

# Finding a solution to the problems of old age



CITY COMMENT  
**NICK ANSTEE**

FOR TOO long the issue of long-term care for the elderly – one of the most important challenges facing our generation – has remained unresolved.

Last week, as it shot up the news agenda following public disagree-

ments between all three major political parties, it became clear that this issue will now, quite rightly, be a key battleground in the run up to the next general election.

However, as those of us who work in the financial services industry are only too aware, there are downsides to all this publicity. When an issue gets used as a political football, it often becomes beholden to short-termism and petty points scoring when what is most required is a serious debate and cost-effective, sustainable solutions.

On the face of it, this is a purely political issue – politicians are elected to provide answers to problems such as this so why should the financial services industry get involved?

The reality is that the UK currently spends £19bn a year on long-term care, and the private sector provides 35 per cent of this funding. Last week, the Audit Commission pointed out that the total cost of social care in the UK will double by 2026 if current practices continue.

With UK public finances in disarray and the baby boomers growing older, a combination of insufficient funding, rising costs and increased demand have left the current system unfit for purpose. Clearly, the funds need to be found from somewhere as a matter of urgency and this is where the financial services industry can step in and help.

Last Autumn, a City of London Corporation commissioned report, pro-

duced by the City University's Cass Business School, suggested that better equity release schemes, top-up insurance and bonds for those with no assets could all help fund the provision of long-term care for the elderly. The report also found that there is considerable room to expand the scope of public-private partnership schemes.

However, in order for the public and private sectors to work together in such a way, firms must have confidence in the system in which they are operating. If this relationship is to work, it is not just the incoming government, but also its successors, who must commit to it. So degree of cross party consensus is vital to its success.

Not only are we in a unique position

to safeguard the future health of our ageing population, we also have an opportunity to demonstrate the tangible benefits of having a world-class, innovative financial services industry based in the UK.

Forget bonuses, forget expenses and forget the heat and dust of the general election; politicians and the financial services industry need to join forces and come up with a solution to the considerable public policy challenges facing us at the present moment. In doing so, this is one way in which both sides can start to restore their battered reputations, regain public trust and prove their social utility.

Nick Anstee is Lord Mayor of the City of London.

## Tokyo happy Toyota boss to show in US

### ► AUTOMOBILE

By MARK SHAPLAND

JAPAN'S transport minister, Seiji Maehara, has expressed relief at Toyota president, Akio Toyoda's decision to testify in US Congressional hearings on Wednesday.

"It's good that he has decided to accept [the invitation]. This is a safety issue on which people's lives depend and it's a manufacturer's duty to respond firmly," minister Seiji Maehara told a news conference. "But it's a shame there was flip-flopping on the decision."

The U-turn follows extensive pressure from US politicians and the media including one sternly-worded letter from New York Democratic congressman Edolphus Towns who told Toyoda American drivers were "unsure as to what exactly the problem is, whether it is safe to drive their cars, or what they should do about it".

The original plan to send the automaker's North American chief Yoshimi Inaba instead would have been yet another bad PR call by the company since their health and safe-

ty crisis broke out in January this year.

Akio Toyoda, the grandson of the company's founder, is expected to face intense scrutiny at the hearing.

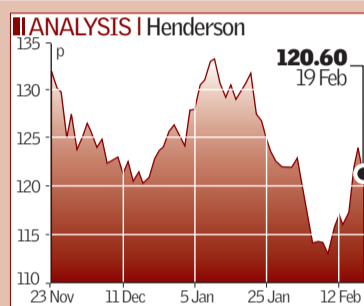
Toyoda said: "I believe this is an opportunity for me to give a sincere explanation, which I have been doing in Japan, to send the message across the world. I will humbly take in any criticism against our compliance."

Last week Toyota was forced into the embarrassing admission it grew too fast too soon and that as a result had failed to develop appropriate engineering skills. Toyota said it would improve quality standards by installing brake-over ride systems on all future models and appoint a chief quality officer to each major geographical region.



