

Welsh RSL Global Accounts

Headline report 2023

March 2025



**Cartrefi
Cymunedol
Cymru**

**Community
Housing
Cymru**

Introduction

This report features some key financial metrics and analysis for the social housing sector in Wales for the financial year 2022/2023.

The report was commissioned by Community Housing Cymru (CHC) and the Welsh Government. Housemark undertook data collection and analysis with assistance from financial experts working across 35 developing RSLs (Registered Social Landlords) operating in Wales.

In the main, data featured in this report is derived from financial statements published by all RSLs in Wales in line with the Government’s [Accounting Requirements](#).

Financial statements for social landlords across the UK and Ireland are published in a standard format as set out by [FRS 102](#) and [SORP](#). This degree of standardisation across UK housing providers makes it possible to draw useful comparisons with social landlords operating in England, Scotland and Northern Ireland.

Key facts from RSL financial statements 2022/23

£1.24bn	Total annual turnover
16.0%	Operating margin
5.4%	Annual growth in turnover
9.8%	Annual growth in costs
£4,926	Social housing cost per unit
Over 170,000	Total housing stock

At a glance...

About this report	<p>This report contains 2022/23 Global Accounts summarised into 14 metrics using data from 35 developing Registered Social Landlords. It has been commissioned by CHC and Welsh Government.</p> <p>Please note that some data in this edition is not directly comparable to previous Global Accounts due to changes in collection methodology.</p>
Overall analysis	<p>The Welsh RSL sector faces similar challenges to counterparts across the UK. This set of Global Accounts shows how pressures in the external operating environment affect the financial results of social landlords.</p>
Finances	<p>Increased cost pressures are squeezing down operating margins, leaving less surplus available to service debts.</p>
Costs	<p>Facing cost pressures including higher inflation, average expenditure per social housing unit stood at £4,926. This is slightly above Housemark’s UK-wide figure of around £4,500.</p>
Growth	<p>Between 2021/22 and 2022/23 costs increased faster than turnover – resulting in lower operating margins.</p>

Finances

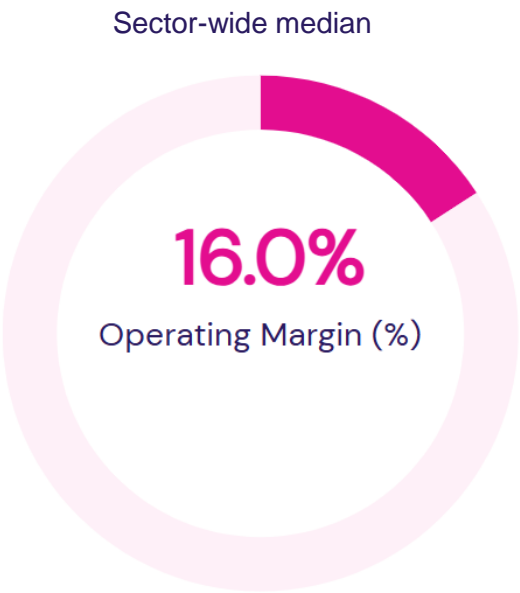
Housing association finances across the UK have been under severe external pressure over the last five years. Increased investment in housing stock safety and quality, combined with the effects of inflationary pressures and rising interest rates have squeezed down social landlords' earnings and margins in a market where rents are subject to government rent policy.

Even with these difficult operating conditions, Welsh RSLs generally appear to be financially resilient. The four measures in this section represent how the sector is performing in terms of profitability and borrowing.

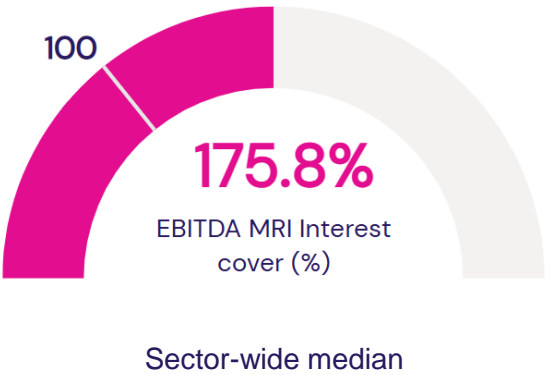
Operating Margin

The Operating Margin metric is calculated by showing the RSL's operating surplus as a percentage of turnover. Gains/losses on disposal of fixed assets are excluded from the surplus figure.

RSL margins have been under continued pressure in recent years due to unfavourable operating conditions including the impact of the pandemic. Comparison with previous [Global Accounts](#) reports shows that operating margins have fallen from 22% in 2021.



