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### **"La fortaleza de Europa: vallas y puentes/A fortaleza de Europa: valados e pontes"**

GT 4.8 Tecnocracia, democracia y globalización: discursos, comportamiento y políticas

#### **Local government, public policy and ageing populations**

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ABSTRACT	2
I. INTRODUCTION	2
II. THE DEMOGRAPHICS OF AGEING IN THE COMMUNITY OF MADRID.	4
III. THE ECONOMICS OF AGEING IN THE COMMUNITY OF MADRID.	7
IV. AGEING AND PUBLIC POLICY AT THE LOCAL LEVEL.	10
IV.1. Typology of public policies on ageing.	10
IV.2. Typology of municipalities in the region of Madrid.	12
IV.3. ANALYSIS of LOCAL PROGRAMS ON AGEING.	14
V. DESIGNING POLICY ON AGEING	16
V.1. Formal dimension.	16
V.2. Substantive dimension.	17
VI. CONCLUSIONS.	18
REFERENCES.	20

## ABSTRACT

Modern societies are experiencing fast ageing processes of their populations that confront authorities with new and acute challenges. These changes have a special impact on local governments, the closest administration to citizens and generally the one that generally holds responsibilities in key issues affecting the elderly.

Local authorities have been active in trying to meet these demands with different strategies, complementing the action of upper levels of government. On the one hand, as a way to prevent or delay situations of lack of personal autonomy, they have implemented policies belonging to the so-called “active ageing” concept, which include activities to keep the elderly -physically and mentally- fit and socially engaged to the collectivity. On the other hand, they administer a broad quantity of public services such as care at home or in residences, measures to improve accessibility in households and in public spaces, or services for the families.

The paper will examine the local action for the elderly in three steps and referred to municipalities in the region of Madrid. It first analyses the trends of social, economic and demographic variables in the region of Madrid to build a typology of municipalities. It then analyses the programs and actions targeting elderly groups in these municipalities. Based on own data from interviews with CEOs in eight municipalities, it finally explores the priorities, challenges and developments of local authorities in this field.

## I. INTRODUCTION

Population ageing is considered one of the demographic trend with the largest impact on public policy. The main consequences of ageing are commonly associated with a detrimental impact on economic performance due to several factors. Among those factors, a mix between expected economic performance and changes in the supply/demand sides of welfare economics emerge: (i) downsize of the labour force, (ii) offset of productivity (iii) increasing demand of social services (iv) increase in public expenditure in pensions and health care (Economic Policy Committee, 2009).

Nevertheless, the expected impact of ageing on economic performance might not be straightforward since other factors are at play. First, the 65-and-over group may present a level of economic resources above the average. The Spanish Statistical Institute (INE) reports that the percentage of the population below the poverty threshold was 21.6% in 2013 in Spain. However, the percentage was 12.2% for the 65-and-over group (INE, 2013). The trend continued in 2014 when the percentage of seniors below the poverty threshold reached a 11,4%. In contrast the 16-29 age group presented a nearly a 30% of individuals below the poverty threshold (Abellán et al., 2017). The specific economic situation of the elderly group may also be different. For instance, a large part of the disposable income in households is destined to pay rent or mortgages. The elderly often own their own houses and older owners occupiers have generally paid off their mortgages.

Regarding public policies, ageing represents challenges for local, regional and state authorities. An increasing pressure on pensions and social services is expected as the elderly group grows. Furthermore, other policies such as transportation and urban planning are at the center of the public policy response to ageing since “ageing in place” and “active ageing” are the policy objectives. The main purpose is to foster the autonomy of individuals to decide the residence of their choice or to enable them to remain actively in the same community. Finally, ageing is also a demanding issue for policy makers in terms of how to manage an increasing market of services for seniors in their communities. To this regard, the regulation of the so-called *silver economy* or the decisions made on social services provision determine the stance of governments towards ageing to a great extent. Finally, the contribution of seniors to the society should not be neglected (i.e. volunteering, kids care, continued involvement in the labor market).

The way public authorities face ageing largely depends on the competencies of the different level of governments. Welfare policies competencies are mainly placed at the state/ federal level of government (i.e. pensions schemes and health systems), meanwhile regional and local governments are responsible for important aspects that affect the daily life of citizens (transportation, urban planning, cultural activities among other). This paper explores the relationship of ageing with economic factors and public policies at the local level of government. The analysis is based on data corresponding to the municipalities in the region of Madrid. Bearing in mind the distribution of competences between state, regional and local levels of government, the Spanish regions constitute natural clusters. The Spanish regions (Autonomous Communities) have increasingly assumed competences in their own statutes (Statutes of autonomy) including social assistance, planning, urbanism, housing, transport or promotion of economic development. As for the elderly, Spanish regions occupies a central role in the implementation of the Dependency Act<sup>1</sup> (i.e. assessing the level of dependency and financing the provision of services on equal foot with the central level of government). The differences across regions suggest to sample municipalities within each region to better capture the approach of local governments to aging.

Despite of the fact that the paper is focused at the local level of large municipalities, its findings may also be relevant for designing public policies at the regional level. The interest in promoting equal access to basic services independently of the place of residence may put pressure on regional government in case of divergence between municipalities in terms of demographic trends or public policies.

This paper is divided into three main sections. It first analyses the trends of social, economic and demographic variables in the region of Madrid aimed to build a typology of municipalities. It then analyses the programs and actions targeting aged groups in these municipalities. Based on own data from interviews with CEOs in eight municipalities, it finally explores the priorities, challenges and developments of local authorities in this field.

