

FINANCE COMMITTEE

DEMOGRAPHIC CHANGE AND AGEING POPULATION INQUIRY

SUBMISSION FROM AGE SCOTLAND

Summary

- While it is well established that the population of Scotland is getting older, there are important regional discrepancies across the country with rural local authorities having a higher proportion of older people than urban councils. Resource allocation policy must consider the demographic composition of health board and council areas.
- The cost of delivering health and social care is continuing to increase in line with Government projections. While our ageing population is leading to an increase in the overall cost of delivering services, it is our failure to commission appropriate services which has led to 1/3 of the older peoples' health and care budget (£1.5bn) being spent on delayed discharge and unexpected admissions. Improving commissioners' analytical power is crucial in order to deliver improved outcomes for both older people and the public purse.
- The Health and Social Care Integration Bill should help improve commissioning decisions. However, until blockages are overcome in mapping the cost and activity data across social care services - as identified by the Integrated Resource Framework pilot - there will be limitations to the extent to which commissioning decision can be improved.
- While there has been a welcome focus on Self Directed Support and Integration in social care delivery, little attention has been paid by the Government to the future funding of the care service, despite their own projections about escalating costs. Furthermore, there has been no Scottish-specific response from the Government to the Dilnot Commission, which recommended changes to means testing thresholds and the introduction of a lifetime cap on care contributions. These issues must be examined if we want to create a fair and transparent care model.
- The Scottish Government's Change Fund, the older people's housing strategy, 'Age, Home & Community' and the Preventative Support and Adaptations Working Groups are all welcome initiatives which look to focus resources on services that delay or avoid costly interventions in later life. However, the Change Fund has failed to compel Partnerships to spend money on exclusively preventative services, and many resources are being directed towards traditional institutional priorities or crisis management.
- Given the lack of resource attached to the older people's housing strategy and the failure to put in place any benchmarking to monitor progress, it is uncertain how local authorities will meet the ambition to create a national housing landscape which supports older people to live at home. The strategy will heavily depend on adaptations to existing housing stock rather than new builds, but given the lack of funding to support adaptation work and the lack of an overview about the state of the existing housing stock, its capacity to be adapted and the totality of adaptation costs, it is unlikely that the potential of adaptations to support independent living will be fully realised.

- Although the cost of the concessionary travel scheme is expected to rise significantly in future years, as it only supports registered transport operators many older people in rural and remote areas of the country are still forced to pay for bus travel provided by the third sector. The Government must review the current scheme to ensure that it becomes a truly national system that supports all types transport operators - including demand responsive community transport - before examining any changes to eligibility criteria or reimbursement rates for operators.
- Public pension liabilities are rising significantly in line with improving pay and conditions for employees and increasing life expectancies mean there are fewer people of working age to support these pensions.

Introduction

1. Before examining the impact of demographic change, it is worth revisiting the how the age profile of Scotland is changing. The General Register's Office project predicts the total population of Scotland rising from 5.22 million in 2010 to 5.76 million in 2035 and that the number of people of pensionable age is projected to rise from 1.04 million in 2010 to 1.07 million in 2020 (an increase of 3 per cent) and then to rise to 1.32 million in 2035 (an increase of around 26 per cent compared with 2010). Additionally, the number of people aged 75 and over is projected to increase by around 23 per cent between 2010 to 2020 from 0.41 million to 0.50 million before reaching 0.74 million in 2035 – an increase of 82 per cent over the same 25 year period. This is particularly significant, as the need for care is far greater among the over 75 population. Importantly, the ratio of people aged under 16 and over pensionable age to those of working age – is projected to rise from around 60 per 100 in 2010 to 64 per 100 in 2035.

2. However, the dependency ratio is not equal across the country. For example, in 2010, 30% of the population of Dumfries and Galloway was over 60, while in Glasgow only 18% of the population was over 60. When we consider the allocation of resources to meet the changing shape of Scotland's population, it is crucial that we recognise regional differences and pressures.

What is your view of the effects of demographic change and an ageing population on the sustainability of funding for (a) health and social care and (b) housing services and (c) public pensions and the labour force? What public services will individuals increasingly call on and in what way?

Health and Social Care

3. The 2010 Reshaping Care for Older People report noted that “around £4.5 billion was spent in total on health and social care for people aged over 65 in 2006-2007” and detailed that if we continue to provide services in the same way “this figure will need to increase by £1.1 billion by 2016, and by £3.5 billion, or 74 per cent, by 2031.” The most recent figures from the Scottish Government's Joint Improvement Team show that, in 2009/10, over £5 billion was spent on health and social care for the over 65's, with £3.6 billion spent by the NHS and £1.4 billion by local authorities. This very much reflects the projections made in the Reshaping Care document and suggest that these predictions will be realised unless we shift the balance of care towards investment in preventative support.

4. In 2004ⁱ, the Scottish Government produced a report on the projected costs of community care to 2019. As there was a presumption of just 2 per cent annual inflationary uptake over the 15 year period reviewed, this modelling would clearly benefit from being updated. However, the report still provides a number of concerning conclusions about the cost to both the individual and the state in paying for the care needs of an increasing elderly population.

