

## **CONTENTS**

|   | IMPACT REPORT - HEADLINE RESULTS   | 4  |
|---|--|----|
|   | EXECUTIVE SUMMARY  | 6  |
|   | INTRODUCTION   | 10 |
|   | About Civitas  | 10 |
|   | Market and Policy Context  | 11 |
|   | Covid-19   | 11 |
|   | This Report  | 11 |
|   | INVESTMENT AND IMPACT THESIS   | 12 |
|   | Impact Measurement and Management  | 12 |
|   | Stakeholders   | 13 |
| 3 | IMPACT ASSESSMENT  | 15 |
|   | Overall Impact Goal  | 15 |
|   | Social Need  | 16 |
|   | Supply   | 20 |
|   | Quality  | 22 |
|   | Wellbeing  | 26 |
|   | Value for Money  | 30 |
|   | Mitigate Impact Risks  | 32 |
| ļ | CASE STUDIES   | 36 |
|   | Deepdale   | 36 |
|   | Golders Green  | 38 |
| , | SOCIAL PARTNERS  | 40 |
|   | Crisis: Together we will end homelessness  | 40 |
|   | The Choir with No Name: Choirs for people affected by homelessness                 | 41 |
|   | The House of St. Barnabas: Members' club aiming to break the cycle of homelessness | 42 |
|   | Women in Social Housing [WISH]   | 43 |
| 6 | WIDER IMPACT INVESTMENT ROLE   | 44 |
| , | CONCLUSIONS AND NEXT STEPS   | 45 |
|   | APPENDIX   | 46 |
|   | Appendix 1: Civitas Impact Data  | 46 |
|   | Appendix 2: Partner Housing Providers and Care Providers                           | 49 |
|   | Appendix 3: List of Data Sources and Resources used to Inform Impact Assessment    | 50 |
|   |  |    |

## IMPACT REPORT - HEADLINE RESULTS

AS OF 31 MARCH 2021



£803 **MILLION INVESTED** 

IN 619 **PROPERTIES** 



MANAGED BY ... 16 HOUSING **PROVIDERS** 



33% OF PROPERTIES **NEW TO SOCIAL HOUSING AT** THE POINT OF **ACQUISITION** 

**LOCATED ACROSS** 



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



FOR EVERY £1

OF ANNUALISED INVESTMENT

WITH THE CAPACITY TO PROVIDE A HOME FOR 4,295 PEOPLE









**164 LOCAL AUTHORITIES** 





£3.51 IS CREATED IN SOCIAL VALUE









**BASED ON A SURVEY OF RESIDENTS. 53% OF RESPONDENTS REPORTED** AN IMPROVEMENT IN THEIR INDEPENDENCE BETWEEN THEIR PREVIOUS ACCOMMODATION AND THEIR CURRENT HOME.



**AVERAGE WEEKLY CARE HOURS** 43 HOURS<sup>1</sup>



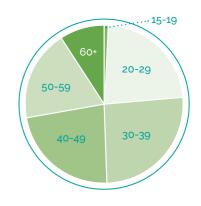
OF HOMES HAVE AN EPC RATING A-C



OF HOMES HAVE AN EPC RATING A-E

AGE BREAKDOWN OF **CIVITAS RESIDENTS** 

**GENDER SPLIT** 





£789 £803 MILLION MILLION INVESTED INVESTED INVESTED MARCH 2019 MARCH 2020 MARCH 2021



IN 613

MARCH 2019 MARCH 2020 MARCH 2021



4,216 4,072

4,295 MARCH 2019 MARCH 2020 MARCH 2021

1. Based on a survey sample of residents.

THEGOODECONOMY.CO.UK CIVITAS SOCIAL HOUSING PLC ANNUAL IMPACT REPORT 2021 5

## **EXECUTIVE SUMMARY**

This is the fourth Annual Impact Report for Civitas Social Housing PLC ("Civitas" or "the Fund"). Civitas was launched in November 2016 as the first Real Estate Investment Trust (REIT) specialised in investing in social housing, with a focus on Specialised Supported Housing (SSH) for vulnerable individuals with care needs. Since the Fund's launch, Civitas has invested £803 million in 619 properties across England and Wales, providing a home for up to 4,295 people. The Fund continues to be an authentic 'impact investor' according to the IFC Operating Principles. In February 2021, Civitas agreed a new £84.5m loan facility with M&G Investments which will be used to finance further acquisitions moving forward.

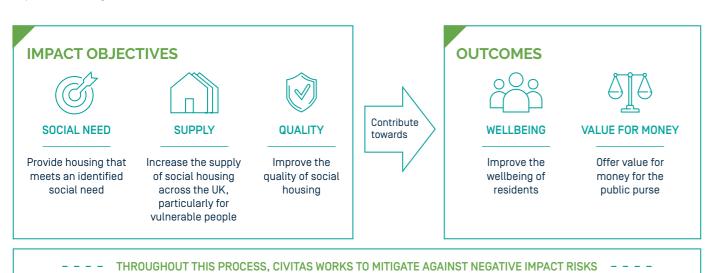
This Impact Report has been produced by The Good Economy (TGE), an independent social advisory firm specialising in impact measurement and management. The report covers the period from April 2020 to March 2021, with a particular focus on the six months to March 2021 [the period since the Fund's Half-Year Impact Report was published].

The Covid-19 pandemic has dominated most aspects of society over the period this Impact Report covers. As a result, TGE have

been unable to visit any Civitas properties over the last year. However, TGE have heard during remote conversations with the Fund's housing providers that Civitas has been in regular contact to ensure partners were well placed to continue delivering services to residents. Conversations with various care providers also confirmed that residents have continued to receive the care they require, and that incidences of Covid-19 have been relatively low within Civitas' properties.

#### **IMPACT ASSESSMENT**

This report provides an assessment of Civitas' performance against its stated impact objectives, and against the outcomes to which the Fund aims to contribute:



The results of this year's impact assessment are summarised below:

#### **RESULTS - IMPACT OBJECTIVES**



#### **SOCIAL NEED**

Residents living in Civitas properties receive, on average, between 40 and 50 hours of care per week.

- The Fund's properties provide housing for individuals with a range of care needs, including: multi diagnosis care needs, learning disabilities, mental health diagnoses, dependency issues, autism and those at risk of advanced homelessness.
- 60% of residents living in Civitas homes are male, and 40% are female.
- The Fund's homes mostly provide for working-age adults, with 71% of residents aged between 20 and 49.
- Civitas' due diligence process requires that all deals receive confirmation of support from the relevant local authority commissioner.
- TGE have seen Civitas' occupancy data which shows the Fund has a level of operational voids in line with industry standards, and a negligible number of longer-term voids.



#### SUPPLY

During the last 12 months, six new properties have been added to the portfolio, which will provide a home for up to 78 people. All six of these properties have been brought into the social housing sector for the first time.

- This brings the total portfolio size to 619 properties, which will provide a home for up to 4,295 people.
- Overall, 33% of Civitas' properties are new to social housing at the point of acquisition.
- Though the rate of portfolio growth has largely stabilised in the last 12 months, the Fund has focused efforts on consolidating the portfolio and investing in improvements where needed.
- An £84.5m loan facility was also secured with M&G Investments in February 2021. This capital will be deployed to new schemes in the coming year.



#### QUALITY

Based on a Resident Survey:

- 87% of respondents reported that they were satisfied with the quality of their home.
- 8% reported that they were neither satisfied nor dissatisfied.
- 5% reported that they were dissatisfied.
- Civitas remains proactive in its asset management approach to monitor the quality of stock on an ongoing basis.
- For one specific property, in Golders Green, Civitas committed a significant amount of capital to fund renovation works to convert its use to provide homelessness accommodation.
- TGE have also been informed of instances in which Civitas have worked with housing providers, signing off on adaptations and, in certain instances, paying for them to ensure properties continue to meet the changing needs of residents.
- 52% of the Fund's homes have an EPC rating of A-C, and 99.9% have an EPC rating of A-E. 84 EPCs have been improved since March 2020 and Civitas has undertaken a pilot study to identify properties and required works to improve the energy performance of the Fund's worst-performing properties.
- The Fund's compliance figures have remained very high during the pandemic.
   Civitas' statutory compliance rate is approximately 99% as of March 2021
   this is better than the wider affordable housing sector.

SINCE THE FUND'S LAUNCH, CIVITAS HAS INVESTED £803 MILLION IN 619 PROPERTIES ACROSS ENGLAND AND WALES, PROVIDING A HOME FOR UP TO 4,295 PEOPLE.

THEGOODECONOMY,CO.UK

#### **RESULTS - OUTCOMES**



#### Based on a Resident Survey:

- 53% of respondents reported an improvement in their independence between their previous accommodation and their current Civitas-owned home.
- 45% reported no change.
- 2% reported a negative change.

TGE have also heard anecdotal evidence from Civitas' partner care providers of improved levels of independence leading to reductions in care hours. This provides important wellbeing benefits to residents as well as offering value for money by reducing the cost of care packages.

Other results to note from the Resident Survey, compared to experiences in previous accommodation:

- 51% reported an improvement in their level of confidence.
   45% reported no change. 5% experienced a decrease.
- 13% reported an improvement in their social connections.
   71% reported no change. 16% experienced a negative change. This skew towards a negative change is largely to be expected given the Covid-19 pandemic.
- As the building owner, Civitas' contribution to these outcomes is only partial. The wellbeing outcomes experienced by residents are influenced by a combination of factors – the property itself, the housing management delivered by the housing provider, and the care services delivered by the care provider.



A calculation by monetisation specialists Social Profit Calculator (SPC) has shown that Civitas created £127m in Total Social Value in the year to March 2021.

This Total Social Value figure is divided into:

- £51.2m of Social Impact this is the value of the improved personal outcomes for residents.
- £75.9m of Fiscal Savings this is the savings generated for public budgets through the reduced cost of care packages.

Using these values, and using the total amount invested by Civitas, SPC have calculated the Social Return on Investment Ratio (SROI) ratio for the portfolio to be £3.51 as of March 2021. This means that, for every £1 invested, Civitas will generate £3.51 in social value on an annualised basis.

The calculations are informed by the answers provided by residents as part of this year's Resident Outcomes Survey, which was conducted with a sample of 87 residents. The methods used to produce the monetised values are drawn from a range of sources and are aligned with 'best practice' valuation techniques outlined in the HM Treasury Green Book and OECD guidance.

Overall, these results reinforce findings from wider industry research, which shows that SSH offers wellbeing benefits and is a cost-effective solution to housing individuals with complex care needs.

