Age Action's Priorities for Budget 2018

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LIST OF RECOMMENDATIONS

1. Increase the weekly State Pension by €5 per week to build towards the Government's objective of a State Pension set at 35 per cent of average weekly earnings [Cost: €148 million][1].

2. Increase the Living Alone Allowance by €3 per week [Cost: €31.25 million][2].

3. Reverse the changes introduced in 2012 to the State Pension system reducing the number of bands from six to four. [Cost: €60 million].

4. Increase home help hours to provide the service to an additional 22,300 older people who will need support in 2018 [Cost: €92 million].

5. Ensure older people are supported to reach and maintain their potential to live independent lives by providing reablement to 16,000 older people in 2018 [Cost: €22 million].

1. https://www.kildarestreet.com/wrans/?id=2017-03-01a.508&s=%22state+pension%22+section%3Awrans#g511.q
2. The cost of increasing the Living Alone Allowance by €6 is in 2018 is €62.5 million. See https://www.kildarestreet.com/wrans/?id=2017-05-30a.712&s=%22Fuel+Allowance%22+section%3Awrans#g714.q

1. INTRODUCTION

Age Action is the leading advocacy organisation for older people in Ireland.

We want to make Ireland the best country in the world in which to grow old and we work with older people to build a society free of ageism where their rights are secured.

We have made formal pre-budget submissions to a number of individual departments but this document outlines the key priorities for older people in Ireland for Budget 2018.

2. GROWING OLDER IN IRELAND

Each year, in preparing our pre-budget submission, Age Action consults with our members through a survey and events held in Dublin, Cork and Galway.

Survey of Age Action members

We asked members to identify their most important income support. Almost half (49 per cent) stated that the State Pension was the most important, followed by the Household Benefits Package (26 per cent) and then the Fuel Allowance (15 per cent).

Table 1 Importance of Income Supports	
Income Support	%
State Pension	49%
Household Benefits Package	26%
Fuel Allowance	15%

Consultations

Members attending our consultation meetings and hustings were concerned about the lack of funding for Home Care Packages (HCPs) and the unavailability of respite care.

While participants welcomed recent increases in the State Pension, the importance of which was repeatedly stressed, they argued that any increase should be introduced in January as opposed to part of the way through the year.

They were also conscious that not everyone would receive a €5 increase as those on lower rates of payment will only receive a proportion of this. The inadequacy of the Living Alone Allowance to meet the costs of living alone was also raised.

The financial burden of the property tax was also highlighted by our members who are deeply concerned about how the recent rise in house prices ahead of the property valuation in 2019 will affect their household budgets.

3. OLDER PEOPLE STILL SUFFERING FROM THE RECESSION

"*Realistic annual pension increase. A huge proportion of pensioners depend on this payment, even if they also have a company pension, which is often inadequate and even frozen at a fixed amount."*

– Louise

"*State Pension that will enable a person for whom this is their only income to live in reasonable comfort."*

– Dermot

Older people are still feeling the effects of cuts introduced during the recession. These include the abolition of the Telephone Allowance along with cuts to the Fuel Allowance and the Christmas Bonus.

The last two budgets saw the partial restoration of older people's incomes.

- There was a €3 and €5 weekly increase in the State Pension in Budgets 2016 and 2017 respectively. The latter increase was introduced 10 weeks into the year.
- The Christmas bonus was partially restored with all social welfare recipients receiving an additional payment of 85 per cent of their weekly rate last December.
- There was a welcome increase in the Fuel Allowance with a rise to €22.50 from €20.

Table 2 below provides a comparison between the cuts introduced during the recession and the restoration of the incomes of older people. It shows that pensioners today are still struggling to get by on smaller incomes than they would have received in 2009.

Table 2 Income Supports Comparison 2009 versus 2015, 2016 and 2017

Income	**Jan 2009**	**Jan 2015**	**Jan 2016**	**May 2017**
State Pension (Contributory)	€230.30	€230.30	€233.30	€238.30
Christmas Bonus (weekly equivalent)	€4.42	€1.11	€3.361	€3.892
Total A	€234.72	€231.41	€236.66	€242.19
Secondary Income Supports				
Telephone Allowance	€6.00	€0.00	€0.00	€0.00
TV Licence	€3.08	€3.08	€3.08	€3.08
Electricity	€9.63	€8.07	€8.07	€8.07
Fuel Allowance	€12.31	€10.00	€11.25	€11.25
Total B	**€31.02**	**€21.15**	**€22.40**	**€22.40**
Total A+B	**€265.74**	**€252.56**	**€259.06**	**€264.59**
Difference from Jan 2009		*(€13.18)*	*(€6.68)*	*(€1.15)*

New taxes and rising costs

With older people struggling to get by on smaller incomes, they faced the introduction of the property tax and steady increases in insurance costs.