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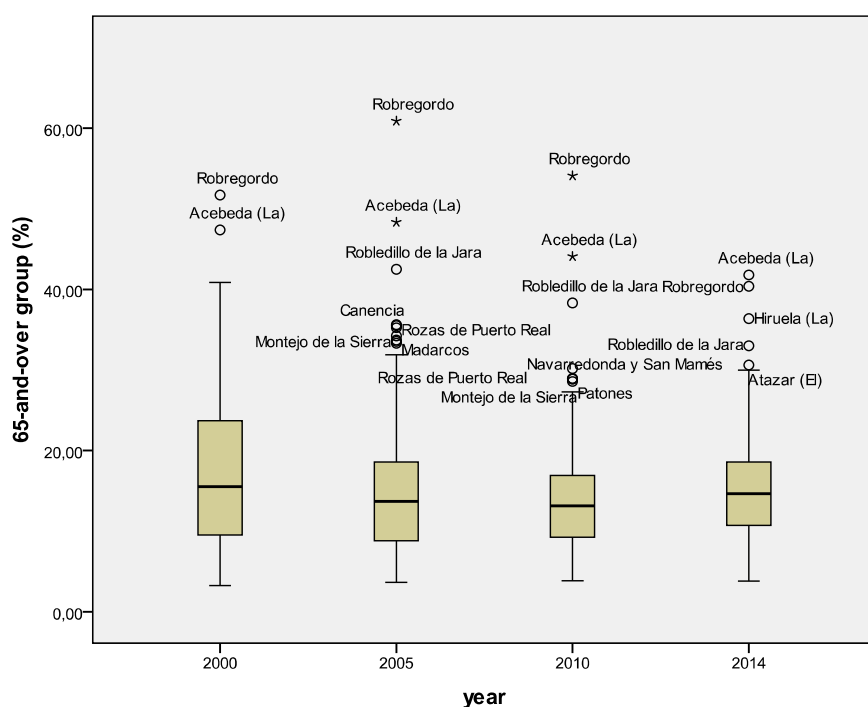
<sup>1</sup>Personal Autonomy and Dependent Care Law (39/2006) in force since 2007.

## II. THE DEMOGRAPHICS OF AGEING in the COMMUNITY OF MADRID.

Forecast studies conclude that Spain will be ranked among the world's oldest countries. By 2050, up to a 40% of the Spanish population is expected to be over 60 years old (Population Ageing and Development UN 2009). The pace of the ageing trend is remarkable as far as the number of people aged over 65 has doubled in less than 30 years in Spain<sup>2</sup>.

Although being a general trend, ageing may not present the same characteristics across territories and over time. The following graph represents the size of the 65-and-over group in the municipalities of Madrid (179) in different years.

Figure 1. Percentage of 65-and-over group in municipalities of Madrid (1996-2014)



Source: Madrid Statistics Institute (Almudena database). Own elaboration

The data represented in figure 1 point to several characteristics in the evolution of ageing in the municipalities of the region of Madrid:

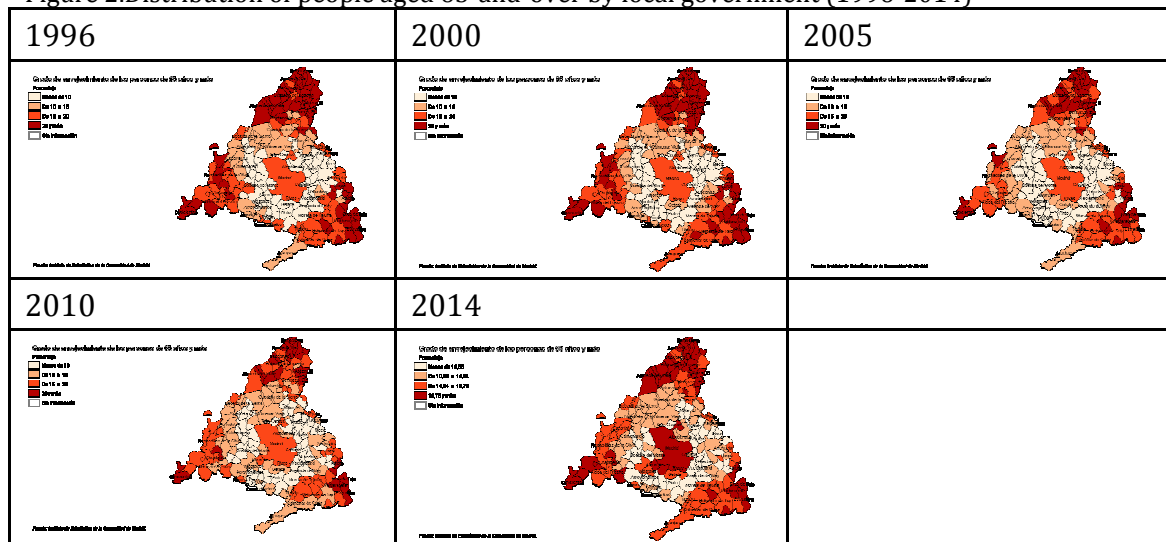
1. The 65-and-over group represents a 14,5% on average of the total population for the four time periods analyzed.
2. The percentage of the elderly group over the total population varies significantly in those municipalities with the largest 65-and-over groups.

<sup>2</sup>Features and Challenges of Population Ageing: The European Perspective by Asghar Zaidi: <http://www.euro.centre.org>

3. Half of the municipalities present a percentage of the 65-and-over group between 10% and 18,5% for the year 2014.
4. There is a slight decrease in the percentage of the elderly group between 1996 and 2014 (16,8% and 15,5% respectively)

Considering the geographical distribution of the elderly group, an uneven distributional pattern emerges (figure 2).

Figure 2. Distribution of people aged 65-and-over by local government (1996-2014)



Source: Madrid Statistics Institute (Almudena database). Own elaboration.

1. The largest 65-and-over groups are located in the city of Madrid, and the fringes of the Community (Northern highlands, South East and South West)
2. Madrid city presents an upward trend in ageing. The percentage of the 65-and-over group is above 20% in 2014.
3. The municipalities surrounding Madrid to the South present large 65-and-over groups (commuter towns)
4. The lowest percentages of the aged group are located to the East and to the West of Madrid city.

Differences also arise when considering the distribution of age groups. Besides the size of the elderly group, an asymmetric distribution may be relevant for explaining some characteristics of the demand side of welfare policies. To this regard, an even distribution of age groups fosters intergenerational relationships, with a positive impact in terms of services provision (childcare, elder care). Therefore, both phenomena ageing and intergenerational relations may not be considered separately.

Table 1. Distribution of age groups (2014-2016).

