

The Economic Impact of Housing Organisations on the North: *St Leger Homes of Doncaster*

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Introduction: Background and Study Objectives

In 2012 the Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University was commissioned by the Northern Housing Consortium (NHC), to assess the economic impact of housing organisations on the Northern Economy¹.

The study provides an estimate of the economic impact of housing organisations on the northern economy based on evidence from a survey of members and detailed case study work in seven organisations. It measures the economic activity stimulated directly by the day-to-day activities of housing organisations as well as the additional activity through the intermediate supply chain.

The findings will support the NHC and housing organisations when engaging with Government, funders and other stakeholders and will underpin the case for housing in the North in the run up to the next Comprehensive Spending Review and the next general election. This study also provides a **baseline** against which to assess the impact of the multiple challenges facing housing organisations, such as those arising from Welfare Reform.

This case study report for St Leger Homes of Doncaster forms one of a suite of outputs from the study². It provides an overview of St Leger Homes, including its vision, values and objectives and key facts relating to its day-to-day activities, before providing examples of its community investment work³. The report concludes by providing estimates of St Leger Homes' economic impact.

¹ Comprising England's three Northern regions: the North East, the North West and Yorkshire and the Humber

² The main report being available at: Dayson, C. Lawless, P. and Wilson, I. (2013) The Economic Impact of Housing Organisations on the North. Sheffield: CRESR, Sheffield Hallam University.
http://www.shu.ac.uk/assets/pdf/cresr-Economic_Impact_Housing_Organsiations_Main.pdf

³ Community investment has been used within this report as a collective term to cover services, facilities and environmental improvements which housing organisations provide for their tenants and the wider communities in which they operate. It encompasses what has previously been termed 'housing plus', 'added value' or regeneration work.

St Leger Homes: An overview

2.1. Background

St Leger Homes of Doncaster (St Leger Homes) is an Arms Length Management Organisation (ALMO) established in 2005. Its principal activity is the management and maintenance of the housing stock of Doncaster Metropolitan Borough Council (DMBC), which numbered 20,768 as at 31st March 2012. SLHD is also responsible for the management of the investment programme for the modernisation of the housing stock.

Under a management agreement with DMBC, St Leger Homes receives a fee to manage and maintain the Council's housing revenue account stock: in 2011/12 this amounted to £30.067m with additional fees of £5.63m giving a total turnover of £35.697m.

2.2. Vision and strategy

The strategic objectives of St Leger Homes are:

- ensuring they are a customer focused organisation by putting tenants and customers at the heart of what they do
- ensuring they deliver Value for Money by making best use of resources
- addressing the impact of welfare benefit reforms on customers
- supporting communities and individuals by tackling crime and anti-social behaviour, and providing support to sustain tenancies
- improving performance to build on excellent service delivery
- maintaining and improving homes and properties by investing wisely and managing effectively
- improving communications both internally and with others
- developing opportunities for new business growth and diversification.

This strategy is underpinned by four core values:

- fairness – ensure equality and diversity is integral to all they do
- excellence – provide efficient, excellent services to all customers
- empowerment – empower and involve staff and tenants through meaningful consultation
- local – work in partnership with other organisations.

St Leger Homes Community Investment Work

3.1. High Rise Energy Improvements

In 2011/12 St Leger Homes undertook major energy improvements in eight 1960s high rise tower blocks in central Doncaster. The project cost £5.3 million. It was primarily funded by DMBCI supported by HCA Decent Homes backlog funding and an additional grant of £656,000 provided by the Department of Energy and Climate Change's programme: 'Community Energy Saving Programme' (CESP).

This improvement programme encompassed three blocks of flats at Intake and five at Balby Bridge. Over time the buildings had become shabby and were increasingly difficult to keep warm. Between November 2011 and June 2012 a number of improvements were made to the properties:

- rendering of the external structure with thermal cladding
- double glazed doors and windows
- upgraded central heating systems.