## {**!**}

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

In response to the Regulator of Social Housing's (RSH) concerns with the lease-based model, Civitas continues to take various steps which aim to support the Fund's partner Registered Providers (RPs) and to mitigate the risks identified.

- Civitas has made two changes to its lease agreements a Force Majeure clause and a cap and collar on rent increases – which aim to mitigate the risk of a legislative shock affecting a housing provider's ability to cover its lease payments. Both clauses have been implemented on all recent transactions and the retrospective inclusion of the Force Majeure clause on all historic leases is under consideration.
- The Fund continues to undertake rigorous due diligence on all prospective deals, taking well-defined steps to ensure properties serve a social need and rents are set appropriately.
- The Social Housing Family, a Community Interest Company [CIC] established in 2019, now has two members Auckland Home Solutions and Qualitas Housing. The Fund's role in supporting the establishment of this entity provides a demonstration of Civitas' active leadership role within the SSH sector, and its commitment to helping to raise governance and management standards among housing providers operating in the sector.

#### **STRENGTHS**

- Civitas is proactive in its approach to asset management, taking well-defined steps to ensure and improve the quality of existing homes, especially in terms of improving environmental performance. This is a key area where the Fund brings additionality – enabling impact that wouldn't otherwise happen.
- The resident outcome survey shows that Civitas' homes are generally having a positive impact on resident wellbeing. Residents reported marked improvements in both confidence and independence since moving into their current Civitas-owned home.
- The long-lease model operated by Civitas ensures that these homes will remain as specialist housing for the long term, which should provide stability for residents. The weighted average unexpired lease term [WAULT] in the Civitas portfolio is currently 22.64 years.

#### TGE RECOMMENDATIONS

- Asset management should remain a priority, with emphasis on ensuring properties remain fit-for-purpose for the long-term and continue to effectively meet the needs of residents.
- Civitas should continue to identify ways to improve the environmental efficiency of its homes, supporting housing providers to carry out the required retrofit works.
- Portfolio growth has slowed in recent years as the majority of the Fund's available capital has been deployed. In recent months, the Fund has agreed a new £84.5million debt facility this will enable the Fund to continue increasing the supply of specialist housing.
- Civitas should challenge housing providers on how they track and measure resident satisfaction levels within their homes. The existence of a clear feedback loop is an important mechanism to ensure that Civitas can account for the views of its target beneficiaries.



## 1 INTRODUCTION

#### **ABOUT CIVITAS**

Civitas Social Housing PLC ("Civitas" or "the Fund") is the UK's first Real Estate Investment Trust ("REIT") specialised in investing in social housing.

The Fund was launched on the London Stock Exchange in November 2016, with a focus on investing in Specialised Supported Housing ("SSH") for individuals with complex care needs. Civitas raises capital at scale from institutional and retail investors, using the funds to provide long-term equity to the social housing sector. The Fund acquires properties and leases them to housing providers to manage, with the rental income used to fund investor returns.

Civitas primarily focuses on the provision of SSH, but does provide specialist housing which falls into five broad categories:

- 1 SSH for people with a range of care needs.
- 2 Mental health care facilities for people who require supervision in carrying out daily tasks.
- 3 Accommodation for people able to step down from the NHS to transition to more independent living.
- 4 Accommodation for people with addictions.
- 5 Accommodation for people who are homeless or at risk of advanced homelessness.

In March 2021, Civitas received a first-time credit rating from the ratings agency Fitch Ratings Limited ("Fitch"). Civitas were assigned an Investment Grade High Credit Quality Rating of "A" (senior unsecured) and a Long-Term Issuer Default Rating of "A-" with a Stable Outlook. This rating shows confidence in the sector and in the model operated by Civitas from a credit risk perspective.

**CIVITAS' SOCIAL OBJECTIVE IS TO HELP** TACKLE THE CHRONIC SHORTAGE OF SOCIAL HOUSING IN THE UK, WITH A **CURRENT FOCUS ON THE PROVISION OF SPECIALIST SUPPORTED HOUSING** (SSH) FOR INDIVIDUALS WITH COMPLEX CARE NEEDS.

#### MARKET AND POLICY CONTEXT

Specialised Supported Housing is a form of housing provision in which homes are specially built or adapted to meet the care needs of vulnerable individuals in a community-based setting.

SSH caters for individuals with a range of disabilities, allowing even those with complex care needs to live in their own home in the community, with a greater level of independence than they would be afforded in a residential home. Generally, residents will have their own self-contained apartment, or their own room in a shared house. All care packages are tailored to the specific needs of the individual, while there is also normally the added reassurance of having 24/7 care available on-site.

As a way of housing individuals with care requirements, supported living settings have generally become the preferred model of local authorities across the country. SSH is widely held to offer wellbeing benefits to tenants by encouraging independence, while there is also strong evidence that SSH is a cost-effective way of providing housing to individuals with complex care needs.2

#### COVID-19

Since March 2020, the Covid-19 pandemic has obviously presented significant challenges for the social housing sector, particularly with regard to the provision of care services to vulnerable individuals. Housing providers and care providers have been forced to adapt working practices, taking extra steps to ensure services are delivered safely to residents.

The Good Economy ("TGE") has accounted for these challenges in the preparation of this Impact Report. Particular attention has been paid towards understanding the steps Civitas has taken to support its partner housing providers and care providers to continue delivering their essential services to residents.

Overall, the feedback TGE has heard suggests that the provision of housing and care in Civitas' homes has been resilient to the challenges presented by Covid-19. Throughout the pandemic, Civitas has engaged with partner housing providers more regularly than usual, and also engaged with some of its major care providers, to understand any specific challenges and how service delivery was being managed. Feedback has generally shown that incidences of Covid-19 have been relatively low within the Fund's homes, and that services to individuals have not suffered substantial disruption.

#### THIS REPORT

This is the fourth Annual Impact Report produced by The Good Economy for Civitas.

TGE has carried out an independent impact assessment and report for Civitas since 2017. This report contains TGE's assessment of Civitas' performance against its stated impact objectives and target outcomes, focusing on the six-month period from October 2020 to March 2021.

TGE uses a mix of quantitative and qualitative data to inform this impact assessment. This includes an analysis of the portfolio data collected and shared by Civitas, as well as interviews with Civitas Investment Management ("CIM") staff, interviews with stakeholders including housing providers and care providers, and a Resident Outcomes Survey carried out with a sample of residents (see Appendix 3 for more details).

<sup>2.</sup> Mencap & Housing LIN, Funding supported housing for all: SSH for people with a learning disability, April 2018.

## 2 INVESTMENT AND IMPACT THESIS

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

Under this overall impact goal, Civitas has developed an Impact Measurement and Management (IMM) framework. The purpose of this framework is to identify the activities and intended outcomes through which the Fund aims to contribute to positive impact creation.

#### Civitas' IMM Framework

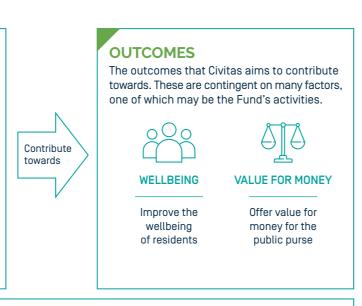
social need



housing across the

UK, particularly for

vulnerable people



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

#### **IMPACT MEASUREMENT AND MANAGEMENT**

Civitas' IMM framework has been designed to align with best practice standards in impact measurement, management and reporting.

housing

These best practice standards include the Impact Management Project [IMP] and the International Finance Corporation's [IFC] Operating Principles for Impact Management. TGE considers that Civitas continues to be an authentic 'impact investor' according to the IFC Operating Principles.

This year, the framework has also been updated to better align with the reporting framework developed through the Equity

Investor Impact Reporting Project.<sup>3</sup> This is a collaborative project which aims to develop a common framework for equity investors in the social and affordable housing sectors to measure, manage and report on the impact of their investments in a consistent and comparable manner. CIM is a project partner in this sector-wide project.

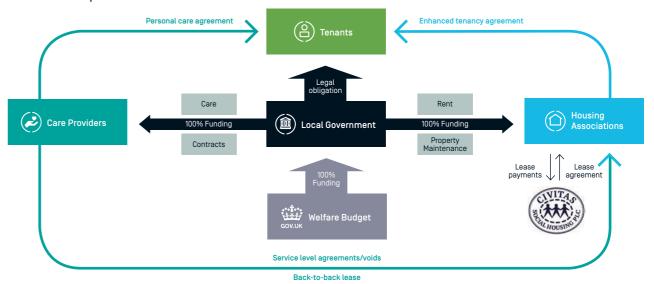
TGE CONSIDERS THAT CIVITAS CONTINUES TO BE AN AUTHENTIC 'IMPACT INVESTOR' ACCORDING TO THE IFC OPERATING PRINCIPLES FOR IMPACT MANAGEMENT.





#### **STAKEHOLDERS**

#### Stakeholder Map



3. The Equity Investor Impact Reporting Project.

12 THEGOODECONOMY.CO.UK



## 3 IMPACT ASSESSMENT

For the year to March 2021, Civitas added six properties to the portfolio, all of which are new to social housing. This brings the Fund's total number of properties to 619, with the capacity to provide a home for 4,295 people.

During the period, Civitas has consolidated efforts largely on asset management of existing properties. The Fund has taken steps to improve the environmental performance of older homes as well as supporting housing providers to ensure homes remain fit-for-purpose in serving the care needs of residents. Civitas has also continued to support housing providers in their response to Covid-19 through regular engagement, while an £84.5m loan facility was secured with M&G Investments in February 2021. This capital will be used to acquire new schemes in the coming years, funding Civitas' future growth.

#### **▼** OVERALL IMPACT GOAL

To increase the provision of high-quality social housing that delivers positive social outcomes for individuals with care needs.

| PORTFOLIO SUMMARY   | MARCH 2020   | MARCH 2021   |
|---|--------------|--------------|
| Value of capital deployed                                   | £789 million | £803 million |
| Number of properties  | 613          | 619          |
| Number of units   | 4,216        | 4,295        |
| Number of local authorities in which properties are located | 164          | 164          |
| Number of partner Housing Providers                         | 15           | 16           |
| Number of care providers delivering care into Fund's homes  | 117          | 118          |

OVERALL IMPACT GOAL: TO INCREASE THE PROVISION OF HIGH-QUALITY SOCIAL HOUSING THAT DELIVERS POSITIVE SOCIAL OUTCOMES FOR INDIVIDUALS WITH CARE NEEDS.

