



Select Committee on Economic Affairs

Corrected oral evidence: Social care funding in England

Tuesday 16 October 2018

3.35 pm

Watch the meeting

Members present: Lord Forsyth of Drumlean (Chairman); Baroness Bowles of Berkhamsted; Lord Burns; Lord Darling of Roulanish; Baroness Harding of Winscombe; Lord Kerr of Kinlochard; Baroness Kingsmill; Lord Lamont of Lerwick; Lord Layard; Lord Livermore; Lord Sharkey; Lord Tugendhat; Lord Turnbull.

Evidence Session No. 1

Heard in Public

Questions 1 - 13

Witnesses

I: Simon Bottery, Senior Fellow, The King's Fund; Natasha Curry, Senior Fellow, Nuffield Trust; Sir Andrew Dilnot CBE, Chair, Commission on Funding of Care and Support (2010–11).

USE OF THE TRANSCRIPT

1. This is an uncorrected transcript of evidence taken in public and webcast on www.parliamentlive.tv.
2. Any public use of, or reference to, the contents should make clear that neither Members nor witnesses have had the opportunity to correct the record. If in doubt as to the propriety of using the transcript, please contact the Clerk of the Committee.
3. Members and witnesses are asked to send corrections to the Clerk of the Committee within 14 days of receipt.

Examination of witnesses

Simon Bottery, Natasha Curry and Sir Andrew Dilnot.

Q1 The Chairman: Ms Curry, Sir Andrew and Mr Bottery, welcome to the Economic Affairs Committee. You probably have more knowledge of this subject than the Committee does yet. It is an important inquiry. Perhaps I can begin by asking you a general question: what are the principles that should underpin the funding of social care?

Sir Andrew Dilnot: There are two very straightforward ones. The first is that we need to provide it to people who cannot provide it for themselves—who simply do not have enough income or wealth to do it for themselves. As you know, in every other part of our welfare state, there should be a means-tested system that looks after those who simply cannot look after themselves. The second is that we should let those who can afford to look after themselves do so if they possibly can and, if they cannot, we should intervene to resolve the market failures that prevent them doing that. In our report in 2011, the burden was that not only did we need to spend more money on a means-tested system, which was inadequately funded then and is even more inadequately funded now, but that individuals could not do anything to pool this risk for themselves. The gross market failure here is a strong argument for intervention by government to take away the catastrophic risk so that people can then do something about managing their own lives. Those would be my two central points.

Natasha Curry: I would say that there are four broad principles. Any social care system should be underpinned by a sense of fairness, by which I mean a fair distribution of costs across a population, with those who are able to pay more taking more of that burden. There needs to be clarity on the offer to people in terms of the entitlements and access. There needs to be transparency about what you are contributing and what you are likely to get in terms of benefits. Finally, we need a sense of consistency across the country because, at the moment, we suffer from a system that is riddled with regional variation in access and quality. A sense of consistency as to what you can expect no matter where you live is important.

The Chairman: Mr Bottery, thank you for your written evidence, which we have just received; we have not had a chance to read it but look forward to doing so.

Simon Bottery: I would not disagree fundamentally with what Andrew and Natasha are saying, but maybe I could respond by telling you what the public said to us when we asked them this sort of question recently. We ran a series of deliberative events, with about 50 members of the public in London, 50 in King's Lynn and 50 in Leeds for a whole day. Then we got them back a week later to ask them more about it. The fundamental thing they said, which is consistent with other work that has been done, is that there should be a shared responsibility for social care costs between the individual and the state, but—this is crucial—the

balance of responsibility should lie with the state. They saw the state having more responsibility for pooling risk and providing social care than they should have to take as individuals. That is a really important principle that would underlie future funding settlements.

Q2 Lord Livermore: What has been the effect on the social care system of short-term investments, such as the better care fund?

Sir Andrew Dilnot: As a result of that, it has been better funded than it otherwise would have been. On a number of occasions in the last seven or eight years, that money has come at what seemed like the very last minute to prevent the thing collapsing altogether. However—this is a problem seen not just not in social care but most areas of public spending—a lack of a clear strategy has not helped. Not knowing how much money there will be, and amounts of money coming in at the very last minute, sometimes with very clear specifications as to how it should be used, has not helped to generate a strategic response. In the end, my concern is that while this money has been helpful, we still have a system for funding social care in this country that is broken. Even where it has helped, it has not addressed the core funding questions: what will the long-term level of funding of the means-tested system be and how are we to deal with the population as a whole? Those are left unanswered by these interventions.

Natasha Curry: While the short-term injections of funding have been very welcome on the front line, they have not sought to address the long-term fundamental problems that we have. They are often presented as a prop to the NHS. The recent funding was talked about as funding to see the NHS through the winter and not to sort out the problems in social care itself. I think it was the LGA that said last week that you cannot turn services on and off. You can put money into a system but then you have to think about the delivery system and staffing that go along with that.

Simon Bottery: I think that is right. In some ways it has made relationships between the local NHS organisation and councils more difficult because NHS organisations have been under significant pressure to reduce delayed transfers. They have transferred that on to local authorities, which has caused a real sense of stress and tension. It ignores the reality that the majority of demand on social care does not come from acute hospitals but from community services. In particular, it tends to distract us from the reality that it is working-age disability, which increasingly makes up a larger percentage of local authorities' budgets; it is now about 50:50 in terms of local authority budgets. It tends to distract from that when we just focus on acute hospitals, even though that is obviously an extremely important issue.

Lord Livermore: To what extent is it about more money or about spending existing money better?

Simon Bottery: It is both, but it goes back to the fundamental issue that you have to decide what you want to do with the social care system and what problem you are trying to resolve. If you accept that people will

have some responsibility for some degree of their social care costs then, if you want to prevent them paying catastrophic costs, a cap is a sensible approach to doing that. If what you want is a system that potentially allows greater integration with a free-at-point-of-use service such as the NHS, then widening free access to social care might be the way you want to spend your money. None of these is mutually exclusive. You have to go back to some of those basics and ask, "What are we trying to achieve here?" and then work out what to spend the money on.

Natasha Curry: I completely agree. Sometimes we start this debate in the wrong place by looking for a funding solution. It is not just the funding question; there is a funding issue there but it is wider than that. It is about what we want social care to deliver and how it is to operate alongside other services, not just health but the wider welfare system. I do not think we have a clear vision of what we want it to do.

The Chairman: What do you think that vision should be?

