



Regulator of
Social Housing

The Future of Social Housing

Regulation

Fiona MacGregor, Chief Executive
Regulator of Social Housing

September 2020



Coronavirus operational response survey

Survey responses for July and August (as a % of total submissions)



- Delivery of services is stable, and providers backlogs are improving overall. Some providers reported that they have already cleared backlogs of routine repairs and have returned to business as usual.
- The number of providers completing all statutory gas safety checks rose substantially.
- On care and support, most providers are reporting no issues with staffing. Face-to-face support services are resuming, and communal areas are being reopened.
- In areas with local lockdown restrictions, a small number of providers have reverted to an emergency-only repairs service, and reported some increasing backlogs in health and safety checks.

Coronavirus operational response survey

- COVID-19 and the subsequent lockdown introduced a range of constraints to providers' service delivery
 - Access to properties is still cited as an issue but this fell substantially in August.
 - Contractor and provider capacity has improved markedly
 - Availability of PPE and materials has improved although there remain issues for particular components
- For most providers, gas safety check compliance has recovered back to near pre-Covid levels.
- Many providers describe preparations for a second wave of COVID-19 including building stocks of PPE and other materials, carrying out health and safety checks earlier than scheduled, and making contingency plans to address any staffing pressures.

Table: % providers citing particular constraints in CORS written responses

	April	Aug
Access Issues	65%	48%
External capacity (e.g. contractors)	40%	14%
Provider capacity	33%	12%
PPE availability	27%	9%
Materials availability	25%	11%
Other	8%	10%

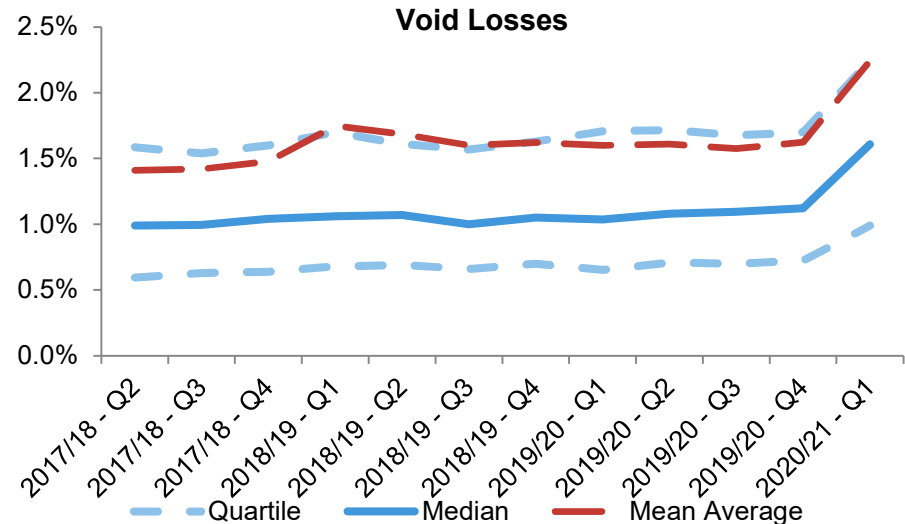
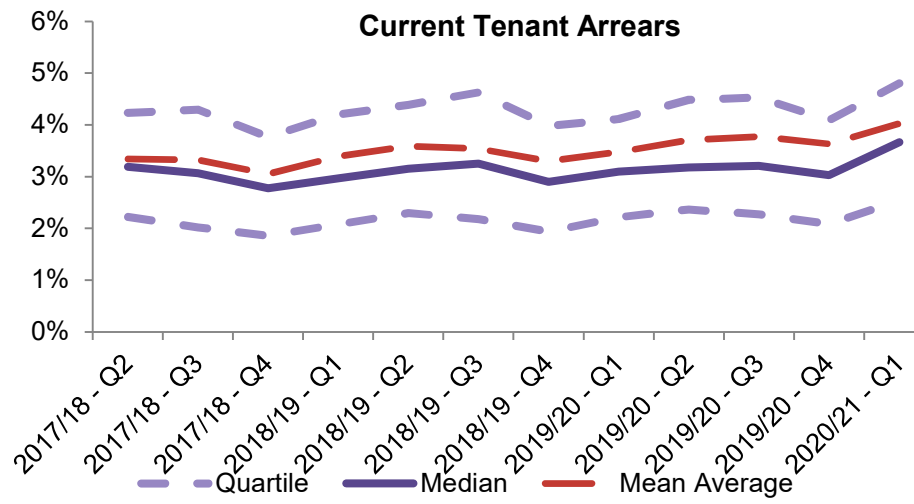
Quarterly Survey Q1 (Mar-Jun 2020)

