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# Triple Point Social Housing REIT Plc Impact Report 2020

March 2021



This report has been commissioned by Triple Point Social Housing REIT plc ["SOHO"] and has been prepared by The Good Economy Partnership Limited ["The Good Economy" and "TGE"], a specialist social advisory firm with expertise in impact measurement and management.

The Good Economy supported SOHO to develop its impact assessment methodology and carries out a review of the social performance of SOHO on a bi-annual basis. This report is based on analysis of quantitative data and evidence, as well as in-depth interviews with management and staff at SOHO, partner housing associations, care providers, local authorities and/or a resident outcomes survey carried out with a sample of residents.

The findings and opinions conveyed in this report are based on information obtained from a range of sources, which The Good Economy believes to be reliable and accurate. However, the information reviewed should not be considered 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.

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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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## EXECUTIVE SUMMARY

This is an Impact Report produced by The Good Economy (“TGE”) for Triple Point Social Housing REIT Plc (“SOHO” or “the REIT”) for the year to end December 2020. SOHO was launched in 2017 by Triple Point Investment Management LLP – an FCA-regulated investment manager – to invest in specialised supported housing (“SSH”) across the UK.

SSH is a community-based form of housing provision in which homes are specially adapted to meet the care needs of vulnerable individuals, enabling even those with complex needs to live in their own home in the community, usually with 24/7 care available on-site. As of 31 December 2020, SOHO had invested £536 million in 445 SSH properties, with the capacity to provide homes for up to 3,214 individuals.

## Impact Assessment

This report provides an assessment of SOHO’s performance against its overall Impact Goal and its five underlying impact objectives:

IMPACT GOAL	IMPACT OBJECTIVES
Increasing the provision of high-quality SSH that delivers positive outcomes for people with care and support needs	<ul style="list-style-type: none"> <li>➤ Provide housing that meets a <b>social need</b></li> <li>➤ Fund <b>sustainable developments</b> of specialist housing</li> <li>➤ Provide <b>value for money</b> for public budgets</li> <li>➤ <b>Increase supply</b> of specialist housing</li> <li>➤ Develop <b>strong partnerships</b> and deliver <b>quality services</b></li> </ul>

TGE considers the level of transparency shown by SOHO in assisting the preparation of this impact assessment to be best-practice. The REIT has been wholly committed to reporting on the impact of the portfolio in a transparent manner, which demonstrates its clear intent to measure and manage impact in a meaningful way.

### OVERALL IMPACT GOAL

SOHO’s impact goal is to increase the provision of high-quality SSH to deliver positive outcomes for people with care and support needs. To assess this goal, TGE ran a resident outcomes survey between June and July 2020 with a sample of 60 residents living in SOHO-owned SSH. The results of the survey revealed that, since moving into their current accommodation, most individuals experienced positive improvements in relation to physical health, as well as various aspects of their mental wellbeing, including feelings of confidence, independence and the quality of support networks. There were particularly marked improvements across a range of outcomes for individuals moving into SSH from hospital settings.

### MEET SOCIAL NEED

SOHO’s portfolio has the capacity to provide a home for up to 3,214 individuals. TGE have seen a breakdown of the portfolio’s occupancy on a property-by-property basis and understand that, overall, the levels of occupancy are rising over time in line with managers’ expectations based on demand. There is evidence of a small minority in the portfolio that have a low level of occupancy. For most of these properties, this is the result of works and ramp-up periods, which is to be expected with SSH properties. There are also a small number of properties where referrals have stopped due to the need to source a new care provider. TGE have been informed that, in the minority of cases where these issues do exist, SOHO is working to remedy them as quickly as possible.





SOHO's properties provide homes for individuals with varied and complex conditions including multi-diagnosis care needs, learning disabilities and mental health diagnoses. These individuals generally require a high level of care, with data suggesting that 74% of residents require at least 50 hours of care per week.

### FUND SUSTAINABLE DEVELOPMENTS

Since March 2020, SOHO made progress in enhancing the sustainability of its portfolio. During this time, the percentage of units with an EPC rating of C or higher increased from 59% to 69%, with these homes achieving government targets.

In terms of the quality of SOHO's housing, TGE saw evidence to suggest a rigorous upfront due diligence process and has been assured by the asset management team all homes comfortably meet the Decent Homes Standard (DHS). The REIT is also engaged in terms of ongoing monitoring of stock, with regular property inspection visits and quarterly engagement with RPs on matters of compliance and maintenance works. It is not the legal responsibility of SOHO to fund improvement works post-acquisition. TGE is of the opinion that, as the portfolio ages, the REIT should consider working with lessees to drive further improvements in the quality of properties, in particular in terms of environmental efficiency.

