

Economic impact report

ASTER
GROUP



2022



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Introduction

Considering how extraordinary the past two years have been thanks to COVID-19, it feels like an appropriate time for a temperature check on the social and economic impact of our organisation.

It is well documented that we are in the midst of a cost-of-living crisis. House prices are as far-removed from what normal people earn as I can ever recall, and global material shortages have made delivering homes, affordable or otherwise, increasingly challenging. In this environment, the economic and social benefit that we deliver as an organisation that supports tens of thousands of social and affordable housing customers, has never been more important.

The following report is a repeat of an **exercise we last shared in 2019** that seeks to quantify exactly what that benefit looks like, delving deeper than simply the number of houses we build or the number of people living in them.

To do this, we have partnered with Development Economics – a research agency that specialises in calculating the wider impression a business or, in our case, housing association makes on the UK economy. Its team of analysts have compiled the research cited in this document entirely independently, using Development Economics' own proprietary methodology.

Since our last Impact report, Aster has evolved as an organisation. We've merged with two smaller associations, East Boro Housing Trust (EBHT) and Central and Cecil Housing Trust (C&C), both of which will help us build more homes and enhance our customer service offering. Our chief operating officer, Emma O'Shea joined us in 2020 and is spearheading an ongoing transformation in how we manage and maintain our customers' homes and respond when they flag issues to us.

Our vision is that
Everyone
has a **home**

We became one of the first associations in the UK to issue a sustainability bond in 2021, which is now funding socially and environmentally sustainable development projects. You can read more about how these funds have been maximised in our Sustainability bonds Allocation and Impact Report on the Investment Centre section of our website. Underpinning this is our **ESG report**, which sets out our commitments to continuously improve our social and environmental sustainability credentials.

The Aster Foundation, which oversees our wider work in communities beyond building and managing homes, has become an officially registered charity. It also launched one of Aster's most exciting initiatives – our social enterprise incubator, **inc.**, which is supporting talented and forward-thinking entrepreneurs to turn their visions into fully fledged businesses that benefit society.

But this evolution aside, I believe the fundamental principle that guides our organisation remains the same. Ultimately, we are here to fulfill a social purpose, to improve the communities that we operate in and do our part to ensure everyone in the UK has a home.

This report is an honest and, I hope, insightful measurement of how Aster is performing against these objectives.

Thank you.



Bjorn Howard
Group chief executive officer

About this report

Development Economics, a consultancy specialising in measuring the economic impact of organisations, used data on our turnover, profit, salaries and employment levels for the financial year 2020 / 2021, alongside information on our procurement activity, to understand our impact across the UK.

Using this information, Development Economics has calculated the following for the two key parts of our business – our work managing and maintaining our social housing portfolio and our delivery of new homes:

- **The Gross Value Added (GVA) it contributed to the UK economy in 2020 / 2021**
- **The total number of jobs created – both direct and indirect.**

Development Economics' methodology for calculating the impact of construction activity is the same as the one used by Homes England. Its approach to measuring the impact of day-to-day management activity is based on conventions set out by the Office of National Statistics.

To evolve the report beyond the 2019 iteration, Development Economics has also collated information on our investment in our people, sustainability and the wider community work done through our charitable arm, the Aster Foundation.

Where possible, this investment has been quantified using relevant metrics – e.g. tonnes of carbon saved for sustainability, and the number of people supported through community work.

All the figures in this report have been rounded by one decimal place and, as such, totals and subtotals displayed in this report may not correlate precisely.

Background to Development Economics

Development Economics Ltd is an independent consultancy providing research, analysis and advice for corporate, public and third sector clients. Services provided include economic, demographic and social research, and the production of reports including economic impact assessments, feasibility studies, demand assessments, skills and labour market studies and funding bids.

Current and recent clients include major international companies including Barclays, RBS, Lloyds Insurance, Scottish Widows, AstraZeneca, O2, McDonalds Restaurants UK, Facebook, Instagram, eBay and Ferrero.

UK Property sector clients include Berkeley Group, Regus, U+I (formerly Development Securities), St Modwen, Gladman Developments and Watkin Jones Group.



“

Living in an affordable home has meant I've been able to stay close to my family. I've been able to stay close to my friends, I've been able to still work locally and be part of the community that I've grown up in my entire life. The fact that it is an affordable home from Aster also means I have security in my life now, knowing that I'm not going to have to go anywhere, and I can work from home. This is just going to be me – this is my home now for good.

