



**Government Response to the House of Lords Select Committee on Public  
Service and Demographic Change Report of Session 2012-13:  
'Ready For Ageing?'**

Presented to Parliament  
by the Secretary of State for Health  
by Command of Her Majesty

July 2013

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# **GOVERNMENT'S RESPONSE TO THE HOUSE OF LORDS COMMITTEE ON PUBLIC SERVICE AND DEMOGRAPHIC CHANGE REPORT 'READY FOR AGEING?'**

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## **Foreword**

This Government welcomes the House Of Lords Committee on Public Service and Demographic Change report *Ready For Ageing?*, published on 14 March 2013.

The report shares our ambition of making this country one of the best places to grow old in. A country where older people get excellent care and support when they need it, where people are supported to live independently, where people plan and save to ensure a good retirement income in later life and where we make the most of the skills and talents everyone has to offer.

The Committee received and heard evidence and views from a broad range of organisations and individuals. These included the voluntary sector, academia, think tanks, the financial services industry, local government, NHS and central Government.

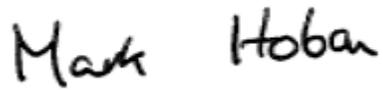
In the report, the Committee highlights the wide ranging issues relating to demographic change and public provision. The report contained 10 principal conclusions and recommendations for action across Government. In particular the committee emphasised the need for Government to respond to the impact of our ageing population on public service provision.

We must take action now to ensure we can all enjoy a secure income in retirement, continue to rely on the health and care system to meet our needs and benefit from security in wider public provision such as housing and transport.

We are committed to working across Government, with local areas and with the public to ensure we can all look forward to later life. That is why we are undertaking radical and substantial reform of public service provision, to help meet the demands of our changing society.

This response describes the wide reaching programme of reforms this Government has put in place and which we believe will begin to address the challenges set out in *Ready for Ageing?* Public provision must continue to adapt and respond as the needs and expectations

of the population change. This is not a one off piece of work but an important dialogue between Government and the public, which must and will continue into the next Parliament.



Mark Hoban  
Minister for Employment



Nick Hurd  
Minister for Civil Society.



Sajid Javid  
Economic Secretary



Norman Lamb  
Minister for Care and Support



Mark Prisk  
Minister for Housing



Steve Webb  
Minister for Pensions

## Summary

### Enabling people to live longer, more prosperous and healthier lives

1. Our country is and must continue to be a great place to live an active and fulfilling life into older age. The fact that people are living longer and healthier lives should be celebrated, not portrayed as a burden on future generations.
2. Our strategy is therefore about empowering individuals to fulfil their ambitions for later life and provide for their families, whilst promoting advances in diagnosis and treatment for ill-health and continuing to support the most vulnerable.
3. We are reforming public provision to ensure we meet the challenges of our ageing population and supporting people to stay independent for as long as possible.

### *Empowering individuals*

4. Each individual has personal responsibility for planning for their later life, making choices and exercising control. We must ensure that we support and enable people to undertake this planning, and remove barriers to people maintaining their independence.
5. Reform across the welfare and pensions systems along with reforms to employment laws will help support older people who want or need to work; meet the future requirements of an ageing workforce; and ensure more people are saving to improve their income in later life.
6. We are also introducing greater choice in the health and care systems. Work is ongoing to try to ensure we support everyone's individual housing choices, whether that is about moving to a smaller property or to stay in their current home enabled by adaptations.

### *Autonomy and accountability for local communities*

7. This Government has been clear that to respond to the key challenges faced by our society, we need to draw on the skills and expertise of people across the country and put more power into the hands of local communities.
8. Local authorities are better placed to make decisions about the needs of their local communities than central government and from 2013, local councils will be able to decide how most of their grants from central government should be spent in their area.

9. Local government is also now at the heart of driving forward health improvements through the role of local health and wellbeing boards and with devolved responsibility for investment in public health.
10. This response summarises a range of work being undertaken across Government to address the challenges set out in the Committee's report. However, as that report points, out major challenges remain.
11. Our approach is continuously evolving. Since *Ready for Ageing?* was published in March, the Government has taken further major steps to address the challenges of an ageing society including:
  - Announcing in February our intention to introduce a cap on the costs that people will have to pay for social care and a universal deferred payment so that people will not have to sell their home in their lifetime to pay for residential care
  - Announcing in March our backing for a new Big Lottery Fund supported Centre for Ageing Better to receive up to £50m of Lottery funding
  - Publishing in March *Living Well for longer: a call to action to reduce avoidable premature mortality* to focus attention on premature mortality and challenge the health and care system to do more
  - Announcing, on 10 May, a ban on consultancy charges which force pension scheme members to pay for pensions consultant advice to their employers
  - Introducing the Pensions Bill to Parliament in May 2013 to introduce a flat rate, single tier state pension from April 2016 and a statutory mechanism to regularly review the State Pension age
  - Introducing the Care Bill to Parliament also in May 2013, introducing changes to make the care system clearer and fairer, with a greater emphasis on choice and promoting well-being
  - Announcing, on 15 May 2013, more ambitious targets for dementia diagnosis rates – to increase to two-thirds by 2015
  - Announcing, on 26 June, a commitment to new pooled health and social care budgets worth £3.8bn from 2015-16
  - Publishing in July a call for evidence on quality standards in work based defined contribution pension schemes in the summer
12. We also recognise the need to continuously develop our thinking and that we have to consider how we can improve co-ordination of work across Government. We therefore also intend to:
  - Ask the Government's Chief Scientist to lead an analysis of the challenges of an ageing society

- Publish an assessment of key challenges in relation to retirement incomes including an analysis of the combined impact of existing measures
- Publish an action plan on measures to extend working lives
- Develop for the Autumn the detail of a new NHS England plan for vulnerable older people to cover primary care services; urgent and emergency care and removing barriers to integration
- Launch a consultation in the Autumn on proposals to cap charges on Defined Contribution pension schemes
- Publish a further response to the Francis Inquiry in the Autumn, setting out progress and next steps to securing compassionate care
- Work closely with the pensions industry and consumer organisations to explore Defined Ambition ideas with a view to publishing a paper.

## Section 1 - Extending working lives

The Committee concluded that in order to have enough income to support a good quality of life people should be enabled to extend their working lives if they wish to do so. Government and employers should work to end “cliff-edge” retirement by enabling more people to work part-time, and to wind down work and take up pensions flexibly.

### *Later working*

13. Supporting older people who want or need to work where they are able is critical to the economy and pension sustainability – and to the financial, health and wellbeing of individuals.
14. This is why on coming into power this Government took early action to remove a longstanding barrier to people being able to work for longer, by removing the ability of employers to have a default retirement age (DRA) unless there is an objective business justification. To continue the drive to extend working lives, the Government will publish an action plan later this year.

