

PRIME MINISTER

Family Policy Group

Attached are your papers for tomorrow's meeting. These comprise:

- (i) a paper by the Secretary of State for Social Services on policy towards the elderly;
- (ii) a paper by the Secretary of State for the Environment on housing for the elderly;
- (iii) a paper by Ferdie Mount commenting on (i) and (ii).
- iv) a paper by CPRS drawing all three papers together

Mr. Fowler's paper essentially proposes a package of three measures:

- (a) spending £25 million more on services for the elderly and those who care for them;
- (b) expanding the invalidity care allowance to married women looking after elderly relatives which would cost about £11 million extra per year;
- (c) to pay for (a) and (b) abolishing the dependant relatives tax allowance, saving £20 million a year and 500 staff.

Ferdie Mount disagrees with this approach on the grounds that it re-enforces the welfare state rather than encouraging self-reliance. He would prefer not to abolish the dependant relatives allowance but to extend it although making it more discriminating. He also proposes a number of other ideas which are set out at paragraph 7 of his paper.

/ Mr. King's

Mr. King's paper sets out the Government's record on housing the elderly and a number of proposals for further action most of which involve developing existing policies. Ferdie Mount endorses this approach but suggests (paragraph 13 of his paper) that more effort should be made in the field of council house sales to the elderly, for example by offering extremely generous terms.

JF.

8.2.83



cc f.m.

CABINET OFFICE  
Central Policy Review Staff

70 Whitehall, London SW1A 2AS Telephone 01-233 7765

From: John Sparrow

Qa 06253  
Covering CONFIDENTIAL

8 February 1983

Tim Flesher Esq  
No 10  
Downing Street  
S W 1

*Dear Tim*

Family Policy Group

As I mentioned to you over the telephone earlier today, I enclose a note by the CPRS on the Elderly for discussion at the Family Policy Group meeting on Wednesday, 9 February.

I am sending copies of this letter and the enclosure to John Halliday (Home Office), John Kerr (HM Treasury), Imogen Wilde (DES), David Edmonds (DoE), Jonathan Spencer (DoI), Richard Bird (DTp), David Clark (DHSS), Barnaby Shaw (DEm), Mary Brown (Lord Privy Seal's Office), Alex Galloway (CDL), Pamela Hilton (ODA), Richard Hatfield (CO), and for information to Muir Russell (SO) and Adam Peat (WO).

*John Sparrow*  
*Gerry Spence*

Gerry Spence

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## CONFIDENTIAL

FAMILY POLICY GROUP: THE ELDERLY

1. The papers before the Group (FPG(83)1-3) make proposals in three policy areas:
  - a. Incentives for families to support their elderly relatives (papers 1 and 3);
  - b. Services for the elderly (paper 1);
  - c. Housing (papers 2 and 3).

Incentives

2. Mr Fowler and Mr Mount suggest alternative approaches. Mr Fowler suggests extending the invalid care allowance (ICA) to married women caring for elderly invalids, and paying for it by abolishing the dependent relatives tax allowance (DRTA). Mr Mount would prefer to improve the DRTA but to limit it to those caring for resident relatives who are very elderly (over 75) or infirm.

3. In considering these two approaches, the following points are important:

(a) The ICA currently applies to single people and married men caring for seriously disabled people of all ages, including children. An extension to include married women caring for the elderly would lead to overwhelming pressure to extend ICA to all married women caring for anyone in receipt of an attendance allowance. The additional cost would rise from £11m to £60m a year and the staff required would increase from 50 to 250.

(b) As Mr Mount implies, the ICA is the wrong way to give families money to get them to care for their elderly. The ICA was introduced to guarantee a minimum income to people who, because of their caring responsibilities, can neither work nor claim unemployment benefit.

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So why extend it to married women, except where the husband has no job, pension or benefit which covers the wife's keep? Similarly, why should married men receive the benefit if their wives are earning significant amounts? This suggests that, if married people (both men and women) are to be eligible for ICA, they should be subject to a low limit on joint earnings.

(c) Providing through ICA an income safety net for poor people with caring responsibilities is not really enough. All families should be given a greater incentive to care for their elderly relatives. There are two possible approaches (not mutually exclusive) which would need to be costed:

(i) increase the DRTA for taxpayers supporting resident relatives over 75 whether frail or not. Of Mr Mount's two variants this would be the easier to administer. Mr Mount envisages abolishing the allowance for those supporting the under 75s; would the savings justify the opposition that this would arouse from the many losers? Freezing the allowance in respect of the under 75s might be a more attractive option.

(ii) if we are considering the benefit route, a new idea would be to improve the attendance allowance paid to the seriously disabled elderly. Families would more willingly take them on if they brought with them a contribution to the cost of care. The old/disabled person would feel less dependent. Help would be concentrated on those most in need of care, including those without any relatives.

Services

4. Mr Fowler proposes spending an additional £25m over three years to foster community and voluntary efforts to support frail old people living alone or with their families. The money would be used among other things to find volunteers to give periodic respite to caring families, practical help in coping with the incontinent, etc. Given the intense pressure on

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institutions, and the prospect of one million extra very elderly by the end of the century, this effort should be at least as effective as financial assistance in making family care viable.

5. In the longer term, however, caring services for the elderly should to a large extent be provided through the market. Hence the importance of securing adequate incomes for the elderly themselves. A higher minimum pension for the over 75s may be worth examining.

Housing

6. Mr King's paper is a survey of achievement to date and of developments in train. Mr Mount proposes also that council houses should be given away to elderly tenants of long standing. The Group will be discussing housing at its next meeting, but the following points are particularly worth noting in relation to the elderly:

(a) As Mr King notes (paragraph 3(c)), the elderly have considerable income locked up in their houses. It is important to encourage the release of this income through home income plans, so that the old person's house is an asset and not a financial burden to them. Home income plans have been slow to develop. There are alleged practical difficulties, eg about ensuring adequate maintenance which building societies and others should be urged to resolve, eg through maintenance contracts;

(b) Mr Mount's proposal would have the advantage of giving council tenants access to home income plans too; if it is pursued the very elderly should be given priority.

