

## FINANCE COMMITTEE

### DEMOGRAPHIC CHANGE AND AGEING POPULATION INQUIRY

#### SUBMISSION FROM WEST DUNBARTONSHIRE COUNCIL

##### General

**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***

1. The current assumptions and projections associated with increasing budgets are linked to a growing ageing population based on 5 – 10 year projections, however further projections into the future cannot be calculated and are therefore unknown.
2. Additionally, the current projections may not necessarily reduce the need for budget elsewhere within the system. For example, where a large proportion of the Council budget is spent on education, primarily of young people, there is no robust data to suggest that long term demographics will change for the younger population. This assumption therefore does not allow for the education budget to be reduced, thus there is no freeing up of resource to fund the suggested care cost burden.
3. Assuming this assumption, it is unlikely that top line local government funding will not be increased in line with the projection of increased need in the older people's population. Therefore it will be for the politicians to make some difficult decisions on service provision to fund the additional financial costs of service requirements for the demographic changes. This being the case, the Council needs to look at alternative ways of delivering services to allow for the provision of additional need and at the same time minimising the increase to costs.
4. Within West Dunbartonshire, we currently do not use demographic projections beyond the three year budgeting cycle. Demographic projections are used to calculate burdens anticipated for the Council area. This is based on the financial settlement being "fixed" for a three year period and rolling three year projections from the Scottish Government, which lends itself to financial revenue projections of three year short term budget forecasting rather than long term.
5. A review of the provision of care for older people in WDC (in 2008) projected at that time that the cost of demographic change (in WDC area) by 2025 would be 33% higher than that in 2008 - a financial increase on the Council's overall General Services budget just under 5%. With these projections and the knowledge that the needs and expectations of individuals are changing continuously, the Council needs to plan on action which can be taken now to provide early intervention to reduce the projected costs – 'investment'.
6. Within the context of the Older People's Change Fund there is already considerable focus (including dedicated performance reporting and robust

governance) on the *Reshaping Care for Older People's* agenda. As referred to earlier, the demographics of an area require planning for the totality of the population rather than a cohort within it, in this case older people. It is important to highlight that while national policy states an ambition that the Older People Change Fund programme will reduce NHS acute service spend and activity, there is so far little evidence that this will provide sufficient capacity to take account of the growing 85 years plus age group with significant care needs. As welcome as the Change Fund programme is in terms of providing added policy impetus to the Shifting the Balance of Care agenda (and providing dedicated bridging finance to assist), it is important that it is not viewed as a panacea or magic bullet for the considerable challenges presented both in terms of growing and changing demands of an ageing population; and in relation to considerable demands on health and social care budgets (particularly within the current challenging fiscal context).

### ***(b) housing services***

7. The current demographic data has led to policy decisions based on older people remaining at home longer rather than moving into care homes. This policy is reflected within *Reshaping Care for Older People*, *Self Directed Services and Rehabilitation Framework*. Therefore projections of demographic change suggest an increase in the number of older people living in housing rather than care homes or hospitals and so resulting in older people with greater frailties living in housing. The housing sector's role in ensuring that housing is available, which is fit for purpose and adaptable in response to changing needs, is a critical one. Given the scale of the issue, it is vital that the focus is shifted towards preventative measures.

8. This older people's population living at home suggests the need for smaller houses (private or public)/ adaptations in line with mobility issues. This level of development and re-design of the housing stock will impact on both revenue and capital funding across housing services and the wider Council budget.

9. The priority of which requires to be considered along with all other priorities related to demand needs, as with health and social care. Homelessness may be impacted by demographic changes and the need for additional support costs in line with a service in this regard. The Welfare Reform Act will further impact on individual's ability to maintain their own home and associated costs of increasing age and frailty.

### ***(c) public pensions and the labour force?***

10. The labour force within public service areas are currently reducing, resulting in those currently working and paying into pensions reducing.

