

# Comprehensive value assessment

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A matrix visualisation approach to help identify the range of ways social housing providers' activities generate value

A HACT working paper

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## I. Background

In recent years the social housing sector has become increasingly conscious of its need to assess and demonstrate the social value it generates. Different housing providers have used a number of different systems and have reported some legacy approaches to be a poor fit, usually because they had excessive resource requirements, lacked the robustness for findings to reliably inform decisions and/or did not facilitate comparison across the full range of housing providers' activities.

Nevertheless, the need and desire to understand the value of the outcomes that housing providers contribute to is not going to go away. Whether driven by the regulator's value for money regulations or their own appetite for maximising the beneficial impact they have for residents and communities, organisations are increasingly eager to ensure that they focus their activities where they can make the most difference. Improving understanding of other forms of value, for example where activities generate savings for national or local government, might be helpful in supporting relationships with other sectors. Consequently housing providers are seeking to draw on robust evidence that permits their assessment of social value to be a first rank input into strategic planning processes.

In response to this situation, HACT has been undertaking a programme of work to equip the sector with the tools it needs to understand its social value, as well as working with individual housing providers to help them embed consideration of social value within their decision-making.

Work to gain a more robust understanding of the value of different outcomes is complementary to efforts to adopt robust approaches for establishing the extent to which activities contribute to the delivery of those outcomes.<sup>1</sup> Identifying what happens as a result of an intervention, and understanding what that outcome is worth, are particularly useful in combination, but also each in their own right. Even without strong causal links between activities and outcomes, understanding of the value of outcomes permits more informed consideration of the potential or likely value of an activity.<sup>2</sup>

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<sup>1</sup> HACT has been developing a Standard of Evidence for producing evidence of the effectiveness of interventions, which specifies an approach that allows a credible causal link to be drawn between activities and the outcomes of interest. For more information see: <http://www.hact.org.uk/standards-evidence-housing>

<sup>2</sup> One approach (taken in the Social Value Bank) to making use of outcome values in the absence of strong causal evidence around the effectiveness of interventions is to reduce the amount of social value that is assumed to have been generated by an activity by a factor to account for likely 'deadweight'. This effectively seeks to deduct a proportion of the value to account for people going through the activity who would have achieved the positive outcome anyway.

## II. Breadth of values

Social value is a term that has been applied to capture a range of different types of benefits associated with outcomes. Perhaps most saliently for UK public services, the Social Value Act implicitly defines social value as including economic, social and environmental dimensions.<sup>3</sup>

Within the housing sector, HACT has worked with Simetrica to develop the Social Value Bank, the largest set of methodologically consistent social values derived using the Wellbeing Valuation approach.<sup>4</sup> The first version of the Social Value Bank focussed on valuing outcomes associated with community investment, but the Wellbeing Valuation Approach can in principle be applied to any type of outcome that has an impact on subjective wellbeing (subject to data availability constraints). HACT and Simetrica have recently published further wellbeing values related to the alleviation of homelessness<sup>5</sup>, and the approach could be used across any area of a social housing provider's activity, such as housing management and maintenance, the supply of new homes, or other commercial operations. Where a consistent approach can be used to value diverse outcomes, the potential to undertake direct comparison of activity across an organisation is enhanced.

Whilst the creation of the Social Value Bank has permitted the social housing sector to take a large step forward in assessing the value of the outcomes associated with its activities, it is focused on a particular type of value: the wellbeing benefits accruing to individuals. This is an important benefit domain to consider, but it is clearly not the only way in which the outcomes organisations are trying to achieve could be of value. Any substantial social housing provider's activities will be aiming to contribute to outcomes that are valuable in a range of different ways, certainly encompassing the environmental and economic domains laid out by the Social Value Act, but potentially also further value beyond even these.

## III. Breadth of activities

Not only do social housing providers seek outcomes that generate a broad range of values, they also conduct a broad range of activities in pursuit of those outcomes. All bar the smallest housing

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<sup>3</sup> The Public Services (Social Value) Act 2012, known as the Social Value Act, requires consideration in procurement exercises of "[the potential to] improve the economic, social and environmental well-being of the relevant area".

