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Witnesses: Shaun Gallagher, Trevor Huddleston, James Richardson and Jon Bright

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Members present

Lord Filkin (Chairman)
Lord Bichard
Baroness Blackstone
Baroness Finlay of Llandaff
Lord Griffiths of Fforestfach
Lord Mawhinney
Baroness Morgan of Huyton
Baroness Shephard of Northwold
Lord Tope
Baroness Tyler of Enfield

Examination of Witnesses

Shaun Gallagher, Acting DG for Social Care, Local Government and Care Partnerships, Department of Health, **Trevor Huddleston**, Chief Analyst, Department for Work and Pensions, **James Richardson**, Director, Fiscal and Deputy Chief Economic Adviser, Fiscal Group, HM Treasury, and **Jon Bright**, Director of Homelessness and Support, Building Regulations and Climate Change, Department for Communities and Local Government

Q56 The Chairman: Good morning and welcome. I am Geoffrey Filkin, the Chair of the Committee. Thank you for coming. I will not go around and introduce the Committee because you will know many of them and can certainly see their names if you need to. We have quite a lot, in fact an extremely large amount, of ground to cover, so we will move straight in. We have read your CVs. Are there any introductory remarks you want to make? If not, we will go straight into the business.

We have slightly changed the order of the questions, partly because some Members of our Committee have to go to other parts of life. You have had sight of all these questions so you should know roughly where we are coming from. We probably will not cover all the questions, because there is an enormous amount. We will certainly want to ask you to put in writing responses to ones we have not covered and we may want to add some

supplementaries to that. I would be grateful for your tolerance on that. We are going to go straight to questions about the fiscal issues and fiscal projections.

Q57 Lord Griffiths of Fforestfach: Given the demographics we are facing at present, with the ageing population, when you are making fiscal projections at the Treasury or Office for Budget Responsibility, do you assume, given current trends, that taxes will have to rise or the provision of public services will have to fall because of the pressures?

James Richardson: I should pick this up. There are two things worth saying. First of all, the projections are made by the Office for Budget Responsibility, not by the Treasury, so they are independent. If you look at its figures they show that pressures build up from demography over the next 50 years. Clearly Governments will face a set of choices in the fiscal space.

The starting point is that you cannot borrow your way out of this problem; it is a structural problem that will be there indefinitely. It is driven by people living longer, which is a good thing. In the end you have to make some choices about how you address that. Those choices could involve putting up taxes; they could involve reducing spending in other areas. There are other things that one might do. In the pensions space, which is obviously one of the biggest drivers of increased cost, we have seen successive Governments raise the pension age. We are in the middle of major reforms to public service pensions; there is a Bill before the House at the moment. That drives costs the other way. So on public service pensions you will see the OBR's projections now show almost 1% of GDP saved on the cost of that over the full projection. On the state pension, costs continue to rise but they rise more slowly at certain times because of increases in the state pension age. Future Governments will have choices to do more there. So there are alternatives within the policy.

In the other big area of health and social care, one will also look to efficiency improvements and so on to make up that part of the story. I suspect that the story will be made up of all these components but there are a range of choices available for future Governments.

Lord Griffiths of Fforestfach: I see that there are a range of choices but to me the key question is: without changing the parameters of policy, if we carry on as we are, am I right in thinking that we will have to either raise taxes or cut expenditure unless we redefine the pension age or something like that?

James Richardson: On the basis of current policies, as projected by the OBR, the Government would need to make savings of around 0.4% of GDP per decade if it wanted to have a sustainable level of debt at 40% of GDP. If you had a slightly higher level of debt you would need lower savings; they did projections at 75% as well. To get that baseline figure they say 0.4% of GDP per decade.

To put that in context: the current consolidation is reducing the deficit by 8.5% of GDP over somewhat less than a decade. So it is a challenge for the fiscal position, undoubtedly, and it is the biggest long-term challenge from demographic and technological change in health, but it is not something that is unmanageable compared with things we are doing at the moment or compared with changes that past Governments have made in the composition of public spending.

Q58 Lord Tope: We are going to jump to local government now, as I have to go a little early to deal with the Local Government Finance Bill. Can you tell us a bit about how DCLG works with local government to assess the demands and challenges of an ageing population, and in particular what steps the Government are taking regarding the planning system and housing stock, to try to meet that challenge?

Jon Bright: First, in terms of calculating local authorities' allocations, the annual local government finance settlement is based on population estimates, so this will take account of

age bands in different places. The money that local authorities get will be based in part on the nature of their population and how that population is going to age over time. In terms of the planning, the national policy planning framework has recently been reduced from many hundreds of pages to a few tens of pages, but we have strengthened the reference to the importance of planning for an ageing population within the national policy planning framework. That now puts a requirement on planners to take account of the demography of their area when planning, to make sure their plans are properly evidence based.

Lord Tope: Are they also looking to the longer-term future—not just the next year or two?

Jon Bright: Absolutely. They are looking at demographic trends, which vary fairly significantly from place to place.

Baroness Morgan of Huyton: What does the Department do in terms of actually getting underneath that and assessing what is really happening and what are the real challenges on the ground—whether it is about the elderly being in houses that are not suitable for them any longer and so on? What serious thinking is the Department doing on the more challenging areas to do with housing?

Jon Bright: The first question I answered was around the planning framework, so that creates the framework within which local authorities should be thinking about planning and housing for an ageing population. The general disposition of the Department is to give people choice. So, for those older people who want to remain in their own homes, there is a suite of programmes available—such as the Disabled Facilities Grant, Home Improvement Agencies, handyperson services, the Supporting People programme—which are, by and large, managed by local authorities to enable people to remain safely, successfully and independently in their own homes.

For those older people who do not want to remain in their own homes and want to move to more specialist housing, the planning framework should be creating an increased supply of housing for an ageing population—£300 million has recently been made available by the Department of Health for housing for disabled and older people. There are various bits of guidance, such as the guidance on *Lifetime Homes*, *Lifetime Neighbourhoods* and the HAPPI report produced by Lord Best.

There is another bit of work we are doing in the Department, with the Homes and Communities Agency. We would have thought the market would generate more specialist housing than it appears to be doing. We are trying to understand why it is not producing the housing we thought it would be and there seem to be a number of disincentives, on local authorities and the developers, which make it more difficult for the market to provide. So, with the Homes and Communities Agency, we are looking closely into this to understand how these disincentives operate.

Lord Tope: What sort of disincentives are there?

Jon Bright: For example, if a local authority goes out of its way to build more housing for an ageing population it may be worried that more older people will come and live in that area, thereby increasing their adult social care costs. Developers may be disincentivised to build more housing for an ageing population because they may not think the demand is there; the consumer may not be aware of what is available to them and older consumers will remain in their own homes, sometimes substantially under-occupying their own homes. Therefore, if we get the supply right and can get the incentives in the system right—and this is a proposition that has been put to us by Lord Best—more older people would happily move from their family home into more specialist, perhaps smaller, accommodation, thereby freeing up a large amount of family housing for the wider population. We are actively

engaged in these discussions with the Homes and Communities Agency, the other Departments and a number of local authorities.