Since the improvements were completed in June 2012 a number of benefits have been identified:

- reduced fuel bills of up to 50 per cent for tenants
- reductions in carbon emissions: estimated to be at least 136,000 tons of carbon saved April-Sept 2011/12
- protection of the buildings against corrosion and structural decay, resulting in upstream savings in maintenance costs
- aesthetic improvements to the built environment, contributing to the regeneration of central Doncaster.

3.2. Supporting tenants and communities

St Leger Homes is involved in a number of initiatives providing support for tenants and other local people involved in voluntary and community activity. For example, through its involvement in the Efficiency North procurement vehicle, the tenants and communities with whom St Leger Homes are involved are able to access the '4 Good Fund' small grants programme. The 4 Good Fund is one of Efficiency North's delivery vehicles for social and economic regeneration in the communities of its member organisations. A small percentage of all Efficiency North Procurement Framework project fees and all Re:allies Materials Framework fees are contributed to the Fund. The contribution is relative to the value of the project and capped at a

maximum of £10,000. Contractors also have the option offer to make a contribution in time of up to 50 per cent of their total Fund contribution for any project to build a "Time Bank". Contributions to the Funding Pot are accrued on an annual basis.

Groups from all of the organisations which have used the Frameworks are invited once a year to submit funding bids for projects that have been developed in response to locally identified needs. To qualify, projects must demonstrate that they are sustainable, locally sourced, engage local small to medium enterprises (SMEs), and encourage self-sufficiency, empowerment and sustainability. Up to £5,000 is available for each project.

Examples of Doncaster based projects supported through the 4 Good Fund include:

- the 'Community Employment and Social Regen' project developed by the Yorkshire Main Community in Edlington received funding to employ a trainer to provide a range of employability and life skills including first aid and food hygiene
- Ennerdale Tenants and Residents Association received funding to support their project to refurbish Ennerdale Community Centre
- Friends of Martinwells Lake received funding to purchase materials for information signage and landscaping on a site which had been transformed by local volunteers from a disused derelict brickpond into a lake and nature reserve. The nature reserve benefits all of the community and also generates income for its upkeep from the sale of fishing rights.
- St Leger Homes is also able to respond to other external funding opportunities on behalf of its tenants and communities. For example, in 2011/12 it secured a grant of more than £100,000 to provide community garden sites to grow food from 'Local Food', a £57.5 million programme supported by the Big Lottery Fund.

Economic Impact of St Leger Homes

4.1. Introduction

This section provides estimates of the economic impact of St Leger Homes. Economic Impact for 2011/12 has been assessed for three key economic measures:

- expenditure (output)
- Gross Value Added (GVA): the value of output produced minus intermediate output
- employment.

The study incorporates both **direct and indirect impacts**:

- direct impact: the value to the economy directly attributable to the activities of St Leger Homes: money flowing into the economy through expenditure on day-to-day activities
- indirect supplier effects: the ripple effect through the immediate supply chain providing goods and services to housing organisations
- indirect income induced effects: arising outside the immediate supply chain as a result of expenditure by employees of both St Leger Homes and of organisations in the immediate supply chain.

Before summarising the economic impact of St Leger Homes on the Northern economy three preceding sections look at factors affecting economic impact: income, procurement and expenditure.

4.2. Income

The amount of income which St Leger Homes received is important in assessing economic impact as it affects the level of gross expenditure. In the financial year 2011/12 St Leger Homes' income was £39.387 million:

- £35.697 million (91 per cent) from management fees
- £1.890 million (5 per cent) from grants
- £0.969 million (2.5 per cent) from the Affordable Homes Programme.

4.3. Procurement

Procurement is important in determining leakage of expenditure out of the local economy. How, where and with whom St Leger Homes spends its money is driven by a comprehensive Procurement Strategy. The strategy helps the organisation to achieve optimum allocation of its resources by obtaining the best possible value for money in the goods and services it requires to carry out its activities. The strategy includes a commitment to promote and stimulate the local economy and encourage the local supplier market, including voluntary and community sector suppliers. This is underpinned by a commitment to economic regeneration and recognition of the benefits of working with small businesses in order to develop and stimulate a varied and competitive marketplace, which in turn helps to sustain the local community. In support of this commitment, St Leger Homes has produced a pamphlet 'How to do Business with St Leger Homes' which explains to SME's how their procurement processes work so that they are better equipped to tender for work. This has been accompanied by a simplification and a standardising of procurement documents to ease the administrative burden of tendering for work.

