

Business Continuity Survey – December 2020 Summary

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This is the fourth summary publication of findings from the monthly survey. Thanks again for your co-operation in meeting the submission deadlines.

As well as providing a level of regulatory assurance, the survey continues to provide valuable insight into how the sector is dealing with the significant challenges posed by Covid-19 and feeds into policy considerations.

Data Returns

As with previous returns all RSLs requested to return the survey did so.

Where the data set is less than 36 this is noted.

The data used in this report is based on management information provided by RSLs and has been subject to limited quality assurance.

Unless otherwise indicated, all comparisons are to the September 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

RSLs are continuing to report that pressures are being managed. The Regulation team will discuss any performance outliers with the RSL concerned and agree any appropriate actions.

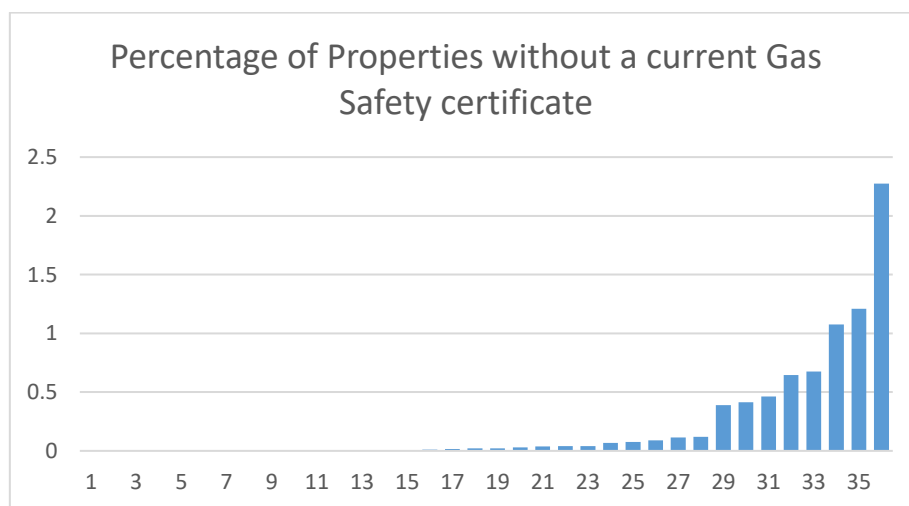
Income continues to hold up reasonably well, although the expectation is that arrears may increase significantly as financial support mechanisms change and more tenants move to Universal Credit. Rent loss from void properties has remained stable and RSLs are actively stressing their business plans and monitoring financial performance very closely. All 5 of the tenant health and safety indicators have improved since the last return, although the difference between those with the lowest and highest levels of compliance has become more marked.

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. We will continue to take a proportionate and pragmatic approach to compliance during the pandemic.

Gas Safety

- The level of compliance reported across the sector is currently 99.76%, having risen from 99.52% in July.
- 15 RSLs report compliance levels of 100%, an increase of 4.
- The number reporting less than 99% compliance has remained at 3.



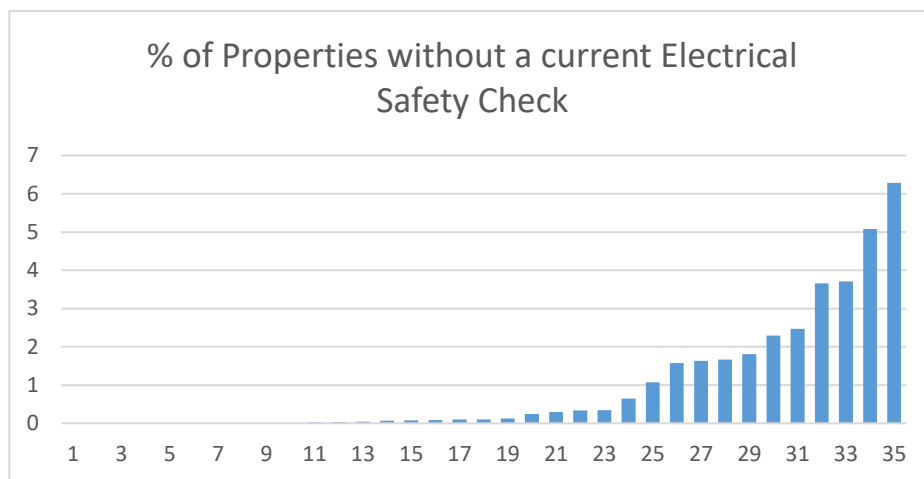
Gas safety compliance as at 31 December 2020 - data set 36.

Fire Risk Assessments

- The number of fire risk assessments reported as being up to date stands at 97.8% in December, compared to 96.6% in September and 94.5% in July.
- 25 RSLs report up to date assessment levels of 100%, which is up 2.
- 3 RSLs report less than 90% compliance, which is unchanged.

