

The Economic Impact of Housing Organisations on the North: *Liverpool Housing Trust*

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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 Liverpool Housing Trust (LHT) forms one of a suite of outputs from the study². It provides an overview of LHT, including its vision, values and objectives and key facts relating to its day-to-day activities, before providing examples of its community investment work. The report concludes by providing estimates of LHT'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_Organisations_Main.pdf

Liverpool Housing Trust: an overview and key facts

2.1. Background

LHT is a housing association based in Liverpool on Merseyside which owns and manages 9,678 homes, spread across the North West with the largest concentration in Liverpool and Halton. LHT was formed in 1965 and is a part of the Symphony Housing Group.

LHT's remit extends beyond the management of its social housing dwellings. Its vision is ***'to be a quality housing provider, making a positive difference to the communities they work in by looking beyond housing to meet the wider needs of all their customers'***.

This vision is underpinned by LHT's organisational aims which are to:

- provide excellent core housing services
- listen, involve and deliver on needs
- invest responsibly, delivering best value
- be professional, fair, open and honest
- make themselves visible and approachable
- improve their performance through innovative strategies
- provide equal opportunities for their diverse mix of customers and staff.

LHT's key business priorities are:

- quality homes
- sustainable neighbourhoods
- housing and support
- investment and future growth
- financial viability.

2.2. Key facts

Key facts about LHT's day-to-day activities in the financial year 2011/12 include:

- 87 per cent of tenants were satisfied with overall service provided by LHT
- it employed, on average, 303 people per month: 271 full time equivalents (FTEs); LHT has also taken on three apprenticeships
- it managed 9,768 dwellings; of which 84 per cent were general needs housing and 11 per cent Supported Housing or Housing for Older People
- the organisation completed 162 new builds; a further 219 units were also in development at the end of March 2012
- total income received was £58.305 million, with 75 per cent from rents and 14 per cent from Affordable Homes Programme funding; LHT also received £15.500 million in loans
- incomes not realised due to arrears and voids were £4.340 million and £1.136 million respectively
- the organisation committed a direct financial input of £0.672 million and £1.089 million of staff cost towards community investment³ activities; these projects benefited just under 40,000 people and just under 4,700 homes
- its work was supported by 373 volunteers
- LHT forecast spending £19.5 million on development projects and £11 million on capital improvements in the financial year 2012/13.

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.

Liverpool Housing Trust community investment work

3.1. Introduction

As well as managing its social housing properties, LHT's remit includes what are commonly called 'community investment' activities, including:

- employment training
- apprenticeships
- job brokerage
- after-schools clubs
- budgeting advice
- Information Communication Technology (ICT) training
- gardening clubs
- community health workers
- health clinics
- initiatives to tackle crime and anti-social behaviour
- 'skip days'
- and support services.

Undertaking this work reflects:

- a recognition of the business case for improving the economic and social circumstances of tenants, in order both to help increase rental income, and also to reduce stock turnover and management costs
- a desire on the part of management and staff to undertake such work to create successful, sustainable and resilient residents and communities
- other stakeholders (such as councils) accepting that housing organisations may be an appropriate and cost-effective vehicle through which to implement this type of locality based work.

Key measures by broad types of community investment activity include:

- total input (where input equals the sum of staff cost and direct financial contributions) for the six broad categories of activity⁴ was £1.761 million, of which 62 per cent was staff costs
- the largest input was for 'Wellbeing, health, support and sport' projects, £1.179 million, 63 per cent of which was staff costs
- 'Environment liveability' projects had a total input of £0.248 million; of which £0.164 million was staff costs
- around 40,000 people and 4,700 homes benefited from community investment work; this included campaigns in primary and secondary schools which impacted on 3,790 young people in LHT communities
- £46,000 worth of community grant type monies were made available by LHT
- £0.119 million of external funding was secured during the year 2011/12.

LHT's community investment activities provide significant economic and social benefits to a range of stakeholders including local people and communities, local councils, public authorities such as the Department for Work and Pensions, the police the fire service and the criminal justice system. The two sections immediately below provide examples of community investment activity undertaken by LHT.

