



# The Hyde Group

The Value of a Social Tenancy:

A socio-economic evaluation based  
on Hyde's housing portfolio

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Hyde appointed PricewaterhouseCoopers LLP (PwC) to provide limited assurance, in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board, over the application of the Value of a Social Tenancy Modelling Reporting Criteria to calculate the economic value of a social tenancy (including the economic impact of construction and maintenance). The selected information assured and PwC's assurance opinion can be viewed at the following link: [www.hyde-housing.co.uk/value-to-society](http://www.hyde-housing.co.uk/value-to-society). The figures assured are presented with ① as a footnote next to them in the Hyde Social Value Report.

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Our multi-disciplinary team helps organisations respond to today's challenging environment by supporting with; strategic insight and development, governance, social investment, financial advisory, and major transactions – such as mergers and acquisitions.

The team is made up of strategists, researchers, financial modellers and accountants, all with a breadth of experience across the third sector, local government and private sector - and with the emergent fourth sector.



## **The Hyde Group**

Hyde is one of the UK's leading providers of affordable housing and a member of the G15 – London's largest housing associations which together houses one in ten Londoners. Hyde operates in London and the South East of England and was established in 1967 by a group of professional businessmen who wanted to provide great quality homes for those left behind by the market. Hyde is, and always has been, a social business. Its founders combined this strong social purpose with the entrepreneurial drive and professional skills to make it a reality. As Hyde looks ahead, it still has that blend at its core. It's this that ensures Hyde's great intentions are matched by equally great actions, and lead to the greatest possible social impact





## Foreword

Hyde was established in 1967 by a group of professional businessmen who wanted to provide great quality homes for those left behind by the market. We are, and always have been, a social business. Our founders combined this strong social purpose with the entrepreneurial drive and professional skills to make it a reality. As we look ahead, we still have that blend at our core. This ensures our great intentions are matched by equally great actions, and lead to the greatest possible social impact.

As one of the UK's leading and award-winning providers of affordable housing in London, the south east of England and neighbouring areas, the Hyde Group puts 50,000 roofs over the heads of 105,000 people who might not otherwise have one, as well as providing them with easy-to-use landlord services.

Housing associations exist to fill the gap between private and public housing providers. We have always believed that our work improves people's life chances and that a social tenancy helps them thrive in a number of ways, extending beyond just a decent affordable home. That is why we commissioned this report by BWB, to better-understand, and quantify, the social impact we have as an organisation, as well as to identify the extent to which we contribute to societal change.

I am delighted that this study has concluded that, by continuing to build safe and sustainable communities, and reinvesting any surplus we generate into building more homes and improving our services, we are contributing to increased educational and employment levels, reducing mental and physical health conditions, improving family relationships and increasing engagement with social services.

Together, these improve life chances for everyone. Society as a whole benefits, as the burden on resources (emergency services, healthcare and local authorities) is reduced, and the economy grows through higher educational attainment and employment.

I would like to thank everyone that was interviewed and took part in workshops as part of this study – from Hyde staff, to residents, local authorities and other public and private sector organisations. Your insights and contributions were invaluable, helping us to shape our future strategic direction and to ensure we continue to provide more people with a roof over their head so they can make a home.

**Elaine Bailey**  
Group Chief Executive

# Executive Summary





# Executive Summary: The value of a social tenancy

Hyde's social value is at least £607m<sup>1</sup>, or £16,906<sup>2</sup> per tenancy, per year.

The process and measurement framework adopted to reach this conclusion is highlighted in the steps below. The model has been developed with our skills and knowledge and steered by Hyde. We recognise that this is a relatively new area of research, and our adopted method is not the only way. In the future, we expect that these modelling techniques and assumptions will evolve and enable social housing providers to evaluate the value of social tenancies further, drawing out more aspects of the value they bring, and refining the evaluation of those areas selected in this report. Research involved interviews and workshops with Hyde staff, residents and selected professionals, as well as an extensive review of other studies in the sector. Although this is a relatively new area of investigation, the study has been built on solid academic research and established approaches already applied extensively in other areas of social impact. The application of the methodology to calculate the economic value of a social tenancy has also undergone limited assurance resulting in a clean limited assurance opinion undertaken by PwC.

The overall approach follows five steps, which are explained below.

## Step 1 – How do services such as Hyde's in providing social tenancies create value?

The first step was to understand how the services provided by Hyde and other social landlords create value for individuals and society. Figure 1 shows that they do not just provide homes – they provide affordable sustainable tenancies that meet the Decent Homes Standard. They then wrap responsive services, individual support, a structured and supportive community and a range of strategic partnerships around tenancies, to make them work.

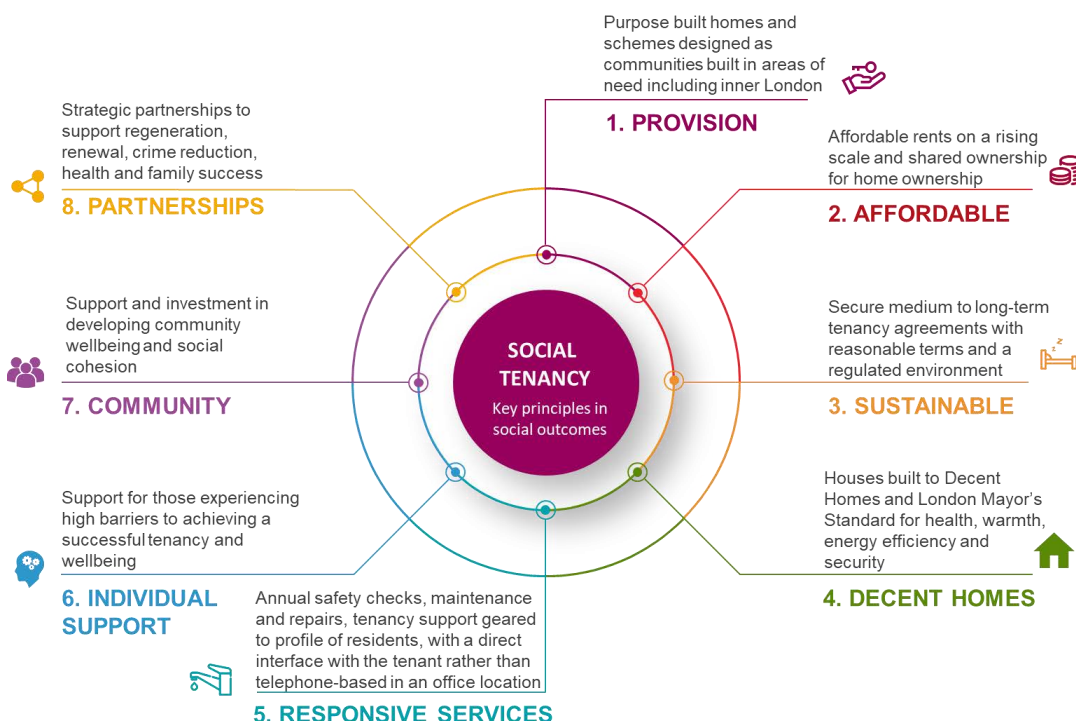


Figure 1 Theory of change - How a social tenancy creates value (see Appendix B for full size table)

<sup>1</sup> (A) : Number assured by PwC

<sup>2</sup> (A) : Number assured by PwC

# Executive Summary: The value of a social tenancy

## Step 2 – Comparing life for those potential tenants with and without social housing

To assess the value of a social tenancy, we considered the values of social, versus non-social, tenancy types and their associated outcomes (Figure 2). In this model, value is realised by enabling people to move out of crisis, or by preventing them falling into crisis, by ensuring they have greater levels of stability through decent, well-maintained homes, longer tenancies, advice and support. Social housing reduces the number of people who would otherwise be derailed by much of the sub-standard, non-social, housing on offer to those at the margins of society.

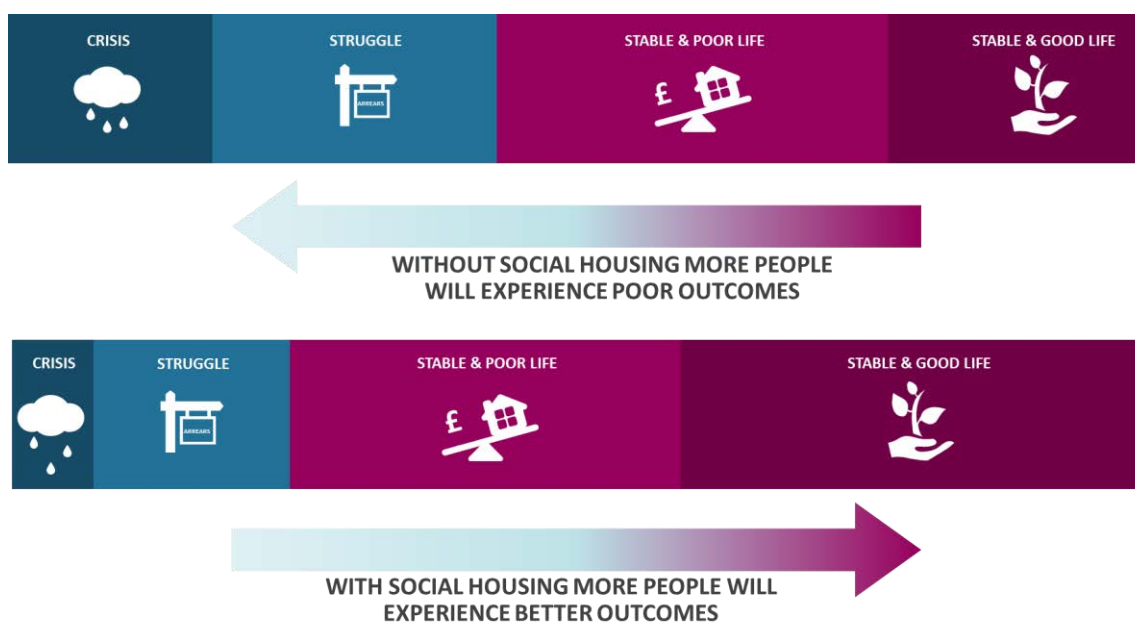


Figure 2, Tilting the balance in favour of positive outcomes

This is supported by five 'pillars' of wellbeing: financial, physical, mental, relational and purpose. The degree of wellbeing and resilience in each of these pillars determines whether people will struggle or have stability. These, in turn, influence the degree to which costly services are used and the contribution people are able to make, in terms of employment and social contribution.

# Executive Summary: The value of a social tenancy

## Step 3 – How does this all equate?

The eight core areas of activity shown in Figure 1 work together to result in social outcomes for tenants in each of the five wellbeing domains. Within each domain, outcomes arise that benefit both the individual and the wider community and society, as highlighted in Figure 3.

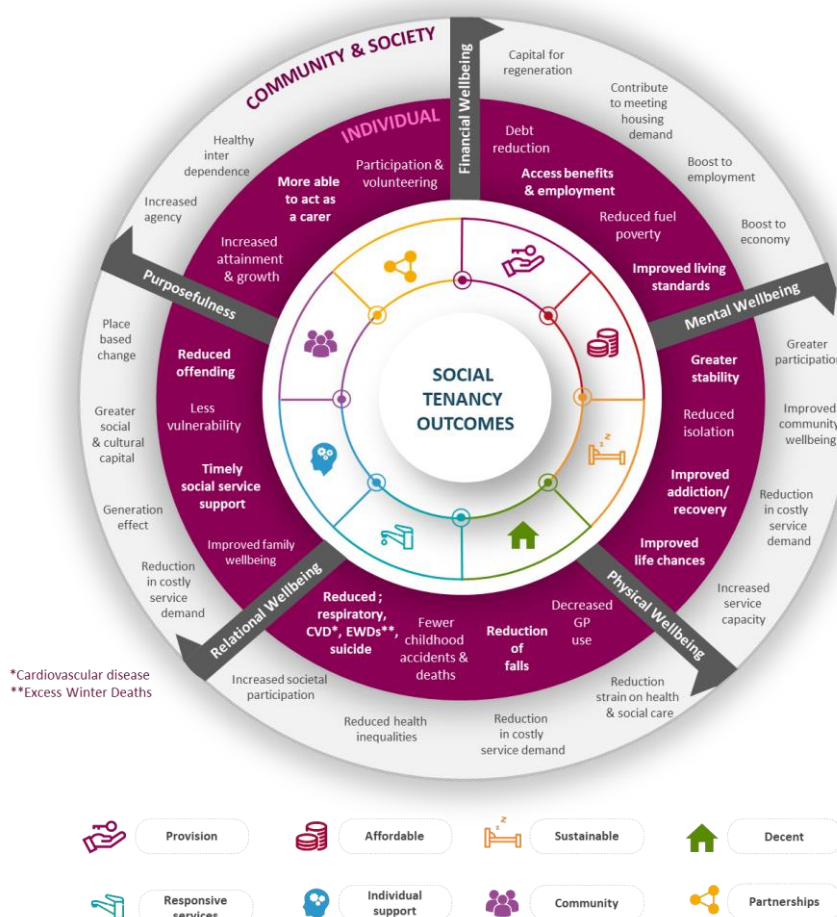


Figure 3, Social tenancy outcomes to the individual, wider community and society (see Appendix B for full size diagram)

Housing associations, such as Hyde, provide decent homes and stability, which are not just contributory factors but that are strong catalysts to achieving these social outcomes.

### Examples of social outcomes

**Adults:** Experience good or improved mental wellbeing as a result of decent homes and affordable and stable tenancies. This enables people to find, retain or improve their employment opportunities, thus creating a ripple effect within the wider economy. Instability, poorer mental wellbeing and, for some, difficulties maintaining employment, are all associated with poor quality housing.

**Children:** Experience improved physical and mental health as a result of healthy homes, a reduction in overcrowding and emotional stability. Wider work by the Hyde Foundation (Hyde's social investment team) supports young people at risk, providing, among other things, mentoring



# Executive Summary: The value of a social tenancy

and volunteering opportunities. Poor quality housing, by contrast, is associated with a greater prevalence of respiratory conditions, missed school days, poorer child and adolescent mental wellbeing and reduced attainment.

**Elderly:** Have a reduced risk of falls due to: more energy-efficient homes (the cold has been found to reduce body temperature and so mental function, dexterity, strength and sensation amongst elderly)<sup>3</sup>; a reduction of hazards as compared with those found in sub-standard homes and the installation of mobility aids.

## Step 4 – What value does a social tenancy such as Hyde’s have for society?

Having understood how value is created and how it differs between people with and without social housing, we were able to calculate the minimum social value of a Hyde tenancy, as well as the value of its construction and maintenance services – Figure 4.

Social value is generated from a combination of better outcomes for individuals, avoided cost, economic value created and more efficient use of resource.

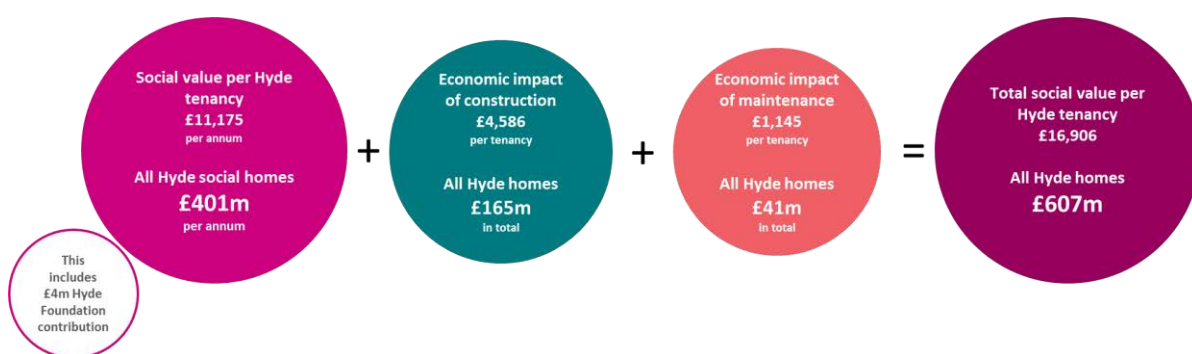


Figure 4, Social value per tenancy and total social value headline figures<sup>4 5</sup>

As an illustration of a social housing provider, Hyde’s social value is at least £607m<sup>6</sup>, or £16,906<sup>7</sup> per tenancy, per year. These figures are after discounting for deadweight of 5% (reflecting the possibility that the benefits of social tenancies might have arisen without the social tenancy being provided ) and alternative attribution of 40% (reflecting the likelihood that other factors, individuals and agencies have contributed to realising those benefits even if the social tenancy was the catalyst for them). While the gains here are many and varied, we have selected certain ones for evaluation and evaluated very conservatively.

Of these, we see a direct social value of £401m<sup>8</sup> (£11,175<sup>9</sup> a direct social value per home across all Hyde’s portfolio of 35,915 rented and shared ownership homes). Additionally, we see an average annual total construction and maintenance impact of £206m<sup>10</sup> (£5,786<sup>14</sup> per home). We

<sup>3</sup> Jones, Valero-Silva and Lucas, 2016

<sup>4</sup> Hyde Foundation figure taken from annual report 2016/2017

<sup>5</sup> (A) : All numbers in this diagram have been assured by PwC

<sup>6</sup> (A) : Number assured by PwC

<sup>7</sup> (A) : Number assured by PwC

<sup>8</sup> (A) : Number assured by PwC

<sup>9</sup> (A) : Number assured by PwC

<sup>10</sup> (A) : Number assured by PwC

# Executive Summary: The value of a social tenancy

have then determined this figure for construction impact to be £165m (£4,586 per home) and maintenance impact at £41m (£1,145 per home) respectively.

