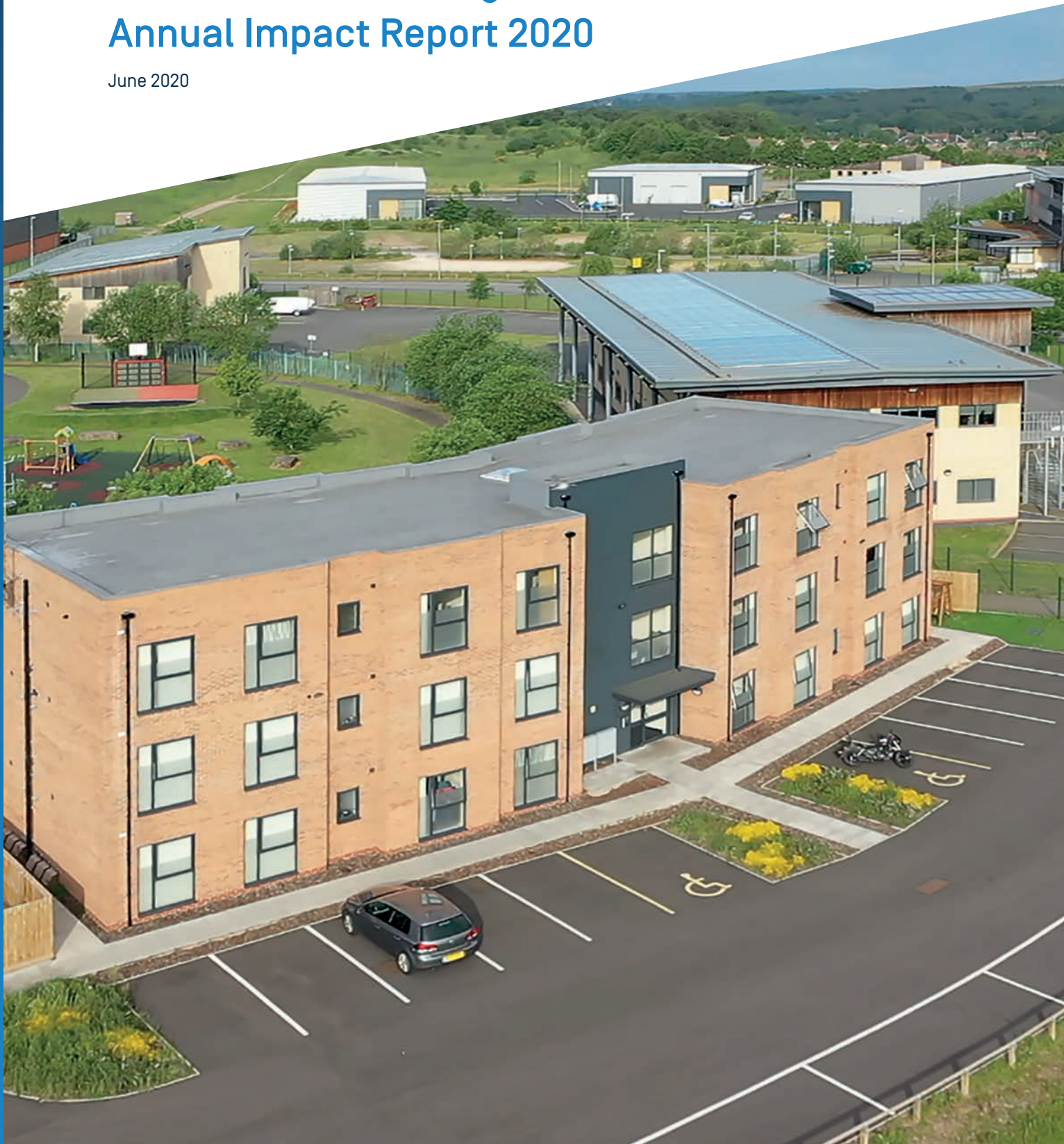


THE
GOOD
ECONOMY

Civitas Social Housing PLC Annual Impact Report 2020

June 2020





This report has been commissioned by Civitas Social Housing PLC ("Civitas") and has been prepared by The Good Economy Partnership Limited ("The Good Economy"), a leading social advisory firm, specialising in impact measurement and management.

The Good Economy supported Civitas to develop its impact assessment methodology and carries out a review of the social performance of Civitas on a semi-annual basis. This report is based on analysis of quantitative data and evidence, as well as in-depth interviews with management and staff of Civitas Investment Management (the investment advisor to Civitas), partner housing associations, Care Providers, local authorities and tenants, including a Tenant Outcomes Survey carried out with a representative sample.

The findings and opinions conveyed in this report are based on information obtained from a variety of sources which The Good Economy believes to be reliable and accurate. However, the information reviewed should not be considered as exhaustive and The Good Economy, its principals and staff cannot and does not guarantee the accuracy, completeness and or fairness of the information and opinions contained herein. This report shall not be construed as a financial promotion or as a recommendation, invitation or inducement to any person to engage in investment activity.

This report has been prepared solely for the benefit of Civitas and no other person may rely upon this report. Accordingly, The Good Economy accepts no duty of care, responsibility or liability (whether in contract or tort (including negligence) or otherwise) to any person other than Civitas for any loss, costs, claims or expenses howsoever arising from any use or reliance on this report.

The information within this report is subject to change relative to new developments, facts and or research. The Good Economy therefore reserves the right (but is under no obligation) to alter the conclusions and recommendations presented in this report in light of further information that may become available.



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IMPACT REPORT – HEADLINE RESULTS

AS OF 31 MARCH 2020



**£789
MILLION
INVESTED**

**IN 613
PROPERTIES**



**MANAGED BY
15 HOUSING
ASSOCIATIONS**

**LOCATED ACROSS
164 LOCAL AUTHORITIES**



**66% OF PROPERTIES
IN THE 40%
MOST DEPRIVED
LOCAL AUTHORITIES**



**33% OF PROPERTIES
CONVERTED TO
SOCIAL HOUSING
FOR THE FIRST TIME**



**£3.50 IS CREATED
IN SOCIAL VALUE
FOR EVERY £1
OF ANNUALISED INVESTMENT**



**£493
MILLION
INVESTED
MARCH 2018**

**£755
MILLION
INVESTED
MARCH 2019**

**£789
MILLION
INVESTED
MARCH 2020**



**IN 428
PROPERTIES
MARCH 2018**

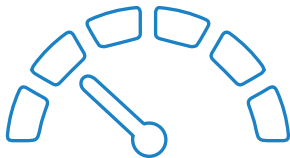
**IN 591
PROPERTIES
MARCH 2019**

**IN 613
PROPERTIES
MARCH 2020**

CIVITAS SOCIAL HOUSING PLC – ANNUAL IMPACT REPORT 2020

WITH THE CAPACITY TO PROVIDE A HOME FOR 4,216 PEOPLE

With learning or physical disabilities and medium to high care needs

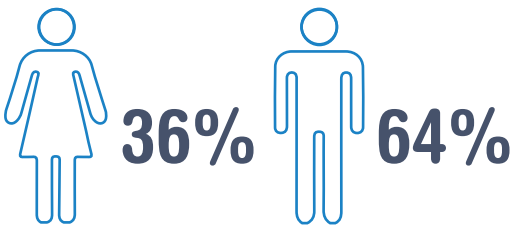


AVERAGE AGE OF 32 YEARS



RESIDENTS ARE SUPPORTED THROUGH CARE AND SUPPORT PROVISION

BY 117 CARE PROVIDERS



GENDER SPLIT

AVERAGE 25 YEAR LEASES PROVIDE SECURITY TO TENANTS



PROVIDING A HOME FOR UP TO

2,758
PEOPLE
MARCH 2018

4,072
PEOPLE
MARCH 2019

4,216
PEOPLE
MARCH 2020



EXECUTIVE SUMMARY

This is the third Annual Impact Report for Civitas Social Housing PLC (“Civitas”) which was launched in November 2016 as the first Real Estate Investment Trust (REIT) specialised in investing in social housing, with a focus on specialist supported living. During this 3.5-year period, the Fund has invested £789 million in 613 properties, providing housing for up to 4,216 tenants.

This impact assessment, completed by The Good Economy (TGE), is specifically focused on activity between October 2019 and March 2020. Over this six-month period, Civitas has acquired 14 new properties, of which nine were brought into the social housing sector for the first time, with these properties having the potential to house 102 people.

In our November 2019 report, we stated that “TGE positively views the actions that Civitas has taken to support its partner Registered Providers (RPs)” and this remains the case with the work and support highlighted in this new report.

Since February 2020, the global Covid-19 pandemic has dominated most aspects of society. This has impacted social care in multiple ways and has been widely reported in the media as a particular challenge in elderly care homes. By comparison, Civitas has conducted extensive discussions with the specialist care providers (CPs) who deliver services into Civitas properties, and whilst there have been challenges, these have not been of the same magnitude as for elderly care, reflecting the much younger age profile (c. 32 years) of the tenants.

Civitas has contributed directly to the Covid-19 response through offering 29 of its fully refurbished self-contained units for temporary use by a London Council in responding to the pandemic. The Fund has also encouraged its care provider partners to engage directly with the NHS to ascertain if services can be delivered to assist in combating the pandemic.

Social Impact Assessment

This report provides an assessment of Civitas' performance against its stated impact objectives:

- + Increase the supply of specialist housing
- + Improve the quality of specialist housing
- + Improve tenant wellbeing
- + Provide value for money
- + Throughout this process, mitigate against negative impact risks

TGE's impact analysis is aligned with the five dimensions of impact as set out by the Impact Management Project.

Increase the supply of specialist housing

Civitas is continuing to grow its portfolio although this has been at a slower pace than in previous years. The Fund has spent much time working with its RPs and care provider partners to continue to add strength to the portfolio and the business operations of its partners.

In the last six months the Fund has acquired 14 more properties (a 2% increase since September 2019). This rate of growth is lower than previous years but TGE are encouraged that most of these new properties (64%) are being brought into the social housing sector for the first time. This compares favourably with the rest of the portfolio where 33% of properties have been brought into the social housing sector for the first time.

Improve the quality of specialist housing

Civitas continues to set aside funding to improve and renovate its homes to ensure they remain fit-for-purpose. In some instances, Civitas has stepped in to repurpose buildings where the layout was not effectively addressing the specific needs of individual tenants and made appropriate changes to remedy any issues that arise. Civitas also undertakes quarterly monitoring visits with its partner RPs and monthly checks of compliance-related issues e.g. Fire Risk Assessment and Gas Certificates. In a portfolio of 613 buildings, there will always be a need to undertake asset management activities above and beyond the lease obligations of the RPs. TGE are pleased to see that Civitas is proactive in this regard and has committed capital to works on its properties.

Improve tenant wellbeing

Survey data suggests that Civitas homes and care provision are having a positive impact on tenant wellbeing. During May to July 2019, a survey was carried out with 205 tenants covering 67% of Civitas' partner RPs and 16% of CPs. 63% of support workers reported that their tenant's mental health had improved since moving into the accommodation and nine out of the ten family members we spoke to stated that the motivation and aspirations of the person cared for had increased. Note that TGE could not carry out a similar survey this year due to Covid-19.

Provide value for money

According to the monetisation calculations completed by the Social Profit Calculator in 2019, the Civitas portfolio is generating £64.7 million of direct fiscal savings to local and national government per year. This is part of the overall £114 million of social value that is generated on an annual basis. This finding is supported by direct evidence from a local authority commissioner at Worcestershire County Council who reported the savings made from a specific Civitas-owned supported housing property. It is also consistent with research on the Specialist Supported Housing sector by the charity Mencap, and with statements that have been made by government ministers on the net benefit to the wider public purse of providing supported housing.

Impact risk mitigation

Civitas is continuing to take action to address the concerns of the Regulator of Social Housing (RSH), working to support its partner RPs whilst at the same time demonstrating the value and positive personal outcomes that are being delivered for up to 4,216 tenants.

Its updated lease agreements (with a force majeure clause and a cap and collar on rent increases) are being used for all new leases. More broadly, Civitas continues to devote considerable time and effort to assisting and working with its RP partners.

The Community Interest Company (CIC), 'The Social Housing Family', sponsored by Civitas Investment Management (CIM), now has one RP as a member. The CIC aims to provide capacity-building support to SSH RPs in the sector and TGE are supportive of Civitas' intent to help strengthen the capacity and financial viability of these small specialist RPs. We have been informed that CIM is in discussions with other RPs about potentially joining the CIC but understand that the decision to become a member rests with individual RPs and their boards. As progress is made and more members join the CIC, TGE will provide further comment on the impact of the CIC's activities.

Overall, TGE is of the opinion that Civitas has taken active steps in respect of the risks identified by the RSH although it itself is not an RP and much of the response to the RSH rests with the RPs themselves. The Fund has enhanced its newer leases in response to comments made by the RSH and continues to engage with the Regulator and with RPs to seek to further mitigate risk.

Strengths

- + Civitas is investing at large-scale and have established themselves as a leading specialist investment fund in specialised supported housing, an area where there is high demand and social need.
- + Specialist supported housing has a positive impact on the wellbeing of tenants and contributes to improved mental and physical health.
- + Civitas has taken a proactive approach to supporting RPs and care providers during the Covid-19 crisis and to exploring how its properties could be used by local authorities and the NHS.
- + Specialist supported housing is good value for money for the public purse, compared to residential or hospital care.

