HOUSE OF LORDS

Select Committee on Economic Affairs

Corrected oral evidence: Social care funding in England

Tuesday 27 November 2018

4.40 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 Lipsey; Lord Livermore; Lord Sharkey; Lord Tugendhat; Lord Turnbull.

Evidence Session No. 4 Heard in Public Questions 37 - 41

Witnesses

I: Steven Cameron, Pensions Director, Aegon UK; Daniela Silcock, Head of Policy Research, Pensions Policy Institute; Sir Steve Webb PC, Director of Policy, Royal London Group.

Examination of witnesses

Steven Cameron, Daniela Silcock and Sir Steve Webb.

The Chairman: Sir Steven, Mr Cameron, I am sorry. You have been listening to the session so you know that we have overrun slightly because of the Division. Welcome to the Economic Affairs Committee. Baroness Harding will ask the first question.

Q37 **Baroness Harding of Winscombe:** This may be going over territory that you have just been listening to, but I am keen to understand what role you think pension products could play in funding social care, if at all.

Sir Steve Webb: There is a possibility of integrating the pension products with which we are familiar with care insurance. One reason why care insurance died was that it was a separate sale. These products are sold, not bought. People do not wake up in the morning and think, "Oh, I must get some care insurance". Someone sells it to them. If you are an adviser and you can make money selling pensions, and you need a separate qualification to sell a separate care product, and have a separate conversation, frankly, is it worth your while? If we could integrate care insurance with products that advisers are selling anyway, as a bolt-on feature, we have a chance.

Pension freedoms create a new possibility here. In the past, people would retire with a stream of income. They would have a defined benefit pension, an annuity and the state pension. Increasingly in the future they will retire with a pot of money, which they might buy an annuity with but it is a pot. In the past two years, 200,000 people have transferred from final salary pensions into pots of money, averaging £200,000. There is a whole bunch of people who have those pots of money. When I am 60, 65, that sort of age, I would pay a chunk of that pot to make sure that my kids got the family home. That is what you are insuring.

We did some focus groups at Royal London and talked to people about their views on care insurance, and one person said, "Don't show us leaflets with pictures of people with wrinkly fingers". Nobody wants to think of themselves like that, but they are all motivated by saving the family home.

You asked about demand-side problems. People do not want to think about care, but they do want to think about insuring the family home—a lump sum at retirement out of a pension pot that buys an insurance that says that when you are 85 or whatever the policy pays for your care and the kids get the home.

Baroness Harding of Winscombe: What is preventing that happening now?

Sir Steve Webb: It could happen. There are two barriers. One is that at the moment you would have to take money out of the tax-privileged pension pot, pay tax, and then buy your insurance policy. I spend my life talking to financial advisers—sadly—and they will have a conversation

with clients about tax-efficient ways of doing stuff: inheritance tax efficiency, ISAs, pension tax relief, et cetera.

Let us say that this product had a tax advantage. The tax advantage I have in mind is that the premium would go gross from the pension pot to the insurer. There is a precedent for this, because if you buy one of these immediate needs care annuities at the door of a care home there is no tax on it; it goes straight to the care home. This would have no up-front cost to the Treasury, because the money would otherwise have been sitting in the pension pot until the person got to be 80 or something and then they would have paid tax on it. There is no asking the Treasury for a big bundle on day one, but it gives the financial adviser a reason to say to the client, "Actually, you can take money and the Government will pay 20% or whatever of it". That tax advantage is lacking and would be helpful.

I do think the cap is relevant. I simply disagree with the witnesses you have just heard. If an insurer could say, "We will insure you up to the cap, we would know what the limit of our liabilities was and the product we could then sell would cover you up to the cap; the state would cover you beyond the cap, so we can guarantee that the family home is safe. If there is no cap, we would have to cap it ourselves. We would cover the first £70,000 or whatever it is and then you might have to pay a chunk at the end so we could not advertise this as protecting the value of the family home. It would protect only some of the value of it", I think you would have a much cleaner product.

Daniela Silcock: There are quite a lot of different ways in which pension products could work to help fund long-term care. I will go through them and their potential advantages and disadvantages. As Sir Steve just said, very correctly, there are already products available, particularly immediate needs annuities, as well as the fact that people can now take their DC pension savings as a lump sum, or even convert their DB pension savings. So quite a lot more funding is available to take out as lump sums.

There are also enhanced annuities. If people had slightly less expensive care needs, they could get a higher rate on an annuity because they would have a shorter life expectancy.

