



Social Return on Investment of Very Sheltered Housing

Briefing report

October 2011

Summary

Envoy Partnership has conducted a Social Return on Investment (SROI) study to examine the *value for money* of Very Sheltered Housing for older people provided by **Bield**, **Hanover** and **Trust** housing associations. The study finds that this service plays a key role in the Scottish Government's programme for "shifting the balance of care"ⁱ away from care homes and hospitals. The study also demonstrates that Very Sheltered Housing has a fundamental role in "re-shaping care for older people"ⁱⁱⁱ through reducing waste and reducing long-term costs, whilst improving the well-being and independence of older people.

The study finds that Very Sheltered Housing provision helps avoid or reduce the need for older people to move into care homes, and generates a number of well-being benefits for tenants that are superior to benefits offered by residential care homes. In addition, it generates additional savings and value to the Scottish Government's health and social care budget.

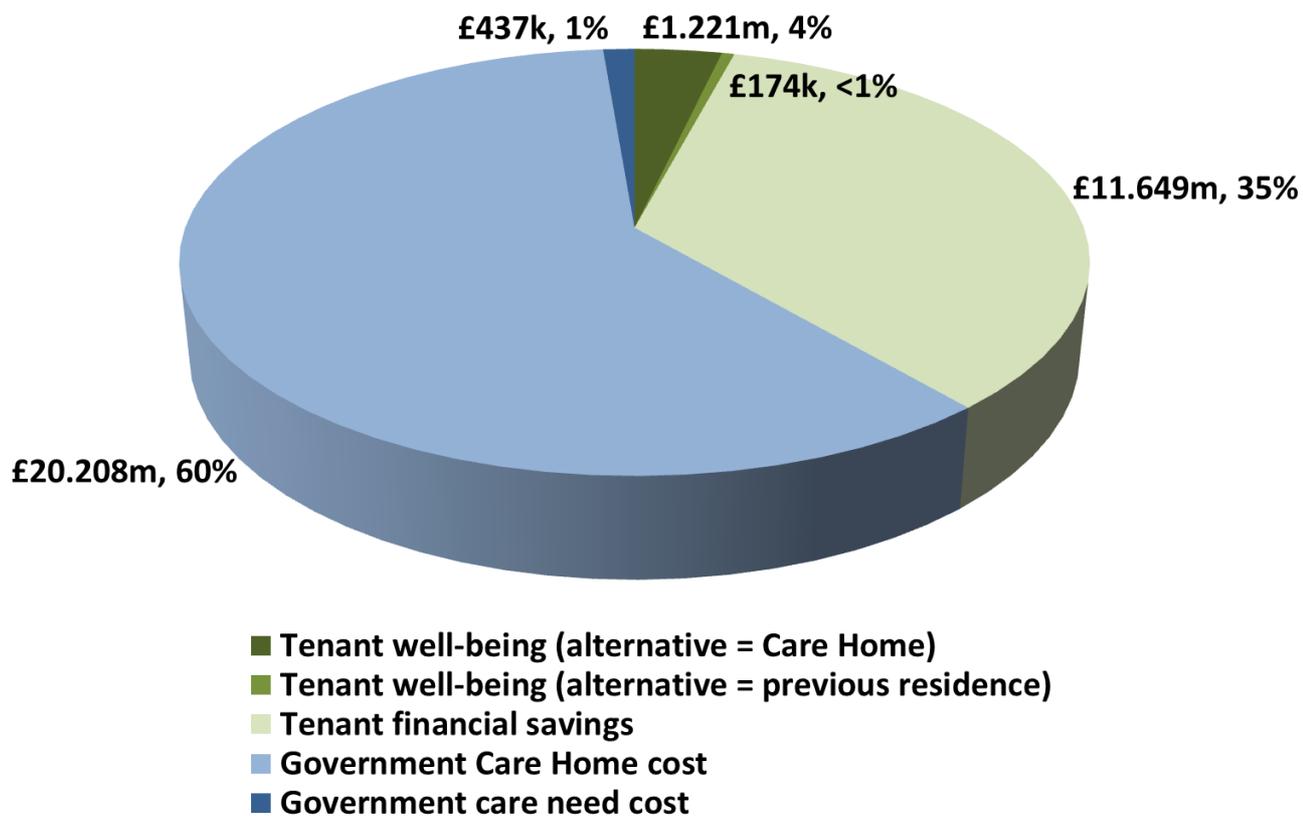
Existing research demonstrates that increased levels of independence, well-being, and social interaction are likely to lead to maintained or improved levels of cognitive functioningⁱⁱⁱ. This can have a significant long-term impact on the health and even life expectancy^{iv} of tenants. It may also enable tenants to make a more significant social and economic contribution to their local community.

