

FINANCE COMMITTEE

DEMOGRAPHIC CHANGE AND AGEING POPULATION INQUIRY

SUBMISSION FROM SOUTH LANARKSHIRE COUNCIL

1. The Council's Top Risk register in 2007 identified a key risk as "Long term planning does not inform the financial strategy". This identified the risks as being uncertain client demand, changing demographics, employee numbers, assets/resources, and inflationary factors affecting the accuracy of long term planning and over the links from these risks to funding.

2. In terms of the actions taken to control this risk, demographic pressures are now included in the medium term financial strategy of the Council. As part of the demographic and household projections work carried out by the Council, service profiles have been developed for key Council services. The Council also produces estimates of how ageing and health could interact and in respect of obesity. The Council believes that more information on morbidity – both current and projected - at a local authority level would be helpful in service planning and financial sustainability. The Council also believes that it is important that services continue to understand and respond to pressures other than ageing on service provision and finances. For example, the number of homeless households with children or pregnant women in them had been rising over time in South Lanarkshire and in 2012 was the highest ever recorded. Over time the figures show a rise in applicants aged 18 to 25 here compared to falls in Scotland as a whole.

3. The Council believes that it is important to recognise that 'future' older people will be different from in the past. They are expected to be healthier, better educated and more demanding – and it is important that they are not seen as a homogenous group. They will reflect differences in gender, income, household make up, culture and socio-economic situation. The Council sees the main issues for older people being around enabling them to maintain control of their lives and their independence and improving their quality of life. Other factors influenced by demographic change are an ageing workforce, carers ageing, promoting healthier ageing, generational issues and an age related social divide.

4. The latest population projections show South Lanarkshire's population projected to rise by 14,611 over the 2011-2021 period and by another 6,541 over the 2021-2031 period. In percentage terms, both rises are below those projected for Scotland over the same period. The projections show a continuation of the ageing of the population with significantly faster percentage increases in those aged 65 to 79 and 80 and over in the 20 years after 2011 compared to the prior 20 years.

5. Over the 2011-2021 period the numbers aged over 75 and over 85 in South Lanarkshire rise faster than in Scotland as a whole, but over the 2021-2031 period this situation reverses. It is projected that by 2031 there will be 6,900 more residents in South Lanarkshire aged 85 and over and 9,100 more aged 75 to 84 than there were in 2011.

6. Over the 2010 to 2035 period the number of households in South Lanarkshire is projected to increase by 25,510 or 18.6%. This compares to a rise of 22.5% in Scotland as a whole. The largest absolute and percentage increases are projected in Single Adult households which are expected to account for 44% of all households in 2035 against 34% now. By 2035 a fifth of households in South Lanarkshire will be headed up by someone aged 75 or over and over 4,000 households will consist of a person aged 90+ living alone, against around 1,000 now. Another 5,000 households will comprise people aged 84 to 89 living alone.

7. Given the timescales involved, it has not been possible for the Council to formally consider the attached response which I am forwarding in my capacity as Chief Executive.

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; (b) housing services and (c) public pensions and the labour force?

8. The Council believes that the demographic changes facing Scotland and the potential consequences of this on key public services are well known. The 'Reshaping Care for Older People Programme' highlights that, if current service models remain the same (based on the assumption that demand increases in line with the growth in the older population), an annual increase in investment of £1.1 billion will be required in health and social care services alone by 2016.

9. The Council supports the policy position to support people to stay in their own home or in the community. The move to more services being community based and delivered within people's homes will require increased flexibility and innovation across the workforce and an adequate supply of suitably designed housing will play a key role. The Council believes that, while there is scope to redesign services and improve joint working to deliver efficiencies, the scale of demographic growth in the older population will require additional resources.

10. In respect of public pensions, the Council believes that it can only comment in relation to the situation with respect to local government. The Council believes that the Local Government Pension Scheme in Scotland is presently in a healthy situation, especially the Strathclyde Pension Fund but it is aware that the positive situation of increasing longevity will see increasing calls on pension scheme resources and so work is continuing to ensure that the managed local government schemes remain accessible and sustainable. The introduction of auto-enrolment in 2013 and both planned and proposed changes to pension regulations will require to be evaluated as to the potential impact. The Council believes that it is important that people are motivated to make adequate pension provision in whichever way is appropriate to them and it believes that the Scottish Government should encourage membership of pension funds, possibly considering making membership mandatory in the manner adopted by some Northern European countries.

