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# Triple Point Social Housing REIT Plc Half Year Impact Report 2021

September 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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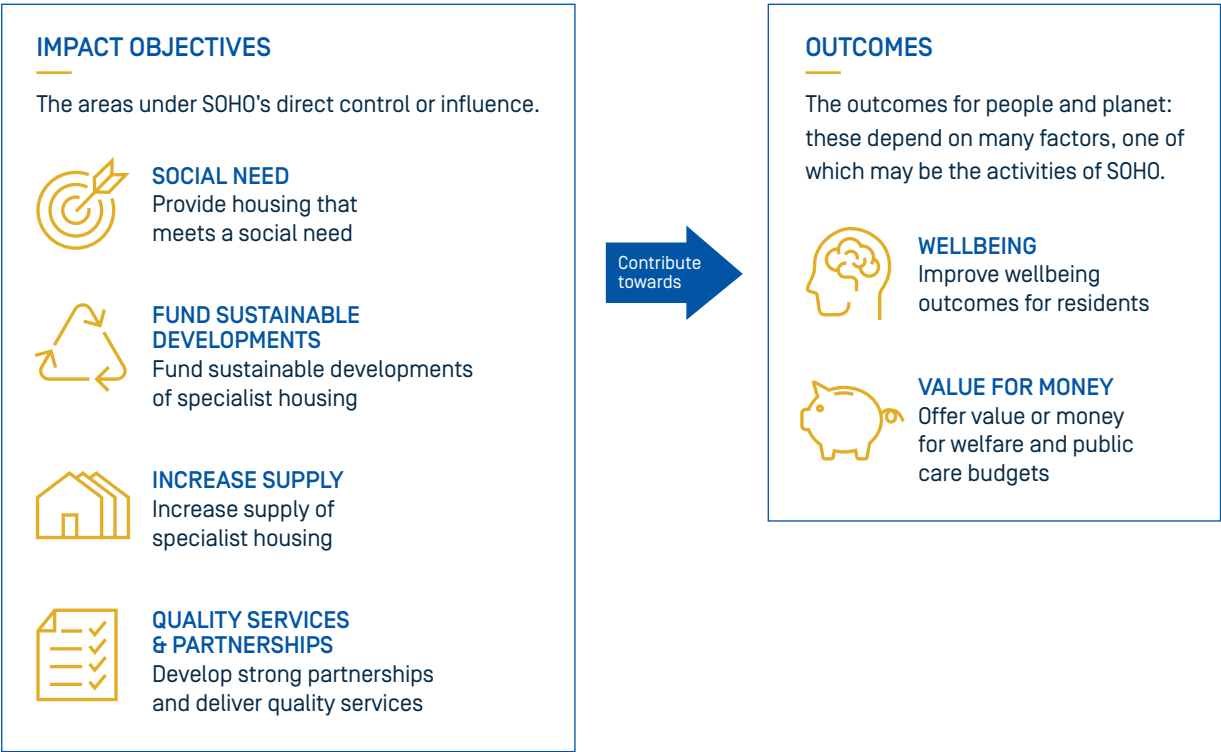
EXECUTIVE SUMMARY

Triple Point Social Housing REIT Plc (SOHO) was launched in 2017 by Triple Point Investment Management LLP – an FCA-regulated investment manager. SOHO invests in UK social housing, with a focus on specialised supported housing (SSH) adapted for vulnerable individuals with care needs. Its aim is to increase the provision of high-quality SSH that delivers positive outcomes for residents, while providing stable, long-term returns to shareholders.

This is the second Impact Report produced for SOHO by The Good Economy (TGE), an independent social advisory firm specialising in impact measurement and management. The report covers the six months to June 2021. As of 30 June 2021, SOHO has invested £553.6 million in 458 SSH properties with the potential to provide homes for up to 3,214 people.

Impact Assessment

This report assesses SOHO’s performance against its stated impact objectives, and against the broader outcomes to which it aims to contribute:



TGE frames and aligns its impact assessment according to the five dimensions of impact, as set out by the Impact Management Project (IMP). This is an established and widely recognised approach to impact measurement and management. The results of this year’s impact assessment are summarised on the next page.

Impact Objectives

SOCIAL NEED

SOHO continues to meet a very significant social need. Its properties provide supported homes for some of the UK’s most vulnerable people, illustrated by the 62 hours of care per week that residents require on average.

Moreover, they do so in some of the poorest parts of the country: three-quarters of properties (74%) are in the most deprived 40% of local authorities, as measured by the indices of multiple deprivation.

Although the portfolio has limited exposure to Scotland and Wales, and none to Northern Ireland, one of SOHO’s significant new developments is in Edinburgh [see case study, page 28].

FUND SUSTAINABLE DEVELOPMENTS

SOHO has upgraded its environmental performance notably since adopting new minimum energy efficiency standards in 2020. It now requires that all refurbished properties have a minimum EPC grade C and all new-build properties an EPC grade B, or that those grades will be achieved as part of works at acquisition. This has seen the fund raise the proportion of its units rated A-C substantially. The proportion now stands at 71%, up from 69% as of December 2020 and 59% as of March 2020.

SOHO was also involved in the consultation phase for the sector-wide Sustainability Reporting Standard for Social Housing project and became an early adopter of the standard.

In addition, in September 2021 SOHO launched an initiative to bring its whole portfolio up to an EPC grade C or above. They have set aside up to £3.4 million to be spent on the calculated cost of retrofit works to bring the portfolio up to this standard over the next 4 years alongside available grant funding. TGE expect these works to have a direct benefit to residents by reducing fuel poverty as well as the wider environmental benefits.

INCREASE SUPPLY

SOHO brings a high level of additionality to the sector. Two-thirds (66.9%) of its properties are being used as SSH for the first time: a tangible demonstration of the fund contributing to increased supply.

The fund’s direction of travel is positive. Over 90% of the properties it added in the six months to June 2021 (12 out of 13) are defined as ‘new’ to SSH.

In addition, SOHO’s use of forward-funding adds to the high additionality it brings to the sector. 10% of the units in its portfolio have been financed in this way rather than acquired at completion.

QUALITY SERVICES AND PARTNERSHIPS

SOHO conducts rigorous, comprehensive due diligence of its partners. Housing providers are assessed for their operational capacity to deliver quality housing management services in the area, as well as for their organisational capacity to manage the risks of entering into long-term lease agreements – a key regulatory concern in the sector.

Its information requirements of developers are raising transparency standards in the sector.

In addition, it is pro-active in selecting quality care providers despite having no contractual relationship with them.





Photo by Safe as Houses Care

## Outcomes

### WELLBEING

TGE carried out a Resident Outcomes Survey of 60 residents living in SOHO-owned homes between June and July 2020. The results were generally positive, with residents reporting marked improvements in their feelings of confidence and independence, as well as in the quality of their support networks and their level of health.

TGE intends to carry out another Resident Outcomes Survey of SOHO residents in early 2022. The results will be reported in SOHO's next full-year Impact Report.

### VALUE FOR MONEY

SOHO delivers considerable value for the public purse. Like other SSH, its supported homes for people with complex care needs are cheaper than residential care homes and far cheaper than in-patient placements.

This enables SOHO to achieve notable social return on investment. TGE calculates this at £3.93 for each £1 invested currently, with as much as £152.1m of Total Social Value generated in the year to June 2021. This figure includes social impact (£60.3m) and fiscal savings (£91.8m).

## Strengths

- **High additionality**  
Both through the high proportion of its properties that are new to the SSH sector and its use of forward-funding, SOHO is contributing a high level of additionality.
- **Meeting significant social need**  
SOHO is providing supported homes for some of the most vulnerable people in society, in some of the most deprived parts of the UK.
- **Considerable value for money**  
Through its provision of a cost-effective alternative to residential care and in-patient placement, SOHO is achieving notable social return on investment.