	> 35 (%)		35-65 (%)		>65 (%)		Standard Deviation	
	2000	2014	2000	2014	2000	2014	2000	2014
Madrid Region	47,39	39,45	38,13	44,23	14,48	16,32	16,97	14,93
<b>GEOGRAPHICAL AREAS</b>								
City of Madrid	43,13	36,55	37,79	43,26	19,08	20,19	12,63	11,87
North of metropolitan area	53,5	43,04	39,03	45,15	7,47	11,81	23,54	18,67
East of metropolitan area	53,66	43,03	38,48	45,8	7,86	11,17	23,33	19,24
South of metropolitan area	52,93	41,27	38,77	44,84	8,3	13,89	22,81	16,93
West of metropolitan area	53,03	43,12	39,14	45,02	7,83	11,86	23,15	18,62
North highlands	42,82	38,08	36,61	46,06	20,57	15,86	11,48	15,65
North East	54,3	44,56	35,94	46,41	9,76	9,03	22,38	21,07
South East	46,85	42,49	35,96	43,86	17,19	13,65	15	17,06
South West	51,93	45,87	36,47	44,17	11,6	9,96	20,35	20,26
South	43,76	38,58	35,47	42,98	20,77	18,44	11,64	13,08
Central highlands	50,33	40,78	37,79	46,81	11,88	12,41	19,61	18,37

Source: Madrid Statistics Institute (Almudena database). Own elaboration.

The likelihood of intergenerational relationships has increased on average during 2014-2016 (standard deviation decreases between 2000-2014 from 16,9 to 14,9). This result indicates that the age groups are more evenly distributed. The level of symmetrical distribution between age groups is different across geographical areas. The city of Madrid presents a high level of symmetrical distribution that accounts for a higher probability of intergenerational relationship. In the opposite end, the North-western and South-western areas present an asymmetrical distribution of age groups (age groups unevenly distributed).

Being a general trend, the ageing process presents differences considering both the size of the elderly group and the even or uneven distribution of age groups. These differences may have several implications for public policy choices. First, local governments face different scenarios in terms of citizens' needs and preferences over social policies. Second, the asymmetries in ageing at the regional level also generate a challenge to governments in terms of guaranteeing equality in the provision of public services and territorial cohesion. Third, different demographic trends may be associated not only to the demand side but also to the supply of social services (economic resources available for governments). Bearing these factors in mind, several questions come in order: what are the consequences of the ageing process in the economic activity of municipalities? Are there different patterns of local public policies based on demographic trends? Is there convergence or

disparity in public policies towards ageing? Do social demands or disposable economic resources drive municipalities' choices?

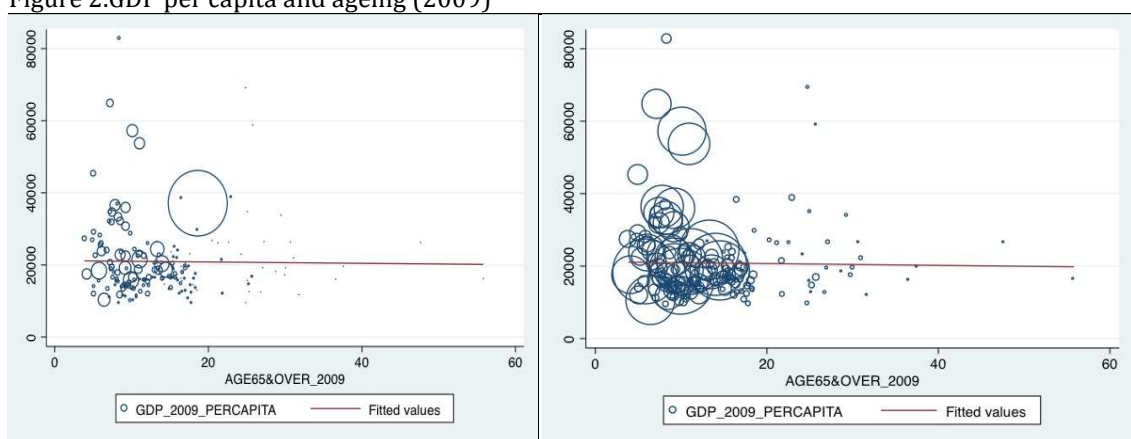
### III. THE ECONOMICS OF AGEING in the COMMUNITY OF MADRID.

Population ageing is expected to have a negative impact on economic performance due to several factors such as a declining labour productivity and a shrinking labour force. Nevertheless, attempts to extend the period of “productive life” make compatible pension benefits and work. In addition, ageing population demands of care services may foster certain sectors of economic activity. The so-called “economy of the elderly sector” or “silver economy” encompasses a vast array of tailored services from financial and insurance services to cultural activities.

Recent empirical research has also estimated the realized effect of ageing on economic growth (Maestas et al., 2015). According to these estimates, a 10% growth in the group age 60 and over decreases growth in GDP per capita by 5,5%. This effect is considered to be driven not by a reduction of labour force participation but mainly by a decline in productivity. The issue is still contentious since other analyses undermines the effect of ageing on productivity (Burtless, 2013) or consider a more complex, non-linear relationship between ageing and productivity (Feyrer (2007,2008). In addition, the difficulties in matching workforce and age groups blur the relationship even more. Finally, other studies stress the impact of policies and practices in organizations that enable to gain advantage of greater workforce age diversity (Gahan et al., 2016).

In order to obtain more empirical evidence at the local level, the following analysis describes how GDP per capita and ageing are related at the local level in the municipalities of the region of Madrid.

