March 2022

Evaluation of Homes England's delivery of the Shared Ownership and Affordable Homes Programme

Final Report

SQW

Contents

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1. Introduction

The programme

1.1 The Shared Ownership and Affordable Homes Programme (SOAHP) aims to increase the supply of new build affordable housing. Launched in 2016, the programme provides grant funding to housing providers to support the capital costs of developing new affordable housing across England outside London.

1.2 Funded by the Department for Levelling Up, Housing and Communities (DLUHC), SOAHP is delivered by Homes England, which was allocated £5.2bn to support the delivery of 130,000 new homes for Affordable Home Ownership, Affordable Rent and Social Rent. Grant funding for Social Rent homes is targeted specifically to areas with the highest affordability pressures.

1.3 SOAHP has been delivered through both a 'scheme-by-scheme' bidding process with an initial bidding round in 2016 and subsequently an on-going process of 'Continuous Market Engagement' (CME), and from 2018 via a series of 'Strategic Partnerships' (SPs). The SP model was a new delivery mechanism for affordable housing grants, which involved agreeing long-term funding and housing delivery targets with 27 major Housing Associations.

1.4 Grant funded homes complement – and are complemented by – delivery of other affordable housing reported via the programme, which are primarily delivered via Section 106 (s106) contributions from developers of housing schemes for market sale/rent.

1.5 Originally planned to be delivered over 2016-21, in July 2020, the Government announced the programme would be extended given the challenges associated with the Covid-19 pandemic. All housing starts funded by the programme to be achieved by March 2023, and all completions by March 2025.

The evaluation

Purpose and scope

1.6 In September 2021, Homes England commissioned SQW, supported by IFF Research and Residential Analysts, to deliver an evaluation of Homes England's delivery of SOAHP. The evaluation is an interim assessment, with delivery on-going at the point of the research.

1.7 Covering the Homes England programme (delivery in London is <u>not</u> in scope), the aim of the evaluation was to assess the contribution of SOAHP to housing supply and its wider impacts, and to identify lessons on "what works" in intervening in the affordable housing market. Specifically, the evaluation was tasked with answering three high-level Thematic Questions:

- What housing has been delivered as a result of SOAHP (as delivered by Homes England)?
- What other impacts has SOAHP (as delivered by Homes England) had?

- What lessons can be learned from Homes England's delivery of SOAHP?

1.8 The three Thematic Questions were underpinned by 15 detailed Research Questions (RQs), set out in Annex A. Homes England and DLUHC identified two of these Research Questions (RQ4 and RQ13) as key priorities for the evaluation's analysis and reporting:

- How has SOAHP helped to deliver against local housing needs, in relation to the quantum of homes delivered, the different tenures provided and type of location (e.g. rural vs. urban areas) i.e. has the programme delivered the "right" homes in the "right" places?
- How well has SOAHP been delivered by Homes England over time i.e. what has worked well and less well, and what lessons have been learned from delivery, including how the programme has evolved over time, and how well targeted delivery has been?

1.9 Within this context, several points are highlighted on the scope of the evaluation:

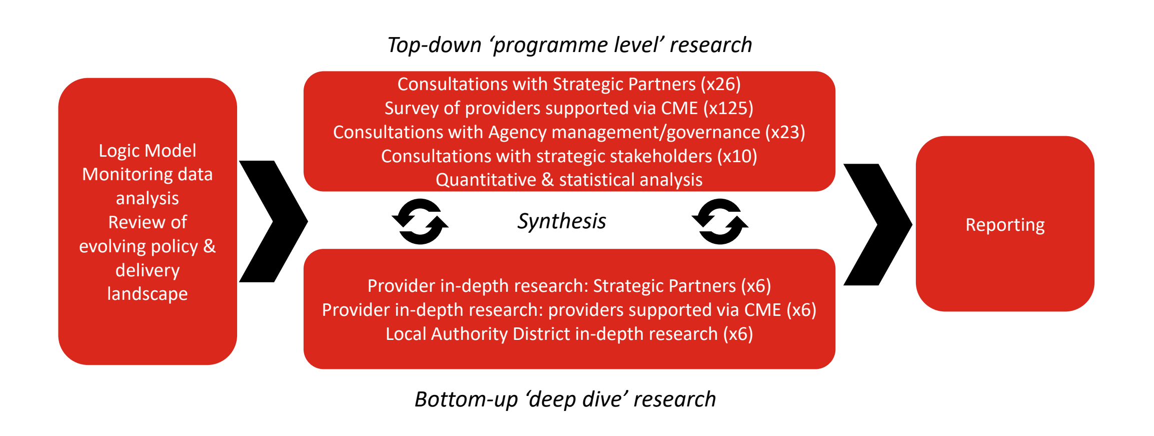
- The remit covered the Research Questions identified by Homes England, on the delivery of SOAHP by Homes England against its aims and within the parameters set by Government policy/programme design, the impacts generated, and the lessons learned. Where Government policy/programme design have affected delivery/impacts these are noted. However, this is not an evaluation of Government affordable housing policy, programme design (including tenure eligibility) as set by Government.
- The Research Questions included consideration of the effects of the delivery of SOAHP on home ownership and housing affordability. Given the spatial focus of the evaluation (with both issues operating at national levels and influenced by a very wide range of macro-economic and contextual factors), and the timing of the evaluation (with delivery on-going), the focus was on gathering qualitative evidence on these issues; the evaluation did not seek to provide a quantitative assessment.
- The evaluation was not tasked with providing a quantitative assessment of additionality (i.e. the number of *net* new homes delivered), or value for money (i.e. Benefit Cost Ratios). Robust quantitative assessments of these issues were not seen as appropriate by Homes England at this interim stage given different delivery progress across programme elements (including the SPs which were introduced in 2018), and the extension owing to Covid-19.
- The successor to SOAHP – the Affordable Housing Programme (AHP) 2021-26 – was launched in 2021, and is being delivered in parallel to SOAHP. This evaluation does not consider the AHP 2021-26 directly, or make any recommendations regarding its delivery.
- The evaluation was commissioned, the research method approved, and the vast majority of the primary research undertaken prior to the publication of the Levelling-Up White Paper in February 2022, which set out plans to refocus Homes England to drive forward regeneration, and to play a wider role in supporting mayors and local authorities to realise their ambitions for new affordable housing and regeneration. The evaluation does

not comment specifically on the delivery or impact of the programme in relation to the 'Missions' or the wider policy agenda set out in the White Paper.

Approach

1.10 A theory-based approach was adopted involving mixed-methods qualitative and quantitative research and analysis. The approach and sources of evidence are shown in Figure 1-1.

Figure 1-1: Overview of evaluation approach



Source: SQW

1.11 The following points are noted in relation to the primary research:

- consultations were completed with nearly all (26 of the 27) partners involved in SPs
- the survey of providers supported via CME included responses from 125 organisations, a 54% response rate[1]; the characteristics of the sample were well matched to the population providing a robust evidence base for the evaluation (see Annex B for details)
- consultations with Homes England included representatives of the Affordable Housing Grants Team and others across the agency with involvement/engagement with SOAHP
- strategic stakeholder organisations engaged included DLUHC, National Housing Federation, Chartered Institute for Housing, RTPI, British Property Federation, Shelter and the Local Government Association
- Local Authority in-depth research considered the delivery and impacts of SOAHP in Boston, Bristol, Darlington, Milton Keynes, Welwyn Hatfield, and Wigan; these areas were selected from a randomly generated list of 20 areas to provide a mix of housing affordability conditions, levels of grant support, and spatial variation across England
- in-depth research with organisations supported via CME and SPs covered providers operating in different areas, of different sizes, and with different levels of grant funding.

[1] The survey was distributed to 232 organisations, which included providers supported via CME except those supported via the SPs, and a small number where contact information was not available.

- all views expressed by those engaged in primary research (at providers, Homes England and strategic stakeholders) were made on the basis that they would be non-attributable and anonymous.

2. Programme context and logic model

The affordable housing context

2.1 The combination over the past fifty years of long-term reductions in the supply of new housing, and increasing demand for housing from population growth, income growth and financialisation (including cheap borrowing rates and an advantageous tax system) has led to challenges nationally in the affordability of housing. Specifically, there is an 'affordability gap' both for home rental and home ownership, with the cause summarised as follows:

'[T]he cost of private sector housing that meets acceptable standards, compared with the level and distribution of incomes and assets, means that significant numbers of households lack the resources to make a demand for decent housing effective in the market. Without subsidised housing these households can fail to obtain housing of a decent standard'[2]

2.2 In turn, there is a well-recognised need for the provision of affordable housing, which is "*subsidised housing that meets the needs of those who cannot afford secure decent housing on the open market either to rent or buy*"[3] Key affordable housing tenures include:

- **Social Rent**: rents are set based on a national formula for each property size calculated on the relative value/size of the property and relative local incomes. It is the only tenure where rent is linked to local income, meaning rents are typically significantly lower than private rents (around 50%[4]), with increases limited by formula (i.e. CPI plus 1%).
- **Affordable Rent**: introduced by Government in 2011, rents can be set at up to 80% of market rent, with rental increases limited by a formula (i.e. CPI plus 1%)
- **Affordable Home Ownership:** products for sale at below market levels, either at a discount to market value or, for example, through Shared Ownership or Rent to Buy.
    - Shared Ownership allows the occupier – subject to income thresholds – to buy a share of a property (between 25-75%) and pay rent on the remainder (set at up to 2.75% of the value of the unsold equity and increasing by RPI plus 0.5% p.a.), with the option of 'staircasing' up ownership, including up to 100% equity
    - Rent to Buy properties are let to working households at an intermediate rent (of up to 80% of market rent) for a minimum of 5 years, giving them the opportunity to save for a deposit
- **Specialist and Supported Homes for older, disabled and vulnerable people**: strictly, not an alternative tenure, specialist housing is an identified priority by Government based on need, and can be considered to be a sub-set of affordable housing.

[2] House of Commons Briefing Paper No. 07661 *Tackling the under-supply of housing in England*
[3] ODPM Housing, Planning, Local Government and the Regions Committee, *Affordability and the Supply of Housing* (Third Report of Session 2005-06)
[4] House of Commons Briefing Paper No. 07747, 19 April 2021, What is affordable housing?

2.3 Affordable housing is largely delivered, owned and managed by local authorities or other organisations (either not-for-profit or profit-making) that are regulated by the Regulator for Social Housing, and known as 'registered providers' (not-for-profit registered providers are typically called housing associations). Only registered providers can offer Social Rent and Affordable Rent and Rent to Buy tenures, this restriction does not apply to Shared Ownership.

2.4 As of March 2020, of the c.24.7m dwellings in England, c.2.5m were rented from private registered providers (housing associations) and 1.6 million were rented from local authorities[5]. The size of the stock held by for-profit providers – largely Affordable Home Ownership – was modest by comparison at c. 9,300 units in 2020.[6]

2.5 There are two principal mechanisms by which most new affordable housing is delivered:

- direct delivery, funded via private funding (using the asset value and future rental income stream of an affordable home to secure debt required to build it), grant funding from the Government (or recycled), and (at a lower level, generally) cross-subsidy (other forms of surplus income including developing of private homes for sale and sale of existing assets)
- securing affordable housing as part of private developments through the planning system under Section 106 of the Town and Country Planning Act 1990, known as 's106'; affordable housing secured via s106 is funded privately and not eligible for grant funding outside London.

The programme

Coverage

2.6 There is a long history of UK Government-led affordable housing funding programmes. SOAHP's immediate precursors were the Affordable Homes Programmes 2011-15 (AHP 2011-15) and 2015-18 (AHP 2015-18), both delivered by Homes England (as the Homes and Communities Agency) outside London, and the GLA within London.

2.7 The AHP 2011-15 provided grant funding of £1.8bn, delivering c.82,000 homes, of which around 70% were for Affordable Rent, 20% for Affordable Home Ownership, and 10% for Social Rent across England as a whole (including London). The AHP 2015-18 was an extension of AHP 2011-15, but was under-subscribed. Potential explanations included the absence of funding for Social Rent (which was not eligible), and a requirement of further conversions of Social Rent to Affordable Rent. AHP 2015-18 was also introduced alongside a reduction in housing association rents annually by 1% from 2016/17 to 2019/20 which may have prompted some housing associations to reappraise their development programmes [7].

[5] MHCLG Statistical Release: Housing, *Dwelling Stock Estimates: 21 March 2020, England (*20 May '21)
[6] Regulator of Social Housing, *Registered provider social housing in England – stock and rents 2020-21 (*February 2021)
[7] See Milcheva, S. Double or Quits: The influence of longer-term grant funding on affordable housing supply (September 2020).

2.8 SOAHP itself was launched in April 2016, with a primary objective to support delivery of the Government's manifesto commitment to deliver 275,000 affordable homes between 2015 and 2020. There was also an explicit focus on supporting home ownership. As set out in the original Business Case for the programme:

> *"We have reshaped our approach to affordable housing in this new programme, focussing squarely on helping people move into low-cost home ownership and driving further efficiencies in the housing association sector … We want to substantially increase the supply of houses for hardworking people who are priced out of the open market and yet aspire to own their own home"* [8]

2.9 As part of this commitment, the programme outside London – what became SOAHP and the focus of this evaluation – was allocated £3.4bn to deliver 97,500 starts over 2016-21.

2.10 SOAHP inherited many of the features of earlier programmes. This included a scheme-by-scheme bidding process; the use of an Investment Management System (IMS) to manage the bidding, contracting and monitoring; and established rules and regulations associated with grant funding set out in the Government's Capital Funding Guide. Consistent with the 2015-18 programme, Homes England did not seek to allocate all funding in the initial bidding round.

2.11 In this sense, SOAHP 2016-21 (as it was originally) represented both continuity with earlier affordable homes programmes in its structure and approach, and a change in its focus on Affordable Home Ownership as the principal tenure targeted and funded. SOAHP also sought to encourage bids from commercial developers with restrictions lifted and changes made to the type of organisations eligible to deliver and own (long-term) Shared Ownership homes.

Logic Model

2.12 Logic Models capture and summarise the 'theory of change' for an intervention by describing in turn, the underlying context, rationale and objectives (i.e. why it is required in terms of the market or other failures to be addressed, and what it is seeking to achieve), inputs and activities (i.e. what it will do), and outputs, outcomes and impacts (i.e. what it will deliver and achieve). A Logic Model for SOAHP developed and agreed for use in this evaluation is set out below. This drew on a programme document review, scoping consultations and discussions with the Evaluation Steering Group (with representatives from Homes England and DLUHC).

2.13 There have been several material changes during the programme; these are discussed in Section 3. The Logic Model does *not* seek to provide a chronological overview of these changes, nor (given the focus of the evaluation on delivery and impacts) does it seek to comment on them. Rather, the Logic Model provides a depiction of SOAHP at the time of the evaluation, providing an overall framework for the evaluation. The following points are also noted:

[8] HCA. 2015. AHP Business Case. Page 11. This covered both SOAHP and the GLA programmes.

- The Logic Model includes a mix of formal ‘core’ objectives in relation to the targets for housing delivery, and ‘wider supporting’ objectives and associated anticipated benefits based on evaluation scoping consultations and a review of programme documents and data. For example, the SOAHP Prospectus indicated that increasing the use of modern and innovative methods of construction in the delivery of affordable homes was to be encouraged by SOAHP. No formal targets were set for this, however this has been identified as a ‘wider objective’ in the Logic Model.

- Research questions for the evaluation cover the wider impacts of SOAHP over and above direct housing delivery including effects on communities, residents and the housing sector. This informed the structure and content of the Logic Model. No formal targets were set by Homes England or DLUHC for these effects, and there was no detail provided in programme documents on the anticipated nature of these effects. Their nature and extent to which they have been realised in practice are considered in subsequent sections, drawing on primary research with providers and stakeholders.

- The Logic Model contains separate ‘routes to impact’ for the CME and SP delivery mechanisms respectively. There is consistency between the mechanisms (notably on outputs and outcomes), but also important differences, which are highlighted in the separate ‘routes to impact’. For CME and SP a specific theory of change and objectives have been articulated, based on the document review and consultations. The CME ‘route to impact’ includes the initial bidding round in 2016, which was subsequently carried forward into CME, and all references in the report to CME *include* this initial bidding round (unless otherwise stated). No formal target appears to have been set for SPs at the outset, the 40,000 figure set out in the objective reflects the actual agreement made via the SPs.

- The Logic Model identifies a range of factors influencing delivery and performance, including those related to the policy context and implementation from Homes England, external market and sector conditions, and the experiences and approaches of housing providers. Reflecting SOAHP’s complexity across delivery mechanisms, tenures and phases, these factors may act as both enablers and barriers to delivery and impacts in different contexts, places and times. These factors provide important background for thinking through how SOAHP is expected to deliver against its targets, and are considered in subsequent sections, drawing on primary research with providers and stakeholders.

- The Logic Model identifies both direct and indirect anticipated effects of SOAHP. Notably, effects on overall housing affordability and levels of home ownership across England are explicitly recognised as indirect impacts, given the very wide range of other factors outside of the programme that will influence these issues. The evidence on the contribution of SOAHP to these issues is considered qualitatively in the report, drawing on primary research with providers and stakeholders. Potential adverse effects (e.g. on competition for land and land values) are also identified in the Logic Model, which are also considered in the report.

Figure 2-1: SOAHP Logic Model

Policy context & rationale

England's housing market has not delivered enough new homes to meet its housing needs over the long-term. This imbalance has led to:

- increasing house prices, leading to affordability issues in many areas
- declining levels of home ownership
- an increasing number of households living in rental accommodation where rents in the private sector are often unaffordable

Secure and affordable housing, including through home ownership, will remain out of reach for many households without intervention as market failures prevent the delivery of enough new homes, of the right kind, in the right places, including:

- the private housing market will not provide enough new homes for affordable ownership or affordable / social rent owing to the funding gap (particularly given the high costs of land), with other source of affordable housing delivery (e.g. via s106 contributions) uncertain and inconsistent
- the private housing market does not meet the needs of certain groups of individuals, for example, low-income households, older and vulnerable people

Government high-level policy objectives and aims have evolved over time, but include consistent commitments to:

- **deliver more net additional new homes,** with an ambition set in 2015 to deliver 1 million net additions to the housing stock by the end of 2020, including 275,000 affordable homes
- **increase levels of home ownership,** re-balancing the housing market towards more home ownership
- **address affordability issues in the rental sector,** through ensuring the supply of new homes at sub-market levels, including for affordable (c.80% market levels) and social rent (c.50% market levels), the latter prioritised to areas of greatest need
- **tackle wider policy issues** related to housing including homelessness and the need for specialist accommodation for older, disabled or vulnerable people

Established rationale for Government support to subsidise the delivery of affordable housing provision to meet equity/distributional benefits and address market failures in delivery of enough homes in the right places

Grant funding identified as policy mechanism by Government, building on experience/infrastructure from precursor interventions including the Affordable Homes Programmes 2011-15 and 2015-18

Homes England identified as delivery agency for all areas of England outside London

SOAHP objectives

Core objective

Deliver 130,000 new housing starts across England (outside of London) for

- Affordable home ownership, including via Shared Ownership and Rent to Buy products
- Affordable rent
- Social rent, with a specific target of 12,500 housing starts in the areas of greatest need*
- Specialist rental accommodation for older, disabled or vulnerable people

Wider supporting objectives

- **Supporting local housing, growth, and regeneration policies and objectives,** including assisting more rapid build out of other development schemes
- **Supporting reductions in homelessness** and the risk of homelessness
- **Enhancing the capacity and ambition of providers of affordable housing**
- **Extending the range of organisations involved in the provision of affordable housing including house-builders and private sector developers**
- **Increasing the use of modern and innovative methods of construction** in the delivery of affordable homes

** Local Authority Districts where the difference between average weekly social rents and private rents was £50 or more in 2018*

Continuous Market Engagement

Theory of Change and objectives

Theory of Change: through an initial scheme-by-scheme bidding process at the launch of the programme, and subsequently a process of 'Continuous Market Engagement', housing providers are able to submit bids for assessment and agree schemes and grant funding on a rolling basis throughout the delivery period. This approach:

- allows housing providers to seek funding for schemes as new opportunities emerge and in line with changing demand, organisational priorities and housing market conditions
- enables Homes England to support schemes that meet changing policy priorities and objectives including different tenures over time, and provides a level of certainty on the scale / tenure / location of homes to be delivered through the programme

Objectives

Facilitate delivery against core programme objective of 130,000 new housing starts across England (outside of London) and wider supporting objectives via Continuous Market Engagement delivery model

Inputs

- Grant allocations to providers on a scheme-by-scheme basis
- No ring-fenced funding
  - At end-March 2021, £2.3bn grant funding approved*
- Homes England Staff time – to assess bids, administer and monitor delivery, and manage partners (through quarterly and annual reviews)

Activities

- Bids developed and submitted by providers (single-provider, consortia)
- Bids assessed on per scheme basis by HE using core VfM and delivery criteria
- Contracting and approval
- Housing schemes delivered by providers using a range of processing routes / activities. Activity regularly including:
  - Site identification / acquisition
  - Site enabling works
  - Contracting with developer
- Grant drawdown linked to delivery milestones

Outputs

Housing

- Starts: Shared Ownership / Rent to Buy, Affordable Rent, Social Rent, Specialist provision
- Completions: Shared Ownership / Rent to Buy, Affordable Rent, Social Rent, Specialist provision

Community

- Jobs created for 16-23 year olds: at advanced apprenticeship level 3, at higher apprenticeship level 4 and above
- Apprenticeships (not including level 3 and 4): Safeguarded, created

Sector

- Commercial developers engaged and supported with grant funding
- Use of Modern Methods of Construction in schemes: Sub-Assemblies and Components, Hybrid, Panelised, Volumetric

Outcomes

Housing

- Increased affordable housing supply
- New affordable housing in the right places, in response to need

Community

- Improved accessibility for young people to jobs / training
- Quality of life benefits for residents of supported schemes
- Quality of life benefits for wider communities (indirect)
- Contribution to local environment / regeneration in immediate development areas
- Contribution to wider local environment / regeneration (indirect)

Sector

- Increased engagement by commercial developers in provision of affordable housing
- Increased use of Modern Methods of Construction
- Enhanced relationships across the sector (via consortia)

** Funding request in detailed CME data*

Strategic Partnerships

Theory of Change and objectives

Theory of Change: the contribution of Housing Associations (HAs) to the delivery of new affordable homes through CME alone can be constrained by barriers including funding uncertainty, restrictive scheme-by-scheme grant rate and grant funding conditions, and a lack of wrap-around non-grant support. To complement CME, Strategic Partnerships involve agreeing funding on a portfolio basis at a regional level, with no need for scheme-by-scheme approval, flexibility over the location (within the region) and tenure (within programme eligibility), and a grant rate agreed at the portfolio-level. This approach:

- offers housing providers a longer-term and more flexible funding package, and enhanced access to other forms of Homes England support
- enables Homes England to develop improved relationships with major HAs and a mechanism to scale-up and accelerate delivery of affordable housing to meet programme core and wider objectives

Objectives

Facilitate delivery against core programme objective of 130,000 new housing starts across England (outside of London) and wider supporting objectives via Strategic Partnership delivery model

Specifically for the Strategic Partnerships:

- Fund the development of c. 40,000 new homes by 2023/24 of which:
  - ❖ 14,500 in less affordable regions (South West and South East)
  - ❖ 9,000 for social rent (only in eligible areas of England, mainly focused in southern half of the country)
- Improve access to and increase use of other, non-grant, support amongst Strategic Partners (incl Joint ventures, Joint land acquisition, Place-based projects, and Infrastructure investment to unlock sites)
- Increase procurement of development from low and medium volume housebuilders by HAs
- Encourage HAs to move into land-led development

Inputs

- £1.74bn of grant funding allocated since July '18, across 3 waves
  - ❖ Wave 1, July '18 – 8SPs (9 HAs), £588m
  - ❖ Wave 1a, Oct '18 – 7SPs (8 HAs), £653m
  - ❖ Wave 2, Jan '19 – 8SPs (11 HAs), £497m
- Homes England staff time to agree SPs, monitor delivery, manage partners (through quarterly and annual reviews)

Activities

- SPs agreed for multi-year development portfolios
- On-going engagement to facilitate access to wider Homes England support
- Housing schemes delivered by providers using a range of processing routes / activities. Activity regularly including:
  - ❖ Site identification / acquisition
  - ❖ Site enabling works
  - ❖ Contracting with developer
- Flexibility to change planned tenure during delivery
- Grant drawdown linked to capital expenditure

Outputs

Housing

- Starts
- Completions: Shared Ownership / Rent to Buy, Affordable Rent, Social Rent, Specialist provision

Community

- Jobs created for 16-23 year olds: at advanced apprenticeship level 3, at higher apprenticeship level 4 and above
- Apprenticeships (not including level 3 and 4): Safeguarded, created

Sector

- Use of Modern Methods of Construction in schemes*
- Schemes delivered by low and medium volume housebuilders

** Data not collated on categories*

Outcomes

Housing

- Increased affordable housing supply
- New affordable housing in the right places, in response to need

Community

- Improved accessibility for young people to jobs / training
- Quality of life benefits for residents of supported schemes
- Quality of life benefits for wider communities (indirect)
- Contribution to local environment / regeneration in immediate development areas
- Contribution to wider local environment / regeneration (indirect)

Sector

- Increased use of Modern Methods of Construction
- Increased use of smaller housebuilders
- Increased use of Homes England non-grant support by HAs
- Increased role in land market by HAs

Agency

- Insight into pros/cons of alternative delivery mechanism
- Enhanced relationships with HAs


Impacts
Housing
Direct
• Increased availability of / access to affordable housing
• Increased availability of / access to home ownership
• Increased availability of / access to housing for those in temporary accommodation or homelessness
Indirect / longer-term
• Improved housing affordability
• Increased levels of home ownership through Shared Ownership and Rent to Buy
• Reduced levels of households in temporary accommodation or homelessness
• Increased levels of wider local housing development
❖ Market housing
❖ Sub-market housing
Potential adverse effects
• Displacement of market-led housing provision by grant support
Wider
Community
• Improved socio-economic outcomes for residents of supported schemes
• Improved socio-economic outcomes for wider communities (indirect)
• Contribution to delivery against local environment / regeneration priorities (direct and indirect)
Sector
• Enhanced provider capacity, resilience and ambition
• Increased credibility of HAs in land market
• More diverse sector delivering affordable housing
• More innovative sector delivering affordable housing
Agency
• Enhanced reputation, credibility and capability of Homes England with the market
Potential adverse effects
• Increased competition for land pushing up values
Factors influencing delivery and performance
Policy and implementation
Changes in Government policy priorities and objectives, influencing SOAHP directly in terms of tenure eligibility and funding/delivery criteria
Changes in Government policy priorities and objectives, influencing SOAHP indirectly in terms of affordable/social housing rules and regulations (including in relation to rents) and wider policy domains e.g. welfare and planning
Homes England delivery capacity, including changes in organisational structure and delivery mechanisms through the programme period
Homes England appraisal and selection approach (for CME and SP mechanisms respectively)
Homes England monitoring/reporting systems and processes (including the IMS used for the CME delivery mechanism and SP equivalent)
Availability of other forms of Homes England support for Strategic Partners, and the effectiveness of internal relationships / processes at Homes England to facilitate access to this support
External market and sector conditions
Consolidation within the social housing sector, with implications for delivery capacity
The effectiveness of local planning systems and associated delivery capacity, with implications for
❖ timing and pace of delivery of affordable housing
❖ processing routes adopted by housing providers
Land values and availability of sites for development, which varies significantly across England, influencing approaches to delivery
Construction sector delivery capacity and operating conditions including related to access to / cost of labour and materials
Wider economic and contextual conditions e.g. macro-economic performance, labour market conditions, wider housing market dynamics etc.
COVID-19 and associated restrictions on housing delivery
Housing Providers
Experience of providers from previous affordable homes programmes influencing participation / engagement
Access to other forms of finance to cross-subsidise housing delivery with grant (including recycled capital grant funding), influencing attitude to risk and development plans
Approaches to 'nil grant' homes, including use and availability of homes via s106 agreements, which varies significant across England influencing approaches to delivery
Provider capacity and scale of ambition to engage in development
Changes in structure/business models of individual providers during delivery period (post funding agreements)
Investment needs of existing stock e.g. building safety and decarbonisation

Source: SQW

3. Programme profile

This section provides an overview of the programme including the delivery mechanisms, and the inputs and activities associated with CME and SPs.

