

CIVITAS SOCIAL HOUSING PLC HALF YEAR IMPACT REPORT 2022

NOVEMBER 2022





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

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

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

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

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

EXECUTIVE SUMMARY

Civitas was launched in November 2016 as the first Real Estate Investment Trust (REIT) in the UK specialising in social housing investment. The Fund has a focus on the provision of specialised supported housing (SSH) for vulnerable people with care needs. As of September 2022, Civitas had invested £835.1 million in 697 properties, providing homes for up to 4,594 people.

This report has been produced for Civitas Social Housing PLC (Civitas or the Fund) by The Good Economy (TGE), an independent impact advisory firm specialising in impact measurement and management. TGE assesses Civitas' performance against its stated impact objectives and the target outcomes to which it aims to contribute. The report covers the six-month period from 1 April to 30 September 2022.

IMPACT ASSESSMENT – SUMMARY OF RESULTS

- **Social Need:** The portfolio continues to provide homes for people with a range of support needs, including learning disabilities, physical disabilities and mental health diagnoses. An increasing number of homes are also focused on addressing homelessness.
- **Increase Supply:** Civitas acquired one new two-unit property in the six months to September 2022. This means the portfolio has grown minimally since the Fund's Annual Impact Report.
- **Quality:** Civitas is systematically improving the energy efficiency of older stock by running a retrofit programme alongside energy supplier E.ON. Phase 1 has now been completed, and the Fund is currently planning for Phase 2 of the programme. In the last six months, this resulted in 18 homes undergoing works to improve their EPC rating. Overall, the proportion of homes with an EPC rating of A-C improved from 52% to 53% between March and September 2022. During 2022/23, Civitas (alongside E.ON) will be aiming to carry out retrofit surveys at 120 properties to identify necessary improvement works.
- **Wellbeing:** While we do not conduct Resident Outcomes Surveys for Civitas' Half-Year Reports, results from past surveys suggest that the Fund's homes make a positive contribution to resident wellbeing. We will conduct a fresh Resident Outcomes Survey for the Fund's Annual Impact Report, due to be published in June 2023.
- **Value for Money:** In partnership with Simetrica-Jacobs, specialists in social value analysis and wellbeing research, we have developed a new methodology to calculate the value for money delivered by the Civitas portfolio. We will use this methodology in future impact reports but our most recent calculation revealed that the Civitas portfolio delivered £127.0m of Total Social Value. This equated to £3.51 generated in social value per year for every £1 invested by Civitas.

AS OF SEPTEMBER 2022, CIVITAS HAS INVESTED £835.1 MILLION
IN 697 PROPERTIES, PROVIDING HOMES FOR UP TO 4,594 PEOPLE.



STRENGTHS

- **Demand:** There is a high level of underlying demand from commissioners for more supported housing across the country. Civitas' portfolio should be playing an important role in addressing that need.
- **Support for key charities:** Civitas has consistently provided support for charitable organisations whose activities align with the Fund's core mission to deliver positive outcomes for individuals with support needs. These charities include The House of St Barnabas, which strives to help people affected by homelessness into long-term employment, and Care Home Open Week, which aims to raise awareness of the positive value delivered by the social care sector.
- **Scale:** Since entering the sector in 2016, Civitas has acquired a portfolio of 697 properties, with the capacity to house up to 4,594 people. This is a substantial number of homes which shows that the Fund has made a meaningful contribution to increasing supply.

POTENTIAL WEAKNESSES AND MITIGATING ACTIONS

- **Strengthen reporting:** We recommend that Civitas aims to report against the Equity Impact Project (EIP) in its next Annual Impact Report. This is a collaborative, sector-led project which has developed a common framework so that investors can report consistently on the impact of equity-based investments in the social and affordable housing sector. Civitas Investment Management (CIM) was involved as a project partner in the development of the EIP, and Civitas is working towards being able to report against the framework.
- **Service delivery:** We note the reports of historic issues with service delivery at a specific Civitas scheme. However, having visited the scheme, we were informed that a number of changes had been put in place to address past complaints. These include the way that residents are referred to the scheme, and mechanisms to manage antisocial behaviour. We were unable to speak to residents directly but, at the time of our visit, the property appeared well-managed, and the provider gave assurance that all residents receive the correct level of support for their specific needs.
- **Evidence gaps:** We have not been able to carry out a Resident Outcomes Survey since May 2021 due to accelerated timelines for the publication of Civitas' recent impact reports. This increases evidence risk since it means we have not been able to collect comprehensive feedback from the Fund's target beneficiaries for approximately 18 months (other than the feedback gathered from residents during recent site visits). Civitas is planning to start collecting feedback through its next Resident Outcomes Survey from January 2023, with the results due to be stated in its next Annual Impact Report in June 2023.