Figure 2.GDP per capita and ageing (2009)



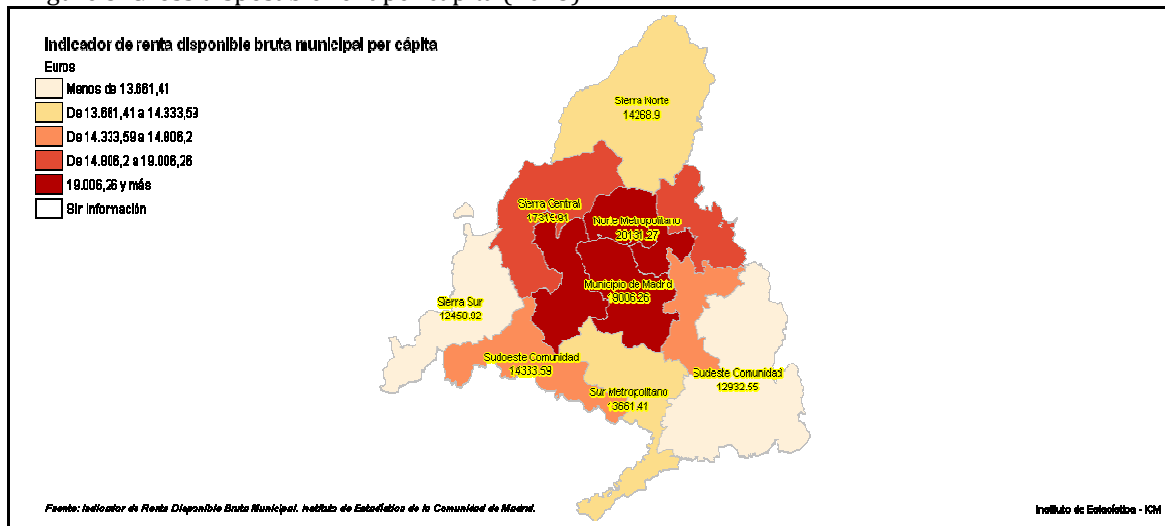
Source:Madrid Statistics Institute (Almudena database). Own elaboration.

The data in the left panel depicts the location of municipalities based on GDP per capita and the percentage of the 65 and more age group over the total population. The municipalities' populations are captured by the size of the circle. The city of

Madrid corresponds to the largest circle. The fit line has a flat shape pointing to a lack of correlation between these two magnitudes. In order to control by the impact of Madrid being the capital, the figure in the right panel replicates the analysis excluding the city of Madrid. The fit line does change significantly showing no evidence of a relationship between GDP per capita and ageing in the municipalities of the region of Madrid.

Nevertheless, GDP indicators are broad concepts that may dilute the effect of ageing in economic activity. A more fine-grained picture may be obtained by focusing on levels of economic resources at individual level (gross disposable rent<sup>3</sup>). Although there are notable differences among the municipalities, a correlation between gross disposable rent and ageing is not clearly supported either by empirical evidence. In other terms, municipalities with large elderly groups do not fully correspond with low levels of gross disposable rent (e.g. city of Madrid and metropolitan area). On the contrary, the data points to a larger impact of the proximity to the metropolitan area of Madrid on higher levels of economic developments (figure 3). A closer connection appears between the lower likelihood of intergenerational relationship and the areas with low levels of gross disposable rent (municipalities in the East end, West end and North highlands).

Figure 3. Gross disposable rent per capita (2013)



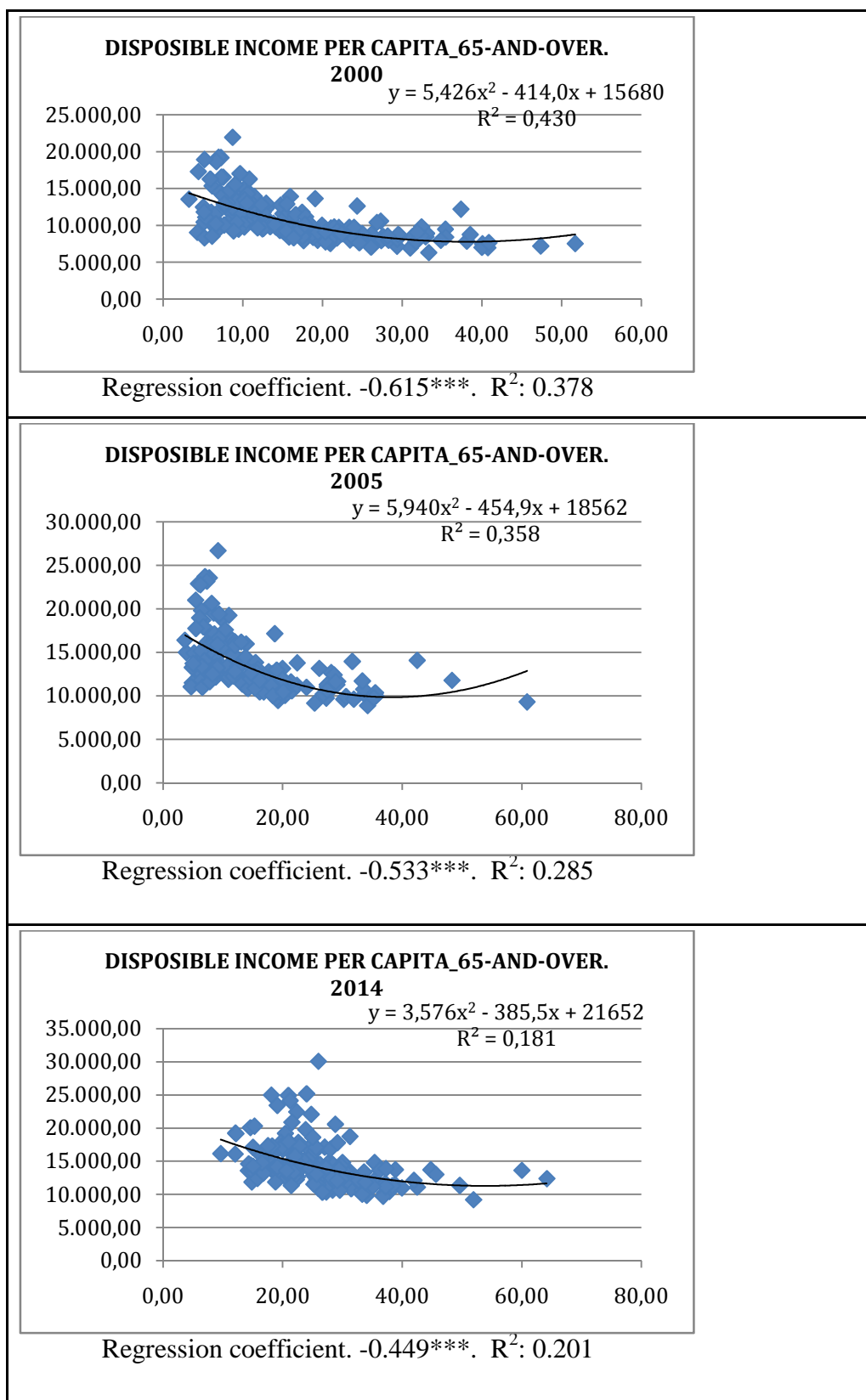
Source: Madrid Statistics Institute (Almudena database). Own elaboration.