SOAHP evolved after its launch in April 2016, in terms of the type of housing supported, the scale of intervention, and the delivery mechanism employed.

SOAHP is expected to deliver 130,000 housing starts by March 2023 for Affordable Home Ownership, Affordable Rent and Social Rent. At least 12,500 Social Rent homes should be delivered in areas with the highest affordability pressures.

By March 2021, SOAHP had approved grant funding of c.£4.2bn (from a budget of £5.2bn) to deliver just over 102,500 homes, c.60,000 via CME, and c.42,500 via SPs.

Homes England can include nil-grant homes to account for up to 10% of the 130,000 homes target. By March 2021, approved funding bids included c.40,500 nil-grant homes.

The spatial focus of grant-funded and nil-grant homes vary substantially: nearly half of grant-funded homes are in the three northern regions, and nearly three-quarters of nil-grant homes are in the three southern regions.

The allocation of SP homes also differs materially from CME grant-funding. Regions with the greatest housing affordability pressure were targeted by SPs, with over half of the funding allocated to delivery in the three southern regions.

Programme scope and evolution

Initial scope

3.1 At its launch in 2016, SOAHP sought bids from providers to deliver two forms of Affordable Home Ownership 'product': Shared Ownership and Rent to Buy (see 2.2). Bids were also sought for the delivery of specialist homes for older, disabled and vulnerable people.[9]

3.2 Full details of the bidding process and expectations were set out in a Prospectus[10]. These are not repeated in detail here, however several key features are highlighted for context:

- **Bidders needed to be an Investment Partner, or be committed to becoming one, prior to receipt of a grant**. This status was open to any private sector housing development company or consortium as well as registered providers/housing associations. Where an organisation was not an Investment Partner, they could join in consortia with those that were, and consortia were actively encouraged.
- **SOAHP sought to encourage bids from the commercial sector**. Several measures were introduced to facilitate this: removing restrictions on the type of organisation which can

[9] Specialist provision includes homes with special design specifications such as walk-in showers or bathrooms, wheelchair adapted bathrooms and living rooms, and a lift if there is more than one storey. Capital Funding Guide: Specialist Homes. Accessed here: [3. Specialist Homes - Capital Funding Guide - Guidance - GOV.UK (www.gov.uk)]

[10] [Shared Ownership and Affordable Homes Programme 2016 to 2021: prospectus]

hold an interest in Shared Ownership homes in the long-term; promoting an agreed transfer model that improves the administrative component of applying for grants for firms who do not want to hold a long-term interest; offering grant support for first-time entrants; and accepting indicative bids (see below) to make it easier for new entrants to bid.

- **Funding bids could include 'firm schemes', 'indicative schemes' or both**. Firm schemes (prioritised during the initial assessment to promote early delivery) required a precise description of location, delivery schedule, planning status and land ownership status. Indicative schemes required less detailed information relative to firm schemes, including on location (which could be at a Local Authority District or higher level).
- **Bids were assessed against two equally weighted criteria: value for money and deliverability**. The primary metric for value for money was the 'grant per home' request, compared to the 'area average' for proposals received. For firm schemes, deliverability was assessed on certainty of achieving milestones (e.g. planning stage, land ownership), and for indicative schemes, the forecast delivery timescale was assessed on alignment with the programme profile and spatial coverage. Value for money and deliverability assessments were combined to produce area-based rankings of proposed schemes, which were used to create a selection of schemes in spatial areas including considering overall coherence (e.g. oversupply, over-reliance on single providers). Additional evidence on construction innovation was also considered, and for specialist provision bids were assessed to ensure that the proposed housing would meet identified local needs and local strategic priorities.
- Linked to the above, **the core value for money and deliverability assessment did *not* include specific consideration of the spatial distribution of local need in terms of affordability metrics**. Confirmation was sought from individual Local Authorities that bids met local housing needs. However, consistent with the focus of SOAHP on contributing to an increase in the overall volume of new affordable housing delivery nationally, levels of relative affordability across England (i.e. testing where 'need' was greatest in terms of affordability pressure) was not part of the assessment/scoring.
- **The focus was on the development of new affordable housing**, SOAHP did not (except in exceptional circumstances) seek bids to fund improvements to existing housing stock.

3.3 It is also highlighted that **information on 'nil grant' schemes were to be included in submissions by bidders, although they would not be funded, and were not considered in the scheme assessment**. 'Nil grant' schemes represent affordable housing delivery built without grant, for example via s106. As set out in the Prospectus:

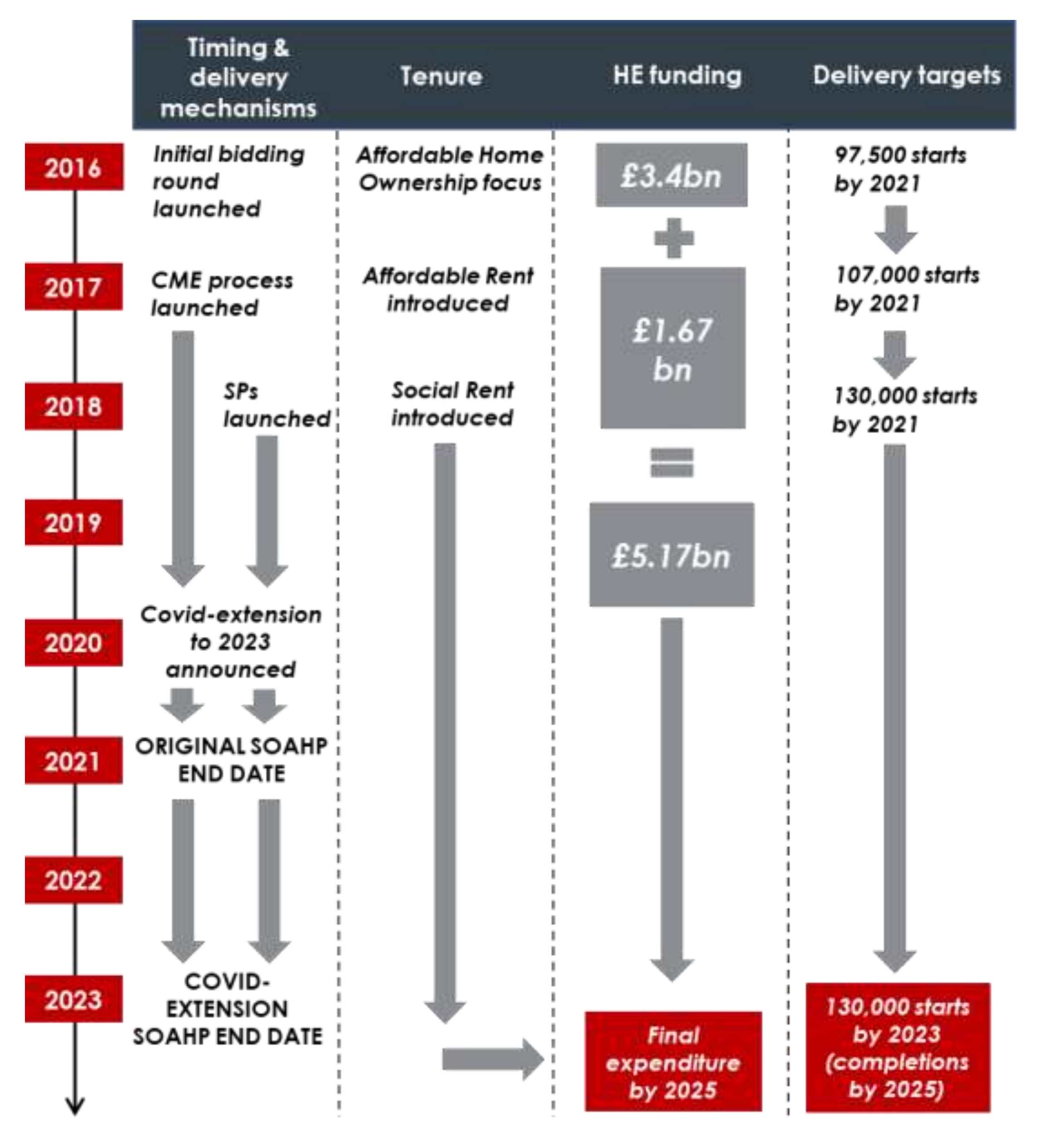
"Where there is sufficient delivery certainty, we expect bidders to include nil-grant schemes, including nil-grant S106 schemes, as firm proposals within their bid … we will assess each scheme proposal independently; the absence of nil-grant schemes, where these are not available … will not, therefore, negatively affect assessment of a bidder's proposals."

3.4 The reporting of nil-grant homes through the programme's IMS is based on the introduction of the Affordable Rent tenure in 2011, with providers delivering homes of this tenure requiring a delivery agreement with Homes England as a way of monitoring rents. Although not funded by the programme, nil-grant homes can be included within Homes England's reporting to the Department against delivery of the 130,000 programme target (up to 10% according to Homes England consultees).

Programme evolution

3.5 SOAHP evolved substantively following the launch in April 2016, in terms of timing, tenure, funding, housing targets and delivery mechanisms. This is summarised in Figure 3-1 below.

Figure 3-1: Overview of key stages and changes in the programme



Source: SQW based on Homes England documents and PAC Affordable Homes Programme Briefing Paper (14 October 2020)

3.6 The following points are highlighted:

- The overall delivery target for Homes England increased from 97,500 to 130,000 homes with the inclusion of grant funding for Affordable Rent in 2017 and subsequently Social Rent in 2018. Within this, there were no targets for Affordable Home Ownership and Affordable Rent, however, a target of at least 12,500 Social Rent homes was established.
- For Social Rent, the eligibility was spatially determined, with grant to be made available for new housing in areas of high affordability pressure only. This was defined as areas with a £50 per week or more difference between social rent and private rent. In practice this meant that 152 of 276 Local Authority Districts across England were eligible.
- Within the CME approach from January 2017 (announced alongside, and to facilitate, the inclusion of Affordable Rent), proposals were required to be 'firm', meaning that following this point, proposal for new 'indicative schemes' were not eligible.
- The SP approach was introduced in 2018 as it was recognised by Homes England and the Department that CME had not generated sufficient demand to address the on-going shortfall of affordable housing, particularly in areas of high affordability pressure, notably the South East and South West. The SP aim and key features are set out in Figure 3-2.
- The extension announced in July 2020 meant that all housing starts needed to be achieved by end-March 2023, and all housing completions by end-March 2025.

Figure 3-2: Aims and key features of the SPs

SP aims ...	... and key features
Accelerate short-term delivery and increase medium to long-term capacity to increase the volume and scale of delivery of affordable housing	• Agreeing a **5-year portfolio** of delivery (funding, homes) with major Housing Associations • Providing **long-term funding certainty** to enable partners to unlock commercial finance and have more ambitious development pipelines • Providing **access to all of Homes England's resources** including land and non-grant investment products • Allowing **tenures of specific schemes to be decided during delivery** to enable providers to respond to demand

Source: SQW

Allocations and expenditure

3.7 The paragraphs below set out the approved funding allocations and actual expenditure by March 2021 for CME and SPs.

Continuous Market Engagement

Approvals

3.8 By March 2021, SOAHP had approved grant funding of £2.3bn for approaching 60,000 homes through CME. The split by tenure is set out in Table 3-1, with Affordable Rent accounting for over half of funding/homes.

Table 3-1: Grant-funded homes and funding approvals at March 2021

	Homes approved	Funding approved (£k)	% homes approved	% funding approved
Affordable Home Ownership	25,560	850,279	43%	38%
Affordable Rent	30,477	1,180,097	51%	52%
Social Rent	3,627	223,527	6%	10%
Total	59,664	2,253,904	-	-

Source: SQW analysis of Homes England data

3.9 Key features within this headline profile of CME grant-funding include (with data in Annex B):

- overall around half of the funding/homes approved were in three regions across the North (i.e. North West, North East, Yorkshire and Humber), with the North West accounting for the highest regional share of funding/homes (27% and 28% respectively)
- regions in the South (i.e. South East, South West) accounted for around two-thirds of funding/homes for Social Rent (consistent with the specific eligibility criteria for Social Rent which included mainly Local Authority Districts (LADs) in these regions)
- of the c.60,000 grant-funded homes approved, c.50,000 were ‘general needs’ homes, with c.10,000 for specialist provision; the latter included c.7,000 grant-funded homes for older people, and 3,000 for disabled and vulnerable people
- grant funding had been approved for c.250 providers, to deliver homes on approaching 6,800 separate sites across England (several schemes may be delivered on the same site)
- a small group of providers (x13) with over 1,000 homes approved each accounted for over a third of all approved homes, although large providers were less prominent for Social Rent via CME; in this context, supporting small-scale housing associations (and local authorities) in delivering Social Rent via CME was recognised as an important characteristic of SOAHP by Homes England consultees and strategic stakeholders.

3.10 Grant funding can be used to deliver new affordable housing in various ways, known as ‘Processing Routes’ (see the Capital Funding Guide[11]). The shares of approved homes by Processing Route are set out in Table 3-2, with ‘Acquisition & Works’ most common.

[11] 9. Procurement and Scheme Issues

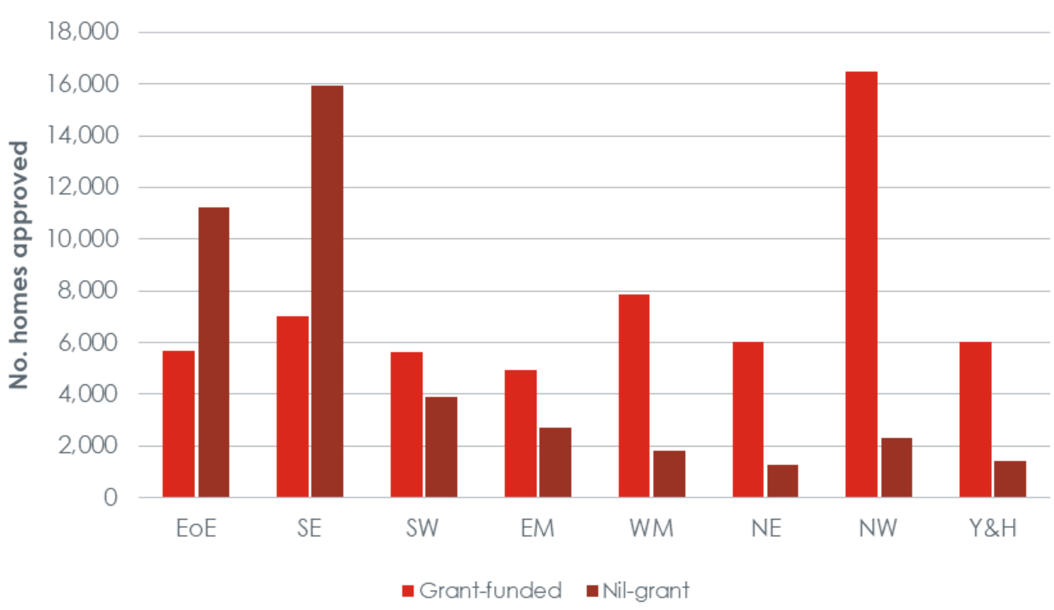
Table 3-2 CME homes approvals at March 2021 by Processing Route

	% homes approved
Acquisition & Works: construction of new dwellings on land purchased by the provider without the benefit of any public subsidy	49%
Package Deal (inc. land): acquisition of land from a developer or building contractor who also constructs new dwellings on the land	22%
Works Only: construction of new dwellings on land already owned by the provider, and for which the provider has received public subsidy in the past to help acquire it	14%
Off The Shelf: purchase of brand-new completed dwelling or dwellings, suitable for affordable housing letting, purchased from a contractor/developer or their agents	14%
Purchase & Repair: purchase of a second-hand dwelling, which requires repair to bring it to a standard/condition suitable for affordable housing letting	0.3%

Source: SQW analysis of Homes England data

3.11 Approved funding bids also included c.40,500 nil-grant homes: 29,100 for Affordable Rent and 11,400 for Affordable Home Ownership (none for Social Rent). The spatial pattern of nil-grant homes reported through the IMS by organisations involved in SOAHP is very different to grant funded homes, as shown in Figure 3-3. Nil-grant submissions did not influence grant allocations, with the variation likely explained by factors including the different housing market contexts across regions, notably opportunities for s106 affordable housing, and provider (and market) capacity to support the delivery of both grant-funded and nil-grant homes, particularly where providers operate locally/regionally rather than nationally.

Figure 3-3: CME grant-funded and nil-grant approvals at March 2021



Key: EoE: East of England; SE; South East; SW: South West; EM: East Midlands; WM: West Midlands; NE: North East; NW: North West; Y&H: Yorkshire and The Humber

Source: SQW analysis of Homes England data

Expenditure

3.12 By March 2021, actual expenditure on grant-funded homes was £1.9bn, 85% of the total CME allocation. Expenditure is based on the progress of individual schemes, with payment generally made 50% on start on site, and 50% on practical completion ('Off the Shelf' schemes involve full payment on completion only). Consultations with the Affordable Housing Grants Team at Homes England suggest in practice payments can be phased more evenly on delivery of agreed milestones, to accelerate delivery (e.g. an agreed payment at start-on-site).

3.13 The lower levels of expenditure on Social Rent in Table 3-3 is owing to the timing of delivery and point when tenures became eligible for funding: 75% of Social Rent homes were expected to be completed after March 2021, compared to under half of other tenures (so payment on completion had been realised for a lower share of Social Rent homes at March 2021).

Table 3-3: Actual grant expenditure by March 2021

Tenure	Actual expenditure (£k)	% approved funding
Affordable Home Ownership	746,554	88%
Affordable Rent	997,948	85%
Social Rent	174,126	78%
Total	1,918,628	85%

Source: SQW analysis of Homes England data

Strategic Partnerships

3.14 SPs were announced in 2018, with the first partnerships contracted to deliver housing starts from early-2019. SPs involved providing flexibility to partners to decide during delivery the tenure of schemes (i.e. determining tenure close to or at the point of completion). However, the agreements do include an approved allocation (funding and housing starts/completions) by tenure for each region. As such, partners are committed to delivering '*x number of homes, of x tenure in x region*' for the funding that has been agreed for delivery in that region. The implications of this approach are considered in Section 4.

Allocations

3.15 SPs were agreed in three waves: Wave 1 in July 2018, involving 8 partnerships and 9 partners (one SP with two partners); Wave 1a in October 2018 involving 7 partnerships and 8 partners (one SP with two partners); and Wave 2 in January 2019 involving 8 partnerships and 10 partners (two SPs with two partners).

3.16 An initial £1.74bn of grant funding was awarded across the 23 SPs. Allocations have been revised materially in 10 cases, with £1.93bn grant funding agreed by March 2021. This is expected to deliver 42,675 starts by March 2023. The agreements with individual organisations range from funding of £22.5m to £186m, with an average (mean) of £71m, and housing delivery targets of c.500 to 3,000 homes, with an average (mean) of c.1,580.

3.17 Total SP allocations by tenure are in Table 3-4. Social Rent is a significant proportion of the total (23%), with SPs expected to play a key role in the delivery of the overall programme target of 12,500 Social Rent housing starts in the areas of greatest need (based on affordability pressures) across England.

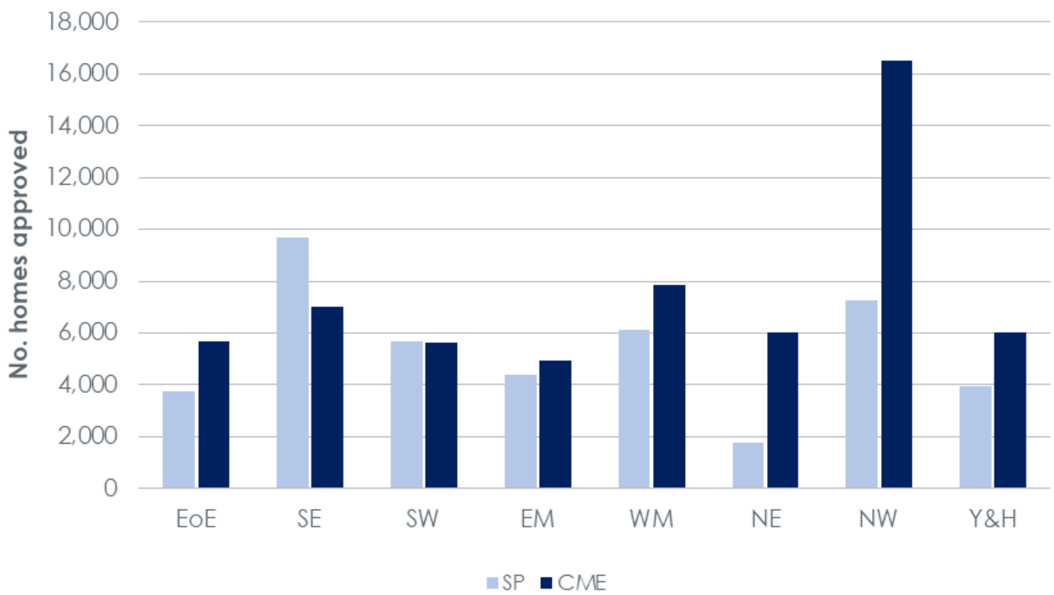
Table 3-4: Tenure of SP homes and funding approvals at March 2021[12]

	Homes approved	Funding approved (£k)	% homes approved	Funding approved
Affordable Home Ownership	16,080	565,904	38%	29%
Affordable Rent	14,993	598,012	35%	31%
Social Rent	10,023	681,821	23%	35%
Specialist housing for rent	1,579	79,500	4%	4%
Total	42,675	1,925,237	-	-

Source: SQW analysis of Homes England

3.18 The regional allocation of SP homes varies materially from CME. The regions with the greatest level of housing affordability pressures were specifically targeted, with over half of the funding allocated to deliver homes in the South (including 28% in the South East).

Figure 3-4: SP and CME grant-funded approvals at March 2021



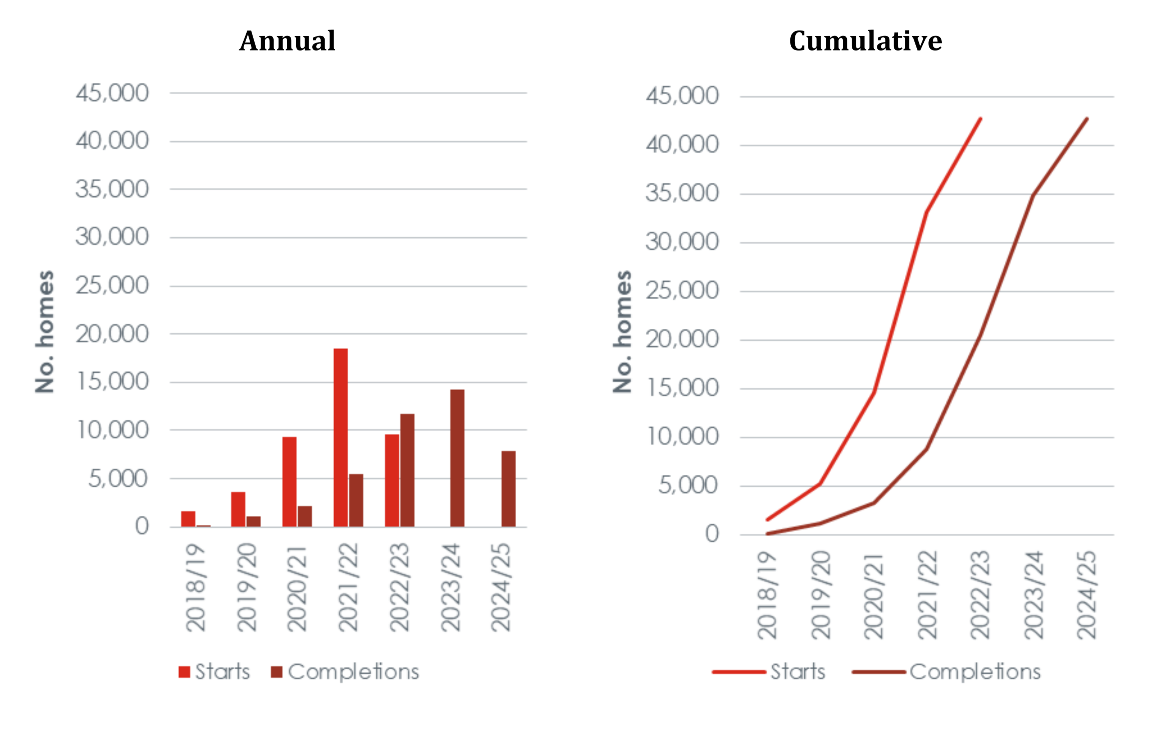
Key: EoE: East of England; SE; South East; SW: South West; EM: East Midlands; WM: West Midlands; NE: North East; NW: North West; Y&H: Yorkshire and The Humber

Source: SQW analysis of Homes England

[12] Specialist housing for rent was identified separately in Homes England approval data for SPs, not included as a sub-category within Affordable Home Ownership, Affordable Rent and Social Rent as in CME data. The proportions between SP and CME should therefore not be compared directly.

3.19 For SPs, specific annual delivery targets were set for starts and completions (no equivalent targets were set for CME). By March 2021, the expectation was that around 14,600 starts would have been delivered (34% of the total), and around 3,250 completions would have been delivered (7.5% of the total). The overall profiles of starts and completions annual and cumulative are set out in Figure 3-5. The data highlight the relatively high level of starts anticipated in 2021/22 (43% of the total).

Figure 3-5: Profile of anticipated SP starts and completions



Source: SQW analysis of Homes England

Expenditure

3.20 By March 2021, expenditure by Homes England on the SPs (based on the funding request for completed schemes) was £131m. Specific expenditure targets have not been provided to the evaluation. However, the actual expenditure is equivalent to 7% of the total allocation, consistent with the level of anticipated completions at this point as noted above. The expenditure and proportion of the total by tenure is set out below.

Table 3-5: Actual SP grant expenditure by March 2021

Tenure	Actual expenditure (£k)	% approved funding
Affordable Home Ownership	55,853	10%
Affordable Rent	41,683	7%
Social Rent	32,457	5%
Specialist housing for rent	886	1%
Total	130,879	7%

Source: SQW analysis of Homes England

4. Assessment of outputs

This section considers the direct effects of SOAHP on housing supply to date and progress in delivery against its targets/objectives. The section also considers indirect effects on affordable housing supply, and wider outputs.

By March 2021, SOAHP had delivered c.35,000 housing completions via CME grant funding and SPs. The majority of completions were via CME (consistent with the later start for SPs), and for Affordable Home Ownership and Affordable Rent.

Homes approved by March 2021 accounted for 79% of the target of 130,000 (and 88% assuming 10% nil-grant claims). This represents strong progress at this interim stage, with the allocations accounting for 81% of SOAHP's £5.2bn funding.

CME completions had been delivered in 260 of the 276 Local Authority Districts across England (outside London) by March 2021. Around 15% of these completions provided housing for older people or disabled and vulnerable people.

CME providers consistently reported schemes have/will deliver(ed) against quality and scale objectives across tenures. However, there is uncertainty amongst c.30% of surveyed providers with on-going schemes that delivery timescales will be met, meaning delivering against completion targets in the timescale may be a challenge. This level of uncertainty was consistent by scale of funding allocation.

The majority of SP partners are on track with delivery and confident of delivering against their commitments. Tenure has impacted on delivery progress, given fixed regional tenure targets and grant rates, particularly for Social Rent.

The SP model is consistently recognised by partners as having influenced the scale of actual/planned delivery, with the funding certainty and size of settlement supporting the scaling-up of development programmes.

Both CME and SP research suggest that whilst there is a relationship between grant-funded and non-grant delivery, generally the former does not influence the latter. However, grant-funding can and does influence non-grant funded delivery indirectly in some cases; the mechanisms are varied and specific.

MMC has been used on 9%-15% of completions to date for SP and CME respectively. Delivery of employment opportunities/apprenticeships, commercial developers supported, and schemes delivered by smaller housebuilders has not been monitored systematically.