(c) Even with the present 'right to buy' elderly tenants could be given improved access to their equity stake. They could be relieved of their obligation to repay the discount if they move within five years. This would enable them to sell up, move in with their family and take some capital with them, eg to help make adaptations in the family home.

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General

7. There is a general point about the elderly that affects all the papers. It no longer makes much sense to think of all those over retirement age as a single 'client group' for policy purposes. The frailty that accompanies old age sets in much more obviously after 75 than after 60 or 65. Poverty, too, is increasingly becoming a problem of the very elderly rather than of the retired population as a whole: this is because more people are retiring with decent pensions, sometimes two pensions per couple, and with homes owned outright. This suggests that general concessions (eg age allowance, free prescriptions) for all pensioners, are becoming a less efficient and less equitable way of targeting spending on the poor or frail. It may be sensible, therefore, to think of either raising the age at which such concessions apply, or of helping needy pensioners through schemes targeted on the poor or infirm of all ages.

8. Finally, as Mr Mount's paper implies, we should change the way we look at the young elderly, including early retirers, seeing them not primarily as a group in need of help but as a group available to help others, eg through voluntary organisations.

8 February 1983

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8 February 1983

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10 DOWNING STREET

From the Private Secretary

1 February 1983

As you know the meeting proposed for the Family Policy Group on 19 January was cancelled. The agenda for that meeting which included papers by the Secretaries of State for Social Services and the Environment, and by Mr. Mount on various aspects of policy towards the elderly, will now be taken at the meeting of the Group arranged for 0930 on 9 February. For the following meeting at 1700 on 15 February the Prime Minister has provisionally agreed that papers on assured tenancies and council house sales by the Secretary of State for the Environment should be discussed. I attach the first of these.

I am sending copies of this letter to John Kerr (HM Treasury), Imogen Wilde (Department of Education and Science), David Edmonds (Department of the Environment), Jonathan Spencer (Department of Industry), Richard Bird (Department of Transport), David Clark (Department of Health and Social Security), Barnaby Shaw (Department of Employment), Mary Brown (Lord Privy Seal's Office), Alex Galloway (Chancellor of the Duchy of Lancaster's Office), Pamela Hilton (Overseas Development Administration), Richard Hatfield (Cabinet Office), Gerry Spence (CPRS), and for information to Muir Russell (Scottish Office) and Adam Peat (Welsh Office).

(Timothy Flesher)

John Halliday, Esq.,  
Home Office

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PRIME MINISTER

Family Policy Group

We now have meetings arranged for 9 February and 15 February. The provisional agenda for 9 February is the one which was planned for the meeting cancelled last week and includes papers by Mr. Fowler and Mr. King on different aspects of policy towards the elderly and a commentary by Ferdie Mount on both. The provisional agenda which Ferdie and I have set up for the following meeting is based on papers on assured tenancies and council house sales by the DOE. Other possibilities include a paper by DES on wider use of school facilities and a report back by the Chancellor on the further research on husband and wife taxation commissioned at the last meeting of the Group. Ferdie is rather anxious that the DOE papers are taken during February in case amendments are needed to the Housing Bill; do you agree? If so, do you wish either of the other proposed papers also to be on the agenda? The Chancellor's paper might be a better candidate since that would enable the DES paper to be taken along with Sir Keith's other paper on planning for parent-hood at a later meeting.

25 January, 1983.

Home affairs

Home  
affairs



Yes

10 DOWNING STREET

PRIME MINISTER

Family Policy Group

I assume that, following the recent Ministerial changes, Tom King will replace Michael Heseltine on the group. Tim Raison has asked if he can remain in the group which, since it is as much based on personal interest as on Ministerial responsibility, is in Ferdie's view reasonable. Are you content?

Mr King would like to bring Mr Stanley to the meeting on Wednesday.

14 January, 1983 assume this is acceptable

since it will partly be about DOE issues.

TF.



Jo  
vs  
bc Ferdy Mount

10 DOWNING STREET

From the Private Secretary

14 January 1983

Dear Tom,

As promised in my letter of 12 January, I enclose a paper on Housing the Elderly which has been prepared by the Secretary of State for the Environment for discussion at the meeting of the Family Policy Group on Wednesday 19 January at 0930. Also attached is a paper by Mr. Mount for discussion at the same meeting.

I am copying this letter and enclosure to John Kerr (HM Treasury), Imogen Wilde (Department of Education & Science), David Edmonds (Department of the Environment), Jonathan Spencer (Department of Industry), Richard Bird (Department of Transport), David Clark (DHSS), Barnaby Shaw (Department of Employment), Mary Brown (Lord Privy Seal's Office), Alex Galloway (Chancellor of the Duchy of Lancaster's Office), Pamela Hilton (Overseas Development Administration), Richard Hatfield (Cabinet Office), Gerry Spence (CPRS) and for information to Muir Russell (Scottish Office) and Adam Peat (Welsh Office).

Y  
ours ever,  
Tim Flesher

(TIMOTHY FLESHER)

John Halliday, Esq.,  
Home Office.

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FPG(83)3

COPY NO:

14 January 1983

FAMILY POLICY GROUP

POLICY FOR ELDERLY PEOPLE

Note by the

Prime Minister's Policy Unit

Dependant Relatives

1. Mr Fowler's paper offers an admirable survey of the tax and benefits arrangements relating to elderly people. But it is less clear that his proposal lies in a direction which would either be popular or would fit in with the objectives which have been discussed in the Family Policy Group.

2. Our prime aim is not surely to reinforce the Welfare State by introducing fresh benefits or extending existing ones. We want to strengthen self-reliance, wherever possible and sensible. In the case of families looking after an elderly relative at home, our supporters would prefer to leave them with more of their own money to meet the extra expenses. In other words, the inclination would be to extend the dependant relatives' allowance, rather than abolish it in favour of broadening the invalid care allowance.