5. The report looked at projections of community care use across a number of health and social care services including chiropody, health visitors, residential accommodation and NHS bed use, and suggested that the numbers of recipients of each service was projected to increase by between 26 to 40 per cent. This, in turn, would require staffing levels to increase by between 26 to 38 per cent, with the overall cost increase for each service varying by between 69 and 89 per cent. Total expenditure was projected to increase over the period by 81 per cent from £1,402 million in 2004 to £2,538 million in 2019. This included NHS expenditure rising from £318 million to £579 million, local authority spending rising from £765 million to £1,392 million and private contributions increasing from £318 million to £567million. Although these figures projected inflation of only 2 per cent per annum over the 15 year period in 2004, it also projected a slow decline in population, with numbers in Scotland falling below 5 million in 2017 and reaching 4.88 million in 2028. This has subsequently been revised upwards in recent years in line with higher than expected immigration and increasing birth levelsⁱⁱ and the larger than expected number of working age people can be expected to help pay the cost of Scotland's ever increasing care bill.

6. Nevertheless, there are still significant costs associated with age-related conditions. For example, the cost of dementia to society is around £1.7 billion, which is projected to rise to £3.1billion by 2031 in line with its increasing prevalence.ⁱⁱⁱ The increasing costs associated with delivering health and social care is not simply a response to the increasing number of conditions. A major problem with the current system for care is that the wrong services are often commissioned by statutory bodies, which can result in poor quality care and, subsequently, more expensive intervention to correct the initial care plan. For example, some home care for people with dementia is generic rather than specialist and can pose a risk for the individual which can raise the risk of admission to a hospital or care home. A report on health and social care planning from Asthma UK found:

“There are serious doubts about the analytical power of commissioners... It will require sophisticated economic, epidemiological, activity and cost modelling to determine what services will be needed over which periods of time and in which settings. Without this, services will change only incrementally – if at all and any imagined benefits for patients or costs will not be realised.”^{iv}

7. In a 2006 study, Audit Scotland also raised concerns that councils and NHS boards needed to do much more to improve how social care services were planned, procured and delivered. The report highlighted a number of recommendations for commissioning bodies, such as involving service users and their carers more in the decision-making process through better engagement with providers, as well as fuller analysis and use of information on needs, costs, quality of services and their impact

on people's quality of life. However, in 2012, the Government reported that £1.5 billion is spent every year on unexpected admissions and delayed discharges as a consequence of care packages breaking down or not being in place.

8. Scottish Government modelling rightly highlights the increasing demand placed on health and social care services from our ageing population, but our failure to adapt public policies to meet this challenge is exacerbating a difficult situation. There are a number of areas in which the Scottish and UK Governments need to increase engagement to ease this pressure, including the further development of the Integrated Resource Framework (IRF) to allow local care partnership to map their respective spends in order that it could be better utilised for the benefit of patients and communities (see below).

Pensions and Labour Market

9. Over the last 12 months, there have been encouraging signs regarding the economic activity of older people, with 66.3 per cent of 50-64 year olds in employment compared with 64.9 per cent last year^v. However, this still remains well below the level of economic activity for the 35-49 year old age band, which is at 79.9 per cent^{vi}. The lack of any specific initiative that recognises the unique need of older people, compounds the problems faced by many over the age of 50 trying to regain employment.

10. Until Government programmes focus on supporting all age groups back into work, we are likely to see a pattern where older people in Scotland have higher unemployment, lower employment, and a higher level of economic inactivity than 24-49 year olds. The International Longevity Centre UK identified low skills as one of the reasons for early retirement^{vii}, which has led to comparative decrease in economic activity amongst older workers, and it is clear that Government initiatives are lacking in this area.

11. Compounding the suppressed level of economic activity amongst the 50+ age groups is the Public Sector Pension Liability. Out of the 6 main public sector pension schemes (those covering teachers, the NHS, the Civil Service in Scotland, Police and Firefighters') 5 are unfunded, which means that the contributions from current employees and employers subsidise current pensioners' income. The Local Government Pension Scheme (LGPS) is a funded scheme which uses current pension contributions both to pay current pensions and to invest in assets, as well as earning a return to help meet the long-term cost of pensions.

12. On the whole, however, Government pension liabilities are increasing. In March 2010, there were 172,300 pensioners and dependants in the five main unfunded schemes, 13 per cent more than in 2005. The number of pensioners in the funded LGPS increased by 11 per cent to 141,400 over the same period. As a consequence of increases in public sector employment and pay, the £2.2 billion cost of these unfunded contributions in 2009/10 was 19 per cent more in real terms than in 2005. Projected changes in Scotland's population mean that the ratio of pensioners to working people is predicted to rise from one in four of the population to one in three by 2050. This means that, despite projected population growth, there may be a smaller proportion of working age people to support pensions in future.