3.2. Jigsaw

Jigsaw is a partnership developed by Liverpool Housing Trust to support the physical, social and economic regeneration of the area in order to deliver long-term sustainability through:

- delivering enhanced and improved environmental services, such as ground maintenance and landscaping, communal cleaning and gardening, tree management and neighbourhood improvements
- training and employment programmes aimed at the long term unemployed
- diversionary activities for young people, focusing on environmental and citizenship issues.

Jigsaw currently:

- procures and manages £2.5 million of environmental related works
- employs 24 staff, including landscape architects, a tree officer, wardens, neighbourhood caretakers and community regeneration workers; 16 Jigsaw staff have received training to help fulfil their roles.



⁴ These are: crime and cohesion; education and skills; employment and enterprise; environment liability; wellbeing, health, support and sport; poverty and social inclusion.

The following provide a flavour of key outputs and outcomes achieved thus far. Jigsaw:

- has 4,571 general needs tenants who are contracted to service charges
- manages two large grounds maintenance contracts, maintains 27 green space sites, manages 15-20,000 trees, and has completed 125 communal clearances to date
- has been awarded three Keep Britain Tidy Estate Quality Mark Awards
- has attained ISO 9001 accreditation
- has increased community engagement, including:
 - 11 resident volunteers who monitor services on behalf of Jigsaw
 - four community ownership projects Mill Street Memorial Garden, Heathcoat City Zoo, Achilles Court vegetable garden and Alley greening in Liverpool
- has contributed to:
 - diversion of young people away from anti-social behaviour and crime
 - raising attainment for tenants in core subjects
 - increasing the number of young adults with key employability skills
 - creating a 'clean, safe, well managed and inclusive community'
- has seen tenants in Runcorn and Liverpool report increased perceptions of overall satisfaction and value for money in the service it delivers.

3.3. Pyramid of Support

LHT want its tenants to be able to live independently and happily in their homes. Within the tenant population there are people who need additional help and support to maintain their tenancies and to avoid social exclusion. LHT has a Tenancy Support Team to enable and access help and support for these people.

Historically there has been a low take up of the Tenancy Support Service. For example only 99 referrals took place in 2011/12. Moreover, it was often the case that when tenancies had reached crisis point, tenants were not particularly happy or willing to engage. Tenants found the support available too homogenous and provided either too much or too little support.

LHT set out to revamp its approach. Following analysis of outcomes from the Tenancy Support Service it became clear that not all 'in-need' tenants required a 'one size fits all' support. In order to meet the needs of their vulnerable tenants, and also to encourage active engagement, a new 'Pyramid of Support' has been adopted in 2012/13, which incorporates three levels of support:

- **in Touch:** for tenants with the lowest levels of need; LHT keeps a record of all tenants who have declared a form of vulnerability; the purpose of 'in Touch' is to maintain contact and periodically to provide guidance/information to these tenants; 1101 tenants currently receive this level of support
- **Helping Hand:** for tenants who do not require on-going support, but who are potentially at risk of failing their tenancy or are in need of occasional support to maximise their independence and quality of life; 223 tenants currently receive this level of support

- **Direct Support:** for tenants assessed as having high level needs; the aim of this support is to help tenants increase independence and dignity and to enable most at risk tenants to sustain their tenancies; support provided includes the creation of an individually tailored support plan and involves liaison with specialist providers; 34 tenants currently receive this level of support.

This new approach has been provided by four staff (three tenancy support officers and a team leader) who provide approximately 81 hours per week at an annual staffing cost of £87,500. There is also a budgetary provision of around £5,000 to support Tenancy Support Cases.

It is still too early to report on the full impacts of the Pyramid of Support. However key outputs and outcomes achieved since its launch in April 2012 include:

- 1,449 tenants have been contacted by the Pyramid of Support Service; 1,358 have received support, compared with 99 in 2011/12
- 390 'issues' have been identified and information/support provided for the 223 Helping Hand visits
- 90 direct referrals to other agencies and services have occurred with regard to Helping Hand tenants
- all Direct Support tenants have their progress measured on an 'Outcome Star'; the average increase on the Outcome Star is 0.7 points, on a 10 point scale, with:
 - 20 per cent reporting no change (between +/-0.25 point change)
 - 60 per cent reporting a small increase (between a 0.25 and 1 point increase)
 - and 20 per cent reporting a big increase (an increase of one point or more).

