

Business Continuity Survey - May 2020

Welsh housing associations (RSLs)

In March 2020, routine regulatory oversight of RSLs in Wales was paused as was the publication of regulatory judgements. A temporary operating model was implemented focussing on RSL business continuity, health and safety and financial resilience and viability so that RSLs could focus on continuing to provide services during the Covid 19 crisis.

A business continuity survey was introduced in April to provide data on those three areas. As well as regulatory assurance, the data provides valuable insight into how the sector is dealing with the significant challenges posed by Covid19. It also is informing housing policy responses both to the crisis and in the longer term.

Data Returns

Thank you to all RSL teams for your co-operation in meeting our tight deadlines.

37 RSLs were requested to return the survey and 100% did so. The majority responded to all questions but there were a very small number of RSLs which couldn't provide all of the data requested. In addition, some of the questions do not apply to all RSLs (e.g. care questions). Where the data set is less than 37 is noted in the text.

Average, in this context, refers to the average of the responses received. It is not an average for the sector as a whole.

The survey will continue to develop in order to provide better quality data moving forward and a summary of the key findings at the end of May follows which I hope will be of interest.

As always, if you want to discuss any issues or have any questions, please get in touch.

Ian Walters

Head of Regulation Strategy and Policy

Findings

Whilst RSLs are reporting some increased pressures, none are suggesting there are any unmanageable issues in any aspects of their business. Income is currently holding up reasonably well, although there is an expectation that arrears may increase significantly further into the crisis period as financial support mechanisms such as furlough taper off and end. RSLs are actively stressing their business plans and monitoring financial performance very closely.

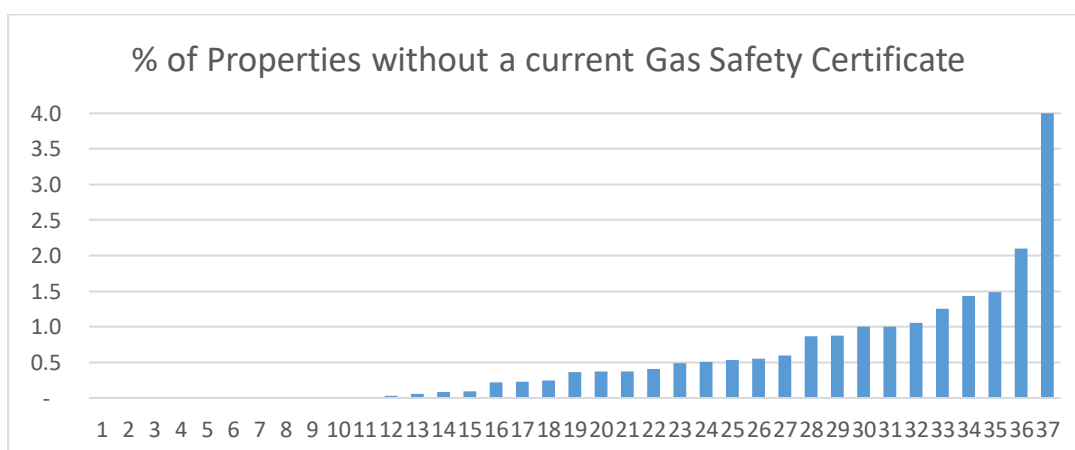
Where individual RSLs have reported a relatively low level of performance on one or more measures, the Regulator will discuss these with the RSL and agree any appropriate actions.

Health and Safety Compliance

Statutory requirements around health and safety remain in place. The health and safety of residents as well as service users is the absolute priority. During the pandemic the Regulator has and will continue to take a proportionate approach to compliance and discuss with individual RSLs their plans to manage risk and deal with any issues.

Gas Safety

- 9 RSLs report compliance levels of 100%, a decrease from 14 at the end of April.
- The number reporting less than 99% compliance has, however, risen to 6 from 0 in the same period.
- 24 RSLs reported an increase in the percentage of properties without a current gas safety certificate and 8 reported a reduction.



