Regulator of
Social Housing

Quarterly survey for Q1

April to June 2021

September 2021

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Introduction

1. This quarterly survey report is based on regulatory returns from 209 private registered providers (PRPs) and PRP groups who own or manage more than 1,000 homes.

2. The survey provides a regular source of information regarding the financial health of PRPs, in particular with regards to their liquidity position. The quarterly survey returns summarised in this report cover the period from 1 April 2021 to 30 June 2021.

3. The Regulator of Social Housing is aware of the difficulties associated with forecasting in the current climate and acknowledges that although not all elements of the forecast are being met overall trends in expenditure, income and development are clear.

4. The regulator continues to review each PRP’s quarterly survey. It considers a range of indicators and follows up with PRP staff in cases where a risk to the 12-month liquidity position is identified. We have assurance that all respondents are taking appropriate action to secure sufficient funding well in advance of need.

Summary

Liquidity

Total facilities and undrawn facilities increase in the quarter. Slight decrease in cash following high loan repayments. Aggregate liquidity remains strong.

- £113.4 billion total facilities in place at the end of June, up from £113.0 billion in March.
- New finance of £2.4 billion agreed in the quarter; 78% of this from capital markets.
- Available cash balances reduce from £7.4 billion to £6.5 billion, following loan repayments of £1.7 billion in the quarter.
- Total cash and undrawn facilities total £34.5 billion; sufficient to cover forecast expenditure on interest costs (£3.4 billion), loan repayments (£3.9 billion) and net development (£15.9 billion) for the next year.
- Mark-to-market (MTM) exposure on derivatives remained constant over the quarter at £2.0 billion, with the 15-year swap rate reducing in the quarter.

Performance in the quarter

Interest cover and income collection indicators remain robust. Out-turn major repairs below forecast but show a strong start to the financial year.

- Major repairs spend below forecast for the quarter, but at £459 million is the highest quarter one figure ever recorded.
- Cash interest cover (excluding current asset sales) of 102% in the quarter, compared to forecast of 99%.
- Interest cover is driven by net cashflows from operating activities being £0.2 billion below forecast, offset by a reduction in major repairs expenditure of £0.2 billion.
- Reductions in net cashflows are attributed to movements in debtor and creditor balances, and increased repair costs from catch-up works after the third national lockdown.
- Slight deterioration in arrears and rent collection rates since previous quarter, although they are consistent with seasonal trends. Improvement in void losses since March, but these remain at historically high levels.

Investment in new and existing stock

Increase in development expenditure compared with previous quarter. However, out-turn development spend was significantly below the March forecast.

12-month development and major repairs spend forecasts increased again and both exceed pre-pandemic levels.

- £3.1 billion investment in housing properties in the quarter to June 2021; an 11% increase from the previous quarter, however 30% lower than forecast.
- 25% decrease in market sale units completed compared to previous quarter, and 14% decrease in affordable home ownership (AHO) units completed in the quarter.
- 18-month pipeline for AHO units stands at 35,327 units and 11,526 units for market sales.
- Capitalised repairs and maintenance expenditure forecast to reach £2.9 billion over the next 12 months, compared to £1.8 billion over the last 12 months.

Sales

Reduction in the number of unsold properties in the quarter. Sales have decreased, following the highest level ever recorded in March 2021, although still above forecast.

- AHO sales totalled 4,520 units (March: 4,555), and market sales totalled 1,414 units (March: 1,684). AHO sales remain steady, however market sales have dropped in the quarter.
- 3% increase in the number of AHO units unsold for more than six months, and 15% reduction in market sale units unsold for more than six months.
- Total asset sales of £1.7 billion achieved; 11% lower than previous quarter but 9% higher than forecast.
- Fixed asset sales 44% above the quarter forecast, totalling £0.6 billion.
- £4.6 billion current asset sales forecast for the 12 months to June 2022, £4.2 billion of which relate to properties where development is contractually committed.

Operating environment

5. The quarter to June 2021 saw the gradual easing of lockdown restrictions in England, with restrictions lifted in July[1].

6. Gross domestic product (GDP) grew by an estimated 1.0% in June 2021, the fifth consecutive month of growth, however still 2.2% below the pre-pandemic level recorded in February 2020[2]. The Bank of England expects GDP to recover further over the remainder of the year, reaching its pre-coronavirus levels by the end of the year[3], although growth is forecast to slow towards more normal rates after 2021.

7. Construction output fell by 1.3% in June 2021 for a third consecutive month, the largest decline since December 2020[4]. This is due to a decline in repair and maintenance (4.2%) offset by a small increase in new work (0.5%). Total construction output in June 2021 was 0.3% below the pre-pandemic amount recorded in February 2020, while new work was 2.1% below this level.

8. A combination of external factors including the pandemic, the end of the Brexit transition period and an increase in demand has driven up prices for essential materials in the construction sector and caused supply shortages[5]. Materials such as cement, timber and steel have longer delivery lead times, resulting in delays to development sites[6]. Labour has also been in short supply due to the departure of European construction workers.

9. Overall inflation, as measured by the Consumer Prices Index (CPI), increased by 2.5% in the 12 months to June 2021[7]. A monthly increase in CPI of 0.5% between May and June 2021 was also recorded, compared to 0.1% recorded between the same two months of 2020.

10. A temporary increase in the Stamp Duty threshold to £500,000 has been in place since July 2020 until the end of June 2021, and further transitional relief of £250,000 will remain in place until the end of September[8]. From October 2021 the nil rate band will return to the standard amount of £125,000.

[1] Moving to step 4 of the roadmap (www.gov.uk)
[2] GDP monthly estimate, UK: June 2021 - Office for National Statistics (ons.gov.uk)
[3] Bank of England Monetary Policy Report August 2021
[4] Construction output in Great Britain: June 2021 - Office for National Statistics
[5] 2021-building-materials-crisis (www.pbctoday.co.uk)
[6] Construction materials shortage (www.homebuilding.co.uk)
[7] Consumer price inflation, UK: June 2021 - Office for National Statistics
[8] Stamp Duty Land Tax - GOV.UK (www.gov.uk)

11. UK house prices have increased by 13.2% in the year to June 2021, the largest annual increase over the past five years[9]. The biggest annual increases have been seen in the North West (18.6%) and Yorkshire and the Humber (15.8%), while the smallest increases were in London (6.3%) and the South East (10.5%).

12. Estimates from the Office for National Statistics indicate that the UK unemployment rate decreased in the quarter to June 2021; a reduction of 0.2 percentage points compared to the previous quarter, although still 0.8 percentage points higher than the pre-pandemic levels recorded between December 2019 and February 2020[10]. Universal Credit claimants have been at their lowest level since the start of the coronavirus pandemic, with 1.2 million new claimants in April 2020 down to 130,000 in April 2021[11].

13. The Coronavirus Job Retention Scheme, which allows employers to claim grants to cover the salary costs of furloughed workers, will continue until 30 September 2021[12]. Employees will continue to receive 80% of their usual wages throughout the remainder of the scheme, although employers will be required to contribute towards this from July.

14. As the country begins to emerge out of lockdown, providers will need to remain alert and ready to respond to further changes in the operating and economic environment. Forecasts will need to be closely monitored and updated as the economy re-opens, and flexibility will need to be included to allow any increasing risks to be effectively managed.

