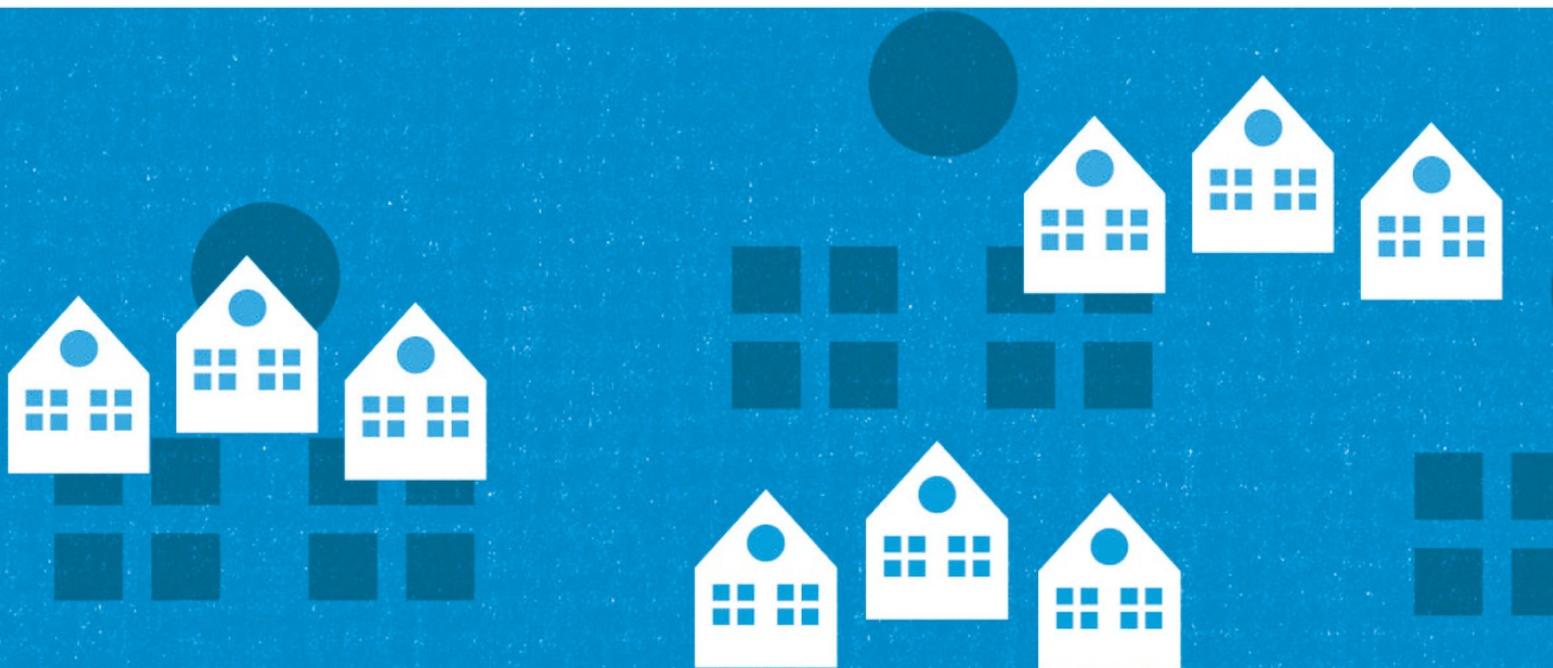


The Economic Impact of Housing Organisations on the North: *Leeds Federated*

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The Economic Impact of Housing Organisations on the North: Leeds Federated Housing Association Ltd

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Introduction: Background and Study Objectives

In 2012 the Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University was commissioned by the Northern Housing Consortium (NHC), to assess the economic impact of housing organisations on the Northern Economy¹.

The study provides an estimate of the economic impact of housing organisations on the northern economy based on evidence from a survey of members and detailed case study work in seven organisations. It measures the economic activity stimulated directly by the day-to-day activities of housing organisations as well as the additional activity through the intermediate supply chain.