#### **IMPACT OBJECTIVE**

#### **SOCIAL NEED**

Provide homes for individuals with an identified need for social housing.

| IMPACT OBJECTIVE | IMPACT METRICS  | MARCH 2020 | MARCH 2021 |
|------------------|---|------------|------------|
|                  | Number of units   | 4,216      | 4,295      |
|                  | Breakdown of units by care classification of resident           | ts*        |            |
|                  | Multi diagnosis   | 46%        | 47%        |
|                  | Learning disabilities   | 31%        | 31%        |
|                  | Mental health   | 12%        | 12%        |
| C. S.            | Dependencies  | 5%         | 5%         |
|                  | Autism  | 4%         | 4%         |
| SOCIAL NEED      | Other (including homelessness)                                  | 1%         | 1%         |
|                  | Breakdown of units by housing type                              |            |            |
|                  | Supported housing   | 70%        | 69%        |
|                  | Residential care  | 25%        | 26%        |
|                  | Other   | 5%         | 5%         |
|                  | Percentage of properties in 40% most deprived local authorities | 66%        | 66%        |

<sup>\*</sup>Note that 'Multi diagnosis' care needs have increased by 1% while all other classifications have remained the same due to rounding.



CIVITAS ENSURES THAT ALL ITS PROPERTIES MEET AN IDENTIFIED **SOCIAL NEED BY EXPLICITLY REQUIRING CONFIRMATION OF THE NECESSARY COMMISSIONER SUPPORT AS PART OF ITS STANDARD DUE DILIGENCE PROCESS.** 

TGE is of the opinion that this evidences a needs-led approach to investment. The process should start with the identification of a social need and a partnership should form to address that. Ensuring that the required commissioner support is in place for a given scheme is an important mechanism which should safeguard that Civitas' housing serves an identified social need.

TGE has seen Civitas' occupancy data for the first time this year. This is a positive development from a transparency perspective since it provides TGE with better visibility of the portfolio and provides a helpful barometer of the extent to which the portfolio is serving the social need that the Fund is aiming to address.

The occupancy data shows that Civitas has a level of operational voids in line with the SSH sector. Note that within the SSH sector, it is expected for a level of operational voids to exist owing to ramp-up periods, turnover of residents and the need to ensure residents are moved in safely and appropriately given their needs. Civitas' portfolio also has a negligible number of longer-term voids undergoing conversion works in response to local demands/care requirements.

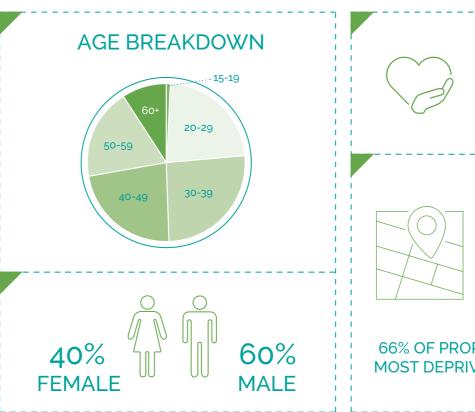
#### CIVITAS' PORTFOLIO PROVIDES HOUSING FOR INDIVIDUALS WITH A RANGE OF HIGH ACUITY CARE NEEDS.

The majority of Civitas' homes provide housing for individuals with multi diagnosis care needs and learning disabilities. The portfolio also caters for individuals living with mental health diagnoses, dependency issues, autism and those at risk of advanced homelessness. Civitas estimates that, on average, residents living in its homes receive between 40 and 50 hours of care per week. This is reinforced by the results of a Resident Outcomes Survey

conducted this year, which showed that the average respondent received 43 hours of care per week.

In terms of housing type, the portfolio primarily consists of supported housing provision. In addition, approximately a quarter of the Fund's homes provide residential care services.

#### **RESIDENT DEMOGRAPHICS**





THE HOMES IN CIVITAS' PORTFOLIO ARE **LOCATED ACROSS 164** LOCAL AUTHORITIES. **INCLUDING SOME OF** THE MOST DEPRIVED AREAS OF THE UK.

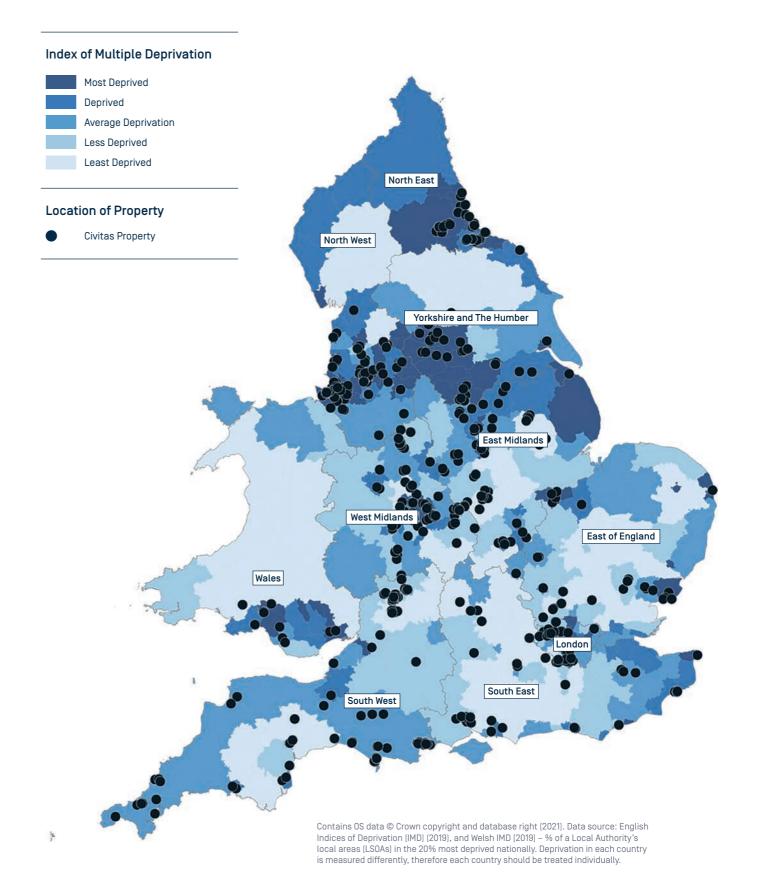
66% OF PROPERTIES ARE IN THE 40% MOST DEPRIVED LOCAL AUTHORITIES

<sup>4.</sup> Based on a survey sample of residents.









#### **IMPACT OBJECTIVE**

#### **SUPPLY**

Increase the supply of social housing across the UK for vulnerable people with care needs.

| IMPACT OBJECTIVE | IMPACT METRICS   | MARCH 2020 | MARCH 2021 |
|------------------|--|------------|------------|
|                  | Number of properties   | 613        | 619        |
| Number of units  | Number of units  | 4,216      | 4,295      |
| SUPPLY           | Percentage of properties converted to social housing sector for the first time | 33%        | 33%        |



CIVITAS HAS MADE A POSITIVE CONTRIBUTION TO INCREASING THE SUPPLY OF SPECIALIST HOUSING SINCE ITS LAUNCH, BUT ITS CONTRIBUTION HAS SLOWED IN RECENT YEARS. ONLY SIX PROPERTIES, CONSISTING OF 78 UNITS, WERE ADDED TO THE PORTFOLIO IN THE YEAR TO MARCH 2021.

The Fund underwent a rapid period of growth in its first two years of operation, deploying the majority of its capital during this period. After acquiring 591 properties in the first two and a half years of operation, just 28 properties have been added to the portfolio during the last two years. In the last 12 months particularly, Civitas has focused on asset management of existing assets, and improving its stock condition data to ensure homes remain fit-for-purpose (see Quality section on page 22). This is an appropriate response given the concerns of the RSH around ensuring that providers can evidence that homes meet the exempt rent criteria.

As of March 2021, Civitas' portfolio consists of 619 properties. These properties will provide a home for up to 4,295 people. Despite the slower rate of growth in recent years, this makes Civitas a major investor in the social housing sector whose funding has contributed to growing the supply of specialist housing for vulnerable individuals with care needs.

Civitas also recently secured an £84.5m loan facility with M&G Investments. This capital will enable the Fund to scale up its contribution to increasing the supply of specialist housing in the coming year.





ACROSS CIVITAS' ENTIRE PORTFOLIO, 33% OF PROPERTIES HAVE BEEN BROUGHT INTO THE SOCIAL HOUSING SECTOR FOR THE FIRST TIME AT THE POINT OF ACQUISITION.

TGE assesses the 33% of properties that have been brought into the social housing sector for the first time as having a "High" level of additionality on the TGE Additionality Scale. 5 They provide the clearest demonstration of Civitas' contribution to increasing the supply of specialist housing that may otherwise have not been delivered without the Fund's capital. Of the six properties added during the last 12 months, all six have been brought into the social housing sector for the first time.

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

#### **IMPACT OBJECTIVE**

#### **QUALITY**

Improve the quality of social housing.

| IMPACT OBJECTIVE | IMPACT METRICS  | MARCH 2020 | MARCH 2021 |
|------------------|---|------------|------------|
|                  | Percentage of residents who reported that they were satisfied with the quality of their home* | -          | 87%        |
|                  | Percentage of homes with EPC rating A-C   | 51%        | 52%        |
|                  | Percentage of homes with EPC rating A-E   | 98.3%      | 99.9%      |
| QUALITY          | Number of EPCs improved during the last 12 months   | -          | 84         |
|                  | Percentage of homes meeting key compliance requirements                                       | -          | 99%        |

<sup>\*</sup>Based on a survey sample of residents.



#### **BASED ON A SURVEY SAMPLE OF RESIDENTS:**

- 87% OF RESPONDENTS REPORTED THAT THEY WERE SATISFIED WITH THE QUALITY OF THEIR HOME.
- 8% REPORTED THAT THEY WERE NEITHER SATISFIED NOR DISSATISFIED.
- 5% REPORTED THAT THEY WERE DISSATISFIED WITH THEIR HOME.

These results are approximately in line with the wider population. In England, approximately 90% of people aged over 16 were satisfied with their accommodation in the year to March 2018.6

#### What residents had to say:

- In my previous accommodation I was in hospital and all the doors were locked. I like my new home. I like having my own kitchen as I've never had one before.
- 66 I enjoy the communal area and the lounge. I have missed using them due to Covid.
- 66 I am very proud of my home.