13. Given the increasing number and proportion of older people in society, it is clear there will be increased pressure on a range of public services. For example, Audit Scotland has forecast that by 2025 the uncapped cost of the concessionary travel scheme could be anywhere between £216 million and £537 million.^{viii} The Scottish Government's 2010 Independent Budget Review suggested that as a consequence of demographic changes and an end to the capping arrangements, costs could rise from £180 million in 2010/12 to £286 million in 2014/15.

Further, what planning is being done, or should be done, to address this?

14. The Office of Budget Responsibility (OBR) has projected that across the UK the ageing population will put upward pressure on public spending. For example, they project that spending (other than on debt interest) will rise from 35.6 per cent of GDP at the end of our medium-term forecast in 2016-17 to 40.8 percent of GDP by 2061-62 - an increase of 5.2 per cent of GDP, or £80 billion, in today's terms. Given that population projections in Scotland are very similar to the UK as a whole, there is no reason to believe that the ageing population will not have a proportionate impact on Scottish spending decisions. Without even examining the increased option available to the Scottish Government from the new taxation powers that are being transferred under the 2012 Scotland Act, there are a number of policy options available to plan for demographic change.

Health and Social Care Reform

15. The Government are pursuing two separate but complementary policy approaches to improve the quality of care that older people receive: Health and Social Care Integration and Self Directed Support. Both the Social Care (Self Directed Support) (Scotland) Bill and the proposed Health and Social Care Integration Bill highlight better outcomes for service users as being the principal driver for change as opposed to saving money. However, the Health and Social Care Integration Bill Policy Memorandum highlights achieving better value for money and having proportionally fewer resources directed towards institutional care as key outcomes. Given the £1.5 billion spent on unexpected admissions and delayed discharge, it is unrealistic to expect that the Government is not looking for improved outcomes to lead to a lower cost to the state. Nevertheless, the evidence base for integration delivering savings is not yet fully established^{ix} and, in the short term, there is the concern that the integration process could lead to increased costs.

16. One of the principal failings of both the Social Care (Self Directed Support) (Scotland) Bill and the Health and Social Care Integration Bill is that there has been no discussion about the sustainability of funding of the health and care sector over the next 5 to 30 years. In England in 2011 the Dilnot Commission produced a report that examined the financing of social care, including what contribution would be necessary from the individual, the State and what - if any - role there would be from the insurance sector. This report was drafted in response to three specific problems:

- People are unable to protect themselves against very high care costs;
- The currently, very limited, availability and choice of financial products to support people in meeting care;
- The current system eliminates any saving incentive, as individuals will get support from the state if they have little in the way of assets.

17. The report recommended an increase in the threshold for means-tested support to rise from £23,250 to £100,000 and that people should contribute a standard amount to cover their general living costs in residential care of between £7,000 and £10,000 per year up to a lifetime maximum of £35,000. It was considered that the cap on cost would create a market for social care insurance to guard individuals against having to sell their assets to pay for care. This proposal would cost an additional £1.7 billion a year, and the UK Government included a draft Bill examining these issues in the Queens speech in June 2012.

18. While these proposals would clearly add to the overall cost of social care in England, it would create a greater stability and understanding about the expected contribution from both the state and the individual. In Scotland, the debate has been about improving outcome for patients and, while that is welcome, without sustainability in the funding model we will find that these outcomes are impossible to achieve. However, the Scottish Government have an opportunity when drafting the Health and Care Integration Bill to consider the wider funding system for care. Age Scotland encourage the Committee to query Ministers about any Scottish-specific response to the Dilnot report and specifically if there are any plans to review means-tested support thresholds or introduce a care cost cap.

Lifelong Learning

19. There is a growing body of evidence to show that engagement in learning can deliver significant benefits to health and wellbeing and the public purse. The interim report of a National Institute of Adult Continuing Education project, which investigated learning in residential care, demonstrated that participation in learning can: reduce isolation; improve both physical and mental health; reduce dependence on medication; improve recovery rates; reduce dependency on others and lead to a greater enjoyment of life.^x For example, in one care home that began offering learning, the use of incontinence products was reduced by about 75%. Clear benefits such as this, quite apart from improvements to quality of life, could also contribute towards significant cost savings. While there are similar benefits to increasing the provision of lifelong learning within communities and among people of all ages, quantifying the outcomes can, unfortunately, be challenging.^{xi}

20. However, the Scottish Government's consultation on the post-16 education strategy, published in 2011, does not reflect the country's changing demography or consider the needs of older adult learners. The paper instead prioritises 16-19 year olds at the expense of other post-16 age groups, failing to recognise the education needs of older learners.

21. The Government's response to the post-16 education consultation (still pending) is critical in determining the environment for older learners. Before any new policy approach is taken, Age Scotland recommends the Government conducts a full evaluation of the impact of learning, particularly in terms of its health and societal benefits – and any possible savings to the wider public sector. Furthermore, any audit would benefit from an analysis of the of the third sector's role in supporting the delivery of adult learning courses.

