



Pre-Budget Submission 2016

'I am on a survivor's pension. All it allows me to do is to survive.'

Age Action
30/31 Lower Camden Street
Dublin 2
01-475 6989
www.ageaction.ie

Five Top Priorities for Older People in 2016

1. Increase the weekly State Pension by €5 per week to address rising costs and the cumulative impact of previous budgets in terms of loss of income and the introduction of new taxes and charges [cost €117.5m].
2. Increase the Living Alone Allowance by €2.40 to restore real value to this payment [cost €25m].
3. Restore the full Telephone Allowance over the next two budgets. In Budget 2016 we recommend that the cut introduced in October 2013 is reversed with Budget 2017 reintroducing the full Telephone Allowance [cost €48m].
4. Home Help Services will require an additional €15 million in 2016 to allow the current levels of provision to be maintained for an anticipated additional 3,600 people. Approximately €11million is also needed to provide home help outside core hours and to support older people in the community with low to medium dependency [cost €26 million].
5. Provide an additional 550 home care packages to meet the increased demand from those aged 80 and over, and for those with greater levels of dependency [cost €7 million].

“Budget 2015 represented an utter dismissal of the older person. It’s like we don’t exist and the present government treats us with pure cruelty and disdain.”

1 Introduction

Age Action was established in 1992 as the voice for older people and the leading advocacy organisation on ageing issues.

We act both as a network of organisations and individuals, including older people and carers of older people, and as a service provider, assisting thousands of older people every year.

Our mission is to empower all older people to live full lives as actively engaged citizens and to secure their rights to comprehensive high quality services according to their changing needs.

“Carers have enough to contend with without having to fight an organisation like the HSE.”

2 Context

Since 2009, an older person dependent on the State Pension and the Household Benefits Package has seen their weekly income cut by €13.18 per week. With less money, they have struggled to meet the demands of new taxes, charges and rising energy prices.

In April, Minister for Finance Michael Noonan TD said in the Spring Statement that up to €1.5 billion would be available in Budget 2016 for a combination of tax cuts and public expenditure. The Government has decided to allocate this funding equally between tax cuts and spending.¹

It is also important to appreciate, as the Minister for Social Protection has herself observed, that spending on income supports remains the single biggest economic stimulus to the economy delivered by the State.²

Increases in the State Pension and other income supports will have a positive knock-on effect on the domestic economy, helping to drive economic growth and to restore employment.

Age Action’s policies and campaigns are driven by our members and supporters.

¹ <http://www.finance.gov.ie/news-centre/speeches/current-minister/spring-economic-statement-speech-minister-finance-mr-michael>

² <http://www.irishtimes.com/business/economy/ireland/cutting-welfare-by-440m-would-deflate-economy-burton-1.1473557>

In preparing our pre-budget submission, we met with large groups of older people and Age Action members in Cork, Dublin, Galway and Monaghan.

This feedback from our members, a snapshot of life for older people under austerity, has fed into comprehensive and detailed submissions to the departments of Social Protection; Health; Environment, Community and Local Government; Communications, Energy and Natural Resources; Education and Skills, and Foreign Affairs.³

As in previous years, the core concerns for older people were around income and access to health and social care. There is also a palpable frustration and anger among our members at the myth that older people were insulated from austerity.

While the State Pension may not have been reduced, the cumulative impact of the cuts and restrictions to other income supports has put a huge strain on older people struggling to cope with rising costs.

Many members spoke about the loss of the medical card and the impact that this has on their ability to access timely health and social care.

Older people frequently highlighted their frustration with the limited options available for long-term care.

They criticised the lack of alternatives to nursing homes and pointed out that supported housing often gave older people a better quality of life, greater independence and more control over their own lives.

Older people have spent a lifetime building this country. They shouldered their share of the austerity burden. As the economy returns to growth, they have a legitimate expectation that the sacrifices they made will be acknowledged and that some of the cuts they endured will be reversed.

The incomes of older people must be restored.

³ These detailed submissions are available on www.ageaction.ie and a summary of their recommendations is contained in an appendix to this paper.

The supports to enable them to live at home as long as possible must be put in place.

This can, and must, begin in Budget 2016.

3 Restoring Older People's Incomes

The weekly income of many older people has been cut by €13.18 since 2009.

| Income | January 2009 | January 2015 |
|--|---------------------|---------------------|
| State Pension | €230.30 | €230.30 |
| Christmas Bonus (weekly equivalent) ⁴ | €4.42 | €1.11 |
| Household Benefits Package | | |
| Telephone Allowance | €6.00 | €0.00 |
| TV Licence | €3.08 | €3.08 |
| Electricity | €9.63 | €8.07 |
| Fuel Allowance | €12.31 | €10.00 |
| Total | €35.44 | €22.26 |
| Difference | | €13.18 |

Public transfers comprise 63.4 per cent of the household's disposable income for those aged 65 years and over.⁵

While it must be acknowledged that the Government protected the basic State Pension rate during the recession, cuts to the Christmas Bonus, the electricity and fuel allowances and the abolition of the telephone allowance have had a real and significant impact on the lives of older people.

