



Thoresen Review of Generic Financial Advice Call for Evidence

Response by CCC

Introduction

CCC is a unique coalition of commercial, charitable and public service organisations with a mutual interest in seeking the best possible care for current and future generations of older people. CCC's [members](#) include care and housing providers and commissioners, trade and professional bodies, financial service providers and providers of information, advisory and advocacy services for older people. CCC, founded in 1992, was known as the Continuing Care Conference until 2004.

Overview

CCC welcomes the establishment of the Thoresen Review of Generic Financial Advice and is pleased to have the opportunity to respond to this call for evidence. CCC supports the Government's initiative in relation to financial capability and has responded to HM Treasury's consultation paper, *Financial Capability – the Government's long-term approach*.

CCC's short response is not technical and is limited to two specific aspects:

- the importance of current proposals not excluding people within the post-retirement sector, and
- the need for generic financial advice in relation to managing the cost of long-term care.

Should members of the Review Team wish to pursue any of the points this response makes in outline, we would be pleased to discuss them whenever convenient.

Scope of Proposals - Including the post-retirement sector

Since HM Treasury's consultation was announced, we have been given to understand that people who are in the post-retirement sector will not come within the scope of any proposals on financial capability and generic financial advice currently being developed. CCC is most concerned about this development which:

- will be detrimental to individual people who are post retirement, who will effectively be subjected to an exclusion from a helpful set of initiatives
- will be unhelpful in strategic terms, given the priority accorded by the Government to developing a sustainable funding model for care.

It is clear that adequate long-term care funding will require input from individuals as well as from the state and it is in everyone's interest that older people (and those who will be tomorrow's older people) are enabled to make appropriate financial decisions in that context.

The same considerations will apply to funding greater or lesser amounts of care at home as well as funding residential care.

Managing the Cost of Long-term Care

CCC's evidence concentrates upon:

- the need for generic financial advice in relation to paying for long-term care
- the complexity of decision-making in this area, especially in view of the vulnerability of many consumers
- the consequences of poor financial decisions
- wider strategic considerations

CCC cannot emphasise too strongly the need for proposals for generic financial advice to include retirement provision – ***and in particular signposting ways in which people may retain independence as long as possible and manage the cost of long-term care.*** It is important that the first staging posts for information and advice have universal application, ie that they are for adults of all ages. That includes people *throughout* the post-retirement stage of their lives.

Paying for Long-term Care: The need for generic financial advice

CCC's concerns about the need to signpost generic financial advice in relation to paying for long-term care formed a significant part of its work programme as long ago as 2003. The background paper for a Round Table discussion and the outputs of the discussion are attached as annexes to this short response.

Several of CCC's members operate helplines and provide information resources for older people, whether on their own account or in partnership with other organisations. They are therefore in a good position to provide a realistic assessment of the need for information, the extent and limitation of such services, and operational difficulties. If it would be helpful to the Review Team, CCC would be willing to bring together representatives of these organisations for a detailed discussion session with members of the Team.

Paying for Long-term Care: Complexity of decision-making

Broadly speaking, in relation to financing long-term care whether residential care or care at home, an understanding is required of

- tax and benefits
- care charging structures and means testing, and eligibility for fully-funded care
- the extent of local authority or state support, or disregards
- the scope of individual responsibility for paying for care
- the options available, in terms of financial decision pathways, not just the availability of products and services
- paying for care from income and paying for care from assets, and asset deprivation
- the means through which assessments can be challenged.

Consumer Vulnerability

Because most decisions about paying for care are made at the point of need rather than as part of a long-term plan, it should be recognised that decisions – whether by the person requiring care or by family members – are often made at a time of great stress and distress. The potential vulnerability of consumers makes it doubly necessary to develop financial capability and enable easy access to appropriate advice.

CCC agrees that a national approach to the provision of generic advice is required and strongly supports the Government's long-term aspirations of ensuring that:

- all adults in the UK have access to high-quality generic financial advice to help them to engage with their financial affairs and make effective decisions about their money;
- a range of Government programmes is focused on improving financial capability, particularly to help those who are most vulnerable to the consequences of poor financial decisions.

Consequences of Poor Financial Decisions

CCC is particularly concerned about the consequences of poor financial decisions in the context of paying for care, both for individuals and for the public purse. A person living at home may be denied the ability to pay for small packages of care or aids and adaptations, thus limiting their independence and well-being. If the money to pay for care runs out earlier than it might have otherwise with the benefit of advice, a care home resident may ultimately have to leave the room or home of their choice, which can be traumatic for a frail elderly person. The local authority will then have to shoulder the cost.

Developing Financial Products – The policy imperative

As the Health Secretary, Rt Hon Patricia Hewitt MP, acknowledged in October 2006, "The current funding method of social care isn't sustainable for the longer term". If any sustainable system of paying for care is to be developed it is likely that it will include an element of partnership between individuals and the state. Whatever form that takes, it is important that the consumer can have confidence both in the standard and consistency of the generic financial advice that is delivered. We are therefore pleased that progress has been made on quality assurance, developing standards of advice and developing a Generic Financial Advice Council and believe that these will be particularly beneficial in the context of long-term care provision in future.

In the broadest sense, consumer confidence and certainty in Government policy will help to create the conditions within which appropriate financial products may be developed to help pay for care¹.

CCC, April 2007

¹ For an overview of methods of funding long-term care, see [Private funding mechanisms for long-term care](#) by Sandy Johnstone, Joseph Rowntree Foundation, 2005.

ANNEXES

The two annexes attached to this response are a background paper for a cross-sector Round Table discussion convened by CCC in February 2003 and an outline note of that discussion, together with appendices on what should be covered by advice. The Round Table attendance list is also attached.

Although some developments have taken place since then, our overall concerns have not greatly changed and therefore the papers are offered unedited. That said, the 2003 discussion and papers concentrated entirely on advice issues relating to immediate needs financial products for residential care. CCC considers it necessary that similar consideration be given to advice on ways of funding domiciliary care – care at home.

The Round Table event took place the day after the Health Service Ombudsman upheld complaints about the refusal of NHS funding for continuing care, which placed in sharp focus the policy uncertainties that have caused particular difficulty in relation to paying for care. Although it is not appropriate for this response to itemise or focus on these uncertainties (which are not yet fully resolved) they represent an additional element of difficulty – which underlines the need for generic advice and an understanding of the context within which appropriate financial decisions are made AND makes the task of tackling advice provision in this area correspondingly difficult.

Schedule of Attachments

Helping People Meet Care Costs: Ensuring Access to Appropriate Financial Advice

- Annex I: Background Paper for Round Table Discussion (CCC, February 2003)
- Annex II: Outline Note of Round Table Discussion held at The Royal College of Pathologists, Friday, 21 February 2003
- Round Table Discussion Attendance List

CCC, April 2007