For those residents that indicated they were dissatisfied with their home, there were a number of specific drivers. For example, one resident fed these comments back to Civitas who will act upon them where appropriate.

indicated that they would like a bigger flat. TGE has

6. ONS. English Housing Survey data on attitudes and satisfaction, 2017 to 2018.



#### AS CIVITAS' RATE OF PORTFOLIO GROWTH HAS SLOWED IN RECENT YEARS, IT HAS BECOME ESPECIALLY IMPORTANT FOR THE FUND TO ENSURE RIGOROUS POLICIES ARE IN PLACE TO MONITOR THE QUALITY OF HOMES ON AN ONGOING BASIS.

At the point of acquisition, Civitas ensure that all homes are of sufficient quality by putting in place a plan of works for homes to meet the Decent Homes Standard (DHS). The responsibility is then on the housing provider to carry out these works throughout the duration of the lease.

TGE have heard evidence from the asset management team that Civitas continues to receive monthly compliance data from all housing providers, relating to areas such as Fire Safety, Gas Certificates and Asbestos. In addition, the Fund remains proactive in visiting a handful of properties every quarter to carry out its own monitoring and inspection visits.

**CIVITAS' COMPLIANCE FIGURES HAVE** REMAINED VERY HIGH DURING THE PANDEMIC. THE FUND'S STATUTORY **COMPLIANCE IS APPROXIMATELY 99%** AS OF MARCH 2021 – THIS IS BETTER THAN THE WIDER AFFORDABLE HOUSING SECTOR.

Civitas also has ongoing dialogue with its partner housing providers through regularly scheduled check-in calls. During these calls, the Fund can be informed of specific situations where changing resident needs dictate that a property needs to be adapted to meet those changing needs.

For example, TGE were informed of one specific case where the care provider had informed the housing provider there was a need to create a therapeutic space that provides physical and mental stimulus to support residents. The proposal was to adapt the garage of the property into a sensory room for residents. The housing provider then fed this information back to Civitas who reviewed the plans and, as the building owner, paid for the sensory room adaptations.

Usually in these situations, when it is relatively minor works being carried out, it is the responsibility of the housing provider to pay for such adaptations. TGE is of the opinion that, by paying for these works, Civitas is going above and beyond its responsibilities as a building owner. This example provides a positive demonstration of Civitas being responsive to the changing needs of residents since this was a longstanding property that had been in the Fund for a long time. Civitas' proactive approach to monitoring its stock allowed the Fund to work quickly to respond,

supporting partners to ensure the property continued to meet the needs of residents as they change over time.

#### **ACROSS CIVITAS' PORTFOLIO, 52% OF HOMES** HAVE AN EPC RATING OF A-C, AND 99.9% OF HOMES HAVE AN EPC RATING OF A-E.

This represents an improvement over time in the energy performance of Civitas' homes. In the 12 months between March 2020 and March 2021, the proportion of homes rated A-E has improved from 98.3% to 99.9%. These homes are compliant with the government's minimum energy efficiency standards and TGE have been informed that the one remaining EPC to be upgraded is in the process of having the necessary retrofit works carried out.

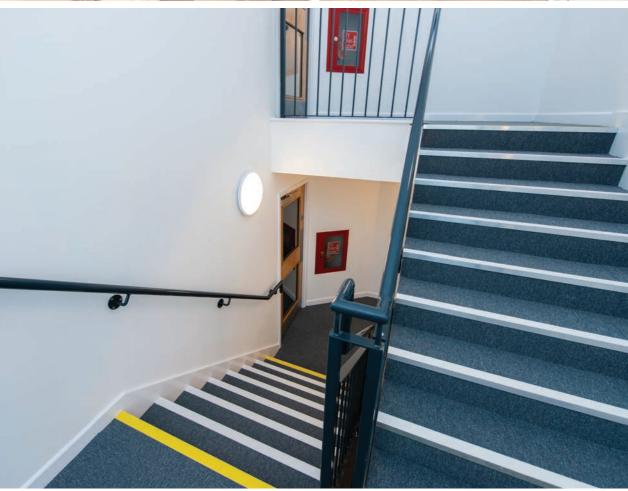
MOVING FORWARD, CIVITAS' LONG-TERM AIM IS FOR THE PORTFOLIO TO **ACHIEVE 100% OF EPC RATINGS A-C BY** 2030. THIS IS FIVE YEARS AHEAD OF THE **GOVERNMENT'S 2035 CLEAN GROWTH** STRATEGY TARGET.

The Fund has this year rolled out a pilot study alongside a major energy supplier to identify the works that will be required to meet this target. This has involved a handful of projects, either self-funded or through leveraging in grant funding, where retrofit works have been carried out, and/or solar panels have been installed to improve the energy efficiency of some of Civitas' existing homes. Following on from this pilot study, Civitas is expecting to target the worst-performing 10% of its homes in terms of energy efficiency, for improvement works to take place over the next 12 months.

This partnership with a major energy supplier provides an example of Civitas using its scale to positively influence the sector. TGE have heard that it would be very difficult for housing providers to leverage in the required grant funding to carry out the necessary retrofit works to improve the energy efficiency of these homes. Yet as a large-scale asset owner who is committed to working to improve the energy efficiency of its portfolio, Civitas is contributing positively to a plan of works that would be unlikely to otherwise occur.







#### **▼** TARGET OUTCOMES

This section assesses the changes in outcomes experienced by those stakeholders who are impacted by Civitas' activities.

These outcomes are influenced by many potential factors, one of which may be the activities of Civitas. These potential factors are likely to include: the services provided by the care provider; the housing management provided by the housing provider; and the funding provided by Civitas as the owner of the resident's home. Civitas' investment is therefore only partially contributing to these outcomes. Nonetheless, it is important to assess these outcomes because they are a key element of the Fund's overall impact.

TGE have identified the main target outcomes which Civitas aims to contribute towards:

- Improve resident wellbeing
- Provide value for money.

The Impact Management Project (IMP) is a standardised approach to impact measurement, as agreed by a network of more than 2,000 organisations, practitioners and investors. The approach categorises impact according to five core dimensions: What, Who, How Much, Contribution and Risk.

In the table below, TGE has summarised Civitas' target outcomes according to the IMP's dimensions:

| IMPACT<br>MANAGEMENT<br>PROJECT                                      |           | OUTCOME: WELLBEING   | OUTCOME: VALUE FOR MONEY  |
|--|-----------|--|---|
| WHAT impact is Civitas 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 th   | e impact? | Residents with mostly high acuity care needs   | Local authorities / Central government  |
|  | Scale     | Large scale – 4,295 units<br>as of March 2021  | Large scale – 4,295 potential residents<br>(at full occupancy) as of March 2021   |
| HOW MUCH<br>impact is<br>Civitas                                     | Depth     | Dependent on degree of change in wellbeing   | Dependent on cost-differential between Civitas property and likely alternative housing setting  |
| creating?  | Duration  | <b>Likely long-term</b> – most SSH intended to provide a long-term home for residents  | <b>Likely long-term</b> – 25-year leases with most properties intended as long-term homes for residents   |
| What is Civitas' CONTRIBUTION<br>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 Civitas property | Civitas funding contributing to increasing the supply of specialist housing, easing the burden on residential or inpatient 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 Civitas property turns out more expensive than potential alternative housing settings   |

TGE is of the opinion that Civitas' assets can be classed as 'Contributing to Solutions', based on the IMP's classification of impact performance. In terms of Civitas' contribution to this impact, TGE is of the opinion that Civitas:

- Signals that Impact Matters
- Engages Actively
- Grows New/Undersupplied Capital Markets.<sup>7</sup>

7. These are three of the four types of Investor Contribution as identified by the IMP. See 'A Guide to Classifying the Impact of an Investment' for more details.

#### **TARGET OUTCOME**

#### **▼** WELLBEING

Improve wellbeing outcomes for residents.

| TARGET OUTCOME | IMPACT METRICS  | MARCH 2020 | MARCH 2021 |
|----------------|---|------------|------------|
|                | Percentage of residents who identified an improvem areas between their previous accommodation and t |            |            |
| 000            | Physical health   | -          | 33%        |
|                | Social connections  | -          | 13%        |
| WELLBEING      | Support network   | -          | 47%        |
|                | Confidence  | -          | 51%        |
|                | Independence  | -          | 53%        |

<sup>\*</sup>Based on a survey sample of residents.

BETWEEN APRIL AND MAY 2021, TGE CONDUCTED A REMOTE RESIDENT **OUTCOMES SURVEY WITH A RANDOM SAMPLE OF RESIDENTS LIVING IN** CIVITAS' HOMES. THE SURVEY WAS RUN IN PARTNERSHIP WITH 13 CARE PROVIDERS AND IN TOTAL, 87 RESIDENTS COMPLETED SURVEYS.

Through the survey, residents provided feedback on their satisfaction with the quality of their home as well as various aspects relating to their physical and mental wellbeing. The wellbeing questions within the survey centred on the following areas:

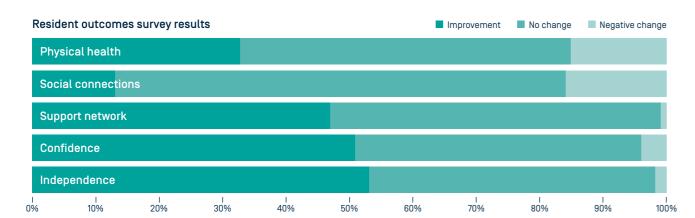
- Physical health
- Social connections to others
- Quality of support network
- Confidence levels
- Feelings of independence.

Questions were structured in a way to provide an understanding of the 'distance travelled' in terms of a change in outcomes between a resident's previous accommodation and their current Civitas-owned home in relation to these areas. This means that residents were

questioned on how they feel in relation to the outcome areas stated above [e.g. physical health, social connections, confidence levels) in their current home. They were then asked how they had been feeling in terms of those same outcome areas while living in their previous accommodation. These responses were then used to inform a picture of the 'distance travelled' between previous and current home for the given outcome areas.

It is worth noting that the survey was conducted remotely during a national lockdown as a result of the Covid-19 pandemic. This is likely to directly impact a number of areas in relation to the survey, particularly 'social connections' and 'support network'.

The results of the survey are set out below:



THE RESULTS SHOW THAT RESIDENTS REPORTED THE MOST SUBSTANTIAL **IMPROVEMENTS IN RELATION TO FEELINGS OF INDEPENDENCE AND** THEIR LEVELS OF CONFIDENCE.

During conversations with Civitas' partner care providers, TGE have heard anecdotal evidence of the positive impact improved levels of independence can have on an individual's life (see case study on page 37]. It was also highlighted that improving the independence levels of residents can lead to reductions in care hours. This is an important additional benefit associated with improving resident wellbeing since such positive cases can also generate value for money for public care budgets by reducing the cost of care packages.