”

Rebecca Potter, Aster resident in Chagford

Analysis Customers

Across three national lockdowns, when being at home became the entirety of many people's lives, we knew how important it was to continue investing in the quality of the housing we provide.

Social distancing restrictions made conditions extremely challenging and we were restricted to delivering emergency-only repairs. Despite this backdrop, we invested £54.7 million in 2020 / 2021 in making over 93,000 home visits to carry out maintenance work and enhancements, including external decorations, new kitchens and living room upgrades. Some 85% of those jobs were completed by a trades person employed directly by us.

Despite the challenges of social distancing, we actually increased the speed at which we could respond to requirements for essential works. We introduced a same-day response commitment for customers with heating or water issues, bringing the average waiting time for a visit down by 36%.

In such a difficult economic environment for social housing tenants, we know the support we offer to customers, needs to go beyond just physically upkeeping and improving their homes. Our Into Work scheme connects our residents to local employers and provides access to training, such as digital skills courses, to make them stronger candidates in the job market. In our last financial year, it helped 28 people find jobs, with 71% of those we helped remaining in work for three months or longer.

We also have a dedicated financial wellbeing service that helps customers manage their finances and connects them to the wider network of financial support services available in the UK. This programme helped to reduce the average debt of an Aster customer on universal credit by 27% year-on-year.

These initiatives are all about helping our communities to thrive and require us to have strong links with local groups. The support available differs from place to place so local knowledge and connections are essential to ensuring our customers get the right support in their area.

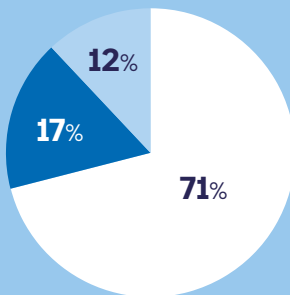
This holistic approach to serving our customers and managing our business means that, according to Development Economics' analysis, our wider economic impact is much higher than the UK average for an organisation that manages and maintains properties.

During 2020 / 2021 Aster directly employed approximately 1,300 people and our property management activities alone created over 750 roles outside our organisation.

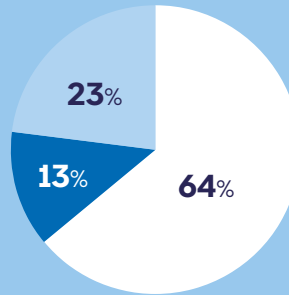
Looking at our financial contribution to the UK economy as whole, Development Economics calculated that our property management activity delivered a direct Gross Value Added (GVA) of £132.7 million, with a further £54.4 million generated indirectly as a result of our work.

1,300
people
employed

£132.7m
gross value
added
(GVA)



● Direct GVA ● Induced GVA ● Indirect GVA



● Direct jobs ● Induced jobs ● Indirect jobs

The total GVA of our property management operations – £187 million – is a 25% increase on our last economic impact assessment in 2019.

	Total		Total
Direct GVA (£m)	132.7	Direct jobs FTEs	1,347
Indirect and induced GVA (£m)	54.4	Indirect and induced jobs FTEs	767
Non-construction activities GVA (£m)	187.0	Non-construction activities jobs FTEs	2,114

Our impact is significantly higher than the national average for a housing organisation, contributing £98,493 of growth to the economy per employee – £10,000 more than the average.

This means the productivity of property management work per employee is 11% higher than the average for our sector.

During our 2020 / 2021 financial year, we built 928 homes, 51% of which were for affordable and social rent, with 37% for shared ownership and 12% for open-market sales.

928
homes built

Analysis New homes

Supply chain challenges, and materials and skills shortages persist across the construction industry, exacerbated by the pandemic. Against this backdrop, it has been vital for social housing providers to find a way to continue to deliver the necessary provision of affordable homes.

Our development strategy is built around the concept that diversity breeds resilience. We use a mix of delivery methods, including Section 106, joint ventures, community land trusts (CLT) and our own land-led programme. This variety enables us to be agile and tailor our approach to suit specific housing needs on the ground, working closely with local authorities, local builders and community stakeholders to ensure the right homes are built in the right places.

Underpinning this approach is a solid financial foundation, as demonstrated by our A+ credit rating – one of the highest in the social housing sector – and strong governance. We hold G1 and V1 governance ratings from the Regulator of Social Housing, underlining the quality of our governance and viability.