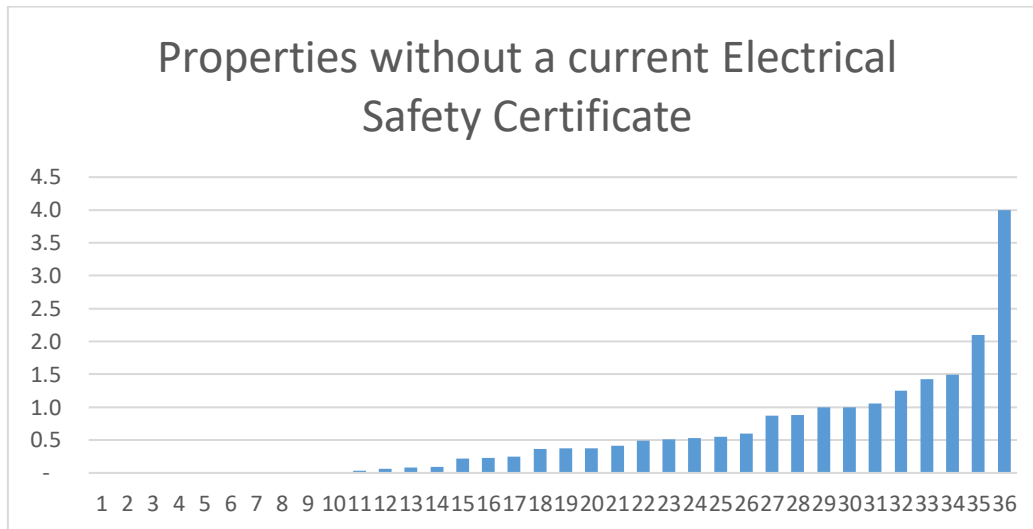
Gas safety compliance as at 31 May 2020 - data set 37.

Fire Risk Assessments

- 24 RSLs report up to date assessment levels of 100%, down from 25 in April.
- 10 RSLs report less than 99% compliance; the same as last month.
- 10 RSLs have reported an improvement and 10 a decline.

Electrical Safety Checks

- 12 RSLs are reporting 100% electrical safety checks being up to date; an increase from 10 in April.
- The number showing less than 99% of up to date checks remain as last month at 7.
- 16 RSLs have reported an improvement and 19 a decline.



Electrical safety checks as at 31 May 2020 - data set 36.

Asbestos Surveys

- 27 RSLs report up to date assessment levels of 100%; up from 25 in April.
- The number reporting less than 99% of up to date surveys remains as last month at 5.
- 7 RSLs have reported an improvement; with 9 a decline.

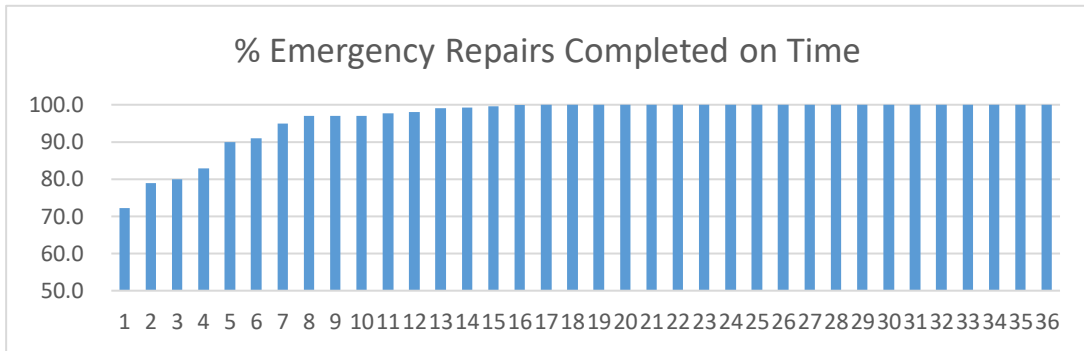
Water Hygiene

- 26 RSLs report up to date assessment levels of 100%; down from 27 in April.
- The number reporting less than 99% of testing as up to date remains as last month at 10.
- 8 RSLs have reported an improvement and 10 a decline.

Maintenance

Emergency Repairs

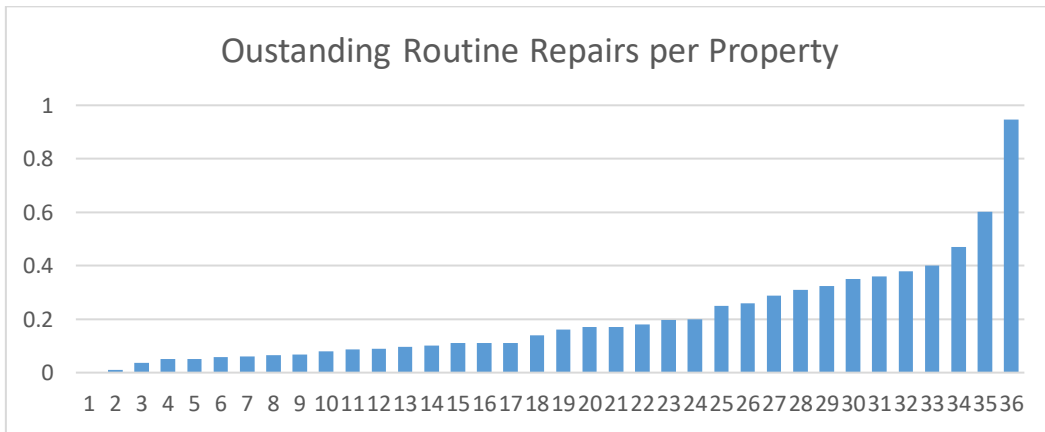
- 20 RSLs are reporting 100% completion rates to target for emergency repairs; up from 19.
- 4 RSLs report less than 85% completion to target.
- 12 RSLs report an improvement in performance; whilst performance in 4 is down.