### PROVIDE VALUE FOR MONEY

Evidence suggests SSH is a cost-effective way to provide housing to people with complex care needs. TGE therefore partnered with monetization specialists Social Profit Calculator (SPC) in 2020 to calculate the monetised social value of SOHO's portfolio. The results reveal that the portfolio has delivered £136.1m of Total Social Value in the year to December 2020.

This is divided into:

- + £53.9m in Social Impact**  
The value of improved personal outcomes for residents.
- + £82.1m in Fiscal Savings**  
The savings generated for public budgets through reduced costs.

From these values, and using the total amount invested by SOHO, TGE calculated the Social Return on Investment (SROI) ratio to be 3.62 as of December 2020. This means for every £1 invested, SOHO will generate £3.62 in social value over the duration of the investment. The method and assumptions used for the SROI calculation are in line with the practices of SROI experts Social Value UK and HM Treasury Greenbook guidance.





## INCREASE SUPPLY

SOHO's portfolio grew approximately 13% between March and December 2020. The REIT now owns a total of 445 properties, providing a home for up to 3,214 people.

Of the REIT's units, 63% are classed as 'new' to SSH at the point of acquisition – these provide the most significant demonstration of SOHO's investment increasing the supply of SSH. There is, however, a limit under SOHO's investment guidelines to how many projects SOHO can forward fund at any one time, curbing the level of additionality the REIT brings in this area until further capital is raised.

## QUALITY SERVICES AND PARTNERSHIPS

TGE has assessed SOHO's due diligence process to be rigorous in the detail and disclosure it requires on prospective partners. The REIT is also proactive in engaging with and monitoring the quality of service provision delivered by those partners on an ongoing basis. RPs are required to provide quarterly surveys to SOHO on various matters including occupancy, and health and safety matters, while a more detailed bi-annual survey requires RPs to disclose compliance levels with key safety and maintenance requirements.

Care Quality Commission (CQC) data on SOHO's partner care providers also reveals that the organisations the REIT partners with are generally assessed to deliver quality services. Of the available CQC ratings of the organisations that deliver care into SOHO's homes, 86% are assessed to be 'Good' or 'Outstanding'.

The Regulator of Social Housing (RSH) has raised some general concerns about the SSH long-lease model and has issued specific judgements and notices in relation to some of the RPs that SOHO has leases with. SOHO has an ongoing dialogue with the RSH in order to better understand and accommodate any concerns they might have. This has led to a number of initiatives, including SOHO adapting its template lease in order to reflect some of the risks that the RSH wants to see RPs allow for.

SOHO also offers one-to-one support to RPs who have had issues identified by the RSH, and generally the performance of RPs in the SSH sector is improving. However, TGE concludes SOHO could utilise its position as an established and large-scale investor in the sector to play a more public leadership role in improving standards and responding to the RSH's concerns. TGE does, however, acknowledge that SOHO has made positive progress in this area during 2020, through the involvement of the Investment Manager, Triple Point, in the Equity Impact Project, which aims to develop sector-wide impact metrics, and Triple Point's decision to become an early adopter of the Sustainability Reporting Standard for Social Housing – a sector-standard approach to ESG reporting.



