



## HM Treasury consultation on Financial Capability – the Government’s long-term approach

### Response by CCC

#### Introduction

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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.

CCC welcomes the opportunity to comment on the proposals contained within the consultation on the Government’s long-term approach to financial capability.

#### Overview

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CCC supports the Government’s initiative in relation to financial capability and agrees with its assessment that there is a gap in the market for affordable “generic” – i.e. personalised but unregulated – financial advice. CCC shares the Government’s concern that lack of access to advice can lead to poor financial decisions and the need for crisis intervention and agrees that a more preventative approach is needed. Indeed, 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.

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.

CCC notes in particular that the proposed review of policies and programmes includes “planning for retirement: making better use of pensions information to equip people to take decisions about their retirement; ensuring that the introduction of personal accounts is supported by appropriate information and generic advice”.

CCC cannot emphasise too strongly the need for proposals 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.

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.

CCC therefore strongly urges the Government to include people throughout the post-retirement stage of their lives within the scope of its proposals for developing financial capability. The financial needs of people change throughout retirement. Financial capability for retirement should encompass not only the earlier, more active retirement years but also later stages of life when assistance or care may be required.

## **Responses to Specific Consultation Questions**

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### **1. Scope**

**The Government proposes to review the role of financial capability in:**

- **services for children, young people and families;**
- **the schools curriculum;**
- **adult education, particularly adult basic skills;**
- **information for parents and carers;**
- **retirement planning, including the introduction of personal accounts and the annuities market; and**
- **the benefits system, particularly for jobseekers and social fund loan applicants.**

**Do these capture the programmes which can best help meet the long term challenges identified in Chapter 4, or are there any missing policies or programmes which the Government should consider?**

Programmes on retirement planning should be extended to include options for paying for long-term care, whether at home or in residential care, and ways of maintaining independence at home as long as possible. Understanding of the benefits system should be included within its scope and signposting to agencies that can assist in the navigation of what is a very complex system.

**2. The concept of financial capability can extend beyond knowledge of financial products and services. For example, it can encompass understanding tax and benefits, welfare issues, or skills in shopping around for utility or mobile phone providers. To what extent should the Government adopt part or all of a wider definition of financial capability?**

The Government should adopt a wider definition of financial capability.

For instance, 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.

CCC recognises that the financial education of younger people will concentrate on more immediate financial needs, but it would be irresponsible not to enable awareness of possible care costs, especially in view of the ageing of the population and increasing dependency levels within residential care.

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.

### **Building evidence**

**3. Chapter 3 sets out a number of current financial capability initiatives. Which programmes or initiatives – delivered by Government, industry or the third sector – have been particularly effective in raising levels of financial capability? What can the Government learn from these, particularly for delivering education, information or advice to people who are most vulnerable to the consequences of poor financial skills?**

Several of CCC's members have worked in partnership with other organisations on financial capability initiatives specifically for older people (eg Box 3.9).

Whereas members will respond on their own account about specific initiatives, CCC is particularly well placed to reiterate the benefits of particular approaches to education, information and advice with regard to people throughout the post-retirement stage of their lives, particularly ***within the wider policy imperative of developing a sustainable system of paying for long-term care.*** We therefore seek a meeting with Treasury Ministers or officials at the earliest opportunity.