Natasha Curry: As Simon was saying, it is a question of what we want it to deliver. Do we want it to be a service for people in the greatest need, or do we want it to be more of a wellness system? I have been looking quite closely at Japan, which introduced a system in 2000 that was less about a care system and more about a whole wellness service intended to keep people well and independent in the community by linking up a range of welfare services. Is that the vision we want, or do we want more of a safety net for people in their hour of need? That is the wider debate that needs to happen.

Q3 **Lord Darling of Roulanish:** I start by reminding the Committee of my interests in the register, in particular that I chair the Standard Life Foundation, which might be a relevant interest here. I want to start by asking Sir Andrew, in the first instance, about a speech you delivered last year to the Resolution Foundation, in which you said you thought social care ought to be free. First, is that correct, and does that mean that the idea of a cap would fall away? Secondly, given the likely increase in demand for social care, do you think that the funding of that would ever be forthcoming and would ever be affordable?

Sir Andrew Dilnot: I remember the event vividly, but I do not remember saying that I think that social care should be free. I do not know that I have ever said that, or at least not in that context. It does not seem to me that that is the case. Of course, I am an economist, so I do not think that anything is free. That is a serious point. The act of government is about the allocation of scarce resources. When we say that the NHS is free, we do not mean that it does not cost anything; we just mean that there is no price charge to users at the point of use. It costs us north of £120 billion a year. It seems to me that social care should be free at the point of use to those who are too poor to support themselves, so the means-tested system should certainly be like that.

On the provision for the rest of us, I would ask why the Government need to get involved at all. Why can't we leave the provision of social care to

the better off, just as we leave the provision of food to the better off? The answer is that there is a massive market failure that means that the Government need to be involved. If I can digress just for a minute, it is thus: we none of us know how much each of us will need in the way of social care. Most of us will not need very much. About a quarter of us will die walking up Snowdon on a sunny day, full of health, and we will just keel over and we will need no social care at all. It might not be Snowdon, it might be—

The Chairman: This is a sensitive subject in this House.

Sir Andrew Dilnot: I can see that Lord Lamont thinks that it might perhaps be in Scotland somewhere.

The median need is the equivalent of £20,000 or £25,000 before death. It is only at the tail end that a small number of us will need a great deal of social care. That is the challenge for us, because faced by that kind of probability distribution of risks we all like to pool risks. We buy insurance or the state pools risk for us. This is the only big risk that we all face, and we cannot buy insurance because the private sector cannot provide it, and the state does not provide it. Should that be free? The cap needs to be available to everybody.

Where the money should come from is a different question. My own clear view on that is that it is perfectly appropriate that some of that money—indeed, the large part of it—should come from the older population. The argument for something like a cap is not that the elderly population as a whole is hard done by. Rather far from it; the elderly population is three times as well off now as it was 40 years ago, whereas the working-age population is only twice as well off as it was.

The argument for government intervention is that there is market failure. It seems perfectly reasonable to expect people to pay more for that through taxes, national insurance contributions or a wide range of other things, so I do not think it can be free, and for those who can afford it it should not be free, but I do not think that they should be charged directly for the social care that they receive. They should make some kind of contribution, which means that if they are one of the unlucky ones who need it, their care will be covered.

Lord Darling of Roulanish: Is that more akin to what I understand is the Japanese system: you pay extra—that is, over and above what you pay today towards the possibility that you may need care in the future?

Sir Andrew Dilnot: I would be wary of linking it. I am not a fan of hypothecated taxes. I may not dislike them as much as the two past Permanent Secretaries to the Treasury but in general very nearly as much. If we are to extend the provision made by the state, we will need more money to do that. We should think about how that tax should be raised. I would not be in favour of linking the amounts of money paid to the amounts of provision that were received, because this is about pooling risk, not about—

Lord Darling of Roulanish: So you would do it through general taxation.

Sir Andrew Dilnot: Probably.

Lord Darling of Roulanish: On the question of the cap, which you have advocated for some time now, you are relatively close to the Government's thinking. Is it a political difficulty, is it an affordability question, or have they just given up on it?

Sir Andrew Dilnot: The Prime Minister, four days after the launch of the Conservative manifesto last year, said, "We will make sure there's an absolute limit on what people need to pay", so we can be confident that that will happen. There is a political challenge whenever the envelope of state activity is increased. There is a question over how the money should be raised, and that is a significant political challenge.

The important thing to be clear about here is that people often talk about the burden of ageing as though it is a bad thing. Actually, it is the great triumph of the last 150 years that people are living longer and living fruitful, good lives, which is wonderful.

One major thing blights that for many people living in this country, and it is that they are terrified about what happens if they need social care. That seems a very foolish state of affairs if something can be done here. We need to recognise that this is not a bad thing but a consequence of success, but the numbers of people being affected are very large. In 1901, there were 61,000 people aged 85 and over, according to the census. In 2011, there were 1.447 million, and we expect about 3 million in 2030. This is a huge and new group of the population, and we need to do something about it.

Lord Darling of Roulanish: So in summary you are advocating a cap and that the funding should come through general taxation rather than a hypothecated contribution.

Sir Andrew Dilnot: A cap is part of it. We also need to reform the means test, which is underfunded and completely peculiarly structured, with the worst cliff edge in the British welfare state, which is not a competition that you would want to win.

I would probably look to general taxation, but there are some changes to the current structure of the detail of the tax system that would make a great deal of sense. The most obvious relates to the biggest tax break that many of those sitting around the horseshoe are benefiting from: many of you are not paying national insurance contributions. That seems to me quite wrong.

As a result of that, those over retirement age are paying a direct tax rate that is 20% lower than the effective tax rate on those below the retirement age. If the Government were to do something beneficial on the spending side on social care, this seems like the perfect opportunity to begin the reform of that major distortion in the tax system.

The Chairman: I declare that I am paying national insurance contributions.

If you had a cap and people knew the liability, would that not enable private insurance schemes to come in and therefore to alleviate the burden on the taxpayer in the longer term?

Sir Andrew Dilnot: One of the objects of the sorts of reforms that our commission advocated was precisely to make it feasible for the private sector—both the financial services sector and the providers of care—to be more innovative. At the moment, we are in a market where it feels as though you are in a shop with no prices, because although you know how much your care will cost each week or month you have no idea how long it will go on for, so you do not know the final price. That means that the demand curve is almost completely flat, and almost everybody except a very small number of very wealthy people are trying to pay the least they possibly can. That means that the returns to innovation for providers are very low. It also means that there is very little for the financial services sector to do.

