

The Economic Impact of Housing Organisations on the North: *Wakefield and District Housing*

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Contents

1. Background and study objectives.....	1
2. Wakefield and District Housing: an overview and key facts	2
2.1. Background.....	2
2.2. Key facts	3
3. Wakefield and District Housing community investment work.....	4
3.1. Introduction.....	4
3.2. Health Inequality Workers.....	5
4. Economic Impact of Wakefield and District Housing.....	7
4.1. Introduction.....	7
4.2. Income	7
4.3. Procurement.....	8
4.4. Expenditure	8
4.5. Economic Impact summary measures	9

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 Wakefield and District Housing (WDH) forms one of a suite of outputs from the study². It provides an overview of WDH, 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 WDH'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

Wakefield and District Housing: an overview and key facts

2.1. Background

WDH is a housing association based in Wakefield in Yorkshire and the Humber which owns and manages over 31,000 homes. The organisation was created in 2005 following the stock transfer of just over 31,900 properties from Wakefield Council.

WDH's remit extends beyond the management of its social housing dwellings. Its vision is **'to create confident communities'**. There are three key milestones to the vision:

- by 2015: to offer real choice and opportunity
- by 2020: to be an enterprise with social impacts
- by 2025: to make real change through social outcomes.

This vision is supplemented by seven local visions tailored to neighbourhoods within which it operates.

WDH's stated mission is to inspire, transform and promote excellence: WDH will inspire tenants, employees, partners and the housing sector to deliver a transformation of the communities it serves. To do this, WDH is committed to delivering the continuous improvement of services, ensuring that excellence is embedded in all aspects of work, and that the organisation judges itself through the eyes of others.

The values of WDH are to be a creative, inclusive and to work with integrity. WDH aims to improve the quality of life for local communities through innovative partnership working by:

- building a more competitive knowledge based economy, through supporting entrepreneurship, encouraging local innovation and developing a skilled and flexible workforce
- improving economic prospects by reducing deprivation and inequality and by improving health and tackling crime
- improving the quality of the environment by investing in housing, promoting respect and by improving green and open spaces
- and promoting self-sufficiency through sustained investment and by developing future leaders.

2.2. Key facts

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

- it managed 31,372 dwellings, making it one of the largest housing associations in England; 93 per cent of this was general needs housing and 7 per cent Supported Housing or Housing for Older People
- 90 per cent of tenants were satisfied with the overall service provided by WDH
- it employed, on average, 1,411 people per month: 1,266 full time equivalents (FTEs)
- the organisation built and purchased 271 new homes
- total income received was £121.458 million, with 94 per cent from rents; WDH also received £51.000 million in loans
- the organisation committed a direct financial input of £0.434 million and £1.670 million of staff costs towards community investment³ activities
- its work was supported by 50 volunteers.

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.

Wakefield and District Housing community investment work

3.1. Introduction

As well as managing its social housing properties, WDH'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
- estate tidy 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
- terms implied within WDH's Large Scale Voluntary Transfer (LSVT) agreement.

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 community investment activity⁴ was £2.104 million, of which 79 per cent was staff costs
- the largest input was for 'Crime and cohesion' projects, £0.930 million, two thirds of which was staff costs
- 'Poverty and social inclusion' projects had the second largest total input, £0.726 million; of which £0.665 million was staff costs

WDH'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. For instance WDH has calculated that for every £1 spent in the local economy on Anti Social Behaviour initiatives gives a social return on investment of £3; including local multiplier effects.

The next section provides an example of community investment activity undertaken by WDH.

3.2. Health Inequality Workers

Findings from the evaluation of their 'Wakefield Standard' Decent Homes programme, alongside the introduction of the 2008 Joint Strategic Needs Assessment (JSNA), suggested that WDH needed to be more pro-active in helping reduce the impacts of illness and helping vulnerable people to adopt healthier lifestyles. As a joint approach was required, in 2010 WDH and the NHS commenced working in partnership to provide a cost effective and workable solution: the Health Inequality Workers project.