In order to in depth analyze the patterns between gross disposable rent per capita and the size of the 65-and-over group, figure 4 represents the evolution of the relationship for the period 2000-2014.

<sup>3</sup>Data on individual disposable income is based on personal income tax (taxable base) corrected through other different indicators (overall personal income tax considering the different sources of rents –labour, economic activities-. The measure is adjusted by other non-declared economic activities and socioeconomic factors. A full description of the methodology is available at <http://www.madrid.org/iestadis/fijas/estructu/economicas/datosimpositivos/descarga/irfdbm10me.pdf> Source. Madrid Statistic Institute. <http://www.madrid.org/iestadis/index.html>.



Figure 4. Gross disposable rent per capita (2000, 2005, 2014)



Source: Own elaboration

A general trend points to a negative relationship between the two variables for the time period considered (years 2000, 2005 and 2014<sup>4</sup>). Despite of the fact that the negative relationship between individual disposable rent and ageing exists through the time period analyzed, the 2014 estimation presents a rather weak relationship between the variables. The previous data point to the fact that the impact of ageing on the economy is sensitive to the measure used. In addition to that, the downward trend between individual disposable rent and ageing seems not to be remarkable.

The economic implications of ageing call for further analysis. Public policies choices may be a factor at play since ageing is affecting also social services provision and the economic activity. To this regard, the following analysis dives into the specific programs dealing with ageing in municipalities with large populations in the region of Madrid.

#### IV. AGEING AND PUBLIC POLICY AT THE LOCAL LEVEL.

Along with the impact on the economic activity, ageing is expected to put enormous pressure on basic social services (health and care systems) and benefits (pensions, dependency allowances). The pressure on the demand side of social services is commonly understood as a challenge for welfare regimes. Nevertheless, ageing is also viewed as an opportunity for growth and jobs in economic sectors associated to services for elderly people (independent living and smart homes, cultural activities, health and wellbeing, tourism, robotics among others). In addition to this, the role of governments is key. The legal regulation of these emerging markets, the public – private mix in the provision of social services and the management of policies oriented to aged groups point to the relevant role of governments. The vast array of policies and political actions to be taken goes beyond the state level and the basic social services and entitlements (i.e. pensions, health system). At the local level, governments are responsible for policies that affect directly to the living conditions of individuals. Therefore local governments actions are a suitable level of analysis of the perspective of ageing by public authorities both as a challenge or an opportunity.

##### IV.1. Typology of public policies on ageing.

Different types of public policies may influence living standards for the elderly. The concept of “active aging” or “age in place” refers to many actions aimed at maintaining the elderly as integral and productive member of their communities. Active ageing refers not only to health issues but also with the capacity of seniors to stay engaged in the community where they live with social interactions and a high level of independency.

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<sup>4</sup>Data of disposable income correspond to 2012. Disposable income indicator operates as a proxy to household disposable rent. indicator is based on the personal income tax (taxable base) corrected through other different indicators (overall personal income tax considering the different sources of rents –labour, economic activities-. Source. Instituto de Estadística de la Comunidad de Madrid. <http://www.madrid.org/iestadis/index.html>.

More in concrete, the purpose of active aging focuses on the ability for people to remain in their home or neighborhood playing an active role in their communities. International Organizations and supranational bodies are increasingly developing standards and best practices in the promotion of active ageing (i.e. the Life Course Programme developed by the World Health Organization, ANCIEN project sponsored by the European Commission; table 2).

Table 2. Typology of public policies on ageing

<b>ÁREA OF ACTION</b>	<b>STANDARDS/ MINIMUM REQUIREMENTS</b>
<b>TRANSPORTATION</b>	Affordability, specialized services, priority seating, reliability and frequency
<b>HOUSING</b>	Maintenance services, affordability, community integration
<b>SOCIAL PARTICIPATION</b>	Addressing isolation, range of events and activities
<b>RESPECT AND SOCIAL INCLUSION</b>	Public images of ageing, access to public, voluntary and private services and events by economically disadvantaged older people
<b>CIVIC PARTICIPATION AND EMPLOYMENT</b>	Legislation and policy prevent discrimination on the basis of age, part-time or seasonal opportunities, training opportunities
<b>COMMUNICATION AND INFORMATION</b>	Oral communication (public meeting), “one-stop” information center
<b>COMMUNITY SUPPORT AND HEALTH SERVICES</b>	Location accessibility of health centers, home care services, information about health system
<b>OUTDOOR SPACES AND BUILDING</b>	Outdoor setting, roads, pavements, environment, green spaces and walkways, building

Source: Adapted from WHO. 2007. Global-Age-friendly Cities.

The variety of policies targeting active ageing may be classified based on two basic dimensions. The first dimension addresses whether the policy is intensive in resources (capital-intensive and labor-intensive policies). The second dimension captures whether the policy affects social groups other than elderly. According to these dimensions we can argue that transportation, community support and health services are resources-intensive policies. Among the policies with a far-reaching target we find transportation, outdoor spaces and building and social participation. The implementation of policies in the latter group may produce intergenerational effects.

This characterization of the different types of public policies allows capturing incentives for both political actors and citizens. To this regard, those capital-intensive or labor-intensive policies may be not only related to an increasing demand for social services and the demographic transformation of the population but also the economic resources in the municipality. On the other hand, wealthier social groups may prefer private providers in order not to increase the tax burden. Therefore, the choice between the different types of societies may be affected by demographic and economic characteristics in the local communities.