3. The DHSS rightly argues (paragraph 25) that it would be expensive to make any real impact, unless we were to make the dependant relatives' allowance more discriminating - by limiting it (a) to taxpayers with a resident infirm relative; and/or (b) to taxpayers with a resident very elderly (over 75) relative.

4. Both these possibilities are surely worth examining. The DHSS points out the marked increase in the proportion of elderly people, living with a son or daughter, over the age of 75. It is surely the approach of true old age - and the fear of accompanying infirmity - which haunts both the elderly and their children. And a tax allowance which offered some way to relieve this prospect would surely correspond with popular feeling of what is right.

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The Conservative Approach

5. More generally, it is doubtful whether "caring" for, or even "caring in the community" for, is the concept that should invariably accompany "the elderly". One of the most striking features of elderly people - no less than of their juniors - is a desire for independence and a dread of "becoming a burden".

6. In noting the steep rise in the numbers of elderly people in recent years, it is also important to note the considerable improvement in the health of the elderly. People not only live longer; they tend to keep their faculties longer. The percentage of elderly people living outside institutions has remained remarkably constant at about 95% over many years. And the proportion of elderly people living and looking after themselves on their own has increased. We must be wary of describing this as increased loneliness; it can be described also as increased independence. And we ought to be as keen to increase the range of choice open to the elderly as we are with other age-groups.

7. There are a variety of measures and projects which an imaginative government ought to be thinking about, if we are to make it easier for the elderly to lead interesting lives of their own without being treated as helpless patients by an army of well-intentioned helpers. For example:

- (i) The University of the Third Age. The self-help universities for the over-60s, which have mushroomed in France and have now taken off in Britain in the last 2 years. Since both teachers and taught are unpaid, the U3As don't need or want large government grants. But they might appreciate encouragement, help with premises, etc.
- (ii) A part to play for the fit elderly in looking after the old and infirm. Religious institutions and independent charities like the Cheshire Homes have always made full use of elderly volunteers. Why don't the NHS and other public agencies have the courage to overcome union opposition and do so too in a meaningful way beyond pushing round the book-trolley?

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(iii) Allotments: many local authorities still think that these are an outmoded relic of wartime, when in fact they have a great part to play in meeting an ever-growing national enthusiasm for growing-your-own. And there is a lot to be said for putting the elderly (and the unemployed) at the head of the queue for them.

8. It is not suggested that the Family Policy Group should pursue ideas like these in detail. But those Departments which might have a contribution to make (DHSS, DES, DOE and perhaps Home Office) could assemble, with the aid of organisations such as the Centre for Policy on Ageing, a positive agenda for the elderly.

## Housing the Elderly

9. Our record on making it easier for the elderly to live independently is first-class, and well worth highlighting in our Election material. Two points in particular are worth bringing out:

- (i) We have made it easier for the elderly and the infirm to modernise their homes and keep them warm, well-repaired and well-decorated. This is an important counter to the general impression put about, say, in TV documentaries that old people today who stay in their own homes do so at the cost of living in damp and insanitary conditions.
- (ii) We have made it much easier for the elderly to move to homes they can manage. After all, one of the inflexibilities of traditional housing was that it was designed for the standard family of four. For the elderly person living alone, the choice lay between the worry of lodging or taking in lodgers, and the indignity of the institution. The old people's bungalows are one of the great social innovations, perhaps the best in the field since the mediaeval invention of almshouses. The introduction of Home Income Plans, 3(e), and Leasehold Schemes for the elderly, 7(c), are also important extensions of choice.

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10. These improvements in the quality of life of the elderly are at least as important as the increase in the value of the retirement pension (which in real terms has been only modest since 1979). They are our strongest card.

11. There is perhaps one weakness: we have not yet done enough to make the Right to Buy attractive to the over-60s. This would be an enormous advance, since the social impact would be felt not only by the elderly council tenants themselves, but by their children and grandchildren. We would be creating a new class of testators and legatees.

12. It was envisaged at the Group's meeting on 30 November that the Department of the Environment would produce a paper on proposals to encourage the sale of council houses.

13. It seems likely that such proposals would have to be extremely generous and imaginative if they are to induce a great number of tenants over 60 to take advantage of them. For example, a council tenant of 20 or 30 years' standing could be deemed to have bought his home outright - or alternatively, could be deemed to have done so on a mortgage which would be counted as having been repaid after a further 10 years of occupation involving repayments at the level of the prevailing council rent. Such generosity could, of course, be justified by pointing out that it would be going to a generation which had known hard times and for whom the accumulation of capital was difficult.

14. It would be valuable if the Family Policy Group could indicate its general views on the merits of offering generous inducements of this type to council tenants over 60. The Department of the Environment could then evaluate examples and costings in its forthcoming paper.

F.M.

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FAMILY POLICY GROUP

## HOUSING THE ELDERLY

PAPER BY THE SECRETARY OF STATE FOR THE ENVIRONMENT

## BACKGROUND

1. Most elderly people want, and are able, to live independently in the community with the support which may be available from family and friends. The encouragement of close family links has always been a cornerstone of our housing policy. For the elderly we therefore want policies to help them to be able to stay as long as possible in their present homes. But we also want policies that will help them to move into suitable newly built or existing homes that are near the relatives and close friends and that are also near to local amenities, such as post offices and shops.

2. I have set out below what we have done already and what more could be done to these ends.

HELPING THE ELDERLY STAY IN THEIR OWN HOMESAction taken to date

3. We have already taken important steps to improve conditions at home for elderly people:-

- (a) we have made the Home Improvement Grant system much more useable by the elderly, in the 1980 Housing Act, by allowing homes to be improved with grants in stages - say just putting in an inside WC or better heating - instead of the much more costly previous requirement of having to improve a house comprehensively if a grant was to be claimed. We have also introduced 90% intermediate and repairs grants which will be available up to the end of 1983-84.

