



Independent financial advice about funding social care in later life

Regulated financial advice can produce greater financial security and engender a sense of agency and empowerment in those using it.

Reluctance to plan and lack of understanding about how financial advisers can help with planning for care costs act as barriers to seeking advice.

Gaps in adult social care organisations' knowledge about the financial sector, and vice versa, can result in cross-sector mistrust and lack of, or inappropriate, signposting. Different interpretations of definitions and rules, and uncertainty over future policy direction, make developing better practice challenging.

Few national policy documents in England make reference to financial advice in relation to social care, providing a weak framework from which practice can develop.

BACKGROUND

Social care is means-tested and seems likely to remain so. This results in a significant proportion of the population 'self-funding' – paying for care from their own resources. Research on self-funders suggests that one of the issues they find most confusing is finances. This includes the rules about eligibility and paying for care, concerns about protecting assets for inheritance and worries about how long resources will last. Few seek financial advice to help plan for paying for care.

The study aimed to explore evidence and practice, and stimulate debate regarding independent financial advice about funding social care in later life.

THE CARE ACT 2014

The Act recognised the need for financial advice and made it a requirement for local councils to provide information on how to access independent financial advice on matters relevant to care and support.

Independent is defined as independent from the local council.

Methods

The research team reviewed published UK empirical research evidence and English policy on provision of financial advice for funding later life care from 1997 to 2017.

Interviews with 15 members of the public (who had researched care costs for themselves or a relative and sought financial advice) and 21 professionals (regulated financial advisers, information services, care providers and local council financial assessment officers) explored their experiences of receiving, giving and signposting advice. Fourteen representatives from the adult social care or financial services sector gave their views on strategic and policy issues.

A discussion day towards the end of the project brought together interviewees and other professionals to discuss the emerging findings and future collaborations.

FINDINGS

POLICY AND EVIDENCE REVIEWS

Past policy about financial advice in relation to social care

This study explored social care and pensions/personal finance-related government policy documents in England from 1997 to 2017 to identify policy about financial advice in relation to social care costs.

There is little mention of this topic initially, with the exception of the 1999 Royal Commission report on long-term care and the 2009 Green Paper *Shaping the Future of Care Together*, which each suggested people would need guidance on planning for long-term care funding or buying related products.

This absence occurs despite the creation of The Pensions Advisory Service and the Money Advice Service, and the introduction of the deferred payment scheme and regulations for making top up payments for care home places.

References to financial advice about paying for social care became more frequent with the establishment of the Dilnot Commission in 2010 and the subsequent Care Act 2014. A joint Statement of Intent by the Department of Health and British Society of Insurers planned working together to develop public understanding of, and accessibility to, financial advice and products around care costs.

In 2015, pension freedoms were introduced and the care costs cap postponed. Since then, consultations and policy linking financial advice and paying for social care have become less frequent again. A Green Paper on care and support for older people was announced in the 2017 spring budget.

Existing evidence about financial advice for funding later life care

Seventeen papers included some empirical research relating to the topic; none took financial advice about later life care as their main focus and the evidence presented was sometimes hard to interpret. Nevertheless, the evidence did suggest that:

- regulated financial advice about later life care costs is rarely accessed either before or after care needs arise;
- barriers to access include absent or inadequate signposting, and preferences for other sources of advice for reasons including mistrust of the financial sector;
- financial advice, particularly from regulated advisers specialising in later life care, is perceived by the public to be useful in this context, while some non-regulated sources of advice are perceived to be inadequate.

To help improve the situation, more robust and detailed evidence is needed about the barriers to accessing advice from the perspective of the public and different professional stakeholders, and regarding the specific outcomes and uses of such advice.

FINANCIAL ADVICE ABOUT PAYING FOR CARE: CHALLENGES AND OPPORTUNITIES

Findings from interviews with a range of people involved in giving or receiving financial advice and information.

Personal attitudes, actions, and relationships

The biggest barrier to seeking financial advice was reluctance to plan ahead for care costs; people

FINDINGS

assume they will not need care, do not know how expensive it is, or think the state will fund it. Yet, when care is needed, seeking financial advice takes a backseat to other issues.

Another barrier is aversion to and ignorance about financial advisers and products. Both can be seen as risky and expensive; financial advisers can also be viewed as pushy salespeople who cannot be trusted. People lack understanding of how financial advisers can help with care cost planning, with some people – even people who engage a financial adviser for other personal affairs – assuming they cannot help with care costs.

Conversely, pre-existing knowledge about the financial sector, often gained through professional experience, and greater wealth enabled the successful engagement of financial advisers and purchase of financial products even at late notice.