Q59 Lord Bichard: I have two supplementaries, one related to that specifically. The providers of extra care housing said in their evidence to us that they are unable to build in the way they would wish because of the planning restrictions placed upon them and because their housing is regarded in exactly the same way as any residential development would be and that does not need to be the case. Is that so? If it is, who can do something about that? What is the timescale for the work you are talking about? That seems to be very important. I would also like to ask a second supplementary but it is not for you, you will be glad to know.

Jon Bright: I think the developers have a point. As I said, the incentives at the moment, for example the new homes bonus, may disincentivise the building of homes for older people because you will build fewer homes in a particular development. I mentioned the issue of the community infrastructure levy and various planning issues around Use Classes Orders. We need to get under the skin of this to better understand how they are operating as disincentives in order to come up with options for responding to that.

Lord Bichard: What is the timescale?

Jon Bright: We are on the case now. We had a meeting with the HCA to talk about this very issue a few days ago. We are doing it now and we expect to be asked to feed through our thoughts into the various housing strategy statements that will be coming forward over the next few months. The housing strategy was launched last November. There is going to be a one-year-on document and we expect to be feeding into that.

The Chairman: So you will have work in progress by Christmas on that.

Jon Bright: I hope so. If I may, I will get back to you with the timescale for this work because I do not want to overcommit and raise expectations.

Q60 Lord Bichard: My second supplementary derives from the question and your answer. You talked about the importance of people being able to stay in their own homes if they are able to do so; everyone is telling us that. A lot of people have a lot of equity. I am looking to the Treasury representative on this. We do not seem to have found a way of unlocking what is a significant resource. I am interested in what deliberations and considerations have gone on around this in the Treasury and what discussions may have taken place with the bankers or the building societies about this. It seems to be key to a lot of the things we are looking at.

James Richardson: It clearly is something that comes up very substantially in the policy debate when one is looking at how you fund areas. Social care is particularly where it comes up but it is a broader question. There are things that one could do and there are proposals. For example, there are Dilnot's proposals around enabling people to defer payments by using the equity in their property. So there are things that one can do.

At the same time there are more fundamental questions that underpin that about who is going to pay for what. Is the individual going to pay, is the state going to pay or do you have an insurance model that sits somewhere in between? Saying that this resource is available is implicitly assuming that you want the individual to pay. If you do want the individual to pay there is a question around the means by which you assess that. You are taking the approach that you want to assess that on people's wealth and their housing wealth. That is not an approach that is taken very widely in the UK system, outside of support for housing itself. So Housing Benefit and residential care, which includes a substantial housing element, are currently means-tested against housing but other support from the state is not. So there are certainly things that one could do but they would be quite significant changes and are beyond the kinds of things we are already looking at on the back of Dilnot, which are about enabling people to free up the resources, if they wish to themselves. Of course, such products also

exist in the private sector but they are not very widely taken up and there are big adverse-selection issues.

Lord Bichard: There are good reasons why they are not taken up, are there not? That was my question. You have given a very good exposition of some of the issues. I am trying to get at whether it is a very live issue in the Treasury. It seems to be such a huge potential resource and people are not going to use what is available in the private sector at the moment, although that could be changed. Is the Treasury treating this as a major issue for consideration? Can we expect something from the Treasury in the next six months on this?

The Chairman: Irrespective of what you decide on Dilnot; it is not just a Dilnot issue.

James Richardson: We are not looking at whether we should means-test a whole series of currently free public services on people's houses. That is not the Government's policy. Have we considered in the broader context how one could do this? Well, of course, these issues have come up over many years and the Treasury has considered those things. Are we actively looking at introducing a series of asset tests in either the health system or pensions? No, we are not.

The Chairman: We were not asking that. We were asking how to make an equity release market more effective for those people who wish to take advantage.

Lord Bichard: Is there an equity release market somewhere else in the world that is working effectively?

James Richardson: I do not think there is. It is a market that does suffer from quite considerable market failures. We have had discussions from time to time with the providers of these products about some of the issues there and, as I say, there is this proposal from Dilnot that would have the state provide that. That is something you could do but it would score in the public finances, so it would be a use of the Government's fiscal space and that would have to be considered against alternative uses of that fiscal space.

Lord Bichard: I understand the complexity of the issue; I understand it is not easy; and I understand the private sector is not currently working. The simple question was: is this a matter for live consideration at the moment? Can we expect the Treasury to be producing something in the foreseeable future to try and crack this problem?

James Richardson: We do not have a plan to bring forward a policy in this.

The Chairman: The answer is no. Is there anything from DCLG on this? Is it right that DCLG has the lead on equity release?

Jon Bright: I certainly do not. I will give an example of an approach that has been taken by some places, which is to enable older people who want to retain the equity of their home but want to move to something smaller and more specialised to let a housing association manage their property. They will then rent that property to another family and use the rent to pay for their specialist housing so they hold on to the equity. That is a slightly different question but it is a way of using that asset.

Baroness Shephard of Northwold: If the Treasury is not taking a lead on this, is anyone across Government, or any Department?

Shaun Gallagher: I am Shaun Gallagher from the Department of Health. James Richardson has already mentioned the Dilnot report. One of the publications the Government put out in the summer was our response so far on Dilnot's recommendations. One of the things we said we would do is to work with the financial services sector to look at where there might be possibilities for a market to develop in relation to paying for care. That is not for the broader question Lord Bichard has asked. There are some discussions under way on that.

On the broader question of Dilnot, in a sense the issue here is that people do already use their housing assets to pay for care but they do so rather inefficiently, with great unhappiness and a sense of unfairness about the way it happens. The outstanding question as to how the Government responds to the Dilnot recommendations—whether we pursue

those and, if so, how and when—is essentially about trying to equalise and pool risk across that area. In relation to paying for care that is still a live discussion but that is only one use of the assets that people hold.

Baroness Shephard of Northwold: So the answer really is that you are going to wrap it up in Dilnot bit by bit, but nobody is the lead Department.

Shaun Gallagher: We are having discussions about what possibilities there may be in relation to paying for care, which is one major use, but that is as far as that goes.

The Chairman: Eloquently put.

Baroness Finlay of Llandaff: Listening to you, it sounds as if there is a risk of perverse incentives potentially coming in, if you look at Dilnot in isolation. Can I ask about housing? When somebody wants to move into more suitable housing they often need to take some kind of bridging loan or mortgage to tide them over, because they are not necessarily able to sell straight away. Are you in discussion with those who might lend to look at more appropriate lending rates? At the moment those people over 65 are quite severely penalised financially and can find it almost impossible to get that kind of mortgage to bridge them over so they can move into more appropriate accommodation and free up equity.

Jon Bright: No, we have not been in touch with lenders on this issue but I will certainly go back and consider that point. There is an organisation the Department funds called FirstStop, which gives advice to older people. It will not necessarily give advice on loans and equity release and so on, but it can help older people identify the best places for that advice. I will take that question back, though, if I may.

Q61 The Chairman: Could you tell us what mechanisms exist for considering demographic projections as part of the policy-making process? We are tending to focus on ageing as a significant one but clearly it is affected by fertility and migration. We are really interested in those medium-term to long-term projections, particularly their reliability.

Ageing is fairly certain and we are going to see lots of debate about morbidity and mortality. How does that get looked at in a holistic way by Government as a significant change to our society and what are the policy implications of that?