Between 2009 and 2013, the percentage of older people living in deprivation increased from 9.5 per cent to 16.1 per cent, just under 100,000 people.

"Older Citizens were hardly mentioned in Budget 2015. Things that were taken from pensioners were not restored. Giving back just 25% of the Christmas bonus was arrogant, and insulting."

⁴ The Christmas Bonus was removed in the April 2009 supplementary Budget.

⁵ Refers to all types of cash benefits paid to older people such as the State Pensions and the Household Benefits Package.

This makes the State Pension a critical and often only source of income for many older people.

The increasing inability of older people to afford basic goods and services is raised often by our members.

While the overall change in the CPI from January 2009 to May 2015 was 2.2 percent, older people pay disproportionately larger amounts of their income on energy and health-related costs. Both of these have risen significantly since 2009. Electricity has gone up by 13.1 per cent, gas by 6.5 per cent and hospital fees by 13.6 per cent.

To further emphasise the impact of rising costs, research undertaken by the Vincentian Partnership for Social Justice in 2013⁶ noted that while overall CPI fell by 0.15% 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% and 7.34% respectively.

While there was a welcome increase to the Living Alone Allowance in Budget 2015, it still falls short of what is needed for a Minimum Essential Standard of Living.

The decrease in income makes it harder for older people to make ends meet, but the removal of some supports has had a wider impact.

For example, the cut to the Telephone Allowance in Budget 2013 followed by its abolition in Budget 2014 has led many older people to cancel their telephone contracts.

Having a telephone is essential for older people to stay in contact with family and friends (addressing isolation) and as a connection to the pendant alarm system (addressing security concerns).

“I have to draw on savings every month to pay bills. When savings run out, I can’t begin to imagine what will happen as I get older and less able to maintain the house and pay regular bills.”

⁶ VPSJ (2013) Changes in the cost of a MESL in Comparison to CPI Inflation – available at <http://budgeting.ie>

Recommendations:

1. Increase the weekly State Pension by €5 per week in order to address rising costs and the cumulative impact of the previous budgets in terms of loss of income and the introduction of new taxes and charges [cost of €117.5m].
2. Increase the Living Alone Allowance by €2.40 to restore real value to this payment [cost of €25m].
3. Restore the full Telephone Allowance over the next two budgets. In Budget 2016 we recommend that the cut introduced in October 2013 is reversed with Budget 2017 reintroducing the full Telephone Allowance [cost of €48m].

4 Supporting older people to stay at home

Since 2004 there has been a 44 per cent increase in the number of older people living in nursing homes classified by the HSE as being 'low dependency'. These are people who could live independently with some community supports.

More home and community supports would enable many of these people to stay at home longer. That's a better outcome for the older people themselves and it would help to reduce the cost of the Nursing Home Support Scheme.

We need to see a shift in funding and priority towards supporting older people to stay in their homes, within their communities, as long as possible.

But since 2009 we have seen a reduction in the number of available home help hours despite the number of people aged 85 and more increasing by 11 per cent in the last three years.

"More support for home care of the elderly as I do not wish to die in a "home". As an elderly single man, I have no immediate family to care for me, if I need care I am frightened and scared!"

Table 2 Home Help Service

| | Total number of hours (million) | Total expenditure⁷ (million) | Number of recipients |
|--------------------------------|--|--|-----------------------------|
| 2009 | 11.97 ⁸ | 211 | 53,967 |
| 2012 | 10.3 ⁹ | 195 | 48,013 |
| 2014 | 10.3 ¹⁰ | 185 | 47,061 |
| April 2015¹¹ | 10.3 planned | 185 | 47,774 |

The failure to provide support to those with low to medium needs has consequences. It means increased demand for more intensive home care packages and long-term care places and undermines the ability of an older person to live a full and independent life.

In Ireland, nearly 90 per cent of home care and support is provided informally by family, friends and neighbours.

The projected population of people aged 65 and over in 2016 is expected to be 624,500. Assuming current rates of uptake of these services continue, this means an additional 3,640 older people will require home help in 2016¹².

“We now have to pay 25 euro for meds per month. My husband is partially disabled. We need extra heating and electricity. Sometimes I have to delay getting my meds, it’s a constant balancing act.”

In addition, extra funding is required to ensure that older people receive the home help they need seven-days-a- week, 52 weeks of the year.

The total cost for this of €26 million will restore funding for Home Help services to their 2009 level.

But with a growing population of people over 80, the demand for Home Care Packages (providing home care for between seven and 21 hours per week) will also increase.

⁷ Department of Health (2015) Review of the Nursing Home Support Scheme, A Fair Deal

⁸ Health Service Executive (2009) Annual Report and financial Statement

⁹ Health Service Executive (2012) Annual Report and financial Statement

¹⁰ Health Service Executive (2012) Annual Report and financial Statement

¹¹ Health Service Executive (2015) *Performance Report April 2015*

¹² The estimated cost of this is as follows: Average hours provided is 216 hours per annum (4.16 hours per week), 51,209 recipients @ 216 hours = 11.06 million hours; average cost per annum is €4088 per capita, with a minimum of 3,640 extra people @€4088 = €14.88 million extra will be required.

