

# Helping older people choose the right home for them

**An introduction to  
the costs and benefits  
of providing advice  
and support**



# Contents

## Helping older people choose the right home for them

Report written by  
**Nick O'Shea**  
for **EAC's FirstStop  
Advice**  
**January 2012**

### Acknowledgements

With our thanks to the members of the Project Working Group: Julie Adams (FirstStop Advice), Alex Billeter (EAC), Charmian Boyd (Seamless Relocation Ltd), Andy Chaplin (Foundations), Gillian Connor (Hanover), Sarah Davis (CIH), John Galvin (EAC-FirstStop Advice), Andrew Harrold (North Somerset Care & Repair), Caroline Hawkings (National Housing Federation), David Herring (The Papworth Trust), Gail Lincoln (LB of Redbridge), Cathy Mandaza (Homeshare International), Mitzi Myrie (LB of Redbridge), Daniel Pearson (FirstStop Advice), Gemma Penn (DCLG), Jeremy Porteus (Housing Learning & Improvement Network), Lee Whitehead (Crossroads Care Central & North London) and Les Woodward (Home Group).

- 3** Introduction
- 4** Summary
- 5** Attribution, Scale and Scope Assumptions and Data
- Service models:**
- 6** HomeShare
- 8** Redbridge Council: FreeSpace
- 12** FirstStop
- 14** WE Care & Repair (West of England)
- 16** Seamless Relocation
- 17** Developing the knowledge base
- 18** Conclusions & Recommendations

### Service Models exemplar:

#### **Crossroads Care (CNL)**

Lee Whitehead  
020 7485 7416 [admin@crossroadscarecnl.org](mailto:admin@crossroadscarecnl.org)  
[www.crossroadscarecnl.org](http://www.crossroadscarecnl.org)

#### **Redbridge FreeSpace**

Gail Lincoln, [gail.lincoln@redbridge.gov.uk](mailto:gail.lincoln@redbridge.gov.uk)  
020 8708 4065

#### **FirstStop**

Julie.Adams  
[julie.adams@firststopcareadvice.org](mailto:julie.adams@firststopcareadvice.org)  
020 7820 1773

#### **WE Care & Repair**

Lindsay Hay 01179 954 2222 WEC&R  
Andrew Harrold North Somerset C&R  
01275 858518

#### **Seamless Relocation**

Charmian Boyd  
020 8621 3553  
[info@seamlessrelocation.com](mailto:info@seamlessrelocation.com)  
[www.seamlessrelocation.com](http://www.seamlessrelocation.com)



**The issues of under supply and rising demand for housing, and the difficulties of younger people accessing home ownership have been a major focus of government concern and media attention.**

Alongside that has been a focus, particularly in social rented housing, of making better use of stock, encouraging older people to consider how well their housing suits their health and wellbeing and social needs. This report aims to look at how services might be able to support older home owners, as well as older people in social housing, to consider what options are available to them as they age, and if they choose to, to help them with implementing choices to move or adapt their living environment.

This report builds on recent findings that access to good quality information and advice helps older people to make informed decisions about their housing choices<sup>1</sup>. It outlines five models of support and advice offered to older people which help them consider where they want to live and to implement those decisions. These are:

**Crossroads Care Central & North London (CNL)** – a HomeShare organisation

**Redbridge Council's FreeSpace pilot**  
– helping owner-occupiers and social tenants to decide where they want to live

**FirstStop** – Advice and support to sustain independent living

**WE Care & Repair** – Practical help, advice and support

**Seamless Relocation** – Organisation of moves for older people in both social and private sectors

This report has been commissioned by Elderly Accommodation Counsel (EAC) as part of its Department for Communities and Local Government (DCLG) – funded FirstStop Advice programme. The brief was to explore, in financial terms, the impact of different services on older people, society and government. Following a call for evidence, the report focuses on five services which offer a range of interventions within the sector. They were chosen because of the data they had available, the potential for expanding their work, and willingness to engage with this research.

Whilst this report is not a comprehensive business case for the sector, it does offer some initial calculations to demonstrate some of the cost-avoidance, direct and indirect financial benefits that are attributable to these services. It is hoped that this offers some new insights into what the services achieve and where there are opportunities to expand their approaches.

## **This report is aimed at:**

- 1) **Commissioners** of housing, care and support who are considering which models would benefit their area, given its housing tenure and demography
- 2) **Providers** who want to demonstrate why their service is a sensible funding proposition
- 3) **Social Investors** who are interested in the potential for services to be expanded

It concludes that there are many worthwhile services which offer great outcomes and are a sound investment opportunity. However, more work is needed to gather more robust data that enables collective caseload analysis, rather than individual case-study evaluations, to support investment decisions on a greater scale. A suggested series of questions that could capture that quantifiable data is set out on page 17.

<sup>1</sup>Cambridge research, APPG (2011) (All Party Parliamentary Group) and HACT (2011) (Housing Associations Charitable Trust)

## The five services examined can clearly demonstrate savings that result from their intervention.

### Redbridge's FreeSpace

**This pilot offers significant potential for a nationally replicable model which enables older owner-occupiers to use the equity in their house to create an income flow.** That income could pay for them to live somewhere that better meets their needs. The role of the Council in this model is crucial – it is the **trusted expert** that can assist with the practicalities of moving, arrange sound financial advice and manage the owner's property in their absence. That trust is the pivotal aspect of this scheme and the result of a dedicated team that offers this service. Expanding this scheme would generate significant financial benefits and there is clear scope for a social impact bond, which would lever in investment.

