Housemark

Quarterly Forecast Report

Autumn 2021

Contents

Key performance trends: Autumn 2021

As landlords continue to navigate a complex landscape, taking stock of current performance and making plans for 2022 and beyond, this quarterly report and forecast provides vital sector context and the insight needed to make a difference. As we head into the new year, this report covers key operational, maintenance and overheads data using Housemark's unique blend of historical data and sector expertise to forecast policy and performance trends.

Customer experience

↓4 ppts

We forecast overall satisfaction will be 4 percentage points lower over winter than pre-pandemic norms

Landscape complexity is challenging customer experience – satisfaction is lower than pre-pandemic, while complaints are rising and digitalisation progress remains patchy. While top performing landlords deliver 50% of customer contact through digital channels, there is some evidence that 2020 pandemic customer experience gains have been lost in 2021.

Staffing

↓60k

We forecast 60k fewer days will be lost due to sickness by year end

↓18%

Spend on premises dropped by 18% over 2020-21

The seismic shift from office to home to work from anywhere has increased productivity, flexibility and has unlocked additional capacity and capability. As well as the reduction in office premises expenditure, we are seeing lower sickness levels and stable staff satisfaction rates. We forecast that this will be a permanent change with no sign of returning to the old ways of working. We are also seeing a significant shift in employee expectations, prompting organisations to evaluate their employee value proposition in the face of a competitive labour market.

Asset management

96% Of domestic properties with EICR certificates up to five years old

9% Fewer non-emergency repairs were completed in September compared to pre-pandemic

1.7 Repairs satisfaction remains 1.7 percentage points lower than pre- pandemic

Labour shortages, supply chain and manufacturing challenges, cost increases and delays have caused issues for most landlords. This is compounded further when added to existing backlogs at some providers who restricted repairs during lockdown three. Non-emergency repairs volumes continue to be lower than pre-pandemic expectations. We forecast that shortages in labour and materials will continue for the remainder of the financial year. As a consequence, price rises will put further strain on repairs budgets creating additional pressure on depleted capacity and multiple demands. With evolving consumer regulation and heightened profile this remains a significant challenge.

Housing management

30% Arrears levels remain 30% higher than they were pre-pandemic

28% More properties are vacant across the sector than pre-pandemic

22 We forecast that vacancy rates will not return to pre-pandemic levels until mid-2022

The backlog of empty properties built up during 2020 is proving difficult for many landlords to reduce. Vacancy rates at the end of September remain higher than the five years to March 2020, with no sign of increased re-lets as we had hoped would emerge. We forecast comparatively high vacancy rates into 2022/23.

While the 2020 Universal Credit-led spike in arrears shows no sign of returning in 2021, rates are under further pressure from cost of living increases and benefit reductions. We forecast short-term increases will improve by year-end but not return to pre-pandemic levels.

Housemark forecasts 2021/22

Measure	2019-20 (* = estimate)	Q1 Actual	Q2 Actual	Q3 Forecast	Q4 Forecast
Formal complaints received (per 1,000 units)	1.86	2.09	2.16	2.32	2.49
Percentage of complaints resolved within timescale	-	87.9%	90.9%	-	-
Percentage of customer contact received via digital channels	12.0%*	24.8%	23.7%	25.2%	28.0%
Satisfaction with the service their landlord provides (perception)	85.1%	84.2%	82.0%	-	81.1%
Proportion of homes with a valid gas safety certificate	99.98%	99.98%	99.97%	99.98%	99.99%
Proportion of properties with EICR certificates up to five years old	-	94.83%	95.97%	96.64%	97.31%
Emergency repairs completed (per 1,000 units)	70.0*	44.7	55.4	62.7	70.0
Non-emergency repairs completed (per 1,000 units)	209.2*	167.2	190.9	197.6	204.3
Satisfaction with repairs completed right first time	-	87.4%	89.0%	-	-
Satisfaction with repairs (transactional)	91.2%	90.0%	89.5%	90.1%	90.6%
True current tenant arrears	2.40%*	2.95%	3.10%	3.22%	3.12%
Proportion of social homes let	0.60%	0.53%	0.51%	0.55%	0.60%
Proportion of dwellings vacant and available to let	0.51%	0.53%	0.64%	0.67%	0.61%
Working days lost due to sickness absence	4.0%	3.40%	3.59%	4.13%	3.84%