The findings will support the NHC and housing organisations when engaging with Government, funders and other stakeholders and will underpin the case for housing in the North in the run up to the next Comprehensive Spending Review and the next general election. This study also provides a **baseline** against which to assess the impact of the multiple challenges facing housing organisations, such as those arising from Welfare Reform.

This case study report for Leeds Federated Housing Association (LFHA) forms one of a suite of outputs from the study². It provides an overview of Leeds, including its vision, values and objectives and key facts relating to its day-to-day activities, before providing examples of its community investment work³. The report concludes by providing estimates of LFHA's economic impact.

¹ Comprising England's three Northern regions: the North East, the North West and Yorkshire and the Humber

² The main report being available at: Dayson, C. Lawless, P. and Wilson, I. (2013) The Economic Impact of Housing Organisations on the North. Sheffield: CRESR, Sheffield Hallam University.
http://www.shu.ac.uk/assets/pdf/cresr-Economic_Impact_Housing_Organsiations_Main.pdf

³ Community investment has been used within this report as a collective term to cover services, facilities and environmental improvements which housing organisations provide for their tenants and the wider communities in which they operate. It encompasses what has previously been termed 'housing plus', 'added value' or regeneration work

Leeds Federated Housing Association: An overview

2.1. Background

LFHA is Industrial and Provident Society and registered with the Tenant Services Authority. It was established in 1974 following the merger of a number of smaller associations coming together to form a 'federation' for the benefit of the community.

LFHA's principal activities are the management and maintenance social housing in Leeds, Wakefield and Harrogate. It has 3,600 properties and operates through three key business streams: general needs housing for rent, supported housing and care for people, and low cost home ownership. LFHA also provides a small amount of non-social housing, in particular accommodation for students in higher education.

LFHA's housing stock increased from 3,552 to 3,567 in 2011/12. The organisation invested £3.6million in the acquisition and development of housing properties and major component replacements during the year. The investment in housing properties was funded through a mixture of loan finance, recycled social housing grant and internal funds. For 2012/13 the Board has approved plans to spend £5.2million to acquire further general social housing, and to re-invest and develop existing properties. This additional investment will be funded from the recycled capital grant fund and working capital.

2.2. Vision and strategy

During 2011/12 LFHA undertook a review of the vision and goals of the organisation to take account of considerable changes in the operating context within which the organisation works. Staff, tenants and board members were involved in the process. The new vision, 'building futures together', describes what LFHA, as a housing association, aims to achieve. It concerns improving people's lives through the services on offer. Primarily this is achieved through the provision of a homes and neighbourhoods that customers want to live in. Increasingly, it will also involve providing services that contribute to improving their wider quality of life.

The vision is broken down into four goals focusing on outcomes from the perspective of the customer:

- **customers in their homes:** LFHA services will meet customer needs in relation to housing, care and support and the maintenance of their home. New and existing homes will be at the highest affordable standard
- **customers in their neighbourhoods:** LFHA will work with customers to improve and maintain neighbourhoods as places that peoples want to stay in and other want to move to

- **customers improving their lives:** LFHA will consult with customers about what would help the most, and offer support and signposting to assist them in achieving their goals
- **keeping the business efficient:** LFHA aims to perform at the highest level, staying focussed on improving their business and delivering value for money for customers.

In delivering these goals LFHA aims to continue working in partnership with local authorities, other housing providers, voluntary and community organisations and contractors.

Leeds Federated Housing's Community Investment Work

3.1. Supported Housing

Supporting People is a major Government programme providing funding to local authorities to provide services that enable vulnerable people live independently. In 2011/12 LFHA received £537,000 of Supporting People income from the local authority to deliver a number of Supporting People funded projects supporting tenants from a range of vulnerable groups. This encompassed a number of supported housing projects:

- **Leeds Emergency Accommodation Project (LEAP):** 65 units of self-contained dispersed accommodation for families and single homeless people; this scheme provides short term direct access supported housing
- **New Roots:** a 20 unit floating support service for refugees offering support for up to 2 years
- **Stonegates and Thompson House:** a service providing supported living accommodation based service for people with learning disabilities which provides long term support and domiciliary care
- **Floating Support:** four separate schemes providing housing related support to people with mental health issues, physical disabilities, older people from BME communities (EMBolden), and more generic support needs (HABITAT), for a period of up to 2 years
- **Ripon STAR:** short term accommodation based supported housing for younger people in the Ripon area; this provides support for up to 2 years and aims to support people to become more independent.

