

Communities and Local Government Committee

Oral evidence: Housing for Older People, HC 370

Monday 13 Nov 2017

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Members present: Mr Clive Betts (Chair); Mike Amesbury; Bob Blackman; Helen Hayes; Kevin Hollinrake; Andrew Lewer; Fiona Onasanya; Mr Mark Prisk; Mary Robinson; and Liz Twist.

Questions 59-123

Witnesses

I: Sue Adams, Chief Executive, Care and Repair; Andrew Gibson, Vice Chair, Habinteg; and Julia Park, Head of Housing, Levitt Bernstein.

II: Michael Voges, Executive Director, ARCO; Paul Teverson, Director of Communications, McCarthy and Stone; and Graham King, Head of Integrated Commissioning, Sunderland City Council.

Examination of witnesses

Witnesses: Sue Adams, Andrew Gibson and Julia Park.

Chair: Thank you for coming this afternoon to give evidence to the Committee as part of our inquiry into housing for older people. Before I come to the witnesses, I ask Committee Members to put on the record any interests that may be relevant to this inquiry. I am a vice-president of the Local Government Association.

Mike Amesbury: I employ a councillor in my office.

Andrew Lewer: As do I, and I am a vice-president of the LGA.

Liz Twist: I am a councillor at Gateshead MBC.

Bob Blackman: I am a vice-president of the LGA.

Q59 **Chair:** Thank you; that gets on the record our particular interests. Over to you—if you could just go down the table and say who you are and the organisation you are representing today, that would be helpful.

Sue Adams: I am Sue Adams from Care and Repair England.



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Julia Park: I am Julia Park. I am an architect and head of housing research at Levitt Bernstein architects.

Andrew Gibson: I am Andrew Gibson. I am vice-chair of Habinteg Housing Association.

Q60 **Chair:** When we talk about housing for older people, we often focus almost exclusively on housing that is specifically designed for, built for or in some ways special for older people. Is that a mistake? Should we actually be looking at how the mainstream of housing meets the needs of older people, because that is where most older people live?

Sue Adams: If you start with, "Where do people actually live as they get older?" and "Where do they want to live?" it tells you that we are all different. The reality is that currently 96% of older households are in mainstream housing, and I think we can see from that that to ignore that sector is a mistake. That does not mean that the 4% and potentially increasing the specialist housing is not also important. But if you are looking at the entire society, and at health and social care as well, it is absolutely critical to recognise the pivotal role of the mainstream housing stock in ageing well, healthily and safely.

The other thing that is really important in the narrative is to say, "Where do people want to go?" You can hypothetically say when you are 25 or 30, or even 60, where you might want to live in the future, but the reality is that we are all different and in very different circumstances. There are well-off older people. We are "older" from when we are sort of 60 to 100, so that is a really long part of your lifespan—maybe even from 50, so half a lifespan. So you can see then that it is nonsense to say, "This is where older people should live", because we might be rich, we might be poor, we might have a lot of equity or we might have very little equity, if we are looking at policy for the whole country.

I would really like to see a shift in the debate so that it becomes far more rounded, so it is not about "Should you stay or should you move" and all the value implicit in that. We need to acknowledge that some people will choose to move and some people need better options to move. A very significant proportion will have very few choices and options. Ironically, what we might describe as the squeezed middle may have the fewest options, because most of our specialist housing stock is in the social rented sector but we now have 78% home ownership among that older population. That big growth from 50% in 1970 has been a shift into owner occupation among lower-income groups. So if you take that lower-income, lower-equity sector, they certainly have very few options. So that is where it needs this rounded picture.

How is the equity distributed around the country? Well, very unevenly. I think that now 50% to 60% of all the housing equity is in the south-east corner—London and the south-east—so to talk about older people's housing options up in Sunderland, Hartlepool, Blackburn and Oldham in the same breathe as those of older people in Sevenoaks is perhaps a



mistake. The new build private sector retirement housing as well has to go where people can afford to build it, so we need this rounded look.

Julia Park: I very much agree with that, Sue. I would just like to add that every new home we build today should last at least 100 years—many people are saying 200 years. Indeed, many homes have lasted much longer than that already, haven't they? I think we actually have to make our new homes last 2,000 years if we continue to build at current rates. That is pretty sobering, but what it means is that the vast majority, if not all, will be lived in at some point by an older person—certainly if we are older at 55. That is another compelling reason why mainstream homes have to be age-friendly. I think we also have, even if we are not older or disabled ourselves in our own home, responsibilities to older and disabled friends, family and visitors.

Andrew Gibson: I think it is just that. When I look at the numbers, I think that by 2030 we are predicting more than 20 million over-65s and about 20% of those will need some form of mobility aid within the home. I do not think that that could be met by specialist housing alone, and that is where mainstream housing has a huge part to play—and also the planning and building regulations that we put in place now, as Julia mentioned, for houses that we build over the next 30 years. Certainly at Habinteg, we advocate inclusive neighbourhoods where you have a broad demographic. We think that is healthier and better and also allows the neighbourhoods to be developed so that they are accessible for all.

Chair: We will go on to look, I think, at some particular issues to do with mainstream housing.

Q61 **Liz Twist:** Sue, why do people generally find it harder to maintain and heat their homes as they get older?

Sue Adams: Again, we are talking about a subset of the older population. Talking very broadly, as you get older—especially the older old—you will spend an increasing proportion of your time at home. Last time I looked at the data, you were looking at between 80% and 90% of people over 75 being in the four walls of their home. So you have to heat it for longer, straightforwardly. You do have a subset of the older population; not everyone is poor, not everyone is rich, so you still have this bottom fifth of the population, particularly single older people, where the average income is still only about £100 a week.

When you are talking about heating your home, it is a question of cost. On the other side is the efficiency of the home. We know quite a lot about English housing stock from the English housing survey. We start to get this picture of the older old being in the worst housing when it comes to thermal efficiency—for all sorts of reasons that we can imagine—so you get this combining of factors, where a proportion of the older population, who are at home more, are in homes that are harder to heat and on incomes that make it more difficult to afford those heating bills. Again, that is not all older people, but it is a significant proportion.



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That is particularly important in terms of cold homes and the connection to health, because there is a quantifiable link with the chronic conditions common in later life; those can be exacerbated. It is not only older people who are affected by cold and damp—children and young people are affected, too—but respiratory disease, arthritis and chronic obstructive pulmonary disease are more common in the older population, so there is a cost to the NHS.

The one thing that really exercises the NHS is the acute cases. The incidence of heart attacks, stroke and falls is connected to a home being colder. Then you have the connection with falls and hazards in the home. There is a real cost there for the older old, who are more at risk. It is more problematic for them to look after their home. Did you also ask me about maintenance and repair?

Liz Twist: Yes.

Sue Adams: On repair and maintenance, as I mentioned in the earlier session, we have seen this really big social shift in our society. We are seeing ageing, which is good news. People are living longer, and increased life expectancy is meant to be a good thing, but we also want increased healthy life expectancy. Alongside that, since the early 1980s we have seen a massive shift in the tenure of the population. It has gone from around half the population owning their homes in 1970 to today, where it peaks in the older population. For the population as a whole, the figure is going down. For all sorts of reasons, it has gone up to 78% among the older population.

There is an issue around the affordability of the ongoing maintenance of a home among lower-income groups. Even for people in the middle, where they might have some money to do the work—especially older and single people, which is the profile of many Care and Repair service users—there is a massive issue around trust and worry. You have got the affordability of the repair, and then there is the thought, “I know that this needs doing, but how on earth do I go about it? How do I get an affordable and good job?” That combines. Even with people who are quite well off, there is that worry among the older old. Lots of people are perfectly capable, even if they have always sorted out their repairs and maintenance, but if we mine the data, we know that it is the older old who are more highly represented in homes that are in disrepair and have hazards.

Q62 **Liz Twist:** You mentioned the English housing survey and the data around the issue. Do we have sufficient ways of recording the data about the impact of disrepair or poor heating?

Sue Adams: Because the data sample size has shrunk, we have got a useful sample nationally—a lot of the things that I will say today are based on that national survey and the national data—but the feedback we get at a locality level is that the sample size now can make it difficult to mine that data for the actions that you need to take at district council level, borough council level or even county level.



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For example, with the new Manchester combined authority there is a lot of interest around housing and health connections. They have got a lot of solid data about health, care and the ageing population, but because you have only got very global figures on the proportion of people who live in homes with a Cat 1 hazard, you cannot then mine that data to target your activity to those specific homes. A bigger sample would be useful.

Q63 Liz Twist: Can older people generally get advice quite easily on maintaining and heating their homes?

Sue Adams: I come back to this: which older people? There is a whole swathe of very active and well-informed older people. The really big division is whether they are digitally excluded or not. I was just looking at the data. The ONS now does annual data on digital exclusion, because it is a rapidly shifting picture. The most up-to-date information we have is that 59% of the over-75s still never use the internet. When we look at the provision of information about homes, advice services generally and income, that is very much shifting online.

My personal experience, which I have not quantified—it is anecdotal from around the country—is that there is a really big contraction going on of face-to-face information for older people of any sort. For home improvement agencies, Care and Repair schemes included, there is a contraction of their capacity of what they might have called advisers or case workers—people who can take a holistic, broader look. I think there is a shrinking availability for the more disadvantaged older old of good information and advice, and perhaps help to do the work they need or help to move if they want to move. There is a divide opening up.

With people like Which?—the Consumers' Association—and people on social media, there are quite a lot of ways to look up trusted traders; you can look at who is recommending things. I would also add that, with those systems, a builder is really only as good as their last job. You still need some controls over the quality of the work that is going on. What we are potentially losing, with the shrinkage of some home improvement agencies, is that their focus is on adaptation, and what is disappearing is people to turn to for help with repairs.

Q64 Liz Twist: Would it be true to say that, at a time when more and more people need this help with basic maintenance and heating, there is actually less of it about?

Sue Adams: Warm Front has gone. I am not claiming to be any sort of expert, or knowledgeable in the way that I am about adaptations and repairs, on the energy efficiency world. We know that a lot of the tools that were in people's pockets to improve heating have gone. However, I would say that, yes, I am seeing access for the most disadvantaged—the poorest single older women, which is really who we are often talking about—shrinking. There is less there to help them at a time when their numbers are growing exponentially.

Chair: Julia and Andrew, do you want to contribute?



Andrew Gibson: From our own experience as a social rent provider, one thing we were able to do a number of years ago was to fit solar panels, to try to alleviate some fuel poverty. I think there is scope to do that more, particularly across social housing. On the point that many older people spend 80% of the time in their home, there is an opportunity to retrofit that.