James Richardson: Shall I talk about the OBR side of it and then colleagues can talk about the wider public services? In terms of the Fiscal Sustainability Report and the fiscal challenges, obviously the OBR's Fiscal Sustainability Report is a key part of the fiscal framework. It is one of the things the OBR is required to do every year and builds on the previous Long-Term Public Finance Report done by the Treasury. That is then considered through the Treasury's standing fiscal fora—through the Treasury's fiscal risk group and fiscal strategy group—and the various interests around the Treasury, which then interact with Departments that are represented on those, so we can make sure that within the Treasury we are joining up across the set of policies.

Then, from a Treasury point of view, it is largely a set of issues around pensions, both the state pension and public service pensions, and then around health and social care. We typically then follow those up bilaterally with the relevant Departments. On public service pensions we are the lead Department so we then follow that up multilaterally with all the Departments that have an interest in public service pensions. There is obviously a major reform under way there, which is informed precisely by these demographic challenges. That is not so much from the OBR as from Lord Hutton's report, but there is essentially the same fundamental analysis informing that.

In pensions, this is obviously the biggest issue; it has been for many years. It has informed a series of changes in pension policy and those are discussed continuously between the Treasury and the Department for Work and Pensions. Within health and social care, it is one of a series of issues. The timescales are slightly different here. If you want to change anything in pensions there are very long lags between when you make a policy change and

when you see the impact. You really do have to consider these issues a long way out. Within health and social care, although one cannot make changes overnight, the lags are not quite as long. You do not have to be asking what the Health Service will look like in 2050 today, whereas even the OBR's projections do not show the full set of savings from the public service pension reforms that are before the House at the moment. If you want the full implication of that you have to go out to about 2080, which is beyond even the OBR's numbers. Timescales do vary and that affects the conversations and when one brings these things up. This is particularly true in those two areas: if you think of pensions as one area—although in some senses it splits between state and public service—and health and social care as the other. These are key parts of the discussion because they are so important in those areas. Some of these public service issues could be discussed as less of a fiscal concern and more of a service delivery concern. Colleagues may wish to say more about those.

Trevor Huddleston: Perhaps I could come in on the pensions side. What the Office for Budget Responsibility use for their projections comes from a range of forecasting and simulation models that we have. So what they publish as a single line of expenditure or percentage of GDP has had a huge amount of other work going in to produce those numbers. We have simulation models that run out to 2075 and 2100, which look at not just demographic changes and demographic scenarios but also labour market scenarios, trends in pension coverage and different scenarios around that, trends in retirement behaviour and trends in ill health and disability in older age. We need to do this amount of detail because quite a significant part of the expenditure is on means-tested benefits. To get under the skin of means-tested benefits you have to really know the distribution effects of policy. There is an awful lot more information that we consider within the Department with Treasury colleagues and others that actually underpins thinking in this area.

If you take recent estimates of the number of people under-saving at the moment—the number of people we think are not saving sufficiently for retirement—that involves looking at people’s behaviour and habits up to today and then projecting that forward over the rest of their lives to say what their replacement rate is likely to be. The sophistication of the tools is actually quite a bit greater than you would see from the single line in the OBR numbers. Those tools go back a long way. These are not new capabilities we have built in the recent past. They underpin the Pensions Commission analysis and people like the Government Actuary’s Department have been producing long-term projections of expenditure since just after the war. So there is a huge amount of work in this area and quite a sophisticated range of debate.

The Chairman: I am sure that is so but, in a sense, it is about articulating the current model, which is fiscally focused—and there are good reasons for doing so in part—and on a departmental basis. Clearly, the Government is doing lots on this issue. There is Dilnot—you will decide on that—what happened with Hutton and what will happen with the state pension age, which are all big shifts. Nobody is saying the Government is doing nothing. The central argument we have put to you is that these are big, societal changes that are going on. We are helped by them not being sudden. It would seem a classic example of the criticism Bernard Jenkin’s Public Administration Committee has made about the strategic issues not being addressed and what the Civil Service Reform Plan argued about needing more thinking in the Civil Service on the medium-term challenges. I am not really getting a clear sense of anything different in the way in which you are studying or assessing what we think is quite a big societal shift. It sounds as if it is still fiscally focused and departmentally run.

Trevor Huddleston: Clearly the fiscal focus is there but the distributional focus is looking at what is likely to happen, on the basis of current trends, to the distribution of income in later life. A lot of the thinking about a simplified state pension system, with a higher guaranteed

basic state pension, is looking precisely at the potential spread of, or high levels of, means testing and what the incentives are to save and so on. Although the fiscal part of it is important, the distributional part is utterly key for understanding what the incentives to save are. Again, we are still talking about people's incomes.

Baroness Morgan of Huyton: This is slightly going back to the previous question but it picks up on the same point about cross-Government working. This is not a criticism of you as individuals; it is about how Government works. I am really struck that there does not seem to be a joined-up approach on older people's housing between the Department for Communities and Local Government and the Treasury. You are the lead Department talking to the banks, yet the issue of the ability for the elderly to potentially fund the period when they are moving into a smaller property does not seem to be on the Government agenda, or has not been, as far as one can tell. Are you saying that there is not any mechanism at the moment within Government, on a policy basis, to look more broadly than at very small micro issues?

Trevor Huddleston: This is not an area that I am that well sighted on but the Ageing Society Strategy Group meets regularly, amongst these four Departments plus the Cabinet Office. That is looking at things at an official's level and, by the nature of the subject matter, one is looking over a reasonable time horizon. Over the next 10 or 15 years there is quite a lot of certainty about the way things are likely to move because we have a lot of policies still to be implemented.

Lord Bichard: Is that group looking at population projections and the like or is it a wider policy group on the elderly across Government?

Trevor Huddleston: I would describe it as much broader than just population projections, which becomes quite a technical debate among specialists in the field.

The Chairman: Are you satisfied that that is going far enough and that is adequate to deal with these issues? That is an impossible question to answer.

Lord Bichard: Can I just add a supplementary to the supplementary and save myself asking the same question? The challenge of an ageing population is one of the major issues facing this country. How often do your Permanent Secretaries meet together just to discuss the challenges of an ageing population and when did they last meet?

Baroness Blackstone: Can I add a supplementary to that? I do not think these discussions should necessarily just be at Permanent Secretary level. What kind of mechanisms are there, through the Cabinet Office or any other central co-ordinating group, to establish some sort of cross-Whitehall group looking at these issues across the piece and establishing what the really difficult ones are to solve and what priorities might be in terms of policy initiatives? Is there such a group? If there is not, why is there not and how difficult would it be to form one?

The Chairman: Then we will draw a line at the supplementary's supplementary, you will be pleased to know.

Trevor Huddleston: I am not sure which of the supplementaries I am answering here but I will have a go. There are a couple of groups. There is the UK Advisory Forum on Ageing, which is jointly chaired by the Minister for Pensions and the Minister for Care Services and involves a range of external stakeholders, local government and so on.

The Chairman: Is that all available on the web?

Trevor Huddleston: It is. Then also there is the Age Action Alliance, which is relatively new. There are a couple of hundred bodies, including several Departments and local government reps as well as external bodies. They are looking at these big, public service delivery questions and engaging older people as the customer voice in there. So there are two

significant groups looking at these big issues. Whether they are quite looking at what you are getting at I am not sure.

Baroness Blackstone: I was more getting at intra-Government debate on this issue rather than these wider stakeholder type groups, which are important too.