IMPACT REPORT – HEADLINE RESULTS

AS OF 30 SEPTEMBER 2022

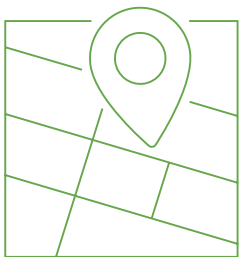
 £835.1
MILLION
INVESTED

IN 697
PROPERTIES



MANAGED BY
18 APPROVED
PROVIDERS

LOCATED ACROSS
173 LOCAL AUTHORITIES



69% OF PROPERTIES
IN THE 40%
MOST DEPRIVED
LOCAL AUTHORITIES



41% OF PROPERTIES
NEW TO SOCIAL
HOUSING AT THE
POINT OF ACQUISITION

CAPACITY TO PROVIDE
HOMES FOR 4,594 PEOPLE
LIVING WITH CARE NEEDS



RESIDENTS
SUPPORTED
THROUGH
CARE AND
SUPPORT
PROVISION

BY 130 CARE PROVIDERS

46%

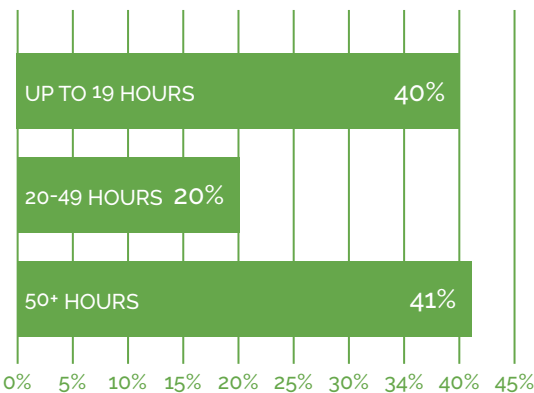


54%

GENDER SPLIT¹

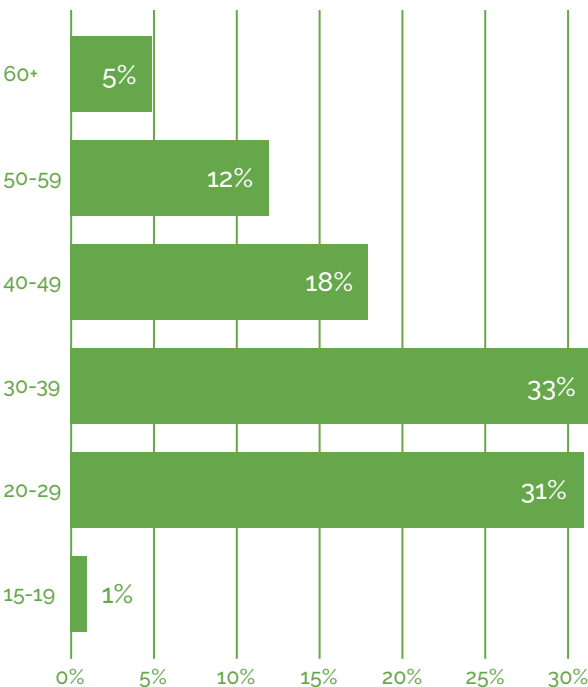


WEEKLY CARE HOURS^{1*}



*Percentages do not equal 100% due to rounding

AGE BREAKDOWN OF
CIVITAS RESIDENTS¹

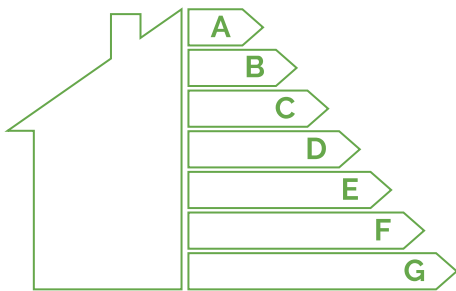


53%

OF HOMES HAVE
AN EPC RATING C+

99.9%

OF HOMES HAVE
AN EPC RATING E+



1. Based on resident demographics data collected from 11 of Civitas' partner approved providers as of March 2022, covering up to 1,742 residents (approximately 38% of the portfolio).

INTRODUCTION

ABOUT CIVITAS SOCIAL HOUSING

Civitas Social Housing PLC (Civitas or the Fund) was launched in 2016. It is the UK’s first Real Estate Investment Trust (REIT) specialising in social housing investment.

Civitas focuses on specialised supported housing (SSH) – a form of community-based provision in which homes are built or adapted to meet the needs of individuals living with support needs. Homes are generally designed to support residents to live as independently as possible, either in self-contained apartments within a larger scheme, or in a room within a shared house.

SSH is widely held to offer wellbeing benefits to residents, and independent evidence suggests it has the potential to generate cost-savings for public budgets too.² SSH also aligns with government policy to prioritise community-based housing that encourages independence. As a result, there is a high level of demand across the country for this type of housing.

Civitas operates by raising capital at scale from institutional and retail investors in order to provide long-term equity to the social housing sector. The Fund acquires properties and leases them to approved providers to manage on long-term full repairing and insuring (FRI) leases. The rental income collected by those approved providers is used to fund investor returns.

Since launching on the London Stock Exchange in November 2016, Civitas has invested £835.1 million in 697 properties across England and Wales, providing homes for up to 4,594 people.

THIS REPORT

This Impact Report has been prepared for Civitas by The Good Economy (TGE). It covers the six-month period from 1 April to 30 September 2022.

A mix of quantitative and qualitative data informs the impact assessment made by TGE in this report. As a half-year report, our assessment is intended to be ‘lighter touch’ than that carried out for an annual report. This means there are various data sources which are only collected annually. For this report, data sources include:

- Portfolio data provided by Civitas
- Information and feedback from partners including approved providers and care providers
- Interviews with members of the Civitas Investment Management (CIM) team³
- Site visits to selected schemes
- A Resident Outcomes Survey carried out with a representative sample of residents.⁴