[9] UK House Price Index summary: June 2021 - GOV.UK (www.gov.uk)

[10] Employment in the UK - Office for National Statistics (ons.gov.uk)

[11] Universal Credit statistics, 29 April 2013 to 8 April 2021 - GOV.UK (www.gov.uk)

[12] Changes to the Coronavirus Job Retention Scheme from July 2021 - GOV.UK (www.gov.uk)

Private finance

15. The sector's total agreed borrowing facilities increased by just under £0.5 billion over the quarter, to reach £113.4 billion at the end of June (March: £113.0 billion). Of this, 53% related to bank loans.

Figure 1: Total facilities (£ billions)

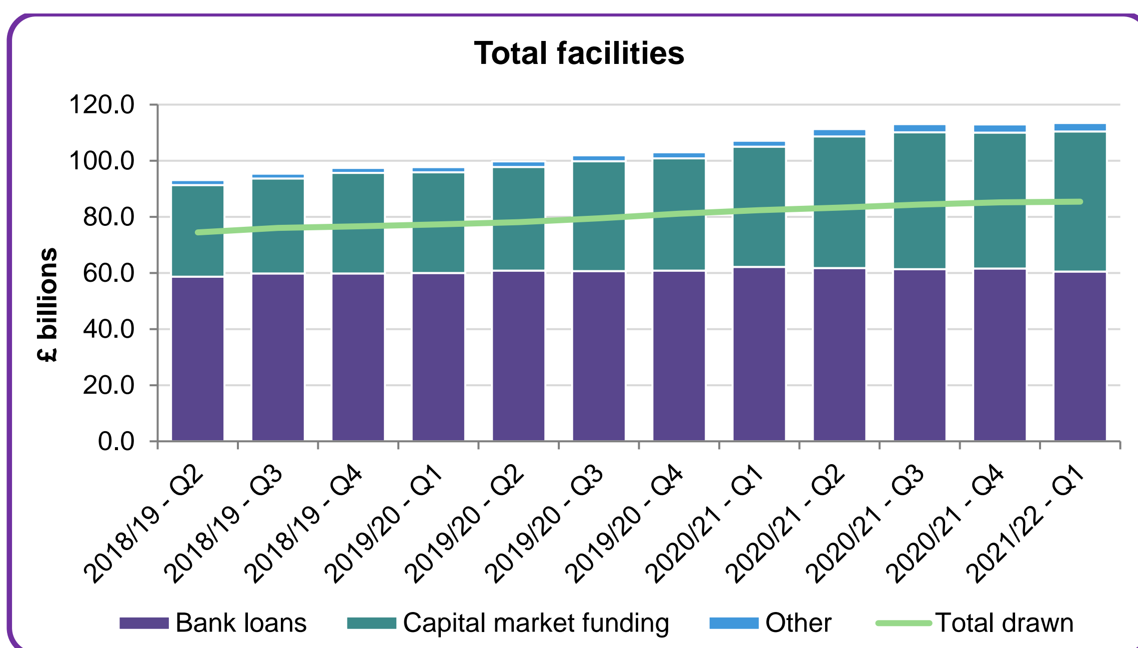


Table 1: Total facilities - drawn and secured

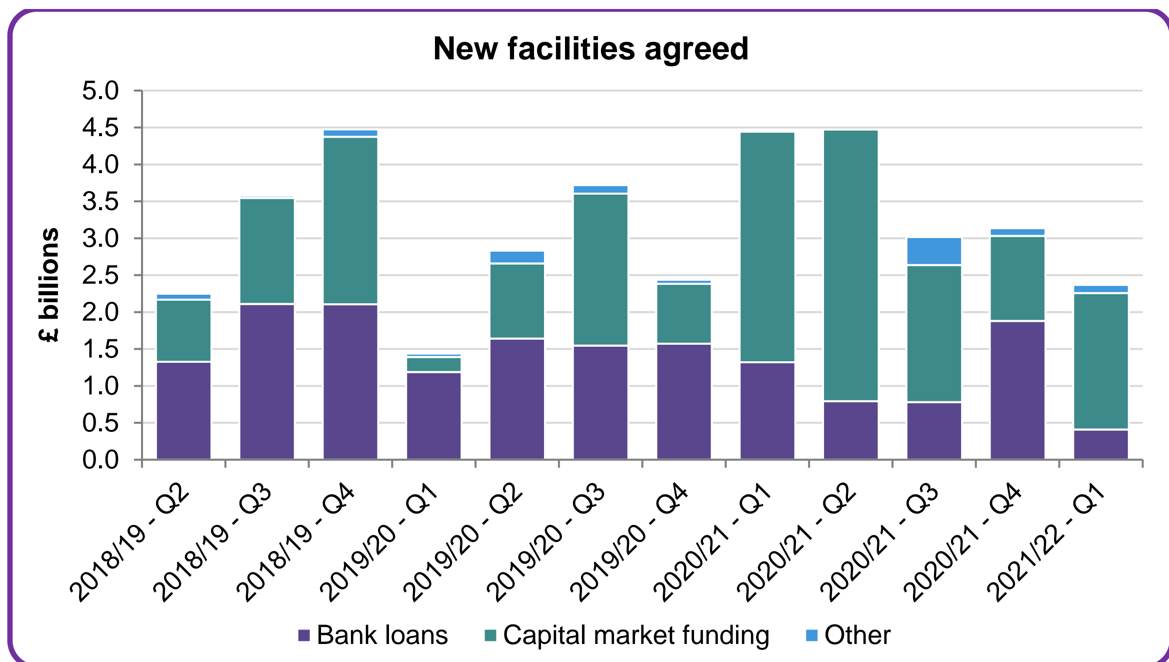
£billons	*Previous quarter*	*Current quarter*	*% change*
Drawn	85.2	85.4	0.3%
Undrawn	27.8	28.0	0.8%
Secured	101.3	102.7	1.4%
Security required	3.9	3.5	(12.0%)
Security not required	7.7	7.2	(6.2%)

16. 92% (March: 94%) of providers were forecasting that debt facilities available at the end of June would be sufficient for more than 12 months.

17. A total of 27 providers arranged new finance during the quarter (March: 45). New facilities agreed, including refinancing, totalled £2.4 billion, with nine providers each arranging facilities worth £100 million or more.

18. Capital market funding, including private placements and aggregated bond finance, accounted for 78% (£1.8 billion) of new funding in the quarter, with four bond issues accounting for nearly two thirds of this amount. Bank lending fell to £0.4 billion, the lowest amount reported in over four years. An additional £0.1 billion was raised from other finance sources, mainly local authority lending.

Figure 2: New facilities agreed (£ billions)



19. Total cash and undrawn facilities available within the sector totalled £34.5 billion, a slight decrease from the £35.1 billion reported in March. Total available facilities would be sufficient to cover the forecast expenditure on interest costs (£3.4 billion), loan repayments (£3.9 billion) and net development for the next year (£15.9 billion), even if no new debt facilities were arranged and no sales income was received.

20. A total of £1.7 billion worth of loan repayments were made during the quarter, the highest level recorded since December 2016. This included £0.5 billion worth of repayments relating to the Covid Corporate Financing Facility (CCFF), which was set up to provide short-term cashflow support. The remaining £1.1 billion worth of outstanding CCFF held by PRP groups[13] will be due for repayment by March 2022 at the latest.