### HomeShare Crossroads Care Central & North London (CNL)

**This service offers a great solution to older people who need a bit more support, but want to stay in their own homes.** This arrangement is financially beneficial to both the owner and the homesharer, enabling a sustainable business model to thrive. Expansion is the obvious next step.

### FirstStop and WE Care & Repair

**Both these organisations operate in similar terrains – seeking to help older people in a crisis, or to avert one that is likely to occur.** Through the narrow lens of avoiding residential and nursing home costs, there are clear benefits to the services, which intervene when Social Services are unable to. Tracking

the precise financial impact of their services is complicated because of the interaction between home equity, state benefits and healthcare costs – all three can be the bill payers depending on the precise circumstances of the individual. However, at this point, the initial figures suggest that interventions that cost a few hundred pounds, easily save interventions that cost thousands.

### Seamless Relocation

**This organisation demonstrates how being small and flexible enables a range of providers and commissioners to avail of services in a highly targeted and efficient way.**

They have extremely clear goals that focus on providing intensive support to make a move as stress-free as possible for an older person, whilst also delivering large-scale moves on time to avoid rental voids. For those areas requiring support for a limited number of moves a year, this type of spot-purchased service is a financially astute choice.

**Overall, there is a fantastic range of services delivering in this sector - of which this report highlights just five.** However, there remains the longer-term problem of how to demonstrate outcomes, which needs to be overcome to make the case for sustained investment. A more strategic, whole sector approach to capturing delivery outcomes is needed to evidence this work. It would also recognise the extremely high levels of commitment and dedication to helping older people which characterise this sector.

## Attribution

There is clearly a vibrant sector of professionals offering advice and support to older people, motivated by the desire to help improve their lives. However, the sector is clearly so busy delivering, that evaluation and measurement of those services is hard to find.

Attributing the benefits of a service can be difficult. In some cases, lots of agencies are involved, diffusing the outcomes between services. Similarly, it can be unclear what would have happened in the absence of the intervention – would an older person thinking about moving have found another way?

For the purposes of this report, we have focused on examples where the service is usually the lead or only agency involved, and explain the assumptions made when describing the counterfactual (the next most likely outcome in the absence of the intervention). This makes it clear where the benefits to an older person are attributable to the service presented, and the reasoning behind that hypothesis.

## Scale

Three of the services in this report use case-studies to demonstrate the costs and benefits of an intervention. Typically, we all rush to provide our most complex, fast-moving examples of a client being supported in severe adversity. Whilst a rich source of illustrative information, it does not provide a robust foundation for suggesting the benefits of providing a service to a case-load of people or delivering at scale.

In this report, all the case-studies used are representative of at least half of the case-load for the service. The demonstration of average levels of need, support and outcomes are essential for calculating a realistic suggestion of the service impact.

## Scope

This report offers introductory calculations on cost and benefits resulting from an intervention to signal where the main savings can be made from employing a service. It is not a comprehensive analysis of the precise financial impact of offering support and advice or indeed the value of self care or informal support. However, it offers an accurate summary of why and where the services are helpful in reducing costs.

# Assumptions & Data

### The following assumptions are made

- No social impact costs are factored into the analysis
- Costs of the service offered are at the upper-end of the data ranges provided
- Benefits of the service offered are taken at the lower-end of the data ranges provided

The result is a 'worst case' business case. The reality is therefore likely to be at least the same or better than estimated here.

This report uses published unit cost data of services in all the calculations. These are referenced throughout the report, and may interest providers of services wanting to ascribe figures to the benefits of their service. However, they are indicative, and costs will vary between local areas.

The estimates of the level of service use described in each scenario are based on the case-study's actual or expected requirements. For counter-factuals based on crisis care, service use is kept to a minimum to prevent inflation of crisis costing. All the assumptions of the amount of services used in each case are clearly listed in every table.

**Homeshare matches someone who needs some help to live independently in their own home, with someone who has a housing need and can provide a little support.** There are examples around the world, in a variety of forms, but all seeking to construct a safe, beneficial trusted relationship that helps all involved.

In the UK, HomeShare for older people has not become as popular as one would expect. There are just eleven schemes in six locations, resulting in limited UK coverage. This example, which focuses on Crossroads Care Central & North London (CNL), demonstrates the significant and tangible benefits of the service and the real potential for expansion.

### Crossroads Care Central & North London (CNL)

This service is based in Camden and offers HomeShare matches and support in central and north-west London, as well as additional services, such as personal care and support.

### Delivery principles

- The service is self-financing - paid for by fees from the householder and house sharer
- No rent is paid, avoiding the need for tenancy agreements

### Crossroads Home Share Model

Benefits to the Owner	Unit cost	Units Per month	Savings
Homecare reductions	£21.40 <sup>3</sup>	4	£85.60
Lodger support	£21.40	20	£428.00
	£10.70	23	£246.10
Accompany to GP	£84.00 <sup>4</sup>	0.5	£42.00
Burglary - personal costs	£1225.00 <sup>5</sup>	0.000256	£0.3136
Burglary - CJS costs	£1348.00	0.000256	£0.345088
<b>Costs</b>			
Cost of scheme to the Owner	-£130.00	1	-£130.00
<b>TOTAL SAVINGS</b>		<b>Monthly</b>	<b>£672.40</b>
		<b>Annual</b>	<b>£8,068.30</b>
Annual Savings to the <b>Owner</b>			£6,533.00
Annual Savings to the <b>State</b>			£1,535.30

State savings are calculated by assuming that the Home Share agreement leads to one less hour of housing related support a week, which would have been provided and paid for by the local authority.