Potential Weaknesses and Mitigating Actions

- + The RSH has highlighted what it sees as certain risks to RPs. Civitas needs to remain focused on, where possible, contributing to reducing these risks and ensuring that its funding model works well from the perspective of supporting the long-term sustainability of partner RPs and high-quality supported housing provision.
 - Consider updating historic leases to incorporate the Force Majeure clause.
 - The CIC currently only has one member. Civitas must continue to work with other RPs and their boards to determine if others feel it is appropriate for them to become members of the CIC, whilst respecting that it is a decision for each respective RP board. TGE will continue to monitor progress in this regard.
- + Civitas is currently at an early stage in working through its portfolio to minimise the environmental impact of its homes.
 - Environmental performance (as part of ESG) is becoming a key area that asset owners are looking at.
 - TGE welcomes Civitas' development of a strategy to improve the energy efficiency of its homes, and its disclosure of EPC ratings for its portfolio for the first time.
- + The last 12 months has seen a drop in the rate of adding new homes to the portfolio.
 - There continues to be a large unmet social need for SSH that Civitas is well placed to meet, having developed robust systems and strong partnerships within the sector.
 - Over the last twelve months there have been significantly fewer investments than in previous years.
 - Civitas Investment Management (CIM) have indicated that they have a strong pipeline and would expect to see more investment over the next 12 months.

1 / INTRODUCTION

About Civitas

Civitas Social Housing PLC [“Civitas”] is the UK’s first social housing Real Estate Investment Trust (REIT) launched on the London Stock Exchange in November 2016.¹

Civitas’ social objective is to help tackle the chronic shortage of social housing in the UK, with a current focus on the provision of Specialist Supported Housing (SSH) for individuals with complex care needs. It raises capital at large scale from institutional and retail investors and uses the funds raised to provide long-term equity to the social housing sector, buying properties and leasing them back to Registered Providers (RPs) to be rented as social housing for the long-term. As of 31 March 2020, Civitas has invested £789 million in 613 properties across the UK.

Specialist Supported Housing (SSH) is an essential community service whereby individuals with a range of physical or learning disabilities are able to live in their own home normally with 24/7 care available on-site. It enables even those with the most complex needs to live in the community, with more independence than they would be afforded in a residential home.

Covid-19

The Covid-19 outbreak is presenting significant challenges and operational pressures for the social housing sector on numerous fronts. For RPs managing SSH properties, there are service challenges relating to the delivery of repairs and maintenance, given the need to enforce social distancing measures to protect both customers and staff. In all cases, the RPs are closely following the guidance issued by the Regulator of Social Housing (RSH).

For care providers (CPs), there are the challenges of continuing to provide high quality care whilst protecting staff and those in care from infection, as well as managing when staff are having to self-isolate. Despite these difficulties however, evidence suggests that the specialist care sector has, to date, performed well during the pandemic, with relatively few cases amongst tenants and staff, and with services to individuals not suffering disruption.

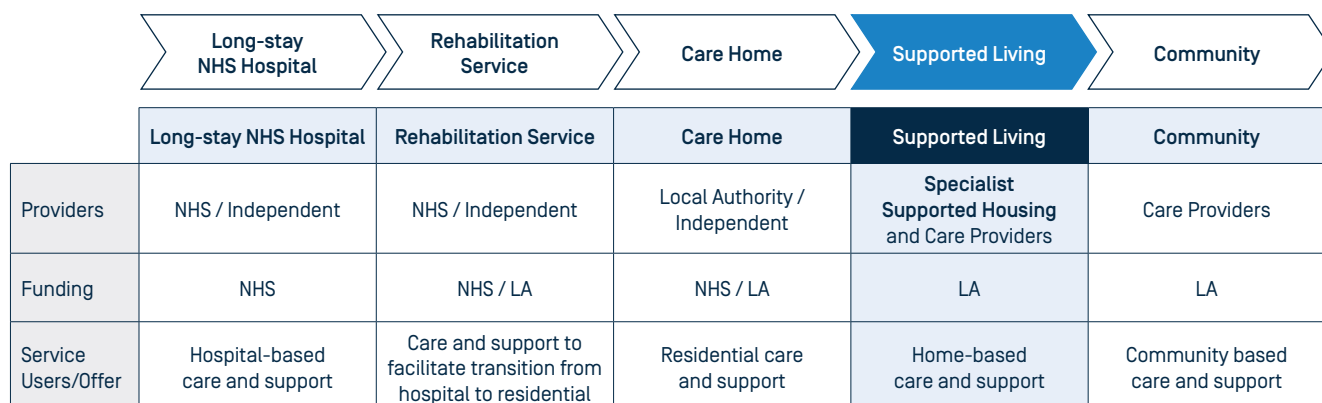
Civitas is in regular contact with all of its RP partners and major CPs. Detailed feedback confirmed that instances of Covid-19 have been very limited within the Civitas portfolio and that service levels have been maintained. CPs have informed Civitas that they have instituted new working procedures and in a number of cases staff have self-isolated on a voluntary basis so that they are available to replace colleagues who may report sick.

With relatively few cases, there has not to date been an issue with an increase in voids that cannot be filled with people waiting for accommodation. One leading CP in Wales has reported to Civitas that they have been very successful in filling the small number of vacancies that have occurred, usually with younger residents who have a more acute need for care services.

In response to the outbreak, the RSH has been providing regular updates to the sector. RPs are expected to contact the RSH if they are struggling to meet challenges and there is a resulting threat to tenant safety or to the provider’s financial viability. There has been acknowledgment from the RSH that the impact of the outbreak may mean there will be some incidence of statutory non-compliance and repairs backlogs as providers are forced to prioritise emergency maintenance issues.

TGE is wholly aware of the unprecedented nature of the challenges presented by the Covid-19 outbreak for the social housing sector. These challenges have been incorporated into the social impact analysis of Civitas’ portfolio for this report. Particular attention has been directed towards understanding the ability of Civitas’ partner RPs and CPs to continue providing their essential services to tenants, and the steps that Civitas is taking in supporting them to do so. Overall, TGE is satisfied that Civitas is being proactive in taking steps to support its partners in the circumstances to maintain their service delivery.

1. Civitas Social Housing PLC [Civitas] is the Fund, and Civitas Investment Management Ltd [CIM] is the investment advisor to the Fund. Note that CIM underwent a name change as of 7 May 2020 from Civitas Housing Advisors Ltd to Civitas Investment Management Ltd to better reflect the range of investment activities now undertaken by the company.



- + Whilst supported living is typically the preferred model of care, local authorities are facing a **chronic shortage of housing stock that is both affordable and suitable to meet the needs of adults with specialist care needs.**
- + The development of SSH, such as that provided by Civitas Social Housing, is helping to meet this high and rising demand for specialist supported housing.

Market and Policy Context

Specialist Supported Housing became widely recognised as an important community service following the Winterbourne View scandal which brought to light the potential dangers for vulnerable individuals of remaining in institutional care long-term, and led to a growing recognition of the benefits of community based social housing. As a result, the Care Act 2014 and the government's 'Transforming Care Agenda' have sought to prioritise the 'suitability of accommodation' in meeting the home care and support needs of vulnerable people, reducing reliance on hospital and residential services and encouraging a shift towards supported living settings.²

In addition to the view that supported living settings benefit the wellbeing of tenants, there is also strong independent evidence that SSH is a cost-effective way of providing housing to those with complex needs. A report by Mencap, a leading UK charity for people with learning disabilities, indicates that a person living in SSH requires, on average, state funding of £1,569 per week for housing and care. This compares favourably with the costs of alternative living arrangements for those with complex care needs. According to the report, the weekly cost to the public purse of SSH is £191 lower when compared to a residential care placement, and £1,931 lower when compared to an inpatient place.³

Most, if not all, of the tenants within SSH are eligible for and claim Housing Benefit to cover the cost of their accommodation. Following a consultation exercise, the government confirmed in 2018 that the funding mechanism would continue, rather than being devolved to a local authority controlled budget. This move was widely welcomed and taken as further indication of the government's acknowledgement of the importance of funding SSH for vulnerable people.

Specialist Supported Housing (SSH) is an essential community service whereby individuals with a range of physical or learning disabilities are able to live in their own home normally with 24/7 care available on-site. It is a way for even those with the most complex needs to live in the community, with more independence than they would be afforded in a residential home.

2. The Transforming Care and Commissioning Steering Group, Winterbourne View – Time for Change, 2014.

3. Mencap & Housing LIN, Funding supported housing for all: SSH for people with a learning disability, April 2018.

The Civitas Funding Model

The funding market for social housing is changing rapidly. With declining government funding, RPs are increasingly having to explore alternative forms of private finance (beyond bank debt) to support new developments. At the same time, many large RPs have chosen not to provide SSH, regarding it as a more complex form of housing delivery. Local authorities generally require SSH to be well dispersed within a community setting and this does not suit the large-scale block delivery methods typical of large housing associations who want to develop houses in large volumes on limited sites.

As a result, it is smaller, often newer, specialist housing associations that provide SSH. Civitas works with these small specialist providers but is also beginning to achieve traction with some of the older, mid-sized housing associations that deliver SSH and appreciate the high level of social value that it brings.

Civitas and other housing funds are bringing in new funding models to social housing, backed by institutional investors. These funds provide long-term equity to the social housing sector, using the capital raised from investors to buy properties, then leasing them to RPs to manage, with rental income used to fund investor returns.

The launch of these new funds has enabled an increase in the provision of much needed specialist housing, and is welcomed by local authority commissioners who are responsible for the care of vulnerable individuals. However, some commentators in the social housing sector have questioned the lease based model.

The RSH has voiced concern at this type of model, publishing an addendum to its annual 'Sector Risk Report' in April 2019 regarding "Lease-based providers of specialised supported housing". The RSH's view is that over-reliance on long-term, inflation-linked leases creates significant risk exposures for RPs, particularly small organisations who have thin capitalisation and do not have appropriate risk management or contingency planning.

As a result of its concerns around the quality of governance and financial capacity to manage downside risks, the RSH has issued regulatory judgements or notices to ten lease-based supported housing providers within the sector. Five of these are partner RPs to Civitas. Another risk that was identified for the whole sector, is the lack of knowledge on, and upkeep of, existing stock. The RSH raised a concern that, where returns were demanded by an investor, this may come at the expense of long-term investment and other services.

In the most recent annual 'Sector Risk Profile' for 2019 the RSH affirmed "The risks identified [in the SSH Addendum] continue to be a significant concern". In order to draw attention to these ongoing concerns, the RSH has stated that it is considering publishing a follow-up to last year's Addendum regarding lease-based SSH providers. TGE will continue to monitor and review any relevant documentation released by the RSH and assess Civitas' response to its stated concerns.

In response to these concerns, Civitas has undertaken extensive engagement with its RP partners and with the RSH and has taken a lead in bringing about a number of changes within the sector. These include the adoption of lease variations as well as seeking to ensure that all Civitas RPs adhere to the Fund's nine-step risk mitigation process for the undertaking of transactions. This was devised by Civitas and has been in place for a number of years now.

Since entering the sector in 2016 Civitas has continued to evolve transaction structures with a view to achieving stability and risk mitigation. This has included the testing of all rent levels for reasonableness and ensuring that schemes have the approval of the relevant local authority commissioner. Both these points have recently been referenced by the RSH as being important in the setting and evidencing of appropriate rent levels.

See Section 3.5 for details of how Civitas has taken a leading role in working to mitigate the risks that have been identified by the RSH.



This Report

This is the third full-year Annual Impact Report produced by TGE for Civitas. TGE carries out an assessment of Civitas' performance against its social objectives and Key Performance Indicators (KPIs) on a semi-annual basis. TGE uses a mix of quantitative and qualitative data (including stakeholder and tenant feedback) to evidence social impact performance.

In light of the RSH's ongoing concerns regarding lease-based models, TGE has engaged with Civitas and its partners in order to appraise the various steps that Civitas has taken and is taking to mitigate the risks associated with its transactions and with the overall model.

Given the recent Covid-19 pandemic, it should be noted that TGE has been unable to carry out site visits of Civitas properties to inform this year's impact assessment. TGE have therefore been unable to speak directly to tenants and care workers and so data from last year's Tenant Outcomes Survey has been reused within this report. To make up for the absence of direct tenant engagement, TGE have made a proactive effort to engage remotely with Civitas' relevant organisational stakeholders and partners, especially RPs. A total of eight in-depth interviews have been carried out with CIM staff and the Fund's partners, including RPs, CPs and local authority commissioners.

2 / IMPACT MEASUREMENT AND MANAGEMENT FRAMEWORK

Civitas' impact goal is to increase the provision of high-quality social housing that delivers positive social outcomes.

Specifically its social objectives are:



AVAILABILITY

To increase the availability of social housing across the UK, particularly for vulnerable people



QUALITY

To improve the quality of social housing



WELLBEING

To improve wellbeing outcomes for tenants



VALUE FOR MONEY

To offer value for money for the public purse

THROUGHOUT THIS PROCESS, CIVITAS WORKS TO MITIGATE AGAINST NEGATIVE IMPACT RISKS.

