Age UK is the new force combining AGE Concern and HELP THE AGED WE WILL

Spending Review Briefing

The Impact of the Spending Review

Overall, today's Spending Review represents a fair deal for people in later life with a range of announcements on pensions, social care and universal benefits. We were relieved to see no cuts to universal benefits paid to older people, from free eye tests to the Winter Fuel Allowance. These benefits make a huge difference to the lives of the millions of older people managing on low incomes, and their protection is very welcome. However, many people approaching the end of their working lives will be disappointed that the rise in the State Pension Age is coming six years earlier than expected, and it is worth bearing in mind that this change will not save the government any money for another eight years.

Social Care

We are hugely relieved that care budgets will not face the scale of cuts Age UK feared. However, Age UK has examined the detail of the Chancellor's announcement on social care funding and we conclude that the £2 billion additional funding for social care just replaces cuts which are simultaneously being made to local government budgets.

£1 billion of the funding allocated to social care will be held within the NHS' budget to help facilitate integrated health and social care services. The extra resource from the Department of Health will only plug the gap in the government-wide cut to local government support. Overall, we expect that spending on care will fall modestly in real terms over the next four years.

Combined with a programme of reform and efficiency savings, such as greater use of personal budgets, the Government believes this will mean local authorities will be able to improve outcomes. Age UK will be working with local campaigners to put pressure on councils to maintain their current levels of spending on care. The Department of Health has sent out an important signal that care funding should be prioritised and it is now up to local authorities to follow this lead.

Incomes in Later Life

People will welcome the government's announcement to preserve key benefits including Winter Fuel Allowance, free eye tests, prescriptions and TV licences. These benefits provide vital support to many people on low fixed incomes; people in later life will be pleased the coalition stuck to its promises.

The review announces that State Pension Age equalisation at 65 will be brought forward to November 2018. Both the male and female pension age will then increase to 66 by April 2020. This will affect around 5.1 million people and is likely to have a more negative impact on women than men because they will see faster rises to their State Pension Age over a shorter period of time.

It is disappointing that the Coalition has decided to cut short the retirements of millions of hard-working people by bringing forward the increase in State Pension Age six years earlier than planned by the previous Government. Fast-tracking the State Pension Age rise will hit the poorest the hardest by shortening the retirements of those living in areas where life expectancy is low. By moving the date forward, the Government has denied those affected time to plan properly for a delayed retirement. However we appreciate that in the current climate difficult decisions have had to be made.

The four year freeze in the maximum amount which people can save and still receive Pension Credit will be a disappointment to many people on low incomes in later life. As a result the average Pension Credit claimant will miss out on around £100 per year.

Health
People over 65 make up 60% of admissions to NHS hospitals and those with two or more long-term conditions account for the majority of adult bed days. So the Government's commitment to increase health spending in real terms by 0.4% over the course of the spending review period is good news for people in later life. However, an annual increase in spending of 2% would be needed in order to keep NHS spending in line with the pressures of demographic change.

The government has made a firm commitment to end age discrimination in health and social care by 2012. If the implementation is effective, older people should be able to expect access to services that were not previously available; a proactive approach to communicating provision; and improved care and respect when receiving services. The Chancellor's announcement of increased access to psychological therapies for older people is a good example of services which should now open their doors to people of all ages – in planning NHS spending it will be important to take into account equal access and commissioning to meet the needs of all age groups.

Dementia affects over 700,000 people at an annual cost to the nation of £17 billion per year, so the government's announcement of its intention to prioritise dementia research within the NHS research budget is particularly welcome.

Energy: Fuel Poverty
The decision to make permanent the temporary increases to Cold Weather Payments will be an important support to many people in later life who worry about how they may cope with a cold winter. Eligible households will continue to receive £25 for each seven day cold spell recorded or forecast where they live.

There will be a phased removal of the Warm Front scheme and replacement with funding through the 'Green Deal' where householders pay for energy efficiency changes through the savings they make in their fuel bills. It is important that the 'Green Deal' is well targeted towards the most vulnerable and properly administered so it does not become subject to the same bureaucratic faults as the Warm Front programme. The Government should consider how it will deal with requests for emergency support from households whose heating has broken down and will need support from the 'Green Deal' scheme quickly.

Age UK strongly welcomes the Government's intention to initiate an independent review of the fuel poverty target before the end of the year and we look forward to engaging with this process. However, we do not believe it is necessary for the review to re-consider the definition of fuel poverty – the goal posts should not be moved in order to help the government meet its fuel poverty reduction targets. It is vital that the review produces a focused strategy to allow the government to meet its statutory obligations to reduce the number of households living in fuel poverty.