- The homesharer gives 10 hours per week of identified help (not personal care)
- The homesharer agrees to be at home for a set number of evenings and weekends per month

### Costs and benefits - Owner

Each agreement is individually negotiated, but typically the home owner pays a weekly fee in return for company and ten hours a week of care. This can include shopping or help with cooking, but not personal care. The cost of that care is calculated as half the hours at the standard unit cost of £21.40<sup>2</sup>, with the other half at 50%, i.e. £10.70. This reflects that the services of the homesharer are not directly comparable to Housing Related Support or Social Care and that because it is an all-or-nothing package (you get ten hours a week under the agreement, in return for lodgings – the home owner may only need five, for example).

Further, small savings are made if the homesharer accompanies the home owner to the GP once every 2 months – saving the GP a home visit. And, that an additional person in the house has a marginal impact on the likelihood of being burgled (65pence a month).

Table 1

<sup>2</sup>Curtis, L. (2010) Unit Costs of Health and Social Care 2010 Personal Social Services Research Unit, University of Kent.

<sup>3</sup>Curtis, L. (2010) Unit Costs of Health and Social Care 2010 Personal Social Services Research Unit, University of Kent.

<sup>4</sup>The difference between the Unit Cost of a home visit from a GP and the cost of attending a GP appointment. Source PSSRU.

<sup>5</sup>Handyperson's Financial Benefits Toolkit. (2010), www.communities.gov.uk

## Crossroads Home Share Model

Benefits to the Homesharer	Unit cost	Units Per month	Savings
Rent	£350.00	1	£350.00
<b>Costs</b>			
Homesharer fee	-£190.34	1	-£190.34
Registration	-£50.000	.08	-£4.00
<b>TOTAL SAVINGS</b>		<b>Monthly</b>	<b>£155.66</b>
Annual Savings to Homesharer		<b>Annual</b>	<b>£1867.92</b>

Table 2

### Key figures:

In Table 1, the fee of £130 a month and forsaken rent (which is assumed to be nil in this case, as the scheme is predicated on there being a spare room which the owner does not want to rent out otherwise) results in 43 hours of support a month. The market cost of this is £674. The difference is £544 per month.

### Costs and benefits - Homesharer

In Table 1, the direct benefit is that the sharer is able to live rent-free in return for providing 43 hours of work a month, plus paying the fee to HomeShare to sustain the arrangement. Assuming that rental of an equivalent room would be £350 per month, including bills (bills are also included in the HomeShare fee), the sharer makes a net saving of £155 per month.

Interestingly, this results in the sharer making a decision that £155 is worth 43 hours a month – an average of £3.62 per hour. We conclude that there are additional social benefits to the work, which compensate for the effective hourly rate.

### Could the service expand?

The HomeShare model has clear benefits for both parties, demonstrated by the ability of the

### Costs of a basic scheme

Estimated Costs	
Manager	£45,000
Staff 1	£40,000
Staff 2	£40,000
Office	£15,000
Running costs	£15,000
<b>Annual costs</b>	<b>£155,000</b>

Table 3

Revenue	Unit cost	Per month	Revenue
Homesharer's fee	£190.34	1	£190.34
Registration	£50.00	0.08	£4.00
Home owner fees	£130.00	1	£130.00
		Per month	£324.34
		<b>Per year</b>	<b>£3892.08</b>

Table 4 Source: Crossroads Care Central & North London (CNL)

Crossroad's Schemes to be self-financing. Both sharer and owner are willing to make financial commitments to be part of this arrangement.

There are additional benefits, not costed here, around early intervention by the homesharer who can raise the alarm if the home owner's health declines and more support is needed.

Using the costs and benefits in Table 3, this report offers initial calculations for expanding the service, to demonstrate the costs involved and numbers of people required to participate.

The scheme generates revenue from its subscribers, which makes it self-financing (Table 4).

Assuming a 50% success rate for matches lasting at least one year, 80 clients per team of 3 people would be required to enable the Service to break even, using these cost and revenue figures.

### Recommendation

The model has clear benefits, is popular internationally and enables both parties to benefit financially. Relatively small amounts of investment would allow the expansion of services (in response to demand) that would be self-sustaining.



## Redbridge Council FreeSpace project:

- It has a strong and focussed team working with owner-occupiers
- FreeSpace brings together finance, practical help, equity release and inter-borough moves
- Strong team
- It provides a good return on investment with the potential for much more
- It is an excellent model with huge scope for replication, through Social Impact Bonds, in areas where there are high numbers of older people who are owner-occupiers of mortgage-free homes.

**This scheme is financially astute and accords with the government's recent housing strategy for England<sup>6</sup>. Owner-occupiers with large houses and low incomes are not able to downsize without selling their homes.** Initial research in Redbridge quickly revealed that 200 people in the borough were considering moving, but felt they couldn't. This scheme enables them to rent out their house, rent a smaller place and make a profit. The Council offers all the practical support to facilitate the move, with access to equity release and financial advice. In return, the Council is able to rent the house to families in need and manage that tenancy directly.

**A costed example: An owner-occupier with low income, in a 4-bedroomed house.** Table 5 shows the raw cost comparison between the market rent and FreeSpace rent rates, less the respective management charges. Per month, the owner receives £154 per month less with FreeSpace. However, these are theoretical losses as only with FreeSpace, can the older person access the Equity Release, Financial Advice, Moving Support and renovations all being managed on their behalf. These additional products are what enables the owner to rent out their house. Consequently, although FreeSpace offers a lower income, it is the only available option that enables the owner to enter the rental market.