We have community assistants based in the schemes, and we are finding that they are having to help to signpost older people, again, more towards care and repair. A lot of it tends to be encouraging local volunteer groups to help, be that with gardening or other bits and pieces as well. I think what they can and cannot do is becoming very much a focus at a local level.

Q65 **Mary Robinson:** Some 36% of older people are living in their own homes, which is a big group of people. On the importance and relevance of housing to health—we have talked about Care and Repair and solar panels and so on—is a full-house retrofit a feasible option? Is it something we should look at, to do something radical, and putting radical packages together?

Sue Adams: I do not think we need a blanket package to retrofit every home, but I certainly think we should look much more at targeted retrofitting than we have for possibly a decade now. For all sorts of reasons in housing policy, the focus has quite rightly been on the low rate of building homes, but I think we need to look at the quality of homes for health. In terms of health impact, retrofit of the current stock is absolutely key.

Proportionately, the worst housing is in the private rented sector, but numerically that is by far the smallest. When you've got two million older people in a home with a Category 1 hazard, which makes it a non-decent home, that has a massive quantifiable impact on the health service. A lot of you will be familiar with Building Research Establishment Global estimating the annual cost to the NHS of non-decent homes as £1.4 billion. We have now looked at its data for how that divides by age, and about £650 million—just under half—relates to the older population.

I do not think we need massive amounts of money to do a retrofit programme for every older homeowner—78% of those 2 million are homeowners. Some people do have money, and I go back to enabling people who have some money to make the best use of it by helping them to do the essential repairs. There will also be a swathe of the population who cannot do that work because of their funding situation.

We are not talking about very large amounts of money, and the payback period for each of those individual hazards has been quantified by the Building Research Establishment. We know broadly how much it would cost to do it, and what the gains would be. Up-front cost for long-term gain is always difficult when there are other priorities, but I think it is very timely that we should shift to that, because we are seeing the end result in the health service.



- Q66 Liz Twist:** Andrew, you mentioned voluntary groups helping people. Do people know where to find help? Are there registers of local handypersons who can do these small jobs?

Andrew Gibson: Not at national level, as far as I am aware; we very much rely on local knowledge. Sue is probably better placed than I am to answer.

Sue Adams: If you find your way to the website of Foundations, the company that owns these home improvement agencies, you can put in your postcode to see if there is a home improvement agency or handyperson there. We try to put those links wherever we can, but overall I think the level of knowledge is fairly low. There is also the really big issue that you do not really know what you are getting. A minority of them might have a handyperson linked—more than used to have them—but what they actually do will vary enormously from place to place.

I am looking very closely at handyperson services, because they are so popular amongst the older population, and there is a trend that increasingly I have picked up. I have been visiting people up in Lancashire and looking at how they use a handyperson. As commissioning becomes more focused on saving money, we are inadvertently starting to lose some of the things that older people liked best about handypersons, which is that they did what people wanted doing. Going in to do a falls check and then doing remedial measures to reduce the risk of falls is a good thing, and numerically there might be a gain to the NHS, but it might not be the priority for the person being visited.

Just to make this real, here is an example. I randomly selected from the files of an agency half a dozen people to go and visit. Over half the people I help are over 85, quite a lot are over 90, and 75% are female and single. A lady I saw said, "The gate was hanging off and banging at night. I woke up every morning thinking, 'How am I going to sort this out?', so I randomly picked a builder. He came round and quoted £400, but I couldn't afford that and I didn't trust him anyway." Luckily, she went to the carers' group, who told her about the Care and Repair scheme. She got it done for £100, which she said she could afford. They also offered the safety check and the falls reduction risk check, in addition to what she really wanted.

A few months later, the strip light went in the kitchen. She has a husband with dementia who lives at home. She said, "We were trying to manage with candles and a torch, and then I remembered Care and Repair and they came and repaired the strip light. I feel I can manage now because when things happen, I know I have someone to turn to." That is incredibly powerful, and very useful. It really fits in with the narrative of people managing their own lives and feeling independent and in control.

- Q67 Liz Twist:** You have touched on this already, but how do disrepair, cold and hazards in the home affect older people's health and their ability to recover from illness?

Sue Adams: Without being very techy, there is a thing called the housing health and safety rating system which is underpinned by evidence that



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connects characteristics in the home with a health impact. It is that hazard system, the 26-hazard measurement, which very much underpins the Building Research Establishment figures.

To go back to the headlines that I mentioned earlier, the big one for the health service—the really big cost and the really big impact on older people—is if they have a fall. You can actually map the incidence of falls connected to hazards in the home where falls take place. Therefore, a holistic falls prevention programme—we are very pleased to see that the new Public Health England signed a concordat on this—does acknowledge that, yes you look at the drugs, yes you look at the muscle tone, and yes you look at the home environment as well. Falls are a big headline area.

Another big area is cold and damp, so if you combined those two—if you had programmes that tackled cold homes and hazards in the home for falls—you would really improve people's lives a great deal. A fall tends to be the trigger point at which people start to lose capacity. It is not just the physical impact, but the psychological impact—I can see people nodding. For three of my relatives, a fall was the point at which their lives started to go down like a pack of cards. The more that we can prevent that, the better.

- Q68 Liz Twist:** The picture I am getting is that there are things that we can do that are reasonably modest steps—a modest expense—if only we could get out to people and had a little bit of money to put the hazards right.

Sue Adams: Yes, and we have got quantified little programmes. One of my frustrations is that we have had pilots—I have been in this field for 30 years, and we pilot things and do the cost-benefit analysis. For example, a West of England Care and Repair initiative that was funded as a pilot by a local charity was to proactively go into hospitals and identify people who could not go home from hospital because of something in the home. It is now £450 a night for them to stay in hospital when they do not need to be there, but the average cost of the work the pilot did in those people's homes was about £290. So it is a bit of a no-brainer, but it tends to fall between the cracks.

Traditionally, the home-improvement agencies and all these services are funded by the local authorities, often the local housing authority, but the measureable gain in most cases is to the NHS. You can get a bit of ping-pong—"Yes, that's fantastic information and yes, I can see you again, but actually it is not our responsibility to fund it." We need to bite the bullet really. There is a wider social gain here, and it cannot just be left to be batted between the different interests of healthcare and housing.

- Q69 Mike Amesbury:** Are older people making adaptations to their homes when they need them? What is the evidence?

Sue Adams: The evidence is the English housing survey again, which is what we know. Its report earlier this year, which looked at where people self-reported that their home needed an adaptation, found that 1.9 million households said they needed an adaptation, and 55% of those had the adaptation that they believed they required. That leaves under 1 million—



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0.9 million or 0.8 million—who don't. That is all ages but, using national averages, about three quarters are older people. So we do have quite good information on that.

We know very little about what the private sector does—the sheer scale of the work that is done by the stairlift manufacturers, and the level access bathrooms. But according to the English housing survey, just 55% of people who say they need an adaptation to their home have gone ahead and done it. For the 45% who haven't, it is a mix of reasons, as you would expect. For 21% of them it was because of affordability; 13% said, "I don't think it's really worth it"; and we can probably hear some of our relatives going, "I might not live long enough to make that worth while." So there is that expectations side. A quarter just had not got round to it, but might do at some point. Interestingly, 15% had issues because of their landlords—"The landlord won't do it," or "The landlord won't let me do it." Then about 10% said that rather than do an adaptation, they wanted to move, because there is always a limit to what we can do to adapt homes.

So we will hit a point, possibly increasingly with the modern houses that we have built in the last 20 to 30 years. We are finding them less adaptable. The space standard is smaller and the construction is different, so you reach a point where you can't adapt a home to meet the person's needs.

Andrew Gibson: We complete about 250 adaptations a year. The majority are relatively low level, such as grab rails, particularly in washrooms and toilets and areas around doors. We self-fund anything below £1,000, partly because of the time limits. If somebody needs a grab rail, they do not want to wait six or 12 months; they probably need it now to alleviate exactly the things that Sue talked about. We try to be proactive and fit those as quickly as possible. About 60 go through the DFG system every year. Again, that is tenants coming forward. It could be a conversion to a wet room, a Clos-o-Mat toilet or a through-floor lift. A popular thing is self-opening and closing doors, if people are not able to open and close doors. Certainly we prefer to do the low-level adaptations quicker because it prevents exactly the kind of injuries that we have been talking about.

Julia Park: May I mention people in private rent, because I think that in a way they are in the worst fix? They are reliant on their landlords for adaptations and substantial repair. Private landlords are not very often terribly good at doing that. We are due to see a massive boom in the number of older private renters—I read today that it will triple by 2030. Does that figure sound right? I think it is going to be an increasing issue, and they really are quite stuck.

Q70 **Mike Amesbury:** What types of adaptation are most needed and what is the average cost?

Andrew Gibson: Our most frequent adaptation, as I mentioned earlier, is a grab rail. If it is fitted to a lifetime home—we talked about retrofitting



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and a lifetime home—it is less than £100 to fit a grab rail. It is relatively cheap. Another common adaptation is fitting a wet room. Again, it depends on whether it is a lifetime home, in which case it is typically about £1,000. If it is a non-lifetime home and it is possible to do it within the housing standards, it is about £5,000 to fit.

Sue Adams: In terms of the national picture, again using the English housing survey, 40% of people reported that they had had work done on grab rails. The second most common is bathing, with very simple modifications or adaptations; 25% mentioned toilets; and 19% had a shower instead of a bath. You can look at it in far more detail if you look at the disabled facilities grant. Obviously, that has paid for only a fraction of the adaptations, but it gives us a good indication. Around 50% to 60% are bathing adaptations. So if any of you are getting older or you have got older relatives, if you are going to do one thing, get rid of the bath. Not being able to get in and out of the bath is a major thing, so get a shower in before you reach that point.

The cost range is—how long is a piece of string?—£2,500 to £7,000. That is from DFG data. That could be a level-access shower. It is a mistake to put in ones with big steps and narrow doors, because people will probably reach a point where they cannot get in and out of it.

The second most common in terms of the DFG are stairlifts. About a quarter are stairlifts. The price range there is not so great. A simple straight stairlift—a single one—is about £1,500 to £2,500. It gets more expensive if there are curves or multiple levels. Again, thinking about the homes that we are building today, there can be three or four storeys with narrow stairs. If it is curved you are looking at £4,000 to £6,000, even on a single run. So the average doesn't tell you much. It is £7,500, but the vast majority—two thirds—are at £5,000 and under, so it is not big money in terms of the impact on people's lives. That is why it has such a good cost-benefit profile.

