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DEMOGRAPHIC CHANGE AND AN AGEING POPULATION

I welcomed the opportunity to debate on 5 March the Finance Committee's report on Demographic Change and an Ageing Population. Following on from the comments I offered in that debate, I now enclose at Annex A the Scottish Government's written response.

John Swinney
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DEMOGRAPHIC CHANGE AND AN AGEING POPULATION

Population projections and trends

23. The Committee invites the Scottish Government to provide details of what action it is taking to encourage a “rounded debate” on the impact of an ageing population.

The Scottish Government welcomes the significant contribution made by the Finance Committee to the debate on the impact of an ageing population. The Independent Budget Review and Christie Commission on the Future Delivery of Public Services, both commissioned by the Scottish Government, have already helped to stimulate wide-ranging debate about the nature and design of our public services and the ways that these might respond to the impact of an ageing population along with the wider economic and social challenges faced by Scotland. As noted elsewhere in the Committee’s report and this response, the Government’s Reshaping Care for Older People programme and the Strategy for Housing for Scotland’s Older People are already supporting focused debate on some of the key challenges presented by demographic change and it is critical that the continuing debate fully recognises and builds on the considerable skills, expertise and insight of older people.

The Scottish Government’s policy approach is based on a strong belief in the entitlement of Scotland’s people to make decisions about this country’s future, including the way that services are designed locally. To help enable rounded debate at local levels, we have already acted to strengthen arrangements for community planning and adult care to support discussion about the kinds of services needed to meet the needs and aspirations of different communities, both now and over the longer term. In developing new Single Outcome Agreements by June 2013, for example, all Community Planning Partnerships have been asked to consider how all partners will work together to improve “outcomes for older people”, one of six key policy priorities agreed by the National Community Planning Group.

24. The Committee invites the Scottish Government to provide details of the work it is currently carrying out in forecasting the budgetary implications of demographic change.

The Scottish Government will continue to give serious consideration to the implications of demographic change and would expect all public bodies to give them similar consideration. As noted in response to Q23, the Scottish Government has provided guidance to Community Planning Partnerships which sets out outcomes for older people as one of six priority areas for the next round of Single Outcome Agreements. The guidance makes clear that Single Outcome Agreements should show what will be different for communities in ten years and the action that will be taken in response, in line with the Government’s approach to public service reform, to secure improved outcomes. This, together with key targeted programmes such as those on Reshaping Care for Older People and the Strategy for Housing for Scotland’s Older People, will help ensure that the implications of demographic change will be taken into account in the delivery of public services and the budgetary decisions that support them.

**25. The Committee considered that the findings of this inquiry could inform the level of information which the Scottish Government supplies in its draft budget document each year. As the Committee's Budget Adviser states—
“the Finance Committee could provide some impetus to the establishment of a more comprehensive approach to accounting for the budgetary implications of demographic change.”**

26. The Committee recommends that future Spending Reviews include an assessment of the impact of demographic change in each portfolio chapter.

The Scottish Government will consider the Committee's views as it takes forward future budget processes. In doing so, however, the Government notes that the annual Equalities Budget Statement already provides information about the impact of its spending plans by equality characteristic, including age. Furthermore, as noted elsewhere in this response, significant action is being taken in the key areas of policy and service delivery that are relevant to this debate and a range of mechanisms already exist for reporting on these in greater detail than would be possible in the budget document, including through Single Outcome Agreements and the ongoing programmes of work around the reform and integration of adult health and social care.

Healthy life expectancy

49. The Committee notes that the Scottish Government's Ministerial Taskforce on Health Inequalities met for the first time in November 2012 and would welcome an update on its priorities in seeking to narrow the health gap between the richest and poorest people in Scotland.

The first Ministerial Task Force met on 8 occasions during 2007/08:

- 3 October 2007
- 7 November 2007
- 5 December 2007
- 9 January 2008
- 6 February 2008
- 5 March 2008
- 2 April 2008
- 7 May 2008

The Ministerial Task Force was reconvened in 2010 for the purposes of conducting a review. It met three times.

- 12 January 2010
- 3 March 2010
- 13 April 2010

This is the second time that the Ministerial Task Force has been reconvened for the purposes of conducting a review. So far it has met once on 29 November 2012.

Further meetings of the Task Force will be necessary as part of the review process. It is due to report this Summer.

50. The Committee supports the recommendation of Audit Scotland that the NPF (National Performance Framework) is updated to include national indicators to specifically monitor progress in reducing health inequalities.

The National Performance Framework already covers inequality, both in general terms, and as it relates to health, so there is no need to include new specific National Indicators on health inequality.