## A costed example: An owner-occupier with low income, in a 4-bedroomed house.

Table 5 shows the raw cost comparison between the market rent and FreeSpace rent rates, less the respective management charges. Per month, the owner receives £154 per month less with FreeSpace. However, these are theoretical losses as only with FreeSpace, can the older person access the Equity Release, Financial Advice, Moving Support and renovations all being managed on their behalf. These additional products are what enables the owner to rent out their house. Consequently, although FreeSpace offers a lower income, it is the only available option that enables the owner to enter the rental market.

## Measuring the benefits

When the older person uses the FreeSpace scheme, they rent out their home and move to another,

<sup>6</sup>DCLG (2011), Laying the Foundation - A Housing Strategy for England

Four bedroom	Private Rental monthly	Free Space monthly
Rental income	£1,600	£1,300
Management charge	£240	£104
Certification of heating/lighting	£20	£20
Insurance	£35	£35
Maintenance	£50	£50
Tax	£75	£65
<b>Total</b>	<b>£420</b>	<b>£274</b>
<b>Rent - Costs</b>	<b>£1,180</b>	<b>£1,026</b>

**Table 5** Source: Market rates, Sept 2011: Project Manager, Overcrowding and Under occupation, Redbridge Council and may vary according to personal circumstances

cheaper home, better suited for their needs. Their original property is adapted and rented out to council tenants, where the lease is managed directly by the local authority.

Post move, savings accrue rapidly, in the example below.

- It is assumed that the person moves to sheltered accommodation at £564pcm which is nearer to their relatives
- The 'profit' from moving in rent differentials is £462pcm
- Their fuel bill falls by £360 per annum
- They receive 10 hours of family support a month (indirect saving only and not included in final benefit calculations)

Savings for the Older Person	Per month
Income from house rental less costs (including sheltered accommodation rent) <sup>7</sup>	£462
Heating	£30
Monthly saving	£492
Direct saving pa	<b>£5,904</b>
Family help <sup>8</sup>	£100
<b>Annual saving</b>	<b>£7,104</b>

**Table 6** <sup>7</sup>Estimates based on actuals from Redbridge, Oct 2011. <sup>8</sup>Assumes 10 hours of help per month, at £10 per hour equivalent

In this case, as shown above, for each year that the owner-occupier sustains the arrangement, they



make a saving of £5,904 per year, assuming that all FreeSpace costs are paid once the agreement ends.

The costs of setting up the move are shown below. These are typical costs, for a 4-bedroomed house and include team costs, with an estimate for the length of time for the intervention.

<b>Costs of FreeSpace<sup>9</sup></b>	
Team costs	£3,600
Financial advice	£2,000
Renovations	£20,000
Moving Costs	£925
Equity release charge	£1,500
<b>TOTAL</b>	<b>£28,025</b>

**Table 7** <sup>9</sup>Estimates based on actuals from Rebridge, Oct 2011

The caveats for these figures are:

- The calculations are at today's prices.
- There may be a gap between tenants which reduces total rental income.
- After 4-5 years, a further investment in the house is likely to be required, to keep the property at a rentable standard.
- Changes to pension credits and taxes which result from rental income have not been included as they are specific to individual circumstances.

As FreeSpace develops, the scheme may be able to reduce costs further, including:

- The scheme may be able to manage the rental property at no extra costs through existing resources (the ALMO or in-house lettings agency), enabling it to reduce the management fee.
- At present, the team costs are absorbed by the Council. It may continue to do this if the benefits

it gains in meeting temporary accommodation targets are valued sufficiently.

- As the scheme becomes established, there is scope to speed up the process of FreeSpace and reduce costs by streamlining and adjusting the service based on past learning. For example, if FreeSpace participants are prioritised under local renewal policies, it makes the process of finding a new home much more rapid.
- The scheme contributes to the Decent Homes agenda and enables more properties to meet the Housing Hazard and Safety rating standard.

However, in seeking to enhance the service, there is also a need to carefully consider the implications of forthcoming welfare benefit reform and address any financial issues arising for any home owner on state benefits.

### What happens in the event of the owner-occupier dying?

This section offers some calculations based on hypothetical scenarios where the owner-occupier dies at the end of year 1, 2, 3 or 4. The table below demonstrates the financial impact of that for Redbridge Council and the remaining family if they

- decide to sell the property or*
- decide to continue renting with FreeSpace.*

This modeling is based on a system where the invested sum plus interest is the redemption value<sup>10</sup>.

Where the family **continues** with FreeSpace, they benefit from

- Rent differential while the owner was alive
- Rental income from the property after death minus payment to the council for the FreeSpace service (adaptions etc). For the purpose of this model, we have set this at a yearly payment of 20% of the original cost.

<b>SCENARIO</b>	<b>AMOUNT REPAID/EARNED</b>			
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>
<b>Where the owner dies in Year.....</b>				
Redbridge return if house is sold <sup>11</sup>	£28,025	£28,586	£29,146	£29,707
Family return if house is sold (not including the value of the house)	-£2,121	-£1,217	-£313	£591
Relative continues to rent	£5,904	£18,515	£24,419	£30,323
Relative return if Redbridge claw-back at 20% pa	£299	£12,910	£18,814	£24,718

**Table 8**

<sup>10</sup>In its initial stages, FreeSpace uses a different financing arrangement because of how the pilot is funded. However, in terms of replication, the funding system assumed for this report is how services of this nature are typically managed, which is why we use an annual rate of return model

<sup>11</sup>Assumes a 2% increase pa. on the outstanding amount but this can be varied to model different rate of return assumptions

Where the family **sells** the House following the death of the owner-occupier, we assume they will benefit from the following:

- Rent differential while the owner was alive
- On sale, the value that the adaptations added to the house (depreciating at 25% pa.) minus the cost of FreeSpace, which is redeemed by the Council (increasing at 2% per annum)

### Summary

There are clear financial gains for the owner-occupier and family from this arrangement. There is also scope for the Council to charge a rate of interest on its investment as the margins would allow this.