11. If trends continue as they are in terms of demographic growth, then there will be challenges with regard to recruitment and availability of labour across all public

services, not just health and social care services. The Council believes that older workers are likely to seek alternative forms of employment such as phased or flexible retirement and that, while younger people are facing problems at present, competition for them in an ageing workforce could lead to skill shortages and this may impact on pay rates. Immigrants and Minority Ethnic Communities are expected to become more significant elements than presently in the labour market. The Council also expects employers to place a greater emphasis on health and fitness packages for employees to help maintain their health.

What public services will individuals increasingly call on and in what way?

12. As well as an increasing focus on “self delivered” care – supporting actions by individuals, informal carers, etc. to manage their own situation - demand will increase for user/client ‘controlled’ services. The increased use of technology through telecare, housing adaptations and self directed care will help support some of these developments but the policy position outlined earlier will also mean that frailer people with more complex needs increasingly be cared for in the community rather than in residential settings as at present. Extending the hours that services operate to cover out of hours and weekends will be of paramount importance if services are to be delivered in the community, which previously sat within a residential setting. There will be increasing pressure on informal and family carers, many of whom will require to work longer themselves due to the increases in the state pension age – and many of whom will also be ageing. A range of support and assistance will be required to help them in their caring role.

13. The Council also believes that suitable housing for older people, especially those with health and mobility problems, will be required across all tenures. There may be some movement away from employment oriented life-long learning to leisure led socialising education and public space, education, learning and leisure facilities will need to explicitly address older people’s needs. It is anticipated that there will be more of a focus on “external” environmental concerns - lighting, pavements, road crossing, fears over crime - and that there is a possibility of a larger underclass of poorer, less healthy and technologically disadvantaged older people developing.

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

14. There is a significant amount of planning and redesign activity already being undertaken in a South Lanarkshire context to address demographic growth on a partnership basis. Through the Local Transformation Plan for Re-shaping Care, a number of key strategies have been implemented to support service users and carers to achieve their outcomes through measures such as the development of integrated community support teams, re-enablement programmes and investing in capacity building in the local voluntary sector to provide relevant services.

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

15. The Council believes that it is important that greater weight be given to current demographic characteristics and projections in budget settings but that this should

not focus solely on one age group. For example, in the next 10 years the population of primary school age will rise in South Lanarkshire before falling in the succeeding 10 years while the secondary school population rises. It is also important that characteristics such as health conditions and household characteristic as well as projected changes in these should also be considered as likely more important factors in influencing service needs in the future than at present. For example, growing numbers of single person and older single person households, increasing numbers with dementia and long term limiting health conditions, etc.

16. The Council believes that, of equal importance to considering demographic trends and projections in the annual budget process, it is for the Scottish Government to ensure that its planning processes and decision making are based on a 'whole systems' approach.

What data is collected (and what should be collected) with respect to (a) health and social care; (b) housing services and (c) public pensions and the labour force?

What use is made of this (or should be made) to forecast what funding will be needed?

17. In South Lanarkshire a range of data is collected related in part to this agenda, included in our Health and Social Situation in South Lanarkshire report. This includes demographic projections for all ages, household projections, housing, health admissions, mortality and life expectancy, health prevalence projections and caring characteristics.

18. As part of the reshaping Care Strategy a multi-agency logic model is being developed which includes an electronic performance "dashboard" to monitor the impact of the strategy looking at personal outcomes, various health indicators, including admissions, delayed discharges, re-enablement, respite, etc.

19. The Local Housing Strategy's Housing Need and Demand Assessments also consider a range of data including population and household projections, affordability and availability of housing and land, etc.

20. In relation to pensions, member characteristics, contributions, salary, etc. are all considered and returns made as required to our pension administrators. An issue presently being looked at is in respect of assessments in terms of eligibility and enrolment of the workforce when auto-enrolment into the pension scheme comes into effect in 2013 to identify the indicative costs of this development.