Two of the Purpose Targets are concerned with national income inequality (Solidarity) and geographical inequality in employment (Cohesion). In addition, we have recently been adding further analysis to the Scotland Performs website, in sections titled “What more do we know about this National Indicator?”. These sections discuss key breakdowns of the headline indicator, looking at performance in different groups. For example, the indicator on [smoking rates](#) highlights that:

“The percentage of people who smoke is strongly linked to area deprivation. In 2011, nearly two in five adults in the most deprived areas of Scotland reported smoking. This was more than three times as high as in the least deprived areas. Whilst all areas have seen a steady decline in the percent of people who smoke over the past decade, the reduction in the most deprived areas has been less than in the least deprived areas.”

Other indicators look at differences in outcome by age, by gender, or by other relevant breakdowns. For the thirteen National Indicators specifically related to health and social care, the following table shows the breakdowns currently published on the Scotland Performs website

National Indicator	Equality breakdown
Improve children's dental health	Deprivation
Increase the proportion of babies with a healthy birth weight	-
Increase the proportion of healthy weight children	Deprivation, age, gender
Increase physical activity	Deprivation, age, gender
Improve self-assessed general health	Deprivation, age, gender
Improve mental wellbeing	Deprivation, age, gender
Reduce premature mortality	No breakdowns, although these three indicators are themselves focused
Improve end of life care	

Improve support for people with care needs	predominantly on older people, and so are very relevant to the Report.
Reduce emergency admissions to hospital	Age, gender
Improve the quality of healthcare experience	Age, gender
Reduce the percentage of adults who smoke	Deprivation, age, gender, ethnicity, disability, urban-rural classification
Reduce alcohol related hospital admissions	Gender
Reduce the number of individuals with problem drug use	Age, gender

Furthermore, in December 2012 we published an update to the Scottish Index of Multiple Deprivation, providing detailed information about several different dimensions of inequality (including health) at small area level. This is accessible at <http://simd.scotland.gov.uk/publication-2012/>

51. The Committee notes that not only does Scotland have one of the lowest life expectancies in Western Europe but, according to the Scottish Government, “the gap between life expectancy and healthy life expectancy has, for men, actually been widening.” The Committee asks what, if any, comparative research the Scottish Government has commissioned to explain the reasons for this and whether it has any plans to commission any further research.

The Scottish Government co-funds the Glasgow Centre for Population Health who are undertaking a range of research which aims to achieve a significantly clearer understanding of the factors which contribute to excess mortality in the West of Scotland and Scotland in relation to comparable Western European Countries and other parts of the UK. Through monitoring the long term indicators of health inequalities the Scottish Government is able to identify both overall trends in healthy life expectancy, and trends in contributory indicators such as mortality from specific causes.

The Scottish Government’s Ministerial Taskforce on Health Inequalities reconvened for the second time in 2012 for the purposes of conducting a review. It is due to report in summer 2013.

Planning

60. The Committee invites the views of the Scottish Government on the projected funding gap identified above including what plans it has in place to address future funding gaps arising from the impact of demographic change across the public services.

The Scottish Government remains committed to the outcomes-focused approach that has guided the Government's budgetary and policy choices since 2007 and supported the Government's ability to maintain public services within an increasingly tight financial environment. We will continue to adopt this approach as we take forward future budgets.

Projected increases in demand for public services is one driver of the Scottish Government's programme of public service reform, organised around the four pillars of reform the Government set out in its response to the Christie Commission on the future delivery of public services. As part of this approach, the Government is strongly promoting a shift towards more preventative public services, supported by transition measures such as the change funds worth more than £500 million over three years, and more effective collaboration between delivery partners, supported by strengthened arrangements for Community Planning and the preparation of Joint Strategic Commissioning Plans for Older People, a rigorous approach to driving up efficiency and making effective use of technology.

61. The Committee also asks whether the emphasis on the shift towards a preventative approach will result in sufficient savings in the short to medium term to address any future funding gap and if not how it anticipates the gap will be addressed.

Guided by evidence from the Christie Commission, the shift towards prevention is a vital component of the Scottish Government's approach to improving outcomes and creating fiscally sustainable public services. Building on ways of working already in place across Scotland, preventative approaches are increasingly being trialled across Scotland, with some notable successes in improving outcomes. The change funds are contributing to this shift by enabling local partnerships to make more effective use of their total combined resources in support of better outcomes.

The Government is encouraging a preventative focus across all aspects of public service design and delivery, beyond the change funds. The SOA guidance issued in December 2012 requires Community Planning Partnerships to develop a prevention plan which will quantify the resource allocated to prevention and commit to increasing it over time. As noted in response to recommendation 82, efforts are underway to better align evaluative work to optimise the potential for a national-level understanding of what it takes to achieve the decisive shift in spend.