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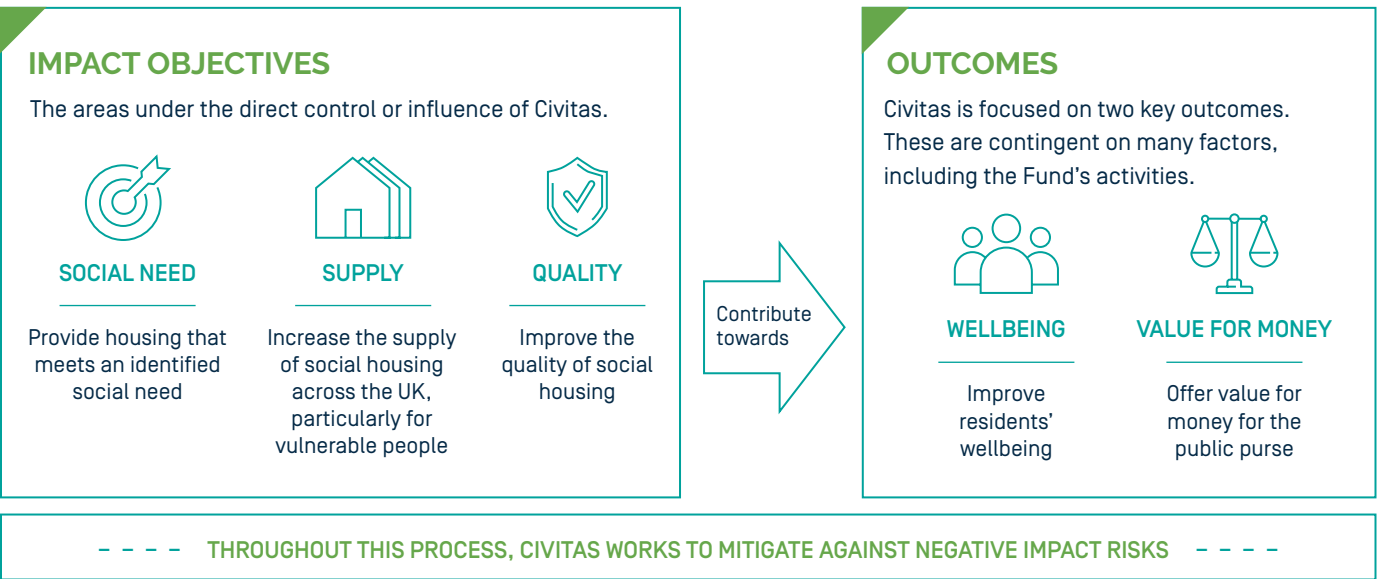
IMPACT FRAMEWORK

Civitas’ impact goal is to increase the provision of high-quality social housing that delivers positive outcomes for people with support needs.

Underneath this overall impact goal, Civitas has developed an Impact Measurement and Management (IMM) framework in partnership with TGE. This framework enables Civitas to measure, manage and report on the impact of its investments, and forms the basis of TGE’s assessment in this report.

The framework’s approach is aligned with the five dimensions of impact set out by the Impact Management Project (IMP).⁵

Civitas’ IMM Framework



Over the last 12 months CIM has also been involved as a project partner in the Equity Investor Impact Reporting Project. This is a 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 in a consistent, comparable and transparent way. Civitas is working towards being able to report against the metrics developed as part of the framework.

CIVITAS’ FOCUS IS SPECIALISED SUPPORTED HOUSING (SSH) – A FORM OF COMMUNITY-BASED PROVISION IN WHICH HOMES ARE BUILT OR ADAPTED TO SUPPORT THE NEEDS OF VULNERABLE PEOPLE.

2. Mencap & Housing LIN. Funding supported housing for all: SSH for people with a disability. April 2018.
3. Civitas Social Housing PLC (Civitas) is the investment company and Civitas Investment Management Ltd (CIM) is the investment advisor to the Fund.
4. Note Resident Outcome Surveys are only carried out for Annual Impact Reports. However, the results of previous surveys are referenced in Half-Year Reports. The most recent survey was carried out between April and May 2021.
5. The IMP is a forum for building global consensus on how to measure, manage and report on impact performance – see <https://impactmanagementproject.com/>.



IMPACT ASSESSMENT AND RESULTS

In the six months to September 2022, Civitas acquired one new scheme – a two-unit supported living property in Wisbech. This means the portfolio has grown by two units since the Fund published its Annual Impact Report, for the year to March 2022.

Civitas has also made progress with ongoing asset management, through a retrofit programme to improve the energy efficiency of older stock alongside energy supplier E.ON. Phase 1 has now been completed, and the Fund is currently planning for Phase 2, which is expected to launch in the coming months.

OVERALL IMPACT GOAL
To increase the provision of high-quality social housing that delivers positive social outcomes for individuals with support needs.

PORTFOLIO SUMMARY	MARCH 2022	SEPTEMBER 2022
Value of capital deployed	£835 million	£835.1 million
Number of properties	696	697
Number of units	4,592	4,594
Number of local authorities in which properties are located	173	173
Number of partner approved providers	18	18
Number of care providers delivering care into Fund's homes	130	130

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

IMPACT OBJECTIVE

➤ SOCIAL NEED

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

IMPACT OBJECTIVE	IMPACT METRICS	MARCH 2022	SEPTEMBER 2022
 SOCIAL NEED	Number of units	4,592	4,594
	Breakdown of units by care classification of residents*		
	Multi diagnosis	46%	46%
	Learning disabilities	29%	29%
	Mental health	11%	11%
	Dependencies	4%	4%
	Autism	4%	4%
	Other (including homelessness)	5%	5%
	Breakdown of units by housing type		
	Supported housing	71%	71%
	Residential care	24%	24%
	Other	5%	5%
	Percentage of properties in 40% most deprived local authorities	69%	69%

*Breakdown does not equal 100% due to rounding.

 **AS OF SEPTEMBER 2022, CIVITAS' PORTFOLIO HAD THE CAPACITY TO HOUSE UP TO 4,594 PEOPLE.**

This is a substantial portfolio, including both supported housing and residential care properties. As the ultimate landlord of such a large portfolio, Civitas should be helping to meet an important social need.

As an input to this year's impact report, Civitas shared with us an overview of its portfolio occupancy information. This is a positive development in terms of transparency since it provides us with better visibility of the portfolio.