## IMPACT REPORT – HEADLINE RESULTS

AS OF 31 DECEMBER 2020



**£536  
MILLION  
INVESTED**

**IN 445  
PROPERTIES**



**PROVIDING A  
HOME FOR UP TO  
3,214 PEOPLE**

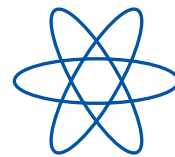


**HOMES ARE  
MANAGED BY  
20 REGISTERED  
PROVIDERS**



**RESIDENTS ARE  
SUPPORTED  
THROUGH CARE  
AND SUPPORT  
PROVISION**

**BY 97 CARE PROVIDERS**

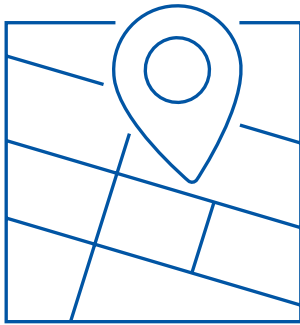


**FOR EVERY £1 INVESTED,  
SOHO WILL GENERATE  
£3.62 IN SOCIAL VALUE  
OVER THE DURATION OF THE INVESTMENT**



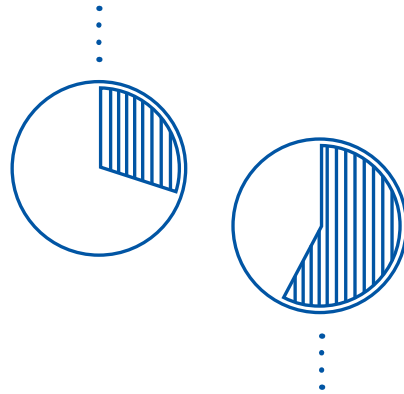
## TRIPLE POINT SOCIAL HOUSING REIT PLC – IMPACT REPORT 2020

PROPERTIES ARE LOCATED ACROSS  
**154 LOCAL AUTHORITIES**

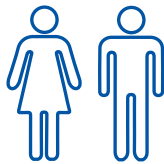


**74% OF UNITS  
IN THE 40%  
MOST DEPRIVED  
LOCAL AUTHORITIES**

**37% OF UNITS  
CONSTRUCTED SINCE  
THE YEAR 2000**



**63% OF UNITS ARE  
'NEW' TO SSH AT THE  
POINT OF ACQUISITION**



**65% OF RESIDENTS REPORTED  
FEELING A GREATER SENSE OF  
INDEPENDENCE SINCE MOVING  
INTO THEIR ACCOMMODATION**

Based on a sample of 60 residents in a survey  
conducted between June and July 2020



**69% OF UNITS HAVE  
AN EPC RATING OF C+  
99.9% OF UNITS HAVE  
AN EPC RATING OF E+**

## SOCIAL IMPACT ASSESSMENT AND RESULTS

Triple Point's Social Housing Real Estate Investment Trust ("SOHO" or "the REIT") was launched in 2017 to invest in specialised supported housing ("SSH") across the UK. SSH is a form of housing provision where homes in the community are adapted for vulnerable adults with care and support needs. It is widely held to offer positive outcomes for individuals by offering a greater degree of independence compared with alternative settings, while continuing to meet specialist care needs. Between the REIT's inception in 2017 and December 2020, it has invested £536 million in 445 SSH properties across the UK, providing a home for up to 3,214 individuals.

### This Report

This is an Impact Report produced by The Good Economy ("TGE") for SOHO for the year 2020.






This report provides an assessment of SOHO according to its overall impact goal and its stated impact objectives:

IMPACT GOAL	IMPACT OBJECTIVES
Increasing the provision of high-quality SSH that delivers positive outcomes for people with care and support needs	<ul style="list-style-type: none"> <li>➤ Provide housing that meets a <b>social need</b></li> <li>➤ <b>Fund sustainable developments</b> of specialist housing</li> <li>➤ Provide <b>value for money</b> for public budgets</li> <li>➤ <b>Increase supply</b> of specialist housing</li> <li>➤ Develop <b>strong partnerships</b> and deliver <b>quality services</b></li> </ul>

The assessment is based on a mix of quantitative portfolio data provided by SOHO and qualitative feedback provided to TGE by partner Registered Providers (RPs), care providers and members of the SOHO fund team. A "resident outcomes survey" was also carried out between June and July 2020, with a sample of 60 residents living in SOHO-owned SSH.

The level of transparency shown by SOHO in assisting TGE's preparation of this impact assessment is an example of best-practice. SOHO has been highly co-operative and committed to reporting on the REIT's impact in a transparent manner which fairly represents the portfolio. This demonstrates SOHO's clear intent to measure and manage impact in a meaningful way which both proves and improves its impact performance.

## Impact Assessment

IMPACT OBJECTIVE	IMPACT TARGETS	MARCH 2020	DECEMBER 2020	TARGET MET?
<b>SOCIAL NEED</b> 	70% of units in 40% most deprived local authorities	73%	74%	✓
	70% of residents with high acuity needs (more than 50 hours of care per week)	74%*	74%*	✓
<b>FUND SUSTAINABLE DEVELOPMENTS</b> 	95% of units are Supported Housing	98%	98%	✓
	More than 80% of units have an EPC rating of C or higher	59%	69%	Works spec requires EPC rating C for renovated properties and B for new-build. This requirement is driving positive progress as % of homes rated C+ has increased from 59% in March 2020 to 69% in December 2020
<b>VALUE FOR MONEY</b> 	£2.50 created in social value for every £1 invested by SOHO over the duration of the investment	£3.59	£3.62	✓
<b>INCREASE SUPPLY</b> 	More than 25% of units are new-build	29%	30%	✓
	More than 50% of units are new SSH at the point of acquisition	65%	63%	✓
<b>QUALITY SERVICES &amp; PARTNERSHIPS</b> 	More than 90% of stated CQC ratings of partner care providers are 'Good' or 'Outstanding'	N/A	86%	A number of SOHO's partner care providers are awaiting or currently undergoing inspection

\* Based on breakdown of care hours as of September 2019.