Civitas currently focuses on specialist housing which falls into five categories:

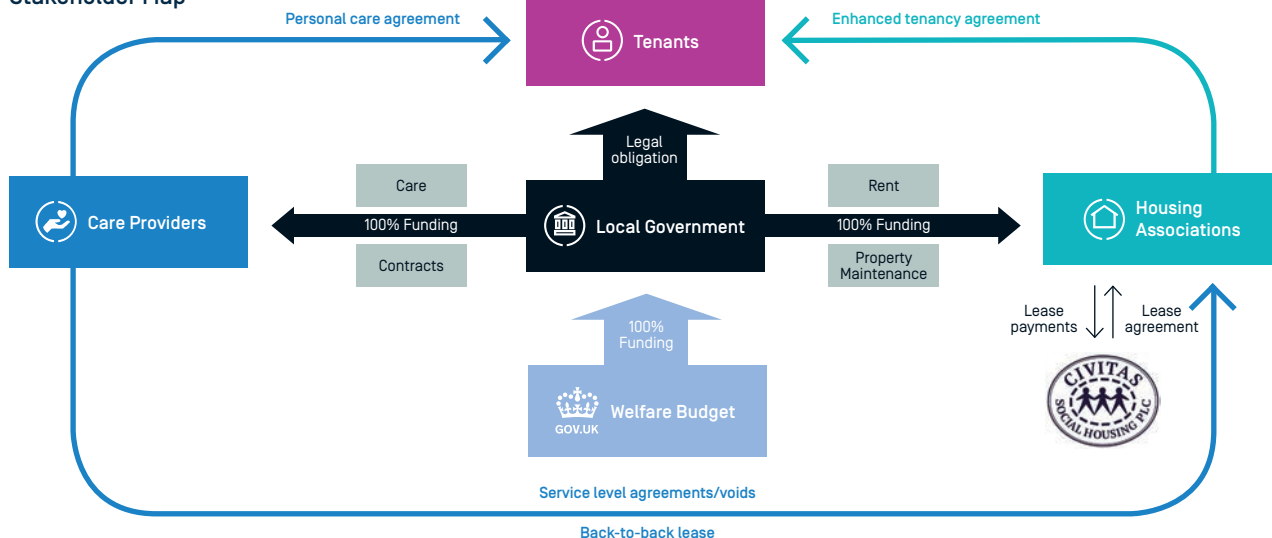
- + Specialist Supported Housing (SSH) for people living with learning disabilities, autism and acquired brain injury
- + Mental health care facilities where people require monitoring and supervision in carrying out daily tasks
- + Accommodation for people able to step-down from the NHS and transition to more independent living
- + Accommodation for people with addictions
- + Accommodation for people who are homeless or at risk of homelessness.

The tenants of Civitas' properties include people with learning and physical disabilities, people with mental health problems, those suffering from drug and alcohol addiction and individuals at risk of homelessness. Civitas works with RPs, CPs and local authority commissioners who are committed to providing high quality SSH.

Stakeholders

Civitas works with a range of stakeholders to provide specialist housing for the tenants living in its properties. The Stakeholder Map (diagram below) represents Civitas' key stakeholders beyond its shareholders.

Stakeholder Map



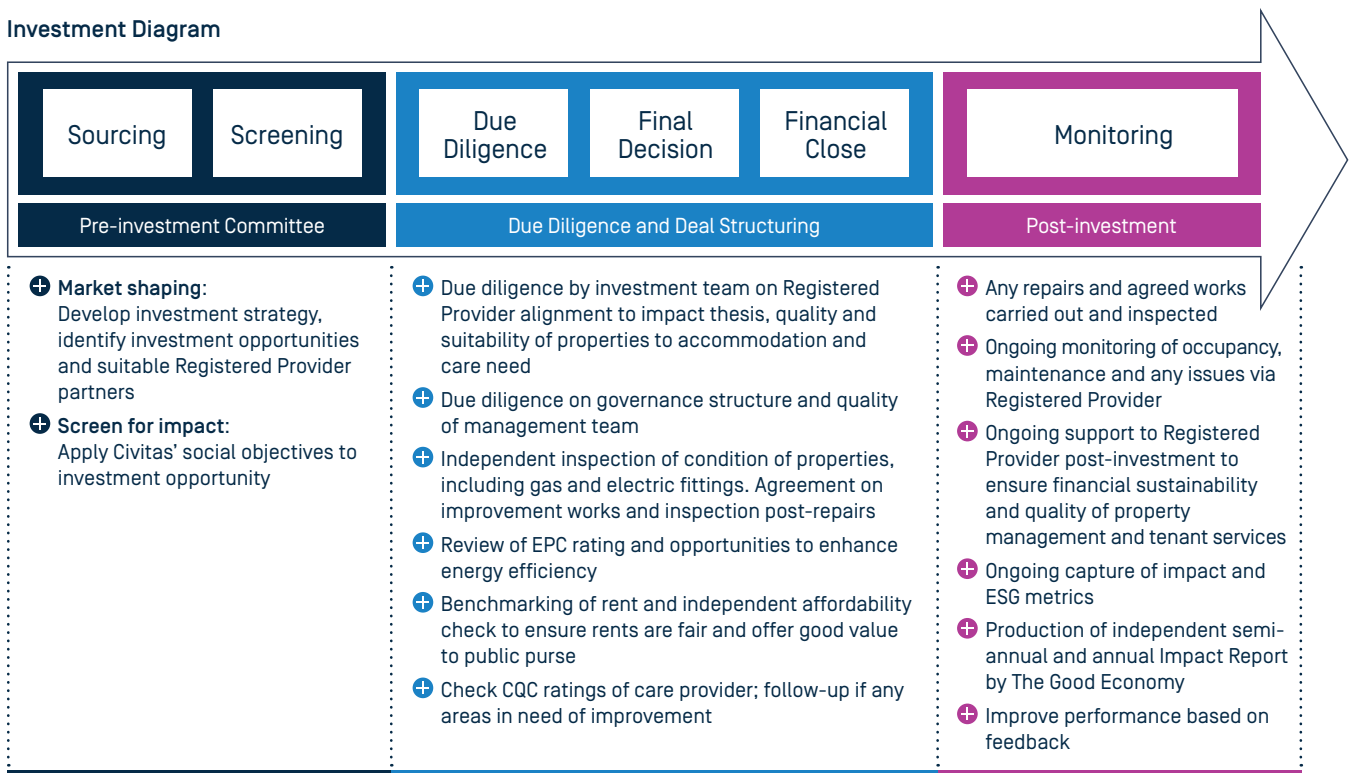
Investment Process

Civitas aims to integrate social impact considerations into all stages of the investment process (see diagram below as well as case study on page 33 for specific example of this process in practice). This process is aligned with the International Finance Corporation's (IFC) Operating Principles for Impact Management, designed to ensure impact investing maintains high standards of impact integrity.

As Civitas' independent impact advisor, TGE reviews output data and conducts interviews with RP managers and senior Civitas Investment Management (CIM) staff in order to better understand Civitas' impact management process. Based on this information, TGE believes that Civitas is monitoring its partners' financial and social impact performance effectively through regular dialogue, reporting and site visits.

Civitas is now committing additional resource to environmental considerations, in addition to the work already undertaken by the Fund at the time that properties are acquired. TGE has this year for the first time been able to report on EPC ratings for the Civitas portfolio. We look forward to being able to report on Civitas' contribution to improving the environmental impact of its portfolio in future years.

Investment Diagram



Impact Assessment Methodology

TGE's Impact Assessment process involves setting and agreeing with Civitas the relevant metrics and measures which will provide the required insight to assess performance for each Impact Objective, as set out within the Theory of Change. These were agreed as part of establishing the Impact Measurement and Management framework. Once agreed, TGE carries out the required data analysis, as well as conducting interviews, carrying out site visits and tenant surveys so that an assessment for each Impact Objective can be formed.






TGE's analysis of Civitas' social impact is aligned with the five dimensions of impact as set out by the Impact Management Project (see box below) – a widely recognised and established approach to impact measurement, management and reporting.

The Sustainable Development Goals (SDGs) also provide a recognised and useful framework for assessing a clients' contribution towards economic, social and environmental development. TGE draws on the indicators set out by the UN for each SDG, as well as aligning existing proxy measures to the relevant UN indicators to assess a clients' alignment and strength of contribution to each SDG (see Chapter 4).

IMPACT MANAGEMENT PROJECT

The Impact Management Project (IMP) is a global forum for building consensus on how to measure, manage and report impact. Since 2016, the IMP has convened a Practitioner Community of over 2,000 organisations and investors in order to provide a set of norms and a shared and holistic understanding of impact.

The consensus affirms that there are five core dimensions of impact:

	WHAT	<ul style="list-style-type: none"> • What outcome occurs in the period? • How important are the outcomes to the people experiencing them?
	WHO	<ul style="list-style-type: none"> • Who experiences the outcome? • How underserved are the affected stakeholders in relation to the outcome?
	HOW MUCH	<ul style="list-style-type: none"> • How much of the outcome occurs – across scale, depth and duration?
	CONTRIBUTION	<ul style="list-style-type: none"> • Would this change likely have happened anyway?
	RISK	<ul style="list-style-type: none"> • What is the risk to people that impact does not occur as expected?



To better understand the impact that Civitas is having, TGE, working in partnership with the Social Profit Calculator (SPC), look to carry out a Tenant Outcomes Survey. The data collected helps to provide an understanding of the benefits that Civitas' homes and the care provided within them are having for its tenants.

As well as using the data to understand the drivers of impact, SPC used this data to calculate the monetary value of the impact.

This is divided into:

- + Social Impact**
Improved wellbeing, mental health, physical health, reduced social isolation, increased confidence and self-esteem, employability skills, aspirations etc.
- + Economic Benefits**
Increased tax, national insurance, and earnings due to reducing worklessness and sickness days.
- + Fiscal Savings**
Reduced costs associated with welfare benefits, crime, education, social services, health and mental health services etc.

Social Profit Calculator was founded in response to the Social Value Act 2012 which has made it a legal requirement for public sector organisations to account for the social, economic and environmental impact and value during the planning, procurement and delivery of projects and services. SPC specialise in calculating the financial value of social, economic and environmental impact. They are the only UK software platform accredited by Social Value UK and Social Value International to help businesses measure the social value they create.

SPC produce calculations using analysis types that are approved by HM Treasury, Cabinet Office and the Office for National Statistics. The information used for calculating Civitas' social value consisted of portfolio information provided by the advisor, approved social value data from SPC's database and data collected directly from tenants living in Civitas properties, through the development of an impact measurement app.

3 / SOCIAL IMPACT ANALYSIS AND RESULTS

During the period October 2019 to March 2020, Civitas has largely focused its efforts on consolidating and continuing to enhance the quality of its portfolio, with 14 new properties added. It is continuing to support partner RPs to build their organisational capacity and improving its asset management practices to ensure that the properties remain fit-for-purpose for the long-term. The Civitas Investment Management (CIM) team has also played an active role in helping partners respond to the Covid-19 pandemic.

3.1 Increase the supply of specialist housing

Figure 1 – Key Performance Indicators for Civitas

IMPACT MANAGEMENT PROJECT	INDICATOR	Results as of		% Change
		Sept 2019	Mar 2020	
How much	PROPERTY METRICS			
	Value of capital deployed	£764m	£789m	3%
	Number of properties	599	613	2%
	Number of Local Authorities	160	164	3%
	Number of Registered Providers	15	15	0%
	Number of Care Providers	114	117	3%
Contribution	Number of properties converted to social housing sector for the first time*	191	200	5%
	% of properties converted to social housing sector for the first time	32%	33%	1%
Who	TENANCY METRICS			
	Number of tenancies	4,114	4,216	2%
	Breakdown of residents by classification of care**			
	Multi diagnosis	47%	46%	
	Learning disabilities	32%	31%	
	Mental health	11%	12%	
	Dependencies [e.g.drug addiction]	5%	5%	
	Autism	4%	4%	
	Other: including homelessness	1%	1%	
	Breakdown of tenancies by housing type			
	Supported housing	70%	70%	
	Residential care	25%	25%	
	Other	5%	5%	
	Tenant demographics***			
	Male	64%	64%	
	Female	36%	36%	
	Average age [years]	33	32	

*The figure for September 2019 has been re-stated due to an update of the definition 'converted to social housing sector for the first time'.

**Breakdowns for September 2019 have been re-stated due to an updated definition for the classification of care.

*** Demographic data is based on a sample of approximately 13% of tenants.

Since the Fund's inception, Civitas has made a substantial contribution to increasing the supply of SSH, with a smaller contribution made during the last six months. TGE has also been informed that the Fund is close to delivering on some high acuity new-build properties for more than 60 people. These have exchanged and are expected to be delivered over the coming months.

After a very rapid period of growth in the Fund's first two years, the rate of growth has now slowed. During the period October 2019 to March 2020, 14 new properties have been added to the portfolio, following the addition of eight new properties in the preceding six-month period. This marks the slowest year of growth since the Fund's inception, with Civitas focusing primarily on working with its partner RPs to build their organisational capacity in order to ensure the long-term success of the model [see Section 3.5 for more details].

Though the contribution to increasing the supply of specialist housing has slowed over this reporting period, TGE views this slower rate of growth, in conjunction with the work being done by the Fund with its partner RPs, as positive and evidencing an impact-led rather than a deployment-led investment approach. TGE have been informed by CIM that this slowdown in growth has been partially caused by ensuring that all partner RPs are engaging fully in the detailed programme of due diligence required by Civitas. We would therefore expect to see a general improvement in the manner in which RPs are able to report their own diligence processes. This would, for example, relate to ensuring that the RP can evidence fully-tested rents and full commissioner sign-off. These are both longstanding Civitas requirements that are now being taken fully on board by partner RPs.

The 14 new properties added during the six-month period to March 2020 have the capacity to house 102 people. This brings the total number of Civitas properties to 613, with the capacity to provide accommodation for 4,216 individuals. TGE does not receive data from Civitas on the level of occupancy so the number of current tenants is not disclosed in this report.