The data shows that Civitas' portfolio occupancy is generally high, with almost all properties either occupied by residents or fully covered by service level agreements with care providers which meet the costs of voids for approved

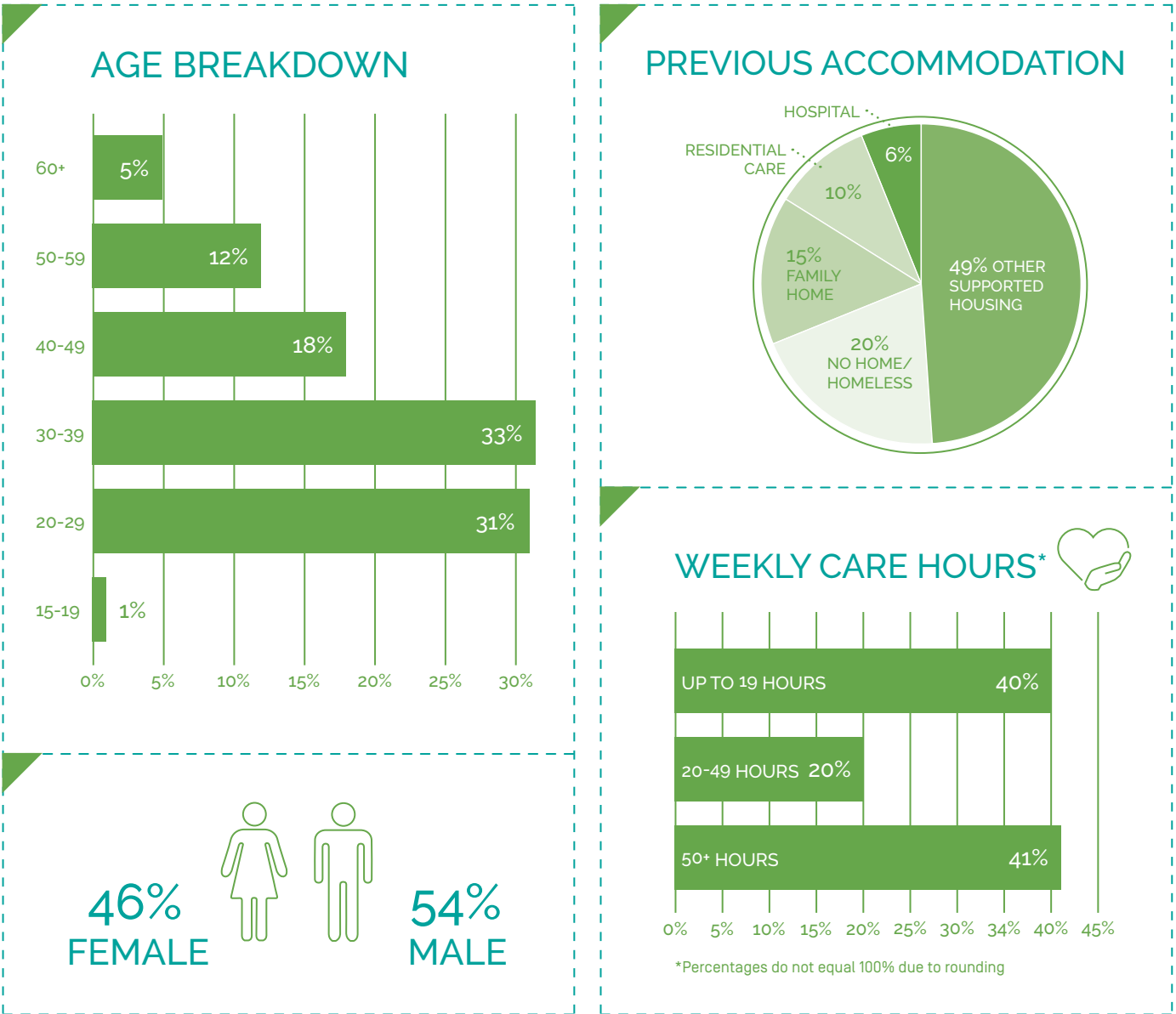
providers. There are a minimal number of properties within the portfolio which cannot currently be occupied. This is either because they are subject to capital works to renovate them, or because a new care provider is being sought or put in place.

Actual occupancy tends to fluctuate marginally over time in the specialist care sector for a range of reasons relating to the specialist support requirements of residents, and the need to adopt a sensitive approach when moving people in and out. However, information shared by Civitas shows that the majority of the Fund's units are fully occupied as of September 2022. Civitas has significant operational knowledge of the broader specialist care sector and believes its occupancy rate is marginally above average for the sector.

 **ALL CIVITAS PROPERTIES NEED CONFIRMATION OF COMMISSIONER SUPPORT TO BE ELIGIBLE FOR INVESTMENT. AS PART OF THE FUND'S DUE DILIGENCE PROCESS, THIS PROVIDES AN IMPORTANT SAFEGUARD, ENSURING THAT PROPERTIES MEET THE NEEDS OF INDIVIDUALS WITH AN IDENTIFIED NEED FOR HOUSING AND SUPPORT.**

Civitas' portfolio of homes provides for people with a range of support needs, including learning disabilities, physical disabilities and mental health diagnoses. In addition, a small but growing number of the Fund's homes provide supported living for individuals experiencing or at risk of homelessness.

RESIDENT INFORMATION⁶



6. Resident information is based on data provided by 11 of Civitas' partner approved providers in March 2022, covering up to 1,742 residents (approximately 38% of total portfolio).