21. Drawdowns from facilities not yet agreed have been forecast by 34 providers that are either undertaking voluntary refinancing or are extending existing facilities, typically to fund uncommitted development programmes.

[13] Results and usage data | Bank of England

Table 2: 12-month forecasts

£billons	*Previous quarter*	*Current quarter*	*% change*
Drawdown from facilities agreed	6.4	6.8	5.2%
Drawdown from facilities not yet agreed	3.4	3.5	1.3%
Loan repayments	4.3	3.9	(9.5%)

Cashflows

22. It is essential that providers maintain sufficient liquidity. The regulator engages with PRPs that have low liquidity indicators.

23. Table 3 below shows actual performance for the quarter compared to the forecast, and the 12-month cashflow forecasts to June 2022.

Table 3: Summary cashflow forecast[14]

Figures in £ billions	3 months to 30 June 2021 (forecast)	3 months to 30 June 2021 (actual)	12 months to 30 June 2022 (forecast)
Operating cashflows excluding sales	0.9	0.9	4.0
Interest cashflows	(0.9)	(0.9)	(3.4)
Payments to acquire and develop housing	(4.4)	(3.1)	(17.5)
Current assets sales receipts	1.1	1.1	4.6
Disposals of housing fixed assets	0.4	0.6	2.6
Other cashflows	(0.2)	(0.2)	(0.6)
Cashflows before resources and funding	**(3.1)**	**(1.5)**	**(10.3)**
Financed by:			
Net grants received	0.6	0.4	1.6
Net increase in debt	1.0	0.2	6.3
Use of cash reserves	1.6	0.9	2.4
Total funding cashflows[15]	**3.1**	**1.5**	**10.3**

[14] Operating cashflow excludes current asset sales receipts and costs of sales. 'Payments to acquire and develop housing' include payments in respect of both current and fixed assets.
[15] There are rounding differences in the calculated totals; figures are reported by providers in £000.

24. Interest cover, based on operating cashflows excluding all sales, stood at 102% in the quarter to June 2021 (March: 126%), slightly higher than the forecast of 99% made in March. Levels of interest cover can fluctuate when calculated on a quarterly basis as a result of exceptional items and movements in debtor and creditor balances. Interest cover excluding sales for the 12 months to June 2021 was 138%.

25. The reduction in interest cover on a quarterly basis since March is driven by a reduction in net cashflows from operating activities, which were £0.4 billion lower than in the previous quarter. Although the overall net position was similar to forecast, net cashflows from operating activities were £0.2 billion below forecast, which was offset by a reduction in expenditure on capitalised repairs and maintenance costs of £0.2 billion.

26. The majority of providers have attributed differences in net cashflows to movements in debtor and creditor balances, including Housing Benefit and Direct Debit payments being received after the quarter-end. Other providers have also reported increased repair costs, including additional fire safety works and catch-up works from non-emergency repairs that were delayed during the third national lockdown.

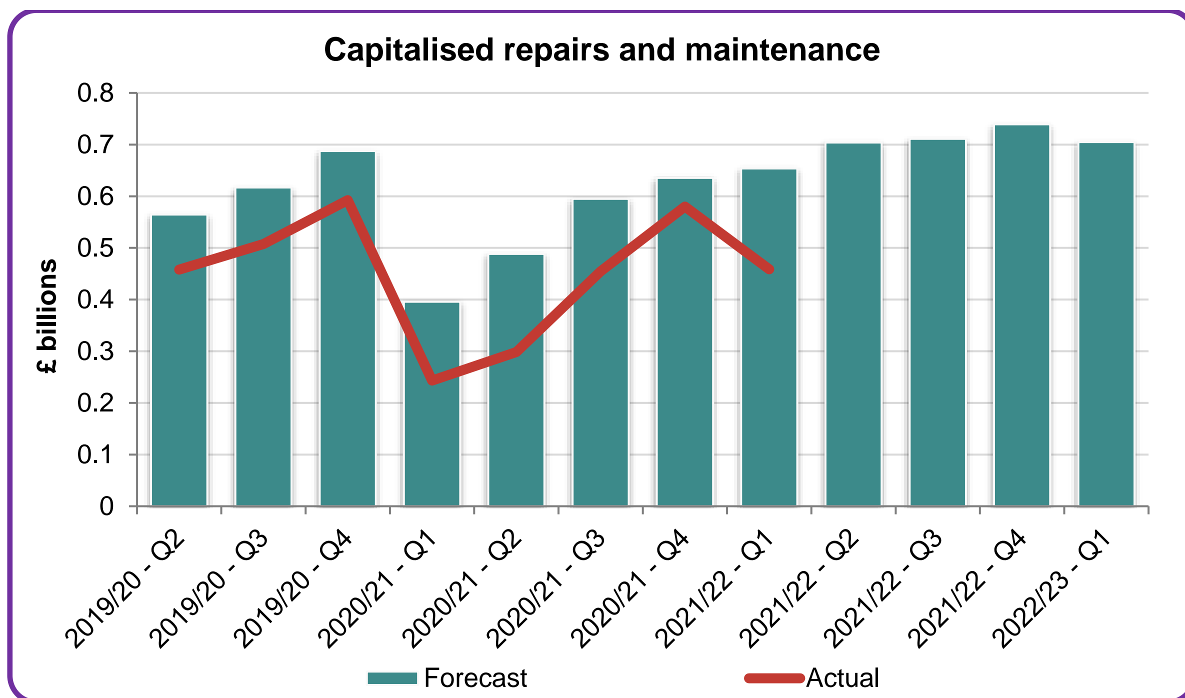
27. The figures submitted by providers show interest cover averaging 117% over the 12-month forecast period. The anticipated increase in interest cover results from forecast net cashflows from operating activities being, on average, £368 million (28%) higher per quarter than in the quarter to June 2021. This is partially offset by additional expenditure on capitalised repairs and maintenance, which is forecast to increase by an average of £256 million (56%) per quarter over the 12-month forecast period.

28. Actual expenditure on capitalised repairs and maintenance amounted to £459 million during the quarter; 30% lower than the amount forecast and 21% less than the amount spent in the previous quarter. However, it is usual for capital expenditure to fall in the first quarter of a new financial year as contracts are tendered and initial survey work is carried out. The £459 million expenditure is the highest quarter one figure recorded since cashflow data was first collected in 2015 and although the majority (78%) of providers reported an underspend against previous forecasts, several providers incurred additional expenditure as a result of completing works delayed from the previous quarter.

29. In addition to the usual seasonal delays in starting programmes, providers have also reported ongoing delays resulting from the coronavirus pandemic, including restricted access to properties, and staffing and material shortages.

30. In the 12 months to June 2021 capitalised expenditure on repairs and maintenance was £1.8 billion, compared to the £2.3 billion forecast at the start of the period. For the 12 months to June 2022, the sector has forecast capitalised repairs and maintenance expenditure of £2.9 billion (March 12-month forecast: £2.7 billion), which includes catch-up spend reprofiled from quarter one.

