Assessment of equity release pilot schemes

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January 2012

This report assesses three pilot equity release schemes for older home-owners receiving Pension Credit. Three local authorities 'signposted' an equity release product, the Home Cash Plan, which was specially designed to provide small amounts without any adverse impact on benefits. The pilots ran from January 2010 to June 2011 and the Home Cash Plan is now available nationally through Age UK Enterprises and FirstStop.

A substantial number of older home-owners are income-poor but asset-rich. Many cannot afford to pay for additional help at home, even though this could improve their quality of life considerably. The Home Cash Plan is now available as an option for such people.

The report:

- describes how the pilot schemes were devised and implemented;
- analyses the experience of the participants, the lessons that may be drawn from the pilots, and their legacy; and
- concludes with what might be done now, set in the context of recent developments about paying for care.

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Introduction

This report is an assessment of three equity release pilots targeted at older home-owners receiving Pension Credit. It describes how the pilot schemes were devised and implemented. It analyses the experience of the participants, the lessons that may be drawn from the pilots, and their legacy. It moves on to a discussion on what needs to be done now, set in the context of recent developments with regard to paying for care. It concludes by setting out implications for stakeholders.

When planning how the pilots would be assessed, the Joseph Rowntree Foundation (JRF) and the participants agreed to support a Pilots' Working Group. This was a forum in which practical experience of operating the pilot schemes could be discussed and shared. The methodology for assessment of the pilots was agreed with JRF and with all the participants before the pilots commenced.

Background

A substantial number of older home-owners are income-poor but asset-rich. Their home is valuable, with little or no debt secured on it; but their income is so small that they are entitled to Pension Credit. Many cannot afford to pay for additional help at home, even though this could improve their quality of life considerably.

Before the pilots, older home-owners on low incomes faced four major deterrents to drawing on the value of their home (equity release):

- reluctance to reduce the amount they would leave to their family;
- anxiety that drawing on their housing equity would be risky, not good value for money and complicated;
- the minimum size of deal being likely to mean borrowing considerably more than they needed; and
- concern that it might lead to a reduction in their entitlement to means-tested benefits, thus making it not worthwhile.

JRF wished to explore a possible solution and identified three aspects to be tackled:

- providing people with reliable individual advice on options;
- having a safe way for people on benefits to draw small amounts from the value of their home; and
- giving them confidence to investigate such options.

The aim was for an individual older home-owner to be able to find a 'sound solution' to their financial needs. This would be one or more measures that together appeared to meet the financial need of the enquirer. Such a solution would not necessarily involve equity release.

These issues were developed through discussions in groups brought together by JRF, drawn from local government, voluntary bodies involved with older people and the equity release industry's representative body.

As a result, three local authorities – the London Borough of Islington (LBI), Maidstone Borough Council (MBC) and the Royal Borough of Kensington and Chelsea (RBKC) – agreed that if a suitable product were developed they would pilot its 'signposting' to older home-owners who might be helped by it. A major equity release provider, Just Retirement, developed and agreed to offer an equity release loan – the Home Cash Plan – that met the specification drawn up through the earlier discussions led by JRF. A regulated financial advice firm, Just Retirement Solutions, agreed to provide objective advice to enquirers from the pilot areas at a lower cost than usual.

It was agreed that the pilot schemes should run for 18 months.

Setting up the pilot schemes

The local authorities considered the implications of running a pilot scheme from several aspects, including:

- risk to the authority's reputation;
- safeguarding of older people against financial abuse; and
- procedural requirements to be fulfilled.

All three pilot authorities sought to involve a very wide range of external partners locally, as well as working internally across local authority departments. More than 250 people received training. The feedback indicated that most went away with a reasonably positive view of what the pilot schemes were offering, having come to the training with more sceptical views.

The Home Cash Plan, developed by Just Retirement for the pilot schemes, helped to fill the product gap for low-income home-owners:

- Low-income home-owners could draw a minimum initial amount of £5,000.
- Further sums of at least £2,000 could be drawn on demand, up to a total of £30,000, without an additional fee.
- Any property considered mortgageable could be offered as security.

The pricing was more favourable than for the most comparable alternatives. While interest rates were broadly similar, the provider offered reduced setting-up fees. Nevertheless, the arrangement fee was still substantial in comparison with a modest initial drawing; it became less significant only if subsequent drawings were taken into account.

The Home Cash Plan was scrutinised by the Department for Work and Pensions (DWP) before the pilots commenced. It confirmed that the great majority of older home-owners entitled to Pension Credit would be able to use this equity release loan in the way envisaged without loss of state benefits.

The advisory processes were arranged to start when someone contacted Just Retirement Solutions. All the material about the pilots made it clear that if a person wished to know more, they should phone this regulated financial advice firm (a free telephone call). Those who did so would be given fuller information about their options, including their entitlement to social security benefits and information about the Home Cash Plan. If they wished to explore the possibilities further, they could have face-to-face and/or telephone meetings with a regulated financial adviser.

JRF announced the launch of the pilot schemes in January 2010.

Experience during the pilot schemes

The main aspects of the pilots were:

- local authorities and their partner organisations locally bringing the Home Cash Plan to the attention of those who might be helped by it; and
- Just Retirement Solutions providing an objective financial advice service to enquirers.

After 18 months of publicising the equity release product extensively in the three areas, the number of enquiries was small. There were 20 enquiries prompted by the pilot schemes: five from Islington, four from Kensington and Chelsea, nine from Maidstone and two from outside the pilot areas. Of these, one was seeking £5,000, four were seeking £10,000, nine were seeking between £20,000 and £40,000 and two were seeking £100,000 or more. A 'sound solution' was found for ten of the 20 enquirers.

The pilot authorities identified five reasons for the small response:

- the poor reputation of equity release being deeply and widely embedded among those who might have drawn attention to it;
- lack of contact with those who might benefit from drawing on the value of their home;
- constraints of both law and policy on initiating contact with those who might be helped;
- reluctance of staff to suggest drawing on the value of the home; and
- an underestimate of how long it would take for older people to make the decision to enquire about equity release.

Despite the small number of enquiries, these people have been able to get free financial advice, and often a solution to their financial needs. In addition, the pilots have yielded three valuable broader outcomes:

- The Home Cash Plan is now being offered nationally, through Age UK Enterprises and FirstStop, and they received more than 1,200 enquiries about equity release in the first nine months.
- Through their work with Just Retirement Solutions, all three local authorities have demonstrated an effective collaboration with the private sector, where shared aims and objectives have enabled effective joint working without legal contracts.
- *Which?* included a positive piece about the Home Cash Plan in the May 2010 issue of *Which? Money* (*Which?*, 2010). Hitherto, *Which?* had expressed considerable reservations about the use of equity release.

The legacy of the pilot schemes

The main legacy of the pilot schemes is the national availability of the Home Cash Plan devised specifically for the pilots.

Points learnt from the pilot schemes are that:

- it is difficult to bring equity release to the attention of older home-owners on low incomes in a way that encourages them to consider it, even though it may be a useful option for them;
- the perception of equity release as risky and poor value is widely held, and the extensive consumer protection now provided is little known; and
- some front-line staff in local authorities are reluctant to suggest consideration of equity release.

What now needs to be done

The current focus on finding a sustained basis for helping to support independence will necessarily include consideration of drawing on the value of an older person's home. The main task in achieving relevant financial advice for older home-owners is to alter the perception of drawing on the value of one's home.

Implications for stakeholders

This assessment has led to the following implications for stakeholders:

Providers and **potential providers** of equity release should note that a product offering smaller and more flexible drawdowns can be commercially viable. This has the potential to broaden the client base for equity release products by appealing to a wider range of consumers. This is particularly relevant in light of the Dilnot Report (Commission on Funding of Care and Support, 2011) and forthcoming White Paper on adult social care, which may prompt larger numbers of people to invest in 'that bit of help' and healthy ageing using their own resources.

Poor perceptions of, and unhelpful assumptions about, equity release remain a barrier to take-up. **Central and local government** should provide a clearer and more coherent line on the use of equity release – communicating to the public and front-line staff in public bodies that equity release is a useful financial product for *some* people. This includes improved consumer information reflecting the reality of the modern equity release market and training front-line staff who deal with people for whom equity release could be a viable option.

Central government and the Financial Services Authority (FSA) should provide greater clarity regarding the difference between generic and regulated financial advice, and between advice about, and promotion of, financial products such as equity release. Increasingly, local authorities and charities will be helping people to support themselves through drawing on their own resources, rather than delivering services directly. It is important, therefore, that front-line staff can with confidence provide generic (unregulated) advice and 'signposting' to relevant kinds of financial products.

Increasingly, **local authorities** are expected to be facilitators through providing information and creating choice, rather than being direct service providers. This is particularly true of social care and support. Important aspects of this will be:

- encouraging people to think positively about drawing on the value of their home in later life as a way of achieving a better quality of life;
- providing information regarding equity release and other financial products; and
- working more closely with private providers, for example through non-contractual partnerships with the independent or commercial sector where there are mutually shared objectives.

Local authorities, in responding to their wellbeing powers, need to consider how they collect data on their local populations, to ensure that they can identify, locate and understand more about the needs of those who do not come into contact with the local authority very often. Social care users and social housing tenants are often visible service users, but the majority of older people, as home-owners and self-funders of care and support, are less conspicuous – but still have a need for information, advice and support.

1 Introduction

A substantial number of older home-owners are income-poor but asset-rich. Their home is valuable, with little or no debt secured on it; but their income is so small that they are entitled to Pension Credit. With so little income, they cannot afford to pay for additional help at home, even though this could improve their quality of life considerably.