During our 2020 / 2021 financial year, we built 928 homes, 51% of which were for affordable and social rent, with 37% for shared ownership and 12% for open-market sales. We build a small proportion of homes for the private market each year so that the profits from those sales can be channelled back into funding our affordable development pipeline. Our aim is to expand our portfolio to over 40,000 homes by 2030, from over 35,000 now, including an additional 5,000 shared ownership homes.

Overall, it is estimated that the direct effects of our activities developing new housing in 2020 / 2021 contributed to a total of £51.4 million in GVA, creating a total 1,191 jobs. This represents a 12% decrease in GVA when compared to 2019, impacted by the slowdown in the construction sector during a 12-month period that included three national lockdowns and severe limitation on site work caused by social distancing restrictions.

	South East	South West	Total
Direct GVA (£m)	18.1	17.6	35.7
Indirect and induced GVA (£m)	8.0	7.8	15.7
Total (£m)	26.0	25.4	51.4

Total GVA from development

	South East	South West	Total
Direct jobs (person years)	336	491	827
Indirect and induced jobs (person years)	148	216	364
Total (person years)	484	707	1,191

Total employment

Source: Development Economics' analysis based on data supplied by Aster Group

Economic Impact Report (EIR) 2022

The case for shared ownership Emma's story

Emma was an existing Aster shared ownership customer when she looked to up-size to a house with a garden and more room for her and her foster children.

Having fallen in love with her local area, Poundbury in Dorset, she began looking through some of our other developments nearby. She finally settled on a three-bed terrace with a garden in the heart of the town.

She was first in line when the property became available. Through working with our mortgage team, she learned that she could afford 60% ownership off the bat – a nice surprise as she didn't think the home of her dreams would be in her price range.