Figure 3: Capitalised repairs and maintenance expenditure (£ billions)



31. Current asset sales of £4.5 billion were achieved in the 12 months to June 2021, compared to the £4.2 billion forecast at the start of the period. For the 12 months to June 2022 the sector has forecast a further £4.6 billion worth of current asset sales, of which £4.2 billion relates to properties for which development is contractually committed.

32. In the 12 months to June 2021 fixed asset sales were £2.1 billion. For the 12 months to June 2022, the sector has forecast a further £2.6 billion worth of fixed asset sales. This includes around £0.5 billion worth of housing assets that will be transferred between Registered Providers.

33. Available cash balances, excluding amounts held in secured accounts, reduced by £0.9 billion during the quarter. This compares to a forecast reduction in cash of £1.6 billion expected at the end of the previous quarter.

34. Cash available at June 2021 totalled £6.5 billion (March: £7.4 billion). Forecasts show this reducing to £4.3 billion over the next 12 months as cash reserves are used to fund development programmes. In addition to the £6.5 billion available, cash held in secured accounts and therefore not accessible to providers totalled £1.1 billion (March: £1.1 billion). Typically, these accounts are used to hold MTM cash collateral, amounts in escrow and leaseholder sinking funds.

Development

35. In the 12 months to June 2021, £11.6 billion was invested in the acquisition and development of housing properties. This is 4% higher than the £11.1 billion investment achieved in the year to June 2020.

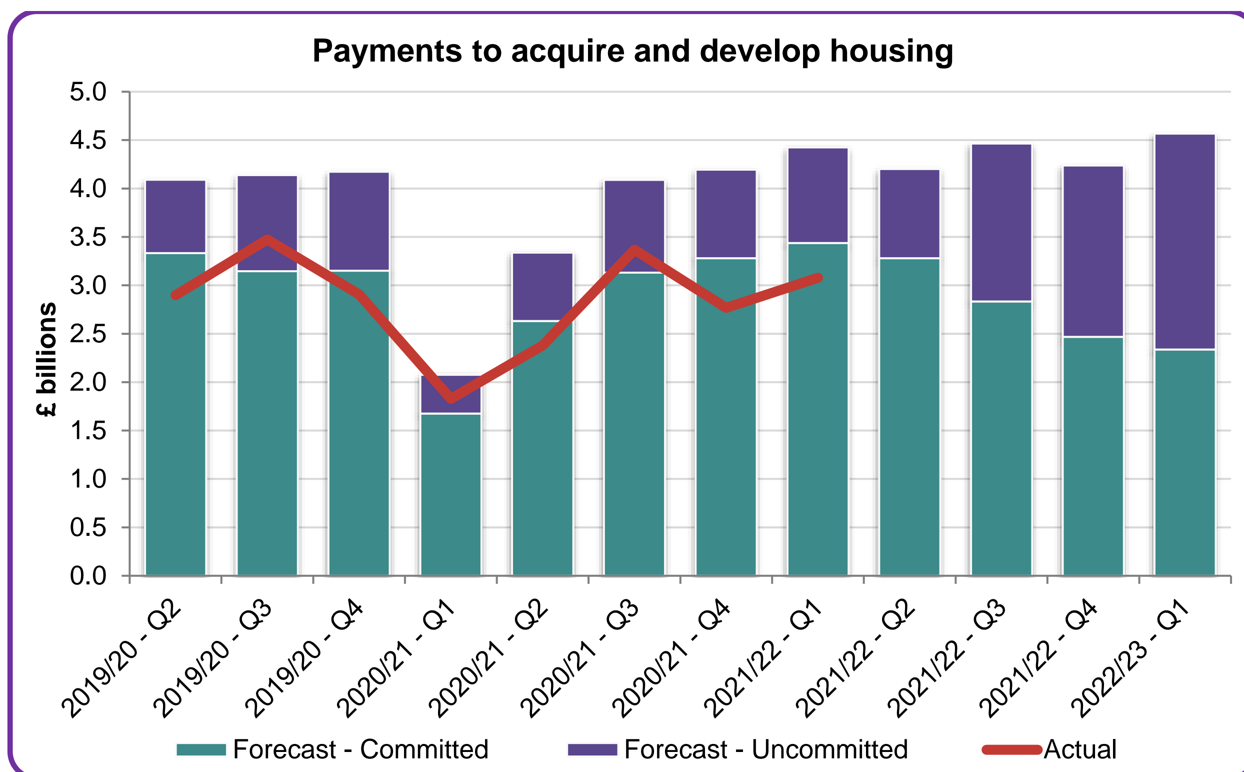
36. Actual expenditure in the quarter ending June 2021 was £3.1 billion; 11% higher than previous quarter and 68% higher than in the same quarter of 2020. However, expenditure was 30% below total forecast for the quarter of £4.4 billion, and below the £3.4 billion forecast for contractually committed schemes. Almost a quarter of the total expenditure shortfall was from seven providers who were based mainly in London and the South East[16].

37. Many providers are still reporting ongoing delays from the pandemic; shortages of materials and labour in the construction sector, as well as escalating prices affecting lead times. Several providers have also stated issues relating to Section 106 property negotiations and the phasing of grant receipts. This has resulted in the re-profiling of development schemes.

38. For the next 12 months a further £17.5 billion of investment has been forecast; a 3% increase on previous quarter, of which £10.9 billion is contractually committed. 12-month development forecasts fell to £13.2 billion in March 2020 when the impact of coronavirus restrictions was initially forecast, however these have since increased and exceeded pre-pandemic levels.

[16] Defined as providers holding 50% or more of their existing stock within the region

Figure 4: Payments to acquire and develop housing



Housing market

39. Total asset sales, including staircasing, RTB/RTA and voluntary sales, as well as AHO first tranche sales and market sales, amounted to £1.7 billion in the quarter to June (March: £1.9 billion). Although sales have dropped 11% from previous quarter, figures are 9% higher than forecast. This is mainly driven by an increase in fixed asset sales, with providers reporting above forecast RTB/RTA and staircasing receipts accelerated by the Stamp Duty holiday deadline.

40. Overall, surpluses from asset sales remained at £0.5 billion, and overall margins increased slightly in the quarter from 25% to 28%. This is still below the levels recorded in the same quarter for 2020 and 2019 with average margins of 31%. However, surplus figures are now back in line with pre-pandemic levels.