From the analysis of Bield, Hanover, and Trust developments, nearly £18.3 million invested in their Very Sheltered Housing leads to the creation of over £33.7 million of value, as follows:

- Over £20 million in reduced Care Home costs for the government, equivalent to the cost of nearly 935,000 hours of home care^v
- Over £11.5 million in reduced Care Home costs for tenants
- Over £400,000 in reduced care need cost
- Well-being benefits to tenants, such as independence, confidence, autonomy and relationships, which can be valued at nearly £1.4 million

As a result, the study finds that every £1 invested in Very Sheltered Housing creates a total *Social Return* of between £1.50 and £2.00. Figure 1 shows the breakdown of this value.

Figure 1: Total Attributable Value Created by Very Sheltered Housing



Background

There is a significant evidence base to demonstrate that increased levels of independence, well-being, control and social interaction are likely to lead to maintained or enhanced levels of cognitive functioning^{vi}. This can have a significant long-term impact on the health and even life expectancy^{vii} of tenants. It underpins the Scottish Government's programmes for "Shifting the Balance of Care" away from Care Home and hospital settings and "Re-Shaping Care" with a focus on prevention and re-enablement in care support.

Very Sheltered Housing consists of self-contained flats or houses for frail older people that need regular care and support. A particular aim of Very Sheltered Housing^{viii} is to help avoid the need for frail or vulnerable older people to move into Care Homes, especially if they are unable to live in their own home but a Care Home would be inappropriate for them. It enables greater independence, control and autonomy than they are likely to get in a Care Home.

The study is focused on outcomes and benefits from Bield, Hanover and Trust developments. It shows that Very Sheltered Housing provided by the three housing associations are closely aligned with the Scottish Government's "Re-shaping care" focus on re-ablement^{ix}, because the service can maintain and improve levels of independence, dignity, well-being, control and autonomy.

According to the Scottish Government's "Review of Sheltered Housing in Scotland" (2008), 85% of the approximate total of 4,000 Very Sheltered or "extra care home" units available in Scotland are owned by housing associations, with a reducing proportion provided by local authorities. The general view (depending on the views of local authorities or housing associations) is that overall demand for Very Sheltered Housing and Extra Care Housing will increase rather than decrease over the next five to ten years.

A brief analysis of Scottish Government's population statistics shows that the over 65 population is projected to rise by 21% between 2006 and 2016. The over 85 age group is projected to increase 38% by 2016, and by 144% in 2031 - almost two and a half times the number today^x.

The substantial five to ten year growth projection of an ageing *and longer-living* population is a strong indication that supply, quality and capacity for Very Sheltered Housing will need to grow. Providers will need to balance this with the aspirations of older people, who are rightly having more say about remaining in their communities for as long as possible, living with independence and control, yet supported by personalised care packages that "do not feel like care that is intrusive"^{xi}.

Benefits of Very Sheltered Housing

Very Sheltered Housing consists of self-contained flats or houses for frail older people that need regular care and support. This study is focused on outcomes and benefits from Bield, Hanover and Trust developments. Although the provision and quality of Very Sheltered Housing varies between all providers, (for example in size and design of the properties) the average cost to live there is around £11,000 per property per year.

Qualitative and quantitative research conducted for this study with tenants, their family members, and management and support staff at the developments identified a range of benefits that arise from Very Sheltered Housing.