Housing

22. The older people's housing strategy, 'Age, Home & Community', published in December 2011, created a national framework for delivering housing stock suitable to the needs of older people.

23. This Strategy, and the upcoming reports from the Preventative Support and Adaptations Working Groups, demonstrate the Government's awareness that they must strengthen independent living in the home. However, the real challenge is ensuring that commissioning bodies, such as local authorities and health boards, use their resources to invest in preventative measures.

24. To date, there is little in the way of progress from any local authority about how they will build the supply of this new stock suitable to the needs of older people. Indeed, given the lack of any specific and measurable targets within the document, and no additional money being allocated to delivering on the outcome, it seems unlikely that the vision detailed in the document of a national supply of adaptable housing that meets the needs of an ageing population will become a reality. Ultimately, with no compulsion or incentive to act, local housing provision for older people will continue to develop in ad hoc manner which threatens to undermine the entire Strategy.

25. Age Scotland also hoped to see greater funding released to housing associations and local authorities as part of the Comprehensive Spending Review in order to build flexible social housing capable of meeting the needs of all households. However, the housing budget has been reduced this year to £300 million from £390 million in the previous year; this will have a significant impact on local authorities' ability to deliver on the older people housing strategy. Furthermore, the Scottish Government has yet to endorse the Lifetime Homes Standard for flexibility and adaptability in new build homes (see Q7 for more details). Without such a commitment, our future housing stock will simply not be suitable to meet the changing needs of Scotland's population.

Concessionary Transport

26. Since its introduction in 2006, the budget for the concessionary fares scheme has grown significantly. While this has been, in part, due to the increase in the groups eligible for a bus pass, it is primarily a consequence of our ageing population. Of the 5.2 million people in Scotland, over 1.1 million are aged 60 or over and are, therefore, eligible for a bus pass. As discussed in question 1, the 2010 Independent Budget Review's analysis of the concessionary travel scheme estimated that by 2014/15 the cost of providing the service could be £285 million per year. Similarly, Audit Scotland forecast that the uncapped cost of the scheme by 2025 could be anywhere between £216 million and £537 million.^{xii} Recognising the rising costs for the scheme as a consequence of increasing life expectancies and that more and more people are continuing to work well into later life, we believe the Government may wish to should conduct a full review of the concessionary travel scheme, examining how it can be improved to create a truly national, sustainable system that supports all types of bus operators.

27. For example, extending the current free bus travel scheme to include all demand responsive community transport would allow many older people improved access to services, facilities and social networks, contributing to social inclusion and improving health by promoting a more active lifestyle for the elderly and disabled. Many of the frailest and most vulnerable people entitled to free travel cannot use their entitlement because they are unable to access conventional bus services. While the concessionary bus travel scheme has been incredibly popular in urban areas, many older people in rural areas ill-served by regular buses have been unable to take advantage of this policy.

28. Data provided by Community Transport in 2012 shows there were 3.5 community transport passenger journeys and total revenue raised through fares and charging across the sector was £7 million. The extension of this scheme would add comparatively little to the £192 million cost of concessionary travel schemes even if we increased the costs further allowing for inflation and increased demand. Indeed, the Scottish Parliament's 2006 Equal Opportunities Committee report recommended that the "Scottish Executive make the current and future DRT (demand responsive transport) services eligible for concessionary fares in line with the concessionary fares scheme introduced in April 2006".

29. Research has shown that, in 2007, 1.5 million GP appointments^{xiii} were missed in Scotland. The cost of these is estimated as £31.5 million. This figure would be even higher if the 700,000 missed nurse appointments were also added to the equation, but no average cost is readily available for these. What can be taken into account, however, is the conservative estimate which shows that over half a million hospital appointments^{xiv} were missed in Scotland at a cost of £50.7 million.

30. A 2011 Audit Scotland report detailed the value community transport services have in delaying or avoiding admittance into hospital or residential accommodation, as well as facilitating health and social care services, especially for rural communities' poorly service by commercial bus operators. Despite this, the Government has repeatedly rejected calls to put the sector on a sustainable footing by including Section 19 services (i.e. non-registered routes) within the broader concessionary travel scheme. Extending the concessionary bus travel scheme to cover demand responsive transport has the potential to create savings for the public sector across multiple budget lines. Age Scotland believe that there is a compelling case for extending the concessionary travel scheme to cover all community transport services and, if done with community operators receiving a reimbursement rate of 100%, the Government could legitimately review the most appropriate age for individuals to receive a bus pass.

What weight should be given during the annual budget process to demographic trends and projections?

31. Spending review documents run to a maximum of four years and, even with this timeframe, Governments review and shift budget lines in response to political pressures so that the projected departmental spend after four years is markedly different that what was previously projected.

32. To help inform budget deliberations, the Scottish Government should create a separate arms-length Scottish agency that provides the Parliament with budget projections that focus on longer time spans along the lines of the Congressional Budget Office in the USA or Office for Budget Responsibility at Westminster. These projections would be around 10-25 years but could extend as far as 75 years into the future and would incorporate long-term demographic trends, the long-term impact of rising health care costs and the economic impact of alternative long-term budget policies. This would ensure that demographic considerations are given the appropriate, independent weighting in all future Budget decisions.