11. The reduction in the valuation on pension assets and liabilities can be clearly seen in local government financial statements. These valuations are linked to projections on lifespan of both male and female and any given time. As the pension receivers live longer, the liability on the pension value increases. The future value of the pension to those funding the pension at present decreases and as such the shortfall has to be funded somehow – either through reduced pension payments to those retired or increase contributions from either the employer or the employees. Currently the employer rate not the local government pension scheme is 19.3% of

pensionable pay, which (as a high proportion of local government budgets are linked to staffing costs) is a significant cost pressure to councils. Any increase in contributions, the council has to fund this with what is likely to be a finite level of resources.

12. For those retiring early, there is an annual retiral costs paid by the Council/organisation each year which continues to be paid annually until the person dies – as such living longer prolongs the ongoing annual payment of this. The council annual budget currently for such costs is approx. £2.5 million (i.e. 1% of the budget). This are a fixed costs which the council is legally bound to pay, an ongoing costs which cannot be removed and used to assist with possible demographic financial burdens elsewhere in the Council’s budget.

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

13. Within our already integrated services, older people in West Dunbartonshire have access to a broad range of community health and care services. However, based on predictions above, the current level of service is unsustainable for health and social care so without service changes additional pressures may appear in other parts of the system, for example accident and emergency services and out of hours services.

14. Where the key issues for health, social care and housing are laid out within the policy directives for increased support to ensure more older people are living at home, the actual requirements of health and social care for older people are unknown and are currently based on untested assumptions of the size and nature of our population. In other words, the assumption that an older people’s population will require additional homecare services is unknown both in terms of the scale of need across our varying populations and longevity of service required within our communities.

15. In West Dunbartonshire the suggested demographic change in the number of older people shows an increase in the older people’s population although this is not as stark as for the rest of Scotland. The projected demographic change in the ageing population in West Dunbartonshire to 2018 is shown below.

Table 1  
Older people Population Data – % Change 2005-2008 and Projections 2008-2018

	% change 2005-08 (65-74)	% change 2005-08 (75-84)	% change 2005-08 (85+)	Projection 2008 - 18 (65-74)	Projection 2008 - 18 (75-84)	Projection 2008 - 18 (85+)
West Dunbartonshire	-2%	2%	5%	18%	2%	23%
Scotland	<b>1%</b>	<b>2%</b>	<b>11%</b>	<b>21%</b>	<b>18%</b>	<b>40%</b>

16. The analysis carried out as part of the development of the Change Plan suggests that in the next 5 – 10 years there will be significant change in the level of

need in our population: using IORNS data we have projected and assumed a significant increase in the number of people in high needs categories.

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

17. Within West Dunbartonshire, the established CHCP's status is as a joint vehicle for the planning, allocation and management of WDC and NHSGGC health and social care resources (both strategically and operationally). The integrated partnership is better placed to focus on *prevention and early intervention* - working with the whole family and whole community – and act as effective Community Planning Partners in the spirit of the *Christie Commission's* recommendations for public sector transformation.

18. As part of an explicit commitment within CHCP Strategic Plan 2012-13 the CHCP has developed a schedule for the delivery of commissioning strategies across the breadth of its service delivery responsibilities; all of which will be completed and presented to the CHCP for approval by the end of the calendar year 2013. This commitment is reinforced as an objective within the West Dunbartonshire Council Assurance and Improvement Plan 2011/12.

19. The Older People's Commissioning Strategy is one of a suite of commissioning strategies that have been and are being produced in line with the above requirements. Others include the Commissioning Strategy for Rehabilitation and Enablement, the Commissioning Strategy for Drugs and Alcohol and the Commissioning Strategy for Mental Health.

20. The aim of these Commissioning Strategies is to project how the local provision of services will need to be developed over the course of the next decade (i.e. to 2021) and provide a strategic framework for on-going activity to address changes in demand, development of policy, emergent best practice and available resources.

