

Social care and the prudence paradox

If you buy your own home and save for your old age you end up paying for your own stay in a care home should you need one. If you rent your home and spend all your earnings the state will pay for your time in the care home at the end of your life.

All parties in government have wrestled with this paradox. The prudent pay more tax, and end up losing their capital if they need long term care. All parties have so far concluded it is too dear to offer free stays in care homes to all who need them. All have rightly concluded if someone without any assets needs looking after in old age the state needs to step in to help.

The resulting structure is complex and cumbersome. All individuals have a right to free health care from the NHS. The amounts and cost of NHS care usually escalate dramatically in the final years of a long life. Any time a person spends in hospital provides them with free board and lodging as well as health care. The aim, however, is to enforce a rigid distinction between health care – drugs, doctors time, operations – which are free, and social care including board and lodging which is only free if you have no money of your own. The elderly person staying in hospital has an adjustment made to their state benefits and pension to reflect their reduced living costs.

The children are third parties in the struggle between elderly person and the state over what the state will and will not pay for. With elderly people living into their 90s, the children are often pensioners themselves by the time the issue gets intense. Some seem to think they have a right to inherit the “family home” or the home of their parents. This is not normally the actual family home they lived in 60 years earlier, as people usually move on. Others say that if the elderly person has moved into a care home and is not going to move back to his or her home, it is only reasonable the property is sold and the money raised is used to pay the care home bills. No-one argues the children have to pay the care home bills of any elderly person who does not have the money to pay, though some chose to.

With social care back on the agenda, I would be interested in further views on what is the right balance between private payments and state assistance. Should prudence be better rewarded? If so, how?

UK employment continues to grow to new record levels

The UK has 302,000 more jobs than a year ago, in today's employment figures. There are 2.7m more jobs than in 2010. The UK's employment rate, at 75%, is

around the German level, and well above France at 65% and Italy at 57%.

I doubt we will hear these figures on the main news bulletins. All those who tell me a country has to be in the single market to prosper, have to explain two inconvenient facts. Why are Greece, Portugal, Spain and other countries in the single market so cursed with mass unemployment? Why do countries like New Zealand, Australia, Canada, Singapore and the USA flourish with low unemployment by EU standards whilst not being in the single market?

Cheaper energy

The news of problems with Toshiba's nuclear power generation investment plans will prompt some new thinking here in the UK. Some in the press are suggesting that in order to carry forward a programme of additional nuclear stations beyond Hinkley, the UK government will now itself have to venture into being a minority investor in these new plants. Private sector companies are finding it a stretch to handle the very high up front investment costs of a new nuclear station. They also have to worry about the long term nature of their commitments, and the eventual costs of decommissioning the facilities when they are worn out.

It is true, as the government argues, that nuclear has merits compared to wind power. It is much more reliable, and the plants can be run permanently without the same amount of back up power than interruptible renewable sources require. Whilst a nuclear plant is dear, you do not need an equivalent amount of stand by capacity, as you do for wind. The idea has been to supply unsubsidised power from nuclear plants. That means guaranteeing them a high and constant price for the power they will generate, given the high fixed costs involved. Some see guaranteed prices as just another variant of subsidy.

The enthusiasm for UK nuclear is based around the decarbonisation plans of Labour and the Coalition governments, in harmony with the EU requirements. The new government, leaving the EU, can rethink our energy needs and vary the policy. The overriding objectives should be to provide a sufficient supply of affordable power. We need that both to pursue the new Industrial strategy, and to tackle fuel poverty. Building a new nuclear industry here may make sense, but only if it can be done in a way which delivers sufficient power at affordable prices. It may be the case that a new fleet of gas powered stations would be a better way of ensuring plentiful good value energy.

What is sure is that you don't have a meaningful policy to fire up many industries we have lost or where there has been decline unless they have access to cheap power.

Housing numbers

During my last meeting with Wokingham Borough I was reminded that Wokingham has a target to build 856 new homes a year from 2013. (LEP study of housing need Feb 2016) That makes Wokingham's share of the West Berkshire total 30%, with the other Councils providing the rest of the 2855. Reading itself has a lower target of 699, despite having substantial brownfield redevelopment potential, the coming of Crossrail and the possibility of more starter home and smaller flats in the centre. Bracknell has to build just 635 a year. Going forward there needs to be a fair division of the requirement.

The total numbers needed in the future also should take into account any change of migration policy designed to lower the numbers of additional people coming to live and work in the country as a whole. The current high numbers of new home sis partly the result of adding 330,000 extra people each year to our population, as we wish anyone coming to live and work here to have access to decent housing. If the government sticks to its target of a substantial reduction and takes the necessary measures on leaving the EU, could the targets be lowered.

Were the Council to agree to a new settlement at Grazeley of 15,000 homes that would on its own provide 17.5 years worth of housing against targets. Would the development be spaced out over such a time period? Is it feasible to say no to building on any other large sites throughout such a long time period? Or might Grazeley add to the build rate? If other sites are granted on appeal or run over from past grants of planning, then we need to build even more infrastructure to take care of a faster build rate than present plans.

I am writing to the authorities to ask what thought is going in to future targets in the light of these issues.

UK inflation falls in January compared to December. Core inflation holds steady.

The CPI index fell 0.5% in January compared to December. Food prices also fell 0.5% over the same time period, despite the bad weather effects on vegetables.

Core inflation over the last twelve months stayed at the same level as in December, at 1.6%.

Overall the CPI rose by 1.8% over the last twelve months. This was a higher annual rate than December owing to the fall out of a very good month a year ago. The main factor, accounting for half the annual increase came from higher oil prices affecting transport. The UK inflation rate is mirroring the German and US rates, affected by the same world oil price rise. The other most buoyant item was the increase over the last year in restaurant and hotel bills, reflecting higher wages.

January's figures were helped by falls in clothing and footwear prices, and by the intense supermarket competition which kept food prices down.