Introduction

In the 18 months since the COVID-19 outbreak was declared the first pandemic in over 100 years, the UK social housing sector has managed to continue delivering vital management and maintenance services to residents. While initial operational difficulties such as PPE and safe working methods were swiftly dealt with, the effects of the pandemic have subsequently overlapped with other issues such as labour shortages and supply chain problems – driven in part by Britain's exit from the EU. As these global challenges converge on a multi-faceted agenda with policy and regulatory evolution, landlords have never faced such a complex operating environment.

This has resulted in a situation where service delivery to residents has been through a year and a half of disruption. With vaccinations and anti-viral drugs taking effect in the fight against COVID, customers' expectations are returning to pre-pandemic levels, challenging landlords to tackle repairs backlogs, service quality and the customer experience.

This means that we go through the last months of 2021 in a situation with stagnating service provision, in part affected by external factors, causing satisfaction rate deflation and a social housing sector facing unprecedented, multiple challenges.

We have been helping Housemark members throughout the last 18 months by collecting, analysing and reporting on regular data and trends – which is essential when a changing environment confuses linear comparisons over time. Using this data we have built up a picture showing how the social housing sector has adapted and grown through the pandemic by tackling the immediate issues at hand while thinking about strategic direction as we move on from the crisis period.

This Quarterly Forecast report comes at a point where landlords are taking stock of current performance and making plans for the future. It uses Housemark's unique blend of historical data and sector insight to forecast where the sector is heading into 2022 across a range of management, maintenance and overheads activities.

Alongside this main report, we have also produced bespoke forecasts for individual members with six months of data collection – plotting their own progress alongside that of the sector as a whole.

Our quarterly forecasts are just part of a range of new services we provide to members. Since April 2021 Housemark members also benefit from:

- Monthly Pulse – performance comparisons published monthly across 14 of the most relevant key performance metrics of our times.
- Research Groups – Covering building safety and decarbonisation. Our research groups focus on how the sector can adapt to new data requirements for two high-impact topics, creating consensus and meaningful comparisons to help the sector improve.
- Annual reports - From high-level financial analysis to operational team productivity assessments, Housemark is uniquely placed to help you understand how effective your business and key services are.
- Tailored Feedback - Taking your annual data analysis to the next level, we present tailor-made insights and data solutions to an audience of your choosing to support the decisions you need to make.

- Executive insight – a rolling programme of 'Chatham House' events tailored to executives where you can hear the latest from regulators, financial experts and sector leaders.
- Data maturity support - tailored advice and insight to help you achieve data maturity. From governance structures to reporting systems, Housemark has the unrivalled expertise and network to ensure your BI strategy is optimised.