Further, and large, social benefits may also accrue including:

- Helping the older person access safer, more accessible housing
- Reduction of hazards within the home
- Living nearer to a support network
- Improving the quality of properties available to families in need
- Reducing the carbon foot-print of the rental property through renovation

### Could FreeSpace be funded using a Social Impact Bond?

A bond pays an agreed rate of interest on an invested sum, although there is usually risk attached to that investment. Social impact bonds add a further dimension to this financial product by offering the investor the chance to buy into a scheme that provides social benefits. In this case, the social benefit is to enable older people use equity in their homes to generate rental income in order to live somewhere safer, less isolated and where they can maintain their independence.

This section offers some initial calculations to determine whether, in the case of the costs and benefits already assumed, there is enough margin within the financial benefits which accrue, to pay an additional return of 3% p.a. without making FreeSpace financially prohibitive.

The calculations are exploratory and further work is needed to secure conclusive results. However, it appears that if the FreeSpace agreement was delivered through a **5 year contract**, it could pay a 3% return, and still benefit the owner-occupier and their family.

**The Sums:** Three scenarios are offered for someone in a 4-bedroom house, requiring a £28k FreeSpace investment. Paying 3% return on the FreeSpace investment, results in a £70 per month extra cost. Per year, this reduces the direct benefits to the owner-occupier by £840.

- 1) The owner-occupier lives for the duration of the 5 year contract

Person dies at the end of year 5	Income
Year 1: 1 year of rent differential	£5,063
Year 2: 2 years of rent differential	£10,127
Year 3: 3 years of rent differential	£15,190
Year 4: 4 years of rent differential	£20,253
Year 5: 5 years of rent differential	£25,316
<b>Redemption</b>	<b>£28,025</b>
Net return outside house sale <sup>12</sup>	-£2,709

Table 9 <sup>12</sup>All modeled at today's prices

- 2) The owner-occupier dies in year 3 of the agreement, but the family continue with FreeSpace until the end of the 5 years

Person dies at the end of year 3	Income
Year 1: rent differential	£5,063.00
Year 2: 2 years of rent differential	£10,126.50
Year 3: 3 years of rent differential	£15,189.75
Year 4: 3 years of rent differential + 1 year of rent	£26,661.00
Year 5: 3 years of rent differential + 2 years of rent	£38,132.00
<b>Redemption</b>	<b>£28,025.00</b>
Net return outside house sale	£10,107.00

Table 10

- 3) The owner-occupier dies at the end of year 1, but the family continue with FreeSpace until the end of the 5 years.

Person dies at the end of year 1	Income
Year 1 - rent differential	£5,063.00
Year 2 - 1 year rent differential + 1 year rent- return	£16,534.50
Year 3 - 1 year rent differential + 2 year rent return	£28,005.75
Year 4 - 1 year of rent differential + 3 year rent return	£39,477.00
Year 5 - 1 year of rent differential + 4 year rent return	£50,948.25
<b>Redemption</b>	<b>£28,025.00</b>
Net return outside house sale	£22,923.20

Table 11

## Recommendation

Exploratory calculations suggest that the model could be funded through a bond issue, although further work is needed. Based on these figures, 178 people

would offer an investment opportunity of £5million, with a return of £150k per annum.

We recommend further questions to investigate, including the following:

- Are the margins wide enough that if further adaptations were required to keep the house at a rentable standard, the scheme would remain affordable for the owner-occupier?
- Would the rent differential be large enough for 3 bedroomed houses?
- What caseload size is manageable but also meets the levels of agreements needed for large investment?
- What are the social impacts of fewer people in temporary accommodation, less housing related support, stronger family life, etc?
- What are the tax and welfare reform implications? Although this will be on a case-by-case basis depending on income.

## Redbridge Council: Social Tenants' Service

**Redbridge Council also offers support and advice to people in social housing who want to downsize to a smaller property.**

	Payment per room downsized	Practical help plus £250
Social housing tenants	£2,000	£950
Rooms in 2010	42	42
Payments made	£84,000	£39,900
Saving		£44,100

**Table 12** Source: Redbridge Council

Of interest is that they have recently switched from offering a £2,000 reward for each bedroom freed up as a result of the move, to a £250 subsidy, plus a service which then provides practical help to move – from changing utilities, to identifying a new place to live. The impact on cost, from small samples, has been striking.

The results of this programme in Table 12, suggest that the barriers to moving house for older people, is not necessarily just financial, but practical. By offering to take on the practical tasks, like organising moving companies and overseeing the move itself, the Council is saving an average of £1,050 per move.

**FirstStop Advice provides independent, free advice and information for older people, their families and carers, about care, housing and finance options in later life.** It is delivered by a network of local and national partners led by the charity Elderly Accommodation Counsel (EAC) using three main channels – a website, a national Advice Line and a face-to-face service delivered by its local partners.

For this exercise, we have focused on FirstStop’s locally delivered, face-to-face housing advice, including the practical support offered to its clients. FirstStop offers a free advice service which helps older people to maintain or improve their independence. It then offers additional chargeable services, such

as its Moving Home Service or Equity Release Advice Service. Much of its housing advice work is with people who are in crisis, or nearing a point of crisis. To assess the impact of the service, we have focused on a typical and actual client, called Mrs Jones.

