



The first comprehensive analysis of the Social Return of Investment from a housing-led regeneration project in Scotland

Vineburgh, Irvine North Ayrshire



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This report has been independently assured by the international SROI Network

Introduction

This research study examines the impact of the Vineburgh Development, a phased £37 million project being delivered over five years by Cunninghame Housing Association. Based on a Social Return on Investment (SROI) analysis, the research shows the considerable impact that housing led physical regeneration can have on the health, confidence, pride and general wellbeing of tenants. It has revealed significant positive effects not just on the tenants of these new homes, but also on the wider community of Vineburgh and other local stakeholders.

The analysis shows that every pound invested in Vineburgh Phase 1 achieved a social return of £3.25. With an investment of almost £7.5million, the total social return of Phase 1 of the Vineburgh Development is forecasted at £24.3million over 30 years.

Background

Established in 1984, Cunninghame Housing Association (CHA) is a leading social enterprise with an expanding social and economic portfolio of activities. With 2,159 homes for rent and 500 factored properties, the Association is now the largest housing association registered in Ayrshire.

Appointed by North Ayrshire Council as Lead Developer, CHA has been responsible for delivering this £37m housing led regeneration Masterplan, within an area which had high levels of deprivation and low demand for housing.

This significant project will deliver almost 300 affordable new homes over a 5 year period.

Table 1: The Delivery Programme

| | Homes for rent | Shared Equity Homes | Total |
|--------------|----------------|---------------------|------------|
| Phase 1 | 75 | 7 | 82 |
| Phase 2 | 80 | 14 | 94 |
| Phase 3 | 53 | 10 | 63 |
| Phase 4 | 48 | 0 | 48 |
| Total | 256 | 31 | 287 |

The Vineburgh Development

Phase 1 of the project is now completed with 82 new homes already built (75 for rent and 7 being sold under a shared equity scheme). Of the new homes, 72 units (97%) have been allocated to existing Vineburgh residents and the remainder to applicants from the North Ayrshire Housing Register.

About this Study

This research was carried out to help CHA to understand the wider economic, social and environmental impact of the Vineburgh Development and the social value created for its stakeholders.

The research has been carried out using a Social Return on Investment (SROI) approach. SROI is a method developed to measure the social and environmental impact of activities and put a monetary value on them.

The SROI analysis of the Vineburgh Development has followed the principles developed by the SROI Network, and endorsed by the Scottish Government:

- Involvement of stakeholders
- A focus on understanding changes
- Value the things that matter
- Only include things that are material
- Avoid over-claiming
- Transparency
- Verification of the result.

The SROI report produced has been independently assured by the international SROI Network.

CHA commissioned leading SROI Consultant, Rick Rijsdijk of the Social Value Lab to carry out the Social Return on Investment exercise.

The SROI analysis focuses on the completed Phase 1 Vineburgh Development programme (spanning a 16 month period) and captures the value of it for all material stakeholders.

The last tenant moved into the newly built Phase 1 on 16 November 2010. Only at this point when decanted tenants had returned to their new properties was it possible to begin to fully capture the immediate benefits of the development. For the longer term impact there is still an element of forecasting involved.

CHA is committed to undertake a full SROI evaluation of the programme in 3 years' time to validate the longer term impact and to capture any new impacts.

Valuing the Inputs

The research has estimated the total value of inputs to delivering Phase 1 of the Vineburgh development as follows:-

The total capital investment required for Phase 1 was £7,474,000, made up of three elements:

- A Housing Association Grant (HAG) of £3,698,000 from the Scottish Government.
- A Scottish Water contribution of £225,000.
- A Mortgage taken out by CHA of £3,551,000.

Taking account of the capital investment, the lifecycle cost and the projected rental income over a 30 year period, the Year 1 input has been valued at £150,712.

In addition the SROI analysis has included £205,164 of costs associated with one year of transitional employment projects, i.e. the cost of supporting apprentices and housing trainees that worked on the development.

The total value of inputs included in the analysis for Phase 1 is therefore **£355,876**.

Establishing the Impact

The study has systematically identified and interviewed those stakeholders that have been materially affected by the Phase 1 Vineburgh Development.