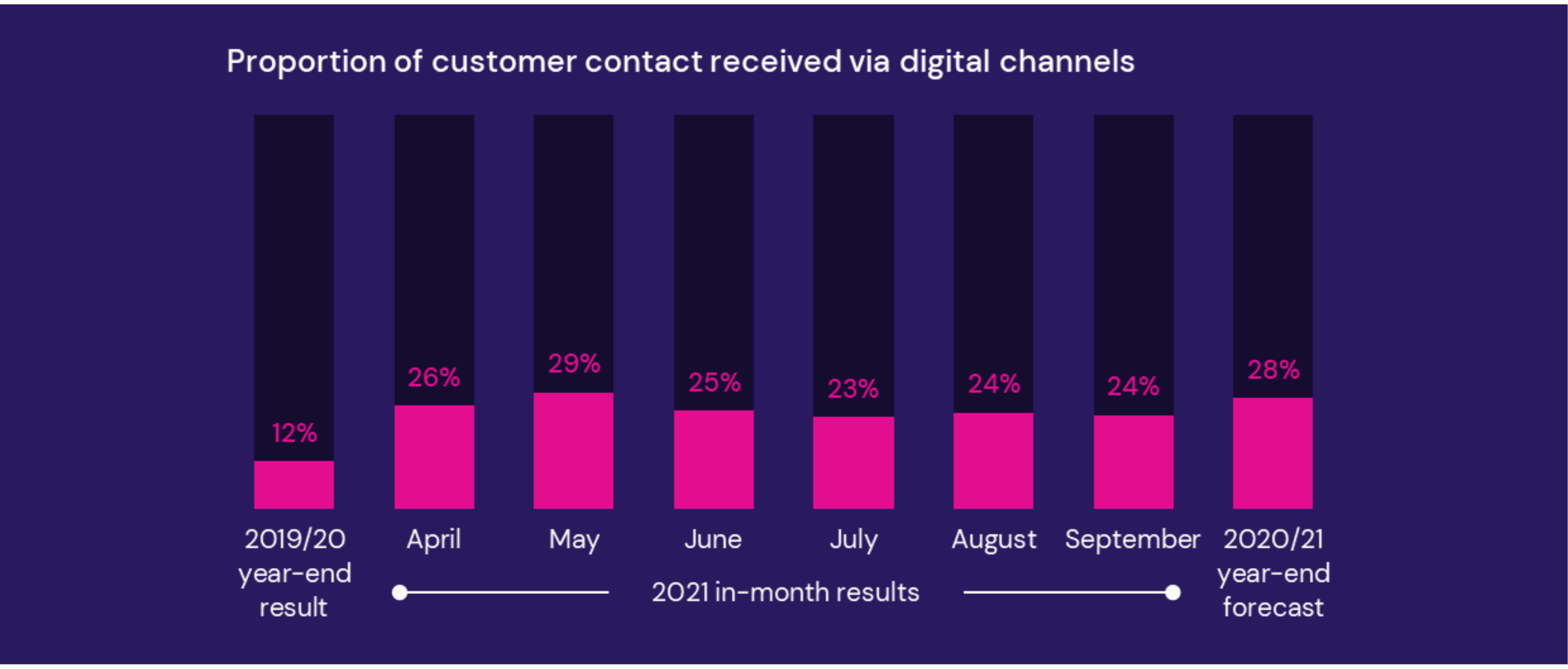
To find out more about the services Housemark offers, visit our website or email info@housemark.co.uk.

Customer experience

Digitalisation

The social distancing restrictions through the pandemic instigated an unprecedented rise in the UK population's use of digital contact. As video calling, screen sharing and unmuting became part of everyday life, we recorded a doubling in the proportion of digital contact coming into landlords.

Before the pandemic, around 12% of contact came to landlords via email, apps, portals, online chats and other digital sources; by April 2021, this had grown to 29%. While this channel shift has enabled landlords to tailor services, we are starting to see some drifting back towards lower levels of digital contact as staff grapple with providing digital services without diluting the customer experience.



Since April, we have found a small reduction in the proportion of digital contact recorded by landlords. In addition to swings due to digital 'pushes' (new apps, increased range of services, publicity campaigns), we have also heard anecdotes of increased 'avoidable' telephone calls from tenants chasing delayed repairs distorting the effect of increased digital contact.

We have also seen significant variations in digitalisation, with some landlords reporting over 50% of customer contact via digital channels. There is emerging evidence that organisations that had already started their digitalisation journey pre-pandemic, shifted quickly and accelerated the process significantly. These organisations were often able to pivot other areas of service delivery and have seen stronger performance, underlying the need for agility.