- (b) In December we announced the start of the National Enveloping Scheme which will help elderly people in Housing Action Areas to get the exterior of their homes repaired.
- (c) Old age often brings some physical handicaps. In 1981 we made disabled people's house adaptations eligible for the priority levels of grant (up to 90% in hardship cases) and the priority eligible expense limits (up to £11,500 in London and £8,500 elsewhere).
- (d) Warmth in the home is essential for elderly people. In 1981 we introduced 90% grants under the Home Insulation Scheme for loft insulation for elderly people on low incomes (normal grant is 66%). About one-third of the £30m spent on HIS grant goes to the elderly.
- (e) To boost elderly people's incomes, in the 1980 Housing Act we extended Option Mortgage Subsidy to enable elderly owner occupiers on incomes below the tax threshold to derive from home income plans a comparable benefit to that enjoyed by taxpayers. Home income plans, which are operated by building societies and other financial institutions, enable elderly homeowners to realise a substantial proportion of the capital value of their homes by raising an annuity.

#### Further action

4. (a) Need to improve the take up of improvement grants by elderly people on low incomes. A keen need exists for Building Societies to get involved with the local authorities in providing integrated advice on grant/loan packages for Home Improvement. John Stanley has stressed this in response to the English House Condition Survey and will be speaking on this to the Building Societies

Association on 21 January. There is a pressing need for other societies to follow the lead given in Birmingham by Leeds Permanent and Halifax in providing such a service and in supporting it by offering maturity loans, which are particularly helpful for elderly people.

- (b) Simplification of the improvement grant system and perhaps making more grants mandatory - eg. repair grants.

5. In the meantime, lines of action we are actively exploring are:-

- (a) We have set up a Working Party with the Local Authority associations and expect to put policy proposals on home improvement legislation to colleagues in April.
- (b) The possibility of providing means whereby elderly people could receive grant-aid for small scale repairs to their property to secure it for the time being (at present, in England and Wales, grant is only available for repairs which are substantial and structural).
- (c) Two changes to DHSS regulations could also help those who were prevented by lack of funds from tackling minor repair work. A person on supplementary benefit may at present be given a lump sum payment of up to £225 which may be used to finance minor repair work. If this could be increased to £500 it would come closer to covering the work that is outside the present scope of the home improvement grant system. A second change would be to increase the limit on the savings applicants for a single payment may hold if they are to be eligible. It has stood for some years at £300. These points have been put to DHSS and are being considered.

- (d) The scope for widening the present home insulation grant scheme. Mandatory grants could be extended in two ways under existing legislation: to cover work to improve existing inadequate insulation (at present only uninsulated lofts qualify); and to provide draught-proofing for doors and windows. Both these extensions would be of benefit to elderly people
- (e) Widening the definition of improvement to include alarm systems. This would enable private sector elderly occupiers to be linked up to the public sector system and would avoid elderly owner-occupiers and private tenants having to be moved into sheltered accommodation.

#### HELPING THE ELDERLY TO MOVE TO NEW-BUILT HOUSING

6. I am very conscious of the continuing need to provide sensibly designed adequately heated and conveniently located new housing for the elderly so that as many as possible can remain in ordinary accommodation with the support of their families and the community at large. The private sector, ie. the private house building industry has made a vastly larger contribution to meeting the housing needs of the elderly than it has done hitherto.

#### Action taken to date

7. (a) For those who can afford outright ownership we are encouraging the private building industry to meet the large market for small dwellings suitable for sale to the elderly. Builders already active in this market include Rendell, a subsidiary of Lovell, New Ideal Homes and Barratt, the volume builders, whose retirement flats are to be launched at the Ideal Home Exhibition in March. The private building industry is also now providing leasehold sheltered accommodation for the elderly at no public

expense. In some cases they are privately managed, in others they are managed through a housing association but with no public funds involved (examples are New Ideal Homes at Woking and Ferndale Garden Homes at Birchington).

- (b) We are also encouraging local authorities to build sheltered schemes for sale (the Conservative South Ribble Council has done so and we are encouraging others to follow.)
- (c) We have put an increasing proportion of the Housing Association programme into low-cost home ownership, shared ownership and Leasehold Schemes for the Elderly, thus providing more low-cost home ownership opportunities for the elderly by that route. Local authorities and new towns can also enter into part-own/part-rent schemes with elderly people for both new and existing dwellings.
- (d) We have asked local authorities to give priority to the elderly in their rented programmes.
- (e) We are currently producing a DOE film on 'Housing for the Elderly' to stress the scope for more private sector provision in particular.

#### Further action

8. The main requirement is to build on the existing initiatives and to get much more sheltered and non-sheltered accommodation built by the private sector for purchase by the elderly.

#### HELPING THE ELDERLY MOVE TO MORE SUITABLE EXISTING HOUSING

##### Action taken to date

9. Two schemes have been developed to help people who need to move to public sector rented accommodation:

- (a) The voluntary National Mobility Scheme, which is now operated by all but eight local authorities makes it



easier for elderly people to find rented accommodation near their families. In the first sixteen months of its operation about 1500 of those who moved under the scheme did so either because they were themselves elderly or handicapped or because they wished to support relatives in that situation. On present trends there are likely to be half as many again moving in the second year as in the first, and this is likely to increase as the scheme becomes more widely known.

- (b) The Tenants' Exchange Scheme is a computerised information service to help public sector tenants find someone in another local authority's area willing to exchange homes. This benefits elderly people as well as younger tenants and 50,000 tenants have registered their housing exchange requirements already.

Further action

- 10. (a) The Tenants' Exchange Scheme already applies to England, Wales and Northern Ireland; Scottish Ministers are considering its extension there.
- (b) We shall continue to look for every opportunity to encourage elderly people to live independently rather than in publicly provided sheltered accommodation.
- (c) We shall encourage voluntary bodies, such as Age Concern and Help the Aged, to collaborate with statutory authorities and the Building Societies in giving advice on such matters as home improvement opportunities and the wide range of housing options now available.



