

## FINANCE COMMITTEE

### DEMOGRAPHIC CHANGE AND AGEING POPULATION INQUIRY

#### SUBMISSION FROM SCOTTISH FEDERATION OF HOUSING ASSOCIATIONS

##### **About the SFHA**

1. As the national representative body for housing associations and co-operatives in Scotland, SFHA welcomes the opportunity to respond to the Finance Committee's Inquiry into Fiscal Sustainability and Demographic Change. We are pleased to see that the vital role of housing in addressing these issues is being recognised by the range of housing sector voices which have been invited to respond.

2. Housing associations and co-operatives in Scotland own, manage and maintain 46% of the country's affordable rented housing stock and 11% of the total stock. This represents 272,401 homes across Scotland. In addition, they provide a range of broader tenancy sustainment and community regeneration services across the country, from the most densely urban to the most remote rural communities. They often operate in some of the poorest communities in our country.

3. According to SFHA's own (forthcoming) research<sup>1</sup>, more than a quarter of housing association households currently contain someone over 65 years old. Housing associations and cooperatives also provide a range of support services to older people which maintain their ability to live independently at home; these range from provision of housing information and advice, welfare advance, gardening and community alarm services through to exercise classes, shopping services, transport and advocacy services.

4. Furthermore, through preventative spending activities such as adaptations and housing support, housing associations and co-operatives help to reduce costs to other government budgets such as health and social care. In the context of the emerging and evolving health and social care integration agenda, the funding and delivery of adaptations will be of prime importance.

##### **Terms of the Finance Committee Inquiry**

5. We note that the Finance Committee has agreed to take forward an inquiry on the issue of how demographic change will impact upon Scotland's fiscal sustainability in future years, with the specific objective:

*"To identify the impacts which demographic change and an ageing population will have primarily on the public finances in respect of the provision of health and social care, housing, and pensions and the labour force, and the planning being undertaken by the Scottish Government and key public bodies to mitigate such impacts."*

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<sup>1</sup> ODS Consulting for SFHA (forthcoming August 2012), *Supporting older people to live at home – the contribution of housing associations and co-operatives in Scotland.*

6. It is clear how Professor Bell's report to the Finance Committee <sup>2</sup> has rightly framed the terms of reference for the Finance Committee Inquiry. However, we are pleased to see that the Committee has already seen fit to extend its horizons for this inquiry beyond the impact of demographic pressures upon health and social care, and look towards the impacts upon and possible response from the housing sector too. We welcome this timely recognition of the importance of the housing perspective in considering demographic impact.

7. As would be expected, our response focuses primarily on how the housing association and co-operative sector can contribute towards meeting the increased demands that will fall upon statutory authorities in future years as our population ages, our fiscal capacity shrinks but society's expectations remain the same as (or possibly higher than) they currently are.

### **General Questions**

***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?***

8. The Scottish Government outlined in "Age, Home and Community: A Strategy for Housing for Scotland's Older People: 2012-2021" the scale of challenge which is likely to arise over the coming years. The introduction to the strategy states that:

*"The demographic profile of Scotland is set to change dramatically over the coming years. The number of people aged 74 and over is projected to increase by 23% between 2010 and 2020, and by 82% between 2010 and 2035. In the same 25 year period, the number of people age 60-74 is projected to increase by 27%. In 2010, 23% of the population was aged 60 and over. By 2035, this is likely to have increased to 30%".<sup>3</sup>*

9. Consequently, the needs and expectations of older people in Scotland in terms of health and social care and in terms of housing and housing-related services will change significantly over the coming years. There will be greater demand for housing adaptations, housing support services, sheltered, very sheltered and amenity housing, extra care housing and more generally, an increased demand for information and advice on housing and support services.

10. All of these aspects are considered in the Scottish Government's Older Peoples' Housing Strategy and considerable work has begun under the auspices of the Wider Planning for an Ageing Population work stream of the Reshaping Care for Older People programme.

11. SFHA sits alongside other social and private housing and third sector representative bodies on the Scottish Government's Wider Planning for an Ageing

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<sup>2</sup> Professor David Bell (January 2012), *Fiscal Sustainability: Issues for the Finance Committee Work Programme 2012*. Available at [http://www.scottish.parliament.uk/S4\\_FinanceCommittee/Inquiries/DBP\\_paper.pdf](http://www.scottish.parliament.uk/S4_FinanceCommittee/Inquiries/DBP_paper.pdf) (accessed 8th August 2012)

<sup>3</sup> Scottish Government (December 2011), "Age, Home and Community: A Strategy for Housing for Scotland's Older People: 2012-2021", p.8. Available at <http://www.scotland.gov.uk/Publications/2011/12/16091323/0> (accessed 8<sup>th</sup> August 2012)

Population Steering Group and we are therefore able to make a full and meaningful contribution to the development of the work underpinning the Strategy. We will also be monitoring the progress of the strategy over time.

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

12. The Scottish Government has been leading the response to the challenges posed to health and social care services, and also to some aspects of housing service provision, via its work on *“Reshaping Care for Older People”*.

13. As indicated above, the housing association sector played a major role in informing and developing the Scottish Government’s Older Peoples’ Housing Strategy, We were pleased that it highlights the role that housing can and must play in responding to the challenges arising from demographic change.