Census data shows that 86 per cent of those aged between 65 and 74 years, and 89 per cent of those aged over 75 years own their own homes.

As property prices continue to rise, particularly in Dublin and other urban centres, increases in the property tax are inevitable and we believe this poses a risk of serious hardship to older people who may own property but be reliant entirely, or mostly, on the State Pension.

The increase in the price of insurance (such as health and home insurance) has been masked by a comparatively minor rise in overall inflation.

The overall change in the Consumer Price Index (CPI) for the past 12 months (May 2016 to May 2017) has been 0.2 per cent[3]. However, during this time, house insurance rose by 7.6 per cent while health insurance increased by 9.3 per cent[4].

Older people see health insurance as a necessary outlay because they are more likely to need timely access to health and social care services. House insurance is also a necessary purchase as older people are more likely to be residing in owner-occupied accommodation (see above).

Policymakers should also be conscious that the CPI is not an effective guide to the purchasing habits of older people.

Research undertaken by the Vincentian Partnership for Social Justice (VPSJ) in 2013[5] noted that, while overall CPI fell by 0.15 per cent in the period 2008 to 2013, the cost of a Minimum Essential Standard of Living for a lone pensioner and a pensioner couple rose by 5.03 per cent and 7.34 per cent respectively.

Rising levels of poverty

The combination of reduced income and rising costs has led to a steady increase in poverty among older people.

The latest official poverty statistics from the CSO indicate that 10.7 per cent of people aged 65 years and over were 'at risk' of poverty in 2015[6].

However, many older people survive on incomes only just above the poverty line as the non-contributory State Pension amounts to €11,804 while the contributory State Pension is €12,391.60 per annum.

While it is welcome that the State Pension is set above the poverty rate, the aspiration should be for a State Pension that enables older people to grow old in dignity.

[3]CSO (2016) Consumer Price May 2017 – available at http://pdf.cso.ie/www/pdf/20170622041400_Consumer_Price_Index_May_2017_full.pdf

[4]Calculated using data from www.cso.ie under Consumer Price Index by Detailed Sub Indices, Month and Statistic.

[5]VPSJ (2013) Changes in the cost of a MESL in Comparison to CPI Inflation – available at http://budgeting.ie

[6]CSO (2015) Survey on Income and Living Conditions 2015– available at http://www.cso.ie

In 2015, 15.4 per cent of those aged over 65 years experienced deprivation. This means that approximately 93,000 older people were simply unable to afford basic goods and services.

In 2009, the last year in which the State Pension was increased prior to 2016, the deprivation rate was much lower at 9.5 per cent.

As **Table 3** illustrates, poverty for older people has risen steadily since 2013.

Table 3 Poverty rates for those aged 65 years and over 2013-2015

	At risk of poverty %	Deprivation rate %	Consistent poverty %
2013	9.2	16.1	1.9
2014	10.3	14.3	2.1
2015	10.7	15.4	2.7

Source: CSO (various years) Survey on Income and Living Conditions- available at **http://www.cso.ie/en/silc/releasesandpublications/**

Increase the State Pension

The National Pensions Framework contains a commitment to "sustain the value of the State Pension at 35 per cent of average weekly earnings" to prevent poverty among older people[7]. Preliminary CSO figures for Quarter 2 2017 indicate that average weekly earnings are €723.74, which would suggest a State Pension of €253.31[8].

The latest OECD Pensions at a Glance report states that three-quarters of older people's income is from public transfers[9]. To this end, the State Pension has provided a critical, and often sole, source of income for many older people.

In 2012 the CSO confirmed the importance of State transfers as a key protection from poverty for older people[10]. The report says that public transfers comprise 63.4 per cent of the household's disposable income for those aged 65 years and over[11].

Budget 2018 must continue to work towards the benchmark National Pensions Framework by increasing the weekly rate of the State Pension by five euro.

[7] Government of Ireland (2010) National Pensions Framework p.19 – available at http://www.welfare.ie/en/downloads/nationalpensionsframework_en.pdf

[8] CSO (2017) Earnings and Labour Costs Quarterly – available at http://www.cso.ie/en/releasesandpublications/er/elcq/earningsandlabourcostsq42016finalq12017preliminaryestimates/

[9] OECD (2015) Pensions at a Glance 2015 – available at www.oecd.org

[10] CSO (2012) Survey on Income and Living Conditions – Thematic Report on the Elderly 2004, 2009 & 2010 – available at http://www.cso.ie/

[11] Refers to all types of cash benefits paid to older people such as the State Pensions and the Household Benefits Package.