- In most cases, the consensus was that tenants would need Care Home provision were it not for Very Sheltered Housing. In a few cases tenants might have been able to remain in their previous home with support.
- Most felt that Very Sheltered Housing enabled greater levels of independence, autonomy, and well-being than other alternatives, and allowed greater access to friends and family.
- Furthermore, the support provided by Very Sheltered Housing reduced stress and anxiety among family members (who felt reassured that their family member was well looked after).

The study finds that the benefits of Very Sheltered Housing are:

- A reduction in the need for Care Home provision worth £19,000 per tenant. The Scottish Government would likely have paid for approximately 63% of this
- Greater levels of confidence, independence, autonomy, and relationships with friends and family than would be the case in alternative residential settings
- A reduction in the need for care of 63 hours a year for each tenant who would otherwise have been in their previous home, with a cost saving of approximately £1,300
- Peace of mind for tenants' families, which reduces levels of anxiety and reduced emotional stress^{xii}
- Very Sheltered Housing can assist agencies meet the needs of the client groups – and this helps to stretch staff resources and budgets further

Care Home Provision

The Scottish Government's most recent data indicates that the annual cost of stay in a care home is £32,893 when it is self-funded, and £26,475 when paid for by a local authority.^{xiii} However, this potential saving needs to be reduced for this study by £3,800 to take account of extra social care provided to tenants while they are in Very Sheltered Housing – a cost which would no longer be necessary once they enter a Care Home.^{xiv}

This study uses the assumption that 80% of Very Sheltered Housing tenants would need Care Home provision if Very Sheltered Housing was not available to meet their needs.^{xv}