Direct effects on housing supply

4.1 Data was provided by Homes England on housing delivery to the end of March 2021. This covered: housing starts and completions for CME awards, including grant funded and nil-grant; and housing completions for SPs. For both CME and SPs, the data included the nature of housing (including tenure, provision type in terms of general/specialist housing), mechanisms involved (processing route, build type), and spatial characteristics (including LAD, brownfield/greenfield, rural designation).

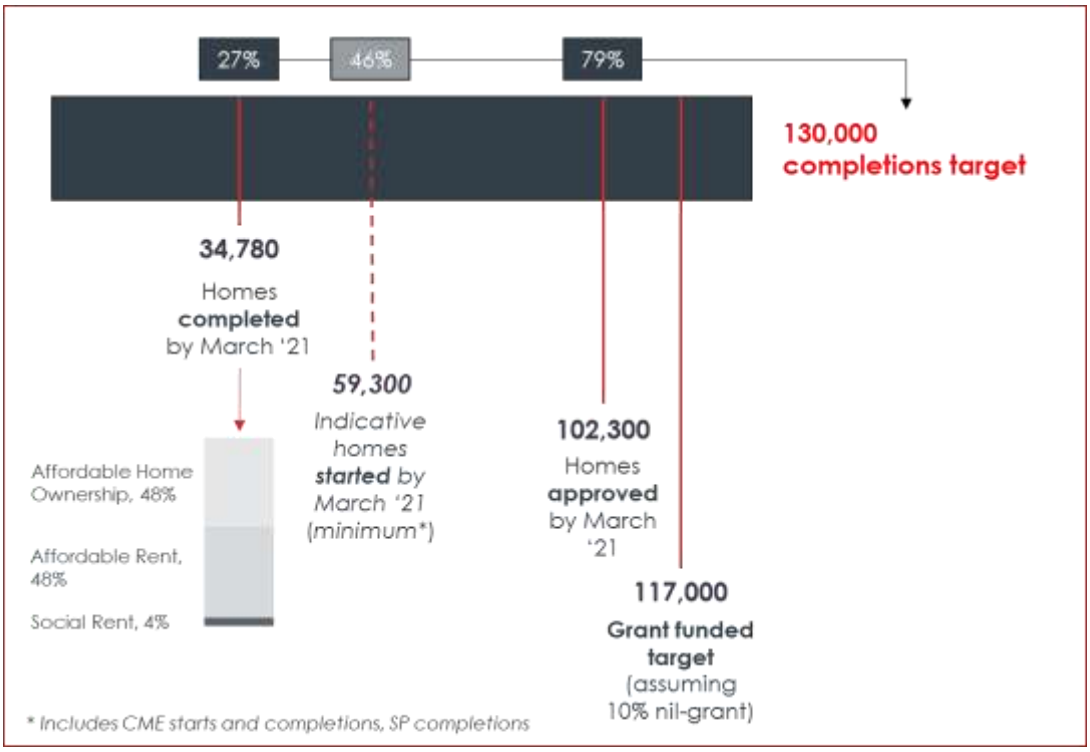
4.2 The data in this sub-section focus on the direct effects of grant-funded homes. Nil-grant homes are considered later in relation to indirect effects. Whilst nil-grant homes can be included in reporting against the 130,000 target (up to 10%), their inclusion when considering the *direct* effect of SOAHP on housing supply would be misleading as they have not been funded.

Overview of direct delivery including both CME and SP

4.3 **By March 2021, SOAHP had delivered c.35,000 housing completions via CME grant funding and SPs**. The majority of completions (31,600) were via CME, consistent with the later start for SPs. A further, 24,500 starts (not yet completed) were identified in CME data.

4.4 Delivery remains on-going, with SPs expected to deliver most of their completions from 2022/23 onwards (see Figure 3-5). However, progress against the overall target of 130,000 completions at March 2021 is set out in Figure 4-1. Completions by this point represented 27% of the total target; this increases to 30% if we assume 10% will be claimed via nil-grant homes. Further, **homes *approved* by March 2021 accounted for 79% of the target (and 88% with 10% nil-grant completions). This represents strong progress overall at this interim stage, and in line with the funding approval (£4.2bn of £5.2bn committed, 81%).**

Figure 4-1: Overview of progress against programme target

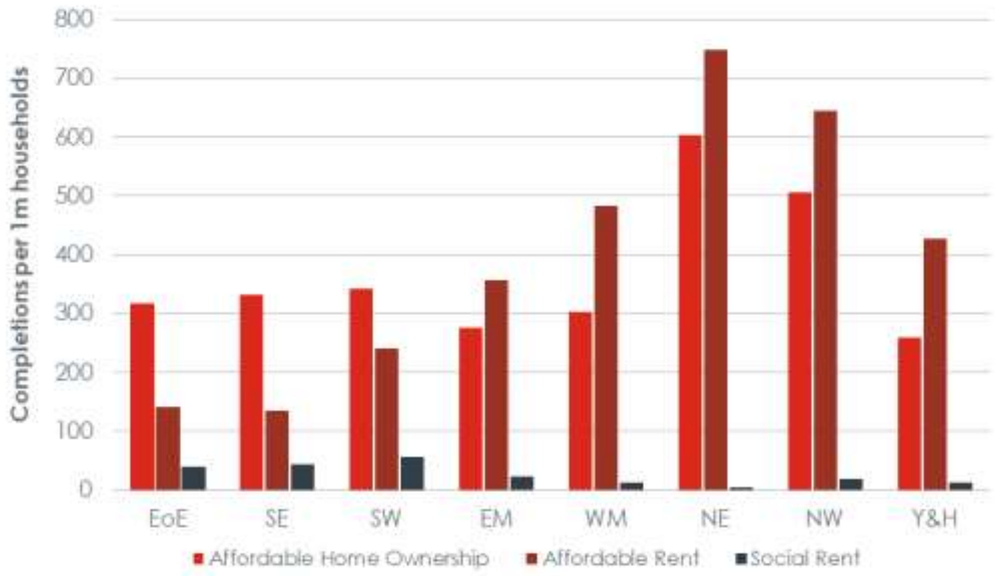


Source: SQW based on analysis of Homes England data

4.5 As shown above, Affordable Home Ownership and Affordable Rent accounted for the majority of completions (16,500 and 16,900 respectively). This is consistent with the modest CME allocations for Social Rent; SPs are expected to deliver c.10,000 homes for Social Rent overall.

4.6 The spatial distribution of all completions at this interim stage of delivery (based principally on homes funded via CME) is set out in Figure 4-2 on a per capita basis. The data highlight the relatively **high per capita completions for Affordable Home Ownership and Affordable Rent in the North East and North West**. Consistent with spatial targeting, Social Rent completions were more prominent in the South West, South East and East of England.

Figure 4-2: Regional summary data on direct completions (per capita)



Key: EoE: East of England; SE; South East; SW: South West; EM: East Midlands; WM: West Midlands; NE: North East; NW: North West; Y&H: Yorkshire and The Humber

Source: SQW analysis of Homes England data

4.7 No targets were set for the programme by region against which this delivery can be assessed in aggregate or on a per capita basis. As noted, with the exception of the Social Rent, the programme did not target funding on a regional basis or any definition of relative need or housing affordability pressure.

CME data

4.8 Characteristics of completions delivered via CME grant funding are set out in Figure 4-3, including highlighting any notable variation by tenure. The material contribution of CME grant funding to the provision of specialist housing is notable, with 15% of the total (around 4,900 completions by March 2021) focused on housing for older people or disabled and vulnerable people, which is important for delivering against specific local needs.

Figure 4-3: Characteristics of completions via CME grant funding (n=31,603[13])

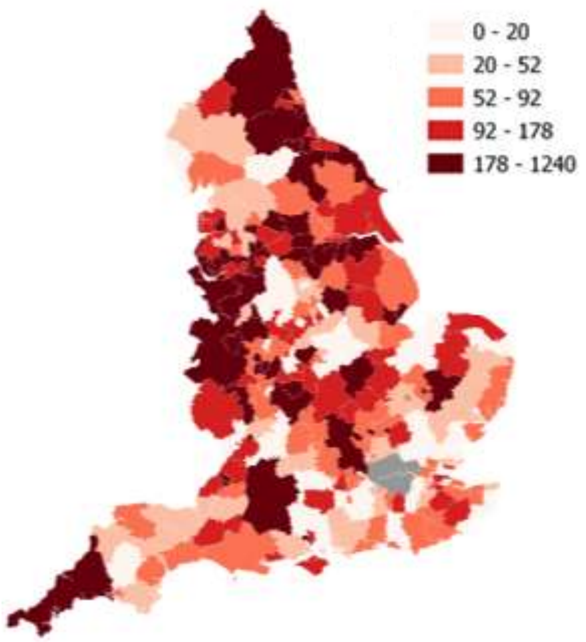
Category	%		Commentary
General Needs	85%	»»	• Two-thirds specialist provision is for older people, with one third for disabled and vulnerable people • Specialist provision most common within Affordable Rent tenure (at 26% of all completions)
Specialist Provision	15%		
Acquisition & Works	41%	»»	• Affordable Home Ownership most commonly Acquisition & Works and Off The Shelf (with this tenure delivering 75% of Off The Shelf completions) • Affordable Rent most commonly Acquisition & Works, Package Deal and Works Only (with this tenure delivering 66% of Works Only completions) • Social Rent most commonly Works Only, this route accounting for >40% Social Rent completions
Off The Shelf (& ES)	23%		
Package Deal (inc. land)	18%		
Works Only	13%		
Purchase & Repair[14]	4%		
New Build	90%	»»	• Nearly all Affordable Home Ownership New Build, with Rehab more common for Affordable Rent and particularly Social Rent
Rehab[15]	10%		
Brownfield	68%	»»	• Affordable Home Ownership accounted for 65% of Greenfield completions (vs 47% all completions)
Greenfield	24%		
Not known	9%		
Urban	92%	»»	• Broadly similar across tenures, but Affordable Home Ownership accounted for 65% of rural completions
Rural	8%		

Source: SQW analysis of Homes England data

4.9 The spatial distribution of CME completions is set out in Figure 4-4 (with detailed tenure level data provided in Annex B). The regional data indicate the high-level of Affordable Home Ownership and Affordable Rent in the North West in particular. However, the map, which is based on LADs demonstrates **the broad spatial distribution of CME grant-funding and the scope of SOAHP: completions had been delivered in 260 of the 276 Local Authority Districts across England (outside London) by March 2021**.

[13] Base for general needs/specialist provision 31,573 owing to gaps in monitoring data
[14] Includes 'Lease and Repair'
[15] Includes 'New Build and Rehab'

Figure 4-4: Distribution of completions delivered via CME grant funding



Regional summary

	% total (n=31,603)
East	9%
South East	11%
South West	9%
East Midlands	9%
West Midlands	14%
North East	11%
North West	26%
Yorkshire and The Humber	11%

Source: SQW analysis of Homes England data

SP data

4.10 SPs completions data should be regarded as illustrative at this stage, with over 42,000 homes expected to be delivered by the programme. **By March 2021, 3,200 completions had been delivered through SPs, around 7.5% of the target**. Of this, it is noted that:

- 22 of the 27 partners had reported completions at this point; four partners were responsible for over half of the completions (each with 300 or more completions)
- 14% of the completions were for Social Rent, this compares to around 3% of completions delivered via CME grant funding for the tenure; this is owing to the focus on Social Rent delivery via the SPs (and Social Rent was also available from the outset for SPs)
- a third (34%) of completions were on greenfield sites; a higher level of greenfield relative to CME (24%) may signal that the SP approach allows providers to deliver larger schemes generally (as discussed in Section 5); it is notable that this trend is evident in the data even at this stage given larger scheme are likely to involve longer lead-in times
- the urban/rural split was consistent with CME data (over 90% in urban areas)
- Off the Shelf accounted for 40% of completions; this would be consistent with a focus on schemes which are available immediately early in the programme delivery period to deliver against annual targets and generate early momentum.

4.11 **The 3,200 completions delivered by the end of March 2021 was in line (at 97%) with the agreed targets for all SPs at this point**. This is an encouraging finding given the challenging delivery context to date (as discussed below).

Reflections on delivery from the primary research

CME survey and in-depth research

Progress in delivery

4.12 The 125 surveyed providers were asked to reflect on the progress of their grant-funded schemes in relation to meeting their objectives. Key findings included:

- a very high majority (over 90%) of surveyed providers with completed schemes (n=105) reported they had achieved their objectives in terms of the volume and quality of homes delivered, and over 90% with on-going schemes (n=78) reported they were confident/very confident they will achieve their objectives in terms of the volume and quality of homes delivered
- timing of delivery objectives were reported to have been met by around 70% of the surveyed providers with completed schemes, and around 70% with on-going schemes reported they were confident that their timing of delivery objectives would be met; as such, around 30% of surveyed providers with on-going schemes were *not* confident that their schemes will meet their objectives in terms of timing
- delivery against scale, quality and timing objectives was not reported to vary by tenure or processing route for a high majority of surveyed providers with completed and/or on-going schemes respectively.

4.13 **It is encouraging that providers consistently reported schemes have delivered – or will deliver – against their quality and scale objectives, providing confidence that all c.60,000 homes approved via CME will be delivered**. It is also notable that **tenure does not appear to have influenced progress in delivering against objectives for most**.

4.14 However, **the survey indicates a relatively high-level of uncertainty amongst surveyed providers that delivery timescales of on-going schemes will be met**. This risk of delays to starts was also identified in consultations with Homes England staff involved in SOAHP. The proportion of surveyed providers with on-going schemes reporting they were not confident that the timing of delivery objectives would be met (i.e. around 30%) was consistent in terms of the scale of grant funding secured (those with grant approvals under £1m and over £1m).

4.15 For context, by March 2021, c.24,500 CME grant-funded homes had been ‘started’ but not ‘completed’, accounting for 41% of all CME grant-funded approvals, with a further 2,700 approvals not yet ‘started’. If delays are experienced for 30% of these schemes, this would represent a material issue in meeting the target of 130,000 homes by the programme close.

External factors influencing progress

4.16 Surveyed providers were also asked to reflect on the external factors (i.e. factors other than the nature of specific schemes) that had influenced the progress of grant-funded schemes.

4.17 The feedback suggests **Covid-19 was the key adverse external factor, affecting delivery for essentially all surveyed providers delivering schemes during the period after the outbreak of the pandemic in early-2020**. The most common effect of Covid-19 was delays owing to lockdown/work restrictions, although increased costs was also commonly cited.

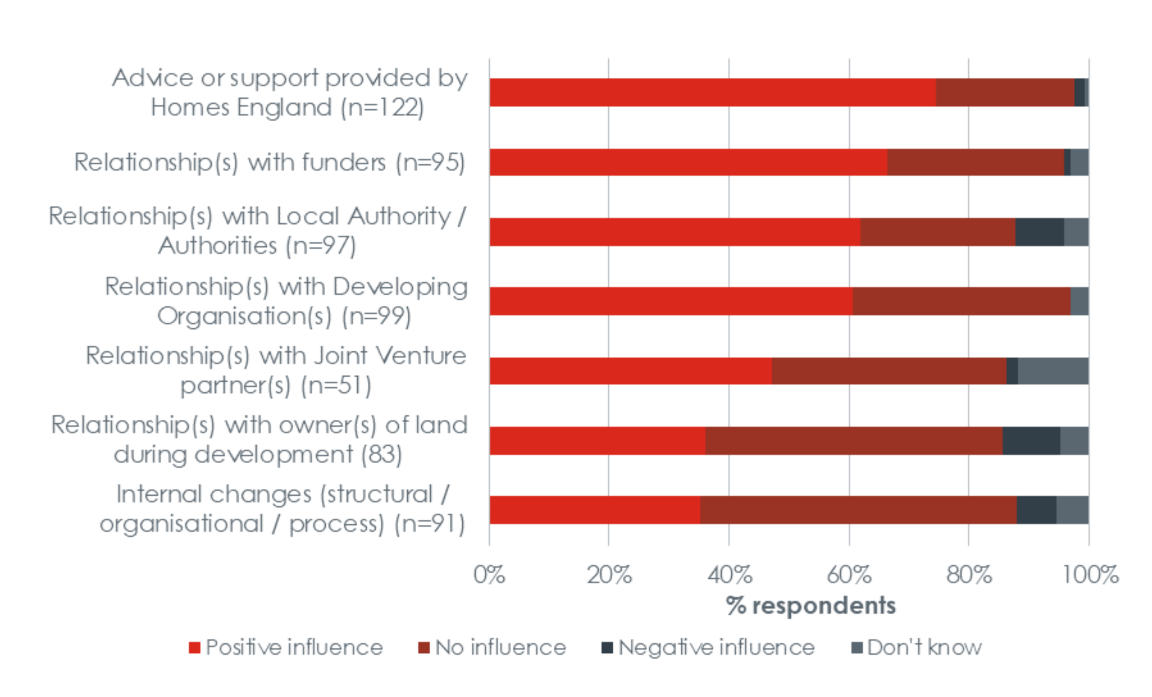
4.18 Evidence from the in-depth research with CME providers further supported these messages. Covid-19 was cited as creating uncertainty in the timing of delivery to date. This included for example, one case where contractors involved in the delivery of schemes were heavily adversely impacted by Covid-19 and ceased to trade, which led to further delays in delivery.

4.19 The influence of a range of other factors considered specifically in the survey on delivery progress is shown in Figure 4-5. Three key messages are highlighted:

- First, the high proportion of providers that indicated the advice or support provided by Homes England was a positive influence is encouraging. **The data point to an important 'value added' component in the delivery of the programme by Homes England**.
- Second, relationships with other funders, local authorities and developing organisations were reported to be positive influencing factors by over half of surveyed providers. **This is important given anticipated outcomes from SOAHP on enhancing relationships across the sector via CME as identified in the Logic Model**.
- Third, the Logic Model identified changes in the structure/business models of providers as a factor that may influence progress. **The self-reported evidence is that internal changes have been 'net positive' overall in progressing delivery**. This matters given the risk of organisational re-structuring leading to changed priorities, and involving time and resource inputs which could have potentially had adverse implications on delivery.

4.20 One theme influencing progress, highlighted in the in-depth research with CME providers, related to levels of competition for both contractors and land, which has led to delays in delivery. For example, one smaller CME provider reported they faced significant competition with larger providers of housing (of all types) for contractors, and competition for sites specifically from organisations funded by SOAHP SPs. This issue was also identified in relation to the SP model specifically (discussed below), and highlights the range of factors influencing delivery of homes through SOAHP in the wider housing market and development context.

Figure 4-5: Survey evidence on the factors influencing progress of SOAHP schemes



Source: CME survey

SP interviews and in-depth research

Progress in delivery

4.21 Consistent with the monitoring data at March 2021 (with delivery in line with targets for completions), **the majority of the 26 partners involved in SPs consulted indicated they were on track in delivery, and confident of delivering against their overall target commitments within the agreed timeframes under their SP**. These partners had secured the required pipeline to deliver against their targets, or were close to doing so. The extension of the timing of the SP (with all starts by March 2023, rather than the original March 2022) was seen as essential to this confidence in delivery.

4.22 Given the scale of starts anticipated by SPs in 2021/22 and 2022/23 (see Figure 3-5 above), and the relative importance of the SPs to delivery against the overall 130,000 delivery target (approaching a third of the total), this is an important and positive finding.

4.23 This said, consistent with the CME evidence on uncertainty over delivery of on-going schemes, a small group of partners did report they were *not* confident of delivering their target commitments within the agreed timeframes under their SP. These partners have experienced challenges to date in securing the pipeline to deliver in line with commitments, with land availability a common factor.

4.24 Further, **in contrast to the CME evidence, tenure does appear to be an important consideration in delivery progress for SPs, associated with the fixed regional tenure**

targets and grant rates. This has been an issue to date across the SPs, and is likely to be an issue going forward for partners yet to secure their delivery pipeline in full.

4.25 Key messages from the consultation and in-depth research underpinning this finding include:

- approximately half of the partners consulted indicated they were *not* on track to deliver against all of their specific regional tenure targets (note this included some partners that reported they were 'on track' against overall targets at the point of the consultation)
- delivering homes for Social Rent in regions where land values are high was reported to be particularly challenging given fixed grant rates; the effects of this on delivery will not be evident until later in the delivery period, however, it represents a risk to the programme in terms of meeting the delivery targets, including the 12,500 Social Rent target
- partners have not been able to respond to varying levels of demand for different tenures within the overall portfolio e.g. in areas of high demand for Shared Ownership, partners have not been able to respond by re-balancing delivery from other tenures.

4.26 Interestingly, in relation to the original objective of the SP model, tenure flexibility at a scheme level (i.e. the ability to switch tenures on a scheme all the way up to completion) was not reported to have made a material difference to delivery at this interim point. This was owing to the stated need for clarity of tenure to inform design, construction and contracting processes. It was recognised by some partners that this flexibility *may* become more relevant at a later point, however, this was not expected to be a significant factor in future delivery.

External factors influencing progress

4.27 There was fairly consistent feedback from partners regarding external factors influencing progress. Covid-19 was relevant, although given the timing of SP delivery, with less on-site activity relative to CME in 2020/early 2021 when lockdowns/work restrictions were most acute, it was less consistently identified as a sole factor influencing progress, and was often related to other factors. The extension has also mitigated the impact of Covid-19 on delivery.

4.28 In this context, the principal external factors identified by partners influencing progress were:

- **Planning delays**, which have been exacerbated (but not ultimately caused) by Covid-19
- **Increased construction costs**, which was recognised as a key challenge particularly for schemes entering into contract later in the programme although some partners identified that they entered into fixed price contracts for their most strategic sites at an early stage, mitigating the risks of cost inflation.
- **Material and labour shortages**, which were seen by partners to have been driven by a range of inter-related factors including global supply-chain disruptions, the on-going effects of Covid-19, and the UK's exit from the European Union.

4.29 Other specific factors were identified by partners in the in-depth research, including factors with specific spatial dimensions. For example, water neutrality and nitrate neutrality requirements are currently significant constraints on developments seeking planning permission in certain areas of southern England, which was seen to have led to delays in progressing schemes in this area. Further, building safety issues related to fire safety risks were raised by some partners, with significant existing high-density/urban portfolios. However, this was regarded as influencing potentially future delivery ambitions (given the costs associated with addressing any issues and future-proofing development) rather than impacting on delivery against the targets and expectations of the SP agreement.

4.30 These examples are specific to individual partners. However, they illustrate **the wide and varied range of external factors that can influence programme delivery**, consistent with the coverage of the Logic Model.

Benefits and challenges of delivery via Strategic Partnerships

4.31 The SP model was a novel and innovative mechanism for the delivery of affordable housing through grant funding outside London. Primary research sought feedback on the benefits and challenges of delivery via this model. The feedback was quite varied. Further, the feedback covers the views of partners and *their perspectives* of what the SP has involved (which may be different to Homes England), and given the scale of the funding, there are likely to be some overlaps between issues related specifically to the SP and the wider activities and perspectives of partners. Delivery of the SPs also remains on-going, with the findings covering the experience of partners at an interim point only.

4.32 These points noted, key benefits and challenges identified in the primary research – drawing on both the consultations, and the in-depth research – are set out in Figure 4-6.

4.33 **Benefits were more pronounced than challenges. Overall, the SP model was recognised by most partners as having influenced the scale at which they have delivered, or are committed to delivering, new affordable homes, with the certainty of funding and size of settlement through the SP supporting the scaling-up of development programmes**. The enabling of partners to take a land-led approach to development is also positive in facilitating the delivery of larger and riskier sites. This aligns strongly with the aims and key features of the SP model (as summarised in Figure 3-2).

Figure 4-6: Benefits and challenges of delivery via SPs – evidence from partners

Key benefits

Funding certainty and security to support scaling-up of development programmes
- Increased confidence to bid for land with grant secured upfront
- Increased confidence to take on more risk in bidding for and negotiating on larger sites
- Supporting securing investment from other funders
- Positive impact on cashflow for project delivery due to the drawdown of grant funding up front

Ability to take an increasingly land-led approach to development
- Increased appetite and confidence in acquiring/delivering larger sites
- ... and riskier sites, particularly in a brownfield context

Catalysing investment in internal capacity and expertise
- Acquisition of housebuilder / contractors
- Restructuring of delivery / development teams
- Enhanced performance management systems and processes

Enhanced reputation and networks
- 'Opening doors' and enhancing links with developers, land agents, housebuilders and local authorities

Key challenges

Fixed regional-level tenure targets
- Perceived lack of flexibility to respond to varying demand and contextual conditions influencing viability and deliverability

Fixed grant rates
- Perceived lack of flexibility to respond to varying viability and inflationary pressures
- Particular challenge for partners delivering homes for Social Rent

Contribution to increased competition for land for delivery of affordable housing
- Reported increased difficulties in acquiring sites
- Reported increased land values as a result of enhanced competition, including funded by other SPs

Source: SQW based on primary research with partners involved in SPs

4.34 However, the key identified benefits of the SP model were also seen by partners to be associated with corresponding challenges. First, **the certainty of funding was associated with a perceived lack of flexibility by partners in relation to tenure targets and grant rates.** Both were agreed at the outset as a total commitment across the SP at a regional level, and in practice many partners have found their original tenure assumptions challenging to deliver, with changes in context (land prices, build costs, scheme delays etc.) influencing scheme viability and deliverability at the agreed fixed grant rate. This has been a particular challenge for some partners in delivering Social Rent in areas of particularly high land values where reliance on grant rates fixed some years previously has led to some schemes simply not being viable or deliverable. Partners were asked to stress test their assumptions as part of the initial bidding process which in principle should have mitigated this issue. However, notwithstanding this, many partners have found the agreements challenging to deliver in practice.

4.35 Second, **the benefits of land-led development was also associated with a corresponding perceived effect on an increased competition for land**. This challenge was identified by a modest number of partners in initial consultations (around one in five). However, where it was identified it was seen as a significant issue, and it was also a prominent theme that emerged from the more detailed in-depth SP research.

4.36 The context here is important: a wide range of factors influence competition for land unrelated to SOAHP, and the SP model is clearly not the principal cause of competition for land to support housing delivery, with wider economic and housing market factors prominent. Further, the evaluation has not included bespoke research on land markets to test partner feedback. It also needs to be recognised that with the SP enabling partners to take an increasingly land-led approach to development and bidding for larger sites, this may have led to greater exposure to competition with commercial developers and housebuilders which has influenced their perception on the role of the SP in leading to increased competition for land.

4.37 However, these points noted, considering the substantial delivery targets across the 23 SPs, some partners reported that the SP model has contributed to an increased level of competition for land between organisations funded by SPs, and with other developers and housebuilders. This was reported to have made it more challenging to acquire sites, with increased land values as a direct consequence of competing with other SP-funded organisations. The additional challenge of delivering against SOAHP targets and those of the successor AHP 2021-26 was also noted, as set out below.

In-depth SP evidence: competition for land

Several partners identified increased competition – and resulting challenges in securing land and increased costs – as a key challenge for delivery of the SP agreed through SOAHP. Although other factors mattered, levels of competition *between* organisations involved in SOAHP in some places was reported to be significant, with a group of large SPs, all with ambitious delivery targets, seeking to deliver homes in similar geographies, given the relative concentration of targets/funding for SPs in the three Southern regions in particular, although this issue was also evident elsewhere.

For example, one partner described competition for land as "fierce", not only because of the SOAHP SP, but also the parallel AHP 2021-26, and in a context where there can also be strong interest from private developers. For this partner, the heightened market competition for land was seen as a key barrier to delivery.

A second partner also noted the overlap between the two affordable homes programmes, and that unprecedented demand for land had led to rapidly rising land prices and competition. The partner indicated that traditionally they would be competing against 4-5 bidders for land, whereas under the SP this has been as high as 30 bidders. The targets associated with the SPs were identified as a key factor driving this change.

4.38 Two final points are noted related to the benefits and challenges of delivery via the SP model:

- The restriction preventing the deployment of grant to replace existing homes in the context of regeneration schemes was noted as a challenge. This restriction is not limited to SPs and is determined by Government policy (which is not within the control of Homes England). However, some partners commented that if the SP model aims to increase the volume and scale of delivery and raise the level of ambition of partners, the ability to invest in the replacement of homes as part of wider regeneration schemes would be beneficial. The need was seen as particularly acute in high-density, urban locations where there are pressures to invest in upgrades for environmental improvement and building safety.
- Four SPs involve two partners. Consultations suggest this relationship has been either neutral or positive overall, with the relationships seen essentially as logistical rather than strategic (with partners in shared SPs due to their relative size, with this process facilitated by Homes England). There was some evidence of information sharing between joint-partners, which helped to building on existing relationships. However, this does not appear to have been a substantial influence on delivery overall.