JRF wished to explore a possible solution and identified three aspects to be tackled:

- providing people with reliable individual advice on options;
- having a safe way for people on benefits to draw small amounts from the value of their home; and
- giving them confidence to investigate such options.

The aim was for an individual older home-owner to be able to find a 'sound solution' to their financial needs. A 'sound solution' would be one or more measures that together appeared to meet the financial need of the enquirer.[1] Such a solution would not necessarily involve equity release.

These issues were developed through discussions in groups brought together by JRF, drawn from local government, voluntary bodies involved with older people and the equity release industry's representative body.

JRF wished to see the resultant ideas tried out in at least one area, to provide experience for possible wider application. In the event:

- three local authorities – the London Borough of Islington (LBI), Maidstone Borough Council (MBC) and the Royal Borough of Kensington and Chelsea (RBKC) – agreed that if a suitable product were developed they would pilot its 'signposting' to older home-owners who might be helped by it;
- a major equity release provider, Just Retirement, developed and agreed to offer, in the pilot areas, an equity release loan – the Home Cash Plan – that met the specification drawn up through the earlier discussions led by JRF; and
- a regulated financial advice firm, Just Retirement Solutions, agreed to provide objective advice to enquirers from the pilot areas at a lower cost than usual.[2]

It was agreed that the pilot schemes should run for about 18 months, until the end of June 2011.

When planning how the pilots might be assessed, JRF and the participants agreed to support a Pilots' Working Group. This was a forum in which practical experience of operating the pilot schemes could be discussed and shared among the participants. In practice, this group met regularly throughout the 18 months of the pilots and was found to be very useful by all the parties involved.

The methodology for assessment of the pilots was agreed with JRF and all the participants before the pilots commenced. Each organisation was asked to send quarterly reports to JRF consultants, who analysed them for discussion at the subsequent meeting of the JRF Pilots' Working Group. Half-yearly progress reports were produced by the consultants, both to inform and to influence how the pilot schemes worked during the remainder of their operation. The sources of evidence used in this report are described in Appendix 1.

After 18 months of publicising the equity release product extensively in the three areas, the number of enquiries was small. Nevertheless, the enquirers have been able to get free financial advice, and often a solution to their financial needs. In addition, the pilots have yielded three very valuable broader outcomes:

- The Home Cash Plan is now being offered nationally, through Age UK Enterprises[3] and FirstStop[4], with a similarly priced advisory fee to that negotiated for the pilots.

- Through their work with Just Retirement Solutions, all three local authorities have demonstrated an effective collaboration with the private sector, where shared aims and objectives have enabled effective joint working without legal contracts. This is a helpful example in the light of some of the recommendations in the Dilnot Report (Commission on Funding of Care and Support (2011).

- *Which?* included a positive piece about the Home Cash Plan in the May 2010 issue of *Which? Money* (*Which?*, 2010). Hitherto, *Which?* had expressed considerable reservations about the use of equity release.

The pilot authorities identified five main reasons for the small response in their areas:

- *The poor reputation of equity release being deeply and widely embedded among those who might have drawn attention to equity release*. There has not been enough time to tackle this specifically.

- *Lack of contact with those who might benefit from drawing on the value of their home to afford additional help at home*. Not many older home-owners have reason to be in contact with staff of the local authority. More may be in contact with local voluntary bodies, but many may be in contact with neither.

- *Constraints on initiating contact with those who might be helped*. All the authorities identified legal restrictions and found that they would have needed more research and data analysis if they were to identify those who might be helped; and even if such information had been available, there may have been policy reservations about using it to draw attention to a commercial product.

- *Reluctance of local authority staff to suggest drawing on the value of the home*. Nearly all staff came to the training expressing scepticism about equity release. Following the training, the great majority said that they now thought it could be a sensible option for some people. But project managers found that, after several months, a significant number of those trained were less confident about discussing equity release as an option for low-income home-owners, and especially so for those who were perceived as vulnerable. In addition, awareness of the pilots declined as trained staff moved on, and their successors knew little about the scheme.

- *An underestimate of how long it would take for older people to make the decision to enquire about equity release*. With hindsight, 18 months was too short a time for the pilots; equity release is a complex subject and an older person may need to be reminded about it, and they may want to think about it over several months before they feel ready to contact a financial adviser.

This report describes how the pilot schemes were devised and implemented. It goes on to draw together the experience of the participants, the lessons that may be drawn from the pilot schemes and the legacy and future developments that they have fostered. It discusses what needs to be done now, set in the context of recent developments with regard to paying for care. It concludes by setting out implications for stakeholders.

2 Background to the pilot schemes

The issues to be tackled

Around a million older people in England who own their home are asset-rich but income-poor. Their incomes are so low that they qualify for means-tested social security benefits, yet they have at least £100,000 of housing wealth (Sodha, 2005).[5]

Previous JRF evidence (Raynes *et al.*, 2006) shows that older people wish to be supported to stay at home, but are often unable to have access to the type of help they want, such as for gardening, pet services and window-washing, which can make a significant difference to the quality of their lives. If these older home-owners could draw on some of the equity in their home, they could afford the relatively modest extra spending that this additional help would require, and so make it possible to live well for longer in their own home. They may need only perhaps £20 to £30 a week for such help, but they cannot afford this out of their very limited income of, typically, little over £200 a week.

The barriers to be overcome

Before the equity release pilots, older home-owners on low incomes faced four major deterrents to drawing on the value of their home (equity release):

- reluctance to reduce the amount they would leave to their family;
- anxiety that drawing on their housing equity would be risky, not good value for money and complicated;
- the minimum size of equity release deal could mean borrowing considerably more than they needed; and
- concern that it might lead to a reduction in their entitlement to means-tested benefits, thus making it not worthwhile.

Reluctance to reduce inheritance

There is evidence that concern to keep assets intact for inheritance is greatest among the ‘oldest-old’, with the ‘younger-old’ showing noticeably less concern (Rowlingson and McKay, 2005).

Anxiety about equity release

Equity release is very widely known about among older home-owners but, when surveyed in 2004 and 2005, around half of them did not trust the deals and/or the providers, and so ruled it out (Smith, 2004; Scottish Widows Bank, 2005). At that time, such views were reinforced by *Which?* expressing in their magazine considerable reservations about the use of equity release (*Which?*, 2006).

The perception that equity release is not good value for money arises largely from compound interest on a lifetime mortgage, as no payments are made until the property is sold. At current[6] interest rates, the amount borrowed doubles in about eleven years. Also, the interest rate appears high compared to short-term rates as the interest rate is fixed for the life of the contract, which may be in excess of 25 years. Throughout the period of the pilots, the gap between short-term and long-term interest rates was particularly large, as short-term rates were at an all-time low.[7] Additionally, almost all equity release transactions come with a 'no negative equity' guarantee, meaning that the amount to be repaid will never exceed the sale value of the property;[8] this additional risk for the lender also raises the interest rate. The extent to which the property may increase in value alongside the increasing debt is seldom an offsetting influence on perceptions.

The cost of arranging an equity release loan is significant, particularly in relation to smaller borrowings. This is because of the need for comprehensive financial advice, the legal work in putting a mortgage in place and the costs to the provider of arranging a new loan. In many cases (although not in the pilots), a further fee is charged by the financial firm that introduces the client to the loan provider. Much of these costs arise from desirable measures of consumer protection; and it is often possible for a customer to meet them out of their equity release loan (as it was for customers using the Home Cash Plan in the pilots). But such costs of arranging a loan can be a further discouragement to pursuing an equity release deal.

The improved consumer protection introduced over the last few years appears not to be widely known. The sale of equity release products is now governed by detailed requirements of the FSA.[9] These are significantly more extensive than those applied by the FSA to the sale of mortgage loans for house purchase. Additional consumer protection is provided by the code of conduct[10] required of equity release firms that are members of the equity release industry's trade body, SHIP (Safe Home Income Plans);[11] these members account for about 90 per cent of the equity release market in 2011.

Minimum size of the equity release deal

Before the pilot schemes, most equity release products had a minimum drawing of at least £10,000, which was often far more than was needed by a person on a low income. Even the minimum available of £10,000 was considerably above the (then) £6,000 savings threshold for state benefits.[12] The interest that could be earned on drawings in excess of needs would be much less than the interest incurred on those drawings.

Effect on means-tested benefits

Older home-owners on low incomes are right to be wary of adverse impacts on their entitlement to means-tested benefits if they conclude an equity release deal. They could conclude a deal that provided them with a regular additional income, but, for those aged under 75,[13] this would typically lose them similar sums in Pension Credit, leaving them worse off. If instead they drew a lump sum, and added it to their savings, this too could lead to reductions in their Pension Credit, if it took their total savings beyond £10,000.[14] Structuring an equity release arrangement that has little or no adverse effect on entitlement to benefit has been possible, but far from straightforward.

The work of the JRF Equity Release Task Group

In April 2008, JRF convened an Equity Release Task Group of the bodies that seemed most able to achieve progress on the areas of concern, rather than just discuss the issues. This work built on the JRF report, *Obstacles to equity release* (Terry and Gibson, 2006). JRF followed that report through extensive discussions which confirmed that older people's organisations and other voluntary bodies, and central and local government, all agreed the desirability of older home-owners on low incomes being able to draw more readily on the equity in their homes without putting their entitlement to benefits at risk. The Task Group brought together representatives of a wide range of these organisations.

The DWP had confirmed that, with careful structuring of the equity release deal, amounts could be drawn without loss of benefits. Because of concern about precedents, it was not prepared to change the rules to make equity release more straightforward for home-owners on benefits.

What was absent was action. The Task Group sought to bring about an equity release product suitable for older home-owners on benefits; to find ways of addressing the anxieties of home-owners; and to identify at least one local authority, and an equity release provider, willing to pilot such arrangements.