Across the entire portfolio, 33% of Civitas properties have been converted to regulated social housing for the first time. TGE assesses these schemes as having a "High" level of additionality on the TGE Additionality Scale and providing the most significant demonstration of Civitas' contribution to increasing the supply of specialist housing that may otherwise have not been delivered.⁴ Over the last six months, 64% of the properties added have been brought into the social housing sector for the first time, compared with 32% of the existing portfolio before this reporting period.

Civitas properties continue to be aimed at individuals with high acuity care needs, therefore serving a distinct social need. TGE has been informed that the average tenant living in Civitas properties needs between 40 and 50 care hours per week. The majority of the tenancies provided within the Civitas portfolio serve those with multi diagnosis care needs and learning disabilities as well as individuals with mental health diagnoses, dependency issues, autism and those at risk of homelessness.

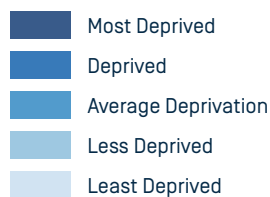
This has been the slowest year of growth since the Fund's inception, with Civitas focusing primarily on working with its partner RPs to build their organisational capacity and improving its asset management practices.

4. The TGE Additionality Scale is a standardised approach to evaluating the contribution of a housing fund to delivering new social housing that would not have been provided otherwise.

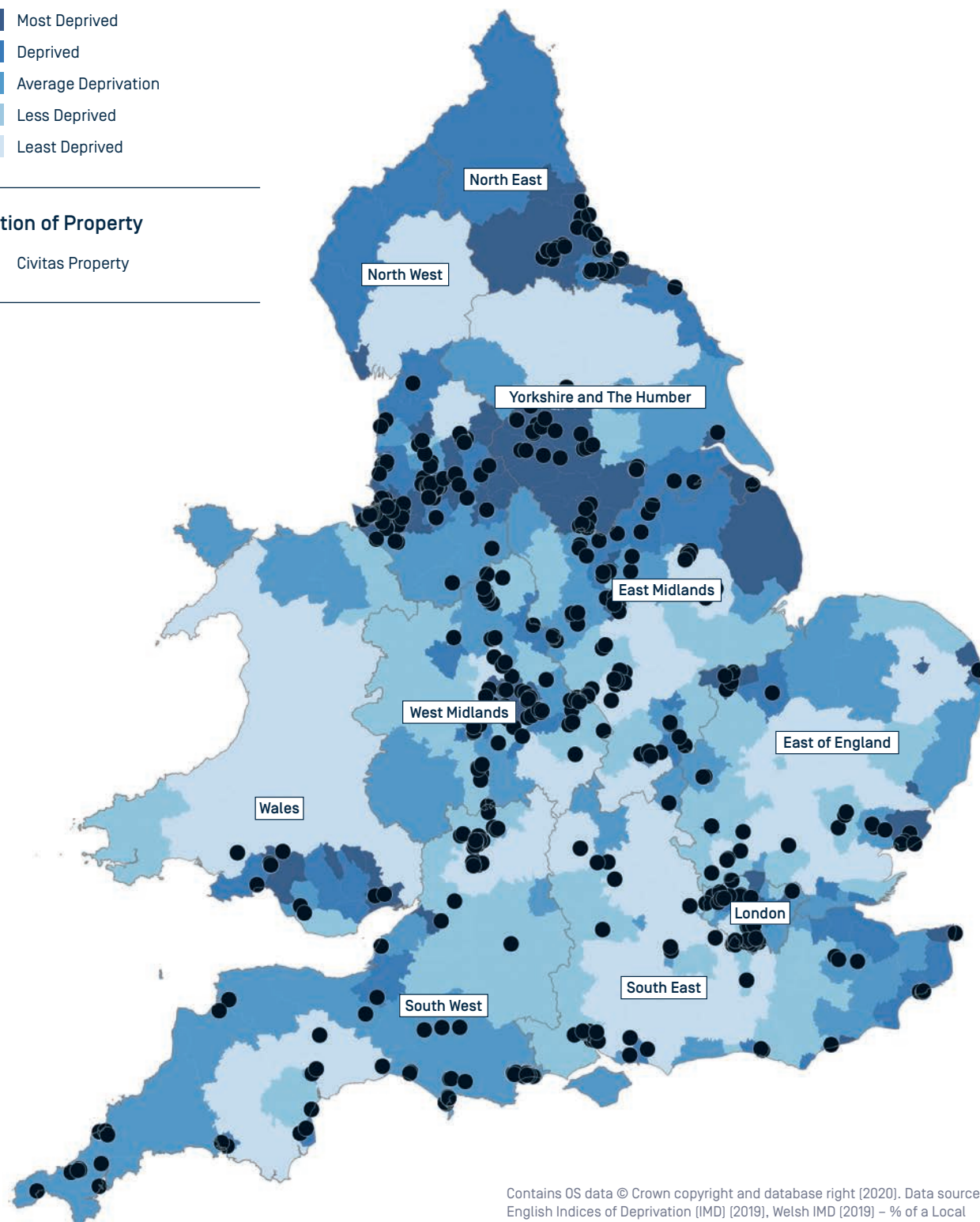
Location of Properties

The homes that are in the Civitas portfolio are located in 164 local authorities, including some of the most deprived areas of the UK. 66% of the properties are in the 40% most deprived local authorities.

Index of Multiple Deprivation

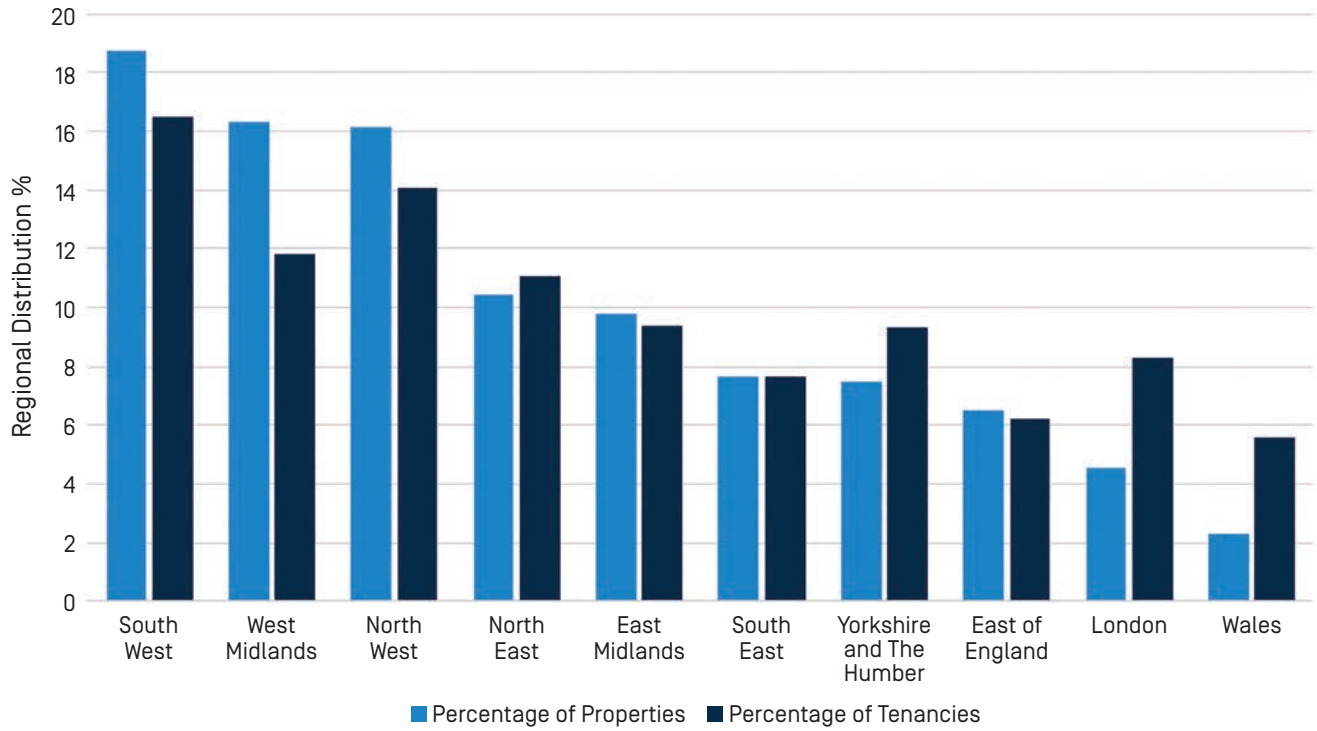


Location of Property



Contains OS data © Crown copyright and database right (2020). Data source: English Indices of Deprivation (IMD) (2019), Welsh IMD (2019) – % of a Local Authorities 20% local areas (LSOAs) in the 20% most deprived nationally.

Figure 2 –Regional Distribution of Civitas Properties



3.2 Improve the quality of specialist housing

Improving the quality of specialist housing for vulnerable individuals with a care need is a core objective for Civitas. The achievement of this objective is contingent upon the quality of the building itself and the quality of Civitas' partners in providing services to the tenants. The RP is responsible for rent collection, building maintenance, health and safety and safeguarding of tenants, whilst the CP is responsible for the provision of care and support.

TGE is of the opinion that Civitas takes a proactive approach to monitoring the quality of its partner RPs and CPs and also works to ensure and in certain instances improve the quality of homes. TGE views positively the evidence of CIM's monitoring of key compliance issues within their standard processes and the undertaking of a full asset management review, and also welcomes the case studies of Civitas stepping in to improve the quality of stock in certain cases.

Details of the steps taken are set out below.

+ Ensuring high quality property maintenance.

TGE has been informed by CIM that they receive feedback from CPs on the quality of the building management services provided by the RP. Quarterly monitoring visits are carried out to all RPs and monthly compliance trackers allow Civitas to monitor portfolio requirements relating to key health and safety areas such as gas safety, fire alarms, asbestos and emergency lighting. TGE has seen Civitas' portfolio compliance data which shows that, in normal circumstances, the Fund's properties are generally 100% compliant in all areas with only a small number of instances of non-compliance amongst a handful of RPs. The operational challenges presented by Covid-19 means there has been a slight fall from December 2019 to March 2020 in the percentage of properties that are compliant on all requirements. This reality was acknowledged and accepted by the RSH in March, who stated in a letter to all RPs that they were aware the outbreak may mean there will be some incidence of statutory non-compliance as RPs are forced to prioritise emergency repairs over more routine works.

Some RPs within the Civitas portfolio have properties that are distributed over a very wide geographic area e.g. from the north to the south-west of England. TGE sees the geographical spread of RPs as a potential impact risk. We consider it important for smaller RPs not to spread themselves too far geographically. It is essential that RPs have sufficient capacity to provide effective maintenance services to all properties. TGE recommends being selective about partnering with RPs with strong existing provision in an area. This is an area that is considered by Civitas in the Due Diligence phase on all deals, which should safeguard against this risk.

TGE are also pleased to note that during the year Civitas has reassigned a number of leases between RPs. The aim of this has been to achieve better concentrations of properties for RP partners as well as ensuring that those RPs with the best relationships with each local authority have an appropriate concentration of properties in those areas. See Holloway Road case study on page 24, for an example of Civitas reassigning a lease from one RP to another, in this case from Westmoreland Supported Housing to Encircle.

A core element of Civitas' social objective is to improve the quality of specialist housing for vulnerable individuals with a care need.



+ Long-term asset management.

Civitas takes a proactive and long-term approach to maintaining the quality of its stock. The Fund sets aside several £'million each year towards asset renewal and improvement and this is focused on particular properties in consultation with relevant CPs and RPs. The objective is to ensure that all properties are in a good lettable condition and are considered appropriate by the relevant care provider. An example of the type of improvement works carried out by Civitas can be seen in the Holloway Road case study.

Civitas is now embedding environmental impact considerations more firmly within its overall strategy and investment approach. This is in addition to the environmental assessments that are undertaken at the time of property acquisition. This year, Civitas has identified the Mayor of London's Retrofit Accelerator of Homes programme, which aims to transform the way energy inefficient housing is improved to create warm, affordable and ultra-low carbon homes. This will allow a property to achieve its maximum possible EPC rating. Through connecting into this wider retrofit programme, Civitas is hoping to inform an internal learning process as to the costs and steps required to roll out a similar retrofit programme across its entire portfolio.

For the first time, Civitas was this year able to disclose EPC data to TGE for its portfolio of properties. The data shows that, 51% of homes are rated A-C, meaning these units meet the government's Clean Growth Strategy which has set the target of upgrading as many homes to EPC Band C by 2035 "where practical, cost-effective and affordable". In addition, 98% of Civitas' homes meet the government's minimum energy efficiency standard of an EPC grade E. TGE were informed that the majority of the non-compliant properties (those rated lower than E) qualify for exemption to the minimum standard due to associated costs, but the Fund still intends to include these in the Retrofit Programme Pilot.

TGE positively view the fact that the Fund is clearly taking steps to improve the energy efficiency of its portfolio and welcomes the commitment to transparency of beginning to collect and disclose EPC data on a systematic basis. The fact that most homes are rated C or above shows that the portfolio is generally of a good standard in terms of energy efficiency. We look forward to being able to report on Civitas' contribution to improving the environmental impact of its portfolio in future years once the Retrofit Programme is rolled out.