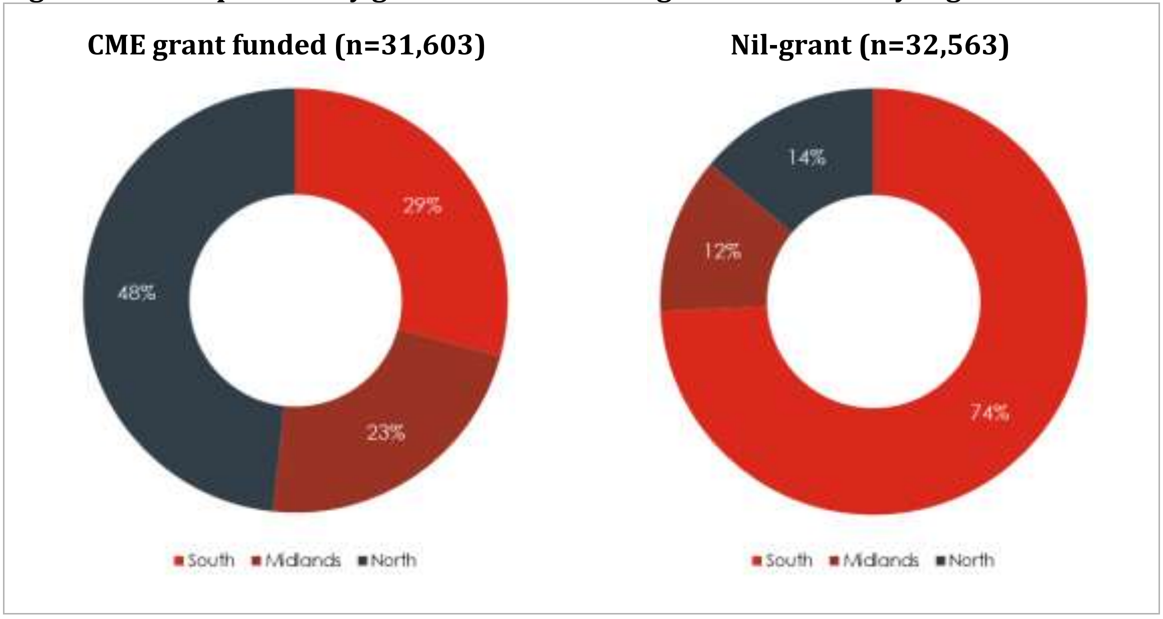
Indirect effects on affordable housing supply

4.39 A specific RQ was whether Homes England's delivery of SOAHP has led to any wider indirect effects on housing supply, and if so how this has been realised. There are a variety of potential mechanisms, including grant funding influencing the delivery of other affordable housing by supported organisations (i.e. non-grant funded delivery), and influencing wider market and affordable provision by other organisations e.g. via catalytic or demonstrator effects. This sub-section covers the former, the latter considered in Section 5.

4.40 As noted, CME funding bids by March 2021 included an approved c.40,500 nil-grant homes: 29,100 for Affordable Rent and 11,400 for Affordable Home Ownership (none for Social Rent). Of these approvals, approximately 80% (c.32,500) completions had been delivered by March 2021, with this 'completion rate' consistent for both tenures.

4.41 A summary of the spatial distribution of nil-grant schemes compared to grant funded schemes is shown in Figure 4-7. This highlights the spatial coverage of nil-grant approvals and different housing market contexts across the country, including where there are opportunities to deliver affordable housing via s106. The data also highlights the need to disaggregate nil-grant from grant-funded completions when considering the role of SOAHP specifically in delivering against local housing needs (covered in Section 5).

Figure 4-7: Completions by grant funded and nil-grant for summary regions



Source: SQW analysis of Homes England data

4.42 The CME survey asked providers if SOAHP had influenced their delivery of non-grant funded housing over the 2016-21 period, for example in terms of location, volume, tenure/type, timing etc. Note that the explicit focus here – as suggested and consistent with the RQ identified for the evaluation – was on whether SOAHP had influenced other housing provision, not whether other provision had influenced their bids for SOAHP, or if there was a relationship between grant and non-grant delivery.

4.43 **A high majority (81%) of the 125 surveyed providers indicated that the programme did *not* influence delivery of non-grant funded housing**; this was consistent for surveyed providers operating in the South, Midlands and North respectively, and by value of grant provided. The subsequent in-depth CME research provided insight into why this might be, with evidence that providers can operate very differently in relation to grant funded and non-grant homes. For example, one provider noted that they have explicitly restricted themselves to delivering Affordable Rent and Social Rent schemes through grant-funding, with s106 used for the provision of Affordable Home Ownership (specifically Shared Ownership).

4.44 This said, in around a fifth of cases (19 of 125), surveyed providers indicated that SOAHP has influenced their delivery of non-grant funded housing. Mechanisms identified included that the grant funding directly freed-up other resource to deliver housing, helped in securing other finance, and that the location of grant funding influences other engagement in that area. Examples of the feedback are provided below.

The influence of SOAHP on non-grant delivery

"We would only deliver non-grant funded housing in areas where we are delivering grant-funded housing."

"Through the success of SOAHP we were able to leverage more finance by demonstrating a track record of success. This aided us to finance more s106 homes through our different acquisition strategies."

"[SOAHP] Allowed us to use RTB [Right to Buy] receipts and s106 money in other areas to deliver housing"

"It meant we put our own investment into other localities"

4.45 This issue was also considered with partners involved in SPs. Consistent with the finding from CME, **there was limited evidence that the grant funding via the SP had led to a consistent indirect effect on wider delivery by partners at this point**. Further, the in-depth research highlighted that the relationship between the delivery by partners of nil-grant homes and grant-funded homes is nuanced and highly specific to context and individual organisations.

4.46 Taken together, **both the CME and SP research suggest that whilst there clearly is a *relationship* between grant-funded and non-grant delivery, generally the former does not influence the latter**. This reflects that non-grant delivery is often based on planning permission for market provision via s106, not directly influenced by grant-funding. However, **SOAHP grant-funding can and does influence non-grant funded delivery by organisations indirectly in some cases; the mechanisms through which this is realised are varied and specific to individual organisations and contexts**.

In-depth SP evidence: influence on non-grant delivery

Several (although not all) of the providers in the in-depth research identified there was a relationship between grant-funded and non-grant funded delivery, but that the nature of this relationship and its effect on delivery was varied. Key messages included:

SP status was reported to have enhanced the credibility/reputation of partners, leading to more opportunities to work with developers/landowners to acquire s106 homes.

One partner reported a positive impact of SOAHP funding in terms of its ability to mix non-grant with grant-funded homes on schemes. On large sites in particular the flexibility of being able to deploy SP funding alongside Recycled Capital Grant Funding and s106 homes to reach the required levels of tenure and affordability was reported to have been helpful in securing and scaling-up delivery.

One partner reported SP status and funding *reduced* their appetite for non-grant homes as s106 offers less control over tenure mix, quality and delivery timescales; the increased grant funding provided through the SP meant they could prioritise grant-funded homes.

Other outputs

Employment and apprenticeship opportunities

4.47 Providers bidding for grant funding via CME were asked to provide an indication of the number of employment opportunities for young people and apprenticeships crated/safeguarded that would be supported through their schemes. This followed the ambition set out in the original SOAHP Prospectus that:

"The government wants to see public capital investment advance its employment and skills agenda, including the creation of high-quality apprenticeships ... We will therefore ask bidders to tell us, through IMS, the number of apprenticeships and the number of jobs for young people that will be created or sustained as a result of the total requested investment."

4.48 Not all providers identified employment and apprenticeship opportunities: over half of the providers in the database provided by Homes England included no deliverables against these outputs. Further, no equivalent data is available for SPs.

4.49 The anticipated employment opportunities for young people and apprenticeships crated/safeguarded from the 155 providers supported via CME that did estimate the benefits are set out in Figure 4-8. The scale is substantial, particularly in relation to apprenticeships, with over 3,100 expected to be created and 3,600 safeguarded. The spatial distribution of these anticipated benefits was aligned with funding allocations: the North West accounted for the highest share, between a quarter to a third in each case (see detailed data in Annex B).

Figure 4-8: Anticipated employment and apprenticeship opportunities

Employment opportunities created for young people aged 16-23	Apprenticeships (not including level 3 and level 4)
c.1,350 at advanced apprenticeship level 3 o *117 providers* o *Av. 6.5 per provider* **c.850 at higher apprenticeship level 4 and above** o *101 providers* o *Av. 5 per provider*	**c.3,600 safeguarded** o *132 providers* o *Av. 15 per provider* **c.3,100 created** o *137 providers* o *Av. 13 per provider*

Source: SQW analysis of Homes England data

4.50 **Data on actual delivery of employment opportunities/apprenticeships has not been monitored by Homes England, or providers**. This represents a missed opportunity to provide comprehensive data on the contribution of SOAHP to employment and skills agendas.

4.51 In-depth CME research highlighted the challenges associated with assessing delivery with no formal monitoring system/practice in place. For example, whilst providers that identified employment and apprenticeship opportunities reported they are on track to deliver as planned (with providers ensuring contractors provide employment opportunities for young people, with one building this into procurement), issues in relation to attribution to SOAHP and the risk of double-counting individuals who are working on multiple sites were noted.

Use of Modern Methods of Construction

… by providers supported via CME

4.52 Homes England data indicate **15.5% of grant-funded homes approved via CME by March 2021 planned to apply Modern Methods of Construction (MMC)**[16]. In aggregate, this means anticipated delivery of c.9,200 homes using MMC (and c.50,200 homes not)[17].

4.53 Where MMC was anticipated, this was most commonly Non-Offsite Manufacturing (Non-OSM) (Table 4-1). This involves utilising innovative housing building techniques and structural systems, including techniques familiar in other sectors but new to housebuilding, or traditional components being combined in new ways. Offsite manufacturing (OSM) was less common, although Panelised MMC was planned for c.3,000 homes (where panels are constructed in factories and assembled on site).

Table 4-1: Categories of MMC for grant-funded approvals

	Homes approved	% all grant-funded homes approved	% MMC grant-funded homes approved
OSM Sub-Assemblies and Components	197	0.3%	2.1%
OSM Hybrid	563	0.9%	6.1%
OSM Panelised	2951	5.0%	32.0%
OSM Volumetric	283	0.5%	3.1%
Non-OSM Modern Methods of Construction	5242	8.8%	56.8%

Source: SQW analysis of Homes England

4.54 Two points are noted in relation to MMC for grant-funded CME:

- MMC was planned to be used for schemes led by 122 separate providers, however, a small number of providers (14) were responsible for a high proportion of the total (53%)
- the proportion of completions accounted for by MMC was consistent with the approvals (at 16%), indicating where MMC has been planned it has been delivered in practice.[18]

[16] Excludes 224 homes where MMC status not known
[17] The data indicates the use/non-use of MMC on the number of homes ('units') for each 'profile' within an offer, which might include one or several homes of the same tenure/at the same site.
[18] Given this consistency, approvals was used on sub-elements of MMC given the larger sample size.

4.55 **Planned use of MMC was more common for grant-funded than for nil-grant homes**. Specifically, 10% of the nil-grant funded homes within approved offers involved MMC compared to the 15.5% of grant-funded homes. This variation was driven principally by the higher level of planned use of Panelised MMC for grant-funded homes.

… by partners supported by SPs

4.56 Data on SPs indicated whether MMC had been used to deliver competed units (category-level data was not available). **At March 2021, MMC had been used on 9.2% of homes, and by 12 of the 22 partners reporting completions at this point**. Approaching a third (29%) of the homes involving MMC had been delivered by one partner (where MMC accounted for 35% of all completions they had delivered). This data is indicative given the scale of completions by this point. Section 6 contains discussion on the influence of the SP on the use of MMC.

Engagement of commercial providers and SME delivery

4.57 Two final outputs in the Logic Model relate to commercial developers supported with grant funding for CME and schemes delivered by low and medium volume housebuilders for SPs.

4.58 The **number of commercial developers supported directly with grant funding for CME has not been systematically monitored, and 'commercial developers' not defined formally**. Analysis of organisations suggest 12-15 commercial/private sector organisations (housing developers and several other unregistered for-profit organisations) have secured CME grant-funding (precision is challenging given changes in structures/mergers over time).

4.59 Recognising this uncertainty, these providers accounted for c.4,600 grant-funded homes approved, 7.5% of the total by March 2021. There was a considerable range in volume of homes approved, from ten to over 3,000 (with two-thirds accounted for by this latter organisation). Over three-quarters (78%) of the homes approved for grant funding by commercial developers were for Affordable Home Ownership, with the remainder for rental (principally Affordable Rent). By March 2021, c.3,900 of these homes had been completed. With no targets, it is not possible to comment specifically on whether SOAHP delivered against its intent on this issue. However, qualitative perspectives on the engagement of the commercial housing sector are in Sections 6 and 7 (from CME and agency consultees).

4.60 **Data on schemes delivered by low and medium volume housebuilders for SPs has not been systematically monitored, and no baseline data was established**. Consultations with SP partners suggest that in some cases the use of low and medium volume housebuilders is standard practice, and can account for a high share of delivery (up to half in some cases). However, for other partners, there is a modest level of use of low and medium volume housebuilders. The potential effects of the SP on this are discussed further in Section 6.

5. Assessment of outcomes and impacts (i): housing and community

This section considers the outcomes and impacts of SOAHP housing delivery and wider effects on communities and places. This includes a particular focus on how SOAHP has delivered against local housing needs.

At a basic level, SOAHP has directly delivered 35,000 homes meeting local needs considering: Local Authorities are consulted to ensure CME grant funding meets local assessments of housing need, and all completions must by definition have planning permission meeting local need determined by local politicians/officials.

SOAHP grant funding accounted for 16% of all affordable housing completions over 2016/17-2020/21, and up to 30% in the North East and North West. All regions contain LADs where grant-funding delivered >30% of affordable completions.

There is no overall pattern of alignment between the scale of CME grant-funded completions and allocations in individual LADs and measures of relative affordable housing need, when considering measures individually. Econometric analysis, controlling for other factors, also identified limited statistical relationships.

Affordable Home Ownership CME grant-funded completions have been concentrated in areas with lower relative affordability pressures.

Affordable Rent CME grant-funded completions have been concentrated in areas where housing benefit take-up to afford market private rented housing is higher.

CME grant-funded completions have been delivered particularly in areas where the market is less likely to support providers engaged in SOAHP to deliver affordable housing through nil-grant mechanisms.

At a local level, the role of SOAHP varies: there is no single way in which it addresses local housing needs. These needs also vary within as well as between local areas, with spatial patterns of delivery an important feature of SOAHP.

Wider outcomes for local communities and places, include increased choice for housing. Quality, environmental benefits and local regeneration and place-making effects are also evident, including catalytic effects on other schemes.

In-depth research highlighted the complexity of effects on affordability and ownership. However, there is a consistent recognition that homes delivered directly have helped address affordability issues for places/communities targeted.

Delivery against local housing needs

5.1 A key priority for the evaluation was to consider the evidence against the following RQ:

How has SOAHP helped to deliver against local housing needs, in relation to the quantum of homes delivered, the different tenures provided and type of location (e.g. rural vs. urban areas) i.e. has the programme delivered the "right" homes in the "right" places?

5.2 A range of perspectives have been adopted to address this question, including quantitative descriptive and econometric analysis of monitoring data and secondary data, complemented by qualitative research including in-depth research into delivery in a selection of local areas.

5.3 It is noted explicitly that the except for Social Rent where 'affordability pressure' was defined as LADs where the difference between average private and social sector rents was more than £50pw with only those areas meeting this definition eligible for funding, SOAHP did not have an explicit focus on delivering homes against specified metrics or indicators of need. The emphasis was on the overall scale of delivery, with associated targets in aggregate. Local need for affordable housing was not included within assessment criteria or subject to targeting, and there were no formal geographical targets set (regionally, locally).

Delivery against locally identified 'need'

5.4 As set out in Section 4, by March 2021, SOAHP had directly supported the delivery of approaching 35,000 housing completions. Completions had been delivered in 261 of 276 Local Authority Districts (LADs) across England (outside London) via by CME and SPs.

5.5 **At a basic level, and considering local issues only, the programme has therefore directly delivered around 35,000 homes meeting local needs** when considering that:

- Local Authorities are consulted on all CME grant funding bids to ensure bids have their support and meet their own local definition and assessment of local housing need, with supported bids leading on to grant funding and completions
- all completions (including those delivered via SPs) involve delivery of new affordable housing that by definition must have planning permission, which suggests that they meet some definition of local housing need as determined by local politicians and officials.

5.6 Over 2016/17-2020/21, approximately 212,500 affordable homes were completed across England (outside London) from all sources, including both new build and acquisitions[19]. Around half of these homes (103,500) were funded through s106 agreements, with other funding sources including the Affordable Homes Guarantee, Local Authority funding, and other Homes England programmes alongside SOAHP. Data by Homes England programme are not disaggregated in the overall delivery metrics, however, the AHP 2015-18 separately reported delivering 47.500 affordable housing completions over this period[20].

5.7 **SOAHP therefore accounted directly (i.e. via grant funding) for 16% of all affordable housing completions over 2016/17-2020/21.**

5.8 The relative scale of contribution by the programme varied by region, as shown in Table 5-1. Notably, the programme accounted directly for 30% of all affordable housing delivery in the North East and North West over 2016/17-2020/21, and at least 10% in all regions.

[19] Affordable housing supply statistics (AHS) 2020-21, Table 1008C
[20] Housing Statistics Tables, 1 April 2021 – 30 September 2021

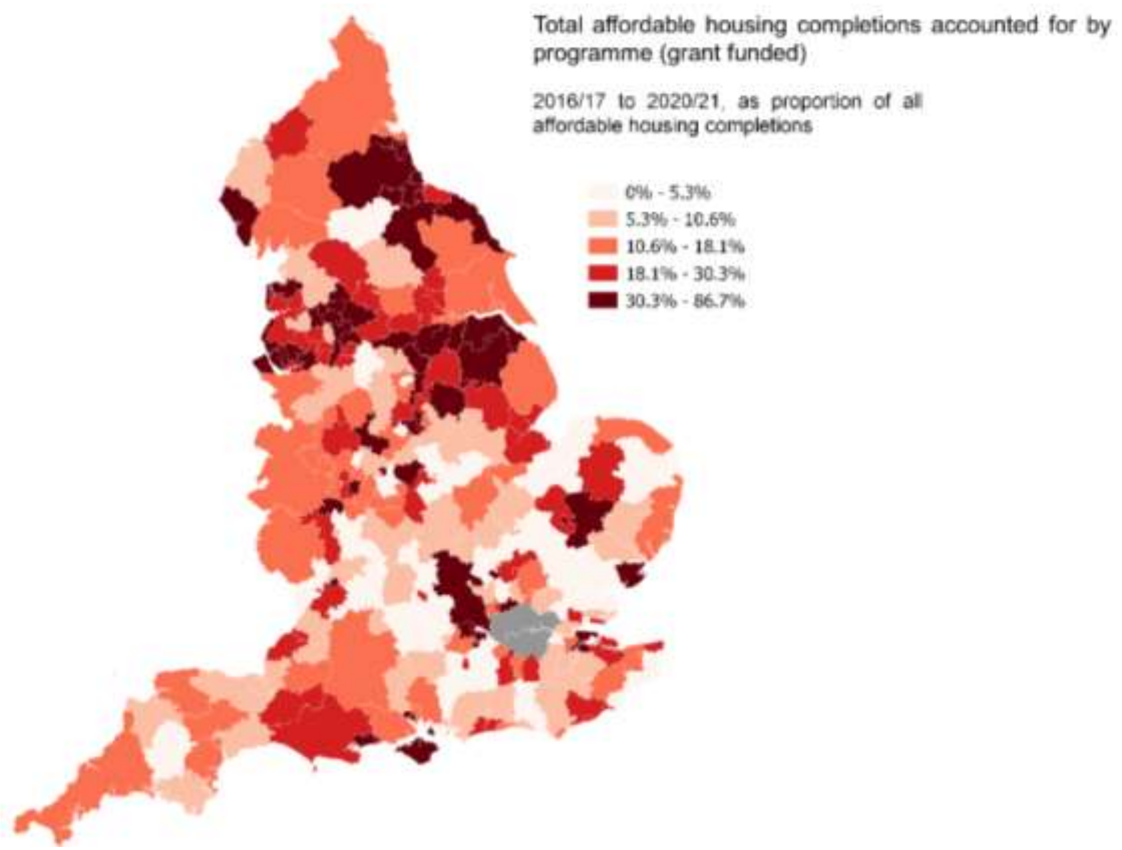
Table 5-1 SOAHP grant-funded completions as % of all affordable housing by region

	SOAHP grant-funded completions 2016/17-2020/21	All affordable completions 2016/17-2020/21	SOAHP % of all affordable completions 2016/17-2020/21
East	3,067	31,674	10%
South East	4,624	46,146	10%
South West	3,524	28,709	12%
East Midlands	3,100	20,811	15%
West Midlands	4,644	28,277	16%
North East	3,581	11,882	30%
North West	8,440	28,000	30%
Yorkshire and The Humber	3,800	17,098	22%

Source: SQW analysis of Homes England data and Affordable housing supply statistics (AHS) 2020-21 Table 1008C

5.9 The regional picture masks substantial local variation, as shown in Figure 5-1. **There are LADs across all regions where grant-funded completions have accounted for at least 30% of all affordable housing completions over 2016/17-2020/21**.

Figure 5-1: SOAHP grant-funded completions as % of all affordable housing by LAD



Source: SQW analysis of Homes England data and Affordable housing supply statistics (AHS) 2020-21 Table 1008C

Factors influencing grant delivery

5.10 The varied contribution – absolutely and relatively – of SOAHP to affordable housing delivery across regions/LADs is owing to factors:

- internal to SOAHP, including the spatial distribution of grant-funding and completions, which by March 2021 were delivered principally via CME, with SPs having a higher share of allocations (relative to CME) in the East, South East and South West
- external to SOAHP, including the level of affordable housing delivered via s106 and other mechanisms (including private funding and cross-subsidy), by both organisations supported by SOAHP and not, land availability and values, provider capacity and aspirations, and local political priorities/decision (e.g. planning permissions granted).

5.11 Indeed, as noted previously, 30,000 nil-grant affordable homes had been delivered by providers bidding for CME grant funding by March 2021. These nil grant schemes reflect largely the provision of market housing leading to associated s106 affordable homes.

5.12 The availability of s106 will influence grant funding bids, including where providers and Local Authorities seek to maximise the use of s106 in advance of considering grant and other sources of funding. This prioritisation was recognised as a key part of the 'position' of the programme in the in-depth research of delivery in LADs. This said, given housing pressures nationally – and parts of the South in particular in terms of affordability ratios of earnings to house prices/rents – grant funding and non-funded delivery should not be seen as mutually exclusive, and both may be needed to address local housing needs.

Delivery alignment to 'relative' need suggested by affordability indicators

5.13 In light of the direct contribution to locally defined need, and the wider delivery context of other influencing factors on the use of grant funding noted above, an important perspective in considering how SOAHP has helped to deliver against local housing needs and whether it has delivered the "right" homes in the "right" places is to understand the alignment of delivery with *relative* affordable housing need. Fundamentally, the issue here is whether and to what extent the programme has delivered affordable homes where affordability pressures or other related indicators of the relative need for affordable housing are the most pronounced.

5.14 Quantitative analysis involving descriptive and econometric analysis has been completed to consider this alignment between measures of relative local housing need at the point that the tenure became eligible for grant support (see Table 5-2), and the distribution of delivery through grant-funded homes at March 2021. Note that for Social Rent, the analysis has been completed *within* the eligible areas only (i.e. those defined by the Government as of "high affordability pressure" in relation to Social Rent). The evaluation does not comment on the use of this definition, and has used supplementary measures of relative affordable housing need as the basis for the assessment to provide greater insight into the alignment between relative need within this area and programme delivery at this interim point.

Table 5-2: Measures of Relative Affordable Housing Need

Affordable Home Ownership	Affordable Rent	Social Rent
AHO1: Ratio of median house prices to median workplace-based earnings **AHO2**: Ratio of lower quartile house prices to lower quartile workplace-based earnings **AHO3**: Growth in Private Rented Sector (PRS) post financial crisis **AHO4**: Rent to earnings ratio **AHO5**: First Time Buyer house prices relative to all **AHO6**: Help to Buy completions	**AR1**: Ratio of median PRS rents to median monthly workplace-based earnings **AR2**: Ratio of lower quartile monthly PRS rents to lower quartile monthly work-place based earnings **AR3**: PRS households on Housing Benefit per 1,000 private sector dwellings **AR4**: Mean weekly Housing Benefit Award in PRS **AR5**: Absolute rent difference between affordable rent & PRS rent	**SR1**: Households on Local Authority housing waiting lists per 1,000 households **SR2**: Households assessed as threatened with homelessness per 1,000 households **SR3**: Households assessed as homeless per 1,000 households **SR4**: Households in Temporary Accommodation per 1,000 households **SR5**: Absolute rent difference between social rent & affordable rent

Source: SQW/Residential Analytics

5.15 Given the early-stage of delivery of SPs, it was agreed with Homes England the principal focus of this analysis would be grant-funded CME *completions* i.e. homes supported directly by grant. Supplementary descriptive analysis was also completed on CME grant-funded *allocations*, recognising the interim stage of the evaluation, and to provide a fuller assessment of where SOAHP can be expected to deliver by March 2025, and on nil-grant homes.

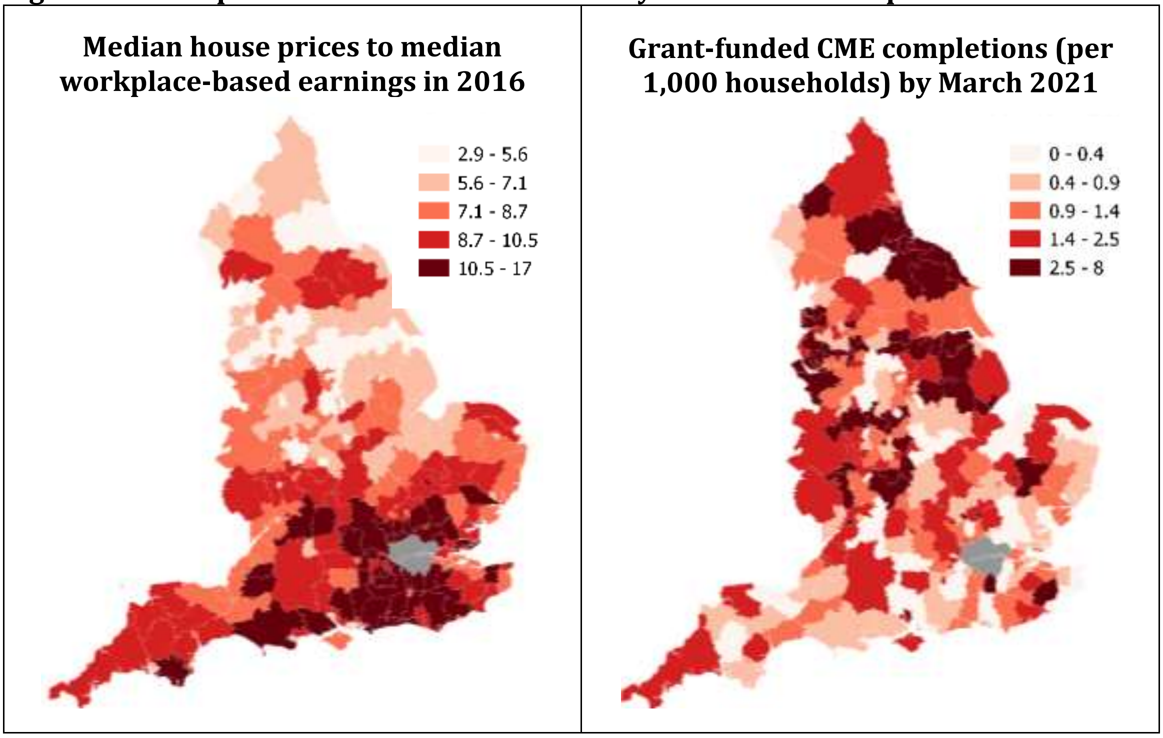
5.16 Six key messages from the analysis are discussed below, with detailed results presented in Annex D (for the descriptive analysis) and Annex E (for the econometric analysis).