Mrs Jones, who has a variety of health issues, was essentially trapped in her own home, which was decaying around her. She was unable to use her bathroom and toilet without support, rarely ventured into the kitchen, while upstairs was uninhabitable and infested with mice. The result was that she needed high levels of support, including meals on wheels, personal care and help to complete rudimentary tasks that most of us would all take for granted.

This section looks at three scenarios for Mrs Jones, and applies unit cost data to the services that she uses in each case.

**Scenario 1:** Mrs Jones remains in poor housing

**Scenario 2:** Mrs Jones falls and is referred to a nursing home

**Scenario 3:** What happened following FirstStop’s intervention – Mrs Jones was helped to move home to accommodation that was better suited for her needs

### SCENARIO 1: Mrs Jones lives in poor housing

	Cost per unit	Units per month	Cost
Home care	£21*	60	£1,284
Meals on wheels	£4	30	£107
Social work admin	£63*	2	£126
Social Work	£181*	1	£91
Ambulance	£287*	0	£23
Home GP visit	£120*	1	£60
Rent	£303	1	£303
Outpatient	£152*	0	£50
Transport	£50*	0	£17
Elective inpatient stays	£2,749*	0	£220
Total per month			£2,281
Annual cost			<b>£27,366</b>

**Table 13** \* Unit Cost Source: Curtis, L. (2010) Unit Costs of Health and Social Care 2010 PSSRU, University of Kent.

### SCENARIO 2: Mrs Jones falls and moves to a nursing home

	Cost per unit	Units per month	Cost
Fall	£25,424*	0.08	£2,034
Residential care package	£2,395*	1	£2,395
Social Work admin	£63*	0.25	£16
Social services care	£250*	1	£250
Home GP visit	£120*	0.5	£60
Outpatient	£152*	0.1	£15
Total per month			£4,770
One off costs	Annual cost		<b>£57,235</b>
Crisis Social Work Intervention	£181*	5	£905
Social Work administration	£63*	15	£945
Annual cost			<b>£59,085</b>

**Table 14** \* Unit Cost Source: Curtis, L. (2010) Unit Costs of Health and Social Care 2010 PSSRU, University of Kent.

Such were the living conditions Mrs Jones found herself in, that without FirstStop, Scenario 2 is the assumed counter-factual. It was only a matter of time before she had a serious fall resulting in admission to a care home.



### SCENARIO 3: Mrs Jones is supported to move home

	Cost per unit	Units per month	Cost
Home care	£21*	40	£856
Meals on wheels	£4*	30	£107
Social work admin	£63*	1	£63
Social Work	£181*	0.25	£45
Ambulance	£287*	0	£0
GP appointment	£36*	0.5	£18
Rent	£303	1	£303
Outpatient	£152*	0.1	£15
Transport	£50	0.1	£5
	Monthly total		£1,413
<b>Cost of First Stop</b>			<b>£875</b>
<b>Total Cost</b>			<b>£17,826.11</b>

**Table 15** \* Unit Cost Data: Curtis, L. (2010) Unit Costs of Health and Social Care 2010 PSSRU. University of Kent.

Scenario 3 is the cheapest option, with the new housing reducing the need for intensive care and support, as well as reducing the risk of falling. The current scenario (1) where Mrs Jones stays in her current home is next cheapest, but unsustainable.

Unsurprisingly, a fall and admission into a nursing home is most expensive: over three times the cost of the FirstStop Scenario.

Costing the whole client caseload and subsequent costs avoided, would give a more accurate view of the service's benefits. However, FirstStop estimate that Mrs Jones represents approximately 60% of the clients using that particular service. As a social tenant with no savings, it is the local authority and primary care trust (PCT) who will pay in each case. For a large caseload, this can easily run into six figures of avoided costs.

### Recommendation

These initial figures demonstrate that for a relatively small amount per person, targeting support in a way that avoids falls and nursing home admissions through organising a move to better housing would have a clear impact on their budgets. Key to Mrs Jones's story, and those like her, is that despite her hazardous living arrangements, there was not an obvious way of averting crisis, apart from the FirstStop option which offered practical and local help. For areas with high rates of nursing/residential home admissions and hospital stays, services of this nature make a smart investment. This option also leads to an improvement in Mrs Jones's quality of life.

**This service is based in the West of England and offers a range of free services, also designed to help improve the independence of older people.**

The Housing Advice service offers practical help to people in crisis situations, such as after a fall. A key component of their intervention is that they can help local authorities and PCTs avoid the greatest cost scenario, of where a person is admitted to a nursing home as a temporary measure, but because their housing is unsuitable, this becomes a long-term default position. WE Care & Repair (and agencies like them) step in, to solve that problem through practical support.

This case study – typical of their case-load, demonstrates some of the savings that this intervention can make.

## Mr. Allen – An 85 year old gentleman with complex housing problems

### Context:

Mr. Allen was admitted to hospital, following a crisis. He was unable to go home, due to the condition of his property, so he was discharged to a care home.

At this point, adaptations costing £20,000 were required. As Mr. Allen has a low income, this was not possible and so plans were made to sell the house and help him move to suitable accommodation.

Mr. Allen has received approximately 66.7 hours of caseworker time, comprising 101 telephone calls, 21 visits, letters, emails and other forms of support.

*The service costs £17p/h – so direct cost of his intervention has been £1,139*

Care home provision for Mr. Allen is £500 a week<sup>13</sup>, which is paid for by the local authority. The Social Worker assessed that nothing else was suitable until his house could be sold and supported housing organised.