From this process a range of outcomes have been identified and verified for each category of stakeholder:

- Tenants of the new homes
- Residents of Vineburgh
- Apprentices and Trainees
- Parents of Housing Trainees
- Vineburgh Steering Group Volunteers
- Strathclyde Police
- Community Wardens
- North Ayrshire Council Housing Services
- The NHS
- The Contractor: Ashleigh (Scotland) Ltd
- Scottish Government
- CHA and its staff

The frequency of occurrence and likely duration of the outcomes have then been calculated based on the sample of stakeholders interviewed.

In order to establish the value of identified outcomes (most of which have no tradable market value), a series of extensively researched financial proxies have been applied. Also recognising that outcomes are likely to diminish over time, the study has adopted a conservative approach and not valued any outcomes for longer than one year.

Finally to establish net impact, the study has adjusted for issues of:

- Attribution – an assessment of how much others have contributed to identified outcomes.
- Deadweight – the amount of outcome that would have happened anyway, even if activity had not taken place.

On this basis the following pages provide a detailed breakdown of the value of the social, economic, and environmental changes (social value) brought about as a result of the Phase 1 Development.

Table 2: Vineburgh Phase 1 Impact Analysis

| Stakeholder | Outcome | Quantity | Value Proxy | Attribution | Deadweight | Impact |
|-----------------------------|--|----------|-------------|-------------|------------|-------------|
| Tenants | + Improved health | 181 | £866.52 | 10% | 13% | £122,805.81 |
| | + Reduced utility bills | 57 | £95.68 | 10% | 13% | £4,270.29 |
| | + Feeling safer, reduced stress, improved confidence | 96 | £6,093.67 | 25% | 13% | £381,707.28 |
| | + Improved job readiness | 36 | £309.60 | 25% | 13% | £7,272.50 |
| | + Increased pride | 97 | £280.80 | 25% | 13% | £17,772.53 |
| | + Feeling better about yourself | 46 | £540.80 | 25% | 13% | £16,232.11 |
| | + Improved housing services | 78 | £795.60 | 0% | 13% | £53,989.42 |
| | – Reduced satisfaction with living environment | 46 | -£1,452.00 | 0% | 13% | -£58,109.04 |
| | – Reduced decision making power | 94 | -£240.00 | 0% | 13% | -£19,627.20 |
| Residents | + Improved appearance of the neighbourhood | 112 | £280.80 | 10% | 5% | £26,889.41 |
| | + Improved community spirit | 30 | £1,452.00 | 25% | 5% | £31,036.50 |
| | + Feeling less stressed and safer | 36 | £630.00 | 25% | 5% | £16,159.50 |
| | + Feeling better about yourself | 42 | £540.80 | 25% | 5% | £16,183.44 |
| | – Annoyance by building works | 92 | -£72.00 | 0% | 5% | -£6,292.80 |
| | – Reduced satisfaction with living environment | 46 | -£1,452.00 | 25% | 5% | -£47,589.30 |
| Apprentices | + Improved employability | 12 | £685.00 | 10% | 12% | £6,510.24 |
| | + Increased confidence | 6 | £510.00 | 10% | 12% | £2,423.52 |
| | + Increased independence | 11 | £6,228.04 | 10% | 12% | £54,258.68 |
| | + Improved social life | 3 | £972.40 | 10% | 12% | £2,310.42 |
| | + Increased self-esteem | 6 | £540.80 | 10% | 12% | £2,569.88 |
| | + Better idea of what to do with life and career | 9 | £997.00 | 10% | 12% | £7,601.62 |
| | + Improved family relations | 12 | £1,883.96 | 10% | 12% | £17,905.16 |
| Fencing Apprentices | + Improved employability | 12 | £685.00 | 10% | 12% | £6,510.24 |
| Housing Trainees | + Improved employability | 10 | £975.00 | 10% | 9% | £7,985.25 |
| | + Increased confidence | 10 | £510.00 | 10% | 9% | £4,176.90 |
| | + Increased independence | 9 | £6,853.60 | 10% | 9% | £50,517.89 |
| | + Improved social life | 6 | £972.40 | 10% | 9% | £4,778.37 |
| | + Increased self-esteem | 5 | £540.80 | 10% | 9% | £2,214.58 |
| | + Better idea of what to do with life and career | 7 | £997.00 | 10% | 9% | £5,715.80 |
| | + Improved family relations | 10 | £1,778.40 | 10% | 9% | £14,565.10 |
| Parents of Housing Trainees | + Increased peace of mind and fulfilment | 5 | £1,680.00 | 10% | 9% | £6,879.60 |
| | + Increased pride | 7 | £269.92 | 10% | 9% | £1,547.45 |
| | + Improved family life | 8 | £255.00 | 10% | 9% | £1,670.76 |
| | + Increased family income | 7 | £1,778.40 | 10% | 9% | £10,195.57 |