Julia Park: It is worth thinking about the adaptations. We know more about the adaptations that do happen than the ones that do not. There are some things that are really difficult but really important. The most obvious example is someone living in a block of flats. Without a lift, they are stuck. If someone is living in a house and they have a flight of stairs up to their front door, it is often difficult. You often do not have the frontage to put in a ramp. You do not have enough space to put in the ramp that would allow you to get into your door in a wheelchair. Even measures such as widening doors, which sounds simple and straightforward, are actually a nightmare to do retrospectively, because you are taking out your doorway, trimming your walls, which is not easy, and cutting away your skirting boards, and none of your carpets will fit any more.

By implication there are some real pointers there for where we should be heading in the future to avoid those things that are mostly pretty easy to do at the start but very difficult to do retrospectively, which means that people do not do them. Some of them are the things that would make the

biggest differences. If you are in a wheelchair and you cannot get through the door, it doesn't work.

- Q71 Helen Hayes:** I want to follow up on Julia's point on the private rented sector. I was just wondering if you had thoughts about the kind of package of measures that might be necessary to address the issue as it becomes a growing problem with our ageing population. They have increasingly been less able to afford to buy their own home. Where does the balance sit between regulation and incentive? What can be done?

Julia Park: Obviously, it is easier with homes that are not yet built. You can imagine regulations that would secure many of the features—many age-friendly features can be built into private rented homes as much as homes for sale, but with existing stock it is very difficult. It seems astonishing that we have not managed to extend the decent homes standard to homes in private rent. We have done that for those owned by housing associations and local authorities. It is difficult to see how we could shift private landlords to accepting responsibility for adapting their homes for an older tenant, particularly as they give short-term tenancies and that tenant might be gone in six months anyway. It is very difficult.

- Q72 Mike Amesbury:** Looking at other sectors, such as social landlords, what barriers do older people face from social housing trusts in terms of adaptations? Are there any problems there?

Sue Adams: It is quite a mixed picture, but we have some data from Leather and Mackintosh, who have been analysing the DCLG LOGASnet information about trends and DFG use. What they are picking up is a really big shift away from social landlords doing the repairs in their homes. It is very varied. There is an increasing use of the disabled facilities grant. The DFG is a cross-tenure grant, but a very high proportion in some localities is now being taken by the social rented sector, and that leaves a lot less in the pot for the big 78%, the low-income older homeowners.

Some housing associations are still—there is a big geographical division—doing the work for their tenants. It could be the minor works. Certainly there will be new guidance on minor works without delay and what a social landlord could be expected to do, but on top of that we are picking up in that in some parts of the country we have problems currently with private and social landlords refusing permission for the home to be adapted. Some are even charging—it has been given a letter of permission; this is something we are getting back from the Chartered Institute of Environmental Health officers' experience.

I am simplifying this, but I think that where there is more pressure on stock availability, perhaps in the south/south-east corner, there is more of a push to say, "No, we don't want that person to have an adaptation; we want them to move," and it gets very connected with the classification of those people as under-occupiers. So that is definitely something that we are picking up on.

Andrew Gibson: It does make it more difficult, because there is a huge demand on skilled occupational therapists who then have to do an



assessment of an individual's house, and those therapists are in short supply. Again, that can add quite significantly to the waiting time and the experience that somebody has in trying to get adaptations fitted to their house. So it is quite an involved and lengthy process, but the first point is that an occupational therapist, who is skilled, can do a proper assessment of the house. We often find that is a bottleneck, just to get the actual process moving in the first place.

Sue Adams: Some social landlords are employing their own occupational therapists. Some are taking this really holistic picture and saying, "Well, let's talk to you about whether this is a good place to adapt or stay, or whether there are some good options for moving." That is a constructive way of approaching, with the tenant, the best options for the tenant. But just saying, "No, you can't have permission to do the adaptation, and we think you're under-occupying and you want to move," in a minority of localities does not seem terribly helpful.

Q73 **Mike Amesbury:** My final question is this: to what extent can the building of age-friendly houses reduce the need for future adaptations? Is it possible?

Andrew Gibson: Predominantly, we are talking about lifetime homes, which we have championed for a long time, and they are now optional in the building regulations that were introduced in October 2015, which was certainly welcome.

There are a number of things that we talk about, such as fitting a grab rail. If you try to fit a grab rail to a modern house now, it will fall off the wall before you have put any weight on it. At least within a lifetime home, the infrastructure is there in the bathroom to allow you to fit it, with the costs I gave earlier—it is less than £100 to fit a grab-rail; it is quick and easy; and if it can be done, it is quite significant.

We have talked about the need to convert into wet rooms, which clearly is the safest way. Again, the cost there is a fifth of the cost if it is in a lifetime home. Certainly our experience is that that reduces the slips, trips and falls that affect quality of life, and it makes a significant difference. But it is not just for the older person. It is actually lifetime homes in terms of space requirements—if you have a young family with pushchairs, or getting furniture in the house, all these kinds of things actually help with the quality of the house.

We talk about individuals' houses. The danger that I am always concerned about, particularly with specialist housing, is that it means that once you are in that house you cannot actually get out of it, because you cannot go and visit anybody, because the other 93% of housing stock is inaccessible, or certainly, at the very best, visitable.

So the standard for us really is the lifetime home of the M2 standards in the building regulations. If we build all new houses to that standard, we start to eat into improving the housing stock for all society, not just specific parts.



Q74 Chair: Coming back to the issue of the availability of grants, I am thinking of the grants for bigger adaptations—perhaps the extensions, the wet room or even the complicated stairlifts. Is there any evidence that it is becoming harder to get those grants, that the criteria are maybe tightening up and that, even where grants are approved, it takes longer to get the work done?

Sue Adams: The evidence is a complete patchwork, depending on where you live around the country. As I said, there are pioneering areas where they have said, "Okay, the disabled facilities grant is for everything from an extension to a £2,000 shower, so let's take out everything under £5,000. We simplify it, get rid of the means test, we block-contract, we bring the unit cost down, we get it in quickly and then we can concentrate more of our OT service and our focus on the bigger ones," and they have got very good services running.

What I have picked up on is the feedback from the Royal College of Occupational Therapists. Where they are working with, say, more severely disabled people, and in particular disabled children, where the cost-benefit is actually enormous, if you can keep that child with the family, compared with care costs. Their feedback is that the £30,000 cap is causing problems because they cannot do perhaps quite a large extension with a bedroom and a bathroom for a seriously disabled child.

So there is feedback in an important but small number of cases that the DFG limit is becoming problematic. How long you have to wait is incredibly variable from one place to another. In some places you can get small works turned around, perhaps where they tie in with the health service or a hospital, in days or weeks. In other places we are getting feedback now where we are back to the days of two or three-year waits for an OT assessment, which is not really acceptable.

Q75 Chair: Is that legal?

Sue Adams: It depends when you start counting, and what do you do about it?

Chair: People have certain rights in law.

Sue Adams: There is guidance on how long things should take. The clock starts ticking when you have made an application, but that is a bit of a grey area.

Andrew Gibson: In our experience of local authorities, I would describe it as a patchwork in terms of levels of response. But we are equally aware that, for example, Gloucester City Homes has proactively worked with the health service and retrofitted a number of homes. They have really understood the local population, which is where I think a lot of issues come from. We are not actually clear about our local demographics in terms of older people and disability and mobility requirements in housing. But they have understood that and were able to put money aside to retrofit. Their evidence is that they have significantly reduced injuries and



accidents in the home. However, there is a patchwork across English councils.

- Q76 **Mr Prisk:** I will start with Julia if I may. Andrew has just described to us what he thinks some of the benefits are of age-friendly housing, principally around the lifetime standards under category M. What in your view are the principal benefits, particularly for the occupier, the elderly person, in an age-friendly home? What would they see as the principal benefits?

Julia Park: The principal benefits would be practical. They would have room to turn a wheelchair in a hall and be able to enter rooms without having to jiggle and make lots of movements. They would have a workable bathroom—quite a sizeable bathroom. They would be guaranteed step-free access to the front door. They would have a large WC at entrance level with the potential for a shower. So it is nothing particularly astonishing to look at, but all those little moves added together mean that day-to-day life would be very much easier.

It is important to add that they would not necessarily be guaranteed the space they need. The space standard is separate from the accessibility standard. We have a nationally described space standard, which is derived to make category 2 homes work. Its basis is the age-friendly standard, and by implication it is quite generous for homes that are less than age-friendly, but that is how it was pitched. They are compatible standards, but they are applied and adopted separately through the planning system. You can have a situation—indeed we do—where some local authorities have adopted only accessibility category 2 standard and not the space standard. Others have got the space standard but not category 2. Some have adopted both together and others have not adopted either. In my mind, only one of those permutations works: the one where they operate together.

Although the accessibility standard will give you certain guarantees of space in particular areas, in your bedroom, for example, it will only give you a zone around the bed. There is no minimum size for the bedroom. So you will be fine as long as you don't need a wardrobe or a chest of drawers or anything else in quite a small bedroom. The standard is silent on living rooms and pretty much silent on kitchens and eating areas. It takes care of halls, bathrooms and the little bits. Storage is in the space standard, so there is no requirement for a home to have a cupboard at all, unless the space standard is invoked at the same time.

- Q77 **Mr Prisk:** Thank you for that. It helps us understand the different elements of building regulations and how their interplay is crucial. Can I ask you both to take that forward? What is the next step that is needed to make this effective in all homes and what are the costs? Clearly, larger space standards have land cost implications, but what are the other costs in building design? Is this simply a different kind of design, or are there noticeably additional costs built into what that standard would be?



Andrew Gibson: There are some published numbers—DCLG did a report a couple of years ago. If I pick a typical three-bedroom semi-detached house, they talked about the build costs being about £521 more to build, then there was a space requirement, which was in their numbers about £900, so we are talking about £1,400 for a typical three-bedroom semi-detached house. Those are DCLG's numbers and our experience is broadly similar, though clearly that ranges across the country. So it is not significant after you have taken into account Julia's comments about space standards: £1,400 for a three-bed semi-detached house, on average, does not seem significant in terms of building a house to the M4(2) standard which has all the future-proofing benefits we have talked about—as people grow older, being able to make adaptations that are significantly cheaper.

Q78 Mr Prisk: What are the differences in terms of total space, or land take, which is what I suppose I am thinking of here? Clearly land will be a fundamental cost where new build comes in, but are there figures that give us give us a sense of what the additional space would mean, and therefore the likely land cost?