14. SFHA has welcomed the Strategy as representing a signal of intent and an indicator of the Scottish Government’s likely direction of travel over the coming years. But we are concerned that, as yet, there are no explicit resources associated with the delivery of the Strategy. Indeed, the Strategy document itself acknowledges the economic and fiscal context within which the demographic challenges will require to be tackled. Explicit reference is made to the spending reductions of over 12% in real terms between 2010-11 and 2014-15, and capital budget reductions (which are of key importance to housing) being cut by 36%.<sup>4</sup> It is implied in the Strategy that the challenges will be met via the conflation of efficiency gains, sweating sector assets and leveraging new funding for investment. SFHA has grave concerns that this is not a financially robust basis for delivering a strategic response to the demographic challenges we face.

15. In the absence of dedicated capital funding to realise the objectives of the Older Peoples’ Strategy and in light of the reductions in recent years to the affordable housing budget, there is widespread concern in our sector as to how we can make our contribution to meeting the demographic challenges. This concern is magnified by the financial impacts on the housing sector of the imminent welfare reform changes. It is often said that our sector has significant financial reserves that could be drawn upon. But these reserves have been built up over along period of time and are designated primarily for the future maintenance of existing stock and prudent risk cover against existing borrowings. There is limited scope for these reserves to be used for other purposes and they can only be used once.

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

16. Ultimately, the Scottish Budget must reflect the respective demands and priorities of Scotland’s people on a transparent and accountable basis.

17. There is significant pressure upon the Scottish Parliament and the Scottish Government to adjust spending and political priorities according to demographic trends and projections. However, this has to be balanced alongside the needs of the

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<sup>4</sup> Scottish Government (December 2011) *“Age, Home And Community: A Strategy For Housing For Scotland’s Older People: 2012 – 2021”*. Available at <http://www.scotland.gov.uk/Publications/2011/12/16091323/0> (accessed 8th August 2012)

younger, working age population who are generating much of the fiscal income which supports the delivery of essential services for older people.

18. SFHA does not underestimate the difficulty of making such judgements, nor do we underplay the need for significant investment in older people's housing and support services right now. Alongside this, we will continue to make the case for investing sufficient resources to meet the acute shortfall of affordable, rented housing in Scotland for households with "mainstream" housing need. We will be presenting further evidence on this to the Committee to inform its scrutiny of the 2013-14 Scottish Budget.

19. In summary then, we would argue for better planning for the future, using the demographic projections to inform decisions but balancing any strategy for the future with the imperative to meet current housing need.

### **Health and Social Care**

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

20. In order to address the sizeable demographic pressures that the health and social care system faces in coming years, a wholesale commitment needs to be made by Scottish Government, local authorities and the NHS in Scotland not only to consult, but to fully engage with, all housing providers in their future strategic planning and operational service planning and delivery.

21. As was strongly recommended by the Christie Commission, SFHA believes that an increasing share of all statutory service budgets must be shifted 'upstream' towards preventative services which can alleviate service demand pressures on health and social care services and prevent expensive and avoidable emergency hospital admissions or social care interventions.

22. The Adult Care Change Fund is a commendable first step towards bringing together the key organisations who can meet this challenge, but the cultural and strategic shift required by all parties should not be underestimated. In common with many other third sector partners, housing associations and co-operatives have not yet seen much 'change' as a result of the Change Fund. So far, the housing sector's experience of Change Fund can be best described as "patchy", so it is difficult for us to have any great confidence that this mechanism will deliver the degree of change that is required.

23. We will be making a submission to the Scottish Government's current consultation on proposals for the Integration of Adult Health and Social Care, on which matter this Parliament is due to legislate in the coming months. While we remain determined to ensure that housing is properly embedded within that essential Integration agenda, we continue to be concerned that opportunities to alleviate some of the anticipated service demand pressures which will fall upon health and social care services in years to come (via investment in preventative, housing-based solutions such as adaptations, housing support, handyperson services, active living programmes etc), could well be missed. That would be a tragedy not only for the people affected by resultant loss of services, but also for the whole of Scotland

## **Housing**

***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?***

***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?***

24. The Scottish Government's Older People's Housing Strategy addresses the fundamental issues of ensuring that older people are enabled to live independently in their own homes for as long as possible. This includes not only addressing the need for more adaptations to existing stock and ensuring easier access to funding for adaptations, but also taking a longer term view about building standards across all tenures and ensuring that accessibility and adaptability are granted more importance in planning and building of new homes.

25. Similarly, there will be a need to ensure that issues of thermal and energy efficiency of all homes, new and existing, are given the level of financial and investment support required to achieve the objective of eliminating fuel poverty, particularly (but not exclusively) in older households.

26. In recent years, particularly since the Concordat between Scottish Government and Scottish local authorities was enacted, many housing associations and co-operatives have found that they have had to seek ways of bridging a funding gap in the provision of housing support services. This is particularly the case in sheltered housing settings, where warden care (much valued by service users) has become increasingly financially and logistically challenging. There is a strong case for committing Health and Social Care Partnerships to helping to secure the long-term financial viability of services such as sheltered housing warden provision. It would ensure that vulnerable individuals can maintain a degree of independence, preventing the need for more costly health and social care interventions.

27. We would also commend to the Finance Committee a forthcoming report from the Chartered Institute of Housing in Scotland and Horizon Housing Association on the benefits of wheelchair accessible housing.

## **Concluding Comments**

28. We have outlined above our comments on planning to meet the challenges of demographic change; the need for the integration of health, social care and housing; the preventative spending benefits of investment in housing and related services. We have emphasised the need to balance planning for future needs with meeting current needs, particularly the investment required in affordable housing. We do not underestimate the challenges this poses in setting future strategies and budgets