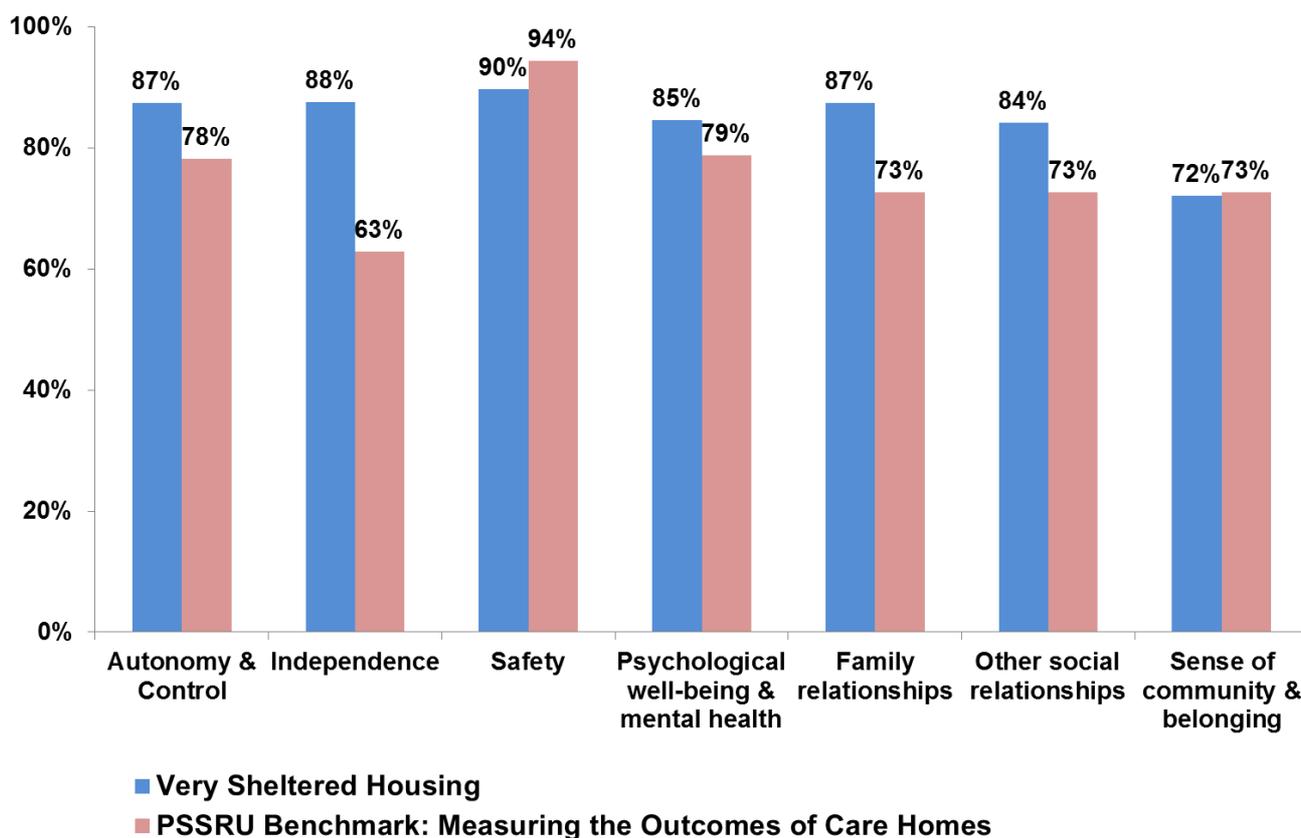
Tenant well-being benefits

Well-being benefits for tenants were calculated in two parts. The change in well-being of tenants who were most likely to have remained in their previous accommodation was calculated through the use of a survey of Very Sheltered Housing tenants. The survey showed that 83% said that living in Very Sheltered Housing made them feel much more or a little more confident, 75% said it made them feel much more or a little more independent, and 52% said it reduced their care need substantially or a little.^{xvi}

The same survey was used to calculate the change in well-being of tenants who would otherwise have to enter a Care Home. The survey asked about tenants' sense of autonomy, independence, safety, overall well-being, quality of relationships with families and with others, and their sense of and importance of community and belonging. Most of the questions were drawn from ASCOT (Adult Social Care Outcomes Toolkit)^{xvii}, although some were also drawn from the National Accounts of Well-being^{xviii}. The survey results were then benchmarked against a PSSRU study on Care Homes to calculate the likely well-being benefits to tenants of remaining in Very Sheltered Housing rather than entering Care Home provision.

Figure 2 shows the comparison with levels of autonomy, independence, safety, well-being and quality relationships in Care Homes. It is worth noting that perceived safety is actually higher in Care Homes and this might be partly accounted for by looking at the reduced sense of independence and autonomy.

Figure 2: Well-being comparison: Very Sheltered Housing & Care Homes



Reduction in Care Need

The survey conducted among Very Sheltered Housing tenants asked about the extent to which Very Sheltered Housing impacted the amount of care they required. The tenants' survey showed that Very Sheltered Housing reduced the care need for 52% of tenants, and the average reduction was 1.2 hours per week. This equates to an average annual saving of £1,350 per tenant.^{xix}

Valuing the benefits of Very Sheltered Housing

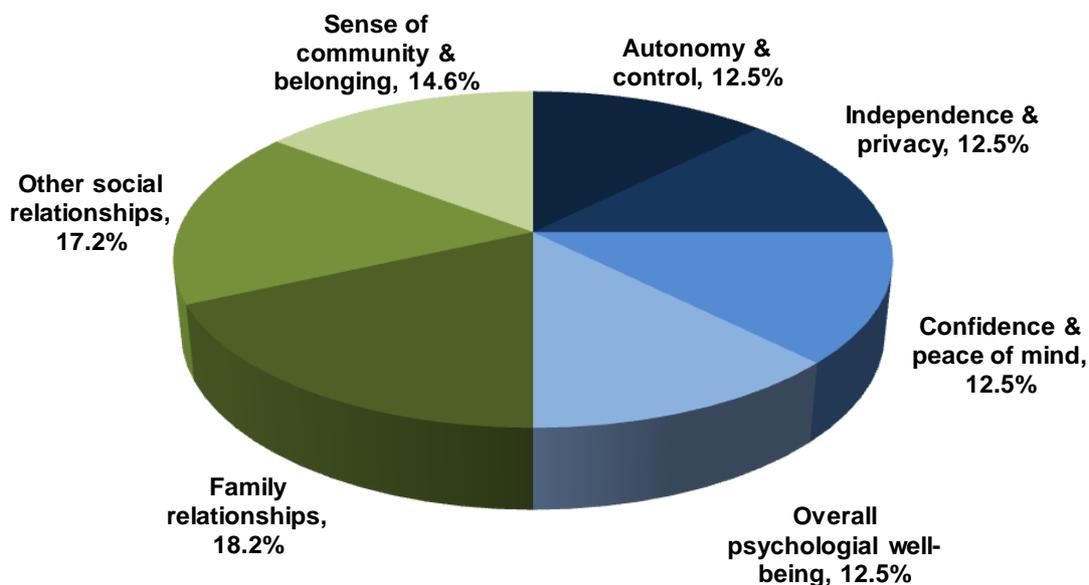
In the study, benefits that arise from reduced use of services, (reduction in social care need, care home requirement, and hospitalisations) have been calculated using government cost data.^{xx}

