

# The social value of Community Led Housing (CLH):

Bristol and Bath CAT social value and financial savings calculator

# User guidance

# Embedding social value in the built environment: the Bristol model

HACT is working closely with Bristol and Bath Regional Capital CIC (BBRC), a civic-led, commercially focused organisation, specialising in delivering innovative investment solutions. The ambition of BBRC is to become a significant and commercially sustainable driving force catalyzing regional change.

As a city, Bristol has identified the need to work collaboratively with all partners to make a greater impact for key issues facing the city including the economy, improving health and the environment. This commitment is articulated through the One City Plan which aims to create a more equal, inclusive and sustainable city.

BBRC works with both investors and those seeking loan or other finance. BBRC brokers mutually beneficial projects which provide a financial as well as social return. A key element of BBRC's work is supporting Community Led Housing (CLH) to provide high quality homes benefiting the local community and the regional economy for the long term.

Affordability is a key issue in Bristol, an area that is second only to London in terms of the lack of affordable housing available relative to income.

Access to land at a discounted rate is crucial issue. To help release land at a discounted rate from Bristol City Council and other socially minded land owners, a Social Value Land transfer model was commissioned by BBRC and was developed during the Autumn 2018 to Winter 2019.

The model was introduced by HACT and BBRC to interested Bristol partner organisations on 29 January 2019. The model has functionality including forecasting and identification of the added social and financial value generated by a CLH/Community Asset transfer approach. This value is presented in a social value monetized figure that can be used to make the case for land transfer from landowners like Bristol City Council.

To build on this work a Social Value in Community Housing and Asset Transfer Group has been assembled consisting of Bristol City Council, BBRC, Southmead Development Trust, Community Led Housing West, HACT and Power to Change.

The group will develop and implement a land transfer policy for Bristol City Council to community groups based on social value.

Specifically, the group will;

- Develop the above land policy.
- Ensure that it is complementary to other BCC policies.
- Work through issues raised in relation to the model.
- Ensure that the model is workable and straightforward for both Community led Housing groups and Bristol City Council.

Tasks which phase 2 will aim to address are;

- Ensuring that the model uses the same, or compatible, measures of social value as other BCC processes. The measures need to be nationally recognised, aligned to the 'Bristol,

One City' Plan and work in conjunction to avoid double counting.

- Ensuring that the model is as user friendly (without compromising on requirements) for community led housing groups as possible.
- Creating a proposal for how projects will be monitored using the model.
- Exploring the process of reclaiming the land value discount if community groups do not deliver the social value outcomes. The solution should aim to work with groups and minimise damage to them in the event of needing this.
- Modeling several real projects in Bristol using the HACT model and report results back to the wider group.
- Recommending a first project with which to apply the prototype social value model to the land transfer process.

# Contents

<b>1.0</b>	<b>Background</b>	<b>3</b>
1.1	Why understand Community Led Housing social value and financial savings?	3
1.2	Local Government Land discount context	3
1.3	The Public Services (Social Value) Act 2012	4
1.4	Wellbeing Valuation	4
1.5	Financial savings for social impact	6
<b>2.0</b>	<b>Key steps for using the CLH Social value and financial saving calculator</b>	<b>8</b>
2.1	Operating the calculator	8
2.2	Cover tab	8
2.3	Summary tab	8
2.4	Input tab	8
2.5	Discounting tab	8
2.6	Additionality	9
2.7	Choice of outcomes	9
<b>3.0</b>	<b>Evidence requirement</b>	<b>10</b>
3.1	Pre and post surveys	10
3.2	Organisation records	11
3.3	Post scheme evaluation and monitoring	12
<b>4.0</b>	<b>Using your results</b>	<b>13</b>
4.1	Reporting your results	13

# 1 Background

## 1.1 Why understand the Social Value of Community Led Housing (CLH) and financial savings?

The development of Community Led Housing generates social value and financial savings over and above other types of housing development. Demonstrating this additional social value and financial saving has numerous uses including making the case resources in the form of land discounts from land owners.

Bristol and Bath Regional Capital CIC and HACT have developed a calculator which demonstrates the additional social value and financial savings impact generated by CLH approaches. The calculator will clearly and accurately in an easy to use format on a scheme by scheme basis using robust, widely recognised and comparable metrics.