74. The Committee welcomes the approach adopted by CEC (City of Edinburgh Council). However, it is concerned that other local authorities and NHS boards appear not to have undertaken similar long term planning. The Committee would therefore welcome the view of the Scottish Government on the need for public bodies to introduce long term financial planning on a similar basis to CEC and whether it has any plans to disseminate good practice in this area.

75. The Committee also asks whether the Scottish Government has any plans to work with public bodies to develop long-term financial planning mechanisms as suggested by NHS Highland.

The budget cycle is determined by the UK Government through the spending review process, which generally provides budget totals for a period of three or four years. The allocation of the Scottish Budget is also subject to annual parliamentary approval. Within these parameters, the Scottish Government provides multi-year financial settlements for public bodies and engages regularly with all of its partners in order to ensure a stable and predictable basis on which to plan, shape and deliver public services. In this context, NHS Boards' service delivery financial plans are currently agreed annually usually covering a period of five years and our guidance on Single Outcome Agreements encourages community planning partners to plan on a ten year basis.

82. The Committee would welcome an update from the Scottish Government on the progress in collating and disseminating the evidence base for preventative spending in particular policy areas.

Scottish Government and its partners recognise that its commitment to ensuring a decisive shift in spend, while ensuring better outcomes, is potentially ground-breaking territory, in both the UK and beyond. We seek to learn from existing evidence and evaluation, while investing in data and intelligence gathering in Scotland, at local and national level. Efforts are underway to better align evaluative work to optimise the potential for a national-level understanding of what it takes to achieve the decisive shift in spend. Officials and partners are working together to embrace this challenge, and developing better networks to share learning and intelligence as we progress.

83. The Committee asks whether there has been any re-evaluation of the sustainability of any of the Scottish Government's policy commitments as a consequence of an ageing society.

The Scottish Government will remain focused on the delivery of the outcomes set out in the National Performance Framework and the policies and commitments that support the Government Economic Strategy and successive Programmes for Government. Within that strategic context, the implications of demographic change will continue to be a very important factor that the Government and its partners will take into account in the design, reform and management of Scotland's public services.

84. The Committee would welcome a response from the Scottish Government to the findings of Audit Scotland that there is a lack of good performance information across the public service.

As set out in our response to the Christie Commission, the Scottish Government is committed to developing a culture of continuous improvement across the entire public sector in Scotland and are continuing to work with our partners, including the Improvement Service, SOLACE and COSLA, to support effective and systematic use

of performance information in order to secure long-lasting improvement and efficiencies across public services.

Health and social care

90. The Committee asks the Scottish Government to acknowledge that funding has not increased in line with demographic change.

The methodology for allocating funding, which is constrained by the Scottish Block allocation provided by the UK Government, for key services such as health and social care is significantly linked to the age profile of local populations. In addition, the committee may wish to note that estimated expenditure on Acute Hospital Care for people aged 65+ has risen steadily each year from just over £1 billion in 2002-3 to £1.7 billion in 2008-09. Over the same time period, Social Care expenditure has risen from £770 million (2002/3) to £1.2 billion in 2008-09.

101. The Committee asks what planning the Scottish Government is currently carrying out to address the likely increase in the above health 'conditions' as a consequence of an ageing society.

Osteoporosis

Two documents produced by the National Falls Programme, "Up and About" (HIS, 2010) and "Up and About or Falling Short" (SG, 2012) highlight the importance of Fracture Liaison Services, who have an important role in diagnosing osteoporosis, recommending treatment and supporting the uptake of medications. In addition to these publications, from 1 April 2012 osteoporosis has been included in the Quality Outcomes Framework (QOF) which includes the following osteoporosis indicators:

- The practice can produce a register of patients: 1. Aged 50-74 years with a record of a fragility fracture after 1 April 2012 and a diagnosis of osteoporosis confirmed on DXA scan, and 2. Aged 75 years and over with a record of a fragility fracture after 1 April 2012.
- The percentage of patients aged between 50 and 74 years, with a fragility fracture, in whom osteoporosis is confirmed on DXA scan, who are currently treated with an appropriate bone sparing agent.
- The percentage of patients aged 75 years and over with a fragility fracture, who are currently treated with an appropriate bone-sparing agent.

Sensory Impairment

The Scottish Government will very shortly issue a consultation document on a Scottish sensory impairment strategy. The draft strategy has been developed in partnership with representatives of statutory agencies such as COSLA, the NHS and the third sector. This is a planned 10 year strategy that will consider understanding of prevalence and consequent meeting of need through a user care pathway in partnership with statutory and third sector partners. Financial support will be available to partners, in order to implement and develop care pathways in line with the strategy document.

Cognitive Impairment

In the case of people with dementia (an umbrella term for a range of brain diseases characterised by a progressive decline in intellectual and other mental functions), the Scottish Government has been taking a national, strategic approach to service improvement since 2010.