RSL Performance on completing emergency repairs on time during May 2020 - data set 36

Routine Repairs

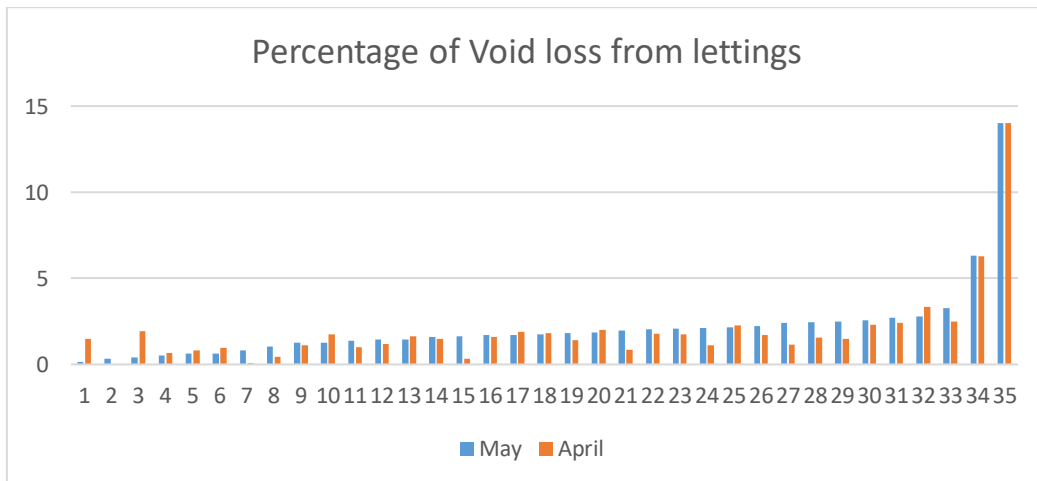
- There is a large variation in the reporting of outstanding routine repairs, ranging from none to almost 1 per property. Comparison with April is not provided due to the variable quality of the data.



Outstanding routine repairs per property as at 31 May - data set 36

Voids

- 22 RSLs report an increase in void losses in May compared to April and 12 report a decrease.



RSL rent losses from unlet properties during the month - data set 35

Staffing

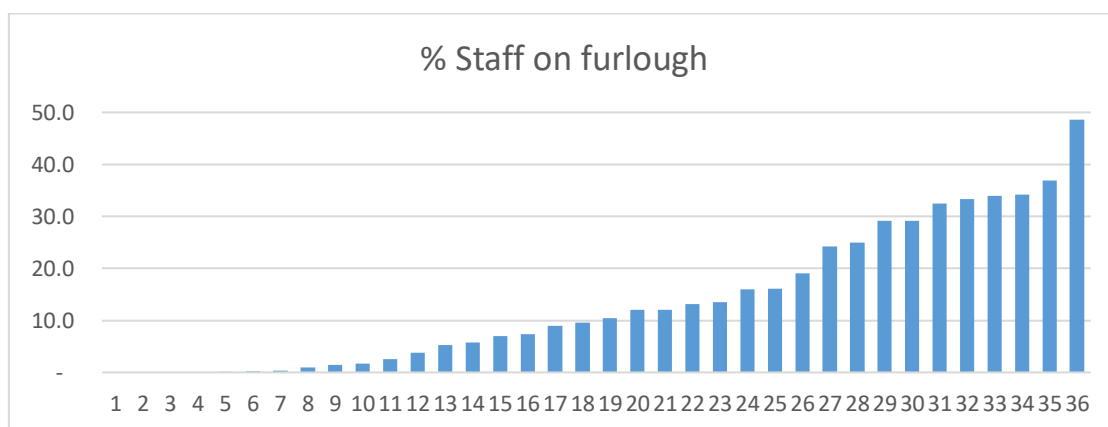
Staff sickness and Shielding

- Reported sickness levels have dropped significantly with 27 RSLs reporting a fall against 7 showing an increase. 2 remain unchanged.
- The number of staff reported as shielding has remained steady. 14 RSLs showing decreasing levels, 19 reporting an increase and 4 unchanged.

Furloughed staff

- The number of staff reported as furloughed remains broadly unchanged from the end of April.
- 17 RSLs report an increase and 17 show a decrease.

The chart below depicts a very mixed approach to furlough across the sector, with some RSLs having furloughed no staff and others approaching 50%.