By creating a social value and financial savings calculator, information can be provided which will help inform decisions on land discounts. It will add to the information available for decision makers and be complementary to the way developments are appraised.

The calculator will forecast additional social and financial savings arising throughout the CLH design, construction and completion stages as well as acting as a performance monitoring tool post completion.

## 1.2 Local Government Land discount context

Housing affordability is a key issue in the Bristol area which is second only to London in terms of the lack of affordable housing available relative to income.

Access to land at a discounted rate is crucial issue to build more affordable housing. To help release land at a discounted rate from Bristol City Council and other socially minded land owners, information from the calculator can forecast and monitor the added additional social value and financial savings unique to the CLH approach.

Section 123 of the Local Government Act 1972 provides that the Council shall not dispose of land for less than the best consideration that can be reasonably obtained. However, the General Consent Order 2003 (DCLG Circular 06/03) removed the requirement to seek specific consent for any disposal of land where the difference between the unrestricted value of the interest to be disposed of and the consideration accepted (i.e. the undervalue) is £2 million or less and provided the disposal contributes to:

- The promotion or improvement of economic well-being
- The promotion or improvement of social well-being
- The promotion or improvement of environmental well being

Social value and financial savings measurement can demonstrate clearly how Community Led Housing can provide additional positive impact based on economic, social and environmental well-being to society.

Local Authorities and other land owners have an interest in creating value for society although defining this and demonstrating it with specific performance measures can be difficult. The calculator resolves this difficulty.

### 1.3 The Public Services (Social Value) Act 2012

The Public Services (Social Value) Act 2012, requires public contracting authorities like Local Authorities to have regard to economic, social and environmental well-being in connection with public services contracts; and for connected purposes. Increasingly, public contracting authorities are using social impact measurement to clarify their expectations in relation to the release of their assets or as they bid to run services.

### 1.4 Wellbeing Valuation

Since 2013, HACT has led the way on social impact measurement in the housing sector through the development of a robust yet proportionate approach for housing associations and their supply chain. At the centre of HACT's approach is the Social Value Bank, a list of monetary values produced using the Wellbeing Valuation method.

Wellbeing Valuation is the latest thinking in social impact measurement. It converts outcomes into monetary values based on how much they increase individual wellbeing. Policymakers are increasingly interested in using wellbeing to gauge the relative benefits of public services.<sup>1</sup> Wellbeing Valuation takes this thinking a step further by allowing the comparison of monetised benefits to the costs involved in running the project or release of land at a discounted rate.

The approach works through the analysis of large national datasets to identify outcomes. National datasets used in the wellbeing valuation approach include Understanding Society, Crime survey for England and Wales, English Housing Survey and Taking Part survey (Table 1).

<sup>1</sup> <http://www.lse.ac.uk/researchAndExpertise/researchImpact/caseStudies/layard-happiness-wellbeingpublic-policy.aspx>

Table 1: National datasets



Table 2 below demonstrates how sophisticated statistical analysis is used to isolate the effect of a factor on individual wellbeing. Analysis of income data can then be analysed to reveal the equivalent amount of money needed to increase someone's wellbeing by the same amount. This can then be compared to the costs to understand the net benefit of cost to social value.