Those annuities are great for helping cover long-term care. The only problem is that you have to have sufficient savings to actually purchase one in order to cover your care. A lot of people do not have enough in DC savings. As Sir Steve said, a lot of people have defined benefit pension savings at the moment, but the people who have DB savings are starting to die out and we will start to see a lot more people arriving at retirement with just DC savings.

Another potential source of income, which is sort of a pensions product, is equity release or equity in the home. I am calling this a pensions product because it is used to fund retirement. You cannot usually access it unless you are above a certain age. This can be a way of delaying the issue so

that the actual payment for your care comes out of your estate. You can either do equity release and use that income to fund your care now, or you can promise a portion of your estate to the organisation that is providing your care. But that brings about the problem of a lack of inheritance.

The Chairman: It is also very expensive.

Daniela Silcock: It is, and we are also starting to see reducing the proportion of people who reach retirement owning their home. In fact, of those approaching retirement over the next 15 years, only 50% will reach retirement with a fully paid-off home; the rest of them will be renting or having a mortgage. The number of people reaching retirement without owning their home outright is going to increase. There are some issues to do with equity release as a source.

Then, obviously, there is the idea of splitting savings: you put some money into a pension and you put some money into long-term care insurance through a sort of auto-enrolment scheme. It sounds really good, but I would be quite wary, because I think people are already aware that money is coming out of their pay cheque. A lot of people have a relatively limited income. Putting another burden like this on people may cause more stress and lead to opt-outs, and may be particularly difficult for people at younger ages.

So a system whereby people are putting some money into private pensions and some into long-term care savings or insurance might be better to implement when people are a bit older, potentially in their 40s. But the question then would be: are we forgoing 20 years of contributions, and will that have a significant impact on the amount that people can save?

The final way is looking not necessarily at private pensions but at state pensions. You could always have some other class of national insurance contributions that people pay towards, in just the same way as they pay for the state pension, benefits and that kind of thing, which leads to a national fund that pays for long-term care.

Steven Cameron: We think that workplace pensions and individual pensions are the established and recognised way of saving for retirement tax-efficiently. For an increasing number of people, social care costs will become part of their needs in retirement. We see pensions as a natural way of saving for social care costs. As has already been mentioned, the pension freedoms introduce huge flexibilities that allow individuals to take as much or as little as they like in the early years and to save as much or as little as they want for the later years, with no tax disadvantages or penalties even if the money is left until someone dies.

It is slightly different from buying an insurance policy with pension funds. Our primary idea is that individuals could if they chose notionally ring-fence part of their defined contribution pension at the point when they took benefits, keep that to one side and try to live off and take an income

from the balance. That could be done at the moment; there is nothing stopping it happening right now. If we had a cap on how much any individual would have to pay, it would be the natural amount that people might ring-fence. Hold that back and live off the balance.

One benefit of this approach rather than a care ISA or a separate insurance policy is that the money is still within the pension. If the individual changes their mind about what they want to use that money for, it is still within their pension and they could use it for other means if they so chose at some later stage.

There are downsides to using pensions as the key vehicle, some of which have been mentioned. Some pensions are defined benefit. I do not know what the view of the regulators or government would be if we encouraged more people to move from defined benefit into defined contribution to fund social care. We know that not everyone has a substantial sum in their pension pots. We often find that women on average have less in their pension pot than men, for various historical reasons. I do not have statistics to back this up, but if we found that more women were in need of social care than men, we might have a mismatch.

Baroness Harding of Winscombe: Is it fair to summarise from what the three of you have said that you disagree with our earlier panel and think that new pension products would be developed if a cap was in place?

Sir Steve Webb: A cap plus. The tax privilege is also important.

The Chairman: Would this money be ring-fenced for care purposes?

Sir Steve Webb: You would buy an insurance policy, so the money has gone.

The Chairman: It is just for care purposes. Is not the problem with that that you might think, "Well, I've only got a one-in-three chance of requiring care"?

Sir Steve Webb: There are two aspects to that. When they originally tried to sell care insurance in the States, they could not do so for the reason you have just given. People said, "Hang on, I might lose this bet. I might have nothing". They discovered that a "heads you win, tails you win" solution was possible, but the tails could be tiny. For example, they could say, "If you need care, we'll pay all of it; the kids get the house. If you don't need care, we'll pay for your funeral". It was something apparently trivial which to us rational economic men and women might sound absurd.

The Chairman: You would have to have a pretty good funeral.