<sup>4</sup> Trotter, L., Vine, J., Leach, M., Fujiwara, D., 2014. Measuring the Social Impact of Community Investment: A Guide to using the Wellbeing Valuation Approach. HACT, London. <http://www.hact.org.uk/measuring-social-impact-community-investment-guide-using-wellbeing-valuation-approach>

<sup>5</sup> Fujiwara, D., Vine, J., 2015. The Wellbeing Value of Tackling Homelessness: Identifying the impact on life satisfaction using the Journeys Home dataset. HACT, London. <http://www.hact.org.uk/sites/default/files/uploads/Archives/2015/9/Homelessness%20and%20wellbeing%20analysis.pdf>

providers have at least some diversification in the range of activities they undertake to deliver different aspects of these values.

The diversification of activity of a housing provider might be within housing: as well as their landlord functions, letting out existing properties, many housing providers contribute to new housing supply. Often even the landlord function will be differentiated, with quite different delivery (and potentially different valuable outcomes) between, say, General Needs housing and various forms of supported housing.

Beyond their housing functions, most social housing providers undertake Community Investment activity, with a total spend in the sector of hundreds of millions of pounds per year.<sup>6</sup>

Some housing providers are active in care and support. Others are developing health-focused roles.<sup>7</sup> Yet others have subsidiaries that were established or acquired with a principal focus on generating a financial return to the business for reinvestment in the core socially beneficial aspects of the organisation.

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<sup>6</sup> National Housing Federation, 2012. Building Futures: Neighbourhood Audit summary and key findings. <https://www.housing.org.uk/get-involved/neighbourhood-audit/>

<sup>7</sup> HACT is a signatory to the *Memorandum of Understanding (MoU) to support joint action on improving health through the home* and is part of the Housing and Health collaboration, which works to forge links between social housing providers and healthcare services. For more information see <http://www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/MOU%20project%20final%20Dec%2014.pdf> and <http://housingandhealth.org/>

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## IV. A matrix visualisation approach

To visualise the interplay between the different activities of social housing providers and their different potential impacts, it is proposed that it is helpful to view them as a matrix:

	<b>Wellbeing of individual beneficiaries</b>	<b>Environmental benefits</b>	<b>Financial impact on individual beneficiaries</b>	<b>Financial impact on the organisation</b>	<b>Savings to national or local government</b>	
<b>Landlord function (existing homes)</b>						.....
General needs						
Supported housing						
<b>Supply of new homes</b>						
<b>Care and support</b>						
<b>Community Investment</b>						
<b>Commercial subsidiaries</b>						

Note that both the domains of value and the areas of activity in the above matrix are indicative rather than exhaustive. The areas of activity could be conceptually subdivided where this helps to identify the specific relevant values, for example creating a row for each commercial subsidiary, dividing different types of housing provision, or creating specific rows for responsive repairs and planned maintenance, if any of these are likely to deliver different patterns of valuable outcomes. The consideration of the different domains of value that can be measured is analogous to the approach in economic evaluation of establishing a 'perspective' – i.e., defining which costs and benefits are within the scope of the evaluation.

A key potential use of the matrix is to encourage consideration of the possibility of value being generated in any cell. Community investment activity might be focused on delivering socially valuable outcomes to beneficiaries in a neighbourhood, but it might also deliver some benefits to the bottom line of the organisation.<sup>8</sup> A commercial subsidiary might have been acquired to generate a financial return to the bottom line, but it could be delivering socially valuable outcomes (or could be reconfigured to do so alongside its financial return).

## V. Identifying the domains of value

In order to be useful as a tool for housing providers and others to consider the value that they would achieve where their activities contribute to particular outcomes, it is only necessary to identify a set of reasonable domains in which value could be generated and in which it can be measured or estimated. At this level the matrix would already be useful in increasing the visibility and awareness of different potential values.

Whilst the list of domains shown in the above matrix may form a plausible starting point, the ultimate set of domains should ideally be developed in discussion with a range of housing providers and other stakeholders to ensure that the relevant domains are captured and prioritised. Further domains that might reasonably be considered for inclusion, and which would need to be appropriately assessed for suitability, might include the impact on deprived local economies, health impacts, employee wellbeing, and knowledge generation.