33. Indeed, given the transfer of increased power to the Scottish Parliament over Stamp Duty, Land Tax and Landfill Tax, a new Scottish rate of Income Tax and borrowing powers worth £5bn, the new Independent Budget Office would produce transparent modelling about how the balance of spending and taxation would need to shift over future years to meet the needs of an ageing population.

What data is collected (and what should be collected) with respect to (a) health and social care and (b) housing services and (c) public pensions and the labour force, and what use is made of this (or should be made) to forecast what funding will be needed?

34. The Local Government Finance statistics detail Local Authority spend against high level budget lines. For example in 2010/11 £3,609m was spent on social work and £2,691m on non local authority stock housing^{xv}. While these statistics are useful to signify proportion and totality of spend, they do not illustrate the variation between local authorities or report on the differences in outputs, let alone outcome felt by service users.

35. To better develop our understanding of outcomes delivered, the Scottish Government, together with the NHS and CoSLA, have developed the Integrated Resource Framework (IRF) to enable NHS Scotland and local authorities to analyse available data with a view to improving the evidence base on which commissioning decisions are made. The Government piloted the IRF model in 4 test sites and reported in July 2012 that, although NHS hospital data on cost and activity is well developed, work is still required to accurately determine social care and community care costs. Most notably data protection and standardisation issues needed to be overcome to allow for an accurate and credible analysis of spend.

36. While the potential of the mapping data to help define, measure and monitor outcomes is recognised it will remain underdeveloped until measuring and consistency issues are overcome. However, Age Scotland recognises and welcomes the IRF as a necessary and appropriate measure to analyse the efficacy of public spending on health and social care. We recommend that the committee work with the Government to better understand and resolve the current issues with the IRF to ensure it is fit for purpose and that it delivers improved commissioning decision for social care spend.

37. The 'Impact of Population on Housing' report published in 2010^{xvi} demonstrated that, all things remaining equal, the overall number of pensioner households requiring adaptations will rise from 66,300 in 2008 to over 106,000 in

2033. Furthermore, in order to maintain current ratios of provision to probable need, the combined numbers of sheltered and very sheltered housing stock will need to rise from 38,000 in 2008/9, to 45,900 in 2018 and to 61,400 in 2033, an increase of 23,400 units over the period. However, while we have data about the increasing pressures on local housing stock, the Government response to this problem has unfortunately been sub-optimal.

38. While Age Scotland welcomed the older people's housing strategy and worked with the Government to develop it, we remain concerned that the laudable content of the Strategy will not be put in to practice on the ground. Without the establishment of specific and measurable targets, the vital proposals of the Strategy will be reduced to mere recommendations upon which there will be little or no real compulsion for local authorities to act. Furthermore, we feel the lack of such directives or compulsion will lead to a 'Post Code lottery', with each council interpreting the Strategy differently, leading to 32 versions of the vision across Scotland. This, arguably, runs contrary to the Government's stated outcome of providing "a clear vision for housing for older people in Scotland", and will ultimately be detrimental to the interests of Scotland's older people.

39. The lack of additional money further undermines the Government's vision of developing an effective and comprehensive national older people's housing strategy. Investment in the Strategy would provide an incentive to local authorities to establish local housing plans which matched the Government's ambitions. More fundamentally, without additional money being available, local authorities will be unable to deliver much – if any – of the ambitions set out in the Strategy. Local authorities must, therefore, receive sufficient support by way of core funding to ensure they can achieve the challenging goals set by the Strategy.

To what extent are the preventative policies such as the Change Fund key to addressing demographic pressures on the provision of health and social care?

40. While we welcome the Change Fund initiative and applaud the Government's focus on investing in preventive services, we are concerned that Change Fund monies are, so far, not being used to exclusively fund preventative programs. Our Freedom of Information research has shown that despite the guidance prescribing 20 per cent of funding be allocated for carers services in 2012/13, the reality is much less. There has also been a significant level of monies directed towards institutional homes and, despite its well evidenced preventative nature, few partnerships have allocated any money towards community transport services. For example:

- In Aberdeenshire, only £153,000 is being spent on carers services in 2012/13 out of a budget of £1.9m;
- In Angus, only £204,000 is being spent on carers services out of £1.685m;
- In Shetland, only £30,000 is being spent on carers services out of £374,000 in 2012/13, with no money allocated to housing support in 2012/13 compared with £15k the previous year;
- In Angus, £374,000 is being spent on improving hospital discharge Strategy in 2012/13;
- In Aberdeenshire, £90k was spent on an older person communications officer;
- In Dundee, £138k in 2012/13 is being spent on additional support for care homes;

- In Perth, £172k on 2011/12 and then £280k on 2012/13 is being spent on care home placements;
- Lanarkshire NHS spent £250,000 on care home placements in 2011/12;
- Dundee, East Lothian, Angus, Stirling, Clackmannanshire, South Lanarkshire, Orkney, West Lothian and Shetland councils all failed to include funding for any community transport services in their 2011/12 or 2012/13 Partnership budgets

41. There is a pressing need for conditionality to be attached to the funding to ensure Partnerships spend money on activities as prescribed in the guidance. Furthermore, Partnerships across Scotland need to share good practice of effective, preventative approaches, and we need a national mechanism that supports the upscaling and replication of successful initiatives.