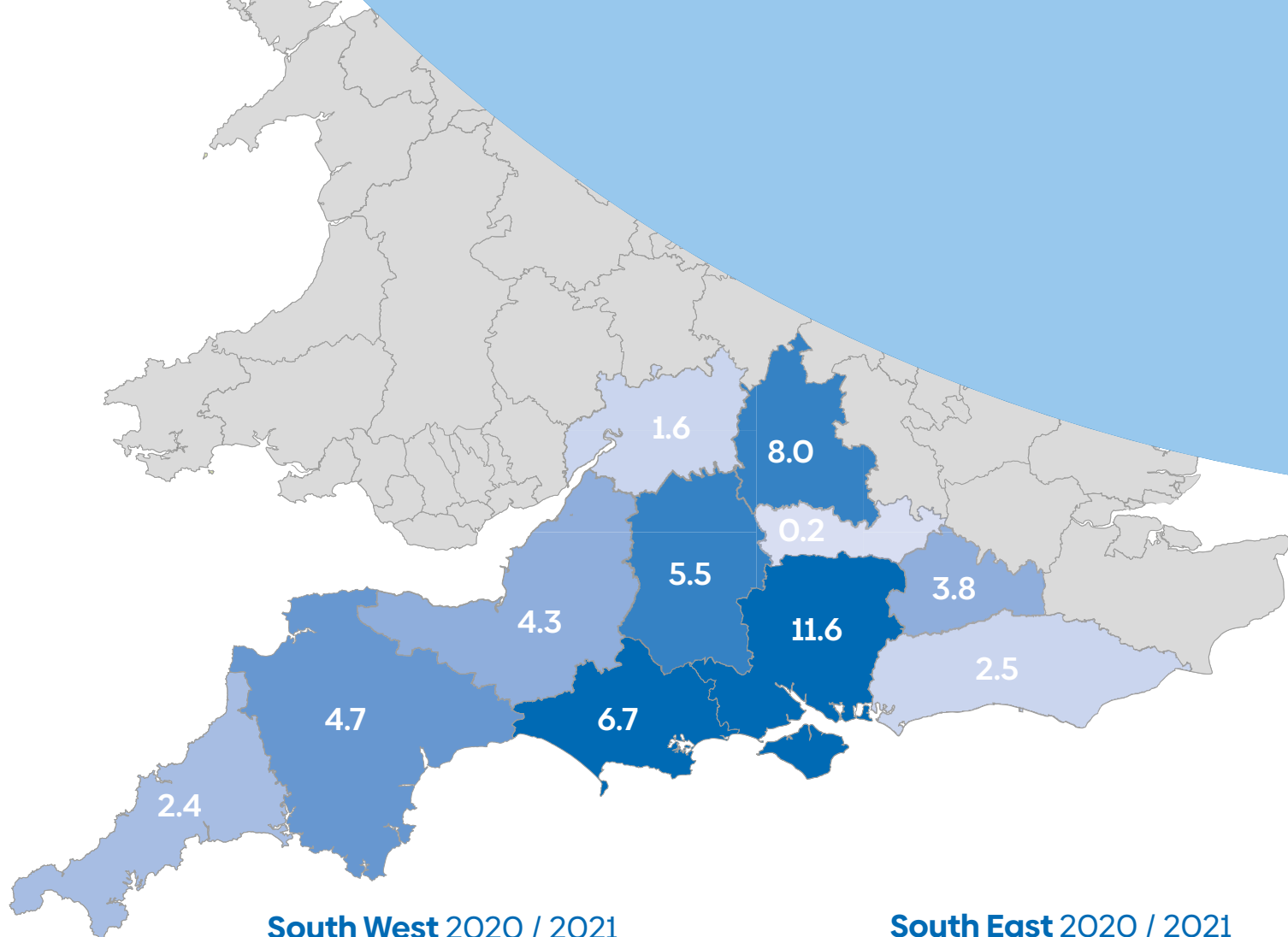
“

I would definitely recommend embarking on a shared ownership journey with Aster. Yes, you have to pay a portion of rent money, but you're also investing a portion of your money in the property. I started with a £15,000 deposit on the two-bedroom flat – I now own 60% of a three-bedroom house.

Looking forward, I do plan to 'staircase' and build up my equity. The aim is to eventually own 100% of my house. I anticipate being here for a long time to come.

”

Emma, shared ownership customer



South West 2020 / 2021

Total GVA: 25.4

South East 2020 / 2021

Total GVA: 26.0

Source: Development Economics' analysis based on data supplied by Aster Group

Regional Economic Impact

Aster is increasing the provision of affordable homes across the South of England, including some of the counties with highest average property prices anywhere in the UK.

South West 2020 / 2021

	Cornwall	Devon	Dorset	Gloucestershire	Somerset	Wiltshire	Total
Overall employment	67	132	187	46	121	154	707

South East 2020 / 2021

	Berkshire	Hampshire	Oxfordshire	Surrey	Sussex	Total
Overall employment	4	216	148	70	46	484

Source: Development Economics' analysis based on data supplied by Aster Group



“

The scale and experience of Aster Group has been a great help to ECLT. We're pleased to have achieved 100% of homes being let to people with a strong local connection, strengthening community bonds. Too many of our young people have had to move away to find affordable housing and now some of them are able to come back. We are pleased that Aster was willing to come on this journey to deliver much needed homes in the area.

”

Tom Low, Eastington CLT Secretary

Case study

Eastington CLT

According to the Community Land Trust Network, the UK's membership organisation for CLTs, 1,144 homes have been built across the country to date, 482 of which were developed by housing associations.

We alone have built 147 CLT homes, demonstrating our commitment to championing, delivering, and helping communities to manage the schemes. We have another 275 CLT homes in our pipeline.

By using CLTs, communities, supported by housing associations, can unlock pockets of land that otherwise may be overlooked because they aren't cost-effective for large developers.

As our CLT development in Eastington, Gloucestershire, shows, these community-led projects are of great value to local areas, giving people control over rent prices and enabling them to ensure the right housing is built in their area.

With the support of Stroud District Council and Homes England, the site has provided 23 new homes for affordable rent in an area blighted by a lack of housing supply and, consequently, high property house prices.

Overall assessment of economic effects

In a challenging economic period, we know our role in our communities is more important than ever. While those challenges have inevitably led to a momentary drop off in development activity, our long-term ambitions on delivering new homes remain the same and it is clear our programme is still delivering hugely positive economic impact.

Delivering more for our customers has become an even greater focus since our last economic impact report in 2019.

This is demonstrated in significant GVA growth for our property management activities, and reflected in our strategic decision to partner with smaller HAs with specialist capabilities that can help us improve our offering.

Combined, our construction and property management operations delivered a total GVA of £238.5 million in 2020 / 2021, a 13% increase on 2019, and 3,305 jobs (one more than in 2019).

