

THE DEMOGRAPHY OF SCOTLAND AND THE IMPLICATIONS FOR DEVOLUTION - EVIDENCE FROM POPULATION MATTERSⁱ

Executive Summary

- Scotland's population is growing, but more slowly and ageing more quickly than the remainder of the United Kingdom.
- Scotland has lower fertility than the remainder of the United Kingdom.
- Both the United Kingdom and Scottish populations are consuming renewable resources at an unsustainable rate.
- The focus should be on managing the transition to a sustainable, stable population with a different demographic profile, not on trying artificially to maintain an existing demographic profile.
- Responses to demographic change require long-term policies and plans.
- Population must be given more attention in government through the appointment of senior ministers who have responsibility for this across departments.
- Policies to encourage more efficient use of the existing labour pool and to reduce unintended pregnancies should be introduced.
- The Scottish Government has significant policy levers; however, the devolving of powers over employment should be considered because of the differing nature of the demographic challenges in Scotland and the remainder of the United Kingdom.

Evidence

Population Matters is pleased to be able to provide the following evidence to questions raised by the Scottish Affairs Committee on the issue of the demography of Scotland and the Implications for Devolution.

What are Scotland's demographic trends and how do they compare to the rest of the United Kingdom?

Official statistics project that the population of Scotland is projected to rise to from 5.35 million in 2014 to 5.51 million in 2024 and to 5.7 million in 2039. This is an increase of 7 per cent over the 25 year period.ⁱⁱ By comparison, the population for the remainder of the United Kingdom is projected to rise from 59.3 million in 2014, to 63.5 million in 2024 and to 68.6 million in 2039. This is an increase of over 15 per cent over the same period.

In the case of Scotland natural increase is assessed as being responsible for 10 per cent of the population growth, with the remaining 90 per cent due to net inward migration (57 per cent from overseas, 32 per cent from the remainder of the United Kingdom). In the case of the United Kingdom, natural growth is assessed as being responsible for 49 per cent of the growth, with 51 per cent being assessed as due to net inward migration.

After initially rising from 0.91 million in 2014, the number of children under 16 is projected to decline from 2024, resulting in an overall increase of only 1 per cent to a total of 0.92 million in 2039.ⁱⁱⁱ In the remainder of the UK children under 16 rise from 11.3 million in 2014 to 12.3 million in 2039 - an increase of almost 9 per cent.

Scotland's population of pensionable age of 1.06 million in 2014 is projected to decrease slightly before rising to 1.36 million in 2039. The number of people aged 75 and over is due to rise from 0.43 million to 0.8 million in 2039, an increase of approximately 85 per cent. In the remainder of the United Kingdom the comparable figures are 11.4 million of pensionable age in 2014, rising to 15.8 million in 2039. The population aged over 75 is projected to rise from 4.8 million in 2014 to 9.1 million in 2039 - an increase of 89 per cent.

So far as the demographic structure of Scotland is concerned, the dependency ratio^{iv} of Scotland is projected to increase from 58 dependants per 100 working population in 2014 to 67 per 100 working population in 2039. By contrast in the remainder of the United Kingdom the dependency ratio was 31 per 100 working population in 2014 and is projected to rise to 37 per 100 in 2039.

In summary:

- Scotland's population is growing, but not as fast as the remainder of the UK.
- Population growth in Scotland is principally due to net immigration, compared to the remainder of the UK, which has a balance between natural increase and immigration.
- Scotland's population is ageing at a similar rate to the remainder of the UK, but is ageing relatively faster as a result of lower rate of increase in children under the age of 16.
- There is a significantly higher dependency ratio in Scotland.

Scotland is far closer to the European average for projected population growth than England.^v It has more in common with European nations with static or declining populations such as Germany or, internationally, with countries such as Japan.

What accounts for any differences in these projections?

The implication of the higher dependency ratio in Scotland is that the percentage of women who are of child-bearing age is relatively lower.

Lower average fertility within the population is also a significant factor. The average fertility rate in Scotland is projected to decline from the current figure of 1.78 children per women to a figure of 1.7 children for women born in the 2000s and later. In the remainder of the UK the projected future average number of children per women ranges from 1.9 (England and Wales) to 2.0 (Northern Ireland).

To what extent are Scotland's demographic forecasts successfully captured by public policy considerations at a devolved and UK level? What more could be done?

Both the population of the Scotland^{vi} and the United Kingdom^{vii} consume renewable resources at a rate three times faster than their domestic biocapacity can replenish them. This leads to both Scotland and the United Kingdom taking more than their fair share of resources globally, which reduces the opportunities for developing countries sustainably to improve conditions for their citizens in line with the Sustainable Development Goals. The consequences of demographic change in the UK and Scotland are felt internationally. The Select Committee and the Scottish Government should be considering their implications for long-term economic, social and environmental sustainability as part of its investigation.

While there is understandable concern about the practical problems of coping with a changing demographic structure, the failure to incorporate the environmental implications of demographic change is a significant omission in public policy.

Population change takes place over long periods of time. The policy response must take a similarly long term view. Long term planning in the United Kingdom generally is a significant weakness.

The differences between the demographic changes in Scotland and the remainder of the United Kingdom strongly suggest that separate policy approaches may be required.

The implications for food security of the projected demographic change in concert with the implications of climate change are not considered in policy. This is particularly important for Scotland, where only 8 percent of the land is deemed suitable for arable use.^{viii} In the remainder of the UK approximately 25% of the land is suitable.

The assumption that the only way to deal with the demographic change and maintaining a healthy economy in Scotland is by encouraging population growth must be challenged. Logically, this is a recipe for additional unsustainable population growth akin to a Ponzi scheme. The challenge of dealing with the transition from one demographic profile to an older demographic profile must be dealt with through alternative policies.