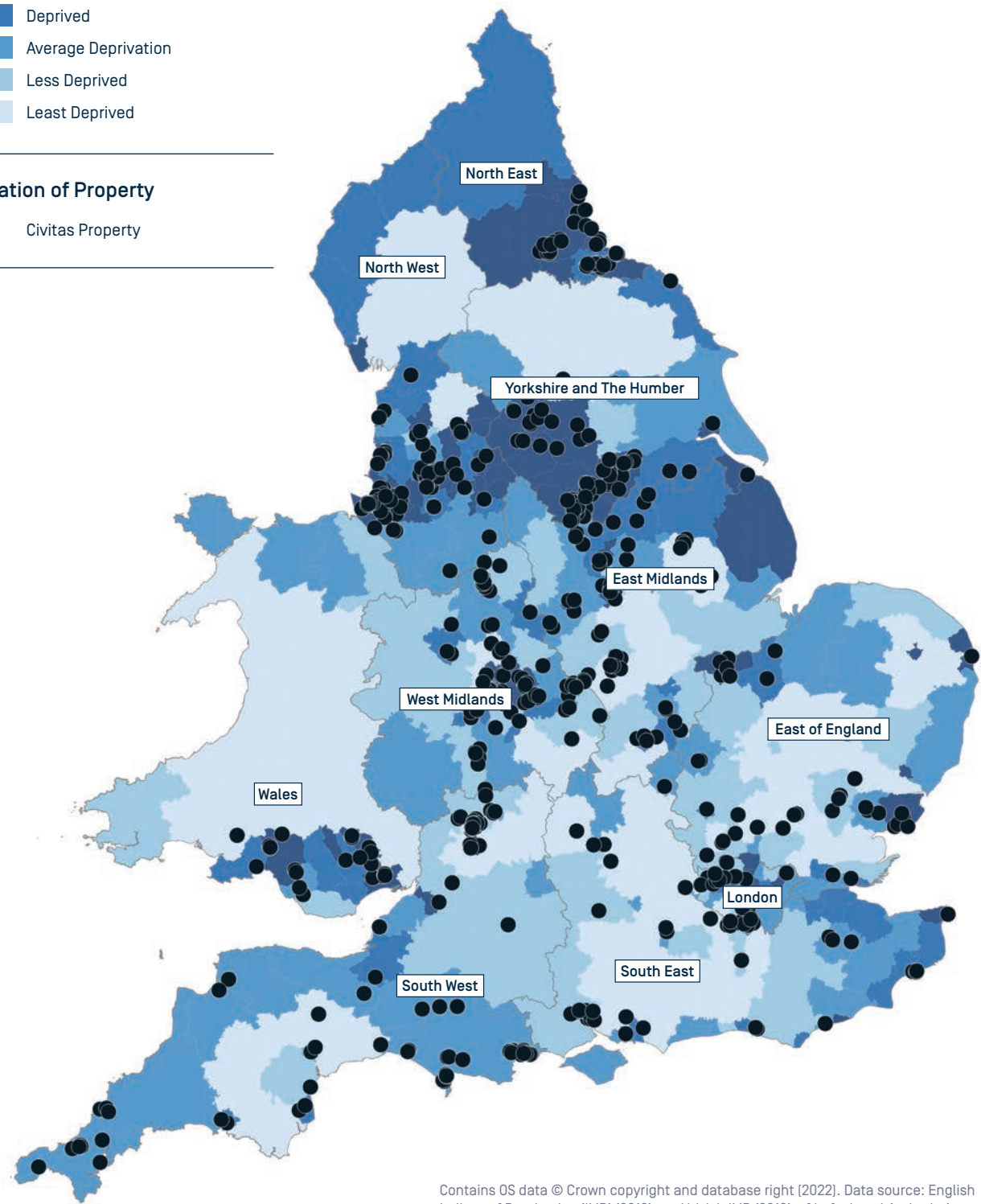
Civitas' portfolio is located in 173 local authorities across England and Wales. These include some of the most deprived areas of the UK, with 69% of properties in the 40% most deprived local authorities.

Index of Multiple Deprivation

- Most Deprived
- Deprived
- Average Deprivation
- Less Deprived
- Least Deprived

Location of Property

- Civitas Property



Contains OS data © Crown copyright and database right (2022). Data source: English Indices of Deprivation (IMD) (2019), and Welsh IMD (2019) – % of a Local Authority's local areas (LSOAs) in the 20% most deprived nationally. Deprivation in England and Wales is measured differently, therefore each country should be treated individually.

IMPACT OBJECTIVE

SUPPLY

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

IMPACT OBJECTIVE	IMPACT METRICS	MARCH 2022	SEPTEMBER 2022
 SUPPLY	Number of properties	696	697
	Number of units	4,592	4,594
	Percentage of properties converted to social housing sector for the first time	41%	41%



CIVITAS HAS MADE ONE NEW ACQUISITION IN THE SIX MONTHS TO SEPTEMBER 2022, A TWO-UNIT BUNGALOW WHICH HAS BEEN CONVERTED INTO SUPPORTED LIVING ACCOMMODATION. AS SUCH, THE PORTFOLIO HAS INCREASED, ALBEIT ONLY SLIGHTLY, SINCE THE FUND'S ANNUAL IMPACT REPORT FOR THE YEAR TO MARCH 2022.

The slower rate of growth should be viewed in the context of a slowdown in the wider UK economy and a challenging outlook, evidenced by warnings of long-term recession. Such an environment increases uncertainty and has made it far more difficult for Civitas – and others – to raise and deploy capital.

Minimal deployment of capital has limited the Fund's impact on supply during the reporting period. However, the Fund has been active in the sector for approximately six years, during which time it has made a meaningful contribution to the supply of supported housing, investing £835.1 million in 697 properties across England and Wales, providing homes for up to 4,594 people.



ACROSS THE CIVITAS PORTFOLIO, 41% OF PROPERTIES ARE NEW TO THE SOCIAL HOUSING SECTOR AT THE POINT OF ACQUISITION.

These properties provide the most significant demonstration of the Fund's contribution to increasing the supply of social housing.

IMPACT OBJECTIVE

QUALITY

Improve the quality of social housing.

IMPACT OBJECTIVE	IMPACT METRICS	MARCH 2022	SEPTEMBER 2022
 QUALITY	Percentage of residents who reported that they were satisfied with the quality of their home*	N/A	N/A
	Percentage of homes with EPC rating A-C	52%	53%
	Percentage of homes with EPC rating A-E	99.9%	99.9%
	Number of EPCs improved during reporting period*	25	18
	Percentage of homes meeting key compliance requirements	99%	100%

*Note March 2022 figure refers to number of EPCs improved in preceding 12 months, while September 2022 refers to number of EPCs improved in preceding six months.



