Parity Trust®

Secured lending for social good

Social Impact
REPORT

Contents

Executive Summary

In 2005 Parity Trust introduced the Home Improvement Loan scheme. 20 years on, it is fitting to reflect on the organisation's journey, its evolution, and the significant positive social impact the scheme has made on individuals and communities.

This report provides a brief background of the organisation. We look at how and why Parity Trust came to deliver secured home improvement loans to support homeowners' in obtaining financial assistance so that they can live in a safe, secure, and warm home. We also reflect on our success in supporting financial inclusion, as many of our customers are unable to access the required finance through mainstream lenders.

In this report we outline our Vision, Mission, and core Values. We use the positive impacts experienced by our customers to measure whether we are meeting our own expectations. Additionally, we consider the positive, wider impact our financial assistance has on the health and wellbeing of individuals and families.

K Higgs

Group Administrator
March 2025

Homeowner Loans – an introduction

In 2001 the English House Condition Survey reported that there were seven million 'non decent' homes across all tenures[1]. The report cited that a decent home should meet four key criteria:

- Meet the statutory minimum standard for housing (i.e. be fit)
- Be in a reasonable state of repair
- Have reasonably modern facilities and services
- Provide a reasonable degree of thermal comfort

At that time, local authorities were facing considerable challenges in fulfilling their duty to finance private sector housing improvements with declining budgets. Parity Trust engaged with several councils across Hampshire and West Sussex to explore the formation of a partnership which would allow homeowners to be able to apply for home improvement loans, which would be secured against their property and used to finance essential repairs and adaptations.

This resulted in an agreement that would see local authorities contribute a share of the loan capital and Parity Trust would provide the remaining amount, at a competitive interest rate to customers. As a result, local authority funds could be recycled with repaid monies being reallocated to future customers. By offering loans, local authorities have been able to extend the reach of allocated funds, allowing them to assist more households.

The aim of the home improvement loan scheme has always been to provide a financial solution that increases the number of homes that are warm, comfortable, safe, and energy efficient.

Finance is used for essential home improvements including roof repairs, re-wiring, and energy efficiency measures which may include upgrading the central heating system or installing double glazing. Loans can be provided where a shortfall remains following receipt of an adaptation grant awarded by the council. These grants can be used to widen doors, install ramps, improve facilities or build an extension. »

In addition to supporting individuals in their own homes, Parity Trust also offers secured loans to landlords and owners of vacant properties. These loans help enhance living conditions for existing tenants and increase the availability of housing for rent. As a result, several properties have been transformed and made available.

Following initial research with council partners and as detailed later in this report, one of our main objectives is to support those in later life who own their own home, but struggle to afford the upkeep and adaptations required to allow them to continue living comfortably and safely in their own home. Older people can be susceptible to the consequences of living in a cold, damp home, with large numbers experiencing health issues. In a 2014 report, the Centre for Ageing Better found that people aged 55 and over accounted for half of NHS expenditure related to poor-quality housing[2]. Age UK identified in a recent report that older people can experience a lack of options to improve their home, especially if they are on a modest income. It also highlighted the importance of having the right support available to enable older people to live well and independently in their own homes[3].

The financial climate has changed over recent years. While older homeowners remain our core customers, we are seeing more enquiries from families with at least one working parent and from individuals living alone after children leave home, or following separation or the death of a partner.

Parity Trust is a not-for-profit organisation that carries out thorough financial assessments, which ensure we understand the needs and financial circumstances of our customers. The organisation is authorised by the Financial Conduct Authority (FCA) and has been since 2010. Parity Trust currently works alongside 16 council partners located across the counties of Hampshire, Surrey and Sussex to deliver the Home Improvement Loan scheme.

Our Vision and Mission

Vision: We are the leading provider of secured lending for social good

Mission: To provide bespoke financial solutions. Working with partners, we aim to support homeowners by providing financial services that maintain and improve health and wellbeing, quality of life, and increase the energy efficiency of homes.

We understand that what we do is more than just providing finance. The ethos at the heart of Parity Trust is finance for all. The values that drive this are:

Financial Inclusion: develop products and services to meet the needs of a range of customers, including those marginalised from accessing mainstream finance

Customer Focus: our wide range of customers are at the heart of what we do. We exist to provide solutions and as such, will only lend if we have a suitable product to offer.

Innovation: design products and services which meet the future needs of our partners and our customers.

Empowerment: we support our partners in delivering their housing objectives, and our customers to live in decent, safe, and warm homes for as long as possible.

Changing Lives: positive impacts

To measure the deliverable actions against our own Mission and Values, we monitor the positive impact of our work. The data we record includes the different types of work completed via the Home Improvement Loan scheme, and the number of customers using the scheme who were over 60 when the loan was administered. Additionally, we record whether any children benefitted from the completed works.