Julia Park: We did a piece of research on how lifetime homes would impact on density—that means how many homes you can fit on a hectare of land—so that was relevant. We found that, on average—but what is average? That is one of the problems we talk about, because we are talking about “extra” costs but we have no starting point. What does an ordinary home cost, before you make it age-friendly? That's anybody's guess. Anyway, let's not go there.

It's a bit the same with density, and we did work with house builders on this. We reckoned that you might lose 1.5 homes per hectare on a typical suburban development through making lifetime homes and invoking a compatible space standard. That might be the cost in terms of homes, if you see what I mean. But like most of these things, if you build them into regulation—and accessibility has been built into regulation, but they are optional requirements which are there for local authorities to draw down when they need to—then you are always vulnerable to claims that they upset viability and cost more, and that we can't afford it. If they go into regulation and become non-negotiable, the cost will quite quickly on the whole come out of land value. You're not paying the extra cost; the landowner is getting slightly less for the land. I am sure that is perfectly obvious to all of you, but I think that is very much where we need to go.

At the moment, across the country, the local authorities vary enormously. We know that some have not invoked accessibility or the space standard at all. In London, they have invoked both standards to the extent that 90% of new homes in London have to be built to Category 2, and the other 10% to Category 3, which is wheelchair, so they are fully accessible if you like. There is literally that variation from nothing to all across the country, and that bears absolutely no relation to geographical or demographic need across the country. It is very much what the local authorities have had time to do, in terms of updating their local plans, or how brave they feel about, you know, upsetting developers and making it policy. That spread speaks for itself. It really isn't a policy that is working



nationally; it is a policy that is working in a few places, and not at all in others.

Q79 Mr Prisk: Is that your experience, Andrew?

Andrew Gibson: To add to that, we did a freedom of information request last year to local authorities. There were two key questions, first whether the lifetime home Category 2 standard was built into their planning and, secondly, whether they monitored and tracked the number built. Only 8% met that requirement and, if you take London out of it, because as Julia said London—

Mr Prisk: Two per cent. of what?

Andrew Gibson: Of the local authorities, only 8% actually had the standard in their planning and measured it. If you take London out, that number drops to 3%. Outside London it is quite significant. As Julia mentioned, London has had it as mandatory in its planning since 2004. The numbers are quite frightening in terms of plans.

Having said that, we are aware that a number of the big regions are now looking at it. The new Manchester Mayor has indicated it is going to be in its planning. Liverpool has, and we know Leeds are. Sheffield, in its city homes partnership, is looking to build everything to M2 standard—Category 2 standard. There is some change, but I absolutely agree with Julia that we need a clear steer in terms of certainty of building regulations in national planning. Is it that the M2 standard is the mandatory standard? At the moment, local authorities are obligated to take a view of local demographics, but what is the check to make sure that that actually happens and delivers?

Q80 Mr Prisk: Thank you. That gives us a sense not only of where the issues are around viability but of the challenge around the role that local authorities have in setting this out in their local plans. The fact that you just said that only 8% currently do that is clearly very concerning, though you have just described that more are looking to do this.

Could I just ask one further question? Let me take one step back from building regulations—perhaps this is most relevant for Julia—to the issue of design. I have certainly seen, both as a constituency Member and indeed as a chartered surveyor, properties where you can immediately see the way in which the design reflects the needs of its occupiers rather than necessarily a standard approach. Do we need to think a little more holistically about design? You have mentioned bringing together different elements—different parts—of building regulations. Is there sufficient effort, or indeed knowledge, going into the way in which the design for homes for lifetimes is going to work for the next 20 or 30 years, especially given the digital transformation?

Julia Park: No, I do not think enough effort is going into that. Regulation can only go so far, and its primary purpose is to provide a safeguard; it is not really to promote quality as such.

Q81 Mr Prisk: It is a floor, not a ceiling.



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Julia Park: Yes, on the whole. Design is so all-encompassing that it is very difficult—I mean, you cannot regulate for good design. It is difficult enough to define standards. I think we all know it when we see it, but it is multifaceted. It is not just about how something looks; it is about how it functions, how flexible it is, its technical performance, its environmental sustainability and how long it lasts. All of that is part of a designer's role. It makes an enormous difference when homes are well designed in that all-round sense to all of us, but particularly to older people, partly because we spend so much longer in our homes when we are older and partly because we cannot reach so far or bend down so far. Everything becomes a little bit more difficult as we age, so thoughtful design can ameliorate a lot of difficulties really quite simply.

Chair: Thank you very much for coming to give evidence to us this afternoon.

Examination of Witnesses

Witnesses: Michael Voges, Paul Teverson and Graham King.

Q82 **Chair:** Welcome to our second panel this afternoon. Could you tell us who you are and the organisation that you represent?

Michael Voges: My name is Michael Voges. I am the executive director of ARCO, a trade association for housing with private and not-for-profit care providers. In the affordable renting sector, that would be extra care housing, and in the private payer sector that would be retirement villages or independent living.

Graham King: My name is Graham King. I am the head of commissioning at Sunderland local authority and I cover adult social care, housing and health services.

Paul Teverson: Good afternoon. My name is Paul Teverson. I am the director of communications for McCarthy and Stone, a UK retirement house builder.

Chair: Thank you for coming to give evidence. Before beginning, I should say that we are really very saddened to hear the other day of the untimely death of Councillor Paul Watson, the leader of Sunderland City Council. I had known Paul for a number of years and I was just talking to Bob Blackman about a visit that we both were on to Sunderland a few years ago as part of our inquiry into councillors in the community. We saw the innovation in service delivery that Sunderland was bringing about under Paul's leadership. Allow us to express our commiserations to the Council and the people of Sunderland for their loss, but also particularly to Paul's family for his untimely death.

Graham King: Thank you, I will certainly take that back.

Chair: Thank you.

Q83 **Fiona Onasanya:** This is a question for Michael and Paul. How does the level of demand for specialist housing compare to supply?

Michael Voges: I should make it clear that I mostly speak for the housing with care sector where you would typically have care services and on-site meals—the higher level of service provision. In the UK, only about 0.5% of over-65s live in a housing with care development, and we know that in other countries such as New Zealand, Australia and the US, that figure for housing with care is about 5%. We are quite a long way behind other countries for that specific housing type.

We believe that it is very much a question of lack of supply, because we have asked our members for information on their void levels and they say that any point in time, between 1% and 3% per cent of their units are unoccupied, in between being re-let or resold. Resale prices are not an issue for our members; there is a very healthy resale market following the housing price index. Ultimately, we have heard lots of stories, such as one

member who opened a retirement village in Oxfordshire and sold 21 apartments in half an hour. They had people queuing down the corridor for that showroom to open. If you build the right product, there is a huge demand for housing with care in the UK currently, and supply is not keeping up.

Paul Teverson: To add to those points, McCarthy and Stone in the last year sold around 2,300 units of retirement housing. That makes us one of the largest UK housing providers, but the retirement sector as a whole builds around 5,500 retirement units a year, so although perhaps we are big fish, the pond is very tiny. If you look at one of the three major national house builders, 5,000 units is about a third of what they do in a year on their own. We build 160,000-odd new-build properties a year, and 5,500 of those come from the retirement sector across all tenures, which is pretty tiny.

If you look at what the level of demand could be—there are surveys by Knight Frank and Savills that suggest that we could go from that 5,500 units a year to around 20,000 to 30,000 units a year. In the 1980s, the records show that the sector was delivering around that level, so something in the last 20 years has made us drop off entirely.

Looking back at one of the sessions when Claudia from DEMOS was presenting, there was a reference to there being about 700,000 properties that can be classified as retirement housing in the UK generally. Around 157,000 of those are for home ownership, so the tenure balance is relatively inverse to the tenure balance in the rest of the housing sector, as perhaps you have three quarters in the affordable housing sector and only one quarter in the private sector.

As Sue Adams mentioned, around 78% of older people are home owners—with different levels of equity, absolutely, but they are still home owners—and generally they want to maintain that level of tenure. So there is a big shortfall in all forms of retirement housing. I think that 700,000 represents about 2% or 3% of all UK housing stock under the 25 million homes that we have got. There is a particular shortfall in the private sector.

Our surveys with YouGov show that around 38% of older people are looking to downsize generally—not necessarily into retirement properties, but generally—and around a quarter of all older people would be looking to move to a form of retirement housing. I think we would all accept that retirement housing on its own is not the be-all and end-all—housing adaptations and people wanting to maintain where they are has to be part of the solution—but there is a big, unmet level of demand out there.

Q84 **Fiona Onasanya:** So you think that it is somewhat undersubscribed, people going into retirement homes? You talked about them wanting to adapt their properties. Do you feel that you need more properties for the demand?

Paul Teverson: Yes, we could build much more than we are doing—with the right regulatory framework, we could do that. We know through the



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HBF group that we sit on that there is a number of retirement housebuilders out there who are looking to grow hugely, and I think Michael has got a huge level of investment interest among his members and looking for them to grow as well. We know that the demand is out there and, like Michael, when we look across our managed stock, only about 4% is vacant—there is a 4% void rate. So we know that there is generally waiting lists for people to buy one of our properties.

- Q85 Fiona Onasanya:** Building on that, where you are saying people are looking to buy, when it comes to the tenure of the properties, what does that look like for retirement homes? Is there sufficient diversity there for people?

Michael Voges: Again, talking about that extra-care end, two thirds of our members actually provide extra-care housing that would be run by housing associations. That is something that our country should be proud of, really. We often look at Australia and New Zealand, for example, as countries that have a very mature retirement village market, for want of a better word. If you go over there, the majority of their provision is private, and it is for sale.

Interestingly, the New Zealand Government is now looking into ways of developing a product that delivers those housing and care benefits for more people with more moderate means. But at the same time, what we have here, if you have too many assets to qualify for extra-care housing but you cannot quite afford to move into the high-end retirement villages, there is actually very little provision. There is virtually none for private rent, I should add. So if you want to rent somewhere instead of buying somewhere, that is a very underdeveloped market.

- Q86 Fiona Onasanya:** You mentioned people with moderate means. With regards to health and wealth, how do the products suit people with moderate means but who have sufficient health issues?

Michael Voges: Extra-care housing or housing-with-care is a very good product in that respect. There was work done by one of our members, The ExtraCare Charitable Trust, which the Chairman will be familiar with—Brunswick Gardens is in your constituency. I am sure you have visited.

Chair: Yes, I have—many times.