## Step 5 – The make-up of the value of a social tenancy

Out of this total value of £607m<sup>11</sup> (or £16,906<sup>12</sup> per tenancy) we set aside the construction and maintenance elements (see figure 4) and focus on the social value; the improvement in lives for individuals living in a social tenancy which totals £401m<sup>13</sup> (£11,175<sup>14</sup> per tenancy). This value is made up of social values achieved from the perspective of specific stakeholders in the eight main categories shown in figure 5.

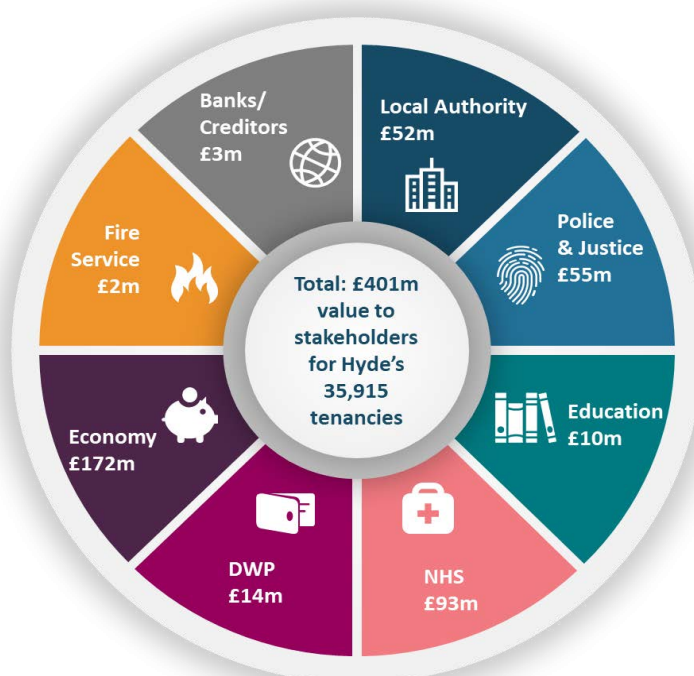


Figure 5, Total social value by key stakeholder group

This total social value to Hyde's stakeholders of £401m<sup>15</sup> has been underpinned by wellbeing in the five pillars model: financial wellbeing, physical health, mental health, education, social justice, family and work. The key drivers for stakeholder values are explained in more detail in Figure 6 which summarises the improved circumstances for tenants as they gain the quality of housing and related support expected in a social tenancy. They can therefore, access the benefits of a variety of improved circumstances or lower likelihood of disadvantage.

<sup>11</sup> (A) : Number assured by PwC

<sup>12</sup> (A) : Number assured by PwC

<sup>13</sup> (A) : Number assured by PwC

<sup>14</sup> (A) : Number assured by PwC

<sup>15</sup> (A) : Number assured by PwC

# Executive Summary: The value of a social tenancy

<b>Economy</b>	<b>£172m</b>	<ul style="list-style-type: none"> <li>Additional economic productivity and activity by enabling people to get back into work, evaluated at £20,281 per FTE, plus £12,150 of local economic activity. 8,337 adults of working age back into work: £149m</li> <li>Reduction from presenteeism levels in the situation without social housing ranging from 20% (private rental) to 25% (the other two categories) to a range of 11% ("good") to 30% ("crisis") in the social housing situations. Presenteeism applies to people in work, but for whom their outside circumstances lead them to be in work but not focused on the task for part of the time: £12m</li> <li>Reduction in absenteeism from an average of 20 days a year without social housing to 11 days a year with social housing: £11m</li> </ul>
<b>NHS</b>	<b>£93m</b>	<ul style="list-style-type: none"> <li>Variety of elements from GP attendances, falls for the elderly, childhood asthma through damp living conditions. A&amp;E visits and mental health, together with drug and alcohol elements.</li> </ul>
<b>Police and Justice</b>	<b>£55m</b>	<ul style="list-style-type: none"> <li>Callouts with no arrest: £13m</li> <li>Costs relating to being victims of crime at £10,276 per event, with 7,443 fewer incidents: £42m</li> </ul>
<b>Local Authority</b>	<b>£52m</b>	<ul style="list-style-type: none"> <li>Moving 6,465 residents for whom the local authority is paying for temporary accommodation: £41m</li> <li>Helping elderly people stay independent for longer and defer move into residential care: £10m per year</li> <li>Reduced level of children on Child Protection register: £1m</li> </ul>
<b>DWP</b>	<b>£14m</b>	<ul style="list-style-type: none"> <li>Reduction in universal credit claims as people get back into work.</li> </ul>
<b>Education</b>	<b>£10m</b>	<ul style="list-style-type: none"> <li>Cost of being out of education of around £10k per child per year in terms of long-term effect spread over the eight years of mainstream schooling post seven years old. Reduced likelihood of being out of education.</li> </ul>
<b>Banks and creditors</b>	<b>£3m</b>	<ul style="list-style-type: none"> <li>Problem debt.</li> </ul>
<b>Fire service</b>	<b>£2m</b>	<ul style="list-style-type: none"> <li>Reduced likelihood of domestic fires.</li> </ul>

Figure 6, Total social value of a social tenancy by key stakeholder

Examining those social value totals certain elements stand out as driving this level of value:

- Economic gain in employment. Hyde houses a total of 44,700 adults of working age. For each extra resident in employment, on average, £20,280 of value is generated for their employer and a further circa £12,150 of local economic activity is generated for other businesses.
- Reducing unemployment rates from an expected 50% to 20% in much of the cohort brings significant value, representing £149m (£4,586 per tenancy). Increased employment also brings benefits to the DWP in reduced Universal Credit payments, although these are more modest because many jobs are still low-waged.
- Added to this, are two elements from those already in work, even without the social tenancy, where disrupted housing, difficult living situations, and health problems lead to reductions in:
  - Presenteeism (being in work and turning up, but being less effective than a worker in stable accommodation) – valued at £12.4m
  - Absenteeism – valued at £11.2m.
- Health-related savings account for the next largest area of value generated, at £93m. In this case, savings derive from lower use of NHS services, most significantly presentations at Accident and Emergency departments, which account for £66m.
- Savings to local authorities are also significant. The largest of these is moving tenants out of temporary accommodation. For the 6,465 residences for whom the local authority is paying for temporary accommodation, this brings a cost saving to local authorities of £40.8m. Other local authority savings relate to enabling the elderly to remain in their own homes for longer and somewhat lower childcare interventions.
- The other principal area of gain is a reduction in police call-outs and cost of crime (where people in the cohort are largely victims) at £55m.





# Executive Summary: The value of a social tenancy

## Next steps

The evaluation is designed to show that social tenancies generate at least a given level of value annually. In coming to this view, assumptions have been made, underpinned to a greater or lesser extent by evidence. In coming to these figures we have excluded several areas where, whilst there was an identifiable socio-economic benefit, there was insufficient evidence for us to gain confidence in putting a value on it at this stage. Specific areas where this was identified were:

- The wider impacts on children's services or education at school and college level
- The impact on parenting for the next generation
- The impact on future poverty as a result of pension shortfalls and a lack of assets
- The possibility of impact on street homelessness
- The value of cohesive communities.

We should like to see these considered in future, in parallel with doing further research and measurement on an ongoing basis: around the areas evaluated here to enable Hyde to consider whether the assumptions made are reasonable, change over time, or with different service levels and demographic changes.



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- B. Theory of change and Outcomes of a social tenancy:** Full size versions of diagrams
- C. Bibliography, References and Sources:** Full list of references and resources used

## Reporting criteria

A reporting criteria document accompanies this report, providing a summary of:

- Our value models, calculations and methodologies
- Our evidence base and the assumptions used in the models
- The results of sensitivity testing.



# Part One: Social housing and why we need it





# Part One: Social housing and why we need it

## Introduction

Social housing – the provision of homes for those in need, by landlords who do more than just collect the rent – is in ever-increasing demand. An estimated 4.1m households are living in social housing today. According to Shelter England, a further 1.8m households<sup>16</sup> are waiting for a social home (not to mention those who would benefit from social housing but are not yet on those waiting lists).

Social housing has many different facets. With today's focus on responsible use of assets and funding, housing associations and other organisations in the market have a duty to proactively respond to changing demands. This report looks at the role of social housing and the value it brings today – to its residents, their families and to society as a whole.

The Hyde Group is one of the five largest housing associations in London and the south east of England. With about 50,000 homes under management, Hyde has a considerable presence in the market and a direct impact on many people's lives. Hyde has a range of housing provision including homes for families, couples or those living alone who, for one reason or another are unable to buy a home or rent from a private landlord. Extra services for those struggling to maintain their tenancies are also provided where needed, including specialist programmes through the Hyde Foundation and other partners. For those whose main barrier to home ownership is the raising of a deposit, Hyde also offers homes under shared ownership schemes, in which part of the house is rented, and the remainder bought by the individual. This has proved to be a valuable 'stepping stone' onto the housing ladder.

Hyde engaged BWB's Advisory & Impact<sup>17</sup> division to undertake an impact assessment of its activities, focusing on the central question: 'What is the value of a social tenancy?' Recognising that the nature of a social tenancy (and, for that matter, a 'social landlord') is different from other tenancies, this assessment seeks to describe the positive difference that a social tenancy makes – in the lives of residents, their families and others around them, and society more generally. This report discusses BWB's findings and describes the methodologies used: first, to reveal areas of social impact; and second, to assign a value to that impact.

**Part One** of the report discusses social housing, its role in the wider housing ecosystem and the various tenancy types available. It touches on the regulatory environment in which social housing providers operate.

**Part Two** turns to the question of impact, detailing the individual strands of social impact we have assessed (including some which we have chosen not to include in our value modelling, for reasons which are explained in the discussion).

**Part Three** moves on to outline the valuation methodology, the logic of which underpins our technical modelling.

**Part Four** discusses the research and evaluation methods we have used, together with a brief explanation of the assumptions that underpin our evaluation and how those have been sensitivity tested.

## Social housing and its providers

The term 'social housing' covers low-cost rented housing, low-cost home ownership housing and 'legacy' stock owned by social landlords that were registered prior to 1 April 2010. Social landlords can be independent not-for-profit housing associations, private landlords or local authorities. Misconceptions about social housing and its tenants abound. Many people who have never lived in social housing see it as always a temporary situation – incorrectly assuming that the majority of households eventually move on to owning their own home. Indeed, the public and policy narrative

<sup>16</sup> [http://england.shelter.org.uk/professional\\_resources/housing\\_databank](http://england.shelter.org.uk/professional_resources/housing_databank)

<sup>17</sup> Advisory & Impact is a multi-disciplinary division of Bates Wells & Braithwaite LLP, supporting organisations to be more successful in their financial, operational, economic and social impact.



## Part One: Social housing and why we need it

surrounding housing for the past few decades has held home ownership as a central aspiration for everyone. In reality, renting is a perfectly acceptable aspiration for many – as long as that rent is affordable and the tenancy secure.

Social housing provision is offered under a range of modern tenancy types (tenures), designed to meet the needs and improve the life chances of all residents. In providing homes and tenancy agreements that meet the varying needs of tenants throughout the course of their lives, as well as at ‘crunch points’ associated with significant life events, Hyde enables tenants to stay in their homes for as long as they need and helps them to move on when the time is right. In return, Hyde expects reasonable standards of behaviour and responsibility from tenants towards their homes, their landlord and their neighbours.

The mix of tenures provided will vary from landlord to landlord and is influenced by both local need or demand and the strategic focus of any given registered provider of social housing. Registered providers (sometimes referred to as social landlords<sup>18</sup>) are mainly not-for-profit housing associations like Hyde, but can be Local Authority landlords or private for-profit organisations, such as ‘volume’ house builders.

The latter group is seen as an important contributor in the challenge to supply sufficient affordable homes, alongside local authorities and housing associations. However, the business models under which they build homes, and the services they provide as landlords, are very different from those of other social landlords.

‘For-profit’ providers build and let the housing stock at rents that meet the official definition of ‘affordable’ but they are not obliged to offer anything other than a traditional commercial landlord agreement to their tenants. Not-for-profit housing associations like Hyde, on the other hand, are often more overtly seeking to address the ‘social’ element of the social housing offering – designing landlord services and a landlord/tenant relationship that take account of, and respond to, the circumstances of their tenants’ lives. They also reinvest profits into building more homes. This social emphasis, in both the business model and its underlying philosophy, leads to a fundamentally different relationship between landlord and tenant – one which, arguably, confers additional value through positive social impact.

Hyde offers tenures mainly in the following categories:

*General needs affordable rental tenure and intermediate market rent homes:*

These homes (about 60% of Hyde’s stock) are primarily for individuals and families who are unable to rent or buy at open market rents.

*Low cost home ownership, primarily shared ownership:*

Comprising 7% of Hyde’s stock, this option allows residents to purchase a share in the equity of their homes and pay rent on the remaining share. It is an important option for those who have the means and aspiration to take a step onto the housing ladder but for whom current prices – and particularly deposit requirements – act as a significant barrier to entry.

*Homes sold outright in the private market:*

Private sales are a crucial component of the modern social housing provider’s business model. By selling properties at a profit, capital is acquired to fund the building of new homes. Building additional homes is a priority for Hyde, its peers and the government, as the country seeks to address one component of the so-called housing ‘crisis’ – that of deficiency in supply.

<sup>18</sup> Details of regulatory standards that providers must meet can be found in Appendix A



# Part One: Social housing and why we need it

## Rental and tenure types: Definitions

**Social rent** – Social rented housing is owned by local authorities and private registered providers. Guideline target rents are determined through the national rent regime. Housing at social rent may be provided by other persons under equivalent rental arrangements agreed with the local authority or Homes England.

**Affordable rent** - Affordable rent homes are made available by providers (to households that are eligible) at a rent level of no more than 80% of local market rents. Affordable rent homes may be for general needs, supported housing or housing for older people.

**Intermediate rent** - Intermediate rent is social housing provided to tenants at rent levels which are above social rent levels and below market rent levels. This includes (but is not restricted to) key worker accommodation.

**Social leased housing (Low cost home ownership and affordable home ownership)** - Low cost home ownership accommodation is available to people whose needs are not adequately served by the commercial housing market. The landlord retains the freehold interest in the property where the purchaser has not acquired 100% of the equity in the property. The purchaser may have the right to increase or 'staircase' their ownership of equity over time. It also includes properties where the maximum equity share is restricted to below 100%. Properties with shared equity arrangements like this are often referred to as '*shared ownership*'.

**Supported housing** – Purpose-designed or designated supported housing. The delivery of support under the Supporting People framework does not necessarily result in the categorisation of housing as 'supported', if the property is not purpose-designed or designated for a particular client group; in the absence of either of these two conditions, housing is 'general needs'.

**Fixed term tenancy** – A fixed term tenancy is offered for a designated period of time. It is legally known as an assured shorthold fixed term tenancy. Many housing associations offer new tenants a so-called 'starter' tenancy lasting for 12 months. This is then converted to a longer (usually five-year) fixed term tenancy, providing the tenant has not breached contract terms.

**Tenancy for life** - The Housing Act 1988 introduced the assured tenancy, which was applied to most new housing association tenancies from 15 January 1989 until 1 April 2012 (when the Localism Act 2011 introduced flexible or fixed term tenancies). The level of security of tenure offered by assured tenancies has led to them being described as 'lifetime tenancies'. Essentially, with some limited exceptions, if a secure or assured tenant does not breach the conditions of their agreement, they cannot be evicted.

## Regulation of social housing

The social housing sector provides homes that meet certain criteria in three key areas: the standard of the homes themselves; levels of rent that can be charged and the type of tenure and landlord services provided. These are all aspects that help to address some of the central components of the so-called 'housing crisis'. This crisis has evolved from a complex mix of factors, including: poor and deteriorating housing stock; high demand for (and insufficient supply of) commercially sold or rented housing driving up prices; economic pressures including people struggling in low-paid and insecure work and welfare reform.

These factors have combined to reduce people's ability to afford to pay for homes and additional social and welfare factors mean some people are less able to maintain a tenancy than others when unaided.

The sector is currently overseen by the Ministry of Housing, Communities and Local Government (formerly Department for Communities and Local Government (DCLG)) and financially regulated by the Regulator of Social Housing, (formerly the Homes and Communities Agency). Registered providers of social housing in England must meet regulatory standards, which are classified as either economic or consumer (economic standards do not apply to local authorities). There are standards for: governance and financial viability (of the provider); rent; value for money; tenant involvement and empowerment; home; tenancy and neighbourhood and community.

Key details of these requirements are presented in Appendix A.