### *Deferring pensions*

15. Following the proposed reforms of state pension from 2016 people will continue to be able to defer taking their state pension in order to increase the value of their state pension when they do decide to begin drawing it.
16. In addition, a positive consequence of the widespread shift in the private sector from defined benefit (DB) to defined contribution (DC) schemes has been to bring greater flexibility to when people decide to take their retirement income. This is because the marginal benefit of an additional year worked in a DC scheme is the additional year’s contribution, and because of the more advantageous annuity rate due to shorter retirement.
17. Whilst for many it can be beneficial to defer taking their private pension, this might not always be the case. Although the report did not mention any specific disincentives or potential incentives relating to the regulatory requirements placed on pension schemes, we would consider reviewing any that are brought to our attention.

### *Moving away from ‘cliff-edge retirement’*

18. Retirement should not be viewed as an on/off switch and we agree on the need to encourage a cultural shift from the assumption that there exists a retirement ‘cliff-edge’ that you work full-time until a specific retirement age

then stop work entirely. Removing the DRA and increasing State Pension age is a significant step towards this<sup>1</sup>. However, we recognise that employers and individuals need to have access to information to understand how they can do this and why it is beneficial to business as well as well individuals.

19. This is why we worked with employer lead organisations across nine of the largest sectors to help employers manage removal of the DRA and to provide guidance and case studies to employers and business organisations on employing older workers and the business benefits of adopting flexible approaches to work and retirement<sup>2</sup>
20. In the second half of their working life, people may encounter a range of barriers; they may want to find more stimulating or rewarding work, or make better use of their skills and experience; they may want to change their working arrangements to accommodate changing circumstances, like caring responsibilities, health/disability issues, or reducing work pressures. The Mid-life Career Review project was announced in July 2012, funded by the Department of Business, Innovation and Skills, and is being undertaken by the National Institute for Adult Continuing Education, in partnership with the National Careers Service and Jobcentre Plus. It will aim to prevent early labour market fall out, as well as early consideration of work and retirement planning issues.
21. The Government also recognises that the ability to work flexibly including reducing hours is critical to enabling older workers to continue participating in the labour market. Evidence suggests that many of those approaching retirement would like to continue with some form of flexible working. Flexible working can enable people to phase their retirement in a way they find helpful, and also help employers to manage the transition.
22. On 13 November 2012 in response to the 2011 Modern Workplaces Consultation Government published its plans to extend the right to request flexible working to all workers. The intention is to implement the extension in 2014. This extension will enable all employees to discuss changes to the way they work with their employer and will help older workers make the transition into retirement in a planned and controlled way. It will also help older workers who have health problems or caring responsibilities stay connected to the labour market.

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<sup>1</sup> The IFS estimates that 85% of the increase in employment for 60-64 year-old women since 2010 is due to State Pension age increases.

<sup>2</sup> <http://www.gov.uk/government/organisations/department-for-work-pensions/series/age-positive>

## *Health & well-being of the workforce*

23. We recognise the workforce is ageing and this will have an effect on UK workplaces, so we will look to adapt our policies and initiatives to better reflect the ageing workforce and meet future workforce requirements.
24. The Government is also committed to improving the health and wellbeing of the UK workforce and reducing the cost and waste associated with health-related job loss and flows on to benefits.
25. Although most older workers remain as productive as younger workers and fewer take sick leave, the onset of health conditions increases with age. As a result, those over 50s who do take sick leave tend to be off for longer and many are at risk of leaving employment prematurely. How employers respond through supportive management, work adaptations and flexible working options can significantly impact on working up to age 65 and beyond.
26. The Government and leading business and age expert organisations are working together through the Age Action Alliance's Healthy Workplaces group and have developed practical resources to help employers effectively manage the health and productivity of an ageing workforce.
27. In addition, the Government response to the independent review of sickness absence in Great Britain, published in January 2013, announces a range of measures to support people of all ages with health conditions to stay in and return to work, including:
- A health and work assessment and advisory service offering free access to occupational health expertise for employers, GPs and individuals
  - Abolition of the Percentage Threshold Scheme (PTS) to address perverse behaviours among employers who rely on reimbursement through the scheme rather than actively managing sickness absence - funding from the PTS will be recycled into the new assessment and advisory service
  - Tax relief on health-related interventions recommended by the new service - relief will apply to employer payments of up to £500
28. The response made a clear commitment to address the requirements of an ageing workforce and the challenges of an increasing burden of chronic disease.

29. The Department for Work and Pensions (DWP) and the Department of Health (DH) have jointly commissioned RAND Europe to provide policy advice on how to achieve better employment outcomes for people with common mental problems (both diagnosed and undiagnosed), including people in employment and those out of work. The focus of this work will be to improve the alignment and effectiveness of health and employment services in relation to this group. This project is being supported by the Cabinet Office's Policy Contestability Fund. The *Psychological wellbeing and work* project will report to Ministers in the summer, with a report published later in the year.

*Back to work support*

30. Once out of work, unemployed people over 50 are more likely than younger people to remain unemployed for longer periods and are at higher risk of becoming economically inactive.

31. There are a range of factors which mean older workers often find it hard to get back into work. They are more likely than young people to be affected by disability or caring pressures, out of date skills or qualifications and discrimination (direct and indirect) by employers.

32. So in addition to engaging with employer facing organisations to challenge outdated assumptions about older workers, we are providing tailored support for older jobseekers through Jobcentre Plus and Work Programme.

33. We recognise that older job seekers can face specific age related barriers so are ensuring that advisors are equipped and can access specialist provision to address these needs.

34. The Government response to the Women's Business Council (WBC) on 4 June has announced the appointment of a Business Champion for older workers. In addition, Government will work with partners to publish a range of effective 'how to' guides and toolkits for employers, with practical solutions to help businesses adapt their recruitment and retention practices for older workers.

## Section 2 *Secure retirement income*

The Committee concluded that Government, financial services industry and employers should work together to make it clearer what income people can expect to get in retirement from the savings they make. In addition people should be supported to release their housing equity to pay for their care and support their income.