The ageing of the Scottish population creates an understandable concern that the historical pattern of younger generations caring for the elderly will come under threat, with more older people and few younger ones to either care for them or contribute towards pension provision. This is a new policy concern for Scotland and the United Kingdom; however, other countries within Europe and globally have faced similar problems. There is an opportunity to evaluate how this unprecedented increased longevity, with people

living much longer in much larger numbers than ever before due to better nutrition and much improved healthcare. While the consequence is many more years of active and healthy life, it also means more years of being dependent on some level of care. The generally falling birth rate also contributes, contributing over time to a changing age profile, where the elderly comprise an ever greater proportion of society.

Migration is an integral part of the policy issue. Where regional free movement of labour agreements exist, this must be coordinated regionally (for example, between Scotland and the remainder of the United Kingdom, and the United Kingdom and the European Community).

Consumption per capita (as evidenced by the unsustainable ecological footprints of both Scotland and the United Kingdom as a whole) must be addressed as part of the demographic issue. It is self-evident that the more people there are consuming resources at any given level, the more unsustainable this will be. This could be addressed through a mixture of fiscal and economic incentives and disincentives.

To what extent can the Scottish Government or the UK Government influence Scotland's demography?

Public policy can play a significant role in influencing demography. However, this should be focused on managing the transition from a growing to an ultimately stable sustainable population size. Population is an important factor in all economic, social and environmental issues. It must be treated with appropriate gravity.

We urge you to consider the following policies:

- The implementation by Scotland and the United Kingdom governments of the recommendation of the Population Panel^{ix} that senior Ministers be appointed to be responsible for population-related issues across government departments.
- The extension of family planning advice and education to reduce unintended pregnancies.
- Reducing and ultimately phasing out subsidies for larger families, except for those in need.
- Making more efficient use of the existing potential labour force:
 - The provision of support to women to enter or re-enter the labour market after having children.
 - Improved training for the unemployed and low-skilled workers to enable them to enter or re-enter the labour market.
 - Encouraging flexible and part-time working suitable for older citizens and parents.
- Introducing fiscal incentives to encourage the more sustainable use of resources.

Does the Scottish Government have adequate policy levers to attract and retain people of working age to Scotland?

We suggest that this question is focused on the wrong issue. It should rather address the issue of managing a change in the demographic profile of Scotland while achieving a stable, sustainable population. This should include maximising the opportunities for the existing potential labour force within Scotland.

The Scottish Government has significant public policy levers, which it could use to achieve this aim. These include control over:

- the education and training system.
- health and social services in Scotland.
- economic development.
- environmental policy.
- a significant element of taxation, when implemented.

The most significant non-devolved power is that concerning employment law. It is possible that the differing demographic pressures in Scotland might require different approaches to employment. It is recommended that the Select Committee consider the need for devolving employment law to the Scottish Government.

The other major factor in population growth is immigration. Immigration policy is reserved to the United Kingdom. However, as the major part of immigration comes internally from within the European Union, there is only very limited opportunity to influence that in any case and there seems to be no case for the Scottish Government to have powers in this area.

Should demographic trends (beyond just a share of population) be a factor in determining the funding settlement across the UK?

It is clear that overall population figures are insufficient for allocating resources across the United Kingdom. The dependency ratio, the number of children of school and college age, people of pensionable age and those aged 75 and over, who may be expected to have a greater call on health and social services are all relevant factors.

What impact are Scotland's demographic trends forecast to have on (a) Scotland's economy and (b) the provision of services in Scotland?

The impact of demographic change on Scotland's economy is highly dependent on approaches to investment to improve the efficiency of industry in Scotland, both by capital investment and by investing in Scotland's workforce to improve access to employment. This requires more investigation; however, it should not be automatically assumed that the answer to maintaining and improving Scotland's economy is through importing people of working age.

The provision of services in Scotland will have increasing weight towards supporting an elderly population. However, at the same time there should be potential savings in the requirement for education. The view that to look after ever more old people we need ever more young people, who will grow old in turn and need yet more still to support them, is an ecologically unsustainable social pyramid scheme,. This benefits the present generation at the expense of the next.

ⁱ Registered in England and Wales as Charity No 1114109

ⁱⁱ Projected Population of Scotland (2014 based), National Records of Scotland, 29 October 2015. Available at: <http://www.nrscotland.gov.uk/files//statistics/population-projections/2014-based/pp14.pdf>

ⁱⁱⁱ National Population Projections: 2014-based Statistical Bulletin, Office of National Statistics, 29 October 2015. Available at:

<http://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/bulletins/nationalpopulationprojections/2015-10-29>.

^{iv} Defined as the number of children aged under 16 and the number of people of state pension age and over per 100 people of working age (in Scotland) or per 1000 people of working age (in the United Kingdom). the figures in this evidence have been normalised to per 100 people of working age.

^v Projected Population of Scotland (2014 based), Figure 14, National Records of Scotland, 29 October 2015. Available at: <http://www.nrscotland.gov.uk/files//statistics/population-projections/2014-based/pp14.pdf>.

^{vi} WWF, 'One Planet Scotland: Measuring our Ecological Footprint', January 2009. Available at: http://assets.wwf.org.uk/downloads/efbriefing_jan2009.pdf.

^{vii} Data from Global Footprint Network. Available at:

http://www.footprintnetwork.org/en/index.php/GFN/page/trends/united_kingdom/

^{viii} McAuley Land Use Research Institute, Land Capability for Agriculture. Available at: <http://www.macaulay.ac.uk/explorescotland/lca-arable.html>.

^{ix} Report of the Population Panel (1972-72 Cmnd. 5258)