Figure 5: Value of asset sales

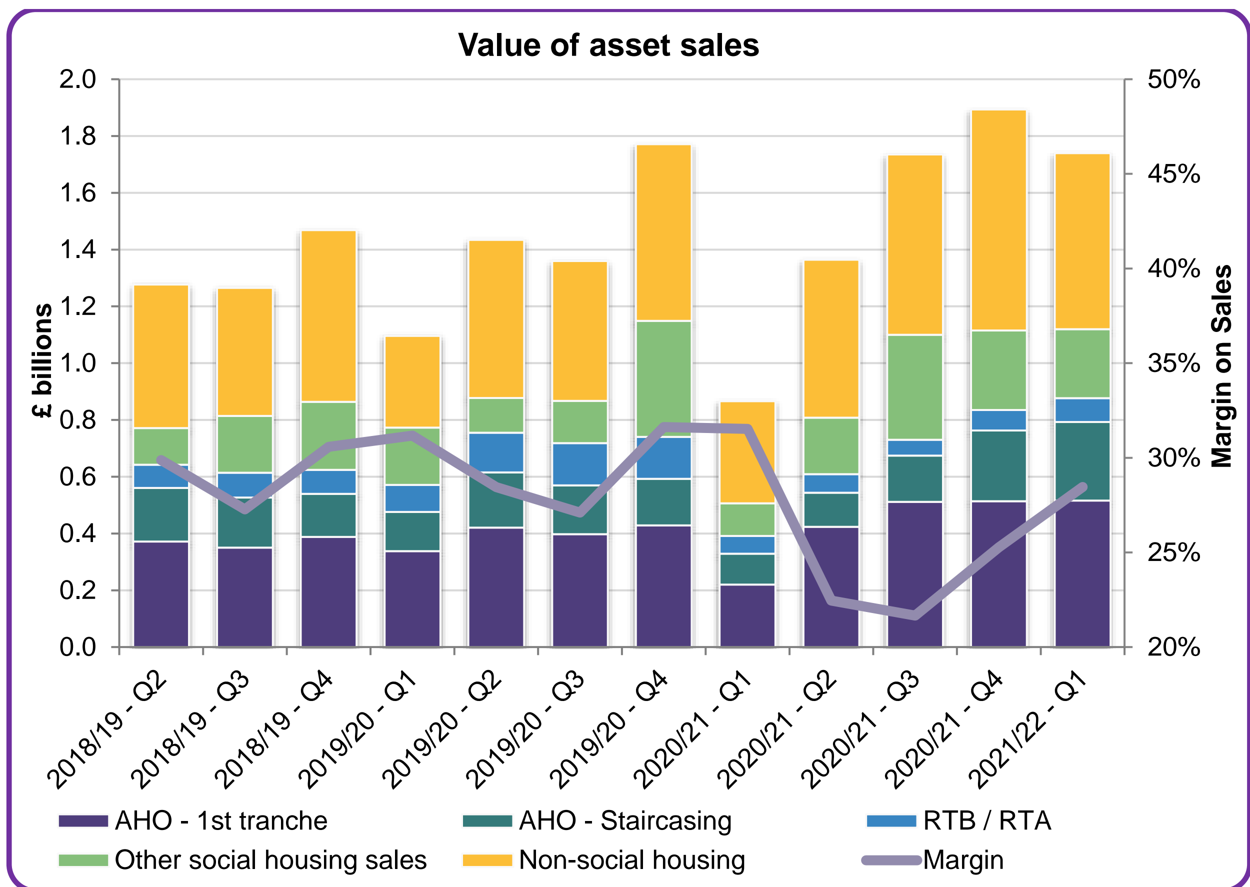


Table 4: AHO units

AHO units	*Previous quarter*	*Current quarter*	*% change*
Completed	4,453	3,812	(14.4%)
Sold	4,555	4,520	(0.8%)
Margin	19.7%	20.3%	3.3%
Unsold	7,369	6,662	(9.6%)
Unsold for more than 6 months	2,351	2,432	3.4%
18-month pipeline	35,273	35,327	0.2%

41. Fixed asset sales for the quarter (including staircasing, RTB/RTA and voluntary sales) amounted to £0.6 billion (March: £0.6 billion); 44% higher than the amount forecast in March. Current asset sales (market sales and first tranche AHO sales) were 3% below forecast, with a total of £1.1 billion sales achieved (March £1.3 billion). Providers reported that higher than forecast staircasing receipts and RTB/RTA sales were attributable for the increase in fixed asset sales compared to forecast.

42. Completions decreased in the quarter by 14% with almost half of the total units completed held by 13 providers. Sales have remained steady, and the high number of AHO sales compared to unit completions has resulted in a 10% reduction in unsold units.

43. The number of AHO units unsold for more than six months increased in the quarter. This has increased the proportion of units unsold for over six months compared to total unsold units to 37%, in line with the three-year average of 34%.

44. Following the significant reduction in sales in quarter one 2020/21 that resulted from the first national lockdown, sales figures are now exceeding pre-pandemic levels and are higher than the three-month average of 3,625 units. Providers are generally reporting strong interest in sales, particularly for RTB/RTA and staircasing properties mainly due to the Stamp Duty holiday deadline. However current asset sales are 3% lower than forecast due to development delays which have impacted sales.

45. Around half of the unsold AHO stock at the end of the quarter was held by 12 providers. These 12 providers all reported access to sufficient finance, with each holding between £0.4 billion and £1.2 billion worth of cash and undrawn facilities at the end of the quarter. Between them this amounted to £9.7 billion, or 28% of the total facilities available within the sector.

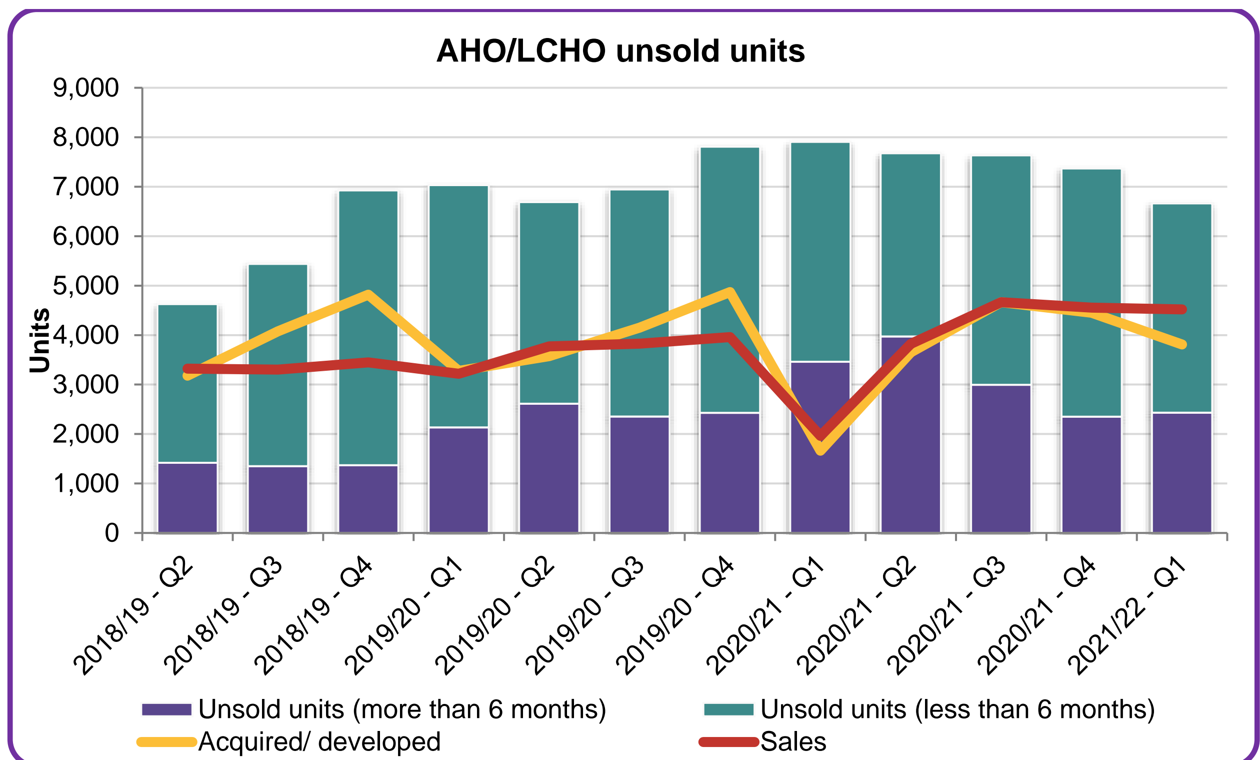
46. Of the units unsold for over six months, 28% were held by providers operating mainly in London[17]. The number of units unsold for over six months has been decreasing over the last three quarters, since peaking in September 2020. This is consistent with the high level of sales over the last three quarters.

