Reimagine public policy

Using our best disruptive thinking to achieve public policy goals

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kpmg.com/uk/reimaginepublicpolicy
Britain faces a host of policy challenges. Some of these are specific to the UK. Others are the effect of global megatrends which we must respond to.

Technological change, our ageing population and the climate challenge come just as the vote to leave the European Union reveals a dissatisfaction among many with the way things have always been done.

For many policy challenges, incremental improvement is the answer. By learning through experience and by interpreting the vast amount of data now available to us, performance can be steadily improved. But some other challenges require more ambition. Sometimes, our whole approach to a topic needs to be revisited, disrupted or reimagined.

In this edition, we hope to do just that; presenting short summaries of our disruptive policy ideas on everything from migration to taxation; from high streets to healthcare.

Policymakers have often looked overseas for inspiration – but other governments are not the only source material. We believe there are ideas to be gleaned from airlines, ride-hailing services, corporate payroll schemes and even fast food businesses – and they are what we outline here.
What’s Reimagine?

Reimagine is a series of thought experiments in which KPMG staff imagine new ways for government to achieve public policy objectives.

In this edition, we hope to do just that; presenting short summaries of our disruptive policy ideas on everything from migration to taxation; from high streets to healthcare.

The full version of each idea can be found at www.kpmg.com/uk/reimaginepublicpolicy

The disruptive influences we describe are not the same for each policy area. Some involve building services around the user rather than the provider. Others draw on the huge potential of data and digital technologies. Or tapping into the power of markets, new incentives, transparency, or the wisdom of crowds. In every case, it involves fresh ideas.

To channel our thinking, we imposed three rules. Ideas must be designed to produce better public outcomes without increasing the burden on the taxpayer. They must align with the government’s philosophy and headline policies. And they must be realistic and deliverable.

But within these rules we want to step outside conventional thinking, and test out new ideas on how public policy goals can be achieved. We want to stretch ourselves, applying new technologies and techniques to solve old problems. We are not calling for a specific future – but we are reimagining it. What do you think?
Our housing market isn’t working for everyone. Is there too much demand; too little supply; or both? Suppressing demand is unpopular but so is building on green belt land. It’s no wonder that policymakers try to find ways to avoid the difficult trade-offs with more building on brownfield sites or devolving planning to local areas. These might help but they don’t meet the scale of the challenge.

A more fundamental rethink is needed. Unbundling the “meal deal” that is home ownership; looking at what employers can do to provide homes for staff; and radically rethinking property taxes. In this section, we look at the problem of housing from first principles.
Reimagine home ownership

For a country that leads the world in financial services, we have a damaging addiction to bricks and mortar. Demand therefore continues to outstrip supply as people pull out all the stops to get on the ownership ladder – allowing prices to continue their inevitable rise. Onwards and upwards we go.

How to tackle rising prices? Of course we should build more houses but we should also look at the demand side of the equation.

For a younger generation which is happy to stream music and rent cars by the hour, I am puzzled by our nationwide fascination with owning our own home. I think its because it’s a meal deal where you have to buy all four ingredients to get the one that counts: tenure.

After all, most of the meal deal can be replaced by a financial service. A rent free retirement is unnecessary if we invested more in a pension. A legacy for our dependants could be provided with life insurance. There are many other ways to achieve an investment return. But security of tenure. That is the ingredient that money cannot buy.

Removing the fear of eviction to make renting a more attractive option could return house price inflation to a more sensible level. How? We could require that permission for new developments came with a condition that some of the properties are sold with a covenant which requires them to be let on indefinite tenure only. Over time the stock of such properties would build to become a viable alternative to home ownership for those who don’t want the whole meal. Let’s reimagine home ownership.
Despite the salary premiums offered by employers, many young professionals struggle to afford accommodation in property hotspots. The solution should lie in boosting the supply of property, rather than subsidising demand. But we are not constrained by builders, bricks, or land. It’s the rate at which properties sell which slows down the build rates. To speed up we need to make the Build-to-Rent (BtR) market more attractive to property developers and investors.

What if employers used a similar approach to the one universities used to create student accommodation: nomination schemes?