Sir Steve Webb: No, it would not be the same amount for a funeral. Quite seriously, they were able to say to people, "You win either way. Essentially, what you're doing is insuring the value of the family home,

but if that does not happen, the kids don't have to worry about paying for the funeral".

Lord Darling of Roulanish: Just to be clear about this, because it is an important point, it strikes me that what you are talking about is the ability of your industry to supply products to people who are probably at the higher end of the retirement income scale. They could take money out of a pot, still have enough to meet their day-to-day needs and buy a policy.

Perhaps I may ask you the question that I asked the previous panellists: do you think that you can ever create a mass market, given that the rising generation may not have so much money and do not have big houses to be sold or cherished as the case may be? In other words, you are thinking about people who, as I think you once put it, might have the choice of buying a Ferrari or a pension, and not the mass of people likely to retire.

Sir Steve Webb: I half-agree with the characterisation that John Godfrey gave earlier. You have the folk at the bottom whom the state will pick up in every possible system. You have the folk at the very top who are not interested in this conversation and will self-insure or self-fund. If it is £50,000 of care costs, they will just pay. So we are talking about the big chunk of people in the middle. While I accept the argument that, in 30 years' time, 85 year-olds might not own as many homes as today, we have decades before we have to worry about that. As Daniela said, we are coming to the peak of people at pension age who are homeowners. It will be 25 years before they are peak care users.

Frankly, if we could solve this problem for the next 25 years, that would be a win. There is a mass market who have housing equity. They may not have paid every last penny of their mortgage, but they will have paid off a big chunk. All those people would be interested in protecting the value of the family home. Once you have knocked out people whom you will never be able to help, at the bottom and at the top, quite a big chunk of people are left.

Daniela Silcock: Steve is right. One of the major issues is demand, which at the moment is at a very low level. I believe that is why we have seen such low levels of innovation. It is worth reflecting that there was quite low demand for pension products despite people saying yes when asked in interviews, "Should you be saving in a pension?" Most of them still did not do that until they were automatically enrolled. We know that demand for something like long-term care insurance or people's ability to think about long-term care is much lower than they were in respect of pensions. I have some statistics here from ILC and Prudential showing that 54% of people believe that care services will be provided free by the state and that, on average, people think that there is a less than 50% chance of ever having to pay for long-term care.

Added to that is some strong behavioural biases around people's ability to think about themselves as an older person. This changes as people get

older, but people in their 20s, 30s and 40s, when asked to look at themselves as older people, see that person as a stranger whom they do not want to take responsibility for. We are really up against strong behavioural and emotional resistance from people, so there would need to be some tackling of that demand issue. As Steve says, one obvious way of doing that is to talk to people about wanting to maintain the value of their home. I also think that you would not see the same low levels of opt-out for something that people were opted into involuntarily, as we have seen with automatic enrolment. Some such compulsory system may be needed at least to get saving off the ground and make it a social norm.

Q38 **Baroness Kingsmill:** That is a point on which I was about to ask. I was surprised to learn from the industry that there has been such a low level of innovation. We see enormous demand for social care and it is surprising that the industry does not seem to have responded to it. I assume that it is because you are in the business of making profit and cannot see a profitable product that you want to provide at the moment. Is that right? I shall you ask you a follow-up question about what would make it more profitable. Is that the current position?

Sir Steve Webb: The problem is that it is the wrong generation. You referred to a high level of demand for social care, which there is. My parents are in their 80s. They will soon need social care of some sort. They are not the ones who would buy the insurance. It is me, insuring myself, and my kids get our home. That is where we have to have the products. It is not trying to get me to try to think about my care in 25 years' time.

Baroness Kingsmill: You are tying it to the home each time. That may be a false premise for an awful lot of the coming generation.

Sir Steve Webb: We know that it is not for decades to come.

Baroness Kingsmill: Okay.

What also interests us is the sort of incentives that would make it profitable for you. You mentioned tax a moment or two ago and some form of compulsion associated with pensions. What incentives would you advise us to suggest to make your industry provide the product that meets the needs that we are identifying?

Steven Cameron: When you talk about us making profits as organisations, the main way we make profits now is not by charging a small number of people a large margin but by trying to sell to a wide range of people with a small margin. That is what we have in pensions now with automatic enrolment. The profits will come only if this becomes something that lots of people have an interest in purchasing.