Two working groups examined the attributes of the equity release product that was required, and what was needed to deal with the negative perceptions of equity release among older people, their friends and relatives, and professional people from whom they might seek advice. This led to a new working group being formed in November 2009, which brought together three local authorities[15] that had expressed interest in possibly piloting a scheme. They developed the specification for an equity release product for the equity release industry's trade body, SHIP, to take to its member firms. One equity release provider, Just Retirement, responded, together with a provider of regulated advice to prospective equity release customers, Just Retirement Solutions. These five organisations worked together on developing individual pilot equity release schemes, with a number of common features.

The Home Cash Plan

The product developed by Just Retirement for offer under the equity release pilot schemes – the Home Cash Plan – helped to fill the product gap for low-income home-owners:

- There was to be a minimum initial drawing of £5,000.
- Further sums of at least £2,000 could be drawn on demand, up to a total of £30,000 without an additional fee.
- Any property considered mortgageable by mortgage lenders could be offered as security for a loan.[16]

The pricing was more favourable than for the most comparable alternatives. While interest rates were broadly similar, the provider offered significantly reduced fees for setting up each loan. Nevertheless, the arrangement fee was still substantial in comparison with a modest initial drawing; it became less significant only if subsequent further drawings were taken into account.

The Home Cash Plan was scrutinised by the DWP before the pilots commenced. It confirmed that the great majority of older home-owners entitled to Pension Credit would be able to use this equity release loan in the way envisaged without loss of state benefits.

The Home Cash Plan is now on offer through Age UK Enterprises and FirstStop, and is described in Appendix 2.

The advisory process

The advisory process started when someone contacted Just Retirement Solutions. All the material about the pilot schemes made it clear that if a person wished to know more, they should phone this regulated financial advice firm (a free telephone call). Those who did so were given fuller information about their options, including information about the Home Cash Plan. If they wished to explore the possibilities further, they could have face-to-face and/or telephone meetings with an individual regulated financial adviser. They were encouraged to involve relatives and friends, but could decide not to do so.

The pace of the advisory process was determined by the client. At the first face-to-face meeting, the individual regulated financial adviser would conduct a 'fact find', which gave a comprehensive record of the person's present financial position and the improvement in it that they wanted to achieve.

On the basis of the 'fact find', the adviser would first calculate what social security benefits the person would qualify for, so that they could increase their income if they were not claiming everything to which they were entitled. For some people, this alone might have provided them with the means of affording the additional help at home that they needed. Beyond this, the adviser would look first at a number of other possible solutions, including public sector grants, before considering drawing on the value of their home.

If the most appropriate solution appeared to be drawing on the value of their home, the adviser would then consider a wide range of ways of doing so. The Home Cash Plan, devised by the JRF Task Group, would be offered if it fitted the person's circumstances and needs. But if they wanted larger amounts, perhaps for home improvements, another product would be recommended from the full range of providers with which Just Retirement Solutions dealt with. This interview would also verify that, in the particular home-owner's case, there would be no adverse effect on their entitlement to Pension Credit.

The advisory service provided today for clients of Age UK Enterprises and FirstStop is described in Appendix 3.

Details about the participants in the pilots are summarised in Box 1.

Box 1: The participants in the pilot schemes

LBI was particularly concerned about the health and wellbeing of older people who bought their home from the council, possibly many years ago, and are now finding it difficult to afford continuing as home-owners. It was also interested in assessing the viability of equity release as a sustainable option to enable older people to stay in their homes for longer before needing residential care.

RBKC was particularly concerned about older home-owners who do not come to the attention of council services, but whose circumstances are becoming increasingly difficult. There are possibly many who could benefit from extra income, particularly if they are found to be entitled to benefits that they are not claiming, or could draw safely on the equity in their valuable properties.

MBC saw facilitating equity release as a valuable service for the wellbeing of its older home-owners. As a district council, MBC does not have responsibility for social care. It nevertheless co-ordinated its pilot scheme with all partner agencies, as it regarded the pilot scheme as relevant to a wider range of people than those in contact with social services.

Just Retirement and Just Retirement Solutions – Just Retirement provides equity release loans, including the Home Cash Plan devised specifically for the pilot schemes. Just Retirement Solutions provides regulated financial advice. Both are subsidiaries of Just Retirement (Holdings) Ltd. Each is regulated separately by the FSA and is required to act independently. Just Retirement Solutions must give objective financial advice, notwithstanding its connection with a provider of equity release loans. Before engaging in the pilot schemes, the authorities were reassured about their objectivity by evidence that Just Retirement Solutions had advised *against* equity release in 44 per cent of the enquiries it had received in the first six months of 2009.

Age UK at a national level was not a participant in the pilot schemes (although some of its local organisations were). But it did take part in the discussions on the setting up and monitoring of the pilot schemes (as described in Appendix 1). In the later period of the pilot schemes, its business arm, Age UK Enterprises, concluded an agreement with Just Retirement Solutions to offer the pilot schemes' Home Cash Plan nationally (as well as other equity release loans).

3 Setting up the pilot schemes

The three local authorities considering a pilot scheme began to examine the detailed arrangements from the end of 2008. Each identified a manager who would work closely with Just Retirement (the equity release provider) and Just Retirement Solutions (the provider of advice) to develop and carry forward the arrangements, involving more senior staff in the most significant decisions.

The pilots were designed to meet the objectives of LBC, MBC and RBKC, taking into account the practical implications for the authority, its voluntary sector partners, Just Retirement and Just Retirement Solutions. During 2009, JRF convened meetings of a working group involving the prospective participants in the pilot schemes, and a representative from Age Concern,[17] so that experience could be shared and solutions to difficulties discussed.

Once each authority had confirmed its involvement in a pilot scheme, it was agreed that the pilots should run until the end of June 2011, thus providing about 18 months of practical experience. JRF announced the launch of the pilot schemes in January 2010. The plans for the schemes were summarised in a JRF *Solutions* paper (Terry and Gibson, 2010).

The context in which the pilot schemes were set up

At the outset of planning the pilot schemes, none of the local authorities had services to help older home-owners decide whether they wished to draw on the value of their home. All the authorities had arrangements to help people to claim all the benefits to which they were entitled, but none of them offered more extensive guidance on financial options that people might consider. Nor did they seek to provide financial advice to people who do not come into contact with the council.

The pilot authorities were delighted when the DWP announced that the savings threshold for Pension Credit would be increased nationally from £6,000 to £10,000 in November 2009 (HMT, 2009). It was agreed that what the pilot schemes offered remained very valuable for those who needed relatively small sums; it enabled them to avoid borrowing more than they needed, and thus saved them substantial extra costs in interest.

The main issues for the local authorities

The local authorities considered the implications of running a pilot scheme from several aspects, including:

- *Risk to the authority's reputation*. Equity release has in the past sometimes attracted unfavourable comment. The authorities took comfort from the protections now in place, such as the regulation of sales by the FSA, the requirements of SHIP for a 'no negative equity' guarantee, the provision of independent legal advice and the specialist financial advice that must precede any sale. One authority (RBKC) also ensured that Just Retirement and Just Retirement Solutions had no outstanding complaints against them at the FSA. Nevertheless, all three authorities decided that their authority should keep some distance from the equity release deal by confining their role to 'signposting' availability of the Home Cash Plan. Although each authority considered co-branding the product with the equity release provider, none chose to do so.

- *Safeguarding of older people against financial abuse*. The financial advisers involved in the pilot schemes were necessarily alert to indications of possible financial abuse. It was agreed that they should bring any such concerns to the attention of the authority's arrangements for safeguarding older people. The staff of the authority and voluntary bodies who were given training about the pilot scheme were also urged to be alert to such risks. One authority (RBKC) decided, during the pilot, that anyone pursuing equity release should be referred to the Citizens' Advice Bureau to check that their income had been maximised, and that they were aware of the legal and financial implications of their decision. It was also suggested that the authority might carry out its own 'mystery shopping' of what was offered under the pilot scheme.

- *Procedural requirements to be fulfilled*. Authorities considered whether their involvement constituted 'procurement' of services; and whether it was a 'Key Decision' [18] for the authority. They were unfamiliar with working with the private sector on a non-contractual basis. After full consideration, they concluded that procurement was not involved, because the authority was merely 'signposting' a product provided by others. They also concluded that involvement in the pilot scheme was not a 'Key Decision', but that its continuation beyond the pilot period as a definitive scheme might be a 'Key Decision'.

Implementing the pilot schemes

In addition to resolution of the main issues mentioned above, each local authority worked on the practical implementation of its pilot scheme. The main elements of implementation were:

- the engagement of partner organisations locally; and
- the training of staff, within and beyond the authority, who may meet older home-owners who might be helped by the pilot schemes.

Engagement of partner organisations locally

All three pilot authorities sought to involve a very wide range of external partners locally, as well as working internally across local authority departments. They fell into seven groups:

- general voluntary organisations (e.g. Citizens' Advice);
- voluntary organisations concerned with older people (e.g. Age UK);
- housing services for long-leaseholders (Arm's Length Management Organisations (ALMOs) and registered social landlords);
- housing advice and home improvement agencies;
- health services (e.g. a Primary Care Trust, general practitioners and district nurses);
- the DWP's local office(s); and
- parish councils (in Maidstone Borough).

Nearly all the bodies approached were supportive of the pilots, in principle. One authority (RBKC) drew in several bodies in a Delivery Group, which discussed the practical implementation of its pilot scheme. Another authority (MBC) found voluntary organisations keen to engage, but some were less interested in practice.