# Part One: Social housing and why we need it

## Social housing tenants

While we can identify certain sets of circumstances that broadly qualify people to become social housing tenants, exact criteria varies by local authority area and competition for available social housing is fierce – there simply is not enough supply to meet demand. Local authorities and housing associations must prioritise applications - indeed there is a legal expectation that preference will be given to those who are homeless, living in unsuitable housing (not of a decent standard, or overcrowded) or those who have specific health or welfare needs. The national shortage of supply in social housing leads to two scenarios playing out concurrently, depending on eligibility criteria applied locally or by individual landlords:

1. In some areas, social housing provision is only realistically attainable for those with greatest need, skewing the population in that housing stock towards more vulnerable people with complex needs
2. Elsewhere, providers are choosing not to take on tenants with additional needs. Anecdotally, local authority representatives have reported an increased demand for temporary or emergency housing for these tenants.

For many residents, the main qualifying criteria for attaining a social tenancy is simply that they are unable to afford either to rent from a private landlord or to buy a home of their own. In our research, attention was drawn to the fact that many tenants have previously owned their own homes, but have – for one reason or another – been unable to stay there. This underlines an important aspect of the role of social housing – *that it is there for people when they need it and that need can arise at any time during their lives.*

## What social housing does

Hyde's tenancies are predominantly classified as 'general needs'. Residents represent the whole spectrum of households, ranging from single people (of any age), to young couples in their first home or growing families, through to retirees and 'empty nesters'. Like other housing association landlords, Hyde has built a detailed and nuanced understanding of the ups and downs of life for all of its tenants, and has developed a business model which enables it to address those needs, while ensuring that its tenancy base remains as stable as possible. The business model balances proactive tenancy risk management with service provision – making sure that those considered at risk of breaching their tenancy agreements - and probably facing wider difficulties - are given support to navigate a way out of their present difficulties.

At the simplest level, social housing provides affordable homes for those who need one, together with a level of support and stability that lays the foundation for a better life for more people. It plays an important role in ensuring a more inclusive society. When housing is affordable, well-located, of a decent standard and managed with people in mind, it helps more people to thrive throughout their lives and to cope with difficulties when they arise.

Figure 7 shows what life might be like for an illustrative cohort of households in the absence of social housing and contrasts how that picture would change if that same cohort lived in social housing. Note that more people maintain stability in their lives under the social housing scenario.

## Part One: Social housing and why we need it



Figure 7, Tilting the balance in favour of positive outcomes

In a workshop held with Hyde residents, strong themes emerged around the importance and security of having and being responsible for one's own home - being able to afford the rent and to live there without worrying about being moved on at short notice. This last concern encompassed knock-on implications, such as having to change schools or move away from friends or jobs. Overwhelmingly, residents relished the opportunity to look after themselves.

Security of tenure is a key concern for residents (most tenancies are now offered on the basis of five-year terms - renewable unless the landlord has a good reason not to renew). Additionally, they want rents that are genuinely affordable and an approach to managing arrears that gives people an opportunity to pay off debt, should welfare benefits or wages not always be received when they are due, providing a solid basis for residents' lives.

### Challenges for the social housing sector

The social housing sector is not without challenges, however. We have already mentioned the gap between rising demand for social housing and insufficient supply. Coupled with this, is increased financial pressure for many providers (notably local authorities and housing associations - both of whom are restricted as to how they create and spend revenues).

Housing associations in particular, are increasingly shoring up their business models to ensure successful and sustainable futures. This also helps them to balance the minimum standards of housing, and other standards to which they must adhere, with an ideological desire to create positive outcomes for tenants.

### Private rented sector

A key alternative to social housing or buying a home is to rent from a private landlord. The private rented sector in England has more than doubled in size since 2002 and now consists of 4.5m households. Private renting is no longer just a short-term housing solution - the *English Housing Survey Headline Report*<sup>19</sup> (2015-16) revealed that more than half of renters (56%) are aged 35 or over, and more than one third (36%) of households are families with children. According to that survey, almost a quarter of households (24%) have lived in the private rented sector for 10 years or

<sup>19</sup> Rottier, (2016)





## Part One: Social housing and why we need it

more. As the cost of home ownership rises and the lack of social housing endures, the private rented sector plays an increasingly important role in housing people. In fact, more families are now living in the private rented sector than the social housing sector.

The *Private Landlords Survey*<sup>20</sup> data is the latest official government review specific to this sector. At the time it was published in 2010, 89% of landlords were private individuals, responsible for 71% of dwellings in the sector, with more than three quarters of them owning just one dwelling for rent – the kind of ‘buy-to-let’ landlords familiar to most. Since 2010, there have been significant changes, with the emergence of institutional, professional and commercial landlords shaping a very different market. Alongside the established ‘owner-occupied’ property market, a newer ‘build-to-rent’ market has emerged, driven by ever-rising house prices, making much of the retail property market unaffordable for many. ‘Build-to-rent’ is growing quickly, thanks to property companies building at scale and offering professional landlord services in a business model which balances shareholder value with social impact.

These ‘build-to-rent’ companies have become the closest equivalent in private provision to housing associations. The equivalence is not an exact one, though – there are distinct differences in both their business models and underlying philosophies – and these heavily influence the services they provide and the way they are provided. Private landlords are not subject to the same regulations that govern provision as registered social landlords and providers of social housing, though it is important to note that government has introduced measures to ensure that volume house-builders play their part in meeting the demand for affordable housing (including ‘Section 106 requirements’) and that provision, is itself, subject to regulation.

<sup>20</sup> Department for Communities and Local Government, 2011

# Part One: Social housing and why we need it

Some of the differences between providers are not immediately apparent to the general public or the potential tenant. Figure 8 details some of the key comparison points:

Features	Private landlords	Registered social landlords
<b>Length of tenancy agreement/contract</b>	Six- to twelve-month agreements as standard, leading to the potential for significant 'churn' of tenancies  Volume provider Grainger notes in its 2016/17 Annual Report that its average tenancy is 27 months <sup>21</sup>	Five-year agreements (gradually replacing existing 'open-ended' agreements)
<b>Regulation requirements</b>	Not regulated	A number of regulatory standards are prescribed. Currently for: governance and financial viability (of the provider); rent; value for money; tenant involvement and empowerment; home; tenancy and neighbourhood and community. See Appendix A for full details
<b>Maintenance responsibilities</b>	The Decent Homes Standard is a guideline but not required	Provision of homes to Decent Homes Standard is required and regulated
<b>Rent levels</b>	No limits apply. Landlords can (and do) raise rents at the end of a tenancy, without improving the accommodation or services offered	Capped and regulated
<b>Use of capital and profits</b>	Generally viewed as profit and unrestricted as to use	Social landlords are not permitted to retain profits from rental income. Any such profit is reinvested into the business – often designated as capital for use in building additional homes

Figure 8, Features of private landlords and registered social landlords

The categories above map into the key areas of residents' concerns, which are consistently identified by research and surveys in both sectors (albeit with some nuanced descriptions according to the study in question). Broadly speaking, residents in both sectors are looking for housing that is:

- Safe and secure
- Situated in a good community and pleasant neighbourhood
- Affordable.

Shelter's 2017 report on the private rented sector<sup>22</sup> – drawing on data from the English Housing Survey – revealed property conditions in the private rented sector were worse than in any other tenure. More than a quarter (28%) of privately rented homes did not meet the Decent Homes Standard in 2015, compared to 13% in the social rented sector and 18% of owner-occupied homes.

In total, 1.4m households, equating to several million people, are currently living in unsafe or unsuitable rented accommodation – almost 20,000 more than in 2013. While local councils and social housing landlords have a legal obligation to act if their homes are deemed to be

<sup>21</sup> Grainger plc, 2017

<sup>22</sup> Shelter, 2017



## Part One: Social housing and why we need it

substandard, there are far fewer obligations on private landlords. A longitudinal study<sup>23</sup> by Shelter into the private rented sector shows that:

*“The relationship with the landlord was a major influence on tenants and the way they felt about their homes. Landlord behaviour often made people feel particularly vulnerable and worried about their housing situation...Most notably, they often felt that landlords had more control over their tenancy than they did. Landlords could give notice or evict and, because people lived on very low incomes, their choices for alternative accommodation were very limited...how the landlord dealt with repairs was a key driver of housing satisfaction. By 19 months, when looking back at their time in the property, many participants felt that their experience in the property would have been drastically improved, if landlords/letting agents had made prompt and good quality repairs.”*

While we are by no means claiming that all private landlords behave in such a manner, it is clear that safety and security issues are a real concern to tenants, in whichever sector they may be renting.

Security of tenure is perhaps a more immediate concern. With ‘churn’ rates being high in the private rented sector (based on six- to twelve-month assured tenancy agreements, which protect the landlord from problem tenants but which do little to provide longer term security to residents themselves), it comes as little surprise that Shelter’s longitudinal study shows that losing a private sector tenancy is now the main cause of homelessness.

The picture is not all doom and gloom, however. A high proportion of privately rented homes are perfectly acceptable to most tenants. A recent government report, *Fixing our broken housing market*, states that, while standards in the private rented sector remain below those in the social and owner-occupied sectors, they are improving:

*“...just 28% of homes are now non-decent, compared to 37% in 2010. An increasing number of private tenants (65%) are happy with their tenure, compared to 48% in 2004.”*

It is the tenants who do not enjoy this level of satisfaction with their tenancies – those who are struggling at the lower end of the private rented sector – who most often make their way into social housing. That journey into the social housing sector can, however, be a bumpy ride for many.

<sup>23</sup> Smith, Albanese and Truder, 2014



## Part One: Social housing and why we need it

### Other housing provision

We have seen that demand outstrips supply for both the private rented and the social housing sectors, leaving a growing number of people effectively homeless. These people are often in a precarious situation, and life for them can be very difficult indeed.

The main options open to them are to move in with family or friends – often ‘sofa surfing’ from one to another – or to move into temporary housing organised by the local authority, while they wait to join or move up the waiting list for social housing. According to Public Health England, 56,660 families were living in temporary accommodation at the end of March 2016, 2,920 of which were in bed-and-breakfast accommodation.

Research interviews revealed examples in the private rented sector where households were living in Houses of Multiple Occupancy (HMOs) which were not only overcrowded but also raised other challenges. In some cases, landlords had converted properties with little thought given to tenants’ health or mental wellbeing. Some were accommodating far too many people and others gave rise to genuine concerns about the safeguarding of children and other vulnerable household members. Equivalent concerns existed in some parts of the temporary accommodation sector, particularly where families were being housed in bed-and-breakfast accommodation or boarding houses with poor internal security (rooms without locks on the doors) and low levels of privacy.

Just as it is easy to imagine that all privately owned homes are in good condition, however, it is equally easy – and equally incorrect – to assume that all temporary accommodation is sub-standard. The reality of course is far more nuanced. There is good and bad in all sectors and innovations in all sectors designed to address various challenges. One local authority we spoke to manages its own temporary accommodation, supported by a lettings agency and landlord accreditation scheme. Note that we have not factored predicted outcomes of innovations or the ‘direction of travel’ of the housing ecosystem into our value modelling – to do so was beyond the scope of this report.



## Part Two: Understanding the value of social housing





## Part Two: Understanding the value of social housing

***A social tenancy such as that provided by the Hyde Group provides positive annual social and economic impact of at least £16,906<sup>2425</sup>***

### Introduction

This section examines the difference that social housing makes in people's lives – its impact, or more specifically, its social impact. It talks about the distinct benefits that social housing provides, and how those benefits have a tangible effect on tenants' life courses. It is the 'people' part of the story.

Housing associations provide 2.5m homes for more than 5m people, who typically have greater social or health needs than the general population (according to the National Housing Federation 2015: *An ambition to deliver: Housing associations unbounded*)<sup>26</sup>. Those homes are more likely to be of a 'decent standard' than in any other housing sector and think tank, the King's Fund believes this, in and of itself, has a social and economic benefit and provides payback to the NHS, which we will look at in more detail later, alongside the 'payback' or economic benefits accrued to other public service areas.<sup>27</sup>

Decent housing lays the foundation for more stable lives and the effects of this ripple through into healthier, happier lives, better educational attainment, more secure employment, increased productivity and many other positive outcomes. This has a direct effect on the demand for public services, which are designed to address deficits in these areas – primary and acute healthcare, for example, or police callouts – many of which incur significant costs to the public purse. As such, social housing plays an important part in helping to prevent such deficits arising; the financial and economic value of this can be significant.

### How Hyde creates value

Hyde's mission statement is 'to provide more people with a roof over their head so they can make a home'. As a provider of social housing, Hyde creates impact through three main areas of focus:

- Providing affordable homes (through building or regeneration)
- Providing modern landlord services
- Providing additional services as needed.

Each of these can be considered individually but it is arguably their interdependence, in an operational model focused on improving tenants' lives and life chances that adds genuine value to overall outcomes. Figure 9 shows how, for example, every decision made by Hyde as a housing provider is connected to the design of its services as a landlord or how additional services assure the longevity and stability of tenancies and hence, in some part, the value of the homes themselves (Hyde's primary asset base). Hyde is first and foremost a successful business but one with the welfare of its residents firmly at its heart. Tenancy success is a goal shared by Hyde as a landlord and its tenants and the benefits work both ways.

We discuss Hyde's activities in more detail below, noting the impact that each area of service has in the lives of Hyde tenants. This discussion is sometimes referred to as a 'Theory of change', which simply means a comprehensive description and illustration of how and why a desired change is expected to happen in a particular context. It explains the links between what an organisation, programme or change initiative does (its activities) and how these lead to desired changes in people's lives (outcomes).

<sup>24</sup> (A) : Number assured by PwC

<sup>25</sup> In this study we identify many effects but don't value them all, and have taken what we believe are conservative assumptions throughout, so giving a low end value. A full explanation of our modelling assumptions is provided in the Technical Annex and in the Reporting Criteria document.

<sup>26</sup> National Housing Federation, 2015

<sup>27</sup> Buck, Simpson and Ross, 2016

## Part Two: Understanding the value of social housing

The Theory of change for providers such as Hyde is a simple one. Hyde is a provider of homes, of landlord services, and – where needed – of additional support. By addressing the barriers to stable and affordable housing, and by helping residents to ‘help themselves’ (e.g. providing or signposting to specific extra support services where necessary; allowing rent arrears to occur when necessary - provided they are properly managed; keeping homes in a decent state and attending to maintenance and repairs promptly), they are able to take more control in other areas of their lives.

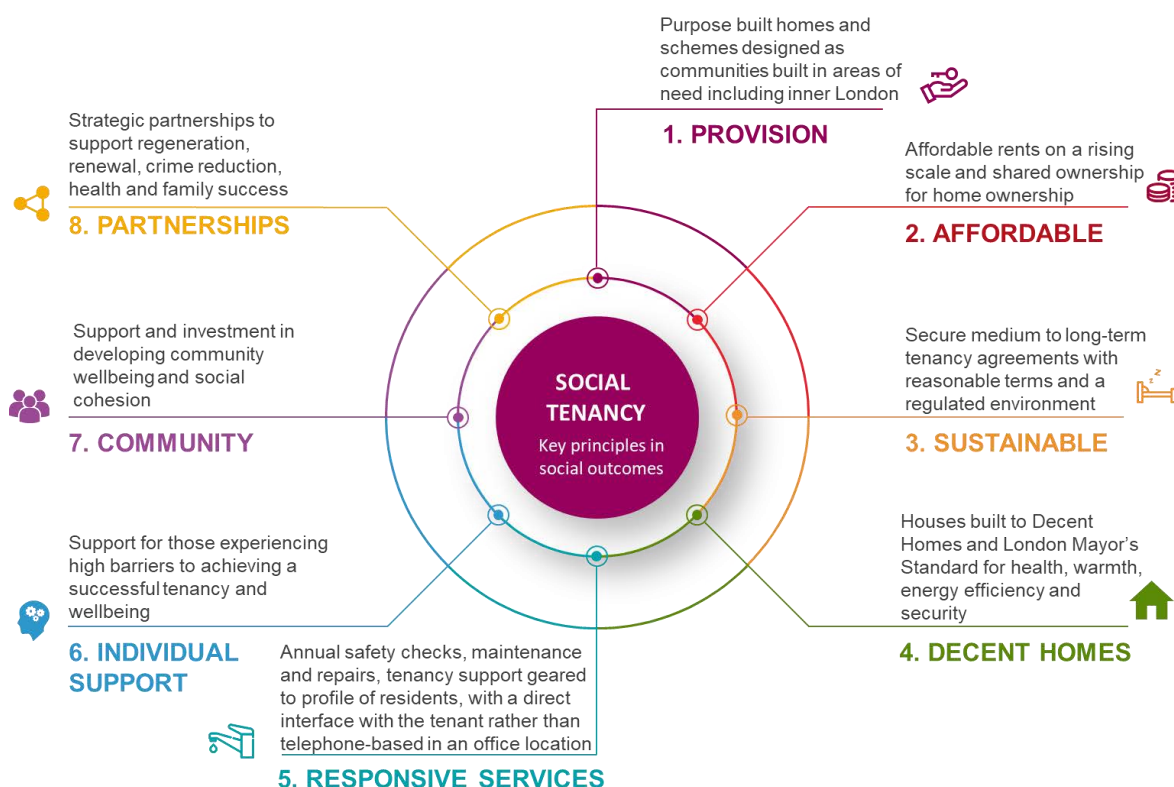


Figure 9, Theory of change - How a social tenancy creates value

### Provision of affordable homes

Hyde provides houses at prices that people can afford to pay. Some of this provision, as noted earlier, is in the form of affordable leases in shared ownership properties. These are attractive to residents who aspire to own their own home, but cannot afford to save for a deposit, or who would struggle to make ends meet after paying the mortgage in the commercial property market.

