Delivery and funding of housing support in Scotland - assessing costs and benefits of typical services

Executive Summary

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Prof Vikki McCall is Professor of Social Policy and Housing at the University of Stirling. Her work focuses on Housing and Ageing and she is leading three major programmes exploring housing and health integration through the lens of an ageing population. Other work has included extensive research on the role of front-line workers, users and volunteers and the policy process. This has included exploring front-line worker discretion, interpretations, activities and actions. Part of this work has been around bridging the gap between policy and practice.

Dr Michael Marshall is a Research Associate in the School of Geography and Planning at the University of Sheffield. He completed his PhD at the University of Sheffield and his thesis was on the financialisation of English housing associations. His research is on housing policy and inequalities, and the decarbonisation of the built environment.

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Dr Frances Harkin is Head of Services at HACT (Housing Associations' Charitable Trust). She oversees the design and delivery of HACT's research and consultancy services for customers across the UK housing sector, built environment, health and social care and charity organisations. Her areas of expertise include supporting organisations to develop and embed social value strategies, measure the impact of their activities and utilise HACT's social value banks in practice. Key projects that Frances has led on at HACT include longitudinal studies with Shelter to measure the social value of social rent homes, evaluations of community interventions delivered by housing associations and development of social value frameworks for Councils.

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Executive Summary

This is the final report of a two-stage project carried out by the UK Collaborative Centre for Housing Evidence (CaCHE), the University of Stirling, and HACT. The study explores the funding, delivery, and preventative (i.e. avoided costs and/or wellbeing) net benefits of key elements of housing support in Scotland. Commissioning partners sought to understand the extent to which housing support offers cost-effective solutions with positive outcomes - both for people who use services and for public finances.

What did we do?

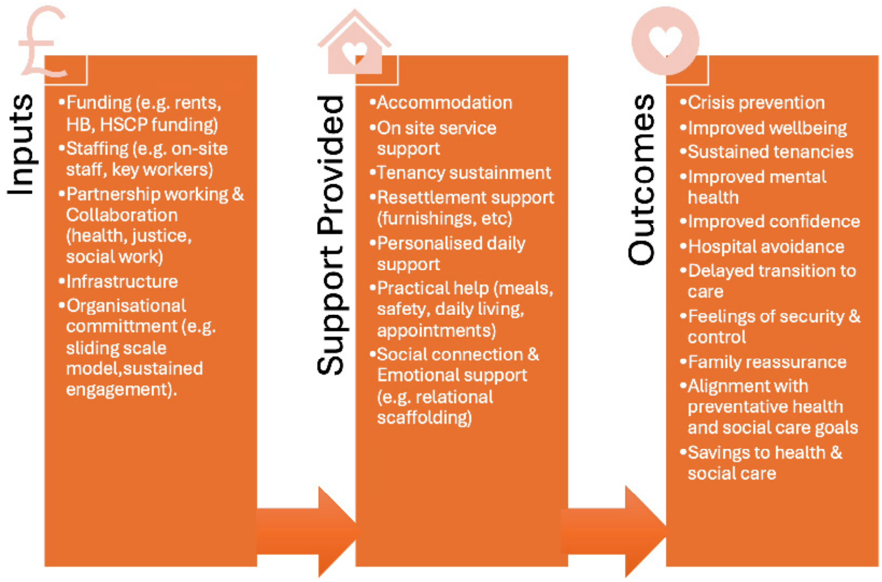
We first updated our 2023 evidence review to reflect new research on the financial and social value of housing support. Building in a wider mapping exercise conducted in 2024, we then examined two case studies in-depth - Hanover's accommodation-based very sheltered housing for older people, and Frontline Fife's tenancy sustainment service for people at risk of homelessness. For each, we undertook an economic analysis to estimate delivery costs, potential benefits, and the resulting net value.

What did we find?

For Hanover, the analysis was based on their own costs and avoided costs (i.e. benefits) taken from recent research by Homes England on the financial benefits of Housing Support. This included calculations of the cost per occupant for delivering very sheltered housing, the non-discounted benefits from Homes England (2024), and the discounted benefits based upon our analysis of Hanover's occupancy data[1]. In total we estimate the total net benefit to be £1.35million annually. This translates to a net benefit of £4,687 per service user. And a ratio of cost to benefit of £1: £4.85.

For Frontline Fife's tenancy sustainment project (STHS) and adopting HACT's wellbeing analysis from its social impact value databank, we were able to calculate the average net benefit and the ratio of cost to benefit. Specifically, we calculated the cost per service user using the total six-monthly costs and total number of service users, which is £593.94. We subtracted this from the average gross benefit among sampled service users to calculate the average net benefit per service user, which we estimated at £7,057.69. Finally, we divided the average net benefit per sampled service user by the cost per service user to calculate the ratio of cost to benefit. We estimate that for every £1 of investment, STHS produces £12.88 of social value.

The diagram below summarises the cost–benefit pathways identified in our two case studies. While Hanover's model centres on accommodation-based support for older people and Frontline Fife focuses on tenancy sustainment for people at risk of homelessness, both demonstrate a similar flow of value: targeted support activities lead to measurable outcomes such as improved wellbeing, sustained tenancies, and reduced strain on public services. These case studies show that despite their differences, housing support services share a common logic, transforming modest investments into significant individual and societal benefits.



How Housing Support Translates Inputs Into Tangible Value

1 Discounting is a standard feature of multi period cost benefit analysis. It refers to flows of e.g. benefits that cover multiple years into the future needing to be reduced on a consistent basis to reflect the fact that the promise of receiving them in the future is worth less than having them now. This does not apply to short run costs and benefits that only cover the current or most recent period.

As the diagram illustrates, housing support transforms relatively modest inputs into a wide range of individual and societal benefits. These benefits are often undervalued in current policy and commissioning decisions but show a clear value in terms of investment. The conclusion that follows draws out the implications of these findings for different stakeholders.

What insights and implications did we identify?

We found large net financial benefits, standardised by a measure of benefit per pound of cost. The two projects generated large net returns on this basis that align with the intuition and expectation of many of the professionals in the sector we have worked with across this and previous related projects. While we would be cautious about over-generalising from two observations, we note that they were drawn as examples of common policies widely used in Scotland. We also stress that our approach is pragmatic and conservative and should be considered likely underestimates of net benefit in important different respects.

We conclude that the sector ought to use this new research to help make the case for greater support and encouragement for housing support in the vital roles that it plays for people and to make housing and welfare solutions stick. Building on our earlier work, this reinforces the need to make clearer pathways by which housing support is funded and delivered much more explicitly and transparent as a public policy expenditure choice, and to stress the need for further investment to support its critical preventative role in delivering on many Government and widely held societal objectives.

What do we recommend?

We recommend that providers build capacity to routinely collect simple service user data (e.g. wellbeing surveys) to support low-cost impact evaluations. We also call for national work to develop up-to-date, robust measures of avoided costs across sectors, strengthening the evidence base for investment in housing support as core social infrastructure.