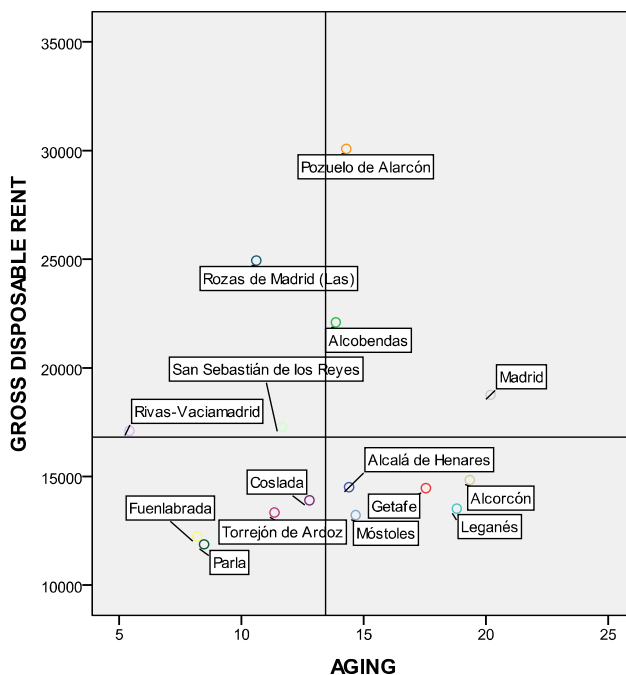
The next section describes the different public services targeting the aging process in the selected municipalities. The main goal of the following analysis is to identify patterns and make classifications depending on the public services provided.

#### IV.2. Typology of municipalities in the region of Madrid.

There are 179 municipalities in the Community of Madrid. The capital city is the largest municipality in the country with 3.132.463 inhabitants. Nevertheless, up to 85% of the municipalities have population less than 5.000 inhabitants.

The selection of municipalities for the analysis is based on municipalities with a large population (i.e. more than 80.000 inhabitants<sup>5</sup>). Several reasons explain this selection criterion. First, large size municipalities define priorities and set programs with higher autonomy than small municipalities. Second, larger municipalities are entitled with more competences and presumably these municipalities have more economic resources. Finally, large municipalities present differences in the variables suggested to affect the type of public policies (i.e. ageing and disposable economic resources at the individual level). The figure 5 depicts the clusters of municipalities according to demographic and economic criteria: average of individual gross disposable rent (GDR hereinafter) and ageing (percentage of the 65-and-over group).

Figure 5. Typology of large municipalities in the region of Madrid.



Source: Madrid Statistics Institute (Almudena database). Own elaboration.

The combination of the criteria produces four different types of municipalities:

<sup>5</sup> See annex 1.

- a) TYPE 1. High GDR and small elderly group (Las Rozas, SS de los Reyes, Rivas)
- b) TYPE 2. High GDR and large elderly group (Madrid, Alcobendas, Pozuelo)
- c) TYPE 3. Low GDR and small elderly group (Fuenlabrada, Coslada, Torrejón, Parla)
- d) TYPE 4. Low GDR and large elderly group (Alcalá, Getafe, Móstoles, Alcorcón, Leganés)

It is expected that differences in demographic and economic characteristics of the municipalities determine scenarios and incentives for developing different types of local public policies towards ageing. Following this reasoning several hypotheses can be drawn.

(H1) The larger the aged group in municipalities with GDR above the average the more active aging policies are implemented (i.e. social participation, communication)

(H2) The larger the aged group in municipalities with GDR below the average the more the programs are focused on *compulsory* services (i.e. implementation of dependency act, health and social services).

(H3) The smaller the aged group in municipalities with GDR above the average the more focus on policies not necessarily related to elderly care (transportation, environment).

The previous hypotheses are based on the fact that the incentives for implementing resource-intensive policies is mainly related to the social needs of the population along with a lack of resources to obtain social services from the private market.

In the Spanish context, the competences of the municipalities in social services is established in the Law 7/1985, of April 2nd, regulating the Bases of Local Government (LBLEG), dated April 2, 1985. This legal framework established the competences of local governments in providing social services. Municipalities have different competencies depending on population (article 26 LBLEG). Municipalities with more than 50,000 inhabitants also have competences on urban passenger transport and environment protection.

Apart from the competencies legally listed municipalities may adopt other competencies delegated by the regional government or services for which local government demonstrates that the regional level does not provide services and

that the local government may develop its competences with no risk for financial stability<sup>6</sup>.

#### IV.3. ANALYSIS of LOCAL PROGRAMS ON AGEING.

This section presents the results of ageing programs and activities of the selected municipalities for 2015<sup>7</sup>. The results are summarized in the following table according to the typology of municipalities previously introduced. The database consists of 146 programs aimed to address ageing in many dimensions (cultural activities, intergenerational relationships, social participation, cares services, among others).

Table 3 presents the results of the classification of 2015 programs according to the policy area they are more close to:

Table 3. Frequency of programs under policy areas on ageing

POLICY AREA	PERCENTAGE (Total number of programs)
HOUSING	4,8
SOCIAL PARTICIPATION	44,8
RESPECT AND SOCIAL INCLUSION	12,4
CIVIC PARTICIPATION AND EMPLOYMENT	5,6
COMMUNICATION AND INFORMATION	16,6
COMMUNITY SUPPORT AND HEALTH SERVICES	30,3
OUTDOOR SPACES AND BUILDING	8,3
TRANSPORTATION	3,4

Source: Own elaboration

Note: total number is higher than 100% because some programs are classified in two or more categories of policies.

Programs related to social participation are more frequent than the rest. These programs are directly related to the objective of “ageing in place”. By fostering social interactions these programs allow seniors to combat social isolation and become part of the community they live in. Along with social participation, community support and health services are mostly present in municipalities. In contrast with social participation programs, these second type of policies are capital intensive and demanding in terms of labour force.