Training of staff

In each of the pilot authorities, a number of training sessions were arranged for the relevant staff of the authority. Staff of partner organisations joined in these training sessions. Invitations to attend the training were extended widely, and thus included people whose contact with older home-owners was limited. The training was led by Just Retirement Solutions, and each session lasted about one and a half hours. The training sought to explain equity release, and then to focus on what the staff should say to people who might be helped by the pilot scheme. The training also emphasised what the staff had to refrain from saying, to ensure that they did not stray into discussion that might be construed as offering financial advice. More than 250 people attended the training sessions.

Feedback from the training (obtained by questionnaires in two authorities) provided broadly similar responses in each area. Initial views on equity release were generally negative. Views changed substantially following the training, with most (although not all) saying that equity release could be a sensible option for some older home-owners to consider. There was widespread commendation of the impartiality of the presentations, which were given by a senior member of staff from Just Retirement Solutions.

Resources required for implementation

The main resource cost to the authorities in setting up the pilot schemes was the time of staff over a period of about a year. However, the experience of MBC, which joined in relatively late in the planning, showed that, with the benefit of the work already done by the other authorities, preparation could be achieved within two to three months.

The tasks that authorities found took the most time were:

- the specification of a project initiation document;
- identifying who, within and beyond the authority, should be invited to become involved, and getting these groups engaged with the pilot;
- providing leadership (sustaining interest and awareness);
- co-ordinating all the parties involved; and
- organising training.

Indications of the resources required to conduct the pilot schemes are set out in Appendix 4.

4 Experience during the pilot schemes

The two main aspects of the pilot schemes were:

- bringing the Home Cash Plan to the attention of those who might be helped by it; and
- providing an objective financial advice service to enquirers that fully protected their interests.

The former was primarily the role of the local authorities and their partner organisations locally; the latter was primarily the role of the regulated financial advisers.

Bringing the schemes' help to people's attention

The dominant task of the local authorities in the pilot schemes was to find, and implement, effective ways of reaching those who might be helped by what their pilot scheme had to offer. With hindsight, all the authorities wished they had spent more time on working out how best to target low-income home-owners.

Three aspects of this work accounted for most of what authorities did:

- publicising what was on offer in their pilot scheme;
- securing support from other bodies locally for 'signposting' the Home Cash Plan; and
- gaining, and maintaining, positive engagement from relevant staff.

In those authorities where elected members took a closer interest in the pilots, retaining their support (including when there were changes in responsibilities among the members) was also an important aspect.

Publicising what was on offer in the pilot schemes

The authorities used a number of ways of publicising what their pilot scheme was offering:

- leaflets and posters, provided by Just Retirement Solutions;
- presentations to relevant groups, with participation by Just Retirement Solutions in some cases; and
- articles in free newspapers circulating locally.

All the authorities felt that, in hindsight, a stronger communications plan, if implemented effectively, might have increased the response in their area.

What the authorities felt they lacked were case studies with a local connection. They all judged that such local illustrations would have made their publicity more influential.

Leaflets and posters

Several thousand leaflets were made available for distribution in the offices of the local authorities and their partners in the voluntary sector, libraries, general practitioner surgeries, offices of social housing organisations and, in two areas, high-street pharmacies. In a few cases, there was initial reluctance to display the leaflets because they related to a commercial product. Fewer organisations were willing to display posters, but in one area, the local bus company agreed to place them in their buses.

It would appear that, despite the large numbers of leaflets put on display, they were not an effective way of publicising a complex financial product. One authority (MBC) considered that, with hindsight, seeking to place the leaflets in post offices, after giving sub-postmasters training about the Home Cash Plan, might have been more effective.

Presentations

The authorities took the opportunity to include presentations on their pilot scheme in the programmes of gatherings that brought together relevant groups. Some of these groups included older home-owners; others included professionals who come into contact with older home-owners. Just Retirement Solutions also took part in some of these presentations.

The authorities found it difficult to assess the effectiveness of these presentations, although they were often well received at the time. A few specific enquiries were raised with Just Retirement Solutions at these events.

Articles in free newspapers

Each of the authorities placed articles about the pilot schemes in free newspapers circulating in their areas. The most effective articles appear to have been in the free (non-council) newspaper in one area (MBC), which produced seven enquiries.

Case studies

In retrospect, the authorities felt that their local publicity might have had more impact if it had been possible to use a case study from a home-owner in their area.

The first customer to take a Home Cash Plan loan did agree to their case being used in publicity. An interview with them, arranged by Just Retirement Solutions, was summarised by JRF and made available for use as a case study.

This case provided a good illustration of how equity release could help older home-owners with modest incomes. But this customer, who had been considering equity release for some time, came from outside the pilot areas (having read about the Home Cash Plan in the national press). The lack of a local connection with any of the pilot areas reduced its effectiveness in promotion. A customer from one of the pilot areas (RBKC) who took the Home Cash Plan did not agree to have their case used

In Box 3 later in this chapter, there are four case studies of people who have used the Home Cash Plan, including the first customer of the Plan, referred to above.

Securing support from other bodies locally

The authorities were keen to secure support from other bodies locally that older home-owners might contact. Organisations such as Citizens' Advice Bureau and Age Concern (now Age UK) were important, but each area had several other significant local organisations that it felt should know about the pilot schemes. In Maidstone, the support of Kent County Council's Adult Social Services was also sought.

In one area (RBKC), the authority convened a group with local organisations to oversee their pilot scheme. This served to brief these other groups, strengthen their involvement in the pilot and draw on their experience both during and at the end of the pilot. The authority saw this as having broadened experience of working with voluntary bodies to 'signpost' what is available from the private sector. However, all the authorities sometimes found it difficult to engage the interest of local organisations.

Gaining, and maintaining, positive engagement from relevant staff

The authorities made great efforts to gain the positive engagement of relevant staff, both within the authority and in their partner organisations locally (as described in Chapter 3). More than 250 people received training. The feedback indicated that most went away with a reasonably positive view of what the pilot schemes were offering, having come to the training with more sceptical views.

Over the first nine to twelve months, the authorities[19] found a widespread reversion of the more sceptical views of staff, which they had held before the training. This was true, albeit to a more limited extent, even in the authority (RBKC) that provided factsheets, and staff briefings, intended to refresh the earlier training. This authority found that staff working for voluntary bodies that already provide advice and 'signposting' to the private sector had more positive views than those of council staff. In another authority, most staff did not have sufficient contact with older home-owners for them to make much use of the training.

There was considerable discussion by the local authorities of the reasons for the reluctance of their staff to 'signpost' equity release to older home-owners on a low income. The following factors were seen as relevant:

- Some local authority staff feel, as a matter of principle, that the state should pay for what people need in order to maintain a reasonable standard of life, and that older people should not be expected to draw on the value of their home to afford such a standard.

- Some staff suspect that 'council support' for drawing on the value of the home is motivated by its potential for reducing the council's own spending, particularly at a time when councils are under increased pressure to make such cuts.

- Some staff feel especially reluctant to draw the attention of vulnerable people to a financial product that the staff do not understand well, but which they realise would involve a very significant financial decision for the home-owner;

- Most staff of public authorities do not feel comfortable about drawing attention to commercial products.

- There continues to be widespread scepticism about equity release generally, which often reappears when the more positive memories from the training fade.

- Even where staff would be willing to mention what the pilot scheme was offering, they seldom met older home-owners who might benefit from the scheme as most of their contact is with tenants.

One authority (RBKC) felt it important to challenge both personal and professional perceptions that deter staff from drawing attention both to what is available in the private sector and to equity release as an option. Training, with repeated refreshment through meetings, fact sheets and messages, is time-consuming and, although it helped to counter forgetfulness and staff turnover, the authority did not regard it as a complete solution. It considered that further reductions in the availability of grants may increase acceptance by staff that they should mention other ways in which people may be able to resolve their needs.

Providing a service that protects enquirers' interests

To protect the interests of older home-owners, it was essential that advice would be given by a regulated financial adviser, and not by unregulated staff of the authority or its local partner organisations. This is a requirement of the FSA and was stressed in the training given to staff of the local authority and its partners.

Those coming into contact with older home-owners for whom it might be relevant were encouraged to mention the pilot (along with other options available to older home-owners) and give the person a leaflet. This had details about the Home Cash Plan and a free telephone number for contacting the regulated financial adviser.

Twenty people contacted the regulated financial adviser. Just Retirement Solutions found a 'sound solution' for ten of these people; a 'sound solution' was one or more measures that together appeared to meet the financial need of the enquirer.[20] Three of the cases were still under way at the end of September 2011. The main attributes of the enquiries and enquirers are summarised in Box 2.

Box 2: Enquiries prompted by the pilot schemes

The information set out below is that provided by the enquirers, as recorded by Just Retirement Solutions at the end of September 2011. Some information is unknown for some enquirers, such as those for whom a 'sound solution' was not found.

Who enquired

There were 20 enquiries prompted by the pilot schemes.

- Types of household – eight individual males, six individual females, and six couples.
- Ages[21] – three were aged under 65, four were 65–69, three were 70–74, three were 75–79, one was 80–84 and one was over 84.
- Locations – five from Islington, four from Kensington and Chelsea, nine from Maidstone and two from outside the pilot areas.

Why they had a financial need

Enquirers were asked what gave rise to their financial need. A primary need for additional funds, and up to two secondary needs, were recorded.

- Carrying out repairs – nine primary reasons and two secondary reasons.
- Repaying outstanding debts – five primary reasons and three secondary reasons.
- Other needs – two secondary reasons for creating an emergency fund, one primary reason for replacing a car and one secondary reason for meeting dental charges.

How much they wanted at the outset

Enquirers were asked at the outset how much they thought they needed.