#### **PHYSICAL HEALTH**



71% OF RESPONDENTS REPORTED THAT THEY FELT POSITIVE ABOUT THEIR LEVEL OF HEALTH IN THEIR CURRENT HOME.

In terms of distance travelled between resident's previous and current accommodation:

- 33% REPORTED AN IMPROVEMENT IN THEIR HEALTH
- 52% REPORTED NO CHANGE
- 15% REPORTED A NEGATIVE CHANGE.

What residents had to say:

- Moving here is the best thing that's ever happened to me. My health has improved both physically and mentally.
- I felt healthier and more confident in my last home as I could walk with no bandages on and didn't need a walking stick. I love living here, I iust wish I was more mobile.

#### **SOCIAL CONNECTIONS**



54% OF RESPONDENTS REPORTED THAT THEY ARE IN CONTACT WITH FAMILY OR FRIENDS MOST DAYS. WHILE 76% REPORTED THAT THEY ARE IN CONTACT AT LEAST ONCE A WEEK.

In terms of distance travelled between resident's previous and current accommodation:

- 13% REPORTED AN IMPROVEMENT IN THEIR SOCIAL CONNECTIONS
- 71% REPORTED NO CHANGE
- 16% REPORTED A NEGATIVE CHANGE.

What residents had to say:

- 66 I enjoy the communal area and the lounge. I have missed using them due to Covid.
- I like my flat but would prefer to be closer to my family.



#### **SUPPORT NETWORK**



60% OF RESPONDENTS REPORTED FEELING VERY POSITIVE ABOUT THE SUPPORT THEY RECEIVE IN THEIR CURRENT HOME, WHILE 98% FELT AT LEAST SOMEWHAT POSITIVE.

In terms of distance travelled between resident's previous and current accommodation:

- 47% REPORTED AN IMPROVEMENT IN THEIR SUPPORT NETWORK
- 52% REPORTED NO CHANGE
- 1% REPORTED A NEGATIVE CHANGE.

What residents had to say:

- **66** The staff make me feel so welcome and help me a lot mentally and physically.
- 66 I would like my hours to go up and to get more things that I need: shower chair, electric wheelchair, mobility scooter.

#### CONFIDENCE



44% OF RESPONDENTS FELT VERY POSITIVE ABOUT THEIR LEVEL OF CONFIDENCE IN THEIR CURRENT HOME, WHILE 82% FELT AT LEAST SOMEWHAT POSITIVE.

In terms of distance travelled between resident's previous and current accommodation:

- 51% REPORTED AN IMPROVEMENT IN THEIR CONFIDENCE
- 45% REPORTED NO CHANGE
- 5% REPORTED A NEGATIVE CHANGE.

What residents had to say:

This is my new home. I feel well settled here and it feels like my home. I have started to interact with staff every now and then.

#### **INDEPENDENCE**



**43**% OF RESPONDENTS REPORTED FEELING VERY POSITIVE ABOUT THEIR LEVEL OF INDEPENDENCE IN THEIR CURRENT HOME, WHILE 86% FELT AT LEAST SOMEWHAT POSITIVE.

In terms of distance travelled between resident's previous and current accommodation:

- 53% REPORTED AN IMPROVEMENT IN THEIR INDEPENDENCE
- 45% REPORTED NO CHANGE
- 2% REPORTED A NEGATIVE CHANGE.

What residents had to say:

- **66** The staff help me here to be more independent.
- I am quite happy where I live at the moment. I hope some day that I will move out when the time is right and I feel I need more independence.

#### **TARGET OUTCOME**

#### **▼ VALUE FOR MONEY**

Provide value for money for the public purse by offering a cost-effective solution to housing individuals with care needs.

| TARGET OUTCOME | IMPACT METRICS   | MARCH 2020 | MARCH 2021 |
|----------------|--|------------|------------|
|                | Total Social Value   | £114.2m*   | £127.0m    |
|                | Social Impact – the value of improved outcomes for residents   | £40.2m     | £51.2m     |
|                | Fiscal Savings – the savings generated for public budgets  | £64.7m     | £75.9m     |
| FOR MONEY      | Social Return on Investment – the social value generated for every £1 invested [over the duration of the investment] | £3.50      | £3.51      |

\*Note this previous social value analysis included a calculation of the value of the Economic Benefits [the increased economic activity] generated by the Civitas portfolio. This was calculated at £9.3m, which is included in the overall £114.2m figure. However, this 'Economic Benefits' component has not been included in this year's calculation since it is no longer deemed to be a major part of the social value generated by Civitas.



SSH IS WIDELY HELD TO OFFER BOTH POSITIVE WELLBEING BENEFITS TO RESIDENTS AS WELL AS PROVIDING A COST-EFFECTIVE SOLUTION TO HOUSING INDIVIDUALS WITH COMPLEX CARE NEEDS.

Research published by the charity Mencap in 2018 revealed that, on average, a person living in SSH required state funding of £1,569 per week. This is:

- £191 lower than a residential care placement
- £1,931 lower than an inpatient place.<sup>8</sup>

#### **▼ VALUE FOR MONEY CALCULATION**

This year, TGE has undertaken a calculation of the value for money generated by Civitas' portfolio. This calculation has been carried out in partnership with Social Profit Calculator (SPC), an independent organisation who specialise in calculating the financial value of social, economic and environmental impact.

The Social Value figures calculated are informed by the answers provided by residents as part of this year's Resident Outcomes Survey, conducted with a sample of 87 residents.

The overall Total Social Value figure in underpinned by two calculations:

- Social Impact The value of improved personal outcomes for residents resulting from improved wellbeing, mental and physical health, reduced social isolation, increased confidence and independence etc.
- Fiscal Savings The savings generated for public budgets through reduced care costs as a result of residents moving into Civitas-owned housing from alternative settings.

#### METHOD

#### Social Impact

This figure is calculated using the primary survey results provided by residents through the Resident Outcomes Survey. Through the survey, residents were questioned in a way to provide an understanding of the 'distance travelled' in terms of a change in outcomes between their previous accommodation and their current Civitas-owned home along a 3- or 5-point scale.

A Social Return on Investment (SROI) framework is then applied to the survey responses provided by residents. This means that monetised outcomes (financial proxies) are used to quantify and communicate the relative value of the change in outcomes disclosed by residents. SPC uses proxy financial values from various databases to place a monetary value on the change in outcomes identified. This allows a calculation of how much it would cost to cause an equivalent change in outcomes. with a method applied to account for Deadweight, Attribution, Displacement, Duration and Dropoff of the effect.

This figure is calculated using the primary survey results provided by residents to a specific question on their previous form of accommodation. Data from various public sources and industry research is used to calculate an estimated average weekly public cost of housing individuals in their previous forms of accommodation. This is then compared against the estimated average cost to public budgets of housing those individuals in their current Civitas-owned home. The difference between these two figures produces the estimated Fiscal Savings figure.9

For both the Social Impact and Fiscal Savings figures, the values produced are then extrapolated from the survey sample size to the overall Civitas portfolio. This produces an estimated Total Social Value figure for the Civitas portfolio as a whole.

#### **RESULTS**

THE RESULTS REVEAL THAT THE **CIVITAS PORTFOLIO HAS DELIVERED** £127.0M OF TOTAL SOCIAL VALUE IN THE YEAR TO MARCH 2021.

#### This is divided into:

- £51.2M OF SOCIAL IMPACT
- £75.9M OF FISCAL SAVINGS

\*Note these figures do not equal £127.0m due to rounding.

Using these values, and using the total amount invested by Civitas, SPC calculated the SROI ratio for the portfolio to be £3.51 as of March 2021. This means that, for every £1 invested, Civitas will generate £3.51 in social value on an annualised basis [based on the current portfolio of homes and with a WAULT period of 22.64 years).



£3.51 IS CREATED IN SOCIAL VALUE

OF ANNUALISED INVESTMENT

9. Note that, where residents stated they had moved into their current Civitas property from a 'Family Home', SPC used the estimated cost of housing within residential care for the previous accommodation estimate. This is because there is not a widely accepted figure for the average cost of housing individuals in their family home. Moreover, when residents are forced to leave their family home, if they are unable to move to SSH, they are likely to move into residential care, and so the true long-term difference is that between the costs of residential care and SSH.

<sup>8.</sup> Mencap & Housing LIN, Funding supported housing for all: Specialised Supported Housing for people with a learning disability, 2018

#### **▼ MITIGATE IMPACT RISKS**

Throughout this process, Civitas works to mitigate against negative impact risks.

|              | IMPACT METRICS   | MARCH 2020 | MARCH 2021 |
|--------------|--|------------|------------|
|              | Number of partner housing providers                                      | 15         | 16         |
|              | Of which are Registered Providers (RPs), that are regulated by the RSH   | 15         | 15         |
| {(1)}        | Of which are charitable organisations, that are not regulated by the RSH | -          | 1          |
| MITIGATE     | Regulatory grades of partner RPs <sup>10</sup>                           |            |            |
| IMPACT RISKS | G3/V3  | 2          | 3          |
|              | G4/V3  | 1          | 1          |
|              | Regulatory Notice <sup>11</sup>  | 2          | 4          |
|              | Number of partner care providers   | 117        | 118        |

#### MARKET CONTEXT

THE REGULATOR OF SOCIAL HOUSING (RSH) HAS VOICED CONCERN REGARDING THE LEASE-BASED MODEL OPERATED BY FUNDS SUCH AS CIVITAS. 12 THESE CONCERNS CENTRE SPECIFICALLY ON THE QUALITY OF GOVERNANCE AMONG HOUSING PROVIDERS OPERATING IN THIS SECTOR. AND THE FINANCIAL CAPACITY OF THOSE ORGANISATIONS TO MANAGE DOWNSIDE RISKS.

The RSH's view is that over-reliance on long-term, inflation-linked leases creates significant risk exposures for housing providers, particularly small organisations who have thin capitalisation and do not have appropriate risk management or contingency planning. As a result of its concerns, the RSH has now declared 15 housing providers operating some form of the lease-based model to be non-compliant with its governance and viability standards. Eight of these are partner providers to Civitas.

The risks involved with the lease-based model continue be relevant, and there are important steps which should be taken to mitigate those risks as much as possible. However, it is important to understand these risks within the broader context of the funding market for social housing.

With the Transforming Care Agenda encouraging a shift towards more community-based social housing for individuals with care needs, demand for supported housing has increased and this trend is forecast to continue. 13 Yet declining government funding has left housing providers needing to explore alternative forms of private finance to keep up with demand. Meanwhile, larger housing providers have generally chosen not to provide SSH due to the perceived added complexity involved in its provision.