The bulk of programs are referred to community support and health services in general terms. Nevertheless, some differences arise when the typology of municipalities is considered. The programs promoting social participation are more frequent among those municipalities with low gross disposable rent and a

<sup>6</sup>The Law 27/2013, dated December 27, of rationalization and sustainability of the Local Administration - LRSAL- has reformed the LBLG. The financial stability of local entities has been a guiding principle in that reform.

<sup>7</sup>Complete rapport (in Spanish) with these data <http://www.idluam.org/publicaciones/publicaciones-delidl/7679-informe-politicas-publicas-2>

large aged group. Among the most frequent programs, those labour-intensive and capital-intensive programs (i.e. health services and transportation) represent a 38,5% of all ageing programs in municipalities with low gross disposable rent and small elderly group. On the contrary, health services reach only a 23,4% of the programs in those municipalities with low level of gross disposable rent and large elderly groups. Concerning this type (IV) of municipalities, the highest percentage of programs corresponds to social participation (57,8%).

Table 4. Programs on ageing by type of municipality

POLICY AREA	TIPO I (rent H elderly L)	TIPO II (rent H elderly H)	TIPO III (rent L elderly L)	TIPO IV (rent L elderly H)
HOUSING	12,0%	6,7%	3,8%	1,6%
SOCIAL PARTICIPATION	36,0%	30,0%	38,5%	57,8%
RESPECT AND SOCIAL INCLUSION	8,00%	23,30%	0,00%	14,10%
CIVIC PARTICIPATION AND EMPLOYMENT	8,0%	10,0%	11,5%	,0%
COMMUNICATION AND INFORMATION	16,00%	23,30%	11,50%	15,60%
<b>COMMUNITY SUPPORT AND HEALTH SERVICES</b>	<b>36,0%</b>	<b>33,3%</b>	<b>38,5%</b>	<b>23,4%</b>
<b>OUTDOOR SPACES AND BUILDING</b>	<b>8,00%</b>	<b>16,70%</b>	<b>3,80%</b>	<b>6,30%</b>
<b>TRANSPORTATION</b>	<b>4,0%</b>	<b>3,3%</b>	<b>3,8%</b>	<b>3,1%</b>

Source: Own elaboration

Note: H (high level), L (low level)

Focusing on municipalities with high gross disposable rent, the percentages of programs corresponding to labour and capital intensive policies are higher than in municipalities with low disposable rent levels. Nevertheless, the size of the elderly group matters and when the elderly group is larger the percentage of community and health services decreases in both cases, municipalities with low and high disposable rent levels.

These results are reversed when programs producing intergenerational effects are considered. Social participation, social inclusion and communication programs are more frequent in those municipalities with large elderly groups.

The previous analysis points to the combined effect of economic and demographic factors.. The data lines up with the relationship expected in the second hypothesis. Municipalities of high rent levels and low percentage of the aged group frequently develop labour and capital-intensive programs. However, the relationship between economic resources of individual and capital-intensive/ labour-intense programs is not straightforward. In those municipalities where the aged group is high the percentage of programs on health and community support decreases.

The previous results also point to the prevalence of programs, which are no resources-intensive (i.e. social participation, and social inclusion) in those municipalities with low level of individual gross disposable rent.

Finally, there are no remarkable differences in the number of programs related to social participation and social inclusion between municipalities with low and high aged groups. Those municipalities with small aged groups does not present more frequent programs not oriented to elderly care as the third hypothesis suggested.

The programs on ageing seem not to be necessarily determined by the demographic characteristics of the population. Economic resources also explain the choice for the different types of policies. A further implication of this scenario is that divergence between municipalities may be the most predictable outcome due to the differences in both economic and demographic characteristics and the connection with public policies.

## V. DESIGNING POLICY ON AGEING

The previous analysis has provided limited information on the content of the programs on ageing. In order to gain a better understanding about the priorities and preferences of policies on ageing, this section reports the results of in depth interviews with the directors of the departments in charge of programs on ageing in five large municipalities in the region of Madrid, including the city capital<sup>8</sup>.

The questionnaire was organized around two dimensions. The formal dimension addressed the policy-making process and the main actors involved in policies related to ageing. The second dimension was focused on the content of public policy, that is, the preferences and priorities in defining and implementing the programs on ageing. Regarding to the priorities and objectives an special emphasis was put on the impact of the contemporary scenario of fiscal restraint.

### V.1. Formal dimension.

Public policy on aging involves different type of programs and public services whose competences are distributed at different levels of government. Having in mind the broad consensus on the priorities of the public agenda on ageing (i.e. active ageing and the promotion of the silver economy), a high level of interaction between those different levels of governments is expected. Furthermore, the analysis has stressed a potential differentiation of the political response to ageing depending on the level of economic resources and the demographic characteristics of the municipalities. Therefore, guarantying equality in the access to social services and equal treatment regardless of the place of residence is supposed to imply high coordination between the different governments.

Local authorities reported that local governments are mainly connected to the regional administration in ageing policy. Other levels of government (state and European institutions) play a minor role. The ground of the local-regional cooperation is twofold. Local authorities receive financial assistance and technical advice from the regional government. To this regard, and considering the fiscal strain period public officials stress the fact that budget allocated to aging policies

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<sup>8</sup>Municipalities of Madrid, Rivas, Fuenlabrada, Alcobendas, Alcalá de Henares.



has increased and it has mainly oriented to tackle the most demanding issues (i.e. social exclusion and assistance to dependent persons).

The role of other actors is reported to be marginal. There is a marginal relationship with other municipalities due to the fact that differences in the capacities of administrations prevent the transmission of best practices. Nevertheless, when technical knowledge or assessments of social needs are required the policy-making process is open to other actors such as Universities or seniors associations. The latter receive also financial support from the administrations.

The connection between actors in the policymaking process presents a bilateral pattern with a lack of coordinating spaces or multilateral negotiation arenas. In 3 out of 5 cases, local authorities reported a downward trend in the support received from the regional and central governments.

The design of political programs addressing ageing is characterized by transversality. In other words, programs, and actions involve the participation of different departments in the local administration. The participation of the different administrative units does not follow a permanent and structured way but it is project driven. Depending on the type of plan or program several departments are required to participate.