Jon Bright: Could I just add a little bit to that? I would not want you to get the impression that we are not working cross-departmentally. My Department has been working closely with the Department of Health over additional grants: the Disabled Facilities Grants and the £300 million for housing for older and disabled people. There is a lot of close working around that issue. There is an ageing strategy board, which consists of directors from the relevant Departments. We meet six-weekly. We will no doubt be talking about some of the questions you have been asking us today and how we might respond to them in a more medium-term way and consider whether we do enough across Whitehall on these issues. There is a lot of debate and discussion between our respective Departments on this.

The Chairman: From this conversation it has come out that there are a number of processes in place, with both external and internal players. Could you put that in a consolidated note for us so we are sighted on it? Also, if I could tease this out a bit more, what would you think are some of the ways you ought to be taking it further to better address this? We will leave that with you.

Lord Mawhinney: Can that note include an answer to Lord Bichard's question, which has not been answered?

Shaun Gallagher: Was that the question about the Permanent Secretaries? This is not a complete answer, but a partial answer is that there was a meeting between the Permanent Secretaries of the Department of Health and the Department for Communities and Local Government; in fact it was a joint board meeting, two weeks ago, I think, to talk about the challenge of funding care within an ageing population.

The Chairman: So they discussed an important aspect of it.

Shaun Gallagher: Yes; the link to things like community budgets.

Q62 Baroness Tyler of Enfield: In a sense, we have already got very much into this because this whole question is about strategic, long-term planning for an ageing population and the sorts of processes within Government to plan and prepare for this. We have already started to talk about this. You have talked about some of the groups that already exist to try and look at this on a cross-Government basis. Are there some officials or advisers who are really focusing on the longer term—I am thinking about a 15/20/25 year timeframe—and some who are focusing on the short term, say the next five years, or is it the same people who are doing both? If it is the first, how are those two pieces of thinking brought together?

Trevor Huddleston: Let me start with the point of view of the Department for Work and Pensions. There are so many elements of what we do that relate to the older people's question that there are a range of teams doing shorter-term and longer-term pieces of work. For example, for the teams working on pensions policy the natural frame of reference is 40, 50 or 60 years ahead, as well as the transition for how you get there. Obviously there are a whole raft of things legislated for that have not yet been implemented, such as subsequent increases in state pension age and things like that. There are then shorter-term questions around extending working lives. What we can do to improve the employment rates of older workers both before retirement age and after would be a current discussion, whether that involves influencing employers, ensuring people are being signposted and having the right training if they are unemployed and things like that. So naturally there is a range of timescales, with some that fall in the middle concerning incapacity benefit policy and things like that.

Baroness Tyler of Enfield: I recognise that this is pushing you a bit but we have had a discussion about what the existing processes are across Government and we recognise it is

complex and difficult to join up these sorts of issues. What scope do you think there is for Government to improve the way it looks at these big issues in the round? In an ideal world, what would you like to see happening in Government to enable Government as a whole to have a more joined-up approach to this?

Trevor Huddleston: Let me have a techie answer and then others can correct me. What was transformative in thinking about pension policy was the creation of a model we call Pensim2, which simulates a whole raft of changes in society. Effectively it models people entering the labour force, ageing, getting married, having kids, divorcing, becoming disabled, buying a house, retiring, saving, earning or whatever it happens to be. It models the life course. In order to do that you need to have the right data and we did have the right data and the right computer power.

What made the Turner Commission very influential was that the evidence base was very strong. What we started to explore with colleagues from the Department of Health was how we can build social care issues into that. That is an area that is not well served by some of our survey data sets. Having an integrated tool that can put all these things together becomes an enabler to that sort of policy making. It has to be said that these tools are incredibly complex and covering that many different aspects is a real challenge. We would describe our analytical tools in this area as the best in class, probably in the world, or as good as anyone has in the world. The more you try and do these models the more complex they get and, in some senses, the more at risk you are of losing the ability to look in detail at a specific area.

Baroness Tyler of Enfield: Thanks, that is really interesting. Could I just press you on that point? How much time do you or any of your colleagues in Government spend looking at how other countries are approaching this whole issue of preparing and planning for an ageing population?

Trevor Huddleston: We are in regular contact with countries around the world to try and learn lessons for pensions design, auto-enrolment, extending working lives and active labour market policies. Then on things like simulation tools we have had a lot of contact with colleagues in Australia, Canada, the USA and throughout the EU to try and work out the best way of bringing the evidence to life in these areas.

James Richardson: It is a regular topic of conversation in fiscal fora, not just bilaterally with other countries, but the IMF and the OECD are very focused on these long-term issues. They are regular visitors to this country. We had the OECD here this week; we had the IMF the week before last; there is a constant dialogue. It is very useful talking to those organisations because they can give you a broad picture over a number of other countries without the expense of visiting far-flung countries. You can pick up a broad sense of what is happening. The long-term fiscal challenges are there for a whole range of countries. In fact, they are much steeper for other countries than they are for the UK. They are very high up the priorities of bodies like that.

Other bodies, like credit rating agencies and so on, that one interacts with in a fiscal role are also concerned about these issues so there are a series of fora and discussions that naturally keep these issues on the agenda. That is always very helpful because underlying the original question is that there is a natural difficulty in thinking of issues that are in the long term. A political cycle of four to five years makes that a challenge. Some of these fora, bodies like the OBR, and things like the Fiscal Sustainability Report and the Pensim model, are ways of continually bringing your attention back to these long-term challenges and saying you cannot just not worry about these things; they are there on the horizon. Having outside bodies, in the OBR's case as a creation of the Government, and the IMF and OECD as bodies that we are members of, and raising those is part of the answer to how you keep it in people's gaze.

Q63 Baroness Blackstone: I want to ask how we make health and social care systems more effective and more sustainable in the context of a rising elderly population. This is a very big question but it is pretty central to what this Committee needs to look at, just because of the cost of these services. I would find it very helpful if I could hear first from the Department of Health but then from the other three Departments as to how they perceive the problems here and what contribution they can make to it.

Shaun Gallagher: Thank you very much. It is a very big question, so if I go on for too long do feel free to cut in. The first point I should say is that, regardless of the detail of the projections and what view you may take of them, it is very clear that the health and care system has to respond to a growing number of older people, both in the relatively short term and in the further future. That is not just to support greater numbers of people but we are also conscious that we need to change the pattern of care and how it is provided to support people in the most effective ways. It is not just a fiscal or affordability issue; this is actually about responding to the needs of people and how they might be best served. It is certainly one of the issues that has been at the top of the agenda.

I would just point out that our new Secretary of State, Jeremy Hunt, who at this moment is giving his speech to his party conference, is going to be identifying how we respond to the challenges of an ageing population as one of his very top priorities as he comes into the role. In his early discussions with us it has been at the top of his list. His thinking is very much in tune with that of this Committee. There may be more that we will be talking to him about as we go on.