Holloway Road

In March 2017, Civitas acquired a property on Holloway Road in Islington. At the point of acquisition, the property was used as accommodation for women fleeing domestic violence. This is a modern and well-located property with excellent private outside space in central London. However, Civitas noted that the local authority was not fully nominating individuals into the property and as a result it was not full. The property offered only modest interior communal space and the units were generally too small for the needs of the target users plus their children.

Civitas therefore decided to repurpose the property, and to amend its use to a client group which was more ably served by this type of property – homelessness accommodation. The number of units was reduced to 29, interior communal space was extended, and the building's security was improved to ensure the property was fit for its newly amended purpose. These works have now been completed, paid for by Civitas as part of its capital works programme, and the property is full with its new tenants. The lease was also reassigned from Westmoreland Supported Housing to Encircle. TGE were informed by Civitas that the women who were living at Holloway Road were all moved on to more suitable forms of accommodation that better served their needs.

This case study highlights the connection between Civitas' social impact and its financial returns. The poor suitability of the building would have resulted in poor social outcomes for tenants and, in time, the local authority would have stopped placing women there. It is TGE's opinion that Civitas took proactive action at its own expense to bring about this beneficial change for all stakeholders.

+ Ensuring the quality of care.

TGE have seen evidence from CIM that they undertake a comprehensive review of all CPs prior to deals going ahead. This process involves reviewing regulatory ratings from the Care Quality Commission (CQC), news coverage, employee reviews and service user feedback where possible, as well as meeting with the management team and seeking to understand how the organisation's relationship is with care and support commissioners.

CPs working in the SSH sector are regularly monitored and rated by the CQC at the organisation level. At the time of Civitas' last portfolio-wide review in 2019, where data was available, all CPs that Civitas worked with had a CQC rating of 'Good' or higher, except three. Since then, two of those CPs have now been re-inspected and received an overall rating of 'Good'. An update on the portfolio-wide review of CQC ratings of Civitas' partner CPs is due later in 2020.

Civitas technically has no legal relationship with the CP and so ongoing monitoring of the quality of care occurs through Civitas' regular monitoring of its partner RPs. Direct engagement between Civitas and its partner CPs on the quality of care does not occur according to a fixed schedule, but rather occurs if operational issues relating to care provision arise. TGE received confirmation from a partner CP that, where buildings need some form of property improvements to enable them to be fit-for-purpose, they feel comfortable approaching CIM about the necessary changes.

Civitas has for a number of years focused on the delivery of the care within its buildings and has been rewarded for this by Civitas being awarded Healthcare Investor of the Year in the UK in both 2018, 2019 and with a further nomination for the award later in 2020. The founders of CIM are engaged in the specialist care sector and so are able to bring a high level of operational understanding to CIM's work on behalf of Civitas. It is positive to note the CIM has been invited by the NHS to begin various discussions regarding the provision of step-down accommodation that would be subject to lease directly with the NHS.



The quality of the Registered Provider
The quality of the Building
The quality of the Care Provider

3.3 Improve tenant wellbeing

TGE assesses tenants' well-being through direct surveys with tenants, their carer workers and their families. From May to July 2019, TGE worked with the Social Profit Calculator (SPC) to collect outcomes data from a representative sample across the whole Civitas portfolio.

Outcomes data was collected from 205 individual tenants, living in housing across 67% of RPs and receiving support from 16% of CPs. This has been used to inform TGE's assessment of the impact that Civitas' housing is having on tenant wellbeing outcomes.

Due to Covid-19, TGE have been unable to speak directly to tenants and care workers this year, and so data from 2019's Tenant Outcomes Survey has been used in this report.⁵ The assessment of this objective therefore rests upon the assumption that the outcomes experienced by tenants in 2019 have continued into 2020. Due to the high level of care needs of most tenants, most surveys were filled out by professional support workers or family members on behalf of tenants. The results therefore also rest upon the assumption that these support workers and family members are able to reasonably discern the tenant's level of wellbeing and provide answers appropriately.

As the property owner, Civitas' direct contribution to tenant wellbeing is relatively low although CIM does have regular and active dialogues with CPs to ensure that properties continue to meet tenant needs. It is the downstream activities of the RP and particularly the CP that make the most substantial contribution to a tenant's wellbeing. Nonetheless, Civitas is investing in specialist supported housing on the basis that it does contribute to positive well-being outcomes, hence the importance of assessing actual outcomes for tenants.

The key findings from the 2019 Tenant Outcomes survey were:

- + 63% of professional support workers reported that their tenant's mental health improved since moving into the accommodation. A third reported no change, and four percent reported that their mental health worsened.
- + Particularly positive responses came from tenants who were previously in hospital before moving into community-based supported housing. 95% reported that tenants coming from hospital have seen an improvement in their mental health since moving into the accommodation.
- + 64% of professional support workers have described tenants to be "mostly" or "completely" satisfied with their physical health. Over half (57%) have said this is an improvement from before tenants moved into the accommodation.
- + However, many professional workers reported No Change for the tenant's physical health since moving into the accommodation. This neutral response was more frequent in environments where the level of care is more intense, and tenants are not expected to make as much progress.
- + Seven of the ten family members we surveyed stated that the tenant's confidence had increased since moving into the accommodation.
- + Nine of the ten family members we surveyed stated that the tenant's motivation and aspirations had increased since moving into the accommodation.

5. Note that this is 2019's Tenant Outcomes Survey, yet the results in this report include an additional 56 survey responses that were collected after the publication of the 2019 Impact Report.



3.4 Provide value for money

Civitas aims to provide value for money for the public purse by delivering housing that offers significant cost-savings compared to alternative settings. To assess performance against this objective, TGE partnered with the Social Profit Calculator to calculate the social impact, economic benefits and fiscal savings associated with the Fund's homes. In addition, analysis has been undertaken on the cost-savings associated with a specific Civitas scheme and a review of Civitas' process around appropriate rent-setting has also been carried out.

According to research by the charity Mencap, SSH is a cost-effective way of providing housing to those with complex needs. This Mencap report provides evidence that a person living in SSH requires, on average, state funding of £1,569 per week, which is £191 lower when compared to a residential care placement and £1,931 lower when compared to an inpatient place. Moreover, there have recently been statements made by government ministers, who have commented on the overall level of cost-savings delivered by SSH. Specifically, in 2017, the Minister for Local Government stated that, "The net benefit of providing supported housing to the wider public purse was estimated to be £3.5 billion per year". It is within the broader context of these findings that TGE has sought to assess Civitas' impact in providing value for money for the public purse.

Social value analysis

The social value analysis carried out by TGE in partnership with SPC in 2019 considered the value for the taxpayer and the financial value of the impact that Civitas homes are having on their tenants. Note that the results of the Tenant Outcomes Survey were used to inform the analysis. Since a similar survey could not be conducted this year due to Covid-19, the results presented here are representative of the Civitas portfolio as of March 2019.

The findings showed that, across the entire portfolio, Civitas generates £114 million of social value per year. This equates to £3.50 created in social value for every £1 of annualised investment.

This was divided into:

- ⊕ £40.2 million of social impact – the value of the improved outcomes for tenants.
- ⊕ £9.3 million of economic benefits – the increased economic activity that has been generated.
- ⊕ £64.7 million of fiscal savings – the savings to local and national governments.

While updated social value analysis could not be repeated for this Impact Report due to Covid-19, it is expected that this monetisation calculation will be repeated on an annual basis in future years.



Appropriate rent-setting

One of the key concerns within the SSH sector is the potential for the overcharging of rents and excessive extraction of profit by developers and aggregators. In March 2020, The RSH published an Addendum to its Sector Risk Profile on 'Setting Rents for Social Housing'. The report states 'Overcharging puts the reputation of the whole sector at risk' and explicitly affirms that SSH presents a particularly high risk of non-compliance in relation to rent charges.⁶ Ensuring that rental charges have been verified and agreed by commissioners is an important mechanism for safeguarding against inappropriately high rents:

'If asked, providers should be able to evidence that the rental charge for the SSH has been agreed by the commissioning body.'

– RSH, Setting Rents for Social Housing, March 2020

TGE have seen evidence that Civitas' Due Diligence process requires confirmation of the necessary commissioner support and evidence that there is long-term demand for a given scheme for deals to progress. This was corroborated by the local authority commissioner from Worcestershire County Council in an interview for the Bedwardine Court case study (see page 37). Further information on this topic is provided in the following section on mitigating impact risks. As noted earlier in the report, Civitas has, for a considerable period of time, required that all properties are subjected to detailed rent checking and validation by the relevant local authority commissioner prior to delivery. TGE has been advised that the Fund is now also using its position to raise standards in the sector more widely, ensuring that all RPs also meet these standards for all their property transactions, not just those undertaken with Civitas.

Value for money

During an interview with the appropriate local authority commissioner for Bedwardine Court, TGE were provided with specific evidence of the value for money that such schemes can deliver. We were informed that approximately six individuals now living at Bedwardine Court have moved into the property from more expensive settings, and this has delivered cost-savings to the public budget of approximately £230,000 per year from these tenants alone.

Note that TGE were only provided by the commissioner with cost-differentials data for those tenants who have moved down the care ladder into Bedwardine Court. Comprehensive cost-differentials data for the property as a whole was not available to be shared but the commissioner was able to share data for these six tenants that had been identified as costing less compared to their previous setting. Some tenants are likely to be costing similar or even more than previous settings and so the net cost-saving for the property as a whole is likely to be less than this £230,000 suggests. Nonetheless, it still provides a powerful demonstration of the value for money that SSH can provide for individuals moving away from residential or institutional care.

6. Regulator of Social Housing (RSH), Setting Rents for Social Housing: Addendum to Sector Risk Profile 2019, March 2020.

3.5 Impact risk mitigation

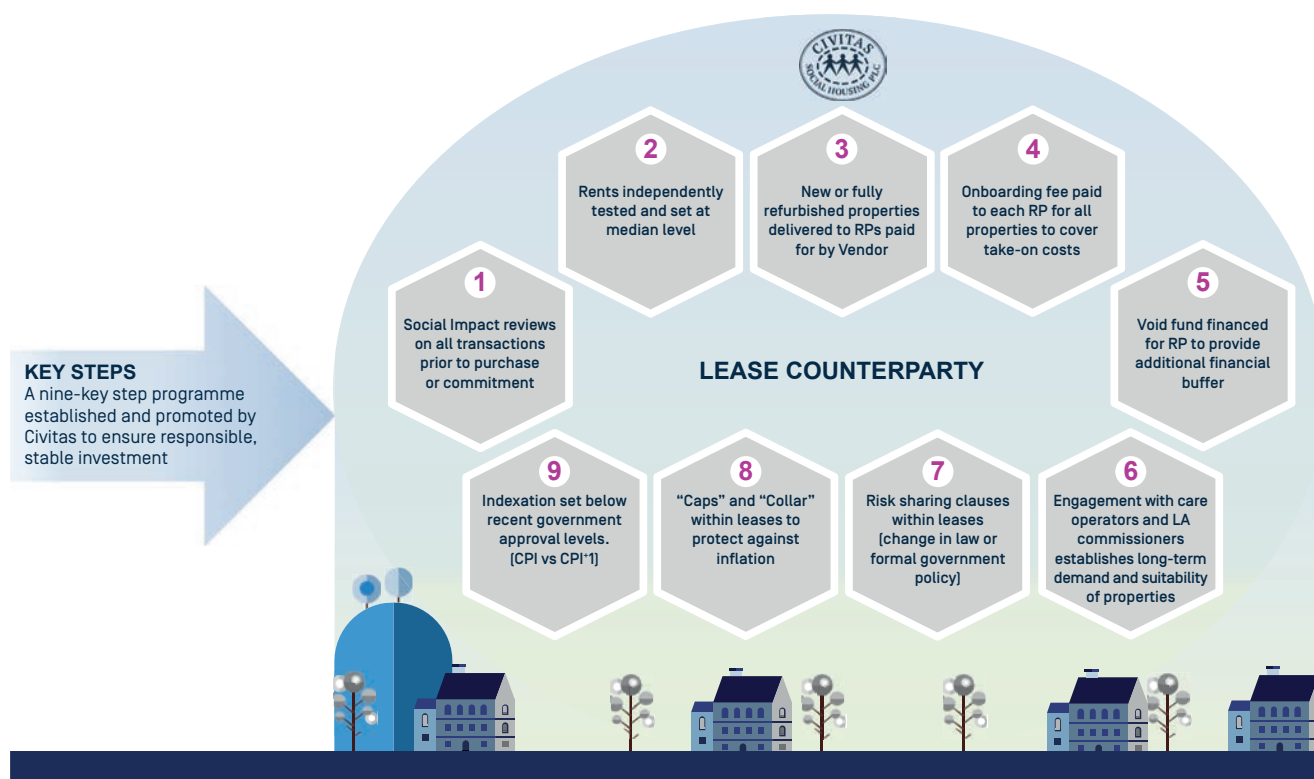
Risk mitigation strategy

Civitas has developed an Investment Risk Mitigation Strategy, the objective of which is to protect lease counterparties and as far as possible to future proof investments so that they are stable and responsible. This is designed to assist all parties including the sector overall.

The strategy has been evolved by Civitas in consultation with its RP partners and it has also been presented to investors and shown to various other stakeholders in the sector including the Regulator of Social Housing (RSH). Civitas have made clear that this strategy is a living document and process that will continue to evolve over time and to respond to the needs and requirements of the sector including those indicated by the RSH.

A schematic of the strategy is set out below. These nine-steps govern the manner in which Civitas seeks to undertake all of its transactions.

Figure 3 – Investment Risk Mitigation Strategy*



*Note that this strategy is taken directly from Civitas' internal documents and has not been produced for the purposes of this Impact Report.