### *Reintroduction of earnings link*

35. The link between the basic State Pension and growth in earnings has been restored, ensuring that the basic State Pension holds its value against increases in income. Government has made a further commitment to increasing the basic State Pension by the highest of prices, earnings or 2.5%, meaning that in 2013-14, the basic State Pension is a higher share of average earnings than at any time in the past 20 years

### *Automatic enrolment*

36. A key development of the pensions system in recent years is the introduction of automatic enrolment into workplace pension schemes. DWP analysis has found that over 99 per cent of people can expect to be better off in retirement having saved than if they had not.
37. The workplace pension reforms will mean that, once enrolled, an individual's contributions to a defined contribution workplace pension scheme will be effectively doubled by an employer contribution and tax relief from the Government. There is no clearly identifiable group of individuals who will not benefit from automatic enrolment into a workplace pension.
38. With the introduction of automatic enrolment we expect more people to engage in the need to save for retirement, to see the benefits of doing so in a workplace pension and, over time, for saving in a pension to become more normal in society. Automatic enrolment will not by itself ensure improvement in confidence and engagement in pensions, but it provides a good base to build on.
39. In the first eight months of automatic enrolment (October 2012 to May 2013) around 670,000 people have been automatically enrolled into a workplace pension for the first time by over 600 employers (The Pensions Regulator, June 2013). So far opt out appears to be lower than expected, early indications from large employers are that between 5-20 per cent of individuals are choosing to opt out. Previous research suggested that up to a third of people would opt out. DWP will be publishing research on opt out later this year.

40. The Government will continue to encourage private pension saving and work to increase people's trust and confidence in, and engagement with pension saving, as set out in the recent strategy, *Reinvigorating workplace pensions*<sup>□</sup>.

#### *Single-tier pension*

41. The roll-out of automatic enrolment will be supported by the Government proposals to radically simplify the state pension system by replacing the current two-tier system of basic and additional State Pension with the single-tier flat-rate pension.
42. Whereas under the current system there is significant variation in state pension outcomes, under single tier we estimate that the large majority of pensioners could expect to retire on the full weekly amount of single-tier pension: by the mid-2030s the Government expects that over 80 per cent of pensioners will qualify for the full single-tier pension, rising to around 85 per cent by 2040. This will make it much easier to give those of working age a clearer idea about what their state pension will be when they retire, providing a firm foundation to support saving.
43. Setting the single-tier pension above the basic level of means-tested support will mean that future pensioners will have confidence that, with 35 qualifying years of National Insurance contributions or credits, they will be able to retire on a state pension that lifts them clear of the basic level of means-tested support and keeps them above it throughout their retirement. This is because the weekly amount of single-tier pension will be uprated at least in line with earnings, so would hold its value relative to the earnings-uprated means test. The reforms will therefore allow people to be more certain that they will benefit from saving for retirement.

#### *Reform of the pensions market*

44. We recognise the need to tackle certainty in Defined Contribution pensions. The current pensions market is dominated by the two extremes of defined benefit where employers bear all the risk and defined contribution where scheme members bear all the risk. With the potential growth of the market with automatic enrolment, and decline in defined benefit as described above, it is appropriate and timely to review the possibility of different shapes of pension such as Defined Ambition. This could offer more certainty for scheme members than pure Defined Contribution and less cost volatility for employers than traditional final salary defined benefit schemes. This Government will ensure that there is an appropriate legislative framework that supports such innovation whilst providing appropriate protection for members. On 1 July we laid draft regulations to ban consultancy charges in automatic enrolment

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<sup>□</sup> Department for Work and Pensions, 2012, *Reinvigorating Workplace Pensions*, Cm 8478, TSO.

schemes and we intend to consult on proposals including capping charges and extending the consultancy charge ban to all qualifying schemes this autumn.

#### *Working with the pensions industry and consumer organisations*

45. Since last summer, DWP has been exploring with the pensions industry how existing options and new ideas might be developed, and the scope for innovation. A Defined Ambition Industry Working Group was set up in August 2012. A Defined Ambition Consumer Perspective Group is considering the potential models from employees and employers perspective, with particular emphasis on smaller employers. Ideas from the Working Group and others were set out in the *Reinvigorating Workplace Pensions Strategy* published on 22 November 2012.
46. DWP continues to work closely with the pensions industry and consumer organisations to explore these ideas with a view to publishing a paper providing more detail this summer. This will include exploring the scope for defining a new regulatory framework that balances opportunities for risk sharing with an appropriate level of consumer protection.
47. We welcome the call to the pensions industry as well as Government to act in this area.

#### *Reinvigorating workplace pensions*

48. As outlined in the Government's recent *Reinvigorating Workplace Pensions* strategy, Government recognises the importance of contribution rates and is keen to encourage saving beyond the automatic enrolment 8% minimum level, where that is appropriate. However, some people may not be able to afford to do so and we need to be careful not to discourage these people from saving at all. We are keen to explore behavioural approaches, such as automatic escalation, to encourage people to save more.
49. The *Reinvigoration Workplace Pensions* strategy also highlighted the importance of scheme quality in Defined Contribution schemes. We are currently examining what more can be done to ensure people save in good quality Defined Contribution schemes. We have recently published a call for evidence on quality standards in workbased Defined Contribution schemes to help inform this. We will also publish a consultation in the autumn in response to the OFT's market study into workplace Defined Contribution pensions. This will set out proposals including for introducing a charge cap for default funds in qualifying Defined Contribution schemes
50. We agree it is important to make it clearer what people can expect to get from their pension as a result of savings they make. The Government is bringing

forward fundamental reforms to simplify the state pension system so that current generations of workers have a decent foundation on which to save for their retirement. Legislation already has requirements for members of Defined Contribution schemes to be provided with annual pension statements including an illustration of expected income (necessarily based on a number of assumptions) to provide clarity about what can be expected in retirement.

51. We consider a key element here is about certainty rather than just clarity of estimates - and this is what Defined Ambition is exploring. Defined Ambition is also exploring scheme structures (already possible under current legislation) that enable planning around an intended outcome, but the question of 'certainty' has been prioritised for more immediate consideration.
52. DWP is also exploring 'rules of thumb', aiming to provide some standard concepts about adequate savings and expected returns.

### *Fiscal Sustainability*

53. The Government is securing the pensions system for current and future generations by putting in place reforms that will ensure that pensions remain affordable and deliver a fair outcome across generations.
54. The Office for Budget Responsibility (OBR) assesses the sustainability of the public finances on an annual basis. The Government has already taken significant sustainability-enhancing steps such as the decision to bring forward the rise in the state pension age to 67 and recently legislated reform of public service pensions. These reforms were both noted by the OBR in their 2012 *Fiscal Sustainability report* as putting downward pressure on the growth in pension expenditure over the long term.
55. These sustainability enhancing reforms have been important in shoring up the sustainability of the public finances. The OBR's 2012 long-term projections showed public sector debt rising to around 90% of GDP in 2061-62 as a result of demographic pressures. On the basis of the 2012 projections, in the absence of reforms to pensions and additional fiscal consolidation announced between July 2011 and July 2012, public sector net debt would have been around 100 per cent of GDP higher by 2061-62. The OBR's Fiscal Sustainability Report 2013 released yesterday shows that reforms made over the past year have also improved the long-term fiscal position. Public sector net debt is projected to fall to 66% of GDP in the early 2030s before rising to 99% of GDP in 2062-63, as a result of ageing pressures. In the absence of policy actions taken by the Government over the past year, this rise would have been much steeper and public sector net debt would have been projected to be around 50 per cent of GDP higher by the end of the projection period

56. The Government is taking further steps to ensure sustainability and inter-generational fairness in pensions. The Government proposal for a regular review of State Pension age will help to ensure that the pension system remains sustainable, and that the costs of future increases in life expectancy are shared fairly between generations. Any future reforms will need consistent with ensuring the sustainability of the public finances.

