

222



The National Council on Ageing

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Ted Hart
Thoresen Review of Generic Financial Advice
Savings and Investment team (SAVI)
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

03 December 2007

Ref: JV/CB

Dear Ted

Age Concern comments on Thoresen Review Interim Report

We were very encouraged by the general thrust of the Review's Interim Report. We are particularly pleased that the Review believes that a generic advice service is needed, that it should be free to users and open to all, and that it should be funded jointly by Government with an industry levy. The report does raise some further issues which we would like to comment on.

Who needs a generic financial service and how can they be engaged?

We strongly support the Review's conclusions that the service should be open to all, 'on the user's side' and independent of any selling, and we support the proposed outcomes in paragraph 2.28.

The idea of using marketing to aim the service at a 'target' audience could be exclusive if it attempts to segment the market along traditional demographic lines – for example, marketing targeted just at young people may lead older people to assume that the service is 'not for them'. The 'vulnerability' analysis carried out for the Review suggests that there around 2½ million people aged over 65 in the two most vulnerable groups, and we are also concerned with the needs of younger people approaching retirement. We believe that any 'bulk' marketing aimed at younger people should be complemented by marketing and engagement strategies aimed at particular groups, such as older people, and around life events.

We agree that it is important to work through trusted intermediaries as described in Paragraph 2.42, and Age Concern are keen to play a part in this. With nearly 400 Age Concern groups and organisations spread through England, all of whom currently provide some element of advice and information, and with sister organisations in Age Concern Scotland, Age Concern Northern Ireland, and Age Concern Cymru, we believe that we are well-placed to do so. We would be very interested in taking part in any further pilots. We appreciate that some pilots have already taken place, but this

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work is intrinsically difficult to pilot, as it requires time to build demand, and we think it is likely that further pilots will be needed.

Designing the national approach

We support the proposed scope of the service, and the working definition, but believe that it is vital that, even if it does not carry out casework itself, the service should, from the outset, identify partners who can provide in-depth help when needed. Consumers will become disenchanted with the service if it can only give general guidance and provides no route to help with a specific problem.

We strongly support the concept of a 'hybrid' model, working in partnership with existing agencies. Although we agree that a central telephone and web-based service is needed, it will have to meet the needs of a very diverse range of audiences and it should complement, rather than compete with, existing telephone services and websites serving particular markets. Age Concern is keen to work with the Review and other bodies to ensure that the needs of older people are met across the system as a whole.

We agree that any partner organisations should be accredited – although it might not be necessary for the central service itself to carry out the accreditation process. However, the accreditation should concentrate on the quality of outcomes (through mystery shopping, for example), rather than process alone, and should work in tandem with other quality assurance systems currently used in the information and advice field, with passporting for those aspects already covered by existing accreditation. For example, local Age Concerns may already be covered by a range of quality assurance schemes, including the Age Concern 'Quality Counts' accreditation, the Community Legal Service Quality Mark, Investors in People and PQASSO. A generic advice service will also need to take account of the National Occupational Standards for Legal Advice and for Financial Advice, and the 'Advice Plus' quality assurance system being developed by the advice sector as a successor to the CLS Quality Mark. The Review Team might also find the quality assurance systems developed by the Office of the Immigration Services Commissioner (OISC) of interest.

The cost of accreditation could be a significant bar to some local agencies participating in this work – particularly those delivering face to face advice through a large number of offices. We believe that accreditation should be free for non-commercial bodies, as otherwise the cost will just displace funding raised elsewhere. There are precedents for this - the Legal Services Commission did not charge for accreditation for the CLS quality mark and we understand that the OISC does not charge for non-commercial bodies.

We believe that the GFA service should also be a grant-giving body. As the Review Team will be aware, existing advice services are under considerable financial pressure and will not be able to participate in delivering GFA except on a fully-costed basis. Grant-funding will also be valuable in the early days of the service, when the service will need flexibility both to deal with fluctuating demand and to develop innovative ways of meeting the need for particular groups. Even within the field of

older people there are very diverse groups: for example, older people who need home visits, black and minority ethnic elders.

We would like to see the service having partnerships in each part of the country to deal specifically with the needs of older people, perhaps initially through local 'hubs', or through 'visiting' specialists (for example Tax Help for Older People runs tax clinics for older people in some local Age Concerns). However, as the Review recognises, managing a 'complex network of partnerships and external relationships' will not be easy. Age Concern has experience of managing local delivery of national projects on behalf of Government, for example the DTI-funded 'ACADIA' project on age discrimination advice, and the DWP Pensions Education Fund project MoneyTrail, which is being delivered through a number of local Age Concern organisations.

We do want to strike a note of caution about the delivery of GFA in a commercial setting, e.g. within bank branches. We do not see how this can be consistent with the findings of the consumer research that consumers were 'highly sceptical of the financial services being involved' and felt that GFA should be delivered in a non-sales environment. The idea that delivery in a commercial setting could improve motivation to take action is also inconsistent with the reality that, to date, the financial services industry has not been markedly successful in turning round declining savings ratios.

Governance

There are no easy answers in finding the appropriate governance structure for the service, although we agree that it is essential that it is independent. For this reason, we would be concerned that the FSA would be seen as too close to government.

We note that the Public Legal Education and Support (PLEAS) task force has been grappling with the same issues. Its recent report (July 2007) recommended that:

A new PLE Centre should be created as an NDPB with statutory powers. Given the lead time in setting up such a body, the Task Force recommends the immediate establishment of a not-for-profit company to take PLE forward.

The Review's report cites TPAS as an example of a public body. However, it was originally established in 1983 as a charitable body and it has developed along a similar path to that proposed by the PLEAS task force. Setting up a new body, in whatever form, also has the advantage of starting afresh without any of the competitive conflicts that can occur between existing bodies.

Costs and funding

We strongly support the view that the service should be funded jointly by Government and by a compulsory levy on the financial services industry as a whole, including non-regulated companies such as consumer credit companies. We are not convinced that a compulsory levy would, in the long

run, necessarily lead to a great reduction in voluntary support, as voluntary sponsorship of projects benefits commercial bodies through the profile it gives their brands. However, there is a risk that the new service would displace existing funding for information and advice services, and we would look to the central service to provide sustainable funding.

We strongly agree with the Review that advice on personal accounts should be given by the service in the context of retirement planning as a whole.

As stated above, we would have grave concerns if the financial services industry were involved in delivering the system as accredited partners. We can see that there would be real advantages having staff seconded from the financial services industry, provided that it is clear that they are working for the service not their original employer. What would not be acceptable – or in keeping with the proposed ethos of the scheme – would be to have financial firms delivering un-regulated GFA under their own brand names.

I hope these comments are helpful and look forward to seeing the Review's final report.

Yours sincerely

A handwritten signature in cursive script that reads "Jane Vass".

Jane Vass
Financial Services Policy Adviser