

The Hyde Group - The Value of a Social Tenancy

2018/19 update to the
September 2018
report

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Citation and publication notices

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The Hyde Group

The Hyde Group is one of the UK's leading providers of affordable housing and a member of the G15 – London's largest housing associations which, together, house one in ten Londoners.

The Hyde Group operates in London, the south east of England and neighbouring areas. It 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 The Hyde Group looks ahead, it still has that blend at its core. This ensures The Hyde Group's great intentions are matched by equally great actions and lead to the greatest possible social impact.



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Introduction

This document is prepared as an addendum to the main report produced in 2018 (“*The Hyde Group: The value of a social tenancy: A socio-economic evaluation based on Hyde’s housing portfolio*”). It should therefore be read in conjunction with the main report and the accompanying reporting criteria.

The value of a Hyde social tenancy in 2017/18 was found to be at least £16,906 a year, of which £11,175 was derived from core social value, £4,586 from that year’s construction spend and £1,145 from maintenance spend.

Reflecting Hyde’s desire for continuous improvement, the social value model has been updated and refined for 2018/19 to reflect the following:

1. **Re-formatting to align to Hyde’s new three category segmentation of tenants**
 - The social value is calculated by splitting tenants into profiles and attributing value to each profile. This segmentation of Hyde tenants has been revised, from four profiles down to three, to align with Hyde’s internal work on tenant analysis.
2. **Some updates to costings within the same methodology**
 - Changes have been made to national statistics and updated reference costings, where new ones are available (e.g. the cost of a GP visit). This involved carrying out research to identify any updates to key volumes and costs (however, this does not include carrying out a new full literature review to rebase the counterfactual)
 - Actual construction and maintenance figures for 2018/19 have been inserted in place of those for 2017/18.

A sensitivity analysis was carried out to analyse the outputs from the models, once the statistics were updated to reflect 2018/19 data.

This report presents the value of a Hyde social tenancy for 2018/19, with an explanation of these revisions and updates. More detailed explanations can be found in the accompanying Reporting Criteria, or by request to The Hyde Group.



The Value of a Social Tenancy in 2018/19



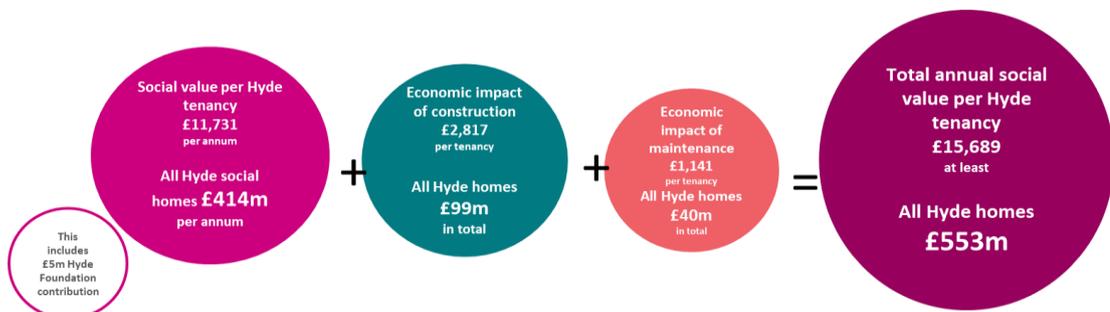
The Value of a Social Tenancy in 2018/2019

1.1 The value of a Hyde social tenancy in 2018/19

Social value is generated from a combination of better outcomes for individuals, avoided cost, economic value created and more efficient use of resource.¹

The minimum social value of a Hyde tenancy for 2018/19 has been calculated, as well as the value of its construction and maintenance services.

Figure 1 Social value per tenancy and social value headline figures



Hyde's total social value in 2018/19 was at least £553m, or £15,689 per tenancy (£607m and £16,906 in 2017/18). This includes social value per tenancy plus construction and maintenance impact.

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).

Hyde's social value (excluding construction and maintenance impact) in 2018/19 was £414m, or £11,731 per tenancy (£401m and £11,175 in 2017/18), across Hyde's portfolio of 35,254 rented and shared ownership homes.

The slight increase in the social value per Hyde tenancy is due to updated costs and national average assumptions. As future information emerges refining the views of both the 'without social housing' and the tenants' circumstances and outcomes, these numbers may change further, but with no new review data this year, these factors are not reflected in the updated figures.