Michael Voges: They did a study about two years ago, and found that the number of hospital stays was reduced because they run care services on site. If people were admitted to hospital, they typically stayed for a much shorter period of time, and they could be released home earlier because they had 24-hour support on site, there was all-level access, they could go and have meals and there was a network of friends.

What they found was that the social care savings were between £1,000 and £4,000, but in terms of the saving to the NHS and the healthcare budget, that was also thousands of pounds that their schemes delivered due to reduced visits to hospitals. That is quite well documented, and there is a number of different studies on that. That is one reason why we



believe older people are cottoning on to having to prepare for their old age.

Only about a third of people living in a retirement village actually have care needs at any one time, but we know that for most people moving to a retirement village, the availability of care being there as a safety net, if their care needs might increase, is very important. That is really one of the benefits that the housing-with-care model offers. And I think that is one of the reasons why we are seeing it being so popular.

Q87 Helen Hayes: A question about design. A lot of retirement housing—including a lot of that provided by McCarthy and Stone, actually—is easy to identify as such; it has a certain typology that looks like a retirement home and you can spot it coming down the street. I just wondered whether you think that that has a demand-limiting effect in any way; sometimes people might not want to think about making that whole shift into living with lots of other older people, and accepting that their needs are growing, and so on. Is there space for a range of new design typologies? That might actually help to expand the demand for retirement housing, because more people might feel like it is slightly less stigmatising, and feel it is a move that they feel able to make earlier in their lives.

Paul Teverson: That is probably one for me. When you look at the history of retirement housing, McCarthy and Stone pioneered the owner-occupied retirement housing sector in 1977; before then it had been mainly public-sector stock. I think if you look through the developments in the '80s and '90s there is a synergy, shall we say, between them, which I think I absolutely agree with you on.

The new management of McCarthy and Stone, which came in in about 2013—and since then we have listed on the stock market—has been very focused on driving the whole business forward and looking for designs that reflect the aspirations of what you could call the new generation of retirees. I am thinking of one of our sites down in Poole in Dorset. It is designed to reflect the Sunseeker yachts that are designed on the harbour. It overlooks Sandbanks and Canford Cliffs. It is not quite located in those hotspots, but it looks over them. It is designed with a kind of bow of a ship, and fantastic contemporary-looking white, smooth render or glass.

I think we have, as the market leader, those legacy developments, which are absolutely fantastic places to live, and have really fantastic levels of companionship and camaraderie among the residents; but I think we recognise the exteriors are pretty similar. So we have taken on board a lot of the guidance from Housing our Ageing Population: Panel for Innovation; we are looking to design more atriums into our schemes, much more glazing and more dual aspects. Our whole apartment sizes are up by about 20%. There are more en suites and more storage. I think we have really tried to get to that level where you are walking into a development and you just go "Wow, this is fantastic!"



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What we perhaps suffer from is the generations gone past when there was absolutely fantastic community feel, but where maybe the designs haven't dated as well as we hope our new developments have. I think you are right that we need that level of innovation and excitement in retirement housing. It has to be an aspirational move, rather than what is described as a last-time move. We want this to be that your later-life house is the best property, rather than the last property, and is considered in that way.

Michael Voges: I think what you also find is that there is a new generation of what we call vertical villages coming out of the ground. Some of you might be visiting Battersea Place tomorrow, which sits on about 0.8 of an acre, and has 110 apartments on 11 storeys, I believe. There are other blocks—there is one in Coventry that is 240 apartments, which goes up, I think, 12 storeys. What you find when you walk in is you have woodwork rooms, bars, restaurants and gyms. That, really, has redefined some of that traditional—if I say “retirement villages”, some people think about very remote schemes; but these can be absolutely in city centres these days. I think that really has shifted some of that development.

If you look at where people want to live, there is this stereotype that old people always want bungalows; but actually what they want is a great location to live in, with the right services to support them to keep them living there. You will find that the first ones to go are normally the ones right at the top, actually. Once you get them off the ground floor they are very happy to live wherever it is, even if that is on the 14th storey, overlooking the Thames or what have you.

Q88 Liz Twist: Michael, you talked about providing housing with care. I just wondered if you could explain what that is.

Michael Voges: Yes, I can. If you think about your constituency, Winton Court, run by Housing and Care 21, for example, which you might have visited—it is typically a collection of flats that are self-contained, so it is not a care home. The people have their own front doors—either one or two-bedroom flats. There will be someone on site 24 hours a day. There will be a care agency, typically registered on site, to respond to those calls. It is not a model where you press a button or pull a cord and then someone gets in a car half an hour later. Someone will be able to respond to your emergency. There will be issues around for-rents, for shared ownership or for-sales; different tenure models exist within that. There will also be availability of meals, which is very important. What they are designed for really is to keep people independent for as long as possible.

If you talk to people who ran care homes about 30 or 40 years ago, they will tell you stories of the old colonel getting into his car and driving down to a care home, which was really a Victorian mansion that had been converted into a care home. They might have lived there mainly because they couldn't cook an egg to save their life after their wife died and they needed a bit of companionship, and they brought their dog in their car.



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What you are seeing now is actually that the average length of stay in a care home has dropped to under two years—I think it is about 18 months in residential care, while it can be about 14 months in nursing care; dementia is a bit different. At the same time, you are seeing the greatest growth in the number of older people in the 85-plus population. Those people might not need the levels of residential care, which is very expensive—you typically get a room—but they might need something that offers them some support. They may have no care needs at first, but as that develops and they need a bit more help, maybe with some housekeeping or getting their clothes on in the morning, the housing with care scheme, or the retirement village or community, offers them that.

It is very much a new model that is growing very fast in the UK. The key difference between the standard retirement housing you have seen is that it has those service offers but it is also run as an operational model. People are actually not just building them to sell them, but they sell them and then run them over a long period of time.

That is the part of the sector where some of the big institutional investors have recently bought into, because they realise that there is a real demand for that type of product. The likes of Legal and General have recently acquired one of our members, and AXA has bought another one of our members. I think that is really where the housing with care model is heading. It can replace the care home, but it can also be much more aspirational than that.

Q89 Liz Twist: Is there a standard accepted definition?

Michael Voges: There is a reasonably accepted definition. If you look at what the Elderly Accommodation Counsel says, or what is a C2, in planning use-style terms—a single planning institution capable of delivering care to older people—I would say that it is widely accepted, but not widely accepted enough, which is one of the reasons why the planning system struggles slightly with what the nature of housing with care is.

Q90 Chair: One issue about the extra care model is that it partly works because many of the people who come into village developments of that kind actually do not have care needs and are able to support others who have, as part of a community. How do you ensure that that type of community continues and that when places become vacant, given the pressure to find somewhere to live for people with quite high care needs, you do not fill all of the vacancies with people who have high care needs and the nature of the development changes over time?

Michael Voges: That is a very good question. What you need to consider is that, if you build retirement housing, you might sell it initially to people in their mid to late 70s. Ten years later, the average age will be in the early to mid-80s, because people move out and are replaced by people who are likely to be slightly older.

Again, I think the focus there is to build a community large enough to offer communities within the community. Think about where people meet. If everyone was 86 and had high care needs, I think you would struggle.



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However, it is up to the operator to try to balance out how to maintain an aspirational community while at the same time meeting the needs of residents.

One issue can be that some of the most vocal—how do I say this diplomatically?—about their neighbours can actually be residents themselves. They can be somewhat vociferous when it comes to maybe not wanting to live next to people who have quite high care needs at some point. That is an issue that the operator constantly needs to balance out.

Paul Teverson: May I add a couple of quick points to that? We build about a third of our overall properties as an extra care form of housing—a C2-use class. We call it “retirement living plus”. We used to call it “assisted living”. There is a challenge around the terminology and branding in this sector, but we think “retirement living plus” tells people a little bit more about what it involves.

We provide on-site care and support services. That might range from simply changing someone’s bedding to helping them to bathe to providing medication. We think it is a very exciting part of the spectrum of retirement options. The average age of someone at the point of purchase is about 83, so it is the older old. There is an element of frailty, and there tends to be an element of them having had a life event that has made them want to move to that form of housing—someone might have passed away or there might have been a fall.

Having 24-hour support services that are flexible and that you can dial up if you need them or dial down if you are having a better month—you have that flexibility—is a huge alternative to residential care and I think it is a massive part of the future. But just looking at that whole spectrum of people aged from 60 to 100—something Sue Adams said earlier—just as you wouldn’t really build a single form of housing for people aged from 20 to 60, equally for 60 to 100 you need that suite of options. Going back to that housing with support as opposed to housing with care, retirement living where built to the lifetime home standard is for us where you have on-site house managers and support and that camaraderie of like-minded people, without necessarily the high level of service charges and support that they might not need at that point. That is another fantastic option. Equally, you can downsize the form of accommodation if you are in your 60s and perhaps early 70s—even bungalows. I do not think that there is any one answer to the challenge of our ageing society. Equally, helping people to live at home and adapt is part of that as well.

Michael Voges: If I could make one quick addition, age or care needs are not always a predictor of how much of a contribution an older person can make. I was once part of a discussion where a 92-year-old was complaining about an 80-year-old having moved in, because she was on a Zimmer frame and he thought that she might have too many care needs, until one of his fellow residents reminded him that that lady was now giving Spanish and Italian classes on a Tuesday and a Thursday. Then he realised, “Oh right, okay, that’s fine then”, and of course she was



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accepted. Even if you have care needs, that does not mean that you become a passive recipient of care—you still have a lot of life left in you.

- Q91 **Andrew Lewer:** We touched on planning earlier, but more specifically drilling into that, this question is initially for Paul and Michael. Do local plans consider older people's housing? Do they, or indeed can they, allocate sites specifically for that kind of development?

Paul Teverson: On the question of whether local councils plan for this form of housing, the answer is largely no, which is a real shame. There are three reports we always refer to, one by the HCA in 2014, which found that just 14% of local councils were planning for retirement housing across all sectors. There was also a Barton Willmore study in 2015 that said only 20% of councils were doing it, and an Irwin Mitchell study that said only 10%, so we think the figure is somewhere between 10% and 20%.

One of the challenges is that delivery rates of retirement housing across all types and tenures are not collated centrally and not monitored locally. There is a real challenge about the overall numbers. You will find a lot of numbers thrown at you, which are broadly in the same place but they will slightly contradict each other.

No local authority tracks delivery rates. We have never come across a local authority about which we are able to say that it has done a housing needs assessment that plans for all types and tenures of retirement housing. It has therefore not done a viability assessment of what form such housing can or cannot take, and it has not put anything in its local plan to say, "We encourage this form of housing."