While the sector is likely to continue maintaining an omnichannel customer experience, increased digitalisation is potentially a factor in unlocking much needed additional capacity to help tackle current complex agendas.

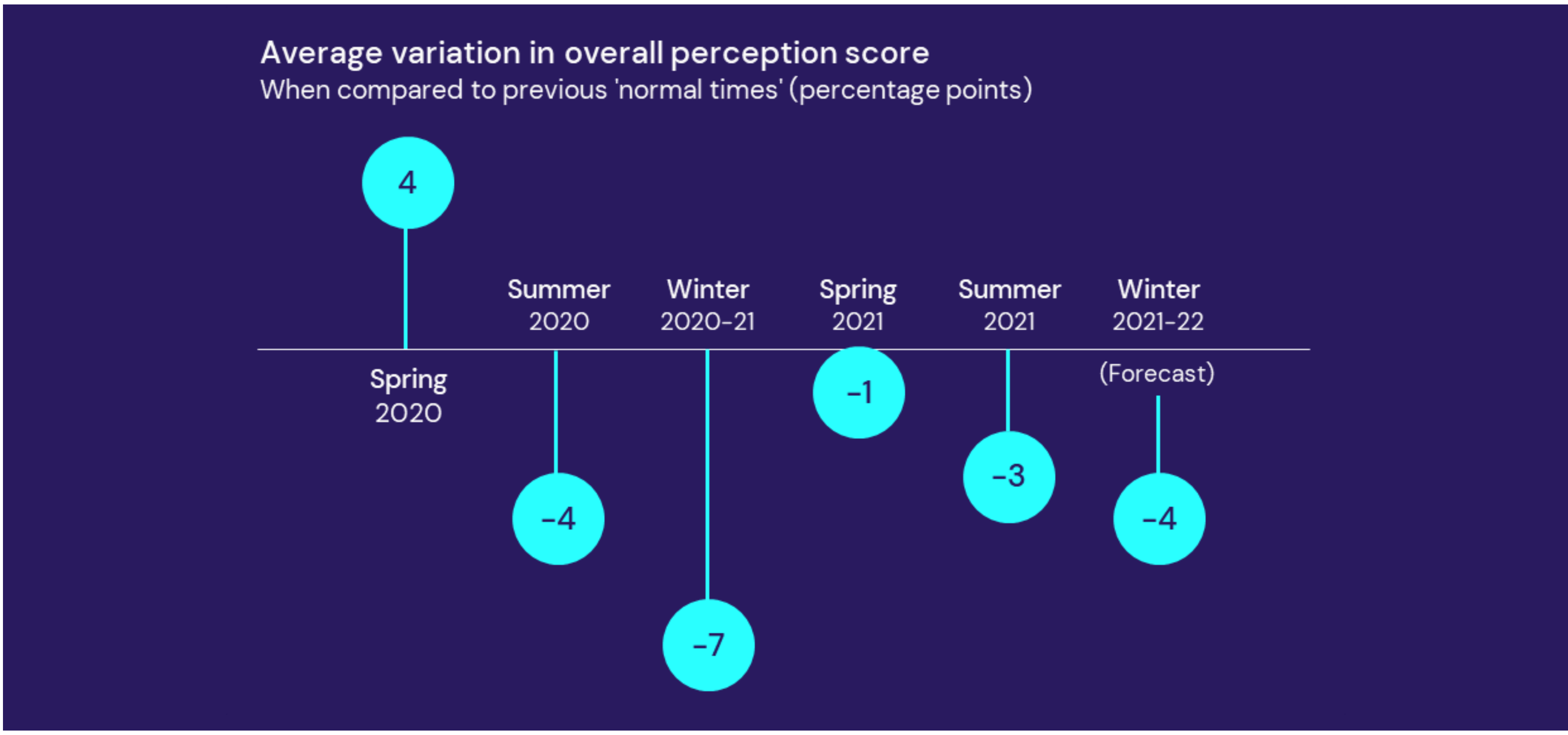
With operational repairs issues likely to last in some form into the new year and no sector wide 'push' to online, we forecast a measured rise in digital contact to the end of March 2022 at 28% of all contact – roughly the same place as March 2021. Despite digitalisation making great leaps in 2020 we have found little evidence of progress in this area during 2021.