## Overall Impact Goal

IMPACT GOAL	PORTFOLIO SUMMARY	MARCH 2020	DECEMBER 2020
Increasing the provision of high-quality supported housing that delivers positive outcomes for people with care and support needs <sup>1</sup>	Value of capital deployed	£480 million	£536 million
	Number of properties	396	445
	Number of units	2,840	3,214
	Number of local authorities in which properties are located	150	154
	Number of Registered Providers	16	20
	Number of care providers	89	97

SOHO's ultimate impact goal is to provide specialist housing to deliver positive outcomes for the individuals living in its homes. To assess this goal, a resident outcomes survey was conducted by TGE between June and July 2020 with a sample of 60 residents, covering eight care providers. The surveys were carried out using an online form which was either completed by residents directly or, if they did not have the capacity to do so, by a support worker on their behalf.

The survey covered both physical health and mental wellbeing. Due to the subjective nature of questions on mental wellbeing, and the fact many surveys are completed by support workers on residents' behalf, the questions on mental wellbeing centred on areas that have been shown to contribute to positive mental wellbeing.<sup>2</sup> These areas were: connection to others, the presence of a support network, confidence levels and feelings of independence.

The key findings from the survey were:

- + Physical health**  
58% of residents reported they have experienced an improvement in their physical health since moving into their accommodation.
- + Confidence**  
63% of residents reported they experienced an improvement in their level of confidence since moving into SOHO-owned accommodation.
- + Independence**  
65% of residents reported feeling a greater sense of independence since moving into their accommodation.


There were particularly positive outcomes for individuals moving into SOHO-owned SSH from hospital settings. Out of the total sample of 60 respondents, this was the case for 23 individuals. The survey responses from those 23 individuals showed that:

- + 87%** reported an improvement in their health
- + 91%** reported an improvement in support networks
- + 96%** reported confidence had improved
- + 91%** reported having more independence.

1. Note that TGE has recently updated its approach to impact assessment and reporting to more clearly separate out **Impact Objectives**, which are activities within the direct control or influence of the Fund, and the **Outcomes** that occur among target stakeholders, which the Fund hopes its activities will contribute towards. The content within this 'Overall Impact Goal' section will mostly move to the new Outcomes section in the next Impact Report. Target outcomes will be identified and TGE will undertake an assessment of SOHO's contribution to those outcomes according to the Impact Management Project (IMP) dimensions of impact.

2. Psychologists Against Austerity, The Psychological Impact of Austerity: A Briefing Paper, December 2016.

## Meet Social Need

RELEVANT IMPACT OBJECTIVE	IMPACT METRICS	MARCH 2020	DECEMBER 2020
<b>SOCIAL NEED</b> 	Number of units	2,840	3,214
	Breakdown of total units by care classification of residents <sup>3</sup>		
	Multi Diagnosis	46%	46%
	Learning Difficulties	34%	33%
	Mental Health	18%	18%
	Other (including Acquired Brain Injury, Hospital and Children's Services)	2%	3%
	Average weekly care hours (per resident)*		
	0 – 19 hours	8%	8%
	20 – 49 hours	18%	18%
	50 – 99 hours	59%	59%
	100+ hours	15%	15%
	Percentage of units in 40% most deprived Local Authorities based on the Index of Multiple Deprivation (IMD)	73%	74%

\* Latest available data on breakdown of care hours is as of September 2019. This breakdown is therefore repeated for March and December 2020 figures in the table.

SOHO's portfolio has the capacity to provide housing for 3,214 people. This means the overall capacity of the portfolio has grown by approximately 13% since March 2020, while TGE have also heard that occupancy rates are rising in line with managers' expectations based on demand. There are a small number of properties with low levels of occupancy but TGE have been informed that many of these properties are undergoing works or ramp-up periods.<sup>4</sup> There are also a small number of properties where referrals have stopped due to the need to source a new care provider. TGE have been informed that, where these issues do exist, SOHO is working to remedy them as quickly as possible.

TGE have seen evidence that commissioner support of proposed schemes is an explicit requirement within SOHO's due diligence for deals to progress. This should act as a safeguard to ensure new deals are driven by an objective need for the housing from the local authority.

In terms of resident care needs, SOHO's properties provide housing for individuals requiring a relatively high level of support. The latest available data on care hours (from September 2019) shows that, of residents living in SOHO-owned homes, 74% required at least 50 hours of care per week.


Nearly half of the stated units in the portfolio provide housing for individuals with multi diagnosis care needs, followed by a third for those with learning disabilities, and 18% for those with mental health diagnoses. A smaller number of SOHO properties then provide a home for people across a range of care requirements, including acquired brain injury (ABI), hospital needs and one property specifically for children requiring support, which was added to the portfolio in June 2020. This specific case represents a departure from the rest of the REIT's properties, which all cater for adults with care needs.

The homes in SOHO's portfolio are in some of the most deprived areas of the UK. Located across 154 local authorities, 74% of units are in the 40% most deprived local authorities.