The project is managed by WDH, which provides training, supervision and management, whilst the NHS (Public Health) commission and pays for the Health Inequality Workers (HIWs).

In 2010 WDH and the NHS jointly appointed five HIWs to work within WDH's five housing management areas. Key outputs and outcomes achieved so far include:

- HIWs have worked with over 1,500 clients, with support and intervention lasting on average 12 weeks per client
- over 500 clients have been assisted in applying for grants or given benefit/rights advice
- over 3,100 referrals have been made to either support services or third sector organisations

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

- 94 per cent of the client group have reported improvements to health and well-being
- clients have also identified improved confidence and understanding and awareness of services available to them
- support and advice has also been provided on:
 - smoking cessation
 - fuel poverty
 - counselling
 - mental health
 - employment.

Economic Impact of Wakefield and District Housing

4.1. Introduction

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

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

4.2. Income

The amount of income⁵ which WDH received is important in assessing economic impact as it affects the level of gross expenditure. In the financial year 2011/12 WDH's income was £121.458 million, of which £113.990 million (94 per cent) was from rent. WDH also received £51.000 million in loan funding.

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.

4.3. Procurement

Procurement policies are important in determining leakage of expenditure out of the local economy. WDH's procurement strategy has been designed to support its broader vision and aims. In particular the strategy recognises that effective procurement can help WDH meet its wider objectives of promoting the social, economic and environmental wellbeing of the district.

Sourcing suppliers based on where they are located is prohibited, with the exception of instances where the location of an organisation is essential in delivering the contract. Therefore, as part of its brief, WDH's procurement team help local businesses and social enterprises understand how to do business with WDH and encourage these organisations to bid for business.

When procuring many of its goods and services WDH uses Yorkshire Purchasing Organisation (YPO) and the Office of Government Commerce (OGC). In addition it uses arrangements put into place by the Northern Housing Consortium and Procurement for Housing.

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 WDH had a gross expenditure of £159.666 million, of which £143.250 million (90 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 WDH spent its money reveals:

- refurbishment and purchase of housing properties made up the largest component of gross expenditure (£53.001 million), all of which went to suppliers in the North
- expenditure on major works, routine and planned maintenance (£37.947 million) accounted for 24 per of gross expenditure, all of which went to suppliers based in the North
- £26.825 million was spent on direct staff costs, all of which went to employees residing in the North
- construction accounted for 6 per cent of gross expenditure (£8.788 million), all of which went to suppliers 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 WDH's economic impact on the Northern economy. This study estimates that in 2011/12 WDH:

- supported £297.783 million worth of expenditure (output); £143.250 million directly and £154.533 million indirectly through the intermediate supply chain
- created an estimated GVA of £133.753 million; £55.773 million directly and £77.981 million indirectly through the intermediate supply chain
- supported 3,484 FTE jobs; 1,266 directly and a further 2,219 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	143,250	154,533	297,783
Gross Value Added: £thousands	55,773	77,981	133,753
Employment: (FTEs)	1,266	2,219	3,484

Source: CRESR survey (2012)

Table 4.2 summarises the economic impact of WDH on the Yorkshire and the Humber and Wakefield economies. It is estimated that in 2011/12 WDH generated:

- £275.933 million worth of expenditure (output) both directly and indirectly in Yorkshire and the Humber
- an estimated £114.271 million worth of GVA both directly and indirectly in Yorkshire and the Humber
- 2,657 FTE jobs both directly and indirectly in Yorkshire and the Humber
- £108.779 million worth of expenditure (output) directly in the Wakefield economy
- £55.773 million worth of GVA directly for the Wakefield economy
- 1,266 FTE jobs based within Wakefield.

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

	Direct Impact	Indirect Impact	Total Impact
Yorkshire and the Humber			
Output: £thousands	142,591	133,342	275,933
Gross Value Added: £thousands	55,773	58,498	114,271
Employment: (FTEs)	1,266	1,391	2,657
Wakefield			
Output: £thousands	108,779		
Gross Value Added: £thousands	55,773		
Employment: (FTEs)	1,266		

Source: CRESR survey

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