The employer would guarantee to fill a development with tenants for, say, twenty years. Now the landlord has no void risk; the employer pays the rent if the home is empty. And if the tenant defaults on the rent, the employer will settle the tab. All things being equal, if we lower the risk, we should expect the landlord to accept a lower rent.

In fact, the discount against existing rental rates could be as much as 35 percent with a public sector employer guarantee behind it. Imagine the difference that would make to teachers, nurses, prison officers, social workers, etc. With that kind of discount, how likely is it that the employer would fail to find an employee to take an empty home? The chance may be so low that the employer may not even need to declare the liability on their balance sheet.

Where does the money come from? Reducing the risk opens the market to a different sort of investor. Pension funds have been looking for a way to get longer-term lower-yield investments than those offered by the current short term buy-to-let market. And they need scale – private rental is a fragmented market. Developers, investors, employers and staff all benefit. We just need to find the first site. Let’s reimagine employer-backed Build-to-Rent.
Reimagine property taxes

Stamp duty averaged £7,900 per transaction in 2016-17. That’s a barrier to people buying more suitable properties as their circumstances change. It decreases labour mobility and leads to people living in homes too big or small for their needs.

Inheritance tax feels unfair; why double-tax people on wealth built up from income that’s already been taxed? It doesn’t help that there are lots of ways to avoid it with careful planning. At the same time, the capital gain from increases in property value is not even taxed once, unless it falls into the inheritance tax net.

What if government were to abolish inheritance tax and stamp duty, but instead charged capital gains tax (CGT) on individuals’ primary residence? BUT, importantly, deferred collection of CGT until people died? When an owner wants to sell up they’d still use the proceeds to buy their next house, but the Treasury would simply take a charge on the new property equal to the value of the tax owed, charging a low real interest rate on the deferred tax.

There are two enormous benefits. First, ending the huge advantage that property has by being a completely tax-free investment would reduce the incentive to maximise one’s investment – people may downsize, ultimately making better use of the UK’s housing stock and potentially reducing house price inflation.

Second, every time the government invested in infrastructure which increased the value of nearby property, the tax-payer would be richer by around a third of the gain which their investment paid for. And that stream of receipts could be used as collateral to help fund the investment in the first place. A Liverpool to Hull railway? An Oxford to Cambridge transport connection? Full fibre throughout the UK? Who’s in? Let’s reimagine property taxes.
What is a place? Where we live? Where we grew up? Where we work? Is it our postcode, our town, our region or our nation? For many of us, where we are from is more granular than “the UK.”

Yet so many of our policy discussions are focussed on national statistics, such as GDP or productivity. But these averages have no meaning at a local level. And one-size-fits-all policies, designed to avoid the “postcode lottery,” don’t work everywhere. If your town loses thousands of jobs, it is no consolation that the economy has grown “on average.”

Equally, if your place is booming and houses are in scarce supply, it’s small comfort to learn that thousands more homes are available somewhere else. In this section, we explore four disruptive ideas to make policy more local.
Place

Reimagine Britain’s next global city

Britain has one of the most regionally imbalanced economies in the developed world.

London undoubtedly stands as one of the world’s great success stories. However, our economy has been skewed towards the capital and the South-East. This undermines the country’s performance and creating serious political and social tensions.

We need a more resilient and diversified economy. This means creating dynamic, highly-networked economic hubs elsewhere. Hubs with the scale and infrastructure to compete on the world stage.

Britain’s next global economic hub requires modern transport systems and broadband connections. It needs world class education providers, closely linked to businesses.

It needs a wide range of traditional and emerging industries of sufficient scale and density to create virtuous circles of mutually beneficial growth. That won’t happen if we spread our investment around on small-scale schemes.

We need to connect towns and cities to create a labour market to rival London, Paris, New York and Shanghai. Somewhere that people can imagine carving out their whole career, not just taking their first job.

But how should we choose which of our regional hubs gains that big ticket investment? How about if we used the same approach as is used to pick the city that gets the prize of hosting the World Cup or the Olympics?

What about a national competition with a financial prize big enough to encourage the strongest proposals put forward by coalitions of public authorities and industrial bodies? That would incentivise strong research and business planning to map out the area’s economic future – and to understand where and how investment would most likely drive growth.