That same affordability challenge is present in the private rented sector. New research from Shelter<sup>28</sup> has identified 1.3m hard-pressed renters who are unable to meet their basic costs after paying the rent each month. The majority are working households but part of the growing army of those in low paid, part-time or insecure work. These are the people who are making choices between keeping a roof over their heads, putting food on the table or heating their homes.

Rents in the private rented sector are higher than many can afford and, for the tenants who are struggling most, this can be a frightening and stressful place to be. The end of a tenancy agreement is now the biggest cause of homelessness and, according to a Shelter report last

<sup>28</sup> Shelter, 2017



## Part Two: Understanding the value of social housing

year;<sup>29</sup> an estimated 65,000 families say that they were forced to move their child's school the last time they moved within the private rented sector.

Affordable rents may mean that parents can improve their children's diets because they have more disposable income each week. They may be able to look for a better job, even if it is a bus ride away – because bus rides are now affordable too. They may have better physical or mental health because they are free from the worry of having to deal with problems of damp, mould or disrepair in their homes. These, and many other everyday worries and concerns, are more manageable in the context of a social tenancy than in alternative housing scenarios.

Setting rents at an affordable level is often not enough to ensure that a household can manage financially, however. Hyde's affordability checks at the start of a tenancy ensure that residents can afford the rent but also identify those who will need help with budgeting and household financial management, as well as those who are unaware that they are entitled to additional benefits to help make ends meet. The affordability challenge facing low-paid workers in urban areas is particularly stark, as here the market rates are often higher than in rural areas. Well-placed social housing can be a lifeline, though it is worth noting that in a period where low-paid work and 'zero hours' contracts are common, even 'affordable' rents are out of reach for many.

Hyde's tenants are not required to lodge deposits on their homes, for example, as they would in the private sector. Many will be in receipt of Housing Benefit or, increasingly, Universal Credit, both of which can sometimes cause problems in cash flow, especially when recipients are cycling on and off benefits, as they take up short term, casual or 'zero hours' job contracts. As a landlord, Hyde will listen to tenants' individual cases of hardship or inability to pay rent and will help them manage arrears payment plans. Often they will be able to offer advice as to additional benefit entitlements – this capability being built on years of first-hand experience of the welfare system.

By contrast, late benefit payments can be a real problem in the private sector and are often the start of a downward spiral. Shelter's longitudinal study found that: *"A particular challenge was that during benefits reassessment Housing Benefit wouldn't be paid to the landlord"*. This can create intolerable levels of stress, leading tenants into problem debt and ultimately adding to the number of evictions due to rent arrears. A report from Vivid Homes<sup>30</sup> found that of 188 people who had to borrow as a result of problems with the tax and benefit system, 152 turned to family and friends, 42 made use of a bank overdraft, 47 added debt to their credit cards, 17 turned to a high street lender, one person used a credit union and 39 took out pay day loans.

The combination of setting prices at below market rent, and ensuring that tenants are capable of paying, provides a sure footing for a tenancy and the stability that some of society's most vulnerable need. Stable housing is one of the cornerstones of a settled life and enables people to secure jobs, improve educational outcomes for their children and avoid or resist anti-social behaviour and low level crime.

### Modern landlord services designed to meet residents' needs

Hyde's interests as a landlord extend to helping to maintain residents' wellbeing in other areas. Good examples of this include cases where residents have been found to be hoarding or where repairs and maintenance teams have been alerted to concerns that a resident may be experiencing domestic abuse. Support in such cases is swiftly offered – either with advice or information from property managers or customer support staff or through a support programme.

Those residents who might be 'borderline' when it comes to being ready to manage their own tenancies are offered support either at the time of being accepted into a tenancy or at the point when a problem becomes apparent. This support varies according to need – it may be signposting to help with household budgeting, for example. Hyde staff are very knowledgeable about the

<sup>29</sup> Department for Communities and Local Government, 2017

<sup>30</sup> Gregory, Lymer, Espenlaub, Khurshed, Mohamed and Giunti, 2018





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benefits system and often identify that residents are not in receipt of all they are entitled to and will help them apply for those they were not aware of - helping to build financial resilience and resourcefulness in residents. Higher levels of resilience and resourcefulness help to ensure that more tenancies are – and remain - successful, and that evictions or high levels of rent arrears occur less frequently.

Most of the support programmes available to Hyde residents are delivered through the Hyde Foundation, the community investment arm of The Hyde Group. The Hyde Foundation publishes its own impact report that we will not duplicate here, but in our evaluation process, we have acknowledged that the nature of Hyde's socially-focussed landlord services act as a safety net or referral pathway to those services, and so can be considered as delivering value in its own right. A detailed discussion of how we have identified and measured value can be found in Part Three.

During our research, the interconnectedness of Hyde's main focus areas became apparent. As a provider of homes, Hyde helps to address one part of the current housing crisis (that of supply). By making them affordable, it is responding to the other part: rents and house prices that are spiralling out of reach of ordinary people. Its values as a social landlord lead Hyde to do more than just that though.

Hyde has developed its landlord services to keep pace with changing demands, not least the imperative to spend every penny wisely and the demand for digital services. Tenants can pay their rent online, raise requests for maintenance tasks and access a wealth of advice and information leaflets. Hyde staff proudly told us that they 'help people to help themselves'.

Interviewees from the maintenance teams talk about 'looking out for people' when they are working in their homes – actively thinking about the resident as a person and noticing when something is not quite right. Maintenance and repairs to properties are managed electronically, with staff carrying PDA devices to log and report completed jobs, saving the time and cost of returning to base and minimising errors. Maintenance teams told us that they are also notified via their PDA, if a home is designated 'two to attend' because of potential dangers or difficulty at the property. This helps ensure the safety of the staff and residents and also means staff are prepared to take additional notice of what they find at the property and to stay alert to additional support needs. Centralised customer service teams handle incoming calls, ensuring that queries are dealt with as promptly as possible.

Of course, not all of Hyde's residents have additional needs over and above the basic requirement for a safe and secure home. As we have already noted, the majority of Hyde's tenancies come under the banner of 'general housing' but even here, as we will see, the residents benefit from more than just a roof. The very nature of social housing carries with it additional characteristics that are unique to that kind of housing management model.



## Part Two: Understanding the value of social housing

### Decent housing as the foundation for lives well-lived

Research evidence is clear that living in genuinely affordable decent housing plays an important role in establishing a stable foundation for people's lives. It is a pre-requisite for many of the commitments that people make along life's journey and an enabler for many of the 'steps up' in life that they may aspire to – whether at work, in the family or in the wider community.

The building of the homes themselves, and the regeneration of existing schemes, also has a positive impact in the form of a 'local area economic gain'. This is a well-established measure representing the additional spend in an area that can be attributed to a construction project or the creation of other additional employment. Put simply, a project will employ a potentially large number of builders, tradesmen and other workers, many of whom will be living – and spending – locally, adding to the local economy, while enhancing the built environment.

The quality or standard of homes in the social housing sector should be acknowledged. Social housing is much more likely than other tenure types to meet the Decent Homes Standard<sup>31</sup>. In 2015, only 13% of socially rented homes were found not to meet the standard. Hyde, whose properties are predominantly in London and the south east, voluntarily maintains all of its stock to meet, not just this standard, but the Mayor of London's design standard for new homes in London, which is higher.

The standard of a home matters for several reasons. A home that is in good repair, warm and free from damp is demonstrably healthier than one that is uncared for and suffering from mould or other hazards. The Kings Fund study *The economics of housing and health*<sup>32</sup> documents many of the benefits of housing association properties. The findings of the report are based on the fact that housing association properties are likely to meet government standards of decency but also factor in the unique nature of social tenancies and social landlord behaviour (in terms of making adaptations and providing support), which allows people to stay in their homes for longer, maintaining links to family and friends and avoiding care costs:

*"There is no one piece of economic analysis that housing associations can undertake or wield that will persuade health providers or commissioners to work with or commission them. However, our case studies illustrate how housing associations have effectively demonstrated their value, using five different economic arguments:*

- *Housing associations provide safe, decent homes that enhance wellbeing. This has health impacts that are valued, and can save the NHS money, quickly*
- *Housing associations help alleviate the overall cost burden of illness and treatment*
- *Housing associations can help to offset and reduce costs of delivering healthcare to individuals*
- *Housing associations can demonstrate cost-effectiveness in helping to meet the objectives of the NHS and of improving health more broadly*
- *Housing associations can demonstrate the cost-benefits of their interventions in terms of the value of improvements to people's health and savings to the NHS."*

<sup>31</sup> London.gov.uk, [https://www.london.gov.uk/sites/default/files/housing\\_spg\\_revised.pdf](https://www.london.gov.uk/sites/default/files/housing_spg_revised.pdf)

<sup>32</sup> Buck, Simpson and Ross, 2016



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The Decent Homes Standard has done much to assure the quality of homes provided by housing associations and there is a wealth of research that evidences the health and wellbeing outcomes attributable to living in a warm, secure house with low levels of drafts, hazards, cold and damp. Nottingham City Homes recently reported<sup>33</sup> on a project to upgrade its 24,000 homes to Decent Homes Standard and to then measure the impact over two years, in partnership with the Energy Trust. The findings indicated measurable reductions in cardiovascular disease and respiratory illness; fewer reported aches and pains, fewer falls by elderly residents (which can be particularly costly to the NHS), more residents gaining employment, better mental health, lower energy bills and reduced fuel poverty.

***“We help residents to help themselves.” –  
Hyde staff member  
during research  
workshop***

### Working in partnership to improve communities

Hyde and other social landlords often build effective partnerships with other service providers, which enables a far more holistic approach to service provision than would be the case elsewhere. Our interviews with police officers, for example, revealed some interesting observations on social housing compared to other rented properties. They pointed out that social housing schemes were more likely to include some social space that would allow residents to interact with one another and form the base for activities such as boxing clubs for young people and keep fit groups for young mothers. Facilities such as these are vital for the health of a community in which many people are unemployed, on unpredictable incomes or who are dealing with problems of alcohol or substance abuse.

The police spoke highly of schemes or estates managed by housing associations, saying they saw problems being ‘picked up’ and dealt with by the housing officers (property managers) or other staff. Housing associations have sufficient knowledge of, and contact with, their tenants to know when a house or flat is being improperly used (for example, by drug dealers in a crime known as ‘cuckooing’, where dealers take over the property of vulnerable drug users to carry out their crimes in relative safety). Often it is neighbours who report the suspicious goings-on... and this relies on having someone to whom to report it.

A housing association home is one for which someone has responsibility and that someone will care about safety, security and wellbeing of all the homes in the scheme, so anti-social behaviour is taken seriously. In all of these examples, the police were clear that the tendency of housing associations towards early intervention in a situation often leads to measurable savings, in the form of avoided costs of criminal behaviour and imprisonment.

Community safety is not an afterthought once homes are built. In its construction and regeneration projects, Hyde deliberately creates schemes that are designed to promote safety and community cohesion. Unlike some house builders, who tuck their quota of affordable homes at the back of a housing development, Hyde recognises the benefit of mixed tenure models, in which social tenants live in the same rows or blocks as leaseholders, with little if anything signifying a difference between the two. Not only does such a model create a ‘level playing field’ for all residents, reducing overt stigma or ghettoization of those who are renting or in receipt of welfare benefits, but the distribution of thriving households across a scheme reduces the likelihood of struggling or vulnerable residents, who are unable to support one another, being grouped together.

<sup>33</sup> Jones, Valero-Silva and Lucas, 2016



## Part Two: Understanding the value of social housing

### Provision of additional services

Some tenants find it harder to maintain a successful tenancy – and a stable life – than others, and that has implications not only for the tenant themselves, but also on their family and friends and potentially the community they live in. Hyde works on the principle that people should be helped to help themselves, so offers additional services to those who need them. This usually works by referral: a property manager or other Hyde employee, having been alerted to tenants at risk of ‘failing their tenancies’ will identify the best form of support to be arranged through the Hyde Foundation.

Hyde Foundation provides direct one to one services to residents that also link in with specialist external providers to fully address issues that residents may be experiencing in successfully managing their tenancies. The Foundation partners with specialist providers to work on community based issues affecting young people and the local community. The aim is to deliver bespoke activities or interventions that make a real difference to residents’ resilience and ability to cope. Hyde Foundation issues its own impact report<sup>34</sup>. So we will simply highlight a few statistics here, taken from the 2017/2018 report:

“We have worked with 6,309 residents”

“The Successful Tenancies team worked with 1716 residents at risk of failing their tenancies”

“We helped 91 households avoid eviction.....saving the business £910,000 by reducing the number of potential evictions (each failed tenancy costs Hyde £10,000)”

This last statistic is informative. Hyde uses the Foundation and its work not only to help residents and fulfil a corporate social responsibility role but also to enhance the stability of its own business. This is key to the nature of a social tenancy, in which the landlord understands the lives of their tenants to such an extent that they are able to support them in times of need and prevent difficulties from spiralling out of control. This approach enables more tenants to live stable lives, to build a better future – perhaps gaining employability or budgeting skills, with the help of Hyde, and improving their life chances - outcomes which in turn lead to longer tenancies, lower levels of arrears and better care taken of properties. The Hyde Foundation has conducted research with the Housing Associations’ Charitable Trust (HACT), which analysed Hyde repairs data and costs and concluded that working households cost Hyde 33% less in repairs than non-working households.

<sup>34</sup> (2017) “Hyde Foundation Impact Report, 2016/17 Highlights”, The Hyde Foundation



## Part Two: Understanding the value of social housing

Often there are barriers to gaining employment and financial skills, however. There is a tangible focus on wellbeing and mental health awareness among Hyde employees, for very good reason. A recent report from the Money and Mental Health Policy Institute<sup>35</sup> confirms that:

*“The cognitive and behavioural changes that can accompany a mental health problem can make it extremely difficult to prevent arrears in the first instance or resolve them once incurred. Many people may temporarily lack the practical capability to resolve their arrears alone. Together, these factors mean people experiencing mental health problems may require significant support to resolve arrears.”*

The report explains how poor mental health can be both a contributory factor in times of difficulty and a result of them:

*“Mental health problems can increase the likelihood of housing arrears and make them more difficult to deal with. It can be more difficult to work; making earning enough to pay rent a challenge. When you do not have the energy to wash and dress, keeping up with financial management tasks like remembering to pay bills can be impossible. Reminder letters and warning notices can lead to further anxiety, consolidating the problem, rather than resolving it.”*

### Partnership working at Hyde: Case study email following the discovery of a resident in need\*

“Sarah and I visited a resident yesterday – we found him with no support, no food, bruised from falling, no money, serious rent arrears, no paperwork, not registered with any GP and having run out of medication.

#### Action taken

##### Medical needs

- We arranged an emergency prescription via 111
- I have made an appointment today for him to attend a new surgery and have spoken to both the receptionist and an assistant practice manager who are going to ensure that they help him with the paperwork due to his problems.

##### Food and other priorities

- I gave him a £10 Sainsbury's voucher as he has a friend who can collect the prescription and take him to get food
- Sarah is arranging a food parcel to be delivered and for possible help with gas and electricity
- I have referred him to floating support and he has been allocated a support worker.

##### Benefits

- I have had full Housing Benefit reinstated
- I have helped him to complete the ESA50 as this is why his claim for Employment Support Allowance (ESA) ended on 1 March
- I have assisted him to make a new claim to ESA
- I have spoken to ESA (Steve) and was told that it appeared the previous ESA claim was incorrectly closed (I was aware of this but the previous person I had spoken to two weeks ago refuted this and told me he would have to make a new claim)
- Fiona has put in a Discretionary Housing Payment (DHP) application form to clear the rent arrears (resident has ordered three months' worth of bank statements).

##### Actions still required

##### Jess

- Kindly ensure that he gets support in place
- Check that GP is totally on board.

##### Kate

- Need to ensure that Personal Independence Payment (PIP) is claimed and awarded
- Need to find out where to send ESA50 form (awaiting call back from ESA)
- Need to ensure that he obtains necessary medical evidence for his ESA and PIP claims
- Liaise with floating support to see what help they can give.

##### Kate

##### Successful Tenancies - Welfare Adviser (Tenancy sustainment)

\*Names have been changed

<sup>35</sup> Bond, Evans and Holkar, 2018



## Part Two: Understanding the value of social housing

Hoarding behaviour (which often signals a need for mental health support) or neglected gardens can often be triggers for action, for example. One team member said that in his experience “a neglected garden is often the first sign that someone is struggling”, going on to say that this was often the case for larger families or single parents for whom life was a constant juggling act.

An internal email came to our attention during the course of the research. Rather than create a case study from it we have published the email in full, in the blue box above, as it shows the degree of support, care and partnership working that happens in Hyde leading to improved outcomes for residents.

With an ageing population, many residents are elderly and some may find themselves struggling to manage in homes that they had enjoyed as being perfectly suitable in previous years. Simple adaptations, such as grab rails in bathrooms, higher electricity sockets or bathrooms converted to wet rooms (with the aid of a local authority grant) not only enable a resident to remain in their own home but help them to retain both their independence and important connections with family and friends.