Personal relationships presented both a challenge and an opportunity. Family members and friends offered vital information and advice about the care funding system, as well as giving valued personal recommendations of financial advisers and acting as advocates for people unwilling or unable to deal with a financial adviser alone. However, geographical separation of families made the latter harder; there were also examples of

adult children's expectations of inheritance conflicting with the financial interests of the self-funder, which may act as a barrier to acting on financial advice.

Individuals' interactions with organisations

Recipients of regulated financial advice and financial advisers described the benefits of receiving advice as both financial and non-financial.

Advice could enable people to pay for care not otherwise affordable, through either purchasing a previously unfamiliar product (a care fees annuity) or rearranging finances to maximise assets. The financial security offered by engaging a regulated financial adviser could engender a sense of agency, even empowerment, and reduce anxiety about the future among individuals with care needs and their families.

People spoke positively of their relationships with and trust in financial advisers. Conversely, acting on non-regulated or non-specialist financial advice could result in negative financial outcomes. Some people also described impersonal or pushy tactics from regulated financial advisers, which may worsen pre-existing negative attitudes towards the financial sector.

Voluntary organisations, care providers, and local authorities assisted financial

planning by offering information on the care system (e.g. deprivation of assets, top up fees) and potential sources of income (e.g. benefits and how to claim them). Some specialist information service organisations were dedicated to providing information about paying for later life care.

Despite these opportunities, lack of information was highlighted as a key challenge, exacerbating poor planning for care. Of particular note, self-funders reported poor information from local councils, including insufficient and inaccessible information about paying for later life care on their websites, and local authority staff failing to inform people about alternatives to selling their home or options such as deferred payments.

Organisational attitudes and actions

Cross-sector mistrust was a key challenge, particularly between the financial and adult social care sectors.

Local authorities could view financial advisers with suspicion because they work on a for-profit basis and are assumed to help self-funders avoid paying for care; these views were shared by some voluntary organisations and care providers.

Regulated financial advisers could view local authorities as sources of misinformation, not acting in the interest of advisers' clients, a view



Regulated financial advice can produce greater financial security and engender a sense of agency and empowerment

FINDINGS

which was shared by some care providers and information services.

Some mistrust may stem from low cross-sector awareness; there were gaps in adult social care and voluntary organisations' knowledge about the financial sector (e.g. what products are available, what to look for in a financial adviser) and in some of the financial advisers' knowledge about how social care funding works.

Lack of signposting towards financial advisers was seen as a challenge and failure of joint working. In addition to mistrust and low awareness of the financial sector, this arose from a fear of liability for poor advice given by a regulated financial adviser, concerns that money was too personal a topic; and perceptions that local authorities did not see signposting as their remit.

Conversely, there were reports of local authorities 'passing the buck' by signposting people to regulated financial advisers regardless of whether those people could benefit from – or afford – their advice. Fruitful relationships between financial advisers and local authorities sometimes relied on one or two individuals so could thus be stymied by personnel changes.

However, there were positive examples of joint working, and opportunities for more in the future. Examples included local council and specialist information services working together to ensure self-funders understood financial information offered at times of crisis, and financial advisers working together to help clients through sharing their specialist knowledge or signposting new enquiries to more appropriate colleagues. Bringing financial planning and advice into prevention and self-management agendas in local authorities was suggested as a potential opportunity.

Moreover, all stakeholders emphasised a common purpose – keeping self-funders self-funding so that they could have choices and afford their preferred

care for life, without falling back on local authority funding.

Joint working included a spectrum of measures to increase access to financial advice and information, from light touch informal signposting, to information services finding and facilitating meetings between clients and local regulated financial advisers, to formalised partnerships.

Partnerships between organisations could also offer information on how care funding works, laying an important foundation for people seeking regulated financial advice if needed. These include financial advisers offering seminars on care funding and/or free one-on-one sessions via care homes and voluntary organisations, and the promotion by voluntary and statutory services of third party information services which can signpost to regulated financial advisers or offer more basic information on care costs. There was strong feeling across sectors that such examples of joint working could and should be built upon and improved.

Strategic and policy levels

A fundamental challenge was interpretation of rules and definitions; this could differ within and across the financial and adult social care sectors. For example, 'independent' financial advice could mean independent from the local council or unrestricted regulated financial advice.

Lack of clarity about how many years councils would go back in searching for deliberate deprivation of assets led the financial services sector to query the consequences for equity release or helping adult children buy property years in advance of the parents needing care.

Conversely, the adult social care sector worried that, if more people took financial advice earlier, more would legally transfer assets and become eligible for means-tested care.

Transparency was noted as a key issue in enabling informed choices.

Both sectors reported uncertainty over future long-term care policy as a challenge, impacting on incentives for cross-sector working due to lack of clear parameters.