We have summarised the type of organisations that may be involved in the Home Improvement Loan process and highlighted the positive outcomes and outputs following completion of improvements, energy efficiency measures or adaptations completed:

Organisations & People involved:

- Parity Trust
- Local Authority partners
- Referral and support agencies
- Occupational Therapists
- Home Improvement Agencies

Activities:

- Full review of income and expenditure
- Support liaising with contractors
- Partnership working (knowledge sharing)
- Inspection of works (where required by council partner)
- Provision of finance

Outputs:

- Property improvements and repairs
- Adaptations
- Improved energy efficiency
- Empty property works
- Major refurbishments
- Job creation - contractors

Outcomes:

- Improved housing (brought to decent standard)
- Positive impact on health and wellbeing
- Better quality of life (improved mobility/confidence)
- Prolonged independent living
- Reduced pressure and costs on NHS/GPs
- Reduction of home-based accidents (slips, trips, falls)
- Potential reduction in energy bills
- Empty homes - additional housing available
- Increase in property value
- Greater understanding of finances
- Access to affordable credit for under-served groups of people

To help us understand the positive impact our home improvement scheme has on the outcomes, we considered each area in more detail.

Improved housing:

The World Health Organisation states that poor housing can cause or worsen health conditions, reduce a person's quality of life, have a negative impact on people's mental health, exacerbate inequalities and can even result in premature death[4]. This scheme enables homeowners to access affordable finance so they, and anyone else residing in the property, are able live in a safe, secure and warm home. Loans have been provided for a variety of improvements from electrical re-wiring to roof repairs, and remedial works where damp is an issue.

Well-being, mental health, and better quality of life:

The positive outcome of our work can be measured in two areas:

1. access to financial services which promotes well-being by reducing stress and worry.
2. positive impact on the individual once works to the property have been completed.

In 2023 The Health Foundation highlighted that mental health has been shown to be negatively impacted by the financial stresses that can be brought on by living in cold homes[5].

"I would recommend Parity Trust to anyone; they are wonderful. I feel safe now my roof is fixed. Thank you"

Supporting independent living:

To date, 65 loans have been provided for adaptations, which include 'top ups' to the Disabled Facilities Grant (DFG), meaning that a number of loans have been provided where there is a shortfall between the cost of adaptations and the grant funding available. Our customers told us they would prefer to continue living independently and in their own home for as long as possible.

In 2015, a national health agency looked at the needs of people who had previously received adaptations through a DFG and found that they moved to a residential care home approximately four years later[6].

Potential reduction of home-based incidents and reduced pressure on the NHS:

Improvements to properties can reduce the risk of accidents including slips, trips and falls, and health problems associated with living in a cold or damp home. Making positive changes which include upgrading boilers and resolving problems relating to damp, improving accessibility within the home, and ensuring flooring is level should result in less demand for NHS services. In 2021, Building Research Establishment (BRE) reported that treatment costs related to poor quality housing at that time, was costing the NHS approximately £1.4bn a year, with health issues relating to people living in excessively cold homes resulting in the highest proportion of costs at £857million[7].

Empty Homes

Action Empty Homes reported that in 2023 there were more than 261,189 long-term empty homes (unfurnished and not lived in for more than six months)[9]. Bringing empty properties back into use for rent or sale can have a positive impact on those individuals and families trying to find a home to rent or buy in their local area. To date, our loans have paid for major works and refurbishments which have resulted in the development of 31 flats and two houses which were then made available for sale or rent.

"I have had dealings with Parity Trust before and I was completely satisfied... In fact I think that they are so helpful to people like myself in need"

Energy efficiency:

Approximately one third of our home improvement loans have improved energy efficiency in the home - we have considered works including new boilers and the installation of double glazing to have had positive impacts on energy efficiency as well as eco and retrofit works such as solar panels and air source heat pumps. We believe that these loans have helped to contribute to reduced bills as well as more energy efficient housing stock.

Money Supermarket published an article in February 2024 stating that combi boiler replacements typically costed between £500 and £2,000 (excluding installation), and that replacing an old G-rated boiler with a new A-rated one could result in an annual saving of approximately £580 for a detached house [8].

"It has been wonderful to be able to upgrade my home, installing new windows in particular"

Increase in property value:

When talking to clients we sometimes find that properties have fallen into disrepair due to several factors including ill health. When essential work, such as roof repairs or window replacements is completed, it is reasonable to assume that the property's value increases compared to its value before the work was done. It is fair to assume that property repairs can also have an indirect, positive impact on the houses nearby, especially if a loan has financed works to a property which has been empty for a considerable time.