21. They reflect the requirements of Scottish Government as reinforced by the local priorities and concerns of West Dunbartonshire Council and NHSGGC. These strategies have particularly important reciprocal relationships across each care group area. They have all benefited from comments and contributions from local stakeholders, most notably through ongoing engagement and comprehensive consultations through a range of local fora and planning groups including The Change Fund Implementation Group, Older People's Strategy Group and the Public Partnership Forum.

22. The issues and priorities set out within them are not unique to West Dunbartonshire and very much reinforce national analysis and imperatives. That said, they reflect a necessarily ambitious agenda that should provide legitimately challenge to all those involved in the leading, management and delivery of local services.

23. The commissioning strategies provide a framework through which the CHCP will drive further detailed work (both internally and increasingly with partners) as well

as shaping the substance of relevant operational service plans (and attendant financial and procurement plans) on an on-going basis, within the context of CHCP's wider set of development priorities as set within its annual CHCP Strategic Plan.

24. As referred to earlier, the demographics of an area requires planning for the totality of the population rather than a cohort within it, in this case older people. Therefore the Early Years Change Fund is providing an opportunity to rationalise an equivalent ambition for successfully integrated systems for children and young people's health and social care services; and for the accountabilities for such a system to be hardwired into the responsibilities for the new partnerships.

25. A clear example is child protection case reviews which repeatedly highlight inadequate and hesitant interagency communication and information sharing as contributing factors to significant incidents. West Dunbartonshire's approach to the development of a commissioning strategy across children's services begins from the premise that it is reasonable to view an integrated service as an enabling factor for more effective risk assessment and care management.

26. In other words, within West Dunbartonshire, there is a single head of service for all children's services is consistently articulating the same message in relation to *Getting It Right for Every Child* (GIRFEC) to both health and social care professionals. This would appear to be consistent with the Scottish Government's proposals in relation to the Children and Young People's Bill which it is separately consulting upon.

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

27. Councils are continually trying (and being asked to) to complete financial projections over a longer and more sustainable period of time.

28. This allows, the Council, time to plan appropriate action to ensure service requirements are met (capital investment and funding thereon is considered/projected/identified, action taken to review services and absorb future revenue costs where possible, reducing the risk of future unaffordable budget gaps) and understand when, what and where the main risks are.

29. However, if it is fundamental for local government to project spending needs, there is also a requirement for central government to provide a certain level of information on same basis – i.e. funding plans over a longer period of time than 3 years. It should be noted that projections of needs of a service or a Council does not necessarily mean projection of funding availability.

30. Projection of demographics is key to helping identify future risk areas in funding needs to allow early intervention action to be put in place.

31. Local and central government need to work closely and all parts of the system should be required to project not only demographic changes affecting usage but consider supply/increased costs associated with this - at a local level as well as

nationally. This includes sharing and agreeing the detail and completing risk analysis on this information, taking action where appropriate.

32. Future changes in legislation and policy from national government, for example Welfare Reform Act, will make the funding of changing demographics more challenging for the Council. This creates difficulties for robust and coherent locality planning of services within a much broader national political landscape.

33. Changes in population need, due to demographic changes, may not match the movement in funding availability. Funding is often linked to political decisions both locally and centrally, for example the demand for educational establishments in the political arena may differ from the need to provide care at home or in a homely setting.

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

34. There is a range of aggregated and disaggregated data which provides opportunity for projections and analysis.

35. In order for a robust analysis of demographic trends, there is a requirement for national analysis to take place. In other words, if data from only West Dunbartonshire, or from smaller localities within the area, were used for analysis, the extrapolation of trends would be meaningless due to the numbers being so small. There is a requirement for more detailed national analysis to be available from the current range of reported data to existing structures for example ISD, Scottish Government and UK Government. Within these organisations there are opportunities for national trend analysis and actual demographic trends which could be scaled for each area.

#### **Health and social care**

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

36. West Dunbartonshire Council/CHCP supports the principal policy goal of the Government's Reshaping Care for Older people programme of optimising independence and wellbeing for older people at home or in a homely setting. While there is a pragmatic logic for the proposition of an initial focus on improving outcomes for older people, there is a real risk that a series of arrangements could be developed that would not be efficiently scaled up or transferable to other care groups for example children's services and adult services.