Skills and training

Following the announcement in the review that Train to Gain will be abolished, we are concerned that there will be an adverse impact on older workers. Train to Gain represents a major source of publicly funded training for this group, and we believe the Government must undertake a full equalities impact assessment examining the effects of abolition and how alternative training sources can be delivered. In line with the Government's policy of extending working lives, Age UK believes it is only fair that sufficient opportunities are available for older workers to up and re-skill.
We accept that Train to Gain did involve a considerable amount of deadweight costs. However, there is a lack of replacement learning opportunities for people aged over 50.

Age UK welcomes the emphasis on Small and Medium Enterprises. It is important that future publicly funded training continues to target older workers and provides sufficient opportunities to access high quality training. We recommend the Government monitors carefully the equalities impact of this, in particular the effect on older workers, and adjusts its target audience if necessary to ensure this group does not lose out.

People in later life will welcome the increased investment in older apprentices and Age UK looks forward to working with the Government in demonstrating the value of these to employers who want to employ older workers. Additionally, it is important that the Government continues advocating the benefits of employing older people.

Welfare to work

The reduction in support to one year for contributory Employment Support Allowance for people within the Work Related Activity Group could have a disproportionate impact on people over 50 who have been out of work for some time and could find it difficult to find appropriate employment. Any move to reduce people's access to out of work benefits must be carried out cautiously and we are looking forward to further information to indicate what transition arrangements will be in place for people whose ESA is stopped. Access to the Work Programme, the accuracy of ESA assessments and increased capacity to support people in transition must all be in place before people's benefits are removed.

We welcome the funding for the Work Programme and believe this will deliver benefit savings over the longer-term. In particular, the emphasis on sustainability of employment is commendable.
However, in order to provide effective help to older benefit claimants, the Government must ensure the contractors are properly incentivised to help their older clients into sustainable employment. If they are not, there is a real risk that these unemployed people will be 'parked' and receive inadequate help to re-enter the labour market.

Impact on Local Authorities

The extent of the cuts to local government spending means that local authorities will be forced to look again at how they can reform local public services to be able to support growing numbers of older people to live healthy and active lives. People will welcome the government's commitment to protect concessionary travel continuing to give many people a lifeline to their community.

Councils will welcome the announcement that almost all grants to local government will be un-ringfenced from April 2011 (with the exceptions of the "simplified" schools grant and the new public health grant). While this allows for greater freedom to reshape and redesign services, councils will need to ensure that money is spent where it is most needed and people in later life don't miss out. Local authorities will need to factor in demographic change across all budgets and ensure that the most vulnerable are protected and statutory obligations continue to be met.

We welcome the protection of Disabled Facilities Grant at the current level. However, local authorities also make a contribution to this grant and we may see still see an overall reduction in the availability of adaptations for vulnerable older people. We would like to discuss with the Government what more can be done to protect these vital services for disabled older people.

Housing

Given current annual expenditure of £1.6 billion on Supporting People, £6 billion over four years appears to represent a reduction in spending. Such a reduction would accelerate pressure to remove warden services from sheltered housing. We would like to talk to Government about ways to improve the deployment of Supporting People funding for older people to ensure services are maintained. Age UK still has concerns that this funding may still become diverted to pay for more acute local services rather than lower level housing support as a result of removing the ring fence. It is particularly important to maintain this sort of provision prior to the introduction of public health budgets which may provide a long-term funding stream for preventative interventions.

The Government's announcement that it will build 150,000 affordable homes is unlikely to deliver the increased supply that is required for people of all ages. Without specific building programmes for retirement and extra care housing, the housing needs of our ageing population will not be adequately met.

International impact

The UK Government have made a welcome commitment to meet the 0.7% target for aid funding by 2013 and to use this money in the most effective way possible. Age UK is disappointed, however, that the Government has been slow to recognise the massive demographic changes taking place globally and the effect they will have on governments around the world. By 2050, 79% of the world's population over the age of 60 will live in developing countries due to improved health and increasing life spans. Greater effort must be made to understand the changing nature of the challenges facing societies in developing countries.

The UK Government should also recognise more explicitly both the contributions that older people make to society and their vulnerability in times of need. Tackling age discrimination worldwide, strengthening the rights of older people globally, preparing for changing health patterns and understanding how to address the needs of older women and men in times of emergency and crisis must all feature in DfID's priorities in the years to come.

Age UK recognises that cost savings within the Foreign and Commonwealth Office are necessary but we hope that this will not lead to a reduction in the essential services provided by the FCO. We are encouraged by the FCO's continued commitment to support British nationals around the world as one of three priority areas. This is especially important for older British nationals who sometimes find themselves in need of assistance and isolated due to financial and health crises. With over 9% of UK state pensions being paid abroad, the FCO plays a vital role for older British nationals who sometimes need assistance minimising the difficulties they may face.

For more information on any aspect of this briefing please contact Angela Kitching, Government and Stakeholder Relations Manager on 020 8765 7299, Angela.Kitching@ace.org.uk