Finally, a common trend in all cases analysed is the externalization in the provision of social services related to ageing policy<sup>9</sup>. Therefore, institutional actors are responsible in the definition and assessment stages rather than the implementation of projects and programs.

## V.2. Substantive dimension.

As the objectives of programs and plans are concerned, active ageing is the first priority in all 5 cases analysed. This emphasis on active ageing has several implications. First, if the centre of gravity moves from assistance services to promoting active ageing the opportunities for municipalities are not so determined by their level of economic resources. Second, and since active ageing is related to social participation and the prevention of social exclusion, these type of programs are not so demanding on economic resources either labour force. Therefore a convergence trend among the different type of municipalities is expected.

In 2 out of 5 cases analysed ageing programs were parts of a comprehensive plan whereas in the rest of municipalities aging programs belonged to a more general strategic plan for the city.

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<sup>9</sup> A detailed analysis of the externalization process in social services to the elderly has been performed by the Public Policy Analysis Group of the Autonomous University of Madrid (Navarro et al. 2017).

A deeper look into the activities and programs shows that there is a high convergence in terms of the content of political actions. Table 5 provides the concrete actions under each of the priorities of the ageing programs.

Table 5. Content of ageing programs

<b>ACTIVE AGEING</b>	<b>DELIVERING HOME CARE</b>
Lifelong learning	Telecare and alarms
Sport facilities	Meals delivery
Cultural activities	Housekeeping or domestic work
<b>PREVENTING SOCIAL ISOLATION</b>	Personal care (washing, dressing)
Citizens´ participation	Nursing and health care
Supporting seniors´ associations	<b>SUPPORTING CARERS</b>
Promoting volunteering	Training for carers
Promoting sharing homes	Self-help groups
Urban vegetable gardens	Direct payments to family carers (in addition to those included under the Dependency Act scheme)
<b>ASSISTANCE TO DEPENDENT ADULT</b>	<b>BASIC SOCIAL CARE</b>
Information	Poverty
Adapted public transportation	Abuse
Libraries for seniors	Social aisolation
Legal assistance for housing mobbing	Immigration
Technical and economic support for adaptation of housing	Vulnerability/Fragility
Social housing	Prevention of abuse
Day care centres	
Residential care homes	

Nevertheless, fiscal strain has directed local aging policies towards seniors with special needs or at risk of exclusion. In the opposite, public officials place the improvement of public management or transportation and infrastructures.

## VI. CONCLUSIONS.

This paper has characterized the ageing process at the local level in the region of Madrid. The most significant trends for the period 2000-2014 can be listed as follows: (1) the age group of 65 and above represents a 14,5 of population on average, (2) there is a high level of heterogeneity between municipalities, (iii) age groups are uneven distributed. As a consequence, demographic diversity better than ageing describe the demographic scenario at the local level in the region of Madrid.

Concerning the economic implications of ageing, there is no a clear relationship between economic magnitudes (aggregate and individual) and ageing. Economic factors are determinant though for explaining how local governments address the ageing process both in terms of preferences and the type of programs.

To this regard, the analysis of the ageing programs in 2015 suggests that economic factors are instrumental in explaining the type of policies promoted by local governments. Municipalities where individual gross disposable rent is high invest on type of services more capital-intensive (i.e. care services and health). On the contrary, municipalities with a low level of individual gross disposable rent on average are more focus on less demanding policies in terms of capital and workforce (i.e. social participation, prevention of social exclusion). In addition to economic factors, ageing policy is also affected by the size of the senior group. Municipalities with smaller senior groups also tend to invest on health and community support services although the gross disposable rent is below the average.

These results point to the fact that ageing policy is mainly economically driven. This scenario tends to increase the divergence in the political response to the ageing process between municipalities. However, the emphasis on active aging programs counterbalances that situation towards convergence. In addition to that, the current situation of fiscal strait also foster the consensus on the priority of ageing policy at the local level towards the most vulnerable groups and those at risk of social exclusion.

These results confirm also the understanding of ageing politics as one of the key areas for public policy practitioners. Several reasons account for this. First, ageing policies require overarching plans involving different policy areas (transportation, housing, social services, among others). Second, ageing policies have a multiplier effect since the policy effects expand to other age groups and economic actors (i.e. decisions on the externalization of the social services, the promotion of the silver economy, among others)

The challenges of ageing policies are notable: (i) improvement of the coordination between the administrative units with competences, (ii) the mix between public entitlements and private management of social services, (iii) the heterogeneity in the demographic trends that requires global actions, at least at the regional level.

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## ANNEX 1.

Table 2. Sample of municipalities.

MUNICIPALITY	GROSS DISPOSABLE RENT	AGING (percentage of group 65 and over)	SOCIAL EXPENDITURE-PER CAPITA	POPULATION 2014
Alcalá de Henares	14510,35	14,40	65,29	200768,00
Alcobendas	22093,49	13,86	117,73	112188,00
Alcorcón	14835,77	19,34	139,88	170336,00
Coslada	13903,56	12,78	72,11	88847,00
Fuenlabrada	12240,82	8,19	90,23	195864,00
Getafe	14464,58	17,54	75,40	173057,00
Leganés	13522,20	18,81	100,94	186696,00
Madrid	18754,46	20,19	128,06	3165235,00
Móstoles	13220,50	14,67	79,02	205712,00
Parla	11876,41	8,47	94,36	125323,00
Pozuelo de Alarcón	30078,34	14,29	49,41	84360,00
Rivas-Vaciamadrid	17101,91	5,42	63,79	80483,00
Rozas de Madrid (Las)	24937,59	10,61	80,53	92784,00
San Sebastián de los Reyes	17286,65	11,65	77,37	83329,00
Torrejón de Ardoz	13340,84	11,35	26,41	126878,00
MEAN sample	16811,16	13,44	84,04	339457,33
MEAN sample (MADRID EXCLUDED)	16681,61	12,99	81,10	151072,16
<b>MEAN COMMUNITY OF MADRID</b>	<b>14273</b>	<b>15,50</b>	<b>92.08</b>	