37. Within the context of the Older People's Change Fund there is already considerable focus (including dedicated performance reporting and robust governance) on the *Reshaping Care for Older People's* agenda. As referred to earlier, the demographics of an area require planning for the totality of the population rather than a cohort within it, in this case older people. It is important to highlight that

while national policy states an ambition that the Older People Change Fund programme will reduce NHS acute service spend and activity, there is so far little evidence that this will provide sufficient capacity to take account of the growing 85 years plus age group with significant care needs. As welcome as the Change Fund programme is in terms of providing added policy impetus to the Shifting the Balance of Care agenda (and providing dedicated bridging finance to assist), it is important that it is not viewed as a panacea or magic bullet for the considerable challenges presented both in terms of growing and changing demands of an ageing population; and in relation to considerable demands on health and social care budgets (particularly within the current challenging fiscal context). It is also important to note that the actual dedicated financial resources within the Change Fund themselves are relatively small within the context of overall spending/resource consumption in relation to older people's care – but the expectations on local Change Fund plans to deliver on different policy agendas is also growing (e.g. the national stipulation that 20% of local funding had to be spent on carer's initiatives, irrespective of local context/circumstances); as is the performance scrutiny initiatives from across different national bodies whose contributions sometimes derive from theory and laudable principle rather than tempered by robust experience of actual delivery and practice.

38. Within these caveats, West Dunbartonshire's updated plan for 2012 – 2013 reflects the outcome of the review of Change Plan activity and proposes continued or increased investment for subsequent years, a refinement of planned activity and continuity to ensure that we have tested our year 1 proposals fully. The Plan has been reconfigured to reflect the Reshaping Care Pathway model. The Plan was developed with stakeholders including, Social Work, Health and Housing partners. The partnership also undertook an active engagement process with the NHS Acute Sector, 3<sup>rd</sup> Sector partners and Independent Sector providers.

39. We would support equivalent ambition for a successfully integrated system for children and young people's health and social care services; and for the accountabilities for such a system to be hardwired across all services. Child Protection case reviews repeatedly highlight inadequate and hesitant interagency communication and information sharing as contributing factors to significant incidents.

40. We would contend that that it would be more effective and more robust to start with coherent local framework for efficient management and integrated delivery across the totality of health and care services for all care groups/age cohorts - including children services and criminal justice social work 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?***

41. It is unclear how the size, age and shape of our population will develop over the coming decades. There is limited long term data available on the general population, or cohorts within it, however initial local analysis suggests that there will be a significant change in the level of need in our population: Using IORNS data we

have projected a significant increase in the number of people in high needs categories.

## **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?***

42. A key priority for West Dunbartonshire is to develop alternative settings in which to house older people which maximises their independence and their ability to live at home for as long as possible. There are currently 609 registered residential care places provided within the West Dunbartonshire Council area. The balance of care between Council-run and purchased places shows that there are 414 registered places in private and voluntary sector residential care provision in West Dunbartonshire and 195 registered places in Council-run provision. The Council currently provides residential care for around 599 older people in both Council-run care homes and through the purchase of residential care from the private and voluntary sectors. We also provide 252 sheltered housing places in addition to 204 tenancies in a range of 3<sup>rd</sup> and independent sector specialist provision.

43. West Dunbartonshire would concur with the *Wider Planning for an Ageing Population* suggestions for key areas for taking forward this agenda, in particular:

- The need to develop a national register of accessible housing for disabled people
- Simplifying arrangements for the public and housing providers to access funding for adaptations
- Ensuring the needs of disabled and older people are better reflected within national and local planning and housing investment processes
- Building on the introduction of the £70M Change Fund and working with local authorities and the NHS to ensure that housing, health and social care needs of individuals are addressed holistically.