Satisfaction

Our analysis over the last 18 months has shown a key link between the customer experience and landlords' perception. A service that meets customer expectations is likely to result in higher satisfaction rates and better outcomes for both parties.

Since April 2021, landlords have been reporting operational difficulties impacting the customer experience – material and labour shortages, scarcity and delays – most notably in servicing responsive repairs, but also affecting major works and lettings.

With customer expectations returning to pre-pandemic levels, citing COVID or even Brexit as a reason for missing service targets is not seen as an acceptable outcome for large numbers of residents. This is a key factor in driving lower satisfaction ratings, higher complaints volumes and a reversal of channel shift.



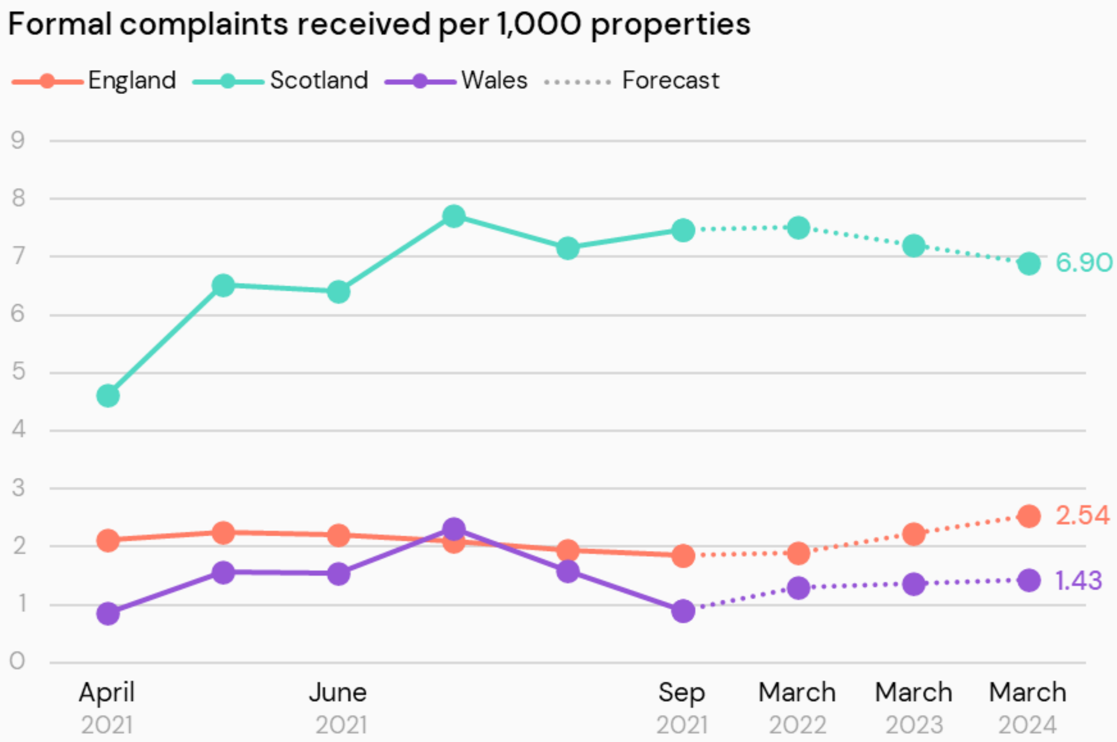
Following a challenging year for customer satisfaction scores, we are seeing some evidence of a gradual return to pre-pandemic norms, though this is mixed across landlords. Apart from the established pattern of comparatively lower rates in London[1], satisfaction levels at individual landlords are affected by specific circumstances relating to the performance of the repairs service and capacity to manage customer expectations.