The well-being benefits to tenants have also been valued as part of the total SROI calculation. Well-being is harder to value than reduction in service use, but the *Centre for Mental Health* has attempted to put a cost on mental illness through the use of QALYs (Quality Adjusted Life Years).^{xxi} Equating well-being with mental health allows a valuation of *overall* well-being of £10,560.^{xxii} The result is divided between different domains of well-being as shown in Figure 3 below^{xxiii}.

Benefits accrued in the future have been discounted by 3.5% for each year, according to Government guidance from HM Treasury.^{xxiv}

Figure 3: Valuing well-being outcomes

Division of value between different domains of well-being

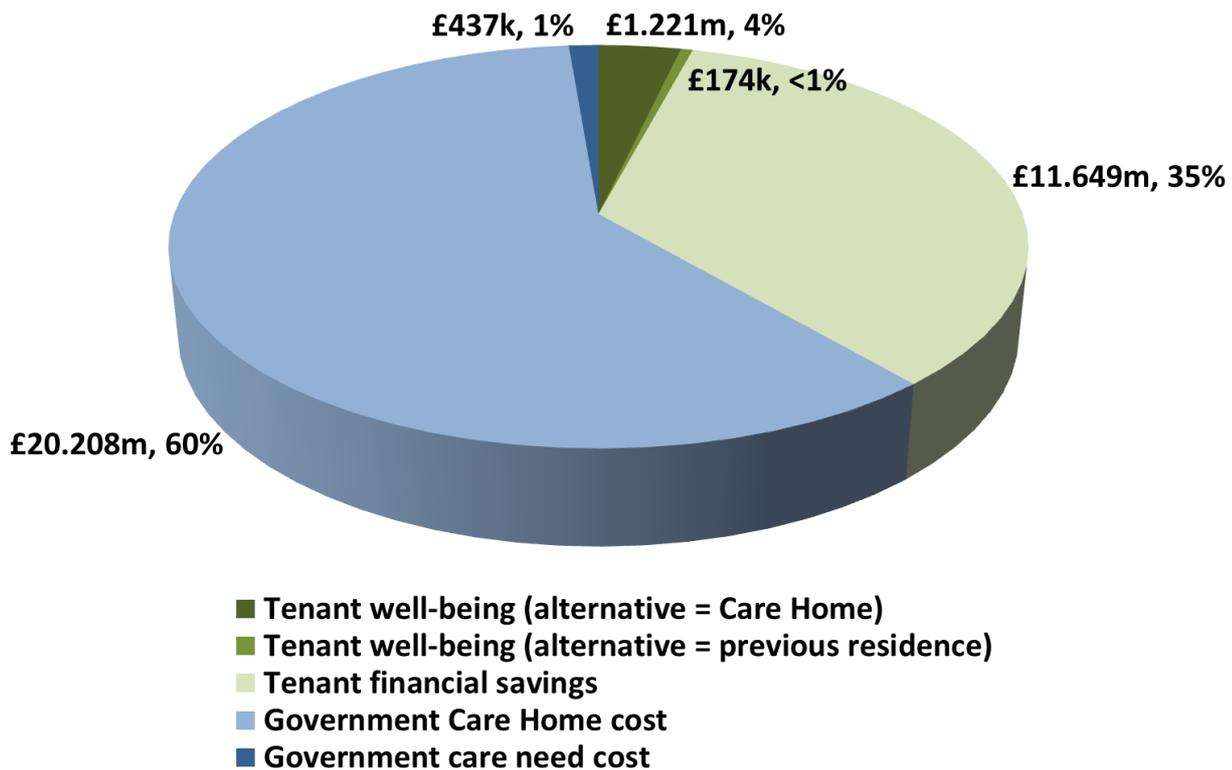


As a result, the study finds that every £1 invested in Very Sheltered Housing creates:

- Benefits to tenants of £0.50 to £1.00 (through improved well-being and reduction in self-funded Care Home cost)
- Savings in Care Home costs to the government of £1.00 to £1.50
- **A total *Social Return* of between £1.50 and £2.00**

The study shows that the combined investment of £18.3 million in Very Sheltered Housing provided by Bield, Hanover, and Trust, leads to a total return of £33.7 million. Figure 4 below shows the breakdown of value between different outcomes.

Figure 4: Total Value Created per year in Very Sheltered Housing (2010)



In summary the study finds that the benefits of Very Sheltered Housing are:

- A reduction in the need for Care Home provision worth £19,000 per tenant. The Scottish Government would likely have paid for approximately 63% of this.
- Greater levels of confidence, independence, autonomy, and relationships with friends and family than would be the case in alternative residential settings
- An overall reduction in the need for care of 63 hours a year per resident for those who would otherwise have been in their previous home, (equating to a cost saving of approximately £1,300)
- Peace of mind for tenants' families, which reduces levels of anxiety and reduced emotional stress^{xxv}
- Very Sheltered Housing can assist agencies meet the needs of the client groups – and this helps to stretch staff resources and budgets further

Summary Recommendations

Very Sheltered Housing usually provides tenants with further social care that presents an additional cost. However, the evidence of this study is that Very Sheltered Housing actually saves substantial sums of money when compared with alternative forms of provision (particularly Care Homes), while at the same time delivering better outcomes for tenants. Existing research on future demand for Very Sheltered Housing is limited. However, an ageing population suggests that demand is likely to go up rather than down.

Key recommendations of this study are that:

- That the Scottish Government, health and social care providers, and housing organisations utilise this evidence to inform their strategy for Very Sheltered Housing within the “Shifting the Balance of Care” context
- That a key part of this strategy be to grant fund the remodelling where appropriate of Sheltered Housing
- That new supply of Very Sheltered Housing be considered
- That the evidence of economic and well-being benefits of Very Sheltered Housing are more widely promoted to older people and their families, and other agencies (including commissioners)
- That a social-value approach is applied more widely to build evidence of the overall quality of specialist housing for older people and the flexibility of alternative services being developed and implemented
- That ways of further integrating Sheltered and Very Sheltered Housing developments as assets within local communities are examined
- That further research is undertaken into Very Sheltered Housing for specific groups where demand is likely to increase in the future (e.g. those with specific health conditions; members of the BME community)

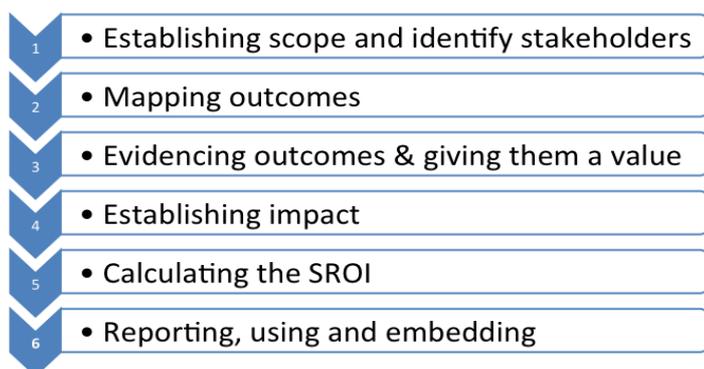
Methodology

SROI is a stakeholder-informed cost-benefit analysis that uses a broader understanding of value for money. It assigns values to social and environmental outcomes as well as economic outcomes, and helps organisations make improved spending decisions^{xxvi}. Its development in the UK has been driven by organisations such as the *new economics foundation* and the *SROI Network*, and has been funded by the UK Office for Civil Society and the Scottish Government (through the *SROI Project*).^{xxvii} It is increasingly used to measure value-for-money and is recommended by the National Audit Office.^{xxviii}

