

Business Continuity Survey – March 2021 Summary

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This is the fifth 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 the 36 RSLs surveyed 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 December 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.

As the Alert level moves to level 3, we are continuing to see the pandemic having a lesser impact on the sectors ability to deliver services to tenants. Health and Safety compliance improved again during the last quarter, losses from empty properties were reduced and repairs performance remained steady. Whilst the capacity for arrears levels to rise significantly remains, their level fell in the last quarter despite more than a quarter of tenants known to be claiming Universal Credit.

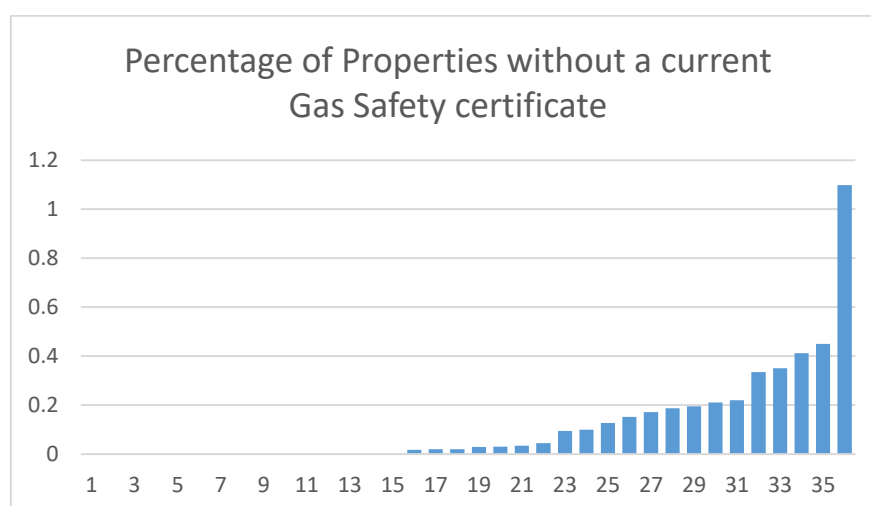
Health and Safety Compliance

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.

With the exception of Water hygiene testing which has fallen slightly from its high point in February, all the other health and safety measures are at their highest level of compliance since the survey began.

Gas Safety

- The level of compliance reported across the sector is currently 99.81% having risen from 99.76%.
- 15 RSLs report compliance levels of 100%, the same as in December.
- The number reporting less than 99% compliance has fallen from 3 to 1.



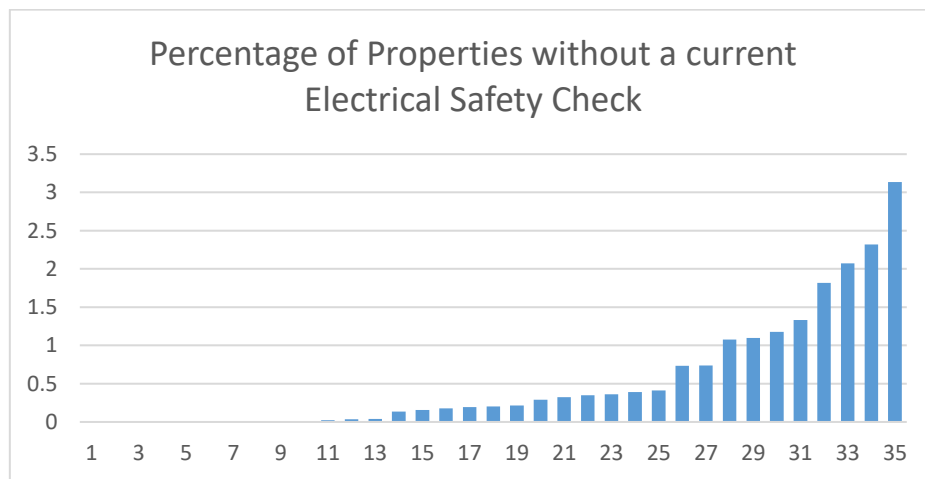
Gas safety compliance as at March 2021 - data set 36.

Fire Risk Assessments

- The number of fire risk assessments reported as being up to date stands at 99.4%, up from 97.8% in December.
- 26 RSLs report up to date assessment levels of 100%, which is up 1.
- 1 RSL reports less than 90% compliance, down from 3.

