

The Resolution Foundation Annual Conference, summary note

The following note summarises the speeches, presentations and discussion held at the Resolution Foundation's fourth annual conference on 31 March 2009. The full day conference, attended by over 100 stakeholders with a wide range of experience and backgrounds, consisted of two sessions. The morning focussed on *Care and an Ageing Society*, whilst the afternoon session looked at *Financial Health and Money Guidance*. These represented the two areas of policy the Foundation has been working on since its inception in 2005. This note should be read in conjunction with the appendices available on our website which provide the agenda for the day, delegate list, and PowerPoint presentations used by some of the invited speakers.

Clive Cowdery, chair of the Resolution Foundation – please see supplementary slide pack

Clive opened the conference by explaining the background of the Foundation's work and how this reflected the format of the day.

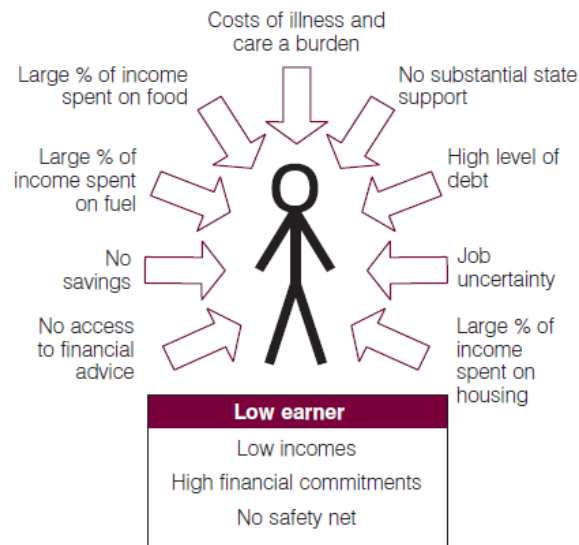
The Foundation's primary interest is the wellbeing of low earners in today's mixed economy. Established in 2005, the Foundation first explored how low earners accessed the financial services industry and looked particularly at the "advice gap" – where low earners are not well served by the commercial advice sector nor government or third sector schemes. Since 2008, the Foundation has focused on social care for older people, an issue of great concern to low earners who are often ineligible for state care but find care costs a significant burden.

Clive explained that this year's annual conference would be covering *both* of these areas – exploring key issues and describing the work of the Foundation in each.

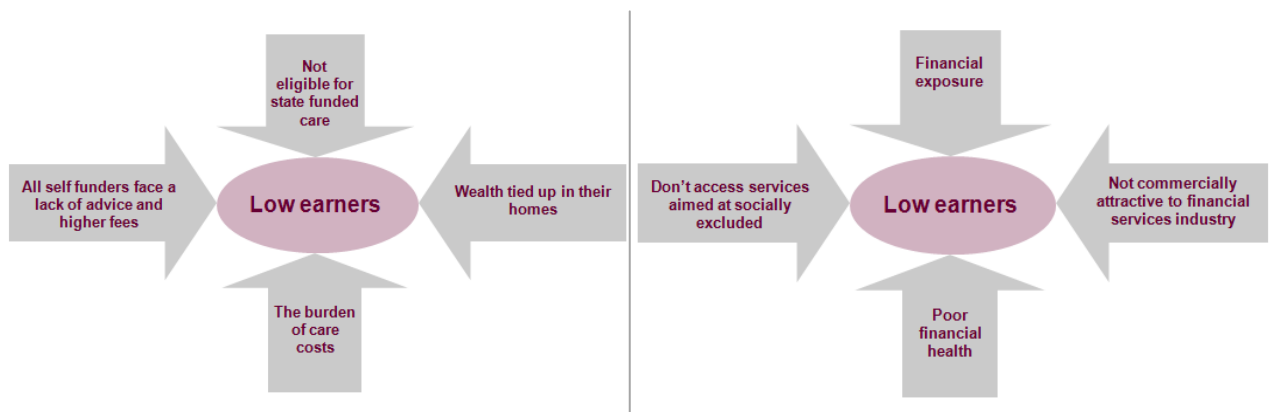
Clive then focused on the unifying theme of both of these policy areas – their relevance to low earners. The Foundation launched their first *Low Earners Audit* to coincide with the conference, a piece of research which explained the position of and challenges to low earners in today's mixed economy. Clive presented some of the highlights from this research, explaining how this group of over 13 million people were:

- **Overlooked** – policy-makers tend to focus on the most excluded members of society, assuming that everyone else is getting by
- **Squeezed** – as they are too poor to benefit from the full range of opportunities provided by private markets but too rich to qualify for substantial state support
- **Exposed** – to financial risk and the impacts of a recession due to a number of factors

How low earners are exposed



The areas of long term care and money guidance both illustrated the problems faced by low earners:



He concluded that, given the size and potential voting power of this group, he was surprised that no political party has targeted this group and promoted its interests.

Morning session – care and an ageing society

The first part of the day, focussing on care for older people in the context of an ageing society and intergenerational equity, began with Matthew Taylor’s keynote speech.

Matthew Taylor, Chief Executive, Royal Society of Arts

Matthew began by outlining three key issues:

- 1) The future is “grim” – that is, there was an imminent probability that public expenditure would be driven down at a time when the population was ageing and needed more care.
- 2) However, there is the possibility – indeed a necessity – of a fundamental shift in public attitudes towards our social values and how we want to live.
- 3) The focus of the argument is not on government, but wider society. The problems of social care cannot be met by the Government alone.

The future

There has been rationing of social care spending, increases in fees and tightening of FACS criteria within a context of *rising* public expenditure and a period of growth in recent years. The economic downturn will only exacerbate this existing problem. There is now likely to be a dramatic fiscal squeeze, which will see both an overall reduction in departmental spending as well as a reduction of welfare and benefits spending. Social care will have to fight for their share of resources alongside other services which often make a better case, have bigger constituencies, and focus on issues that people actually want to talk about (people don't want to think or plan for getting old).

Matthew suggested that social care spending will be very closely looked at, especially if it involves individual contributions. He concluded by suggesting that the aspiration for social care was one of a system which “got by”, not one where people thrived. However, he did feel that social care was the prime sector for job creation schemes and the investment in community and social enterprise.

Values in society

Matthew said that the recent economic downturn was not all bad news for social care. The recession was prompting a broader questioning of values in society, as more people recognise that our assumptions about society (i.e. the individualism that began in the 1970s) were no longer valid. Within the context of ageing, Matthew felt now was an opportunity to appeal to a “post crisis” society to promote dignity and well-being in old age in a more grounded way, in that the values that will carry us forward in the future are not the individualistic and debt ridden “madness” of the previous decade.