Runner-up bids would gain from having developed a strong strategy and may be able to attract private sector investment as a result. Perhaps we could add in the consolation prize of sufficient Treasury investment to make their bid costs worthwhile?

Regardless of the exact competition structure, it’s surely a prize worth competing for. Let’s reimagine economic development – Let’s reimagine Britain’s next global city.
Reimagine high streets

Few people would argue with the suggestion that the UK high streets are in decline.

The importance of having a physical presence on a traditional high street is diminishing as more retailers head online.

And as the big name anchor tenants who underpinned some of those high streets take their leave, so the decline accelerates. It’s therefore hard to imagine being able to stop, or even reverse, the demise of the UK high street in its current retail-orientated form.

Those last few words are crucial though. It’s time to step away from thinking of the high street in the way we always have. Instead, it’s time to reimagine the high street as a community hub – a place for living and working.

A place for public services or entertainment; a go-to experience; or perhaps all of the above. But to do this will require our local authorities, councils and town planners to have a plan; a big idea.

Our existing town centres can be repurposed along these lines if they are proactively curated, master planned. This will require the people in power to have that big idea of what the high street needs to become in the future, if it’s to remain as a vibrant community hub.

Bearing in mind how fragmented the ownership of our high streets is currently, this will require collaboration, as well as vision and bravery. Without this, our high streets will decline further into a hollowed-out shell – a likely magnet for anti-social behaviour.

But with a clear strategy and a heavy dose of conviction, they could be turned into something very different – and so much better.

Our high streets won’t just restructure themselves. Quite simply, our town planners will need to have a plan. Let’s reimagine high streets.
Reimagine local authority funding

From a national perspective, the current system of local authority funding appears inherently unfair and helps to entrench existing economic inequality.

Every council helps to create the circumstances in which its youth can thrive. But if and when young people leave the area to take the next step on their career ladder, the council loses their council tax and the flow of their disposable income into the local economy. And fewer workers means fewer businesses paying rates.

For local authorities in areas with under-performing economies, it’s a double whammy. Not only is it difficult for them to attract workers but their brightest and most talented young people often move away to more affluent areas in search of work.

But what if these authorities could be rewarded? What if a small part of everyone’s income tax revenue could be redirected back to their home town? Such a move could help improve the prospects of the most deprived parts of the country, while ensuring that local public services are rewarded (and further incentivised) for providing people with the best possible start in life. Perhaps also a share of the risks too; a proportion of the justice or healthcare costs could also flow, incentivising local authorities to make investments in purposeful activity, and a healthy environment in which to grow up.

As most people retain a strong emotional link to the place they grew up, they can also take pleasure in knowing that their success will help benefit the generations who come after them. The idea of ploughing money back into your homeland need not be the sole purview of the rich, the famous and the philanthropic. Let’s reimagine local authority funding.
Reimagine regeneration

Parts of Britain – particularly some of the former industrial heartlands and coastal towns – can often feel left behind, with low revenues from council tax and business rates creating a vicious cycle of underinvestment. Given the patchy legacy of previous central government attempts to attract investment and reverse these communities’ fortunes, is it time to try a fresh approach?

What about a fiscal swap? What if a fund offered the treasury a fixed benefit bill for an area, “Mytown”, for five years? The fund would pay the actual bill. If employment in Mytown rose, there’d be fewer out of work benefits and the fund would gain. If unemployment increased, the treasury would save. The fund would raise money to cover these potential losses by selling shares in itself. People could buy a little bit of the “Mytown prosperity fund”.

Now for the really interesting bit. If an employer laid off workers in the area, the value of those Mytown shares would decrease. An entrepreneur, scouring Britain for a place to locate their business might buy lots of those shares, move to the area and employ the Mytown residents. The shares would rise on the news and the entrepreneur could sell them for a profit. The market has just paid a subsidy to an entrepreneur to invest in an area which most needs employment.

If the shares were traded on a secondary market, we’d have effectively created a transparent view of which towns are doing well, and which most need investment. And those members of the public who own the shares have a genuine stake in their society. Let’s reimagine regeneration.
Workforce and skills

Skills matter, we hear repeatedly. But academic qualifications always seem to count for more. At the same time, many employers still claim that entrants to the job market aren’t “work-ready” yet struggle to articulate what skills they’d like to see more of. So, what’s the answer?