Table 1: Summary cashflow forecast

<i>Figures in £ billions</i>	3 months to 30 June 2020 (forecast)	3 months to 30 June 2020 (actual)	12 months to 30 June 2021 (forecast)
Operating cashflows excluding sales	1.0	1.2	4.0
Interest cashflows	(0.8)	(0.8)	(3.4)
Payments to acquire and develop housing	(2.1)	(1.8)	(15.5)
Current assets sales receipts	0.7	0.5	4.2
Disposals of housing fixed assets	0.2	0.3	1.3
Other cashflows	(0.1)	0.1	(0.4)
Cashflows before resources and funding	(1.2)	(0.6)	(9.8)
Financed by:			
Net grants received	0.3	0.3	1.5
Net increase in debt	0.8	0.5	5.9
Use of cash reserves	0.1	(0.1)	2.3
Total funding cashflows	1.2	0.6	9.8

- Undrawn facilities of £24.8bn (highest level ever reported);
- Interest cover – 143% (March: 132%) – forecast was 118%, forecast to Jun 2021 – 117%;
- Improvement in interest cover largely a result of capitalised repairs and maintenance expenditure - £153 million (39%) below forecast

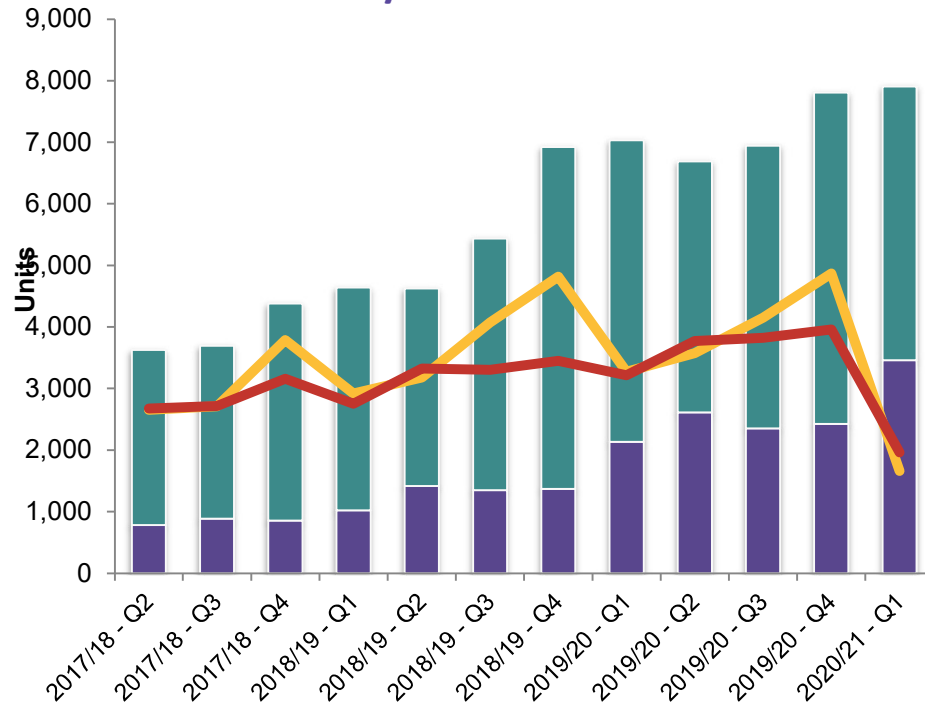
Quarterly Survey Q1 (Mar-Jun 2020)