CIVITAS INTENDS TO BRING ALL PROPERTIES IN ITS PORTFOLIO UP TO A MINIMUM EPC GRADE C BY 2030. IF ACHIEVED, THIS WILL BE FIVE YEARS AHEAD OF THE GOVERNMENT'S CLEAN GROWTH STRATEGY TARGET.

As of September 2022, 53% of Civitas' homes had an EPC rating of C or above, compared to 52% in March 2022. This improvement, while marginal, forms part of a long-term retrofit programme of targeted energy improvements across its portfolio, undertaken alongside energy supplier E.ON. In the last six months, this has resulted in 18 EPCs being improved.

Phase 1 of the programme has now been completed. This phase involved detailed surveys of 101 properties, which informed interventions to 43 properties. The Fund is currently planning for Phase 2 of the programme to commence.

During 2022/23, Civitas will be aiming to carry out 120 retrofit surveys to identify improvement works. During Phase 1, the Fund faced continued challenges in relation to planning, obtaining necessary permissions, and ability to access properties. Generally, these challenges mean that progress

on the retrofit programme has been slower than expected. It should, however, be noted that solutions need to be tailored to suit each property. In some cases, energy improvement works need to be undertaken as part of wider asset management to minimise disruption to vulnerable residents.

We note that the pace of improvements will need to increase if the Fund is to achieve its stated EPC targets. To that end, the Fund intends to incorporate key learnings from Phase 1, becoming more focused in its approach, working with only one provider at a time and targeting specific geographies to drive a more efficient roll-out.

Civitas still has one property whose EPC rating – at G – fails to meet the government's Minimum Energy Efficiency Standard (MEES) of E. Discussions are ongoing around how best to improve the home's environmental performance but progress has been slower than expected.



CIVITAS RECEIVES MONTHLY COMPLIANCE DATA FROM ALL OF ITS 18 APPROVED PROVIDER PARTNERS. THIS DATA SHOWS EACH PROVIDER'S LEVEL OF BUILDING-RELATED COMPLIANCE ACROSS KEY AREAS INCLUDING GAS SAFETY, FIRE RISK ASSESSMENT AND ASBESTOS. AS OF JULY 2022 (THE MOST RECENT PERIOD FOR WHICH THIS DATA IS AVAILABLE), CIVITAS' STATUTORY COMPLIANCE ACROSS ITS PORTFOLIO WAS 100%. THIS REPRESENTS AN IMPROVEMENTS FROM 99%, AS OF MARCH 2022.

Quality of asset management is likely to play an increasing role as Civitas evolves. While the Fund remains the long-term owner of a substantial portfolio of social housing, the pace of growth has slowed in comparison to prior years. This may, in part, reflect the Fund's growing maturity but it means that effective

asset management will become increasingly important as a 'route to impact'. Simply put, Civitas will need to manage homes appropriately, ensure they remain high-quality and reflect the needs of residents if it is to continue to deliver against its impact goal.

TARGET OUTCOMES

This section assesses the change in outcomes experienced by Civitas' stakeholders.

These outcomes are influenced by many factors, several of which lie outside Civitas' control and influence. But it is still important to assess these outcomes, as they help stakeholders to understand Civitas' real-world impact.

TGE identifies two main target outcomes to which Civitas aims to contribute:

- Improve resident wellbeing
- Provide value for money.

In the table below, these outcomes have been categorised according to the Impact Management Project (IMP) dimensions of impact. This is an internationally recognised approach to impact measurement, which categorises impact according to five core dimensions: What, Who, How Much, Contribution and Risk.

IMPACT MANAGEMENT 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 the impact?		Residents with mostly high acuity care needs	Local authorities / Central government
HOW MUCH impact is Civitas creating?	Scale	Large scale – 4,594 potential residents (at full occupancy) as of September 2022	Large scale – 4,594 potential residents (at full occupancy) September 2022
	Depth	Depends on degree of change in wellbeing	Depends on cost-differential between Civitas property and alternative housing
	Duration	Likely long-term – most SSH intended to provide a long-term home for residents	Likely long-term – 25-year leases with most properties intended as long-term homes for residents
What is Civitas' CONTRIBUTION to what would likely happen anyway?		SSH widely held to offer positive wellbeing benefits for residents with care needs. Therefore, resident wellbeing likely better than what would have occurred without availability of Civitas property	Civitas funding contributes 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 risk / Stakeholder risk: - Homes do not meet resident needs as effectively as expected - Approved providers and/or care providers deliver sub-standard services to residents Alignment risk: - Onerous lease terms mean approved providers struggle to provide a high level of service over the long term	Efficiency risk: Social care costs associated with Civitas property turn out to be more expensive than potential alternative settings



CLASSIFYING THE IMPACT OF CIVITAS' INVESTMENTS

The IMP has developed a system to [classify the impact performance of investments](#). Investments are classified as either:

- Does/May Cause Harm
- Avoids Harm – prevents or reduces negative outcomes
- Benefits Stakeholders – avoids harm and generates positive outcomes
- Contributes to Solutions – avoids harm and generates significant positive outcomes for otherwise underserved stakeholders.

IMPACT MANAGEMENT PROJECT

In terms of Civitas' assets, TGE believes they can be classified as 'Contributes to Solutions'. This is because they provide housing for vulnerable people with a high social need for appropriate housing and support.

In terms of Civitas' contribution to this impact as an investor, TGE believes that Civitas:

- Signals that Impact Matters** by actively incorporating impact considerations into the Fund's investment processes
- Engages Actively** by using the Fund's expertise and established processes to attempt to raise standards in the sector more generally.