Lack of resources also affected cross-sector working; for example, the 2015 pension freedoms had limited the time the financial sector had available to focus on social care. Joint working associated with the Care Act had 'fizzled out' and there was a sense that the Care Act had done little to increase public awareness of the need to pay for care or associated financial advice.

The financial sector highlighted cultural change as a challenge. This ranged from the need for members of the public to become active consumers rather than recipients of care, to raising non-specialist financial advisers' awareness about the need to pay for care, to developing ways that local councils and the financial sector, with perceived different ethos, can work together.

In addition, the need for individuals, organisations and government to 'join the dots' between different aspects of people's financial health, and to think more holistically, was emphasised. Concrete examples for promoting holistic thinking included working with the planned Single Financial Guidance Body to prompt people to link different aspects of their financial health, and encouraging people to take stock of both financial and physical health, in line with John Cridland's (2017) suggested mid-life MOT.

Both sectors demonstrated a desire for cross-sector, cross-party working, and to rekindle the joint working that had fizzled out after the Care Act implementation in 2015. The slowing pace of pension reform change was seen by the financial sector as an opportunity to devote more time to social care.

CONCLUSIONS & IMPLICATIONS

The research evidence base about financial advice in relation to paying for social care is limited. This project has filled some of the gaps identified by offering insights into the challenges and opportunities experienced by individuals receiving financial advice, and by professionals from adult social care, the financial sector, and other relevant stakeholders.

Members of the public and adult social care organisations lack awareness and understanding of the financial sector, in particular, the benefits of financial advice in relation to paying for care. Some financial advisers also lack knowledge of the social care system. This can result in cross-sector mistrust and lack of, or inappropriate, signposting.

There is, however, a desire from both the adult social care and financial services sector for cross-sector working and rekindling of joint working initiated at the time of the Care Act. Care providers and those in the voluntary sector and private advice organisations share this enthusiasm. Cross-sector working at the local level may increase understanding and trust, potentially resulting in better public access to financial advice in relation to paying for care.

All stakeholders shared a goal of keeping self-funders self-funding in order to enable choice and maintain preferred care options over time. Terms such as choice and empowerment were used by the financial sector and self-funders when discussing the benefits of financial advice. These terms echo those typically used in adult social care in relation to the personalisation agenda and personal budgets.

In addition, specialist financial advisers and leaders from the financial sector recognised the importance of holistic thinking to connect different aspects of people's financial and physical health, including social care costs. This also reflects person-centred social care practice. Adult social care practice and the financial services sector could use these common aims as building blocks for working together.

COMMENT

"The findings from this study provide important information that can increase understanding between local councils and the financial advice sector, and emphasises common purposes.

"It is clear that local authorities need to work closely with financial advisers, to ensure that self-funders receive the best possible information and advice. This will enable them to have choice and to be confident that they have made the best use of their resources in providing for the cost of their future care needs.

"By establishing links with Later Life Planners, members of our local council team that undertake the financial means test are now equipped to identify and refer people who would benefit from independent financial advice.

"Similarly, the council can support self-funders to claim attendance allowance, and we are starting an awareness campaign in local care homes about financial advice. This approach can only have positive outcomes all around."

*Sharon Calline, Income Services Manager,
City of York Council and
member of research project advisory group*

Baxter K, Heavey E, Birks Y (2017) *Older Self-funders and their Information Needs*, NIHR School for Social Care Research, London.

Cridland J (2017) *Smoothing the Transition. Independent Review of the State Pension Age. Final Report*, The Stationary Office, London.

Department of Health, Association of British Insurers (2014) *Social Care Funding: Statement of Intent*, Department of Health, London.

HM Government (2009) *Shaping the Future of Care Together*, Green Paper, Cm 7673, The Stationary Office, Norwich.

The Royal Commission on Long Term Care (1999) *With Respect to Old Age: Long Term Care – Rights and Responsibilities*, Cm 4192-I, The Stationary Office, London.

School for Social Care Research

The School for Social Care Research was set up by the National Institute for Health Research (NIHR) to develop and improve the evidence base for adult social care practice in England in 2009. It conducts and commissions high-quality research.

The School for Social Care Research
London School of Economics and Political Science
Houghton Street
WC2A 2AE

Tel: 020 7955 6238

sscr.nihr.ac.uk



This research was undertaken by Kate Baxter (kate.baxter@york.ac.uk), Emily Heavey (emily.heavey@york.ac.uk) and Yvonne Birks (yvonne.birks@york.ac.uk) at the Social Policy Research Unit at the University of York.

www.york.ac.uk/spru

The study represents independent research funded by the National Institute for Health Research (NIHR) School for Social Care Research (SSCR). The views expressed are those of the authors and not necessarily those of the NIHR, SSCR, Department of Health, or NHS.