Interest cover

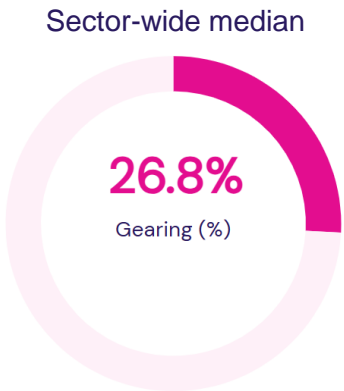


The EBITDA with Major Repairs has been calculated using a standardised methodology presenting earnings as a proportion of interest payable. RSLs have agreed a number of different versions of this metric with their lenders to measure adherence to loan covenants.

As such, the calculations used to develop this report will not always be comparable with those reported in loan covenant reports. It is recommended that contact is made with individual RSLs if further clarity is required.

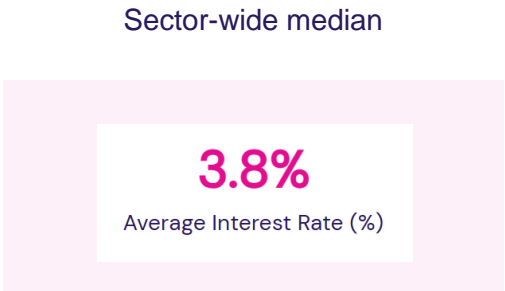
Gearing

This metric assesses how much of the assets are funded by debt. It is calculated by comparing the landlord's net debt to the historic cost of its properties.



Cost of funding

The Average interest rate of 3.8% indicates that the sector has partly mitigated the impact of increased interest rates by agreeing long-term fixed-rate funding when rates were at historically low levels.



Costs

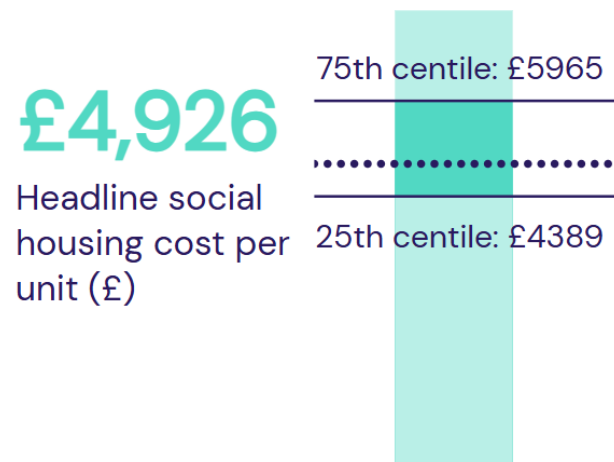
With landlords little able to control the impact of changes in the wider economy, there is an increasing need for the sector to look at how to ensure that money is spent where it is most needed and where it will achieve the best value.

Housemark benchmarking data for the UK-wide social housing sector shows that the cost of managing and maintaining social housing rose by more than 12% between 2021/22 and 2022/23, with year-end costs broadly comparable across each country. This suggests that Welsh landlords are subject to similar economic pressures as counterparts in other UK nations and are recording similar levels of increased expenditure.

Headline social housing cost per unit

This measure isolates key operational expenditure managing and maintaining social homes. It excludes items such as depreciation and bad debt but includes capitalised expenditure for the period.

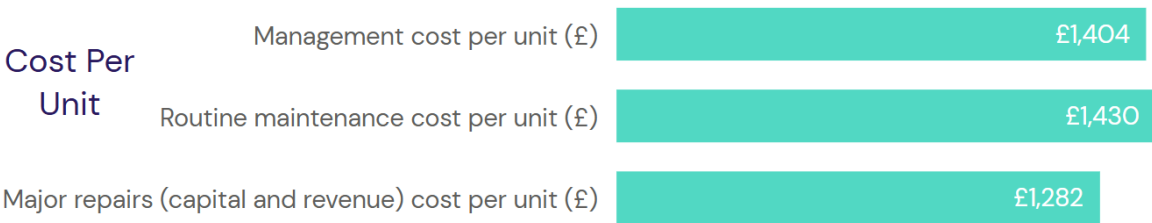
There are some clear cost drivers relating to operating context. For example, RSLs with significant supported housing commitments will record a much higher cost per unit due to the additional resource involved in caring for vulnerable residents.



Social housing cost breakdown

In the level below headline social housing costs, RSL financial statements provide a breakdown of expenditure into broad categories. While the interpretation of accountancy guidance may differ between landlords, sector-wide averages are useful to understand the split between activities.

As individual parts of the headline cost, expenditure on management (e.g. rent collection, lettings) and routine maintenance (e.g. responsive repairs) activities are, on average, slightly higher than results for other UK nations, while major repairs expenditure is slightly lower.