47. Six providers held over 100 units of stock that had been unsold for more than six months, accounting for 45% of the total figure. Where sales income has been delayed, the regulator will monitor the provider's liquidity exposure and test business plans to ensure they are robust enough to cope with a range of adverse scenarios.

48. The overall surplus on AHO sales was £104.9 million in the quarter to June (March: £101.1 million). This is the highest surplus achieved over the last five years since quarter four of 2016/17, reflecting the large annual house price increase. Margins have slightly increased on the previous four quarters, but still below the three-year average of 22%.

[17] Defined as providers holding 50% or more of their existing stock within the region

Figure 6: AHO/LCHO unsold units



49. Completions decreased in the quarter by almost 25%, with almost half of the total units completed held by just four providers. Sales also followed the same trend decreasing by 16%, however this is still above the three-year average of 1,230 units. The decline in completions have been affected by delays in development due to resource issues in the sector, although the majority of providers are still forecasting full budget spend in the year.

Table 5: Market sale units

Market sale units	*Previous quarter*	*Current quarter*	*% change*
Completed	1,560	1,178	(24.5%)
Sold	1,684	1,414	(16.0%)
Margin	16.0%	16.6%	3.7%
Unsold	1,901	1,655	(12.9%)
Unsold for more than 6 months	886	749	(15.5%)
18-month pipeline	11,336	11,526	1.7%

50. As with AHO, the high number of market sales over the last three quarters compared to unit completions, has resulted in a reduction in both the overall number of unsold units and the number unsold for over six months.

51. As is the case with AHO units, sales reduced significantly during the spring 2020 lockdown, but recovered over the year to above average sales for the past three quarters. Market sales have almost tripled this quarter in comparison to the same quarter of 2020, the initial start of the national lockdown, and are now exceeding pre-coronavirus sales levels seen in December 2019.

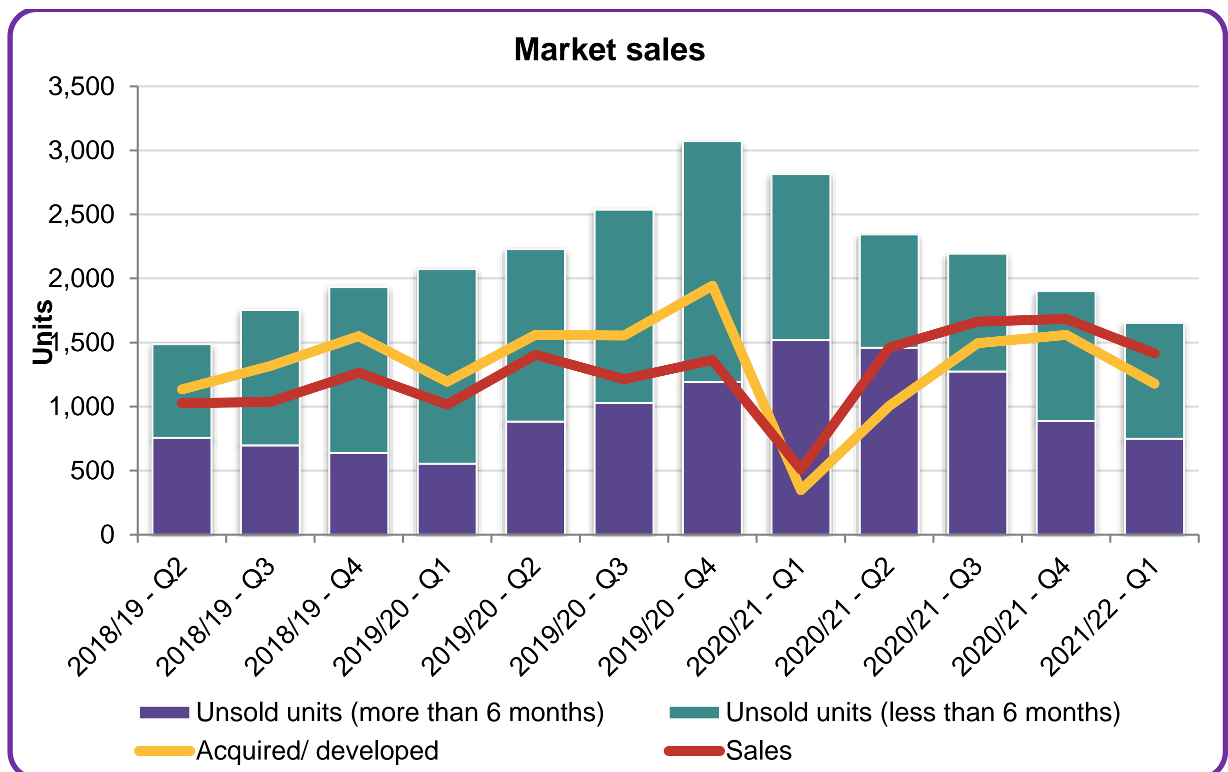
52. Development for outright market sale continues to be concentrated in relatively few providers, with over half of the unsold market sale units reported at the end of the quarter being held by five providers. These providers each had access to between £0.5 billion and £1.2 billion worth of cash and undrawn facilities. Between them this amounted to £4.3 billion, or 12% of the total facilities available within the sector.

53. Of the market sale units unsold for over six months, 32% were held by providers operating mainly in London[18] where development is concentrated; 35% of market sale units developed over the quarter were also reported by providers operating mainly in this area.

54. The overall surplus on market sales was £102.9 million in the quarter to June 2021, giving a margin on sales of 16.6% (March: 16.0%). Margins have slightly increased in the last three quarters however; they are still below the average margin over the last three years of 17.0%.

[18] Defined as providers holding 50% or more of their existing stock within the region

Figure 7: Market sales



55. The pipeline of AHO completions expected in the next 18 months stands at 35,327 units, of which 29,894 units are contractually committed. The pipeline figures represent a 53% increase in AHO development compared to actual performance in the 18 months to June 2021, when there were 23,117 completions. It is also a 6% increase compared to the pipeline of AHO units that was planned in June 2020, when 33,230 units were reported.

56. For market sale, completions expected over the next 18 months stand at 11,526 units, of which 10,466 are contractually committed. This would give a 53% increase in market sale development in comparison to the actual completions achieved over the previous 18 months, which stood at 7,529 units. It is also a 11% increase in pipeline figures from the figure planned in June 2020, when 10,390 units were reported.