Regulation

Civitas is not itself regulated by the RSH, however the Board of Civitas recently extended an invitation to the RSH to join its board meeting and to share their view and thoughts on the sector and the model. This invitation reflected the importance that the Civitas Board and CIM attach to the views and opinions of the RSH. TGE understands that this meeting was regarded by all present as helpful and productive and is likely to be repeated in the future. CIM also has regular, informal engagement with the RSH on an ongoing basis. It must be acknowledged however, that there are limits to what that engagement can achieve, given that Civitas is not itself directly regulated by the RSH and it is the RPs themselves who must have the substantive dialogue with the RSH.

In addition to direct engagement with the RSH, CIM has evidenced to TGE the work that they undertake with many of the Civitas RP partners to assist them in their own engagement with the RSH, whilst at the same time respecting that all RPs are independent organisations with their own boards and direct responsibilities to their tenants and the Regulator.

In April 2019, the RSH published an Addendum to its Sector Risk Profile that was widely reported at the time and raised serious questions regarding risk and what they saw as examples of poor management and thin capitalisation amongst RPs in this sector, as well as raising questions regarding the lease-based model itself.⁷

More than a year on from the publication of this report, the RSH continues to raise concerns regarding the lease-based model. In March 2020, the RSH stated that whilst it has seen some enhancements it “can’t see improvements coming fast enough” and that it is considering publishing a follow-up to last year’s Addendum to draw attention to its ongoing concerns.⁸

As of June 2020, the RSH has declared 10 lease-based providers as non-compliant with its governance and viability standards and issued them with Regulatory Judgements or Notices. Five of these are Civitas’ partner RPs – Bespoke Supportive Tenancies (BeST), Encircle, Inclusion, Trinity and Westmoreland [further details of the RSH’s rulings can be found in Appendix 1].

Though the RSH is clearly still concerned about lease-based providers, there has been significant change within the sector over the last year, particularly in the strengthening of the boards of the RPs where more than 40 new and experienced directors have been appointed as well as new CEOs and other executives. A number of these appointments have been supported or initiated by CIM as part of its response to the issues raised by the RSH.

It is also clear that there is very significant underlying demand for the properties that are being supplied from the local authorities that are meeting all costs incurred by the RPs and then recovering those from central government in the form of housing benefit.

In turn, the Government has made clear that it wants to see much more community-based provision to enable the closure of remote long-stay facilities that are now regarded as unsuitable and very expensive. Also, as mentioned earlier in the report, the Government has indicated that it intends to continue to allow housing benefit to meet the entire costs of SSH as it has done for almost 25 years. This covers the lease obligations of RPs.

TGE is of the opinion that Civitas have recognised the risks identified by the RSH and, whilst not being directly regulated themselves, have instigated activities to support RPs to mitigate those risks, implementing better governance and management practice and using its influence to improve governance and management standards across the SSH sector.

TGE recognise that Civitas and the RSH have aligned interests in wanting the sector to thrive and develop on a sustainable basis, and Civitas is making a contribution in helping to correct the problems that have historically been associated with the model.

7. Regulator of Social Housing (RSH), Lease-based providers of social housing: Addendum to the Sector Risk Profile 2018, April 2019.

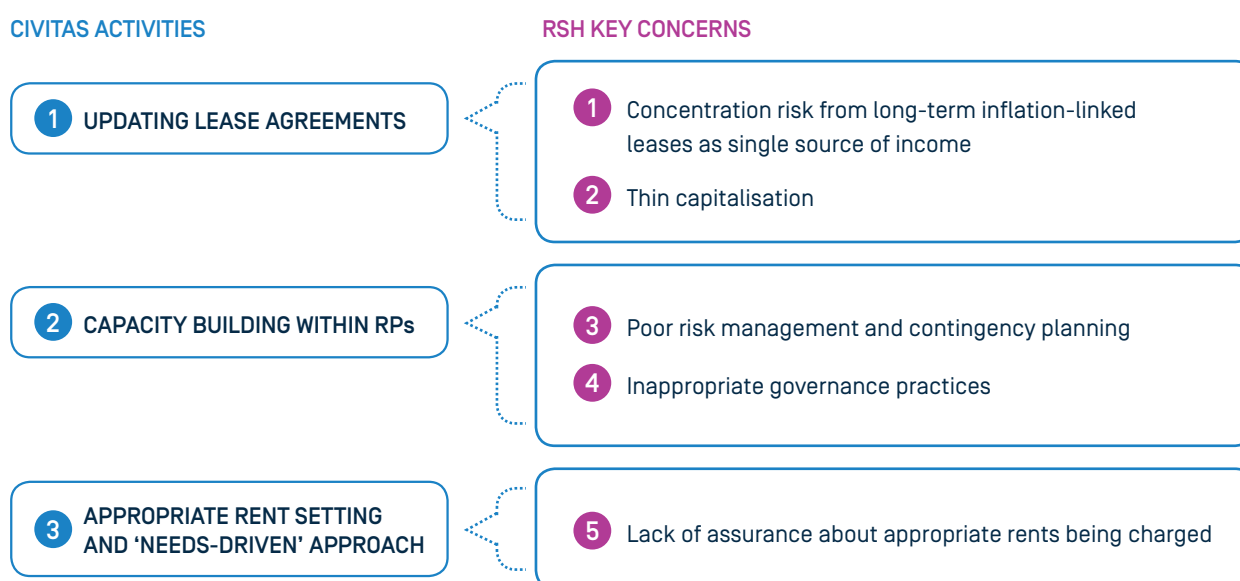
8. Inside Housing, Regulator to become ‘more vocal’ in its criticism of lease-based providers, March 2020.

TGE sees Civitas' activities in this area as falling into three categories:

- 1 Updating lease agreements
- 2 Capacity building within RPs
- 3 Appropriate rent-setting and implementing a 'needs-driven' approach.

In the context of this report, Covid-19 has also presented significant impact risks relating to the delivery of housing and care services to tenants. TGE has therefore assessed Civitas' activities in helping its partners to mitigate those risks, supporting them to continue delivering services to tenants. In this area, TGE is of the opinion that Civitas is taking sufficient steps to support its partner RPs to ensure the continuation of their service delivery.

Figure 4 – Civitas risk mitigation activities and Regulator concerns



Updating lease agreements

The biggest risk to an RP (and therefore their tenants) is the inability to cover their lease payments due to an operational or legislative "shock" to their model. To a large extent this is mitigated by government commitment in August 2018 that current Housing Benefit for supported housing would remain in place. The RP's lease payments are 100% covered by Housing Benefit. The provision of care for vulnerable individuals is also subject to extensive primary legislation and is regarded as non-discretionary expenditure.

As a result of positive engagement with the RSH, Civitas have made two changes to their leases to support their RPs and mitigate this risk:

- + Adding a **Force Majeure** clause, that ensures if a significant government-led event occurs that impacts an RPs' ability to meet its lease obligation, the RP and Civitas will meet and create a contingency plan to best support all stakeholders. This clause has been implemented on Civitas' recent transactions and all leases now come with its inclusion as standard. Such a clause is similar to leases within the infrastructure sector where payments are met from state funds.
- + Adding a **cap of 4% and a collar of 0% on rent increase**, regardless of the rate of inflation. This clause has been implemented on Civitas' recent transactions and will continue to be offered as standard on all future deals.

The feedback that TGE has received from partner RPs regarding the new lease agreement terms has been positive yet cautious. There is recognition that these changes to leases that Civitas and others in the sector have implemented are helpful. These clauses have not yet been rolled out retrospectively on historic leases and we understand that Civitas is open to discussions regarding the retrospective application of the Force Majeure clause as part of a broader dialogue on risk and regulatory response. TGE have been informed by RPs that they are supportive of this change.



Capacity building within RPs

The RSH has raised concerns about poor risk management and inappropriate governance practices of some RPs involved in lease-based deals. These are both significant impact risks relating to the organisational capacity of RPs to effectively deliver prudent business planning.

TGE has been advised that CIM is working with Civitas' partner RPs to help them tackle these issues in a number of ways:

- **Helping RPs to recruit experienced board members.** Civitas have supported the appointment of approximately 30 board members to RPs with whom they work. It is hoped that this process is helping RPs to improve their expertise and technical capabilities around meeting regulatory standards, financial management and risk appraisal.
- **Supporting the creation of 'The Social Housing Family' (TSHF)** - a Community Interest Company (CIC). This acts as a support body for SSH RPs, providing management and financial viability advice and sharing best practice.
 - TSHF is now established and has its first member – Auckland Home Solutions. CIM informed TGE that Auckland Home Solutions have been able to strengthen their board since joining TSHF, improving their governance expertise. The Fund is hopeful that more RPs will join in the coming months, however this is a decision for the boards of individual RPs.
 - Since TSHF is still in its infancy with only one member, it is difficult for TGE to provide a meaningful assessment of its impact. At this stage, it is TGE's opinion that TSHF demonstrates Civitas' long-term commitment to helping the SSH sector as a whole, but that its impact in practice will become clearer as the organisation becomes more established and other members join.
- **Seminars are held once a quarter with all of Civitas' partner RPs** to facilitate information and knowledge sharing. In the current Covid-19 pandemic, these seminars have also provided an opportunity for sharing of practice between RPs about how they are tackling the operational difficulties imposed by the situation. TGE have also heard from CIM how they have facilitated the sharing of information and practice between CPs in responding to Covid [see page 33 for more details].
- Working with their RPs to develop a **30-year stress testing model** that is suitable for the lease-based model.



Appropriate rent setting and ‘needs-driven’ approach

One of the risks identified by the RSH around the lease-based model was the lack of assurance about appropriate rents being charged.

Rents for SSH are unusually high because they are classed as ‘exempt rent’ – that is, they are exempt from the government’s limitations on rents for social housing and do not benefit from grant funding available to general needs properties. This is because, for SSH, the accommodation is in theory more expensive to rent due to the care and support being provided to the tenant and the specialised property adaptations. It is also more expensive as it covers many more items that would not normally fall into a rent category such as meeting all energy costs and council tax for the tenants who themselves have no means of paying such costs.

However, as private money has flowed into the supported housing sector, this exempt rent legislation has allowed, in certain cases, for inappropriately high rents and excessive profiteering from public money despite the homes being substandard and not effectively serving an identified social need.

TGE is of the opinion that Civitas takes well-defined steps in its Due Diligence process to ensure that rents are set at an appropriate level, with the required support from commissioners of the social need for the specific type of housing and confirmation of the suitability of the rental level. Civitas has also been vocal in the sector in seeking that all parties ensure that rents are set at appropriate levels and financial returns are fair. The specific steps taken are outlined in more detail below:

- ✚ Civitas carries out a **rent review for each property**. TGE have seen evidence from CIM that they have worked with sector specialists Support Solutions to review all rents and to check that they are fair value and supported by the local authority. This has led to the creation of a valuable internal database with details of what is deemed an appropriate rent level for locations across the whole of England and Wales. TGE have seen evidence that, in some cases, Civitas’ rent review process has enabled the Fund to recommend reducing the rent from what was previously being paid and, if not amended accordingly, to turn down deals on the basis that the proposed rents are too high. TGE received confirmation from a Civitas partner RP that the Fund has good knowledge of local rents and is making progress in trying to benchmark them. We have also seen evidence that the Fund’s Due Diligence process requires confirmation that the RP is comfortable with the proposed rent for a given property.
- ✚ Civitas’ Due Diligence process requires **confirmation of the necessary commissioner support** for the deal to progress. Ensuring that the required commissioner support is in place for a scheme is an important mechanism in verifying that a property serves an identified need, as well as a means of safeguarding against inappropriate rent-setting. The process

should start with the identification of a social need and a partnership should form to address that, with the building as the last piece of the jigsaw. Evidence of Civitas' commitment to this needs-based approach is evident in the case study box below.

Evidence of Civitas' 'needs-driven' approach

Civitas was interested in acquiring a property in Stoke, which had been repurposed from a pub to a set of supported living homes. During the Due Diligence phase, Civitas learned from the CP that there was confirmation from the relevant local authority of a need for properties in the area to serve the identified client group. The location was suitable and the rents were in line with the Fund's expectations for the area, meaning they were appropriate and were financially viable for investment. However, Civitas arranged for the CP [a key and longstanding delivery partner] to visit the property, upon which it was reported back to Civitas that the room sizes were too small for the proposed client group. Civitas therefore decided not to proceed with the acquisition, since they would not compromise on the space standards required. It was decided that the relatively small room sizes were inappropriate for the client group and that they may negatively impact on tenant wellbeing.

TGE welcomes this example as a demonstration of Civitas considering impact as an integral and guiding component of its investment decision-making process. It evidences the fact that the Civitas model only works where there is clear alignment between the social and financial goals of the Fund. Though this project appeared to tick all boxes from a financial perspective, the potential negative impact of inadequate space for tenants was a red flag. TGE views it as positive that this was captured in the Due Diligence process.

This example provides a practical demonstration of Civitas' needs-based approach, with impact considerations wholly integrated into the Fund's investment process.

Covid-19

Finally, Covid-19 presents an unprecedented challenge that has the potential to negatively impact tenant wellbeing due to the disruption of essential service provision from RPs and CPs.