We share four ideas; including one on how we deliver further education and one on training in the workplace. Our final contribution looks at how to better recognise the skills that workers already have; the talents and experience gained in the University of Life. All ideas aim to release the enormous untapped potential of our workforce.

Boosting skills is necessary for improving productivity – and that’s important if we want to increase wages. Many of the workers who need that most are those on zero-hours contracts with unpredictable incomes, so we share an idea that could reduce the financial uncertainty they face.
Workforce and skills

Reimagine zero-hour contracts

There’s a growing eagerness for zero-hour contracts among both employers and employees. That doesn’t however mean all the benefits are evenly distributed. Just ask any zero-hour contract worker about the issues they may face with mortgages, loans or pension planning. That said, such workers remain a valuable part of the UK’s flexible labour market.

To make their existence slightly less precarious, how about any working hours not guaranteed within a contract being paid for at a higher rate, incorporating a premium of, say, 15 – 20 percent and compensating them for the unplanned nature of this work? And then, how about creating new financial products, designed to assist with income smoothing (perhaps by retaining the portion of ‘premium income’ mentioned previously) and private pension provision, acknowledging the common occurrence of being unable to pay regular National Insurance contributions?

The wage premium idea – not unlike the Australian model of ‘casual loading’ – may encourage employers to guarantee a higher number of hours, thereby boosting income security, while the new financial products may reduce low-paid workers’ dependence upon state benefits. Just because people choose to indulge in the relative freedom of zero-hour contracts doesn’t mean they should be forced to live a financially perilous existence. Let’s reimagine zero-hours contracts.
Workforce and skills

Reimagine lifelong learning

The world of work is changing fast. To thrive over the years to come, people will need to keep up with technological and organisational changes; yet our educational eco-system was built around a fast departing world of lifelong careers, permanent jobs and 20th century technologies.

We must alter not just the technical skills we teach but also the ways in which people learn and the capabilities and attributes they develop. The part of our education system best equipped to do this is Further Education (FE).

Those who run FE colleges are the entrepreneurs of our education system; seeking out areas of need, finding pockets of budget all from a sector which has not had the largest share of investment or often the parity of esteem with universities.

What if we took that nous, and put rocket boosters under its capacity? Vocational training will not expand quickly enough if we deliver it exclusively through more and bigger public buildings filled with classrooms, replica hair-dressing salons, commercial kitchens or engineering workshops. Instead, why not allow FE colleges be the commissioners of training, paying public money to businesses to use their existing facilities to train the next generation.

By putting online learning at the heart of their education offer, FE providers could provide more flexible, accessible training. By channelling learners through partners in industry and public bodies, they could connect learning much more closely to its ultimate purpose: giving people the skills to succeed in their working lives.

Ultimately, though, our economy would be the biggest winner from a reformulated education ecosystem – one with an FE sector which is focused on digital tuition, practical vocational training and lifelong learning and with direct connections into the worlds of business and public sector employment. Let’s reimagine lifelong learning.
Skills matter, we hear repeatedly. But academic qualifications always seem to count more. A measure of our likely productivity is too often predicated on what happened (or didn’t happen) in school, college or university. At the same time we have many employers who still claim that entrants to the job market aren’t “work-ready” yet struggle to articulate what the skills are that they would like to see more of.

What if we rethink how we value, accredit and record the skills we accumulate outside of academia? Perhaps some sort of skills passport, a record of attainment which allows skills and work experiences to compete on a level playing field with academic achievements.

Young children are quite good at this. Anyone who’s ever been involved in Scouting and Guiding carries their record of accumulated skills around with them.

Swap map reading, swimming and survival skills for entry level telephony, active listening and data analysis (losing the yellow sash and parental needlework) and you’re left with a workplace skills passport; a record of a lifetime of progress and learning.

The analogy is not meant wholly flippantly. It’s all about badging and accrediting people for skills they wouldn’t necessarily receive any formal recognition for, whether those are developed in the workplace or in education (where they may emerge as a by-product of the act of learning something more academically recognisable).

What’s the benchmark by which we rate those skills?