To summarise, the key elements that have to be in place across the whole system are, first of all, that there needs to be a broader objective not just to treat people when they face a crisis or a need for health and social care, but to support older people to stay healthy and well, stay in their own homes and stay as independent for as long as possible. Some of that is

about some pretty long-term work on improving public health and wellbeing, to reduce the risk factors that people may face with growing numbers of conditions like diabetes or obesity that cause problems as you get into old age. So the public health reforms we have in place will, over time, be aiming to make a difference to that. Then, in the shorter term, there needs to be a focus on preventive support to people when they are old but not necessarily needing a great deal of support and care. This links with what my colleague Jon Bright was talking about earlier on. When the Government was working to develop its plans for care and support last year, and talking about how we might take a more preventive approach to support people to stay well and stay out of hospitals and care homes, the importance of housing came out as one of the most critical elements. That is one of the things that supported the joint work that Jon Bright talked about, which has led to the use of Department of Health money to support the boosting of more specialist housing for older people and a range of other steps to support better housing options to help people stay independent.

There are other things like voluntary and community engagement to support people to stay connected in their communities, because social isolation and loneliness is one of the biggest risk factors for people needing care and support. It is critical to take steps to support informal care—which is often the first line of support for older people—through specific services that local authorities and the NHS can offer, as well as the voluntary sector, but also steps in other parts of policy, such as flexible working to support people with caring responsibilities. All of that is about the preventative side of things.

Then there needs to be a focus, which has been increasing in recent years, when somebody does face a care need, that there are appropriate services focused on getting them back to independence and helping them regain their previous abilities. The Committee may have heard the word “re-ablement”, which has been a strong focus of services in recent years.

That can actually shift the way in which services see older people's capabilities. So you are actually helping them to recover from a fall or some other crisis and get back home, whereas previously they might have ended up going into residential care. There are other services like telecare and technology-supported care, which can make a big difference to that. Often that needs to be across health and social care working together.

One of the things we have put in place in the last couple of years to try and support that is specific funding from the NHS into social care, with the view that that should be targeted at these sorts of areas. It has allowed investment in re-ablement, telecare and other services around falls prevention and hospital discharge.

Finally, the broader issue is that across the whole health and care system, local leadership of services as they plan ahead needs to move the entire focus of support into communities and away from hospital acute care for older people and residential care, where there can be steps taken to reduce the use of those. That is a whole-system approach that needs to be led locally by health, care and public health partners, working together. I can say a bit about how we think that might happen but perhaps I could leave it there and allow any follow up.

Jon Bright: I would endorse the very strong point Shaun Gallagher was making about the importance of preventative work—for example, Home Improvement Agencies, which are largely unsung, quite small, not-for-profit bodies. We have 85% coverage across the country but these organisations have built up a very strong trusting relationship with about 250,000 older households a year. They help carry out small, minor repairs, sometimes bigger repairs, and do the things an older or disabled person may need to have done to their home to enable them to stay there independently.

I think there is probably scope for those bodies to do quite a lot more in thinking about their business models and how they are going to expand, cope and diversify their services, so they can meet some of the more social needs of older people, addressing issues of

loneliness and so on. There is great scope for the voluntary sector to do more in this area and some of them are already starting to do it. I was in Bristol recently and the Home Improvement Agency that covers the four West of England unitary authorities is a model for developing new business models, thinking about how to address a wide range of needs and starting to meet the needs of a growing older population in that area.

James Richardson: From a Treasury perspective, obviously the Treasury does not design services, we fund them, but this is one of those areas where the thing that works best from an individual's point of view also works best from the Treasury's point of view. The points my colleagues are making about public health, around prevention and re-ablement, are what individuals want to get a better service but are also ways of improving the efficiency of the health and social care system. It is one of those areas where the issue looks the same from both sides of the spending negotiation. When we ran the Spending Review in this area we looked at health and social care together and what the opportunities were for funding within the Department of Health to support some of these agendas and the extent to which the health service could integrate better with social care. Health and social care settlements are run out of the same team within the Treasury. Social care is not considered centrally with the rest of local government. Obviously it has to join up very closely because it is such a large element of local government funding but, because of these links, we have put the responsibility for social care spending alongside health spending, rather than alongside the rest of local government, and made the link that way. That also links through to some of these broader issues, such as the Disabled Facilities Grants. That was one of the things we looked at very carefully when doing capital settlements; it scored very highly in our processes because of its read-across to social care and health.

Trevor Huddleston: There are three areas to highlight from a work and pensions perspective. One is disability benefits themselves and the role they play in making a

contribution to the additional cost of a disability. Enabling people to live at home is clearly a massive link with the whole social care area.

On the prevention side, it is about enabling people to stay at work, not drop out of the labour market, and making sure that occupational health systems are best in class. A really important part of the joint work between DWP and the Department of Health at the moment is about how to incentivise and enable employers to have best-in-class systems like that. We know the links between working and wellbeing are well established.

The third one, which is another really good element of the Universal Credit system, is the link with informal care. How do you enable people to have informal care as opposed to formal care? At the moment we know in the current Carer's Allowance system there are some quite significant cliff edges where, once you start earning above a certain level, you lose your entire benefit. What Universal Credit does, not for everybody but for a significant number, is enable people to combine different patterns of caring with part time work in a way that has not been as obvious or smooth before. Universal Credit gives us interesting opportunities to think about how we marry up informal care and part time working.

Q64 Baroness Blackstone: One of the common themes in what you have been saying is prevention. This has been a buzzword for 30 years. People have been saying, particularly in relation to the NHS but also more generally, that we must have more prevention. Yet it does not really seem to happen in terms of expenditure being channelled at it. You said that there was some transfer of NHS funds into social care. How are we really going to make prevention at the top of the agenda rather than always looking down, when acute services need money and we have all kinds of targets that relate to acute services, such as waiting list times? Secondly, in a context where NHS funding will be under a lot of pressure—that is what most people in the NHS believe and it is probably true—how are you going to make sure the funding you mentioned coming from the NHS into social care is actually going to be

Shaun Gallagher: I will try to pick up those points. You are absolutely right, and many of the members of this Committee have seen this from the sharp end as Ministers and with other responsibilities. The history of the Health Service has a dominant focus on the acute sector and it is difficult to shift away from that. You mentioned the transfer of NHS funding into social care; that is certainly an important part of how we can try to get a preventive approach in the interface between acute care and community support.

The other thing worth mentioning is the approach to public health funding. The reforms that were taken through Parliament last year included a transfer of public health responsibility and a ring-fenced budget for public health from Primary Care Trusts into local government and with directors of public health as statutory members of local authorities. One of the purposes of that was to try to protect that focus on preventive investment and spending, through the ring-fenced budget. It is our hope that that would help to achieve that aim.

One of the other things we hope that change will offer is that the focus of public health can be a slightly broader approach. So, rather than just a narrow medical definition of what public health is about, it fits into the broader local community focus on support and wellbeing in the population, so it can actually link very well into local authority responsibilities for community development, leisure services and other responsibilities that they have. That is one change that should hopefully make a difference.

The way the investment across into social care has been constructed means there is a requirement on NHS and local authority partners to agree between themselves what that money will be used to invest in. Central Government gives a certain direction as to the sorts of support that we expect to see there, but we deliberately do not prescribe. And that local partnership, in a sense, is the way in which people can agree how that gets used. The

evidence so far is that, even in times when the NHS is absolutely feeling that funding is challenging into the future—the budget has been protected, but that nevertheless is some way short of what the NHS has been used to in terms of budget increases—there is pretty strong NHS support for the sense in investing in social care, in order to have a joint benefit from that, because the risk from a shortfall in adequate social care support is that there will be a knock-on for the health services themselves.