As a result, pretty much every site we bring forward is a windfall site. So local authorities were not ready for it—it was a bit of a shock—which means that other developers are not encouraged to develop this form of housing because there isn't that drive and pull locally, within the local planning, to say, "We welcome and need this form of housing."

Michael Voges: I largely agree with what Paul said. It is different for not-for-profit members who build extra care housing. I think Sunderland is a very good example. There are lots of local authorities that are very proactive and planning for, "Look, we need more extra care for people with more moderate means." That is partly a function of replacing care home obligations for their local social security departments, and of getting people out of larger mainstream homes. There are lots of examples of good practice of creating extra care in the affordable housing space, but when it comes to private payers the picture is a bit like what Paul described, up to the point where we had one local authority that shall remain nameless saying to our members, "Why are you building a retirement village here? We have so many older people here already." They replied, "Well, that is actually why we are coming here."

Paul Teverson: To add to that, I sat next to a chief executive of a borough council in Kent where we were bringing forward an HCA-sponsored site for extra care housing in the town centre. I will not mention



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where it was. He said, "We don't want older people living in our town centre because they won't use the new cinema that I want to build just down the road." Actually, older people are more likely to use that cinema, because they are not commuting and spending money in London or wherever it might be.

There is a misconception, as Michael said, that we are dragging in older people from other boroughs who are going to clog up your social care system and your GP practices. In reality, our average mover is coming from four miles away, so they are living within the district. Even if they were not, it is still their prerogative to move. Typically, if you are 80 years old, you are going to be moving somewhere that you know, where your family might be, but there is that misconception.

- Q92 **Andrew Lewer:** That is about local plans considering older people's housing, but what about when you come along to them? Would you say that councils are generally receptive to developers who want to build specialist housing, irrespective of whether it is specifically in their local plan? When you come to them, what is the response?

Paul Teverson: As I mentioned, there is an element of shock when an application lands on a planner's desk and they were not expecting it. It is a windfall site. There is no local planning policy, so they are scratching their head, thinking, "This isn't affordable housing. This isn't housing for young people. I don't really know where this fits." There is that challenge.

The GLA has a really good planning policy for older people's housing. It is probably the most advanced in the country. I think it says, "Older people are the fastest growing demographic in London, perhaps surprisingly, and we need something like 3,900 units of retirement housing built per year." However, when you get to the borough level, they have not read that policy.

There is nothing in their local plan about that. There is no monitoring of it. Delivery rates in London are probably 100 units. The fact that there is not that system makes developers' job so much harder. I genuinely think that the planning system in this country is the reason we have that disconnect between building 5,000 units and needing to build 20,000 to 30,000 units.

- Q93 **Andrew Lewer:** I want to develop that and put the two earlier questions together. This question is to Graham as well, although I think I know what his answer will be. Looking away from London, which has its own two-tier arrangements, to the rest of the country, which has more traditional two-tier arrangements in some places and unitary arrangements in others, do local plans in two-tier areas and the reception of councils there to your proposals differ from what you find in areas that have unitary councils, which have housing and social care responsibilities?

Michael Voges: It is fair to say that there is not always sufficiently joined-up thinking between housing and social services departments. If you call that an arranged marriage and then throw in health as well, you are trying to bring three people together. It does not necessarily work



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very well; that is our experience. Again, I exclude from that the extra care provision. The interesting thing is that that can sometimes be driven by the top-tier local authority with social service responsibility but be met by opposition from the districts, which have the housing responsibility, but that is normally easier to overcome. That is a caveat. Planning works better in that sector. Typically, there is not enough joined-up thinking within two-tier authorities.

Graham King: From a Sunderland perspective, one of the things we did was structurally address that. If I go back to the beginning, I cover health, housing and adult social care. It is a way of bringing those three functions together, and everything that is organised beneath me in my team covers those three areas. That has been absolutely fundamental in joining that up.

Our links with the planning department in the city are close and vital. We meet with the planners constantly. We have regular events for developers. There is definitely a brand: Sunderland is open for business. I agree with Paul's points in general about local plans and where we are with those, but Sunderland is slightly different in that regard. We make reference to specialist housing for all vulnerable people—not just older persons—in our local plan. Our housing strategy has a chapter dedicated to specialist housing for vulnerable people and older people, and we have regular engagement with developers bringing forward land sites and so on. Sunderland is quite unique in that regard.

Andrew Lewer: I think you have just answered the question I was going to ask you about how you boost the delivery of older people's housing. I think I am sorted.

- Q94 **Kevin Hollinrake:** Paul, you mentioned that there was huge demand for this type of housing. We are delivering 5,000 a year now and we could be delivering 30,000. So it begs the question: why aren't we? Is the market failing you? In other countries, 5% of people are living in this kind of housing and it is 0.5% here. What is the problem?

Paul Teverson: I think there is a market failure. The title of the housing White Paper was "Fixing our broken housing market", and I think there are elements of that that are absolutely true. But if you look at the 105 pages of the housing White Paper, it is a pretty good document on the whole, but older people get half a page in that. I think if you look at the National Planning Policy Framework, there are 65 pages in there, and affordable housing—which we absolutely need to encourage and build more of—is mentioned 17 times, but older people are mentioned three times. If you think of the proportions of those two groups of people, they are probably broadly similar. So there is absolutely a market failure. We would say, almost purely, it can only be the planning system that is the cause of that.

- Q95 **Kevin Hollinrake:** Is that right? Markets don't fail because of Governments; markets fail because the markets aren't operating. What is it about this market? Why can't you compete with house builders on this level playing field? What is the problem?



Paul Teverson: We are absolutely in the private part of the housing market, and you know we do not have any public grant, but the housing market is probably the most highly regulated part of the UK economy. If you look at the shape and size of our letter boxes, there is guidance for that. So when you have a whole viability system—this is ultimately the crux of the matter—that is set nationally and locally, that becomes almost the be-all and end-all of “do developers develop in this area?” Because a private sector developer will only develop if he can get his 20% profit. Otherwise, the banks will not lend, the market will not lend and people will just go elsewhere.

Taking that to the next logical step, which I think is where your questions were heading, if we look at the affordable housing and CIL systems, they are purely designed around working with mainstream housing. So the purity of the section 106 system, the affordable housing system, and the viability model is to look at: how much does it cost to build mainstream housing on a greenfield site?

Actually, the model of housing that we build and probably most of Michael’s members build is on tightly constrained, urban brownfield sites and there are high build costs. We heard earlier about the costs of building to lifetime homes, and all of our apartments are built to at least that standard. When you start adding in those extra costs, that is when it starts to fall down.

- Q96 **Kevin Hollinrake:** Michael, you might want to come in on this. Are you saying that people won’t pay for this? You charge typically an 80% to 90% premium over normal residential rates in terms of square footage. Are you saying that is not enough to make that site viable, even taking into account CIL and 106?

Paul Teverson: I am not sure I quite recognise the 80% to 90%.

- Q97 **Kevin Hollinrake:** It certainly is in my patch. I have got a site now that is £400 a square foot and the market value of an apartment in my area is about £220.

Paul Teverson: We would normally say that we are about 10% more expensive than an average apartment in the local area. That is how our model is based. People are downsizing from a property—these are UK figures. Our average selling price is around £270,000 across the whole of the country. Our average customer is downsizing from a property worth £330,000 to £340,000—a three-bed semi. They are downsizing to something that does have a premium because you are buying into not just the 800 square feet of the apartment but the homeowners’ lounge, the restaurants and the services.

There is an element of a premium because you are buying into all those extra services, but what that means is that, to go back to the viability point, if you take CIL, CIL is a flat-rate square metre tax, which means that we would pay that tax on all of our shared areas where we provide restaurants, homeowners’ lounges and our slightly larger corridors to meet



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wheelchair accessibility standards. The viability model is skewed because we do not fit into that neat structure.

- Q98 **Kevin Hollinrake:** I would argue with the 10% figure. It is a lot, lot higher than that in my experience in terms of the price premium on square footage. I suppose the key is, whatever it is, are the public not prepared to pay whatever you need to charge to be able to compete in the marketplace? Is that the problem?

Michael Voges: Again, I am talking about the housing with care space—I am not particularly knowledgeable about downsizer housing or retirement housing—which is much more of an operational model. You are running leisure and care services over a long period of time. In Australia and New Zealand, markets developed very much along that operator model, with event fees, which we may come on to later.

- Q99 **Kevin Hollinrake:** Event fees?

Michael Voges: They are like exit fees or fees that are paid—deferred fees—when you resell the property at the end of your stay.

- Q100 **Kevin Hollinrake:** Like a balloon payment?

Michael Voges: Well, the Law Commission has called them event fees. They are very well established and accepted in other parts of the world. The entire sector in New Zealand operates that way. They are very well understood and regulated—we have been arguing for more regulation of them, not less. You are building a large amount of communal facilities, you are restricting your target market, and you have to run the facilities over a long period of time. What we see now is people copying those models from abroad. When you say, “Are people prepared to pay for it”, the answer is they are, but they might not want to pay for all of that up front. Some people might want to do that, and it is absolutely right that we have those options.

We have one member—a not-for-profit organisation—building something with £8 million or £9 million of communal facilities. That will be paid for not by the initial development but from the capital repayments over time, taken via the event fees, which will also pay for the interest. When you run these schemes over time, with the event fees you can reduce the amount of service charge that people might want to pay, and you can de-risk the service charge. If you are living in a normal block of flats, when the insurance goes up or the roof caves in, people have to pay.

In this model, which comes from overseas, operators take on much more risk and liability in return for a larger payment at the end. There is one provider out there who will fix someone’s service charge for the duration of their stay. They might pay £500 a month, which will never go up even if they live there for 25 years. One gentleman, a retired police officer said to me, “This works for me, because my income is index linked, and with my costs doing that, I am richer every day.”

The overseas market has developed not purely on the house builder model but on the operational model. Someone making the investment takes into



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account how much money they can make from developing, but if they look at the income they can make over the next 20 or 30 years, they can structure different price points and make different offers to older people.

Q101 Kevin Hollinrake: That is a market solution. What is to stop that happening here?

Michael Voges: That is happening—starting to happen—here.

Q102 Kevin Hollinrake: If there is this huge market here and all these different solutions, why is the market not filling the gaps?

Michael Voges: On that point, there were issues in the system with event fees. Quite a few years ago, the OFT started an investigation into event fees, which were 1% at the time—this wasn't charged by our members—and found that if they are not disclosed transparently they can be construed as unfair. The Law Commission has now looked at them and said, "If you make it very clear to people up front, on the first visit, that they can pay event fees, and they are quite happy"—some people walk away and do not like it—"these fees are absolutely fine." Until the Law Commission said that there was nothing wrong with the fees—in fact, older people, like the gentleman I described, like them—funders and institutions were not prepared to invest in this type of product.