With a cap in place, two markets would grow up. One would be a market for insurance up to the cap, although I think many people would say, “If there’s a cap in place, we’ll self-insurance up to the cap. It can come out of our estate”, but some people would want cover for that bit. The larger market would be that many people would say, “It’s nice to know that the catastrophic risk is dealt with, but if I need social care, or my mother does, I’d like that to be in some way more expensive than what the state will provide, so I’d like a certain amount of money on top of what the state will provide”. That is feasible for the private sector to deliver, because there is not the aggregate shock risk there because you are offering an amount of money that is fixed and not whatever it costs. That top-up market, which could be integrated into the pensions market, is an area in which we would see substantial growth.

Lord Darling of Roulanish: I was not excluding the other two witnesses. If either of you want to add to or comment on anything that Andrew Dilnot said, please do so.

Simon Bottery: The only thing I would add is that as well as a market failure there is almost what you might call a demand failure, which is that people are extraordinarily reluctant to think about their future social care needs. Even when they have immediate social care needs, they will not necessarily do the thing that you would think that logically they would do, which is buy the services that would alleviate their needs. I agree with much of what Andrew is saying, but there is something about us as people that prevents us from thinking about or wanting to spend money on these sorts of things.

Natasha Curry: I want to provide some background to the Japanese system, as it was mentioned. It is quite an interesting funding model. Half the system is funded through social insurance payments, which are added on to health insurance payments when you hit the age of 40 and

are shared with employers, and the other half is through general taxation. They decided on that model because the social insurance element offers a degree of transparency on what people are contributing and the general taxation part of it offers flexibility whereby, if the economy is not doing so well and there are fewer people in work, you can adjust the funding that way. It is quite an interesting example. They also have direct user payments, so you pay around 10% of your costs, but that is capped monthly as well. It is quite a clever model, which offers quite a lot of flexibility. In contrast, the German system, which is another that I have been looking at recently, is purely social insurance. There is a high degree of transparency and clarity about your contributions and benefits but it depends on a healthy economy. In recent years, they have set up a federal reserve fund to protect against increases in demand that they do not think can be met through the social insurance system. That is just a bit of context about those systems.

On the question of the private insurance market, it would be useful to look at the German experience. They have a system where the care system is meant to provide a basic level of care and, above that, you are expected to contribute personally. They have tried to stimulate a private insurance market. It was not really taking off, partly because people were not aware of the risks of long-term care costs, so they introduced a subsidy system in 2013 to incentivise uptake of insurance. They have now rowed back on that because of various concerns over long-term sustainability. If we were to go down that route, we might want to look in more detail at their experience and why they have moved back from that.

Lord Turnbull: Just to clarify a factual point, we are spending £120 billion on the NHS, which I think is around 90% of total healthcare spending. What are the equivalent figures for social care? What do we spend in total and how does it divide between what the state provides and what families provide?

Sir Andrew Dilnot: Adult social care is about £16 billion a year. That is state spending, and roughly half is on the elderly and roughly half—as Natasha or Simon said—is now on people of working age. We think, although we do not have perfect numbers on this, that about the same is spent by individuals as is spent by the state—£8 billion to £10 billion by the state and £8 billion to £10 billion by the individual.

Lord Turnbull: So it is 50:50 rather than 90:10.

Sir Andrew Dilnot: Yes.

Q4

Lord Turnbull: Another question: when the Government are calculating the cap, and as you approach the cap, do they tot up what you have actually spent, on a luxury nursing home for example, or what you would have spent at the going rate that the Government have set?

Sir Andrew Dilnot: It is what you would have spent at the going rate that the Government have spent. I could pitch up in 20 years' time and they say, "You're pretty crook, you need help getting up, being fed at

lunchtime and going to bed. That will cost us £750 a week. You have assets of your own so you're on your own for the next 100 weeks; come back to us in 100 weeks". There is no assessment of what people have actually spent. You cannot book into the Ritz and get to the cap more quickly.

Natasha Curry: To add to that, it is interesting to look at what we actually spend but, if we are thinking about a future spending model, we need to factor in the unmet and undermet need in the system and not underestimate that. That could create a huge increase in demand, as the Japanese system saw in the first five years after the launch of its very generous system. The demand curve went up beyond all expectations, because they had underestimated that need in society. So that is just a caution when we are talking about cost.

Lord Turnbull: We are talking about a very small amount.

Sir Andrew Dilnot: Absolutely. I have heard members of political parties on both the left and the right describe this as an incredibly difficult problem, and my response is that it is not a terribly difficult problem. There are huge amounts of money involved in the healthcare system, in pensions, in education—the amounts of money involved here are much smaller, but resolving it requires changing the envelope of government activity. One reason it has not happened is that doing something new is much more difficult than spending an awful lot of money on something that is already there. It is also worth noting that people whose families have been through this are exhausted when they come out the other side. They do not turn into campaigners for better provision in this area in the way that perhaps people who have had younger family members do. They are just exhausted, so it has not to date had the political bite that some other areas have had.

Lord Tugendhat: Before I ask my main question, I will ask a supplementary question to Lord Darling's. Sir Andrew, you reeled off some figures about how the number of octogenarians is increasing and how we should all be very pleased—as an octogenarian myself, I am very pleased. How valuable are those figures in the way you put them? Can anything be said about the extent to which the proportion of older people who will need social care is increasing? We know that the number of octogenarians is increasing, but a smaller proportion of that larger number will presumably require social care.

Sir Andrew Dilnot: This is a hotly debated subject. Well, there are two related and hotly debated subjects. One is what proportion of people will need social care and the other is how severe will their need be. Is our disability-free life expectancy increasing at the same rate as our overall life expectancy? The answer is: roughly. It may be that disability-free expectancy is growing a little more slowly or a little more quickly, but it is roughly the same. In terms of the proportion that need social care, it does not seem to be changing very much at all, as the aggregate numbers rise very quickly. Forecasting in this area is extremely difficult but, at the moment, we are certainly not seeing a rapid decline in the

number of people needing social care as a proportion. Some of that may be because of the success of things such as reducing the incidence of heart disease or of very bad lung disease. As we succeed in staying alive longer, the probability of reaching old age and therefore to a point where, physically, you need care is increased. It is striking the kind of things that lead to people needing social care. The most common presenting need for social care is severe arthritis, and these kinds of challenges do not seem to be going away. So we cannot be sure that the number of people needing social care will grow at exactly the same rate as the number of older people but, as a first-order assumption, assuming that they will go up at roughly the same rate seems reasonable, so far.