At the heart of that, the first thing that government can do is to make really clear what the deal is, how much the government and local councils will pay for and how much individuals will be expected to pay for themselves—ideally, as we have said, with a cap on how much individuals

will ever have to spend so that they can protect their inheritance and not think, "I've saved, but I'll just have to use it if I end up needing care".

To me, that is the key area. Aegon has a presence in the States and has in the past offered, and still offers, long-term care solutions. In the past it found—this was a general point across the States—that if you are trying to insure and you have no limit on how much you will pay out, it is extremely difficult to price that. There is a risk that you will either not give value to the customer or that you will not reserve enough and run the risk of getting into financial difficulty. It is a balancing act between a fair product with fair charges and not running the risk of running out of reserves.

Daniela Silcock: I work for the Pensions Policy Institute, which is an independent research institute, so it is not trying to make a profit.

Baroness Kingsmill: But the industry needs to make a profit, so it needs to have some incentive apart from government help.

Daniela Silcock: Yes. What would make it profitable is demand, and the way to get demand is to make this relevant to consumers. It is quite interesting, because even among older people there tends to be low demand for care products, unless they have had direct personal experience, such as a friend or family member having care needs.

As Steve said, we need people younger than people who directly need care buying into this system. We need to make this relevant for everyone. Without a lot of spending, that is going to be quite difficult. The best way to reach people is through television. There were some really interesting ads for life assurance showing a man with a baby that said, "You want to take care of your family, don't you?" That was playing towards people's feelings of duty and their wish to take care of their family.

That kind of emotional manipulation for good is very powerful, so if you could have a media campaign that said, "This could be you or your parents unless you do X", that might start to raise awareness, but until you get high levels of demand you will get low profitability, and if you have a very small market for these products they will be available only to wealthy people, because companies will not be able to make a profit by selling them to people on low incomes because within any insurance system, there is pooling. Wealthier people are going to be subsidising less wealthy people, so you need to have demand for profit.

Baroness Kingsmill: So it would be something like car insurance—a requirement?

Daniela Silcock: Yes.

Q39 **Lord Lamont of Lerwick:** You discussed what pension products could do. In the last session, we had a few questions on auto-enrolment, which Sir Steven was very carefully involved in. I do not know whether you can say something about that. We talked in particular about soft compulsion.

Do you think that pension providers could have a role in increasing awareness of the costs? Could pensions advice be integrated with advice on funding for social care?

Sir Steve Webb: I remain of the view that this is a product that is sold not bought, so we need to make sure that the people who are talking to people with assets have an incentive to sell it, which is where I think the tax break issue comes in. I am baffled as to how auto-enrolment would work in this context. If there was soft compulsion and if I am 30 years old and could opt out of something that might pay something in 55 years' time, I would opt out like a shot. You would be mad not to, because the policy will change 15 times before you get there.

If there is an opt-out, what do I get by staying in? I am in for 30 years when I am employed, then I retire, so I have contributed for 30 years and then not for 20, so do I get 30 50ths of my care costs covered? It just feels really bureaucratic. It is a whole separate sector, like national insurance, but a different record.

Lord Lamont of Lerwick: That argument could easily have applied to pensions.

Sir Steve Webb: But everybody knows they need income in retirement at pension age. For me, this is an insurance issue, not a savings issue. Whereas pensions are obviously a savings issue, where I think Steven and I differ is that I do not think this is a savings issue. Where you might set £70,000 of your savings aside in case you need to spend £70,000, I want people to set, let us say, only £20,000 aside to insure themselves against the one-in-three risk of catastrophe. So for me this is an insurance issue.

Auto-enrolment was about savings, and because everybody knew that everybody needs an income in retirement, it was right for the state to default people in and let a few people opt out. Actually, most of us will not need care at a catastrophic level, so I do not get auto-enrolment in this context. People will opt out, and I think they would be right to do so.

Daniela Silcock: I agree; I think it is an insurance issue. I also think that while auto-enrolment has been very successful, it is also delicate in a lot of ways. We are still implementing the system, and we do not know whether opt-outs will increase once contribution levels increase. It needs to be isolated as pension saving, because even once contribution levels go up to 8% of band earnings or total earnings from the 2020s, people are still not going to be saving enough to provide themselves with what they would see as an adequate income in retirement.

I feel that adding any burden on to that might not necessarily topple the whole thing but might muddy the waters and make it difficult to focus on getting people contributing enough. In addition, the period of time when you are saving for a pension needs to start in your 20s so that you can benefit from compound interest, whereas it potentially makes sense to

start buying long-term care insurance at a later age. I would be wary of combining the two.