	Housing development	Property management and corporate governance	Total
Direct GVA (£m)	35.7	132.7	168.4
Indirect and induced GVA (£m)	15.7	54.4	70.1
Total GVA (£m)	51.4	187.0	238.5

Aster's total annual GVA

	Housing development	Property management and corporate governance	Total
Direct jobs	827	1,347	2,174
Indirect and induced jobs	364	767	1,131
Total jobs	1,191	2,114	3,305

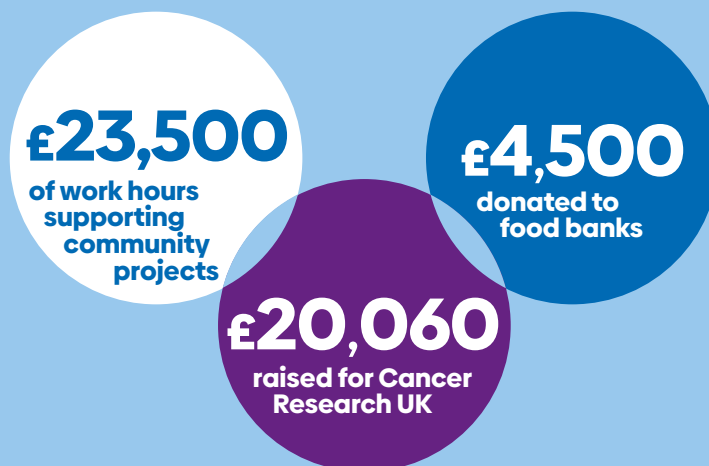
Aster's total jobs



Analysis Communities

The Aster Foundation, which recently became a registered charity, was created in 2016 to ensure our commitment to our social purpose goes beyond just the service we provide to customers, the housing we build, and the affordable homes we own and manage.

During the 2020 / 2021 financial year, Aster colleagues carried out 158 days of volunteering in their local communities through the Foundation. This delivered £23,500 worth of working hours spent supporting community causes, nearly £5,000 raised for local food-banks and over £20,000 for Cancer Research UK.



Driving social innovation through inc.

Our social incubator, **inc.** is part of our effort to develop innovative and sustainable ways to drive change. A disruptor in the community investment space, **inc.** was set up to inspire, connect and enable social entrepreneurs to make a difference across our communities, focussing on areas such as homelessness, mental health, financial wellbeing and employment.

A unique ten-month programme offers a strong core syllabus covering all areas of business development, growth and ethics. Current participants and graduates of the programme have developed new concepts to tackle some of the UK's most acute social challenges including sustainable building materials, digital skills programmes for marginalised communities and artificial intelligence (AI) data gathering software for mental health professionals.

Our class of 2021 has already supported close to 1,500 people with new skills, finding jobs and addressing mental health issues.

inc. case study

Co-Opts

Mental health is one of the most widespread health issues affecting the UK, yet it receives less than 4% of the funding that cancer does and is in the digital dark ages when compared to the technology deployed to tackle physical illness.

Part of our 2022 cohort, Co-Opts, a social enterprise based in London wants to address this imbalance by developing and providing digital tools for mental health clinicians.

Founders, Kevin Flanagan and Jeremy Christy have designed and developed the first set of digital tools to help mental health therapists be more productive. By recording, transcribing, and summarising mental health therapy sessions it's hoped the tools will help therapists to treat more patients and achieve better outcomes. If rolled out nationwide, this would be enough time to treat 400,000 extra patients a year.

Through **inc.** and the Aster Foundation, Co-Opts is turning its concept into a successful business, with access to thousands of customers for market research, and a programme designed to amplify their impact. Once they have completed the programme, Kevin and Jeremy will get the opportunity to meet and pitch to potential investors at the annual dragon's den-style event **inc.** holds for its participants.