3. Note this is based on a sample of 46% of total units in SOHO's portfolio. This is due to difficulties obtaining information on the specific care needs of residents at the point of acquisition or from RPs and care providers at a later stage.

4. Ramp-up periods refer to the period over which residents are moved into an SSH property.

## Fund Sustainable Developments

RELEVANT IMPACT OBJECTIVE	IMPACT METRICS	MARCH 2020	DECEMBER 2020
<b>FUND SUSTAINABLE DEVELOPMENTS</b> 	Percentage of units with EPC rating C+	59%	69%
	Percentage of units with EPC rating E+	99.9%	99.9%
	Percentage of units constructed since 2000	33%	37%
	Breakdown of total units by housing type		
	Supported housing	98%	98%
	Non-supported housing	2%	2%

TGE has confirmed the SOHO team is working to incorporate environmental considerations more firmly within its investment process. The benefits of this work are evident through the positive direction of travel of the portfolio's environmental performance since March 2020. The percentage of units with an EPC rating A-C has increased from 59% to 69% during this period – these homes meet the government's target as stated in its Clean Growth Strategy. Moreover, as of December 2020, there was one property with 3 units which had an EPC rating lower than the government's minimum energy efficiency standard (MEES) of an EPC grade E. These units previously had a grade E but following a re-test were graded F. The units are now undergoing the necessary retrofit works to improve the EPC rating, after which 100% of the REIT's homes will be compliant with the MEES.


With regard to SOHO's acquisition process, TGE has seen evidence of the due diligence undertaken by the REIT, and the level of rigour being applied, to ensure the quality of properties at the point of purchase. The REIT's Building Guidance Document sets out what is required as standard in terms of build quality, and TGE can verify the requirements go far beyond the Decent Homes Standard (DHS). Though SOHO does not collect data on its compliance with the DHS, the asset management team stated it could confidently confirm all the REIT's properties met the DHS.

In terms of ongoing asset management, TGE has seen evidence of the processes SOHO has in place to monitor and maintain the quality of its stock for the long-term. Property inspection visits are carried out to all properties bi-annually, with high priority properties visited more frequently. These inspection visits cover the general condition of the property, its location, health and safety issues, the current and planned level of occupancy, as well as feedback from the Care Provider on the quality of property maintenance provided by the RP.

The obligation to renovate and maintain properties falls to the RPs under the terms of the full repairing and insuring (FRI) lease. While TGE is encouraged to see SOHO has a rigorous upfront due diligence process and is proactive in monitoring the quality of its stock post-acquisition, we suggest SOHO should drive improvements in its properties by liaising with its lessees, particularly in terms of environmental efficiency. This is likely to become more necessary as the portfolio ages.



## Provide Value for Money

RELEVANT IMPACT OBJECTIVE	IMPACT METRICS	MARCH 2020	DECEMBER 2020
<b>VALUE FOR MONEY</b> 	Total Social Value	£120.8m	£136.1m
	Social Impact – the value of improved outcomes for residents	£47.9m	£53.9m
	Fiscal Savings – the savings generated for public budgets	£72.9m	£82.1m
	Social Return on Investment – the social value generated by every £1 invested by SOHO over the duration of the investment	£3.59	£3.62

SSH is widely credited to offer value for money for public budgets since, in many instances, it represents a cost-effective way to provide housing to people with complex care needs. Independent research from the charity Mencap found a person living in SSH required, on average, state funding of £1,569 per week. This is £191 lower compared to a residential care home and £1,931 lower compared an inpatient placement.

With this research in mind, TGE undertook a review of the value for money of the SOHO portfolio as of March 2020, in partnership with the Social Profit Calculator (SPC). This process involved using the responses produced through a resident outcomes survey, conducted with 60 residents between June and July 2020, to calculate the monetary value of the impact created by SOHO's homes.

A Total Social Value figure was calculated, accounting for:

**+ Social Impact**

The value of improved personal outcomes for residents resulting from improved wellbeing, mental and physical health, reduced social isolation, increased confidence and aspirations etc.

**+ Fiscal Savings**

The savings generated for public budgets through reduced costs associated with lower care costs, welfare benefits, social services, mental health services etc.

### METHOD

The Social Impact figure is calculated using the survey responses provided by residents. Using a seven-point scale from 'very much worse' to 'very much improved', the survey captures information on how residents feel various aspects relating to their wellbeing have changed since moving between their previous accommodation and their current SOHO-owned home. Proxy financial values are then used from various databases to place a monetary value on the change in wellbeing identified.<sup>5</sup> This allows a calculation of how much it would cost to cause an equivalent change in wellbeing, with a method applied to account for Deadweight, Attribution, Displacement, Duration and Dropoff of the effect.