In total 234 tenants were supported through these projects in 2011/12 including:

- 60 older people with support needs
- 53 homeless families with support needs
- 51 single homeless people with support needs
- 29 people with mental health problems
- 27 people with a physical or sensory disability
- 5 people with alcohol misuse problems
- 4 people with generic/Complex needs
- 3 people at risk of domestic violence
- 2 people with learning disabilities.

There are significant financial benefits associated with the delivery of Supporting People activity. Research undertaken for Government in 2009⁴ estimated net financial benefits from the Supporting People programme at £3.41bn per annum against an overall investment of £1.61bn: a return on investment of £2.12 for every £1 invested. If this level of return is applied to LFHA's 2011/12 Supporting People activity, this ratio would suggest net financial benefits of more than £1 million per year.

3.2. Supporting tenants and communities

LFHA's corporate plan highlights the importance of community investment activity in achieving the organisation's vision and strategy. It includes a commitment to spend an additional £1 million of internally generated funds between 2012/13 and 2014/15 on a variety of community development initiatives. LFHA currently spends approximately £400 thousand per year on community investment compared to around £100 thousand in 2006.

This additional investment will enable LFHA to build on the achievements of past initiatives providing support for tenants and other local people involved in voluntary and community activity. For example, the **GOALS** scheme provides tenants from across LFHA communities with support and guidance to make positive changes to their lives. The programme involves a free two-day course through which participants can learn new skills and build confidence and self-esteem. Various workshops provide tips and practical exercises for people interested in taking-up new training opportunities and improving their long term employment prospects.

Between August 2011 and November 2012, 133 LFHA tenants engaged in the GOALS programme. Of these:

- 93 continued on to engage in LFHA person-centred coaching programme
- 18 engaged in business development support of which 6 have set up their own business
- 41 are actively seeking employment and 17 have become employed
- 22 sought further training opportunities, of which 12 are currently engaged in further education or training.

A further example of LFHA's community development activity is the **Passion4Fashion** project, which offers unemployed tenants the chance to learn fashion design, sewing and customising skills, as well as advice on debt and money management, banking, affordable credit, and training and employment opportunities. In 2011/12 the project was supported through a grant from Leeds City Council's 'Leeds Inspired' scheme. A total of 117 workshops were delivered at Leeds Kirkgate market over a period of 12 weeks and 125 people engaged with the programme. It culminated in a fashion show at Leeds Town Hall which attracted an audience of 1200 people.

As a result of the Pashion4Fashion project, a new community group has been developed and continues to deliver creative workshops at Leeds Kirkgate Market on a weekly basis. A new social enterprise is also being developed with the aim of providing creative engagement opportunities for unemployed people from across Leeds, to develop their skills and confidence.

⁴ Capgemini (2009). *Research into the financial benefits of the Supporting People programme, 2009*. Department for Communities and Local Government

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Economic Impact of Leeds Federated Housing Association

4.1. Introduction

This section provides estimates of the economic impact of LFHA. Economic Impact for 2011/12 has been assessed for three key economic measures:

- expenditure (output)
- Gross Value Added (GVA): the value of output produced minus intermediate output
- employment.

The study incorporates both **direct and indirect impacts**:

- direct impact: the value to the economy directly attributable to the activities of LFHA: money flowing into the economy through expenditure on day-to-day activities
- indirect supplier effects: the ripple effect through the immediate supply chain providing goods and services to housing organisations
- indirect income induced effects: arising outside the immediate supply chain as a result of expenditure by employees of both LFHA and of organisations in the immediate supply chain.

Before summarising the economic impact of LFHA on the Northern economy three preceding sections look at factors affecting economic impact: income, procurement and expenditure.

4.2. Income

The amount of income which LFHA received is important in assessing economic impact as it affects the level of gross expenditure. In the financial year 2011/12 LFHA's income was £17.214 million:

- £16.175 million (94 per cent) from rent
- £0.755 million (4.4 per cent) from non-social housing rental income
- £0.450 million (2.6 per cent) from shared ownership sales.