42. Indeed evidence from the first six months of the 2011/12 programme of spending shows that:

- Only 18 per cent of the current spend went towards preventative and anticipatory care;
- 19 per cent went toward hospital and institutional care;
- 24 per cent went towards support and care at home (some of which could be preventative);
- 33 per cent went to care at time of transition (e.g. re-ablement, NHS 24, alternative to emergency admissions);
- 6 per cent on enablers like workforce development and IT;
- One council alleged to have used Change Fund money of £1m to buy in social care services from their own in-house provider to cover their own budget shortfall, with £3 million and £2 million in years two & three respectively to purchase care home places.

43. Finally, as yet, there is no evidence of how the Change Fund has catalysed a shift in wider health and social care spend as hoped. The Government must review all change plans to examine both (a) outcomes delivered against specific funding streams within partnerships and (b) overall shift in service commissioning as a consequence of the spend. Only then will we be able to determine how effective the Change Fund has been in shifting the balance of care.

To what extent are the pressures on health and social care a consequence of an ageing population as opposed to other health challenges such as obesity?

44. As discussed above, around 1/3 of the budget for older people's health and social care is spent tackling the twin issues of delayed discharge and unexpected admissions to hospitals. While health challenges such as obesity, diabetes and dementia increase the cost of care and support, it is the inability to commission appropriate services for patients that is the single biggest pressure on health and social care budgets. While health and social care integration may make some progress in mitigating some of these costs, there is also a need for politicians and the media to have fuller consideration of the implications of safeguarding all local hospital services; as such services are often saved at the expense of community care services. Such trade-offs reduce the focus on preventative support services, and maintain the current focus of investment in institutional services. The reality is

that the closure of beds, wards and hospitals would ultimately free up resources to reinvest in community care, and help to keep people out of hospital and care homes.

45. These costs are, in turn, exacerbated by the lack of a national concessionary transport scheme. As discussed in question 2, those in rural and remote areas are often ill-served by commercial operators or not of sufficient health to make the journey to a bus stop un-aided. These individuals have to pay a charge to access community transport services to help them make medical appointments and facilitate social networks. However, this charge in itself acts a deterrent to people making essential journeys which contribute positively to health, wellbeing and independent living. It is simply worth re-iterating that extending the scheme to overall demand-responsive services would produce savings across multiple budget lines as well as deliver Government outcomes about independent living at home.

What is likely to be the main pressures on both the public and private housing stock arising from the demographic change and what action should government and other public bodies be taking now to address this?

46. In both the public and private sectors, it is clear that new build housing stock will play a diminishing role in providing any substantive response to the changing demographics. The spending cuts in new house building place an increased burden on the existing housing stock to respond to societal need.

47. This means that the limited new housing stock which is built must be compatible with the Lifetime Homes Standard so that it is capable of being adapted to suit the needs of all generations – young and old, able bodied or housebound. While the existing Building Standards incorporate elements of design suitable for all ages and stages of life, the Lifetime Homes Standard represent best practice, and a means of developing housing stock capable of being easily adapted or altered to suit individuals of any age.

48. Age Scotland believes the existing Building Standards for housing developments should be improved so that what new housing is built can genuinely respond to our ageing demographic. Fully implementing the Lifetime Homes Standard within the framework of the Scottish Building Standards for all new-build housing, whether publicly or privately funded, would ensure investment in new housing provision across all tenures met the needs of our ageing population.

49. Fully incorporating the Lifetime Homes Standards into design costs of new build developments has been calculated as only around an additional £547 per new home.^{xvii} The Scottish Government's Housing and Regeneration Statistics showed there were 4,449 houses completed in the year to September 2011. Making these completions suitable for all ages would have cost less than £2.5 million, an addition of just 1.6% of the overall budget for new supply housing. Such an investment would represent a significant contribution to far-sighted preventative strategies that anticipate the future need to support people to live at home for as long as possible by ensuring their home is suitable for adaptation with the minimum of additional expenditure or disruption.

What adaptations will be required to the existing housing stock to provide long-term care and to what extent should the design of new builds take into account the possibility that the home may be used for care purposes in the future?

Existing housing stock – mapping provision

50. As stated above, the insufficient level of new build housing will put added emphasis on the need for the existing housing stock to be adapted for use where necessary. For older people, this can mean external ramps to improve ease of access, or widening doors to allow wheelchair users to move around the home. More substantive works could involve installing lifts, shower rooms or extensions.