If, as promised in the Government's National Positive Ageing Strategy, older people are to be able to choose where they receive care, at least 550 more Home Care Packages will be required in 2016.

With greater numbers of more dependent people opting for home care and requiring Home Care Packages of 21 hours (and more) costs per package will also rise.

These additional packages will cost in the region of €7 million.

Recommendations:

- 4 Home Help Services will require an additional €15 million in 2016 to allow the current levels of provision to be maintained for an anticipated additional 3,600 people. Approximately €11million is also needed to provide home help outside core hours and to support older people in the community with low to medium dependency [cost €26 million].**

- 5 Provide an additional 550 home care packages to meet the increased demand from those aged 80 and over, and for those with greater levels of dependency [cost €7 million].**

Appendix – Full list of recommendations for Budget 2016

Department of Social Protection

- Increase the weekly State Pension by €5 per week in order to address rising costs and the cumulative impact of the previous budgets in terms of loss of income and the introduction of new taxes and charges [cost €117.5m].
- Restore the full Telephone Allowance over the next two budgets. In Budget 2016 we recommend that the cut introduced in October 2013 is reversed with Budget 2017 reintroducing the full Telephone Allowance [cost €48m].
- Increase the Living Alone Allowance by €2.40 in order to restore real value to this payment [cost €25m].
- Restore the full Christmas Bonus in Budget 2016 to Contributory and Non-Contributory State Pension recipients [cost €106m].
- Begin to reverse the six weeks cut from the Fuel Allowance by extending the scheme by three weeks in Budget 2016 [cost €22.5m].
- Allow those in receipt of the Fuel Allowance to receive it in the form of two lump sum payments if they are using home heating oil.
- Increase funding to the Free Travel Scheme to ensure that it continues to operate in a means that addresses passenger needs and covers the development of new routes. Change the operation of the scheme so that new routes are eligible, and indeed obliged, to join the scheme.

Department of Health

- Home Help Services will require an additional €15 million in 2016 to allow the current levels of provision to be maintained for an anticipated additional 3,600 people. Approximately €11 million is also needed to provide home help outside core hours and to support older people in the community with low to medium dependency [cost €26 million].
- Provide an additional 550 home care packages to meet the increased demand from those aged 80 and over, and for those with greater levels of dependency [cost €7 million].
- Roll out a National Reablement Programme with the objective of improving and maintaining older people's physical strength and mental health, enabling greater independence, and reducing the need for ongoing home support and long term care. [Over time cost neutral as evidence from pilot programme North Dublin shows reduction in need for home help hours. In UK, admissions to LTC fell by more than 10 per cent over three years].
- If the Government fails to support increased provision of home care and home support, then increased investment will be required to support the NHSS for 2016 [cost €43.8 million].
- For those whose only income is the State Pension, increase the personal allowance under the NHSS to 30 per cent of income [cost less than €1 million].

- Extend coverage of the GP visit card to include all services normally carried out in GP practices and the public in-patient charge of €75 per night, maximum of €750 per annum [cost minimal as only 11 per cent of those aged 50 and over have neither a medical card nor private health insurance].
- Reduce the GMS Prescription Charge to €1.50, capped at €10.50 for an individual [cost approximately €40 million].
- Reduce the Drug Payment Scheme cap to its 2009 rate of €100 for a couple and introduce a separate cap for individuals at €50 per month [cost approximately €33 million].

Department of Environment, Community and Local Government

- Restore the Housing Aid for Older People budget to 2012 levels by increasing the funding available by €6m.
- Reverse the changes introduced to the scheme in January 2014 to ensure better access to grants for disadvantaged older people.
- Reintroduce funding strands like the Capital Assistance (CAS) and the Capital Loan and Subsidy Scheme (LSS) to support small local associations to respond directly to the needs of older people in local areas in relation to specialist housing.

Department of Communications, Energy and Natural Resources

- In 2015, the Government allocated €540,000 to the Benefit Programme. We recommend maintaining this level of funding in 2016.
- It is imperative that older people continue to use their skills outside of the classroom. Therefore the Government must roll out a comprehensive broadband strategy in rural and urban areas.
- Continue to fund home energy efficiency programmes, targeted towards those on low-incomes and those who will experience the worst effects of living in energy poverty.
- Meet the promise of using revenue raised by the Carbon Tax to address energy poverty, which is in line with the original objective of this tax.

Department of Foreign Affairs

- Commit to achieving the 0.7 per cent of GNP target by 2020 and set out a timetabled plan to do so. As a first step provide an additional €140m to overseas development assistance in Budget 2016 (0.42% of GNP).
- Include ageing and older people in Irish Aid development policies and programmes and ensure data disaggregated by age is gathered in all of its programmes.

Department of Education

- Increase the existing budgets available for lifelong learning opportunities and realise the objective of the *National Positive Ageing Strategy* by providing additional support and resources for this work.

For further information please contact:

Naomi Feely, Senior Policy Officer, Age Action, 30/31 Lower Camden Street, Dublin 2
T: 01-475 6989; E: socialinclusion@ageaction.ie