



Cabinet Office

Analysis on social housing and social investment

Social Investment and Finance Team
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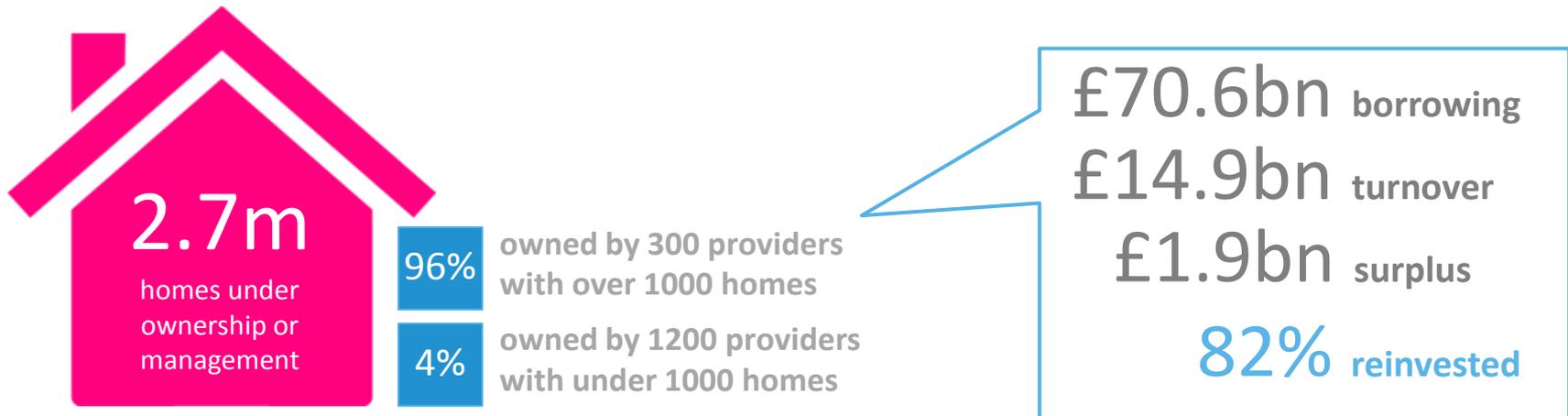
As part of our commitment to open data, we are releasing a selection of internal analysis that has informed policy development on growing the social investment market. This internal analysis does not constitute a statement of government policy. If you have any comments or queries on the analysis, please contact us as at:
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What is social housing?

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

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



Sources:

* DCLG (2014) Dwelling Stock Estimates: 2013, England

All other statistics, HCA (2014) 2013 Global Accounts of Housing Providers and HCA (2014) Quarterly Survey of Private Registered Landlords 2013/14 Q3



Largest housing associations by number of homes

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

Source: Inside Housing (2013) Housing association surpluses soar by 60 per cent to nearly £1 billion

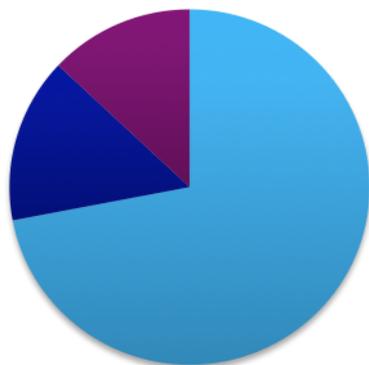


Housing and beyond

“We are independent social enterprises – the best, longest established, social enterprises in the country. We create profit for a purpose and re-invest that for social good.” David Orr, CEO, NHF

HAs invest in:

- Existing housing stock
- Building new homes
- Communities



Types of housing

- General needs
- Supported housing
- Other

- Housing and homelessness
- Employment, education and training
- Financial inclusion
- Young and elderly people
- Community cohesion and integration
- Health inequalities
- Mental health and well-being
- Ex-offenders and rehabilitation

Source: HCA (2014) 2013 Global Accounts of Housing Providers



The changing operating environment

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

- Government grant
 - Secure income from HB
 - High credit scores
 - Loans from banks
 - Surpluses reinvested
- 
- Reduced grant (down 63% since 2010*)
 - Welfare reform (esp. direct payments)
 - Falling credit scores
 - Limited availability of finance
 - Surpluses increased (up 63% in 2011/12**)

Commercialise model
or
Return to social focus
or
Balance both

Sources:

* House of Commons (2013) Communities and Local Government Committee - Second Report

** HCA (2013) 2012 Global Accounts of Housing Providers



Relevance for social investment

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

Supply

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



Opportunities

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

Demand

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



Opportunities

- Investible propositions
- HAs as deliverers (e.g. for SIBs)
- Venturing



Sources

- DCLG (2014) Dwelling Stock Estimates: 2013, England
- NHF (2014) An Ambition to Deliver - Housing Associations Unbounded
- HCA (2014) Quarterly Survey of Private Registered Landlords 2013/14 Q3
- HCA (2014) 2013 Global Accounts of Housing Providers
- HCA (2013) 2012 Global Accounts of Housing Providers
- Inside Housing (2013) Housing association surpluses soar by 60 per cent to nearly £1 billion
- House of Commons (2013) Communities and Local Government Committee - Second Report. The work of the Regulation Committee of the Homes and Communities Agency