5.17 First, **the data show no overall pattern of alignment between the scale of CME grant-funded completions (and allocations) in individual LADs and the measures of relative affordable housing need, when considering measures individually.**

5.18 For example, as shown in Figure 5-2, the spatial distribution of the headline measures of housing affordability in 2016 (at the launch of the programme) is not aligned to the completions on a per capita basis (this also holds when considering completions in aggregate). This cross-tenure depiction is illustrative only[21]; detailed analysis by tenure against indicators relevant to each tenure is set out in Annex D. However, across all tenures and measures considered, there is no evidence of any consistent pattern of alignment between the scale of completions and the spatial distribution of need suggested at the point that the tenure became eligible for support. This finding also holds in relation to allocations.

[21] Social Rent completions are not relevant in all areas. However, Social Rent completions account for 4% of grant-funded completions overall and so do not skew the results materially.

Figure 5-2: Comparison of headline affordability ratio and all completions



Source: SQW/ Residential Analysts

5.19 Second, **Affordable Home Ownership completions have been concentrated in aggregate in areas with lower relative affordability pressures**. For example, around 30% of completions were in the 20% of LADs with the relatively lowest (i.e. most affordable) ratio of both median house prices to median workplace-based earnings and the lower quartile equivalents (both levels also held for allocations). By contrast, around 10% of completions were in the 20% of LADs with the relatively highest (i.e. least affordable) ratios.

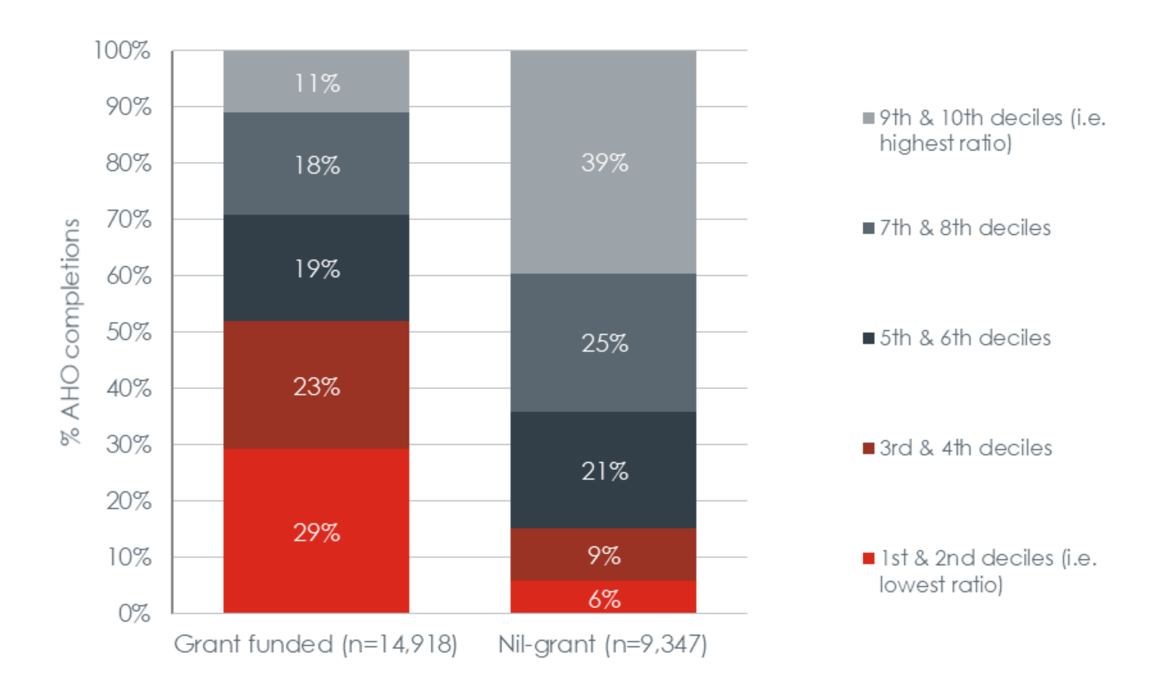
5.20 Third, **Affordable Rent completions have been concentrated in aggregate terms in those areas across England where more households require housing benefit to be able to afford market private rented housing. This can be seen as an important component of delivering against local housing needs.** For example, around 75% of completions (and allocations) were delivered in the 50% of LADs with the highest level of households on Housing Benefit per 1,000 private sector dwellings over 2015-17.

5.21 Fourth, **it is too early to draw any conclusions on alignment to relative need for delivery of Social Rent**. The findings vary between completions and allocations and there is no consistent pattern across the relevant measures. This is likely owing to the modest level of completions (c.900 homes), and allocations (c.3,600) when considered across LADs.

5.22 Fifth, **grant-funded completions have been delivered particularly in those areas where the market is less likely to support providers engaged in the programme to deliver affordable housing through nil-grant mechanisms**. This is demonstrated in Figure 5-3 and Figure 5-4 that set out the proportion of Affordable Home Ownership and Affordable Rent completions respectively via grant-funded and nil-grant delivered in LADs according to their relative need as identified by AHO2 (ratio of lower quartile house prices to lower quartile workplace-based earnings) and AR3 (PRS households on housing benefit). The data show:

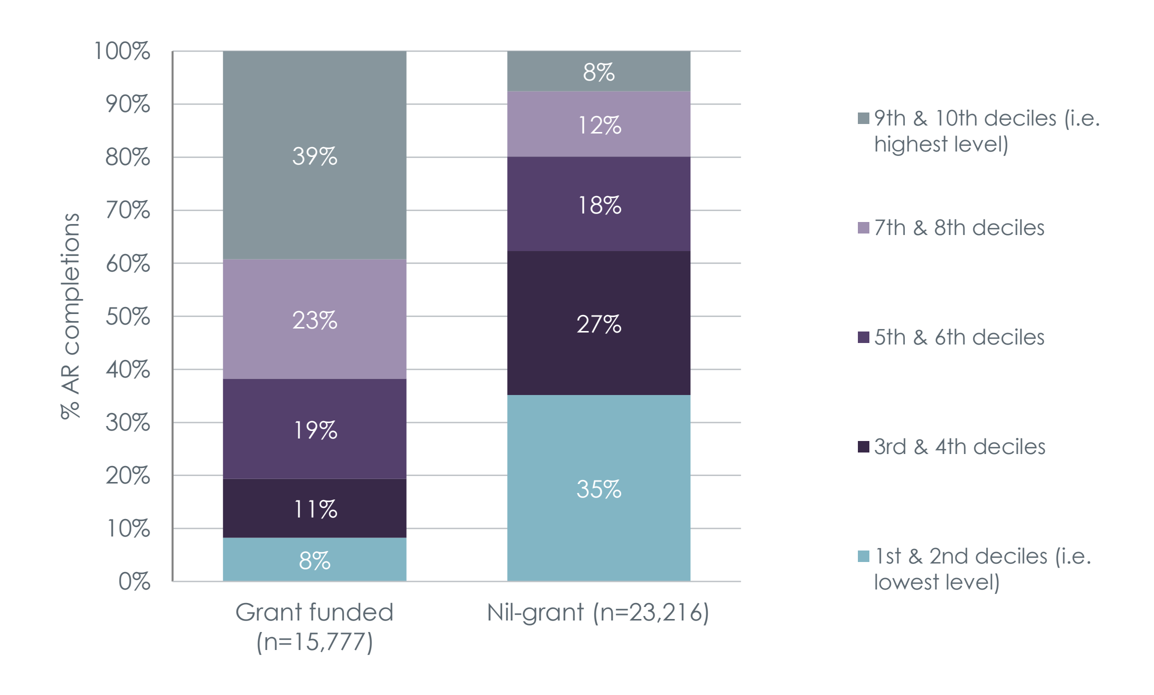
- for Affordable Home Ownership, nil-grant homes have been delivered principally in areas with the highest ratios, compared to grant-funded homes where the distribution is more even, but with emphasis of delivery in those places with lower ratios
- for Affordable Rent, nil-grant homes have been delivered principally in areas with low levels of housing benefit take-up, compared to the grant-funded homes which have been concentrated heavily in areas with high housing benefit take-up.

Figure 5-3: Lower quartile house prices to lower quartile workplace-based earnings (AHO2) for grant funded and nil-grant homes AHO completions



Source: SQW/ Residential Analysts analysis based on Homes England data and secondary data sources (see Annex D)

Figure 5-4: PRS households on Housing Benefit per 1,000 private sector dwellings (AR3) for grant funded and nil-grant homes AR completions



Source: SQW/ Residential Analysts analysis based on Homes England data and secondary data sources (see Annex D)

5.23 Sixth, **econometric analysis identified limited statistical relationships between grant-funded completions and indicators of affordable housing need, when controlling for a range of other factors such as green belt allocations, rural/urban classification, socio-economic and demographic conditions, and the wider local housing stock** (which may influence the need for new housing delivery).

5.24 Specifically, indicators of affordable housing need were not generally found to be statistically significant factors in explaining the distribution of completions. However, analysis indicated:

- Affordable Home Ownership completions are positively associated with the average number of Help to Buy completions over the three years before the start of SOAHP in the same LAD; the causation and direction of the relationship is not evident from the analysis (e.g. we do not know whether the level of Help to Buy completions informed programme delivery, or both programmes responded to wider trends), however, this may suggest that wider housing market conditions have influenced where providers sought to deliver Affordable Home Ownership homes via grant-funding
- Affordable Rent completions are negatively associated with LADs with higher affordability ratios, consistent with descriptive findings that grant-funded homes are concentrated in areas with lower affordability pressures and nil-grant provision
- Social Rent completions findings were inconclusive, influenced by the modest scale of the completions at this interim point.

5.25 Taken together, the quantitative analysis indicates that **CME grant-funded delivery at this interim point has not been concentrated or targeted specifically at those places with more pronounced relative housing affordability pressures for Affordable Home Ownership and Affordable Rent tenures**. Factors explaining this may include:

- the programme was not set-up to, or tasked explicitly with, delivering homes against specified metrics or indicators of affordability for these tenures (and relative affordability was not part of the assessment criteria)
- programme objectives and assessment criteria focused on the overall scale of delivery
- grant-funding has operated alongside and complemented nil-grant delivery for these tenures: at an aggregate level, grant-funded homes have been delivered particularly in those areas where the market delivers a lower level of affordable housing via s106.

5.26 Where the programme did specifically seek to address relative affordability pressures via grant for Social Rent, the scale of completions is modest at this interim point. There is no consistent evidence in relation to the alignment between relative affordability within those areas eligible for support and programme completions.

Wider evidence on delivery against need

5.27 Wider evidence including the in-depth LAD research highlights the complexity, and importance of local factors and contexts in considering how SOAHP has helped to deliver against local housing needs. **At a local level – and recognising the point noted above that all grant-funded homes respond to local need in some way – the role of the programme varies: there is no single way in which SOAHP addresses local housing needs**.

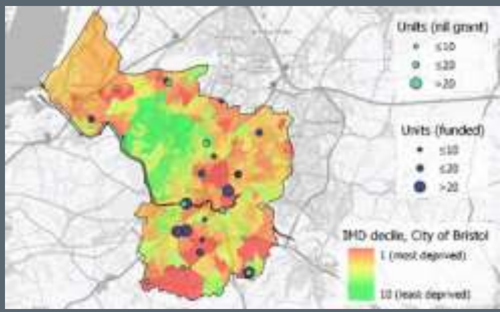
5.28 This is shown in both the scale of delivery in different areas (as discussed above) and related to other local conditions and factors which vary across the country including:

- local policy aims and objectives on housing and wider spatial and economic development
- levels of market activity, and the scale of delivery of affordable housing via s106 and other mechanisms including Right to Buy receipts, influenced by land availability/opportunities
- the capacity and presence of RPs and other providers of housing, including the role of the Local Authority in delivering new affordable housing.

5.29 This complexity was highlighted by in-depth LAD research, where the scale and nature of the direct contribution to delivering against local needs varied. The examples of Bristol and Milton Keynes are instructive. Both LADs with large and growing populations, affordability challenges, and significant targets locally for the delivery of affordable housing, the scale and nature of programme delivery has been varied, and the impacts on local needs very different. The relationship with provision of affordable housing through other mechanisms appears to have influenced strongly the programme's role, as summarised in the evidence box below.

In-depth LAD evidence: SOAHP's role in Bristol and MK

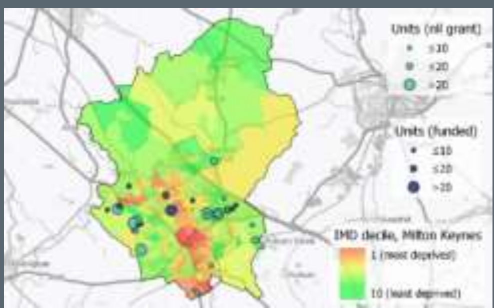
Bristol was in the 6th highest decile for earnings to house price ratio (AHO1) in 2016, and in the 9th highest decile for rent to earnings ratio (AR1) in 2017, indicating affordability issues across tenures. Delivery of affordable housing is challenging from a viability perspective: many sites are brownfield, small and with abnormal costs, and greenfield sites are in short supply. The planning context is also complex, and despite an active RP market, there are not enough sites to meet local need.



SOAHP has been important in the delivery of affordable housing, with over 600 CME grant-funded approvals, and c.400 completions (CME and SP) delivered by March 2021. Grant funded completions accounted for 28% of all affordable housing over 2016/17-2020/21 (vs. 16% across all LADs). Most CME grant-funded affordable homes were delivered in areas of relatively high multiple deprivation, and SOAHP was reported to have been particularly successful in delivering shared ownership housing.

Nil-grant and wider affordable housing delivery has been held back by the number of sites available, and affordable units are often negotiated down on viability grounds. There also remains a very significant level of need for social rented accommodation which has not (yet) been met during the 2016-21 period.

Milton Keynes has experienced rapid growth in recent years, leading to a growing imbalance within the housing market, with demand overstretching supply. Under-delivery of housing has been particularly notable for Affordable and Social Rent; with a high difference between Affordable Rent and PRS rent in 2017 (9th decile, AR5) and high numbers of households in temporary accommodation in 2018 (10th decile, SR4).



There were c.400 approvals for grant-funded CME homes, and overall c.200 completions (CME and SP) by March 2021. However, delivery of affordable homes has been driven principally by nil-grant, with c.800 nil-grant completions by supported providers. Overall, grant funded completions accounted for 8% of all affordable housing over 2016/17-2020/21.

Much of the affordable housing delivery has aligned closely to the key housing growth areas (Western and Eastern Expansion Areas), with high levels of development taking place. A challenge for the area has been delivering housing in areas of deprivation, with no affordable housing growth coming forward in these areas, with delivery mainly concentrated to the east and west of Milton Keynes as noted above.

5.30 The in-depth research also demonstrates that **local housing needs vary *within* as well as *between* local authority areas, with the spatial patterns of delivery an important feature of how the programme operates at a local level**. This evaluation does not comment in detail on specific local issues/challenges and whether in each individual LAD the programme met local needs. However, recognising needs also vary locally is important.

5.31 For example, in Welwyn Hatfield – an area of high relative affordability pressure – SOAHP's direct contribution (through grant-funding) to overall housing supply has been limited: grant-funded completions accounted for 6% of all affordable housing over 2016/17-2020/21 (compared to 16% across all LADs), and nil-grant delivery was far more common by providers engaged with CME. However, within the district, of the two main conurbations, Welwyn Garden City is less affordable than Hatfield, and all four of the grant-funded schemes have been in Welwyn Garden City, involving brownfield redevelopment. As such, although the overall contribution in the context of the affordability pressure has been modest, SOAHP has supported schemes in places where it was most needed in terms of affordability.

5.32 Further, the in-depth research highlighted the important role of the programme, particularly through CME, in supporting the delivery of specialist provision. **Although in absolute terms specialist provision is a modest proportion of the total (15% of completions to date at a national level), this can be very important for specific places and addressing local needs**. For example, in the case of Milton Keynes, although the overall scale of grant funded homes is modest, the programme has addressed specialist housing need through a scheme focused on providing new accommodation for c.200 formerly homeless young people.

Effects on affordability, home ownership and other community outcomes

5.33 The scale of affordable housing completions delivered directly by the programme to March 2021 (c.35,000) and the anticipated further completions by the end of the programme (including a further c.28,000 from CME and c.39,500 from SPs) can be reasonably expected to play a role in seeking to address the housing affordability challenge nationally.

5.34 Further, within this total, the c.16,500 grant-funded completions for Affordable Home Ownership accounted for 25% of all new completions for this tenure[22] across England (outside London) over 2016/17-2020/21. Many factors influence levels of home ownership overall, and by way of context, around 13.9 million dwellings were in ownership across England outside London in 2020 (66% of all dwellings)[23]. As such, assessing quantitatively the impact of the programme on ownership levels is likely to be challenging (and is not within the remit of this evaluation). However, the data does indicate the relative importance of

[22] Shared Ownership and Affordable Home Ownership in the Affordable housing supply statistics (AHS) 2020-21 data
[23] Subnational estimates of dwellings by tenure, England, 2012 to 2020

SOAHP to the provision of new home focused on affordable ownership specifically over its delivery period.

5.35 In this context, the evaluation sought to gather qualitative evidence on if and how the programme has helped to support improved housing affordability for tenants, facilitated increased home ownership in local communities, and generated wider outcomes for communities – directly and indirectly – as set out in the Logic Model.

5.36 The evidence draws on the perspectives of those involved in delivering housing via grant funding, and those involved in SOAHP's delivery. As such, there is a recognised risk of 'response bias'. However, all primary research was completed based on full anonymity to encourage respondents to provide honest and unbiased feedback.

CME evidence

5.37 The CME survey asked providers for their perceptions of the direct and indirect effects of their schemes funded by SOAHP on local people and places. A wide range of effects were identified, varying considerably across respondents. However, across this diversity of response, some key themes and messages emerged (specific examples of feedback are provided in Annex F).

5.38 In relation to direct effects, four key points are noted. First, consistent with SOAHP's objectives and activities, **the immediate positive effect of new affordable housing supply emerged as a key theme**. This encompassed various elements, with funded schemes seen to:

- **increase the availability and/or choice** of affordable housing
- **help meet local housing needs**, with schemes delivered via grant funding able to respond to the particular challenges and issues faced by individual areas (consistent with the point noted above that at a local level, approved schemes by their nature have planning permission and have been reviewed by Local Authorities)
- **support the delivery of specialist housing provision**, which can also have wider benefits in addressing high levels of demand on local services, and supporting local community and economic development
- **improve local community life and wellbeing**; this was often associated with enabling people to remain in the community where they may have grown-up and/or where they have family and social connections, and more broadly the quality-of-life effects of providing people with accessible and affordable housing.

5.39 The role of funded schemes in creating and/or supporting the development of mixed tenure communities was also identified, but this was a less common theme than those cited above.

5.40 Second, the **quality of housing delivered** through schemes was cited as an important way the programme has delivered outcomes for local people. This was often associated with the **provision of energy efficient new housing via** grant funded schemes, with implications for residents in terms of lower on-going costs and improved quality of life. This may have been seen as particularly significant at the time of the survey which was completed in early-2022 as energy prices were anticipated to rise substantially in the coming year.

5.41 Third, the **new housing funded by SOAHP was commonly seen to support the regeneration of local areas**, with physical improvements to local areas benefiting places and people. The survey highlighted the perceived benefits to local people in their day-to-day lives from improved physical neighbourhoods and environments associated with new affordable housing. This includes direct benefits from the re-use and improvement of derelict/unused land, and the environmental improvements associated with new housing development e.g. improved landscaping, fencing, green infrastructure. These physical improvements were also seen to support crime reduction, and improved attitudes to local areas.

5.42 Fourth, **economic growth benefits**, which included a range of mechanisms: residents housed supporting local amenities, services and businesses; and direct benefits associated with the provision of contracts, labour and other employment opportunities to local businesses by the providers/developing organisations.

5.43 The role of grant-funded schemes in supporting outcomes for local communities and vulnerable populations consistent with this survey evidence was also highlighted by in-depth research with providers supported by CME, as summarised in the evidence box below.

In-depth CME evidence: community & regeneration effects

In-depth research provided several examples of ways SOAHP funding has been used to fund schemes which have provided benefits for local communities, including specialist housing and housing for key workers. Examples included:

A site in need of regeneration, developed into Extra Care Apartments for older people.

A building which was refurbished using SOAHP funding to provide high quality housing for vulnerable young people transitioning from care. According to feedback provided by the provider, young people are grateful for the facilities and feel safe at this site.

A Shared Ownership development, which was first marketed and offered to NHS staff (as the land was owned by the NHS). Interest was limited at first (given affordability issues), however sales have picked up significantly.

An Affordable Rent development which is seen to be an important part of the economic recovery of a local area, as it is open to key workers – including those that are important to the local economy such as accommodation and food service workers, and those working in transport and storage. The delivery of new homes through SOAHP funding was seen as a key *'catalyst'* for the development of this area.

5.44 Two other points on the perceptions of the direct and indirect effects of schemes funded by SOAHP on local people and places by surveyed providers are noted:

- Approaching half of providers (n=56) secured grant funding to deliver Affordable Home Ownership schemes. Of this group, most did not identify enhancing the level of home ownership as a specific effect. However, increased availability/choice was commonly cited (consistent with the full sample), of which ownership is an important element. Where enhanced ownership was cited, this included supporting first-time buyers.
- The ability to support the creation of new housing markets in particular areas including by enhancing confidence in the potential of an area as a location for housing was identified by some providers, although this was not a common theme.

5.45 In terms of indirect effects on other people and places (i.e. not those involved directly in the schemes, but other people and other parts of the local area), the nature of effects mirrored the direct benefits. The improved physical environment and mix of housing delivered was seen by providers to help support and contribute to wider local economic and community development, although the extent and nature of this was dependent on local contexts and the scale of housing delivery.

5.46 Some surveyed respondents indicated that the funded schemes had acted as a catalyst for wider activities locally, for example through demonstration effects increasing confidence in investment, and providing the opportunity for the transfer of learning and experience. For example one respondent indicated that SOAHP grant funding was used "*as a statement of our regeneration intent, showing other developers what they should be doing in [area]*" and another that their "*scheme has ripple effects, and shows other schemes what can be done*".

5.47 Taken together the effects reported reflect standard mechanisms through which new housing can support local community and economic development. This may be owing to CME supporting the delivery of new affordable homes by providers consistent with long-standing practice in terms of scheme-by-scheme bidding and the nature of schemes likely to be brought forward (particularly following the introduction of Affordable Rent and Social Rent). This said, **the evidence does highlight the wider ways in which SOAHP has supported local areas alongside direct delivery of new homes, including in terms of local regeneration and enhancing choice and access to housing in those specific areas targeted**.

SP evidence

5.48 The perceived *nature* of effects of the homes delivered via SP funding were similar to those identified by providers supported by CME. However, the enhanced level of funding certainty and control that the SP model afforded relative to CME was seen by most of the partners engaged in the SPs to have meant that the *scale and intensity of benefits* associated with the provision of affordable housing have been amplified and enhanced.

5.49 Specifically, four themes emerged from consultations.

- First, **the scale of schemes enabled by SPs can lead to enhanced housing quality**. Partners reported greater control and authority over design and quality requirements in land-led development than can be the case for smaller schemes and/or 'Off the Shelf' purchases. The scale of development via SPs was also reported to have facilitated more substantive engagement with local partners (including local authorities) in setting expectations for housing quality and approaches to design. This effect was not identified by all partners – for some the homes delivered via the SP were not fundamentally different to their 'standard' offer, consistent with the varied approaches taken by partners in delivering against their SP targets.

- Second, and linked, **homes delivered through SPs are often associated with higher environmental standards** (e.g. EPC ratings) than conventionally delivered in new affordable housing schemes. In some cases, the SP was reported to have enabled providers to take a more ambitious approach to environmental standards, and to have informed broader organisational aspirations and objectives on the environmental performance of schemes. This was seen to have associated benefits both for individuals in relation to costs and the wider environment. Note that EPC data is not monitored by the programme, and therefore cannot be validated/tested formally by the evaluation.
- Third, and directly associated with scheme-scale, **SPs have enabled a greater focus on quality place-making and the enhancement of local environments**. For example, the provision of open space, community facilities, investments to support biodiversity and public artworks were cited, seen as leading to material place-based effects for the immediate delivery areas and in supporting wider place-making. This was compared by some partners to more localised benefits delivered by CME-funded schemes.
- Fourth, **the ability to support the creation of mixed communities via a mix of tenures.** This was seen to both deliver enhanced housing choice and the development of more diverse and integrated communities, with economic, social inclusion and community benefits.

5.50 The role of the SP – and CME as noted above – in relation to support for mixed communities was a theme identified in consultations with strategic consultees. The role of affordable housing, and SOAHP in particular, in scaling-up affordable housing delivery, was seen as an important contributor to supporting mixed communities across England.

5.51 Four further points are noted in relation to the outcomes associated with SPs:

- some partners indicated that larger schemes facilitated by SPs had led to enhanced levels of community engagement
- although not quantified, the positive effects of schemes on local housing waiting lists and meeting local housing priorities was recognised by some partners
- benefits related to enhanced ownership was not a theme that emerged from consultations, as distinct from providing greater choice of housing options.

- several partners reported the scale of delivery via SPs has contributed to increases in land values, with risks on the potential future viability of affordable housing delivery.

5.52 The reported effect on land values was reported to have materially influenced several partners in their ability to deliver to date, and the in-depth research found that this was also seen to be more challenging going forward in the context of the concurrent delivery of the AHP 21-26. Reflections from the in-depth research on this issue (which links to the earlier findings in Section 4 related to the perceived effects on competition for land) are provided below.

In-depth SP evidence: Impacts on Land Values

In-depth research highlighted the perceived contribution of the SP model to increasing land values. These increasing values were identified as influenced by two key external factors: the strength of the wider housing market which has proven resilient throughout the pandemic; and changing housebuilder behaviour, including interest in new markets and revised preferred site parameters (including for smaller sites <100 homes).

These two factors are not influenced directly/materially by SOAHP. However, changing housebuilder behaviour has increased the level of competition with housebuilders for partners supported by SPs. Further, and in parallel, the SP model has enabled partners to bid for land – including on an unconditional basis – more consistently than when bidding via CME (owing to enhanced funding certainty). This was seen to have exacerbated increased competition for sites (as discussed previously), with partners bidding against both other organisations supported by SPs and housebuilders. Several partners supported by SPs have also sought to broaden their geographic reach, which for those with a more limited geographic reach, was also seen to have increased competition and inflated values.

Concurrent grant funding programmes, with both SOAHP and AHP 2021-26 in delivery was also identified as a factor driving increased land values. The lag between land values and development cost inflation (materials, labour etc) was noted as particularly acute for partners operating in an increasingly competitive land bidding environment whilst operating with fixed grant rates.

5.53 Given the relative scale of housing delivery through the SPs within the wider housing market, the scale and intensity of this risk is arguably limited at an overall market level. However, increased land values, if evident in practice, will influence specific partners and funded organisations directly. In this context, while it is not within the remit of this evaluation to test formally the feedback, Homes England should consider this issue going forward; this is returned to in the recommendations.

Evidence from the Local Authority District in-depth research

5.54 The in-depth LAD research provided an opportunity to consider the effects of SOAHP in specific places. The focus was on qualitative effects, with four findings highlighted.

5.55 First, there was **complementary evidence to the perception from organisations delivering schemes regarding the role of SOAHP in supporting higher quality housing**. An example from Boston is identified below. The role of SOAHP in encouraging providers to drive-up the quality of new housing was also identified in other areas; for example, SOAHP was reported to have "*helped set a tone in a place*" in the quality of homes delivered.