### *Intergenerational Fairness*

57. Like all public sector bodies, the Government must comply with the Public Sector Equality Duty (PSED) in carrying out its public functions. The Duty supports good decision-making by ensuring public bodies consider how different people will be affected by their activities, helping them to deliver policies and services which are able to meet different people's needs.

58. PSED and its supporting regulations require public bodies to:

- consider the need to eliminate unlawful discrimination, advance equality of opportunity, and foster good relations between people with different characteristics; and
- publish information (at least annually) to show that they have done this and set equality objectives (at least every four years) which will promote these aims.

59. The characteristics that are covered by the Duty include age. The Equality Duty does not mean treating everyone the same: it means responding in a proportionate way to people's different needs.

60. The Government has adopted a systemic approach to considering equality as a matter of course in policy development and service design. For each decision that has the potential to have a substantial effect on equality of opportunity, Government officials consciously think about the requirements of PSED as part of the process of decision-making.

### Section 3- The health and care system

The Committee concluded that the NHS and care and support systems need to radically change to meet the demographic pressures and changing care needs of an ageing population. .

61. It is crucial that our health and care system adapts and responds to the changing needs associated with an increasing older population. To meet this challenge, local clinicians and care and health professionals must be put in charge, to design services to meet the needs of their local population, providing more personalised, higher quality and compassionate care.
62. In the new health and care system, clinical commissioning groups and health and wellbeing boards will work in partnership with their local populations and NHS England to identify and meet the health and care needs of their local populations.

#### *National health and care priorities*

63. Recognising the need for profound change in the health and care system, the Secretary of State for Health has set out a number of key priorities for the health and care system. These priorities respond to the need to continue to deliver high quality, compassionate care in the face of the changing needs of the population and the pressure of operating in increasingly tight financial constraints.
64. The Department of Health is working with NHS England and other national partners and stakeholders to provide leadership and direction across these priorities:-
- **Premature mortality:** preventing people from dying prematurely by improving mortality rates for the big killer diseases to be among the best in Europe, through improving prevention, diagnosis and treatment
  - **Compassionate care:** improving the standard of care throughout the system so that quality of care is considered as important as quality of treatment, through more accountability, better training, tougher inspections and more attention paid to what patients say.
  - **Dementia and long term conditions:** improving treatment and care of people with dementia and other long term conditions including through the vulnerable older people's plan looking at how older people are cared for across primary care, urgent and emergency care
  - **Technology:** bringing the technology revolution to health and care

### *Long term conditions – vulnerable older people’s plan*

65. We now see one quarter of the population - 15 million people - with a long term condition like diabetes, dementia or asthma. Although these are incurable conditions they can be alleviated and treated. Treating those with long term conditions, many of whom are older people, accounts for 70% of the total health and care budget, over £70 billion every year.
66. As we are more likely to develop a long term condition as we grow older, our ageing population means that this number is growing - which is why a recent review by Professor Carol Jagger said, the way we care for people with long-term conditions is unsustainable.
67. Our aspiration is for excellence, and for people to receive high quality, joined up care, delivered with compassion. This means focusing on long-term sustainable solutions to improve care for the most vulnerable, particularly the frail elderly and those with long-term conditions. If we can deliver excellent care for them, it will help us get it right for everyone. Working with health and care professionals and the public, the Department of Health will develop a plan with NHS England for vulnerable older people, to identify the key changes required to achieve this.
68. Following discussion with all stakeholders over the coming months, this will be published later this year and will inform the mandate for the NHS, to come into force from April next year. The plan will cover three areas:
- General Practice plays a crucial role in preventing and diagnosing ill health, as well as supporting people to manage their conditions. The GP should be the first point of call, as a trusted professional who works with others in the health and care community, to identify those at risk and ensure they receive the care they need. The work to develop a vulnerable older people’s plan will explore how General Practice can best achieve this for everyone, all of the time.
  - Urgent and Emergency Care: When people do **need urgent or emergency care**, they should be able to easily access the services that will provide the best response for their needs. Whilst in hospital, care should be of the highest possible standard, and crucially, when they leave, they need to be discharged into the most appropriate setting to help them to recover quickly. The vulnerable older people plan will draw on the work of the NHS Medical Director’s review of Urgent and Emergency Care services to identify what needs to change, to ensure that services are best equipped to meet modern demand and provide consistently high quality care to patients.

- Removing Barriers to Integration: Older people, and those with long term conditions, frequently need to move between health and care services. We need to encourage more flexible and joined up ways of working across health and care settings. We need to allow local innovation to flourish, with better sharing of information, more consistent advice and shared responsibility for achieving the best possible outcomes for patients and users of services. The vulnerable older people plan will look to integration pioneers to lead the way on this, and make sure the system is supporting them to do so.

69. The vulnerable older people's plan will bring these three areas of work together to ensure a whole-system, sustainable approach to change. It will be published this Autumn so that people can see the impact where they live from 2015.

### *Technology*

70. One of the other key priorities identified by the Secretary of State for Health is bringing the technology revolution to health and care. We believe that at least three million people with long term conditions and social care needs could benefit from the use of telehealth and telecare services.

71. Set up to match the needs of an individual and remotely monitored by health professionals through a dedicated interface within the home, telehealth can help extend independent living for older and vulnerable people with a wide range of common chronic conditions, for example, strokes, dementia and diabetes.

72. Research has shown that these services can substantially reduce mortality, reduce the need for admissions to hospital, lower the number of bed days spent in hospital and reduce the time spent in A&E. Implemented effectively as part of a whole system redesign of care, telehealth and telecare can alleviate pressure on long term NHS costs and improve people's quality of life through better self-care in the home setting.

73. We also want to use technology to free up more time for staff to care. Between 2013 and 2015, we are spending £100 million on providing nurses and midwives with the latest technologies that will help them provide safer, more effective and more efficient care.

74. Social isolation and persistent loneliness, particularly in later life, have a huge impact on people's health and wellbeing. More than a million people over the age of 65 in the UK report feeling lonely often or always and a similar number of people report feeling trapped at home.

75. Technology can help social inclusion by providing a real-time, easy-to-use, low-cost link to the outside world. Systems are now available which use lightweight touchscreen tablets enabled with wi-fi and broadband to allow users to send and receive email and text messages, share photos and video conference with family, friends, care providers and health professionals via a universal messaging system.