He went on to explain that the individualism of previous years and the inequalities that this generated was based on the concept that people are rational actors, maximisers of utility, and operating in a perfect market. This concept was no longer sensible, and referred to the lessons that have been learnt from behavioural economics and social psychology. These disciplines recognised that decisions are made within the context of human limitations and that, in fact, we are not suited to free markets and unbridled consumerism. Three key elements of behavioural economics helped explain ageism in society:

- i. Humans are not very good at acting on or understanding issues in the distant future, or planning over the long term. It is for this reason most people do not save sufficiently for retirement or care costs and why soft compulsion and other “tricks” to encourage this are effective.
- ii. We are not very good at predicting how we will feel in the future, assuming that we will remain the same as now with a new set of circumstances and underestimate our capacity to adapt and change. It is for this reason that people do not expect to be happy in old age and do not want to discuss the concept of ageing as a policy issue.

- iii. We assume our personalities are fixed and that happiness and satisfaction comes from financial or professional success and material objects. Actually, our personalities are based partly on a genetic pre-disposition and partly on our social contexts. Changes in wellbeing are only actually achieved through relationships and pastimes. The plasticity of our personalities and brains are such that we have the potential to learn new skills and have new interests later in life, but this is not recognised and older people do not always have this opportunity.

Matthew reiterated that our arguments for a shift in attitude towards older people can now be more grounded – based on a better understanding of who we are and how we become happy. This will resonate with a “post crisis” society. There are three factors to this argument:

- i. Valuing older people will create a happier society. Ageism is the only acceptable “ism” left in society, but for what reason? A happier society is one where we respect each other regardless of ethnicity, belief, and age, etc.
- ii. People need a sense of intergenerational responsibility to be good citizens. A good citizen cannot be indifferent to their children, and so cannot be indifferent to their parents or grandparents. Citizens are anchored in a generational process.
- iii. Being better prepared for a long and healthy old age is a significant contributor to personal wellbeing. People are scared of getting older so planning for old age can be a real source of reassurance and wellbeing in the present.

He concluded this point by claiming “values are back”, and that people understand what really matters to their wellbeing as the shine fades on consumerism.

Government-centric world

Matthew’s final point was that social care reform cannot be left to government. It must be understood within the context of an ageing society and debate amongst the public regarding the sort of society we want to live in. Therefore, the debate must be taken to the people for a profound conversation about the role of civil society, the community and the individual – not just the state and the market.

Question and answer session

Attendees of the conference were then invited to ask questions and comment on Matthew’s speech.

- It was asked whether Matthew thought we were at a “significant moment” in history as our values are re-examined. Matthew thought we were, and explained that governments were now facing a dilemma and were torn between trying to go back to the “good old days” of consumerism and high personal debt, and establishing a new framework for the future based on values. The latter had to be grasped.
- It was also asked what role leadership would have promoting intergenerational equity. Matthew responded by re-iterating his point that approaches should not be government-centric – that the third sector and the public in general needed to create conditions for better leadership, and that government had to consider policies and services in the context of civic capacity – i.e., whether its actions helped and encouraged people to look after

themselves. He also felt the third sector ought to shift its focus from government and target the public more.

- The point was made that behavioural economics did not always sit well with the concept of citizen empowerment, and might invite a more paternalistic approach and heavier regulation. Matthew countered this by saying that whilst behavioural economics demonstrated the limits of human rationality and cognition, the advantage we have as humans is that we *recognise* our limits and so can create frameworks where support and advice can maximise what we are capable of.

Sue Regan, Chief Executive, Resolution Foundation – please see supplementary slide pack

Sue began by outlining the Foundation’s work in the area of social care for older people, explaining that the Foundation had approached this issue in three phases:

1. Understanding the problem
2. Developing a vision
3. Steps to reform

The first phase’s findings were published in February 2008 in *Lost – low earners and the elderly care market* and in April 2008 in *A to Z – mapping long term care markets*. The former described how low earners found the care system inherently unfair, confusing, and required them to “fight” for what they were entitled to. The latter highlighted how the care market suffered from a number of weaknesses, including a complex interface between supply and demand, poor consumer understanding and a lack of access to information and advice, limited funding which incentivises remedial not preventative action, and limited supply options.

The second phase was presented in the form of a “new care architecture” in December 2008 in *Navigating the Way: the future care and wellbeing of older people*. This architecture identified seven key elements that needed to be in place to create a fairer and more efficient care market.

The Foundation’s care architecture

1. A national framework
2. Funding choices
3. A navigation service
4. A mixed market
5. Market ‘shapers’
6. Assessment and review
7. Eligibility testing



Sue explained that the process of getting from the problems of the current system to the implementation of a new care architecture was described by the Foundation as “steps to reform”. This would be a “twin track” process, with shorter term steps to improve the functioning of the current market taking place alongside the longer term development of a new funding settlement and a new National Framework enshrining a national minimum entitlement.

Sue reflected that this longer term development might learn lessons from the pensions reform, by forming a commission which could drive public debate and form a consensus around an intergenerational settlement.

She concluded by identifying three immediate steps for reform which could help improve the functioning of the care market over the shorter term.

- Information and advice
- Market shaping
- Accessing housing wealth

These three areas were the subject of the Foundation's ongoing research work, and the topics of the breakout sessions which followed.

Breakout sessions – please see supplementary slide pack

Market shaping

Claudia Wood, Head of Research and Policy at the Foundation, opened the session by explaining the concept of “market shaping” and its importance in a social care context. Market shaping in care means balancing the benefits of private markets with the protection of care as a “social good”. Market shapers had to deliver sufficient volume, variety, quality and affordability of care services. This implied a series of challenges and opportunities for local authorities, who, given the local nature of care services, were likely to remain a primary market shaper in the future even given the increase in the use of personal budgets. It could also pose a challenge for providers to adapt to a new more flexible way of working, and care users who would have to actively engage with the care market in order to get the most from the more flexible range of services on offer.

Jon Trigg, Strategy Director of A4E, facilitated the discussion which followed.

- The point was raised that the best local authorities had always stimulated and built markets in care, and had lots of experience in doing this from the transition to a mixed economy in the 1990s. The key challenge, therefore, was not how to ensure local authorities were market shaping effectively (as this was already achieved) but rather how to adapt to the development of micro-markets in the wake of personal budgets.

This point was countered by those in the breakout group who felt that not all local authorities were shaping markets effectively as some believed. Market shaping was not, as some claimed, “yesterday’s problem”, but actually still a very real challenge for many local authorities. Some felt that local authorities were not able to understand markets very well, particularly what happens when certain triggers were pulled. Local authorities had been unable to deliver stability and longer term planning.

