

Business Continuity Survey - July 2020

Welsh Registered Social Landlords (RSLs)

This is the second publication of the results from the monthly survey which continues to provide valuable insight into how the sector is dealing with the significant challenges posed by Covid19. The survey continues to inform housing policy responses during the crisis and in the longer term.

Data Returns

Thank you again 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) so where the data set is less than 37 this is noted. It should be noted the data is based on management information provided by RSLs and has been subject to limited quality assurance.

Following changes to the way the data is collected we are now, where relevant, able to report on the sector average 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 July follows which I hope will be of interest. All comparisons are to the end of May survey.

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 as financial support mechanisms such as furlough taper off and end. RSLs are actively stressing their business plans and monitoring financial performance very closely.

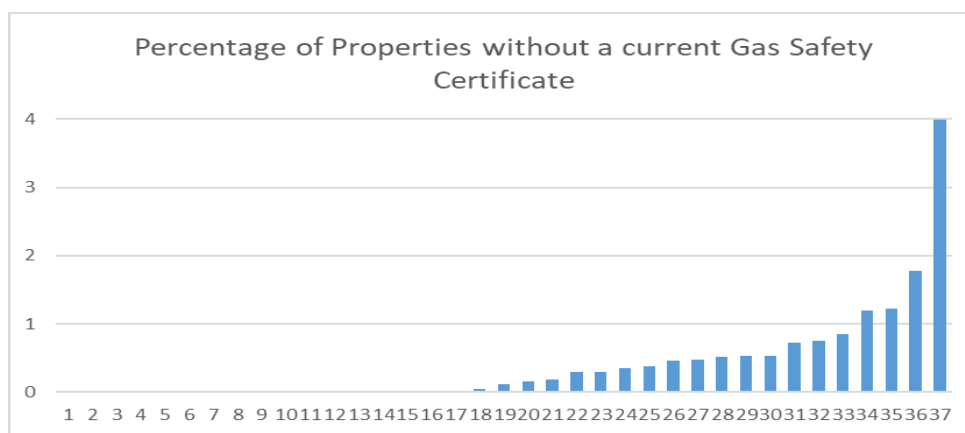
The Regulation team will discuss any performance outliers with the RSL concerned and agree any appropriate actions.

Health and Safety Compliance

Statutory health and safety responsibilities 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

- The level of compliance reported across the sector is 99.5%.
- 13 RSLs report compliance levels of 100%, an increase from 9 at the end of May.
- The number reporting less than 99% compliance has fallen to 4 from 6 in May.



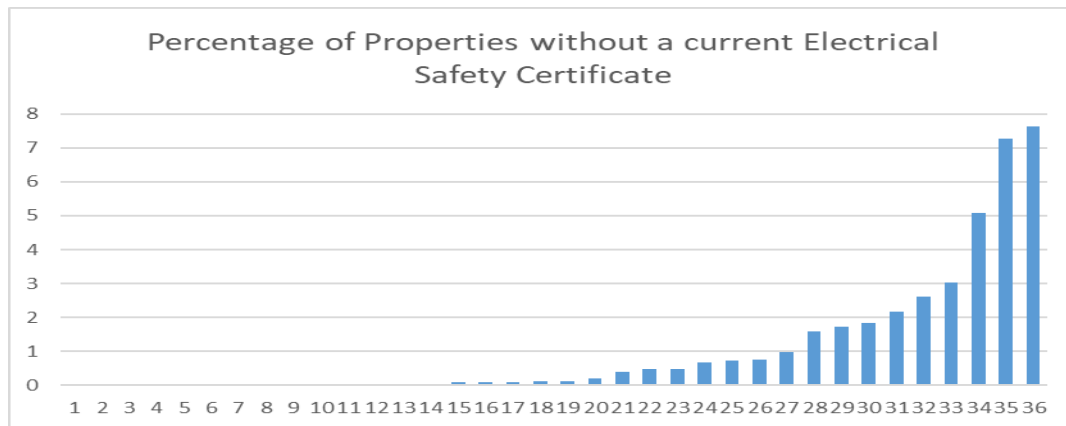
Gas safety compliance as at 31 July 2020 - data set 37.

Fire Risk Assessments

- Fire risk assessments are reported as being up to date in 94% of properties.
- 24 RSLs report up to date assessment levels of 100%, the same level as in May.
- 4 RSLs report less than 90% compliance; up from 3 in May.