¹ Further detail can be found in the 2018 report.



The average annual total construction and maintenance impact in 2018/19 was £139m, or £3,958 per tenancy (£206m and £5,786 in 2017/18).

The impact of building new homes in 2018/19, after applying uplift (Local Economic Multiplier) was £99m, or £2,817 per home (£165m and £4,586 in 2017/18) and the impact of maintaining homes was £40m, or £1,141 per home (£41m and £1,145 in 2017/18).

The slight fall in the impact of construction per Hyde tenancy was due to reduced spend on building new social housing units (£112.8m, compared with £187m in 2017/18). Maintenance spend remained similar (£45.7m, compared with £46.7m in 2017/18).

1.2 The make-up of the value of a social tenancy

The social value of £11,731 per tenancy, or £414m, is made up of social values achieved from the perspective of specific stakeholders in the eight main categories shown below.

Figure 2 Total social value of a social tenancy by key stakeholder

Economy	£186m	<ul style="list-style-type: none"> 8,559 adults living in social housing were able to get back to work, generating £171m (comprising £21,944 FTE and £13,150 of local economic activity per individual) Social tenancies reduce presenteeism, valued at £4m Social tenancies halve absenteeism to ten days a year, valued at £11m.
NHS	£91m	People living in social housing have improved physical and mental wellbeing, resulting in: <ul style="list-style-type: none"> Fewer drug and alcohol issues Fewer falls for the elderly Reduced incidence of childhood asthma due to damp living conditions Fewer GP and A&E attendances.
Police and Justice	£57m	People living in social housing are less likely to be involved in, or be victims of crime. This: <ul style="list-style-type: none"> Reduces the number of police callouts not resulting in an arrest, saving £13m Results in 7,302 fewer incidents, saving £44m
Local Authority	£51m	Local authority savings are the result of: <ul style="list-style-type: none"> Moving 6,346 residents out of temporary accommodation, saving £40m Helping the elderly stay independent for longer, delaying a move into residential care, saving £10m Children living in social housing being less likely to be on the Child Protection register, saving £1m.
DWP	£15m	People living in social housing are more likely to be employed, reducing Universal Credit claims.
Education	£10m	<ul style="list-style-type: none"> Children living in social housing are more likely to attend school (the cost of being out of education is estimated at £10,000 per child, spread over eight years of school from seven years old).
Banks and creditors	£2m	<ul style="list-style-type: none"> People living in social housing are less likely to have problem debt.
Fire service	£2m	<ul style="list-style-type: none"> Secure, safe and high quality social housing (along with housing association support) reduces the risk of domestic fires.

Certain elements of these totals stand out as driving the value of a social tenancy:

- Economic gain in employment. Hyde tenants include 44,175 (2018: 44,700) adults of working age. For every extra resident in employment, on average, £21,944 (2018: £20,280) of value is generated for the employer and a further £13,150 (2018: £12,150) of local economic activity is generated for other businesses



- Reducing unemployment rates brings significant value, representing £171m (£4,850 per tenancy). Increased employment also brings benefits to the DWP in reduced Universal Credit payments, although these are modest, as many jobs are still low-waged
- Employed people with a social tenancy are less likely to exhibit presenteeism (between 13% and 25%), compared with those without a social tenancy (20-25%), valued at £4m (2018: £12m)
- Those with a social tenancy are also less likely to be absent from work (an average of 10 days absence per year, compared with 20 days), valued at £11m (2018: £11.2m)
- Health-related savings account for the next largest area of value generated, at £91m (2018: £93m). In this case, savings derive from lower use of NHS services, most significantly fewer Accident and Emergency department visits, which account for £65m (2018: £66m)
- Local authority savings are significant. Moving 6,346 (2018: 6,465) tenants out of temporary accommodation saves £40m (2018: £40.8m). Other savings relate to enabling the elderly to remain in their own homes for longer and fewer childcare interventions
- The other principle area of gain is a reduction in police call-outs and cost of crime (where people in the cohort are largely victims) at £57m (2018: £55m).