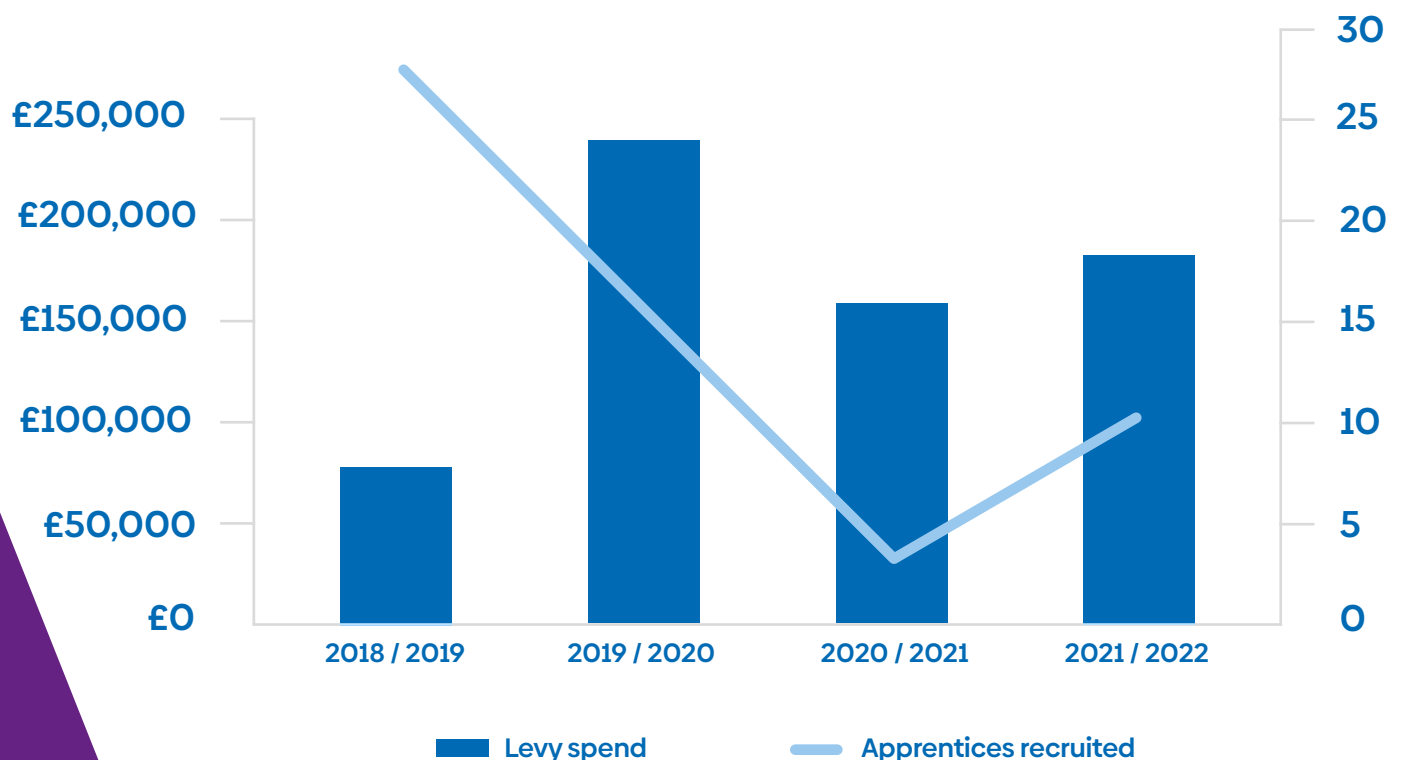
Analysis Colleagues

We recognise it isn't just the work we do, but the way in which we allow our colleagues to work that makes all the difference to their experience and the service they offer to our customers.

For the majority of our colleagues, we offered truly flexible working before the pandemic, including unlimited annual leave, technology to facilitate remote work and giving employees the autonomy to decide on the hours that they work, so that their role can be fulfilled around their lifestyle and family commitments.

Training and development is a fundamental part of our offering as well, demonstrated most of all by our comprehensive apprenticeship programme. We've invested more than £600,000 in training nearly 50 apprentices over the past four years, forming strong partnerships with education providers in our region including Weymouth College and Winchester University.

Our apprenticeships cover roles including construction, building-related trades such as electricians, and customer services.



Apprenticeships at Aster

Claire's story

A former police special constable, Claire from Dorset joined Aster as an apprentice neighbourhood officer, having completed a degree in public services.

The two-year course taught her about operations all across our business and she came out with Chartered Institute of Housing-recognised qualification.

Hard work and passion saw Claire progress quickly, becoming a senior neighbourhood officer and then a manager in our antisocial behaviour team. She has since been nominated for Woman of the Year at the Women in Housing Awards 2022.



I was brought up in social housing so it's a sector that I know and understand the importance of. I wanted to do something where I felt my work really mattered and the role didn't disappoint.

Aster has always rewarded me when I have put myself forward for opportunities. I've had plenty of chances to enhance my knowledge and work with like-minded people who want to come to work to make a difference.

My job is varied, challenging and invaluable to our communities. Going for an apprenticeship at Aster was the best career decision I have made.