TARGET OUTCOME

WELLBEING

A core element of Civitas’ overall impact goal is to provide housing that improves the wellbeing of people with support needs.



To assess Civitas’ contribution to this outcome, TGE aims to conduct a Resident Outcomes Survey with a sample of Civitas residents on an annual basis. The most recent survey was conducted with a random sample of 87 residents between April and May 2021.⁷

Residents were questioned on their physical and mental wellbeing. Areas of enquiry included:

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

Results were generally positive, with residents reporting marked improvements in their confidence levels and feelings of independence. Results were less positive in relation to resident’s social connections to others, however this almost certainly reflects the fact that the survey was conducted during the Covid-19 pandemic.

The full survey results can be found in [Civitas’ Annual Impact Report 2021](#), published in June 2021.

For this report, we visited one Civitas scheme where there had been reports of historic issues relating to service delivery, which may have had a negative impact on resident wellbeing.

On our visit, we were informed that a number of changes had been put in place to address past complaints. These included the way that residents were referred into the scheme, and mechanisms to manage antisocial behaviour. Though we were unable to speak to any residents directly on our visit, we can confirm that the property appeared well-managed and the provider gave assurance that all residents were appropriately supported given their specific needs.

7. We were unable to carry out a survey for Civitas’ 2022 Annual Impact Report due to an accelerated timeline for the publication of the report.

TARGET OUTCOME

VALUE FOR MONEY

Provide value for money for the public purse by offering cost-effective housing for people with care needs.

To assess Civitas’ contribution to delivering value for money, we produce a social value calculation for the portfolio. The most recent calculation was carried out as of March 2021 in partnership with Social Profit Calculator (SPC).

The results revealed that, as of March 2021, the Civitas portfolio delivered £127.0m of Total Social Value in the year to March 2021.

THE RESULTS REVEALED THAT, AS OF MARCH 2021, THE CIVITAS PORTFOLIO DELIVERED £127.0M OF TOTAL SOCIAL VALUE IN THE YEAR TO MARCH 2021.

This is divided between:

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

Using these values and the total amount invested by Civitas, SPC calculated the Fund’s Social Return on Investment (SROI) ratio to be £3.51. This means that Civitas will generate £3.51 in social value per year for every £1 invested over the duration of the investment (based on the portfolio of homes in March 2021).



£3.51 IS CREATED IN SOCIAL VALUE PER YEAR FOR EVERY £1 OF ANNUALISED INVESTMENT

METHODOLOGY UPDATE

The methodology used for Civitas’ most recent value for money calculation was based on an approach developed by SPC. We have now partnered with Simetrica-Jacobs, specialists in social value analysis and wellbeing research, to create an updated, best-in-class methodology for monetising the outcomes experienced by social and supported housing residents. We will be using this methodology when we next calculate the social value delivered by the Civitas portfolio.

This update will change the method used to calculate the ‘Social Impact’ component of the Total Social Value Calculation. Accordingly, it will not be appropriate to compare social value figures in future Civitas Impact Reports with those calculated for previous reports.

RENT INCREASES

Rent increases are an especially important topic for the UK housing sector as a whole given wider macroeconomic conditions, specifically the UK’s current high rate of inflation.

For Civitas, a portion of the Fund’s homes are covered by lease agreements including a ‘cap and collar’ clause. This

means rent increases will be automatically capped at 4% for these properties. This is substantially below the Consumer Price Index (CPI) inflation rate as of September 2022, which stood at 10.1%.

The rest of Civitas’ portfolio is not covered by a cap and collar. For these properties, rent increases are set at either CPI or CPI+1%. The specific rate of rent increases for each property will vary across the portfolio as the date at which rents are set varies depending on the terms of each lease.

Supported living homes are exempt from government rent caps, owing to the nature of residents’ support needs. This means benefits will be increased to cover rents and so we are confident that rent increases should not personally impact residents’ finances. Rather, any rent increases will be handled by the approved providers responsible for managing properties and collecting rents. It is therefore essential that providers have well-resourced Hosing Benefit teams and they have the capacity to appropriately engage with any increases and to access available funding. This is an area we will continue to monitor moving forward.



MITIGATE IMPACT RISKS

Impact risk is the likelihood that impact will differ from expectations and that the difference will be material from the perspective of those being impacted.

For Civitas' Annual Impact Reports, we analyse the potential impact risks relating to the Fund using the [IMP's impact risk assessment framework](#). This framework identifies nine types of impact risk that enterprises and investors may face.

In our most recent assessment (as of March 2022), we classified five categories of risk as potentially material to Civitas. These were:

- Execution risk**
The probability that the activities are not delivered as planned and do not result in the desired outcomes
- Stakeholder participation risk**
The probability that expectations and/or experiences of stakeholders are misunderstood or not taken into account
- Alignment risk**
The probability that impact is not locked into the enterprise model
- Evidence risk**
The probability that insufficient high-quality data exists to know what impact is occurring
- Efficiency risk**
The probability that the impact could have been achieved with fewer resources or at a lower cost.



The full risk assessment can be found in Civitas' Annual Impact Report 2022, which was published in June 2022.

TGE is aware of negative publicity relating to one of Civitas' approved providers, with that organisation currently being under investigation by the Charities Commission (CC) over concerns about financial mismanagement that is not connected with the Civitas portfolio – as noted in the appendix of this report. TGE will comment further on the situation once the investigation has been finalised. For the purposes of this half-yearly impact report, TGE continues to have ongoing conversations with Civitas about its partners and has conducted primary research on relevant schemes.

CHARITY PARTNERS

THE HOUSE OF ST BARNABAS

The House of
St Barnabas

LONDON

The House of St Barnabas is a social enterprise and charity that works to support people affected by homelessness into long-term employment.