Lord Layard: I do not see how you reconcile that statement with your first statement that the years of un-health are not increasing and, therefore, they might not be happening later.

Sir Andrew Dilnot: Sorry, disability-free life expectancy is growing at roughly the same rate as overall life expectancy. So, the proportion of people's lives that they spend disabled is staying roughly constant.

Q5 **Lord Tugendhat:** My main question is about a sustainable funding model for social care, supported by a diverse and stable market. It is very difficult to see how one can be creative, and I would be interested in hearing what all three of you have to say on that subject.

Simon Bottery: Could you repeat the question?

Lord Tugendhat: Sorry, how can a sustainable funding model for social care supported by a diverse and stable market be created?

Simon Bottery: That is almost like "how long is a piece of string?" You start with the basic principle that you want to provide a system and you decide, within that, what proportion of people you think should be entitled to state-provided social care—where on that balance between personal responsibility and state responsibility and pooling of risk you want to be. Then you are looking at how you most effectively use your spend. Is it purely on social care, or do you see social care as part of a broader health spend intended to support the overall health of populations.

I will give an example. We have something like 249 million hours of contact time every year providing home care to people in England. It is a huge amount of contact time, far more than people spend with their GPs. Most of that is publicly commissioned; we commission it almost exclusively on a time and task basis. We get someone to go in, do a job and then leave. We are not commissioning on the basis of, "Can we do something about improving people's levels of frailty or levels of independence?" If we were to approach social care as a contributor to wider population health and to think about how we can use the money most effectively, we would be making much better use of the money.

Natasha Curry: In my mind, it takes us back to our first discussion about the fundamental questions that we need to answer about what our

social care system should deliver and what we should expect from it. The funding model needs to do three things. It needs to give an immediate boost to the system; it needs to be sustainable in the long term; and it needs to distribute costs more effectively. On the provider side, providers desperately need certainty to be able to do the long-term planning. Local authorities also need that sustainability for long-term planning. As we were just discussing, accurate projections of likely need should really underpin all this. Again, we need to think really widely about how social care fits with all the other parts of the system and the other innovative work going on that skirts around the edges of social care.

Sir Andrew Dilnot: There is no way to create a sustainable funding model without government extending the reach of what it does to do something to take the catastrophic risk away. But, if that is done, we have a chance of creating a much more vibrant and active private sector market, both in the financial services industry and in the provider market. At the moment, this is not an industry that you would advise someone to enter. That is because the demand curve is flat, because people are terrified and are not enabled consumers. If we can create a world in which we take the catastrophic risk away so that people have some control over what they are spending, it will create much greater willingness to spend. If we have greater willingness to spend, we create returns to innovation by both providers and the financial services sector. This is a big industry. We think there are probably at least as many employees in this industry as there are in the NHS.

Baroness Kingsmill: On that point, those employees are the worst paid and most badly treated of all. There is no registration of who they are; we do not really know who they are. They are very badly paid and have very bad working conditions. That needs to be addressed, too, for the very reasons that you mentioned: that if there were a career structure then you would possibly be getting a better quality of staff and better quality of care and this would certainly, in my view, reduce the costs overall.

Sir Andrew Dilnot: I do not know whether it would reduce the costs overall. If demand were greater and there were more variability, it would be a better industry to work in. It is easy to neglect how wonderful the people providing this care are and, by and large, they are fabulous people working in circumstances that many people would not find desirable. They are dedicated, affectionate and respectful, but they are very poorly paid, and the reason for that is that the people who are their consumers feel as though they are in a shop with no prices. They are all driving their willingness to pay down. We have to tackle that. Only by tackling that can we have a market with anything like a sustainable funding structure.

Lord Tugendhat: You have answered the question I was going to ask you about desirability in the market. I do not know if your colleagues agree with your observation on that point.

Natasha Curry: The market is very unstable, so there needs to be certainty for providers. The cost pressures are such that we see providers

going out of business all the time and taking back contracts. From an international point of view, the Japanese system is quite interesting in that it has a provider fee schedule. A bit like the tariff in the NHS, every unit of care is costed according to a person's need, so the provider can then plan; it knows exactly how much income it is going to get. That is set nationally and there is a lot of certainty for providers to be able to look to the long term.

The Chairman: To follow up on the point raised by Baroness Kingsmill—I declare an interest: I have a relative in Cumbria who is receiving care—I am listening to this idea of how we have to change the whole. In practical terms, the people providing care have a short time to deliver a set of services. How could we achieve the transition, because surely the immediate problem is that they are not paid enough and we are not able to recruit people in enough numbers and provide the career structure for them? All that will obviously cost money. The resources that were available to local authorities eight years ago were more than now in cash terms. How do you make this transition?

Simon Bottery: You have to think about moving towards population-based health approaches.

The Chairman: What does that mean?

Simon Bottery: It means that if you commission your services not purely to deliver a particular function and then leave, but to achieve an outcome that is good for the overall health and care system—and you have your NHS organisations and social care and other organisations working towards that sort of system—then you commission in order to achieve those longer-term outcomes, not just the immediate task.

The Chairman: Yes, but am I missing something? It seems that the immediate problem is that the people who are visiting do not have enough time to help with showering and all those kind of tasks, or to spend five or 10 minutes having a chat.

Simon Bottery: That is because local authorities essentially commission at the lowest price they can possibly pay and they have been broadly driving that down. Their requirement is simply to deliver a service and to do it as cheaply as possible. If, however, they were commissioning jointly with the local NHS organisations and thinking about the wider population's health need—to improve levels of independence and reduce levels of frailty—then they pay more money but deliver a better service, which has wider benefits.

Q6 **Baroness Bowles of Berkhamsted:** May I explore a bit further the fair or otherwise distribution of how one would pay for the cost of social care? Most of the suggestions that have come forward, either today or in papers, including the one that we just got this morning, tend to focus on getting more money out of the elderly, if I can put it that way, whether it be by continuing to pay national insurance or similar. Yet the elderly are responsible for only half the costs of social care. Is that therefore fair, or

is it just that we think there are enough of these people who have money? And are we expecting this distribution to change as we have more elderly? Will it stay at 50% elderly and 50% people in work, or will the bias towards the elderly start to creep up so that there is more justification for targeting them for the money?