2 MARSHAM STREET  
LONDON SW1P 3EB

My ref:

Your ref:

14 January 1983

*Dear Tim*

FAMILY POLICY GROUP: HOUSING THE ELDERLY

- / As promised, I enclose 20 copies of my Secretary of State's paper on Housing the Elderly.

As I mentioned to you on the telephone, the Secretary of State would be grateful if Mr Stanley could accompany him to the meeting of the Group on 19 January.

*Yours sincerely*  
*Roger Bright*

R BRIGHT  
Private Secretary



## 10 DOWNING STREET

*From the Private Secretary*

12 January 1983

*Dear Tom,*

As you know, there will be a meeting of the Family Policy Group on Wednesday 19 January at 0930. I attach a paper on policy towards the elderly which has been prepared by the Secretary of State for Social Services. A paper on housing for the elderly prepared by the Secretary of State for the Environment will follow shortly.

I am sending a copy of this letter and enclosure to John Kerr (HM Treasury), Imogen Wilde (Department of Education and Science), David Edmonds (Department of the Environment), Jonathan Spencer (Department of Industry), Richard Bird (Department of Transport), David Clark (DHSS), Barnaby Shaw (Department of Employment), Mary Brown (Lord Privy Seal's Office), Alex Galloway (Chancellor of the Duchy of Lancaster's Office), Pamela Hilton (Overseas Development Administration), Richard Hatfield (Cabinet Office), Gerry Spence (CPRS) and Ferdinand Mount. Copies for information go to Muir Russell (Scottish Office) and Adam Peat (Welsh Office).

*Yours ever,*

*Tm*  
Timothy Flesher

John Halliday, Esq.,  
Home Office.

CONFIDENTIAL



BF 12/11

**DEPARTMENT OF HEALTH & SOCIAL SECURITY**

Alexander Fleming House, Elephant &amp; Castle, London SE1 6BY

Telephone 01-407 5522

*From the Joint Parliamentary Under Secretary of State*

Tim Flesher Esq  
Private Secretary  
10 Downing Street  
London SW1

10 January 1983

*Dear Tim*

I enclose twenty copies of our promised paper on the elderly for the Family Policy Group meeting on 19 January. In our Secretary of State's absence, Mr Newton has made the finishing touches to the paper.

*Yours sincerely**Jonathan Stopes-Roe*

J C STOPES-ROE  
Private Secretary

*Papers despatched 12/11/83*

## CARE OF ELDERLY PEOPLE

## PAPER BY SECRETARY OF STATE FOR SOCIAL SERVICES

1. At the meeting of the Family Policy Group on 10 September there was discussion about the case for assisting families who devote themselves to caring for elderly relatives at home who, it was felt, got very little help at present. It was agreed that it would be worth examining how they could be given more help, having regard particularly to the prospective growth in the numbers of very elderly people and the high cost of maintaining them in institutions. I was asked to prepare a paper examining the issues and making proposals for action.

## THE PROBLEM

## a. Numbers

2. The number of elderly people has risen steeply. There are now 8.1 million people aged 65 and over in Great Britain. This total will remain roughly stable to the end of the century but the numbers of people over 75 are expected to rise sharply. By 2001, the 75-84 age group is expected to increase by about one-quarter from 3.1 million to 3.8 million and the over 85 group by over one-half from 0.5 to 0.8 million.

## b. Proportion Who Are Handicapped

3. Elderly people are more prone to infirmity than the rest of us. About 13 per cent of the over 65s are handicapped in that their living activities are severely restricted, 4.2 per cent are permanently housebound and 0.3 per cent are permanently bedfast. (See also Annex A). The incidence of severe disablement increases with age: after about age 75 many peoples' health appears to deteriorate rapidly and a lot of care may then be needed. About one-fifth of the over 85s are estimated to suffer from severe or moderate dementia and about half cannot get out of their house on their own. In spite of this 95 per cent of elderly people continue to live in the community - the remainder being in hospital or residential homes.

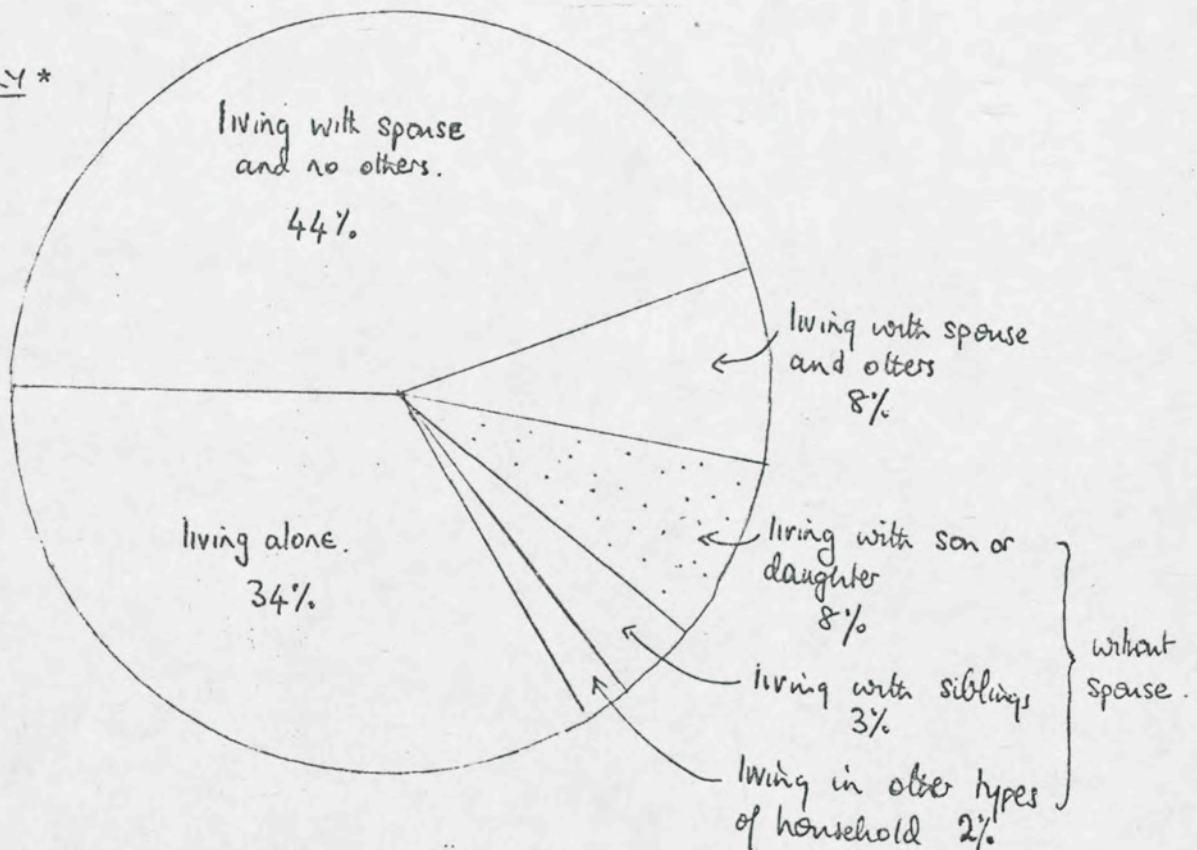
4. The increasing numbers of very elderly people, the high incidence of disability among them, and the fact that most are still looked after in the community poses some major problems - for the families who are looking after them; for the supporting health and social services, and for the provision of hospital and residential accommodation.