Electrical Safety Checks

- 99.2% of properties across the sector are reported as having a current electrical safety certificate, up from 98.7%.
- 10 RSLs are reporting 100% of electrical safety are up to date, which is unchanged.
- The number of RSLs reporting less than 99% compliance has fallen from 11 to 8.



Electrical safety checks as at March 2021 - data set 35.

Asbestos Surveys

- 86% of surveys are reported as being up to date, the same as previously reported.
- 28 RSLs reporting 100% up to date assessment levels, down 2 from 30.
- The number reporting less than 90% of up to date surveys has reduced to 1 from 4.

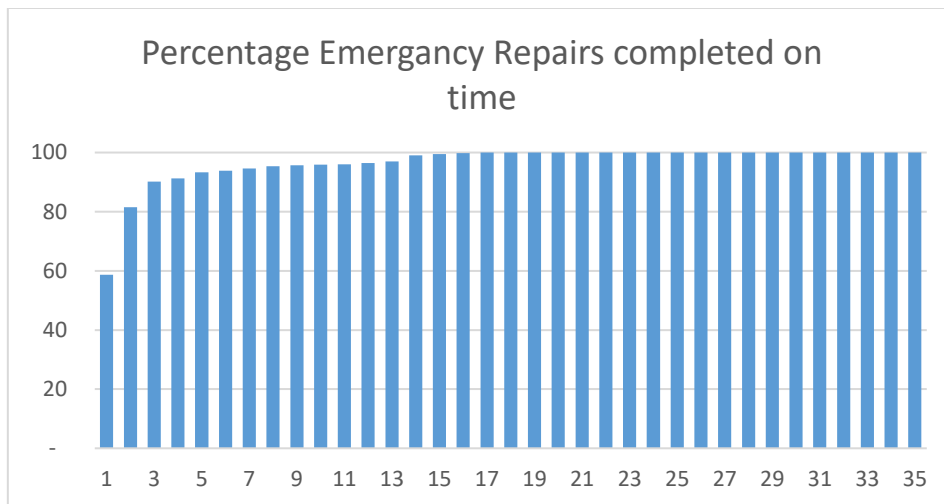
Water Hygiene

- 97.9% of testing is reported as being up to date, up from 97.3%.
- 31 RSLs report up to date assessment levels of 100%, up 3.
- 3 RSLs are reporting less than 90% of testing is up to date, the same level as previously.

Maintenance

Emergency Repairs

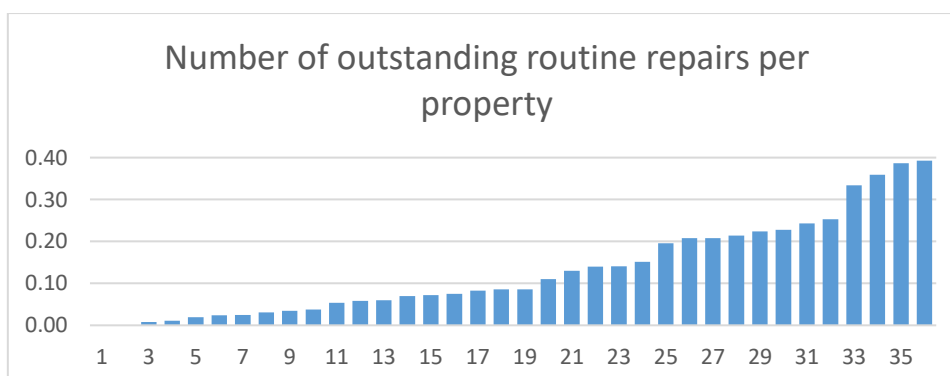
- As a whole the sector reports 95.2% of emergency repairs were completed to time in March, down from 96.7%.
- 20 RSLs report 100% completion rates to target for emergency repairs, up from 13.
- 2 RSLs report less than 85% completed on time, compared to 5 previously.