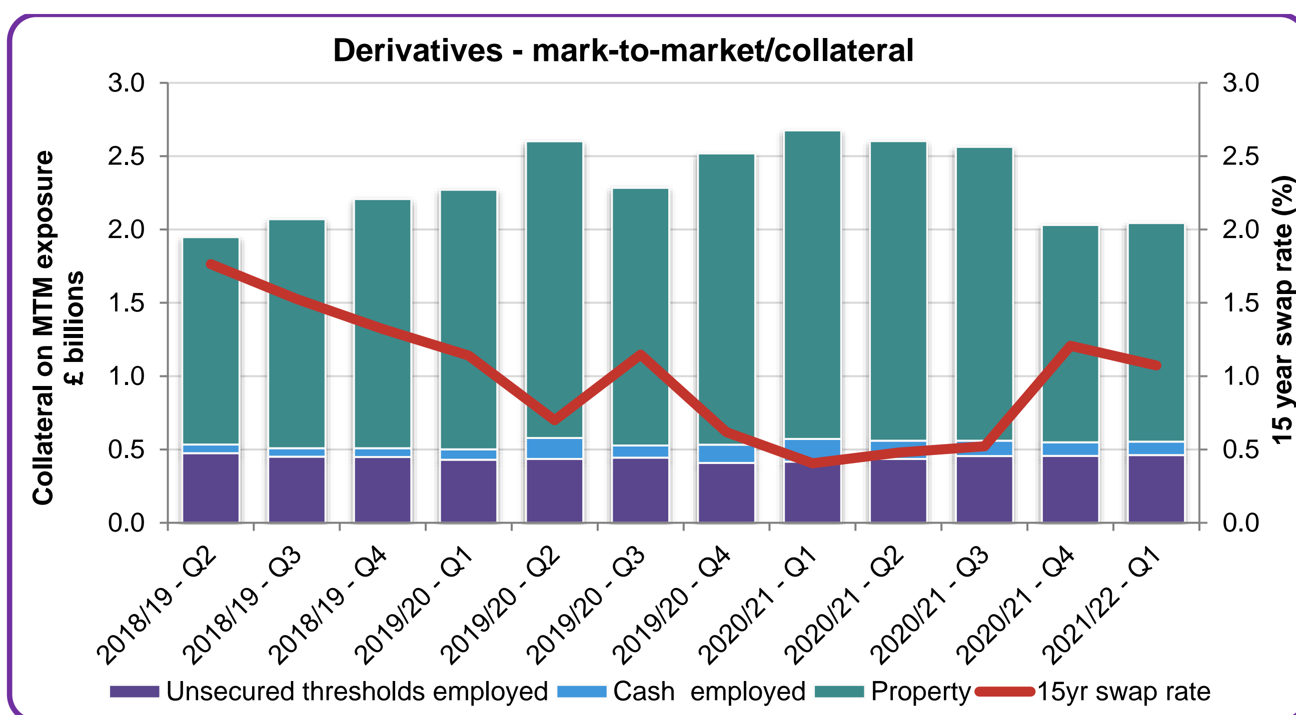
Derivatives

57. At the end of June, 43 providers (March: 43) reported making use of free-standing derivatives. The notional value of standalone derivatives decreased by £0.1 billion over the quarter to £9.1 billion. This is mainly due to one provider terminating several derivatives totalling £65 million.

58. Gross MTM exposure remained constant over the quarter at 2.0 billion at the end of June. This is due to the increase in exposure of the remaining derivatives being offset by the termination of derivatives in the quarter. The 15-year swap rate reduced to 1.07% at the end of June compared to 1.21% at the end of March.

59. Unsecured thresholds and available security pledged to swap counterparties was £3.5 billion. Of this total collateral, £1.6 billion (March: £1.7 billion) had been employed in the form of property or cash, together with unsecured thresholds of £0.5 billion. The excess collateral available consisted primarily of property pledged but not employed.

Figure 8: Derivatives – Mark-to-market / Collateral



60. The above graph shows MTM exposure excluding excess collateral. Generally, for PRPs, MTM exposure increases as swap rates fall.

61. Collateral given in terms of security and cash continues to exceed the sector's exposure levels, providing some mitigation against the risk of future adverse movements in swap rates. At sector level, the headroom of collateral and unsecured thresholds available over current exposure was £1.5 billion.

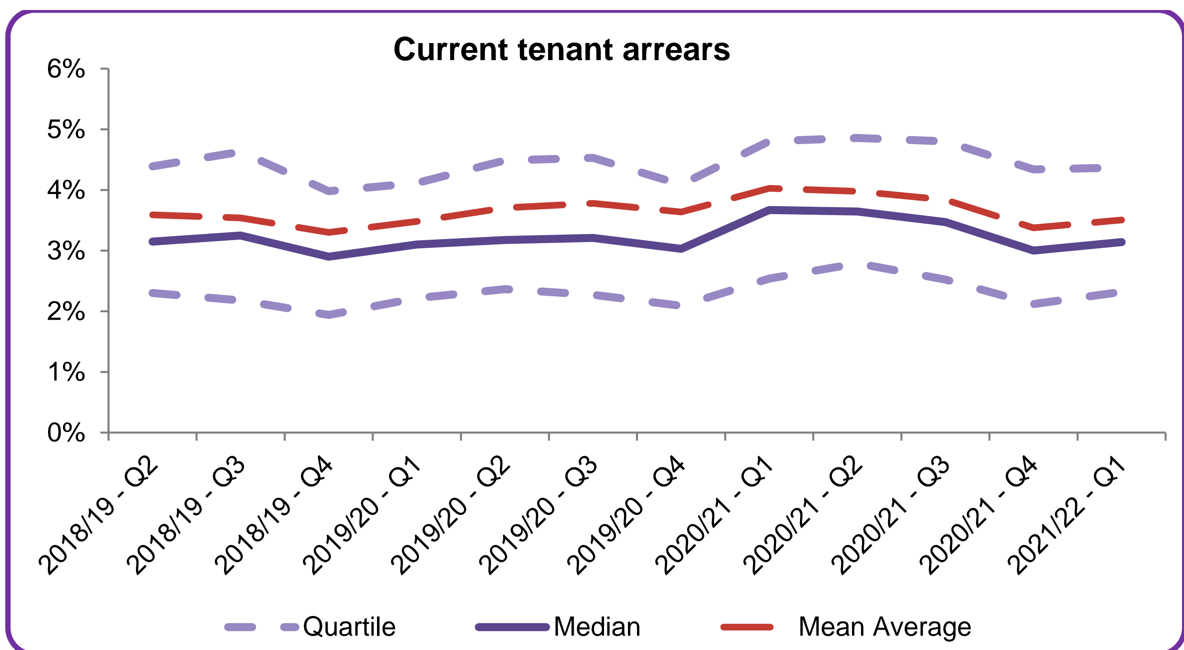
62. Of the 43 providers that were making use of free-standing derivatives, 38 had collateral pledged that exceeded or equalled their level of exposure. The five providers that were under-collateralised at the end of the quarter were not required to provide additional security to cover exposure.

63. Interest rate volatility means that collateral requirements will remain a long-term exposure, and MTM positions need to be closely monitored. Although rates at the end of June were more in line with those experienced before the start of the coronavirus pandemic, providers must ensure that they have sufficient security available to manage the effects of further volatility in swap rates.

Income collection

64. At the end of June, 74% of providers reported that their levels of arrears, rent collection and voids were all within, or outperforming their business plan assumptions, compared to 79% at the end of March.