- It was pointed out that over the past two decades, the local authority had gone from being a monopoly provider to operating often less than 10 percent of the market. Its commissioning processes are blunt tools and increasingly the setting of fees and prices were being used to

control the market. It was felt that the transition to greater personalisation and the changes in how local authorities and providers operated had to be handled carefully.

- The issue of ensuring quality in care markets was raised as potentially problematic if local authorities adopted a variety of different quality assurance regimes. A single national regime – the Care Quality Commission’s – had to be used.
- It was also felt by some that market shapers of the future ought to be care users themselves, through the medium of personal budgets. Personal budgets had come about due to pressure from the disability lobby in partnership with forward thinking local authorities, and this relationship ought to be built on to help plan future services.

This point was countered, however, by those who felt older people were less enthusiastic about personal budgets than younger disabled groups, and wanted services delivered publicly rather than through the private sector. It was suggested personal budgets, whilst not forced on people, should be offered to older people hand in hand with additional support to manage them effectively.

Housing Wealth

Matthew Whittaker, Senior Economist at the Foundation, began by updating the group on the work the Foundation was doing in this area. The Foundation was not looking at a long term funding settlement as yet but was focusing on how to improve access to housing wealth in the immediate term. Low earners are often asset rich and income poor, so accessing their illiquid wealth is very important to enable them to pay for care. Matthew commented that the existing products to enable access had not been popular, possibly due to supply- and demand-side problems. He posed two key questions:

- 1) What can the state do to help people access this wealth? Could we improve deferred payment schemes?
- 2) Is there more scope for sharing best practice and co-ordination with a view to solutions on a local level?

Peter Williams, former Deputy Director General of the Council of Mortgage Lenders, then responded by reflecting on the current economic situation as it related to housing wealth: there has been a reduction in the appetite for risk recently, and the value and volume of home ownership was on the decrease, so the mortgage industry was on the back-foot and the state may be looking again at how it can better regulate housing prices. The “*slow-shrinking*” of housing wealth meant younger cohorts will perhaps be taking mortgages into retirement with them.

He concluded that whilst the state is active in accumulation of housing wealth, it is inactive in its decumulation and this mis-match was a cause of many problems for people in later life. He posed similar questions to Matthew:

- 1) What is the role of the state?

- 2) What is the balance between national and local?
- 3) What is the balance between younger and older cohorts?

Discussion was then opened to the floor.

- It was suggested that the key question was how the state acts as an enabler, influencing behaviour and attitudes. As an example, we needed to address the benefit system and means testing.
- Concerns were raised that the impact on pension credit or council tax benefits may prevent people from seeking to release equity from their properties in later life. Matthew responded by stating that the Joseph Rowntree Foundation was looking into this issue in detail. Peter agreed with the concerns raised, commenting that current policy displays an uncertainty amongst policy-makers about the value of home ownership and there was an ambiguity in the system.
- It was suggested that the debate must shift from the disincentives to release equity from one's home, to the incentives to do so. Matthew agreed that incentives are much needed, as well as more confidence in equity release products. For instance, should there be a state-sponsored "kite mark" for housing wealth products? The US example was then referred to, where the government covers the costs of arranging equity release products – such as costs relating to no-negative equity guarantees – without providing the product directly, so it is more attractive for people. Relating to no negative equity guarantees, it was pointed out that most providers will hedge that risk against future market costs after the loan is drawn down. Although not such a prohibitive issue now, it has been in the past and perhaps again in the future.
- A comment was made that it was important to remember that this is an issue about overall housing stock, even if this is not reflected in government policy. It was felt the DWP, CLG and Treasury were working at odds with one another, with one department incentivising home ownership, while another is trying to get more housing stock on the market as a communal benefit. There is a need for more joined up thinking on this issue.
- There were concerns that equity release may not be suitable for younger cohorts as shared ownership of bigger units became more popular as an accumulation method.
- The debate then moved to discuss local authorities' deferred payment schemes and why there were such differences in take up between regions. Matthew suggested that these schemes are not designed to be a flexible product for care funding, in that they were used in situations where there might be an urgent need for residential care. As a result, they were

not seen as being used for long-term planning, releasing funds in order to pay for personal care within the actual home.

- It was suggested that someone needs to say that much of the equity locked in someone's home is *unearned* wealth and decumulation should be the natural option.
- It was asked whether equity release could be used to enable someone to stay in their own home and the drawn down wealth used for adaptations and improvements for older people to remain independent. Peter Williams voiced a note of caution, stating that such adapted properties were often sold on, the adaptations ripped out, then sold on again, only to be re-adapted once more, which made for an inefficient process.

Information and advice

The session began by Helen Aynsley, Research and Policy Analyst at the Resolution Foundation, explaining the need for information and advice services in care:

- The current care market is very difficult to navigate
- People need information, advice and guidance on a range of issues, delivered via a range of channels
- This should be available at both a local and national level
- Care is too complex for a one stop shop approach to advice, so a first stop model is preferable

Helen then went on to describe alternative methods of implementing a new advice service, ranging from relatively quick, simple and inexpensive approaches, to the more complex and involved implementation strategies:

Model A 'The bare essentials' (linking up existing provision but little more)

Model B 'Instant advice' (training front line staff to provide generic advice)

Model C 'Face to face advice'

Model C1 'Local accreditation'

Model C2 'Send out the staff'

Model D 'Local advice through Local Authorities' (using local authorities to coordinate existing advice partners at local level)

Model E 'All the bells and whistles' (creating a new advice service from scratch)

Madeline Starr, Strategic Projects Manager from Carers UK, then posed three questions for the group to debate and facilitated the following discussion:

1. What is the ideal balance between local and national provision?
2. How can information and advice organisations work together better?
3. How do you make it happen?