The Fiscal Savings figure is calculated using information on residents' previous form of accommodation. Data from various sources is used to calculate an estimated average weekly cost to public budgets of housing the individuals in their previous form of accommodation. This is then compared against the estimated average cost of housing them in their current SOHO-owned home, to produce the Fiscal Savings figure.

5. This calculation was carried out by the Social Profit Calculator (SPC), based on the March 2020 data.

For every £1 invested,  
SOHO will generate £3.62  
in social value over the  
duration of the investment.

Based on the current portfolio of homes.

For both the Social Impact figure and Fiscal Savings figure, the values are then extrapolated from the sample size to the SOHO portfolio size (in terms of occupied units) to produce an estimated figure for the overall portfolio. For the purposes of this Impact Report, TGE has scaled up the calculations previously carried out by SPC to produce the Social Impact and Fiscal Savings figures for the new, larger SOHO portfolio as of December 2020. The results are therefore based on the same sample of 60 survey respondents, but the monetisation calculations generated from those responses have been scaled up to reflect the homes added to the portfolio between April and December 2020.

## RESULTS


This exercise has revealed the portfolio has delivered **£136.1m of Total Social Value** in the year to December 2020.

This is divided into:

- ⊕ **£53.9m in Social Impact**
- ⊕ **£82.1m in Fiscal Savings**

From these values, and using the total amount invested by SOHO, TGE calculated the Social Return on Investment (SROI) ratio. The calculation revealed the ratio to be 3.62 as of December 2020. This means **for every £1 invested, SOHO will generate £3.62 in social value over the duration of the investment** (based on the current portfolio of homes).

## Increase Supply

RELEVANT IMPACT OBJECTIVE	IMPACT METRICS	MARCH 2020	DECEMBER 2020
<b>INCREASE SUPPLY</b> 	Number of properties	396	445
	Percentage of units defined as 'new' to SSH	65%	63%
	Breakdown of units by Condition of Stock		
	Adapted	66%	63%
	New-build	29%	30%
	Purpose-built	5%	7%

SOHO has continued to grow its portfolio over the last nine months. Since March 2020, the number of properties in the portfolio has grown from 396 to 445, while the overall number of individual units has grown from 2,840 to 3,214.


The portfolio consists of three different categories of stock – adapted, new-build and purpose-built properties. 63% of the portfolio are categorised as 'adapted', which means these are existing buildings that have undergone development works to be converted for SSH. In addition, 30% of units are defined as 'new-build' SSH – these buildings have been purpose-built for SSH in the last 10 years, or are existing buildings that have undergone such substantial redevelopment works that the REIT defines them as newly-built. Finally, 7% of units are 'purpose-built', meaning they were built for a care purpose, which may or may not have been SSH, but which were not constructed in the last 10 years before the REIT's acquisition.

SOHO's contribution to increasing the supply of SSH is most substantial when funding facilitates the creation of SSH homes which did not exist before the REIT's acquisition. Of SOHO's entire portfolio, 63% meet this 'new' to SSH criteria at the point of the REIT's purchase. These 'new' SSH units consist of both new-build SSH schemes and also redevelopment works of existing properties to adapt their use to SSH. TGE assesses these units as having a 'High' level of additionality of the TGE Additionality Scale.<sup>6</sup> They provide the clearest demonstration of SOHO funding leading to the creation of SSH that may not have existed without the REIT's investment.

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



## Quality Services and Partnerships

RELEVANT IMPACT OBJECTIVE	IMPACT METRICS	MARCH 2020	DECEMBER 2020
<b>QUALITY SERVICES &amp; PARTNERSHIPS</b> 	Number of partner care providers	89	97
	CQC ratings of partner care providers who have been inspected <sup>7</sup>		
	Outstanding	N/A	5%
	Good	N/A	81%
	Requires Improvement	N/A	8%
	Inadequate	N/A	<1%
	Number of partner RPs	16	20
	Regulatory grades of partner RPs <sup>8</sup>		
	G3/V3	1	2
	G3/V4	1	1
	Regulatory Notice <sup>9</sup>	2	2
	Not assessed	12	15

### PARTNER RISK

As the property owner, SOHO is a number of steps removed from the impact on the residents living in its homes. Therefore, for the REIT to maximise its impact and to mitigate negative impact risk, it needs to partner with high-quality RPs and care providers, the downstream organisations responsible for delivering services to residents.

TGE has seen evidence of SOHO's due diligence and can confirm the process involves comprehensive reviews of RPs and care providers prior to deals going ahead. The disclosure requirements include aspects relating to the organisations' regulation, how senior management assess the risks of entering into lease agreements (for RPs) and evidence of geographic staffing capacity in the relevant area. TGE has also seen evidence suggesting SOHO requires detailed information from developers relating to proposed schemes. TGE learned from RPs this is an area where SOHO's practices have helped raise standards in the sector.