Electrical Safety Checks

- 98.7% of properties across the sector are reported as having a current electrical safety certificate, up from 98.2%.
- 10 RSLs are reporting 100% of electrical safety are up to date, which is unchanged.
- The number of RSLs reporting less than 99% compliance remains at 11.



Electrical safety checks as at 31 December 2020 - data set 35.

Asbestos Surveys

- 86% of surveys are reported as being up to date, an improvement of 1%.
- 26 RSLs reporting 100% up to date assessment levels, down 4 from 30.
- The number reporting less than 90% of up to date surveys has risen from 3 to 4.

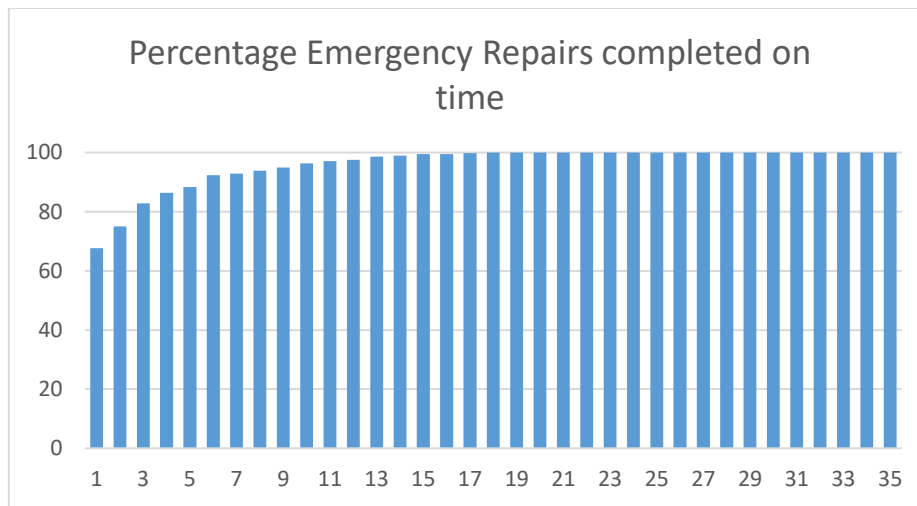
Water Hygiene

- 97.3% of testing is reported as being up to date, up from 95.8%.
- 27 RSLs report up to date assessment levels of 100%, down 3 from 30.
- 3 RSLs are reporting less than 90% of testing is up to date, the same level as previously.

Maintenance

Emergency Repairs

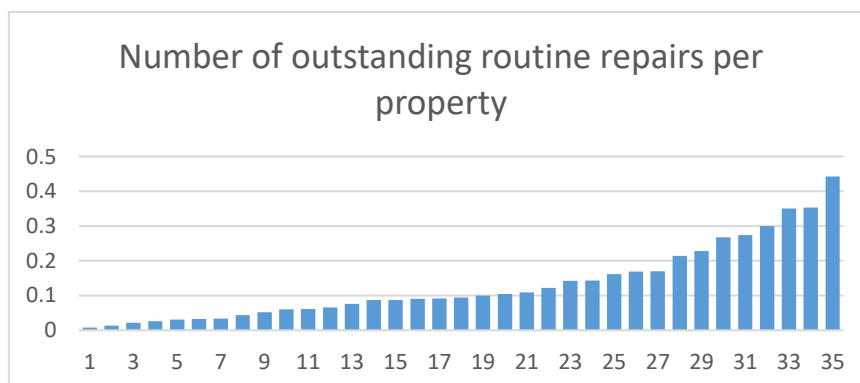
- As a whole the sector reports 96.7% of emergency repairs were completed to time in December, up from 95.0%.
- 19 RSLs report 100% completion rates to target for emergency repairs, up from 13.
- 3 RSLs report less than 85% completed on time, compared to 5 previously.



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

Routine Repairs

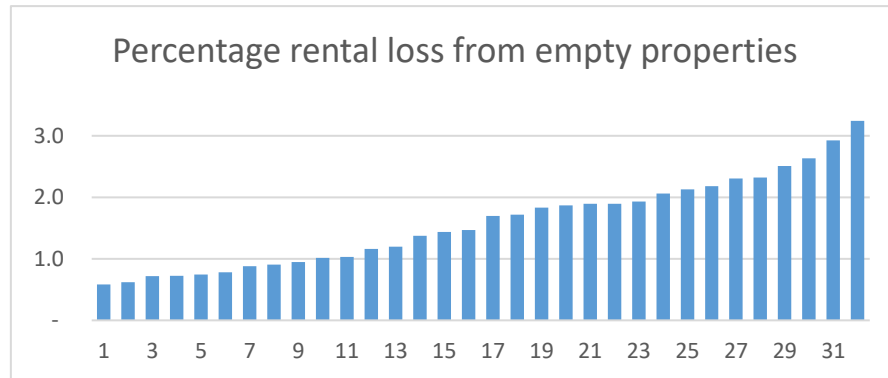
- There is a large variation in the reported outstanding routine repairs, ranging from 0.01 to 0.44 repairs per property. This has reduced from the range of 0 to 1.5 reported in July.
- The average across the sector is 0.14 outstanding repairs per property, a reduction from 0.15 in September and 0.17 in July.