The following points were then taken from delegates at this session:

- It was asked whether, given the planned cuts in public expenditure, we ought to consider the costs of different advice models more closely. Helen responded by saying that as no exact care information and advice model existing which exactly matched the ones envisaged in her presentation, there were no exact figures. However, taking the example of Money Guidance (the generic financial advice service), establishing a wholly new system was likely to cost up to £50 million to implement. However, Helen pointed out that at the other end of the spectrum, Model A would build on existing provision and cost very little to provide coordination.
- A concern was raised that advice might be given without first understanding the problem fully and identifying the needs in question. One suggestion was to integrate the needs assessment process with the advice process. Helen agreed, and mentioned that the Foundation's care architecture work had suggested this very thing – combining a needs assessment with a universal advice service as a “gateway” to the system. Madeleine added that there was a need to consider the meaning of needs assessment – that this should be universally accessible, with supported self-assessment. While people are legally entitled to an assessment in the current system, they are often blocked before they can claim this.
- Concerns were raised regarding the current cuts in advice services around the country, regardless of national government rhetoric. The Foundation's proposals would be fighting the current trend towards cutting back on provision.
- It was suggested that we should think less about cost and more about the appropriateness of the service considered – care advice is so complex because it must include information about health, housing, employment, and care in a holistic package. It was critical to build on existing services, such as CAB.
- In the immediate term, it was felt Model C may be successful in building on brands that people already trust, and a form of accreditation may work. It was also suggested that people want face-to-face advice and delivered at local level – care advice is difficult to give on a national level (although others disagreed with this point.) The example of FirstStop Care Advice was also seen as very important as a model achieved through voluntary sector funding that can feed down to local level.
- It was pointed out that it would be important to consider *what* people were navigating, and to develop a clear map for people to follow. People needed a good ‘road map’ with options for specialist help. This implied less multi-agency work and fragmentation, and more single and seamless processes. For example, a single and simple assessment was needed with clear outputs, rather than the generation of endless assessments that was currently the case.

- It was also seen as important to look at the role of the government departments in terms of the information they produce, such as DWP and HMRC. Very often departments had different agendas, and conflicts between the aims of local authorities and government bodies. It was important not to just dump information on a website, but actively give advice in an accessible and understandable way.
- Finally, it was pointed out that we must recognise the importance of advice as tailoring information to the particular specific needs of each individual and developing a range of strategies together to decide a way forward; in a sense ‘personalising advice work’. This included care users, but often their relatives and friends who were seeking advice on their behalf.

Plenary session

Stephen O’Brien MP, Conservative Shadow Health Minister

Stephen began by pointing out that social care for older people remained an important constituency issue, but there was little evidence to suggest it was an issue which had traction with voters. Whilst polling regarding the NHS and pensions were both carried out, there was little polling on local authority services, care, social care, older people and related issues.

He suggested that if the older care lobby wanted to “catch” the attention of politicians, evidence was needed to show that people saw it as a voting issue and that it was a political priority.

Stephen then went on to commend Barbara Keeley’s cross party work in the area of care. He said that both he and Barbara carry out all-party activity on this issue and that this was very important, as rising above party politics where possible in this area was vital. He suggested that the Government should ask him and his Liberal Democrat counter-part, Norman Lamb, to come to a round-table and have a real cross party discussion regarding care reform, though he acknowledged this might be ambitious in the year of an election.

Stephen then went on to refer to the Government’s commissioned work on private funding vehicles for care, which he criticised for focussing on drawing down housing equity for residential care to the exclusion of other care options, as well as the prospect of buying bonds, which would not be appropriate for low earners. He next outlined some of the recommendations the Conservative Party would be developing:

- Greater integration of health and social care, in creating joint commissioning and joint individual budgets, and closer work on emergency admissions and discharge;
- Investment in telecare;
- Investment in dementia and Alzheimer’s research;
- A reform of NICE panels to take into account the societal costs of withholding treatments of conditions like Alzheimer’s disease; and
- More flexible working and planned respite care for carers.

Stephen called for costed options in the forthcoming Green Paper. He referred to Tony Blair’s comment whilst still Prime Minister that it was clearly “unfair” that someone should sell their home

in order to access care. This question had to be re-examined, to balance access to housing equity without penalising savers. The Conservatives favoured a limited liability model but felt that the argument of intergenerational fairness, and where responsibility lay for care funding, had only just begun.

Norman Lamb MP, Liberal Democrat shadow secretary of state for health

Norman began his speech by claiming that the current care system was “broken”. Pernicious means testing penalised savers, and that the increases in charges and rationing were creating grossly unfair outcomes. He referred to the Healthcare Commission report, published that day, which uncovered ageism in the mental health system, and also criticised the investment in the NHS whilst social care remained underfunded, even though care helped prevent increases in NHS costs.

He went on to pose the question – how can we ensure a better and more sustainable social care system in the current economic climate?

He referred to the Scottish system, where the level of individual contributions is set and spending on care is higher than in England. The quality and availability of care has improved, with no negative impacts on informal care. However, this is proving unsustainable in terms of costs. Therefore, a new care system must:

1. Have more dedicated spending, but from a sustainable source
2. Focus on quality
3. Provide maximum freedom to the individual and their family to control how their funding is spent
4. Focus on wellbeing and prevention
5. Support self funders with information and advice, and other support

In the light of these factors, the Liberal Democrats plan on following the recommendations of the Wanless review and want to see a co-payment system for care funding. However Norman recognised that equity and sustainability over the longer term may require additional supplements – insurance would have to play a part.

Norman echoed Stephen’s sentiments regarding the importance of building a consensus regarding care reform, in order to form a rational approach to reform above party politics. He suggested this could be done with a Turner-type commission as was used for pensions’ reform. Although he acknowledged the issue of care may be buried due to the election, he stated it was the responsibility of everyone working in the field to keep social care reform at the forefront in the run up to the election, and push for a consensus afterwards.

Barbara Keeley MP, Assistant Government Whip

Barbara began by responding to Norman and Stephen’s mention of ageism in the health and social care sector by pointing out that the imminent Equality Bill would outlaw age discrimination.

However she also acknowledged the scale of the wider problem – the costs of health and social care had risen, and would contribute to rise, at a time when revenue was falling (due to the recession but also the reduction in the working age population).

In the light of this, Barbara echoed Stephen and Norman’s support for a cross party consensus around care reform, saying the issue should not be a vehicle for point scoring in the months ahead. It was important to raise awareness for the need for reform, which would inevitably politicise the issue, but it could not become party political as the decisions made would have a longer term impact, beyond the current and next governments. She said she would pass on Stephen’s request for a cross-party round table on this issue.

Barbara went on to outline a number of key factors that would be important in building a consensus around care reform:

The first would be to define the concept of “fairness” and equity. Did this imply consistency nationally and locally? Fair access to care and universal information and advice? Did fairness involve fairer needs testing and assessments of people’s conditions, a fair funding split or justice within families for informal carers?

A second important task is to raise awareness among the public of social care and care reform. Given the complexity of the system, the Government cannot simply poll the public – myths of the post-war settlement may be a barrier to the debate, and the Government needed to explain the issues. However, Barbara acknowledged that telling people “social care has never been free and you have to decide how to pay for it” may not be a political priority for any party in an election year. Nevertheless, Barbara disagreed with Norman’s assessment that the system is “broken” and that it would be unhelpful to present it as such – people would not be encouraged to invest in the system if they believed it was beyond repair rather than simply in need of some improvement.