In terms of ongoing monitoring of partners, TGE has seen and heard evidence to suggest SOHO is a proactive investor. The REIT recently created the position of a Partners Relationship Manager, whose role is to enhance engagement and to be a designated point of contact between SOHO and its counterparties. The REIT monitors RPs on a quarterly basis with required disclosure on safety and quality of homes, as well as monitoring aspects relating to the lease agreements, such as whether the RP receives voids cover and whether Housing Benefit received equals lease rent payable. A more detailed survey is also sent to RPs twice a year, requiring RPs to disclose the level of compliance of SOHO's stock against key safety areas. The latest available compliance data (as of June 2020) shows that SOHO's homes were 100% compliant against all key areas except for EPCS, with one EPC required following the completion of development work.

SOHO technically has no legal relationship with the care providers delivering care services to residents in its homes. However, the REIT is still proactive in monitoring the quality of care provision through its own monitoring of the Care Quality Commission (CQC) ratings of the relevant providers. CQC data reveals that, of the available CQC ratings of the providers that deliver care into SOHO's homes, 86% are rated 'Good' or 'Outstanding'. This is a high proportion of positive ratings which demonstrates the quality of the organisations SOHO partners with.

7. Breakdown based on available CQC ratings of SOHO's partner care providers. Note the breakdown will not equal 100% because a number of providers are undergoing inspection or are yet to be inspected.

8. G1/V1 is the highest Governance and Viability grading which means that an RP meets the RSH's governance and viability requirements and has the financial capacity to deal with a wide range of adverse scenarios. Anything lower than G2/V2 is deemed non-compliant with the standards. G4/V4 is the lowest possible grading.

9. The RSH does not publish Regulatory Judgements for RPs with fewer than 1,000 units. Instead, in the interests of transparency, it publishes a Regulatory Notice where it has evidence that a small RP is not meeting regulatory standards.

## LEASE-BASED RISK

The RSH has raised concerns relating to the long-term viability of some RPs involved in leased-based SSH deals, with risks resulting from inappropriate governance standards and unsustainable business models.<sup>10</sup>

Between March and December 2020, one more of SOHO's partner RPs – My Space Housing Solutions – was declared non-compliant with the RSH's governance and viability standards, receiving a grading of G3/V3. This takes the total number of SOHO's partner RPs declared non-compliant by the RSH to five. This is out of 20 organisations the REIT works with. The RSH generally publishes a governance and viability grading for RPs when they reach the threshold of managing 1,000 units.

SOHO is not itself regulated by the RSH, but during discussions with TGE, the REIT confirmed it has regular and ongoing dialogue with the RSH. Engagement with the RSH has focused mainly around how to improve transparency over asset quality and evidence of appropriate rent-setting. SOHO also informed TGE it has engaged with RPs to provide support where needed, including in areas such as board strengthening or recommendations for ways to improve due diligence processes.

SOHO has updated its lease agreements with RPs to introduce a Force Majeure clause in case of a change in government policy around how SSH is paid for. It should be noted this risk is mitigated to a large extent by the fact, in August 2018, the government announced that Housing Benefit would continue to meet residents' rent payments for all supported housing. Nonetheless, the Force Majeure clause on SOHO's leases was requested by the RSH since it provides an additional level of security. The clause has been included in all of SOHO's recent transactions and all leases come with its inclusion as standard. The RSH has stated it would like to see the clause implemented retrospectively on all historic leases. SOHO is aware of this and is supportive of the change but said amending hundreds of lease agreements would be a slow process.

Overall, TGE is of the view SOHO has been proactive in engaging with the RSH and offering support to RPs on a one-to-one basis. It should also be noted that the governance standards and financial strength of these RPs is generally improving. However, as a large-scale investor, SOHO could play a greater leadership role in undertaking more activities to support the development of the wider sector to respond to the concerns of the RSH and to mitigate the identified risks. TGE does, however, acknowledge that SOHO has made positive progress in this area during 2020, through its involvement in the Equity Impact Project, which aims to develop sector-wide impact metrics, and its decision to become an early adopter of the Sustainability Reporting Standard for Social Housing – a sector-standard approach to ESG reporting.



## RENT-SETTING RISK

The RSH has recently been more vocal in identifying cases of non-compliance in relation to agreements for rent charges for SSH. In October 2020, two RPs – Westmoreland Supported Housing and Trinity Housing Association – were publicly ruled to be in breach of the social housing Rent Standard because they could not provide documentation to evidence that all of their SSH properties meet the criteria to be exempt from the rent cap.