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## c. Household Circumstances

5. About 34 per cent (a rising proportion) of elderly people live alone and another 44 per cent with their spouses (most of whom are also elderly). Only about 20 per cent of elderly people - half of them single and half couples - live with others - usually a son or daughter, otherwise mainly with a sibling. However, a higher proportion of very elderly people live with their sons or daughters than younger elderly people - for example over half of women aged 75 and over and over half the permanently bedfast do so.

WHO THE ELDERLY\*  
LIVE WITH.  
1980



\*Elderly persons aged 65 and over in private households in Gt Britain.

Further details are given in Annex B.

6. The fact that there is an elderly person living in a household with relatives does not necessarily mean that a relative (usually female) has given up work or not sought work in order to stay at home and look after the elderly person. The person providing the care may not have worked anyway or may have been over pension age themselves, or provided the care while continuing to work - or extensive care may not have been needed. On the other hand, in many such households the presence of an elderly relative undoubtedly creates a heavy burden of care.

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7. The relatively small proportion of elderly people who live with relatives does not mean that they are the only ones looked after by relatives. One-third of elderly people who live alone have relatives living close by and are often dependent on them for all sorts of help. Both single elderly and elderly couples receive frequent visits from relatives and friends - 60 per cent see someone at least 2-3 days a week.

### d. Financial Circumstances

8. The financial consequences of looking after elderly relatives also vary greatly between households. The (limited) evidence suggests that households which include an elderly person and other members under pension age are only marginally worse off in equivalent income terms than average households, and they are considerably better off than single elderly people or elderly couples living alone. This must be mainly because the former type of household includes an earner whereas the latter types do not.

9. On the other hand, there are undoubtedly families who do suffer a significant financial penalty from having to look after an elderly relative. The familiar, though atypical, case is that of the spinster daughter who has given up the prospect of work to care for a dependent parent and whose only income may be supplementary benefit and perhaps invalid care allowance. The more common case is where a married daughter or daughter-in-law is unable to work because of the presence of a dependent elderly relative. About 65% of married women currently work or are seeking work so there will often be a financial loss if they are unable to do so. (Such families will not normally be dependent on supplementary benefits because of the continuing earnings of the husband). There may also be extra costs involved in looking after certain elderly people particularly if they are incontinent.

10. Existing forms of financial help are shown at Annex C.

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## PROPOSALS FOR ADDITIONAL HELP

11. So much for the problem. Our policies should be directed at caring for elderly people in the community, in their own homes or in a family home. I think we can construct a useful package of additional help which we could introduce in 1983/84.

The items in this package might be:

(a) the development of appropriate services to support elderly people and their carers in the community, involving voluntary and community back-up wherever possible. An extra £25 million over 3 years could make a significant impact here.

(b) additional financial support for carers by extension of Invalid Care Allowance to married women looking after elderly relatives - net cost £11 million pa (plus about 50 staff).

(c) and, as a possible saving to offset, abolition of the outmoded Dependent Relatives tax allowance - revenue saving £20 million pa and 500 staff saving.

## DEVELOPING SERVICES

12. Housing is one priority: it is clearly important whose roof is sheltering the old person. For those who stay in their own home, our policies must ensure it is kept weathertight and warm. For those who need to leave isolated or too large premises, then our policies must encourage a variety of alternative more sheltered provision: traditional sheltered housing, small group developments (housing association and other private as well as public sponsorship) and self-contained flatlets in a converted large house with a warden, are examples. Where a family takes in a frail old person, adaptations may be needed. Our Bill now going through will enable our NHS 'joint finance' programme - for which we have some increased resources - to support housing as well as social services schemes.

13. Next come services. Priority for services cannot be given just to families under stress. Often it is an elderly person living on her own who needs help more. There is a wide unmet need for services among handicapped elderly people in the community and there is some evidence that the provision of appropriate services can postpone or prevent admission to residential care. Where an elderly person is being looked after by a spouse or other relatives, services can make the essential difference to avoiding the breakdown of care. Community nurses, household aids, home helps and meals-on-wheels relieve pressures in the home. So do laundry services for the incontinent. Care attendants, often under voluntary schemes such as "Crossroads", should be more widely



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available. If the old person can go to a day centre or be accommodated for a holiday break in temporary residential care, this relief is much appreciated. In some cases these services simply provide respite for the family; in others they might enable carers to retain a full or part-time job.