- Amounts of £10,000 or less – four seeking £10,000; one seeking £5,000.
- Amounts of more than £10,000 – nine seeking between £20,000 and £40,000; two seeking £100,000 or more.

What their means were

Enquirers were asked about their income, savings and value of their property.

- Incomes – four had an income likely to entitle them to Pension Credit; four had an income above this level.

- Savings – seven said that they had no, or negligible, savings; two had savings of between £8,000 and £12,000.
- Property values – four estimated the value of their property at less than £150,000; seven estimated between £150,000 and £250,000; four estimated over £300,000 (including two over £500,000).

The acceptability of the property as security for a loan
Just Retirement Solutions examined whether the property met their criteria for lending.

- Freedom from debt – 13 properties had no debt secured on them; four had some debt secured on them (but this might not be an obstacle if the amount was relatively small).
- Adequacy of title and structure – twelve properties had satisfactory title and structure; three had too short an outstanding lease (but might have been able to use equity release to extend the lease, if the amount required was not too large); one had too complex a title; and one was of an unsatisfactory structure.

Solutions found
A ‘sound solution’ was found for ten of the 20 enquirers.

- Pursuit by client – nine clients pursued the ‘sound solution’ offered; one rejected it; three cases were still under way at the end of the pilot period, and may have been completed subsequently.
- Equity release as a ‘sound solution’ – six enquirers used equity release, two of whom used the Home Cash Plan devised for the pilot schemes; for four others, another (unspecified) equity release product was recommended.
- Role of other sources of funds – for two enquirers, additional benefits contributed; for two others, existing savings contributed.

Influences on making enquiries
Enquirers were asked about what had influenced them to make an enquiry.

- Publicity material – all 20 enquirers saw the publicity leaflet. Six obtained it from the local authority, three from voluntary bodies. But seven obtained it as a result of publicity in the Maidstone free newspaper. Two asked for it after seeing material in the national press and two received it from other people.
- Role of family and friends – eleven enquirers said that the support of family and friends was important; two others said that it was useful, but not critical.

Source: Just Retirement Solutions

The Home Cash Plan helped a number of older home-owners in differing circumstances, as illustrated by the case studies in Box 3.[22]

Just Retirement and Just Retirement Solutions noted that both they and the local authorities had been unfamiliar with working with one another; the intermediary role played by JRF had helped in building mutual understanding and trust. This had been important because, from the outset of the pilots, the loan product and the advisory process needed to be well defined, and in accordance with FSA requirements.

Box 3: Case studies of customers using the Home Cash Plan

Case Study 1 (the first customer for the Home Cash Plan)
A couple in their mid-seventies had an income little more than the level of Pension Credit, and savings of about £11,000. Their home was worth between £100,000 and £150,000, with no debt outstanding on it. They used the Home Cash Plan to draw £6,000, which enabled them to buy a second-hand car sufficiently powerful to tow their caravan, and to have a holiday.

Case Study 2
A couple in their mid-seventies had an income at virtually the level of Pension Credit. They saw information about equity release from Age UK. They wanted to afford roof and window repairs and a holiday (although in the end they spent the holiday money on central heating). A check on their state benefits showed that they were entitled to about £3,400 a year, which they were not claiming. They drew £5,275 using the Home Cash Plan, but did not expect to make further drawings for at least a year.

Case Study 3
A couple in their late-seventies had an income about 10 per cent above the level of Pension Credit. They saw information about equity release from Age UK. They wanted a second-hand car, a holiday, and to replace carpets and decorations. They were already claiming all the benefits to which they were entitled. They drew £6,775 using the Home Cash Plan, and thought that they might make a further drawing in about six months. They described their use of equity release as having given them 'financial stability in moderation'.

Case Study 4
A couple in their late-sixties had an income about 50 per cent above the level of Pension Credit. They saw information about equity release in the *Daily Mirror*. They wanted to clear debt that had arisen from buying a car for their daughter, and also have a small fund for emergencies. A check on their benefits showed that they were entitled to Council Tax Benefit of about £350 a year. They drew £11,000 using the Home Cash Plan, but did not expect to make further drawings for at least a year.

Source: Just Retirement Solutions

Why take-up was so small

After 18 months of publicising the equity release product widely in the three areas, the number of enquiries was small. The pilot authorities identified five main reasons for the low response rate in their areas:

- *A poor reputation of equity release being deeply and widely embedded among those who might have drawn attention to equity release.* There was not enough time to tackle this specifically.

- *Lack of contact with those who might benefit from drawing on the value of their home to afford additional help at home.* Not many older home-owners have reason to be in contact with staff of the local authority. More may be in contact with local voluntary bodies, but many may be in contact with neither.

- *Constraints on initiating contact with those who might be helped.* All the authorities identified legal restrictions, and found that they would have needed more research and data analysis if they were to identify those who might be helped; and even if such information had been available, there may have been policy reservations about using it to draw attention to a commercial product.

- *Reluctance of local authority staff to suggest drawing on the value of the home.* As mentioned above, nearly all staff came to the training expressing scepticism about equity release. Following the training, most said that they now thought it could be a sensible option for some people. But project managers found that, after several months, a significant number of those trained were less confident about discussing equity release as an option for low-income home-owners, especially those perceived as vulnerable. In addition, awareness of the pilots declined as trained staff moved on and their successors knew little about the scheme.

- *An underestimate of how long it would take for older people to make a decision to enquire about equity release.* With hindsight, 18 months was too short a time for the pilots as it takes resources and time to identify people in hard-to-reach groups, and for trust to be won. Equity release is a complex subject and an older person may need to be reminded about it as well as wanting to think about it over several months before they feel ready to contact a financial adviser.

One authority (RBKC) was disappointed that there were two enquiries from their area that could not be pursued. The older people involved had leases on their properties with an unexpired term too short to be acceptable as mortgage security (less than 70 years). Equity release could be used to buy an extension of the lease, depending on the amounts required; but this made equity release more complex, and the home-owners concerned decided not to pursue a loan.

Three valuable broader outcomes

Despite the small number of enquirers, these people were able to get free financial advice, and often a solution to their financial needs. In addition, the pilots yielded three very valuable broader outcomes:

- The Home Cash Plan is now being offered nationally through Age UK Enterprises and FirstStop, with a similarly priced advisory fee to that negotiated for the pilots.

- Through their work with Just Retirement and Just Retirement Solutions, all three local authorities have demonstrated an effective collaboration with the private sector where shared aims and objectives have enabled effective joint working without legal contracts. This is a helpful example, in light of some of the recommendations in the Dilnot Report (Commission on Funding of Care and Support, 2011).

- *Which?* included a positive piece about the Home Cash Plan in the May 2010 issue of *Which? Money* (*Which?*, 2010). Hitherto, *Which?* had expressed considerable reservations about the use of equity release.

5 The legacy of the pilot schemes

The pilot schemes yielded two kinds of legacy:

- what has been learnt from the pilot schemes; and
- what specific help for older home-owners is now available following the pilot schemes.

What has been learnt from the pilot schemes

The three main points learnt from the equity release pilot schemes are that:

- it is difficult to bring equity release to the attention of older home-owners on low incomes in a way that encourages them to consider it, even though it may be a very useful option for them;
- the perception of equity release as risky and poor value is widely held, and the extensive consumer protection now provided is little known; and
- some front-line staff in local authorities are reluctant to suggest consideration of equity release.

Further points learnt are summarised later in the chapter.

Drawing attention to equity release

The local authorities found it difficult to bring the pilot schemes' offerings to the attention of older home-owners on low incomes in a way that encouraged them to consider the Home Cash Plan. Leaflets were widely distributed, and staff in the local authorities and voluntary agencies were given training, but not many older home-owners on low incomes had any contact with these staff.

Recognising that other channels of contact needed to be tried, the authorities used both traditional means (e.g. posters displayed in libraries and other public buildings) and more novel means (e.g. adverts on local buses, leaflets in high-street pharmacies and articles in free newspapers). The articles that appeared regularly in one local free newspaper attracted more enquiries than any other method.

If more older home-owners on low incomes are to consider equity release as a possible option, it seems necessary to carry out a systematic examination of how people in this group might be reached most effectively.

The perception of equity release

In preparation for the pilot schemes, JRF had convened a Task Group that sought to find a way of improving the perception of equity release. This group concluded that the involvement of local authorities in some way might serve to reassure people that this was a reasonable option to contemplate.

The three local authorities involved themselves to the fullest possible extent, and put considerable effort into supporting the pilot schemes. But their involvement did not prove to be the key to improving the perception of equity release.

Three main factors contributed to this:

- *Protection of reputation and liability*. The authorities rightly recognised (as do some major commercial lenders) that equity release was vulnerable to adverse comment, even where the criticism was unrelated to the arrangements with which they were involved. They therefore maintained some distance from the schemes by, for example, not co-branding the loans offered. The distancing was also a way of reducing the risk that the authority might incur any legal liability for what their staff said to enquirers.

- *Difficulty in engaging directly with older home-owners who were struggling on a low income.* The authorities found that their contact with older home-owners on low incomes was limited; and that the channels through which they could publicise the schemes could not focus closely on those they wished to reach. All three pilot authorities felt that they could have examined more fully how best to reach their older home-owners with low incomes.

- *Reluctance of some front-line staff to draw attention to equity release* (as discussed below), in so far as they did have contact with older home-owners.

Improving the perception of equity release is essential if it is to be considered as an option by more of those who might be helped by it. Wider discussion of equity release, in the context of current discussion of the financing of care generally, may help to raise awareness that drawing on the value of the home will become increasingly common, and that there are ways of doing so safely. But changing the perceptions is unlikely to be easy; the equity release industry has been wrestling with the issue for a number of years. The widespread suspicion of equity release is clearly deep-seated.