Having discussed the matter with CIM, TGE is of the opinion that Civitas is taking sufficient steps to support its partner RPs to ensure they are able to continue delivering services to tenants:

- + CIM informed TGE that, in the initial stages of the lockdown, they reached out to all 15 of their partner RPs and spoke to the CEOs of each organisation. The Fund received confirmation from each RP that they were able to continue to operate in the circumstances.
- + The seminars that Civitas would normally run with its RPs in person continued but moved online. Seminars were used to discuss specific issues on a range of topics including how to manage unnecessary home visits, how to reach out to CPs to carry out repairs in a manner that is safe, as well as discussions around how tenants can isolate safely in shared accommodation properties. TGE were informed by CIM that 10 of the Fund's 15 partner RPs are now collaborating around Covid-19 and engaging around sharing resources and practice. There have also been discussions about whether different organisations may be able to collaborate to share repairs among local teams.
- + During a discussion with CIM's Healthcare Director, TGE were informed of an example in which the Fund was able to share information from one CP to another regarding the sourcing of Personal Protective Equipment (PPE). As Civitas are in contact with a large number of CPs, the Fund is in a privileged position in terms of the amount of information it receives on certain matters and can play this type of useful information sharing role.

3.6 Additional Impact

In addition to the impact that Civitas is having relating to its stated impact objectives, TGE has identified an area that the Fund is delivering impact, specifically in response to Covid-19.

TGE have been informed by CIM of a specific example of a property that the Fund has offered for use in responding to Covid-19-related issues. This example is set out in more detail below:

- ⊕ Holloway Road, Islington – the property had recently been repurposed and therefore was empty. Civitas were approached by Islington Council who asked whether the property could be used to house homeless people, given their immediate vulnerability to Covid-19. Civitas agreed to the local authority's requests and the property is now full with previously homeless individuals.

“In this challenging and unprecedented time, Islington Council has had to look outwards and work more closely with our partner agencies to deliver services at a level never seen before... Working together with Civitas Social Housing, we were able to deliver 29 self-contained units of accommodation for our most entrenched rough sleepers, ensuring that they are no longer on the streets and exposed to the virus. We appreciate the assistance and support provided by Civitas during this period. They have shown that the spirit of community still exists through actively working to provide us options to solve our housing needs.”

– Islington Council

4 / ALIGNMENT WITH THE UN SUSTAINABLE DEVELOPMENT GOALS

The 17 Sustainable Development Goals were adopted by all UN Member States in 2015, as part of the 2030 Agenda for Sustainable Development which set out a 15-year plan to achieve the Goals. They are integrated and indivisible and balance the three dimensions of sustainable development: economic, social and environmental.

Through raising long-term equity for the social housing sector, Civitas' primary contribution is to SDG 11: "Make cities inclusive, safe, resilient and sustainable". Within this goal, Civitas specifically supports SDG Target 11.1: "By 2030, ensure access for all to adequate, safe and affordable housing and basic services..."

However, there is good evidence that positive outcomes relating to one SDG can cause positive outcomes relating to other SDGs. In the case of Civitas, funding the delivery of social housing for vulnerable individuals with a care need is evidenced to have secondary benefits relating to several other SDGs. We refer to this as SDG Linkages.

Figure 5 – SDG Linkages

'Housing costs induced poverty' has increased over the last two decades, and more affordable housing can help reduce poverty.

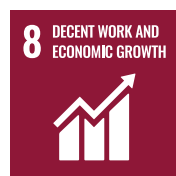
Joseph Rowntree Foundation: The links between housing and poverty

<https://www.jrf.org.uk/report/links-between-housing-and-poverty>

Evidence suggests that settled housing is a necessary prerequisite for seeking and sustaining employment.

Joseph Rowntree Foundation: The links between housing and poverty

<https://www.jrf.org.uk/report/links-between-housing-and-poverty>



There are strong links between housing and health and wellbeing. Inadequate housing can lead to a deterioration in mental and physical health. Having a good quality, affordable home can improve wellbeing. Housing close to parks and sports centres can also encourage exercise and help tackle obesity.

UKSSD: Measuring Up

<https://www.ukssd.co.uk/measuringup>







Housing with renewable energy directly contributes to SDG7. Also homes that are more energy efficient reduce overall energy consumption.

United Nations: SDG 11 Synthesis Report

<http://uis.unesco.org/sites/default/files/documents/sdg11-synthesis-report-2018-en.pdf>


Each SDG is made up of sub-targets that have their own specific indicators. Over time, each country is expected to develop their own specific metrics to track progress using measures that make sense in their national context. These are still being developed in the UK and so TGE has aligned a set of existing proxy measures to the relevant UN indicators; evaluating Civitas' progress towards the SDGs and to assess their alignment and strength of contribution.

Figure 6 – Civitas contribution to SDG targets

SDG GOAL	SDG TARGET	SDG INDICATOR	TGE PROXY MEASURES AND CIVITAS DATA	ALIGNMENT	STRENGTH OF CONTRIBUTION
	11.1 – By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums	11.1.1 – Proportion of urban population living in slums, informal settlements or inadequate housing	<ul style="list-style-type: none"> – 613 social housing properties providing tenancies for 4,216 people – 200 properties (33%) converted to social housing for first time 	Positive	High
	11.a – Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning	11.a.1 – Proportion of population living in cities that implement urban and regional development plans integrating population projections and resource needs, by size of city	<ul style="list-style-type: none"> – 407 properties (66%) located in the 40% most deprived LAs 	Positive	Medium
	1.2 – By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions	1.2.1 – Proportion of population living below the national poverty line, by sex and age	<ul style="list-style-type: none"> – Potential to provide housing for 4,216 people, many of whom are dependent on benefits for their housing and care 	Positive	Low
	3.8 – Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all	3.8.1 – Coverage of essential health services	<ul style="list-style-type: none"> – 501 supported housing properties – 79 residential care properties – 33 'other' properties (step-down, dependencies, mental health) – 63% of tenants reported an improvement in mental wellbeing since moving into housing 	Positive	High
	7.1 – By 2030, ensure universal access to affordable, reliable and modern energy services	7.1.2 – Proportion of population with primary reliance on clean fuels and technology	<ul style="list-style-type: none"> – 51% of homes with EPC grade C or above – 98% of homes with EPC grade E or above 	Positive	Low
	8.3 – Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services	8.3.1 – Proportion of informal employment in non-agriculture employment, by sex	<ul style="list-style-type: none"> – £9.3m in economic benefits per year – the increased economic activity that has been generated 	Positive	Low

4 / CASE STUDIES

DEEP DIVE CASE STUDY – BEDWARDINE COURT

 	<p>Investment date August 2018</p> <p>Total potential number of residents 20</p>	 <p>Location: Worcester</p>
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About Bedwardine Court

Bedwardine Court is a block of 20 purpose-built supported living flats in Worcester. The building has been designed to promote independence with each tenant having their own self-contained flat consisting of a bedroom, bathroom, hallway, living room and kitchen. Within the building there are also two communal living spaces which are used to host social events and to encourage interaction between tenants, as well as some outdoor amenity space. With 24/7 care on-site, the scheme delivers much needed SSH for tenants with high acuity needs, whilst also providing them with the independence of living in their own flat.

Civitas acquired the scheme upon its completion in 2018. Inclusion Housing are the RP and are responsible for property maintenance and repairs. Lifeways are the CP and are responsible for all care provision. During conversations with Inclusion and Lifeways, TGE heard that the working relationship is well-established and positive with the two organisations having delivered many schemes together.

Inclusion Housing

Inclusion Housing is a Community Interest Company launched in 2007 with the aim of expanding the availability of quality supported housing for individuals with a care need. Today Inclusion provide housing for around 2,500 tenants throughout the country in supported living homes.

Inclusion are one of Civitas' principal partner RPs, providing housing management services to 69 of the Fund's properties, comprising 455 tenancies. Civitas and Inclusion have an established and ongoing delivery partnership, with Inclusion acting as the RP on four of the 14 properties added to the portfolio during the last six months. Inclusion's business model is heavily contingent on the lease-based model provided by funds such as Civitas with an anticipated average growth rate of approximately 350 units per year.

“Civitas are a proactive investor who are committed to ensuring the sustainability and long-term value of what is being delivered.

– Neil Brown, Chief Executive, Inclusion Housing

In February 2019, Inclusion received a Regulatory Judgement from the RSH and was rated as non-compliant with its governance and viability standards, receiving a G3/V3 grading. When TGE discussed the concern of the RSH with the Inclusion team, they made clear that Inclusion are working with the RSH to address its concerns and to improve the long-term financial sustainability of their business model.



Social Need

In Worcestershire, there are more than 2,000 people with a care need. Around 1,500 would be eligible for some form of supported accommodation, and around 800 are currently accommodated in either SSH or residential care. This represents a gap of approximately 700 homes between what the council is currently able to provide and the potential demand.

The last four years in Worcestershire have seen the 'Positive Living Project' rolled out, with a drive to move people out of long-term residential care and into supported living where possible. That period saw approximately 240 moves take place and there are now roughly 450 people in an SSH setting within the local authority. This represents a positive move towards more community-based living options and is symptomatic of the wider policy drive of the Transforming Care Agenda. However, the gap between the supply of and demand for such settings demonstrates the extent of the social need that exists in Worcestershire for more SSH schemes such as Bedwardine Court.

The gap between the supply of and demand for such settings demonstrates the extent of the social need that exists in Worcestershire for more SSH schemes such as Bedwardine Court.

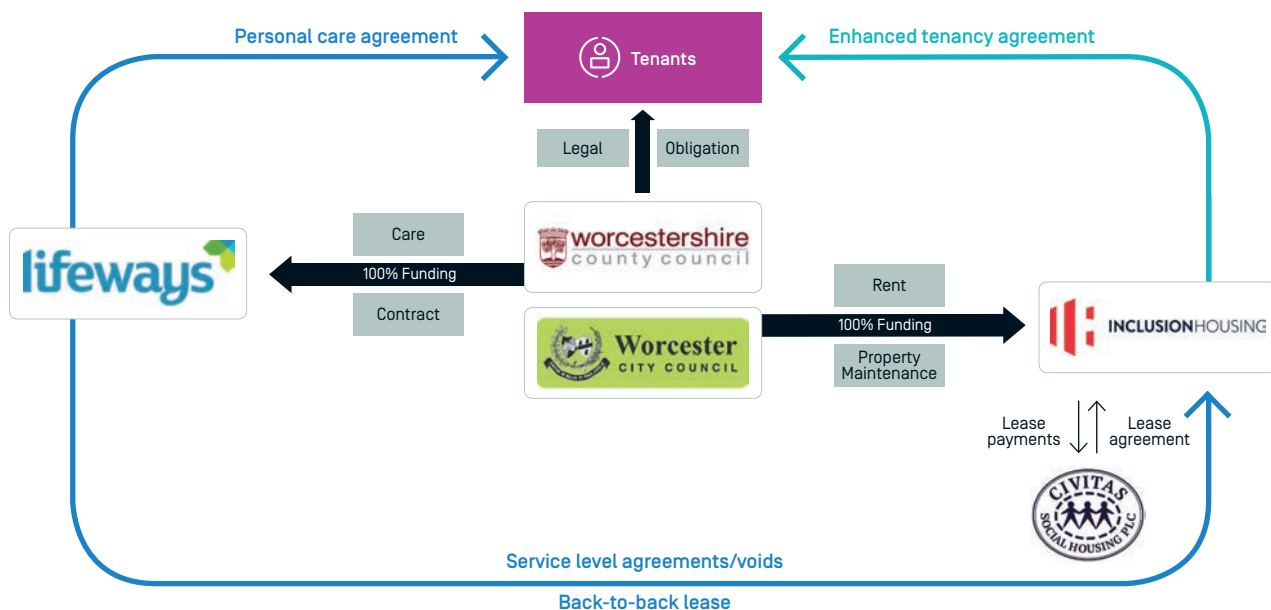
Delivery Process and Partnership

During a conversation with Worcestershire County Council, the local authority for Bedwardine Court, TGE received assurance that the process through which the scheme was delivered was needs-led rather than property-led. In response to a needs analysis, Worcestershire County Council were approached by Lifeways with various sites that they had identified as having the potential for use as an SSH development. The Council turned down some of these sites but approved the Bedwardine Court site because it ticked the relevant boxes for social need, amenities, staff recruitment and proximity to the town centre.

Once the development process began, the Council also then had input on the design of the flats. This was informed by the needs assessment that they had carried out for the Worcester area, with specific design features recommended based on the needs of potential tenants which the Council had already identified. TGE were informed by Lifeways that Worcestershire County Council specifically requested four flats on the ground floor for individuals with a higher level of care need, and this is the reason that this section of the property has its own communal living space specifically for those individuals.

Worcestershire County Council also informed TGE that the delivery process involved them viewing and verifying the proposed rents from Inclusion. Civitas came into the process once this social need had been verified by the local authority, and all parties were on board with delivering the service provision at the agreed rent level. This evidences a needs-led approach which mitigates the impact risk of inappropriate rent-setting, or of delivering a scheme which does not effectively serve an identified social need.

Figure 7 – Stakeholder map for Bedwardine Court



“The kind of partnership working involved in delivering this scheme plays an instrumental role in responding to the need for more supported living.

– Adam Jones, Housing Project Manager, Worcestershire County Council

Tenants

As of March 2020, 12 of the 20 flats are occupied, with tenants coming from a range of backgrounds (see box). It is not unusual in SSH for lettings in a building to take longer due to the needs of the client group although the risk of this to the RP is mitigated by void cover provided by the care provider. The property caters for a range of care needs, with services offered to people with learning or physical disabilities, autism, acquired brain injury (ABI), dual diagnosis and mental health needs. The properties are already specially designed to cater for individuals with care needs, but two of the properties have also had specific adaptations made to meet the tenant's requirements – both have had grab rails fitted in the bathrooms.