Its successful application to strategic decision-making across a wide range of funding policy areas is evident among organisations in the UK and abroad, including various NHS Trusts, the NHS Institute for Innovation and national housing associations. It has also informed funding decisions for major development projects in heritage and town planning (including a £1.5billion development in Sydney, Australia).^{xxix}

Steps followed in this SROI study draw from the UK Cabinet Office guide and Scottish Government's SROI Project, and are as follows^{xxx}:

SROI Methodology



Examples of financial proxies and costs (such as the use of Quality Adjusted Life Years) and the use of well-being benchmarks (particularly PSSRU Care Home benchmarks), are provided in the endnotes section.

New primary research was carried out for the study as follows:

- Qualitative research carried out at five residences run by the three housing associations in Scotland. 50 interviews were conducted with tenants, family members and staff.
- 482 quantitative surveys of tenants living in Very Sheltered Housing

Endnotes

- ⁱ Scottish Government (2010) *Wider Planning for an Ageing Population*
- ⁱⁱ Scottish Government (2010) *Re-shaping care for older people*
- ⁱⁱⁱ For example, New Economics Foundation, (2009) *National Accounts of Well-being*
- ^{iv} Government Office for Science, (2008) *Foresight Report: Mental Capital and Well-being*
- ^v Hourly cost taken as £21.40. (One hour per week of local authority-organised home care. PSSRU: Unit Costs of Health & Social Care 2010, Page 129).
- ^{vi} For example, New Economics Foundation, (2009) *National Accounts of Well-being*
- ^{vii} Government Office for Science, (2008) *Foresight Report: Mental Capital and Well-being*
- ^{viii} Sheltered and Very Sheltered Housing (also termed as “Extra Care housing”) provide enhanced staff cover and additional welfare checks compared to other forms of non-care home housing for older people; Developments in our analysis consisted of self-contained flats or houses for those who need regular support, 24-hour cover, and onsite communal meal services. They enable tenants to maintain levels of independence, autonomy, and social inclusion than would otherwise be the case.
- ^{ix} Department of Health (2010) *A Vision for Adult Social Care*
- ^x ISD Scotland statistics 2010
- ^{xi} A direct quote from a resident manager from one of the case study developments.
- ^{xii} Families as well as tenants were interviewed as part of the qualitative research, and the survey of tenants asked about family relationships. However, a quantitative survey of family members has not been undertaken, and the positive impact on families identified in the qualitative research has not been quantified and valued in the SROI model.
- ^{xiii} ISD Scotland’s Care Home Census 2010 gives the following costs for provision: Publicly funded long stay residents without nursing care: £465 per week (£24,263 per year), Publicly funded long stay residents with nursing care: £540 per week (£28,176 per year), Self-funding residents without nursing care: £582 per week (£30,367 per year), Self-funding residents with nursing care: £657 per week (£34,281 per year). The Free Personal and Nursing Care statistics published August 2011 show that over the last 5 years around 30 to 31 per cent of long-stay care home residents were self-funders. (See table 1 in www.scotland.gov.uk/Publications/2011/08/30153211/0). The Care Homes Census provides a good estimate of the number of residents who receive nursing care (59% in 2010). The Free Personal and Nursing Care publication shows that 63% of self-funders receive nursing care. It is perhaps not surprising that more self-funders require nursing care than publicly funded residents; this demonstrates that self-funders tend to have higher levels of need before entering a care home. Using these statistics this study uses the following breakdown between the different provision types: public without nursing care: 30%, public with nursing care: 39%, private without nursing care: 11%, private with nursing care: 20%. It should also be noted that care home residents do contribute towards their provision even if they qualify here as publically funded; they contribute all of their pension and other income (less the Personal Expenses Allowance). Breaking down this division is beyond the scope of this study.
- ^{xiv} Current pilot studies being undertaken by the housing associations suggest that the amount of care provided is on average 3.8 hours per week, and for the purposes of this study the hourly cost of care is taken as £21.40. (One hour per week of local authority-organised home care. PSSRU: Unit Costs of Health & Social Care 2010, Page 129)
- ^{xv} Estimating the proportion of Very Sheltered Housing tenants who would be in care homes if Very Sheltered Housing provision were not available is difficult. The proportion of people entering Care Homes would depend on a number of factors such as public investment in extra Care Home provision, changing entry criteria and critical issues in relation to risk. Capgemini research into the UK - *Supporting People Programme* - uses a working assumption that 65% of recipients of the programme’s services would need residential care without Very Sheltered Housing. (Department for Communities and Local Government: *Research into the financial benefits of the Supporting People programme*, London, January 2008 <http://www.communities.gov.uk/documents/housing/pdf/spprogramme.pdf>) Recipients include, among others, young people at risk and homeless people, as well as older people. It is therefore reasonable to assume that the proportion of older people in Very Sheltered Housing that would otherwise need residential care is substantially higher.
- ^{xvi} To avoid danger of over claiming, the study uses the net difference between a) those answering much more confident / independent and substantially reduced care need, and b) those answering much less confident / independent and substantially increased their care need. The result is a 28% increase in confidence, 23% increase in independence, and 3% increase in privacy arising from reduced care need.
- ^{xvii} Published by PSSRU www.pssru.ac.uk/ascot/
- ^{xviii} new economics foundation, www.nationalaccountsofwellbeing.org
- ^{xix} Hourly cost taken as £21.40. (One hour per week of local authority-organised home care. PSSRU: Unit Costs of Health & Social Care 2010, Page 129).