Sir Andrew Dilnot: I think it is reasonable to expect older people to pay towards the costs of something new. If as a society we are to do something new that pools risks for elderly people, it is not unreasonable to expect older people to pay more for it. I do not think that anyone is suggesting that older people should pay higher taxes to pay for adult social care for the non-elderly, but it seems reasonable to me to expect older people to pay taxes on broadly the same basis as the population as a whole. At the moment they do not; they pay lower taxes. That is because when the national insurance part of our tax regime was introduced in 1948, it was pretty reasonable to assume that if you were old, you were poor.

When Beveridge wrote his report in 1942, old age and poverty were very nearly synonymous—they just are not anymore. The distribution of income for older people is almost exactly the same shape as the distribution of income for people of working age. Will the balance between spend on older people and spend on working-age people shift? It may do, but it may well shift towards more spending on those of working age, because although the number of elderly people is rising very quickly, the number of people of working age needing social care and the severity of that need are also rising very rapidly. Part of the pressures on social care for the elderly that we have seen in the last decade have been because of the pressures rising so rapidly among the working age but also the child population.

Baroness Bowles of Berkhamsted: Thank you. If there is nothing else to add, may I explore again the insurance aspects? If you are looking at having a cap, the idea being that you get rid of the tail risk, or the catastrophic risk, and put it on to the insurance companies, is that the right way round to look at it? Obviously, insurers do not like taking the uncertain bit. Could you not make it that the bit up to the cap is such that you buy insurance for it and you leave the catastrophic risk with the state?

Sir Andrew Dilnot: That is precisely our proposal: that only the state can take the catastrophic risk. A private insurer will never take the catastrophic risk. So the cap is a way of saying—effectively the cap is social insurance with a large excess, and the excess is the cap. That is what it is, and you are saying that if you do that, there is a space up to the cap that private insurers could provide. There is also top-up provision, for people who are beyond the cap, that private insurers could provide. The argument in our report is that the private sector will never insure that catastrophic risk, for just the same reasons that, while all of us can buy health insurance, if we want to, for next year, we cannot buy it for 20 years from now; there is just too much uncertainty. The private

sector will not provide that, and it does not provide it anywhere in the world.

Baroness Bowles of Berkhamsted: So if the majority risk is that you will pay up to £200,000, say, and even that is not a high risk, why is there no insurer prepared to do that? There is the understanding that if you are a bad luck person you still have the catastrophic risk, but you could still do something around—

Sir Andrew Dilnot: If I can be boring for a while, this is all about the shape of the probability distribution of risk. We can measure that now, we can look at the current population and know what that shape is. The problem is that we do not know where that curve will be in 20 years' time. What insurers mainly do is look at a probability distribution and ask, what is the possibility we might be here, and they can cover it, but if the chance is that in 20 years' time the curve has moved to here, and you are the insurer ensuring the tail-end risk, you go bankrupt. The technical term is aggregate shock risk. There is a chance that something could come along and change the risk for everybody in the whole distribution and then, if you have provided that insurance, you go bust. That is why, if you went to a health insurer and tried to buy health insurance for 20 years from now, they would laugh at you, whereas they can provide for next year very easily. A characteristic of long-term care is that, if you are going to ensure it, you want to pre-fund it a long way in advance. The private sector will not do it and there is nowhere in the world where they do.

Natasha Curry: One of the issues when we talk about private insurance is that public understanding of social care is still very poor. So, until people understand that they might face high costs, the demand for an insurance package is really quite low. Until we get that widespread understanding among the public, that demand will remain low, even if there is a cap.

Baroness Bowles of Berkhamsted: Perhaps if they advertised it as often as they do funeral plans, there would be more uptake, given that the average cost will probably be only two or three times what is paid for your funeral.

The Chairman: Just on the insurance point, the present Government had a bit of a hard time in the general election. One of the things the Committee has to think about is: what can we usefully add to the welter of reports and work that has been done on this? I think this whole issue of funding is central. Sir Andrew, you have done a huge amount of work on this. You seemed to have persuaded the Government and then I guess the Treasury probably got at it. Do you think it is possible for any Government to do this, or would you need some kind of cross-party consensus to move forward on it?

Sir Andrew Dilnot: I think it is possible for a Government to do it. I think it is difficult for a Government with as small a majority as this one have, although I think there is quite strong cross-party consensus. By the

end of the last election campaign, all three of the UK's major political parties—or England's major political parties—were committed to having a cap. The Conservative Party had become committed to it again—

The Chairman: That was not a change.

Sir Andrew Dilnot: Of course; how silly of me. The Lib Dems and the Labour Party were also committed to it, so I think there is reasonable cross-party support, but I also think that the party of government has to lead. If the party of government, whoever that is, comes forward and says, "This is what we propose to do. This is the reason why", I think it would be quite hard for opposition parties to say anything other than, "This is not as generous as we would like it to be. We would like to go further". So I think it can be done, but it does mean spending more money. We need to spend more money on the means-tested system, and if we are going to expand the envelope, we are going to have to spend some more money, and that is tricky because it means raising taxes, and raising taxes is not much fun, even for a Chancellor.

Q7 Lord Kerr of Kinlochard: The Government seem to want to go in the opposite direction: they seem to want to devolve more of the responsibility for funding to local authorities, with less staying with the state. Mr Bottery, from the evidence you kindly gave us today I see that you are still with the Kate Barker proposal from 2014. You think that the NHS and social care should be put in one pot and run by one person, one authority, and the attendance allowance should come into that. Why is that? Is it because local authorities in areas where there is the biggest demand for social care tend to be those with the least taxable capacity to support social care? Is that the fundamental reason you think it ought to be all in one pot, with the state playing the dominant funding role?

Simon Bottery: The reason we think health and care money should be joined up locally in one pot, with attendance allowance as part of that—the Barker Commission proposals were before the widespread proposals to devolve local authority spending, I think—is less to do with the inconsistencies of that and more because we think that if you put the money together, you will get better value for money for the money you spend jointly. I gave examples around the view that if you spend on prevention, so you spend money earlier in the cycle in order to reduce the amount of future demand, we think that is more likely to happen and more effectively done if you are joining up health and social care money. That is the fundamental reason we think it should be done.

With attendance allowance, we have an unusual situation. We have focused a great deal on the council-provided social care system, and Andrew gave a figure of a £16 billion spend on that, but we spend £5.7 billion on attendance allowance, and that is obviously just for older people, so we are making a significant tranche of expenditure that is completely un-joined up with the way that local authorities spend their money. In fact, local authorities do not even know who receives attendance allowance in their immediate areas.

Lord Kerr of Kinlochard: I think the problem of the negative correlation of taxable capacity must also be addressed, surely. It has to be part of the problem, unless you find some way of equalising across the system, and the simplest way of equalising would be to have the state acting as the equaliser. Is that not right?