All tenants receive core care hours of a minimum of 16 hours per week with a range in terms of the level of additional care required. Bedwardine Court's lowest acuity tenant requires only around 5 hours of additional care while the highest acuity tenant requires 1-to-1 care virtually around the clock. Across the Civitas portfolio, average care hours exceed 40 hours per week, demonstrating the middle- to upper-acuity of the tenants being looked after.

The property can serve a fundamentally different purpose for different tenants. For some with relatively lower care needs, Bedwardine Court can act as a stepping-stone – a transitional property towards more independent community-based living. In such an instance, success would be the property being only a short-term home, with the tenant moving on if progress is made. For others, Bedwardine Court may represent the most independent setting they can reasonably hope to occupy – a move down the care ladder, away from residential or institutional settings. For such a tenant, success would be the property becoming their long-term home, without the requirement to move back towards more restrictive settings.

TGE were informed by Lifeways of one particular tenant of Bedwardine Court who has a mental health diagnosis. Before this individual moved into Bedwardine Court, he was very quiet, would not engage, would not go out and was at risk of being sectioned. However, thanks to the support of the Lifeways team, he now actively engages with people and goes out, has had a reduction in medication and has made positive progress with rebuilding his confidence and mental wellbeing.

Of the 12 residents to have moved in:



5 have come from other supported living services



4 have come from family homes



2 have come from residential care



1 has come from a mental health hospital

“ The availability of 24-hour support on-site is a source of mental wellbeing and security for tenants, and the self-contained nature of the flats provides independence with support tailored for each individual's needs.

– Ros Creamer, Community Engagement & Business Development Manager, Lifeways

Value for Money

TGE were informed by the commissioner for Bedwardine Court that the scheme has delivered significant cost-savings to the public care budget. Approximately six individuals now living at Bedwardine Court have moved into the property from more expensive settings, and according to the commissioner, this has delivered a saving to the public budget of approximately £230,000 per year from these tenants alone. The commissioner drew attention to one tenant in particular, who on their own was saving the local authority approximately £2,000 per week.

It must be established that this £230,000 savings figure only factors in the tenants whom TGE were informed were now costing public budgets less compared to their previous setting. Some tenants have come from family homes and other supported living settings and so are likely to be costing similar or maybe even more than previous settings.⁹ The net cost-saving for the property as a whole is therefore likely to be less than this, but it still provides a good example of the value for money that SSH can provide for tenants moving away from residential or institutional care.

There are, however, potential impact risks around the fact that only 12 of the 20 units at Bedwardine Court are currently occupied. However, this demonstrates the care that is taken in bringing people into properties and ensuring their suitability to the property. The void costs which are part of the overall on-boarding will be met by the care provider and will be a planned expense, thus mitigating the impact risk to the RP. TGE will look to review the progress made in terms of the level of occupancy at Bedwardine Court for its next Impact Report in November 2020.



9. TGE were only provided by the commissioner with cost-differentials data for those tenants who have moved down the care ladder into Bedwardine Court and so a net cost-saving for the property as a whole could not be estimated.

5 / SOCIAL PARTNERS

CRISIS: TOGETHER WE WILL END HOMELESSNESS



Crisis is a national charity for the homeless that works to provide vital support so that people can rebuild their lives and are supported out of homelessness for good. As an organisation, they have over 50 years' experience working with the homeless and campaigning for permanent change.

Civitas supporting 'Renting Ready'

Civitas' partnership with Crisis is now into its fourth year, with Civitas funding continuing to pay for the employment of one Housing Trainer for Crisis' 'Renting Ready' training course.

People on low incomes and with previous experience of homelessness, face significant barriers when trying to access and sustain accommodation. 'Renting Ready' helps vulnerable people build the skills and knowledge needed to live independently and to successfully manage and maintain their homes. The Housing Trainer supports these people in approaching landlords, understanding their rights and responsibilities and how to get the most out of their first move. The course is delivered across the 11 Crisis Skylight centres around the UK.



Note that from March 2020, Crisis' Renting Ready delivery has been put on hold because of Covid-19, which has impacted the annual results (below). Crisis are seeking to respond by working on the delivery of Renting Ready as a distance learning programme and are planning to create online training materials.

Results and Impact

As of June 2020, the following results and outcomes have been achieved:



16 COURSES delivered



32 LEARNERS directly received Renting Ready



56 STAFF of partner organisations trained to deliver Renting Ready



100% of learners reported that they found Renting Ready useful



100% of learners reported increased confidence in managing a tenancy because of Renting Ready



100% of learners improved their tenancy related knowledge as a result of Renting Ready

“ For the first time, I started to understand that I wasn't in the wrong and becoming homeless wasn't my fault.

– Renting Ready Learner, Crisis Skylight Croydon

THE CHOIR WITH NO NAME: CHOIRS FOR PEOPLE AFFECTED BY HOMELESSNESS



The Choir with No Name is an organisation that runs choirs for people who have experienced homelessness and other forms of marginalisation. Founded on the premise that singing makes you feel good; The Choir with No Name aims to be a positive force in the life of vulnerable individuals.

Civitas supporting The Choir with No Name

Civitas has a long-term relationship with the choir and want to continue supporting their growth which saw 1,085 people benefiting from the choir's service as of 2019, exceeding the target of 720. Having a secure source of funding is important as it enables the organisation to fund concerts whilst also allowing the four choirs to provide their valuable services to individuals in need.

“The choir means a lot to me. I will break a leg to be there on Thursday night. I won't miss it.”

– Choir Member



Results and Impact

As of June 2020, the following results and outcomes have been achieved:

MEMBER SURVEY RESULTS 2019



94% of members have made friends at choir



90% of members reported increased confidence



81% of members reported an improvement in mental health since joining the choir



82% of members reported choir helped them achieve a positive change in their lives including securing accommodation, management of addiction or finding a job



84% of members reported learning at least one new skill

THE HOUSE OF ST. BARNABAS: MEMBERS' CLUB AIMING TO BREAK THE CYCLE OF HOMELESSNESS

**The House of
St Barnabas**
LONDON

The House of St. Barnabas is a social enterprise member's club that helps London's homeless people back into work, through their Employment Academy. Their approach is driven by their mission; to create the strongest community of people who are invested in creating a fair and equal society, and a future where lasting work is a reality for people affected by homelessness.

Civitas supporting The House of St. Barnabas

Civitas is helping to fund the Employment Academy. This offers a tailored three-month Employment Preparation Programme, providing work experience within The House of St. Barnabas' vibrant business, alongside accredited qualifications from City & Guilds, real job opportunities and mentoring. Further support is offered within the Academy to help graduates find, keep, and progress in work.

Civitas also sponsored the production of the House of St. Barnabas five-year impact report in 2019.



Results and Impact

As of June 2020, the following results and outcomes have been achieved:



190 total graduates



63% of graduates get work within one year



80% of graduates gained a City & Guilds award



19% of working graduates now have secure, affordable accommodation and have been in work for 6+ months



14% have seen salary and career progression

“ It was thanks to the people here that I found my job.

– Employment Academy Graduate

WOMEN IN SOCIAL HOUSING (WISH)



WISH is a membership-based network for women working across every discipline of UK housing. The organisation brings together roughly 500 women at all stages of their careers to highlight and discuss key gender- and diversity-based issues in the sector. Each region of WISH meets at least four times a year, allowing members to share ideas and information and widen their network.

Civitas supporting WISH

Civitas is promoting the work of WISH to increase inclusivity and gender balance across the social housing sector at every level. The Fund is aiming to support WISH to continue being a thought leader in this space and in working to tackle issues of gender inequality within the sector.



“ We couldn't do the work we do without the support from organisations like Civitas, helping us to operate and support women across the housing sector

– Nicola Dibb, Co-founder and Executive Director of Women in Social Housing (WISH)

7 / CONCLUSIONS AND RECOMMENDATIONS

Strengths

- > **Civitas is investing at large-scale and have established themselves as a leading specialist investment fund in specialised supported housing, an area where there is high demand and social need.**
 - Since the REIT was launched, it has invested over £789 million in 613 properties with the potential to support over 4,200 vulnerable tenants in an underserved market.
- > **Specialist supported housing has a positive impact on the wellbeing of tenants and contributes to improved mental and physical health.**
 - Professional support workers and family members reported marked improvements in tenants since moving into the accommodation, especially in terms of mental health, confidence and motivation and aspirations.
- > **Civitas has taken a proactive approach to supporting RPs and CPs during the Covid-19 crisis and to exploring how its properties could be used by local authorities and the NHS**
 - Senior Leadership from Civitas have reached out to RPs to provide support where needed.
 - Civitas have also been able to facilitate best-practice sharing between CPs.
- > **Specialist supported housing is good value for money for the public purse, compared to residential or hospital care.**
 - Local authority commissioners from Worcestershire County Council highlight the fiscal savings that have been realised by transitioning people from residential care to SSH.

Potential Weaknesses and Mitigating Actions

- > **The RSH has highlighted what it sees as certain risks to RPs. Civitas needs to remain focused on, where possible, contributing to reducing these risks and ensuring that its funding model works well from the perspective of supporting the long-term sustainability of partner RPs and high-quality supported housing provision.**
 - Consider updating historic leases to incorporate the Force Majeure clause.
 - The CIC currently only has one member. Civitas must continue to work with other RPs and their boards to determine if others feel it is appropriate for them to become members of the CIC, whilst respecting that it is a decision for each respective RP board. TGE will continue to monitor progress in this regard.
- > **Civitas is currently at an early stage in working through its portfolio to minimise the environmental impact of its homes.**
 - Environmental performance (as part of ESG) is becoming a key area that asset owners are looking at.
 - TGE welcomes Civitas' development of a strategy to improve the energy efficiency of its homes, and its disclosure of EPC ratings for its portfolio for the first time.
- > **The last 12 months has seen a drop in the rate of adding new homes to the portfolio.**
 - There continues to be a large unmet social need for SSH that Civitas is well placed to meet, having developed robust systems and strong partnerships within the sector.
 - Over the last twelve months there have been significantly fewer investments than in previous years.
 - CIM have indicated that they have a strong pipeline and would expect to see more investment over the next 12 months.



As Civitas' portfolio grows,
so too does its impact



APPENDIX

Appendix 1: List of Registered Providers

REGISTERED PROVIDER	CIVITAS TENANCIES MANAGED	CIVITAS PROPERTIES MANAGED	REGIONS OF OPERATION	RSH RULING ¹⁰	GOVERNANCE & VIABILITY GRADING ¹¹
Falcon Housing Association	858	117	NE, NW, SE	None	N/A
Westmoreland Supported Housing	612	108	National	Regulatory Judgement	G4 / V3
Bespoke Supportive Tenancies	526	72	National	Regulatory Notice	N/A
Inclusion Housing	455	69	National	Regulatory Judgement	G3 / V3
Auckland Home Solutions	345	36	National	None	N/A
Trinity Housing Association	242	43	National	Regulatory Judgment	G3 / V3
Pivotal Homes*	238	27	SW	None	N/A
Harbour Light Assisted Living	214	27	NW	None	N/A
Encircle Housing	205	16	National	Regulatory Notice	N/A
New Walk Property Management*	194	41	NE	None	N/A
Chrysalis Supported Association	145	23	National	None	N/A
My Space Housing Solutions	71	8	National	None	N/A
IKE Supported Housing	68	10	NE, Y&H, WM	None	N/A
Hilldale Housing Association	39	15	NW, Y&H, EM, SW	None	N/A
Blue Square Residential	4	1	London, WM, NW, SW	None	N/A

*Note that Pivotal Homes and New Walk both provide housing management and care management services in the majority of their homes.

10. The RSH does not publish Regulatory Judgements for providers with fewer than 1,000 units. Instead, in the interests of transparency, the regulator publishes a Regulatory Notice where it has evidence that a small Registered Provider is not meeting the regulatory standards.
11. Governance and Viability Gratings are only published for organisations which own and/or manage more than 1,000 homes.

Appendix 2: List of Top 10 Care Providers

Below is a list of the top 10 Care Providers in the Civitas portfolio. Collectively, these organisations are responsible for providing care services to 1,670 individuals in Civitas-owned homes, comprising 40% of the total portfolio.

CARE PROVIDER	TENANCIES IN CIVITAS PORTFOLIO	PROPERTIES IN CIVITAS PORTFOLIO	REGIONS OF OPERATION	ANNUAL REVENUE ¹²	NUMBER OF EMPLOYEES ¹³
Lifeways	488	71	National	£110,935,002	4,755
National Care Group Ltd	233	33	National	£16,056,000	765
InMind Healthcare Group	227	8	National	£24,447,734	N/A
Exemplar Health Care Ltd	180	6	North West, Yorkshire and Humber, East Midlands	£76,296,000	2,437
Alternative Futures Group	133	21	North West	£58,328,000	2,465
Care Management Group	91	13	National	£83,120,621	2,434
TLC Care Homes Ltd	86	16	East of England	£10,904,642	363
Essential Care & Support Ltd	79	4	North East	N/A	178
Eden Futures Supported Living	79	10	Midlands, North of England, Wales	£16,451,063	649
Northern Healthcare Limited	74	4	North West and North East	N/A	66

12. Revenue as stated in latest published Annual Accounts [Companies House].

13. Average number of employees during the year as stated in latest published Annual Accounts [Companies House].

NOTES

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THE

GOOD

ECONOMY

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