This impact ripples through into savings on social care, either in the community (carers and Careline telephone support) or by preventing an elderly person from having to move into a residential or care home.

The costs to the wider economy of elderly or frail people struggling in unsuitable housing are significant. The cost of falls alone is an estimated £2bn a year to the NHS. About 5% of falls in the over 65s result in a hip fracture, costing up to £28,000 (Kings Fund). Following a fall, some patients will require social care packages and others will have to enter residential care – each of these cost more than £18,000 and £28,000 respectively. Simple adaptations, such as grab rails, can significantly reduce the number of falls.

### The impact of Hyde’s activities

#### Moving people up the wellbeing scale

The case study above is a strong example of how Hyde’s activities work together in a holistic approach, which leads to improved wellbeing for residents and communities. The Carnegie UK Trust defines wellbeing as an outcome from which: *“Everyone can realise their potential, enjoy their environment, work meaningfully and contribute to their community.”*

Improved wellbeing is based on five inter-related wellbeing pillars:

- Financial
- Mental
- Physical
- Relational
- Purpose.

The strength of the pillars helps to determine whether an individual or family struggles or thrives in their home and in their life. A lacking in one area of wellbeing can often have a knock-on or toppling effect on one or more of the others - resulting in poor social outcomes. In geographic areas where there is concentrated social need, improving outcomes for individuals can also lead to improved community outcomes. In other words, decent, affordable and supportive housing leads to improved resilience of entire communities.

#### Outcomes in each of the five pillars of wellbeing

This next section offers a definition of each of the five wellbeing pillars and describes the outcomes that Hyde’s housing supports within each one – and sets out the features in Hyde’s work that are responsible for those. The impact of social housing is so extensive that it has not been possible to evaluate all of areas of gain within the scope of this work. More detailed discussion of our

## Part Two: Understanding the value of social housing

evaluation methods and assumptions, and which aspects have been used in our value modelling can be found in the accompanying Reporting Criteria.

It should be noted that each of the activities and outcomes described are not exclusive to housing associations, nor indeed to Hyde itself. It is the combination and extent of the activities undertaken which determine the levels of impact achieved. Even among housing associations with similar purpose and goals, the configuration of services and activities will vary, leading to different outcomes.

Figure 10 illustrates the outcomes associated with each wellbeing pillar and shows the effect on the lives of tenants and those around them, starting with the individual and flowing out into the wider community and society. Each is described in more detail on the following pages.

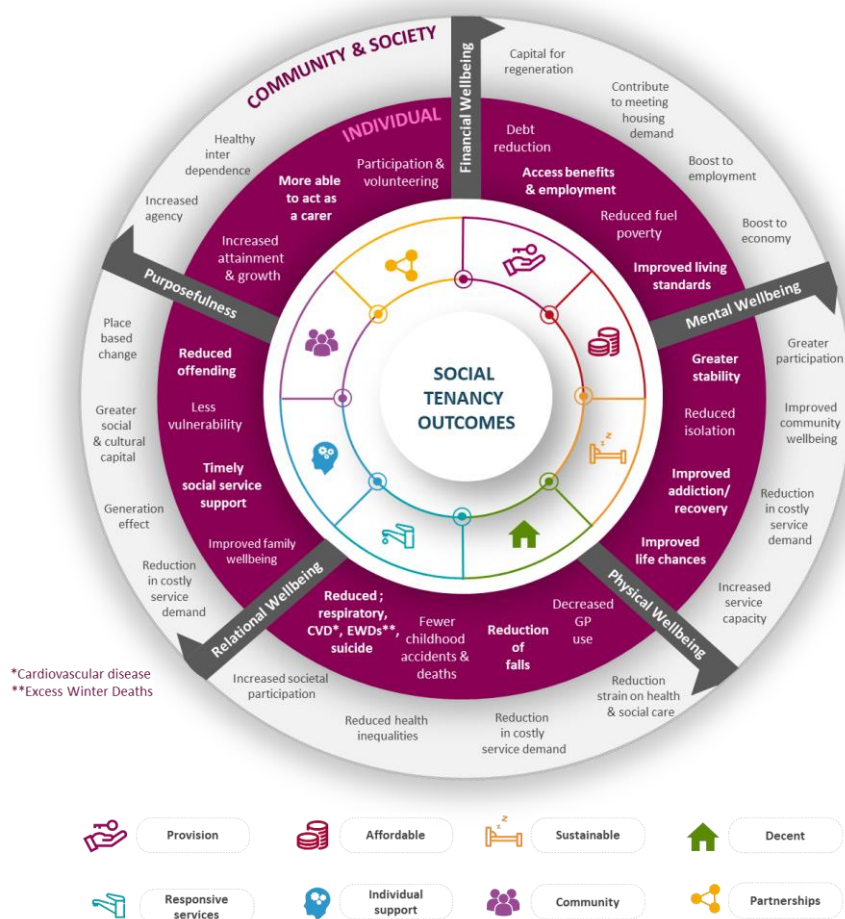


Figure 10, Social tenancy outcomes to the individual, wider community and society (see Appendix B for full size diagram)



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### *Pillar One: Financial wellbeing*

**Definition:** Financial wellbeing is the degree to which people can afford their daily needs in terms of housing, food, clothing, utilities, financial surprises and a sufficient amount to afford to living a meaningful life.

Our research shows that residents in social housing are likely to have less problem debt due to affordability of rent, avoidance of unfair agency fees and charges, a less punitive approach to arrears and access to services, such as benefits checks and debt counselling. While social housing provides a safety net, research shows that financial wellbeing is still problematic for many social tenants<sup>36</sup>. The steady increase in housing costs means that 43% of social renters are in poverty after housing costs have been deducted (29% before housing costs) so the careful attention that Hyde pays to pricing, affordability and its approach to improving financial wellbeing of residents is key.

Stability in housing is associated with the ability to find, retain and travel to work. Temporary accommodation makes it particularly difficult to hold work and family together, with childcare, financial constraints, wellbeing and the insecurity of temporary accommodation all acting as employment constraints.

### *Pillar Two: Mental wellbeing*

**Definition:** Mental wellbeing is the degree to which individuals are able to realise their own potential, to cope with the normal stresses of life, work productively and fruitfully and are able to make a contribution to their community.

Stable and secure housing in good condition has a significant effect on improving the mental wellbeing of residents, through a reduction in stress, overcrowding, sub-standard conditions and affordability – all of which can significantly test a person's resilience. Additional tenancy success services, as well as relationships with health and social care teams and third sector organisations, mean Hyde is integrated into a network of mental wellbeing support available to residents.

The impact of a stable and safe home can be seen on many levels. The well-respected 'Marmot report'<sup>37</sup>, in assessing the impact of cold homes on health, found that mental health is negatively affected by fuel poverty and cold housing – including adolescents, who are at much greater risk of multiple mental health problems than those who live in warm housing. A longitudinal Swedish study<sup>38</sup> found that overcrowded conditions were associated with a 52% greater risk of mental health problems.

NatCen research<sup>39</sup> also shows that the condition of homes affects how people perceive factors such as safety, security and control. Bad and insecure housing creates poor perceptions (and actual experiences) and reduces good mental health. Compromised mental health creates far-reaching effects. In parents, an improved capacity to parent well has a cumulative generational impact on children, rippling out into the community and reducing demand for GP services, for example. The informative Nottingham City Homes study<sup>40</sup> revealed that GPs experience increased demand for their services as a tangible consequence of poor quality housing. A similar picture is reported by the police, in terms of 'frequent callers' who repeatedly require costly call-outs by officers but whose underlying need is for mental health support and not policing.

<sup>36</sup> Tunstall, Bevan, Bradshaw, Croucher, Duffy, Hunter, Jones, Rugg, Wallace and Wilcox, 2013

<sup>37</sup> Marmot, 2010

<sup>38</sup> Chartered Institute of Environmental Health, 2008

<sup>39</sup> Barnes, Cullinane, Scott and Silvester, 2013

<sup>40</sup> Jones, Valero-Silva and Lucas, 2016





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### *Pillar Three: Physical wellbeing*

**Definition:** Physical wellbeing is not just the absence of illness. It is about being safe, sheltered and in good health and is closely connected to mental wellbeing.

Physical wellbeing of residents improves (or at least does not further degrade) as a result of factors such as: housing stability; warm, dry and safe homes; access to maintenance services; energy-efficient homes, good quality indoor and outdoor space; sufficient space and fuel to prepare food; improved finances (which, in turn, enable access to better food and sufficient heating); local partnerships with health and wellbeing teams, as well as specific initiatives, such as those offered by the Hyde Foundation.

Research shows that each of these factors have a deep and wide ranging impact upon health. A Public Health England report<sup>41 42</sup> shows that people in unhealthy, overcrowded and precarious homes are at greater risk of respiratory conditions, poor cardiovascular health, tuberculosis, suicide, drug and alcohol misuse, poor infant weight gain, accidents, meningitis, missed immunisations, excess winter deaths, accidents including falls and domestic fires.

Families and Children Study (FACS) research<sup>43</sup> shows that 25% of children who were living long term in accommodation that is in a poor state of repair had a long-standing illness or disability. The *Health Survey for England (HSE)*<sup>44</sup> shows that working age adults are also disproportionately at risk of poor physical and mental health and the picture is particularly marked for the elderly.

Shelter's research<sup>45</sup> shows that the impact of temporary housing on mental and physical health is particularly pronounced – 78% of 417 families surveyed reported a specific health problem, with an association between the length of time spent in temporary accommodation and poor health outcomes.

Such is the importance of housing to health that health, housing and social care organisations are now working much more closely together within the 2014 Memorandum of Understanding developed between the NHS and 22 key partners – including the NHF (National Housing Federation).<sup>46</sup>

### *Pillar Four: Relational wellbeing*

**Definition:** Relational wellbeing is the degree to which people are able to form positive and beneficial relationships with partners, children, family, and neighbours, within the community and at work. Professor Huppert (Wellbeing Institute, University of Cambridge) has stated that the quality of the relationships we form has one of the greatest bearings on our lives.

A stable and uncrowded home environment, in which residents are able to experience improved mental and physical wellbeing, reduces the stress and strain upon existing family and personal relationships and can provide a starting point for the formation of new ones.

In a large scale Shelter/NatCen study,<sup>47</sup> 77% of those surveyed found that overcrowding seriously harmed family relationships, leading to tensions and fighting between children. The research found that *“parents in overcrowded homes were less responsive and harsher than parents in less crowded housing conditions”*.

NatCen research reported that children who have to move frequently are less likely to experience good peer and sibling relationships.<sup>48</sup> Our research with Hyde staff, local authorities and the police,

<sup>41</sup> Public Health England, 2017

<sup>42</sup> Patten, Scriminger, Baxter and Leng, 2015

<sup>43</sup> Department for Work and Pensions, 2011

<sup>44</sup> NHS Digital, 2016

<sup>45</sup> Barnes, Cullinane, Scott and Silvester, 2013

<sup>46</sup> Buck and Gregory, 2018

<sup>47</sup> Barnes, Cullinane, Scott and Silvester, 2013

<sup>48</sup> Barnes, Cullinane, Scott and Silvester, 2013



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all placed emphasis on the link between good and stable housing and the quality of relationships between parents and children.

Hyde and other social housing providers are often at the table in discussions with public agencies, such as social care plans, Multi-Agency Risk Assessment Conferences (MARACs), community safety forums and local planning. As such, Hyde plays a role in preventing re-offending, early identification of families in need of support, drug-related deaths, crime and abuse. All of these are high impact and high cost and all are dependent on the formation of links, networks and relationships with, and on behalf of, residents.

It was clear from our interviews that individual private landlords have neither the desire nor the networks to engage in any such partnership work designed to enable early identification and effective management of costly problems. Hostels, in particular, were described as often having absent or inadequate visiting and management regimes, leaving people vulnerable.

Falling victim to burglary was a specific theme arising from our research. On the one hand, the police interviews suggested that those in social housing were more at risk of burglary, simply by living in communities where daily living habits of vulnerable people could easily be observed. On the other hand, social housing schemes which meet Decent Homes Standard are much less likely to be burgled. A Police Scotland study<sup>49</sup> on Kingdom Homes, found that 3,000 homes built to Secured by Design standards (an industry standard created to improve safety of dwellings) had a burglary rate of just 1.8%, compared to 14.2% in comparable estates – 87% fewer crimes.

However, the trend towards a reduction of housing officers and property managers, and a shift towards digital or desk-based housing management, was noted by a number of interviewees and there was a concern that this could reduce effective management, which remains to be seen.

As well as proactively managing challenges in the community, Hyde also invests in community development, which helps to build social capital. Projects range from volunteering schemes, mentoring programmes and investment in community resources, to funding initiatives established by external organisations, for example through its £50,000 entrepreneurs' fund.

### **Pillar Five: Purpose**

**Definition:** The charity Sensibility defines a sense of purpose as: *“The motivation that drives you toward a satisfying future [and that] helps you to get the most from the things you do and achieve.”*

Purpose arises from having the right conditions, support and sufficient agency to imagine and be able to work towards goals in both the near and far future. Affordable, stable and secure housing in good condition, supportive relationships, plus specific tenancy support, all provide opportunities for residents to develop their sense of purpose. Research shows that having a sense of purpose is linked to longer life as well as better employment, attainment at school and increased activity in volunteering or caring for others.<sup>50</sup> The latter contribute to wider community wellbeing and can lead to a reduction in demand for formal support services.

Developing a sense of purpose starts early in life and is linked to educational and development opportunities. Insecure and unstable housing in poor condition can be all-consuming and its effects upon mental and physical wellbeing in particular mean that children are more likely to miss school and be classified as 'NEET' (Not in Education, Employment, or Training) later in life. Adults dealing with the stresses associated with unstable or poor housing find it more difficult to hold down a job when simultaneously dealing with multiple challenges at home. Research from the Chartered Institute of Environmental Health<sup>51</sup> found a link between overcrowding, sleep deprivation, lack of

<sup>49</sup> Scottish Housing News, 2017

<sup>50</sup> NHS Digital, 2016

<sup>51</sup> Chartered Institute of Environmental Health, 2008



## Part Two: Understanding the value of social housing

educational achievement and stress and worry, echoing the findings of a French study<sup>52</sup> which showed a relationship between poor housing and academic failure.

Shelter's work<sup>53</sup> shows that living in temporary accommodation disrupts education, attendance and attainment: 43% of parents reported that children had been forced to miss days at school due to their circumstances (an average of 55 days of school) and one in 10 families were not able to secure a school place at all. Challenges were also associated with long journeys, transport, no space to do homework or play, having to leave friends, finding it difficult to make new friends, being affected by lack of sleep and noisy neighbours. Not surprisingly, the mental and emotional wellbeing of children was poor, with 42% reporting their children were depressed, as well as being subjected to bullying. Furthermore, eleven per cent of children had been given a Statement of Educational Needs and 10% had been suspended, excluded or expelled.

Having looked at the outcomes of Hyde's activities under each of the pillars of wellbeing, we discuss in the next section how we have evaluated the value of those outcomes to society.

<sup>52</sup> Goux and Maurin, 2005

<sup>53</sup> Harker, 2006

# Part Three: Economic value of a social tenancy







## Part Three: Economic value of a social tenancy

### Introduction

This section describes the methodology we have used to calculate (or ‘model’) the value of a social tenancy, and explains the logic that sits behind that methodology.

**In summary:** To understand the value of a social tenancy, we need to model what the life course of social housing tenants might be if that social housing did not exist. This alternative scenario is referred to as a ‘counterfactual’ argument to the current state. Comparing aspects of the counterfactual to what we know happens in the current state (in which social housing does exist) allows us to determine the value of social housing.

The aspects we have modelled in both scenarios – with and without social housing – relate to the costs of service provision (by housing associations and service professionals, such as GPs or social workers), economic activity related to employment status and costs such as welfare benefits. Full details of what has been modelled are in the accompanying reporting criteria document and an outline of the methodology can be found in Part four of this report.

There are three key points to appreciate before considering the values we have modelled:

1. We have not sought to model all of the costs and income in a person’s life. The costs and economic benefits we have used are those for selected areas of a person’s life that, from our research, are likely to exhibit some change as that person moves into a social tenancy. So, for example, the costs of GP and A&E visits are not the whole of a person’s health support costs but one element of these. Areas, such as transport costs, have not been considered at all as these are too complex to model here.
2. We have not sought to model all of the areas of impact our research has shown to exist. Rather, we have focused on areas that are indicated to arise in a large number of situations and have excluded some areas of identifiable outcomes and impact where they only affect a minority – or where further data is needed to produce an acceptable evaluation. In particular, we have not evaluated the following three areas shown by our research as ones in which Hyde has impact:
  - a. Models of shared ownership which enable tenants to gain and increase equity in their home
  - b. The contribution of design in individual units and the layout of estates (or schemes) to individual wellbeing of residents, and positive community development and cohesion
  - c. Specialist services either delivered, or facilitated, by Hyde, which meet the specific and particular needs of certain groups of tenants with acute or complex needs.
3. Where we have used estimates or assumptions, we have always sought to be conservative. In addition to being selective about which areas of impact to evaluate, we have been careful to avoid over-estimating and over-claiming. Where estimates and assumptions have been made based on the research, we have taken the lower end of ranges and reduced impacts where there is uncertainty.