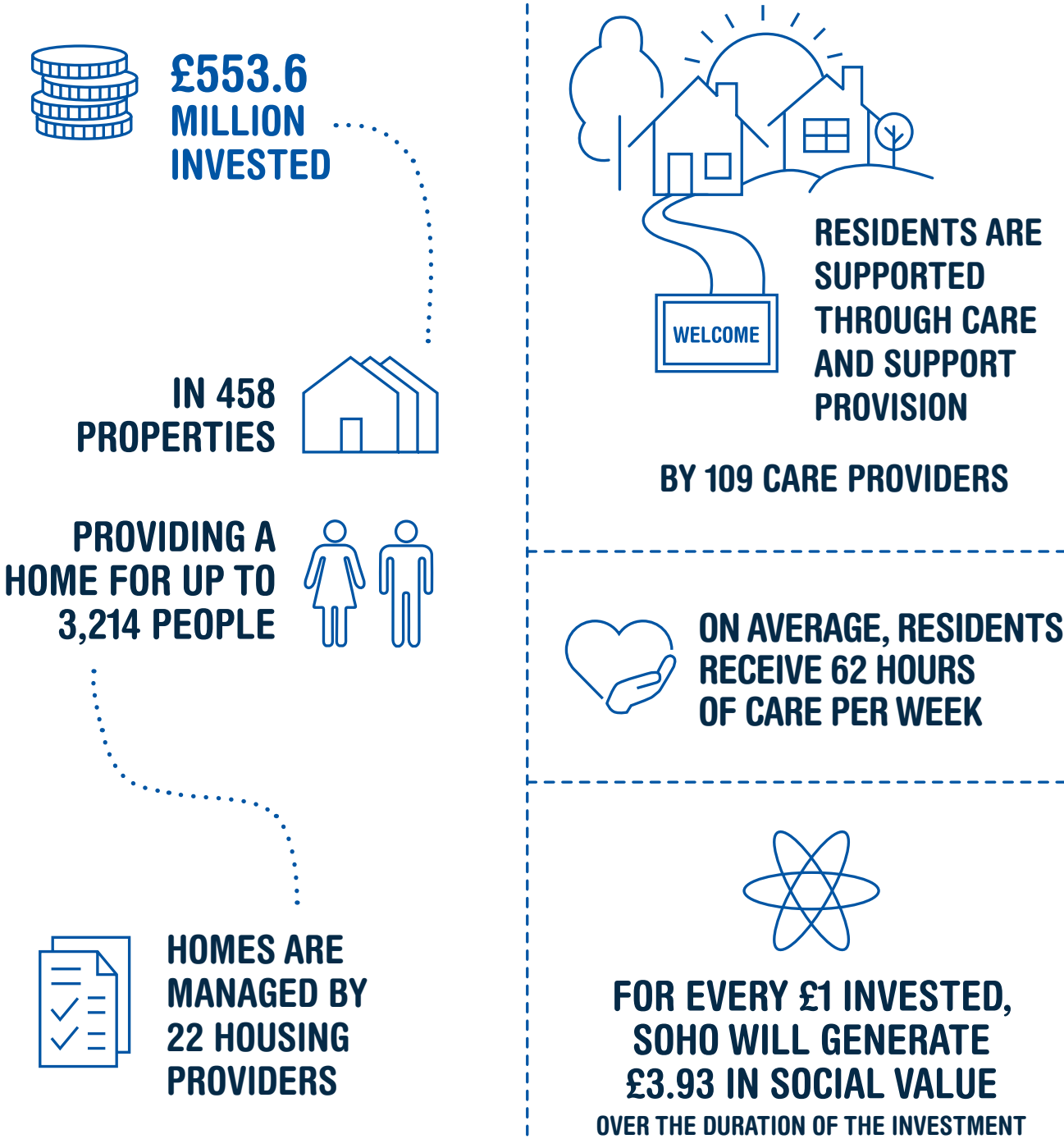
## Potential Weaknesses and Mitigating Actions

- **Energy efficiency of homes**  
Nearly 30% of SOHOs properties are rated lower than EPC grade C. However SOHO has put in place a fully costed initiative to improve the entire portfolio to grade C or above over the next 4 years. TGE will continue to review the impact of this.
- **RP partner risk**  
The RSH continues to raise concerns regarding what it sees as risks to RPs of engaging in lease-based deals. SOHO recognises these concerns and has a regular and ongoing dialogue with the RSH around how to mitigate these risks. The fund is also rigorous in its approach to selecting partners, with a focus on ensuring RPs have assessed the risks of entering into long-term lease agreements. As of 30 June, SOHO has received 100% of rent due, and there is evidence of RP's finances generally strengthening.

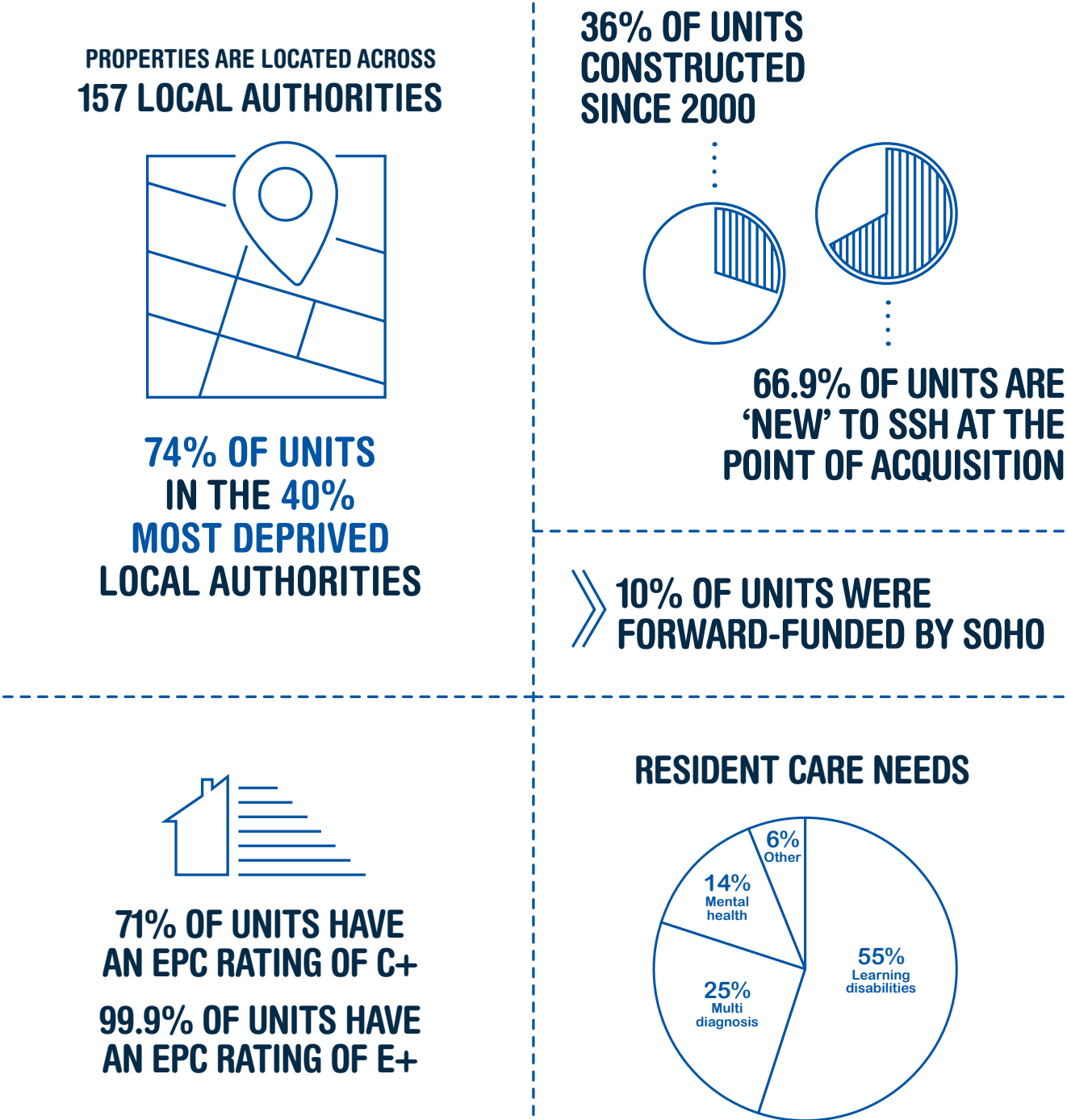


IMPACT REPORT – HEADLINE RESULTS

AS OF 30 JUNE 2021



TRIPLE POINT SOCIAL HOUSING REIT PLC



INTRODUCTION

About Triple Point Social Housing REIT

Triple Point Social Housing REIT (SOHO) was launched in 2017 to invest in social housing properties across the UK. It focuses on specialised supported housing (SSH) adapted for vulnerable individuals with a care need.

SOHO is managed by Triple Point Investment Management LLP – an FCA-regulated investment manager with more than £2 billion assets under management across five themes - energy infrastructure, digital infrastructure, real estate, debt and venture capital. SOHO sits under the real estate branch.