That change starts with businesses finishing the work that’s already begun to define what their most important employability skills really are. That then translates into a national framework where these skills can be evidenced outside of the traditional qualifications structure. Perhaps we could ask our FE colleges to accredit the standards. Perhaps we can use digital platforms to match the skilled with the businesses that need them. Let’s reimagine skills platforms.
In towns with a dominant employer, if that employer decides to disinvest, or goes out of business, a lot of people could see their livelihoods disappear at the same time. This can be a devastating blow which some of our post-industrial and coastal towns struggle to recover from. And without intervention, it is unlikely that there will be thousands of new jobs available for these new jobseekers, particularly paying the wages their specialist skills used to command.

The employer (or their administrator) faces a significant redundancy bill. If new jobs aren’t available, what happens to the staff and their families when the money runs out? What if the employer were to make an alternative offer: a period of retraining and a job at the end of it?

The offer to a new employer is this: The old employer would undertake to retrain their staff in the new employer’s requirements, at full pay for a period of say three months. In return, the new employer would commit to provide the majority of the graduates of the training a role. If the employee couldn’t find a suitable role then the employer would honour the original redundancy terms.

The old employer might make a substantial saving in their liability. The new employer has access to an instant workforce and the employee gains. And the place gains – turning a negative into a positive; why not change the headline from “thousands of job losses” to “visit our town and take advantage of a workforce ready to start as soon as you are, trained in your firm’s requirements. Now that would be a way to attract inbound investment to our coastal and post-industrial towns. Let’s reimagine the workforce.
Our migration system must be redesigned after Brexit. We present an idea to streamline migration for businesses seeking workers, reduce bureaucracy for the government and reduce the uncertainty for those seeking a judgment regarding their application.

In criminal justice, there are three people we need to think about when we pass and administer a sentence; the victim, the offender and the future victim. That is, the aim of our criminal justice system must be to try and rehabilitate offenders to prevent further victims of crime. In this section, we share two disruptive ideas to improve the system without requiring billions in additional funding. By looking at sentencing and the way we classify prisoners, we think there are ways to change outcomes quickly.
Home affairs and justice

Reimagine sentencing

In an ideal world, we want to see prisoners emerging from the criminal justice system fully rehabilitated, ready to integrate back into society. To tackle why this doesn’t happen as we might hope, we need to reimagine how criminals are sentenced.

Prison has a poor record when it comes to rehabilitating prisoners and reducing reoffending – especially for the many prisoners serving short sentences without purposeful activity.

It wouldn’t happen elsewhere. Go to hospital and you’ll be discharged when you’re better, not because you’ve outstayed your welcome. There’s a positive condition attached to your ‘release’. By contrast, prisoners only need to stay out of trouble in order to qualify for early release; to avoid doing anything negative, rather than something positive.

So how about shifting that dynamic? How about setting more creative sentencing conditions that make early release conditional on completing the rehabilitation programmes specified by a judge? Learn a vocational skill, learn to read, go a hundred days drug-free and so on.

Prisoners would have to work harder and engage positively with their personal development in order to qualify. And those who refuse to take steps to improve their chances of contributing to society after release would actually see their prison terms increasing; something that would appeal to the public’s sense of natural justice.

The attainment of specific targets designed to reduce the chances of people reoffending should drive down crime rates, reducing the risk to the public – so let’s make prison about meeting goals, rather than just marking time. Let’s reimagine sentencing.
Reimagine prisoner classification

We ask a lot of our prisons. We ask them to manage the risk of escape, violence and gang activity among the prison population; something they do very well.

But we then also ask them to provide other services relating to a prisoners’ eventual rehabilitation – everything from drug treatment and mental health counselling through to basic literacy and vocational skills development. They’re not as good at this because the population they’re working with has such diverse needs, making it challenging to provide effective and efficient rehabilitation programmes.

That diversity stems from one factor; that prison populations are determined by risk, rather than by the needs of the prisoner.

What if we could instead segment the prison population by both risk and need? What if we could create prisons that – while retaining the safety and efficiency benefits of security categorisation – also had the assets, staff and resources required to specialise in the needs of a particular group, delivering better services and improving outcomes?

The benefits could be transformational; an environment set up to helping drug-dependant prisoners would have staff dedicated to their needs and much tighter security around visitors. One set up to develop vocational skills would have workshops and classrooms with educators and the resources to allow the passage of raw materials and finished goods.