This government made dementia a national priority in 2007, set a national target on improving diagnosis rates in 2008 and published an initial 3-year national strategy in 2010, underpinned by a rights-based approach to care, treatment and support. Our work over the last 3 years has been based on strong collaboration in developing and implementing the strategy in a coordinated way. A second 3-year dementia strategy will be published in June 2013.

In 2011 we published the Standards of Care for Dementia in Scotland as well as the *Promoting Excellence* framework, which supports the health and social services workforce to meet the standards.

The 3-year diagnosis target was achieved nationally and the UK Alzheimer Society's second annual dementia map – published in January 2013 - shows that, up to March 2012, in Scotland around 64% of those with dementia were being diagnosed (contrasted with around 44% in England, 38% in Wales and 63% in Northern Ireland), using the *Dementia UK* prevalence model.

From April 2013, we will introduce a HEAT target which guarantees that everyone newly diagnosed with dementia will be entitled to at least a year's worth of post-diagnostic support, coordinated by a named link worker.

Since 2011 the Chief Nursing Officer has led an improvement programme with NHS Boards on the care of older people in hospitals. Alzheimer Scotland Dementia Nurse Consultants have been appointed to Boards across Scotland and 300 Dementia Champions will be in place by March.

112. The Committee notes that The Reshaping Care for Older People programme for change includes a target of reducing the rates of emergency beds used by those aged 75 plus by at least 10% by 2014-15 and by a minimum of 20% by 2021 and asks whether this target has now been revised given the figures above.

113. The Committee invites the Scottish Government to explain why performance has not improved over the last five years in relation to the National Indicator, "Reduce emergency admissions to hospital."

114. The Committee also asks what action has been taken to address this and whether there has been any analysis of the impact of recent policy initiatives such as Reshaping Care for Older People on reducing emergency admissions.

Partnerships are being supported by the Joint Improvement Team to reduce emergency bed days for over 75s – By 2014/15, NHS Boards and partners will

reduce the rate of emergency inpatient bed days for people aged 75 and over, by at least 12%, compared with 2009/10.

This HEAT target intentionally focuses on the over 75's as they have longer hospital stays and a higher risk of Healthcare Associated Infections, delayed discharge and institutional care. A sharper focus on anticipatory care, prevention and early intervention, ambulatory alternatives to emergency admissions and integrated working to reduce delays to discharge will all support delivery of this target.

The focus of this target on emergency bed days and not emergency admissions, acknowledging that the rise in the prevalence of multiple long term conditions and a shift from institutional care to more care at home is likely to increase the demand for urgent specialist assessment and interventions to reduce dependency and demand for long term care. As Boards and their partnerships reduce the rate of emergency bed days through the spread of Reshaping Care interventions over the period of the target to 2015, joint commissioning will enable a planned shift of resources, including specialist support, to primary and community settings in order to manage the rising demand for emergency admission.

There has been a decrease of around 8% in the emergency bed day rate per 1,000 population for patients aged 75+ from 5,390 in 2009/10 to an estimated 4,980 in 2011/12. This is on trajectory to meet the target to reduce the rate by at least 12 % between 2009/10 and 2014/15.

The rate of emergency admissions for the 75+ age group was around 320 admissions per 1000 population between 2003/4 and 2005/6, increased steadily to 350 between 2005/6 and 2008/9 and has remained around this level up until 2011/12.

The rate of emergency bed days for the 75+ age group has decreased each year since 2008/9.

115. The Committee notes the views of Lord Sutherland above and asks the Scottish Government whether it has commissioned any research or analysis to examine the barriers experienced by NHS boards and/or good practice in addressing the problem of emergency admissions and delayed discharge.

Health Boards and their partners have been taking forward significant work through local Change Plans to redesign and improve the quality of care and support for older people, including key targets to reduce emergency admissions and delayed discharge. The change plans are still in the early stages of implementation but there is a programme of evaluation and improvement support that sits alongside the change fund provided by the Joint Improvement Team.

116. The Committee asks whether the Scottish Government has carried out economic modelling or produced any forecasts for the amount of savings which it expects as a consequence of a reduction in unplanned admissions and delayed discharges in the short to medium term.

In partnership with health boards, COSLA and third sector representatives, Scottish Government is currently modelling the factors affecting the cost of providing health and social care services: input prices and efficiency; the extent of efficiencies generated by the impact of the Change Fund activity; and the impacts of projected increases in the population with significant health conditions.

126. The Committee invites the Scottish Government to respond to the findings of Audit Scotland that there is little meaningful evidence of shifts in resources to support preventative spending, very few examples of good joint planning, and a slowness to develop strategic commissioning.