It has therefore fallen to smaller, specialist housing providers to attempt to satisfy this growing demand for SSH. Yet in order to finance new developments, these organisations are largely reliant upon the capital provided by funds such as Civitas.

This combination of significant underlying demand from commissioners, together with a lack of alternative funding arrangements to facilitate delivery, is an important consideration. It demonstrates that the long-term capital provided by the likes of Civitas is playing an important role in facilitating the delivery of much-needed social housing which may otherwise not be delivered.

TGE is of the opinion that, while it is absolutely important to recognise the risks identified by the RSH, it is also important to acknowledge the role this private capital is playing in providing housing for which there is a substantial level of unmet demand.

#### ▼ CIVITAS STEPS TO MITIGATE RISKS

IN RESPONSE TO THE RSH'S CONCERNS WITH THE LEASE-BASED MODEL, CIVITAS **CONTINUES TO TAKE VARIOUS STEPS** WHICH AIM TO SUPPORT THE FUND'S PARTNER HOUSING PROVIDERS AND TO MITIGATE THE RISKS IDENTIFIED.

**CIVITAS HAS MADE TWO CHANGES TO ITS** LEASE AGREEMENTS TO MITIGATE THE RISK OF A LEGISLATIVE SHOCK TO THE MODEL AFFECTING A HOUSING PROVIDER'S ABILITY TO COVER ITS LEASE PAYMENTS.

These two changes are:

- 1 A Force Majeure clause which ensures that, if a significant government-led event occurs which impacts a housing provider's ability to meet its lease obligations, Civitas and the provider will meet to create a contingency plan.
- 2 A cap of 4% and a collar of 1% on rent increases, regardless of the inflation rate.

Both of these clauses have been implemented on Civitas' recent transactions. TGE have heard feedback which confirms that these updates are welcome changes, though there is also a general desire among housing providers to see the clauses implemented retrospectively on all historic leases.

Civitas have confirmed that the process is underway to evaluate the implementation of the Force Majeure clause retrospectively on historic leases.

<sup>10.</sup> 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.

<sup>11.</sup> 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.

<sup>12.</sup> RSH, Lease-based providers of specialised supported housing: Addendum to the Sector Risk Profile 2018

<sup>13.</sup> Personal Social Services Research Unit, Projected Demand for Supported Housing in Great Britain 2015 to 2030.

#### **CIVITAS ARE RIGOROUS IN THEIR** APPROACH WHEN CONDUCTING DUE **DILIGENCE ON PROSPECTIVE DEALS.**

During conversations with various housing providers, TGE have been informed that Civitas take well-defined steps to ensure schemes are well set up to provide housing which will effectively meet resident needs for the long-term. The Fund's due diligence process requires a comprehensive review of rent levels to ensure they have been set appropriately, as well as confirmation of commissioner support for deals to progress. These are important requirements which should verify that there is a level of unmet need to which the property should serve, as well as a mechanism for safeguarding against inappropriate rentsetting.

TGE have also heard feedback from a care provider that Civitas have become more rigorous in the requirements they place on developers as part of their standard due diligence. The Fund is increasingly challenging developers on their proposed rent levels, using their specialist knowledge of the sector to ensure rent levels are set appropriately.

Recent publications from the RSH on the Rent Standard have emphasised that, in order to claim exempt rents, providers need to be able to evidence that homes meet the relevant criteria for SSH.14 Overall, Civitas are confident that their rigorous due diligence process ensures that all of their properties meet the required standard.

Civitas' due diligence process also requires information on the Care Quality Commission (CQC) ratings of the relevant care providers who will be responsible for providing care services to residents. This information is collected at the point of acquisition but is not systematically tracked by the Fund beyond this.

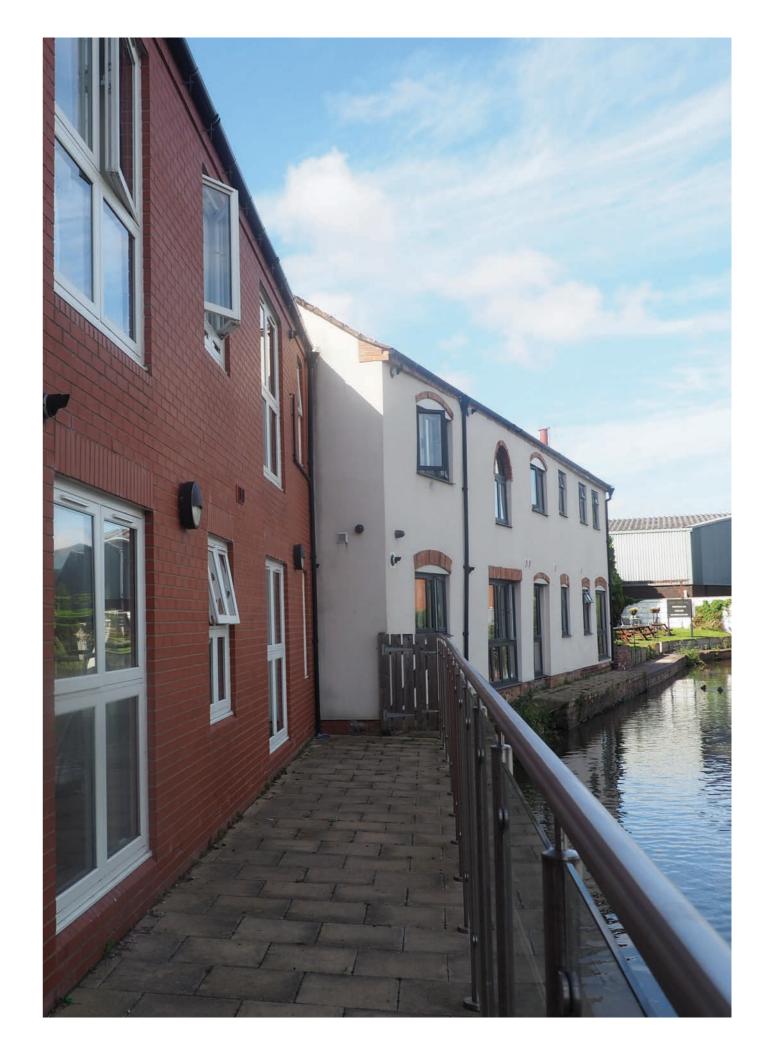
#### THE SOCIAL HOUSING FAMILY

The Social Housing Family is a Community Interest Company (CIC) which was established in 2019.

It is a financially and operationally independent entity which is supported by financial contributions from within the social housing sector and a skills commitment from Civitas, but without any financial cost or obligation to Civitas.

The Social Housing Family was established with the aim of raising governance standards and providing capacity-building support to housing providers in the sector. Membership is open to any housing association that holds Civitas leases. Currently, The Social Housing Family has two members - Auckland Home Solutions and Qualitas Housing. Since joining the CIC, Auckland has been able to recruit senior personnel at a board and executive level, improving the organisation's level of governance expertise. Qualitas only joined the CIC recently but will be expecting to enjoy similar benefits as a result of its membership in the coming months.

TGE is of the opinion that Civitas' involvement in setting up The Social Housing Family is a positive demonstration of the Fund's leadership within the SSH sector. It provides a vehicle for Civitas' partner housing providers to access high level skills and resources without which they would likely be unable to access. Since it is the providers themselves that are regulated by the RSH, The Social Housing Family provides a route through which CIM are able to support those providers to strengthen governance and management standards, and to contribute to improving standards in the sector generally.



14. RSH, Setting rents for social housing: Addendum to the Sector Risk Profile 2019, March 2020.

## **4 CASE STUDIES**

### **DEEPDALE** Care Provider **Local Authority** Swanton Care & Community Ltd Telford & Wrekin Council **Housing Provider Number of Residents** 5 Inclusion Housing Location: Telford

Deepdale is a 5-bed supported living property in Telford. It provides a home for individuals with a range of high acuity care needs, including learning disabilities, mental health diagnoses and physical disabilities. Inclusion Housing are the housing provider, responsible for providing housing management services and collecting rents, while care and support services are provided by Swanton Care & Community Ltd. The property was acquired by Civitas in April 2020. TGE selected this property to case study.

The building was previously used as a House of Multiple Occupation (HMO). The redevelopment works were carried out by Cube - a developer - to install the necessary adaptations to convert the property into a supported living facility. Through these redevelopment works, all units have been made into singleoccupancy apartments and two of the ground floor flats have been made wheelchair accessible, including the installation of wider doorframes. The apartments all have induction hobs and safety features, a ceiling track hoist has been installed for safer moving and handling, and the property has CCTV for the safety of the residents living there. There are also support staff on-site 24

During a conversation with the care provider, it was stressed to TGE that the location of the property is really a key asset. It is located within easy walking distance of all the local amenities needed by the residents, including being next door to a Learning Disability Day Service, a GP, and adjacent to a local shop, pharmacist, takeaway, and hairdressers.

In terms of the delivery process, TGE were informed that it was an explicit requirement during the due diligence phase that the local authority provided written confirmation verifying the existence of a need for such a property. This evidences a needs-led approach to the development of SSH.

Swanton Care also provided detail on the positive outcomes that residents moving into Deepdale have experienced since moving in. These examples (in the box on page 37) highlight the positive impact that suitable, community-based housing can have on the lives of residents. They also underline the importance of providing residents with an environment which meets their needs, while also allowing and encouraging them to be as independent as



#### **RESIDENT PATHWAYS TO DEEPDALE**

#### Moving from out-of-county secure hospital

Resident had spent many years in a secure hospital in an out-of-county setting prior to coming to Deepdale. Since moving into the property, the individual has become far more independent and closer with family members (see quote from resident's sister).

#### Moving from Shared Lives

Resident had experienced confrontation in Shared Lives setting in previous accommodation. The individual wanted their own space but within an environment where support was available 24/7. Since moving into the Deepdale property, the individual has improved markedly and has also had their care hours reduced.

#### Moving from inappropriate previous setting

Previous accommodation had been wholly inappropriate for the needs of the resident. They were restricted to their bedroom since the wheelchair did not fit through the hallways in the old home. Now living at Deepdale, this resident has full use of their home, including bathroom, kitchen/lounge area and garden. Visitors are also able to come round and enjoy the entire home, where previously they had to sit by the bed. TGE have been informed by Swanton Care that, since living at Deepdale, there has been a marked improvement in this resident's wellbeing.



#### Letter from resident's sister:

66 I am the sister of a vulnerable individual with specific needs and behaviours who lived out-ofcounty for many years. They returned to live at the supported living site in Deepdale in September 2019.