Economic Impact of Liverpool Housing Trust

4.1. Introduction

This section provides estimates of the economic impact of LHT. 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 LHT: 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 LHT and of organisations in the immediate supply chain.

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

4.2. Income

The amount of income⁵ which LHT received is important in assessing economic impact as it affects the level of gross expenditure. In the financial year 2011/12 LHT's income was £58.305 million:

- £43.955 million (75 per cent) from rent
- £8.095 million (14 per cent) from the Government's Affordable Homes Programme

⁵ This study uses a more inclusive definition of income than that within financial statements. The study includes all 'incoming', including grant funding and income earned from non social housing activities.

- £2.058 million (4 per cent) from the sale of development land
- £1.767 million (3 per cent) from shared ownership sales.

LHT also received £15.500 million in loan funding.

4.3. Procurement

Procurement policies are important in determining leakage of expenditure out of the local economy. LHT's procurement strategy has been designed to support its broader vision and aims. The Trust recognises its responsibility to local communities and the potential opportunities afforded through procurement to help deliver economic, social and environmental objectives. Its procurement strategy states that *'local business should be able to compete for work alongside contractors from outside the area and the Trust will encourage them to do this by ensuring the Trust's internal processes and procedures include methods of reducing the challenges facing small and medium business.'*

LHT has worked with smaller organisations to ensure they understand contract and tendering information and where possible have taken additional initiatives to ensure competitiveness. The Trust has also held joint training sessions for small organisations in order to increase their competitiveness and it also holds regular contractor conferences to stimulate performance improvement.

4.4. Expenditure

The value of gross expenditure⁶, 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 in assessing economic impact.

In 2011/12 LHT had a gross expenditure of £60.455 million, of which £51.454 million (85 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 LHT spent its money reveals:

- construction expenditure made up the largest component of gross expenditure (£25.932 million), all of which went to suppliers in the North
- expenditure on major works, routine and planned maintenance (£12.991 million) accounted for 21 per of gross expenditure, all of which went to suppliers based in the North
- £5.325 million was spent on direct staff costs all of which went to employees residing in the North.

⁶ 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.

4.5. Economic Impact summary measures

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

- supported £109.633 million worth of expenditure (output); £51.454 million directly and £58.178 million indirectly through the intermediate supply chain
- created an estimated GVA of £46,222 million; £10.923 million directly and £35.299 million indirectly through the intermediate supply chain
- supported 1,048 FTE jobs; 271 directly and a further 778 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 | 51,454 | 58,178 | 109,633 |
| Gross Value Added: £thousands | 10,923 | 35,299 | 46,222 |
| Employment: (FTEs) | 271 | 778 | 1,048 |

Source: CRESR survey (2012)

Table 4.2 summarises the economic impact of LHT on the North West and the local⁷ economies which it operates. It is estimated that in 2011/12, LHT generated:

- £96.666 million worth of expenditure (output) both directly and indirectly in the North West
- an estimated £38.953 million worth of GVA both directly and indirectly in the North West
- 820 FTE jobs both directly and indirectly in the North West
- £30.108 million worth of expenditure (output) directly in the local economies
- £10.814 million worth of GVA directly for the local economies
- 273 FTE jobs based within the local economies.

⁷ Comprises the following local authority areas: Halton, Knowsley, Liverpool, Ribble Valley, Sefton, St Helens, Warrington, West Lancashire and the Wirral.

Table 4.2: Summary of economic impact on the North West and local economies, 2011/12

| | Direct Impact | Indirect Impact | Total Impact |
|---|----------------------|------------------------|---------------------|
| North West | | | |
| Output: £thousands | 46,744 | 49,922 | 96,666 |
| Gross Value Added: £thousands | 10,923 | 28,030 | 38,953 |
| Employment: (FTEs) | 271 | 550 | 820 |
| Local economies | | | |
| Output: £thousands | 30,108 | | |
| Gross Value Added: £thousands | 10,814 | | |
| Employment: (FTEs) | 273 | | |

Source: CRESR survey (2012)

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