Claire, former apprentice, anti-social behaviour service manager





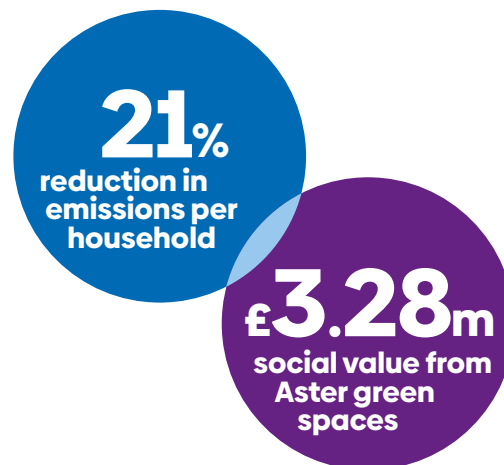
Analysis Sustainability

2021 saw us produce our inaugural ESG report and we became one of the first housing associations in the UK to cost a sustainability bond. This £250 million issuance is helping us deliver more environmentally and socially sustainable homes.

We reduced our emission per home by 21% year-on-year during the 2020 / 2021 financial year, 1,265 tonnes of carbon dioxide – the equivalent of taking over 750 cars off the road every year.

Our programme of improvement work is maintaining and enhancing green assets across our portfolio of homes. This includes, allotments, play areas and green spaces available to community groups and those living in our housing.

According to the Department of Levelling Up, Housing and Communities' methodology for quantifying the impact of well-managed green space, the green assets under our care, generate £3.28m a year in social value.



Aster Solar

Aster Solar is a division within our group that funds, fits and maintains solar panels on homes across our portfolio.

The programme has installed more than 1,000 panels, targeting the older, less energy efficient homes in our stock, as often the older developments haven't benefited from modern, more sustainable materials and construction methods.

Alongside helping us to reduce the carbon footprint of our homes, Aster Solar is saving customers up to £200 a year on electricity.

Case study

Tithe Barn – building a foundation for a sustainable community

Tithe Barn in Monkerton, Exeter forms part of our joint venture with Linden Homes and made use of some developments in sustainable housebuilding at the time of delivery in 2016.

The properties were built to level four of the 'Code for Sustainable Homes'. A district heating network, provided efficient heating via a lower carbon solution, making it more sustainable for the environment. Remote metering technology is also installed in each home to help occupants keep track of their usage.

Across the entire development it was estimated 7,000 tonnes of carbon dioxide would be saved per year.



Key takeaways



Building new homes and supporting customers delivered a total GVA of £238.5 million in 2020 / 2021



Our work contributed to the creation of 3,305 jobs across our communities



We invested £600,000 in apprenticeship training



We generated £3.28m in social value by nurturing green spaces.



Increase of 13% in GVA since 2019



Raised £50,000 for community projects and charities

Closing remarks

Staying the course

The analysis in this report paints a realistic picture of our work to continually increase the benefit we deliver to our communities and, I hope, demonstrates our ability to be greater than the sum of our parts.

An overall uplift in the value we add to the UK economy, despite the intense challenges of the past two years, is testament to the passion, dedication and hard work of my colleagues which I am lucky enough to work with every day. But we must also acknowledge where there is work to do and never use the pandemic, or any economic upheaval, as an excuse to reign in our ambitions to improve and best support our communities. This report identifies what's working and where we can be even better.

That our development programme delivered slightly less economic benefit than in our last impact assessment is, unavoidably, a consequence of COVID-19 and factors we could not control, but it has not changed our long-term goals for delivering affordable housing. Before the pandemic we set ourselves the target of having 40,000 homes in our portfolio by 2030 and that is still our aim.

Equally, the significant growth in the economic impact of our property management and customer services activity does not mean we can taper our efforts in this area. Putting our customers first is at the heart of our strategy and we must constantly look for ways to evolve our offering to them. We're still at the start of the process of fully integrating the two newest members of the Aster Group – C&C and EBHT – and deploying their specialist customer service capabilities across our network will be vital to continuing this work.

Above all, we must acknowledge that assessing a housing association's value should encompass much more than the number of homes it manages and builds, or even the deeper economic measurements included in this report.

These attributes must be complemented by a comprehensive programme of adding social value. For us, that is the Aster Foundation, the wellbeing support we offer to customers and the opportunities we create for aspiring social housing professionals. Without all of these elements, we would only ever be fulfilling a fraction of our social purpose.

I hope that you have found this report informative and interesting.

Thank you.



Bjorn Howard
Group chief executive officer



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