My Mum and I were very concerned with their return into this setting as they had never been supported or lived in this way.

However, my sibling has flourished and their relationship with my Mum and I is developing all the time. They now look more to my Mum for advice and support than they ever did when they were living out-of-county.

THIS MOVE HAS ENABLED MY SIBLING TO GAIN CONFIDENCE. INDEPENDENCE AND CHOICE. IT HAS GIVEN THEM THE FREEDOM TO BE THE PERSON THEY ARE TODAY, AND THEY ARE STILL **DEVELOPING.** 

36 THEGOODECONOMY.CO.UK

| GOLDERS GREEN                              |   |                  |
|--|---|------------------|
| Support Provider Homeless Action in Barnet | Local Authority<br>London Borough of Barnet |                  |
| Housing Provider Encircle Housing          | Number of Residents<br>42                   | Location: London |

#### Redevelopment of Golders Green

Golders Green is a property located in the London Borough of Barnet. It has been in the Civitas portfolio for a number of years, having been acquired in December 2016, with the property providing a supported living facility for individuals with mental health needs. However, during 2020, Civitas stepped in to fund conversion works for the property to be adapted to instead provide accommodation for those at risk of homelessness.

TGE have heard that this redevelopment process was driven largely by conversations between Civitas, Encircle (the housing provider for the property] and Barnet Homes (an arms-length management company that is part of The Barnet Group, a local authority trading company owned by Barnet Council]. It was clear that there was a distinct need for homelessness accommodation in Barnet - a need that was brought into sharp focus by the Covid-19 pandemic, particularly with the need to house all rough sleepers through the government's 'everyone in' policy. Civitas were informed that Golders Green could, with the necessary adaptations, provide a suitable form of accommodation for this client group.

The Fund therefore decided to go ahead and adapt the property to this new use, committing a significant amount of capital to fund the redevelopment works. These works included enhancing the building's security and CCTV system, creating a new concierge area, and generally updating and improving the internal fit-out of the property. The property now contains 42 rooms for residents, with an additional two beds for support workers. Each room has its own bathroom, while kitchens are a shared facility among a handful of residents. TGE have heard that the rooms are built and furnished to a high standard, with a relatively modern finish that is better than many available options in the private rented sector.

IT MUST BE STRESSED THAT THIS GOES ABOVE AND BEYOND CIVITAS' OBLIGATIONS AS A LANDLORD. TGE IS OF THE OPINION THAT THIS EXAMPLE PROVIDES A TANGIBLE **DEMONSTRATION OF THE ADDITIONALITY** PROVIDED BY CIVITAS. WITH THE FUND STEPPING IN AND PROVIDING CAPITAL TO ENSURE ITS PROPERTY EFFECTIVELY ADDRESSES A SIGNIFICANT SOCIAL NEED.

#### **PROVIDING A PATHWAY OUT OF HOMELESSNESS**

Golders Green is currently undergoing the final stages of the redevelopment works. The first residents are expected to move in at the end of June, with approximately 10 residents moving in per week, over a period of around four weeks. The residents who will be moving in are currently living in temporary accommodation, with many having been housed under the 'everyone in' policy agenda.

TGE discussed the scheme with Homeless Action in Barnet (HAB), the charity who are responsible for providing the support services to residents living at Golders Green. HAB confirmed that, without Golders Green, there is a real lack of affordable temporary accommodation in Barnet. This has meant that, until now, the only real route off the street is the private rented sector, which is very unaffordable in Barnet even with Housing Benefit.

The idea is for Golders Green to provide a transitional home for individuals at risk of or experiencing homelessness. HAB emphasised that this is particularly valuable because it opens up a pathway out of homelessness that has simply not been available in Barnet up to now.

Golders Green will act as stage two, in a three-stage process to support residents from living on the street to securing a private sector tenancy:

- Stage 1: Somewhere Safe to Stay Hub individuals who have been rough sleeping move to this Hub for around 6 weeks, where they will receive support from HAB. Whilst at the Hub, initial assessments are carried out, before individuals are then moved on to either Golders Green or. if not appropriate, to other accommodation.
- Stage 2: Golders Green where appropriate, individuals will be supported from the Somewhere Safe to Stay Hub to securing a tenancy at Golders Green. The idea is that individuals will live at Golders Green for up to a year. HAB will initially provide intense, hands-on support before easing off and encouraging greater independence as the individual moves towards securing a private sector tenancy.
- Stage 3: private sector tenancy individuals will move from Golders Green to their own private sector tenancy in the community.

Joe Lee, Chief Executive, Homeless Action in Barnet:

With Golders Green, we now have an opportunity to provide a pathway from homelessness back into the community.





38 THEGOODECONOMY.CO.UK

## 5 SOCIAL PARTNERS

#### **CRISIS: TOGETHER WE WILL END HOMELESSNESS**



Crisis is a national charity for the homeless that works to provide vital support so that people can rebuild their lives and are supported out of homelessness for good.

Civitas provides funding to Crisis which pays for the employment of one Housing Trainer for Crisis' Renting Ready training course. This is a course which helps vulnerable individuals to develop the skills they need to live independently and to successfully maintain a home. Crisis' Housing Trainer can either teach clients directly, or train staff within an organisation to deliver the course themselves.

As a result of Covid, Crisis has not been able to deliver the training course face-to-face, so the course was redesigned to work remotely. Demand has, however, remained strong and Crisis has delivered sessions to 6 organisations since February, with plans to deliver to another 6 organisations over the coming months.

During the period that Crisis were not able to deliver their courses directly, they also focused their collective efforts on the organisation's grant programme. Crisis' Housing Trainer - the member of staff whose employment is funded by Civitas - played a crucial role within the grant programme during this period.



#### **CRISIS GRANT PROGRAMME RESULTS SINCE MARCH 2020**



**3** grant programmes have been launched



£3.2 MILLION invested



**OVER 200** organisations supported across Great Britain

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



The Choir with No Name is an organisation that runs choirs for people who have experienced homelessness and other forms of marginalisation.

Civitas supports The Choir With No Name [CWNN] by providing a secure source of funding. This financial support contributes to enabling The Choir With No Name to continue running its four choirs, which are located across the country in Birmingham, Liverpool, London and Brighton.

Through the pandemic, the Choir has adapted by providing services online and in person, where it's been possible. The Choir's managers and volunteers have also provided regular phone support, calling members to check in and to support them through the pandemic.



#### Choir member:



I find it difficult to socialise at the best of times so during the pandemic CWNN has been something fun and fulfilling to look forward to each week, and singing makes me feel good no matter what I might sound like.

#### **IMPACT RESULTS 2020/21**



**262** total members engaged through rehearsals or calls



**76%** of members felt isolated as a result of the pandemic



78% felt that CWNN had helped them feel less isolated



67% said that being part of the Choir had positively impacted on the way they experienced lockdown

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

## The House of St Barnabas

LONDON

The House of St. Barnabas is a social enterprise member's club that helps London's homeless people back into work, through their Employment Academy.

Civitas' funding helps to finance the Employment Academy. This is a three-month programme which aims to support those affected by homelessness back into lasting, paid work. Through the programme, participants will receive training, mentoring, work experience, and the opportunity to gain qualifications from City & Guilds in either Hospitality or Business and Administration.

#### **EMPLOYMENT ACADEMY IMPACT RESULTS**



64% of graduates are in paid employment



70% of graduates get paid work during progression support



66% of graduates gained a City & Guilds award



#### WOMEN IN SOCIAL HOUSING (WISH)



WISH is a membership-based network for women working across every discipline of UK housing, with a focus on championing positive outcomes for women working in the sector.

WISH has more than 500 subscribed members spanning 10 regions of the UK. Each region hosts at least four events per year, with these events providing an opportunity for members to share ideas and information and to widen their network.

Civitas is working to promote the work of WISH to increase inclusivity and gender balance across the social housing sector.



## 6 WIDER IMPACT INVESTMENT ROLE

Civitas are using their scale and their position as an established investor in the social housing sector to encourage wider growth within Impact Investing.



#### THE BIG EXCHANGE

Civitas are a founding member of The Big Exchange (TBE), a new ethical investment platform promoted by The Big Issue Group, which aims to make it easy for individual investors to invest in funds that aim to have a positive impact on people and the planet. Users are able to invest as little as £25 per month, therefore helping to increase access to opportunities to invest for impact.

Using a mobile application, TBE exclusively hosts selected positive impact funds on the platform, such as Civitas, allowing users to easily invest in line with their ethical preferences. TBE will only allow partners to offer their products on TBE if they pass certain criteria.

After two years of planning, TBE was launched in October 2020. The platform started with a range of 36 funds from 11 asset managers, including Civitas as one of the founding members.



#### THE SUSTAINABILITY **REPORTING STANDARD** FOR SOCIAL HOUSING

In November 2020, Civitas committed to being an 'early adopter' of the Sustainability Reporting Standard for Social Housing ("the Standard"). This is a sector standard approach to ESG reporting which follows widespread consultation and engagement from across the housing and financial sectors.

Ultimately, the Standard aims to ensure ESG performance is reported in a transparent, consistent and comparable way in order to sustain and increase capital flows into the social housing sector. The Standard proposes 12 themes and 48 individual criteria which are designed to allow housing providers to demonstrate strong ESG performance.

Civitas are one of 35 lenders and investors who have signed up as early adopters of the Standard. This means that they have committed to using the Standard within their investment processes and their product design. In addition to the investors who are endorsing the Standard, there are also 52 housing providers who have committed to reporting against the Standard on an annual basis.



#### THE EQUITY INVESTOR **IMPACT REPORTING PROJECT**

This project is another collaborative. sector-led project of investors and other market participants. Its aim is to develop a common framework to enable investors to measure, manage and report on the impact of equity-based investments in the social and affordable housing sector.

The framework will allow investment to be assessed according to key social and environmental issues pertinent to the social and affordable housing sector. These are housing affordability, social care provision, homelessness and the zerocarbon agenda. The collaboration will seek to build consensus on a standardised set of impact objectives, impact strategies and reporting metrics.

CIM are a project partner within the project. This means that CIM have been involved in the consultation phase, and that, moving forward, Civitas will report against the metrics developed as part of the framework.