76. Bulletin board messaging encourages users to get involved, helping to create a social community network within their supported living home. Carers can broadcast messages, improving the ease and efficiency with which they can communicate with everyone.

### *Compassionate care*

77. We need an NHS and social care system where care is just as important as treatment, where people are treated with compassion, dignity and respect by skilled staff who are engaged and have time to care.

78. The initial Government response to the Report of the Mid Staffordshire NHS Foundation Trust Public Inquiry (Patients First and Foremost) further reinforced the importance of making the quality of care as important as the quality of treatment. It addressed the way people are cared for across the health and care settings and set out a range of actions that will be crucial to improving services for older people in hospitals but also in other settings, including residential and care homes, primary care and in the community. These actions include:

- the development of a set of fundamental standards that make explicit the basic standards beneath which care should never fall;
- the appointment of three new Chief Inspectors – one for hospitals, one for social care and one for general practice – who will have a key role in identifying concerns and triggering action;
- a single aggregated rating system for NHS trusts, comparable to OFSTED reports, that will provide a single version of the truth about how hospitals are performing on what really matters. A rating will also be produced for care homes.

79. Leadership will be crucial to achieving change. The evidence is clear that the key to providing safe and compassionate care to older people is to ensure that staff feel supported and valued.

80. Working in health and care is inherently emotionally demanding. Teams need to be given time and space to reflect and build resilience, so that they continue to have the capacity to act with compassion, in often challenging

circumstances, day after day. Many organisations in the NHS are already finding ways to do this, for example through multi-disciplinary Schwartz Rounds, or Restorative Supervision.

81. Schwarz Centre Rounds are currently established in 15 NHS trusts and allow staff to get together once a month to reflect on the stresses and dilemmas that they have faced while caring for patients. In May the Department of Health announced it will give a grant of almost £650,000 over the next two years to the Point of Care Foundation to expand the scheme. By the end of the two years of the grant, around 40 additional Trusts should have established Schwartz Center Rounds. The Point of Care Foundation will also have developed a national network of trainers and mentors who will continue to spread Rounds to new organisations into the future. For the first time ever, they will also be piloted with GP practices, district nurses and in the community.
82. The Government will be publishing a further, more detailed response to the Report of the Mid Staffordshire Public Inquiry in the Autumn.
83. In addition, national action includes:-
  - **Innovation fund** of £13 million for the training and education of unregulated health professionals
  - **Leadership skills fund** of £40 million to help nurses and midwives develop leadership skills and to help them and their staff provide high quality care.
  - **Independent review of Healthcare and care assistants** led by Camilla Cavendish was published on 10 July. This looked at how the training and support of healthcare and care assistants can be improved.
  - **Compassion in Practice** - alongside NHS England we are implementing the nursing, midwifery and care staff vision and strategy for England launched in December 2012, based on the values and behaviours of the "6Cs" - Care, Compassion, Competence, Communication, Courage and Commitment.
  - **Recruiting for values** - we are working with to make sure the NHS recruits, appraises and trains nursing and care staff according to their values as well as their professional skill.
  - **Focus on older people in nursing and healthcare training** - we will also be strengthening the focus on the complex physical and emotional

needs of older people throughout nursing and other healthcare training.

### *Voice of the patient*

84. We need to ensure the entire health and care system connects with what matters to patients and the public.

85. Everyone in the system has a responsibility to put this at the heart of all they do. To support this, the voice of the patient is now woven into the health and care system like never before:-

- Patient and community groups will sit alongside commissioners and providers on local health and wellbeing boards, which assess the needs of the population in their area so that local government and the NHS can ensure that services meet their needs.
- Local Healthwatch will give patients and communities a voice in decisions that affect them, reporting their views, experiences and concerns to Healthwatch England.
- Healthwatch England, working as a part of the Care Quality Commission, will advise on the national picture, influencing national policy and guidance.

### *NHS: A Call to Action*

86. On 11 July NHS England published “NHS: A Call to Action”. This is a first step in a sustained programme of engagement between NHS users, staff and the public around how the NHS will meet future challenges, including an ageing population and a significant increase in the number of people with long term conditions. A Call to Action will shape both national and local visions, with feedback gathered during the engagement helping to capture local answers to inform Clinical Commissioning Group and NHS England commissioning for the future.

### *Dementia*

87. A lot can be done to help people live well with dementia. But at the moment, the diagnosis rate in England is only 45% - lower than Scotland and Northern Ireland and this is limiting access to information, care, treatment and support. In April 2013 NICE issued a quality standard for supporting people to live well with dementia and a guide to commissioning services across health and social care.

88. Building on the National Dementia Strategy and the Prime Minister's Challenge on Dementia, a focused programme of work aims to:-

- Improve health and care services for people with dementia
- Improve understanding of the condition through supporting dementia friendly communities and dementia friends programmes
- Significantly increase research capacity and capability for dementia research

89. On 15 May, NHS England announced its new ambition for national dementia diagnosis rates, increasing them from the current 45% to two-thirds by 2015, alongside proper care plans for all those diagnosed. This will make them among the best in Europe.

### *Mental Health*

90. Mental health and well-being is a priority for this Government. Our overarching goal is to ensure that mental health has equal priority with physical health, and that everyone who needs it has timely access to the best available treatment. This is why we have enshrined in law in the Health and Social Care Act 2012 the equal importance of mental health and physical health.

91. The cross-Government mental health strategy, *No Health Without Mental Health*, and its companion Implementation Framework, is a strategy for people of all ages - from infancy to older age. It takes a life course approach, with objectives to improve outcomes for people of all ages and aims to ensure equality across all the protected characteristics in the Equality Act 2010, including age.

### *Reform of care and support*

92. We published the Care and Support White Paper last July. This sets our vision of changing care and support by promoting people's independence and wellbeing and putting them in control and ensuring services respond to what they want. It is clear that we cannot improve care and support by pouring ever more money into a system that does not work. We need to do things differently. We need radical reform to promote people's independence and give them real choice and control over their lives. This will ensure that resources are used in the best possible way to promote better outcomes and a better experience of care and support.

93. Two core principles lie at the heart of this White Paper. The first is that we should do everything we can – as individuals, as communities and as a Government – to prevent, postpone and minimise people's need for formal

care and support. The system should be built around the simple notion of promoting people's independence and wellbeing.

94. The second principle is that people should be in control of their own care and support. Mechanisms like personal budgets and direct payments, backed by clear, comparable information and advice, will empower individuals and their carers to make the choices that are right for them. This will encourage providers to improve their performance, to provide high-quality, integrated services built around the needs of individuals. Local authorities will also have a more significant leadership role to play, shaping the local care and support market and working with the NHS and others to integrate local services.