21. South Lanarkshire Council has an established workforce strategy which, by its cyclical nature, facilitates the detailed consideration of our workforce, identifying gaps, areas where skills shortages/surpluses exist and the actions required to address.

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

22. The Change Fund has given local partnerships the opportunity to use short term funding to undertake service redesign, with the aim of achieving longer term changes to the way in which services are shifted from institutional settings to community based alternatives. In South Lanarkshire, the Change Fund has been utilised to support service redesign through measures to increase the capacity of community services to provide more care in the community. The sustainability of these services will be secured in the long term through a reduction in hospital inpatient beds and the subsequent transfer of this resource from acute to community services.

23. The Fund has been crucial in providing the necessary leverage to allow these changes to be driven forward but the scale of the challenges that the projected pressures will bring to health and social care would indicate that such redesigning of services may not be enough to meet demand and that additional funding may be required. It is also important that every aspect of health and social care provision, especially housing and local capacity building, are considered in future plans.

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?

24. The pressures on health and social care are a mixture of all of the above. We know that obesity levels are on the rise and again this has been widely researched and publicised. The Council's latest projections are that by 2020, if no action is taken, then it is estimated that only 25% of those aged 20-65 will have a healthy weight, 29% will be Overweight and 46% will be Obese, and by 2030 only 20% will be of a healthy weight, 25% will be Overweight and 55% will be Obese. These projections are being driven mostly by changes in the situation amongst Women. Looking at the prevalence of certain health conditions, the effects of an ageing population alone are expected to lead to a significant increase in the numbers suffering from Hypertension, Coronary Heart Disease, Diabetes and Lung diseases.

25. It is also recognised that the three big contributors to mortality rates (cancer, stroke and coronary heart disease) continue to place a significant pressure on resources and, while the situation in South Lanarkshire has been improving, it remains poorer than in Scotland as a whole. We can also say with certainty that there will be an increased number of older people who will need to be supported by health and social care services in the future.

26. It is important that the long term strategy of prevention needs to be balanced against managing the immediate demands placed on services. Targeting and influencing younger generations to effect behavioural change should be supported as a way of reducing the present and future burden on health and social care services by making the population healthier in old age. Long term conditions such as obesity are (often) preventable and, therefore, further priority needs to be put on this.

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?

27. The current set of projections suggests that the impact of an ageing population on housing stock will be significant. South Lanarkshire Council's housing register has shown a rise in the number of applicants aged 60 years and over and this is even more pronounced for the 75+ age group. The main actions which the government and other public bodies should continue to address include action to improve the affordability and availability of housing and to continuing to develop innovative methods of adapting housing to allow people to remain at home.

28. The Council believes that the Scottish Government should build on its Age, Home and Community Strategy by carrying out further needs analysis on the recurring themes and issues for older people in relation to housing. Though at a national level, it is anticipated that what would come out of this work would be relevant at a council level and that some of the issues raised could benefit from the development of national policies and prioritisation.

29. From our own research, a trend that has become apparent is increasing demand for social rented housing from owner occupiers and that this appears to be increasing with age. Some of this demand may reflect the impact of the recession but some is believed to reflect issues being experienced by those who exercised their Right To Buy in the past and who now face maintenance issues with limited resources. Disrepair in the private sector tends to be greater amongst lower income and older households in South Lanarkshire.

30. Owner occupiers account for around half of the applicants on the Council's sheltered waiting list. The Council is seeking to encourage older people who are home owners to identify how to use their personal resources to make improvements to their housing and support arrangements.

31. Although many older people will continue to live in 'ordinary' housing, there will also be an increased need for specialist accommodation with support. There has been little growth in new supply sheltered or extra care housing in recent years and many existing developments are now older and require significant investment to ensure that they continue to be 'fit for purpose'.

32. With increasing pressure on financial resources and existing social rented stock it will be important to make better use of new strategic housing and planning policy to encourage the private sector to play a greater role in increasing the supply of affordable housing choices for older age groups. This will have to include provision of a wider range of suitable market sale, amenity and sheltered housing models including intermediate and affordable housing models such as shared equity, shared ownership and mid market rent options.