Prisoners could then move between facilities as their needs change, not just their security classification, just as patients move between different hospital units.

Combine this with our views on reimagining sentencing and we could completely rethink how our prison estate is configured, leading to improved rehabilitation outcomes and reduced reoffending rates. Let’s reimagine prisoner classification.
Reimagine work visas

Our current system for allocating work visas creates uncertainty and waste – both for employers, and for the talented overseas workers who underpin many of the UK’s most successful industries – whilst creating huge administrative burdens for the public sector. What if we streamline the system, whilst shaping inward migration around our economic needs?

Why not delegate most of the work (and the decision) of when to issue work permits to employers? Of course, the security aspects of a visa application would continue as now, but who better to determine whether a migrant will contribute than the organisation who will cover their costs; namely the employer?

What if employers were to pay a fee for the right to issue work permits? They could then offer candidates jobs with certainty – vital in a global competition for talent – and also avoid the cost of the application process. And those same employers, could inform government of the number required, helping government to plan.

And the country would get the skills it needs. After all, it is unlikely that an employer would pay significant fees if there were home-grown talent available. And this need not only apply to private sector employers. As it stands, the NHS is trying very hard to recruit more healthcare professionals from outside the EU. But even if a candidate has demonstrated their ability, qualifications and ability to communicate, the NHS Trust must still apply to the Home Office for a visa.

We need a system able to identify skills needs across the economy; to allocate appropriate numbers of working visas; and to provide a smooth, efficient and predictable applications process.

In recent years, we seem to have forgotten some of the factors that led to Britain becoming one of the world’s biggest economies. If we are to retain that status, we’d better remember them – and we could begin by transforming our working visa system from an administrative process into an economic planning tool. Let’s reimagine work visas.
Health and welfare

The NHS is an institution we are proud of. It is also an emotive subject and any changes to it can be met with resistance. However, we don’t always act as if we value it; casually missing appointments and squandering resources. What can we learn from airlines on changing the behaviour of their customers?

Those responsible for our visiting social care system seem to face a trade-off of quality versus cost. We think it could be more productive and not by “caring faster.” What can social care services learn from ride-hailing platforms?

And health and wellbeing is not just about treatment or care. A warm home in winter and a good diet improve our physical and mental resilience. In this section, we also consider two radical ideas to avoid the “poverty premium” in which the poorest pay more for their energy and food bills.
Health and welfare

Reimagine social care

Our current visiting social care services are too often inflexible and inefficient, unable to adapt to people’s changing needs and preferences. This disempowers carers who have little control over their working lives and are tasked with meeting the needs of their employer, rather than their clients.

Imagine ditching that system entirely with its rigid timetables and staff rosters, the local authority contracting process and reducing our reliance on low margin care businesses. Imagine instead if the service user could be the client here, rather than the local authority. Imagine if that service user could request a home visit as easily as ordering a taxi.

How would that work? Instead of paying low or minimum wages to carers plus 40+ pence per mile to travel between appointments which in rural areas can be a considerable distance apart. How about instead we create a platform which allows and incentivises your neighbours to become carers. Maybe just for an hour a day. By saving all those travel costs, you could afford to pay more to the carer. They’d get the same training and background checks. And it could provide a welcome income top-up for many.

With an allocated personal home care budget, a mobile device and real-time information on all carers in their areas, individuals could spend their budget how they choose, requesting the timeslots, services and individuals that meet their needs on any given day. If you are looking for consistency of carer or have a preference, you could ‘pre-book’ them. And if you use the app to rate the carer, wouldn’t we expect quality to rise too?

Imagine that. Could we use digital platforms to create a better, more productive, service at a lower cost, and with better-paid carers? Let’s reimagine social care.
Reimagine healthcare

The NHS is a national institution we are proud of. It is also often an emotive issue and any changes to it can be met with resistance – yet we don’t always act as if we value it; casually missing appointments and squandering resources.

