Social housing sector in good financial health despite pandemic challenges

The Regulator of Social Housing has today (27 May) published the results of its latest Quarterly survey of registered providers' financial health. The report covers the period from 1 January 2021 to 31 March 2021.

The sector remained financially healthy over the quarter and the financial year despite the pressures caused by the pandemic. This supports investor confidence, with good access to finance enabling investment in new and existing homes. Agreed debt facilities increased to £113 billion at the year end. This included £15 billion of new finance agreed in the year, the highest ever recorded and is sufficient to fund the sector's interest cost, loan repayments and capital investment commitments for over 12 months.

Capitalised repairs and maintenance spending increased substantially for the second quarter in a row to £580 million, though this is from a low base in late 2020. Providers have reported ongoing delays due to lockdown restrictions; despite these, outturn spend was moving towards levels seen before the start of the coronavirus pandemic.

Investment in housing supply during the quarter was £2.8 billion, a reduction of 18% on the previous quarter and lower than forecast both for contractually committed schemes and in total. Providers have reported general scheme delays, and a slowdown in works attributable to the last lockdown and enhanced safety measures on sites.

The number of unsold properties reduced in the quarter and providers' total asset sales were £1.9 billion. This is the highest quarterly total recorded since 2009.

Despite the uncertain economic climate, income collection and tenant arrears improved in the quarter. Void losses have remained significantly higher than previous years, although most providers reported that their levels of arrears, rent collection and voids were all within, or outperforming, their business plan assumptions.

Forecasts for the next 12 months indicate that performance and plans are continuing to return towards levels seen before the coronavirus pandemic.

Will Perry, Director of Strategy at RSH, said:

> The social housing sector remains financially strong and continues to weather the challenges caused by the coronavirus pandemic, forecasting increasing spend on maintenance and investment in new and existing homes.

Looking ahead, providers face a range of increasing pressures, particularly on capital expenditure. They will need to maintain strong risk management and financial control and communicate effectively with investors so that they can continue to meet the needs of current and future tenants.

- 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.
- The quarterly survey returns summarised in the report cover the period from 1 January 2021 to 31 March 2021 and the latest report is based on regulatory returns from 215 PRPs and PRP groups who own or manage more than 1,000 homes. The survey Data about income collection, including rent collection, was first collected in 2013.
- 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.
- For press office contact details, see the Media enquiries page. For general queries, please email enquiries@rsh.gov.uk or call 0300 124 5225.