Changes to customer segmentation for 2018/2019



Changes to customer segmentation for 2018/19

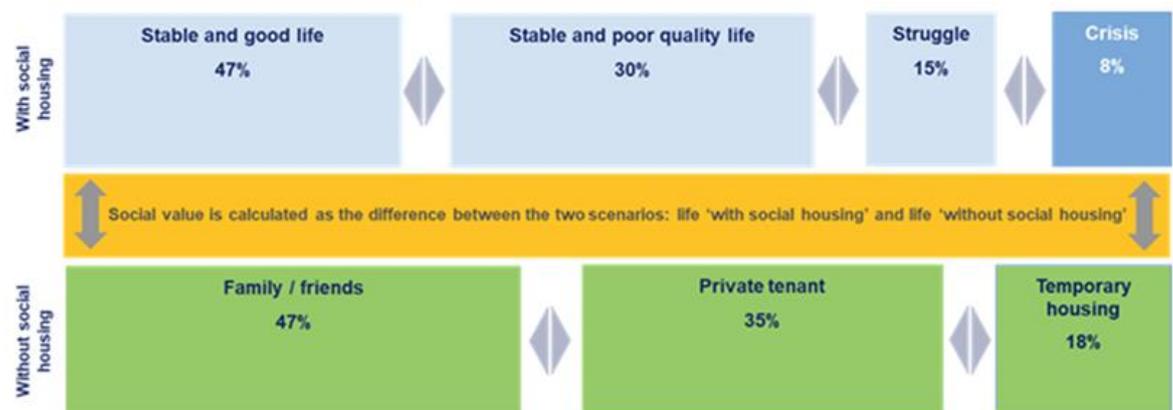
Hyde's segmentation analysis used in the 2017/18 social value model

The 2017/18 social value model evaluated what life looked like 'with social housing' (and the associated costs and benefits of this) and compared this to what life looked like 'without social housing' (and the associated costs and benefits). The difference between the two scenarios was calculated to give the value of a social tenancy.

The 2017/18 social value model was underpinned by four social tenancy profiles as shown in Figure 3: Stable and good life, Stable and poor quality life, Struggle and Crisis.

That segmentation represented the reality that not every tenant living in social housing was thriving and was a consolidation of Hyde's customer segmentation data from October 2015.

Figure 3 Modelling approach for 2017/18



2.2 Customer segmentation used in the 2018/19 social value model

In the original report, we analysed Hyde's tenants according to the five pillars of wellbeing: Financial wellbeing, Physical wellbeing, Mental wellbeing, Relational wellbeing and Purpose.

The same five pillars were used to analyse data for 36,000 of Hyde's lead tenants in 2018/19, re-categorising them into the three, rather than four, profiles:

- Comfortable
- Squeezed
- Struggle.

Data used was a mixture Hyde data and data purchased from Acorn consumer classification. Acorn uses public and private sector data on service use, health and wellbeing, finance, consumer health and lifestyle to describe communities. It segments postcodes and neighbourhoods into different categories and analyses significant social factors and population behaviour.



This is derived data and as such, it provides a good indication of the lives of Hyde tenants, but should not be considered as a direct substitute, or indeed as reliable as, Hyde's own data.

The wellbeing associated with each pillar is principally based on the variables as outlined in Figure 4. Further details can be found in the reporting criteria accompanying this report.

Figure 4 The five pillars of wellbeing

Pillar	Definition	Indicator
Financial wellbeing	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 live a meaningful life	<ul style="list-style-type: none"> – Level of household income – Hyde payment profile
Physical wellbeing	Not just the absence of illness. It is about being safe, sheltered and in good health and is closely connected to mental wellbeing	<ul style="list-style-type: none"> – Has a health condition/disability which compromises daily living – Behaviours which impact health e.g.: smoking, alcohol, exercise
Mental wellbeing	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	<ul style="list-style-type: none"> – Being treated for, or seeking support for a mental health condition
Relational wellbeing	The degree to which people are able to form positive and beneficial relationships with partners, children, family and neighbours in the community and at work	<ul style="list-style-type: none"> – Feeling isolated versus belonging to your community – ASB cases
Purpose	The charity Sensibility defines as 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."	<ul style="list-style-type: none"> – Employment status / involvement in community groups – Contentment – satisfaction with life/job/health