[1] The so-called London effect. London-based landlords typically report satisfaction levels 10 percentage points lower than other parts of the UK.

Complaints

With such a close link between operational issues and satisfaction, the need for effective management of complaints as part of the customer experience is critical to landlords. Good complaints handling promotes greater confidence and higher satisfaction amongst residents, as well as improved services and more efficient working.

We have collected monthly complaints data since April 2021 and found some differences between UK nations – as each has a separate Ombudsman service overseeing landlords' complaint handling.



In England, the Housing Ombudsman Service's profile has risen considerably over the last two years and has used its heightened presence and purpose to encourage residents to hold landlords to account – this is evident in its insight reports and updates on complaint handling failures[2]. In 2020, it set up a complaint handling code and system of self-assessments for all registered providers, providing a high-level framework to support effective handling and prevention alongside learning and development[3].

In Scotland, the Ombudsman presides over an established complaint handling mechanism, while in Wales, the Ombudsman service has announced an intention to collect more complaints information from landlords, but there is not yet a formal system in place.

[2] https://www.housing-ombudsman.org.uk/news/

[3] https://www.housing-ombudsman.org.uk/wp-content/uploads/2020/11/Complaint-Handling-Code.pdf

With these variances in regulation, we are seeing some distinct differences between countries. Since April 2021, Scottish landlords have consistently recorded much higher volumes of complaints, English landlords have started to report increased volumes, while Welsh landlords complaints volumes are comparatively low.

We forecast that, as regulation increases for landlords in England and Wales, complaints volumes will rise closer to the levels we are recording in Scotland. Across the UK sector, we estimate that landlords will need to resource 24,000 more complaints each year from 2022.

Getting serious about engagement

The theme underlying the customer experience is engagement. Over the last decade, we have seen landlords' expenditure on resident involvement fall by 28%[4]. This is driven by reductions amongst English landlords following a change in regulation brought about by the Localism Act 2011[5].

In other areas of our research, such as building safety, we are finding engagement with residents is passive – information on websites and noticeboards or in newsletters. Only 39% of landlords are taking crucial messages about building safety out to residents, with an even smaller proportion holding formal conversations with resident groups[6].

But engagement is much more than simply relaying messages within and outside the landlord's governance structure. It should envelope the customer experience – engagement is understanding individual preferences, intelligently predicting behaviour, intervening before problems escalate; delivering services that are tailored to the customer and provide them with a choice of how they want to access services.

We are finding forward-thinking landlords are adopting engagement strategies from the best of out-of-sector, building a culture of engagement that goes beyond specialist teams.

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[4] Median UK-wide real (inflation-adjusted) expenditure on resident involvement fell from £67 per property in 2012/13 to £48 per property in 2019/20. Source: Housemark benchmarking.

[5] This contrasts with a rise in resident involvement expenditure in devolved nations over the same period. Source: Housemark benchmarking data.

[6] Housemark Building Safety Research 2021

Achieving sustainable tenancies is a key outcome for our housing service. To do this effectively, staff will need to understand the complex interplay between financial confidence, physical health, mental health and other factors relating to tenancy conduct. Staff will also need to be able to negotiate and influence partners when it comes to introducing changes to service delivery. To achieve this aim, we are designing an in-house professional standards and excellence in customer service training programme, which will align with CIH's work in this area.

This takes the form of upskilling frontline staff using coaching to achieving key outputs. For example, we will be training our Independence and Wellbeing Advisers to become health coaches. They will be trained by NHS coaching practitioners to help our more vulnerable customers to manage their own health and wellbeing thus reducing the likelihood of them becoming 'in patients'. We know that there is a greater likelihood of health deteriorating during lengthy hospital stays.