Through SOHO, Triple Point raises capital at scale from investors, buying SSH properties and leasing them back to housing providers, who in most instances are Registered Providers of Social Housing (RPs). This provides long-term equity to the social housing sector, increasing the supply of SSH by delivering new high-quality housing stock and ensuring existing stock remains in the sector over the long term.

Specialised Supported Housing

SSH is a form of community housing provision in which homes are built or specially adapted to meet the care and support needs of vulnerable people.

SSH provides homes that offer a greater level of independence than institutional or residential settings while continuing to meet the support needs of people living with a range of disabilities. Residents' care packages are individualised to suit their needs, while there is also the added security of having support staff on-site - usually for 24 hours a day. SSH is also in line with government policy - the Transforming Care Agenda aims to move individuals out of institutions which are not fit for long-term care, towards more community-based housing. There is a high level of demand for more SSH among local commissioners across the country.

SSH is widely held to improve the well-being of people with complex care needs as a result of the greater degree of independence it affords them. In addition, there is independent evidence that SSH has the potential to generate cost-savings for public budgets. Though SSH rents and service charges are high owing to the properties' specialised nature, research by the charity Mencap in 2018 found that the overall cost of housing and care is lower than alternative settings. Mencap found that SSH's weekly cost per person is, on average, £191 lower than residential care and £1,931 lower than an in-patient place.<sup>1</sup>

This Report

This Impact Report has been produced for SOHO by The Good Economy (TGE), an independent advisory firm specialising in impact measurement and management. The report covers the six months to June 2021, the period since the fund's last Impact Report.

TGE uses a mix of quantitative and qualitative data to inform this impact assessment. This includes: an analysis of portfolio data provided to TGE by SOHO, interviews with Triple Point Investment Management staff, interviews with stakeholders including partner housing providers, care providers and local authorities, and resident feedback collected through a Resident Outcomes survey in June 2020 (see Appendix 1 for more details).

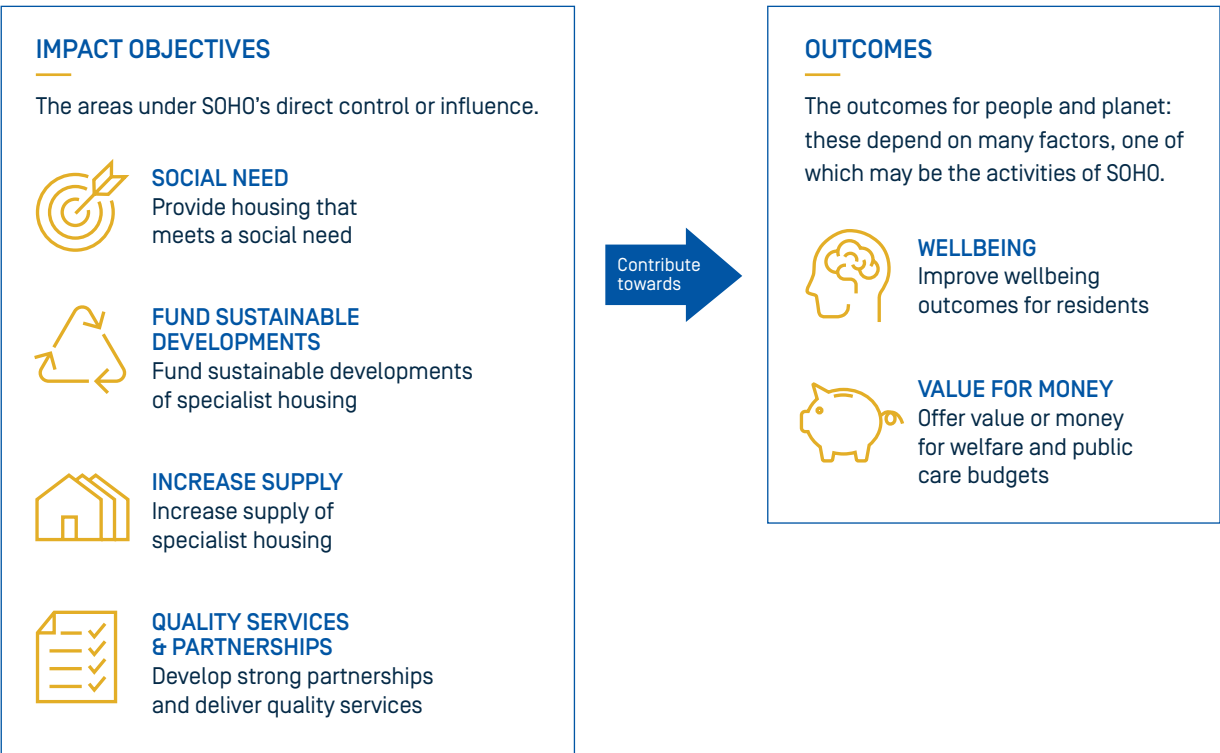
1. Mencap & Housing LIN. Funding supported housing for all: SSH for people with a disability. April 2018.

This report has been prepared during the Covid-19 pandemic, which continues to present significant challenges to the social housing sector. TGE has accounted for these challenges in producing the report, assessing the steps SOHO has taken in supporting partner housing providers and care providers to continue delivering services to residents.

Overall, TGE judges that SOHO has taken constructive steps to support its partners. The feedback we have heard suggests that incidences of Covid-19 have been relatively low across the portfolio and that partners have taken necessary steps to ensure the continued delivery of housing and care services.

**SOHO's impact goal is to increase the provision of high-quality SSH that delivers positive outcomes for people with care and support needs.**

Under this impact goal, SOHO has worked with TGE to develop an impact measurement and management (IMM) framework to identify the activities and target outcomes through which the fund aims to contribute to positive impact creation. This report assesses SOHO's performance against its stated impact objectives and the broader outcomes to which it aims to contribute:





IMPACT ASSESSMENT AND RESULTS

In the six months to June 2021, SOHO has added 13 properties (consisting of 104 units) to its portfolio. This brings it to a total of 458 properties, with the capacity to provide homes for 3,214 people.

During the last six months, SOHO has continued taking steps to ensure housing providers and care providers are well placed to deliver services safely to residents in the Covid-19 pandemic. In addition, SOHO is continuing to work on improving the environmental performance of its stock and take steps to increase the climate resilience of the portfolio.

As described in more detail on page 18, a Director of Housing has also been appointed. The fund created this role to develop its in-house expertise and to ensure the quality of homes and the quality of services delivered to residents.







OVERALL IMPACT GOAL	PORTFOLIO SUMMARY	DECEMBER 2020	JUNE 2021
Increasing the provision of high-quality supported housing that delivers positive outcomes for people with care and support needs	Value of capital deployed	£536 million	£553.6 million
	Number of properties	445	458
	Number of units	3,110 <sup>2</sup>	3,214
	Number of local authorities in which properties are located	154	157
	Number of housing providers	20	22
	Number of care providers	97	109

2. Note this figure has been re-stated since the March 2021 Impact Report to reflect a data correction.

3. Note that December 2020 breakdown has been re-stated to only include CQC ratings where known (excluding providers not yet inspected, undergoing inspection or regulated by other entities).

4. SOHO has not set a target for a well-being metric due to its subjective nature. However, SOHO aims to collect feedback on well-being through an annual Resident Outcomes Survey.

Impact Assessment


IMPACT OBJECTIVE	IMPACT TARGETS	DECEMBER 2020	JUNE 2021	TARGET MET?
PERFORMANCE AGAINST IMPACT OBJECTIVES				
 <b>SOCIAL NEED</b>	70% of units in 40% most deprived local authorities	74%	74%	✓
 <b>FUND SUSTAINABLE DEVELOPMENTS</b>	95% of units are Supported Housing	98%	98%	✓
	80% of units have an EPC rating of C or higher	69%	71%	Plan is now in place to improve the entire portfolio to EPC grade C or above, over the next four years.
 <b>INCREASE SUPPLY</b>	25% of units are new-build	30%	30%	✓
	50% of units are new SSH at the point of acquisition	63%	66.9%	✓
 <b>QUALITY SERVICES &amp; PARTNERSHIPS</b>	90% of stated CQC ratings of partner care providers are 'Good' or 'Outstanding' <sup>3</sup>	92%	90%	✓
CONTRIBUTION TO OUTCOMES				
 <b>WELLBEING</b>	SOHO's contribution to wellbeing outcomes is assessed on an annual basis. This was last assessed through a Resident Outcomes Survey carried out between June and July 2020. The results were generally positive. TGE will look to assess this outcome area again through a Resident Outcomes Survey in early 2022		No target <sup>4</sup>	
 <b>VALUE FOR MONEY</b>	£2.50 created in social value for every £1 invested by SOHO over the duration of the investment	£3.62	£3.93	✓

TGE judges that SOHO has shown a high level of transparency in supporting the production of this report. The fund has been highly co-operative and appears committed to reporting on its impact in a fair and transparent manner.