WE Care & Repair are the only service in Bristol that offer this support for owner-occupying resident. Without that support, Mr. Allen would not have been able to sell his house and he would have remained in care<sup>14</sup>.

<sup>13</sup>Local cost of residential care, supplied by WECare&Repair, September 2010.

<sup>14</sup>It is vital to establish attribution of the benefits to the service. This is not possible where they work with people for a short time, or the move happens 2 years after the advice etc. This limits the number of clients we can examine and the overall benefits of the scheme which are measurable

<sup>15</sup>Local estimate of residential care costs in this case

<sup>16</sup>Research into the financial benefits of the Supporting People Programme (2009) Capgemini.

## Direct cost reductions

Mr. Allen’s residential care home costs £500p/w<sup>15</sup>.

Reduction in care home	Direct Saving
12 weeks (Mr. Allen would have remained in care for a year instead of 9 months without the First Stop intervention)	£6,500
24 weeks (reduction by 1/2)	£13,000
36 weeks (reduction by 3/4)	£19,500

Table 16

Net Savings to date (taking most conservative estimate)

Savings/costs	Amount
Shortened time in residential care	£6,500
Service Cost	(£1,139)
Substitute Housing Care and Support Service	(£975 x 3)
<b>NET SAVING</b>	<b>£2,436</b>
<b>Net Benefit/Cost ratio</b>	
<b>= £2,436/£1,139 = 2.14:1</b>	

Table 17

## Further indirect benefits once the case is closed:

The service is supporting Mr. Allen to move into sheltered housing.

When the move is completed, the following, indirect benefits will be realised.

## Revenue Savings

For every £1 spent on housing related support, this will save an average of £7.40 to other agencies including healthcare, hospital admissions and residential care<sup>16</sup>.

- In one year, with 5 visits a week, this will cost £3,900, realising benefits of £29,071 in avoided costs. Net avoided costs = £25,171

## Capital savings

In accommodation designed for Mr Allen's needs, he is less likely to fall over and be more mobile. The net savings of the capital investment that he has made of £95k is £444 per year<sup>17</sup>.

## Conclusions:

- 1) The intervention makes a direct, net saving of £2,436.
- 2) It enables preventive care to be in place, which realises a further £25,171 in net cost-avoidance.
- 3) Net Capital cost avoidance is £444pa.

## Early intervention

WE Care & Repair also work with older people who are on a trajectory toward crisis – usually admission to residential care, following a fall. There is a wide range of research on the value of early intervention, which this report will not rehearse. However, this short example demonstrates how agencies like WE Care & Repair can help older people who are owner-occupiers to move to improved accommodation and also avoid (or delay) the sale of their home to pay for residential home fees.

## Mr and Mrs Smith

Mr Smith, 89 years old and Mrs Smith, 84 years old, live together in their £160k home. Running the house is becoming steadily more difficult, despite paying for support in the garden and home. Mr Smith had a stroke, and his wife is the primary carer. His health is declining and she is becoming more exhausted.

The most likely scenario for them is that Mr Smith goes into a residential home in the next 12-24 months, while Mrs Smith would attempt to live alone and try remaining independent, while becoming less able to do so. She believes that she will then end up in residential care as well.

Scenario 1	Cost per month	Units	Total
Mr Smith goes into residential care home	£2,395 <sup>18</sup>	12	£28,737

**Table 18**

Scenario 2	Cost per month	Units	Total
Mr & Mrs Smith go into residential care home	£2,395	24	£57,474

**Table 19**

In these cases, their house would be sold to pay for part/all of the cost of the residential care. As their home is worth £160k, their capital would be eroded quickly.

## The result of the intervention

What happened instead, was Mr and Mrs. Smith were supported by WE Care & Repair to move to Extra Care independent housing - a property which they part-bought, part-rent. The Smiths were given benefits and general advice and support to apply for additional Pension Credit, rent rebate and Attendance Allowance enabling them to afford the community fee and rental.

Crucially, the arrangement is sustainable if one of them goes into residential care, or dies. This makes the move a practical, long-term option for them.

## What did it cost?

The service was free for Mr and Mrs Smith. The cost of the intervention was £839, as below.

	Cost per unit	Units	Total
Lead Worker	£25.25	23	£580.75
Travel (rural area)	£10.00	5	£50.00
Management o/heads	£2.53	23	£58.08
Citizen's Advice Bureau (CAB) <sup>19</sup>	£25.00	6	£150.00
<b>TOTAL</b>			<b>£839.00</b>

**Table 20** Source: WE Care & Repair

The result is that they have avoided the sale of their home to pay care fees and are living somewhere that offers independence in a purpose built, disability designed, with walk-in shower, level accesses to prevent falls, gardening and personal alarm systems. In addition, they have the asset of their part ownership of the Extra Care flat. They are continuing to live together and have addressed the financial worries of what happens if one of them needs more care, or dies. In short, they have a better life and retained £160k of assets.

<sup>17</sup>Frontier Economics, Financial benefits of investment in specialist housing for vulnerable and older people, (2010). Homes and Communities Agency

<sup>18</sup>Curtis, L. (2010) Unit Costs of Health and Social Care 2010 Personal Social Services Research Unit, University of Kent.

<sup>19</sup>Local Estimate, October 2010

## Recommendation

These examples show some of the savings that result from practical support to move to the right accommodation either following a crisis (Mr Allen) or to avert one (Mr and Mrs Smith). The intervention costs are low, but can significantly reduce costs to the State and to individuals.

We have examined two typical cases through the narrow lens of residential care cost avoidance.