Outstanding routine repairs per property as at 31 December - data set 35

Void Loss - Rent

- The average level of rent loss from vacant properties in the sector was 2.08% in December, up from 1.84% in September and at the same level as in July.



RSL rent losses from unlet properties during December - data set 32, 4 small RSLs which provide specialist accommodation have been removed from the graphical analysis.

- Whilst the overall rent loss remains stable there is a difference in performance of individual RSLs. 11 are showing an increase of 0.5% or more in void loss with 6 showing a fall of the same amount.

Staffing

Staff sickness and Shielding

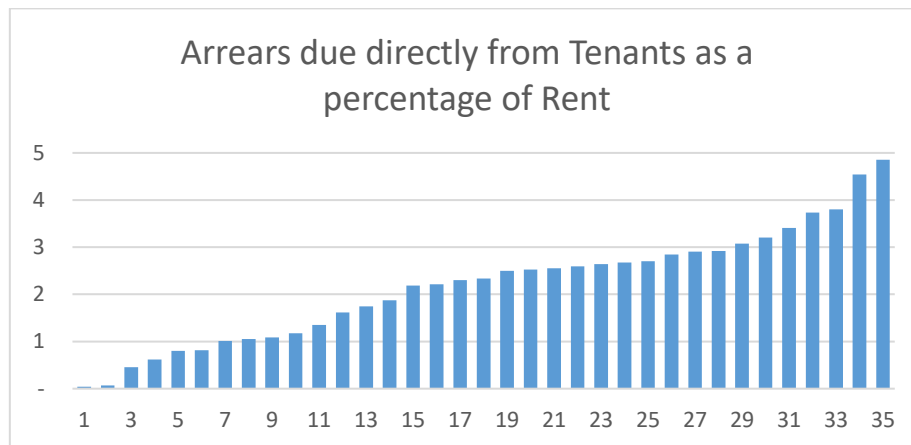
- The number of staff on sick leave has risen to 4.1% in December, the highest level since July. There was a further 2.2% reported as self isolating, the highest level since this data was tracked in July.

Furloughed staff

- The sector average for the number of staff furloughed in December was 0.8%, up from 0.6%.
- 9 RSLs had staff furloughed in December, down from 13 in September but notably, in December, 85% of the total staff furloughed by the sector is in 1 RSL.
- RSLs have taken very different approaches to furlough. Evidence from the survey does not indicate any correlation between furlough levels and delivery of key services.

Arrears

- The total rent outstanding from current tenants has increased by 0.15% since September and currently stands at £31.9 million or 3.9% of the annual rent roll.
- The January survey will provide an indication if this is an upward trend or is a dip due to the Christmas period.
- The total rent outstanding due directly from tenants, i.e. excluding amounts due directly from housing benefit and alternative payment arrangements (APAs), has also increased. At £18.8 million it is up £1.1 million on the £17.7 million previously reported. This is 2.41% of the annual rent roll, up from 2.15% in September and 2.22% in July (based on returns from 35 RSLs, with 1 unable to split out rent owed directly from tenants).
- Within this relatively stable position there are 8 RSLs who have seen a rise of more than 0.5% since July and 2 with a reduction of more than 0.5% in the amount due directly from tenants.

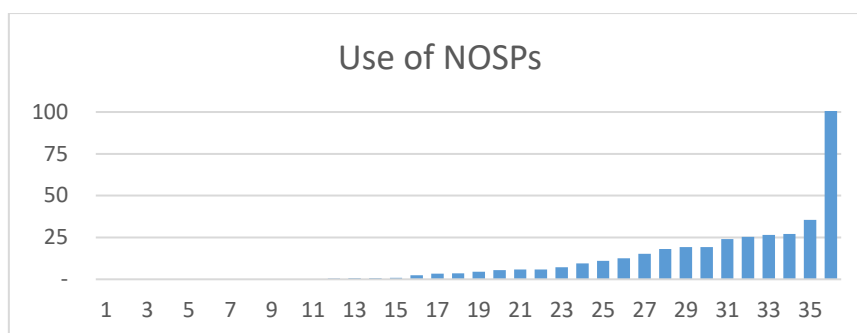


Rent arrears at the end of December 2020 - data set 35

4 of the 5 RSLs with the lowest net arrears are all small specialist providers with limited rental income due directly from tenants.