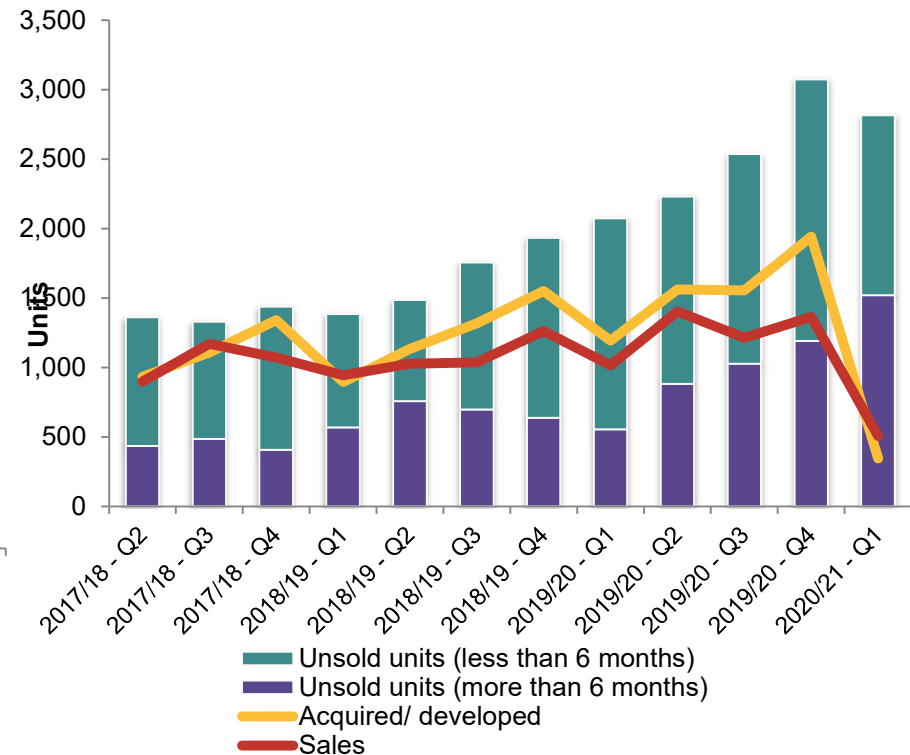
- Mean current tenant arrears at end Jun - 4.0% (Mar: 3.6%), 3.5% in Q1 2019/20
- Mean void losses increased to 2.2% (highest reported since the data first collected in 2013, and substantially higher than the previous record high of 1.7% reported in June 2018)
- Highest levels of void rent loss reported by providers with greatest proportion of sheltered accommodation, housing for older people and care homes - 23 providers >50% of stock in these categories between them reported an average void rent loss of 6.7% (June 2019: 5.2%). Providers with <50% of their stock in these categories reported average void rent loss of 1.7% (June 2019: 1.2%)
- Mean average rent collection rates - 97.2% at end June – (Q1 2019/20: 97.9%)
- Although lower than in previous quarters, rent collection rates remain strong and do not undermine the overall robust financial position of the sector

Quarterly Survey Q1 (Mar-Jun 2020) – Housing Market

AHO/LCHO unsold units



Market sales



- The total number of unsold AHO units increased by 1% to 7,906 at end of June (Mar: 7,808).
- The number of units unsold for more than six months increased by 43% to 3,460 (Mar: 2,428).

- The total number of unsold market sale units decreased by 8% to 2,816 at end June (Mar: 3,073).
- The number of units unsold for >6 months increased by 28% to 1,520 (Mar: 1,190).

Quarterly Survey Q1 (Mar-Jun 2020) - Development

Payments to acquire and develop housing



- Investment activity forecasts for Q2 of 2020/21 is on the increase due to the easing of lockdown in May, and the re-profiling of development plans.
- Development programmes are still subject to change due to uncertainty. Providers will need to assess and reforecast planned expenditure on developments and to account for the effects of projects being delayed or postponed.

Sector Risks

- Second spikes/local lockdowns - continuing disruption (backlogs – building safety, repairs, planned works)
- Care and support – costs, voids?
- End of furlough – u/e, welfare claims, rent arrears
- Brexit/stamp duty holiday
- Uncertainty/housing market/development plans
- Debt increased; interest cover decreased?

Sector Context

Context

- Tenant/stakeholder/other expectations
- White Paper – services, complaints, engagement
- Diversity and inclusion
- Building safety/zero carbon/DH2/quality of existing stock
- AHP/Contribution to supply/economic stimulus



Social Housing White Paper

- Already:
 - Building Safety Regulator
 - Housing Ombudsman scheme – changes
- More proactive approach to consumer regulation (linked to KPI performance)?
- Reform of serious detriment threshold for intervention in consumer matters?
- Transparency and accountability, resident engagement
- Compliance with current consumer standards (PRPs and LAs)
- Consumer regulation review – lessons and themes



Regulation

On-going

- Continue to maintain assurance on immediate viability and key service delivery areas

Next

- Resuming the IDA programme - Tailored to current risks
 - Moving from crisis to risk management
 - Recovery - Business plan restructuring; forward forecasts
 - Resilience - second spikes/local lockdowns
 - Is governance keeping up/adapting?
- Financial Forecast returns and business plans by 30 September – undertake stability checks
 - All judgements have pre-Covid 19 viability grade disclaimer
 - Refresh published grades and remove disclaimer
- Analysis to understand position of all large providers:
 - intentions and plans for next 1-2 years
 - Allows us to scale areas of risk, especially financial viability, stock condition and major repairs, development (trade offs)
- Casework/emerging themes