95. As a result of our plans:

- People will be better supported to maintain their independence and their connections to the community
- People will have clearer entitlements
- People will be confident about the quality of care
- People will be treated with dignity and respect

96. We will strengthen these reforms through legislation. The Care Bill will be the most comprehensive reform of social care legislation in 60 years. For the first time, it creates a single, modern statute for adult care and support. The new statute will be clearer and fairer than the current legislation which focuses on systems rather than responding to people - a strong basis for delivering the vision we set out in our White Paper.

### *Integration*

97. Integrated care and support means person-centred coordinated and continuous care and support, tailored to the needs and preferences of the individual, their carer, family and friends.

98. We need to move away from episodic care to taking a whole person view of health, care and support needs.

99. However, this cannot be delivered centrally from Government in Whitehall. There are no 'one size fits all' blueprints for integrated care and support models. Each locality needs to develop the right solution for their local population and circumstances.

100. On 14 May 2013 key national partners in health care and support, including the Department of Health, published 'Integrated Care and Support: our shared commitment' that sets out 10 commitments that the national

partners have made to enable and encourage change at scale and pace, as well as expectations on local areas in return.

101. The national partners have also invited the most ambitious areas to apply to become 'pioneers' and act as exemplars to address local barriers and support the rapid dissemination, promotion and uptake of lessons across the country. The national partners will provide the pioneer sites with dedicated central support to help them to break down the barriers to delivering integrated care and support.
102. The Care Bill will create a legal framework that supports integration. Integration is about more than legislation. We want to encourage and support local experimentation, leaders and clinicians to enable local areas to provide integrated care tailored to people's needs and preferences "at scale and pace". We are working to support local initiatives and identify what needs to happen at a national level to drive this innovation.
103. On 26 June, the Government announced the outcome of the Spending Round for 2015/16. As well as delivering on the Government's promise of real terms increases in the NHS budget, we have announced a new pooled health and social care budget, worth £3.8bn.
104. With some of the biggest users of the NHS being those who also use social care services, we need to make fundamental reforms to the system to ensure better integration between these services. Not just to create a more efficient service but because these patients are often the ones that fall between the cracks of the two systems, being pushed from pillar to post and not getting the care they should.
105. This will help to make sure everyone gets a properly joined up service, so they get the care they need from whoever is best placed to deliver it, whether that's the NHS or the local authority. This money will only be given on the basis that services are commissioned jointly and seamlessly between the local NHS and local councils, helping to ensure that services fit around people, not organisations.
106. Merging budgets in this way will also assist in driving down costs to the acute sector by tackling expensive pressure points in the system (like A&E), by improving prevention services, reducing unplanned hospital admissions and by allowing people to stay in their homes and live independently.

## *Personalised care*

107. A key principle behind the Government's Care and Support White paper was around greater personalisation of services.
108. Evidence shows that personalised care in the form of personal budgets and direct payments can positively impact peoples' lives and help to improve outcomes. Since 2010 local authorities have been working towards providing personal budgets and the Government set a challenging objective of 70% of all eligible people receiving a personal budget by April 2013.
109. The provisional figures for the personalisation objective were published on 10 July 2013 by the Health and Social Care Information Centre. This showed the proportion of people using social care who received self-directed support (personal budgets and direct payments) in 2012-13 was 55.6 per cent, an increase from 43.0 per cent in 2011-12. . In 2012-13, 16.4 per cent of people received self-directed support using direct payments, compared to 13.7 per cent in 2011-12.
110. Personal budgets are not currently present in law, which has resulted in significant variations in provision both geographically and also across different groups such as older and disabled people. We are rectifying this by including provisions in the Care Bill which will require all eligible people to have a personal budget as part of an agreed care and support plan.
111. An ongoing challenge is to ensure that personal budgets give people real choice and control over how their services are provided in order to improve people's outcomes and create a better experience for people in need of adult social care.
112. The Government remains committed to supporting Think Local Act Personal (TLAP) and councils, working with Association of Directors of Adult Social Services (ADASS) and the Local Government Association (LGA) to continue and build on the progress made to date to ensure that personal budgets work for the people that matter most.
113. The Government is also committed to increasing the involvement of patients and their carers in decisions about care and support, as part of the wider personalisation of the NHS. This includes the use of personal health budgets. By 1 April 2014, all those receiving NHS Continuing Health Care will have the right to ask for a Personal Health Budget, including a direct payment for healthcare. In the longer term all those who could benefit from one would have the option of a personal health budget, again including a direct payment for healthcare. This should help facilitate the integration of health and social care as individuals could have an integrated care plan which includes all their health and social care needs and a joint personal budget.

### *National eligibility criteria for adult care and support*

114. We have published draft regulations setting out for discussion national eligibility criteria. These are set at a level that will allow local authorities to maintain the same level of services for service users when they move from the current framework to the new care and support system in April 2015. These set a new national minimum eligibility threshold at the level operated by the vast majority of local authorities in the current system, maintaining and in some places widening eligibility for care and support
115. This is the first step in establishing a national minimum eligibility threshold to apply to all local authorities when they move to the new legal framework, subject to the passage of the Care Bill, in April 2015. The eligibility criteria are intended to reflect the level of need described as “substantial” in the current guidance.
116. Introducing a national minimum eligibility threshold will ensure that local authorities cannot restrict eligibility beyond this, but authorities can choose to provide services that are not included in the criteria.

### *Carers*

117. Carers often feel forced to give up paid work in order to cope with caring responsibilities. This can damage their wellbeing, and lose valuable skills from the labour market.
118. In June 2012 the Government and Employers for Carers co-hosted a Summit on supporting carers to remain in employment. The Summit heard from several large employers that they considered their ability to grow their business will be impeded if improvements are not made in the way carers are supported to remain in employment. The Summit agreed that a task & finish group should be set up to consider the national and international evidence for interventions and good practice to support carers who wish to remain in the labour market.
119. The Group has made significant progress towards the development of its final report, and is examining five areas in particular:
- International good practice
  - The business case for employers to do more to support carers in their workforce
  - The wider economic case for supporting carers
  - How the care sector can adapt to better meet carers’ needs

- The benefits to carers of being able to balance their caring responsibilities with full-time work, should they wish to

120. It is envisaged that the group will report to Ministers in summer 2013.

*Changing the way we pay for care*

121. The Government announced in February 2013 our commitment to implement a new funding model for adult social care, based on the recommendations of the Commission on the Funding of Care and Support chaired by Sir Andrew Dilnot. Subject to legislation, we will introduce from April 2016 a cap of £72,000 on care costs to meet a person's eligible needs and give everyone the right to defer paying care home fees. We will also target additional financial support to those people with modest wealth to help them with care costs by extending access to financial support for people in residential care with assets including their home worth less than £118,000.

