

## FINANCE COMMITTEE

### DEMOGRAPHIC CHANGE AND AGEING POPULATION INQUIRY

#### SUBMISSION FROM WEST LOTHIAN COUNCIL

***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?***

1. It is recognised that demographic changes and an ageing society will significantly impact upon public expenditure. Given this change in demographic profile, it is clear with regard to services for older people that the current model of delivery is unsustainable and there must be an increasing emphasis on prevention and supporting people within their home environment. The Scottish Parliament Finance Committee report of 11 January 2012 on fiscal sustainability noted that four times more is spent on emergency admissions to hospitals for the over 70s than on the entire free personal nursing care budget. Given the need to support an increasing number of people within their own community, there will require to be a shift in resource allocation, with funding directed towards local authorities and community health and care partnerships to meet the new reality of service provision with emphasis on early intervention, managed care pathways and co-production.

2. With regard to the labour force and an ageing demographic, there will be increasing demand on state and occupational pension schemes with consequent impact upon the public purse. With increasing expenditure on public pensions, a key issue is affordability and equality across the spectrum to pension benefits. There is wide divergence in existing public sector arrangements with regard to age where employees are entitled to access pensions, between funded and non-funded schemes, and in discretionary aspects around early retirement and entitlement to pensions following redundancy that require measured analysis. With increasingly close partnership working and resource integration, greater consistency of approach merits consideration. While the issue of public pensions is being taken forward by the UK government, it is of paramount importance that future developments remain affordable both to employee and employer and the Scottish Government should consider within relevant employment legislation.

3. With respect to services that individuals will increasingly call upon, while demand will be greatest for health and social care, there will be consequent impact on housing (either for smaller units or adaptations to existing homes) with increasing emphasis on care at home. The impact of Welfare Reform and an ageing population also merits consideration, there are concerns that proposed changes will bring financial hardship to some individuals and place an increased reliance on public services.

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

4. In framing its medium term financial strategy, West Lothian Council is giving due consideration to the ageing profile within its communities. The over 75 population is expected to increase by 20% over the next five years and additional anticipated expenditure is being factored into the financial planning process. With regard to service delivery, the West Lothian inter-agency planning framework is well established, with draft joint commissioning plans for older people and dementia, with wide scale stakeholder consultation and discussion within the Reshaping Care of Older People partnership, which includes voluntary and independent sector representatives. Although closer integration of community health and care partnerships will bring together managed care pathways, the relationship with acute services requires further consideration.

5. West Lothian Council has already recognized the issue of social isolation for the elderly population and introduced a menu of initiatives, which include befriending services, home from hospital support, enhanced tele-healthcare and redesign of day care. A new universal re-ablement service will provide intensive support over four to six weeks with a view to more clients living independently at home for longer periods, with customized care packages.

6. With regard to public pensions, The Pensions Act 2011 places a number of duties on employers to ensure people are encouraged to save for their retirement. Employers will be obliged to provide information to all staff and automatically enroll relevant workers into pension schemes on the relevant staging date and triennial anniversary. While this approach will encourage financial planning for an individual's retirement, there is an inherent risk of escalation in pension costs for public bodies should there be significant uptake.

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

7. To ensure proper and co-ordinated service delivery, there requires to be medium term financial planning which takes into account demographic trends and projections, which can then be refined in the annual budget process. This applies jointly to spending plans by the Scottish Government, and public bodies to ensure cohesive planning across partner agencies. West Lothian Council would comment that demographic trends and projections should cover the ageing population as well as other demographic trends resulting from economic activity such as the pupil population resulting from house building in core development areas.

***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?***

8. The overall population of West Lothian is increasing year on year. Between 2010 and 2035 the overall population is forecast to increase by 19%, however the change in population of pensionable age is anticipated to be 52% and for those aged

75, 146%. This clearly demonstrates an aging population, placing pressure on specific areas of the housing market. It is anticipated that this will lead to an increased requirement for supported housing and potentially for smaller houses. The theory that there will be increased need for smaller houses is also supported by projected population changes. Over the period 2010-2035, household sizes are expected to fall by 9% from 2.33 people per household, to 2.12 people by 2035. The increase in total population (including inward migration) combined with expected changes in living circumstances, for West Lothian suggests that there will be ongoing demand for both private and public housing stock. Statistical population data is used within West Lothian to inform financial planning processes, to provide for demographic changes in relation to demand for housing and pupil education and also for modelling the needs of an older population.

9. West Lothian Council and the Community Health and Care Partnership maintain a comprehensive set of nationally available data relating to the elderly population as well as performance information covering local improvement measures. Local resource information and NHS based data sets are used to inform strategic progress. Information collected locally is wide ranging and encompasses detail such as: proportion of people over 75 with a telecare package, or number of people with an Anticipatory Care Plan, the waiting time between request for a housing adaptation, assessment of need and delivery of adaptation, balance of care between institutional and community based care, emergency NHS bed days for people aged over 75. Housing Services collate information on ages of council house tenants and applicants on the housing waiting list, along with other statistics. It is anticipated that further development of the integrated resource framework, in conjunction with refined local demographic datasets should further inform financial plans within a West Lothian context.

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

10. The primary overarching aim of the Change Fund is to facilitate transformational change in health and social care service provision, to free up hospital beds and provided increased care at home. As such, it is not directly a vehicle to meet demographic pressures. While it can contribute towards demographics and new ways of working, the Change Fund is marginal to the overall health and social care budget and should not be regarded as an integral mechanism for addressing demographic pressures.