In-depth LAD evidence: effects in Boston

SOAHP accounted for 25% of all new affordable housing in Boston over 2016/17-2020/21, with c.180 grant funded homes (all via CME) delivered by March 2021, the majority for Affordable Rent. A particular characteristic of the area is a high level of in-migration, which has led to high levels of housing in multiple occupation, with concerns locally regarding the quality of provision of homes in the private rented sector. Consultations suggest that compared to s106 delivery, SOAHP has allowed developments to both meet local housing need in terms of new affordable rental provision, and deliver on quality needs. One consultee described how "*without grant, the quality levels wouldn't be the same*". This was reported to have a knock-on effect to the wider population, contributing towards improving local health and wellbeing outcomes.

5.56 Second, and related to this, there was **evidence in some areas of SOAHP delivery, and the SP model influencing the behaviours of providers of affordable housing more generally**. Specifically, the disbenefits of a reliance on nil-grant homes was identified by some consultees, as providers have less control over the quality, timescales and tenures of the housing delivered, and are reliant on private developers for new housing stock. In turn, consistent with and informed by the SP approach, providers of affordable housing more generally were reported to be looking to take a land-led approach to development, given the delays and issues that have arisen with a dependency on large national housebuilders. Land availability was cited as a challenge in this context.

5.57 Third, **the research highlighted the complexities and contextual factors that influence the extent to which the programme may influence housing affordability and ownership rates at a local level.** The evidence here was not on whether the programme had or had not influenced these issues, rather that the way funded schemes operate locally with wider provision and interventions is likely to inform this directly, which varies in different places.

5.58 For example, the practice of delivering grant-funded homes by purchasing units from developers and 'flipping' them from market to affordable housing, both for Affordable Rent and Shared Ownership was noted as common in some areas. This may help with affordability, but the effect on ownership levels are uncertain, including where homes for market sale potentially to owner occupiers are 'flipped' to Affordable Rent.

5.59 The complex relationship between Shared Ownership schemes and Help to Buy was also raised by consultees in local areas. Both interventions are intended to impact on home ownership, however, unpicking the respective roles was seen by local consultees to be extremely challenging. As such, whilst grant-funded Shared Ownership through SOAHP may have been having an effect on home ownership, attribution was not possible. This is notable given the findings of top-down quantitative econometric analysis (see 5.24) that found a higher level of Affordable Home Ownership completions by the programme in an area is positively associated with a higher level of Help to Buy completions in that area. The direction and nature of this relationship at a national (and potentially sub-national and local) level may warrant further investigation from Homes England in any subsequent impact evaluations of programme which seek to quantify the effect on home ownership and value for money.

5.60 Fourth, **the in-depth research also provided examples of where SOAHP has supported wider regeneration initiatives, including influencing the delivery of market housing and wider local priorities**. This included schemes involving brownfield sites, which in some cases were reported to have raised investment confidence in the local area. These examples are anecdotal and specific; however they are consistent with the wider feedback from SPs, and demonstrates how SOAHP has delivered schemes that contribute to local regeneration.

In-depth LAD evidence: regeneration effects

Several SOAHP-funded schemes in one LAD have played or are expected to play a strategic role in the local area. One scheme involves redevelopment on a former industrial site adjacent to a railway station which is expected to deliver over 200 SOAHP-funded affordable homes alongside c.400 market units for sale. Consultations from multiple sources suggested that SOAHP was key in overcoming brownfield-related viability issues and enabling delivery of the scheme, not just the affordable housing. The tenure mix clearly favours rental units which will contribute directly to addressing affordable housing need, and the scheme is also supporting local regeneration activity and removing blight. A second scheme involves the redevelopment of former office space (by the same provider) and involves a mix of funded and nil-grant affordable homes. Again, consultations suggested high additionality in increasing the level of Affordable Rent, whilst supporting local partners to redevelop a key strategic site.

6. Assessment of outcomes and impacts (ii): sector and agency

This section considers the outcomes and impacts of SOAHP on the organisations involved in delivery, and the agency itself.

SOAHP grant funding has been crucial in enabling organisations supported via CME and SP models to deliver affordable housing at the scale realised and to meet their ambitions.

SOAHP has played an important strategic role, although this varies by delivery model and organisation. Around two thirds of organisations supported via CME and SP models indicated they were now more ambitious in the scale of affordable homes they will seek to deliver in the future because of SOAHP.

Although not evident for all partners, there was evidence that SPs have facilitated expansion and delivery in new market areas, with the status and funding security inherent in the model an important enabling factor.

Around two-thirds of partners in SPs and half of providers supported by CME indicated they were financially more resilient as a result of SOAHP.

SOAHP has also led to positive effects on the capability of providers and relationships across the sector, with positive effects with local authorities a common theme across both CME and SP models.

Encouragement on the use of modern/innovative methods of construction appears to have had a modest effect overall under both CME and SP models.

SOAHP appears to have had a positive impact on perspectives of Homes England by supported organisations and external stakeholders; this matters, with the delivery of affordable housing grant recognised as '*core business*' for the agency.

Effects on funded organisations

6.1 The paragraphs below set out the evidence from the evaluation on the effects of SOAHP on organisation funded. Given the very different funding models, the evidence is presented for CME and SP sequentially, but applying a consistent structure to help draw out the areas of consistency and variation between the delivery models, summarised below.

Figure 6-1: Structure for assessment of the effects on funded organisations

Source: SQW

Organisations supported via CME

6.2 The survey of providers supported via CME demonstrates **the high importance of SOAHP to organisations in delivering against their ambitions**. Notably, at least three-quarters of surveyed providers indicated the grant funding was 'very important' with regards to:

- the scale of delivery of new affordable homes by the organisation
- their ability to deliver the '*right homes in the right places*', as they perceived it
- their ability to deliver against their social purpose and mission.

6.3 In this context, whilst the evaluation is not seeking to assess the additionality of SOAHP and the 'net' homes delivered, the evidence does suggest that, **from the perspectives of providers themselves, CME grant funding has been crucial in enabling providers to deliver affordable housing at the scale realised**. Grant funding has provided the capacity to enable providers to meet their delivery ambitions and assessment of need, for the places in which they operate, and the groups/communities they seek to support. The focus here is specifically on the providers' own schemes, not relative need, as indicated by objective measures of affordability pressures in different parts of the country. However, this is a positive finding, indicating that SOAHP programme has supported providers to deliver against local needs as defined and understood in different places and contexts.

6.4 **SOAHP has also played an important strategic role, principally in relation to supporting the realisation of growth objectives to date and raising ambition for the future.** Evidence from the survey (with all data below based on 125 responses) includes:

- over two-thirds of providers (68%) reported that SOAHP had influenced their strategic priorities over 2016-21 i.e. their overall aims and objectives, and how they sought to deliver against them. This was most commonly SOAHP informing and/or providing the resource to deliver against growth objectives and aspirations, including where without grant funding no new affordable housing would have been delivered by providers (as they reported), and in some cases supporting a diversification of tenure mix
- approaching two-thirds of providers (62%) indicated they were more ambitious in the scale of affordable homes they will seek to deliver in the future because of their engagement with SOAHP
- nearly half of providers (46%) indicated they were financially more resilient overall because of SOAHP (with most others reporting no effect, *not* that they were less resilient).

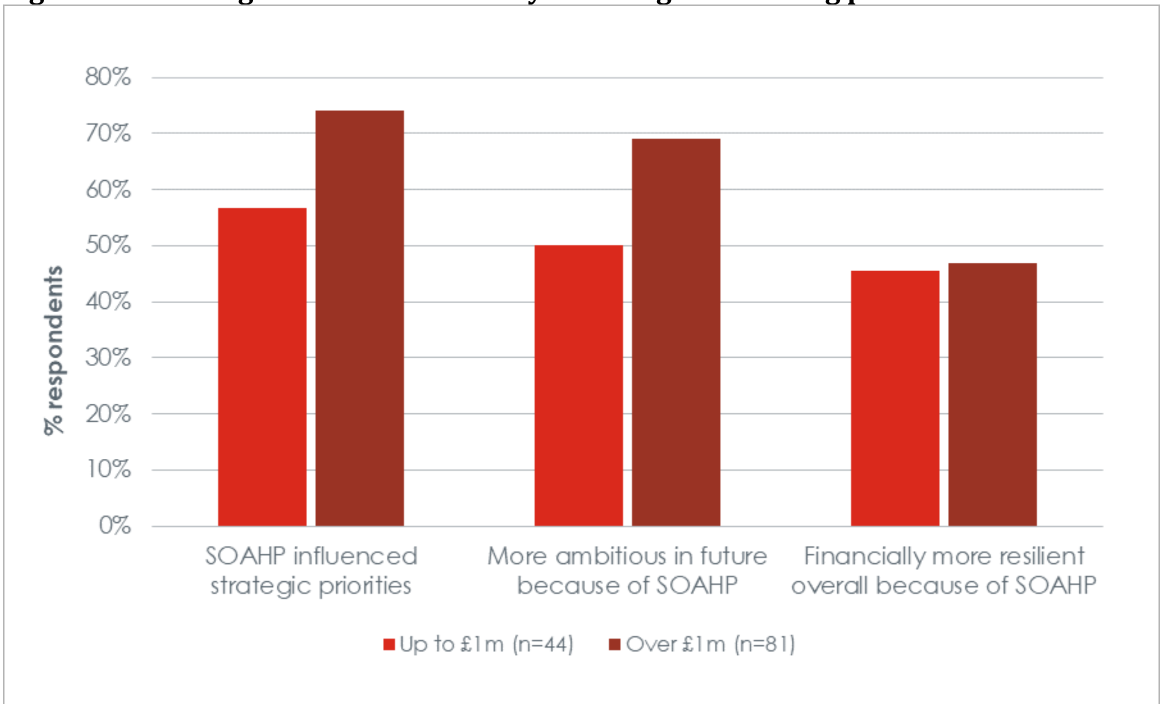
6.5 The in-depth research provided further insight on these effects, with an example of the long-term strategic benefits realised highlighted in the evidence box below. SOAHP's perceived contribution to raising the ambition of providers via CME grant funding was also identified by external strategic consultees.

In-depth CME evidence: Impact on Future Delivery

The challenge of delivering homes in rural areas was highlighted by a provider, with local opposition to new development common. While the provider actively consults local residents to identify local housing need and ensure the right housing is delivered in these markets, they feel having a *'track record'* of housing delivery in rural areas is important. The SOAHP funding received through CME has enabled them to deliver homes in rural areas, creating a strong *'track record'*, which helps to signal to residents, other registered providers, and the wider development market, their competence and capacity. Building these relationships makes it easier to deliver more homes in the future, and creates a 'positive feedback loop' of the delivery of better and more affordable homes.

6.6 The strategic impacts varied by the scale of grant funding provided. As shown below, providers that secured a higher level of grant funding (over £1m) do appear to be more likely to have been influenced in terms of their strategic priorities and future ambitions compared to those with lower funding. However, the scale of grant funding provided was *not* associated with variation in whether providers were financially more resilient overall because of SOAHP, and an influence on strategic priorities and ambition was still evident for at least half of providers with grant funding of under £1m, demonstrating that the programme has influenced organisations even with modest levels of funding (in absolute terms).

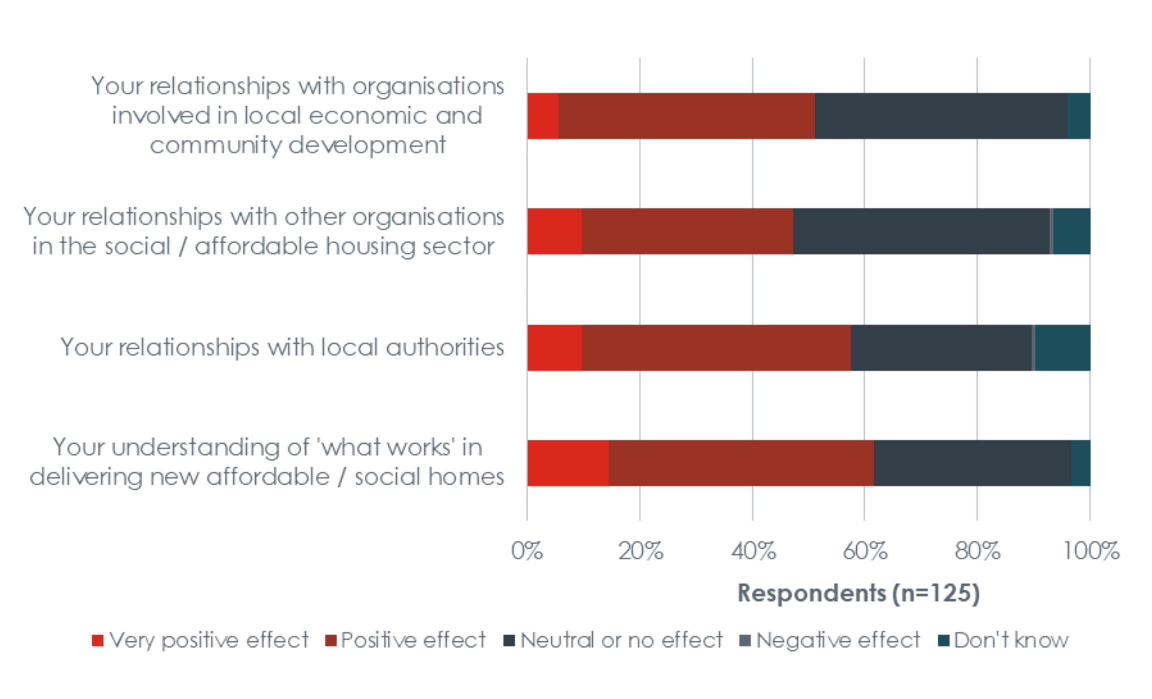
Figure 6-2: Strategic effects of SOAHP by scale of grant funding provided



Source: CME survey

6.7 **SOAHP has also led to positive effects on the capability of providers and relationships across the sector.** As shown in Figure 6-3, over half of surveyed providers indicated SOAHP had improved their understanding of 'what works' in delivering new affordable homes. Positive effects on relationships with local authorities and other organisations were also evident; the findings were consistent for unregistered and registered providers. This is notable for the latter given their established position in social housing, and enhanced relationships will be important in supporting delivery going forward. Interestingly, providers that secured a higher level of grant funding (over £1m, n=44) were more likely to report positive effects on relationships with other organisations in the social/affordable housing sector, compared to those with lower funding (under £1m, n=81).

Figure 6-3: Effects of SOAHP on organisations supported via CME



Source: CME survey

6.8 However, **encouragement of the use of modern/innovative methods of construction in SOAHP schemes appears to have had a modest effect overall**. A majority (70%) of surveyed providers indicated their use/requirement of MMC had 'stayed roughly the same' as previously, with under a fifth (19%) reporting that it had increased because of SOAHP. For context, around 15% of grant funded homes approved via CME involved MMC, with a small number of providers responsible for a high proportion. Further, whilst construction innovation was considered in the assessment process in relation to cost outliers, no targets were established, and it was not incentivised in grant rates/approvals. As one strategic consultee noted, MMC was an aspiration, "*but not hard-coded into programme objectives*" which is likely to have influenced behaviours, given the risks and costs associated with MMC, particularly for providers new to these approaches.

6.9 The in-depth CME research showed how SOAHP has supported increased use of MMC, particularly via pilot projects. For example, one provider had delivered an MMC project for the first time (off-site manufacturing) for a small pilot scheme, which also involved PV panel installation. However, monitoring data and survey evidence suggest this is not common.

6.10 In terms of CME specific effects, the survey included 17 responses from unregistered providers, including housebuilders and charitable organisations. The findings suggest **SOAHP has been an important 'entry route' into engagement with Homes England for un-registered providers.** This may be valuable going forward in enhancing commercial sector involvement in affordable housing delivery. Three specific points are highlighted:

- the most important factor behind accessing grant explaining their decision to seek to deliver social/affordable housing under SOAHP was the opportunity provided to develop a relationship with Homes England, identified by 15 respondents
- the support provided by Homes England in the bidding process – trailed in the original Prospectus – was also important, identified by 13 respondents
- over half (n=10) indicated they were more likely to seek to deliver affordable/social housing in the future as a result of SOAHP (none indicated they were less likely to do so).

Organisations supported via SPs

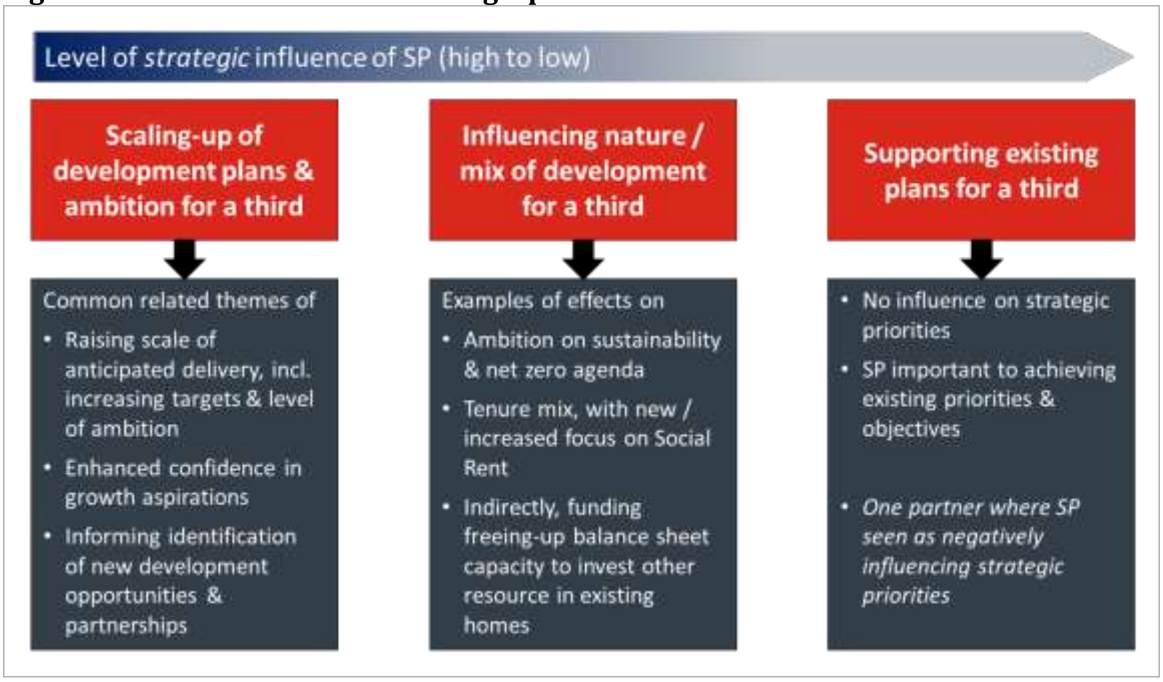
6.11 Consistent with the evidence on CME, consultations with partners involved in SPs demonstrated the **high importance of SOAHP to organisations in delivering against their ambitions**. The majority of partners indicated that grant funding was either 'important' or 'very important' with regards to the scale of their delivery of new affordable homes, their ability to deliver the '*right homes in the right places*' (as they perceived it), and their ability to deliver against their social purpose and mission.

6.12 As such, for **most partners involved in SPs, the funding has had a positive effect on their capacity to deliver new affordable homes, as they perceive it**. The extent to which this enhanced delivery capacity was seen to be different to what may have been enabled via CME funding alone varied across partners; and partners funded via SPs which had also secured grant funding in the initial bidding round make this assessment complex. However, as discussed in relation to the benefits of the SP model in Section 4, the scale of confirmed funding was consistently regarded as having a positive impact on the ability of the organisations to deliver at scale and in different ways in terms of the nature and mix of housing.

6.13 Further, although not evident for all partners, there was evidence **that SPs have facilitated expansion and delivery in new market areas, with the status and funding security inherent in the model an important enabling factor**. This effect was identified by around a third of partners, with several others noting they had originally targeted expansion into new areas, but that this has not yet materialised owing to viability and deliverability challenges.

6.14 **The influence of SPs on the strategic priorities was varied.** Consultations suggests that partners fell into three broadly equally-sized groups with mixed levels of strategic influence to date, as summarised in Figure 6-4. Interestingly, there was no clear pattern in relation to the relative size of SP funding, suggesting the nature of the strategic influence of the SP is driven by factors and context relevant to each organisation such as their existing strategic priorities and investment plans rather than the scale of the funding settlement.

Figure 6-4: Influence of SP on strategic priorities



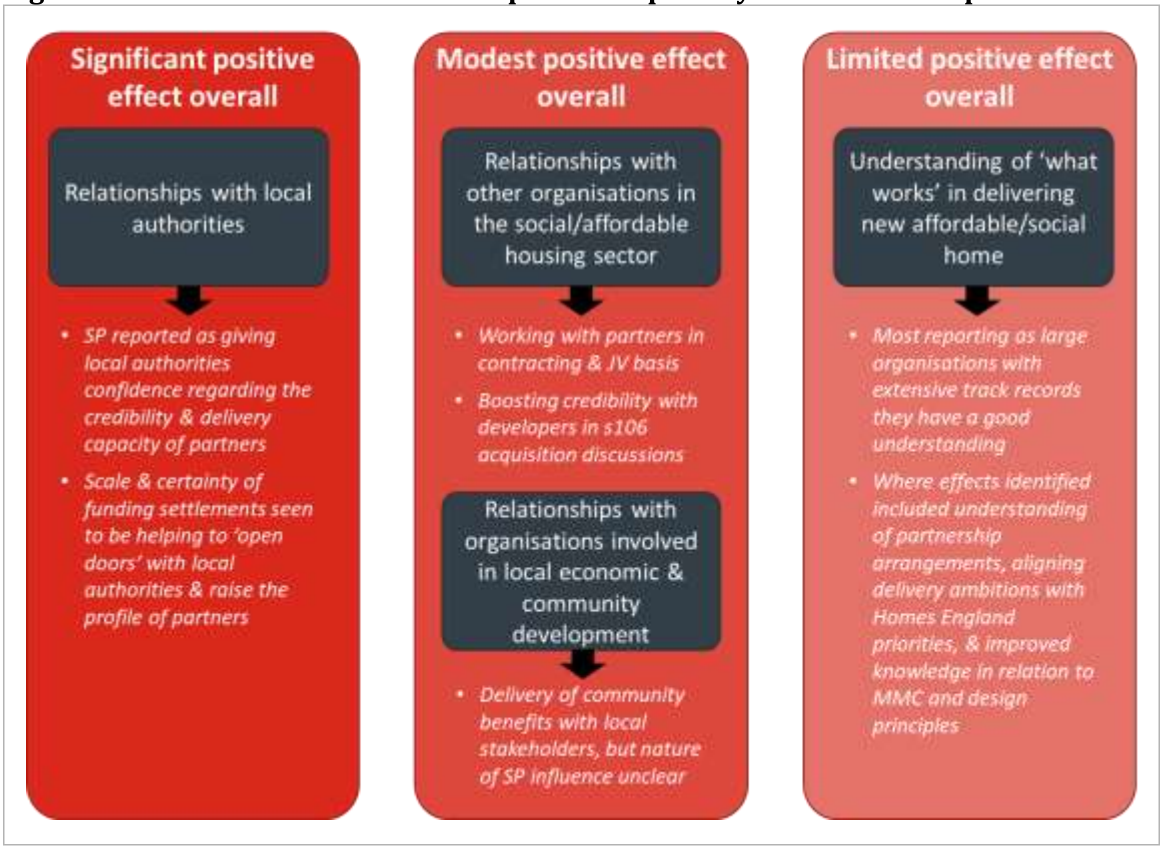
Source: SQW based on SP partner consultations

6.15 Interestingly, around two-thirds of partners indicated that as a result of their engagement with SOAHP, their organisation would be more ambitious in the scale of affordable homes they would seek to deliver in the *future*. This said, two partners indicated they would be less ambitious, partly as a result of their own challenges in delivering the ambitious targets they had originally committed to.

6.16 It is also noted that, perhaps unsurprisingly given the scale of up-front funding agreements and certainty, **the majority (around two-thirds) of partners indicated that they had become more financially resilient through becoming a Strategic Partner**. The in-depth research provided further detail on this issue, with several of the partners specifically noting that funding secured through the SP had enabled them to secure improved credit rating and/or leverage new funding opportunities.

6.17 The evidence on the effects on capability and relationships also suggests an **important contribution of the SP model to enhancing relationships between major HAs and local authorities**. The effects on relationships with other actors and capability in delivering affordable housing was less evident. This was seen by partners to be owing to the scale and experience of partners involved in SPs and is consistent with the focus of the model on working with major HAs. The nature of effects overall, where they were realised, and the key mechanisms are summarised in Figure 6-5.

Figure 6-5: Effects of the SP model on partner capability and relationships



Source: SQW based on SP partner consultations

6.18 Consistent with the evidence on the CME model, the **priority placed by SOAHP on the use of MMC does not appear at this stage to have led consistently to a greater use of these methods via SPs. However, the factors explaining this are varied and nuanced, given different existing practices, stage of delivery, and drivers of MMC usage.**

6.19 Two headline points are noted here:

- first, around a third partners indicated that the SP had led to an increased use of MMC to date. This included both partners that had not used MMC previously and chose to include MMC as part of the delivery plans for the SP and partners with previous experience of MMC where the SP increased their confidence to scale-up its use going forward
- second, for the remainder of the partners that indicated that the SP had not led to a greater use of MMC this included both organisations that were already commonly using MMC where SOAHP had not led to an uplift in this activity, and those where MMC usage was not common and SOAHP did not lead to any change in this approach.

6.20 In this context, a range of 'external' and 'internal' programme factors emerged as influencing the modest influence overall of an increased use of MMC via SOAHP:

- external factors included supply-chain constraints and existing engagement in pilot projects and sector-wide initiatives and discussion forums which were not related directly (or driven by) SOAHP SP status.

- internal programme factors included the (perceived) limited focus on MMC in initial discussions between partners and Homes England regarding the SP approach and associated targets, and on-going discussions during delivery; the consultations suggested that MMC was not regarded as a key priority within the programme in practice.

6.21 Further insight into MMC was derived from in-depth SP research, detailed in the box below. This highlights that the relationship between the SP and MMC usage is complex: although the overall impact is modest at this stage via the SP model, the programme clearly has made *some* contribution to progressing the use of MMC in affordable housing. In this context, it is noted that the AHP 2021-26 has included more specific requirements around MMC for Strategic Partnerships, including a target that at least 25% of homes must be delivered via MMC.

In-depth SP evidence: influence on the use of MMC

The in-depth research provided insight on the experiences of partners and the interaction between SP status and funding, and their own 'journey' engaging with MMC.

It was noted that under the CME model there was some scope for a flexible increase in negotiated grant rates if MMC was an important feature of the scheme but this flexibility was not allowed under the SP. However, financial incentives were highlighted as important by a number of the partners: the MMC sector remains nascent, and there have been evident viability challenges in some instances so grant-related incentives are regarded as a necessary part of helping SPs deliver and innovate in this area (also acknowledging that the new programme seeks to address this).

The affordable housing sector is engaging with the MMC sector and there are notable examples – not least the Off-Site Homes Alliance – of collaboration and partnership working between organisations delivering affordable homes, including partners in SOAHP SPs, exploring ways to engage with the challenges and opportunities presented by MMC. SOAHP funding via SP has not directly driven this, but it has funded the delivery of some small-scale pilot projects which will have contributed to organisational and potentially sectoral learning. It cannot be said that these pilot projects would not have been delivered without SOAHP funding via the SP, but SOAHP has indirectly contributed.

Existing delivery models for many of the existing partners rely on a diverse supply chain of contractors and housebuilding partners which can be engaged as appropriate for different locations, sites and typologies (i.e. flats vs houses). There is a tension between this model and the nascent MMC sector: there is a relatively small existing supply chain which is still in its relative infancy with the viability and deliverability of different approaches to MMC still being tested. Ensuring a diverse, resilient supply chain for MMC is a recognised challenge for partners; a one-size fits all approach would be too high-risk.

6.22 The **evidence also indicates a limited impact to date on increasing the use by of low and medium volume housebuilders**. Most partners who were able to comment felt that the SP had not had an impact, mainly because they reported already working with small to medium enterprises (SMEs). For the small number of partners where an impact was noted mechanisms included: Homes England priorities influencing investment decisions, and the profile associated with SP status leading to higher level of approaches from SMEs.