Further work, to examine the wider impact of a whole caseload would add to the body of available evidence. Also, accounting for the broader impact on costs – such as the increase in attendance allowance in the Smith’s case, which increases the cost to the State (arguably to avoid greater costs later) – would give accurate figures on the total cost/benefit of these interventions.

# Seamless Relocation



### **This organisation specialises in helping older people with the practicalities of actually moving home.**

The team offers an intensive programme of support and organisation ranging from changing address & utility details, to recycling and selling discarded possessions. A key facet is the emotional support they offer to someone who may be apprehensive or frightened because they are leaving their home and going somewhere new. Seamless Relocation also supports tenants of housing providers and local authorities and large numbers of owner-occupiers.

In terms of measuring the benefit of this service, attribution is complicated. The service is one in a chain, with housing providers, support staff and social care teams often involved. Therefore, clarity of the precise benefits of Seamless Relocation and services like it is key.

### **There are two main benefits**

- 1)** The service is spot-purchased. This means that in areas with low numbers of moves, a housing provider or local authority is able to access this specialist support, when the option of setting up an in-house team is unwarranted.
- 2)** Seamless Relocation specialise in helping lots of people move at one time. For example, where a housing provider has a newly built complex ready for a group of older people to move into on day 1. Failure to fill the places leads to voids, which can be expensive.

In a recent case, Seamless Relocation helped 14 older people prepare and move home in 2 weeks, into a new, purpose built property.

The average cost was £1,500 per person. All 14 people were moved on time, minimising the stress to the older person through intensive support which was drafted in specially for the project. This rapid deployment of staff at short notice, is what makes the organisation appealing to housing providers.

### **Outcomes**

The collective move of 14 people freed up 16 bedrooms. The average cost per bedroom freed, was £1,312. Because all 14 people moved on time and several tenants who suddenly got cold feet were encouraged to complete the move, there were no voids. The potential cost of a void is dependent on the market rate for the accommodation. Assuming an indicative figure of £550 a month (although this will be different in each case, depending on the provider) is the cost of a void, every day the 14 people were late moving in costs £257, or £1,800 a week, £7,700 a month. With these levels of financial risk, the service offers a clear benefit to the housing provider.



**Throughout the research for this report, it became clear that despite the level of commitment and dedication from the people working in this sector, it was very difficult to translate their good work into measured, scalable outcomes, let alone monetarise them.**

It is very difficult to justify collecting data, if the short-term impact is that a service can't help as many people. However, if long-term investment is going to flow into this area, then outcomes and cost analysis will become more important.

To try to help, it is suggested that agencies consider asking some of the following questions – perhaps just for a sample of clients - which were those used to construct this report. The questions attempt to balance getting the information that is needed to make a case for the intervention, without asking for 300 different data sources. It is hoped that the local authority, health commissioners and providers of services find these questions useful.

## **Contextual questions**

- How much does your service cost per hour?
- How many people do you help a year?
- What is the duration of that help? Short, medium, long term?
- Are you the only person helping your client? How many other organisations are involved?

## **Establishing a baseline**

- What services are your clients already using when they are referred to you? (housing support e.g. handy person, meals on wheels, social care, community health services etc)
- What is the nature of their problem/need they wish to address? (crisis or can't cope, need to move, want to adapt)
- What is the most likely thing that will happen to them if you do not help them?

## **Outcomes**

- What changed as a result of your service? (did the person move, have adaptations, take up home-share, or, no change at all?)
- What support does the person need following the intervention? Are there direct savings to the client, such as a fall in household expenditure e.g. rent, fuel bills, other?
- Are they living in a safer property now?

## **Counter-factual outcomes**

- Can you evidence that it was your service that prevented someone from going into a care home, or their condition deteriorating?

**This report presents elementary descriptions of the costs and benefits of five services, with estimates of impact erring on the side of caution. The initial calculations suggest the following:**

- There are some extremely imaginative solutions that can be offered to both owner-occupiers and social tenants that improve the lives of people as they age. Sharing a home, adapting, renting out and selling are just some of the many options.
- The benefit of these services is that they make it financially viable to improve a home or to move somewhere better.
- As well as monetary benefits, there are social and well-being ones too, e.g. having an accessible bathroom instead of using a commode or incontinence pads; living with your spouse, rather than visiting them in a care home.
- Trust is the crucial component of these services. Moving home is a big leap when you are 85 and without a **trusted expert** to guide you and help, moving can be a daunting prospect. The models outlined here are all based on the provision of a trusted person or agency that will work with the older person to secure the best outcome. The numbers can all add up beautifully, but without trust, nothing is going to happen.
- Arguably, local authorities have a natural role in this – they are trusted institutions, not-for-profit and the usual bill-payers for later-life care (providing a financial incentive to act). Similarly,

social investors who can demonstrate an ethical reputation could expand the investment in proven models.

- Replication and expansion of successful models is the key challenge. For a sector with so many good ideas and dedicated people, it is odd that there has not been the translation of small-scale interventions into larger programmes. The sector lacks a Henry Ford to bring the best services to the masses.
- A concerted effort to collect more data on outcomes would really help demonstrate the impact of services and lever in wider investment.

**And finally, it is recommended that:**

- Housing information and advice should be universally available.
- Social investment is the key mechanism for this expansion and should be encouraged to facilitate the growth of responsive and trusted local services.
- In response, the sector should develop a range of products to attract that investment, with particular focus on using the asset base of older people to under-pin the support and interventions offered.
- The preventive aspects, financial benefits and care efficiencies for such services need to be better demonstrated within health and social care economies.

**Nick O'Shea January 2012**