So at national level, people like the NHS Confederation have been very strongly supportive of that work, and often at a local level, you will find that general practitioners and others recognise the validity of it. In some areas, there is actually money added to that, so the Health Service offers more than was transferred at national level.

Q65 The Chairman: Could I just add a supplementary on that, rather than come back to it? But what you are describing—and the King’s Fund put it clearly a couple of weeks or so ago—is almost a major shift in the delivery and focus system of the health and care social model. Put cruder than it ought to be, we have probably got more hospitals than we need. We have to do something about that spend there to get more funding into community care, given how we all are faced. I have not heard—tell me if I am wrong—a Minister make the argument as to why, because our health and care needs have changed, which they undoubtedly have, we need to change the structure of our health and social care system, and some of the consequences of that. I can imagine why they have not, because if you say “Fewer hospitals” or “Close a hospital”, you have a row on your hands.

But unless there is some articulation to the public about the need for these very, very big systemic changes in the way our health and care system works, people will incrementalise and fudge—let alone the understandable resistance there will be from professions, because they like their budgets and their practice, or existing institutions like hospitals. I am putting it too crudely, but it is a massive systemic change.

Baroness Morgan of Huyton: Can I add another supplementary, which follows on from the Chairman? Can you describe to us more clearly where the incentives are in the system for the change that you are talking about, because I am sure we all agree with the grand policy outline? We have all heard it for a long time; we have all probably made the same speeches, in a sense. But where are the levers that are going to make that start to happen? If you are sitting upon a foundation hospital trust board, if you are being paid per day to keep people in the beds, what is going to make you operate differently than you do now? In what you are describing, what is going to change that means there is not an incentive to keep people in those beds, but be encouraged to get them out into the community? How is that process going to happen?

Shaun Gallagher: I will try to pick up all of that. Chairman, regarding your point about “You have not heard it from Ministers”, Ministers have made the point about the shift in the nature of provision that is needed. But in a sense, what is more important is that there are voices from, for instance, the clinical leadership of the key professions to make that case as well.

The Chairman: Would you give us references for all of that, because we did not get any of that in our evidence at all?

Shaun Gallagher: I will see what we can put together in terms of where that set of statements had been made.

The Chairman: It is good news you are telling me. It would be nice to see it.

Shaun Gallagher: So the idea that there needs to be a shift from acute settings into community-based support, and that that requires a shift in the model of care locally, is pretty well rehearsed. Although you are absolutely right that it is never a politically easy thing to undertake service changes of that kind, it is also not true that they are always difficult. There are a range of changes that have taken place, for instance as a result of specialist services for

stroke care with support for people in the community and the appropriate type of support, which have gained clinical buy-in and understanding in a local area. It has seen through changes of that kind to move investment into the community. It is not always an impossible thing that can never be addressed, although I quite recognise that it is difficult.

We have been saying for a number of years “How might it actually happen?” and “What are the incentives?” The first thing is that it is challenging, and it requires that shared local leadership, with a clear national approach that supports it. One of the changes that will come into place next April, from the Health and Social Care Act 2012, is the creation at local level everywhere in the country of what are called health and wellbeing boards. Those organisations are specifically designed to bring together clinical commissioning groups, in a way that has not quite been seen before, which hold: the purchasing responsibility for all healthcare; social care responsibilities within a local authority; public health responsibilities, which I mentioned before; and others, such as children’s services and housing. They will be under a statutory duty to undertake a needs assessment of the broad health and care needs of their local population, looking into the future, and to agree a joint health and wellbeing strategy as to what needs to deliver that. The commissioning plans that the clinical commissioning groups undertake need to be in line with that.

Baroness Morgan of Huyton: When you say, “They need to be in line with that”, is that statutory? I know they have been set up, but I can imagine them being, with the best will in the world, very large talking shops. I am trying to understand how the money is going to flow in the direction that you are describing.

Shaun Gallagher: The important thing is that those health and wellbeing boards do actually act as a strategic local leader of services to support need. It would be a failure if they were simply a talking shop, and indeed the entire effort is to try and ensure they do offer much more than that. It is only at that local level that you can have a strategic plan for how

services may need to change, if you can bring those voices together with a plan that is based on the needs of the local population, where there are clearly deficits in, for instance, support for older people in communities. This may include some politically controversial questions of particular services and buildings and so on. The only way in which you can really see through that sort of change, with community buy-in and engagement, including local political buy-in, is through that shared leadership from the start. In some ways, that sounds like a structural answer, when actually it needs to be much more than that. But I think what we are putting in place is that set of structures that enables that local leadership to take place.

Baroness Morgan of Huyton: They will not hold the joint budgets, will they? That board does not hold the joint budgets across all the services.

Shaun Gallagher: They will oversee the overall strategy that is supported by the commissioning budgets from the different parts of the system. They will also be under an obligation, under the law, to promote integrated care across their services and to consider joint commissioning and joint budgets if that is something that can support it. We have shied away from prescribing that there must be joint budgets, partly because the evidence of integrated working is that the more top-down it is, the less effective it is in generating that local ownership. The incentives in the system are intended to support that set of changes that I have talked about. There are elements within that that will need further work, such as what you were talking about, which is clearly the tariff system for how hospital care is paid for. But there is work going on to try to ensure that we do that, too.

Baroness Shephard of Northwold: Are these new boards going to be per strategic health authority, or what?

Shaun Gallagher: They are per upper tier local authority. So if it is a county with districts, it is for the county, but with the involvement of the districts and everywhere else it will be around the unitary authority.

Baroness Shephard of Northwold: To whom are they accountable?

Shaun Gallagher: They are accountable, essentially, to their local population. The local authority is accountable, locally, to those who elect the local authorities. They bring together organisations with a range of different formal accountability structures, so the clinical commissioning groups are accountable to the NHS Commissioning Board. There is a shared local and national accountability for the work that they undertake.

Baroness Shephard of Northwold: So if I am an individual and I want something done, I write to them. And if they do not do it, I cannot elect them?

Shaun Gallagher: As a local citizen, you would have an ability to influence the work that that health and wellbeing board undertakes.

Baroness Shephard of Northwold: Yes, but there is no electoral accountability.

Shaun Gallagher: There is on the boards. The elected membership of the local authority is a statutory part of the boards.

Baroness Shephard of Northwold: So, really, the accountability is via the local authority.

Shaun Gallagher: For the board as a whole, it is to the local population.

Baroness Shephard of Northwold: No, I am asking about the local authority. The local population is something different. The local population is powerless unless it is electing the people who are doing this work.

Shaun Gallagher: It is. So there is an elected membership on the board. They are not all elected, so, for instance, there is membership of the clinical commissioning groups on the board. There is also a local citizen consumer representative, under local Healthwatch.

Q66 Lord Mawhinney: Forgive me, but I would like to take you back to Baroness Morgan's question, because I do not think you answered it. Some of us spent many a happy hour in the Chamber, listening to all this health and wellbeing board stuff, and indeed all the rest of it. The question is: what is fundamentally different that is actually going to change?

Even when I was Health Minister in a previous generation, for God's sake, we talked about hospitals and GPs and local authorities and social care. And it was one big happy family, and they were all working together, and the people in Peterborough had never had it so good in terms of healthcare, blah, blah, blah.