Simon Bottery: Our view is that if individual local authorities are responsible for spending in their area, then they have to have an income commensurate with the amount of need in that area. That may well not be directly related to their capacity to raise, so if you are going to move towards that sort of system, you have to have some way of redistributing, so that local authorities have the money they need.

Lord Kerr of Kinlochard: Do you agree?

Natasha Curry: Yes, partly. I think we sometimes conflate the funding piece with the delivery piece. Personally, I think the funding piece has to sit at the national level if we are to have true risk pooling, but local authorities can still have autonomy to administer the system and to do the linking with the NHS. There is a precedent in other countries, where they have a clear national framework for funding, eligibility and benefits, but it is administered at a local level. That gives the local authority the autonomy to shape services according to need.

Lord Kerr of Kinlochard: You are talking about the Manchester example, or something like that.

Natasha Curry: Something like that.

Lord Kerr of Kinlochard: How does it work in Manchester? Is it a success?

Natasha Curry: That is not something I can speak to. I do not know whether Simon has done work in Manchester.

Simon Bottery: Manchester has some devolution of some NHS funding that it is able to spend, but it cannot change or has not changed eligibility criteria. It has only the amount of money that it has to spend on social care. Again, what Manchester is doing, as part of a broad trend towards integration of the two, is to look at how best you join up services to meet that population need.

Lord Kerr of Kinlochard: Leaving aside my point about equalisation, your point about having more expenditure on prevention early on, reducing requirements, should surely be met by the Manchester experiment. Is it being met?

Simon Bottery: That is absolutely the intention. I was in Wigan recently, where the approach has been to look at prevention; to invest in local community groups, for example. They invest in organisations called things like the Wigan Warblers, which does singing—people with lung problems will be able to work with them, rather than receiving formal services. The intent is to provide, to encourage and enable people to use

local resources, often voluntary sector resources, that improve their health and well-being, rather than going straight into formal services.

Lord Kerr of Kinlochard: Sir Andrew, forgive me, I cannot remember where you are on the spectrum between state and devolved, with the councils in the lead. Can you remind me?

Sir Andrew Dilnot: It is absolutely clear that you want a lot of local variability in delivery: the type of delivery that is appropriate in the Highlands and Islands is probably very different from what is appropriate in the inner city. So there should be some responsibility for the mode of delivery, but honestly, the notion that the fundraising should be carried out at a local level means that we are inherently reliant on a very substantial equalisation process, getting ever more substantial. We should recognise that there is an element of pure chance here. Why is this a local authority financial responsibility? Because it was left there in 1948, because in 1948 it was tiny. When we took almost everything else into the centre, we left this bit—which is a kind of hangover from the Poor Law, really—with local authorities. I think that is a historical accident.

One question we should ask going forward is: should financial revenue-raising responsibility for this stay at local level? Because as it grows—which it will—it becomes ever more obvious that all of the problems that Layfield identified 42 years ago apply in spades to this.

Q8 Lord Burns: Coming back to the issue of equity, you said earlier that this is one of the important features. Is it particularly about making sure that the question of who pays the tax for those with the catastrophic risk is handled in an equitable way? Or should it be about the amount that people contribute in the first place? One thing that puzzles me about Sir Andrew's proposal is the suggestion that in a sense it does not depend upon how much savings or assets you have, the cap remains at what, for many people, will seem to be quite a low level. The question is: where does one get the equity here? Is the equity about how we pay for the excess, the catastrophic risk, or can you get more equity into the issue of what people pay in the first place—for those people who have more savings?

It all ties up with a question I still do not fully understand—and the Chairman has been pressing on this—which is why is this proving, politically, to be so difficult to deal with. We had a great fuss during the election campaign which raised all manner of issues about dementia tax, and why should it be different for people who are in hospital and those in care homes. Rather than there just not being any appetite, there seem to be some fundamental problems about getting an answer here.

Sir Andrew Dilnot: I will have a quick go at both of those. On equity, the point I want to make is that equity with respect to income and wealth is best thought of in the context of our whole tax and spending system. We have a whole range of taxes—income tax, capital gains tax, inheritance tax—and I would argue that those are the ways in which we should tax people and take account of their wealth. The current system of

social care is, in effect, a very heavy inheritance tax on the small number of people unlucky enough to need substantial amounts of social care. That is what it is. I can see that some people might think there is an argument for having a more punitive inheritance tax than we have at the moment, but I find it very difficult to think of an argument for having an inheritance tax that is particularly punitive on people who have social care needs, which is the consequence of what we have at the moment.

The equity that you improve through the kind of measures I am suggesting is equity between those who do not have very high social care needs and those who do, a group that, by and large, will be thought of as deserving of support. Of course, a subset of those will be very wealthy individuals, but they are not being made better off than other wealthy individuals, and if you want to make wealthy individuals less well off, why not tax wealthy individuals, rather than simply taxing the small minority of wealthy individuals who happen to have high social care needs?

Why is it so difficult? I think because it affects elderly people. Our society, our media and our political structures are not terribly focused on older people. That is one reason. The other is that to make progress here, we have to do something new. Actually, Governments do not often expand the realm of public sector activity.

Lord Burns: We give free TV licences to old people.

Sir Andrew Dilnot: Yes. Particularly in the last 10 years, when public finances have been tight, that has been a genuine puzzle. The amounts of money are not trifling, but they are small relative to many other areas of public spending where there has been reform.

Baroness Kingsmill: The elderly are a cost centre rather than a revenue centre, if you want to apply a commercial perspective.

Sir Andrew Dilnot: That is certainly how they are perceived.

Lord Burns: Somewhere in here there is an issue about fairness and people's perceptions of fairness. We have not quite captured how to deal with this, because almost every proposal that comes forward is deemed to be unfair to one group or another.

Sir Andrew Dilnot: I think that is absolutely right. The truth is that it is very hard. There are multiple dimensions of equity that we care about, and if we are going to be fairer with respect to people's social care needs, then that can be characterised as being less fair in some other dimension. We just have to decide how to trade those things off.

Natasha Curry: The fairness question is very complex. It speaks to cultural and social values that go quite deep in society. On the question about the political appetite for change, one of the issues is that a lot of the proposals for reform come about at the time of an election, when there is the least incentive for proper cross-party co-operation. Happening at a time like that, coupled with poor public understanding of the system and the fact that people are at risk of coming into high cost,

means that it becomes too toxic to deal with. Whenever a new proposal is put forward, because people do not understand that they need to pay, they assume that this is a worse offer than they have already. So it just spirals, and that makes it very difficult to have a rational, depoliticised conversation.