Effects on Homes England

6.23 **SOAHP appears to have had a positive impact on perspectives of Homes England by supported organisations.** Specifically, over two-thirds of surveyed providers supported by CME, and most of the partners involved in SPs consulted indicated that they were more likely to engage with Homes England in the future as a result of their engagement with SOAHP.

6.24 Two points are noted here:

- For providers supported by CME this did not vary by the scale of the funding secured through the programme.
- One partner in an SP said they were *less* likely to engage with Homes England in the future. This partner consistently reported that in their view the SP was inflexible (regarding grant rates, tenure mix and regional delivery), and that the administrative requirements were not proportionate.

6.25 However, overall, and in relation to the SP model in particular as a novel delivery mechanism for supporting the delivery of new affordable housing, the evidence is encouraging. The evidence suggests that the positive experience in SOAHP is likely to have influenced the level of interest for the equivalent SP approach in the AHP 2021-26.

6.26 Feedback from strategic consultees on the delivery of SOAHP was also generally positive overall, which was seen to reflect well on Homes England. Concerns raised by strategic consultees related principally to the wider policy landscape and initial tenure focus which was recognised to have caused some concern and challenges at the outset amongst providers and for the wider sector, with no grant funding available initially for the delivery of homes for rent. However, these issues were not determined by Homes England. This positive perception overall matters, with the delivery of affordable housing grant commonly identified as '*core business*' for Homes England by both internal and external consultees.

7. Delivery perspectives and lessons

This section considers the implementation of SOAHP from a range of perspectives, what has worked well and less well, and lessons learned.

Feedback from CME providers on programme systems and processes was positive. However, a quarter reported the amount of time spent on the administration associated with SOAHP was, in their view, more than it should be.

Feedback from partners was mixed regarding the SP bidding and contracting process. Whilst acknowledging the novelty of the process, issues were identified by partners on the information available to inform bids which led to misalignment of expectations, and the ease and speed of the bidding and contracting process.

Mechanisms for SP management elicited mixed feedback, and are considered overly granular by many partners. Strategic Framework Boards have also not worked as hoped, and the 'added value' of the SPs has been less than anticipated.

Feedback from providers engaged in both SPs and CME on Homes England staff was consistently positive. This reflects very well on the knowledge and capacity and expertise in programme delivery and affordable housing of the agency team.

Factors seen to have worked well by Homes England included an effective transition from regional to national teams, an agile and effective response Covid-19 – with the extension valued by providers – and the establishment or maintenance of strong relationships with local partners. The combination of CME and SPs was also seen to be effective; they are seen as complementary, responding to different issues, and providing different opportunities.

Factors that were seen to have worked less well by Homes England included the limited effect on supporting the use of MMC, and a view that data collected by the programme could have been differently and in more innovative ways to inform decision making and strategic delivery. There was a recognition that some of the structures associated with the SPs may have caused some confusion in relation to tiers of governance and key roles.

Issues related to capacity/resource and the (lack of) continuity in SOAHP's offer and focus were raised; these not ultimately within the direct control of those responsible for delivering and managing the programme.

Context

Structures and systems …

7.1 SOAHP is a large-scale, complex and multi-faceted programme, supporting affordable housing delivery in essentially all parts of England (outside London), providing grant funding to over 250 organisations, delivering on thousands of sites across the country. The programme has also been subject to major changes, including in tenure focus, timing, mechanisms of delivery, and the external delivery environment including the Covid-19 'shock'. It is also one component working alongside a wide range of other factors influencing the delivery of affordable housing and the wider housing landscape.

7.2 The programme is delivered by Homes England's Affordable Housing Grants Team. This included over 100 staff in November 2021, led by a Director of Affordable Housing Grants. The structure of the team has varied throughout delivery. In early-2020 the team was re-structured, moving from a model based on a series of 'regional delivery teams', to a 'national team' with four groups for: initial engagement and business development (Growth); due diligence and contracting (Provider Services); oversight of delivery and progress and on-going engagement (Delivery); and performance management (Technical Hub).

7.3 Also important to SOAHP's delivery are a separate Affordable Housing Strategy Team, and a series of 'Key Account Managers' (KAMs), who are senior staff from across different teams at Homes England that have led on the strategic engagement with partners under the SP model (note, KAMs are not specific to SOAHP, and also operate with other major partners).

7.4 Programme delivery has been underpinned by the IMS to manage the bidding, contracting and monitoring process. This system was inherited from earlier affordable homes programmes and was used to manage the initial bidding round and CME activity (and has also been used for other programmes in parallel). A detailed and complex system, information/support on the IMS has been provided to funded organisations (including through formal training and guidance [24]). A separate bespoke IMS was developed for the SPs.

… and the evaluation focus

7.5 Consistent with the prioritised RQ13 (see Annex A), the evaluation sought to gather qualitative perspectives on what has worked well and less well in delivery within this context, and what lessons have been learned as a result. This has drawn on the perspectives of organisations supported by SOAHP and Homes England staff involved directly or indirectly in delivery. The analysis has sought to take into account the changes in programme delivery, however, given the passage of time and changes in role and responsibilities, it is recognised that the experiences may reflect more recent engagement and perspectives.

7.6 Note the evaluation has *not* included a formal audit or detailed assessment of each of the structures and systems described above, and the very diverse range of specific and bespoke processes and relationships that underpin their implementation and management.

Organisations supported via CME

Programme processes

7.7 **Surveyed providers supported via CME were positive overall regarding the programme processes from bidding through to delivery**. A very high majority (81%) of surveyed providers agreed that the bidding documents/materials (including the initial prospectus, addendums and supplementary information related to specific tenures and changes to the programme, and the guidance documents and training relating to the IMS monitoring system)

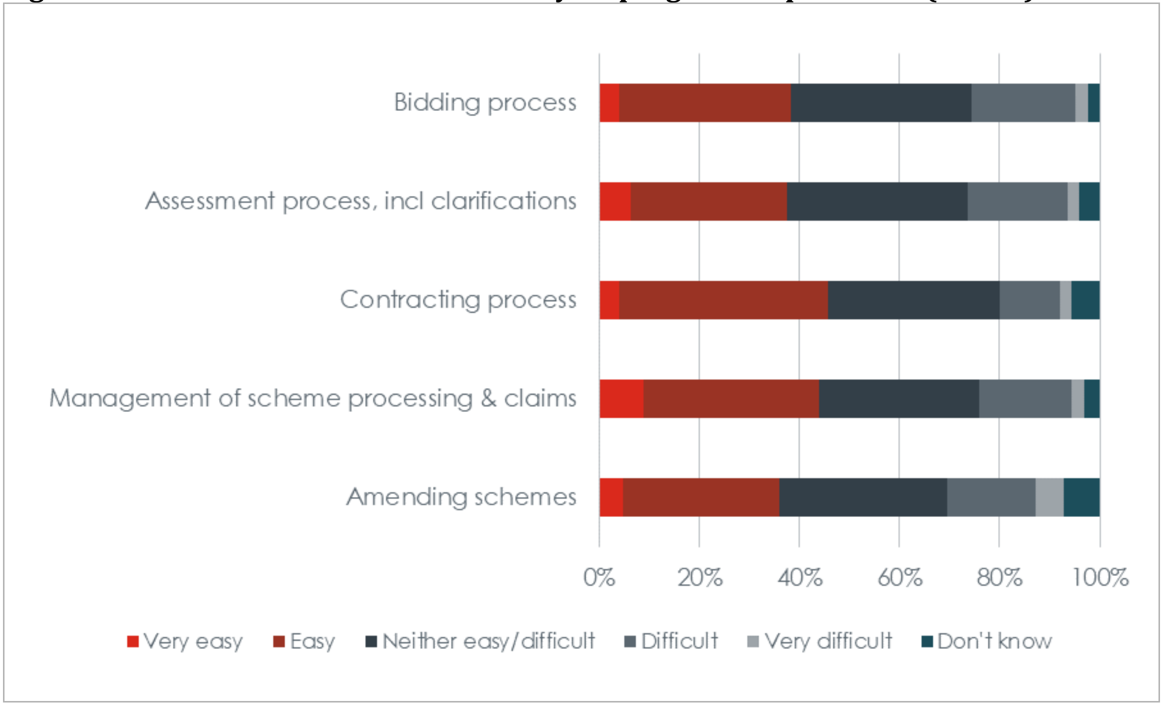
[24] See here

provided all of the information they needed in relation to SOAHP. Given SOAHP's complexity, and the changes experienced over the delivery period, this is an encouraging finding.

7.8 Feedback on the ease of the processes for bidding through to contracting and amending schemes was also positive overall as shown in Figure 7-1, moving top to bottom through the progressive stages. The ease of the contracting and management of scheme processing/claims processes were rated the most positively. This may be owing to the consistency of these approaches to previous affordable homes programmes, and consultations with Homes England staff indicated the continuity in contracts used for CME was an important factor in supporting effective/efficient delivery.

7.9 This said, there may be scope to consider how processes could be adjusted to make them as straightforward as possible for providers: for each of the processes respectively except for contracting, over a fifth of providers said the process was difficult/very difficult. Further, respondents with lower levels of grant funding (under £1m) were more likely to report that the processes were difficult/very difficult compared to those with higher funding (over £1m), particularly for the bidding process, and the management of scheme processing and claims.

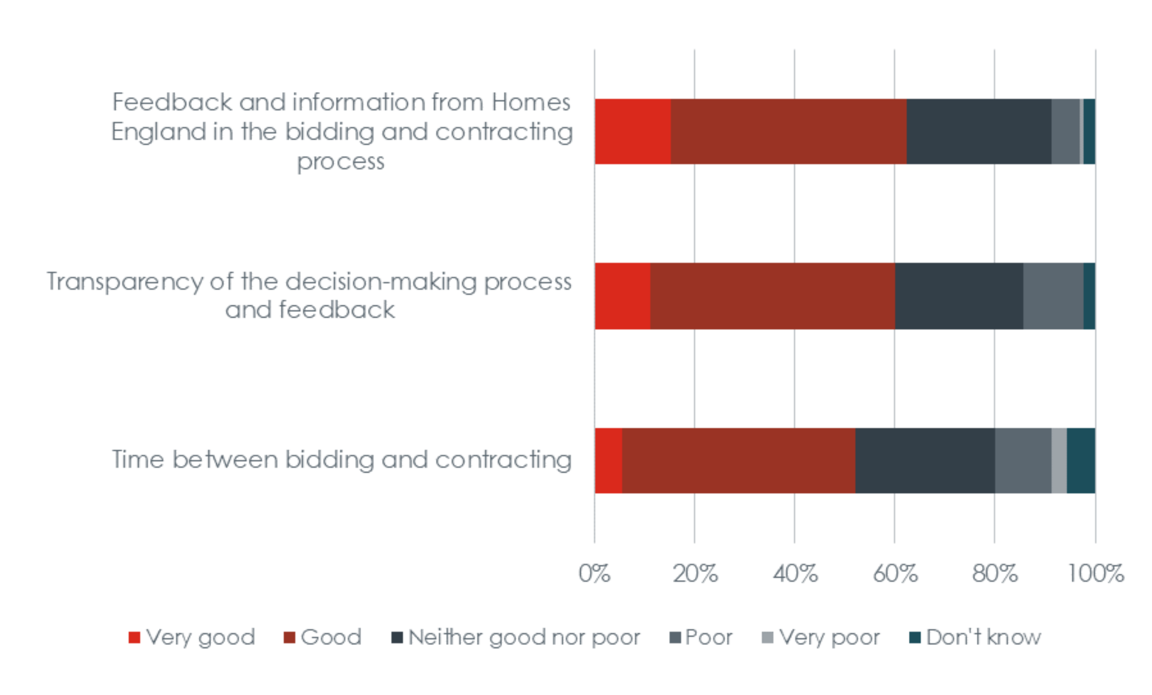
Figure 7-1: Feedback from the CME survey on programme processes (n=125)



Source: Analysis of CME survey

7.10 Surveyed providers also gave positive feedback on the time between bidding and contracting, the transparency of decision-making, and information/feedback provided by Homes England in the bidding and contracting process (see Figure 7-2). Whilst there is a risk of response bias here – with surveyed providers awarded grant funding – this remains encouraging, and suggests the systems worked well overall. This feedback did not vary by scale of funding approved.

Figure 7-2: Feedback from the CME survey on features of the bidding process (n=125)



Source: Analysis of CME survey

Monitoring and administration requirements

7.11 The survey suggests that **the level of involvement *of Homes England* in schemes funded by SOAHP including providing oversight, management, and monitoring is seen as appropriate by providers**. Nearly all providers reported Homes England involvement was at 'about the right level'. Qualitative feedback from Homes England indicated that whilst there are formal requirements for quarterly meetings with funded providers, these have been managed in a proportionate and flexible manner, with a "*pragmatic risk-based approach*" adopted where meetings are not held if they are seen as unnecessary.

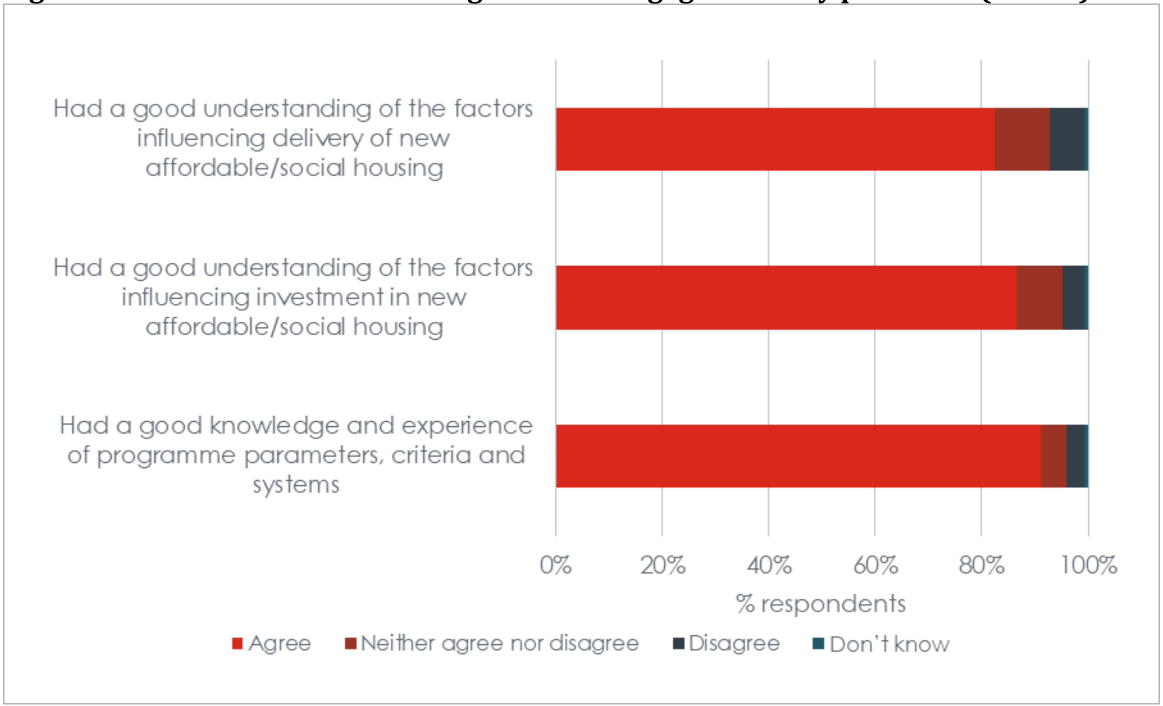
7.12 **This said, feedback was more mixed concerning the amount of time that *surveyed providers spent* on the administration associated with SOAHP**. Overall, around a quarter (23%) of the 125 surveyed providers reported they have needed to spend too much time (from their perspective) on administration to this point. This appears to be influenced by the scale of grant funding: providers securing grant funding of less than £1m were more likely to report the administration requirements of SOAHP was more than it should be (39%, n=44) compared to those with funding over £1m (15%, n=81).

7.13 When asked how the delivery of SOAHP could be improved, surveyed providers cited updating the IMS system. This was reiterated by the in-depth CME research, where updating the IMS to improve functionality and ensure proportionality for providers in its completion was seen as important going forward. Consultations with Homes England staff indicated there is a recognition that the IMS can be complex for providers, which it seeks to address via the provision of training materials.

Feedback on Homes England staff

7.14 **Feedback from surveyed providers on the Homes England staff they had engaged with on SOAHP was very positive, both in relation to knowledge of the programme and wider understanding of affordable housing**, as shown in Figure 7-3.

Figure 7-3: Feedback on Homes England staff engaged with by providers (n=125)



Source: Analysis of CME survey

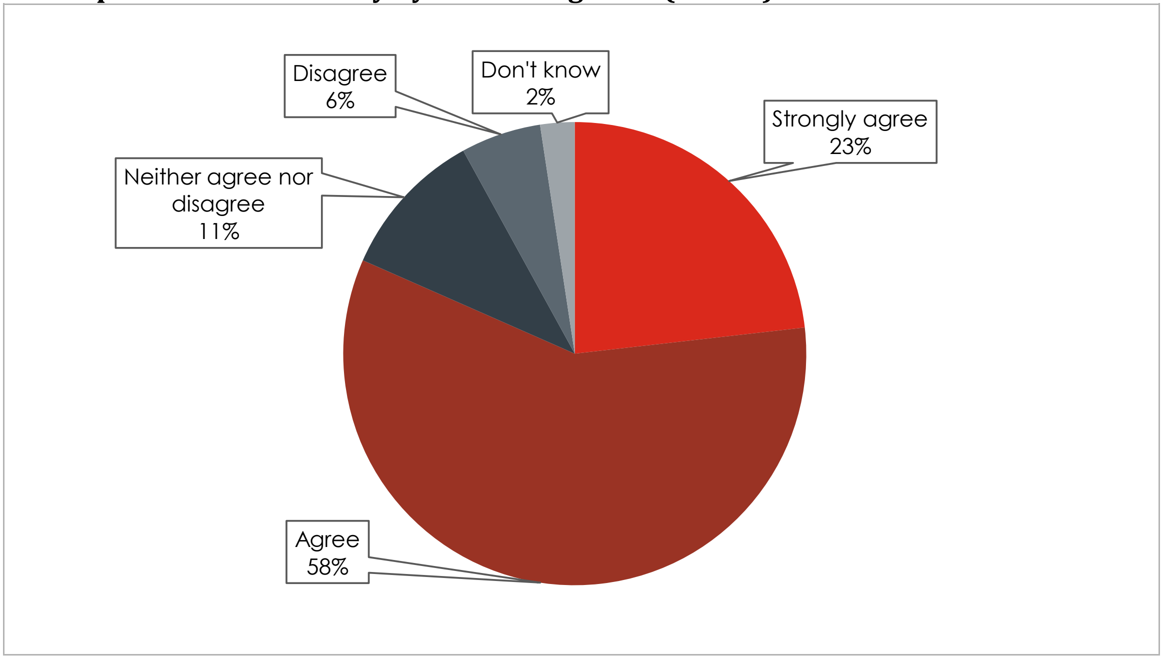
7.15 These are very encouraging results, drawing on feedback from providers across England who will have worked with different members of the Affordable Housing Grants Team. This reflects very well on the knowledge and capacity and expertise of the team in both programme delivery and affordable housing. The results were also consistent by scale of funding secured.

7.16 This positive message was also found in the in-depth CME research, where there was consistent evidence of *'open and honest dialogue'* and constructive feedback. However, changes in staff, particularly at the start of the programme, was identified as an issue, which was also recognised by Homes England consultees as a delivery challenge for the programme.

Overall effectiveness of management and implementation

7.17 Consistent with the largely positive findings above, a high majority of surveyed providers agreed that SOAHP has been managed and implemented effectively overall by Homes England, with around a quarter strongly agreeing. As shown in Figure 7-4, only a small minority of surveyed providers did not agree Homes England have managed and implemented SOAHP effectively. This positive perspective was consistent across regions, for those with and without on-going schemes and irrespective of the level of funding secured.

Figure 7-4: To what extent do you agree or disagree that SOAHP has been managed and implemented effectively by Homes England? (n=125)



Source: CME survey Note: No respondents answered 'Strongly disagree'

Organisations supported via SPs

Programme processes: bidding and contracting

7.18 **Feedback from partners engaged in SPs was quite variable regarding their experiences of the bidding and contracting processes**. This reflected a range of factors, including:

- the SP model was new and developed iteratively in dialogue between Homes England, the consultant appointed to support the process, and the sector
- the different experiences of the three 'waves' of SP applications, with each wave building on the lessons from previous wave(s), although the experiences were *not* linear, with issues and challenges identified within as well as across the three waves.

7.19 Further, the SPs were established at pace following the announcement of the model given the tight overall timescale for delivery. The scale of the funding allocations also involved engagement with Treasury which added a further level of negotiation with implications for timing. Within this context, several messages emerged from the consultations with partners.

7.20 First, the guidance and parameters set out in the original SOAHP Prospectus remained in place, and the high-level aspirations of the SP model were described in an addendum to the prospectus[25]. However, there was no specific SP guidance document, and applications for SPs were invited by Homes England following workshops/dialogue with the sector without clearly defined and transparent parameters. This led to confusion regarding expectations on

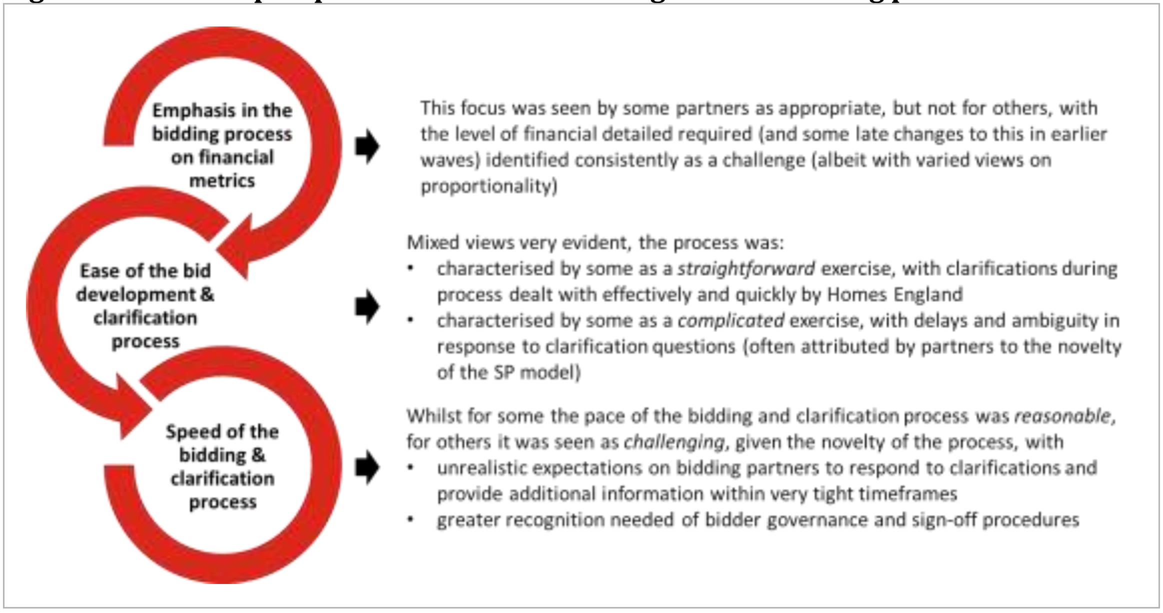
[25] SOAHP 2016 to 2021 Addendum to the Prospectus, June 2018

the level of detail/extent of information needed in submission, and the level of ambition required in relation to scale of housing delivery and grant rates.

7.21 By contrast, some partners reported that expectations were relatively clear at the outset. This appeared to relate at least in part to their long-standing relationships with Homes England. However, this divergence serves to highlight that at the starting point of the SP model, there was not consistency in understanding of what the model would mean in practice. This is related to the earlier discussion regarding fixed regional tenure and grant rate agreements.

7.22 Second, **the bidding process itself was experienced very differently across partners**. No consistent 'story' emerged from consultations, which suggests that the experience of partners was arguably influenced as much by their own capacity and expectation as by the process itself. However, this noted, clearly the process was not seen as optimal for all partners, even considering a recognition that as a new model of delivery, some challenges were expected. Three key themes emerged where views were varied, as summarised in Figure 7-5.

Figure 7-5: Varied perspectives on the SP bidding and contracting process



Source: SQW based on SP consultations

7.23 Related to this, on **contracting, most partners reported a significant delay between the bid submission, draft contract circulation and contract signing, with a short period for review/approval by bidders**. Although there was (by design) limited variation in the form and wording of the contract, the tight turnaround was raised as an issue by some partners as impacting on awareness and understanding. Again, this links to issues regarding clarity of the contract on grant rates, agreed deliverables and flexibilities in the subsequent delivery phase.

7.24 Two final comments are noted on bidding and contracting. First, for partners in a joint-SP, Homes England required each partner to demonstrate they had capacity to deliver their partner's commitments in the event of their own non-delivery. This was seen as challenging as each partner was committing to a relative 'stretch' target. Ultimately this was negotiated out but was an issue for several of the organisations.

7.25 Second, several partners noted the bidding and contracting process for AHP 2021-26 had run much more smoothly. By this point, partners involved in SOAHP 'knew what to expect', the process was more consistent, and some changes had been made to the technical bidding process (e.g. use of an online system). This suggests that lessons had been learnt on both sides.

Programme processes: delivery and implementation

7.26 SP delivery is complex and varied, with 23 separate agreements (across 27 partners), each with a very significant funding allocation and housing delivery target. Within this complexity, three main components were commented on in particular by partners:

- The Programme Management Board (PMB) – the quarterly meeting held with Homes England to discuss and review progress in delivery. The PMB forum is consistent across all SPs and was intended to be the principal forum for 'operational' level discussions of scheme progress, forecasting, key issues and challenges etc.
- The Strategic Framework Board (SFB) – this quarterly forum between Homes England and partners was intended as an opportunity to share intelligence, to identify, discuss and progress non-programme related opportunities to unlock 'added value' from the SP.
- Administration and reporting – principally via Homes England's bespoke IMS system developed for the SPs, along with some standalone Excel reporting (nil grant homes).

7.27 **Feedback from partners varied on the effectiveness of the PMB as a forum for discussions around programme management and delivery**. The partners were split into two broadly equally sized groups, where the PMB was seen to have influenced delivery:

- those that have found the PMB to be an effective forum for reporting on progress, sharing intelligence, discussing and addressing specific delivery issues
- those that have found the PMB too 'contractual' in emphasis, with an agenda that was regarded as too focused on a 'forensic review' of monitoring information related to individual schemes (and potentially their individual components).

7.28 Several factors have influenced the effectiveness of the PMB. 'Positive partner behaviours' on both sides were recognised as being key, and practically, ensuring appropriate attendees: where senior Directors had attended, this was seen to be less effective (given the detailed focus), than where partners ensured attendance at a programme management level. Several partners also noted the PMB has evolved, becoming increasingly effective, which suggests there has been useful learning on both sides over the course of SP delivery to date.

7.29 Interestingly, some partners had developed a 'work around' with Homes England, organising a 'pre-meet' to review the submitted monitoring information and deal with the 'fixed agenda' requirements around reporting and forecasting. The PMB was then used to focus on discussing substantive issues at a programme level (i.e. key challenges with implications for overall delivery, the potential need to re-profile delivery milestones or tenures).

7.30 **Feedback from partners suggest that the SPB has not consistently delivered against its core purpose to date**. Specifically, most partners reported that little value had been generated from this forum, beyond the partners providing Homes England with market intelligence (as they perceived it). A key driver of the SP model was to improve access to and increase the use of other, non-grant, Homes England support, with the SFB the key mechanism to realise this objective. However, many partners commented this has not been realised in practice, and no substantive examples were identified in consultations where additional support outside of the programme had been accessed and/or other outcomes realised. In response, some partners noted they have continued to use pre-existing relationships with Homes England to engage regarding strategic issues (e.g. estate regeneration). Further, some indicated that SFB meetings have been held less regularly as delivery has progressed.

7.31 Importantly, the SFB was expected to be a 'two-way process', for partners and Homes England to both identify opportunities. Further, these opportunities need to meet shared objectives, and be practically deliverable on both sides. Consultations with both partners and Homes England staff involved as KAMs suggest that whilst opportunities have been identified and discussed across the SPs, the key challenge has been to bring forward opportunities that meet shared objectives. Some partners noted there could have been greater clarity at the outset on the type of opportunities that could be progressed to have facilitated this process.