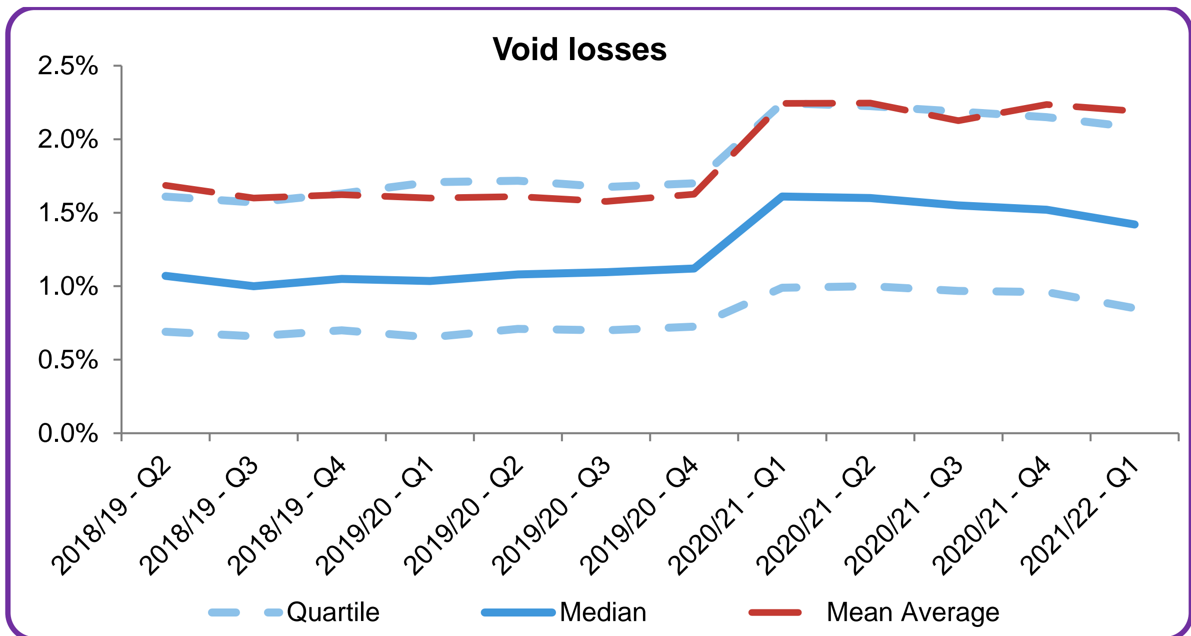
Figure 9: Current tenant arrears



65. Mean current tenant arrears stood at 3.5% at the end of June (March: 3.4%). This is lower than the 4.0% reported in quarter one of 2020/21 when the impact of the coronavirus pandemic was first evident, and consistent with the 3.5% recorded in the same period of 2019/20. Median arrears stood at 3.1% (March: 3.0%), compared to 3.7% in quarter one of 2020/21 and 3.1% in quarter one of 2019/20. The highest levels of arrears continue to be experienced by providers operating mainly in London[19], where the mean average stood at 5.3%.

[19] Defined as providers holding 50% or more of their existing stock within the region.

Figure 10: Void losses

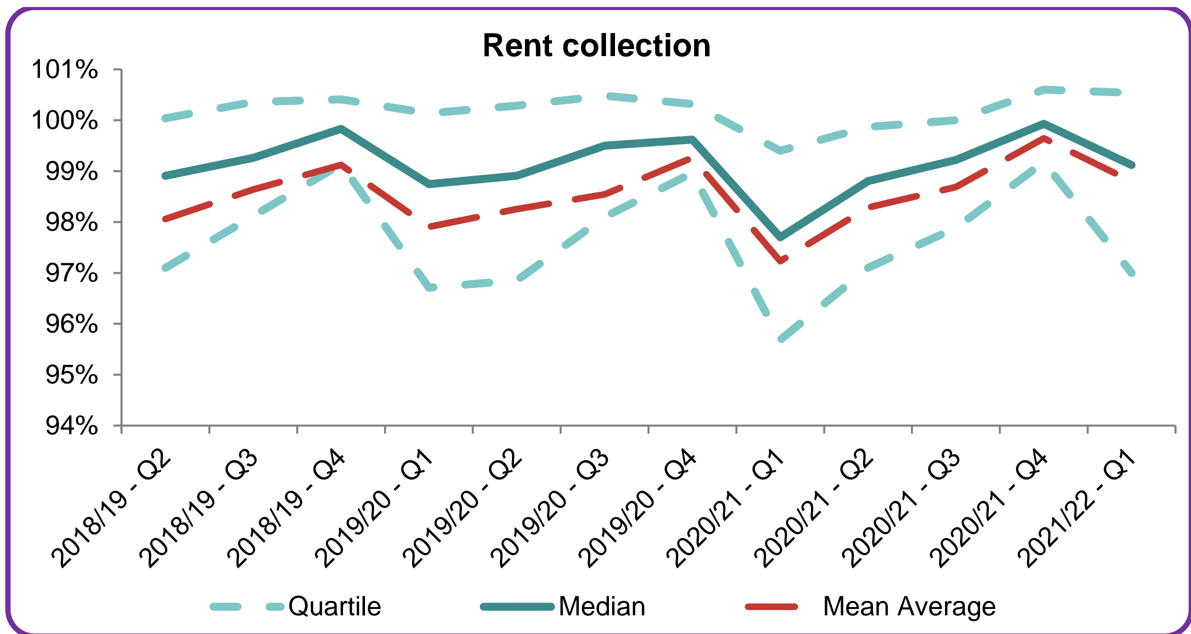


66. Void levels remain significantly higher than those experienced before the start of the coronavirus pandemic, although there has been a slight improvement during the quarter. Median void levels reduced to 1.4% (March: 1.5%), compared to 1.6% in June 2020 and 1.0% in June 2019. Mean void losses remained at 2.2%, consistent with the figure from June 2020 but much higher than the 1.6% recorded in June 2019.

67. A total of 54 providers have stated that levels of income collection are outside of business plan assumptions, and of these, 85% have reported voids as being one of the areas that is out of target. Across all providers, 15 have recorded void losses of 5% or more (March: 14). Providers have reported high backlogs of void properties from the latest national lockdown, and social distancing requirements lengthening the repair and re-let time of properties. Staffing shortages in repairs and lettings teams are also reported to be contributing to delays.

68. The highest void rent losses are typically reported by providers with a large proportion of supported housing units, care home units or Housing for Older People, and providers have reported that this has been exacerbated by the pandemic. Providers with over 50% of their stock within these categories reported mean void losses of 7.3%, compared to 1.6% reported by providers with less than 50%.

Figure 11: Rent collection



69. Mean average rent collection rates stood at 98.8% at the end of June (March: 99.6%), with the median at 99.1% (March: 99.9%). Both figures are higher than in the corresponding quarters of 2020/21 and 2019/20, when median arrears stood at 97.7% and 98.7% respectively.

70. The number of providers reporting rent collection rates of less than 95% increased to 25 at the end of June (March 2021: 5, June 2020: 47), in line with seasonal trends. Income collection rates generally increase over the course of a financial year as Housing Benefit receipts fall in line with rent charges, and for some providers, as rent-free weeks are applied.

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