4. LIVING ALONE ALLOWANCE

"*Living Alone Allowance should be substantially increased as living on your own incurs almost as many expenses as having a partner with his/her own pension. Nine euro per week does not even begin to compare with having a second pension coming in."*

– Cillian

"*Please highlight the unfairness of a person living alone…compared with two people with two incomes and incurring the same costs of running a home. This is especially unfair when a one-income home is expected to pay the same property tax as a two or more income home."*

– Roisín

The latest Census statistics indicate that there were 587,284 people aged over 65 years living in private households. Of this number 156,799 (27 per cent) are living alone.

Many older people experience the loss of a partner through bereavement which can have devastating emotional and financial effects. They highlight how the loss of a partner often means the loss of an additional income yet the cost of heating their home, for example, remains the same.

The Vincentian Partnership for Social Justice (VPSJ) Minimum Essential Budget Standards sets out the cost of fourteen core budget components[12] in **Table 4**. These show that a lone pensioner living in an urban area will incur 79 per cent of the costs of a pensioner couple and this rises to 81 per cent in rural areas.

The data shows that food costs are 84 per cent of the expenditure of a pensioner couple household in an urban area and 76 per cent in a rural area. Energy costs are 96 and 97 per cent in an urban and rural area respectively.

It is clear from this table that the costs of living alone are well in excess of half of those of the pensioner couple. Yet a comparison of various Social Welfare income scenarios[13] indicates that lone pensioners dependent on the State Pension have incomes of between 52 and 63 per cent of a pensioner couple also dependent on State Pension.

[12] The core costs include food, clothing, personal care, health, household goods, household services, communications, social inclusion and participation, education, transport, household energy, personal costs, insurance and savings and contingencies.

[13] Using data from the VPSJ (2017) MESL update, a comparison of the income of pensioner living alone on the State Pension Contributory and a pensioner living alone on the State Pension Non-Contributory was undertaken. Three different scenarios for the Pensioner couple were used – Both on State Pension Non-Contributory; one on State Pension Contributory and one on State Pension Non-Contributory and one on the State Pension Contributory and in receipt of the Qualified Adult Allowance.

Table 4 Comparison of MESL 2017 Cost – Lone Pensioner vs Pensioner Couple		
Budget Components	**LP cost % to PC**	
	Urban	**Rural**
Food	84%	76%
Clothing	60%	60%
Personal Care	69%	72%
Health	50%	50%
Household Goods	93%	89%
Household Services	97%	100%
Communications	101%	101%
Social Inclusion and Participation [14]	75%	75%
Education	n/a	n/a
Transport	n/a	100%
Household Energy	96%	97%
Personal Costs	97%	98%
Insurance	55%	68%
Savings and Contingencies	67%	67%
All Expenditure	**79%**	**81%**
Source: Data analysed from the VPSJ website www.budgeting.ie. In particular this analysis draws on the latest available expenditure budgets for rural and urban areas for both a pensioner couple and pensioner living alone.		

Furthermore, lone pensioners dependent on the State Pension (Non-Contributory) living in a rural area have an inadequate income with a weekly shortfall of €57.65 in meeting the MESL costs.

There is an urgent need to deliver a substantial increase in the Living Alone Allowance in Budget 2018.

[14] The increased communications cost relates to a higher number of stamps for a lone pensioner who is assumed to engage in letter writing more frequently in order to combat isolation.

5. REVERSE THE 2012 PENSION CUTS

At present my wife and I receive combined state pensions of €404.70. I became 65 in June 2013…People who reached 65 prior to September 2012 receive a higher pension than ours. Under the old system we would now have a combined €447.10. That is a cut of €40.40 per week! Which is disgraceful."

– Michael

The change in legislation in 2012 for the contributory pension means that my wife, who has 1,843 contributions, will not receive her full pension as she 'broke service' to study and care for her parents when they were ill. The new 'contributory pension' rules discriminate against women."

– Tony

More than 35,000 pensioners had their pensions cut because of changes introduced to the State Pension in 2012 by the previous Government[15].

Thousands of retired workers are losing more than €1,500 a year with women pensioners suffering the most for taking time out of the workforce to care for their families.

In 2012 the Government changed the eligibility criteria for the Contributory State Pension. While those entitled to a full pension were unaffected, many of those who would have been in line for smaller pensions lost out.

New bands were introduced so that, under the old system, a pensioner with an average of 20 contributions, for example, would have been entitled to €228.70. But after 2012, this dropped to €198.60, a cut of more of more than €30 each week.