51. It will be important, however, if we are expecting our existing housing stock to meet this need, that we have a greater understanding of what our current stock looks like. Age Scotland is aware of only one Scottish local authority which has undertaken a significant review of their existing stock, which concluded that more work would be required than the 18 months taken in that survey to establish a complete picture of housing provision across all tenures. Therefore, we would urge the Scottish Government to invest in a full scale review of housing provision across all tenures with a view to generating a detailed picture of our existing housing stock and its capacity to be adapted. This is necessary as, if there were barriers to adaptations across the existing stock which prevented individuals from remaining in their home, we would need to seek alternative accommodation from other housing or care options at potentially higher cost to the state.

52. We would like to see an expansion of the Glasgow Centre for Inclusive Living's^{xviii} register of accessible housing which would complement an assessment of housing nationally. This should help to increase awareness of accessible and adapted housing, as well as helping people to find suitable properties in locations that are right for them.

Housing Adaptations

53. Age Scotland is a member of the Scottish Government's Adaptations Working Group and has contributed towards the development of the Group's proposals for future provision of adaptations. The Adaptations Consultation outlines the three options for how these could be delivered to those requiring adaptations, from largely maintaining the existing process, through to far more radical and wide-reaching change, where individuals are placed at the centre of the process of obtaining adaptations and having overall responsibility.

54. In July 2011, the All Party Parliamentary Group on Housing and Care for Older People noted that the average cost to the State of a fractured hip was £28,665^{xix}, nearly 5 times the average cost of a major housing adaptation and 100 times the cost of fitting hand and grab rails to prevent falls. Similarly, research undertaken by Bield, Hanover (Scotland) and Trust Housing Associations on the Social Return on Investment of adaptations found that, for an average cost of £2,800, each adaptation saved the Scottish health and social care systems an average of over £10,000 – equivalent to 483 hours of home care, 19 weeks in care with nursing care, or two orthopaedic operations. Furthermore, it concluded that every £1 spent on adaptations delivered a return of up to £6. At less than £3,000,

the average adaptation compares extremely favourable with the typical annual bill for a publicly funded residency in a care home of £26,650.^{xx}

55. Adaptations are about supporting individuals to remain living at home for as long as possible and out of higher level, and higher cost, care solutions such as care homes and emergency hospital appointments. The potential savings outlined above reflect the clear benefits of investment in preventative spending. While we congratulated the Government on their decision to reverse their planned reduction in adaptations funding earlier this year, the suggestion that investment in housing adaptations should remain static – let alone face cuts of 25 per cent – was extremely worrying for Age Scotland and many partner organisations who lobbied against the proposal. If we are to support Scotland's older people to remain active and independent, it is vital that funding of adaptations is not only maintained, but increased to reflect the cost benefit they are known to provide the state.

Supporting energy efficiency

56. Age Scotland is a member of the Scottish Fuel Poverty Forum, and fully endorsed the Forum's recent interim report on how we might seek to increase the efficiency of our housing stock. Rising fuel prices and extremes in weather conditions make it increasingly important that our existing housing stock is brought up to standard.

57. Central to much of our success in this area will be down to funding secured from the Westminster Government from Scotland's share of the Energy Company Obligation. Age Scotland is working with partner organisations and our sister charities in the 'Age' family to lobby the UK Government to ensure that we receive an equitable share – equivalent to some £120 million per year.

58. However, it is also vital that the Scottish Government incorporates sufficient investment in home energy efficiency measures into their budgetary planning to bring our existing housing stock up to standard. It has been estimated that around £200 million per annum needs to be spent if Scotland is to sufficiently raise the standard of our housing stock^{xxi}. This leaves at least £80 million which the Scottish Government must raise if we are to meet our shared ambitions of eradicating fuel poverty.

Information and Advice

59. We feel it is important that government, both locally and nationally, consider the resource implications of providing comprehensive, cross-referenced information and advice services. This is necessary due to the myriad of services available across the country. Older people and their families need certainty that, where they approach organisations or agencies for support, that they can be certain of receiving the most accurate information or be referred to the most appropriate resource at the earliest point possible. While individuals have an important role in accessing information and support, the sheer range of services available means there is always the concern that people could fall between the gaps. We must ensure that whichever service an individual initially contacts, they will ultimately be referred to the most appropriate resource or organisation and tap into the support they need.

What is the likely impact on the public finances within Scotland of demographic change on public sector pension schemes and what action is required by the Scottish Government and other public bodies to address this?

60. Public sector pensions are a potential source of significant pressure on the Scottish budget in the next decade. As detailed above, there has been a significant increase in the public sector pension liabilities over recent years which, in turn, reduces the level of resources available to spend on public services. The Scottish Public Pensions Agency estimated that total payments for the NHS and teachers' schemes would exceed employers' and employees' contributions after 2010/11, with the gap rising to £489 million by 2014/15. However, teachers' and NHS pensions are paid through Annually Managed Expenditure (AME) and, under UK government funding policy, the Scottish Government is not normally required to offset savings from elsewhere in its budgets to cover increases in AME. Therefore, increased spending on teachers' and NHS pensions in the short term does not immediately affect the Scottish Government's discretionary spending power.