Lord Lamont of Lerwick: You made an aside earlier, Sir Steven. Is there any attraction to insuring for the cap only or is that just too small beer?

Sir Steve Webb: Insuring up to the cap?

Lord Lamont of Lerwick: Yes.

Sir Steve Webb: Yes, absolutely.

Lord Lamont of Lerwick: You could have a product there? You could have a larger cap.

Sir Steve Webb: Yes. As we have discussed, the cap is a proportion of the bill, so you could well design an insurance product that did that. It is the link with auto-enrolment that I was querying.

Lord Burns: You mentioned a one-in-three chance of a catastrophic event. I thought we were told that there is something like a one-in-10 chance that you might have to pay £100,000 in care costs.

Sir Steve Webb: The one in three relates to needing residential care at the end of the life, a subset of which is catastrophic.

Lord Burns: So we are not talking about one in three people facing catastrophic costs?

Sir Steve Webb: They would mount quickly, but I take the point.

Q40 **Lord Sharkey:** Going back to the point about intergenerational fairness—this is a question for Sir Steven, at least initially—how would the scheme you are proposing address the issue of intergenerational fairness?

Sir Steve Webb: It is spot on because it gets me to pay for my care in 25 years' time. It does not make my children pay for it. For my 80-odd year-old parents, it is too late. The state is going to pick up the tab except if they have a bit of a house. There is nothing we can really do beyond immediate needs annuities at the door of a care home, but, for me, we can still fix this. We can make sure that I pay. I am 53. I am not far short of the golden generation who have done best in life's lottery. If we can make those people pay for their care—

Lord Sharkey: I understand that bit. It is kind of throwing your parents overboard. That is what I am slightly more concerned about.

Sir Steve Webb: My tax is going to pay for my parents.

Baroness Harding of Winscombe: Harsh.

Lord Sharkey: Your tax might contribute. The Social Market Foundation proposed an alternative scheme, which is a one-off payment at 65 of £30,000 per adult with assets over £150,000. Are you familiar with the scheme?

Sir Steve Webb: I am not.

Lord Sharkey: Nor am I, apart from what I have just said. It seems to go some way towards addressing the issue of intergenerational fairness. Whether the quantum is sufficient to provide is a different matter. Would that kind of scheme have some merit?

Sir Steve Webb: I do not know the details of the scheme, but in a sense it is not dissimilar from what I am saying when talking about a potential lump sum purchase at retirement of that order of magnitude. Was it a tax proposal?

Lord Sharkey: Well, we did not characterise it at as a tax, but it is a tax, because it is a compulsory payment at 65.

Sir Steve Webb: So that is the one generation paying for whose care?

Lord Sharkey: Their own care.

Sir Steve Webb: So it gets put in a pot somewhere and not touched by the Government?

Lord Sharkey: I do not know the answer to that. I rather hoped you did.

Sir Steve Webb: Nor do I, I am sorry. I would not trust the Government—any Government—with £30,000 and hope they had not spent it by the time I was 85. I am not sure the electorate would buy that.

Something very important that has not been said is that the beauty of the private insurers being on the hook for thousands of people's care costs is that they then have an incentive to do prehab, prevention and protection in a way that nobody in the system does currently. The NHS is overwhelmed in responding, and social care departments are at breaking point.

If you have the Royal London on the hook for your care costs, which could be six figures, we are going to look after you. We are going to make sure that when you have the first fall, we get in there and stop you having a second fall, as far as these things are doable. If you end up in hospital, we are going to want to get you out of hospital as quickly as we can, because being in hospital long term might mean that you end up in residential care.

The beauty of this approach—getting the private insurance market in—is that it means there is another player in the game, with a financial incentive to look after people, which the state, with the best will in the world, barely tries to do but cannot.

The Chairman: Do you agree with that, Mr Cameron?

Steven Cameron: I am still slightly sceptical about an insurance-based solution and I still think there is scope for a savings-based solution. The point that Sir Steve has just made shows that there is a need for the care

profession to work with the financial services companies in this area. It is very difficult to untangle those two so that would need to happen there.

I still think that many individuals will not see it as fair. For example, I do not think that many individuals would see paying £30,000 as a fair tax. I heard a variation of this, which might be the same solution, which was that if you were a home owner you would have to pay £30,000. My immediate thoughts were that that would change people's attitudes to wanting to be a home owner. If you were a joint home owner, would both people living in the house have to pay £30,000? It is all about coming up with something that is fair but is also perceived as fair by those who will be facing it.