A third important element of building consensus is to engage younger people. Younger generations are more worried about their student debt and getting on the housing ladder, so asking them to consider investing in long term care insurance and saving for retirement is a real challenge.

It would also be important to involve carers – often informal carers are simply too busy to attend debates and contribute to consultations, but this group had to be engaged given their significant role in delivering care.

Finally, short term improvements to the system, with a focus on driving up quality in residential and domiciliary care and lessening the burden on carers, would be critical to demonstrate to people that the system was capable of improvement and encourage investment in it.

Barbara concluded by reiterating and summarising the elements she felt were needed to build a consensus regarding care reform:

- Avoid political point scoring
- Agree a definition of the principles of fairness and equity
- Build confidence in people to invest in the current system
- Deliver short term quality improvements, meet unmet needs and lessen the burden on carers

- Involve the old, young and carers in a public awareness raising strategy and debate

Question and Answer Session

A number of comments and questions were taken from the audience in response to the three speeches presented by Norman Lamb, Stephen O'Brien and Barbara Keeley.

- Norman Lamb's assertion that the system was "broken" was questioned – and that care might be better described as unsustainable in the future. Suggesting the current system was broken would require significant and immediate public investment, which would simply not be feasible. Norman countered this by stating that the care system was certainly failing individuals, if not systemically.
- It was suggested that many more people were willing to prepare for retirement through a pension, rather than consider "betting" on needing care, and that perhaps care funding problems might be resolved through pensions reform. It was asked whether the Turner Commission had "missed a trick" in not dealing with the care question at the same time as pensions. Norman and Stephen both agreed with this point, though Stephen stated he would not want to see a "Turner II" for care reform as Norman as suggested, as this might delay the reform process still further.
- Concerns were raised that none of the panel had mentioned the importance of the care workforce in their presentations, and that the issue of a two-tier workforce in care (with one very much underpaid and undervalued) was mentioned. It was questioned why there was to be a Green Paper for adult social care, and a separate Green Paper on the care workforce – surely they should have been part of the same strategy? All the panellists agreed that the workforce was important. Stephen commented that he had always been critical of the Government's "serial green papering" and agreed that the Green Papers on adult social care and the workforce should be a single document.
- It was asked whether the Government should lead by example when it came to the younger generation and encourage saving, though Stephen countered this by stating that the current recession had undermined the value of being conscientious, saving for retirement and investing in property. What was more important, he felt, was the development of products which were flexible and potentially linked to pensions savings which would incentivise contributions to care costs without penalising savers. The Conservatives were working on such proposals and Stephen was optimistic this issue could be resolved.
- Regarding the problem of intergenerational equity more widely, Stephen said much more had to be done on this issue. In the context of families moving further apart geographically and having different and fragmented structures, incentivising familial responsibility was a huge challenge. Norman Lamb agreed, pointing out that that the pressure of student debt, employment and housing for younger generations would mean encouraging intergenerational responsibility would need a "massive rethink". Finally, Barbara Keeley also agreed that the issue of intergenerational equity had only really been touched on and there was a huge lack of understanding between older and younger generations. Older people who have worked hard, saved, paid national insurance and cleared their mortgages felt it right to keep their housing assets rather than use it to pay for care, and did not understand why younger generations felt this was a selfish approach. Conversely, there was not enough consideration among older people of the impact of taxation on younger people. Barbara also

referred to justice within families – that two thirds of care was delivered informally by family and friends, and this included younger people. Geographical separation would be a real challenge in the future as families tried to care remotely.

- Finally, all panellists were asked to suggest what could be done to improve social care for older people immediately – such as a moratorium on all further FACS restrictions or fee increases.

Norman Lamb's suggestions included: information and advice for all older people, provided independently from the third sector; an end to the postcode lottery with portable care packages; and better pay and respect for care workers through the integration of health and social care teams to give the latter more professional worth and training opportunities.

Stephen O'Brien's suggestions for short term reforms included: transfers of NHS funding to social care to reverse the trend of an increase in acute beds and reduction in recuperative beds; the avoidance of a two-tier system of care and recognition that whilst many informal carers *want* to care, this should not be abused.

Barbara Keeley hoped to see low pay in the carer workforce addressed through the forthcoming Equality Bill. She explained that her constituency covered two local authorities, and could see firsthand how some local authorities performed better and some less well in delivering outcomes for older people. This variation had to be explored in more depth and addressed.

Afternoon session – Financial Health and Advice



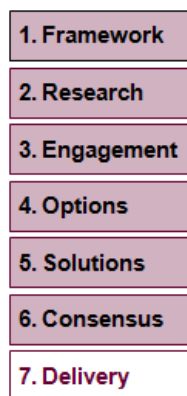
Niki Cleal, Director of the Pensions Policy Institute, opened the conference's afternoon session by welcoming new delegates and introducing the panel of Sue Regan, Chief Executive of the Resolution

Foundation, Otto Thoresen, head of the Thoresen Review of Generic Financial Advice, and Sue Lewis, Head of Savings and Investments at HMT.

Sue Regan - please see supplementary slide pack

Sue began by describing the afternoon’s conference session as a “celebration of progress” towards a financial advice service. She outlined the “seven step journey” which the Foundation had presented at its annual conference two years previously, pointing out that only the first two steps had been highlighted back then – now, only a final step remained.

The seven step journey



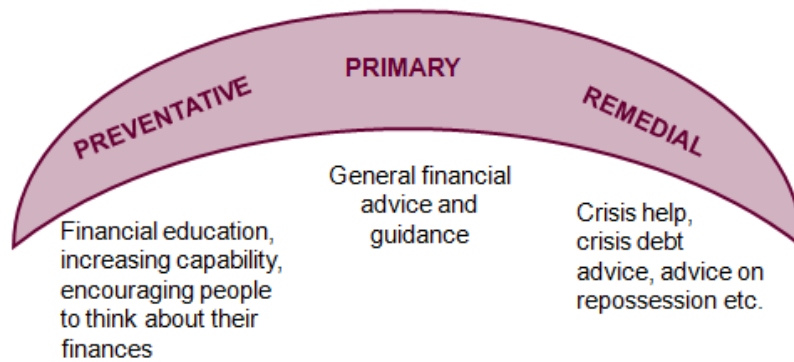
Sue outlined the Foundation’s work on generic financial advice:

1. Identifying the problem particularly as it related to low earners
2. Developing a potential solution in a model of a new national advice resource
3. Estimating the benefits of this model to the Government, financial services industry and individual consumers, and
4. Most recently, carrying forward the momentum of reform through the establishment of the Financial Health Forum

The Financial Health Forum, established by the Foundation in 2008, has a number of aims:

- Provide a strategic overview across financial inclusion and financial capability
- Identify gaps and overlaps that could contribute to improved delivery of financial health
- Make links with developments in financial services
- Consider consumer awareness of financial health related issues

In addition to the forum, Sue explained that the Foundation was developing a Financial Health Map and Financial Health Index to map the activities taking place in preventative, primary and remedial financial health services, and to quantify the level of the nation’s financial health at regular intervals.