Q103 Kevin Hollinrake: That is one potential solution. You mentioned before that there is nothing in the middle market—there is stuff for the better off and maybe for people on lower incomes through the local authority. Are we over-spec'ing some of these developments? We have all been round them. There are impressive cinema rooms, bistros and things. Is there not an opportunity for a more modest product?

Paul Teverson: For parts of the north-east and north-west, and all parts of the country where the neighbourhood is less affluent, we provide a more classical range with fewer bells and whistles. You get to that point of, where do you draw the line? If our customers are 78 or 79, they tend to have had that life event. They are looking for something extra. They are not ready for the care home; they are struggling on in their existing house.

As I heard it described the other week, rather than every Englishman's home being his castle, it has become a prison at that point in people's life. They are looking for something with more support and more services to maintain their independence, but they want that balance. That is where our retirement living product comes in. It is in the middle of our three-product range, where we have a homeowners' lounge, an on-site house manager and a private apartment built to Lifetime Homes standards, but you do not have the other bells and whistles. It is a wonderful middle ground for people who are thinking of moving.

If I can quickly jump back to the other point about land viability, the challenge for us is at the point of land acquisition. Our sites are typically one acre in a town centre and nearly always brownfield sites. When we go



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in to bid for sites, they are in really high demand from a Waitrose, a retailer or a commercial developer. They tend not to be in such high demand from other kinds of house builders, because they are building more on the edge of town and in green fields. The people bidding for those lands do not pay the same planning contributions that we have to pay. If you are the vendor or landowner coming forward, the residual land value that we can offer you would be much lower than what someone else can offer you, because they are not paying section 106 and affordable housing. It means that many sites are lost in the planning system that would otherwise come forward.

Q104 **Kevin Hollinrake:** You are paying that, but who is not paying it? Sorry, I missed that.

Paul Teverson: Whether it is a Waitrose or a Lidl or an Aldi or a—

Kevin Hollinrake: Commercial offers.

Paul Teverson: Even high-end car dealerships would not have to pay that. Going back to Michael's point about event fees, if you construct the model well and it is transparent it can work, because you are deferring income until the points of sale. We removed event fees—or exit fees; there is a challenge of terminology again—in 2008 because we felt it was clearer and more transparent for our customers to essentially have a purchase price, and to make it upfront and transparent in that way. We have a 1% sinking fund contribution that people pay, but that just goes into the development's bank account.

There are different ways of cutting it. Village operators, partly because they have a C2 planning use class, do not have to pay those contributions to start with; but if you want a C3 use class, where you have to pay them, it becomes much more challenging.

Q105 **Kevin Hollinrake:** I know you are looking for a carve-out from the leasehold reforms so that you would be able to continue charging a significant amount of ground rent, on the basis that it effectively subsidises the cost of your developments and therefore of the apartments. Is that fair? Or is it another way to hide the true value you are charging for that apartment?

Paul Teverson: There are probably three or four points on ground rent. We absolutely support the Government's direction of travel to remove leasehold houses. We do not build leasehold houses and we think that, unless there are exceptional circumstances, all houses should be sold as freehold. We also support the direction of travel to remove those abusive or aggressive ground rent clauses that double every five or 10 years. We do not have those. We would say that the ground rents we have are on very fair and stable terms. Our leases are—

Q106 **Kevin Hollinrake:** Leases for apartments?

Paul Teverson: For apartments, absolutely. Our apartment leases are for 999 years. Our ground rents are fixed for 15 years, so the likelihood for one of our purchasers moving in is that the ground rent should not change



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in their lifetime. In the 15th year they are reviewed, linked to inflation, on a cumulative basis for those 15 years. They should go up as much as a standard inflation-linked product would go up. Ground rent is an important part of the land viability, partly to offset the challenges we face with providing all the communal areas and the higher build cost. It is an income stream that we use to reinvest into our land model on the next stage—the hopper model. We use that income to go off and buy land. Without that income stream you have two options. You can put up your purchase price, but if our ground rent starts at about £400 per year, we think our customers would rather pay an extra £400 per year than have an extra £10,000 or £20,000 put on the purchase price for their apartment.

Q107 Kevin Hollinrake: You could make the same argument for any residential property. It is subsidising the purchase price one way or the other. It is not something you are flipping over into land purchase. You are effectively charging more for that apartment than simply the purchase price, because you are able to sell the ground rent on a multiplier of 30 times whatever.

Paul Teverson: It is an additional income stream, but it helps to offset the particular challenges we face in the retirement sector, which relate to the additional communals, the high build cost and all the other challenges I mentioned. Also, in retirement housing you have certain standards of services that you need to provide.

Where you have a number of potentially competing voices—70 or 80 people on one site—having a leasehold system where a managing agent who has the long-term interests of the development at heart is appointed by the freeholder to act as the final arbiter and make long-term investment decisions for that development is quite beneficial to the development in the long term. If you have someone who is only living there for two or three years, they may not, if it is in their control, enforce the fire regulations—the fire lights and the fire doors—that might need to be enforced. Because they will not be there in three or four years' time, they are not spending the money now to enforce that.

Q108 Kevin Hollinrake: Does it affect resale? There was a “Money Box” programme recently about the resaleability of some of these developments based on high service charges and high ground rents, for example. Is that not an issue?

Paul Teverson: I do not think that service charges and ground rents were the particular issues there. The couple of examples that were mentioned on BBC “Money Box” both related to 2006-07 developments that were sold in the Hull area and in the south-west on the eve of the house price crash.

When you look at price increases in the house market since the housing recession, those two examples were in areas that have not recovered generally. When we look at the new developments that we are bringing to market now—post-2010-12, when the new management team introduced a lot of the new product improvements—we have a really positive story to tell on resales. When we look at resales in the four or five years over that



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period, on average they were first sold at £196,000 and they have resold at £198,000. That is maybe not tracking house price inflation across the UK, but on average they are holding or slightly retaining their value.

Q109 Kevin Hollinrake: Graham, what Paul is saying is that the playing field is not level; it is much more difficult for this kind of operator to develop on some of these sites than your standard house builder. Are you working to try to level the playing field, or are you just saying, "Well, it's up to the market"?

Graham King: Yes, absolutely. The point around the market is an interesting one. In terms of working with developers, we undertook a really granular joint strategic needs assessment and housing development assessment, but mainly from a social care perspective. We developed a plan that identified a number of key sites across the city where we thought extra care could be a real alternative to traditional residential care. In Sunderland's history, we have admitted far too many people to residential care because there was not a general alternative.

In the last five or six years, we have worked with a number of developers on a range of schemes, from straightforward extra care schemes to dementia schemes to schemes that have bungalows attached. We have done that without any procurement, we have done that without any contractual process, and we have done that because we managed to sell the Sunderland demographic to the developers. People knew, based on the needs analysis that we had done, that there was a healthy market in Sunderland. We have continued to revisit that every year. That has really been instrumental in terms of the market really taking control in Sunderland.

Q110 Kevin Hollinrake: Are you saying to people like McCarthy and Stone, "You don't need to pay a 106; you don't need to pay a CIL on those sites," or not?

Graham King: We do take 106, but we have also had some models for our care schemes where we have looked at a best value principle. We have actually put in the value of the land on some schemes, because we have been able to prove longitudinally over 10 to 15 years that the savings on the adult social care and health budget have been much grander than the potential value of the land.

Q111 Kevin Hollinrake: So this is your land; you are willing to give it to—

Graham King: Yes, this is our land.

Q112 Kevin Hollinrake: So you are taking a more strategic view of that position.

Graham King: Yes, because it does absolutely save money in the longer term.

Q113 Kevin Hollinrake: But you are not officially giving it a C2 designation; it does not require—

Graham King: No.

Q114 **Kevin Hollinrake:** You are still C3, but you are looking at doing it in different ways in terms of land value.

Graham King: Yes, absolutely.

Paul Teverson: One of the options that we suggest in our written submission to the inquiry is looking at a version of the vacant building credit that you can use in viability discussions—a social care credit. HCA figures show savings of around £3,500 per person who lives in retirement housing per year to the health and social care system.

If you were to wrap that up over, say, 10 years, and if you could then use that as a social care credit that might then offset some of the viability issues, and use that to overlay within the viability discussions in the same way that a political decision to have a vacant building credit on brownfield redundant commercial land has been used to encourage that kind of development, you could have that kind of credit to encourage more forms of retirement housing.

Q115 **Liz Twist:** Going back a bit, Paul, you were talking about variations in the facilities at retirement villages. When does a retirement village stop being a retirement village? What are the essentials?

Paul Teverson: That might be more of a question for Michael. We have three core products, if you like. We have a downsizer product called “lifestyle living”, a traditional retirement product called “retirement living” and an extra care, housing with care product called “retirement living plus”. The key distinction for that third product is the delivery of on-site care and having that 24-hour wraparound service if you need it.

We would not call that product a retirement village because of the scale of the number of units there, which may be a definition that Michael uses. At the most, there would be around 70 units in one of our extra care “retirement living plus” schemes, but a retirement village is probably, in my mind, 200-plus units that can offer a range of tenures and services, and may even have a kind of club house or a community co-op-type food area. It is a much larger scale. For us, extra care is maybe a smaller version of a retirement village, although with essentially the same levels of care being provided.

Q116 **Liz Twist:** You described a situation in which you might be in the south or the south-east, which would have lots of bells and whistles, or somewhere in the north-east, which might be a more limited offer. Are they both the same kind of thing? Is there a standard definition?

Paul Teverson: There is a slight variation. That is maybe just a handful of schemes, so we can get into some more lower-value areas where there is still a high level of home ownership but where land values mean that it costs as much as it does to build the units as it would to sell them, so there is no uplift for us there. It is essentially a tiny variation that might change 5% of the price and would allow us to get into those areas.

Broadly speaking, those three core products are the same across the country, but you tend to find the extra care form of housing, certainly in



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the private sector, being delivered more in the south and the London area because of the extra cost of developing that form of housing. You need slightly higher land values to make it work if you don't have any form of public grant involved at all, which we don't.

Michael Voges: If I could add to that, our members are both private and not-for-profit providers. They came together actually realising that it doesn't really matter what tenure they offer or what their private or not-for-profit backing is, but that the important thing is that the products they offer offer security of tenure, 24-hour staffing and the ability to address people's care needs on-site, to enable them to age in place for as long as possible.