Lord Kerr of Kinlochard: I was struck by those numbers you gave a few minutes ago. To what extent do you think society understands the system as it exists now, and has any clear idea of what sort of system we should be moving to?

Daniela Silcock: The understanding is very low and people are often subjected to soundbites and discourse that mislead them about what is actually going on. I am always quite sceptical about the claim of intergenerational unfairness, because it seems to be a claim that is generally used by a side that is opposed to a particular policy because they know that it will go to the heart of lots of strong feelings that people have. It actually denies the fact that we have a lot of inter and intra-generational sharing in the system at the moment.

The state pension, which we all contribute to, is paid out to people over state pension age. The National Health Service is inter and intra-generational sharing. We all pay into means-tested benefits, but they get paid out to people in need. Insurance products are a really big one. For example, people take out life insurance at all ages but the younger people who are paying it—or people who are not going to die soon, for whatever reason—are subsidising the people who do die.

There is a low level of understanding, but, that said, I do not necessarily think that we need to have a highly educated public who understand all aspects of the system. We have the most complex pensions system in the western world. I have been working in pensions for more than 10 years and there are things I find out every day that I just did not know about. I am sure that there are a million things that I will never learn. To think that we should have people understand about pensions and all sorts of financial instruments and long-term care—that is just never going to happen. We need to be honest with people, but if people are not doing what they need to do to take care of themselves, some form of psychological or emotional push is not necessarily a bad thing, as long as the Government have really thought about what they are doing and are doing it in order to help people, not just to save money.

Q41 **Lord Kerr of Kinlochard:** It sounds as if the first requirement is better public understanding of the system as it now is. How do you get that, given that the cap and floor become very political very quickly, as we

have seen? How do you ensure that you have a public debate about the issues that you are talking about without it being politicised into extreme positions? There is nothing wrong with the cap and floor. It is not a bad idea, but it became a very controversial idea very quickly. How do you deal with that?

Daniela Silcock: I am not 100% sure that you can avoid it becoming political. We live in a system where we are political, where we use the newspapers to put points across and different lobbying groups will say different things. That will be really difficult. A nice thing would be if government could be the voice of reason and come in and say, "You have heard this and this but these are the facts and we are going to present them to you". Again, this kind of campaign is always going to be quite resource-heavy and I know there is not a lot of funding for care itself, so funding information about care is going to be extra-difficult. Other than that, I am not sure that I see a way out.

Lord Kerr of Kinlochard: On insurance, it seems to be chicken and egg. The insurance industry says that the demand is not there. I can see that the demand is not there because people do not understand the nature of the problem, even though they will face it in due course. Is there not a mutual interest between the insurance business and government in trying to make people more aware, just of the facts?

Steven Cameron: There is an opportunity with the Green Paper, which we hope to see soon, to set out in a clear way a simple understanding of what the Government and local councils will pay for and what individuals will be expected to pay for themselves. That could be the catalyst to help people understand. This needs to be a public debate. This is not a topic that can be debated by industry or those who typically get engaged in these discussions. We need to engage the public in a real conversation about what they think is fair, what would appeal to them and how they would be prepared to help fund their own social care.

Lord Kerr of Kinlochard: Who is the Beveridge of our time? Is it Webb?

Sir Steve Webb: Can I be an unutterable cynic at this point? We have been talking about this in public for 20 years at least. Why would we need another publicity campaign or a Green Paper, for goodness' sake? Nobody reads these things. It is not going to affect public knowledge. We need to appeal to what actually motivates people. I referred to my parents—who, I promise you, Lord Sharkey, I am not trying to abandon—and they are members of something called the University of the Third Age, a huge organisation with millions of members. They go to meetings and people talk to them about how to protect the value of the family home, and they listen—I hope they do, anyway. That is what engages people. We need advisers who want to sell the product to people. We want people motivated by protecting the family home. A national debate, public information—we tried that with pensions for 50 years and membership of pensions went down and down until we did something bold.

Baroness Kingsmill: It is also your business to promote the demand.

Sir Steve Webb: My argument would be that with that policy framework—the tax break, the cap and so on—we can sell these products.

The Chairman: On that note, we will draw stumps and thank all three of you for the evidence that you have given us, which largely contradicted the evidence we got in the previous session. We shall continue, despite your observation that no one reads Green Papers and reports, and hope that we will be able to produce a report that takes account of the very interesting points you have made. Thank you very much.