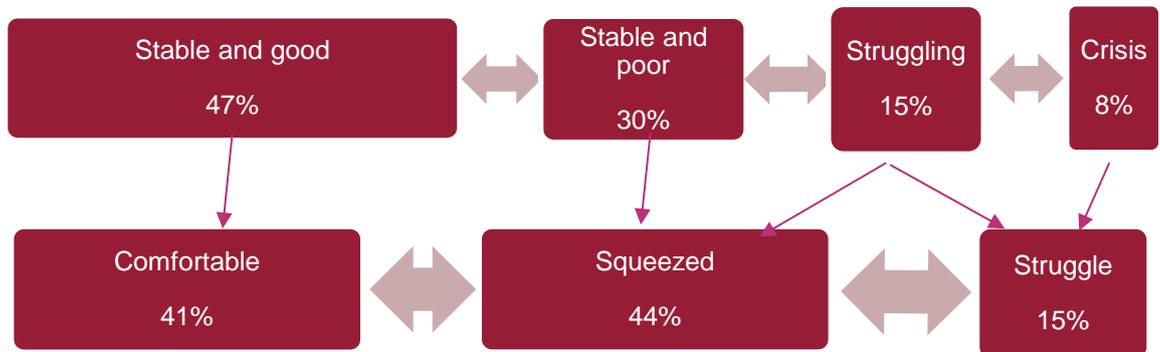
Note that mental health has not been used to inform the 2018/19 segmentation because of the lack of strong, reliable data. However, the segmentation model does allow for this to be measured if and when this data is complete and becomes available.

2.3 Comparing 2017/18 to 2018/19 segmentation

Figure 5 shows how the new segmentation compares with that used in 2017/18. For example, the 'comfortable' profile substantially reflects the 'Stable and good' profile from 2017/18, but the 'Squeezed' profile is a blend of the indicators and assumptions previously applying to the 'Stable and Poor' and 'Struggle' profiles.



Figure 5 Comparing 2018/19 segmentation with 2017/18 segmentation



When the new profile splits for Comfortable, Squeezed and Struggle are applied, the social value per tenancy is calculated as £11,193, a difference of £18 compared to 2017/18, or 0.2%, which is within the range expected for a segmentation change.

2.4 Developing case studies for each profile

The segmentation analysis looks at a household level, considering the characteristics of the lead tenant and splitting households into the profile groups.

Alongside this data analysis, and following the approach used in the 2017/18 report, each of the three profiles was analysed to arrive at a typical story or case study, demonstrating the lives of those living in each profile.

The model considers an individual's life story for the year, according to the profile they are in. The individual's story is translated into the value per tenancy for each profile, assuming that everyone in that home has the same profile as the lead tenant and the number of other tenants reflects the average number of people in each tenancy, based on the whole Hyde tenant population. These case studies have been revisited in light of the changes to segmentation to:

- Bring the stories of Hyde tenants to life which, in turn, helps people engage with the research
- Enable triangulation of evidence and assumptions by reference to other studies and data.

2.4.1 Comfortable

Household income is likely to be in line with national median but secure tenancies mean individuals may be doing better financially than peers in other housing types. Other indicators include:

- Stable employment or financial stability on limited or no employment
- Children have a high level of school attendance and achieve GCSEs in English, maths and science
- If they have a disability or are receiving long term care, it is well managed
- A support network of friends, family and neighbours.



2.4.2 Squeezed

These individuals are worse off than national averages financially and could be described as 'getting by'. Other indicators include:

- Unstable employment (periods of unemployment, temporary work and zero hour contracts)
- May struggle to pay rent and utilities consistently and may be in arrears
- Issues with affording healthy food and parenting, impacting mental and physical health
- Children more likely to struggle at school.

2.4.3 Struggle

These individuals experience significant difficulty in two or more of the wellbeing pillars, which impacts on life significantly and makes them more likely to be at risk of eviction, be a victim or perpetrator of crime, be imprisoned and use emergency services. Other indicators include:

- May be in extreme financial difficulty, struggle to pay rent and bills and afford food
- Children struggling at school and at home, repeated absences and low educational attainment. Children's services are likely to be engaged (or trying to engage)
- May not benefit from a support network
- Limited awareness of, and engagement with, support services.

2.5 A note on the validity of the findings

Given the scope of the revisions involved in updating the model for 2018/19, the existing methodology has been adhered to, with adjustments as follows:

- The categorisation of the tenants into the new segments
- The stories and estimates to reflect those new categories
- Where Hyde now has improved information about the same group of people
- Where external data has been updated and is available.

In summary, the segmentation analysis does not change the existing social value methodology. Rather, it should be viewed as an adjustment of the existing methodology to fit with Hyde's new customer profiles and to enable it to link into, and rely upon, Hyde data.



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