Reluctance of front-line staff to mention equity release

The pilot schemes showed the reluctance of some front-line staff in local authorities (in particular) to mention equity release to people for whom it might be a relevant option to consider. This reluctance may not have had a great effect on the outcome of the pilot schemes, because the front-line staff involved had only limited contact with older home-owners. But it is a finding that could be of wider relevance in the future, if such front-line staff are expected to draw attention to financial options outside the public sector to help pay for the care and support older people need (as envisaged in some of the recommendations in the Dilnot Report (e.g. Commission on Funding of Care and Support, 2011, pp. 43–4).

The pilot schemes demonstrated that training is not enough. Following training about what was on offer in the pilot schemes, the views of most trainees shifted from scepticism about equity release to agreement that it could be appropriate for some people. But in many cases, opinions drifted back to the sceptical, and countering this change required repeated refreshment of the briefings about the schemes.

Further points learnt from the pilots

Three further points might be learnt from the pilots:

- Those who are in contact with older home-owners on low incomes could benefit from better up-to-date information on how people might draw on the value of their home. Age UK produces a substantial briefing that would provide the information needed.[23]

- Those with whom older people might talk about releasing value from their home may often express scepticism; and this may deter, or at least delay, them from making contact with a financial adviser. There needs to be a recurring reminder of the advantages and disadvantages of equity release, to counterbalance wholly negative views.

- The pilots demonstrated that a non-contractual partnership between local authorities and the private sector can work well where the outcomes sought are shared in reality (rather than just nominally). This was a new experience for the local authorities and for Just Retirement Solutions, which required both to involve senior staff to build trust, promote the aims and objectives and communicate to others. This was helped by JRF chairing a working group where issues could be openly discussed and experience shared.

What specific help for older home-owners is now available following the pilot schemes

The specific help now available for older home-owners falls into two groups:

- national help through Age UK Enterprises and FirstStop; and
- local help in the areas of the pilot authorities.

National help through Age UK Enterprises and FirstStop

The main legacy of the pilot schemes is the national availability of the Home Cash Plan devised specifically for the pilots. This is being offered as part of the collaboration between Age UK Enterprises and Just Retirement Solutions, announced in November 2010, to offer regulated financial advice and equity release loans. FirstStop has also concluded a similar agreement. These collaborations mean that Age UK Enterprises and FirstStop fulfil a role that can be compared with that of the local authorities and their local partners in the pilot schemes. By September 2011, these collaborations had given rise to more than 1,200 enquiries about equity release. Those going on to apply for equity release loans were seeking less than the industry average, and six Home Cash Plans have been concluded. The early experience from these collaborations is summarised in Appendix 5.

During the pilot schemes, Age UK and Just Retirement Solutions participated in the JRF Pilots' Working Group through which learning was shared and issues discussed. This complemented the collaboration that Age UK Enterprises and Just Retirement Solutions have since implemented.

Local help in the areas of the pilot authorities

The pilot local authorities and some of their partners intend to continue to draw attention to equity release as an option for low-income home-owners. There are two aspects to their further work:

- *Redirection of potential clients to Age UK Enterprises.* The authorities feel more comfortable about drawing attention to material from an organisation belonging to Age UK (Age UK Enterprises), rather than to material from a commercial firm, even though Age UK Enterprises would refer enquirers to the same firm. The authorities believe that this will result in more people having equity release drawn to their attention, as they expect that staff will also be more comfortable about referring people to an organisation run by a major charity such as Age UK.

- *Future supporting material.* The authorities intend to include information about Age UK's role in equity release in what they provide in relation to housing (RBKC), the personalisation of care (LBI) and at information points for local people (MBC).

Notwithstanding these further developments, Just Retirement Solutions intends to ensure continuity from the pilot period by continuing to provide the support arrangements to the three local authorities that were available during the pilots.

6 Recent developments with regard to paying for care

While the pilot schemes were under way, discussion about paying for care intensified, with a focus on paying for the more substantial kinds of care. But it is generally recognised that there is a continuum between this and the more modest kinds of help, at an earlier stage, which the pilot schemes were intended to support.

The major contribution to the discussion was the Dilnot Report (Commission on Funding of Care and Support, 2011), published in July 2011. The government is consulting on its recommendations, and intends to include 'a progress report on funding reform' in a White Paper in spring 2012 (DH, 2011). Other substantial papers contributing to the current discussions include those from The Centre for Social Justice (2011), the All-Party Parliamentary Group on Housing and Care for Older People (Porteous, 2011) and the Resolution Foundation (Williams, 2010).

The papers that contributed to the discussion all saw a role for drawing on the value of a person's home. The Dilnot Report mentioned it as one of the ways in which people may meet the 'individual contribution' to the costs of care that it proposes (Commission on Funding of Care and Support, 2011, p. 40). The Centre for Social Justice (2011, p. 89) saw equity release becoming the default way in which people would ensure that they had a suitable home to live in. The All-Party Parliamentary Group recognised 'that a greater emphasis will be needed on the home being the "first call" on funds to ensure independent living for the future' (Porteous, 2011, p. 15).

The Dilnot Report also urged (Commission on Funding of Care and Support, 2011, p. 41) that local authorities' deferred payment schemes (essentially, schemes of equity release for meeting the costs of care) should become universal; and that interest should be charged.[24] It suggested that such a change would be cost-neutral, but notes that 'it may require an initial injection of cash' (p. 73). If funds for such schemes were available both readily and at lower interest rates than those of commercial providers, they could be a more attractive alternative for older home-owners requiring care than what was offered in the pilot schemes to pay for small amounts of additional help.

The Centre for Social Justice considered (2011, p. 83) that 'any strategy to help the "oldest old" to remain independent for as long as possible must focus on housing'. For those who own their home, 'we should begin to move towards equity release as the default system' by which people 'have a suitable home to live in' (p. 89). The Centre made two recommendations relating to equity release (pp. 92–3):

- 'The Government gives greater profile to specific products developed to allow low income older home-owners to release equity. Each local authority should increase its promotion of a range of existing and future equity release solutions' (p. 145, recommendation 26).

- 'Given the relative underachievement of the market to date, we believe the Government may need to consider direct market stimulation in order to redress a lack of take up. Such action, which should be a time-limited interim measure, could begin to drive up the competition of product offers, including making interest rates more affordable' (p. 145, recommendation 27).

On the first of these recommendations, the experience of the pilot schemes suggests that a change of attitude within local authorities will be needed. Senior staff will need to engage with the process, as was achieved in the pilots, and training of front-line staff will be required frequently to ensure that they are up to date on the equity release products available and understand what the products can offer.

The All-Party Parliamentary Group too considered (Porteous, 2011, p. 15) that care services alone will never be wholly effective, unless the physical state of the person's home is 'fit for purpose' and can enable them to continue to live well at home. It therefore considered (p. 15) that the first call on people's funds should be to carry out basic home improvements or adaptations, so that the property remains 'fit for purpose'. The Group made two recommendations relating to equity release (p. 17):

- 'That Government and the private sector should come together to convene an industry-wide task group to stimulate development and growth in equity release products for older people; this group should explore the potential for a government-backed bond and kite-mark'.

- 'That local government, in collaboration with partners from statutory, voluntary and commercial sectors, should develop a community of practice with supporting advice and information tools to raise awareness and offer reassurance about the availability of equity release, private finance and loan facilities for older people'.

Experience from the pilots again suggests that a change of attitude within local authorities will be needed if the second of these recommendations is to be achieved. Currently, most front-line staff in local authorities would be very uncomfortable at the thought of offering reassurance about any commercial financial products, even if they were well briefed on the terms and conditions of the products.

The Resolution Foundation's study by Peter Williams set out reasons why it might be in the government's interest to facilitate drawing on the value of the home (2011, p. 33). It suggested (pp. 33–4) several ways in which the government could do so, including the following:

- tax incentives;
- more favourable treatment when determining entitlement to state benefits;
- subsidising the provision of financial advice;
- subsidising an equity release loan, by providing the 'no negative equity' guarantee and/or meeting the cost of setting up the loan;
- tying any government support to the provision of long-term care;
- making it easier to 'trade down' or move to a more suitable property; and
- making it easier to 'reverse out of home-ownership' by a form of shared ownership.

The pilots have shown that equity release products are not seen as attractive by many older home-owners on a low income. As a result of the Dilnot Report, it is hoped that new products will be developed that facilitate drawing on the value of the home.

7 What now needs to be done

The current focus on finding a sustained basis for helping to support independence will necessarily include consideration of drawing on the value of an older person's home. This will increase the attention given to equity release. It will be important that independent bodies such as JRF and Age UK contribute their views on the importance of good financial advice, and the relevance of older home-owners drawing on the value of their home.

The main task in achieving relevant financial advice for older home-owners is to alter the perception of drawing on the value of one's home. If this can be achieved, older people should feel able to consider equity release as a possible option on the basis of what is actually offered, rather than dismissing it because of out-dated perceptions.

If front-line staff in local authorities and in voluntary organisations are to be relied on to bring such options to people's attention, it will be essential to alter their perceptions of drawing on the value of one's home in later life. This may best be achieved by publicising local case studies of where and how it has been helpful. Overcoming the reluctance of staff to talk about commercial financial products will not be easy to achieve because of fear of straying into the offering of financial advice.

A start on changing perceptions about equity release in particular is likely to flow from two recent alliances. Age UK Enterprises is promoting advice about equity release products, in an agreement with Just Retirement Solutions in November 2010. FirstStop, which provides advice on care and housing in later life, has made a similar agreement. It is encouraging to see that these alliances have given rise to more than 1,200 enquiries about equity release in nine months (which with national coverage is broadly comparable on a per capita per month basis to the 20 in the pilots over 18 months) without the intensive publicity and training organised by the pilot authorities.