Staff on furlough at the end of May 2020, data set 36

RSLs are reporting they are planning to reduce the number of furloughed staff significantly in the coming period as more routine operational activities are restarted.

Arrears

- The total rent outstanding from current tenants has risen in May by £1.4 million (from £32.2 to £33.6 million, based on returns from 36 RSLs).
- The total rent outstanding from self-payers, i.e. excluding amounts due directly from housing benefit and alternative payment arrangements (APAs), has fallen by £0.6 million, down from £16.8 to £16.2 million over the same period (based on returns from 33 RSLs, with 3 not providing this information).
- Moving forward, the survey will capture rent collection rates during the month, to improve understanding of how the sector is managing the effect Covid19 is having on the ability of tenants to pay their rent.

Care & Support

- 21 RSLs with accommodation for vulnerable groups are reporting that they are maintaining safe staffing levels and essential service delivery across all accommodation. This is up from 19 in April.
- 13 are reporting being under some pressure; a very slight decrease from April.
- No RSLs report being at a material risk of falling below safe levels.
- Staff absence is higher in the care sector compared to RSLs as a whole, with the majority of RSLs with staff in this sector reporting an increase from April.

Staff sickness levels working in a care capacity	Upper Quartile	Median	Lower Quartile
May	2.0%	5.4%	26.4%
April	0.7%	3.3%	10.0%

Average sickness levels in the month amongst staff working in a care capacity - data set 34.

- Information on property void levels in this sector was added to the survey in May, so there is no comparative data with April.

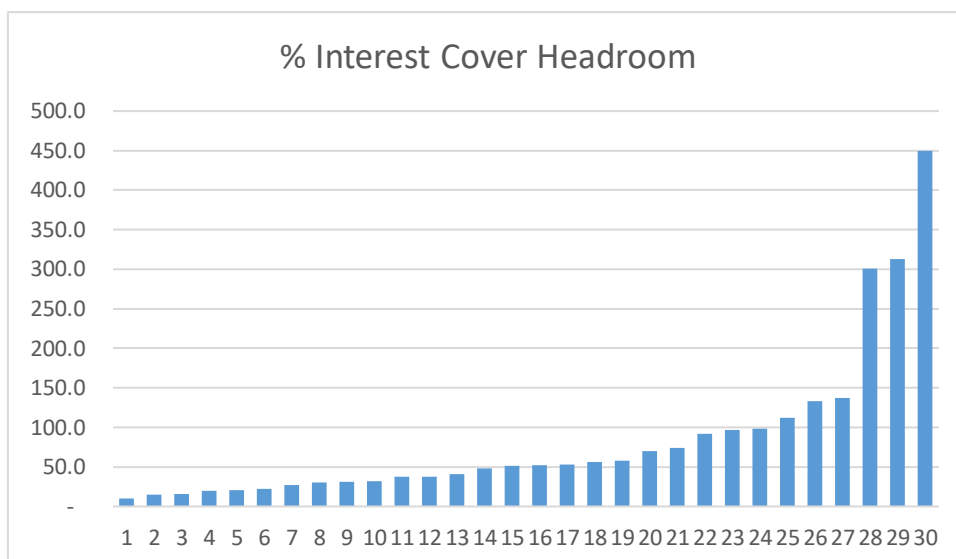
Financial Resilience

Availability of funding

- No RSLs are reporting any issues accessing existing or new funding, which is unchanged from April.
- At the end of May there is almost £1bn of funding available to the sector in Wales; £600m of unused facilities supplemented by cash reserves of £375m. (Available funding includes RCF facilities as well as long term agreements in place but yet to be drawn down, but excludes overdraft facilities).
- In determining when new funding is required all expenditure, whether committed or not, is included.
- Of the 30 RSLs requiring new funding to complete development programmes, 5 are reporting that new funding needs to be in place within a year, with 16 having at least 18 months funding in place.
- Where RSLs have reported needing new funding within a year, the Regulator is satisfied that progress to secure new facilities is sufficiently advanced to not be of concern.
- There is currently a high level of refinancing being undertaken by the sector. Whilst this is not ideal timing, this work appears to be progressing, albeit with some inevitable delays. This has resulted in a number of RSLs operating at a lower level of available funding than usual.

Covenant Compliance

- No RSLs are reporting potential non-compliance issues with covenants for either 2020/21 or 2021/22.



Expected headroom against the RSLs tightest interest cover covenant for 2020/21 - data set 30, (excluding LSVTs yet to reach peak debt or RSLs which do not have an interest cover covenant)

Other Information

- To date, RSLs in Wales are reporting spending an additional £4.1million on Covid 19 related activities, which is up from £3.1million in April.
- By the end of May a total of 359 properties have been let for emergency or temporary accommodation, which is up from 282 at the end of April.