Civitas helps to fund The House of St Barnabas' Employment Academy. This is a 10-week programme that provides work experience, qualifications, job opportunities and mentoring to individuals who have experienced homelessness. Once an individual has completed the programme, they then continue to receive structured support and mentoring for another year. Civitas provides funding for this ongoing mentoring programme.

House of St Barnabas:

“Our mentoring and progression work is key to the success of our programme, and thanks to Civitas' commitment of sponsoring our mentoring programme we are closer to succeeding in our mission of 'Good Work, Good Homes' for all our graduates.



Photos: Recent graduates from the Employment Academy, who are currently being supported by a mentor.

SINCE LAUNCHING THE EMPLOYMENT ACADEMY:

260
PEOPLE WITH A HISTORY OF
HOMELESSNESS HAVE GRADUATED
FROM THE PROGRAMME

63%
OF GRADUATES
SECURED WORK
WITHIN 12 MONTHS

OVER HALF OF THOSE
WHO FOUND JOBS
WERE STILL IN WORK
12 MONTHS LATER

Employment Academy graduate:

“You will have a stepping-stone to success and getting off benefits, with help from the progression team and mentors. They will help you to find good work after the programme.

CARE HOME OPEN WEEK

Care Home Open Week is an annual event which aims to connect care homes with their communities and raise awareness of the positive value of the social care sector. The week is hosted by Championing Social Care.

Civitas has been one of two sponsors for Care Home Open Week since the initiative was established in 2021. Paul Bridge (CEO of Civitas Social Housing) is also part of the Championing Social Care Ambassador Group, and this year helped to open the annual Care Home Open Week which ran from 27th June to 3rd July 2022.

This year's event focused on three key areas:

- 1 Demonstrate the positive value of care homes as community hubs, inviting the surrounding communities in
- 2 Showcase career opportunities in the sector
- 3 Promote volunteering and other support services.



Photo: Civitas Social Housing CEO Paul Bridge at the launch of Care Home Open Week.

THE 2022 CARE HOME OPEN WEEK:

72,286
PEOPLE TOOK PART

INVOLVED 2,409 CARE SERVICES
ACROSS THE COUNTRY

Including: elderly care, supported living, day centres, children's services

OVER 100 MPS VISITED CARE
HOMES DURING THE WEEK

REACH OF MORE THAN
49 MILLION
PEOPLE DURING THE WEEK

Through PR and social media



CONCLUSIONS

STRENGTHS

- Demand:** There is a high level of underlying demand from commissioners for more supported housing across the country. Civitas' portfolio should be playing an important role in addressing that need.
- Support for key charities:** Civitas has consistently provided support for charitable organisations whose activities align with the Fund's core mission to deliver positive outcomes for individuals with support needs. These charities include The House of St Barnabas, which strives to help people affected by homelessness into long-term employment, and Care Home Open Week, which aims to raise awareness of the positive value delivered by the social care sector.
- Scale:** Since entering the sector in 2016, Civitas has acquired a portfolio of 697 properties, with the capacity to house up to 4,594 people. This is a substantial number of homes which shows that the Fund has made a meaningful contribution to increasing supply.

POTENTIAL WEAKNESSES AND MITIGATING ACTIONS

- Strengthen reporting:** We recommend that Civitas aims to report against the Equity Impact Project (EIP) in its next Annual Impact Report. This is a collaborative, sector-led project which has developed a common framework so that investors can report consistently on the impact of equity-based investments in the social and affordable housing sector. Civitas Investment Management (CIM) was involved as a project partner in the development of the EIP, and Civitas is working towards being able to report against the framework.
- Service delivery:** We note the reports of historic issues with service delivery at a specific Civitas scheme. However, having visited the scheme, we were informed that a number of changes had been put in place to address past complaints. These include the way that residents are referred to the scheme, and mechanisms to manage antisocial behaviour. We were unable to speak to residents directly but, at the time of our visit, the property appeared well-managed, and the provider gave assurance that all residents receive the correct level of support for their specific needs.
- Evidence gaps:** We have not been able to carry out a Resident Outcomes Survey since May 2021 due to accelerated timelines for the publication of Civitas' recent impact reports. This increases evidence risk since it means we have not been able to collect comprehensive feedback from the Fund's target beneficiaries for approximately 18 months (other than the feedback gathered from residents during recent site visits). Civitas is planning to start collecting feedback through its next Resident Outcomes Survey from January 2023, with the results due to be stated in its next Annual Impact Report in June 2023.

APPENDIX

APPENDIX 1 – LIST OF PARTNER APPROVED PROVIDERS

APPROVED PROVIDER	CIVITAS UNITS MANAGED	CURRENT RSH GRADING
Falcon Housing Association C.I.C.	850	Regulatory Notice
Bespoke Supportive Tenancies Limited	591	Regulatory Notice
Auckland Home Solutions C.I.C.	547	Regulatory Notice
Inclusion Housing Community Interest Company	507	G3/V3
Qualitas Housing	370	N/A – not regulated by RSH
Westmoreland Supported Housing Association Limited	239	G4/V3
Pivotal Housing Association	238	Regulatory Notice
Trinity Housing Association Limited	234	G3/V3
Harbour Light Assisted Living C.I.C	214	Not yet assessed
Encircle Housing Ltd	205	Regulatory Notice
New Walk Property Management C.I.C.	194	Not yet assessed
Chrysalis Supported Association Limited	151	Not yet assessed
My Space Housing Solutions ⁸	79	G3/V3
IKE Supported Housing Limited	68	Not yet assessed
Windrush Homes Limited	51	Not yet assessed
Hilldale Housing Association Limited	39	Regulatory Notice
Lily Rose Supported Housing	13	N/A – Not regulated by RSH
Blue Square Residential Ltd	4	Not yet assessed

8. Note My Space Housing Solutions is currently under inquiry from the Charities Commission over concerns about financial mismanagement.

NOTES

[illegible]

[illegible]

THE

GOOD

ECONOMY

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