Sue concluded by explaining that the need for a money advice service was now more urgent and important given the economic climate, stating that the Foundation’s research had shown that low earners are more indebted than in previous recessions and more exposed to the risks of a drop in income – timely money advice would be vital in preventing financial crises among this group.

Otto Thoresen

Otto began by recalling that he had made a positive and optimistic speech at the Foundation’s annual conference two years previously, and saw his role then as taking forward the Foundation’s vision of a generic advice service and handing it over to someone who could make it a reality.

He explained that demographic change had increased the need for people to become more financially responsible and capable, and that this had a range of benefits for the financial services industry, the Government and individual consumers. Furthermore, there was an ongoing need to build financial capability, with financial education earlier on in life a core component coupled with timely advice at key life stages (such as marriage and having children). However, better knowledge did not always lead people to make good decisions, and a Money Guidance service, which could help encourage good habits and engage with the financial services industry, would help fill this gap.

Otto went on to describe some of the key findings from the Thoresen review of generic financial advice, the final report of which was published last year. The review had consulted on the need for financial advice extensively, and commissioned a range of studies, including the running of two prototypes where eight out of ten people who had received advice reported to have taken some action within a few weeks. This reinforced Otto’s belief that a money advice service could have a fundamental impact on consumers.

Otto then went on to outline the review’s key conclusions regarding a future service:

- The name “generic financial advice” was unhelpful, and that “Money Guidance” was a more accurate description of the service needed.
- The service would need to cover budgeting, saving, borrowing, insurance, retirement planning, tax and benefits, and jargon busting
- It would need to be delivered via the phone, web and face to face.

- It would have to be impartial and independent from government and the financial services industry.
- It would have to be supportive, not critical of people's decisions, and free and universally available.
- It would not be a specialist debt advice service, nor offer regulated advice linked to sales.

A cost benefit analysis of a service such as this demonstrated a number of benefits to the financial services industry through increased consumer confidence and sales, to the Government in increases in tax and reduction in welfare benefits, to individuals in improved financial health, and to society indirectly as financial difficulties were often linked to stress, illness and family breakdown.

The Review had concluded in their final report that more work had to be done on the delivery of such a service, and the ways in which the target audience could be engaged. Its recommendation was to carry out a pathfinder to explore these outstanding questions, which has been taken onboard by the Financial Services Authority and HM Treasury.

Otto concluded by considering the future of Money Guidance. He said the economic climate meant that the service was more critical than ever, and made three key points:

- 1) The Money Guidance service will develop over time. The early days of the pathfinder will need tweaks, and the public and media will need to know this. It is important to manage expectations so people do not expect a perfect service straight away.
- 2) The current economic climate means there are likely to be more crisis contacts than under normal circumstances. The evaluation of the pathfinders needs to take this climate into account when estimating the future type and volume of clients.
- 3) The Money Guidance service must fit in with the landscape - particularly the Retail Distribution Review. Otto commented that Money Guidance was an excellent way of improving demand for financial products, and the RDR needed to improve supply as a result. He applauded the progress made by the RDR but felt it was still focussing too much on wealthier consumers. He urged the government and the FSA and the White Paper on financial services to do all they could to promote the mass market access of products to all consumers.

Finally, he said that in the current climate, there had been a great deal of damage done to people's trust in the financial services industry. This could often lead to people withdrawing from the industry – not buying products, not saving, and so on. Money Guidance would be vital in restoring people's confidence in the industry and encouraging engagement – a key factor in speeding economic recovery. Money Guidance would have a positive impact in and of itself in the pathfinder areas, but also would help test the system for a national roll out. Now was the best time to carry this out.

Sue Lewis – please see supplementary slide pack

Sue Lewis updated the conference delegates on the progress made by the Financial Services Authority and HM Treasury teams in developing and launching the Money Guidance service pathfinders, as recommended in the Thoresen Review's final report.

She began by briefly outlining the scope of the pathfinders – operating in the north east and north west, they would aim to reach 500,000-750,000 people via the telephone, website and face to face “money guides” in partnership with a range of local organisations.

Using the “Money Made Clear” brand from the FSA, people would be informed about the service by a range of referral partners (such as Sure Start Centres) and would be linked to a number of experts (such as TPAS) to refer people for specialist advice.

The service would be using local press, radio, TV, and trusted intermediaries to promote the service.

The subsequent evaluation would focus on people’s experience of the service, what was effective in engaging people to use the service, and whether people then acted on the advice being given and what their outcomes were.

Sue concluded by announcing that the Money Guidance phone line had gone live on the day of the conference, and that the formal launch would be taking place in the coming weeks. The number for the new service is 0300 500 5000. The pathfinders would run for one year but she also explained that the Government was considering bringing forward legislation to secure the longer term future of the service. Legislating for Money Guidance would allow for the continuation of the service beyond the pathfinder, if the service were successful, and a move forward to national rollout. Sue said it would be very difficult, in the current climate and if the pathfinder were clearly making a real difference to people’s lives, , to “turn the tap off” and restart the service after a period of consideration.

Question and answer session

Several questions and comments were taken from the floor.

- It was asked what role credit unions would have in the new Money Guidance service, as they had not been mentioned. Sue Lewis responded by saying that they wanted to engage more credit unions, and issued an open invitation for them to get in touch. Sue similarly suggested that post offices could be a local partner, when the possibility of using the post office bank was also raised.
- The question was posed whether, given the current economic crisis, the national roll out of Money Guidance should be carried out sooner. Sue Lewis said there was an issue of available resources, and capacity (i.e. numbers of trained staff able to man the phones and provide face to face advice) which meant a faster roll out would not be feasible. Otto was also against a faster roll out, saying the pathfinders had to learn how to spend resources effectively and hone its infrastructure to deliver the best service. Sue Regan disagreed, stating that the case for a faster roll out was very strong, but that the political will to do so was lacking.
- Concerns were raised that the commercial sector was not in a healthy enough state to provide reliable regulated (product based) advice for those people using Money Guidance who then wanted to make a purchase. Otto agreed with this assessment, stating that the financial services industry and the FSA had to think more creatively about providing more accessible regulated advice. However he also pointed out that much of the value of Money Guidance came from encouraging positive behaviours in people, rather than leading to a product sale. Sue Regan pointed out that the Foundation had been concerned about the

availability of product advice after contact with a generic advice service, and this had been the basis of the Foundation's investigation into comparison websites and recommendations that this sector became more reliable and transparent, as a key source of product advice for those consumers unable or unwilling to turn to regulated advice sources.