The Reshaping Care for Older People Change Fund represents a fundamental shift away from reactive, institutional care and toward more preventative and anticipatory care that enables older people to remain safe and well in their own homes. It allows Health and Social Care Partnerships across Scotland to use the Fund as bridging finance to make better use of their total combined resources for older people's services. The Fund actively encourages redesign of health and social care services, supporting older people to remain independent, reducing hospital admissions and aiding discharge after a crisis, and promoting the concepts of community capacity building and co-production of services between providers and users.

Representatives of NHS Boards, Local Authorities, the third sector and the independent sector, must all sign up to Change Plans in order to access their share of Change Fund. We are clear about the importance of monitoring the impact of the Change Fund at local level and a steering group within Scottish Government is coordinating evaluative activity around Change Fund progress in different areas. We will continue to support local efforts to assess impact through sharing of good practice and dedicated support to partnerships, for example via the Joint Improvement Team.

In line with the Scottish Government's proposals to integrate adult health and social care, the future Change Fund to 2015 will be explicitly linked to delivery of joint commissioning strategies. SG guidance very clearly articulates the need for effective and strategic joint planning and commissioning of services, and Partnerships were asked in late 2012 to submit joint strategic commissioning plans for 2013-14, by the end of February 2013. These plans enable continuation of the important link between Change Plans and preventative expenditure, and following the completion of a review process of the plans received, we expect to be able to report later this year on Partnerships' intentions regarding preventative spend to Ministers and Committee members alike.

127. The Committee notes that shifting the balance of care will require a shift in resources which may not always be popular and recommends the need to build a political consensus around this issue which will require strong leadership from both the Scottish Government and the Scottish Parliament.

The Scottish Government is committed to working with the Scottish Parliament and delivery partners on this important issue.

128. The Committee welcomes the proposed Adult Health and Social Integration legislation and invites the Scottish Government to consider the relevant evidence and findings of this inquiry in drafting the Bill.

The Scottish Government developed the proposals for the integration of adult health and social care in consultation with a wide range of stakeholders through written responses to our consultation paper, during public discussion events and at other meetings. The Scottish Government notes the relevant evidence and findings of the Finance Committee's inquiry and will consider these in taking forward its Bill on the integration of adult health and social care.

140. The Committee welcomes this commitment to monitor and evaluate the shift towards preventative spending including the Change Funds and reaffirms its own commitment to continue to monitor progress as part of the annual budget process.

141. However, it remains unclear what the expectations for spending on preventative programmes are and the Committee reiterates the request of the Health and Sport Committee that the Scottish Government set out a medium and long-term plan for the shift in funding it expects to see.

As noted in response to Q61 the SOA guidance issued in December 2012 requires Community Planning Partnerships to develop a prevention plan which will quantify the resource allocated to prevention and commit to increasing it over time. The Government is further promoting the shift to prevention through measures such as the change funds. Information on each fund is set out below:

Reducing Reoffending Change Fund (RRCF)

The Scottish Government has chosen to structure the allocation of RRCF funds through a Public Social Partnership model, which has as a key principle the expectation that public bodies which engage in a PSP partnership should make a commitment to continue funding the PSP project activity (should it prove to be effective and efficient) once the initial RRCF funding is completed. This should establish a principle that – if it proves effective – the preventative work begun under the RRCF should become part of mainstream activity.

There has been external evaluation work incorporated into both stages of the RRCF implementation, and the charitable contribution we have received to the fund from the Robertson Trust comes with an expectation that a substantial evaluation into the project will be conducted. This evaluation will cover two key points – firstly whether the offender mentoring projects funded by the RRCF have been delivered effectively, and provided the expected results – and secondly to examine the effectiveness of applying the PSP model for the design and delivery of services.

Early Years Change Fund

The establishment of the £262 million Early Years Change Fund signifies a significant shift to preventative spend over the current Parliamentary term. The Early

Years Change Fund represents the Scottish Government, Local Government and NHS Scotland's intention to shift resource to where it makes the most difference, by supporting prevention and early intervention. The Change Fund is the first time we have created a financial mechanism for delivering on the aspirations of the Early Years Framework.

Reshaping Care for Older People Fund

The Scottish Government has been clear about the importance of monitoring the impact of the Change Fund at local level and have already described the arrangements for this in some detail. A steering group within Scottish government is coordinating evaluative activity around progress in different areas. We will continue to support local efforts to assess impact through sharing of good practice and dedicated support to partnerships.

We are currently receiving joint strategic commissioning plans for 2013-14 from local partners. These plans acknowledge the Change Fund's role in preventative expenditure, and we expect to be able to report on partnerships' intentions regarding preventative spend in more detail in due course.

Housing

155. The Committee asks why there would appear to be a lack of specific measurable targets within the housing for older people strategy and on what basis the effectiveness of the strategy will be measured.