14. Much is already done by friends, neighbours and the wide range of voluntary and religious organisations. Useful local initiatives could be copied more widely with appropriate publicity. DHSS provides grants for a number of national organisations active in the field. We also launched the Opportunities for Volunteering Scheme in May 1982 to expand the scope for unemployed people to participate in voluntary work associated with health and social services. Some projects also are already supported by the Urban Programme. This is particularly important for inner cities where voluntary networks are weak, and in the coming years there will be an increasing number of elderly people from ethnic minorities some of whom will present special needs for care. More will need to be done in this area.

15. Most of the additional resources made available to the NHS in 1983/84 will go into services for the elderly as it has done in recent years, but this is likely to do little more than enable the services to keep up with the increased number of very old people. Some of the money reserved for central initiatives will be spent on projects benefitting the elderly (for example demonstration districts for the care of elderly people with psychiatric disorder and improving inner city primary care).

16. There is some scope for social services departments and health authorities to increase the effectiveness of their services. We should urge them, as I said in my paper to the Group circulated on 11 September, to emphasise home support, assessment and counselling, day and short-term care and day or night sitting services; they could do a lot more to organise voluntary groups, as well as their own staffs, to provide these.

17. But exhortation without extra resources is likely to be counter-productive (both politically and in its impact on authorities). We have said that we will review expenditure on health programmes in the next public expenditure round. If we wanted to make an earlier impact we could do this by committing a relatively small sum (say, £25 million spent over three years) in ways that will be seen to be stimulating family and community support. We might for example:-

- provide for additional DHSS grants to increase further the capacity of bodies such as Age Concern, with a wide network of local branches, to find more volunteers and prepare them for effective service. (Our current 'opportunities for volunteering' scheme is working well, but Age Concern and others are pressing us to expand it);

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- arrange for adaptation of methods of preventing and managing incontinence to the circumstances of elderly people in the community and for disseminating this knowledge amongst those caring for them;
- encourage the development of more local 'care attendant' schemes on the lines of those set up by Crossroads;
- explore with the major voluntary bodies operating in the field the scope for establishing a consortium which, working within clearly defined guidelines, would channel grants to a range of support services, including training arrangements for volunteers and the provision of professional guidance and supervision (within a voluntary body framework) for volunteers working with the more demanding elderly clients, including the mentally confused.

### INVALID CARE ALLOWANCE FOR MARRIED WOMEN

18. We could also improve cash support for families who are caring for elderly relatives.
19. Invalid Care Allowance (ICA) is a non-contributory, taxable benefit of £19.70 a week which is paid to people under pension age who are caring for 35 hours a week or more for a relative or friend who is severely disabled and in receipt of attendance allowance. The link with attendance allowance ensures that there is a real need for care and the benefit is therefore efficiently targetted. The disabled person may be any age (2 years or over) so the benefit is not limited to those looking after elderly relatives: it includes those looking after a severely handicapped son or daughter. It is also paid to a carer where the disabled person lives elsewhere. The benefit is not paid in addition to other maintenance benefits such as retirement pension or unemployment benefit. A condition of the benefit is that the carer must not earn more than £12 a week so it is paid only to those of working age who are not in full-time paid work but might otherwise be so.

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20. The benefit is limited at present to married or single men and single women: married women cannot claim it. There is much criticism of this - eg from the Conservative Women's National Advisory Group, Equal Opportunities Commission, and Disablement Income Group - but we have resisted change so far on grounds of cost and other priorities.
21. We could however consider a limited extension of the allowance to those married women who are staying at home to look after an elderly invalid relative. We estimate that this would have a net cost of about £11 million and a staff cost of about 50 (compared with £60 million and 250 staff for a full extension). It would cover some 14,000 cases where married women are caring for relatives over pension age (leaving a further 35,000 looking after handicapped children under 16, and 31,000 caring for adults under pension age).
22. There would of course be a deadweight factor; the case for extension would have to rest mainly on equity and recompense for earning power foregone. It would also be objected that the households helped would already be receiving considerable benefits (attendance allowance, and probably mobility allowance as well).
23. We could hardly escape acknowledging that the move indicated an intention to extend the allowance more widely in due course; but the limited step could be defended on the grounds that married women would be looking after children (whether handicapped or not) in the normal course whereas giving up work to care for an elderly, previously independent relative involves a greater upheaval for which financial recognition is specially appropriate.
- 23a. In my view, the balance of political and other considerations favour a limited extension of ICA to married women caring for an elderly relative. The change would require primary legislation (perhaps an attractive element to associate with the 1983 uprating).

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## DEPENDENT RELATIVES TAX ALLOWANCE

24. If it were felt that the cost of the above proposals had to be offset I suggest we might consider abolition of the Dependent Relatives Tax Allowance. This is an allowance of £100 pa (£145 for a single woman) for taxpayers who maintain an elderly or infirm relative of limited means - either by having them living in the same household or by giving them financial support. The allowance is reduced £ for £ for any income (excluding inter alia, attendance allowance and mobility allowance) of the dependent relative above the basic retirement pension. About three quarters of a million allowances are claimed at present at a revenue cost of £20million pa.

25. The allowance is worth only £30 a year - about 60p a week - to the basic rate tax payer. About 500 staff are required in Inland Revenue to administer it. It has remained at the same level since 1960.

To increase the allowance to a level which might influence behaviour would be very expensive. Enhancement would only make sense if the rules of eligibility were changed to make it much more discriminating - for example, it might be limited to taxpayers with a resident infirm or very elderly (over age 75) relative. However there are strong administrative arguments for not changing the eligibility rules.

26. Could we therefore abolish it? In my view, given the current level of the benefit and its relatively indiscriminate nature and high staff cost, there is a good case for this. I believe we could justify abolition provided the revenue saved were used for a broadly similar objective particularly if it coincided with a general increase in tax thresholds. The improvements I have outlined above would be a more effective use of the money and would provide a useful net staff saving. Abolition would require primary (Finance Bill) Legislation.