- It was asked whether the Savings Gateway would be integrated into the Money Guidance service. Sue Lewis said that, in so far as Saving Gateway accounts will be specific products, Money Guidance would never recommend products. The point was countered by delegates who pointed out that the savings gateway was a government scheme, not a commercial product, and could be positively promoted to help people save. Otto commented that the Money Guidance service had to be impartial from *both* the financial services industry *and* the government, and that the savings gateway, NS&I, etc., could not be actively promoted within a generic advice framework.

Sue Regan added that she hoped that the converse situation would occur – where the Savings Gateway (along with the Child Trust Fund, pensions statements and so on) would actively promote the Money Guidance service. Otto agreed – every opportunity had to be used to promote the service, but the service could not be used to promote products. Trust and impartiality had to be maintained, as once lost this was impossible to recover.

- When it was suggested that people would find it hard to understand the preventative purpose of Money Guidance and would assume it was a crisis and debt service, Sue Lewis and Otto both responded that they were optimistic marketing and the media would help develop a better understanding among the public, and this would evolve through wider use and word of mouth.
- It was asked whether the Treasury or FSA had considered capacity in financial capability more widely than simply the staffing of the Money Guidance service – i.e., whether the further education and community sectors had adequate capacity to deliver financial education and other services. Sue Lewis admitted they had not looked at capacity across the spectrum, only in the areas of Money Guidance and debt advice.
- The panel were urged to “think bold” when it came to providing advice, as there was a concern that advice would not be able to be given on market intelligence – i.e., if someone was paying a very high interest rate on their mortgage, money guides would be unable to say so given the rules around product-specific advice. Otto countered this by saying that money guides would be able to make such a comment, and Sue Lewis agreed that guides needed to go as close to the boundary of regulated advice as possible to avoid client disappointment. Sue Regan also agreed, saying money guides should always urge people to shop around regardless of their specific circumstances.
- A delegate wanted to know how many face to face advisers were there likely to be when Money Guidance was a national service, and whether these would be accredited. Sue Lewis said, on the basis of some rough forecasting, around 500 face to face advisers would be needed, and these would be accredited and monitored.
- Otto's comments that eight out of ten clients from the prototypes took action was picked up on, and he was asked why this figure was so high. Otto responded by saying their definition of “action” had been broad, and included informal action such as discussing finances with the family and so on, rather than concrete product purchases. He also acknowledged that the prototypes were small and numbers were indicative not representative. Sue Lewis said

she believed that the challenge for the service would be people's inertia – getting people to *want* to change was the main obstacle and she felt rolling out nationally would be much easier than the initial pathfinder establishment. Sue Regan commented that if half as many people took action nationally than in the prototypes, this would be a major achievement and would still have a huge impact on the population as a whole. The Foundation's own modelling work on this had assumed only a 10 or 20% action rate and still found this generated huge benefits to government and the financial services industry, for example.

The panel were then invited to give concluding thoughts. Sue Regan began by emphasising that people needed to be positive and nurture the progress being made. Otto agreed, saying that stakeholders needed to keep pushing and support the move, but warned that other parts of the financial capability (such as financial education) still needed improvement, and that the financial services industry had to help on the supply side. Sue Lewis ended the debate by appealing to everyone in the room to spread the message of the new service and encourage take up.

Clive Cowdery – Concluding thoughts

Clive began by summarising the proceedings of the day. The conference had launched the Foundation's *Low Earners' Audit*, and the day had covered two areas of importance to this group – long term care in the morning, and financial health and money guidance in the afternoon.

Clive commented that whilst there had been recent improvements in public service delivery and tax credits which had improved the wellbeing of low earners, he feared for the continuation of this trend in a recession. He urged all parties in their manifestos to consider the impact on low earners of the cuts made to public services, and said that whilst the Foundation would be continuing its work on long term care and money guidance, it would also be focussing on safeguarding the welfare of low earners during the adjustment period of the recession.

Clive then gave an overview of the morning session.

- Matthew Taylor called for a change in attitudes before social care reform, and felt we could use the economic crisis to re-evaluate the type of society we wanted to live and grow old in.
- The market shaping breakout session had focussed on local authority capacity; the information and advice session had recommended coordinating existing services rather than building new services; and the housing wealth session had recommended the Government underwrite the risk of equity release products to promote their take up.
- Clive said the plenary session which followed had been interesting and highlighted how much progress still had to be made. He said it was particularly key that all the panellists had stated the need for a lasting consensus for social care reform but that to date no steps had been taken to try and achieve one. He urged whoever formed the next government not to rule out a new Turner-style social care commission, as he was concerned that a lasting settlement might not be achievable without one.

Clive then applauded the progress made by the Money Guidance services and summarised the afternoon's discussion by saying that the crux of the debate was how quickly a national roll out ought to be undertaken. On this issue, Clive said he wanted to see "speed and caution" – he wanted

progress to be made as fast as possible whilst ensuring the resulting service was sustainable though future budgetary changes.

He ended by thanking Sue Lewis, who he met early in 2005 before the Resolution Foundation had been set up, to see whether the issue of money advice had any value. He said Sue had carried the torch for this issue and persisted through several changes of Treasury Minister, and thanked her for her ongoing work.

