Analysis on social housing and social investment

As part of our commitment to open data, we are releasing a selection of internal analysis that has informed policy development on growing the social investment market. This internal analysis does not constitute a statement of government policy. If you have any comments or queries on the analysis, please contact us at: socialinvestmentandfinance@cabinet-office.gsi.gov.uk

Social Investment and Finance Team
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What is social housing?

Housing provided for people on low incomes or with particular needs, by local authorities or non-profit organisations (such as HAs or ALMOs).

There are over four million social homes in the UK, accounting for 17% of all homes*. Private registered providers (mainly HAs) deliver most of this housing.

Sources:
All other statistics, HCA (2014) 2013 Global Accounts of Housing Providers and HCA (2014) Quarterly Survey of Private Registered Landlords 2013/14 Q3
Largest housing associations by number of homes

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Number of homes</th>
<th>Surplus 2012/13 (£m)</th>
<th>Surplus 2011/12 (£m)</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sanctuary Group</td>
<td>94,784</td>
<td>71.9</td>
<td>23.7</td>
<td>6,622</td>
</tr>
<tr>
<td>Places for People</td>
<td>81,566</td>
<td>16.7</td>
<td>18.9</td>
<td>2,855</td>
</tr>
<tr>
<td>Wheatley Group</td>
<td>71,005</td>
<td>-21.4</td>
<td>-19.4</td>
<td>1,621</td>
</tr>
<tr>
<td>L&amp;Q</td>
<td>70,100</td>
<td>118.1</td>
<td>95</td>
<td>1,120</td>
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<tr>
<td>Circle</td>
<td>65,200</td>
<td>25.8</td>
<td>21.6</td>
<td>1,969</td>
</tr>
<tr>
<td>Guinness Partnership</td>
<td>60,600</td>
<td>48.4</td>
<td>23.6</td>
<td>2,037</td>
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<tr>
<td>Affinity Sutton</td>
<td>57,000</td>
<td>60</td>
<td>46.2</td>
<td>1,434</td>
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<tr>
<td>Riverside</td>
<td>53,575</td>
<td>32.8</td>
<td>22.1</td>
<td>2,592</td>
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<tr>
<td>Home Group</td>
<td>52,711</td>
<td>65</td>
<td>26</td>
<td>2,971</td>
</tr>
<tr>
<td>Hyde</td>
<td>48,773</td>
<td>-2</td>
<td>-42</td>
<td>1,208</td>
</tr>
</tbody>
</table>

Source: Inside Housing (2013) Housing association surpluses soar by 60 per cent to nearly £1 billion
"We are independent social enterprises – the best, longest established, social enterprises in the country. We create profit for a purpose and re-invest that for social good.” David Orr, CEO, NHF

HAs invest in:
- Existing housing stock
- Building new homes
- Communities
- Housing and homelessness
- Employment, education and training
- Financial inclusion
- Young and elderly people
- Community cohesion and integration
- Health inequalities
- Mental health and well-being
- Ex-offenders and rehabilitation

Source: HCA (2014) 2013 Global Accounts of Housing Providers
The changing operating environment

The sector is experiencing major changes to its core financial model. This is leading to questions about the purpose of HAs.

- Government grant
- Secure income from HB
- High credit scores
- Loans from banks
- Surpluses reinvested

- Reduced grant (down 63% since 2010*)
- Welfare reform (esp. direct payments)
- Falling credit scores
- Limited availability of finance
- Surpluses increased (up 63% in 2011/12**)

Commercialise model
or
Return to social focus
or
Balance both

Sources:
* House of Commons (2013) Communities and Local Government Committee - Second Report
** HCA (2013) 2012 Global Accounts of Housing Providers
Relevance for social investment

The changing environment creates opportunities for social investment on both the supply and demand side. HAs can be commissioners, investors and/or deliverers.

**Supply**
- Investment is continuing through core business
- Surpluses must be reinvested for financial returns
- HAs diversifying to generate income
- Redoubling of efforts to support residents find work

**Opportunities**
- Procurement
- Vehicles for investment (SIBs & funds)
- Venturing
- Community investment

**Demand**
- Seeking alternative sources of finance for building
- Seeking investment for community initiatives
- HAs support resident/community enterprise

**Opportunities**
- Investible propositions
- HAs as delivers (e.g. for SIBs)
- Venturing
Sources

- NHF (2014) An Ambition to Deliver - Housing Associations Unbounded
- HCA (2014) Quarterly Survey of Private Registered Landlords 2013/14 Q3
- HCA (2014) 2013 Global Accounts of Housing Providers
- HCA (2013) 2012 Global Accounts of Housing Providers
- Inside Housing (2013) Housing association surpluses soar by 60 per cent to nearly £1 billion