

## **MAIDSTONE BOROUGH COUNCIL**

### **CABINET MEMBER FOR COMMUNITY SERVICES**

#### **REPORT OF DIRECTOR OF RESOURCES AND PARTNERSHIPS**

**Report prepared by: Zena Cooke**

**Date Issued: 8 October 2009**

#### **1. EQUITY RELEASE**

##### **1.1 Issue for Decision**

- 1.1.1 Cabinet are asked to endorse the council's involvement and participation in a national pilot supported by Joseph Rowntree Foundation, to improve the financial circumstances and quality of life of older homeowners in receipt of state benefits.

##### **1.2 Recommendation of Director of Resources and Partnerships**

It is recommended that:

- 1.2.1 The council becomes one of four local authorities to pilot a service developed in conjunction with the Joseph Rowntree Foundation to offer older home owners financial advice and access to an exclusive equity release product.
- 1.2.2 The pilot period commences from October/November 2009 for an 18 month period.

##### **1.3 Reasons for Recommendation**

- 1.3.1 Maidstone has moderately high property prices while also having some areas of social deprivation. Many households are considered to have low incomes yet be living in properties of relatively high asset value. Access to financial advice and the use of equity release would enable such households to release equity from their homes to fund a range of services such as support in the home, service charges and repairs.
- 1.3.2 By participating in the pilot, the council would be supporting the corporate objective of improving the quality of life of older homeowners by enabling them to fund services that they wish to purchase through the equity release scheme giving them the potential to maintain their independence and thereby enabling them to stay in their own homes for longer.

## 1.4 Background

- 1.4.1 In 2007, Joseph Rowntree Foundation was commissioned by the Department of Health to investigate the obstacles to equity release for older home owners. The outcome of the research was that Equity Release has a poor reputation, that it is perceived to be poor value and that it can result in a loss of benefits. A task group was set up to develop a suitable financial product and explore methods of improving the perceptions of equity release. The task group included representatives from the public and voluntary sectors, including the Department for Work and Pensions, local authorities, Age Concern and Care and Counsel.
- 1.4.2 The task group identified that existing equity release products were not suitable for those older homeowners in receipt of state benefits, as they require a minimum amount of £10,000 to be taken. This level of equity release would result in the individual losing their entitlement to state benefit (specifically pension credit) and as a result, being financially worse off.
- 1.4.3 As a result the task group produced a specification setting out the type of equity release product that would be tailored to meet the needs of those older homeowners who required a lower level of additional income to improve their quality of life and help to maintain their independence, but without losing their benefit entitlement.
- 1.4.4 The specification was sent to all equity release providers and one provider, "Just Retirement" responded positively. "Just Retirement" agreed to participate in the proposed pilot and provide independent financial advice and access to the Equity Release product that had been produced exclusively for the pilot.

## 1.5 Pilot project proposal

- 1.5.1 The pilot project will develop a framework to support older home owners to consider releasing equity to fund support at home and other services and signpost them to the provider for this pilot project. The financial product has already been developed exclusively for this pilot. The project will also consider the role of the council in supporting residents through the process and protecting them from financial abuse.
- 1.5.2 The council will not be providing the financial advice or the financial product. The role of the council and its partners will be to identify residents that are likely to benefit from releasing equity from their properties with a view to funding services that will enable them to maintain their independence. Key staff, including staff from other agencies and the voluntary sector, will be able to signpost older home

owners to Just Retirement Solutions for an independent financial assessment. This service will guide residents through an assessment of their income and eligibility for further benefits. The outcome of the assessment may be to recommend the equity release product to which the pilot relates.

- 1.5.3 The project will also include the development of a marketing strategy and training framework for internal staff, partners and voluntary organisations. The project approach, particularly in relation to marketing of the service/product, will be finalised and agreed with partners and the voluntary sector.
- 1.5.4 The project will be subject to review through regular meetings, internally and with partners to ensure that key deliverables and milestones are being met.
- 1.5.5 Communications will be a key part of the project and information will be widely disseminated to all stakeholders, including through the Older People's Forum.

#### 1.6 Alternative Action and why not Recommended

- 1.6.1 The council could choose not to participate in the pilot project, but this would result in a missed opportunity to improve the financial circumstances and quality of life of older homeowners on low incomes.

#### 1.7 Impact on Corporate Objectives

- 1.7.1 The opportunity to participate in this national pilot, supports the council's corporate priorities in relation to the health and well-being agenda, specifically in relation to older people.

#### 1.8 Risk Management

- 1.8.1 The potential risk with the pilot, is the reputational implication for the council and its partners of being "linked" to Equity Release. This risk will be mitigated through the design of the process that will clearly separate the signposting function of the council/partners from the fully regulated independent financial advice and product service.

1.9

Other

1. Financial
- 2 Staffing
- 3 Legal
- 4 Equality Impact Needs Assessment
- 5 Environmental/Sustainable Development
- 6 Community Safety
- 7 Human Rights Act
- 8 Procurement
- 9 Asset Management

X
X

1.9.1 Financial/Staffing

The financial advice and product will be supplied by a fully regulated independent organization, at no cost to the council. The indirect cost to the council will be staff time for training and the development of marketing material.

1.9.2 Equality Impact assessment

This project is designed to enable older home owners to participate in daily activities through being able to fund services that will enable them to maintain their independence and quality of life. The project aims to consider the needs of all groups, within the qualifying age remit.

NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED

Is this a Key Decision?      Yes      ☐      No      ☒

If yes, when did it appear in the Forward Plan? \_\_\_\_\_

Is this an Urgent Key Decision?      Yes      ☐      No      ☒

Reason for Urgency

### **How to Comment**

Should you have any comments on the issue that is being considered please contact either the relevant Officer or the Member of the Executive who will be taking the decision.

[Councillor Marion Ring]

[Cabinet Member for Community Services  
Telephone: 01622 686492  
E-mail: marionring@maidstone.gov.uk

[Zena Cooke]

Director of Resources and Partnerships  
Telephone: 01622 602364  
E-mail: zenacooke@maidstone.gov.uk