The framework of the strategy is consistent with the shift in Government focus from a target driven to an outcomes based approach to working. Monitoring and evaluation will play a key role in ensuring delivery of the strategy and assessing its effectiveness in supporting people to live safely, comfortably and independently in the community. We are working with stakeholders to develop a monitoring framework, which will enable us to track progress towards achieving the outcomes set out in the strategy.

170. The Committee would welcome a copy of the Scottish Government's response to the AWG when it becomes available.

Our response to the Adaptations Working Group's report has been published on the Scottish Government website. It can be viewed at:

<http://www.scotland.gov.uk/Topics/Built-Environment/Housing/access/ROOPH/ADWG>

171. The Committee notes that the Scottish Government's housing strategy for older people includes a commitment to "work to increase access" for housing authorities to the Reshaping Care for Older People Change Fund and invites the Scottish Government to provide an update.

The right housing and housing-related support are crucial to enabling older people to live independently in the community. The national strategy has a key role to play in

supporting a 'shift in the balance of care' and reducing the use of institutional care settings.

We are working to ensure that local health and social care partnerships make full use of the options that housing and housing-related support, such as adaptations, can provide in helping older people to maintain independent living. We strengthened the Change Fund guidance in 2012-13 to make clear that developments using the Change Fund should seek to build on the national strategy for housing for older people. The guidance also noted the importance of housing-related services in reducing falls and supporting independent living, particularly through more preventative approaches.

The Joint Improvement Team (JIT) is providing on-going practical support to local health and social care partnerships and housing organisations to develop the housing-related aspects of local change plans. In addition, in March 2012, the JIT organised *No Place like Home*, a conference for local health and social care partnerships and Change Fund contacts to highlight the vital contribution that housing-related services make to successful implementation of the Reshaping Care agenda. The conference included sessions with a number of the organisations featured in case studies in the national strategy for housing for older people. The conference presentations and case studies are now available online at: <http://www.jitscotland.org.uk/action-areas/reshaping-care-for-older-people/reshaping-care-improvement-network/no-place-like-home-resources/>.

181. The Committee notes that the Scottish Government's housing strategy estimates that the overall number of pensioner households requiring adaptations will rise from 66,300 in 2008 to over 106,000 in 2033 and asks whether this projected increase has been costed and what impact it has had on the Scottish Government's spending plans.

We have not undertaken specific calculations, although we estimate the average cost of a housing adaptation in Scotland to be around £2,800. The majority of housing adaptations (those in housing owned by local authorities and those in private sector housing) are funded by local authorities through the local government funding settlement.

Adaptations in properties owned by housing associations are currently funded by the Scottish Government. We have taken the lead by increasing the adaptations budget for housing associations to £10 million in 2013-14, in recognition of the value we place on housing adaptations.

182. The Committee would welcome a response from the Scottish Government to the recommendations of the AWG that a single local funding pot is created.

Our formal response to the Adaptations Working Group's reports is available on the Scottish website (see web link in response to paragraph 170). We will work to take forward the Group's recommendations, including the development of single local funding pots for adaptations.

193. The Committee notes that there are a number of aspects to the Scottish Government's policy approach to delivering new build houses including planning policy, building standards and the supply of affordable housing. The Committee asks whether each of these policy strands is monitored and evaluated to assess the extent to which they are contributing towards the objectives of the housing strategy and, in particular, that new housing should be accessible and adaptable and meet the needs of older people.

Planning policy. Scottish Planning Policy (SPP) was consolidated in February 2010 and is a statement of Scottish Government policy on nationally important land use matters, including housing. The SPP is currently under review, with a draft SPP due to be published for public consultation this spring. The review will up-date policy, focus on sustainable economic growth and emphasise place-making. Consideration is being given to the monitoring of the revised policy. Currently, the implementation of planning policy for housing is primarily monitored through development plans, produced by individual local authorities.

Building standards. Scottish Building Standards apply to all new housing. In 2007 a range of new inclusive design measures was introduced into the building standards to facilitate the provision of new housing that is accessible, safe and convenient to use by as wide a range of people as possible, regardless of age, disability or circumstance. An exercise to evaluate the effectiveness of these measures has commenced and is intended to be completed around the middle of this year.

Affordable housing. The Affordable Housing Supply programme includes funding for accessible housing for older people and other groups with particular needs. Funding decisions are based on the priorities of local authorities, as identified in their Housing Need and Demand Assessments, Local Housing Strategies and Strategic Housing Investment Plans. These documents should include consideration of the needs for housing for older people and others with particular needs. We will monitor the provision of housing for older people as part of the overall delivery of the 30,000 affordable homes five year target.