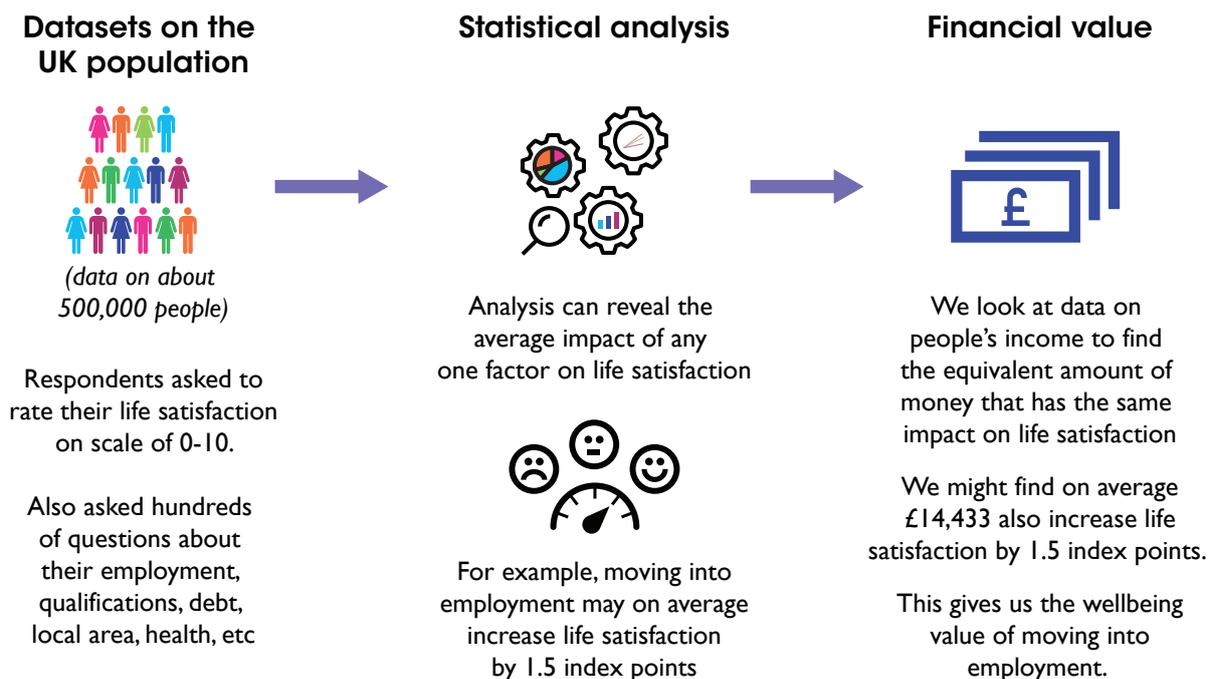
The main advantage of Wellbeing Valuation is that the values are consistent and robust. This means that while an organisation may be examining values for different types of outcomes, it is still comparing like with like.

Wellbeing Valuation has been used to develop the UK Social Value Bank. Working with Daniel

Fujiwara at Simetrica the UK Social Value Bank is the largest bank of methodologically consistent and robust social values ever produced. The values provide a basic assessment of social impact, provide evidence of value for money, demonstrate additional addition benefits to the CLH approach and compare the impact of different programmes. The values can also be used within a full SROI or Cost-Benefit Analysis.

The UK Social Value Bank represents a major step forward in the quality of resources available to those seeking to place a social value on community-focused activity. Further information on applying the approach can be found in the HACT web site.

Table 2: Stages involved in wellbeing valuation



Wellbeing values selected for use in the Bristol Social and financial savings calculator are seen in Table 3 below.

### 1.5 Financial savings for Social Impact

In addition to wellbeing valuation to measure social impact other financial proxy measures can be used. The most comprehensive and recognised set of values compiled to demonstrate the financial impact of public services has been compiled by the Commission for New Economy in Manchester.

Updated March 2015. The database contains costs across the following themes: crime; education and skills; employment and economy; fire; health;

housing; and social services. In particular, it builds on work by six localities (Birmingham, Hammersmith & Fulham, Oldham, Tameside and Westminster councils, and Essex County Council). The data have been subject to a rigorous validation process, including assessing the robustness of the original source documentation, considering how data have been derived from constituent cost elements, comparing costs to related data, and exploring the availability of more recent/robust sources. The data has also been reviewed by analysts from the relevant Whitehall departments.

Financial values used in the calculator are seen in table 4 on the following page (page 6).

*Table 3: Wellbeing values used in the Bristol social and financial savings calculator*

No. of individuals going from rough sleeping to secure housing (no dependent children)
No. of individuals going from rough sleeping to secure housing (dependent children)
No. of individuals going from temporary to secure housing (no dependent children)
No. of individuals going from temporary to secure housing (dependent children)
No. of individuals going from rough sleeping to temporary accommodation (no dependent children)
No. of individuals going from rough sleeping to temporary accommodation (dependent children)
No. of individuals "Feeling part of a neighbourhood"
No. of individuals "Able to obtain advice locally"
No. of individuals "Able to pay for housing"
No. of individuals volunteering
No. of new full-time jobs created
No. of new full-time self-employment opportunities created

*Table 4: Financial values used in the Bristol social and financial savings calculator*

No. of planning permission applications avoided
No. of complex evictions avoided
Additional Council Tax per annum
No. of rough sleepers housed

## 2 Key steps for using the calculator

### 2.1 Operating the calculator

The social value and financial saving calculator has been developed to demonstrate additional numerical proxy cash values from the UK Social Value Bank and the Commission for New Economy Unit Cost database related to community led housing schemes.