Moreover, SOHO's willingness to set impact targets and to publicly assess its performance against those targets provides an example of best-practice IMM.

Footnotes on page 12.

IMPACT OBJECTIVE – Social Need

IMPACT OBJECTIVE	IMPACT METRICS	DECEMBER 2020	JUNE 2021
<div>SOCIAL NEED</div> <div></div>	Number of units	3,110	3,214
	Percentage of units in the 40% most deprived local authorities (based on the IMD)	74%	74%
	Residents' average weekly care hours (estimated)	62 hours	62 hours

SOHO's portfolio continues to provide much-needed housing for people with an independently verified need for specialised community-based housing and care.

TGE has seen evidence that SOHO requires confirmation of commissioner support of proposed schemes for deals to progress. This has been a requirement within the fund's due diligence process since inception. This important safeguard should ensure that all schemes deliver housing for which there is an objective need verified by the local commissioning body.

For this report TGE conducted deep-dive case studies into two SOHO properties. Speaking to stakeholders in both schemes shows clear evidence of a needs-led approach, with commissioners involved from early in the delivery process for both The Birches (see page 26) and Heron Court (see page 28).

The portfolio has the capacity to provide homes for 3,214 people. This represents growth of approximately 3% since December 2020.

Occupancy levels are broadly in line with the wider SSH sector and have been rising consistently over time as properties complete development works and undergo ramp-up periods to move residents in.<sup>5</sup> Move-ins are carried out deliberately slowly with SSH due to the sensitivity of residents and the need to ensure compatibility with other residents and the general environment.

A small number of properties report lower-than-expected levels of occupancy. This is not surprising given the size of the portfolio, and complexity of the client group. SOHO have been fully transparent with TGE regarding these units.

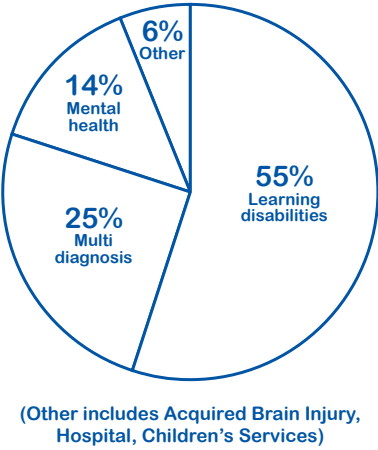
SOHO's properties continue to house people who require relatively high levels of support. The portfolio caters for a range of care needs, including those living with learning disabilities, mental health diagnoses and multiple diagnoses.

A Resident Outcomes Survey conducted by TGE in 2020 found the average weekly care hours from a sample of 60 residents was approximately 62 hours. This high figure shows that SOHO's homes support some of society's most vulnerable people.

The portfolio mostly serves working-age adults, with 56% of residents aged 30 to 39. A small number of properties accommodate young adults and children, with one providing children's care and approximately 2% of residents classed as young adults.

RESIDENT DEMOGRAPHICS

BREAKDOWN OF UNITS BY CARE CLASSIFICATION OF RESIDENTS

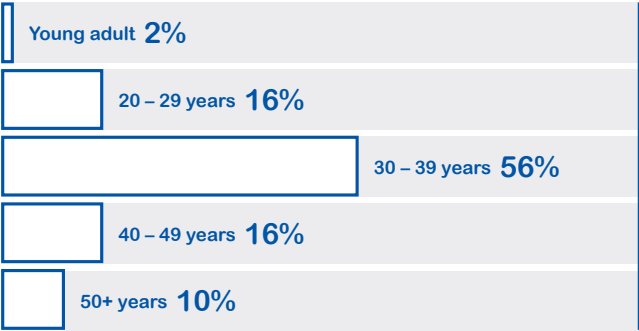


AVERAGE WEEKLY CARE HOURS



On average, residents receive 62 hours of care per week

AGE BREAKDOWN\*

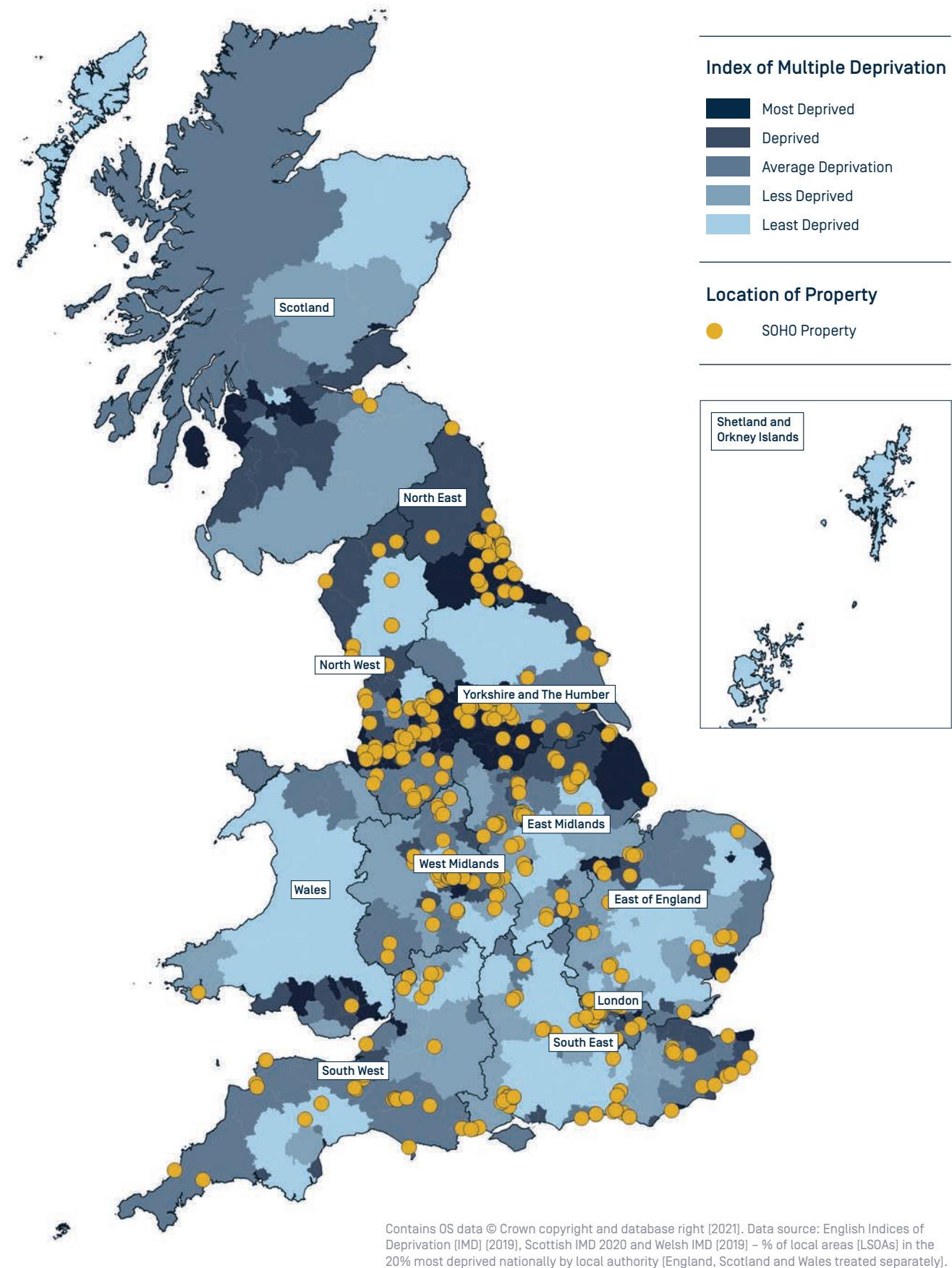


\*Age breakdown based on approximately 40% of the portfolio where age data is available


5. Ramp-up periods refer to the period over which residents move into an SSH property. It can take around 6-9 months to fill an SSH property (depending on number of units), owing to the need to ensure residents are moved in safely given the type and level of support they require.