Housing built under the Affordable Housing Supply programme must comply with Housing for Varying Needs Essential Features, as set out in Communities Scotland guidance note 2004/12. It must incorporate a range of design criteria to ensure that it is barrier free internally, so that it is sufficiently flexible to meet people's different and changing needs over their lifetime.

The Scottish Government publishes Housing Statistics for Scotland, which includes statistics on new house building and key trends, and can be viewed at: <http://www.scotland.gov.uk/Topics/Statistics/Browse/Housing-Regeneration/HSfS>.

201. The Committee asks the Scottish Government whether it has any examples of good practice in the inclusion of housing in health and social care partnerships and what mechanisms are available to disseminate good practice.

The development of relationships between housing, health and social care, through joint commissioning and the Change Fund, is still at an early stage. Housing services are playing an increasing role in the Change Fund, but the information we have is not yet sufficient to single out individual health and social care partnerships.

We use a range of mechanisms to disseminate good practice. These include partnership support undertaken by the Joint Improvement Team. The JIT also organises events, such as the *No Place like Home* conference highlighted above, and the recent *National Co-production and Community Capacity Building* conference, which help to disseminate information and good practice to a wider audience. We ensure that Scottish Government guidance to health and social care partnerships highlights the role of housing where appropriate. We are also working to develop a library of case studies on the Scottish Government website, so that information on good practice is more generally available.

202. The Committee would welcome further details on the aims and objectives of the “housing contribution statement” including how its effectiveness will be measured.

We are working to ensure consideration of housing requirements within joint strategic commissioning for health and social care, in order to meet objectives of supporting independent living in the community.

The Housing Contribution Statement is in the early stages of use and development. It is a key part of the joint strategic commissioning plan for older people, which must be completed by local health and social care partnerships. It is intended to provide a clear basis to strengthen links between housing and health and social care, and will also help local partnerships to make best use of housing services, such as adaptations, to meet health and social care objectives. The Housing Contribution Statement template will be reviewed, following receipt of the 2013-14 joint strategic commissioning plans, and refined for use in subsequent years.

We would expect the Housing Contribution Statement to reflect housing investment already planned within the Local Housing Strategy (LHS), and for its delivery to be monitored through the LHS. The joint strategic commissioning plans will also be considered, in order to maximise shared learning, both nationally and locally, and to identify aspects where additional support may be required.

Pensions and labour force

240. The Committee invites the Scottish Government to provide details on the level of flexibility which it has in making changes to the design of the Scottish pension schemes and provide an update on the progress of its negotiations with relevant public sector bodies.

The overwhelming majority of public service pensions policy is reserved to Westminster. Scottish Ministers have executive devolved powers to make scheme regulations for most of the main public sector pension schemes in Scotland (NHS,

teachers, police officers, fire-fighters and local government workers). However, those regulations must conform with UK primary legislation and HM Treasury is also able to exercise financial control over scheme design.

In March 2012 the Scottish Government initiated negotiations for reform of its main schemes. The intention was for a tri-partnership process (SG/employers/unions), geared around a small number of key parameters set by Scottish Ministers, to develop each new scheme in order to reflect Scottish circumstances, with only three non-negotiables - designs had to:

- ◆ fit within the financial constraints imposed by the UK Government;
- ◆ be Career Average Revalued Earnings (CARE) based;
- ◆ be operational from April 2015.

After those negotiations began, the UK Government indicated its intention to use its forthcoming public service pensions reform bill to prescribe a number of significant constraints on the design of public sector schemes across the UK. The reserved nature of that legislation means that these will also apply in Scotland.

As the Cabinet Secretary for Finance, Employment and Sustainable Growth made clear in his statement to Parliament on 28 November 2012, the Scottish Government engaged in extensive correspondence with the UK Government on this matter between April and October 2012, with the aim of clarifying the flexibilities available to the Scottish Government in reforming public service pensions in Scotland. The answers received changed the context of our negotiations significantly.

Negotiations on the NHS scheme have now concluded and the Scottish Government is working with stakeholders to implement the terms of the counterpart scheme for England & Wales in Scotland, taking account of NHS Scotland policy and practice. Those for the Teachers', Police and Firefighters' schemes are ongoing, as are discussions on the terms of the Local Government Pension Scheme to operate in Scotland after April 2015.

241. The Committee asks the Scottish Government to set out how the impact of an ageing society will inform the design of the new Scottish pension schemes.

Reforms of all non-devolved public sector pension schemes (i.e. the main pension schemes for the NHS, local government, teachers', police officers and fire-fighters in Scotland) must conform with the terms of the anticipated 2013 UK Public Service Pensions Act, which is currently in Bill form. We understand that the UK Government intends that Act to come into force later this year.

