RSH quarterly survey published for Q1 (April to June) 2022 to 2023

The Regulator of Social Housing has today (6 September) published the latest quarterly survey of registered providers' financial health.

The report covers the period 1 April to 30 June 2022 and was completed before the launch of the Government's consultation on rents for 2023/24. It shows that the sector remains financially robust with strong liquidity. Historically high levels of investment in existing stock continued, but the effects of wider economic pressures are becoming apparent.

The sector continues to raise new debt. Total agreed borrowing facilities increased by £0.5 billion in the quarter, reaching £119.3 billion by the end of June. New finance of £1.9 billion was agreed in the quarter, with 70% from capital markets. The sector has liquidity to cover forecast expenditure on interest costs, loan repayments and investment in new homes over the year.

Investment in major capitalised repairs stood at £503 million between April and June, the highest total ever recorded in a first quarter, but 33% below forecast. Labour and material shortages continue to impact on planned investment, and cost inflation is evident.

Providers continued to invest in new homes, with £2.9bn spent over the quarter. However, this was 14% below forecasts for contractually committed schemes. Providers reported that supply chain issues and planning delays are holding back some development projects. Total investment is expected to reach £18.2 billion over the next 12 months; 4% higher than previously forecast and reflecting reprofiling of earlier underspends.

Providers expect to see an average interest cover excluding sales of 98% over the next 12 months, which compares to 124% in the last financial year. This is due to forecast increased expenditure on repairs and maintenance, as well as higher interest payments. Providers continue to have headroom against covenants and flexibility to manage expenditure, but RSH will monitor liquidity in the sector closely, especially as rent policy is confirmed.

Will Perry, Director of Strategy at RSH, said:

> While the social housing sector remains financially strong, wider economic trends are starting to present challenges for providers. This is seen most clearly in cost inflation and material and labour shortages, as well as higher interest payments and potential changes to the rent ceiling. Boards will need to monitor these trends closely and have a strong focus on contingency planning to ensure they can respond quickly to emerging risks.

The quarterly surveys are available on the RSH website.

1. The quarterly survey provides a regular source of information regarding the financial health of private registered providers, in particular with regard to their liquidity position.

2. The quarterly survey returns summarised in the report cover the period from 1 April 2022 to 30 June 2022. The latest report is based on regulatory returns from 204 PRPs and PRP groups which own or manage more than 1,000 homes.

3. Additional disclosures have been added to the quarterly survey return from April 2022: new lines have been added to the cashflow statement to provide an enhanced breakdown of sales receipts and repairs costs, and narrative questions regarding delays or changes to repairs and maintenance programmes have been introduced.

4. For press office contact details, see our media enquiries page. For general queries, please email enquiries@rsh.gov.uk or call 0300 124 5225.

5. The Regulator of Social Housing promotes a viable, efficient and well-governed social housing sector able to deliver homes that meet a range of needs. It does this by undertaking robust economic regulation focusing on governance, financial viability and value for money that maintains lender confidence and protects the taxpayer. It also sets consumer standards and may take action if these standards are breached and there is a significant risk of serious detriment to tenants or potential tenants.