Electrical Safety Checks

- 98.4% of properties across the sector are reported as having a current electrical safety certificate.
- 10 RSLs are reporting 100% of electrical safety checks being up to date, a decrease from 12 reported in May.
- The number showing less than 99% of up to date checks has risen to 9, up 2 from the 7 reported in May.



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

Asbestos Surveys

- 80% of surveys are reported as being up to date.
- 27 RSLs report up to date assessment levels of 100%, the same as in May.
- The number reporting less than 90% of up to date surveys has fallen from 5 to 4 since May.

Water Hygiene

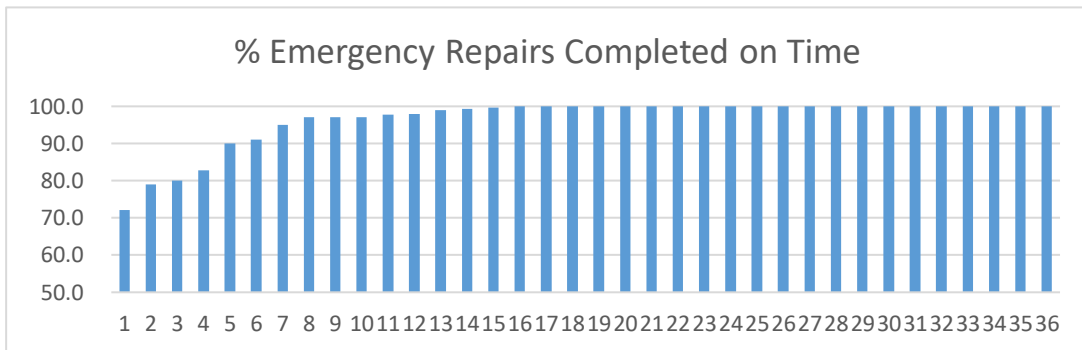
- 84% of testing is reported as being up to date.
- 29 RSLs report up to date assessment levels of 100%; up 3 from 26 in May.
- The number reporting less than 90% of testing as up to date has fallen to 5 from 7 reported in May.

Maintenance

Emergency Repairs

- As a whole the sector reports 97.3% of emergency repairs were completed to time in July.
- 19 RSLs are reporting 100% completion rates to target for emergency repairs, the same as in May.

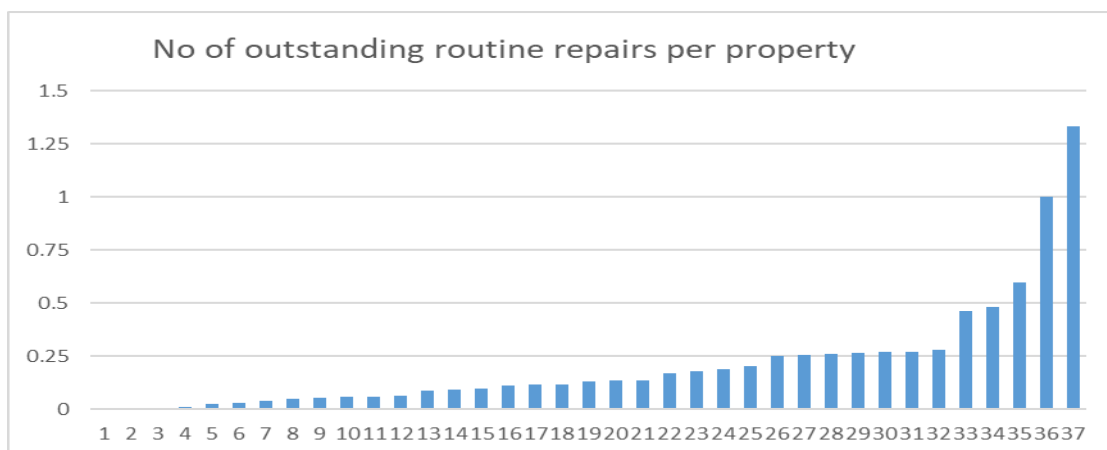
- There is 1 RSL reporting less than 85% completion to target, compared to 4 in May.