122. Currently, people cannot protect themselves from unlimited care costs, and people of modest wealth may face financial ruin as a result of having to pay for care in later life. For the first time, from April 2016, people will have certainty on how much they should have to pay for care. People will no longer face the prospect of potentially unlimited care costs. Those who can afford to pay for their care will be able to proactively plan and make provision to access the kind of care and support they would want in later life.

123. This will benefit everyone, not just up to 16% of older people needing care who currently face care costs of £72,000 or more. It will allow everyone to plan on the basis of how much they might have to spend. This will empower people to take responsibility for their care in line with what they can afford. Everyone will be protected against unlimited care costs.

124. People who cannot afford to pay for the costs of their care will continue to get financial support but this support will be extended to those with modest wealth. The increase in the financial limit to £118,000 combined with the local authority and person's contribution to the costs of meeting their eligible needs counting will mean many people will not have to contribute the full £72,000.

125. These changes will also mean more people will involve their local council in their care, either as a result of extended access to financial support or so as to benefit from the cap on care costs. This will provide a huge opportunity for councils to support people to maintain their independence, remain active and connected in their communities and stay healthier for longer.

126. We will be consulting on these proposed changes over the summer.

### *Using the value in our homes*

127. Government wants people to have a range of affordable and convenient options to help pay for care and support that enables people to live well and independently in later life, including using their housing equity. That is one of the reasons why we are introducing legislation that will cap the amount that people will have to pay towards their eligible care needs.
128. We are working with the financial services industry to encourage the development of a range of suitable financial products in pensions, insurance and equity release, and to understand how industry and Government can work together to develop a more effective market that offers choice for people in how they can pay for care.
129. From April 2015 there will be a Universal Deferred Payments scheme to help people with residential care fees, so that no-one will be forced to sell their home in their lifetime to pay for residential care. This will mean that people who cannot afford reasonable residential care charges without selling their home will have the choice to defer the fees.
130. In addition the Government has been working closely with the industry to improve consumer confidence in the existing equity release market. The Financial Services Authority (FSA) took responsibility for the regulation of mortgages in 2004. This included lifetime mortgages, which are one type of equity release product. The scope of FSA regulation was extended in 2007 to cover home reversion plans, which are the other main type of equity release product, to help ensure a level playing field for the equity release market. In April 2013 the Financial Conduct Authority (FCA) took over the regulation of the equity release market from the FSA.
131. FCA regulation of the equity release market benefits consumers through greater protections, including recourse to the Financial Ombudsman Service and Financial Services Compensation Schemes if things go wrong, and a requirement that firms ensure customers consider their future plans and needs.
132. In addition to these protections, the Mortgage Market Review (MMR) rules published by the FSA in October 2012 and due to be implemented by the FCA in April 2014 mean that firms must ensure consumers taking out a equity release products receive advice from a suitably qualified adviser. Whilst this is common practice amongst firms in the equity release market already, this requirement ensures that all consumers receive the additional protection of advice.
133. The Government welcomes the work the industry has done in recent years to develop robust consumer safeguards. For example, providers that sign up

to the code of conduct set by the equity release trade body give a 'no negative equity guarantee', which protects customers from building up a debt worth more than the eventual sale value of their home.

134. We will be consulting on these proposed changes over the summer.

## Section 4 Enabling, promoting and supporting independence

The Committee concluded that the housing and other public service needs of older people should be better addressed through improved planning and involvement in their local communities.

135. If we are to realise our ambition to make this country a great place to grow old in, we must think beyond the health and care system and pensions provision to think about wider issues.

### *Housing and Wider Public Services*

136. We know that the vast majority of people want to remain independent and be supported in their own home as far as possible. We need to try and support everyone's individual housing choices, whether that is to move to a smaller property that might be better suited to their needs or to stay in their current home.

137. One of the key tools we have to achieve the second of these objectives is the provision of aids and adaptations through the Disabled Facilities Grant (DFG). This funding helps people make the necessary practical changes to help them remain in their own home through the addition of adaptations such as grab rails, walk-in showers, stair lifts and ramps.

138. We know this can make a real difference to helping older people and disabled people stay in their current home and postpone or even prevent the development of serious health and care needs.

139. Despite the economic strictures, over the current Spending Review the Government has increased its funding for the DFG. Over the last two years, the Government has put an extra £60 million into DFG; £20 million in 2011/12 and £40 million in 2012/13.

140. In addition, the Department for Communities and Local Government (DCLG) provides £51m (2011-2015) to support the provision of local Home Improvement Agencies (HIAs) which are small, not-for-profit organisations which assist a quarter of a million older, vulnerable and disabled people to repair, maintain or adapt their homes a year. HIA coverage in England is currently 82%.

141. We know houses and flats specially designed for the needs of disabled and older people help people stay independent for longer. Most importantly of all we know that those in well designed specialised housing are happier with their health and wellbeing than those who move to residential care.

142. We need more designated specialised housing for older people and disabled adults. The level of provision is not keeping pace with our ageing population. We are lagging behind other nations, and lack of development is limiting the care and support system, as well as the wider housing market.
143. That is why the Government announced a capital grant of up to £300m at the end of October 2012. The Care and Support Specialised Housing Fund will support the development of specialised housing for older and adult disabled people across the country
144. It is the Government's aim to address unnecessary planning barriers wherever possible, to enable a healthier market that can respond to demand and the needs of the local area.
145. The National Planning Policy Framework (NPPF), which was published on 27 March 2012, asks local planning authorities to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in their housing market area.
146. Local planning authorities should also deliver a wide choice of homes and plan for a mix of housing based on demographic trends and the needs of different groups in the communities, such as older people.
147. It will help ensure that planning decisions reflect genuine national objectives while allowing for local councils and communities to produce their own plans, reflecting the distinctive needs and priorities of different parts of the country.
148. The National Planning Policy Framework and the policies on housing supply contained within it are designed to apply nationally but to be interpreted and applied locally.
149. We recognise that there will be areas where some additional guidance would be welcomed, and the DCLG will publish revised planning guidance by this summer, in line with Lord Matthew Taylor's recommendations.
150. Local government is now at the heart of driving forward health improvements and forging stronger relationships across a complex health and social care system. As such they are best placed to use public health funding most effectively to meet local demand and to the benefit of their communities and local residents.
151. Local government wanted and have been given maximum flexibility on the membership of health and wellbeing boards to be able to keep them small and nimble. The reality is that it is not always practical or workable for health and wellbeing boards to include everyone with a potential stake in improving

the health and wellbeing outcomes of the local community. There are limits to representation, however in the true spirit of localism, this has been left to local discretion.

