

Executive Summary
Evaluation of *Healthy Homes, Healthy Lives*
Part II: Process

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Project background

The **Healthy Homes, Healthy Lives** (HHHL) project was one of five 'Trailblazers' funded by Innovate UK under its Healthy Ageing Challenge. This programme aims to help older people remain active, productive, independent, and socially connected across generations for as long as possible by enabling businesses, including social enterprises, to develop and deliver beneficial products, services, and business models.

HHHL aimed to help older homeowners repair and adapt their homes to be safe and energy efficient. The goal was to improve their housing conditions and allow them to live independently for longer. The project focused on the areas of London and Brighton. HHHL's lead organization was the London Rebuilding Society. This small London-based social enterprise, founded in 2000, had long experience of running home improvement projects for older people, mostly in East London.

HHHL was allocated a project grant of £3,968,583 by Innovate (not all of which was spent), and match funding was initially provided in the form of loans to LRS from the Joseph Rowntree Foundation (JRF) and the Charities Aid Foundation (CAF). The external funding was to support the activities of project collaborators, particularly LRS as lead organisation; it was not expected directly to fund repairs.

Project aims and collaborators

The implementation phase of HHHL ran from April 2021 to end-March 2024¹. The aim was to develop an integrated package to help low-income older homeowners living in homes in disrepair. The project initially focused on asset-rich, cash-poor older people, who can struggle to find resources for repairs and home improvements to meet their health and energy needs. LRS was to offer a 'handholding' service (also known as person-centred support) including providing advice, surveying the property, engaging contractors and supervising repair works on behalf of the homeowner.

The repair works were to be funded by innovative equity release mortgages developed as part of the HHHL project. In an equity release mortgage the borrower's home serves as security for the lender, and homes are conventionally valued in their existing condition. Most ER providers will not lend on properties in significant disrepair, making such finance inaccessible to the target market for this project. HHHL proposed instead to use a post-works valuation (PWV) model, where the valuation would be based on the estimated property value *after* completion of repairs and improvements². This would enable the project to support customers whose properties were not in good enough condition to qualify for standard forms of equity release. LRS is not itself an ER lender and would not advise customers about equity release; rather it would refer them to specialist advisers as necessary.

LRS provided the handholding service and was the lead organisation, in charge of managing this complex collaboration. Besides LRS, there were five collaborators:

- Brighton & Hove Energy Services Cooperative (BHESCo), a community-based social enterprise in Brighton that helps people meet their heat and power needs, promoted HHHL in Brighton and the South Coast, referred customers, and carried out energy surveys.

¹ There was also an earlier feasibility study involving LSE (2020-2021) but not the other collaborators.

² Some ER lenders had previously offered PWV-based products on a limited basis, but they were never a mainstream product.

- Key Group (one of the UK's largest equity release lenders) and its lending arm More2Life were to develop a PWV product to support smart green home improvements.
- Just Group, another major later-life lending company, aimed to develop a PWV product to finance domiciliary care in collaboration with LRS.
- VRM Technology, a technology SME, was to produce an integrated software platform for customer relations, to track construction, and to monitor energy use in customer properties.
- LSE was to carry out ongoing market research and to conduct the project evaluation. This evaluation consisted of two parts: a social impact evaluation (of which this is the executive summary) and a process evaluation.

What 'success' would look like

The HHL proposal set out the following aims and impacts (some reworded here by LSE):

1. **Improving the homes of older homeowners, and thereby improving their lives:** The proposal anticipated that over the course of the project the owners of 250 homes would be assisted in some way, and that 108 age friendly homes would be created.
2. **Addressing a market failure:** The development of five PWV-based products and the person-centred support service aimed to address a market failure by offering (low-income) older owners of homes in disrepair access to products and services commonly only available to the better off or those living in homes in better condition. The five PWV-based products were:
 - 1 Smart green home improvement scheme: a product focussing on LRS's standard practice of doing a green retrofit, with the addition of the installation of smart technology for energy monitoring.
 - 2 Space for lodgers: would allow homeowners to make part of their homes suitable for lodgers and thus generate extra income.
 - 3 Splitting homes: would enable homeowners to split their homes in two, again generating extra income.
 - 4 Creating space for care in the home: would allow a homeowner to make part of the home suitable for a live-in carer.
 - 5 Home improvements with finance for domiciliary care: would allow home adaptation to meet the owner's needs while releasing equity for domiciliary care.
3. **Creating a scalable and replicable approach:** HHL was to operate initially in London and Brighton and then expand across the country, funded by external investment secured in the later phases of the project. New customers would be identified through collaborations with financial services organisations and referrals from local authorities and voluntary sector organisations. By the end of March 2024, LRS was projected to be sustainable and ready to scale up significantly.