61. However, other public sector pensions such as those for Police and Firefighters' are paid for out of Departmental Expenditure Limit (DEL) which forms about 85 per cent of the Scottish Government's budget. The Government has to fund any increased spending on Police and Firefighters' pensions, which directly affects its spending power.

62. According to Audit Scotland, the allocation of spending between AME and DEL budget lines is not permanent and, in the past, spending has been switched between them. Although there are no plans to do so, the effect of switching teachers' and NHS pension payments from AME to DEL would have a significant impact on the Scottish Government's spending power.

63. To help mitigate the increasing deficit being run by the teachers' and NHS pensions the Government may want to explore the recommendations from Audit Scotland regarding public sector pension sustainability. In particular, consider what the aims of the public sector pension scheme, what are the most effective way to meet these aims and whether current differences in as contribution rates and level of benefits are appropriate.

What should be the balance within public policy of support for older people who wish to remain in employment versus creating opportunities for youth employment?

64. This question presumes that creating employment opportunities is a zero sum game and that by focusing initiatives in one area there would not be beneficial consequences for another.

65. Age Scotland believes that any Government employability programmes should offer a range of distinct and different support needs to support employment across all age bands. There is an understandable desire to focus on youth unemployment with the rate sitting above 20%. However it is also important that the Government examines the wider societal benefits of employment approaches that

target older workers. According to a 2006 survey conducted by the University of National and World Economy, when asked about the advantages of hiring older workers, more than half of the respondents in the 20–40 years age group indicated that the main advantages included were:

- Greater loyalty (cited by 63% of the respondents aged 20–40 years)
- Invaluable experience (56%)
- Ability to serve as mentors to less experienced workers (50%)
- Stronger work ethic (50%)
- Established network of contacts and clients (50%).

66. These are valuable characteristics in helping grow a business and the wider economy and should be fully considered when making employment decisions. However, the principle way to ensure both older and younger workers have a chance to be economically active is not by playing one interest group against another, but to ensure the wider macroeconomic environment is supportive of sustainable economic growth. Doing this will create further growth and employment opportunities, setting the right policies for the entire economy. Policies that recognise the skills and confidence gaps of all age groups and addresses these will strike the right balance for Government policy.

ⁱ Projections of Community Care Service Users, Workforce and Costs, Scottish Government, 2004, www.scotland.gov.uk/Publications/2004/07/19665/40321

ⁱⁱ GRO statistics 2012

ⁱⁱⁱ The Dementia Epidemic: where Scotland is now and the challenge ahead, Alzheimer's Scotland, 2007

^{iv} Commissioning Toolkit for long term conditions (Asthma UK; BHF; Diabetes UK)

^v Labour Market Statistics July 2012, www.scotland.gov.uk/Topics/Statistics/Browse/Labour-Market/Labour-Market-Briefing

^{vi} Labour Market Statistics July 2012, www.scotland.gov.uk/Topics/Statistics/Browse/Labour-Market/Labour-Market-Briefing

^{vii} International Longevity Centre, The future of retirement, 2010

^{viii} Audit Scotland, *National Concessionary Travel*, (2010). Available online at: www.audit-scotland.gov.uk/docs/central/2010/nr_101007_concessionary_travel.pdf

^{ix} Weatherly H, Mason A, Goddard M and Wright K (2010) *Financial Integration across Health and Social Care: Evidence Review*, Edinburgh: Scottish Government Social Research

^x Enhancing informal learning in care settings, NIACE, Oct 2009

^{xi} See for example Cote J, Identity capital, social capital and the wider benefits of learning, London Review of Education, (2003); or McNair S, Migration Communities and Lifelong Learning, IFLL (2009).

^{xii} Audit Scotland, *National Concessionary Travel*, (2010). Available online at: www.audit-scotland.gov.uk/docs/central/2010/nr_101007_concessionary_travel.pdf

^{xiii} Article from Channel 4 based on Developing Patient Partnerships research: www.channel4.com/news/articles/society/health/missed+gp+appointments+cost+30m/712772

^{xiv} Scotsman newspaper article December 2007: www.news.scotsman.com/latestnews/1390-Scots-don39t-turn-up.3619753.jp

^{xv} Scottish Local Government Finance Statistics 2010-11, www.scotland.gov.uk/Publications/2012/02/2421

^{xvi} www.scotland.gov.uk/Publications/2010/07/20125707/1

^{xvii} DWP, 2008, 'Lifetime Homes, Lifetime Neighbourhoods', P90.

^{xviii} www.gcil.org.uk/suitablehousingsearch.aspx

^{xix} www.housinglin.org.uk/Topics/type/resource/?cid=8167

^{xx} <http://bit.ly/OUa2NZ> This figure increases to an average of £30,000 for self-funders, with those who also receive nursing care as part of their package paying over £35,000 per year.

^{xxi} Energy Action Scotland