It did not work. Part of the evidence for the fact it did not work is that you felt the need to produce a whole new restructuring of the Health Service. That is as good evidence that it did not work as any. Whatever happens under a different title with different words on the top of the notepaper, we have got all of the same people allegedly working together again. Baroness Morgan asked, "What is going to make the difference, that this time it is actually going to work and change something?", as opposed to the local authority saying, "No, we are not going to give you any of our money," the hospital falling out with the GP and the commissioning people, and mental health not getting a look in. Her question was very specific: what is the key in this new organisation that is fundamentally going to change what has, thus far, been in policy and structural terms a failure, and make it into a big, resounding success?

Shaun Gallagher: I will do my best to answer that. There are a number of things that are different, one of which is that the leadership of the clinical commissioning groups, who essentially hold the budget for NHS services, is more clinically led. This, in some ways, of course, harks back to the earlier moves to give GPs a greater say over the use of budgets. The evidence was that it did have some impact around the configuration of hospital services.

Lord Mawhinney: Excuse me for interrupting, but GP fundholding probably was the single greatest change of primary care in our combined memory. Clinical commissioning was supposed to be a return to the old days. By the time the legislation got through, clinical commissioning groups had got about six, or eight, or 10, or 12 or 14 other people on them, as well as the GPs. In other words, you started out with a GP foundation, and by the time

you finished and sent it to the Queen, it was just a new district health authority with a different name. So forgive us if we do not buy into the “Clinical commissioning stuff is the key” that Baroness Morgan asked about, because Government watered it down and watered it down under political pressure to the point where it is now just a district health authority by another name.

Baroness Morgan of Huyton: But it does not have the same boundaries, necessarily, as the local authority that is dealing with the social care budget.

The Chairman: Have a go at this question, because we have then got to have other questions.

Baroness Morgan of Huyton: It is fairly fundamental, though, to a lot of what we are talking about. I am happy to drop my later question.

The Chairman: I am not hearing an answer.

Shaun Gallagher: On the boundary question, there was a clear drive to offer clinical commissioning groups freedom to determine how they defined themselves. There is a clear match between clinical commissioning groups and the health and wellbeing boards that they sit on and serve. I am not sure how the boundaries have come out in terms of a match with local government boundaries. In many cases, they are pretty aligned. I could give you the detail on that.

Baroness Tyler of Enfield: It would be useful to see that.

Shaun Gallagher: I was saying that clinical commissioning groups offer something of a difference in the local clinical leadership influence on how health services are designed, and the tilt of the balance in the system towards a community-based and a demand-led approach, rather than the dominance of the acute sector. I quite take the challenge that this has been tried before, and this is not a guaranteed success. But that is one of the elements that is different.

The other thing that is different is that the health and wellbeing boards are genuinely a bringing together of all the partners in a stronger and clearer form than has been the case in past arrangements, and with incentives and duties to work together across health and care. The Government has not taken the step of a major structural merger between the services, because it has always been felt that that would be a huge shift and change, not something to be taken lightly. Nevertheless, the aim of the boards has been to get the strongest partnership within those different statutory frameworks. I am not going to sit here and pretend it is guaranteed to have the success that we would like to see, but our job is to try to support those local boards in undertaking that leadership and taking it forward.

Q67 Lord Bichard: Sitting and listening to you this morning, and having been on the other side of the table on occasions, I have been struck by the fact that you are well-informed, helpful and well-intentioned. I am not, however, left with a sense that there is—and I am sorry to come back to this issue, but it is so important to what we are looking at—a Government approach to the challenges of the elderly, and of an ageing population. Some people have suggested to us—I am not actually recommending this—that we should have a Minister, but we do not have a Minister taking responsibility.

We do not have a national strategy. We do not have national Government priorities across all Departments. We do not have milestones that we are monitoring to see how well we are doing, and how well we are avoiding some of the problems that Lord Mawhinney has drawn attention to. There is nothing that is taking us beyond some good, well-intentioned meetings on specific projects. Are any of you satisfied with the current arrangements for cross-Governmental co-ordination of policy and delivery for the elderly?

James Richardson: Can I try and offer an answer to that? I suspect it will not satisfy you one way or the other, but let me try. The first thing I would say is that arrangements are never perfect. There are always improvements, and I am sure the Committee will make

recommendations that will help us. We have tried a number of things in the past. We used to have a Minister; we used to have lots of committees; we used to have strategies. Lord Mawhinney's test is a good one: did all these things that we have tried in the past actually succeed in addressing the problems better than we are addressing them now?

I am not sure that all of that infrastructure necessarily meant that the critical policy issues were being addressed more successfully than they are now. There is always a choice between lots of top-down architecture and addressing issues with a slightly more bottom-up approach. It would be fair to say that the current Government quite clearly is not a fan of, for example, the kind of PSA architecture that you may have been alluding to a second ago. It has adopted different approaches. All of these issues are being addressed within the approach on pensions; the approach on health; the approach on social care; and the approach on housing. People do talk to each other. Maybe it is more informal than it was under some past structures, but I do not think that is necessarily a criticism of it. It is a different approach. It is perfectly reasonable to ask the question of "Is it working better than it was in the past?" and we will welcome your views on that. But I think the fact that the system is different, and perhaps more bottom-up and more reliant on informal approaches, does not necessarily make it worse. In many ways, those kind of approaches can work much better than top-down architectures of the sort that we have seen in the past.

Lord Bichard: Let me rise to the challenge, then, and look at it from the bottom up. Many of the discussions that we have already had in the Committee, and much of the evidence that we have received from others, have alluded to some excellent examples of local practice. I remember Baroness Shephard, at the very first discussion we had, saying "There is a fantastic thing in Norfolk. Why is it not happening across the country?" The reality is that it does not happen across the country. No-one seems to be identifying the really good practice and trying to ensure that it is replicated. If I look at health, we have a National

Institute for Health and Clinical Excellence now. In order to achieve the bottom-up—because I do not think it is happening at the moment—do we need a National Institute of Ageing Excellence? Do we need someone who is actually looking out for the good practice, and making sure it is replicated? Because it is not consistent or uniform at the moment, is it?

Jon Bright: We are doing that very thing. There is an initiative by the Cabinet Secretary at the moment to explore opportunities for creating “what works” institutes, and one of the early adopters is going to be on ageing. The aim is to get this moving quite quickly. It will, in time, provide and develop an evidence base so that local commissioners could draw on evidence of what has worked in Norfolk, or wherever else, to tackle a particular—

Lord Bichard: Who are these local commissioners?

Jon Bright: We are operating in a more localist philosophy than we did under the last Government. So health and wellbeing boards, and others who are commissioning services to address the needs of an ageing population, will better be able to draw on an evidence base of what is most likely to work in that particular situation and with that particular group.

Lord Bichard: This is very interesting, but let us just think about how it is going to work. This “what works” group is going to come up with a really good practice in Norfolk, and it is going to say, “We ought to be doing this nationally.” How is it going to ensure that happens, if, for example, that good practice in Norfolk challenges some of the professional boundaries that exist—let us be honest—in health? How are we going to ensure this has some clout behind it?

Jon Bright: It does not exist yet. We are in the process of designing it, and it is a co-operative venture between the Department of Health, the Department for Work and Pensions, and the Department for Communities and Local Government, with Cabinet Office coordination. We are still scoping it out. It is unlikely to mandate that a particular approach that works in one place should be adopted in another, because in this particular area the

evidence is not as strong. For example, in the area of preventative work with older people, the evidence is not as strong as it is in the medical arena. But, by virtue of a particular approach being promoted, that will encourage those locally to think about doing that, rather than something else for which the evidence may not be strong.