The homes in SOHO's portfolio are located across 157 local authorities across the UK (excluding Northern Ireland). 74% of units are in the 40% most deprived UK local authorities.



IMPACT OBJECTIVE – Fund Sustainable Developments

IMPACT OBJECTIVE	IMPACT METRICS	DECEMBER 2020	JUNE 2021
<b>FUND SUSTAINABLE DEVELOPMENTS</b> 	Percentage of units with EPC rating C+	69%	71%
	Percentage of units with EPC rating E+	99.9%	99.9%
	Percentage of units constructed since 2000	37%	36%
	<b>Breakdown of total units by housing type</b>		
	Supported housing	98%	98%
	Non-supported housing	2%	2%

SOHO continues to work to improve the environmental performance of its portfolio and is making environmental considerations more central to its investment strategy.

SOHO now requires that all refurbished properties have a minimum EPC grade C and all new-build properties an EPC grade B, or that those grades will be achieved as part of works at acquisition. The fund's environmental performance has clearly improved since it implemented this policy in 2020.

As of June 2021, 71% of units have EPC ratings of A-C. This compares to 69% as of December 2020 and 59% as of March 2020. 71% is a high proportion of units rated A-C for the SSH sector.

These units meet the government's Clean Growth Strategy target of upgrading as many homes as possible to an EPC grade C by 2035. However, the portfolio also contains one EPC F-rated property that falls short of the government's minimum energy efficiency standard of an EPC grade E. This property is due to be undergo upgrade works in the coming months, with SOHO overseeing the RP responsible for doing so.

SOHO has a plan to take meaningful steps to improve the energy performance of its portfolio. In September 2021 they launched an initiative to bring the whole portfolio up to an EPC grade C or above. They have set aside up to £3.4 million to be spent on the calculated cost of retrofit works to bring the portfolio up to this standard over the next 4 years alongside available grant funding. TGE expect these works to have a direct benefit to residents by reducing fuel poverty as well as the wider environmental benefits.

TGE has also been informed that SOHO is taking mitigating actions against physical climate risks, including overheating and an increased flood risk. This includes working with a range of external consultants to understand future flood risks and enhance the specification of new homes to make their portfolio more climate resilient.

TGE has seen evidence of SOHO's rigorous due diligence to ensure acquired properties are of high quality.

SOHO's Building Guidance Document, which sets out its minimum requirements for build quality, goes far beyond the requirements of the Decent Homes Standard (DHS). Although SOHO does not collect data on its compliance with the DHS, its asset management team confidently affirms that all its properties meet this standard.

Heron Court (case study on page 28) provides an example of the kind of high-quality facility within the portfolio.

TGE has also seen evidence of SOHO's clear action to ensure that its properties meet the standards to be classed as exempt rents. This is an important area that the Regulator of Social Housing (RSH) has emphasised in recent years.<sup>6</sup>

6. RSH, [Setting rents for social housing: Addendum to the Sector Risk Profile 2019, March 2020](#).






SOHO is pro-active in its asset management. The fund monitors the quality of its stock through regular compliance and occupancy data, which is provided by all partner housing providers on a quarterly basis. In addition, SOHO carries out property inspection visits to all properties at least every two years.

Under the terms of full repairing and insuring (FRI) leases, the obligation to maintain properties falls to SOHO’s partner housing providers. In turn, SOHO monitors its housing providers to ensure they are carrying out the necessary works to ensure properties remain compliant and fit-for-purpose. This is not a legal obligation but SOHO are committed to being proactive in their asset management approach.

SOHO has also recently appointed a Director of Housing, who has a background working at a housing association. Their role will be focused on ensuring the quality of the fund’s homes and the quality of services delivered to residents.

TGE is encouraged to see SOHO investing in developing its in-house expertise and capacity in this area. We look forward to reporting on the impact of this appointment as they become more established in their role.

IMPACT OBJECTIVE – Increase Supply

IMPACT OBJECTIVE	IMPACT METRICS	DECEMBER 2020	JUNE 2021
 INCREASE SUPPLY	Number of properties	445	458
	Percentage of units defined as ‘new’ to SSH	63%	66.9%
	Percentage of units forward-funded by SOHO	N/A*	10%
	Breakdown of units by Condition of Stock		
	Adapted	63%	62%
	New-build	30%	30%
	Purpose-built	7%	8%

\*Data not available as of December 2020.

SOHO’s portfolio continues to grow, with 13 new properties, consisting of 104 units, added during the six-month period to June 2021. This represents a growth rate of 3% and brings the total portfolio size to 458 properties, and 3,214 units.

This is a substantial number of homes and makes SOHO a substantial investor in the social housing sector. Since inception the fund has deployed significant capital on increasing the supply of SSH for vulnerable individuals with support needs. The portfolio continues to grow at a steady pace, though its rate of deployment has slowed slightly in recent years from the rapid period of growth after launch in 2017 as the sector consolidates.

Across SOHO’s entire portfolio, 66.9% of units are defined as ‘new’ to SSH at the point of acquisition.

66.9% of properties being used as SSH for the first time is a high proportion of the fund’s homes, which shows that SOHO is bringing a high level of additionality to the sector. These properties provide the most tangible demonstration of the fund contributing to increased supply of SSH since its funding of them facilitates the creation of SSH which did not exist before.


Of the 13 properties added in the six months to June 2021, 12 are defined as ‘new’ to SSH. This shows a positive direction of travel for SOHO, with the vast majority of its recent deals contributing to the creation of new SSH.

In addition, SOHO has forward-funded approximately 10% of the units in its portfolio. These are cases in which SOHO finances the development of a new-build scheme rather than acquiring the finished scheme at completion. This brings a high level of additionality to the sector, though there is a limit to how many schemes the fund is able to forward-fund at any one time.

Heron Court [see case study on page 28 ] provides a positive example of the kind of high-quality new-build scheme that SOHO has forward-funded.



IMPACT OBJECTIVE – Quality Services and Partnerships

IMPACT OBJECTIVE	IMPACT METRICS	DECEMBER 2020	JUNE 2021
<div>QUALITY SERVICES &amp; PARTNERSHIPS</div> <div></div>	Number of partner housing providers	20	22
	Regulatory grades of partner RPs <sup>7</sup>		
	G3/V3	2	2
	G3/V4	1	0
	Regulatory Notice <sup>8</sup>	2	5
	Not assessed	15	15
	Number of partner care providers	97	109
	CQC ratings of partner care providers who have been inspected <sup>9</sup>		
	Outstanding	6%	5%
	Good	86%	85%
	Requires Improvement	8%	9%
	Inadequate	<1%	<1%

PARTNER RISK

As the building owner, SOHO is several steps removed from the residents living in its homes. This makes it essential that the fund partners with high-quality housing providers and care providers responsible for delivering services to residents.

TGE has seen evidence that SOHO’s due diligence involves a comprehensive review of its partners prior to deals going ahead. Housing providers are assessed for their operational capacity to deliver quality housing management services in the area, as well as for their organisational capacity to manage the risks of entering into long-term lease agreements.

In the last six months, SOHO has begun working with two new housing provider partners – Bespoke Care and Support, and Forge House Care Ltd. These are both organisations that provide both housing management and care services to residents. Bespoke Care and Support act as the housing provider and care provider for one property in the SOHO portfolio – this is a residential care property consisting of 12 units. Forge House Care Ltd provide housing and care services to three adjacent single-unit SSH properties in the SOHO portfolio.

Care providers and residents provide positive feedback on the quality of property management provided by SOHO’s partner housing providers. This is reinforced by SOHO’s compliance data which they receive on a regular basis from housing providers. SOHO has been transparent in sharing all compliance results with TGE.

SOHO also requires detailed information from developers, including cost breakdowns for proposed schemes. Housing providers report that this is an area in which SOHO is encouraging a greater level of transparency in the sector. Requiring these disclosures was not standard practice previously, but SOHO’s detailed due diligence is helping to raise standards by ensuring developers generate an appropriate level of profit.

7. 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.  
8. 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.  
9. Breakdown of providers with individual and multiple CQC ratings. Note December 2020 breakdown has been re-stated to include only ratings where known (excluding providers not yet inspected, undergoing inspection, or regulated by other entities).

CQC data demonstrates that SOHO’s partner care providers generally deliver a high quality of service. 90% hold ‘Good’ or ‘Outstanding’ ratings.

SOHO has no legal relationship with the care providers responsible for delivering services to the residents living in its homes. Nonetheless, the ratings data demonstrates that it is pro-active in selecting quality providers.