7.32 **Feedback from partners was mixed regarding the process of administration and reporting and the level of detail expected**. Broadly, two equally sized groups were evident. For the first group, the level of detail and frequency of reporting was in line with expectations, and regarded as proportionate, including additional financial audit requirements associated with the SP model. For this group, the practical systems were also seen to work well.

7.33 By contrast, a second group of partners indicated that in their views the administration and reporting requirements were overly onerous and challenging to deliver. Key points included:

- the level of detail required on a quarterly basis was seen as disproportionate
- the bespoke IMS system developed was not seen as 'user-friendly'
- the process was equally or more resource intensive than a scheme-by-scheme process.

7.34 The implication was that for this group, the SP model did not involve a greater level of trust between Homes England and partners that was anticipated by some at the outset; the examples below from the consultations illustrate this feedback.

7.35 It is notable that several reported that (in their view) the monitoring system associated with the AHP 21-26 Strategic Partnership was a significant improvement, which was welcomed, and suggests useful learning from the SOAHP SP model.

Partner consultation feedback on SP administration

One partner commented they had anticipated they "*would be in control of their destiny*" with the SP, however in practice the process has been "*very disciplined and regimented*" with significant work required on a quarterly basis, limited flexibility and the level of monitoring "*was slightly unexpected at the outset*".

A second partner commented that "i*t doesn't feel like we are being left to manage our own programme*" owing to the level of information required and regular scrutiny, and that "*every quarter, we have to do reporting to Homes England … we have to forecast the entire programme by quarter for starts, completions, expenditure and grant drawdown to the end of 2025*".

A third partner commented specifically that the SP has meant more engagement and oversight from Homes England relative to CME, which is the opposite of what they anticipated at the outset. The partner commented that the SP has meant that Homes England "*have wanted to go into lots of detail on on-site delivery progress, expenditure and 'deep dive' on a site-by-site basis*."

Feedback on Homes England staff

7.36 In contrast to the mixed feedback on SP *systems*, **feedback from partners on Homes England staff involved in SP bidding and delivery, was almost uniformly positive**.

7.37 During bidding and contracting, partners reported very good relationships with Homes England staff, with some identifying constructive partner behaviours from Homes England with a positive mindset and clear communication throughout. Despite some of the challenges noted above, the working relationships established were regarded positively by most partners. The use of a consultant to provide technical support was also seen as effective.

7.38 Feedback regarding the competence and knowledge of Homes England staff during delivery was also mostly very good, with positive assessments of their approach to partnership working. One issue raised related to personnel change, with a high level of churn of key contacts both at a management and strategic (Key Account Manager) level identified. There were also some references to how long it could take for Homes England staff to resolve or clarify issues, particularly where further internal soundings were required, and given the complexity of the programme/affordable housing legislative and regulatory requirements.

7.39 In this context, **continuity was regarded as important**, and where evident, the relationship between the partner and Homes England was described as very positive and constructive, with effective information sharing and well-targeted discussions.

7.40 A small number of partners did express some frustrations at the knowledge of some of the Homes England staff and their response to challenges experienced in programme delivery, and on occasion exhibiting a (perceived) lack of appreciation of the complexities involved in delivery (e.g. expecting forecasted delivery shortfalls to be easily plugged/addressed). This said, these were specific cases and this was not a consistent theme. Generally, consistent with the feedback related to CME, the feedback on the Homes England staff was positive.

Overall effectiveness of management and implementation

7.41 Drawing on the detailed findings, **when partners were asked for their overall perspectives, most reported that the delivery of the SP model has been managed effectively by Homes England**. However, two common themes emerged, consistent with the detailed findings set out above:

- **Relative lack of flexibility**: an anticipated 'flexibility' of the SP model was a key driver for engagement by many partners. However, in practice, the level of flexibility was seen as modest, and as part of this, the administrative and management requirements were not materially less demanding than under scheme-by-scheme bidding.
- **Relative lack of strategic 'added value'**: further than the funding certainty and scale, the 'added value' of the SP model at this interim point is unclear to most partners.

7.42 This latter perspective was summarised well by a consultee:

> *"The rhetoric around strategic partnerships was never quite matched by the delivery. That initial bit that was strategic approach to grant funding has been very successful … [but what we had] was a better grant programme under strategic partnerships rather than a more strategic relationship"*

Homes England perspectives

7.43 Consultations with Homes England staff considered perspectives on what was seen to have worked well and less well for those individuals involved directly in SOAHP, and those involved with, but not part of delivery. The perspectives drew on these individual experiences, which were often quite specific in terms of the current (and previous) roles in the end-to-end delivery process. Given the scope, scale, and timing of SOAHP's delivery, individuals did not have – and could not be expected to have – a comprehensive insight.

7.44 Overall, given the capacity challenges and changes in the policy landscape, alongside the need to respond to the Covid-19 pandemic, it is notable that **consultees within Homes England, including those that are aware of but not directly involved with the programme, were generally positive regarding its implementation**. This is consistent with the feedback from providers, particularly those supported via CME as a 'tried and tested' mechanism. More challenges were evident in relation to SPs, however, this is expected as a novel mechanism for delivery, which was launched explicitly as a 'new way of working'.

What has worked well …

7.45 The following was seen to have worked well in the delivery of SOAHP:

- First, the consultation evidence suggested consistently that **the transition from regional to national teams was effective**, providing greater clarity and focus, better integration of decision making, and helping SOAHP to operate as a genuinely national programme.

This was contrasted to the position prior to 2020, where there could be limited engagement and information-sharing between regional teams. Although this change was 'late in the day' for CME in particular, this was seen to have been important for the on-going delivery of the SPs and in informing the subsequent programme. The transition was not without challenge, and initially there were some modest issues noted in relation to defining roles and responsibilities and information sharing, however, this was not seen to have had a material adverse impact.

- Second, Homes England staff consistently commented that the **agency had responded in an agile and effective manner to the challenges of Covid-19**, including in extending delivery periods and working with providers to address issues and agree revised delivery schedules and approaches. The positive feedback from CME surveyed providers and SPs in relation to this issue helps to validate this perspective from Homes England.
- Third, **the agency was able to respond swiftly to the change in tenure eligibility in 2017 following the initial slow take-up of Shared Ownership**. Homes England staff recognised the importance of responding promptly to the introduction of rental tenures. The response was seen to be effective, including in revisions to template contracts and updating scheme guidance and information. The existing materials and understanding embedded in the team from earlier schemes were important in facilitating this process.
- Fourth, **the combination of the CME and SP models was seen as effective and important**. They were consistently seen as complementary, and providing a response to different issues and challenges, and providing different opportunities. This feedback from Homes England staff was consistent with feedback from external strategic consultees.
- Fifth, the **delivery team was seen to have established and maintained strong relationships with local partners**, and provided a good level of knowledge and insight into the issues and challenges faced by places across England, including through engagement with local authorities, housing providers, and other local and (where relevant) city-regional/sub-national stakeholders. This is consistent with the positive feedback from CME partners, and was regarded by some Homes England consultees as reflecting the long-established relationships and links developed over the past decade and more. While there was some concern that these links would be lost in the move to a national model, consultations suggest this risk has not been realised in practice to date.

7.46 This final point is important, and a consistent theme from the consultations with Homes England staff was that the **delivery of SOAHP benefited from and has successfully leveraged the experience, networks, and knowledge within the Affordable Grants Team**. This is 'self-reported', however it is consistent with the broadly positive feedback from supported organisations and external stakeholders, validating and adding weight to the perspective.

7.47 Further, in-depth LAD research highlighted that the nature and strength of relationships between Homes England and local partners including the local authority generally appeared to work well from a local perspective. In some cases very strong links were evident, with good partnership working between the agency, council, and providers when assessing the affordability merits of schemes involving rental products, and broader discussions on deliverability, flexibility and transparency. At a strategic level, where relationships worked well, there was feedback of "mutual trust" between Homes England and local partners. Interestingly, this was not evident only in those places with higher levels of grant-funded delivery, with strong links also identified where the scale of delivery was more modest.

7.48 This was not a uniform picture, and in several of the areas considered in-depth, the nature and strength of relationships was more mixed. For example, in one area, local consultees indicated that there had been no material engagement between the Council's housing delivery team and Homes England, and that there had been very limited data and information sharing in relation to the types of affordable homes being delivered in the area, (which was above average in terms of number of completions at LAD level by March 2021), and whether they were grant-funded. This finding should not be taken too far, and given SOAHP's national scope, some variation in levels of engagement is to be expected. In this context, it is noted the evaluation did not include a large-scale survey or primary research with local partners across the country; the findings draw on the six areas considered via in-depth LAD research only.

What has worked less well …

7.49 These broadly positive points noted, there were also areas identified where the delivery was seen to have worked less well, which provide useful lessons to inform subsequent activity.

- First, **the limited effect on supporting an increased use of MMC** was a commonly cited area where delivery was seen as less effective, with SOAHP not putting in place sufficient incentives and processes to realise this intent. It was noted in this context that the AHP 2021-26 has specifically sought to incentivise the use of MMC via the programme's funding and assessment processes, with the experience from SOAHP reported to have helped to inform this approach.
- Second, some consultees commented that the **considerable level of detail and evidence collected by SOAHP could potentially have been used in different and more innovative ways to inform decision making and broader strategy and delivery**. This feedback was not focused on any particular element of the team or stages of the process, rather that the data on CME funding from the IMS and the equivalent for SPs contains a wealth of information that could perhaps have been utilised more effectively in real time. For example, several consultees cited explicitly the potential to use GIS mapping using the data to inform both delivery (e.g. understanding levels of investment in particular areas by tenure, timing etc.) and provide greater insight into the relative position of SOAHP alongside other interventions and schemes funded by Homes England (and potentially other funders) supporting housing delivery and regeneration, with this analysis shared and communicated both internally and externally with partners (as appropriate). This is notable given the feedback from a significant minority of CME surveyed providers and

many SP partners that the level of detail collected is very significant and not always regarded as proportionate. If the data is being collected (and recognising formal financial and legal requirements), then it should be leveraged fully.

- Third, in relation to SPs specifically, and consistent with feedback from partners, there was a recognition **that the structures involved had at times caused some confusion** in relation to the respective roles of the tiers of governance, and some confusion over key roles and responsibilities at the agency. As one consultee put it this '*can cause some uncertainty for the providers as there are different people involved … they think 'who do I speak to?*' It was noted that the agency has sought to address this in the partnerships for the AHP 2021-26, suggesting that the learning has informed on-going delivery. There was also a **recognition from some Homes England staff that the 'added value' element of the SP model had not been realised fully and consistently**. This was seen to be associated in part with different priorities and expectations and the potentially novel ideas brought to discussion at the SFBs, which did not always align well in terms of what the partner and the agency were hoping to achieve, and what was practically deliverable.

7.50 Two further points are noted on what has worked less well. **These are not within the control of those responsible for SOAHP, however they are important broader lessons**. First, **capacity constraints and staffing changes identified by consultees as a challenge**, with reductions in staffing levels within the Affordable Grants Team. In some cases, this appears to have led to challenges in responding to changes in the scope of the programme, and the process in developing and agreeing contracts for the SPs. This is consistent with feedback from SPs noted above regarding the timing of elements in the bidding and contracting process, and the lack of continuity of key contacts during the delivery period.

7.51 In parallel, there was a general view that whilst the changes in the programme were beneficial in terms of outcomes and impacts – notably the introduction of rental tenures and the SP model – this **lack of consistency in Government policy has been a challenge in maintaining a strategic focus for the programme, and in relation to capacity**. Material changes often required a tight turn around in terms of time to maintain effective engagement and buy-in from the sector; generally as one consultee put it "*more continuity would have been nice*".

… and where views vary

7.52 **Perspectives on the effectiveness of the IMS were mixed with no clear consensus; it was regarded as an example of what has worked well for some, and what has worked less well for others**. For the former, key benefits included the well-established nature of the system which was known and understood by established providers – which is consistent with the positive feedback from surveyed providers supported via CME – and the integration of the IMS with the contracting process. This was seen as important in facilitating effective and timely contract management: contracts with providers do not have to be updated if/when new schemes have been agreed with providers via CME, as they are based on the coverage of the IMS which provides a transparent and comprehensive depiction of the application, approval, contracting and monitoring process. However, paradoxically for those that saw the IMS as an example of what has worked less well, this was in part because of the complexity and level of detail associated with the system. The IMS was seen as a factor that may lead to some organisations not seeking to engage with the programme, as it may be seen as too challenging/requiring a level of information not regarded as proportionate or deliverable. Further, the functionality of the system – which has been developed over time and is now quite dated in look/feel and operation – was raised as an area of potential improvement.

7.53 This is *not* an evaluation of the IMS (which would require a substantial research process in itself), and we do not comment specifically on its functionality or utility. This said, both perspectives may have some merit with the strengths of the system for those that are well-established partners, also a weakness for those that are not.

7.54 **Views on the perceived success and effectiveness of the programme in the engagement of the commercial housing sector were also mixed**. For some consultees, the absolute level of direct delivery via commercial housing developers – with one provider accounting for a high majority of the total, and a relatively modest number of commercial providers seeking and securing funding – was seen to have been lower than anticipated at the outset, and for some consultees, in hindsight, the level of resource required to facilitate this was disproportionate. This involved the development of a set of bespoke materials and processes focused on commercial providers including revisions to framework contracts. This was owing to the formal legislation and rules surrounding affordable housing grants, which were seen by some Homes England consultees to be challenging for commercial providers.

7.55 However, it was recognised that the learning and experience through SOAHP has been valuable in considering support for commercial providers in the AHP 2021-26. Further, some consultees suggested the level of delivery by commercial providers as lead organisations may mask to some extent the true extent of the influence of SOAHP on commercial engagement in affordable housing. Although direct attribution is not possible, consultees suggested that an increase in the level of unregistered provider formation and increasing amounts of institutional capital looking to enter the sector over the programme period may have been influenced by SOAHP. In this respect, the programme was regarded as part of an on-going process of driving-up commercial involvement in the sector which provides a platform for the AHP 2021-26. Further, organisations securing grants also work with commercial/private sector partners in delivery, which are not reflected in the data on funded organisations.

7.56 Again, these perspectives are not mutually exclusive. SOAHP may have led to limited direct engagement by commercial providers (with some specific exceptions), but this was in part influenced by the changes in tenure focus, and the rules and regulations surrounding affordable housing grant which the commercial sector needs time to understand and become familiar with. Further, it needs to be recognised that there is a limited pool of commercial providers of affordable housing, and both perspectives suggest that SOAHP has helped to play a role in supporting the objective to scale this up going forward.

8. Conclusions and recommendations

Conclusions

8.1 The conclusions of the evaluation are summarised below, structured by the three high-level Thematic Questions.

What housing has been delivered as a result of SOAHP?

Delivery of SOAHP was on-going alongside the evaluation. The target is to deliver 130,000 new affordable homes, with all starts by March 2023 and all completions by March 2025. The assessment of the housing delivered is interim only at this point.

8.2 The programme had made strong progress on allocations against its target by March 2021, with 102,500 grant-funded homes approved: 60,000 via CME and c.42,500 via SPs. Given the modest level of initial demand for grant funding from the programme – which led to changes in the eligibility and delivery model – this is an encouraging finding

8.3 Around a third of allocated grant-funded homes had been delivered by March 2021, mainly via CME. Affordable Home Ownership (16,500) and Affordable Rent (16,900) accounted for most completions. This relates to the timing of the introduction of eligibility of Social Rent and the SPs, which are expected to deliver most Social Rent homes funded by the programme.

8.4 There is an important re-enforcing and reciprocal relationship between grant-funded and non-grant delivery of affordable housing by providers. Grant funding does not generally influence non-grant delivery directly, with non-grant delivery often based on planning permission for market provision via s106. However, SOAHP grant-funding can and does influence non-grant funded delivery by organisations indirectly in some cases; the mechanisms through which this is realised are varied and specific to individual organisations and contexts.

8.5 Other key findings in relation to direct delivery include:

- grant funding has made a material contribution to the provision of specialist housing, with 15% of the total completions by March 2021 focused on housing for older people or disabled and vulnerable people; this was recognised as an important characteristic of the programme in primary research with providers and in local areas.
- SPs are recognised by most partners to have influenced the scale of delivery, with the funding certainty and size of settlement supporting the scaling of development programmes. This included increased confidence to bid for land, and increased confidence to take on more risk in bidding for and negotiating on larger sites.
- fixed grant rates in SPs are seen as a key challenge given the wider inflationary pressures impacting on the costs of development over the programme period, and some partners

have observed increased competition for land, including between SPs and with other developers/housebuilders

- tenure flexibility on individual schemes prior to completion for SPs does not appear to have made a material difference to partners' ability to deliver at this point. Fixity of tenure at an early stage of delivery to inform design, construction and contracting processes is often required.

8.6 Looking forward, most organisations with grant funded schemes are confident they will meet delivery targets. However, for both CME and SP models, there is some uncertainty in relation to (i) timing, and (ii) for SPs in particular, potential challenges in delivering Social Rent; the latter is related to issues on land values and scheme-specific viability issues.

What other impacts has SOAHP had?

A key evaluation focus was to assess how SOAHP has helped to deliver against local housing needs, and if it has delivered homes in the "right" places. Where the "right" places are is fundamentally a policy question, outside the remit of the evaluation. Objective measures of relative need for affordable housing were used to provide insight into this issue to inform policy discussions, complemented by primary research.

8.7 The programme has played a material role in contributing to overall levels of affordable housing delivery across England (outside London) via grant funding (CME and SP), particularly in the North. SOAHP accounted directly for 16% of all affordable housing completions over 2016/17 to 2020/21, but 28% in the North. This high relative contribution reflected that nearly half of grant-funded completions by March 2021 were in the North. This spatial pattern is likely to change by 2025, with over half of SP funding allocated to deliver homes in the South.

8.8 By March 2021, CME grant-funded completions and allocations had not been concentrated in those places with more pronounced relative housing affordability pressures for Affordable Home Ownership and Affordable Rent tenures. Factors explaining this may include:

- the programme was not set-up to, or tasked explicitly with, delivering homes against specified metrics or indicators of affordability for these tenures, and relative affordability was not part of the assessment criteria

- grant-funding has operated alongside and complemented nil-grant delivery for these tenures: at an aggregate level, grant-funded homes have been delivered particularly in those areas where fewer nil-grant homes have been delivered, including via s106

- Affordable Rent completions have been concentrated in aggregate terms in those areas across England where more households require housing benefit to be able to afford market private rented housing; this can be seen as an important component of delivering against local housing needs in these areas.

8.9 Where the programme did specifically seek to address relative affordability pressures via targeting grant for Social Rent in areas with the greatest affordability pressures only, the scale of completions is modest at this interim point.

8.10 From a wider perspective, all homes delivered meet local need, as defined by local planning decisions. Over and above this essential point, the evaluation highlighted that local housing needs vary within as well as between local areas, with the spatial patterns of delivery an important feature of how the programme operates at a local level. Support for specialist provision is also an important way in which the programme addressed local housing needs.

Other anticipated effects of the programme included effects on local communities and places, effects on the organisations funded, and delivery against sector priorities.

8.11 Outcomes have been realised via SOAHP for local communities and places. These include:

- increasing the availability and/or choice of affordable housing in those areas where homes have been delivered
- the delivery of high quality affordable housing with associated benefits in terms of individual well-being, including where providers delivering homes have a greater level of control and authority over the design and quality requirements than for nil-grant homes, and particularly where land-led development can set high expectations for housing quality and approaches to design, which is a common feature of the SPs
- the delivery of housing with high environmental standards, including more energy efficient housing with positive implications for reduced/lower on-going costs for residents. SPs in particular have enabled providers to take a more ambitious approach on the environmental performance of schemes
- the enhancement of local environments, both through the re-use and improvement of derelict/unused land, and improvements associated with new housing development e.g. improved landscaping, fencing, green infrastructure and larger-scale place-making activities, the latter particularly relevant via SPs
- the ability to support the creation of mixed communities via a mix of tenures, leading to more diverse and integrated communities, with economic and community benefits.

8.12 There is some evidence that schemes delivered via SOAHP have acted as a catalyst for wider activities in local areas, either directly (as part of broader regeneration programmes and initiatives), or through demonstration effects and providing the opportunity for the transfer of learning and experience to other local areas, as reported by providers.

8.13 Given the scale of the programme relative to wider trends, direct impacts on affordability and ownership are hard to discern, and in-depth research completed in local areas highlighted the complexity of factors influencing them. However, there was a consistent recognition from across the evaluation's research that the homes delivered directly have helped in terms of affordability for the specific places and communities targeted.

8.14 The programme appears to have had a material and generally positive impact overall on the organisations involved in delivery, across both CME and SP delivery models. For example:

- the grant funding provided was crucial for a high majority of organisations in enabling them to deliver against their existing aims and objectives, and has played an important role for many in raising levels of ambition and informing strategic priorities
- the programme had a consistently positive effect on the relationships between providers of affordable housing and wider actors, including local authorities
- the majority of partners involved in SPs indicated that they had become more financially resilient, with this also evident for nearly half of providers funded by CME.

8.15 Modest impacts have been realised at this point in relation to increasing the use of Modern Methods of Construction, increasing involvement in delivery of affordable housing by the commercial housing sector (via CME), and increasing the use of smaller housebuilders (by SPs). Although identified as priorities, no targets were established, and no incentives were put in place on grant rates or approvals to support delivery in these areas.

8.16 The impact on perceptions of Homes England of delivering SOAHP are positive. This matters, with the delivery of affordable housing grant considered 'core business' for Homes England.

What lessons can be learned from Homes England's delivery of SOAHP?

SOAHP is a large-scale, complex and multi-faceted programme, supporting affordable housing in essentially all parts of England (outside London), and providing grant funding to over 250 organisations. It has also been subject to major changes and operates within a complex landscape influencing the delivery of affordable housing.

8.17 Feedback from those delivering the programme, funded by the programme, and with an interest in the programme, suggested that SOAHP has been delivered well by Homes England overall. Illustrating this, providers engaged in both SPs and CME were very positive regarding Homes England staff with whom they had engaged. This reflects very well on the knowledge and capacity and expertise in both programme delivery and affordable housing at the agency.

8.18 Overall, more challenges in delivery were evident in SPs relative to CME; this is expected, as a 'new way of working'. There was also positive evidence of learning in SPs on programme management and systems which have influenced both on-going delivery of SOAHP and the AHP 2021-26, which is encouraging.

8.19 For SPs specifically, the evaluation indicates that the delivery experience of partners is specific to each individual organisation, informed by different capacities and expectations of partners, and separate waves of delivery. Across this diversity, key findings included:

- the bidding and contracting process was undertaken at pace, which led to a lack of clarity for some regarding expectations and delivery parameters; most partners recognised SPs are a new way of working, and were content to work at pace, but this was a challenge

- views on the effectiveness of programme management and administrative requirements were polarised; for both issues respectively, around half of partners felt the process worked well, the other half did not – there was a close overlap here, but also some variation in the two groups in each case, highlighting the varied experience
- the forum for strategic engagement (Strategic Framework Boards) have not worked as effectively as hoped, and the level of 'added value' generated through the SP model has been modest; beyond providing greater funding certainty and enabling the delivery of new homes, the creation of a more 'strategic' relationship has not largely been realised.
- the anticipated 'flexibility' of the SP model was a key driver to many partners; however, in delivery flexibility has been modest, and the requirements have not been perceived as materially different than under scheme-by-scheme bidding by many partners.

8.20 Feedback from CME providers was generally positive on systems and processes. This may be owing to previous experience and largely 'tried and tested' mechanisms associated with scheme-by-scheme bidding. However, a quarter of surveyed providers reported the time spent on the administration associated with SOAHP was, in their view, more than it should be, particularly organisations with grant funding under £1m. Some providers suggested a need to update the IMS system; consultations with Homes England indicate a recognition that the IMS can be complex for providers, which it seeks to address via training materials.

8.21 Factors seen to have worked well by Homes England included an effective transition from regional to national teams, an agile and effective response to the challenges of Covid-19, with the extension to SOAHP as a result of Covid-19 also valued by providers; and the establishment or maintenance of strong relationships with local partners. The combination of the CME and SP was also seen as effective and important; they are complementary, responding to different issues and challenges, and providing different opportunities.

8.22 Factors seen to have worked less well by Homes England included the limited effect on supporting the use of MMC, and the scope to more effectively leverage and utilise the data and evidence collected to inform decision making and broader strategic and delivery. There was also a recognition that some of the structures associated with SPs may have caused confusion in relation to respective tiers of governance, and key roles/responsibilities at the agency. Homes England also recognised that the 'added value' of the SP model had not been realised fully and consistently at this interim stage.

Recommendations

8.23 The following recommendations are made that draw on the findings on the impacts and delivery of SOAHP. The recommendations are for Homes England, and do *not* cover issues related to policy.

Recommendation 1: Clarity should be provided in all internal and external reporting of the programme on grant-funded and nil-grant homes. This should ensure full transparency on the difference between grant-funded and nil-grant homes, and how they are considered in reporting against targets. Longer-term, Homes England should consider decoupling nil-grant homes from the monitoring of 'affordable homes programmes', however, this would need to consider wider legislative/regulatory requirements.

Recommendation 2: Homes England should consider how the data collected via the CME IMS and SP IMS can be used more innovatively to inform strategic decision making and provide 'value added' insight on programme delivery, progress and coverage. This should include considering added functionality related to mapping, and data extraction/analysis, by and for Homes England, providers and partners.

Recommendation 3: Homes England should consider engaging with partners in SPs to investigate further the nature, intensity, and implications of intra- and extra-programme competition for land, and the effects on land values, as they relate to affordable housing delivery. This should inform consideration of what mechanisms may be put in place to seek to mitigate this issue to programme close, and inform successor interventions.

Recommendation 4: For any future long-term funding approval mechanisms, Homes England should consider how greater flexibility in tenure in practice can be enabled, subject to maintaining the necessary level of certainty to ensure value for money and ensuring alignment with Government policy. Specifically, this could include agreeing 'ranges' of housing delivery by tenure, with minimum thresholds and incentives of greater flexibility where these are exceeded, to both encourage delivery and de-risk challenges related to fixed costs and variations in viability across tenures.

Recommendation 5: Homes England should ensure any future processes to establish new 'strategic partnerships' or equivalent provide full clarity to bidders regarding expectations on the bidding, contracting and delivery processes and systems at the outset.

Recommendation 6: Homes England should ensure that any future evaluations of SOAHP that seek to assess the quantitative impact on home ownership and include value for money analysis considers explicitly the relationship between grant-funded Shared Ownership delivery and Help to Buy.

Recommendation 7: For any subsequent grant funding programmes, where wider non-housing delivery priorities are identified at the outset (e.g. employment and apprenticeship opportunities, the use of MMC, involvement of the commercial housing sector, and the use of smaller housebuilders), Homes England should consider setting baselines and/or putting in place monitoring processes to track delivery

8.24 One final point is noted on the implementation of affordable housing grant, but with related to policy and programme design. If addressing relative affordability pressure is identified as a policy priority by Government to be delivered against by grant funding for affordable housing, the view of the evaluators is that the Department and Homes England should consider (i) including 'relative affordability pressure' as defined by affordability metrics (by tenure) within the assessment criteria, and (ii) in turn, revising the scoring weighting approach to take this into account in funding decisions.

SQW

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About us

SQW Group

SQW and Oxford Innovation are part of SQW Group.
www.sqwgroup.com

SQW

SQW is a leading provider of research, analysis and advice on sustainable economic and social development for public, private and voluntary sector organisations across the UK and internationally. Core services include appraisal, economic impact assessment, and evaluation; demand assessment, feasibility and business planning; economic, social and environmental research and analysis; organisation and partnership development; policy development, strategy, and action planning. In 2019, BBP Regeneration became part of SQW, bringing to the business a RICS-accredited land and property team.
www.sqw.co.uk

Oxford Innovation

Oxford Innovation is a leading operator of business and innovation centres that provide office and laboratory space to companies throughout the UK. The company also provides innovation services to entrepreneurs, including business planning advice, coaching and mentoring. Oxford Innovation also manages investment networks that link investors with entrepreneurs seeking funding from £20,000 to £2m.
www.oxin.co.uk