### *Transport*

152. To help people stay active in their community we want transport provision to respond to the differing needs of older people. We acknowledge that this is not the case in all areas. The ability to access transport can help in maintaining a sense of independence and freedom, a good quality of life, including social contact with others and the chance to engage in physical exercise.

153. We are looking to build on progress made so far by improving accessibility on buses, trains and taxis. The vast majority of older people are already able to take advantage of concessionary travel on buses and trains and this will continue. We are also looking for improvements in transport provision to support the sustainability and independence of those living in rural communities. At the same time we will support older people to continue to use their own cars through the use of vehicle adaptations, driving assessments and by improving accessibility and inclusivity in the design of streets and other such public places.

### *Loneliness and isolation*

154. Loneliness is a serious issue that is blighting the lives of many older people across our country. The campaign to end loneliness estimates that there are 800,000 older people in England who are chronically lonely. And that loneliness is as bad for us as smoking 15 cigarettes a day. It also increases the risk of heart disease, puts people at greater risk of blood clots and dementia, and makes them more likely to exercise less and drink more. Socially isolated and lonely adults are also more likely to undergo early admission into residential or nursing care.

155. The Care Bill sets out in law that local authorities have a duty to promote a person's well-being. That includes their physical and mental well-being, their personal relationships, control over their day to day lives such as how care is delivered and their contribution to society. To do this, local authorities will need to align professional and community support. For example care services will need to consider the strengths and interests of older people and to connect them to local clubs and social groups. This will strengthen communities themselves and helps to keep people safe and reduce, delay or prevent needs for acute care.

156. For the first time we are helping local authorities to measure how lonely or isolated people in their area are. From April 2013, Local authorities are able

to identify areas where people suffer from isolation as part of the updated Adult Social Care Outcomes Framework for 2013/14.

157. This information will help them identify how serious the problem is in their communities and what action is needed to tackle it.
158. By working together to reduce loneliness and social isolation, older people will have a chance to lead significantly healthier and happier lives.

#### *Volunteering and social participation*

159. The Government aims to promote volunteering and social participation in our communities. Many older people volunteer themselves. For example there are 17,000 older people volunteering for the charity RVS. Many also provide childcare for their grandchildren. Government is committed to supporting older people to use their skills and experience to support others. For example the Care Bank and Care4Care schemes enable neighbours to help more frail members of the community to remain living independently in their homes; Primetimers and the Amazings allows older people to transfer their skills and knowledge to others.
160. The Government also aims to promote voluntary activity that can support older people. For example, over two years the Cabinet Office will invest around £36m to support organisations – from Voluntary and Community groups to Corporates – to mobilise people to take part in social action (e.g. volunteering, mentoring, peer-to-peer support). Recent investments include Join In, capitalising on the Olympic Legacy for volunteering, and the Dementia Friends campaign launched by the Prime Minister which seeks to train one million volunteers to support people with dementia.
161. The Government is also supporting charities, voluntary and community organisations and social enterprises deliver an effective role within their local communities through the Health and Social Care Volunteering Fund (HSCVF) and the Social Enterprise Investment Fund (SEIF).
162. Since the introduction of the HSCVF in 2009, it has supported a range of local projects around the country which have, for instance, addressed rural isolation by supporting the involvement of local people in their own communities, improved the safety and independence of older people who have no existing support networks and enabled the establishment of social clubs that provide access to information on healthy living, keeping fit and life skills.
163. The last round of the SEIF provided funding to Shared Lives, to support them to scale up their care services. Shared Lives is an innovative model of care outside of homecare and residential care. Shared lives carers provide care from their own homes and support from their own community networks to those in need. This approach is already being used by around 11,000

people in England and 4,500 of these people live with their carers and participate in their family lives.

164. The Government is considering how we can support care with a small 'c' to grow across the country. We are talking to major charities about the feasibility of developing a Neighbourhood Watch for care, where local communities visit each other and support each other, so that no-one is left lonely and isolated in future.

## Section 5 Looking to the Future

The Committee concluded that Government should make greater effort to assess the implications of an ageing society on their policies.

165. The House of Lords report provides a valuable contribution to an ongoing public debate. It is vital that this remains a live issue for Government, the wider public sector and for society as a whole. An increasing proportion of older people in our society is not a one off challenge but will continue to be a significant factor in how we all live our lives in the future. We must celebrate the fact that we are all living longer in good health, but we must also continue to plan for and respond to the changing demographics of our country if we are to realise the very positive ambition for this to be a great country to grow old in.

### *Horizon scanning*

166. We know that changes to the demography of the population will have a major effect on the public services and other provision including pensions. There is a clear need to look at future trends in the UK for population, ageing and healthy life expectancy as well as migration, regional population and inter-regional mobility and rural/ urban splits. The Cabinet Secretary and the Head of the Civil Service are leading further work to examine these issues in more detail.

### *The Fiscal Sustainability Report*

167. The Office for Budget Responsibility (OBR) was created in 2010 to provide independent and authoritative analysis of the UK's public finances. As part of this role, the Budget Responsibility and National Audit Act 2011 requires the OBR to produce "an analysis of the sustainability of the public finances" once a year.

168. Yesterday, the OBR released their latest assessment of the sustainability of UK public finances in their 2013 *Fiscal sustainability report*. This report will include updated projections of expenditure on health, pensions and long-term care (social care). The projections for long-term care will include an assessment of the impact of the Government's recent social care reform.

169. The Government will consider the findings of the OBR as part of the policy making process going forwards.

### *What Works initiative*

170. On 25 March 2013, the Big Lottery Fund (BIG) announced the launch of two new initiatives in England that will bring improvements to the lives of vulnerable older people by reducing isolation, helping to deal better with change, and building confidence for the future.
171. Government departments (including DWP, DCLG and DH) are working with BIG and the Economic and Social Research Council (ESRC) to create a What Works Centre for Ageing as part of the Government's network of What Works centres, which were announced by Cabinet Office on 4 March 2013. BIG's announcement includes up to £50 million which will lead to the creation of an independent Centre for Ageing Better.
172. The Centre, planned to be operational by early next year, will bring together and stimulate the growth of a wide range of evidence to share with older people and professionals involved with their wellbeing. By doing this, the centre will provide the best evidence of what works in community-based solutions to the challenges and opportunities arising from our ageing population.
173. We will maintain a focus on the contribution and needs of older people across the work of Government to through the continued use of an effective network of officials across relevant Departments who work together to share information and support effective decision making across Government. Leadership on these issues is provided by a cross Departmental senior officials steering group on ageing who are responsible for ensuring that we work together well with a clear focus on outcomes.

### *Analysis of the challenges of an ageing society*

174. We will ask the Chief Scientist for advice on the impact of demographic trends on public services policy.



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