For the purposes of our methodology, we have focused upon the three main housing scenarios in which residents could find themselves: low-cost private rental, temporary accommodation and living with family and friends. CORE data<sup>54</sup> shows these are the main routes into social housing, and therefore are the most prevalent situations in which tenants would be but for the availability of social housing.

Understanding the range of outcomes for those living in social housing is an important part of the research, as it reduces the likelihood of over-estimating the social costs associated with alternative

<sup>54</sup> Social housing lettings: <https://www.gov.uk/government/collections/rents-lettings-and-tenancies>

## Part Three: Economic value of a social tenancy

forms of housing. This is described below in the section *Life in social housing: a typology of situations*. Modelling in this way acknowledges the challenges and poor social outcomes that some social housing residents still face, as well as the distance that the social housing sector may still need to travel in terms of its provision. This is particularly important for, while much of Hyde's provision is 'general needs', the profile of residents in social housing overall has changed over time, due to ever-tightening qualification criteria in the face of increasing demand for scarce resource.

Some outcomes are beyond the control of housing, its providers, and its residents. The rise in low-paid and insecure work and ever-increasing living costs means that those with no other needs, besides that for an affordable home, are finding themselves further away from stability – even in social housing. It is a startling fact that the majority of households in poverty in the UK have at least one working member. Many of those on low incomes and insecure work are concentrated in social housing and while social housing has a huge positive impact on people's lives, we should also remember that it is not a panacea to all ills and improving outcomes for tenants requires attention to a range of social, economic and political factors.

### Life in social housing: a typology of situations

The research we have undertaken into social housing leads us to a broad understanding of what life is like for social tenants. We have drawn a broad typology from this, which describes the lives of social housing tenants in one of four typical situations. Note that tenants are unlikely to stay in any one situation throughout their tenancy, nor is there a linear progression from one to another. Instead, we are likely to see people transitioning backwards and forwards from one situation to another in the wake of life events and as their life course progresses. A summary of this typology is set out below, and described in more detail later in the section.

- **Scenario 1: Stable and good** - Those with stable lives, who overall, have a good sense of wellbeing. 47% of tenants in Hyde's database were assigned this scenario.
- **Scenario 2: Stable but poor** - Those whose lives are stable but are poor quality, due to poverty and/or poorer mental or physical wellbeing. 30% of tenants in Hyde's database were assigned this scenario.
- **Scenario 3: Struggling** - Those who face more significant struggles in one or more of the wellbeing pillars. 15% of tenants in Hyde's database were assigned this scenario.
- **Scenario 4: In crisis** - Those whose struggles in one or more of the wellbeing pillars have pushed them into crisis. 8% of tenants in Hyde's database were assigned this scenario.

These are 'typical' situations, drawn from blended descriptions of the lives and circumstances we have learnt about in our research. By no means does every person aligned to the 'Crisis' situation experience every one of the challenges listed and the same is true of the other situations. They are intended to paint a picture, and to provide a starting point to calculate the cost of addressing some of the challenges associated with each situation.

#### Definitions

**Value:** relates to the monetisation of discernible or measurable impact

**Impact:** is the effect of a change (positive or negative)

We used Hyde's current database analysis on its tenants to estimate how many residents might find themselves in each of the four situations, using indicators such as payment history, number of calls to Hyde, demographic profiling, family make up, physical needs and receipt of benefits. Whilst not perfect, it does allow us to make assumptions that can then be refined over time, as Hyde reports on its impact year-on-year.



## Part Three: Economic value of a social tenancy

### Lives without social housing: exploring the alternatives

To model the impact created by social housing, we need to compare that scenario with its alternative – a so-called ‘counterfactual’. Our counterfactual argument takes our cohort of Hyde’s tenants and redistributes them across three main alternative housing situations, using proportions taken from an analysis of CORE data and Hyde’s resident data. These proportions were then adjusted where necessary, as a result of the research. The full breakdown of the numbers of people in all of the segments can be found in the reporting criteria document that accompanies this report.

The alternative scenarios are set out below. It is important to note that, within each of these scenarios, residents will experience the full range of outcomes from thriving, to doing very poorly. We are not suggesting that all alternative scenarios are poor. However the key fact to grasp is that these alternative scenarios are inherently unstable – people find it harder to maintain a stable life in most of them and there can be quite rapid movement from one to another (usually in a ‘downward’ trajectory) until stable and more permanent accommodation is found. Over time, we may even see an overall trend towards the bottom, if the challenge of supply and demand in affordable housing is not met.

- **Alternative housing scenario 1: Low-cost private rental** – CORE data shows that 35% of people are in private housing before becoming social tenants.
- **Alternative housing scenario 2: Temporary accommodation** – CORE data shows that 18% of people are in temporary housing before becoming social tenants.
- **Alternative housing scenario 3: Family and friends** – CORE data shows that 47% of people were living with family and friends before becoming social tenants.

The social outcomes associated with living with family and friends are particularly under-researched. Our primary interviews sought to gain views and experience from local authorities, police, Hyde staff, and from tenants themselves and our findings are based on these interviews and secondary research data – which are both few in number. This area of research would, in our opinion; benefit from a specifically commissioned study, to understand how this arrangement works for people and the effects it has on life course and outcomes.

## Part Three: Economic value of a social tenancy

### Key findings: impact and value of a social tenancy

This section outlines our key findings, based on the evaluation methodology outlined above. It provides more detail of what life is like under each of the scenarios we have described and shows some of the key cost areas associated with each, which act as inputs to our modelling and are the basis for the social value we have derived.

As demonstrated in figure 11, below, the total social and economic value of Hyde's activities, considering the social value (£11,175<sup>55</sup>) and economic impact of construction and maintenance (£4,586 and £1,145 respectively) of £5,730<sup>56</sup> per tenancy, comes to £16,906<sup>57</sup> per tenancy, per year, or £607m<sup>58</sup> per year across all Hyde homes.

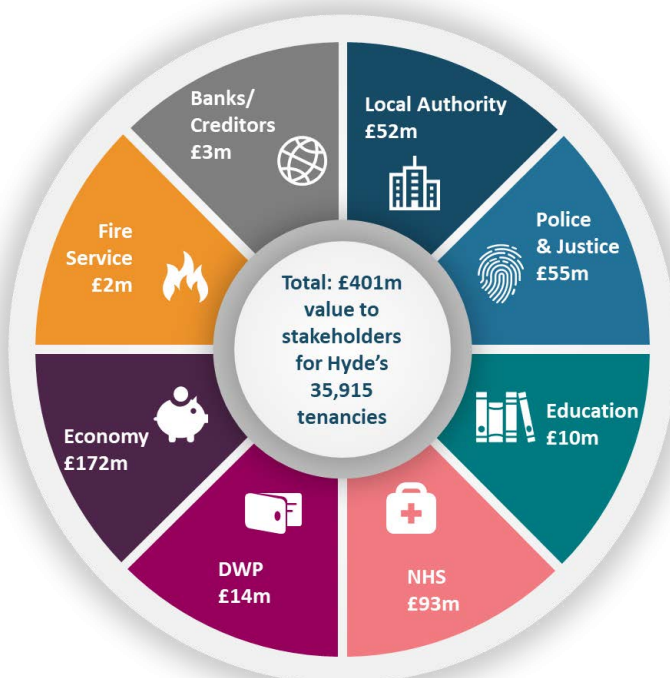


Figure 11, Total social value by key stakeholders<sup>59</sup>

The overall value for the social tenancy falls into eight stakeholder areas shown in figures 11 and 12.

Some of the key elements contributing to the value in each of those areas are shown in the table in figure 12, below.

<sup>55</sup> (A) : Number assured by PwC

<sup>56</sup> (A) : Number assured by PwC

<sup>57</sup> (A) : Number assured by PwC

<sup>58</sup> (A) : Number assured by PwC

<sup>59</sup> (A) : The £401m figure in this diagram has been assured by PwC



## Part Three: Economic value of a social tenancy

<b>Economy</b>	<b>£172m</b>	<ul style="list-style-type: none"> <li>Additional economic productivity and activity by enabling people to get back into work, evaluated at £20,281 per FTE, plus £12,150 of local economic activity. 8,337 adults of working age back into work: £149m</li> <li>Reduction from presenteeism levels in the situation without social housing ranging from 20% (private rental) to 25% (the other two categories) to a range of 11% ("good") to 30% ("crisis") in the social housing situations. Presenteeism applies to people in work, but for whom their outside circumstances lead them to be in work but not focused on the task for part of the time: £12m</li> <li>Reduction in absenteeism from an average of 20 days a year without social housing to 11 days a year with social housing: £11m</li> </ul>
<b>NHS</b>	<b>£93m</b>	<ul style="list-style-type: none"> <li>Variety of elements from GP attendances, falls for the elderly, childhood asthma through damp living conditions. A&amp;E visits and mental health, together with drug and alcohol elements.</li> </ul>
<b>Police and Justice</b>	<b>£55m</b>	<ul style="list-style-type: none"> <li>Callouts with no arrest: £13m</li> <li>Costs relating to being victims of crime at £10,276 per event, with 7,443 fewer incidents: £42m</li> </ul>
<b>Local Authority</b>	<b>£52m</b>	<ul style="list-style-type: none"> <li>Moving 6,465 residents for whom the local authority is paying for temporary accommodation: £41m</li> <li>Helping elderly people stay independent for longer and defer move into residential care: £10m per year</li> <li>Reduced level of children on Child Protection register: £1m</li> </ul>
<b>DWP</b>	<b>£14m</b>	<ul style="list-style-type: none"> <li>Reduction in universal credit claims as people get back into work.</li> </ul>
<b>Education</b>	<b>£10m</b>	<ul style="list-style-type: none"> <li>Cost of being out of education of around £10k per child per year in terms of long-term effect spread over the eight years of mainstream schooling post seven years old. Reduced likelihood of being out of education.</li> </ul>
<b>Banks and creditors</b>	<b>£3m</b>	<ul style="list-style-type: none"> <li>Problem debt.</li> </ul>
<b>Fire service</b>	<b>£2m</b>	<ul style="list-style-type: none"> <li>Reduced likelihood of domestic fires.</li> </ul>

Figure 12, Breakdown of value by stakeholder

The values shown in this table are the overall benefit seen in a basket of effects, comparing those with, and those without the benefits of social tenancies. Full details of the specific costs that constitute the aggregate figures are available in the accompanying Reporting Criteria document.

### Life in the 'with social housing' scenarios:

These are 'typical' situations, drawn from blended descriptions of the lives and circumstances we have learnt about in our research.

**Stable and good** - This situation is comparable in many respects to national averages. However, those in this situation in a social tenancy will have lower than average overall income levels and there will be higher than average receipt of Housing Benefit and Income Support (or Universal Credit).

Having benefitted from a secure social tenancy, some people may now be doing markedly better financially than at the start of their tenancy. Others will have recovered from a period of difficulty (perhaps having lost their job and foreclosed on a mortgage, meaning forced sale of a house, for example). Better employment, or an empty nest now that children have left home, mean some have reached a level of stability not there in earlier family years. For younger families, children will now be in school, allowing parents to go out to work.

Tenants in this situation may have disability or long term health or care needs but, on the whole, these are affordable and well-managed.

**Stable but poor quality life** - Tenants in this situation are financially worse off than average. They are just as likely to be employed as unemployed or in unstable employment. Whatever their employment status, they have low levels of income and/or insecure work with poor predictability of hours, perhaps working more than one job in the 'gig' economy.

Despite these financial challenges, most are managing to keep their lives together but their straitened circumstances will have an impact on their ability to pay rent consistently. They will



## Part Three: Economic value of a social tenancy

sometimes find themselves unable to afford good quality food and may struggle to always do well at parenting, eating well or keeping on top of money. Children may miss the odd day at school or be unable to afford to join in on social or extra-curricular activities, which may lead to them being left out.

Over time this will take its toll. Tenants in this situation may feel 'run ragged' and their future physical and financial health is likely to be poorer than average.

**Struggling** - This situation is characterised by a virtual absence of stability. Tenants are less able to manage their lives well than others. They may be unemployed or frequently in and out of zero hour contracts and temporary work. Because they are never in a job for long, and frequently have to cycle back onto benefit payments (with the system's inbuilt delays), they build up rent arrears and are more likely to have personal debt which is difficult to manage.

Unsurprisingly, the stresses associated with this situation lead to poor mental wellbeing – which may or may not be supported. Children are more likely to struggle at school or to attain well. This can be exacerbated by poor nutrition or sporadic attendance at school, as well as a chaotic home life not conducive to homework or study. The household may be forced to use food banks when things get tough. Household members are more likely to be victims or perpetrators of crime or to associate with people who are.

Tenants may have greater health difficulties than in other situations - most likely poor mental health, long term health conditions or learning difficulties. They may have to act as a full-time or primary carer to another household member or family member. Poor health will be starting to have an impact on daily living and resilience, meaning they are less able to take advantage of positive opportunities.

**Crisis** - One or more of the elements crucial to wellbeing are at crisis point and impacting significantly on life for residents in this situation. Poor mental health is experienced to the degree that it impacts upon the ability to manage day-to-day. Issues such as hoarding behaviour may have spun out of control and be causing genuine concerns with regard to health and safety. Physical health conditions are likely to be poorly managed – including dementia, disability, reduced mobility or long term conditions.

Unsurprisingly, finances may be extremely chaotic, and can be seen as both a contributory cause and a result of a crisis situation. Tenants may have uncontrolled problem debt and be unable to pay rent, household bills and food costs. An unexpected expense may be just enough to cause a disaster for these households. Domestic violence may be a factor and children are more likely to be struggling both at school and at home, with many engaged with children's services.

Tenants in a crisis situation are more likely to be at risk of eviction, more likely to go into temporary accommodation and more likely to be the victim or perpetrator of crime. Without proper support, they are more likely to be imprisoned, and to make use of emergency services.



## Part Three: Economic value of a social tenancy

### Life in the ‘without social housing’ scenarios:

#### Temporary accommodation

Negative outcomes in temporary housing include instability, disruption to jobs and schooling, families having to live ‘cheek-by-jowl’ with those struggling with addiction or mental health problems and released prisoners awaiting accommodation. This segment can experience poor outcomes in every wellbeing domain.

This figure is based on only those outcomes for which we have robust cost evidence and, as such, cannot be regarded as the total likely cost for this group. Shelter and NatCen’s<sup>60</sup> research indicates that cost of temporary accommodation to society overall is £500m per year (2005 figures).

#### Private rental

Our local authority interviews indicated that not all low cost private rental homes are substandard, and are even less likely to be where local authorities have controls, such as accreditation schemes. However they acknowledge what the research tells us - that a significant percentage of low cost private rentals are insecure, often unaffordable and are more likely to lead to debt situations and to have a negative impact on schooling, jobs and mental and physical health. Homes in multiple occupation, in particular, are associated with poor outcomes.

For the elderly, substandard accommodation puts them at greater risk of falls and much of this accommodation is found in the private sector – both rentals and owner-occupied. We have not evaluated owner-occupied in the scope of this study.

#### Family and friends

Our interview with a Local Authority considered that a proportion of people – about 20% - living with family and friends would be likely to manage very well with the support that family can offer, including support of elderly relatives. However a significant proportion – around 30% - would do poorly, faced with lack of space, economic challenges and the difficulties of having many under one roof, particularly those with young families living with parents.

There are specific difficulties for those who give cause for concern to social services and other agencies. Local authorities tell us that over time, living with family and friends becomes an untenable situation – it becomes too much for young families and for those without families; goodwill from their friendship network only lasts so long.

Altogether, this is a very unstable place to be long term (though a useful interim solution for many), and it is not surprising that about 30% of those living with family and friends eventually resort to seeking emergency or temporary accommodation from their local authority. We have been unable to model this specific effect during this study but it is one which would benefit from additional research.

#### Comparison of costs

Figure 13 shows that those living in alternative forms of accommodation experience a much poorer set of outcomes and consequently cost society more, focussing again on this selected “basket” of effects which enable us to compare like with like with reasonable evidence to support the figures. There are arguably both moral and financial obligations to ensure that as many social housing residents as possible experience more of the right conditions that will help them move towards a stable and good life - which is better for them, for their landlord and for society.