If we treasure the NHS’s time as much as we claim to value the organisation itself, we would use GPs and hospitals much more efficiently, saving taxpayers’ cash and improving access to services for us and our families. Just look at the way airlines have used charging to change our behaviour. No one forced us to carry our own bag, or to buy ones which are exactly the right size for the lockers. They just told us what it would cost if we didn’t change. But we Brits are hard-wired to resist schemes in which those who can afford to pay more get a better health service. So, the answer might lie in a sort of voucher system, where everyone starts with the same number of NHS ‘care credits’, and is encouraged to make sensible decisions on how they spend them.

There are ways to apply this concept to NHS services whilst protecting three key principals. That medical care remains free and accessible to all, that patients making poor decisions in how they spend credits won’t suffer from worse medical outcomes, and that people with long term health conditions are not disadvantaged.

It is very important that those with more need would get more credits, as assessed by their GP. We could also use our credits for health prevention rather than sickness, for example proactive health screenings gym sessions, nutrition and cooking classes etc.

Now, imagine a GP appointment at 9:00 AM costs 50 credits; and one at 11:30 might cost 20. How long do you think it would take before those who really value a pre-work appointment organise themselves into those 8:00 slots, while those whose day is more flexible see the GP later? If we charged for a hospital outpatient appointment, whether you attend or not, how many do you think would be missed then? What do you do with the credits you build up? Use them for prevention. Save them for social care in later life. Maybe leave them to your kids. Let’s treat the NHS better. Let’s reimagine healthcare.
Reimagine welfare

It’s a sad fact that those least able to heat and power their homes often pay the highest prices. Millions of low income households have pre-payment electricity meters, incurring additional costs of up to £250 per year. Look at the customer journey and it’s not hard to understand why there is a poverty premium: Cash is drawn out of cashpoint and handed over to a retailer who charges a commission to top up a card which is fed into a machine installed by an engineer.

Yet much of the money coursing through Britain’s prepayment meters is provided, through the benefits system, by the UK government; an organisation with vast purchasing power and the country’s best credit rating.

So why not use that purchasing power to assist those most in need? You’ve heard of salary sacrifice schemes. Why not a benefits sacrifice scheme?

What if claimants could put some of their benefits entitlement into an innovative new government-run purchasing service, immediately becoming members of a powerfully huge electricity buying syndicate?

There are savings to be realised here for consumers, government (more efficiently spent benefits) and suppliers (lower infrastructure and billing costs). And the possibilities need not end with electricity. Why not extend the approach to the provision of water, insurance, telecommunication and broadband? With suppliers also likely to be attracted by the idea of substantial bulk sales contracts, underwritten by government, in a market that has traditionally been low margin and high risk, it’s an opportunity to turn the poverty premium into the poverty discount. Let’s reimagine welfare.
With many people struggling to have enough to eat and with food banks experiencing rapidly rising demand, to throw away the 14m tonnes of food that we do every year is outrageous.

One way of tackling the waste of inefficient shopping and the prohibitive prices faced by low income families may be the introduction of a grocery subscription. Backed by government purchasing power (as per the earlier electricity example), consumers could sacrifice some of their benefits for a subscription, providing them with access to a standardised package of food at attractively discounted prices.

There are so many potential benefits here. The predictable demand of such packages, tailored to a range of different budgets, could help retailers reduce their inventories. They’d gain an opportunity to acquire future customers. And they’d also have an outlet for some of their fresh food that doesn’t quite hit customer expectations (personally, I seek out “wonky veg” when I shop. Especially if it’s for a soup or the juicer...).

This is not rationing and it isn’t short-dated produce like the food in some foodbanks. Some will hate the more restricted choice but actually I think benefit sacrifice customers will become the early adopters of the way we will all do our premium grocery shopping in the future. I think of it as more like having a personal chef. Someone curating our diet based on our general preferences.

Families would know their food supply is guaranteed (and discounted) and the government would see benefit cash used more efficiently. There could be healthier eating options for those low budget families more accustomed to cheaper, highly processed foods; something that could lead to welfare savings in the healthcare system too. Food for thought indeed. Let’s reimagine feeding families.
Conclusion

If you don’t think the ideas will work, please tell us. If you do, tell us that too and help us bring them to life. And if you want to read about these ideas in more detail, you can read the full version at www.kpmg.com/uk/reimaginepublicpolicy

Engage with our authors on social media and tell them what you think. Let’s start a conversation, contact us at ighmarketing@kpmg.co.uk

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