Lord Burns: Do you agree with that?

Simon Bottery: On the second point, one reason why we find it difficult is that we have left it for so long. A series of problems is emerging and we cannot decide which to tackle as a priority. Is the priority that of thinking about how we cope with future demand and pay for it? Is it about improving access now so that more people get free social care because at the moment there is unmet need? Is it about shoring up the provider market? Is it about workforce issues in that people are being paid so little money that that is what we should be focusing on? Where individuals have to pay, should the priority be capping their costs or should our focus be on improving the quality of the care delivered at the moment? If asked, the public feel incredibly strongly about the fact that the care being offered in care homes and indeed in home care is poor. We have let this go on for so long and have developed many problems, so we are struggling to identify the priorities.

Q9 **Lord Layard:** Like everyone, I am surprised that people of working age are costing as much as the elderly. Given the equity issues, you would presume that they are rather different from those of working age. I assume that there must be a smaller number of people who go on year after year, with many of them coming in to care from childhood. Who is the person whose income and assets are being assessed? Presumably many of them have been dependent on their parents. How does this work in the case of a working-age adult? We can see it easily in the case of elderly people, but how does it work for adults of working age?

Sir Andrew Dilnot: Most working-age adults are not expected to pay for their own social care because many of them are simply not in a position to make a contribution. We argue strongly in our report that that should be made explicit. Just as it is reasonable to say that older people have had a working life during which they can prepare for the possibility of needing social care, so it is not unreasonable to expect them to make some contribution even though it should be capped, it is our strong view is that certainly for people who enter adulthood with an established social care need is a risk that we should simply pool across society as a whole to ensure that there is no question but that their care will be provided by the state for free. However, someone who acquires a social care need at the age of 50 might be expected to make some contribution, although a smaller one than would be required from someone who does not need it until they are older. It is important to be clear that people who enter adulthood with an established social care need have drawn a short straw and we should pool those needs across society as a whole.

Lord Layard: How does that compare with where we are now? Someone said earlier that the amount of private expenditure on adults of working

age is about the same as the public expenditure.

Sir Andrew Dilnot: No, the amount of private expenditure on older care is around the same as that of public expenditure. For working-age adults, a very small amount is spent privately.

- Q10 **Baroness Harding of Winscombe:** I should remind the Committee of my interests, in particular as chair of NHS Improvement. I want to follow up on the debate about fairness. Can the witnesses give their views on how as a society we could prompt the conversation? You have been eloquent in setting out the reasons it is difficult to tackle this issue, the times when it is hard to do so, and the reasons why politicians do not tackle it—or when they do, they do not have the easiest of rides. What do we need to change to start the discussion to get to a societal consensus for change, and what is being done in other countries? I believe that Germany, for example, has made a move in a way that we have not for the past 20 years.

Natasha Curry: A political window opened in both Germany and Japan. In Germany it was in the early 1990s following reunification, which enabled a wider conversation to take place about the state and what changes were needed. In Japan, the stark demographic projections became the number one social issue that people were talking about. Again, there was a political window as a result of the economic crash in the early 1990s which sped up the social change that was already happening with extended families breaking up and people moving away to look for work. Social movement and change was taking place anyway. It was recognised that the care burden in Japan was falling unfairly on certain members of society and that that was not acceptable. It was recognised in Japan that the population was shrinking and the number of people entering the workforce was falling. That created another imperative to release women from their traditional caring duties and thus enable them to work. There was a complex confluence of political and social change that enabled the debate in both countries. We are at a disadvantage here. I am not sure that we have seen a confluence of events at the moment. Obviously with Brexit dominating the headlines, it is difficult to give an issue like this a clear hearing. I do not know the answer to how it can be done because it is difficult.

- Q11 **Lord Sharkey:** To continue on the theme of fairness, I notice that other systems require bigger contributions from, for example, childless couples. What do you think about that? Are there any other sociological factors that would justify differential charges?

Natasha Curry: That is an interesting one. In the German system, if you are childless you pay a 0.5% higher premium on your social insurance. That seems to be acceptable there, but I do not know how that would play with the public here. In the Japanese system, you start paying at the age of 40. The assumption is that by that age you are financially more stable and thus able to make the payments. The important thing to think about is that we need to come to decisions that make sense in terms of our cultural and social values, as well as in terms of current trends.

Because the intergenerational fairness debate is so lively, that is a key one which we need to unpick.

The Chairman: I think that that would come under the category of "Courageous, Minister".

Lord Turnbull: I want to gloss an earlier remark about how small the sum is. What we are not taking account of is the uncoded input of relatives' time. The point you are making is that a 50-year-old woman could be looking after her own grandmother as well as trying to help her daughter get back into work, and that is where a lot of the pressures are felt. I shall come back to the point about fairness in the 2011 report, which showed a dramatic difference. At a certain level of assets at the point of going into care, we could view it as a wealth tax of 90% which your proposals would take down to around 20%. But if there is a lump sum that we can think about as a wealth tax, we are talking about figures greater than the £35,000 that was being talked about in 2011. However, it is still a lump sum and therefore someone with £1 million or £500,000, including their house, if capped at £50,000 could be paying a 10% wealth tax. Someone living in the south-east could easily have a combined wealth of £2.5 million and would be paying only 2%. Can you really sustain a set of proposals that does not deal with that dimension of fairness as well as dealing with the broader fairness?

Sir Andrew Dilnot: I think the answer is yes, because that unfairness exists precisely for the 90% or 95% of households in both categories that do not have social care needs. One way of describing the current system is that it is a very high inheritance tax, but only on people who have high social care needs. That is the unfairness. If we want the inheritance tax regime to take more money away from the person with £2.5 million than it does from the individual with £500,000, let us do it for 100% of those in that circumstance, not for 10% of them. The world you describe leaves the person with £2.5 million who has no social care needs completely untouched by anything. It is only the very small subset of people with high social care needs who get hit.

If you wanted to, you could try to design a cap that also took account of people's wealth, but my advice would be that that is as capable of avoidance as inheritance tax itself. It is barking up the wrong tree. If we are worried about the fairness of the tax regime, we should be worried about it as it affects everyone, not as it affects only the subset of people you refer to.

Lord Turnbull: I would say that wealth is undertaxed.

Sir Andrew Dilnot: In that case, you should tax everybody, not just the people with social care needs.