<sup>60</sup> Barnes, Cullinane, Scott and Silvester, 2013

## Part Three: Economic value of a social tenancy

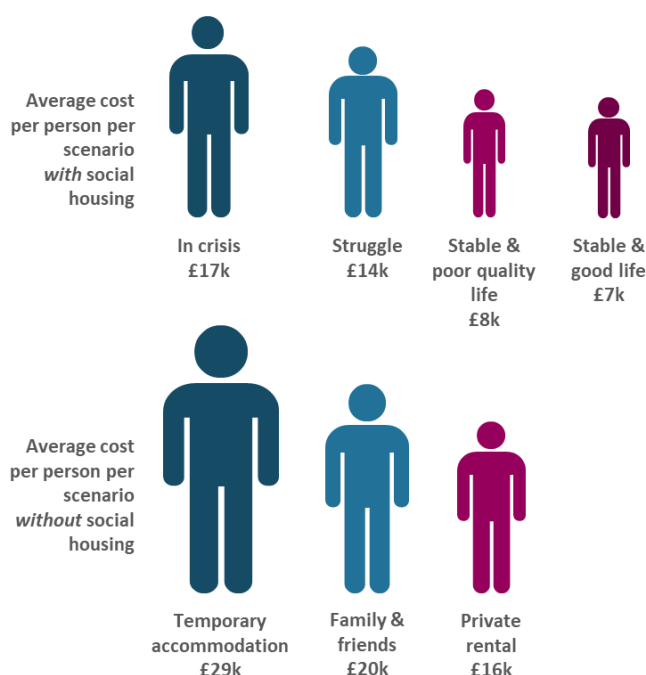
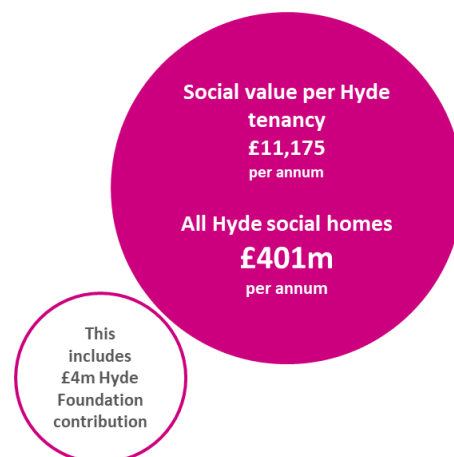


Figure 13, Comparison of costs 'with' and 'without' social housing

The current state and counterfactual analysis outlined above allows us to derive the value of a social tenancy. When comparing a social tenancy to the alternatives, and focusing just on those selected costs and gains, we have calculated that the value each one of Hyde's social tenancies brings per year is £11,175<sup>61</sup>. Accounting for all of Hyde's social housing, this represents value brought of about £401m<sup>62</sup> annually. This figure does not take into account a number of outcomes and impacts as explained on page 40. Additionally, it excludes:

- The wider impacts on children's services or education at school and college level
- The impact on parenting for the next generation
- The impact on future poverty as a result of pension shortfalls and a lack of assets
- The possibility of impact on street homelessness
- The value of cohesive communities.

For the above outcomes, we either could not find sufficiently robust evidence to model the effects attributable to social housing or the outcome was too complex to be properly modelled in the scope of this work. Even without full inclusion of all of the outcome values, however, it can be seen that the contribution that Hyde's social housing brings to other stakeholders each year is significant.



<sup>61</sup> (A) : Number assured by PwC

<sup>62</sup> (A) : Number assured by PwC



## Part Three: Economic value of a social tenancy

For each of the outcome areas we have modelled, value arises in a number of ways. Problems that would otherwise lead to costly interventions by social services, healthcare professionals, police or others are prevented or identified earlier.

Overall health and wellbeing is improved, leading to better employment and economic activity (so reducing the levels of welfare claims). Accidents, injuries and the healthcare costs associated with a number of conditions are reduced or avoided. Lower levels of anti-social behaviour and criminality lead to reduced demand on the police and emergency services.

The details of all the financial gains or avoided costs that we have modelled can be found in the reporting criteria document.

### Wider economic gains through construction and maintenance

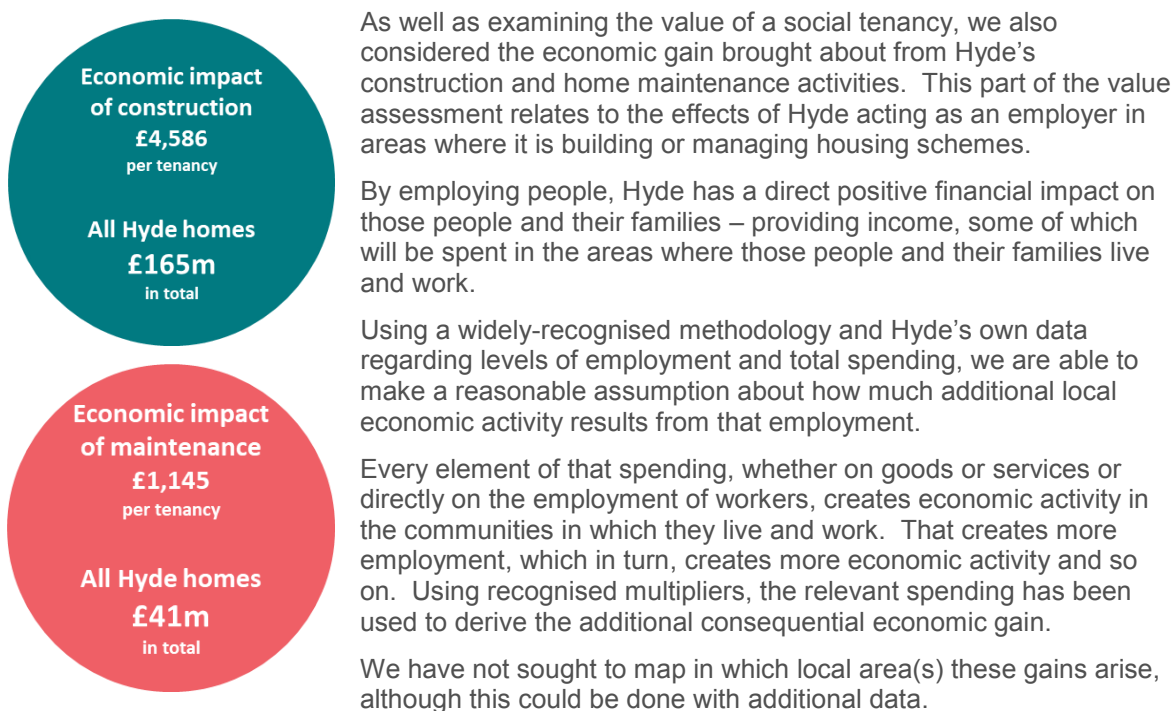


Figure 14, Social value per tenancy and total social value per year headline figures<sup>63</sup>

<sup>63</sup> (A) : All numbers in this diagram have been assured by PwC



## Part Three: Economic value of a social tenancy

These figures are a fair reflection of our work, and show a reasonable minimum value for a social tenancy: it is worth *at least*... They are not, however, absolutes, frozen in time. There are four main ways in which the figures can change:

- We are able to evaluate other areas of impact left out of the present review – which enables us to add additional impacts we ‘find’
- We are able to refine the assumptions used as we gain more evidence – which is a normal consequence of regular updating
- Hyde’s work and service provision changes – meaning that the areas we are examining change
- Hyde’s impact changes – Hyde achieve more change or less change than currently.

These areas should be followed up and embraced, so this work can become the foundation of a longer term measurement within a framework that informs Hyde’s policy, social sector decision-making and service delivery.



## Part Three: Economic value of a social tenancy

### Conclusions

The provision of social tenancies is an extremely important part of the overall housing ecosystem. The presence of housing associations, like Hyde, in the ecosystem is critical – they bring a social mission, years of experience, networks oriented towards achieving social outcomes, as well as the funds (through their surpluses) to invest into building and regenerating significant schemes that meet and exceed the Decent Homes Standard.

We have seen that demand for social tenancies outstrips supply. Greater provision of social housing would allow more of those in need to benefit from it, leading to a reduction in the high social and financial costs associated with alternative forms of housing that are not yet sufficiently social in heart, regulated nor large in scale.

Increased provision of social housing will also help to create balanced communities and avoid a return to past situations, in which housing estates became little more than ‘dumping grounds’ for those with high un-met needs. Creating balanced communities is more likely to result in healthy interdependence and create fertile ground for initiatives, such as asset-based community development – which result in better outcomes for communities, at a lower cost.

If one half of the social outcomes achieved can be attributed to affordable homes being built and maintained to a decent standard within a regulated environment, it is perhaps the human relationships, physical presence and balanced caseloads of property managers / housing officers and other frontline staff that are responsible for the other half of the outcomes. Housing associations, like Hyde, must strive to maintain a balance between sustainable funding models and the need to make efficiency savings against the wider value of the outcomes of service delivery.

The route to funding roles, such as housing officers, property managers and other forms of tenant support, may be through sustainability and transformation partnerships. It is now recognised that health and housing are absolutely integral to one another and there is potential for huge health gains and financial savings to be made through such partnerships.

While social provision results in better outcomes than alternative provision, there are still outcomes that need attention from Hyde and other social landlords. Hyde provides services and homes at an affordable price, which enables people to get on in life. This should provide the basis for measuring the success of its work accordingly, which provides substantial social value across different life-courses from early years, working age and through to older age.



## Part Four: Understanding this study





## Part Four: Understanding this study

This study was undertaken between March and July 2018. It was designed both to determine the value of a social tenancy, with particular regard to tenants of the Hyde Group, and also to design an ongoing impact measurement framework. The framework is not included in this report, however, the Reporting Criteria supplied provides detail on this study, and a further Technical Annex has been made available to Hyde.

There is a wealth of research available on social housing, social tenants and their lives, and alternative housing types. In the time available, we have restricted our research – and most particularly our literature review – to sources that deal specifically with the social impact generated through a social tenancy and to data sources that help us to evaluate that impact.

### Research methodology

The research methodology supporting this report and the accompanying valuation model is based on a combination of desk research (the literature review), action research-based workshops, semi-structured interviews and targeted data collection, to evidence or validate our findings.

The project was overseen by a Hyde staff steering group. A summary of activities is shown in figure 15.

Activity	Details
Literature review and targeted data collection	More than 100 research reports and other secondary sources including: <ul style="list-style-type: none"><li>• Research articles</li><li>• Longitudinal or cohort studies</li><li>• News reports</li></ul>
Action research workshops	Workshop A with Hyde staff  Workshop B with Hyde residents.
Semi-structured interviews	One resident  Two Hyde Responsive Repairs team members  One police officer  Two local authority housing and employment departments
Targeted data collection	Data drawn from sources including Unit Cost Databases
Project steering group meetings	Three meetings  Over five sub-group progress checks or consultations  Weekly update phone calls

Figure 15 BWB A&I research activity summary



## Part Four: Understanding this study

We are extremely grateful to all participants, who have been generous with their time and provided insightful, fascinating and very useful information.

A full bibliography and details of sources referenced in this report is in Appendix C. We found the following set of reports and data sources particularly helpful:

- (2014) "Assessing the social and economic impact of affordable housing investment - A report prepared for G15 and the National Housing Federation". Frontier Economics
- (2018) "Homes & Wellbeing - Breaking down housing stereotypes". VIVID Homes
- (2016) "The Economics of Housing and Health - The role of housing associations". The King's Fund
- (2014) "Can't Complain: Why poor conditions prevail in private rented homes". Shelter.

### Methodology for determining the value of a social tenancy

An evaluation model is used to arrive at the value of a social tenancy. Figure 1 illustrates the difference that social housing can make.

The evaluation model is built on a logical argument. It starts with the current observed and researched scenario, in which social housing is benefitting a known population of tenants. These tenants are experiencing life broadly in line with one of the four situations described in the typology introduced in Part Three of this report. We have used Hyde's own customer segmentation data to decide the proportion of tenants in each situation. The modelling process proceeded through the following steps:

**Step A:** Each situation described encompasses a number of challenges, which are experienced to varying degrees by different cohorts in that situation. We have used trusted databases and research evidence to determine what proportion of tenants in each situation are experiencing which challenges, to what degree.

**Step B:** From there, we took known or derived costs and economic benefits associated with these challenges and modelled them for the blended cohort groups, in each of the four situations in our typology, to arrive at an overall total of these selected costs and gains for social tenancies. Costs and gains are themselves of certain key types:

- Costs of support provision by the housing association or other service providers
- Costs or reduced benefits associated with compromised health and wellbeing – a combination of treatment or care costs and reduced earning capacity
- Costs associated with anti-social behaviour, poor community wellbeing etc. (e.g. policing).

Full details of these are provided in the reporting criteria document accompanying this report.

**Step C:** The same exercise was repeated for our 'counterfactual' scenario – a scenario in which social housing or its equivalent did not exist. We assumed those benefitting from social housing (or an equivalent provision) would be distributed across three main alternatives: the lower end of the private rented sector; emergency or temporary accommodation or living with family and friends (including 'sofa surfers').

The latter two alternatives capture those who are effectively homeless but we did not include street homelessness in our modelling (because it is thought unlikely that those benefitting individually from general social tenancies, as opposed to highly supported ones, include the street homeless). Households were distributed across these three alternatives, using CORE data which describes Hyde's tenants' pathways into social housing, and by pro-rating the numbers in each of the alternative housing types.



## Part Four: Understanding this study

**Step D:** An assessment of the cost of challenges associated with each alternative housing type was completed as for step B, providing a comparison value to that derived from the four situations in our social housing scenario. It should be noted that, while challenges may be similar in type when comparing our known scenario (life in social housing) to our counterfactual (life without social housing), the distribution, frequency, extent and patterns of those challenges will be experienced differently. We have allowed for this in our modelling, basing assumptions on research evidence wherever possible.

**Step E:** The total costs associated with the social housing scenario were deducted from the total costs associated with the counterfactual scenario, to give an overall value of social housing provision.

**Step F:** We modelled the values of social housing using input data at a 'per person' level. We then adjusted the value by the average size of a Hyde household, to arrive at a value for a social tenancy.

**Step G:** To these total annual figures we added a figure for the economic gain of construction and maintenance activity, net of Hyde's spend, so recognising just the incremental gain. This was averaged over the total number of Hyde tenanted homes.

### What do we mean by 'value'?

In exploring the value of a social tenancy, and for the avoidance of doubt or ambiguity, it is worth defining what we mean by some of the terms we have used throughout this report.

**Activity** in the context of an impact evaluation is a service, intervention or offering designed to achieve one or more outcomes.

An **outcome** is the change (positive or negative, direct and indirect and both short and long term) arising from an activity or intervention and should be discernible. Improved employability is an example of an outcome.

**Impact** is defined as the extent to which that change arises from the activities that caused it, for example, better life expectancy arising from improved health outcomes.

**Social impact** refers specifically to those changes which make a difference in people's lives but also encompasses the secondary or tertiary effects that those changes have on society more widely – for example, a reduction in the use of health services (and the cost of providing them). The GECES (Groupe d'Experts de la Commission sur l'Entrepreneuriat Social - The European Commission's group of experts in social entrepreneurship) report on social impact measurement describes it as: *"The reflection of social outcomes as measurements, both long-term and short-term, adjusted for the effects achieved by others (alternative attribution), for effects that would have happened anyway (deadweight), for negative consequences (displacement) and for effects declining over time (drop-off)."*<sup>64</sup>

A **theory of change**, according to GECES, is *"The means (or causal chain) by which activities achieve outcomes, and use resources (inputs) in doing that, taking into account variables in the service delivery and the freedom of service-users to choose. It forms both a plan as to how the outcome is to be achieved, and an explanation of how it has occurred (explained after the event)."*

**Value** is the concept at the heart of this report and relates to the measurement (in this case, by monetisation) of discernible or measurable impact. It can be derived in various ways, including:

- Using cost-based approaches, which aggregate cost savings due to reduced service demand and increased income due to productivity or other gains. With this methodology, care needs to be taken that cause and effect are robustly tested (accurate **attribution** to the intervention) and that proper allowance is made for changes that would have happened anyway (**deadweight**).

<sup>64</sup> Clifford, Hehenberger and Fantini, 2014

## Part Four: Understanding this study

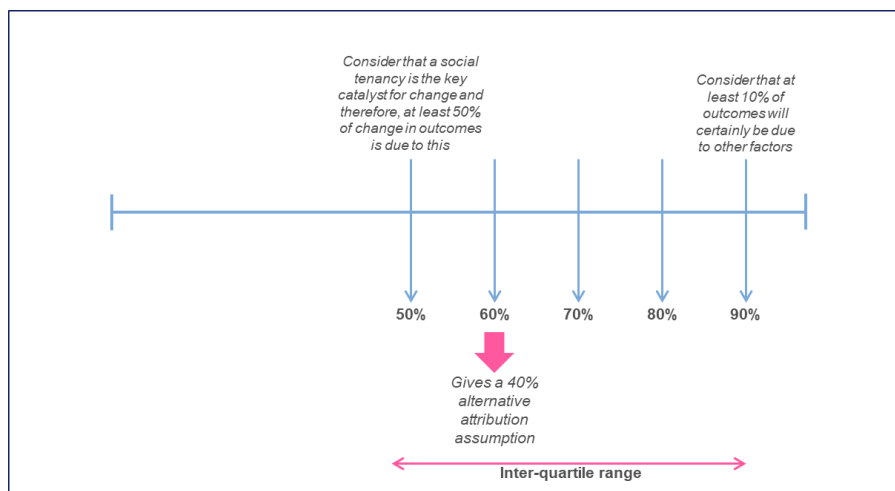
This approach usually starts by modelling expected value based on research evidence and is often supplemented by continued periodic measurement or observation of actual outcomes.

- Using surveys or interviews in a Stated Preference (or Contingent Valuation) approach, in which subjects are asked to tell the researcher how much they value something (for example, a home in a decent state of repair).
- Using the equivalent cost of achieving that set of outcomes by other means.

The methodology used in this study and described below is predominantly the first approach, but with elements of the research informed by the third. We have largely used a cost-based approach in our modelling, but the scope of the modelling has been informed by research interviews and workshops, which draw on Stated Preference approaches in their design.