Key changes in the course of the project

Over the course of the project there were some changes to the way the project worked:

- PWV loans were designed but none were launched. The original plan was for JUST and Key Group to develop new PWV products in collaboration with LRS. These new products required funding, either from the collaborator's own resources or from external investors—often pension funds or insurance companies. However the financial market disruption caused by the short-lived Liz Truss government led to a 50% reduction in the number of ER products on the market, and funders' focus was on how to revive the existing markets rather than considering any new, niche products. In addition, the introduction of the new consumer duty by the FCA made product innovation more challenging. Although significant work was done on the design of a new PWV product, it was not introduced in the course of the project.
- The target customer demographic was widened. The realisation that PWV loans would not become available led LRS to reassess its offer and target market. Local market research suggested that customers from a range of income groups might be interested in the person-centred support service as a standalone product, paid for by clients' own resources, standard equity release loans and/or grants. LRS developed three archetypal customer personas:
 - **High need**—no savings, low income, often with other vulnerabilities, homes in poor repair
 - **Heat or eat/Stay or go** – somewhat better circumstances but still struggling
 - **Self-funders** – more savvy, have savings, want LRS to provide a service

The first two were typical LRS customers but the third was a new group: better off customers with (slightly) higher incomes and potentially some savings to use for home improvement. In the third year of the project, LRS began to reach out to this new customer demographic, offering a standalone handholding service to organise and supervise repairs.

There were also some changes within the group of collaborators:

- VRM Technology was wound up and replaced in June 2022 by Ecowise, an SME tasked with developing a project management and monitoring platform.
- Because of the challenges of developing and launching new PWV products, the role of Key Group/more2life was restricted to referring potential customers through its TERE network, and potentially providing equity release advice to HHHL customers.

Evaluation methodology

LSE developed a Theory of Change (ToC) to guide the evaluation. The ToC is a standard evaluation tool that aims to capture the predicted interactions between project activities and short- and long-term outcomes. This ToC was adapted to reflect the changes in the project over time.

Data collection for the social impact and process evaluation took place through:

- Interviews with HHHL collaborators, customers, and other relevant actors (35 in all)
- Two focus groups with HHHL collaborators

- Observations of five HHHL community engagement events and two online outreach events
- Collection of project records and administrative data from HHHL collaborators

Main findings on process

Delays in developing PWV products

No PWV products were launched within the timeframe of the project, largely for reasons beyond the control of project collaborators. As discussed above, one collaborator required financial support from institutional funders to launch a PWV product, but none was prepared to offer funding given the external situation. Our interviewees attributed the challenges significantly to timing: the financial markets were thrown into turbulence by the policies of the short-lived Liz Truss government, and interest rates rose. Financial institutions' appetite for risk reduced sharply and remained lower until the end of the project.

A second element that delayed the development of PWV products, was the FCA's introduction of a new Consumer Duty, which came into effect on 31 July 2023. The duty requires firms to act to deliver good outcomes for retail customers with respect to products and services, price and value, consumer understanding and consumer support. The new obligation came into effect very quickly and financial institutions had to modify their procedures at speed. In some collaborator organisations, staff who had been working on HHHL were urgently re-assigned to consumer duty tasks, reducing collaborators' ability to move forward with HHHL. The introduction of consumer duty may also have affected investors' capacity to consider funding PWV loans.

Also contributing to delay was the need for new loan products to pass through the internal compliance process within financial services companies; these procedures took much longer than the project timetable had envisioned.

Once it became clear that no PWV product would become available in the course of the project, LRS decided to offer its handholding service to customers who could fund works in other ways, including grants, self-funding and potentially standard equity release loans. This implied that potential customers were likely to be further up the income scale than originally projected.

Reaching potential customers

Market research

LRS engaged Mobilise, a London public affairs consultancy, to run a series of engagement events in three London boroughs in order to better understand the needs of such consumers and the potential market for the HHHL offer. Each event was attended by 20-30 older homeowners from the local area, who took part in discussions and focus groups. Key insights from these events:

- Many older homeowners struggled with issues such as mould, damp, and water ingress; energy inefficiency and heating costs; access and the need for disability adaptations; and/or the need for new kitchens and bathrooms.
- Some had no access to finance to repair or improve their homes, whilst others had such resources.
- Many participants hesitated to embark on a home improvement project because of the stress and disruption it would cause, or because they feared falling victim to a scam.

- The ‘handholding’ service was very positively perceived in principle, although the sessions did not explore whether or how much consumers would be willing to pay for it.
- Equity release has a poor reputation among older homeowners. Respondents felt that ER would entail financial uncertainty and could put their children’s inheritance at risk, although the offer of an ER mortgage in partnership with a not-for-profit organisation would slightly increase their confidence. Many respondents seemed to regard ER as a last resort.

LSE conducted a series of interviews with stakeholders from local authorities and organisations supporting older people. Several said that the negative reputation of ER was an issue for HHHL. Many saw the value of a project that would support older people to undertake home improvements, but some had concerns about safeguarding of clients and/or the suitability of ER financing.