11. In West Lothian 65% of the total budget for health and social care for those over 65 years is spent on providing institutional care in hospitals and care homes, 35% of which relates to emergency admissions to hospital. Over a 25 year period, the number of people in Scotland aged over 65 is expected to increase by 48% and for those over 75, 84%. In West Lothian this growth is even greater, with respective increases of 52% and 146% expected. It is clear that the current model of service delivery will not be sustainable and a shift of emphasis towards preventative and anticipatory care, as proposed by the Reshaping Care for Older People Strategy, is essential. There must be a move towards community capacity building, including rehabilitation, reablement and respite through local community services. A move to

managed care pathways and anticipatory care plans, combined with promotion of well being and tele-health technology should keep people at home for as long as possible and result in a redirection of resources from expensive acute services.

***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?***

12. This is a complex area, and difficult to summarise. Whilst it is known that levels of obesity are high and have increased over recent decades, it is also recognised that despite such negative developments, life expectancy and healthy life expectancy have also increased over a similar period. Such advances are due to many different factors, from improvements in diet, lower rates of smoking, fewer accidents, and better medical treatment (from preconception onwards) to name just a few. Such changes have not, however, been uniform across society and there remain major inequalities by income, both in terms of life expectancy and healthy life expectancy.

It may be the case that advances in life expectancy will go into decline over the next 40 years due to factors such as changing patterns of alcohol consumption and further increases in obesity levels. The costs of an ageing population and of obesity have been estimated in various expert reports (Foresight Report in England, Route Map for Obesity Prevention in Scotland) and are significant. Foresight identified early life interventions as the most effective response to the obesogenic environment, for example breast fed babies may have some protection against obesity in later life and it essential that there is an increasing emphasis on targeted intervention.

13. However, the particular pressures on health and social care for older people and the large changes over recent decades relate most particularly to old age and frailty. The changes observed in the age profile of the population have been massive and overwhelm any other change at societal level.

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

14. Demographic projections indicate that there will be an increased requirement for supported housing and potentially in the need for smaller houses, with demand for both private and public housing stock. There are already growing numbers of older people, many of whom need housing support in order to continue to live in their own homes for as long as possible. Measures to support older people living at home include specific adaptations such as installation of wet floor shower areas and stairlifts. With demographic change, there will also be a requirement for supported housing suitable for growing numbers of people who suffer from various degrees and forms of dementia. Social support networks will also require to be promoted for growing numbers of older people living alone to avoid social isolation and improve quality of life.

15. Welfare reform may become a significant issue for some older people. Introduction of a universal benefit, and benefit restrictions may impact on the viability of older peoples' complex circumstances, for example maintain a separate room for

a carer. It may also result in fuel poverty for some people. If proposed restrictions on housing benefit for under occupancy are extended from working age people to retired older people, there are concerns that may force them to leave settled accommodation. For some older home owners there may also be practical and financial problems with maintaining their property. In all of these areas it is important for public services to actively plan to address these matters before they become major problems.

***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?***

16. This is a difficult area, for many people moving house when they get older is not an attractive option. Council tenants have security of tenure, but adaptation work can be expensive and often has to be done without public subsidy. Adaptations are generally only of value to the existing householder and may have to be removed for the next tenant. Ideally there requires to be greater choice and flexibility of available housing, including housing tenure, to react to changes in individual circumstances and housing needs.

17. With regard to specific housing adaptations, design considerations should include a range of measures such as: level access entrance, doorways of 800mm minimum, ground floor toilet and washing facilities and space on ground floor for sleeping accommodation. Other useful design features include straight stairs which can accommodate a future stairlift, over bath showers, handrails over steps at access and steps on paths which could accommodate the changing needs of an older population.

***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?***

18. It is difficult to comment on the impact of demographic change on the public sector pension plan until the results of the UK Government pension proposals are known. However, it is inevitable with an ageing demographic that associated pension costs will increase and consideration should be given over time to ensure that there is greater consistency in pension provision across the public sector. There is increasing emphasis on integrated and partnership working, yet differentials exist between pension schemes: employer funded and unfunded schemes, age at which different groups of public sector employees can access pensions, contribution rates of employees and employers (including part-time workers). When considering the impact of pension changes, it may be appropriate to compare private and public sector arrangements, but with due cognisance to the impact on recruitment and retention within the public sector. There are also issues with regard to discretionary aspects and access to pensions following redundancy that require further deliberation.

***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?***

19. Whilst supporting older people who wish to remain in employment and creating opportunities for youth employment are both laudable policy drivers, in the current economic climate West Lothian Council would argue that the balance of public policy should be prioritised towards creating opportunities for youth employment. Removal of the default retirement age, combined with economic uncertainty, has created an increased number of workers opting to remain in employment beyond the age of 65. The removal of the default retirement age has potential to be more difficult for younger people to enter the workforce.

20. There is a considerable body of research to evidence that youth unemployment is now one of the most serious challenges facing the country. Unemployment has a negative effect on people irrespective of age, but has a particularly negative effect on young people with a permanent impact on employment and earnings potential. Evidence strongly indicates that when young people are unemployed they are more likely to be unemployed and welfare dependant later in life; with the average young unemployed person spending an extra two months per year out of work in their late twenties through the scarring effects of youth unemployment. These people are also likely to be paid less in later life; the average person earning £1800- £3000 less per year by their early thirties.

21. Youth unemployment is also likely to impact negatively on an individual's mental and physical health and they are more liable to become involved in anti social activity. Collectively, all these factors will impact negatively on public sector finances, with more money being spent on social consequences, unless priority is given to creating opportunities for youth employment. In recognition of this negative impact, West Lothian Council has already taken steps to address youth unemployment and has invested in excess of £2 million in time limited projects to help create additional opportunities through modern apprenticeships, creation of a jobs fund and employer wage subsidy support