LEASE-BASED RISK

The RSH has raised concerns over the lease-based deals operated by SOHO and similar funds in the sector. These relate to the model’s long-term viability for RPs, with risks resulting from what the regulator sees as inappropriate governance practices and financial capacity to manage downside risks.

SOHO has leases with a total of 22 housing providers currently. Seven have been declared non-compliant with the RSH’s governance and viability standards. This includes three RPs – Hilldale, Pivotal and Auckland Home Solutions – who have been declared non-compliant in 2021.

As an investor in the sector, SOHO is not regulated by the RSH. However, SOHO does have regular and ongoing discussions with RSH over its stated concerns. TGE has been informed that this dialogue has focused primarily on risk management for housing providers, as well as providing evidence of appropriate rent-setting and exemption from the rent cap.

In responding to the regulator, SOHO has updated its lease agreements to include a Force Majeure clause. This ensures that SOHO and the RP will create a contingency plan in the event of a change in government policy that impacts the funding of SSH. The risk of such a change is minimal. In August 2018 it was announced that Housing Benefit would continue to meet rent costs for all supported housing. Nonetheless, this was included to accommodate the concerns of the RSH since it provides an additional level of security for housing providers over their lease obligations. A Force Majeure clause has been included on all of SOHO’s recent transactions.

TGE is encouraged that SOHO has been involved in two sector-wide projects this year to improve social housing reporting standards and general transparency within the sector.

The two projects are:

- 1 **The Equity Impact Project** – a project to develop sector-wide impact metrics for equity investors in the social and affordable housing sector. SOHO was involved in the consultation phase for this project and is now a group member.
- 2 **The Sustainability Reporting Standard for Social Housing** – a sector-wide standard to ESG reporting. SOHO was involved in the consultation phase for this project and has decided to become an early adopter of the standard.

CONTRIBUTION TO OUTCOMES

This section aims to assess the change in outcomes experienced by SOHO’s target stakeholders. These stakeholders include the residents living in SOHO’s homes as well as central government and the local authorities in which SOHO's homes are located.

Impact objectives play an important role within impact assessment since these are the activities over which SOHO has direct control. However, they do not wholly capture SOHO’s impact since they do not account for outcomes experienced by the ultimate beneficiaries.

Accordingly, this section aims to assess changes in stakeholders’ outcomes. These are influenced by many factors, so SOHO’s activities only contribute to them in part. Nonetheless, it is important to assess them since they provide insight into the ultimate impact delivered.

TGE has identified two main target outcomes which SOHO aims to contribute towards:

- + Improve resident wellbeing
- + Provide value for money

The table below categorises these outcomes using the Impact Management Project (IMP) dimensions of impact. This is a standardised approach to impact measurement agreed by a network of more than 2,000 organisations, practitioners and investors.

IMP DIMENSION		OUTCOME 1: IMPROVE RESIDENT WELLBEING	OUTCOME 2: PROVIDE VALUE FOR MONEY
WHAT impact is SOHO having?		Change in residents' physical and/or mental wellbeing	Value for money for public budgets by delivering a cost-effective solution to housing individuals with care needs
WHO is experiencing the impact?		Residents with mostly high-acuity care needs	Local authorities / Central government
HOW MUCH impact is SOHO creating?	Scale	Large scale – 3,214 units as of June 2021	Large scale – 3,214 units as of June 2021
	Depth	Dependent on degree of change in wellbeing	Dependent on cost-differential between SOHO property and likely alternative setting
	Duration	Likely long-term – most SSH intended to provide a long-term home for residents	Likely long term – average 20-year leases with most SSH intended to provide long-term homes for residents
What is SOHO's CONTRIBUTION to what would likely happen anyway?		SSH widely held to offer positive wellbeing benefits for residents with care needs. Therefore, resident wellbeing likely better than what would have occurred without availability of SOHO property	SOHO funding contributes to increasing the supply of specialist housing, easing the burden on residential or in-patient facilities. Therefore, health and social care costs likely better than what would have occurred anyway
What is the RISK of the impact not happening?		Execution risks: – Homes do not meet resident needs as effectively as expected – Housing providers and/or care providers deliver sub-standard services to residents	Efficiency risk: – Social care cost associated with SOHO property turns out to be more expensive than likely alternative setting

TARGET OUTCOME – Wellbeing



SOHO’s ultimate impact goal is to provide specialist housing which delivers positive outcomes for people with support needs.

To assess SOHO’s contribution to this, TGE conducted a remote Resident Outcomes Survey with a sample of 60 residents between June and July 2020. The results of that survey can be found in [SOHO's 2020 Impact Report](#), which was published in March 2021.

Through the survey, residents were asked to provide feedback on various areas relating to their physical and mental wellbeing:

- + Health
- + Social connections to others
- + Support network
- + Confidence
- + Independence


The results of that survey were generally positive, with residents reporting marked improvements in their feelings of confidence and independence, as well as in the quality of their support networks and their level of health.

TGE intends to carry out another Resident Outcomes Survey of SOHO residents in early 2022. The results will be reported in SOHO's next full-year Impact Report.

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TARGET OUTCOME – Value for Money

TARGET OUTCOME	IMPACT METRICS	DECEMBER 2020	JUNE 2021
<b>VALUE FOR MONEY</b> 	Total Social Value	£136.1m	£152.1m
	Social Impact – the value of improved outcomes for residents	£53.9m	£60.3m
	Fiscal Savings – the savings generated for public budgets	£82.1m	£91.8m
	Social Return on Investment – the social value generated for every £1 invested by SOHO over the duration of the investment	£3.62	£3.93

SSH has the potential to generate value for money for public budgets by providing a cost-effective solution to housing people with complex care needs, compared to alternative housing types.

Independent research from the charity Mencap found that a person living in SSH requires, on average, state funding of £1,569 per week for housing and care. This is £191 lower than a residential care home and £1,931 lower than an in-patient placement.

SOCIAL VALUE CALCULATION

To assess SOHO’s contribution to generating value for money, TGE has undertaken a review of the Total Social Value generated by the fund’s portfolio.

This process was originally carried out in July 2020 and involved TGE working in partnership with the Social Profit Calculator (SPC), an independent organisation who specialise in calculating the financial value of social, economic and environmental impact. The Social Value figures produced are informed by the answers residents provided in a Resident Outcomes Survey conducted with a sample of 60 residents in 2020.

The calculation involved producing a Total Social Value figure, which accounts 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 care costs as a result of residents moving into SOHO-owned housing from more expensive alternative settings.

METHOD

+ Social Impact

The Social Impact figure is calculated using the primary survey results provided by residents through the Resident Outcomes Survey. The survey was structured in a way to provide an indication of the ‘distance travelled’ in terms of the change in outcomes experienced by residents between their previous accommodation and their current SOHO-owned home. This was done by allowing residents to respond along a seven-point scale from ‘very much worse’ to ‘very much improved’ in relation to each outcome area.

Financial proxies were then used to place a monetary value on the change in well-being disclosed by residents. This was carried out by SPC, who use proxy financial values from various databases to calculate how much it would cost to cause an equivalent change in outcomes. This process also involves applying a method to account for Deadweight, Attribution, Displacement, Duration and Dropoff of the effect.

+ Fiscal Savings

The Fiscal Savings figure is calculated using information on residents’ previous form of accommodation. This information was also attained through the Resident Outcomes Survey. Data from various public sources and industry research is used to calculate an estimate for the average weekly cost to public budgets of housing people in their previous forms of accommodation. This is then compared against an estimate for the average weekly cost to public budgets of housing them in their current SOHO home. The difference between these two figures produces the estimated Fiscal Savings figure.

+ Total Social Value

For both the Social Impact and Fiscal Savings figures produced, these values are then extrapolated from the sample size to the total SOHO portfolio size (in terms of occupied units). These figures are then added together to produce an estimate for the Total Social Value figure for the overall portfolio.

For the purposes of this Impact Report, the calculations previously carried out by SPC have been scaled up to produce both the Social Impact and Fiscal Savings figures for the SOHO portfolio as of June 2021. As SPC’s calculations were originally carried out using SOHO’s portfolio data as of March 2020, it is necessary to scale up these calculations to the new, larger portfolio. This reflects the homes added to the portfolio between April 2020 and June 2021.

RESULTS

The results reveal that the SOHO portfolio has delivered £152.1m of Total Social Value in the year to June 2021.