Baroness Morgan of Huyton: Is the problem not that you are back to your health and wellbeing board, but that, as a group, is not held accountable by anybody? To whom is that group really accountable? Again, I am back to levers of influence, I suppose. If this is best practice, who is going to make sure that that group takes any notice at all?

Jon Bright: That one is not for my Department, I am afraid.

Q68 The Chairman: We would be interested in seeing the narrative you have described about the centre of excellence. None of us are saying that is not useful. The debate is about whether that is going to be sufficient, so please let us have that. It would also be interesting, because we have a session on it, to look at where there is evidence about more prevention, how it works, and whether it might be cost-effective. We would welcome a note on that as well, so we are informed of the Government's position on that before we have our evidence session.

We are still back to the fundamental question of this session, which is whether changes to the commissioning structure and good practice are really going to overcome—put crudely—the vested interests and the inertia of the system to change fast enough according to public needs. I do not think you have got us with you on that, so far.

Lord Bichard: I do not want to be unkind, but “not for my Department” encapsulates my concerns.

Jon Bright: Sorry, I was commenting specifically on the accountability question of health and wellbeing boards.

Baroness Morgan of Huyton: Except that local government is represented on those. So if they are going to work at all, they are not the responsibility of the Department of Health, are they? Otherwise, we are exactly where we are: because they were in the health Bill, they are the responsibility of the Department of Health.

The Chairman: We have got your question to ask at the end, Baroness Morgan.

Baroness Morgan of Huyton: I am not worried about that one, actually. They can write in.

Q69 Lord Bichard: My final question is a much simpler one. I would be interested in hearing, particularly but not just from the Department of Health, about the role that you think technology has in tackling the issues that we are talking about. For some of us, looking at the possibilities of telemedicine and telecare, these are very considerable. I sense that maybe we are not moving forward quickly enough. They are also about addressing this balance between state provision and individual capacity. So could you just maybe give us a brief outline of what your position is on that?

Shaun Gallagher: You are absolutely right. Technology, and innovation more generally, is absolutely critical to improving the way in which public services and beyond respond to these sorts of needs. There has been quite a lot of work on things like telecare. There is a risk that people think that telecare, which is something that was cutting-edge technology maybe five or 10 years ago, is the answer, and that what you need to do is keep putting that into people's homes. Actually, it is now a great big clunky box. The world has moved on.

What we need to do is to have an approach to how these sorts of services work that is much more responsive to innovation. A lot of it will probably be things like mobile applications. There are a lot of advantages that can come from the information agenda, because one of the deficits that people often feel is that they do not know where to go, what to do, or how to make choices between different approaches. So innovation in

information provision is one key part: it does not have to be machinery. But it is a central point, and I could offer to give the Committee a note that would talk about some of the things that we think may help to do that.

Q70 Baroness Morgan of Huyton: I have a final question on communication, which goes back again to the big argument with the public. If we think about the discussion we have been having about the difficult decisions within health and social care, and indeed wider issues about the ageing population, have you any thoughts or suggestions or evidence for us about how the Government is planning to take those issues out to public debate? Are there any cross-Government discussions about how to have those large public conversations? The public buy-in for any of this, obviously, is essential.

Trevor Huddleston: On the communications side, things are pretty well joined up on the Directgov websites and so forth. There is some really good stuff around retirement planning and preparing for retirement, and some really good materials and signposting there. It is a one-stop shop for advice. There has been a massive campaign going on over the last two or three weeks on things like opportunities for saving, auto-enrolment into workplace pensions, and stuff like that. There is a range of initiatives. Whether that is quite getting at where you are coming from, I am not sure.

Baroness Morgan of Huyton: Arguably, it is a question for Ministers when we see them. It is about leading public debate.

Q71 The Chairman: You can hear our argument that the evidence suggests some very big shifts as a consequence of a progressively ageing society, which challenges the affordability and the efficacy of current service models. It is barmy to think Government is responsible itself for solving all of that; it cannot be. Therefore, if you kick Dilnot, understandably, and the SPA into the next Spending Review—if you just deal with it as a zero-sum game between Departments, rather than try to articulate why we as a society, let

James Richardson: You raised the Spending Review, and how we did it in the last Spending Review. I cannot say that it will be done the same way in the next Spending Review; the Government have made no decisions on that yet. But we did have far more public engagement and debate in the last Spending Review than in any previous Spending Review. That is not to say that we could not do more.

The Chairman: That reinforces my point, does it not?

James Richardson: One of the things that we learned from doing that is how we might do it better in future. We did engage the public, generically, through websites and invitations to send in comments. We had over 100,000 submissions from members of the public in terms of the last Spending Review, but then also through expert roundtables around a series of themes. I am afraid that I cannot remember precisely what they were on that. We set up a challenge group where we got people from outside the relevant Department to come along and probe what they were doing. These were all new innovations in the last Spending Review. Because it was done over a short-ish period of time, I am sure they could be improved, but that kind of approach does create the opportunity for people to have these kinds of discussions. It certainly was designed precisely to avoid it becoming a purely bilateral discussion between the Treasury and a single Department.

The Chairman: Let us have your thoughts when you can about how you might better address the issues we have talked about as part of the next Spending Review. Could I ask Mr Huddleston, because clearly you have a bit of an overarching role on all of this, have you not? What is your response to our suggestion?

Trevor Huddleston: I was reflecting on the debate that was started by the Turner Commission, and I do not think that debate has actually ended. I think it is ongoing. Almost every day, there are things going on that are a consequence of decisions that have been taken by a range of Governments in the past. The fact that we are equalising the state pension age as we speak was a decision taken 17 or 18 years ago, having profound impacts on the labour market and some remarkable increases in employment levels amongst older workers at the moment. In the last week or two, we have had auto-enrolment into private pensions. It is the start of a massive journey, but it is once you start getting these things live that the debate then becomes something that is no longer theoretical stuff on a piece of paper.

The issue about saving in pensions, the issues about working longer, the links with later retirement for public servants—it seems to me that this is quite a mature debate that is now being had. It has almost become the DNA of discourse: rather than a set piece, let us have a look at the trade-off between working longer, saving more, and higher taxes. It seems to me that that is the stuff of what is happening at the moment.

The Chairman: It is happening in part. The question, essentially, is whether you think that we should be doing more of that, and there are mechanisms to better feed and inform that debate over the next few years.

Trevor Huddleston: For me, the plan to bring forward a simplification of the basic state pension will itself create a further debate. There is a question about whether all of these issues together are insufficient, or whether when one then reflects on it, one says “Well,

actually, there is a need to do something more.” For me, rather than to say, “We need to plan now to do a significant consultation”, there would be a question of whether there is a need, or whether we have stuff in place that is provoking that debate.

The Chairman: I have heard it. We are over time now, and on behalf of the whole Committee I would like to thank you. It has been extremely interesting. There is lots of interest and lots of worries there, as you understood. We asked for quite a lot of information; we would like that through to us. We look forward to exploring some of these issues: both with you, if we need a further follow-up, and certainly with relevant Ministers at the end of our process. Thank you very much indeed.