33. It needs to be recognised that the issue of available housing stock is also not only an older person's issue. It is equally pertinent to service users who have a

learning disability, physical disability, mental health, substance misuse and people with a caring role. The cross cutting impacts of Welfare Reform also need to be considered. This is likely to bring increased demand for smaller dwellings caused by reductions in Housing Benefit for those who under occupy a property alongside increased demand from older people seeking to downsize whilst the housing stock reflects past circumstances which delivered larger properties.

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?

34. Significant investment has been made in adaptations services in South Lanarkshire, including increasing the flexibility of existing housing stock through our major housing investment programme. Making the best use of adapted stock, for example through allocation policies, will also be extremely important.

35. Revised building standards have improved the suitability and flexibility of new build housing to meet a range of needs, with the ability to adapt to individual circumstances with limited disruption to the individual's life.

36. There is expected to be an increasing need to 'retrofit' existing houses to improve the home safety environment and more 'smart' housing to monitor both the house and its inhabitants as well as IT linked developments, including telehealth, telecare, e-shopping and intelligent interfaces to overcome any impairment of individuals.

37. However, it is not only adaptations that need to be considered, it is also the availability of locally responsive multi-disciplinary services and the support of the wider community that will allow people to remain in their own homes.

Pensions and labour force

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?

38. From a pension's perspective, a significant degree of the impact of demographic change has already been factored into the finances of local government in Scotland. Firstly pension contributions have risen significantly over the past 10 years as a consequence of demographic change. The pension's contribution to the non-teacher scheme in 2002 was £12.2 million. By 2012 this has risen to £26.1 million. For teacher's pensions, the contribution has risen from £6.8 million in 2002-2003 to £17.6 million in 2012-2013. The Council would wish to acknowledge the positive contribution that the Scottish Government has made – and hopefully will continue to make - in funding uplifts to employers' contributions to teachers pensions.

39. Actuarial valuations in relation to demographic change have been factored into contributions for a long period of time and it is arguable that the cost is being

met by local government in Scotland at the present point in time. In part, this was acknowledged by the changes in the scheme introduced by the 2008 regulations, including, amongst other things, tiered contribution rates. The Hutton review seeks to continue to address the same agenda with a number of changes pending as a consequence. These include further changes to contribution rates, changes in retirement age linked to state pension and consideration of a career average scheme to replace final salary. Another factor which will impact on the local government scheme is changes in respect of the strength of pension funds. The fact that the local government scheme is funded is a strength of the local government pensions sector. However, funds are also vulnerable to movements in the value of securities. These movements and the consequences of them have been particularly marked over the period of the last five years.

40. Cosla is currently looking at what future changes to the Local Government Pension Schemes may be required that are fair for both the members and the taxpayer.

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?

41. In terms of the balance within public policy, the Council has been monitoring the latest labour market statistics which show employment and the employment rates falling for those aged 16 to 19 and 20 to 24 in South Lanarkshire – and falling faster than in Scotland as a whole - while the unemployment rates are now above the Scottish average. In South Lanarkshire those aged 20-24 have seen a greater deterioration than for those aged 16-19 in terms of unemployment. The situation for those aged 50 and over in South Lanarkshire is of both rising numbers in employment and a rising employment rate – taking it above the Scottish average – and unemployment falling. This situation has influenced the policy decisions of the Council.

42. Since 2009 the Council has run a Youth Jobs Fund with over 600 young people benefitting from it and to date 95% of those completing the 50 week subsidy period have been in sustained employment. It is also operating a small scale project offering a wage subsidy to recent graduates – this has a sustainable employment rate of 86%. It has also introduced a series of initiatives to ensure that all school leavers receive targeted support. For older people, the Council Benefits Project Team has run a number of campaigns in 2011-2012 which generated £631,449 in additional benefits for Pensioners and – in partnership with Macmillan Cancer Support - a total of £785,169 for people affected by cancer.

43. In 2007 the Council adopted a flexible retirement policy which allows people to draw down their pension whilst continuing to work in a reduced capacity. In October 2010, in accordance with the Equality Act 2010, the Council changed its policy on retirement with the removal of its retirement age. Since September 2000, the Council has in place a competence based policy in relation to its employees which focuses on the individual employee's skills and competencies required to do the job. These attributes are assessed annually through Personal Development Reviews (PDR).