Using this approach, we are planning to create Neighbourhood Services Advisers who act as community intermediaries and facilitate effective responses to concerns expressed by our customers by gaining a deep understanding of individual communities at 'micro' level. By developing 'trust and rapport' at this level we would anticipate our tenants work more closely with ourselves and other members of their community to instil a greater sense of harmony and community pride.

Amanda Nicholls, Head of Housing Services, Teign Housing

We have introduced a locality working approach within our neighbourhoods team - this way of working aims to revolutionise our relationship with our customers, focusing on what people can do, what they bring to their community and how they can make the most of their talents. Our locality approach is based on our People First philosophy which is about putting our customers, colleagues and learners at the heart of everything we do.

About 12 months ago we created four new management areas with our team structure based on geography. Existing in-house services such as our Neighbourhoods team, Housing Support and Wellbeing teams, Money Advice and our Community Living service were realigned with each team which has enabled us to provide a more holistic service to our customers and tailor our service based on the needs of our communities. More recently we have aligned our Employment and Skills offer and our Allocations service and Phase 2 of our locality approach will focus on aligning Repairs and our Caretaking service. This new way of working has enabled us to maximise the benefits of our group structure, and together with implementing smarter and slicker processes we're providing a better experience for our customers.

The key focus is to respond to local challenges, build relationships with our customers and increase resilience with a view to shaping change within communities using our resources.

Jon Dickin, Head of Neighbourhoods, Aspire Housing

Asset management

Building safety

Building safety has been at the centre of increased focus since the Grenfell Tower fire in 2017. Subsequent investigations and the ongoing inquiry have shown just how much work needs to be done to raise awareness about safety and comply with existing and forthcoming regulations.

In the summer of 2021, we conducted primary research with a group of Housemark members assisted by housing and safety experts to create a set of comparable measures as well as understanding how landlords were tackling building safety. The research project concluded in the autumn, with a set of eight building safety measures and a report outlining the main issues facing the sector. The summary report is available to download from our website.

As well as the new measures, which we will collect from April 2022, we have been collecting monthly data on gas and electrical safety in our Pulse exercise, which has provided a unique insight into safety compliance within the sector.

Unlike many other areas of building safety, gas safety has its own set of regulations specifically designed for landlords. These have been in place for over two decades and are widely understood by the sector. As a consequence, we've found that landlords are confident measuring and recording compliance in this area.

However, the COVID-19 pandemic created a unique set of circumstances that in the early stages saw almost all face-to-face contact cease. Landlords, tenants and engineers were reportedly unsure about how to continue with gas servicing while also balancing the risk of COVID transmission.

While client and contractor issues were resolved within weeks for most landlords, many tenants remained unconvinced about the need for gas servicing as it could increase their risk of exposure to COVID-19. As a result, accessing properties for gas safety inspection remained difficult throughout the rest of the 2020/21 financial year – affecting compliance figures as a result.

Since April 2021, we have recorded stable gas safety results across the sector averaging just below 100% compliance. By the end of March 2022, we forecast that gas safety will return to pre-pandemic norms, with 67% of landlords reporting full gas safety compliance at any given time.

Trend in gas safety compliance since the beginning of the pandemic

March 2020
Access had already become problematic. The number of gas safety certificates renewed before expiry dropped to 96.6%, compared to typical performance of 99.9%.

May 2020
COVID-19 restrictions limited landlords' ability to access properties for gas servicing. As a result, 10% of the properties due a gas check in May were not completed.

November 2020
By November, compliance was back on track with 2 in 3 landlords fully or very close to full compliance.