The situation is made worse by the 'averaging rule' used by the Department of Social Protection to calculate the number of contributions made by a worker.

Under this system the number of PRSI contributions a worker has made is divided by the number of years between her first day of work and her retirement.

This means that someone who worked for a few months in the sixties and then went back to work from 2000 to 2012 gets a far smaller pension than someone of the same age who just started work in 2000.

Older people are getting much smaller pensions because of decisions they made to go to work in the 60s and 70s. They're being punished for working and they're being punished for providing care for their families.

As women are more likely to have taken time out of the workforce on caring duties and are more likely to be receiving a lower State Pension rate than men these changes have exacerbated an already wide gender pension gap in Irish society.

We would urge the Government to reverse the 2012 changes in Budget 2018.

[15] For a succinct account of these changes see Age Action (2017) Reversing the 2012 State Pension Cuts. Available at https://www.ageaction.ie/sites/default/files/attachments/briefing_paper_3_-_reverse_the_2012_state_pension_cuts.pdf

6. SUPPORT OLDER PEOPLE TO LEAD HEALTHY INDEPENDENT LIVES

My sister- in- law living in the country could do with a home help calling daily. She's almost invalided but still has to take care of her husband. Both these people deserve help but appeals and requests seem to be smothered in red tape and deaf ears."
– Deirdre

A central objective of the Department of Health's Strategic Plan 2016 to 2019 is to support people to lead healthy and independent lives. Promoting health and wellbeing is a cross-cutting priority for the Health Service Executive (HSE).

As people live longer, their risk of disability also increases. It is estimated that 72.3 per cent of the population aged 85 and over will have a disability[16]. One in five people aged 85 and over will live with dementia[17]. With longer lives, the number of people aged 85 and over will quadruple in the next 25 years[18].

The HSE budget assigned to meet the needs of older people has still not returned to pre-austerity levels (from €1.74 billion in 2009 to €1.70 billion in 2017), despite a 23 per cent rise in the number of people 65 and over in the same period (498,900 in 2009 to 664,000 in 2016)[19]. This shortfall must be addressed with funding provided in Budget 2018.

Many studies have highlighted the costs of failing to provide older people with the support they need, including reductions in the person's quality of life and physical health, as well as increased need for health services.

A study in the USA looked at Medicare beneficiaries who did not meet the threshold to qualify for support. It found that almost a quarter of 8.7 million older people living in the community without supports reported going without eating, bathing or dressing. Unmet need predicted hospital admission, readmission and was a major risk factor for nursing home placement[20].

Restricting services like home support to those with higher support needs is a false economy. Frail older people who are denied homecare have higher rates of admission to acute hospitals, while those who get the support they need see a fall in the number of hospital admissions[21].

[16] http://www.cso.ie/en/media/csoie/newsevents/documents/census2016summaryresultspart2/Chapter_9_Health,_disability_and_caring.pdf
[17] http://www.cso.ie/en/media/csoie/census/documents/census2011profile8/Profile,8,commentary.pdf
[18] http://www.cso.ie/en/media/csoie/releasespublications/documents/population/2013/poplabfor2016_2046.pdf
[19] Pat Healy, HSE, (2017) Paper presented to Citizen's Assembly https://www.citizensassembly.ie/en/Meetings/Pat-HealyPaper.pdf
[20] Allen, S.M., Piette, E., & Mor, V. (2014). The adverse consequences of unmet need among older persons living in the community: dual-eligible versus medicare-only beneficiaries. Journals of Gerontology, Series B: Psychological Sciences and Social Sciences, 69(7), S51–S58
[21] Sands, P., Yun Wang, W., McCabe, G, Jennings, K, Eng, C., Covinsky, K (2006) Rates of Acute Care Admissions for Frail Older People Living with Met Versus Unmet Activity of Daily Living Needs JAGS 54:339–344

Unmet need in Ireland

The HSE Planning for Health 2017 report calculated that 50,875 people should be in receipt of home help in 2017. These figures reflect home help provided to all care groups. A HSE performance report in 2009 estimated that 85 per cent of recipients were older people.

It is therefore estimated that fewer than 42,000 people receiving home help in 2017 were older people, approximately 6.5 per cent of the population aged 65 and over. As indicated in **Table 5** the number of home help hours provided remained at 2016 levels.

Compared with the OECD estimate of approximately 10.1 per cent of the population of people 65 and over needing home help, the unmet need in Ireland is estimated to be just over 3.5 per cent, approximately 22,300 older people.