This is divided into:

- + £60.3m of Social Impact
- + £91.8m of Fiscal Savings


Using the values and the total amount invested by SOHO as of June 2021, TGE calculates the Social Return on Investment (SROI) ratio to be £3.93. This means that for every £1 invested, SOHO will generate £3.93 in social value over the duration of the investment (based on the current portfolio of homes).

For every £1 invested, SOHO will generate £3.93 in social value over the duration of the investment.

Based on the current portfolio of homes.



CASE STUDIES

THE BIRCHES		
Support Provider Pivotal Care Group	Local Authority Cornwall County Council	Location: Cornwall 
Housing Provider Pivotal Housing Association	Number of residents 10	

SCHEME OVERVIEW

The Birches is a supported living property in Cornwall for those living with mental health diagnoses. The property provides a home for 10 people, each with their own self-contained flat. TGE selected this property to case study.

Housing management services are provided by Pivotal Housing Association while support services are provided by Pivotal Care Group – two organisations within the Pivotal Homes Group.

Residents who live at The Birches have a range of mental health diagnoses, receiving an average of approximately 14 hours of support per week. Support staff are on-site at the property from 7am to 10pm, with security staff on-site through the night. The property is split into 10 self-contained apartments in a large, redeveloped house with specific adaptations to meet the needs of residents. These include CCTV, door entry systems and anti-ligature features. Residents also have access to a communal lounge area and a surrounding garden.

DELIVERY PROCESS

Discussions over the delivery of this scheme were initiated by the local NHS trust, which sought a scheme that would allow them to free up hospital beds.

The trust approached Pivotal directly over a property that could provide step-down supported living accommodation for people coming out of hospital. An appropriate property was identified and development works were carried out to install the necessary adaptations. TGE judges that this evidences a needs-led approach. The scheme's inception was the identification of a need for appropriate community-based housing by the commissioning body and a partnership formed to address that need.

The property opened in late 2019 and was sold to SOHO in August 2020 as a fully operational and tenanted building. Pivotal informed TGE that they decided to operate the building for approximately a year before selling on to a REIT to ensure that the scheme was working as it should. As a result, SOHO was not involved in the delivery process since it was acquiring existing stock, rather than providing exit funding for the delivery of new SSH. Nonetheless, Pivotal informed TGE that SOHO's funding has provided capital that will allow it to deliver more SSH homes in the future. The process has worked well and Pivotal will look to operate this model again.

PROVIDING A PATHWAY OUT OF HOSPITAL

The local NHS trust involved in setting up the scheme has nomination rights for the property. All residents placed into The Birches have either been living in hospital settings for a long time or have been in and out of such settings for many years.

The Birches represents an opportunity for residents to establish a long-term home that serves their needs effectively while affording them greater independence within a community-based setting. The scheme is likely to be delivering significant cost-savings to local NHS budgets by allowing residents to move out of expensive in-patient facilities.

Pivotal are in discussion with the same NHS trust over a handful of similar schemes across Cornwall in the coming years. This provides clear evidence that the scheme is working effectively. It demonstrates that the local trust has a clear need for more properties that will allow it to free up hospital beds and provide residents with the opportunity to move to a long-term home.



The Birches is providing an important pathway for residents moving out of a clinical environment. Since opening, the property has shown really positive results, with most residents managing to sustain their tenancies for a long period. This is an essential first step towards being able to enjoy a more independent life out of hospital.

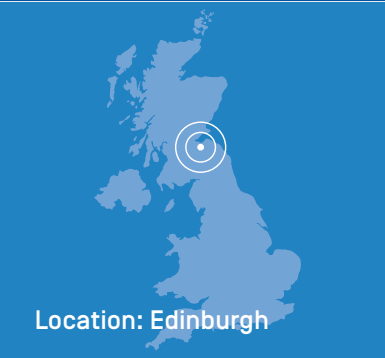


– Nathan Stolberg,  
Director of Operations, Pivotal Homes



HERON COURT

Support Provider Lifeways Group	Local Authority City of Edinburgh Council
Housing Provider Inclusion Housing	Number of residents 24



Location: Edinburgh

SCHEME OVERVIEW

Heron Court is a 24 unit supported living facility in Edinburgh. All apartments are self-contained and specially adapted to provide long-term homes for people with physical disabilities, learning disabilities and other complex care needs.

Housing management services are provided by Inclusion Housing, while care services are delivered by Lifeways Group. The property was developed by HB Villages, a specialist developer of SSH for individuals with care needs.

The property has an excellent location just over a mile from Edinburgh city centre. It is a four-storey block, with six apartments on each floor and all apartments accessible by lift. All apartments contain an open plan kitchen and living area, as well as bedroom and bathroom. Each features specialised adaptations and integrated technology including wider doorways and hallways for accessibility, a centralised call system and adapted bathrooms with either wet room or a level access shower.

Eight of the apartments are slightly larger and have been designed for people with higher acuity needs. Five also contain anti-ligature fixtures and fittings and anti-barricade door systems. Care staff are at the property 24/7, including some who work waking night shifts.

In conversation, both Inclusion and Edinburgh City Council informed TGE that the property has been built and finished to a very high standard. Inclusion emphasised the considerable work to ensure the fixtures and fittings are of high quality, above the standard of many new-builds.



Accessibility and technology are two important features of the design of the building which will enable residents to live more independently. Many of the residents will have keys to their own front door for the first time, which will be a tremendous boost to their independence and a positive impact on their lives.

– Judith Proctor, Chief Officer of Edinburgh Health and Social Care Partnership<sup>10</sup>

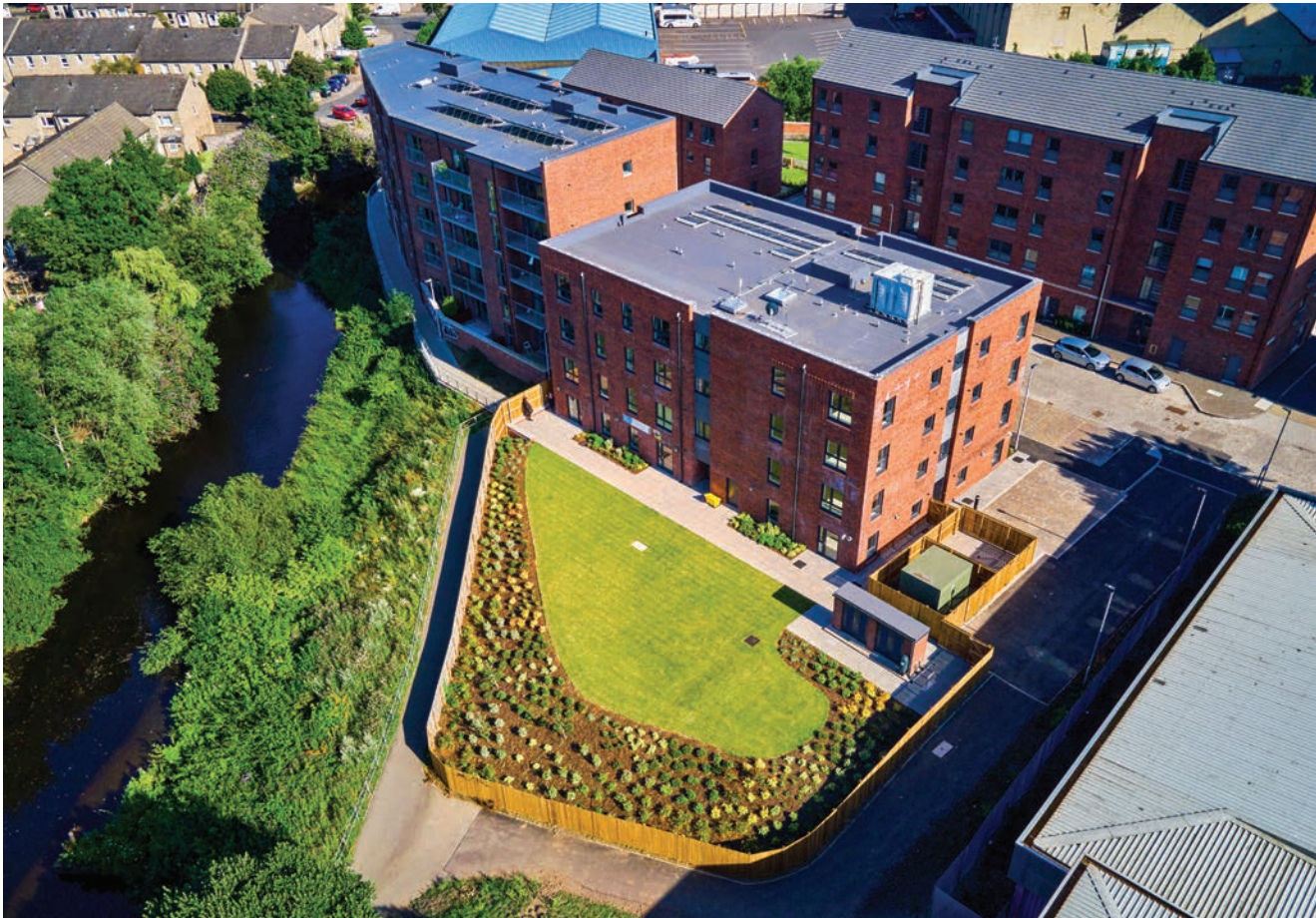


DELIVERY PROCESS

The development was originally conceived by HB Villages in partnership with Edinburgh City Council – the local authority responsible for commissioning residents into the scheme.