4.3. Procurement

Procurement is important in determining leakage of expenditure out of the local economy. How, where and with whom LFHA spends its money is driven by a comprehensive Procurement Strategy. This strategy is intended to enable the organisation to achieve optimum allocation of its resources by obtaining the best possible value for money in the goods and services it needs to carry out its work. This includes day to day requirements such as office supplies and contracts for repairs and maintenance, and major construction and capital works. LFHA's approach to procurement also reflects a commitment to promote and stimulate the local economy and encourage the development of local suppliers, including voluntary and community sector organisations. This is underpinned by a commitment to economic regeneration and a recognition of the benefits of working with small businesses and the communities in which they are located in order to develop and stimulate a marketplace to help sustain the local economy.

4.4. Expenditure

The value of gross expenditure⁵, the percentage of expenditure going to local suppliers (net expenditure), and the composition of expenditure (i.e. how money has been spent) are all relevant to economic impact calculations.

In 2011/12 LFHA had a gross expenditure of £15.699 million, of which £13.650 million (87 per cent) went to suppliers based in England's three Northern regions.

How this money was spent affects economic impact calculations through the magnitude of the indirect effect. Certain types of expenditure, such as that on construction, are associated with a larger 'multiplier effect', that is they stimulate a greater ripple effect through the supply chain than do other types of expenditure. Analysis of how LFHA spent its money reveals:

- expenditure on refurbishment and purchase of housing properties (£4.330 million) accounted for nearly a third of gross expenditure with 100 per cent of this going to suppliers based in the North
- expenditure on major repairs and routine and planned maintenance made up the second largest component of gross expenditure (22 per cent; £3.385 million), all of which went to suppliers based in the North
- £2.512 million (16 per cent) was spent on direct staff costs, all of which went to employees residing in the North.

4.5. Economic Impact summary measures

Table 4.1 summarises LFHA's economic impact on the Northern Economy. This study estimates that in 2011/12 LFHA:

- supported £27.328 million worth of expenditure (output); £13.650 million directly and £13.678 million indirectly through the intermediate supply chain
- created an estimated GVA of £12,874 million; £5,195 million directly and £7,680 million indirectly through the intermediate supply chain

⁵ This study uses a more inclusive definition of expenditure than that for operational expenditure outlined in financial statements. The study includes expenditure on items such as construction and refurbishment which usually feature as capital, rather than operational, expenditure.

- supported 333 FTE jobs; 122 directly and a further 333 indirectly within the intermediate supply chain.

Table 4.1: Summary of economic impact on the Northern economy, 2011/12

	Direct Impact	Indirect Impact	Total Impact
Output:			
£thousands	13,650	13,678	27,328
Gross Value Added:			
£thousands	5,195	7,680	12,874
Employment:			
(FTEs)	122	211	333

Source: CRESR survey (2012)

Table 4.2 summarises the economic impact of LFHA on both the North East and Leeds local authority area. Here it is estimated that in 2011/12 LFHA supported:

- supported £25.067 million worth of expenditure (output) both directly and indirectly in Yorkshire and the Humber
- created an estimated £11.071 million worth of GVA both directly and indirectly in Yorkshire and the Humber
- supported 253 FTE jobs both directly and indirectly in Yorkshire and the Humber
- supported £11.226million worth of expenditure (output) directly in the Leeds economy
- created £5.195million worth of GVA directly for the Leeds economy
- supported 122 FTE jobs based within the Leeds local authority area.

Table 4.2: Summary of economic impact on the Yorkshire and the Humber and Leeds economies, 2011/12

	Direct Impact	Indirect Impact	Total Impact
Yorks & Humber			
Output:			
£thousands	13,556	11,511	25,067
Gross Value Added:			
£thousands	5,195	5,876	11,071
Employment:			
(FTEs)	122	131	253
Leeds			
Output:			
£thousands	11,226		
Gross Value Added:			
£thousands	5,195		
Employment:			
(FTEs)	122		

Source: CRESR survey (2012)

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