The calculator is operated through four tabs on a spreadsheet with the inputs tab providing the information required to demonstrate outcomes into social value and financial savings.

### 2.2 Cover Tab

The cover tab provides guidelines which gives the user most basic background to the tool.

### 2.3 Summary tab

The summary tab provides a summary of an individual CLH scheme social value and financial impact which is then discounted by a deadweight figure (what would have happened anyway) and is discounted over a period over a standard period of five years.

### 2.4 Input tab

Users can change the length of time social value and financial impact is discounted on the calculator through the discounting tab.

The input tab requires the user to forecast the additional (compared to what might be expected in other forms of development) number of adults who are expected to benefit from the scheme over the total period of years selected.

The number of people entered on the input tab therefore need to account the number of people-years that the metric applies to.

Some inputs (e.g. rows 14-18) are based on specific events taking place, so may only happen once or twice within the 5 years. For example, No. of individuals going from temporary to secure housing (dependent children).

In practice, 8 homes might be let to families who have been in temporary accommodation in year 1, and then a further 8 lettings take place over the following 4 years. This would mean the number of individuals helped is 32 (16 in yr 1 assuming 2 parents, and 16 in years 2-5).

In these cases the user should seek input from Bristol City Council as to a reasonable assumption based on average relet rates.

It is standard practice to run a model like this over 5 years. However the wellbeing benefits are likely to apply for a longer period than this in reality.

Other inputs will apply every year, for example No. of individuals 'Feeling belonging to neighbourhood'. These metrics can apply to every person, for every year that the scheme is modelled over.

If it is expected that 56 individuals will experience this outcome, the number to input is 280 (56 individuals x 5 years)

### 2.5 Discounting tab

**Deadweight:** this is a deduction that is made to account for the fact that some of the wellbeing improvements might have happened anyway. The deadweight for the different metrics are specified in the Discounting etc tab.

**Discount rate:** this is applied year on year to account for the fact that a wellbeing improvement

in the future is less valuable than the improvement taking place in year 1. A standard assumption of 3.5% has been applied in the Discounting etc tab. This is equivalent to the NPV discount rate in residual land value calculations based on rental incomes, to reflect the time value of money.

In addition to this guidance a model calculator is available in relation to a new 40-unit CLH for rent development in Bristol. This is intended for demonstration purposes only.

## **2.6 Additionality**

**Additionality:** It is important that outputs are calculated not in absolute terms but as a reflection of the added benefits which CLH developments bring. Users should be prepared to explain how their figures have been calculated demonstrating why their scheme will bring added value. Additional support is available from HACT and Bristol and Bath Regional Capital CIC to help users formulate their forecast.

## **2.7 Choice of outcomes**

It is conceivable that other values from the UK Social Value Bank could be used and due consideration was given to several different values.

The values chosen were considered the best ones available to demonstrate the added value generated and playing most to the strengths of CLH without making the process overly complicated.

# 3 Evidence requirements

## 3.1 Pre and post surveys

It is important that evidence is collected in relation to the values post completion to demonstrate the actual impact produced. This information will be crucial to help learn from users experiences and make future adjustments to the calculator.

Users should be prepared to evidence impact through records in relation to employment outcomes and the letting of their properties.

Wellbeing values differ with age, different values are built into the calculator, so users should keep a record of the age and insert into the appropriate section of the input tab (16-24, 25-49, 50+) of any individuals benefiting from the scheme.

Some values require survey evidence before beginning their tenancy and during their tenancy.