Lord Turnbull: In this area, you are making it even more unfair.

Sir Andrew Dilnot: It is unfair only for the very small number of people who would exceed the cap. I am perfectly happy to agree with you that

wealth is undertaxed. In that case let us improve the taxation of wealth, but not use something that affects 10% of the population as a way of tackling the tax regime for everyone.

Lord Turnbull: If you were doing this study now, are there any things that you would change over the seven or eight years? I refer to the question of whether housing is included. This is one of the more controversial items. The inclusion of housing may well be right, so the offer to take the money off the estate is rather generous, yet people will not give you the chance to consider whether they think that is a rather reasonable sweetener.

Sir Andrew Dilnot: I will answer that point in a moment. The only thing I would change significantly in the report is to make much more of the problems caused for care providers by financial services providers and market failures in the current regime. That has contributed to the very poor pay, the lack of diversity and the lack of innovation. Thinking about this from the perspective of providers and making the market work is a crucial part, which is another strong argument for getting rid of the uncapped nature of the current regime. Your second point is now eluding me.

Lord Turnbull: For certain calculations you include housing costs.

Sir Andrew Dilnot: At the moment, housing costs are included in the means test for residential care if, and only if, you do not have a partner living in the house and you are not going back to the property. The Conservative Party manifesto last year suggested, without significant improvement in the offer of what was being delivered by the state, putting the value of the house into the domiciliary care means test. You will be means-tested, including the value of your home, if you are living in it and receiving care. In our 2011 report we said that that should be considered if, and only if and when, the cap had already been put in place. In an ideal world, you want there to be no distinction in the financial consequences of making choices about different types of care. One of the consequences of putting the home into the domiciliary care means test is that you would make staying at home relatively less attractive than going into a residential care home. Given the current circumstances, one needs to be terribly careful about such incentives. In the long run, however, there is no doubt that there is a great deal of sense in treating assets and income in the same way, independent of what kind of care someone is receiving.

Q12 **Lord Turnbull:** Finally, let us suppose that your proposals were adopted in full. The Government could torpedo them by decreeing what the sum of money is as the standard care rate. If they set that rate too low, there could be all sorts of consequences, one of which would be for the pay of people working in the sector, and another is that the supply of care homes would simply collapse. That figure must represent a reasonable cost of care. If the Government underestimate it to reduce the cost of introducing other changes, it would destroy the system.

Sir Andrew Dilnot: It would not necessarily destroy the system. If it were to happen, people would find that they would have to top up, but it would be very damaging. You are right to say that being realistic about the estimate is a crucial part of having an effective system. If it was set at the wrong level it would not destroy the system altogether, but it would create a great deal of inefficiency and unfairness.

The Chairman: Were you going to ask about care workers?

Lord Turnbull: We are talking about the sum of money going into the sector. People are probably being paid the minimum wage which is likely to be less than their true worth. We are being told again that the sum is actually a lot larger. One of the reasons for putting in more money is that we would get more people. There is also the question of immigration policy. We would need, I think, some 700,000 more care workers. Where are they going to come from if we have a skilled immigration cap?

Sir Andrew Dilnot: The amount of money is the amount of money, and it is rather small. The point you are making, and you are absolutely right, is a different way of thinking about the scale of the sector: how much work, much of it unpaid, is being carried on? There is a huge amount of unpaid and informal care.

Lord Turnbull: And underpaid care.

Sir Andrew Dilnot: Yes, and a great deal of underpaid care. The fact that the amount of money changing hands is not very large is not the best metric for the size of the sector as a whole. Where will the workers come from? That is indeed a question to come back to, perhaps after next March.

The Chairman: Mr Bottery, do you have anything to add?

Simon Bottery: I do not think so.

Q13 **Baroness Kingsmill:** I would like to add to what Ms Currie had to say. There is in a sense, in Germany, a hypothecated tax, because they have a reunification tax. I have just finished seven years of working in Germany, where I paid not only normal income tax but also between 3% and 4% in reunification tax, which all Germans pay without any complaint whatever, on the basis that it takes into account the huge social cost that reunification involved. That continues to this day, even though by now I suspect that reunification has brought more wealth than it has cost.

I want to go back to the staffing issue. As you may know, I did a report; the King's Fund was extremely with it. It seems to me, in relation to your reference to unpaid work, that it is not only that the rates of pay are so poor, it is the way in which people are working that is so difficult. That reflects the pressures on care providers and the competition between them. That is something that ought to be nationally provided for, rather than by the local authorities, where the economics just fall over completely in various areas.

I was also the chair of an NHS trust and we found that this balancing between the community trust which I chaired, the acute trust and the social services was an area where huge savings could be made if there had been an organised system of co-ordination. As it was, it depended very much on women making phone calls to the sister in the acute unit, who might say, "Don't let them out on Friday, because we can't fix a package until Monday". Is there a way, in your view, that that can be formalised, so that there is liaison and co-ordination of that provision? Do you think that would be a very costly operation? It seems to me that there would be significant savings.

Natasha Curry: There are pockets of innovation around the country that are doing just that, and some of them are proving cost-effective.

Baroness Kingsmill: I meant on a national scale.

Natasha Curry: One of the issues with innovations such as that is that they are difficult to scale up and to share. The effectiveness of a lot of them come down to good relationships and those cultural, shared values between different organisations. It is a challenge for integration across all sectors. The contextual factors which make it work are quite intangible sometimes, therefore the learning is difficult to spread, but there are some really interesting examples, such as the one Simon mentioned in Wigan, around better working together.

The workforce has come up quite a lot, and the role of formal versus informal work. We have a figure for the number of formal care workers we think we are going to need, but we do not really know how we are going to fill those roles. Perhaps we need to be explicit about what we are expecting family members to provide in terms of informal care. If we are expecting families to support older people, how can we better support carers?

Looking again to Germany, it has just passed a package of reforms in employment that give carers more flexibility and job security, so that they can take leave to sort out care packages. They can drop their hours of work while retaining a stable income while they are carrying out their caring. It is an interesting example of how social care needs to be seen alongside other policy areas, and how we can fit all the bits of the puzzle together.

The Chairman: It would be very helpful to the Committee—although I do not wish to create a burden for you—if you could write to us about the examples in Japan and Germany, as well as other UK examples, and point us in the direction of where we could get further information.

On that note, there is a Division. We have only one more question, which we will send to you in writing, rather than make you wait. I therefore adjourn this session and I thank you on behalf of the Committee for a very interesting session.