Once Age UK Enterprises and FirstStop have several relevant case studies of how equity release has helped older home-owners on a low income, informative articles about equity release could usefully be written for a wide range of newspapers and magazines. Such articles are likely to be most effective if they are based on case studies that will seem directly relevant to readers of the publication.

Wide dissemination of this report should help raise the awareness of elected members and officers to these challenges. It is hoped that many local authorities will be encouraged to explore non-contractual partnerships with the independent or commercial sector where there are mutually shared objectives, particularly in relation to social care and support.

The pilot schemes also prompt some questions that might be examined further, once the Home Cash Plan has been available nationally for a year or more:

- *How extensive is the demand for a loan such as the Home Cash Plan?* The supposition was that older home-owners on low incomes might welcome having scope for a succession of modest drawings on the value of their home, so that they could afford additional help at home. There was little demand for such modest drawings. Why was that? Do people prefer to accumulate small debts on a credit card, and then consider taking a larger equity release drawing to settle those debts?

- *How can the target group (older home-owners receiving Pension Credit) best be reached?* The pilot authorities did not manage to find an effective way. Would it be feasible, appropriate and/or effective to initiate direct contact with those who might be helped, rather than use general publicity to which a home-owner might respond?

- *Does the value of the property influence the acceptability of equity release?* The pilots were in areas with high house values. How acceptable would small drawings be to older people with properties of half those values?

- *Who is trusted to give well-informed and disinterested financial guidance to older home-owners?* Great efforts were made in the pilots to ensure that the professional financial advice would be of good quality. The involvement of the local authorities in 'signposting' to such advisers did not appear to make a substantial difference in the pilot schemes. Evidence will accumulate about the effect of the involvement of charitable bodies (Age UK and FirstStop). But is the main influence that of family and friends?

- *Do providers of financial advice for clients asking about equity release give good money advice, where the principal need for a loan is to get out of debt?* In the pilots, one authority encouraged enquirers to talk to the local Citizens' Advice Bureau as well as to Just Retirement Solutions.

- *How should the desirable, but expensive, provision of financial advice be paid for?* The pilots offered such advice with no charge made unless a loan was taken. If a loan was taken, the charge was only about 40 per cent of the normal fee. But the prospect of fees totalling about £1,000, if a loan was taken, may have discouraged those requiring only relatively small drawings, even though such fees could be included in the amount borrowed. Are there other viable ways in which the cost of providing small loans, including appropriate advice, could be met?

- *Can owners of unmortgageable properties be helped?* In the pilots there were at least three enquirers who had leases of less than 70 years remaining and so were ineligible for any type of secured loan.

- *Can equity release be compatible with deferred payment schemes for residential care?* As the Home Cash Plan has to be repaid once the property is vacated, a deferred payment scheme would not be available to the Home Cash Plan borrower unless the loan could be refinanced or repaid without selling the property, when the borrower goes into care.

- *Will the changes to remuneration of financial advisers, following the Retail Distribution Review, add to the cost of small loans?* In the pilots, no fees were payable to those who introduced the clients.

8 Implications for stakeholders

Providers and **potential providers** of equity release should note that a product offering smaller and more flexible drawdowns can be commercially viable. This has the potential to broaden the client base for equity release products by appealing to a wider range of consumers. This is particularly relevant in light of the Dilnot Report and forthcoming White Paper on adult social care, which may prompt larger numbers of people to invest in ‘that bit of help’ and healthy ageing using their own resources.

Central and local government should provide a clearer and more coherent line on the use of equity release – communicating to the public and front-line staff in public bodies that equity release is a useful financial product for *some* people. Poor perceptions of, and unhelpful assumptions about, equity release remain a barrier to take-up. This includes improved consumer information reflecting the reality of the modern equity release market, and training front-line staff who deal with people for whom equity release could be a viable option.

Central government and the **FSA** should provide greater clarity regarding the difference between generic and regulated financial advice, and between advice about, and promotion of, financial products such as equity release. Local authorities and charities will be increasingly helping people support themselves through drawing on their own resources, rather than delivering services directly. It is important, therefore, that front-line staff can with confidence provide generic (unregulated) advice and ‘signposting’ to relevant kinds of financial products.

Increasingly, **local authorities** are expected to be facilitators through providing information and creating choice, rather than being direct service providers. This is particularly true of social care and support. Important aspects of this will be:

- encouraging people to think positively about drawing on the value of their home in later life as a way of achieving a better quality of life and maintaining independence;
- providing information regarding equity release and other financial products; and
- working more closely with private providers, for example through non-contractual partnerships with the independent or commercial sector where there are mutually shared objectives.

Local authorities, in responding to their wellbeing powers, need to consider how they collect data on their local populations, to ensure that they can identify, locate and understand more about the needs of those who do not come into contact with the local authority very often. Social care users and social housing tenants are often visible service users, but the majority of older people, as home-owners and self-funders of care and support, are less conspicuous – but still have a need for information, advice and support.

Notes

1 It might include maximising income from benefits, drawing prudently on savings, receiving help from family and friends and/or down-sizing, before equity release was considered.

2 Just Retirement and Just Retirement Solutions are both subsidiary companies of Just Retirement (Holdings) Ltd, but are separate regulated firms and therefore act independently from one another.

3 The Home Cash Plan is promoted by Age UK Enterprises Limited, a commercial services arm of the charity, Age UK.

4 FirstStop Advice is an advice and information service provided by a group led by the charity, the Elderly Accommodation Counsel (EAC). Details are at www.firststopcareadvice.org.uk.

5 Derived from an analysis of the first wave of the English Longitudinal Study of Ageing in 2002–03.

6 In September 2011, rates for mainstream equity release loans averaged about 6.9 per cent per annum.

7 Throughout the period of the pilots, the Bank of England Base Rate was 0.5 per cent per annum.

8 Such a guarantee is required from firms that are members of the equity release industry's trade body, SHIP (see item 6 at www.ship-ltd.org/shipguarantee.aspx).

9 Lifetime mortgages (such as the Home Cash Plan) were regulated by the FSA in 2004; Home Reversion Schemes were regulated in 2007.

10 The code of conduct is set out at www.ship-ltd.org/shipguarantee.aspx

11 See www.ship-ltd.org

12 The £6,000 threshold was increased to £10,000 in November 2009.

13 When entitlement to Pension Credit is determined for someone aged 75 or older, that entitlement will typically not be reduced by unforeseen subsequent increases in income (as they will have been given an indefinite 'Assessed Income Period').

14 On any savings (including their equity release drawings put into their savings) in excess of £10,000, they would lose £1 a week for every £500 (or part) in excess of the £10,000 threshold.

15 The three authorities were the London Borough of Islington, the Royal Borough of Kensington and Chelsea and Maidstone Borough Council. Maidstone had joined in as a fourth authority in June 2009. Hampshire County Council, which had taken part in the development of the pilot schemes by the JRF working group, decided in August 2009 not to pursue such a scheme at that time; it is working with third sector organisations in Hampshire on a local solution.

16 Properties with particularly uncertain values, such as high-rise flats and properties with leases of less than 70 years, were excluded.

17 Now Age UK.

18 Defined in regulation 8 of The Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 (SI 2000/3272).

19 As reported in the periodic monitoring meetings with JRF, described in Appendix 1.

20 It might include maximising income from benefits, drawing prudently on savings, receiving help from family and friends and/or down-sizing, before equity release was considered.

21 For couples, the age of the younger person. For five enquirers, the age was unknown.

22 Case studies 2, 3 and 4 relate to enquiries made through Age UK Enterprises.

23 Age Concern, one of the predecessor charities of Age UK, was noted for its detailed material on equity release. Age UK's *Factsheet 65* on equity release, published in October 2010, is a current example (available at www.ageuk.org.uk/Documents/EN-GB/Factsheets/FS65_Equity_release_October_2010_fcs.pdf?dtrk=true).

24 Authorities have a power (Health and Social Care Act 2001, section 55) to enter into a 'deferred payment agreement' under which they place a charge on a person's property, securing repayment of care home fees that they pay on the person's behalf. Authorities are precluded (by section 55(6)) from charging interest (unless there is a delay in repayment after the person's death).

25 It can be made available to anyone aged at least 60, where necessary.

26 Simple interest is charged daily, and added to the outstanding loan ('compounded') once a year. (Some providers compound monthly, which increases the outstanding debt more quickly.)

27 For all members of SHIP, it is a requirement that they insist on their customers taking independent legal advice before concluding an equity release deal (see items 4 and 5 at www.ship-ltd.org/shipguarantee.aspx).

28 Notably relating to the value of the property and the ages of the occupiers.

29 Thus requiring a fresh 'fact find', and advice, for which Just Retirement Solution's standard fee is currently £299.

30 If the large equity release loans for people with a short life expectancy (an 'impaired life') were omitted, the average would be several thousand pounds less; but no precise data is available.

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Appendix 1

Sources of evidence used in this report

This report is founded on three main sources of evidence relating to each of the three equity release pilot schemes:

- local government management – the experience of the relevant senior officers and project managers in each of the three authorities;
- local 'front-line' staff – the experience of staff (in both the local authority, and other voluntary and statutory bodies locally) coming into contact with people who might be helped by the pilot schemes; and
- the financial advice firm – the experience of, and data collected by, Just Retirement Solutions in relation to those who contacted it.

