health Service we have ever seen, with health and social care being integrated. The idea that that can be achieved properly with less money really is not realistic in the Scottish Pensioners Forum's point of view. There is a massive underfunding of the changes that are taking place, and that has to be taken into consideration.

Q60 Chair: Thanks for that. I think it is really important to hold on to these things too. Derek, did you want to say something?

Derek Young: Two very short points. First, Audit Scotland has recently published a report on the initial plans for health and social care integration and they have talked about the fact

that it will take five years anyway. Even if everything goes perfectly and it is all planned brilliantly it will take five years before you start to see some changes in people's outcomes because of the streamlining and better co-ordination of services. That is if everything goes to plan.

The second point is that one of the Committee's terms of reference talked about resources around the UK and I know that the Barnett formula and so on was all considered this morning. If you were to move to a needs-based formula, which would be an alternative to Barnett that is obviously about predictability and equalisation, then demography would be one of the factors and ageing within demography would be one of the factors to be balanced against things like population dispersal, deprivation and so on. You should certainly take into account the point Keith recently made, which is that older people are not a homogenous group. There are a huge variety of circumstances that they face and these change over time as well. Although you can predict to some degree what future need might look like because as I mentioned ageing is predictable, everything that is a projection has a degree of uncertainty about it. If you were to move from the situation where you are looking at current population to one where you anticipate what you think the population might turn out to be, Barnett is already the subject of quite contentious public debate. If it is then based upon things that are closer to estimates rather than hard data, I think that might colour the way that resource-sharing debates happen around the UK.

Q61 Chair: There is a very important debate to have around this and you probably saw a little bit of that earlier when we had Professor Bell before the Committee. These are the sort of things that we will want to look at, some of the economics that are behind all of this and some of the assumptions that are made about needs-based analysis vis-á-vis the Barnett formula, so it is very kind of you to remind us about these things. It is certainly within the scope and remit and on the horizon of this Committee. Is there anything further, colleagues, before we round up?

Owen Miller: Just a short point: it did not really come up over the course of the discussions and it is very health-focused, but in the context of an ageing population, the older people get and then come towards the end of life, there is going to be an increasing demand on our palliative care services and the support for people at the end of life, so that their decisions can be supported and to have the end of life that they would want. That is inevitably going to change with the increase in chronic conditions, dementia being one of them. Something for the Committee to maybe consider as well is that as the population age increases, there is going to be an increasing demand on services.

Q62 Chris Law: I am going to wind up on a reflective point, because across the day we have been talking about the impact of demographic changes and life expectancy. Going backwards, back to talking about just after the Second World War, do you think where we are now, given we are at such critical stages, that any future planning needs to be long term and future proof, rather than the kind of ad hoc policies we have made over the last 50 years or 60 years regarding pensions?

Derek Young: It would be definitely advantageous for people to have adequate notice of changes that are made to the state pension. I mentioned before the Turner report in 2005. I think that is a principle that is still very valid and when you do not follow that type of pattern you have seen with the WASPI campaign what that can do in terms of the public reaction.

It is probably also true that we will continue to have public policy debates in this country and elections and people will continue to want to make choices about how services are delivered. While there is probably a valuable ambition to have a degree of consistency, equally things happen that you have to react to. There was the Equitable Life pension scheme collapse, for example. That was something that eventually, after a long campaign, there was a public policy response to. We ought to retain the capacity to be able to reflect on what we see as shifting need and react to it, but have a principle-based approach in which you identify what are the outcomes that you want to achieve, what you think is a fair intergenerational settlement, and then always try to work towards that end.

Q63 Margaret Ferrier: You mentioned there Equitable Life. Just to clarify that there are still outstanding payments for a lot of these people and, rightly, they are very angry. There are the two strands, the new WASPI campaign and then these people who have been fighting to get what they deserve from the Equitable Life scandal.

Derek Young: I agree.

Chair: Thank you everybody. I think there have been important salutary lessons for this Committee on our terminology and the way we go forward in using some of these phrases. We are really grateful for you all turning up today. I have to say I think this worked. It is more of a conversation than a straightforward evidence session. Thank you for being our guinea pigs today for the Scottish Affairs Committee when we attempted to do this, but I think it is something we will probably do again in the future.

As we say to everybody when we are just starting an inquiry such as this, there is not going to be any end to the requirement for further information and evidence. If there is anything that you observe as we take this forward in the sessions that we have, or anything that you feel needs to be clarified, it would help the Committee in drawing it up and you have also seen the terms of reference. Please get in touch with us again and we would be quite happy to accept that.

Can I thank you all for coming along today? I thought it was a fantastic and very interesting conversation and we are very grateful for you turning up today.