

COVID-19 Impact Monitoring Executive Summary

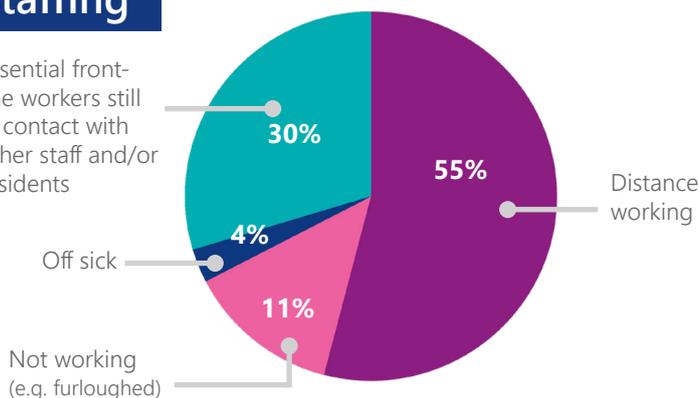
June 2020

COVID-19 has had an unprecedented impact on our society, economy and personal lives, and the social housing sector is no exception. Social landlords provide a critical front-line service to many of the most vulnerable people in society and have had to rapidly adapt to a crisis that could not have been foreseen only a few months ago. Good data has never been more important. Whether it's about identifying vulnerable tenants to provide better support, or forecasting the impact of arrears and rent lost due to vacant homes, landlords are seeking out the data that will help them make the right decisions now and for the future.

HouseMark is delivering a series of solutions to help landlords quantify the impact of COVID-19, forecast the future and take action. The first step is to assess the impact of COVID-19 on key operational areas. This is the summary of findings of our third impact report and shows data relating to the month of May.

Staffing

Essential front-line workers still in contact with other staff and/or residents



By the end of May sickness absence levels had returned to normal and the proportion of staff furloughed or not-working dropped by 22% as landlords start to resume services. However, an estimated 22,500 social housing sector staff were still not working by the end of May.

Repairs



70% of landlords expect to have resumed a full responsive repairs service and major works by the end of July

Whilst emergency repairs performance has remained strong throughout the pandemic, non-emergency repairs are only now beginning to show signs of recovery. Landlords reported 75 non-emergency repairs per 1,000 properties in May, up from 58 in April but well below the normal monthly average of 220. We estimate the backlog to be 1.5 million jobs at the end of May.

Anti-social behaviour

↑43%

increase in reports of anti-social behaviour since March 2020

In part this is due to seasonal peaks in ASB expected during warmer weather, but UK-wide the pandemic and resulting confinement has created an additional 200 ASB cases per day. This increase in workload combined with a reduction in ASB spend of over 14% in the last five years creates a perfect storm for front-line teams dealing with anti-social behaviour.

Arrears

↑3.3% increase in arrears

Arrears increased a further 3.3% in May, much lower than the increase seen in March (5%) and April (10%). By the end of the month, average sector arrears stood at 3.37%, up from 3.27% in April. This lower than expected increase in May masks significant variation within individual landlords. Concerns remain of further increases once the government's job retention scheme ends.

Gas Safety

89.6% of gas safety checks due in May were completed within target, down from 91.2% in April.

As safety checks are generally spread throughout the year, overall gas safety compliance across all properties remains above 99%. However, it's clear that landlords are finding it harder to complete gas safety checks as performance against their own targets is down 1.6% from last month. Access to homes continues to be a significant challenge during lockdown.



Lettings

Lettings activity recovered 82% in May compared to the previous month, but still remains at only a third of the level that would normally be expected at this time of year.

This prolonged slowdown in lettings activity is building up a challenging picture on void loss. Without significant focus from landlords to swiftly re-start standard void works and let empty homes quickly, we forecast an average end of year void loss position of 2.31% of the annual rent due, compared to the 1.13% we would have expected without the pandemic.