^{xx} Throughout the study *unit costs* have been used (i.e. the cost of providing one unit of a service), rather than *marginal costs* (the actual cost saving that arises through a reduction in service usage of one unit). Data for marginal costs is rarely available, and in any case the *unit cost* better represents the *value* to the government of reduced service use. However this does mean that values reflect the freeing up of government resources as well as actual cashable savings.

^{xxi} Centre for Mental Health, *The economic and social costs of mental illness*, June 03, updated October 10

^{xxii} The report looks at the average loss of health status in QALYs from a level 3 mental health problem, i.e. severe problem, (0.352 QALYs) and values this by using the NICE (National Institute for Health and Clinical Excellence) *cost effectiveness* threshold of £30,000 per QALY.

^{xxiii} Overall well-being is divided evenly into *Personal* and *social* well-being, which is the approach taken in the *National Accounts of Well-being*. Personal well-being is further sub-divided evenly into the different domains, but the division of social well-being is weighted according to responses from the tenants survey about the importance of the different domains.

^{xxiv} See: London: TSO, *GREEN BOOK: Appraisal and Evaluation in Central Government*, Updated July 2011, page 26: "The discount rate is used to convert all costs and benefits to 'present values', so that they can be compared. The recommended discount rate is 3.5%. Calculating the present value of the differences between the streams of costs and benefits provides the net present value (NPV) of an option. The NPV is the primary criterion for deciding whether government action can be justified." www.hm-treasury.gov.uk/d/green_book_complete.pdf

^{xxv} Families as well as tenants were interviewed as part of the qualitative research, and the survey of tenants asked about family relationships. However, a quantitative survey of family members has not been undertaken, and the positive impact on families identified in the qualitative research has not been quantified and valued in the SROI model.

^{xxvi} For more information see the SROI guide, published by the UK Cabinet Office, and available here: http://www.thesroinetwork.org/publications/doc_download/51-sroi-guide-2009-for-printing-out

^{xxvii} <http://www.socialimpactscotland.org.uk/about/-sroi-project-.aspx>

^{xxviii} See:

www.nao.org.uk/sectors/civil_society/successful_commissioning/successful_commissioning/general_principles/value_for_money/vfm_and_tsos.aspx

^{xxix} Barangaroo Development Authority Sydney Australia (www.barangaroo.com)

^{xxx} For more details see www.thesroinetwork.org/sroi-analysis/the-sroi-guide