***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?***

44. In respect of demographic change and ageing population, the West Dunbartonshire Local Housing Strategy identifies a series of issues:

- The projected rise in the number of older people and more people with long term conditions and mobility issues
- Aligning housing, health and social care outcomes and redesigning services
- Shortage of funding to provide the new accommodation needed
- Re-provisioning requirements for existing sheltered housing and care homes
- Meeting future needs across all tenures through planning and building standards means

- How will information and advice be provided?
- Making best use of existing housing resources through management measures or aids/adaptations and telecare.

45. Our Best Value Review proposes that new extra care housing provision should be developed. Our Local Housing strategy will

46. We will be required to provide additional complex home care packages to enable older people to remain at home and provide support to carers for longer and this will complement our current investment in telecare. In years 3 and 4 we will expect to see a shift of resources from the reablement team into Care at Home and to use reablement as part of mainstream service provision.

47. While there has been significant progress in recent years in the social housing sector in providing housing which meets varying needs standards, there is still much to be done in the private sector and in the growing private rented sector. The Council/CHCP would welcome consideration of increasing the required standards in these areas.

### **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?***

48. The labour force within public service areas are currently reducing, resulting in those currently working and paying into pensions reducing.

49. The reduction in the valuation on pension assets and liabilities can be clearly seen in local government financial statements. These valuations are linked to projections on lifespan of both male and female and any given time. As the pension receivers live longer, the liability on the pension value increases. The future value of the pension to those funding the pension at present decreases and as such the shortfall has to be funded somehow – either through reduced pension payments to those retired or increase contributions from either the employer or the employees. Currently the employer rate not the local government pension scheme is 19.3% of pensionable pay, which (as a high proportion of local government budgets are linked to staffing costs) is a significant cost pressure to councils. Any increase in contributions, the council has to fund this with what is likely to be a finite level of resources.

50. For those retiring early, there is an annual retiral costs paid by the Council/organisation each year which continues to be paid annually until the person dies – as such living longer prolongs the ongoing annual payment of this. The council annual budget currently for such costs is approx £2.5m (i.e. 1% of the budget). This is a fixed costs which the council is legally bound to pay, an ongoing costs which cannot be removed and used to assist with possible demographic financial burdens elsewhere in the Council's budget.

***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?***

51. The challenge of realigning budgets to address the needs of different groups within the community is a political decision based on local and national policy decisions as well current information available to politicians.

## **Scottish Parliament Finance Committee Inquiry into Demographic Change and Ageing Population: Submission by West Dunbartonshire Council (August 2012)**

### **Summary of Key Points**

1. The current assumptions and projections associated with increasing budgets are linked to a growing ageing population based on 5 – 10 year projections. However further projections into the future cannot be calculated robustly and are therefore uncertain.
2. The current projections may not necessarily reduce the need for budget elsewhere within the system – and therefore does not allow for other budgets to be reduced. Thus it cannot just be assumed that there will be freeing up of resource to fund the suggested care cost burden.
3. It is unlikely that top line local government funding will be increased in line with the projection of increased need in the older people's population. Therefore it will be for the elected politicians to make (some difficult) decisions on service provision to fund the additional financial costs of service requirements for the demographic changes
4. The current demographic projections have led to policy decisions based on older people remaining at home longer rather than moving into care homes. Therefore projections of demographic change suggest an increase in the number of older people living at home rather than in care homes or hospitals and so resulting in older people with greater frailties living in local housing.
5. The labour force within public service areas are currently reducing, resulting in those currently working and paying into pensions reducing.
6. Planning based on the demographics of an area requires planning for the totality of the population rather than a cohort within it, in this case older people. The Early Years Change Fund is providing an opportunity to rationalise an equivalent ambition for successfully integrated systems for children and young people's health and social care services; and for the accountabilities for such a system to be hardwired into the responsibilities for the new proposed health and social care partnerships.
7. It is fundamental for local government to project spending needs, however there is also a requirement for central government to provide a certain level of information on same basis – i.e. funding plans over a longer period of time than 3 years.