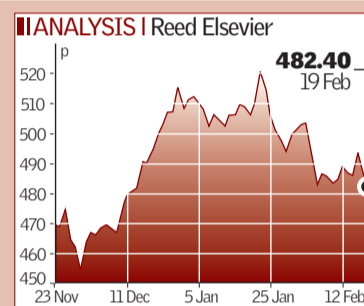
Toyota president Akio Toyoda last week admitted the firm had grown too fast and quality had suffered

### BEST OF THE BROKERS



#### HENDERSON

Evolution forecasts full-year earnings will fall despite higher market levels boosting second-half profits. It forecasts net new money of £300m, is concerned about future capital requirements and progress on the New Star transaction and market volatility means it remains cautious over short term growth credentials. "Reduce" is the rating.



#### REED ELSEVIER

S&P reiterates its "sell" rating on the company as both full-year figures and the outlook were weaker-than-expected, weighed down by challenging conditions in the US legal markets. S&P says management is "running to stand still in an environment of growing customer demands and increased competition".



#### HAYS

Charles Stanley rates Hays a "buy" ahead of half-year results due this week, noting the group reported a stabilisation of demand within all its major markets in its second quarter update. Gross profit was down 30 per cent year-on-year in the quarter, compared with a 40 per cent decline in the first quarter.

To appear in Best of the Brokers email your research to [notes@cityam.com](mailto:notes@cityam.com)

## Severn Trent latest to back Diplomas

### ► UTILITIES

UTILITIES giant Severn Trent is the latest employer to join a network of 250 companies supporting Diplomas, a government-backed programme designed to help teenagers prepare for the workplace.

Severn Trent chief executive Tony Wray has joined a growing number of organisations supporting the programme, including House of Fraser,

the British Chambers of Commerce and Chartered Management Institute.

Wray said: "One of our key strategic intentions is to ensure we have the right skills to deliver and we are investing at all levels to ensure that we secure a strong pipeline of skills and experience for the future."

Wray said the Diplomas programme provided employment opportunities for the water company

and urged other businesses within the utilities sector to follow suit.

Diplomas was launched in 2005 and is led by a collection of colleges and schools across the country.

The programme provides apprenticeship opportunities for students aged 14-19 in place of GCSE's and A-Levels.

Other companies taking part include Muller, Brompton Bicycles and employer's group the CBI.

### CITY MOVES | WHO'S SWITCHING JOBS

Edited by Victoria Bates



#### PricewaterhouseCoopers

The accountancy giant has taken on banking veteran Martin Allison as a director to head up its debt advisory services team in the North.

Allison started his career at NatWest before working his way up the ladder to become head of international banking services at RBS until 2008. He has recently pursued a more diverse portfolio of interests, including joining the British Bobsleigh and Skeleton Association to head off the organisation's slide into bankruptcy.

#### BTIG

The broker dealer has added five new sales traders to its London team, in the form of Adrian Maydew, Raphael Levy, Paul Benton, Greg Levett and Alex Clegg.

Maydew joins from ABN Amro/RBS after seven years as a director in the event driven prop trading team, while Levy, Benton, Levett and Clegg all join from brokerage Pali International. Levy was a director specialising in equity

sales trading, and the other three were sales traders in the event driven team.

#### Société Générale

The bank has appointed Mario Cortesi as head of global finance for Italy.

Cortesi, who reports to global head of finance Jean-Luc Parer, has led a 17-year career in investment banking to date. He has held a number of senior roles in the capital markets and structured finance divisions at Morgan Stanley and Citigroup in London.

#### Julius Baer

The Swiss private bank has named Georg Hess as its new head of public affairs, effective from October.

Hess has been a member of the can-

tonal government of the Canton of Schwyz since 2000 and stepped up to its presidency in July 2008.

Group chairman Raymond Baer said: "[Hess] is a very well-connected politician with an in-depth knowledge of the Swiss economic and political landscape. With his support, we want to cultivate an even more active dialogue with political decision-makers and to help shape the framework conditions for the Swiss financial centre."

#### Stewarts Law

The specialist litigation business has hired Paul Brehony as a new partner in its commercial litigation department.

Brehony was formerly a senior solicitor at PwC Legal, where he led the UK

commercial litigation team. He has also previously worked for five years apiece in SJ Berwin's dispute resolution department and in the commercial litigation team at Simmons & Simmons.

He specialises in complex international and domestic commercial litigation, arbitration, and alternative dispute resolution, often in a multi-jurisdictional context.

#### Hailsham Chambers

The civil and commercial legal set has appointed Richard Rodger as its new head of marketing.

Rodger joins immediately from his previous role at the Chartered Institute of Arbitrators, where he has worked since 2002.