The development was originally conceived as a pathway for nine people living in a local learning disability hospital to step down to a community-based supported living facility. This would be less restrictive and provide a greater degree of independence while continuing to meet their needs.

However, once the development was underway, the multi-disciplinary team in charge of commissioning for the nine people decided that the property was not quite secure enough, given the nature of their care needs. A representative from Edinburgh City Council expressed disappointment at this reversal but understood the concerns. There are still plans to move some people into Heron Court from hospital settings, but none of those who were originally identified.



UPDATE SINCE OPENING

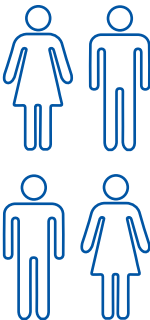
Heron Court opened in April 2021. At the time of writing five residents have moved in, with the other apartments all ‘fully referred’, meaning individuals have been identified and there are plans for them to move in over the coming months.

Once fully occupied, the plan is for eight of the apartments to be occupied by people with more complex care needs, and the others by those with relatively lower needs. Heron Court will provide a high-quality supported living option for 24 people – a pathway out of more restrictive settings, as well as a first step towards more independent living for people who have previously been living in family homes.



Heron Court provides a fantastic solution for a lot of people. It is great to do planned moves rather than waiting for a situation to get to crisis point and this property provides us with the opportunity to do that.

– Jayne Kemp, Strategic Planning & Commissioning Officer, Edinburgh City Council



RESIDENT INFORMATION

- + Age range: 18-64.
- + Most individuals are moving out of their family home to live in supported accommodation for the first time.
- + Several individuals are moving on from residential placements that do not entirely meet their support needs.

10. Social Care Today. Residents move into new supported housing development in Leith, 30th June 2021.





## CONCLUSIONS AND NEXT STEPS

### Strengths

- **High additionality**  
Both through the high proportion of its properties that are new to the SSH sector and its use of forward-funding, SOHO is contributing a high level of additionality.
- **Meeting significant social need**  
SOHO is providing supported homes for some of the most vulnerable people in society, in some of the most deprived parts of the UK.
- **Considerable value for money**  
Through its provision of a cost-effective alternative to residential care and in-patient placement, SOHO is achieving notable social return on investment.

### Potential Weaknesses and Mitigating Actions

- **Energy efficiency of homes**  
Nearly 30% of SOHOs properties are rated lower than EPC grade C. However SOHO has put in place a fully costed initiative to improve the entire portfolio to grade C or above over the next 4 years. TGE will continue to review the impact of this.
- **RP partner risk**  
The RSH continues to raise concerns regarding what it sees as risks to RPs of engaging in lease-based deals. SOHO recognises these concerns and has a regular and ongoing dialogue with the RSH around how to mitigate these risks. The fund is also rigorous in its approach to selecting partners, with a focus on ensuring RPs have assessed the risks of entering into long-term lease agreements. As of 30 June, SOHO has received 100% of rent due, and there is evidence of RP's finances generally strengthening.



APPENDIX

Appendix 1 – Data sources

DATA SOURCE / EVIDENCE	OVERVIEW	EVIDENCE RISK	LIMITATIONS
Property-by-property portfolio data	Portfolio data provided to TGE by SOHO every six months. For each property, this data provides the following info: acquisition date, investment amount, lease term, address, construction year, partner details, number of units, occupancy, care needs of residents, age profile of residents, stock type, property type, whether forward funded, whether new to SSH at point of acquisition.	Low	Reliant on accuracy of data provided by SOHO.
EPC data	Dataset showing distribution of EPC ratings in the SOHO portfolio. This is provided to TGE by SOHO.	Low	Reliant on accuracy of data provided by SOHO.
Housing provider monitoring data	Overview of the KPI data SOHO receive from partner housing providers on quarterly basis. This is provided to TGE by SOHO.	Low	Reliant on accuracy of data provided by SOHO.
Resident Outcomes Survey data	Survey data collected remotely from a sample of 60 residents between June and July 2020. Residents completed the surveys using an online form.	High	Small sample size – outcomes data disclosed by surveyed residents may not be representative of experiences of wider portfolio of residents. Also, reliant on accuracy of data provided by residents.
Due Diligence questionnaire template	Blank template of SOHO's Due Diligence questionnaire. This was provided to TGE to show the areas SOHO requires info on as part of their standard process on all deals.	Low	Reliant on SOHO requiring info on all the listed items in the DD template when considering deals.
Interviews with housing provider partners	Interviews carried out with SOHO's housing provider partners. Through these interviews, TGE aim to find out about the housing provider's general relationship with SOHO, as well as specific details in relation to selected schemes.	Medium	TGE speak to at least one partner housing provider for each Impact Report. This means TGE have spoken to a portion of SOHO's partner housing providers since 2020.
Interviews with care provider partners	Interviews carried out with care providers who deliver support services to residents living in SOHO-owned homes. Through these interviews, TGE aim to find out about the CPs' general relationship with SOHO, as well as specific details in relation to selected schemes.	Medium	TGE speak to at least one partner care provider for each Impact Report. SOHO work with over 100 care providers and so TGE have only had conversations with a small proportion since 2020.
Interviews with local authorities	Interviews carried out with local authorities in which SOHO's schemes are located. Through these interviews, TGE look to find out about specific schemes, including the delivery process, details of nominations rights and the general view of the scheme from local authority perspective.	Medium	TGE try to speak to at least one local authority for each Impact Report. SOHO have properties across 157 local authorities nationally so TGE have only had conversations with a small portion since 2020.
Interviews with SOHO staff	Interviews carried out with various members of SOHO's staff, including the organisation's directors as well as those from investment teams and asset-management teams.	Medium	Reliant on the accuracy of the answers provided by SOHO staff. Also, though these conversations provide insight into the fund's processes and activities, they cannot provide the full picture since some info is confidential and cannot be shared.
Monetisation data from Social Profit Calculator (SPC)	Monetisation data provided to TGE by SPC – an independent organisation specialising in calculating the financial value of social, economic and environmental impact. This monetisation data is based on the wellbeing outcomes disclosed by residents through the Resident Outcomes Survey. SPC use their own monetisation model to calculate the monetary value of the outcomes experienced by residents. This is based on a Social Return on Investment (SROI) framework which uses monetised outcomes (financial proxies) to quantify and communicate the relative value of outcomes. TGE have scaled up these calculations, which were based on portfolio data as of March 2020, to apply them to the portfolio as of June 2021.	High	Monetisation data is based on a small sample of residents (60) whose experiences may not be representative of the wider portfolio. Also, methodology to calculate monetised value of wellbeing outcomes is SPC's Intellectual Property so is not fully disclosed. This risk is however limited by the fact that SPC's methodology is aligned to 'best practice' valuation techniques outlined in the HM Treasury Green Book and OECD guidance, and uses values that have been used in government policy analysis.

DATA SOURCE / EVIDENCE	OVERVIEW	EVIDENCE RISK	LIMITATIONS
G/V gradings of partner RPs	TGE conduct a review of the Governance and Viability (G/V) gradings published by the RSH for each of SOHO's partner RPs.	Low	None – the RSH is an independent regulatory body. These gradings should accurately reflect an independent appraisal of their standard of governance and financial viability.
CQC ratings of partner care providers	SOHO provide data on the CQC ratings of its partner care providers. The data provides a breakdown of all CQC ratings (including organisations with single ratings and multiple ratings across numerous sites). SOHO track this data systematically and share with TGE.	Low	The accuracy of the analysis carried out by TGE is reliant on the accuracy of the information provided by SOHO.

## Notes

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GOOD  

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ECONOMY  

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