For us, the criteria have always been the 24-hour staffing requirement that Paul mentioned, that there is availability of meals and being a managed service. The other one is that it is very much more an operational scheme, rather than something built on buying downsizer flats, for example, which might not have much in terms of facilities.

We always said the operational model, because that can work in a rental way, a private rental way, a leasehold or shared ownership; there is a variety of models. I wouldn't put it down to a number. I would say older people generally call it whatever they want to, but so long as you have those things that enable the operator to address those needs and to help people stay there, that in my view makes it a retirement village or community, not the number of units.

Q117 Liz Twist: Graham, can I ask you a question, as a commissioner? When you are thinking about the kind of provision you need from your joint strategic needs assessment, do you have definitions that are standard?

Graham King: Yes, and they are variations on the theme of what the two gents here have said. The key fundamental is the on-site care and it always will be; it would not be specialist supported accommodation without access to 24-hour on-site care. When we talked to the public and older people in Sunderland and asked them what they wanted out of extra care facilities, four key elements came through. The first one, obviously, was on-site care. They also wanted a greater degree of independence from relatives and family.

Some people had a lot of family carers going in and felt that that was putting a strain on family relationships, so extra care would give them back their independence, which was important. They also wanted to feel part of a community. A lot of older people in this city were feeling socially isolated and were not really getting out of their own home. Pulling them together in an extra care setting made them feel a real sense of community. The last one is that they wanted to feel safe and secure, and they felt very, very safe in an extra care environment.

Q118 Fiona Onasanya: To declare an interest, I was a commercial property solicitor before this role. I wanted to look at the associated costs with specialist housing, but I am actually going to touch on what you said



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about the event fees that people have to pay. My understanding is that in 2016 the Law Commission advised that event fees needed to be more transparent and needed protection. I wanted to clarify that, because when you were explaining to Mr Hollinrake it felt like you were saying, "They are all fine. Nothing is wrong with event fees."

Michael Voges: What we have consistently said is that every other country that has a mature retirement community market, or a retirement village market—call it what you like—has sector specific regulation governing the operation of retirement villages or communities in their jurisdiction. In New Zealand there is a Retirement Villages Act, which is very good on the disclosure requirements for how you have to lay that out, with worked examples. Australia has the same thing on a state level.

In America, continuing care retirement communities are regulated by individual states. The point of how you disclose those fees is very much an important part of that regulation. What we have said all along is that we need to get to that same point as those other people are already. We have a consumer code that our members need to comply with, and we assess our members against that. One of the key requirements is that they have a key facts document setting out what the service charges are, what the associated charges are and, clearly, what the event fees are.

When the Law Commission announced this we were very clear that we supported it and would actually like more regulation for our members. I agree with you, not everything has been fine with event fees, but the issue is that very few of our members have had any complaints about these things. There was something about the lack of disclosure. This was before my time, but my understanding is that there was something about the lack of disclosure and the application of these in leases back in the '90s and 2000s. That was typically for very small event fees going to a freeholder a bit like a ground rent—so the freeholder had no connection to that scheme.

Our members do not charge 1%. They charge 10%, they might charge 20% and some of them charge 30%, but they relate that in some way to the operation of that scheme. That can be via charging a lower price up front. It can be via capping the costs or de-risking the process in giving people cost certainty. For older people that is an "enjoy now, pay later" model, but for the operator it is a "pay now, enjoy later" model, so they have to wait a lot longer for their cash.

We have always been very supportive of these things, because one of the issues of higher requirements—we were talking about resales earlier. We had independent research confirm that through all the resales our members have ever done on the Land Registry the average increase in price was £41,000. It attracts house price inflation in every English region that JLL looked at. One of the reasons is this. Imagine that you end up having a 10%, 20% or 30% interest in someone's home. Your interests are then suddenly aligned with that resident, because you want that to go up, not down. The focus is then much more on, "How am I going to deliver a good service? How am I going to ensure that resale prices stay stable



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and continue going up?" The Law Commission recognised all that and said that if we want to grow this market there needs to be a greater focus on operations—not just on building them, but on running these things well.

One of the ways in which older people seem to be keen to pay for these services is in a deferred way, but we need to have very clear disclosure requirements that spell out what an operator needs to disclose, when they need to disclose it and, crucially, what steps an older person or a customer can take who has not been told at an early enough opportunity. We absolutely support those requirements.

Q119 Fiona Onasanya: When you say event fees, I think older people sometimes might not understand that it is not just on a resale, but could be on a transfer or an assignment. The clarity in what you will be required to pay in order to take this step is sometimes lacking. It is not that you can do this later; it is that you absolutely have to do this when that time comes.

Michael Voges: We have consistently supported the Law Commission and suggested to them that the point disclosure should be made is at the older person's first visit to the property. If they go on site, look around, fall in love with the property and are not told about these event fees, you should not be able to charge them. That is our position, and that is why we have been working with the Law Commission to make that happen. That is the conclusion they came to, which we are very happy with and are very happy to comply with.

Q120 Fiona Onasanya: If that is the mindset, why are event fees standardly included in these leases? When you view something, you may feel quite taken by it, but you might first see the event fees when you get the draft documentation and your solicitor is explaining it to you.

Michael Voges: That is too late. What we are saying and what the Law Commission are suggesting is that if you go and talk to someone about any property in a retirement village or retirement community—this is done by private and not-for-profit operators—that person needs to tell you, "These fees will be payable," and give you a worked example that shows, "Your property is worth £250,000; 10% of that is going to be £25,000. If it goes up to £300,000, it will be £30,000," and so on. That needs to be handed out to the older person right there and then, together with the pack they take home. It cannot be something that comes, as you say, on page 17 of the lease. This needs to come in the first contact the customer has with anyone trying to sell in a scheme, and that is the right way to go.

Q121 Fiona Onasanya: Is there any particular reason why event fees are more included in specialist housing leases for retirement properties?

Michael Voges: It comes back to some of the reasons that Paul mentioned. You are restricting your market. You are building something that is riskier. You have communal facilities, which in retirement communities are typically quite expensive. You are then taking on the obligation to run basically a hotel and care business alongside that. In order to make that transaction work for both the older person in terms of



deferring cost and spreading it over their occupation—an enjoy now, pay later model—and the operator, you could try to charge those costs all up front. There is nothing wrong with providers doing that, but a lot of older people are quite keen on the fact that they have built up a significant amount of equity in their home. The average older person in the UK has had a 3,400% increase in the value of their home since 1970. They want to access that equity to enable them to live a lifestyle that they think they might not be able to otherwise afford.

That is how the market in New Zealand, for example, has taken off. I went round a village in New Zealand where people were moving in. I said, “You’re paying a very high event fee to live here,” and they said, “Yes, but just look around you. I would not be able to live here.” They realised that that meant a smaller inheritance going down to their children but also that they would be well looked after for a long period of time. There is that trade-off. It comes back to the clarity point. If people see it and say no or they do not want it, they should not buy it, and they need to be made aware of that as soon as possible.

Paul Teverson: To build on a couple of Michael’s points, I mentioned earlier that in 2008 we made the decision to remove the 1% exit fee that was there at the time. We still have a sinking fund contribution that remains when you sell. It is a 1% fee that people pay on resale, but it goes into the development’s bank account that pays for the long-term maintenance of that development, whether that is a new roof, a retrofit of the lounge or general maintenance to the windows.

It effectively, from what Michael was saying, has a similar job, but maybe on a slighter lower scale, because it means that our residents hopefully never have to have any unexpected emergency repair bills. It gives complete peace of mind that the maintenance is taken care of. When people leave, they top up this fund that will pay for those things. It means that they will never get large invoices of £10,000 to repair the roof, or whatever it might be, so it gives that assurance. I think Michael’s members’ models are slightly different—they offset different things. If we want to get this sector to scale, we need that optionality within the system, as long as it is completely transparent and disclosed, on our website and adverts, and the sales teams are saying it at the first point of sale. Ultimately it is the consumer’s choice.

Hopefully, they are properly advised and have all the right information, but it is the consumer’s choice whether they want to enjoy now and pay later, pay it all up-front, or pay it on a pay as you go. Those choices are there, because this is a very different part of the housing market that we are dealing with.

Q122 Fiona Onasanya: I understand that. With the transparency—for example with the sinking fund—are you serving them with notice to let them know the works that need to be carried out? Otherwise I am paying for work—you used the example of a roof—but if I am paying a service charge for services and I have paid the ground rent element, potentially there could be, because it is a retirement village, other work that needs to be done. I



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think some older people may be concerned that they are paying 1% and cannot see when the last work was done and if that is even required.

Paul Teverson: The way that we work is we have an open book budgeting process with our residents. There is an annual budget meeting where we sit down and open the accounts. They know that if their service charge is £36 a week, £6 as shared costs goes towards the cleaning of the communal areas, the house managers' costs, the gardening, the heating of the communal areas, all of those things. They know, itemised out, exactly what is there. They know what is in the contingency fund and how that is building up.

We like to think there is complete transparency of those costs. That is how we want to run it. We do not see the service charge part of our business as where we are going to make our money. We make our money, essentially as a private business, through the points of sale. The services and the in-house management that we provide is how we create a really attractive offer that we will look after our residents over the long term in a fair, disclosed and transparent way. I cannot comment for other operators, but that is how we want to run our business.

Chair: We are going to have to get towards the conclusion.

Q123 **Fiona Onasanya:** One more question. How significant a part do you think stamp duty plays in people not being able to move home?

Michael Voges: It depends on which price point you are looking at. There is no question that if you remove stamp duty older people may find it easier to move. On the other hand, as I mentioned earlier, we have a problem of supply, so if you removed stamp duty now there is nothing to move to, and it would take several years to filter through the system.

I think a stamp duty exemption would be welcome, but what we are consistently hearing is that older people find other issues more challenging when it comes to the moving process. The issues are around decluttering their house, having assistance with packing and actually getting through those things. Overcoming the emotional attachment to their family home is often the biggest problem that we see.

A lady I was talking to whose words really stayed with me said, "My husband died. I was in a four-bedroom house that was full of memories of my husband and I couldn't move." Her children eventually came to her and said, "Look, Mum, you're depressed. You have to make a choice between things and people." That was how she decided to move to a retirement village. That is the point where financial incentives would be very welcome, I think. I don't think it's the be-all and end-all. Also needed are information and advice, and assistance with moving. I think there needs to be a wider strategy to help older people to make the most of their later life, and not just a stamp duty exemption.

Chair: Thank you all very much for coming to give evidence this afternoon. That has been very helpful to the Committee.