Housing management

These two measures put a number on the effectiveness of lettings and income management activities, which are core elements of RSLs' businesses.

With average annual rental income per unit around £5,600, these results equate to percentage rates of 1.4% void loss and 5.3% arrears.



Growth

This section includes metrics to provide some context to the in-year measures shown on other pages of this report. By comparing 2022/23 to 2021/22, it is possible to start to understand the direction of travel.

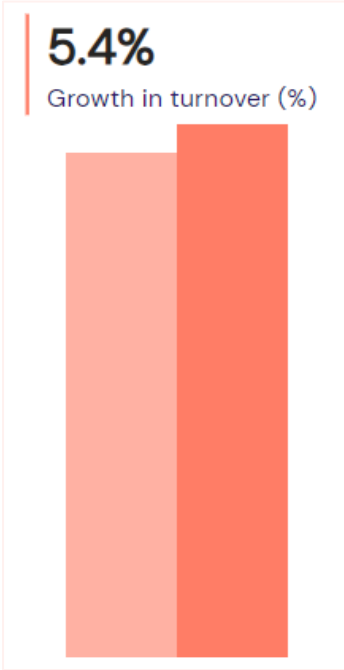
As highlighted elsewhere in this report, the social housing sector across the UK as well as Wales has been under considerable pressure. The year-on-year comparisons show this by demonstrating that operating costs grew faster than turnover during the period – resulting in lower margins.

Turnover

The main component of RSLs’ turnover is rental income from social housing – this accounts for around two-thirds of the total.

The average RSL rent increase between 2021/22 and 2022/23 was just below 3%. RSLs report that beneath the headline figure some rents were frozen or reduced as a result of affordability assessments.

Turnover also includes income from non-social housing activities, shared ownership first tranche sales, service charge income and the development and acquisition of new homes for rent.



Costs

This metric shows the increase in costs reported by Welsh social landlords in the year between 2021/22 and 2022/23.

Unlike headline social housing costs, this measure takes account of all operating costs across the RSL’s business.

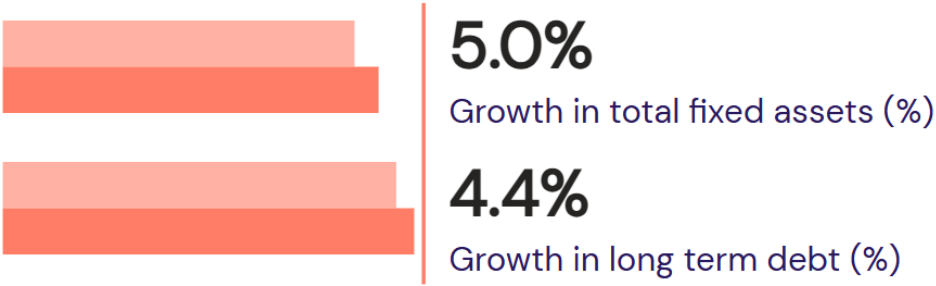
With Housemark data showing inflation running as high as 23% in areas such as planned maintenance, the average rise across Welsh RSLs just below 10% shows that cost pressures are being contained in other service areas.



Finances

While we have recorded notable changes for income and expenditure, there is less movement across the RSL sector when it comes to year-on-year growth in fixed assets and long-term debts.

The rise in net book value across the two years increases the sector’s capacity to secure borrowing, with debt growing at a comparable rate.



Global Accounts national results

The quartiles presented in these tables are numerical, meaning that 25th centile represents the lowest values and 75th centile the highest.

Financial metric	25 th centile	Median	75 th centile
Operating margin (%)	11.6%	16.0%	20.0%
Gearing (%)	20.2%	26.8%	32.5%
EBITDA MRI interest cover (%)	135.9%	175.8%	228.4%
Average interest rate (%)	3.5%	3.8%	4.7%
Headline social housing cost per unit (£)	£4,389	£4,926	£5,965
Management cost per unit (£)	£998	£1,404	£1,660
Routine maintenance cost per unit (£)	£1,186	£1,430	£1,663
Major repairs (capital and revenue) cost per unit (£)	£1,102	£1,282	£1,611
Void loss per social housing unit (£)	£59	£82	£116
Arrears per social housing unit (£)	£194	£281	£351
Growth in turnover (%)	2.8%	5.4%	9.5%
Growth in operating costs (%)	4.4%	9.8%	13.9%
Growth in total fixed assets (%)	3.4%	5.0%	8.3%
Growth in long term debt (%)	-1.6%	4.4%	8.0%