LRS has previous experience with home improvement projects that demonstrably improved the lives of customers. This track record seemed to reassure potential customers, as did the involvement in HHHL of trusted intermediaries such as voluntary organisations for older people and energy-efficiency advice services.

How potential customers heard about HHHL

HHHL’s target group was older homeowners with homes in disrepair, who lacked the resources and/or skills to undertake works. Such households proved to be difficult to reach. In a previous project LRS worked closely with the London borough of Newham, which provided referrals to local people who could benefit from LRS services. The expectation was that similar relationships would generate customer leads for HHHL in the pilot local authorities (Lewisham, Ealing, Newham and Brighton). In Brighton, HHHL did establish new connections and collaborated closely with the local authority, but the other authorities were less responsive; not all were interested in or able to play an active role in the project. Interviewees attributed this to a severe lack of resources (particularly officer time), COVID and the resultant lack of interaction (a general issue for at least two years), and the possible perception of HHHL as a form of competition. The HHHL team also spent considerable time and effort building a network of voluntary sector organisations, but the network generated few referrals.

The most productive sources of potential customers were the local community and engagement events held in three London boroughs, and harvesting the database of an energy efficiency organisation that had established a trustworthy reputation among older homeowners.

Customer demographics and conversion

Demographics of potential customers

Full demographic information was not recorded for all potential customers, but the data available show that consumers expressing interest in HHHL ranged in age from 45-94, with 70-79 the largest age band. The most common ethnicity was Asian or Asian British, reflecting the demographics of the pilot local authority areas. Most potential customers came from the boroughs where outreach and engagement events were organised or from neighbouring areas. Although the project aimed to focus on low-income older homeowners, LRS did not collect data on customers’ income.

Reasons for dropping out

The most common reasons for which cases were closed (apart from simple non-response) were that potential customers:

- Were ineligible for HHHL (aged under 55 and/or not an owner-occupier)
- Decided they were not interested in HHHL (e.g. because of lack of trust or anxiety about having to move out during works)
- Had other priorities (such as hospitalization)
- Had complicating issues with mental health, debt, or neighbour conflict
- No longer needed support, having received a grant or been referred to another organization
- Needed an amount that was more than would be available through ER
- Had decided to sell the property

The 'handholding' services

Those customers we interviewed said they found the ER advice very informative, and were generally positive about the advice they received from LRS, BHESCo and other actors.

The few clients interviewed who had works done were broadly positive about the specification and costing of works and the collaborative design process, and very appreciative of the handholding service. One said:

'It felt like it was a guarantor for the process. (...) I think the fact that [LRS] had managed that for me was good, because it took a headache off me' (Current customer).

The role of external factors

The difficulties occasioned by turmoil in the financial markets after the short-lived Truss administration and the FCA's introduction of the consumer duty are mentioned above. Other external factors also posed major challenges for HHHL:

- The restrictions required by COVID meant that HHHL collaborators—most of whom did not know each other-- could not meet in person until several months after the project began. This hampered the development of team spirit and trust. Covid also affected the priorities of actors in the financial market, including some who were approached for funding.
- Unanticipated increases in the cost of building materials and a tight contractor market affected the cost of repair work. Unexpectedly high costs put off some potential customers or simply made the projects unattainable for the least wealthy. Even when home improvement projects were agreed, LRS found it challenging to identify reliable local contractors who could provide good quality at a reasonable price.

Conclusions

HHHL aimed to support older homeowners to carry out their home improvement projects. In funding HHHL, Innovate recognised the potential of organisations like LRS and its work to help older homeowners in need, who are often left to their own devices.

In the event many of the HHHL's goals were not realised as predicted (or in some cases, at all), and actual outcomes were a fraction of the initial projections. Much of this can be attributed to the totally unexpected financial, economic and regulatory conditions that transpired in the course of the project.

Even so the project did result in valuable learning about social impact--albeit based on a small number of cases. The offer of a standalone handholding service to project-manage improvements for older people is clearly one that deserves more exploration. The project demonstrated that some homeowners are interested in such a service in principle. The next step will be to dig further into how much they would be willing or able to pay, and whether that would cover the costs of such a service so that it could be replicated across the country.

HHHL has demonstrated that there is a need for the types of support the project provided. Although only a limited number of homeowners were assisted, the evidence demonstrates that there are many more who could potentially benefit. But perhaps the key lesson is that it can be hugely challenging to help older homeowners with few resources and high needs. The limited amount of grant funding now available is not enough to address homes with major structural problems. Many homeowners are uncomfortable with the idea of equity release, and in any case those with homes in poor condition would not all qualify for existing products. New PWV loans that could overcome this barrier did not emerge through HHHL, despite enjoying a three-year development period and financial backing from Innovate.

Overall, the project raises a range of questions about the capacity of market or semi-market-based solutions to address this type of healthy ageing challenge. The issue of poorer older households living in inadequate housing may be one that government will have to address. This project provides many lessons which will be valuable in developing the necessary broader based approach.