The evidence was substantially contemporary. It was obtained in the following ways:

- at the outset of the pilot schemes
  - discussions convened by JRF and led by JRF consultants at which the local authorities, the equity release firm and Age UK examined in detail the steps required to set up the pilot schemes;
  - questionnaires completed by the project managers in the three pilot authorities, recording many aspects of the setting up of their schemes;
- during the pilot schemes
  - discussions convened broadly quarterly by JRF and led by JRF consultants at which the local authorities, the equity release firm and Age UK shared the latest experiences of the pilot schemes and their implications;
  - questionnaires completed broadly quarterly by each project manager, reporting the experience of their pilot scheme;
  - questionnaires completed broadly quarterly by representatives of 'front-line' staff (both within and outside the local authority) on their experience of their pilot scheme (this source of information proved limited);
  - extensive anonymised data from Just Retirement Solutions, broadly quarterly, on each of the enquiries it received, covering considerably fuller information than would normally be recorded;
- at the end of the pilot schemes
  - discussion convened by JRF and led by JRF consultants at which the local authorities, the equity release firm and Age UK shared their conclusions on the pilot schemes, and commented on a late draft of this report;
  - interviews by JRF consultants with the relevant senior local authority officers, to review their experience of the pilot schemes and the lessons that might be learnt;
  - an interview by one of the JRF consultants with the relevant senior member of staff at Just Retirement Solutions, and the confirmation of their data on enquiries.

The small number of enquiries prompted by the pilot schemes constrained the evidence that could be drawn on. In particular, it was not possible to:

- obtain views from the home-owners (other than from the first customer for the Home Cash Plan, as reported in 'Case 1' of the case studies presented in Chapter 4, Box 3); or
- carry out any meaningful quantitative comparisons with other studies (such as Overton, 2010).

Appendix 2

The Home Cash Plan

The Home Cash Plan currently on offer through Age UK Enterprises and FirstStop has the following attributes:

- Age of home-owners – the product is intended for home-owners aged 60 and over on Pension Credit.[25]
- Interest rate – the current (late September 2011) interest rate of 6.9 per cent incorporates a margin of 0.5 percentage points above the interest rate on Just Retirement's standard product arranged by Just Retirement Solutions. This margin reflects the additional costs to Just Retirement of administering small loans. On each tranche of funds drawn, the interest rate will be fixed for life, but the interest rate on one tranche might differ from that on another tranche of drawing (see Drawdown interest rate, below).
- Compound interest – interest is compounded annually.[26]
- Valuation – free.
- Provider set-up fees – £275, compared with the normal set-up fee of £500.
- Advice fee – £299, compared with the normal once-only advice fee of £749. Advice fees are charged only if the Home Cash Plan is taken. Advice is provided by telephone or face-to-face (as the person wishes).
- Legal fees – the customer is required to take independent legal advice;[27] £425 is the average amount of legal fees. Most solicitors charge once the customer instructs them to go ahead with a loan, but certain specialist solicitors charge only if the loan is completed. It should be noted that the use of independent legal advice protects Age UK Enterprises, FirstStop and the provider, as well as the customer.
- Total costs – total costs to be charged to customers taking the Home Cash Plan are expected to be around £1,000. These costs can be added to the initial amount drawn.
- Drawdown facility – an upper limit of £30,000 (less the initial drawdown) is intended to provide some protection against the customer exhausting their funds quickly. In addition, Just Retirement envisages offering cautionary guidance to a customer *who intends* to draw surprisingly heavily on the facility. Drawings beyond the £30,000 limit would be possible (assuming that there was scope for doing so within Just Retirement's normal lending criteria[28]), but this would be treated in the same way as a fresh loan.[29]
- Drawdown fee – no fee will be charged for further drawings within the £30,000 facility.
- Drawdown interest rate – the interest rate prevailing at the times of subsequent drawings will apply. Thus, each tranche of drawings might be at a different interest rate. But, for each tranche, the interest rate on that tranche will be fixed for life.

- Portability – the lifetime mortgage can be transferred to another property, so long as Just Retirement's normal loan-to-value criterion is met on the fresh property. If the customer moves to a cheaper property, they may need to draw on the proceeds of the sale, to some extent, to reduce the loan sufficiently to meet the criterion.

- Repayment – repayment of the loan is required only when the home-owner (or the second of a couple) dies, or moves permanently into residential care or to live with relatives. The amount to be repaid cannot exceed the value of the property; if a larger amount is outstanding on the loan, the excess is written off.

- Early repayment fees – if the customer *chooses* to make an early repayment, they will normally incur an early repayment fee. If they are *obliged* to make an early repayment so as to continue the lifetime mortgage (e.g. because they have moved to a cheaper property and need to reduce their outstanding loan to meet the loan-to-value criterion), that early repayment will not give rise to a fee.

Appendix 3

The advisory process currently offered to enquirers about the Home Cash Plan

It is essential that older home-owners contemplating using equity release receive the fullest and most competent financial and legal advice before they commit themselves.

There are typically four stages in the advisory process for sale of the Home Cash Plan:

- There is the initial contact with Age UK Enterprises or FirstStop.
- If a client feels that equity release *is* an option they wish to examine further, they will be advised to consult a regulated financial advice firm. They will also be told that the regulated financial advice firm working with Age UK Enterprises or FirstStop, Just Retirement Solutions, is able to provide access to a number of equity release products, including the Home Cash Plan, although Just Retirement Solutions would also consider a wider range of possibilities.
- Any regulated financial adviser should examine a range of ways in which the client might meet their financial needs, including by claiming all the benefits to which they are entitled; this check is undertaken for all customers at Just Retirement Solutions. If they choose to consult Just Retirement Solutions *and if* the advice firm recommends the Home Cash Plan as the most appropriate solution for that client, an application for the Plan will be made to Just Retirement. Clients are strongly recommended to discuss their decision with family and/or friends (Just Retirement Solutions' advisers are happy to discuss with others, but only if the client so wishes). The home-owner is required to consult their own solicitor before committing themselves to an equity release loan, such as the Home Cash Plan.
- The pace of the advisory process is determined by the customer. As a minimum, Just Retirement Solutions expects to have at least two meetings with the customer. The first would be primarily a fact-finding meeting; the second would be when recommendations were offered. In practice, some (possibly many) customers are expected to need more than two meetings or request further meetings/telephone calls between the Just Retirement Solutions adviser and the customer's family/representatives as desired. Helpfully for the older person, the fees are unaffected by the number of meetings.

Appendix 4

Resources required to conduct the pilot schemes

The local authorities piloting the equity release schemes provided indications of the resources they had used in conducting the pilot schemes. The authorities incurred little direct expenditure on them; the time of staff was their main input. Corresponding information for the equity release provider and the regulated financial adviser is commercially confidential, but the time of staff in setting up the arrangements was their main expense, as they were able to deal with enquiries within their established systems.

The resources required by the local authorities fell into three categories:

- Reaching agreement in principle – discussing what the authority's involvement would require, assessing its merits and determining how it would be reconciled with its policies and procedures.
- Implementing the operational steps necessary – determining who needed to be involved (both within and beyond the authority); setting up briefings that covered most of these people; and providing adequate briefing material.
- Sustaining involvement and interest during the pilot (including monitoring and reporting) – a diverse range of activities to sustain the work within and beyond the authority in support of the pilot; and periodic collection and reporting of information from those involved in the pilot.

Reaching agreement in principle

Senior officers of the authorities (at director level) carried out this stage. They valued the time required at around £5,500 across the three areas.

Implementing the operational steps necessary

Implementation was carried out by project or commissioning managers. Their time was valued at around £9,000 across the three areas. In one area, further costs of training of £5,000 were recorded (including hire of premises), but no comparable expenditures were recorded in the other areas.

Sustaining involvement and interest during the pilot (including monitoring and reporting)

Each pilot authority had a project manager, with oversight by a senior officer, and support from other staff to differing degrees. The authorities' estimate of their total cost during the pilot period was about £19,000 across the three areas.

Appendix 5

Early experience of Age UK Enterprises' collaboration with Just Retirement Solutions to offer equity release

Development and implementation of the pilot schemes was overseen by a Pilots' Working Group convened by JRF, which met from late 2009. Age UK and Just Retirement Solutions participated in this group (with the three pilot authorities).

In November 2010, Age UK announced that Age UK Enterprises would work with Just Retirement Solutions to draw the attention of older home-owners to equity release as an option that they might consider.

By the end of September 2011, this collaboration had given rise to over 1,200 enquiries about equity release. The median amount sought was about £21,500; the average amount sought was around £26,500. This suggests that customers had relatively modest requirements, as the average equity release loan across the industry is almost £50,000[30] (SHIP, 2011).

The Home Cash Plan, developed for the pilot schemes, was taken by six customers, whose average initial drawing was just over £7,500.

Acknowledgements

The authors wish to record their appreciation of the support of Emma Stone and Sue Collins at the Joseph Rowntree Foundation (JRF), and the sustained engagement of the staff of the bodies most closely involved with the pilot schemes: Paul Caton, Zena Cooke, Jean Daintith, Clare Henderson, Steve Kyle, Roger Pangbourne, Gillian Tobin, Jane Vass, Samantha Wickens and Claire Wise.

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The Joseph Rowntree Foundation has supported this project as part of its programme of research and innovative development projects, which it hopes will be of value to policy-makers, practitioners and service users. The facts presented and views expressed in this report are, however, those of the authors and not necessarily those of JRF.

A pdf version of this publication is available from the JRF website (www.jrf.org.uk). Further copies of this report, or any other JRF publication, can be obtained from the JRF website (www.jrf.org.uk/publications)

A CIP catalogue record for this report is available from the British Library.

First published 2012 by the Joseph Rowntree Foundation

ISBN 978 1 85935 854 2 (pdf)

Original design by Draught Associates
Typeset by The Policy Press

Joseph Rowntree Foundation
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York YO30 6WP
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