Table 5: Home help budget, number of hours and recipients

	2011	2012	2013	2014	2015	2016	Expected Activity 2017
Budget (million)	€211	€185	€185	€185	€185	€192	€217.9
Home Help Hours (million)	11.98	9.83	10.1m	10.3	10.437	10.57m	10.57m
Recipients	50,986	45,705	46,249	47,500	47,795	49,000	49,000

The numbers waiting for home help are increasing. At the end of December 2016, there were 2,039 people assessed as needing home help but waiting for a service[22]. By the start of July 2017, the number waiting had more than doubled to 4,600[23].

Unmet need is associated with a variety of negative consequences that can affect the health and well-being of the older person. These range from relatively minor consequences, such as feeling distressed because housework is not done, to major consequences, such as being unable to eat when hungry[24].

Funding for home help must be increased to address unmet need in 2018.

The HSE estimated the cost of providing 5 hours per week to an additional 2,039 people as approximately €4.5 million[25].

Hence, with unmet need estimated to be just over 3.5 per cent among the population 65 and over, 22,300 extra older people will require home help services next year. To meet this need, an extra €92 million must be allocated to fund home help services in 2018.

This cost may appear high but to put this in context, for every three hospital admissions avoided, five older people could be provided with one hour home help per day for a year[26].

[22] HSE response to PQ 6494/17
[23] http://www.independent.ie/irish-news/new-scheme-promised-as-waiting-list-for-home-care-support-hits-4600-35904396.html
[24] Quail, J Wolfson, C and Lippman, A (2011) Unmet Need for Assistance to Perform Activities of Daily Living and Psychological Distress in Community-Dwelling Elderly Women. Canadian Journal on Aging 30 (4) : 591– 602
[25] HSE response to PQ
[26] Pat Healy, HSE, (2017) Paper presented to Citizen's Assembly https://www.citizensassembly.ie/en/Meetings/Pat-HealyPaper.pdf

7. REABLEMENT

Identifying older people at risk of becoming frail and providing them with reablement and rehabilitation programmes results in improvements in health-related quality of life and well-being and reduced personal home care costs[27].

In many countries policy-makers are actively promoting reablement as an effective means of supporting older people to be independent. For example, in Denmark, municipalities are required by law to assess if a person in need of home care services could benefit from a reablement programme.

Reablement helps older people regain confidence and skills needed to live independent and fulfilling lives. This reduces the need for services like home care. Tailored programmes, usually with support from an occupational therapist, are provided to people in their own homes for between three to 12 weeks. Equipment and technology that can support the person are also often supplied.

A HSE report produced by Mazars highlighted that reablement programmes in England were cost-effective and reduced the need for homecare[28]. Despite positive indications from a reablement pilot project in North Dublin[29], access to reablement is limited in Ireland.

GLASGOW CASE STUDY

In Glasgow the City Council and NHS provide a reablement programme to support older people to stay at home for as long as possible. The reablement programme freed up resources to allow more home care services to be provided. Over a three year period, on average, around 40 per cent of people who completed the programme required no further home care. For people who required ongoing support there was around a 20 per cent reduction in home care packages. The freeing up of resources provided savings in the home care budget of £2.75 million in 2013/14 and £1.75 million in 2014/15[30].

A report on reablement in Scotland found that, on average, service users remained in reablement an average of 7.7 weeks receiving 7.4 hours of support.

[27] http://www.ifa-copenhagen-summit.com/wp-content/uploads/2016/04/Copenhagen-Summit-Final-Report.pdf
[28] http://www.hse.ie/eng/services/publications/olderpeople/Activity-Resource-Review-Home-Care-Services-May-2016.pdf
[29] http://sonasapc.ie/wp-content/uploads/2015/05/Austin-Warters-Building-integarated-dementia-care-pathways.pdf
[30] http://www.audit-scotland.gov.uk/uploads/docs/report/2016/nr_160310_changing_models_care_supp1.pdf

The cost per hour will depend on the professionals delivering the programme and ranged from £8.60 to £28 per hour. Approximately 2.5 per cent of the population 65 and over in one city availed of the programme over one year[31].

Using the Scottish figures, we estimate 16,000 people could benefit from a reablement programme in one year in Ireland.

At an average cost of €1,400 per person, the estimated cost of providing a reablement programme is approximately €22 million. With two hours of home help per week costing €2,080 per year[32], this investment has the potential to free up €11 million for the provision of more home help.

[31] hhttp://www.jitscotland.org.uk/wp-content/uploads/2014/08/Report-on-Survey-of-Re-ablement-with-Case-Studies-February-2013-Final1.pdf
[32] Pat Healy, HSE, (2017) Paper presented to Citizen's Assembly https://www.citizensassembly.ie/en/Meetings/Pat-HealyPaper.pdf

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