The Act will require all public sector pension schemes to equalise an individual's Normal Pension Age (the age at which they can take their accrued occupational pension unreduced) with their State Pension Age. The UK Government retains control over setting the State Pension Age and the Scottish Government expects that they will review it regularly, in line with demographic changes. It will also require cost capping and associated cost control measures to be introduced into every scheme, based on HM Treasury regulations. While those regulations have yet to be

brought forward, we understand that they will ensure that future changes in cost are shared between scheme beneficiaries and their employers, underpinned by HM Treasury derived default outcomes.

In addition, the Committee will wish to be assured that reforms of Scottish schemes are founded on evidence of changes in scheme demographics and behaviour and informed by independent actuarial advice, provided by the Government Actuary's Department (GAD) and others.

242. The Committee invites the Scottish Government to set out the aims and objectives of the six schemes (paragraph 206) including an explanation as to why they are all different, as recommended by Audit Scotland.

In the majority of cases, the terms and objectives of public sector pension schemes in Scotland mirror those of counterpart schemes in England and Wales. This is one of the outcomes of the reserved nature of public service pensions policy and tight constraints the UK Government is able to exercise over scheme design and governance in Scotland. We believe that Audit Scotland may not have fully considered the impact of these constraints when making its recommendation in February 2011.

The impact of constraints placed on the Scottish Government in embarking on considering different terms and designs for public sector pension schemes are illustrated in the response provided to Q240 above. The combination of: UK Government legislative and financial controls over Scotland; uncertainty over policy (key elements of UK Government policy have been announced on an incremental basis – and some, such as cost-capping, remain incomplete); and a reform timetable set without discussion with or reference to Scotland's needs mean that the Scottish Government will have little choice other than to substantially mirror the terms of counterpart UK schemes as a result of the current round of reforms.

The Scottish Government notes that, in Lord Hutton of Furness' report of his 2010/11 independent review of public service pensions, published in March 2011, after the Audit Scotland report, Lord Hutton accepted that it remained appropriate for different workforce groups to continue to have access to their own pension schemes. Though he did recommend the adoption of a common framework for design, he did not, for example, recommend movement to a single public sector pension scheme.

"The Commission is not proposing a single public service pension scheme, but over time public service pensions should move towards a common framework for scheme design" Independent Public Service Pensions Commission: Final Report – 10/3/11

We also note that current UK Government led pension reforms appear unlikely to achieve the outcome Lord Hutton appeared to be recommending, given the range of different accrual and revaluation rates that UK Ministers have approved.

243. The Committee asks whether the Scottish Government has undertaken any economic modelling to identify the potential impact on the Scottish budget arising from the impact of increasing life expectancy on the cost of pension provision including for local government.

Scottish Ministers initiated negotiations for current public sector pension reform in order to ensure that the schemes in Scotland remain affordable, sustainable and fair. Occupational pensions policy remains reserved to Westminster, including the direction of wider public sector pensions policy for Scotland. Given this, the reforms are being considered largely within financial constraints and cost control mechanisms set by the UK Government. The UK Government's current Public Service Pensions Bill once enacted will prescribe a number of significant constraints on the design and governance of all public sector pension schemes. In addressing the impact of increasing life expectancy this will include the requirement to align an individual's Normal Pension Age (the age at which they can take their accrued occupational pension unreduced) with their State Pension Age.

The Bill will also provide that schemes introduce cost capping mechanisms as part of the requirement to undertake regular scheme valuations. This process will ensure that the tax payer is protected against significant increases in future public sector pensions costs. Employers contribution rates for public sector pension schemes are set by actuaries based on an assessment of scheme data and evidence of changes in scheme demographics and behaviour. Scheme valuations, set in accordance with HM Treasury directions, will be used to set the employer contribution rates for all schemes from April 2015 and beyond, including the funded Local Government Pension Scheme.

In addition the UK Government's Public Service Pensions Bill will also require an independent scrutineer to be appointed to review the appropriateness of actuarial assumptions used to determine the employer rates in funded schemes from April 2015.

253. The Committee would welcome an update from the Scottish Government on the progress in implementing the action points at the end of Chapter 18 of the carers strategy on employment and skills.

Since the Strategy was launched, the Scottish Government, with partners, has made progress in providing support to both adult and young carers. The Scottish Government and Skills Development Scotland have agreed to refocus the action points to place more emphasis on supporting young carers.

Since the action points were published there has also been an increase in funding for skills development in education and employment:

- We are now funding the College Development Network (formerly Scotland's Colleges) to develop their workforce to help identify and support young carers and carers in the Further Education sector.
- Work is ongoing with Skills Development Scotland and local carers centres to support carers and young carers in education, training and employment setting.
- From 2012, through our additional funding to support youth employment we are providing £1.5 million over 3 years to encourage employers to recruit our most disadvantaged young people, including young carers.