Appendices:

Appendix One – Agenda

Appendix Two – delegate list

Please see www.resolutionfoundation.org for supplementary slide packs

|

Appendix 1 - **AGENDA**

The Resolution Foundation's Annual Conference

31 March 2009, 10am – 4pm

Church House Conference Centre, Westminster

Morning session – Care and an Ageing Society

- 09.30 Arrival - tea & coffee served
- 10.00 Introduction and highlights of the Foundation's work on Low Earners: Clive Cowdery, Chairman of the Resolution Foundation
- 10.15 Keynote speech: *Society and ageing - time for a new paradigm?*
Matthew Taylor, Chief Executive, Royal Society of Arts
Q&A
- 11.00 'Steps to reform – how to create a fairer and more efficient care system'
presentation: Sue Regan, Chief Executive of the Resolution Foundation
- 11.15 Break out sessions:
- The future role of market shaping, Charter Room – Claudia Wood, Research & Policy Manager, the Resolution Foundation and Jon Trigg, Strategy Director, A4E
 - A future care advice and information service, Main Hall – Helen Aynsley, Research & Policy Analyst, the Resolution Foundation and Madeleine Starr, Strategic Projects Manager, Carers UK
 - Accessing housing wealth, Bishops Robing Room – Matthew Whittaker, Senior Economist, The Resolution Foundation and Peter Williams, freelance consultant

Coffee served

12:00 Plenary session:
Sue Regan, Chair
Stephen O'Brien MP, Conservative Shadow Health Minister
Norman Lamb MP, Liberal Democrat Shadow Secretary-of-State for Health
Barbara Keeley MP, Assistant Government Whip

Discussion and Q & A

12.50 Summary remarks and forward work plans by Sue Regan

13.00 Lunch served

Afternoon session – Money Guidance and financial health

14.00 Welcome from the Chair, Niki Cleal, Director, Pensions Policy Institute

14.05 Panel discussion with:

Sue Regan

Otto Thoresen, Author of the *Thoresen Review*

Sue Lewis, Head of Savings and Investments, HMT Treasury

Discussion and Q&A

15.20 Summary remarks and forward work plans by Clive Cowdery

15.30 Afternoon tea served and informal discussion

16.00 Close

Appendix 2 - Final Delegate List

John	Adams	Pensions Policy Institute
Tina	Alexandrou	Resolution Foundation
Paul	Allen	Abbeyfield
John	Andrews	Low Incomes Tax Reform Group
Dr Judith	Atkinson	National Pensioners Convention
Paul	Ayers	Vertex
Helen	Aynsley	Resolution Foundation
Sally-Marie	Bamford	International Longevity Centre
Elaine	Barker	Parent Focus
Christina	Barnes	Equality and Human Rights Commission
Peter	Barnett	Independent Consultant
Alan	Barton	Citizens Advice
Laurence	Baxter	The Chartered Insurance Institute
Dr Clive	Bowman	BUPA Care Service
Cara	Brown	Resolution Foundation
Ian	Buchan	IndependentAge
Michael	Chambers	Money Advice Unit, Herts CC
Andy	Chaplin	A4E
Adam	Clark	Toynbee Hall
Niki	Cleal	Pensions Policy Institute
Vicki	Combe	Alzheimer's Society
Frances	Corbett	NAPF
Clive	Cowdery	Resolution Foundation
Neil	Coyle	NCIL
Gillian	Crosby	The Centre for Policy on Ageing

Warren	Davis	FSA Money Guidance Pathfinder
Anna	Deibel-Jung	HM Treasury
Laurie	Edmans	Safe Home Income Plans
Antony	Elliot	Fair Banking
Joel	Elliston	A4E
Gail	Emerson	Transact
Karen	Evans	Association of British Insurers
Amanda	Farineau	Department for Work and Pensions
Matthew	Flinton	Bupa Care Services
Howard	Gannaway	NIACE
Hannah	Gladman	Tunstall
Mary	Gostelow	Independent Consultant
Paul	Hackett	The Smith Institute
Stephen	Hadrill	Association of British Insurers
Rob	Hailey	Abbey National
Tom	Hamilton	Health Policy Unit, Labour Party
Ted	Hart	AEGON UK
Richard	Hobbs	Beachcroft
Simon	Horner	Policy Adviser to Mark Hoban MP
Richard	Humphries	King's Fund
Nick	Hurman	Independent Consultant
Giorgia	Iacopini	NLGN
Athina	Ioannidis	Resolution Foundation
Jeff	Jerome	Association of Directors of Adult Social Services
Sandy	Johnstone	CCC
Alwine	Jones	Investment Management Association
Julie	Jones	Social Care Institute for Excellence
Barbara	Keeley MP	House of Commons

Des	Kelly	National Care Forum
Alexandra	Kemp	West Norfolk Women and Carers' Pensions Network
Helen	Kersley	Advocacy International
Mervyn	Kohler	Help the Aged
Norman	Lamb MP	House of Commons
Sue	Lewis	HM Treasury
Lord	Lipsey	House of Lords
Katy	Litt	Norwich Union
Andrew	MacLachlan	Consumer Focus
Prof. Gillian	Manthorpe	King's College London
Margaret	Marchetti	The Actuarial Profession
Kim	Maslyn	Kent CC Adult People Social Services
Amy	McLaren	Association of British Insurers
Susan	McLaren	DWP
Shareen	Meehan	
David	Metz	Financial Services Consumer Panel
Elizabeth	Mills	Homeshare International
Dean	Mirfin	Key Retirement Solutions
Annu	Mistry	Partnership Assurance
Delfina	Monteiro	Home Care Agency
Colin	Monteiro	Home Care Agency
Andy	Newton	FSA
Stephen	O'Brien MP	House of Commons
Trish	O'Flynn	Local Government Association
Eddie	O'Hara MP	House of Commons
Sofija	Opacic	WRVS
Anna	Passingham	Counsel and Care
Chris	Peel	A4E

Teresa	Perchard	Citizens Advice
Alison	Pope	Public Service Broadcasting Trust
Christine	Quigley	Transact
Sue	Regan	Resolution Foundation
Jason	Rose	Forester Life
Stuart	Royston	Life Academy
Chris	Rumsey	Retirement Plus
Sara	Siegel	Deloitte
James	Sillars	Department for Work and Pensions
Rosanna	Singler	CESI
Jean	Smith	National Pensioners Convention
Madeleine	Starr	Carers UK
Joseph	Surtees	Consumer Credit Counselling Service
Paul	Tarsey	Bluebird Care
Alison	Taylor	Turn2Us
Doug	Taylor	Which?
Matthew	Taylor	Royal Society of Arts
Otto	Thoresen	AEGON UK
Jon	Trigg	A4E
Rossanna	Trudgian	Mencap
Lord	Turnbull	House of Lords
Helen	Vallianatos	Association of British Insurers
Wendy	van den Hende	Personal Finance Education Group
Jane	Vass	Age Concern
Gary	Vaux	Money Advice Unit, Herts CC
Prof. Nigel	Waite	Financial Services Research Forum
Adam	Watts	Resolution Foundation
Alex	Webster	Payplan

Jackie	Wells	Independent Consultant
Matthew	Whittaker	Resolution Foundation
Peter	Williams	Independent Consultant
Claudia	Wood	Resolution Foundation