The evaluation of supplier tender submissions is weighted to take into account social demographics, where appropriate and relevant. Suppliers are also required to submit an 'Employment and Skills Plan' in which they commit to a number of initiatives that will support the local economy. This may include targets for activities and outputs such as:

- school/college visits and workshops
- work experience and entry level qualifications
- apprenticeships
- provision of skills and qualifications
- progression in to permanent employment.

Submissions are assessed on the extent to which employment and skills requirements in the tender have been met, with the score contributing the overall tender evaluation score.

4.4. Expenditure

The value of gross expenditure, the percentage of expenditure going to local suppliers (net expenditure), and the composition of expenditure (i.e. how money has been spent) are all relevant to economic impact calculations.

In 2011/12 St Leger Homes had a gross expenditure of £61.999 million. Of this £61.002 million (98 per cent) went to suppliers based in England's three Northern regions.

How this money was spent affects economic impact calculations through the magnitude of the indirect effect. Certain types of expenditure, such as that on construction, are associated with a larger 'multiplier effect', that is they stimulate a greater ripple effect through the supply chain than do other types of expenditure. Analysis of how St Leger Homes spent its money reveals:

- expenditure on refurbishment and purchase of housing properties (£33.986 million) accounted for more than half of gross expenditure (55 per cent) with 100 per cent of this going to suppliers based in the North

- £12.953 million (21 per cent) was spent on direct staff costs⁴ all of which went to employees residing in the North.

4.5. Economic Impact summary measures

Table 4.1 summarises St Leger Homes' economic impact on the Northern Economy. This study estimates that in 2011/12 St Leger Homes:

- supported £123.065 million worth of expenditure (output); £61.002 million directly and £62.064 million indirectly through the intermediate supply chain
- created an estimated GVA of £57.846 million; £26.844 million directly and £31.002 million indirectly through the intermediate supply chain
- supported 1,560 FTE jobs; 664 directly and a further 896 indirectly within the intermediate supply chain.

Table 4.1: Summary of economic impact on the Northern economy, 2011/12

	Direct Impact	Indirect Impact	Total Impact
Output:			
£thousands	61,002	62,064	123,065
Gross Value Added:			
£thousands	26,844	31,002	57,846
Employment:			
(FTEs)	664	896	1,560

Source: CRESR survey (2012)

Table 4.2 summarises the economic impact of St Leger Homes on both the Yorkshire and the Humber and Doncaster local authority area. Here it is estimated that in 2011/12 St Leger Homes:

- supported £116.388 million worth of expenditure (output) both directly and indirectly in Yorkshire and the Humber
- created an estimated £48.853 million worth of GVA both directly and indirectly in Yorkshire and the Humber
- supported 1,176 FTE jobs both directly and indirectly in Yorkshire and the Humber
- supported £46.980 million worth of expenditure (output) directly in the Doncaster economy
- created £26.844 million worth of GVA directly for the Doncaster economy
- supported 664 FTE jobs based within the Doncaster local authority area.

⁴ This figure is an estimate of net wages paid to employees

Table 4.2: Summary of economic impact on the Yorkshire and the Humber and Doncaster economies, 2011/12

	Direct Impact	Indirect Impact	Total Impact
Yorks & Humber			
Output:			
£thousands	61,002	55,386	116,388
Gross Value Added:			
£thousands	26,844	22,008	48,853
Employment:			
(FTEs)	664	513	1,176
Doncaster			
Output:			
£thousands	46,980		
Gross Value Added:			
£thousands	26,844		
Employment:			
(FTEs)	664		

Source: CRESR survey (2012)

In addition to core jobs, St Leger Homes also supports the regional and local economies through a rolling programme of apprentices employed through its direct labour organisation. In 2011/12 there were 24 apprentices across a range of trades including plumbing, gas fitting, joinery, electrics, roofing and painting and decorating.