SOHO does not have any properties leased to Trinity, but it did previously have 15 properties leased with Westmoreland. The REIT has, however, been in the process of reassigning all of its leases with Westmoreland, and as of December 2020, all leases had been reassigned to other RPs. One of the key areas of the REIT's due diligence is ensuring rents are set appropriately on its properties.

10. RSH, Lease-based providers of specialised supported housing: Addendum to the Sector Risk Profile 2018, April 2019.







## COVID-19 RISK

The Covid-19 pandemic has presented additional challenges to the delivery of housing and care services to residents. Again, as the property owner, SOHO's influence through this period is several steps removed from the experience of residents living in its homes. Rather, residents' experiences are contingent on how RPs and care providers adjusted their working practices to continue delivering services in a safe manner.

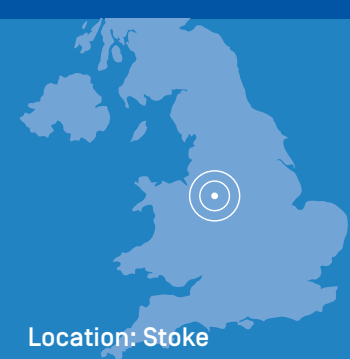
TGE assessed the steps SOHO has taken throughout the pandemic to support its downstream partners to continue delivering services to residents. SOHO informed TGE the REIT reached out to all RPs in the early stages of lockdown, to monitor how they were coping in areas such as PPE access, handwashing, health and safety compliance and maintenance works. SOHO also reached out to the majority of its partner care providers to engage on areas such as finance, staffing and void levels. In general, SOHO found its partners were resilient and had managed to adapt working practices quickly, with services to residents largely unaffected and case numbers in SSH homes remaining relatively low.

Overall, TGE is of the opinion SOHO has taken sufficient and well-defined steps to monitor and support partners to ensure they are able to continue delivering services throughout the pandemic.





## CASE STUDY

STOKE SUPPORTED LIVING		
<b>Support Provider</b> Independence Support Ltd (ISL)	<b>Local Authority</b> Stoke-on-Trent City Council	 <p>Location: Stoke</p>
<b>Registered Provider</b> Blue Square Residential	<b>Number of residents</b> 11	

Stoke Supported Living is a supported living property in Stoke which provides a home for up to 11 individuals with mental health needs. Blue Square Residential, an RP, is the lessee, responsible for collecting rents and providing housing management services, while support services are provided by Independence Support Ltd (ISL). TGE selected this property to case study.

ISL had been working with Stoke commissioners during 2019/20 to explore current and anticipated future needs. One of the areas of need identified was for the provision of good quality accommodation and support for adults with varied mental health needs. ISL and Blue Square worked in partnership to scope property options locally and identified the site, a former pub, that had been converted to apartments intended for private sale. However, with demand from the local authority, the partnership proposed for the building to be used for supported living instead. Local commissioners supported the proposal and redevelopment works were undertaken to enhance the property and make it suitable for supported living. These adaptations included installation of assistive technology, induction hobs, window restrictors, CCTV in necessary locations, fob access and resizing of apartments to provide tenants with optimum space.

All apartments are self-contained and provide residents with their own front door and privacy, in addition to communal space for peer support, drop-in sessions and social activities. The property is staffed 24/7 to provide support to residents as required.

ISL recruited and mobilised a new team ahead of service delivery including a bespoke training and induction package to ensure teams were ready to deliver before the first resident arrived in September 2020. Residents moving into Stoke Supported Living often move from mental health hospitals, residential care homes, or other housing in the community that may not be meeting current needs. The move-in process has been staggered to meet individual needs and timescales, including managing the impacts of Covid-19. Demand has been strong and the service has had positive feedback from residents, families, carers and commissioners.

TGE have been informed by ISL that, as of February 2021, all units have been allocated and the final residents are preparing to move in over the coming weeks. It is expected that the property will often act as a transitional setting, with most residents moving on after around two years. This may be to their own home in the community or to another independent living setting.

There have been positive outcomes for residents so far at Stoke Supported Living. One individual has provided feedback with regards to his independence.



I used to live in a house in Stoke, it wasn't the right place for me and not enough support.

Since moving to ISL Stoke Supported living, I have felt safe, warm, and well supported by the staff. The staff support me to go shopping, look after my flat and I have 1:1 support with someone to talk to when I need it. I feel settled here and am looking at getting Sky fitted and purchasing a PS3 so I can play FIFA. Before moving to Stoke, I had never had my own washer or done much cooking and shopping for myself. Before I moved into my flat, I didn't sleep in a proper bed for nearly two years and now it's great to get a good night's sleep where I feel safe.

There are a lot of things I want to do in the future. I would like to learn to drive and I would like to get a job again. I used to have a job in an abattoir. I would like the staff to support me to try new things.



– Stoke resident

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GOOD  

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