It seems likely that, having gathered data to establish values in various domains, organisations will wish to combine and compare these. Doing this in a rigorous fashion would require an additional degree of care to be taken over the selection and definition of domains. Specifically, in order to avoid double counting the domains should be defined so as to be **mutually exclusive**: an impact that is valued in one domain should not also be counted in another. This does not prevent the same *outcome* being valuable in multiple domains. Take, for example, a person's increased income on gaining a job. A robust definition of this would seek to account for the fact that the salary income is likely to be partially offset by an increase in tax outgoings and/or a reduction in social security payments. That withdrawal could, however, be separately counted in a domain measuring savings to government. In effect, the salary income could be counted in whole, but split between two domains.

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<sup>8</sup> HACT is currently exploring this relationship with a data-driven research project. For more information see: <http://www.hact.org.uk/research-community-investment>

(In this example the same outcome may also be valuable in other domains, such as the uplift in wellbeing achieved when a person moves from unemployment to employment.)

Mutual exclusivity in categorisation processes is often accompanied by a requirement for being **collectively exhaustive** (together known as the MECE principle). In the case of establishing domains of value, an exhaustive set might be an ultimate aspiration, but should not be viewed as an absolute requirement or a constraint on progress. At every step, as organisations become more able to consider more domains of value, for outcomes related to more of their activity, the knowledge upon which they can base decisions grows.

## VI. Next steps

The matrix visualisation approach provides a potential framework for considering the value that a social housing provider might generate. In order to realise this potential, work could be undertaken in the following broad areas:

- **Increasing the number of outcomes valued using the Wellbeing Valuation Approach.** The social housing sector appears to be standardising on the Wellbeing Valuation Approach as its method for assessing the social value of various outcomes in terms of the effect on individuals' subjective wellbeing. By generating more values using the same methodology, the ability of the sector to use a consistent approach, at least within one domain, will be further enhanced.
- **Identifying the most relevant domains of value.** Building up a set of domains that captures the range of types of value that social housing providers' activities are intended to achieve, and defined such that they do not lead to double counting, or to important impacts being missed.
- **Selecting or developing valuation approaches for each domain.** Alongside the Wellbeing Valuation Approach for impact on individuals, standardising on appropriate, robust methodologies in other domains would support consistent application of valuation techniques across the sector.
- **Generation of values in new domains.** Once methodologies have been selected they can be deployed to generate values that can be used to assess the value in that domain of various outcomes that might be achieved by organisations' activities.
- **Developing and evaluating the use of the matrix in practice.** Examining the potential of the matrix as a useful tool to support decision-making and visibility of value generation in organisations. Considering whether particular ways of deploying the matrix, such as providing charts that visualise the values per row, enhance its use.

The development of the ability of the sector to assess the value it might contribute to in various domains need not be undertaken sequentially: work could proceed on identifying methodologies and valuing outcomes in other domains whilst we continue to increase the number of outcomes valued using the Wellbeing Valuation Approach, for example.

Whilst ‘completing’ the matrix, and placing a value on each outcome in each domain might seem both compelling and daunting, partial coverage is still very useful. As the values of additional outcomes are understood in more domains, the ability of the sector to use that knowledge to inform strategic decisions about resource allocations will be enhanced. The current Social Value Bank, for example, already provides highly useful insights for organisations that are considering how to allocate scarce community investment resources, such that the achievement of outcomes might maximise the social value created, even if that cannot – yet – be compared directly with the social value of other outcomes across a social housing provider’s business.

If you are interested in exploring this work further, email [jim.vine@hact.org.uk](mailto:jim.vine@hact.org.uk).

## Appendix A. Alternative orientation of the matrix visualisation approach

The matrix could be presented either way round. It would be helpful to investigate with potential users which orientation better supports them in understanding the values of their work.

	Landlord function (existing homes)		Supply of new homes	Care and support	Community Investment	Commercial subsidiaries
	General needs	Supported housing...				
<b>Wellbeing of individual beneficiaries</b>						
<b>Environmental benefits</b>						
<b>Financial impact on individual beneficiaries</b>						
<b>Financial impact on the organisation</b>						
<b>Savings to national or local government</b>						