RSL Performance on completing emergency repairs on time during March 2021 - data set 35

Routine Repairs

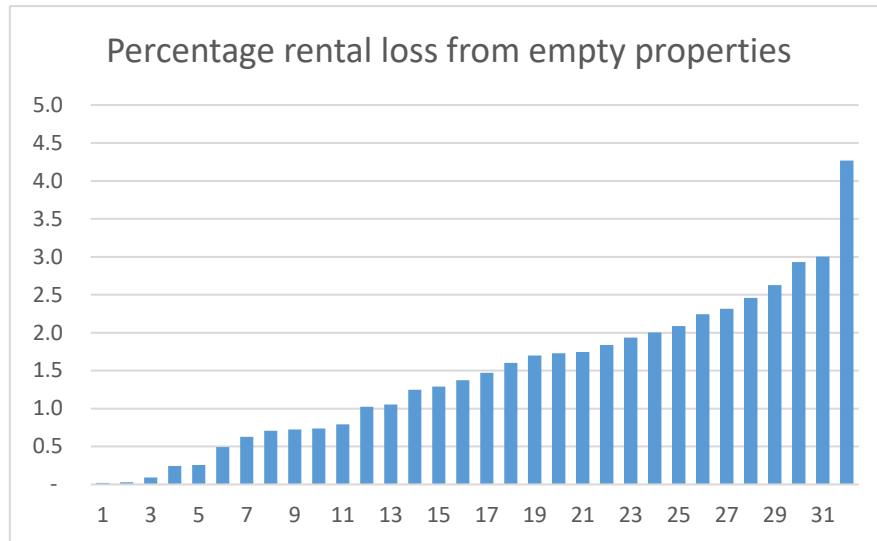
- There remains a large variation in the reported outstanding routine repairs, ranging from none to 0.39 repairs per property. This has reduced from the range of 0 to 1.5 reported in July.
- The average across the sector is 0.14 outstanding repairs per property, the same as in December, having fallen from 0.17 in July.



Outstanding routine repairs per property as at March 2021 - data set 36

Void Loss - Rent

- The average level of rent loss from vacant properties in the sector was 1.50%, down from 2.08% in December and is at its lowest monthly level since the survey began.



RSL rent losses from unlet properties during March - 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. 4 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

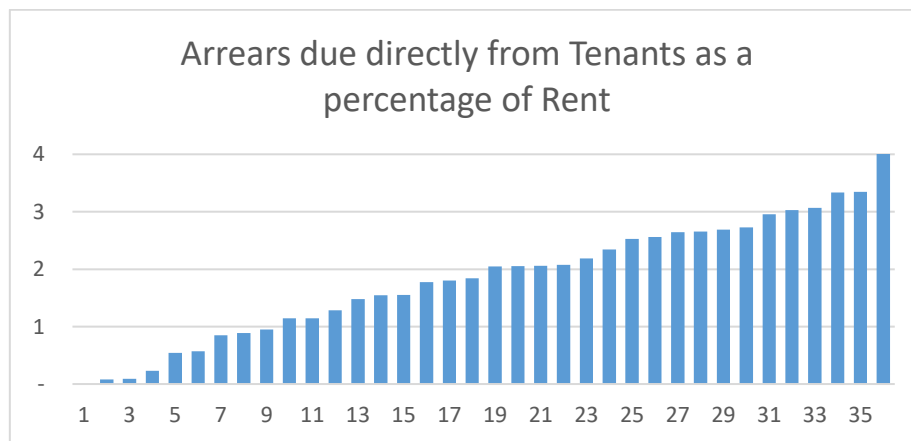
- The number of staff on sick leave has remained static since December at 4.1%. There was a further 0.6% reported as self isolating down from 2.2%.

Furloughed staff

- The sector average for the number of staff furloughed in March was 1.1% up from 0.8% in December although it has fallen in the last 2 months and remains well below the peak last summer.
- 18 RSLs had staff furloughed in March, up from 9 in December.
- 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 fallen by 0.27% since December and currently stands at £30.1 million or 3.6% of the annual rent roll.
- The total rent outstanding due directly from tenants, i.e. excluding amounts due directly from housing benefit and alternative payment arrangements (APAs), has also fallen. It currently stands at £17.1m, a fall of £1.7m in the quarter. This is 2.1% of the annual rent roll, the lowest level recorded since July when the data was first collected to enable a sector average to be calculated.
- Within this relatively stable sector position 10 RSLs have seen a fall of more than 0.5% since July and 2 a rise of more than 0.5% in the amount due directly from tenants.