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

Routine Repairs

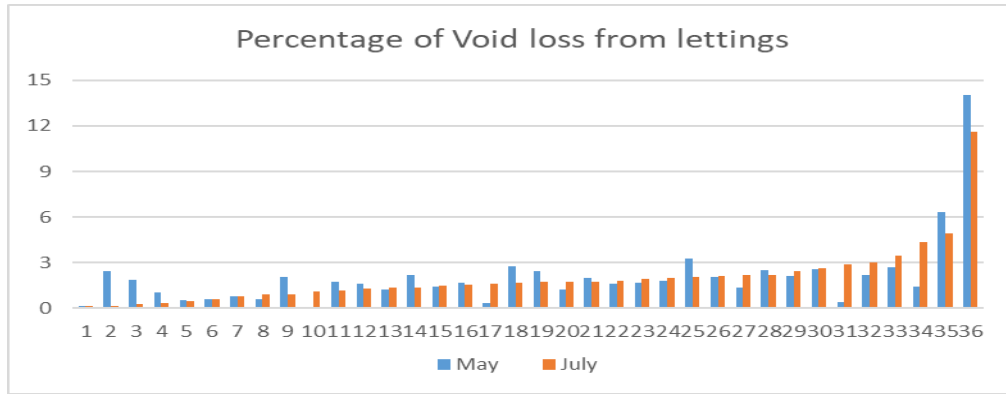
- There is a large variation in the reporting of outstanding routine repairs, ranging from none to 1.5 repairs per property.
- The average across the sector is 0.17 outstanding repairs per property.
- An equal number of RSLs are reporting increases and decreases.



Outstanding routine repairs per property as at 31 July - data set 37

Voids

- The average level of voids in the sector was 2.3% in July.
- 18 RSLs report an increase in void losses in July compared to May and 19 report a decrease.



RSL rent losses from unlet properties during the month - data set 36

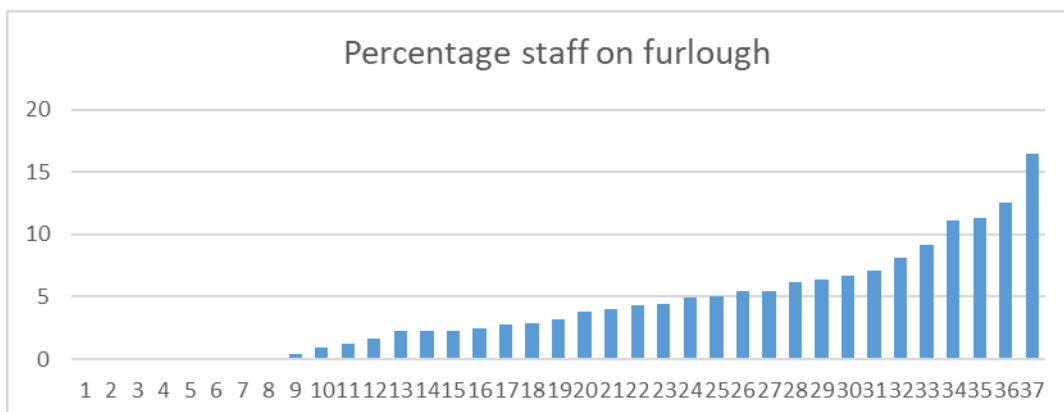
Staffing

Staff sickness and Shielding

- The sector average for the number of staff on sick in July was 3.5% with a further 1.1% self isolating or shielding.
- Since May, 23 RSLs report a decrease in staff on sick leave, 12 show an increase with 2 staying the same.
- Since May, 11 RSLs report a decrease in staff shielding, 17 show an increase and 9 staying the same.

Furloughed staff

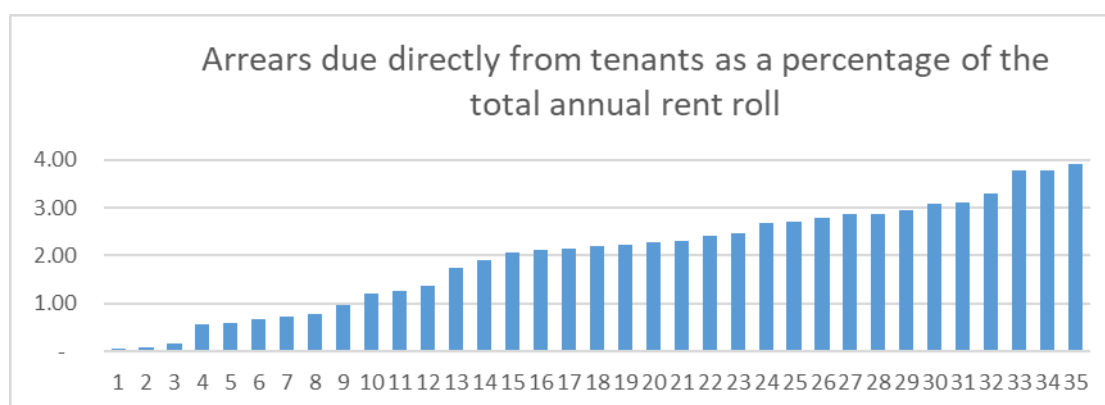
- The sector average for the number of staff furloughed in July was 4.8%.
- Since May, 24 RSLs report a decrease in staff furloughed, 8 show an increase with 5 remaining on none.
- The highest reported percentage has fallen from 49% to 16%.