### Causality and alternative attribution

Housing is an intervention which has an effect throughout people's lives. Different types of housing can be seen as a factor in exacerbating or reducing and, ultimately, meeting people's needs. For example, those living in temporary accommodation lack the stability and security required to address their often complex needs and so these needs tend to become amplified. By contrast, social housing offers this stability and so addresses that specific challenge, allowing residents time and space to concentrate on other needs, which in turn, enables tenants to thrive. However, in all these scenarios - while housing is certainly a factor in enabling people to have a good quality of life, and maybe even a pivotal factor in enabling people to thrive, - it is by no means the only dynamic at play. Indeed, there are many other contributing factors, which are often inter-related - all of which will have an effect on tenants' lives.



As a result, we have included a calculation for alternative attribution in the model, to allow for the complex factors in people's lives.

When choosing how much alternative attribution to apply, we consider who or what else contributes to the change and then judge a range, in which it is reasonable to assume that the change in outcomes is a consequence of the intervention (here social housing). We then, for the sake of prudence, take one quarter of the range up from the low point towards the high.

Given our research into social tenancies, it is not unreasonable to assume that a social tenancy is a key catalyst for change in people's lives; it is all-pervasive and as such has a big impact on people's lives.



## Part Four: Understanding this study

We therefore consider that at least 50% of the change seen is due to the social tenancy. At the other end of the range, it is considered that if the social tenancy is the pivotal factor, then 90% of the change could be due to the social tenancy. The “one quarter up” point between 50% and 90% is 60%.

### **Only 60% of the social impact generated has been attributed to a social tenancy.**

This means that 40% of the social impact is attributed to other factors and parties. Other impact reports such as the Keep Britain Tidy, Helena Partnerships SROI<sup>65</sup> also model alternative attribution, this report looks at the population as a whole and uses a 30-60% alternative attribution. Likewise, StepChange<sup>66</sup> which has a cohort that overlaps with those studied in this report (although considering the cost of problem debt which is arguably not as all-pervasive a change as housing) has an alternative attribution, ranging from 25%-40%. Nottingham City Homes<sup>67</sup> attributed 55% to a stable home (alternative attribution therefore 45%), with a higher alternative attribution on some of the other categories of home. This, again, suggests 40% is a reasonable assumption for alternative attribution in our model.

Our assumption of 40% alternative attribution has been sensitivity tested to look at the effect on value if alternative attribution is:

- - increased to 50%
- - decreased to 30%

(See sensitivity analysis section found in the Reporting Criteria document).

### **Deadweight**

#### **A deadweight of 5% has been applied in the model, to account for outcomes that would have arisen in any case – that is, which do not arise by reason of the social tenancy.**

The research has focused on the availability of a social tenancy, and the improvements in life course for the tenants that are accessible with it, matching economic figures to those under the selected headings.

Best practice<sup>68</sup> requires any such evaluation of outcomes to be adjusted to exclude ‘deadweight’: the extent to which those outcomes could have arisen without the intervention (in this case the social tenancy). With the tenancy as the key differentiator between the outcomes of ‘not in a social tenancy’, and the outcomes in one (by definition), the deadweight must be very low. Variability of that outcome is, of course, included in the averages and percentages used in the calculations of the values themselves. However, it is hard to argue that these could never, under any circumstances, have happened but for the tenancy. We have therefore built in 5% deadweight to reflect this position.

<sup>65</sup> Clifford, Hutchinson and Theobald, 2011

<sup>66</sup> Clifford, Ward, Coram and Ross, 2014

<sup>67</sup> Jones, Valero-Silva and Lucas, 2016

<sup>68</sup> Clifford, Hehenberger and Fantini, 2014





## Part Four: Understanding this study

### Assumptions and sensitivity testing

During the course of our modelling, we have used robust data wherever it is available, cross-referencing and validating across sources wherever possible.

In some cases, specific data has not been found in the research, yet there is nevertheless strong qualitative evidence to suggest an effect or an outcome. In such cases, we have made a reasonable assumption about what that effect or value should be. We have tested these assumptions with Hyde staff and in some cases with other experts.

In instances where our confidence in the assumptions used for modelling is lower, we have 'sensitivity tested' the assumption, by re-modelling with higher or lower input figures. This shows where specific assumptions might have a material impact on the overall value calculation, if they turned out to be significantly wrong.

A full discussion of our evidence base, the assumptions used and the sensitivity tests performed can be found in the reporting criteria document.

# Appendices





# A Regulatory standards that registered providers of social housing must meet

Registered providers of social housing in England – often referred to as ‘social landlords’ – must meet a set of standards prescribed and regulated by Homes England. The standards are classified as either economic or consumer (economic standards do not apply to local authorities) and the required outcomes of each are outlined below<sup>69</sup>.

## Governance and financial viability standard

### Governance

Registered providers shall ensure effective governance arrangements that deliver their aims, objectives and intended outcomes for tenants and potential tenants in an effective, transparent and accountable manner. Governance arrangements must ensure registered providers:

- a) Adhere to all relevant law
- b) Comply with their governing documents and all regulatory requirements
- c) Are accountable to tenants, the regulator and relevant stakeholders
- d) Safeguard taxpayers’ interests and the reputation of the sector
- e) Have an effective risk management and internal controls assurance framework
- f) Protect social housing assets.

### Financial viability

Registered providers shall manage their resources effectively to ensure their viability is maintained while ensuring that social housing assets are not put at undue risk.

### Rent standard

Registered providers shall charge rents in accordance with the government’s direction to the regulator of May 2014 and the Rent standard guidance.

#### Specific expectations (extract)

Registered providers shall set rents for low cost rental accommodation with a view to achieving the following:

- a) Rents that conform with the pattern produced by the rents formula set out in the rent guidance (‘formula rents’) with a 5% upward tolerance on individual rents (10% for supported housing and sheltered housing) (‘the limit of the rent flexibility level’), but subject to the maximum rent levels specified in that Guidance (‘rent caps’)
- b) Weekly rent for accommodation increases each year by an amount which is no more than CPI + 1%
- c) Weekly rent for accommodation, which is above the limit of the rent flexibility level increases each year by an amount which is less than CPI +1%, until it reaches the limit of the rent flexibility level
- d) Rent caps increase annually by CPI +1.5%
- e) Formula rents increase annually by CPI +1%.

Where accommodation is let on affordable rent terms, registered providers shall set rents with a view to achieving the following:

- a) Rent for accommodation (inclusive of service charges) set at a level which is no more than 80% of the estimated market rent for the accommodation (inclusive of service charges), based on a valuation, in accordance with a method recognised by the Royal Institution of Chartered Surveyors.

<sup>69</sup> Gov.uk: <https://www.gov.uk> accessed 27 May 2018

## A Regulatory standards that registered providers of social housing must meet

- b) Rent for accommodation increases each year by an amount which is no more than CPI + 1%.

It should be noted that the government announced a 1% rent reduction as part of the Welfare Reform and Work Act 2016, effective from April 2016:

*In each of 4 'relevant years' (from April 2016), registered providers of social housing must reduce the total rent payable by a tenant in year by 1% (though the Act is not prescriptive regarding how this 1% rent reduction is implemented, it could be by a 1% reduction from the beginning of a year, or a larger reduction later in the year). If a tenancy starts or ends during the year, the reduction would be on a pro-rata basis.*

*For social rent properties, the reduction applies to the rent element and not to service charges. For most Affordable Rent properties, the reduction applies to the total amount, inclusive of service charges. Where the social rent is used as a rent 'floor' for an Affordable Rent property, the reduction applies to the rent element only.<sup>70</sup>*

### Value for money standard

Registered providers shall:

- a) Clearly articulate their strategic objectives
- b) Have an approach agreed by their board to achieving value for money in meeting these objectives and demonstrate their delivery of value for money to stakeholders
- c) Through their strategic objectives, articulate their strategy for delivering homes that meet a range of needs
- d) Ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives.

### Tenant involvement and empowerment standard

#### Customer service, choice and complaints

Registered providers shall:

- a) Provide choices, information and communication that is appropriate to the diverse needs of their tenants in the delivery of all standards
- b) Have an approach to complaints that is clear, simple and accessible that ensures that complaints are resolved promptly, politely and fairly.

#### Involvement and empowerment

Registered providers shall ensure tenants are given a wide range of opportunities to influence and be involved in:

- a) The formulation of their landlord's housing-related policies and strategic priorities
- b) The making of decisions about how housing-related services are delivered, including the setting of service standards
- c) The scrutiny of their landlord's performance and the making of recommendations to their landlord about how performance might be improved
- d) The management of their homes, where applicable

<sup>70</sup> <https://www.gov.uk/guidance/welfare-reform-and-work-act-2016-social-rent-reduction>

## A Regulatory standards that registered providers of social housing must meet

- e) The management of repair and maintenance services, such as commissioning and undertaking a range of repair tasks, as agreed with landlords, and the sharing in savings made, and
- f) Agreeing local offers for service delivery.

### Understanding and responding to the diverse needs of tenants

Registered providers shall:

- a) Treat all tenants with fairness and respect
- b) Demonstrate that they understand the different needs of their tenants, including in relation to the equality strands and tenants with additional support needs.

### Home standard

#### Quality of accommodation

Registered providers shall:

- a) Ensure tenants' homes meet the standard set out in section five of the government's Decent Homes Guidance and continue to maintain their homes to at least this standard
- b) Meet the standards of design and quality that applied when the home was built, and were required as a condition of publicly funded financial assistance, if these standards are higher than the Decent Homes Standard
- c) In agreeing a local offer, ensure that it is set at a level not less than these standards and have regard to section six of the Government's Decent Homes Guidance.

### Repairs and maintenance

Registered providers shall:

- a) Provide a cost-effective repairs and maintenance service to homes and communal areas that responds to the needs of, and offers choices to, tenants and has the objective of completing repairs and improvements right, first time
- b) Meet all applicable statutory requirements that provide for the health and safety of the occupants in their homes.

### Tenancy standard

#### Allocations and mutual exchange

Registered providers shall let their homes in a fair, transparent and efficient way. They shall take into account the housing needs and aspirations of tenants and potential tenants. They shall demonstrate how their lettings:

- a) Make the best use of available housing
- b) Are compatible with the purpose of the housing
- c) Contribute to local authorities' strategic housing function and sustainable communities.

There should be clear application, decision-making and appeals processes.

Registered providers shall enable their tenants to gain access to opportunities to exchange their tenancy with that of another tenant, by way of internet-based mutual exchange services.





## A Regulatory standards that registered providers of social housing must meet

### **Tenure**

Registered providers shall offer tenancies or terms of occupation which are compatible with the purpose of the accommodation, the needs of individual households, the sustainability of the community and the efficient use of their housing stock.

### **Neighbourhood and community standard**

#### **Neighbourhood management**

Registered providers shall keep the neighbourhood and communal areas associated with the homes that they own clean and safe. They shall work in partnership with their tenants and other providers and public bodies where it is effective to do so.

#### **Local area co-operation**

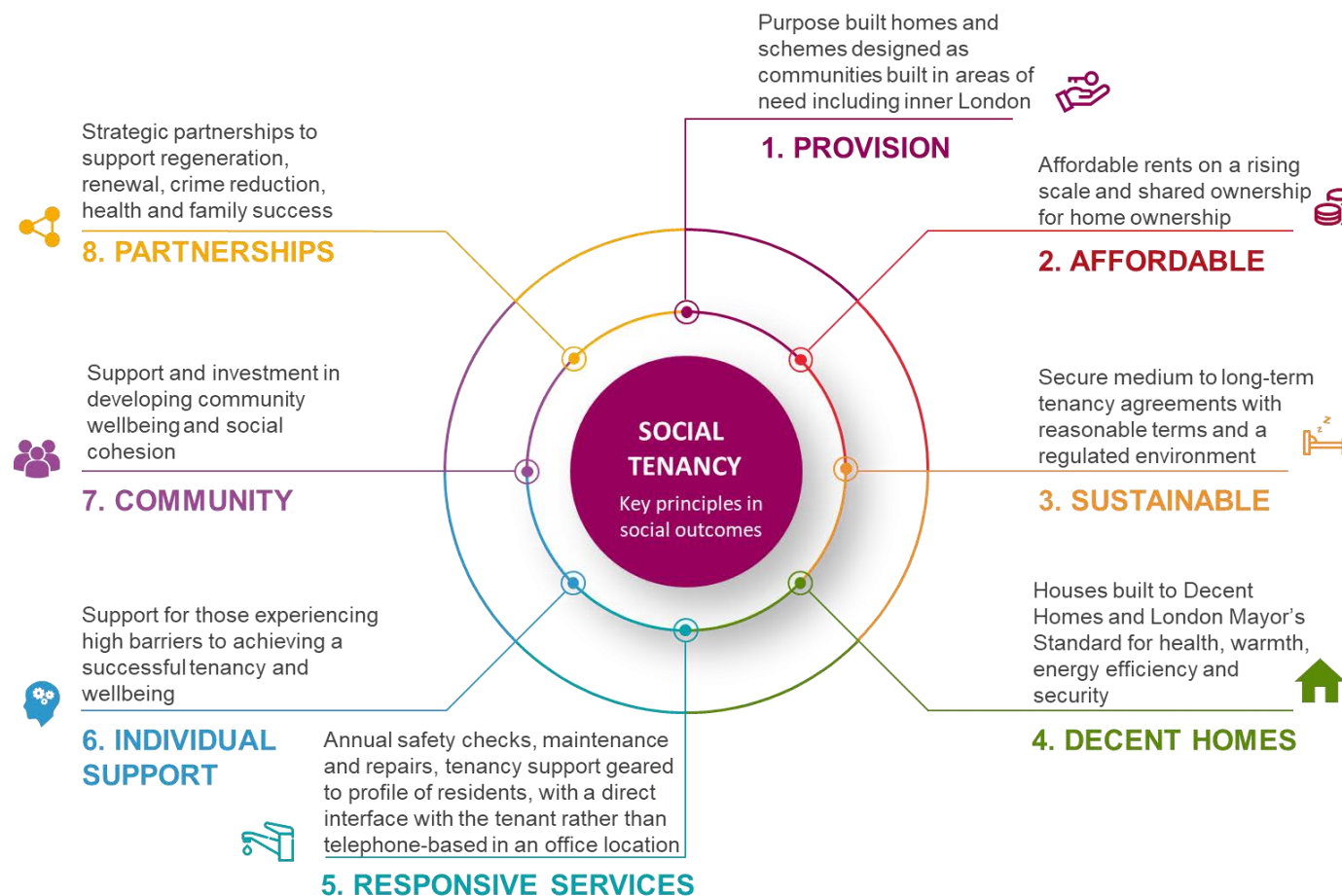
Registered providers shall co-operate with relevant partners, to help promote social, environmental and economic wellbeing in the areas where they own properties.

#### **Anti-social behaviour**

Registered providers shall work in partnership with other agencies to prevent and tackle anti-social behaviour in the neighbourhoods where they own homes.

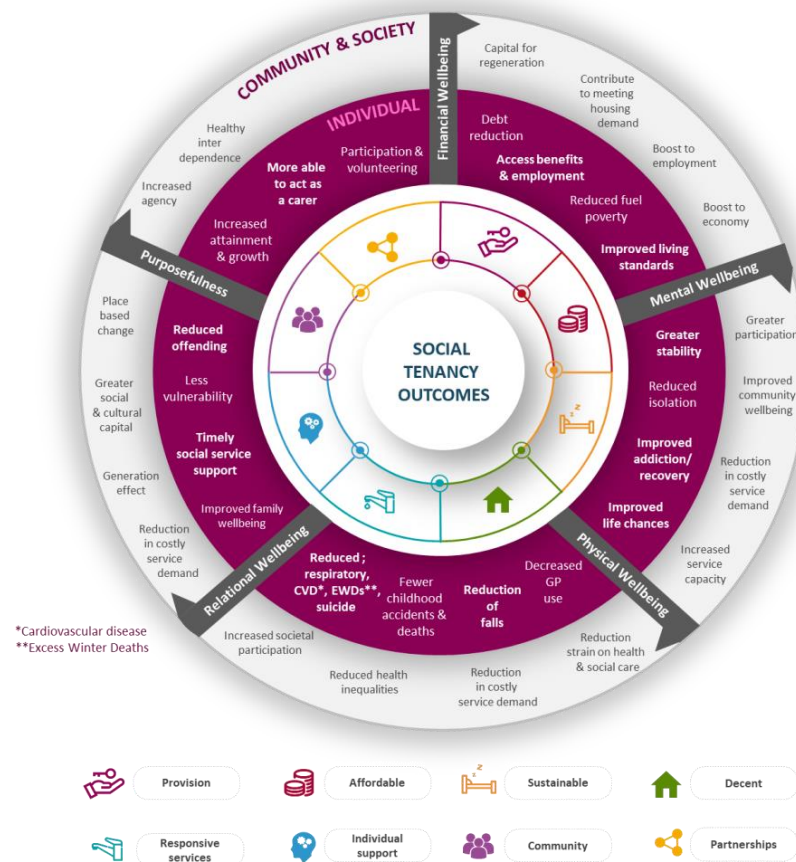
## B Theory of change and Outcomes of a social tenancy

### Theory of change



## B Theory of change and Outcomes of a social tenancy

### Outcomes of a social tenancy



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