Greater understanding of finances:

Parity Trust carries out a full financial review, which enables us to assess the affordability of a loan and determine the best product, if any, that we can offer a customer. All customers who undertake a financial assessment receive a copy of their financial report so that they have a written record of their financial circumstances, regardless of whether they choose to proceed with a loan where one is recommended. It is our hope that this makes individuals more aware of their day-to-day spending habits and provides an improved understanding of their general finances. During 2023/24, feedback from customers highlighted that 83% found that they learnt something useful regarding their financial situation during the application process.

"Financial assessment was one of the most thorough and practical that I've come across. Very helpful and helped us understand our personal finances"

Financial inclusion and older borrowers:

During 2016, an article published by Mortgage Strategy highlighted the lack of finance choices available to older borrowers[10]. We are pleased to note that the number of products available in the market has grown, with many firms now offering equity release and Retirement Interest Only (RIO) mortgages. However, with 60% of beneficiaries aged 60 or over, we still see a high number of enquiries from those in later life.

Research carried out by the Centre for Ageing Better in 2024 found that over 50% of the non-decent homes in the owner-occupied sector are headed by someone over the age of 55[11]. There remain individuals who may experience barriers to accessing finance for home improvements. Parity Trust must continue to work with our partners to deliver solutions for those in need.

1,050 people have benefited from the scheme since 2005

More than 1,750 Financial assessments completed since 2005

£5.5 million loaned for home improvements, energy efficiency measures and adaptations since 2005

More than 550 people aged 60+ have received financial assistance

Supporting Home Ownership

The experience we have gained has allowed us to diversify our products and services, enabling us to support home ownership through additional projects with council partners.

Parity Trust currently work alongside Wealden District Council to offer a Shared Equity Homebuy scheme. The loan provides capital assistance on a shared equity basis for residents whose current home cannot be adapted or is not suitable for their long-term disability needs, and therefore there is a requirement to purchase an alternative property which is either adapted, or adaptable. Parity Trust carry out the financial assessment and work alongside the council and other parties to support the move to a more suitable property.
To date, 10 households have been assisted with a move to a suitable property.

In contrast, Basingstoke and Deane Borough Council recognised a need to assist local people to get on to the property ladder. Their Own Home Loan scheme is modelled on the Government's former Help to Buy Equity Loan. Successful applicants can purchase existing properties within the borough, rather than just new builds. Loans are available up to 20% of the purchase price to a maximum of £30,000 and are interest free for the first five years. The council are partnered with Parity Trust to deliver the scheme, with Parity Trust undertaking financial assessments to determine suitability, as well as dealing with the ongoing administration post-purchase.

Conclusion

In April 2024 Centre For Ageing Better published a report highlighting that there were two million owner occupied homes classed as non-decent[12]. Whilst the total number of owner occupied non-decent homes may have reduced since 2001, there is still work to be done to ensure that everyone is able to live in a safe, secure and warm home.

We believe this report highlights the positive impact of our work on improving people's lives by providing access to affordable credit and supporting financial inclusion. By enabling essential home improvements, we help reduce stress and enhance well-being, allowing individuals to live comfortable and safely. This support also fosters greater independence, enabling families to stay together when adaptations are made for a child, and improving energy efficiency in homes.

As Local Authority budgets continue to be stretched, our research indicates that there is very much a place for an organisation like Parity Trust. We provide solutions delivered by a regulated firm, which offers optimal use of funds allocated to councils.

Research from the Office of National Statistics shows that people are living longer and that we have an ageing population[13]. This brings with it a necessity for homeowners of all ages to be able to access the finance they need to maintain their homes, and for homes to suit the needs of the individuals living in them. We welcome the opportunity to work alongside like-minded organisations such as the Centre For Ageing Better to support positive changes. One suggestion has been the introduction of a Good Homes Hub; a one-stop advice centre for all areas of home improvements from finding a trusted trader to understanding the work that needs to be done, and the finance options available.

Previously we were able to administer finance to homeowners independently of our council partners. This allowed us to help individuals living outside of our partners catchment areas, as well as support works that fell outside of a councils housing policy. With investment, we would be able to re-introduce this lending model, leading to an increase in the number of people accessing affordable finance and the number of homes improved.

Part of our future plan is to consider how we can continue to help tackle the serious issue of empty homes. We want to build relationships with councils and organisations like Action Empty Homes that already exist to try and tackle this matter and find out how our skills can be part of a collaborative solution to bringing empty properties back into use.

Parity Trust will continue working with existing partners, but we are also keen to explore opportunities with new local authorities. Our experience offers valuable insights into enhancing housing policies to better address the needs of those most at risk.

We will continue to forge relationships with like-minded organisations including Foundations – the national body for home improvement agencies. We believe collaboration with agencies who have the skills and knowledge to support our aims is critical to our ongoing success.

Further information about our current partners, projects, and the home improvement loans that are available, can be found on the Parity Trust website.

We would like to give acknowledgement to Centre for Ageing Better and thank them for the images available within their age positive image library

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