Staff on furlough at the end of July 2020 - data set 37

Arrears

- The total rent outstanding from current tenants has fallen since May by £1.4 million (from £33.3 to £31.9 million). At the end of July total arrears were 4.0% of the rent roll for the year.
- The total rent outstanding that is due directly from the tenant, i.e. excluding amounts due directly from housing benefit and alternative payment arrangements (APAs), has risen by £0.7 million, up from £16.0 to £16.7 million over the same period (based on returns from 32 RSLs, 5 did not provide this information in May).



Rent arrears at the end of July 2020 - data set 35

Care & Support

- 22 RSLs with accommodation for vulnerable groups are maintaining safe staffing levels and essential service delivery across all accommodation. This is up from 17 in May.
- 8 are reporting being under some pressure, a decrease from 13 in April.
- No RSLs report being at a material risk of falling below safe levels. Safe staffing is not applicable to 7 RSLs.
- Average staff absence amongst care staff was 7.7%.
- 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 a decrease.

Staff sickness levels working in a care capacity	Upper Quartile	Median	Lower Quartile
July	0.0%	3.5%	7.0%
May	2.0%	5.4%	26.4%

Average sickness levels in the month amongst staff working in a care capacity - data set 21.

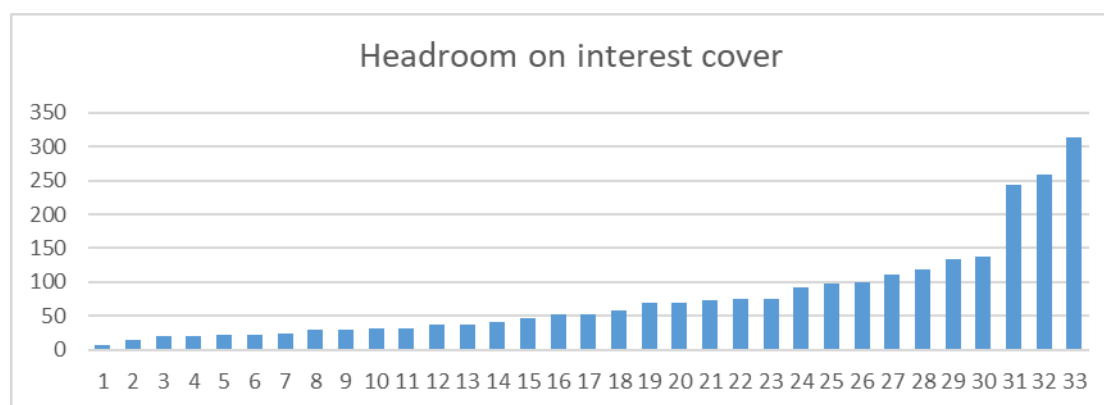
Financial Resilience

Availability of funding

- No RSLs are reporting any issues accessing existing or new funding, which is unchanged from May.
- At the end of July there is £1bn of funding available to the sector in Wales, the same level as in May. There are £635m of undrawn facilities supplemented by cash reserves of £428m. (Undrawn facilities includes revolving credit facilities (RCF) 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 26 RSLs requiring new funding to complete development programmes, 5 report that new funding needs to be in place within a year, with 16 having at least 18 months funding in place.
- A number of RSLs are operating at a lower level of funding than is their usual level. This is because they are in the process of refinancing their debt portfolio which is taking longer than usual due to the Covid 19 crisis.
- 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.

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 33, (excluding LSVTs yet to reach peak debt or RSLs which do not have an interest cover covenant)

Other Information

- To date, RSLs in Wales report spending an additional £5.9million on Covid 19 related activities, up from £4.1million in May.