### Feeling part of the neighbourhood.

To demonstrate the successful completion of an outcome, surveys need to show if people agree or strongly agree they belong to a neighbourhood. The asterisk to the right-hand side of the response represents a valuable answer. If an individual reports agreeing with the statement in a post survey when in the pre-survey they neither agreed, disagreed

#### Feel belonging to neighbourhood

I feel like I belong to this neighbourhood

- |                             |   |
|-----------------------------|---|
| 1. Strongly agree           | * |
| 2. Agree                    | * |
| 3. Neither agree / disagree |   |
| 4. Disagree                 |   |
| 5. Strongly disagree        |   |

or strongly disagree then this represents an improvement in wellbeing and a valuable outcome.

### Able to Pay for Housing.

To demonstrate the successful completion of this outcome, respondents need to show at they have not had any difficulties paying for their new accommodation when in the last 12 months previously they did report difficulties in paying for their accommodation.

#### Able to pay for housing

In the last 12 months have you had any difficulties paying for your accommodation?

Yes

No \*

### Able to obtain advice locally.

To demonstrate the successful completion of this outcome, surveys need to show that they agree in a post survey they feel they could go to someone in their neighbourhood for advice when in a pre-survey this was not the case.

#### Able to obtain advice locally

If I needed advice about something I could go to someone in my neighbourhood

- |                             |   |
|-----------------------------|---|
| 1. Strongly agree           | * |
| 2. Agree                    | * |
| 3. Neither agree / disagree |   |
| 4. Disagree                 |   |
| 5. Strongly disagree        |   |

### 3.2 Organisation records

Other values demonstrated below require users to keep records to demonstrate that they have successfully achieved an outcome. The values can vary depending on whether there are dependent children, so records should be kept if beneficiaries have dependent children to capture the full social value.

- Record of individuals moving from rough sleeping to secure housing
- Record of individuals moving from temporary accommodation to secure housing

- Record of individuals moving from rough sleeping to temporary accommodation

In relation to financial values:

- Complex evictions, organisations records should be kept to demonstrate how evictions have been avoided during the project length.
- Number of rough sleepers housed should be recorded throughout the course of the project.

Table 5: Summary of evidence requirements for outcomes

Outcome	Evidence required
Feeling part of the neighbourhood	Pre and post survey, age
Able to pay for housing	Pre and post survey, age
Able to obtain advice locally	Pre and post survey, age
Rough sleeping to secure housing	Record with information on dependent children
Temporary accommodation to secure housing	Organisation record with information on dependent children
Rough sleeping to temporary accommodation	Organisation record with information on dependent children
Number of rough sleepers housed	Number of individuals volunteering at least once a month
New full-time jobs created	Jobs created for those previously unemployed, age data required
New self-employment created	Jobs created for those previously unemployed, age data required
Additional council tax per annum	Estimated additional individuals paying council tax
Number of planning objections avoided	Estimated number of planning objections avoided

### 3.3 Post scheme evaluation and monitoring

It is recommended that evaluation schemes continue post completion for a period of five years. It is important to establish good practice early on.

Efforts should be made to ensure buy in for those undertaking the surveys. Re-assuring participants that the information collated will not

be shared with other organisations and privacy will be respected. Evaluation should be built into the management reporting of the scheme post completion and information reviewed to track progress or identify areas for improvement.

It is important that social value indicators are tracked using a simple recording and monitoring system an example is highlighted below.

Table 6: Monitoring system example

Outcome	Action points	By whom	Target date
Feeling belonging to the neighbourhood	Ensure pre-survey is completed with new residents		Pre-tenancy
	Assess feeling of new residents on how to involve and inform of neighbourhood activities and support available		Beginning of tenancy
	Initial check on how resident is feeling		One month after tenancy begins
	Adjust or complete post survey		Three to six months post tenancy start

# 4 Understanding and using your results

## 4.1 Reporting progress

The calculator produces results ready for you to analyse in the summary tab.

The Overall social impact score figure reveals the additional total value produced based on the inputs over the people benefiting over 5 years.

The Discounted impact is the amount which is generated once deadweight and discounting is applied.

These figures should be presented to key stakeholders in the process throughout the development stage of the project and systems should be in place to monitor performance based on the forecasts made. Pre and post surveys and organisational records will be required to prove that the social value and financial savings forecasted have been delivered.

It is recommended that systems are put in place to report on progress quarterly with all interested stakeholders such as the Council, Bristol and Bath CIC, HACT, tenants and Board members.