Notices of Seeking Possession (NOSPs)

- There continues to be a wide range in the use of NOSPs over the past 8 months. 10 RSLs (29%) have not issued any notices with 5 having issued at a rate of more than 25 per 1,000 tenancies.



Use of NOSPs from May to December – Number issued per 1,000 tenancies. Data set 36

Care & Support

- No RSLs report being at a material risk of staffing falling below safe levels in accommodation for vulnerable groups.
- Staff absence in the care sector has increased in December and is reported at 11.3%, as opposed to 9.0% in September and 7.6% in July.

Staff sickness levels working in a care capacity	Upper Quartile	Median	Lower Quartile
December	3.0%	8.3%	12.4%
September	0.3%	5.0%	10.1%
July	0.0%	3.5%	7.0%

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

Financial Resilience

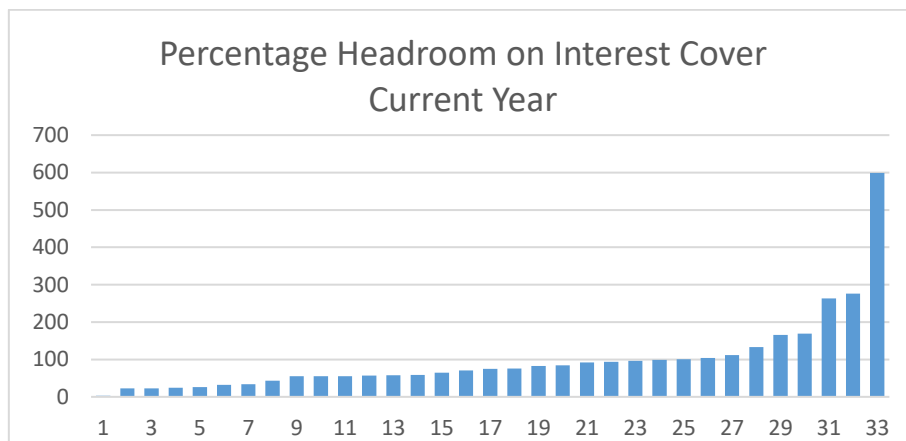
Availability of funding

- No RSLs are currently reporting any issues accessing existing or new funding.
- There is over £1.2 billion of funding available to the sector in Wales, up £172,000 from September. There are £851 million of undrawn facilities supplemented by cash reserves of £399 million. (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).
- Of the 25 RSLs requiring new funding to complete development programmes, 2 report that new funding needs to be in place within a year compared to 1 in September.
- Where RSLs have reported needing new funding within a year, we are satisfied that progress to secure new facilities is sufficiently advanced.
- 17 RSLs report having at least 18 months funding in place, down 2 from 19 reported in September.

Note - In determining when new funding is required all expenditure, whether committed or not, is included.

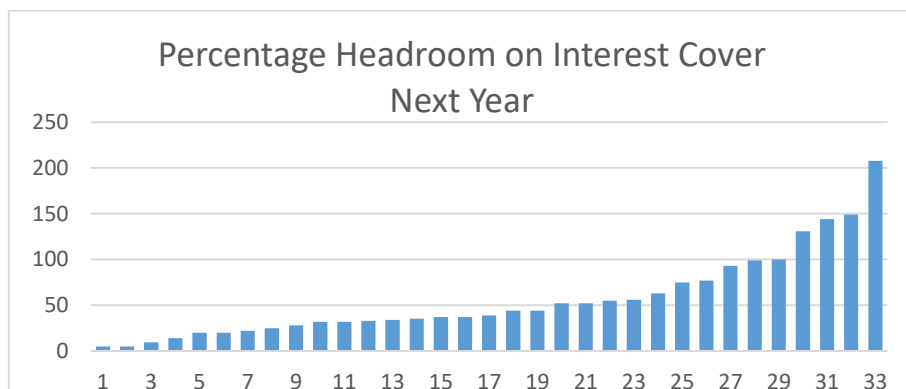
Covenant Compliance

- 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)

- 1 RSL is forecasting less than 20% cover in 2020/21.



Expected headroom against the RSLs tightest interest cover covenant for 2021/22 - data set 33, (excluding LSVTs yet to reach peak debt)

- There are currently 4 RSLs forecasting less than 20% cover in 2021/22. This position is subject to change as budgets for 2021/22 are finalised.
- Where RSLs are reporting low levels of interest cover headroom we are satisfied that the position is being appropriately managed.

Other Information

- To date, RSLs in Wales report spending an additional £9.0 million on Covid-19 related activities, up from £7.2 million.