| | | | | | | |
|-------------------------------------|---|-----|-------------|-----|-----|-------------|
| Vineburgh Steering Group volunteers | + Increased ability to speak up | 3 | £2,154.00 | 25% | 0% | £4,846.50 |
| | + Increased self-esteem and pride | 3 | £474.00 | 25% | 0% | £1,066.50 |
| Strathclyde Police | + Reduced police presence | 1 | £8,640.00 | 0% | 5% | £8,208.00 |
| Community Wardens | + Freeing up time from estate management | 4 | £1,905.01 | 0% | 0% | £7,620.03 |
| | + Reduction in fly-tipping | 1 | £7,273.75 | 25% | 0% | £5,455.31 |
| | - Extra time because of building site | 4 | -£1,905.01 | 0% | 0% | -£7,620.03 |
| NAC Housing Services | + Reduction in tenancy turnover | 1 | £30,150.59 | 25% | 10% | £20,351.65 |
| | + Increased ability to meet demand for social housing | 75 | £1,152.00 | 0% | 10% | £77,760.00 |
| NHS | + Reduced health cost | 191 | £221.55 | 0% | 0% | £42,316.05 |
| Ashleigh (Scotland) Ltd | + Increased ability to employ local people | 12 | £3,150.00 | 25% | 10% | £25,515.00 |
| | + Reduced CO2 emission | 60 | £83.06 | 0% | 10% | £4,485.24 |
| | - More vandalism | 1 | -£7,500.00 | 0% | 10% | -£6,750.00 |
| Scottish Government | + More young people into local employment | 22 | £2,779.40 | 25% | 10% | £41,274.09 |
| CHA staff | + Increased job security | 3 | £816.48 | 0% | 10% | £2,204.50 |
| | + Job easier to manage | 3 | £450.00 | 25% | 25% | £759.38 |
| CHA | + Improved ability to deliver large developments | 1 | £76,000.00 | 25% | 25% | £42,750.00 |
| | + increased longer-term sustainability | 1 | £272,000.00 | 25% | 25% | £153,000.00 |

More detailed explanation of the outcomes set out in Table 2 above can be found in the full report.

The Social Return

Based on the analysis conducted, the study highlights the significant positive impact arising from Phase 1 of the Vineburgh Development.

The Total Present Value of all impacts of the project set out in Table 2 above (social, economic and environmental) is estimated at £1,155,348. This represents the total value created in one year alone of the project, after discounting the value of future benefits¹.

The Net Present Value (the Total Present Value minus the total of all investments of £355,876) is £799,472. This amount represents the total extra value created by Phase 1 of the Vineburgh Development.

The Social Return on Investment (SROI) of the project can therefore be expressed as a ratio of return and is derived from dividing the value of the impact by the value of the investment.

This gives an SROI ratio of **£3.25:£1**. This means that for every pound of investment in Phase 1 of the Vineburgh Development £3.25 of social value is created.

Indeed, when assumed that the outcomes last for five years, not unreasonable in this case, the SROI ratio could be as high as £6.12:£1.

Going further, when separated out, the physical component of the development programme (excluding the transitional employment projects) gives rise to an SROI ratio of £6.32:£1. This means that for every pound invested in the physical regeneration of Vineburgh a social value of £6.32 is created.

¹ A Discount Rate of 3.5% was applied in line with HM Treasury Green Book guidance

Conclusion

North Ayrshire Council, after consultation with its tenants devised the Masterplan for Vineburgh and appointed CHA to deliver the vision for the regeneration of the area by providing high quality homes that would transform the lives of tenants and residents.

This, the first comprehensive analysis of the social returns from a housing-led regeneration project in Scotland, has shown the considerable impact that physical regeneration can have on the health, confidence, pride and general wellbeing of tenants. The SROI analysis has also revealed the significant positive effects on the wider community of Vineburgh and local public agencies.

Based on the analysis, the report indicates no reason to assume that subsequent phases of the Vineburgh Development will be any less effective at creating social value for stakeholders.

Indeed, the research has captured a number of emerging outcomes, which experience suggests are likely to become more evident over time. This points to the potential for an even more positive impact from the programme when a final SROI evaluation is conducted in 3 years' time.

For further information or a copy of the full report, please contact:

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