Rent arrears at the end of March 2021 - data set 36

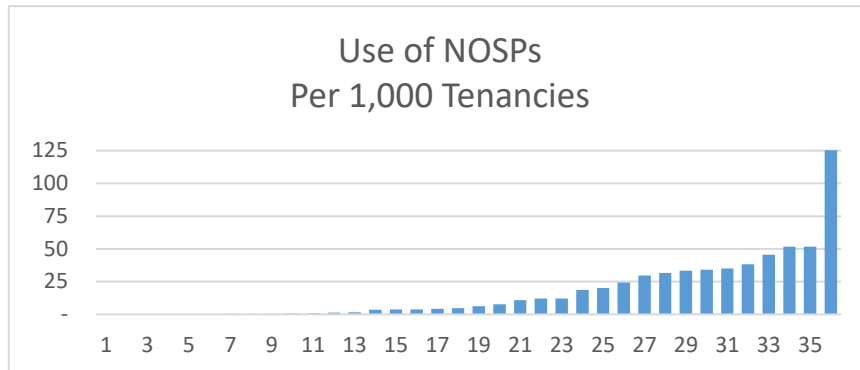
The 5 RSLs with the lowest net arrears are all small specialist providers with limited rental income due directly from tenants.

- The number of tenancies in arrears banded by weeks of rental income has been captured for the first time in the March survey.

Number of weeks in arrears	Percentage of tenants
8-12	2.8%
13-26	2.1%
26-52	0.5%
52 or more	0.1%

Notices of Seeking Possession (NOSPs)

- There is a wide range in the use of NOSPs over the past 11 months. 6 RSLs (17%) have not issued any notices with 3 having issued at a rate of more than 50 per 1,000 tenancies.



Use of NOSPs from May to March – 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 decreased in March and is reported at 9.9% as opposed to 11.3% in December.

Staff absence levels working in a care capacity	Upper Quartile	Median	Lower Quartile
March	5.5%	8.3%	14.9%
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 22.

Financial Resilience

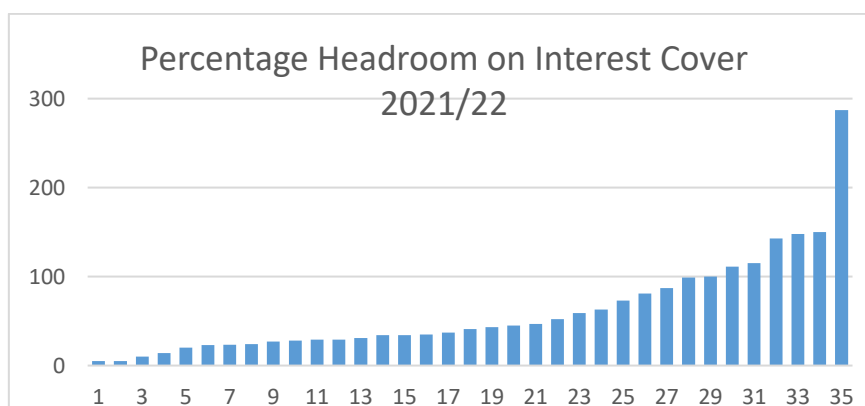
Availability of funding

- No RSLs are reporting any issues accessing existing or new funding.
- There is £1.3 billion of funding available to the sector in Wales, up £50,000 from December. There are £795 million of undrawn facilities supplemented by cash reserves of £502 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 26 RSLs requiring new funding to complete development programmes, 3 report that new funding needs to be in place within a year compared to 2 in December.
- Where RSLs have reported needing new funding within a year, we are satisfied that progress to secure new facilities is sufficiently advanced.
- 19 RSLs report having at least 18 months funding in place, up 2 from 17 reported in December.

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 2021/22 - data set 35

- There are currently 4 RSLs forecasting less than 20% cover in 2021/22.
It should be noted that the lowest 2 on the above graph are operating against a cash covenant in 2021/22, with the level of headroom, 5%, set by the funder.
- 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 £10 million on Covid-19 related activities, up from £9.0 million.