## 7 CONCLUSIONS AND NEXT STEPS

#### **STRENGTHS**

- Civitas is proactive in its approach to asset management, taking well-defined steps to ensure and improve the quality of existing homes, especially in terms of improving environmental performance. This is a key area where the Fund brings additionality - enabling impact that wouldn't otherwise happen.
- The resident outcome survey shows that Civitas' homes are generally having a positive impact on resident wellbeing. Residents reported marked improvements in both confidence and independence since moving into their current Civitas-owned home.
- The long-lease model operated by Civitas ensures that these homes will remain as specialist housing for the long-term, which should provide stability for residents. The weighted average unexpired lease term (WAULT) in the Civitas portfolio is currently 22.64 years.

#### TGE RECOMMENDATIONS

- Asset management should remain a priority, with emphasis on ensuring properties remain fit-for-purpose for the longterm and continue to effectively meet the needs of residents.
- Civitas should continue to identify ways to improve the environmental efficiency of its homes, supporting housing providers to carry out the required retrofit works.
- Portfolio growth has slowed in recent years as the majority of the Fund's available capital has been deployed. In recent months, the Fund has agreed a new £84.5million debt facility - this will enable the Fund to continue increasing the supply of specialist housing.
- Civitas should challenge housing providers on how they track and measure resident satisfaction levels within their homes. The existence of a clear feedback loop is an important mechanism to ensure that Civitas can account for the views of its target beneficiaries.

## **APPENDIX**

## APPENDIX 1 - CIVITAS IMPACT DATA

| IMPACT OBJECTIVE | IMPACT METRICS  | MARCH 2020 | MARCH 2021 |
|------------------|---|------------|------------|
|                  | Number of units   | 4,216      | 4,295      |
|                  | Breakdown of units by care classification of resident           | ts*        |            |
|                  | Multi diagnosis   | 46%        | 47%        |
|                  | Learning disabilities   | 31%        | 31%        |
| ,                | Mental health   | 12%        | 12%        |
| C.               | Dependencies  | 5%         | 5%         |
|                  | Autism  | 4%         | 4%         |
| SOCIAL NEED      | Other (including homelessness)                                  | 1%         | 1%         |
|                  | Breakdown of units by housing type                              |            |            |
|                  | Supported housing   | 70%        | 69%        |
|                  | Residential care  | 25%        | 26%        |
|                  | Other   | 5%         | 5%         |
|                  | Percentage of properties in 40% most deprived local authorities | 66%        | 66%        |

<sup>\*</sup>Note that 'Multi diagnosis' care needs have increased by 1% while all other classifications have remained the same due to rounding.

| IMPACT OBJECTIVE | IMPACT METRICS   | MARCH 2020 | MARCH 2021 |
|------------------|--|------------|------------|
|                  | Number of properties   | 613        | 619        |
|                  | Number of units  | 4,216      | 4,295      |
| SUPPLY           | Percentage of properties converted to social housing sector for the first time | 33%        | 33%        |

| IMPACT OBJECTIVE | IMPACT METRICS  | MARCH 2020 | MARCH 2021 |
|------------------|---|------------|------------|
| QUALITY          | Percentage of residents who reported that they were satisfied with the quality of their home* | -          | 87%        |
|                  | Percentage of homes with EPC rating A-C   | 51%        | 52%        |
|                  | Percentage of homes with EPC rating A-E   | 98.3%      | 99.9%      |
|                  | Number of EPCs improved during the last 12 months   | -          | 84         |
|                  | Percentage of homes meeting key compliance requirements                                       | -          | 99%        |

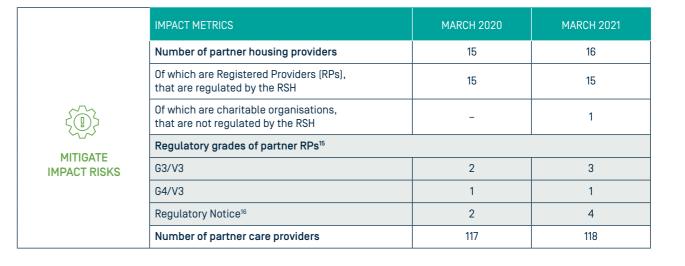
<sup>\*</sup>Based on a survey sample of residents.

| TARGET OUTCOME | IMPACT METRICS  | MARCH 2020 | MARCH 2021 |
|----------------|---|------------|------------|
|                | Percentage of residents who identified an improvement in the following areas between their previous accommodation and their current home* |            |            |
| WELLBEING      | Physical health   | -          | 33%        |
|                | Social connections  | -          | 13%        |
|                | Support network   | -          | 47%        |
|                | Confidence  | -          | 51%        |
|                | Independence  | -          | 53%        |

<sup>\*</sup>Based on a survey sample of residents.

| TARGET OUTCOME     | IMPACT METRICS   | MARCH 2020 | MARCH 2021 |
|--------------------|--|------------|------------|
| VALUE<br>FOR MONEY | Total Social Value   | £114.2m*   | £127.0m    |
|                    | Social Impact – the value of improved outcomes for residents   | £40.2m     | £51.2m     |
|                    | Fiscal Savings – the savings generated for public budgets  | £64.7m     | £75.9m     |
|                    | Social Return on Investment – the social value generated for every £1 invested [over the duration of the investment] | £3.50      | £3.51      |

<sup>\*</sup>Note this previous social value analysis included a calculation of the value of the Economic Benefits [the increased economic activity] generated by the Civitas portfolio. This was calculated at £9.3m, which is included in the overall £114.2m figure. However, this 'Economic Benefits' component has not been included in this year's calculation since it is no longer deemed to be a major part of the social value generated by Civitas.



46 THEGOODECONOMY.CO.UK

<sup>15.</sup> 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.

<sup>16.</sup> 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.



CIVITAS' SOCIAL OBJECTIVE IS TO HELP TACKLE THE CHRONIC SHORTAGE OF SOCIAL HOUSING IN THE UK, WITH A CURRENT FOCUS ON THE PROVISION OF SPECIALIST SUPPORTED HOUSING (SSH) FOR INDIVIDUALS WITH COMPLEX CARE NEEDS.

# APPENDIX 2 – PARTNER HOUSING PROVIDERS AND CARE PROVIDERS

#### Top 10 Housing Providers

| REGISTERED PROVIDER                                | CIVITAS UNITS | CIVITAS<br>PROPERTIES |
|--|---------------|-----------------------|
| Falcon Housing Association                         | 858           | 117                   |
| Auckland Home Solutions                            | 718           | 103                   |
| Bespoke Supportive Tenancies Limited (BeST)        | 591           | 74                    |
| Inclusion Housing                                  | 466           | 72                    |
| Trinity Housing Association Limited                | 242           | 43                    |
| Westmoreland Supported Housing Association Limited | 239           | 41                    |
| Pivotal Housing Association                        | 238           | 27                    |
| Harbour Light Assisted Living                      | 214           | 27                    |
| Encircle Housing Limited                           | 205           | 16                    |
| New Walk Property Management                       | 194           | 41                    |

#### Top 10 Care Providers

| CARE PROVIDER             | CIVITAS UNITS | CIVITAS<br>PROPERTIES |
|---------------------------|---------------|-----------------------|
| Lifeways Group            | 481           | 69                    |
| National Care Group Ltd   | 233           | 33                    |
| InMind Healthcare Group   | 227           | 8                     |
| PAS Limited               | 204           | 24                    |
| New Walk                  | 194           | 41                    |
| Exemplar Health Care Ltd  | 180           | 6                     |
| Alternative Futures Group | 133           | 21                    |
| Fieldbay Limited          | 96            | 5                     |
| Care Management Group     | 91            | 13                    |
| TLC Care Homes Ltd        | 86            | 16                    |

# APPENDIX 3 – LIST OF DATA SOURCES AND RESOURCES USED TO INFORM IMPACT ASSESSMENT

| DATA SOURCE /<br>EVIDENCE                                   | OVERVIEW   | EVIDENCE<br>RISK | LIMITATIONS   |
|---|--|------------------|---|
| Property-by-<br>property portfolio<br>data                  | Portfolio data provided to TGE by Civitas every six months. For each property, this data provides the following info: acquisition date, address, partner details, number of units, care classification of residents, property description and whether property is new to SSH at the point of acquisition.  | Low              | Reliant on accuracy of data provided by Civitas.  |
| EPC data  | Dataset showing distribution of EPC ratings in the Civitas portfolio. This is provided to TGE by Civitas.  | Low              | Reliant on accuracy of data provided by Civitas.  |
| Housing provider<br>monitoring data<br>(as of March 2021)   | Overview of the KPI data Civitas receive from housing providers on monthly basis. This includes info on number of properties, number of units, compliance levels and void levels (including covered and uncovered voids).  | Low              | Reliant on accuracy of data provided by Civitas.  |
| Resident<br>demographics data                               | Resident demographic data provided by nine of Civitas' partner housing providers, covering 1,542 residents (approximately 36% of portfolio). This data was provided to Civitas by the housing providers, before being passed on to TGE.  | Medium           | Reliant on accuracy of data provided by housing providers, and on accuracy of sample in representing the broader portfolio.   |
| Resident Outcomes<br>Survey data                            | Survey data collected remotely from a sample of 87 residents, covering 13 care providers (approximately 2% of portfolio). Residents completed the surveys on paper and the care provider scanned them back to TGE.   | 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<br>questionnaire<br>template                  | Blank template of Civitas' Due Diligence questionnaire. This was provided to TGE to show the areas Civitas requires info on as part of their standard process on all deals.  | Low              | Reliant on Civitas requiring info on all the listed items in the DD template when considering deals.  |
| Interviews with<br>housing provider<br>partners             | Interviews carried out with Civitas' housing provider partners. Through these interviews, TGE aim to find out about the housing provider's general relationship with Civitas, as well as specific details in relation to selected schemes.   | Medium           | TGE speak to several of Civitas' partner housing providers for each Impact Report. Since 2017, this means TGE have spoken to the majority of Civitas' partner providers, but not all.   |
| Interviews with care provider partners                      | Interviews carried out with care providers who deliver support services to residents living in Civitas-owned homes. Through these interviews, TGE aim to find out about the CPs' general relationship with Civitas, as well as specific details in relation to selected schemes.   | Medium           | TGE speak to at least one partner care provider for each Impact Report. Civitas work with over 100 care providers and so TGE have only had conversations with a small proportion since 2017.  |
| Interviews with CIM staff                                   | Interviews carried out with various members of CIM'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 CIM 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<br>from Social Profit<br>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. | High             | Monetisation data is based on a small sample of residents (87) 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. |
| 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 Civitas' 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.  |

THE GOOD ECONOMY

### **CONTACT**

4 Miles's Buildings, Bath BA1 2QS

+44 (0) 1225 331 382 info@thegoodeconomy.co.uk

thegoodeconomy.co.uk