## CONCLUSIONS

27. The rapidly growing numbers of very elderly people is a challenge which many families have to meet, and we should expect them to do so; care in the community is a sensible policy. The combination of service and cash proposals I have outlined above would be a positive step to support their efforts - and some of the elderly who have no younger family. In so far as the help we gave encouraged more families to look after their elderly relatives, or to do so for longer, (reversing the trend for more elderly people to live alone) it should also result in some offsetting public expenditure savings - on the cost of maintaining elderly people in institutions or on the extra benefits and services they would be likely to receive if living on their own. If all three of my proposals were agreed, the £20m revenue gained by abolishing the Dependent Relatives Tax Allowance would pay for both the extension of ICA to married women looking after elderly relatives (£11m) and the improvement in services (£25m over 3 years). It would produce a valuable net staff saving of about 450. All 3 initiatives could if we wished be introduced in 1983/84 through legislation already in preparation for this session.

CAPACITY FOR SELF-CARE

Proportion of Elderly People unable to manage various tasks on their own, by age.

<u>Activity</u>	<u>Age:</u>	<u>65-74</u>	<u>75-84</u>	<u>85 &amp; over</u>
Feeding		-	1	3
Bathing, Showering		5	11	34
Washing all over				
Household Shopping		8	22	56
Going out of doors, walking		6	17	48
Getting up and down stairs		4	11	31
Getting in and out of bed		1	2	10

Source: GHS 1980

WHO THE ELDERLY LIVE WITH

Percentage of elderly people who live in different types of household by age.

	<u>Age</u>	<u>65-74</u>	<u>75-84</u>	<u>85 or over</u>	<u>All over</u>
					<u>65</u>
<u>Lives alone</u>		28	45	48	34
<u>Lives with spouse over 65</u> and no others		40	32	12	36
spouse under 65 and no others		13	2	-	9
<u>Lives with others:</u>					
Lives with spouse and others		11	5	7	8
Lives without spouse but with others:					
Son or daughter		5	11	22	8
sibling		2	3	7	2
other		2	2	5	2

Source: GHS (Elderly persons aged 65 and over in private households in Gt Britain)  
note: totals do not add to 100% because of rounding

## EXISTING FORMS OF FINANCIAL HELP

While it cannot be assumed that the income of an elderly person will always be pooled with that of the rest of the household, it is normally the income of the whole household which will determine the standard of living and the elderly person's income may be an important component of that. The benefits available from the State are:

<u>Elderly Person:</u>	Rate per week (from November 1982)
a. Retirement Pension: depends on contribution record. (Earnings-related component only building up slowly for new pensioners). Taxable.	single - £32.85 couple - £52.55
b. Over 80 Pension: for people aged 80 or over with a retirement pension of less than £19.70 a week. Non-contributory. Taxable.	single - £19.70
c. Over 80s Addition: non-contributory. Taxable.	single - 25p couple - 50p
d. Attendance Allowance: for severely disabled people who need a lot of looking after; if by day and night and higher rate, if by day or by night the lower rate. Attendance allowance is currently paid to 350,000 recipients including 193,000 over age 65. Non-taxable.	Higher - £26.25 Lower - £17.50
e. Mobility Allowance: for people who cannot walk. Recipients must be eligible before reaching age 65, but can keep the allowance once in payment up to age 75. Non-taxable.	£18.30
f. Supplementary Pension: if their income is insufficient for their basic requirements. AA and Mob A is not taken into account, nor is the income of other members of the household except a spouse. Approximately one-fifth of pensioners receive supplementary pension. But only 47,000 get the 'non-householder' rate of £26.15.	



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- g. Daughter's (or son's) services tax allowances:  
Allowance of £55 pa for elderly or infirm people who have a daughter (or son) resident with them and maintained by them.

## Caring Relative

- |   |          |
|---|----------|
| a. Retirement pension (if over pension age)   | As above |
| b. Invalid care allowance: (if under pension age)   | £19.70   |
| c. Supplementary Benefit  | As above |
| d. Dependent Relatives Tax Allowance: Allowance of £100 pa (£145 for single woman) for taxpayers who help to maintain an elderly or infirm relative of limited means. |          |

*Home Off*



DEPARTMENT OF INDUSTRY  
ASHDOWN HOUSE  
123 VICTORIA STREET  
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 3301  
SWITCHBOARD 01-212 7676

*Secretary of State for Industry*

8 December 1982

Caroline Stephens  
Private Secretary to the  
Prime Minister  
10 Downing Street  
London SW1

*Dear Caroline 8.9/12*

FAMILY POLICY GROUP

I refer to your letter of 2 December to John Halliday.

2 My Secretary of State will be in the Far East on Wednesday on 19 January and hence unable to attend the Family Policy Group meeting.

3 I am sending a copy of this letter to recipients of yours.

*Yours ever  
Andrew Coop.*

ANDREW COOP  
Private Secretary

Home Off, Values of Society, Pt 2

DEPARTMENT OF INDIAN AFFAIRS  
OTTAWA, ONTARIO  
K1A 0S6



18 DEC 1982

COMMUNICATIONS SECTION



10 DOWNING STREET

From the Private Secretary

2 December 1982

Family Policy Group

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There will be a further two meetings of the above Group in the New Year. The dates are Wednesday 19 January and Wednesday 9 February. Both meetings will start at 9.30 am and last for 1½ hours. I would be grateful if you could note these two dates in your diaries.

I am sending a copy of this letter to John Kerr (HM Treasury), Imogen Wilde (Department of Education and Science), David Edmonds (Department of the Environment), Jonathan Spencer (Department of Industry), Richard Bird (Department of Transport), David Clark (Department of Health and Social Security), Barnaby Shaw (Department of Employment), Alex Galloway (Office of the Chancellor of the Duchy of Lancaster), Michael Gillespie (Office of the Minister of State, Home Office (Mr. Tim Raison)), Richard Hatfield (Cabinet Office), Gerry Spence (CPRS) and Ferdinand Mount.

CAROLINE STEPHENS

John Halliday, Esq.,  
Home Office.