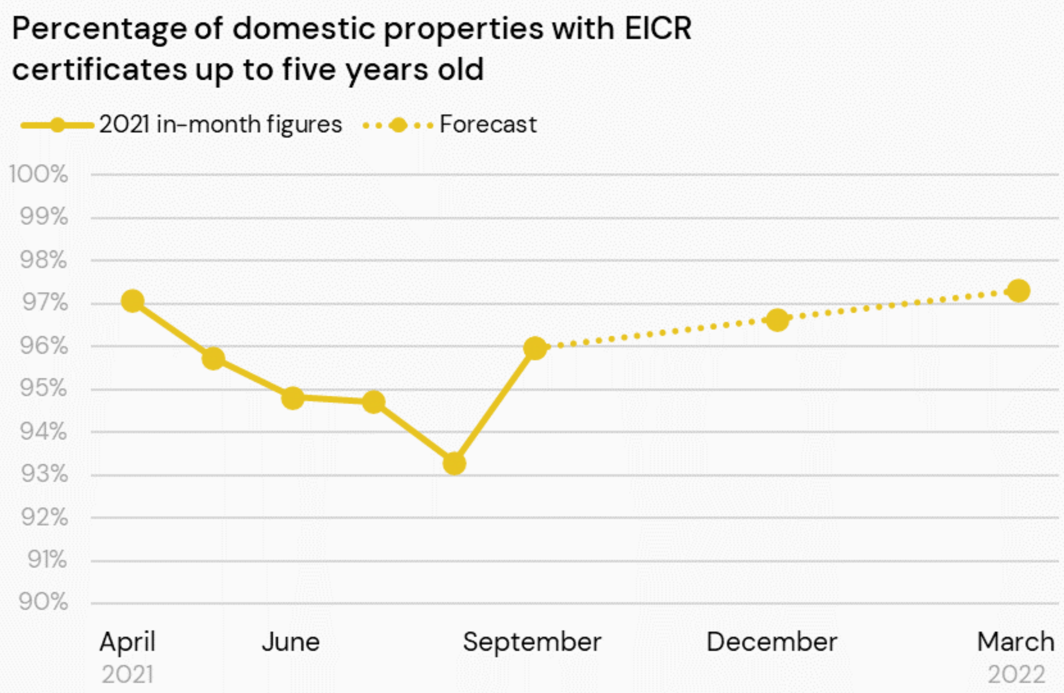
March - September 2021
Over the first two quarters of 2021, gas safety compliance has remained stable at around 99.97% each month. By September, 43% of landlords were reporting full compliance - still lower than pre-pandemic.

March 2022 - March 2023
We expect compliance to steadily return to normal over the next financial year. By March 2022, we expect just over half of landlords to be fully compliant and 67% to achieve full compliance by March 2023.

Compared to gas, electrical safety has been on a journey towards increased compliance in the social housing sector. Regulations for private sector landlords have been in place across the UK for several years – requiring a condition report on a property's electrical wiring when a tenancy changes or at least every five years.

Our data shows that many landlords in the social housing sector have already adopted private rented regulations – with around 19 out of 20 properties meeting the more stringent requirements. However, a much lower proportion of landlords are fully compliant with this measure as many are in the process of transitioning from a 10-year electrical inspection cycle to a check every five years.

Acknowledging that electrical safety regulations are more developed in Wales and Scotland than England, we forecast that it will take another two years before the majority of landlords can report full compliance with 5-year electrical safety cycles across the UK. Without regulatory push factors to speed up transition, our six months of Pulse data alongside our building safety research findings suggest that landlords are prioritising gas and fire safety compliance while making incremental advances with electrics.



Leveraging data – vital in achieving compliance

A key finding in our building safety research was that compliance is high, but data maturity is low, with accurate outputs requiring a significant amount of human intervention. We found that landlords were using an average of five different systems to collate building safety data across six different activities. Just 1 in 8 reported being able to use a single system to report and analyse safety compliance information.

Alongside this, we found that most landlords have under-developed systems to engage residents in building safety. Most are using passive, catch-all communications to relay safety messages – such as newsletters, notice boards and websites. Only 39% reported individual engagement, with just 1 in 4 talking formally to residents about building safety.

The issue of building safety brings into sharp focus the need for accurate, reliable, believable data. It is not just about compliance with linear regulation, but using data as part of a holistic approach for landlords to ensure that buildings they manage are safe.

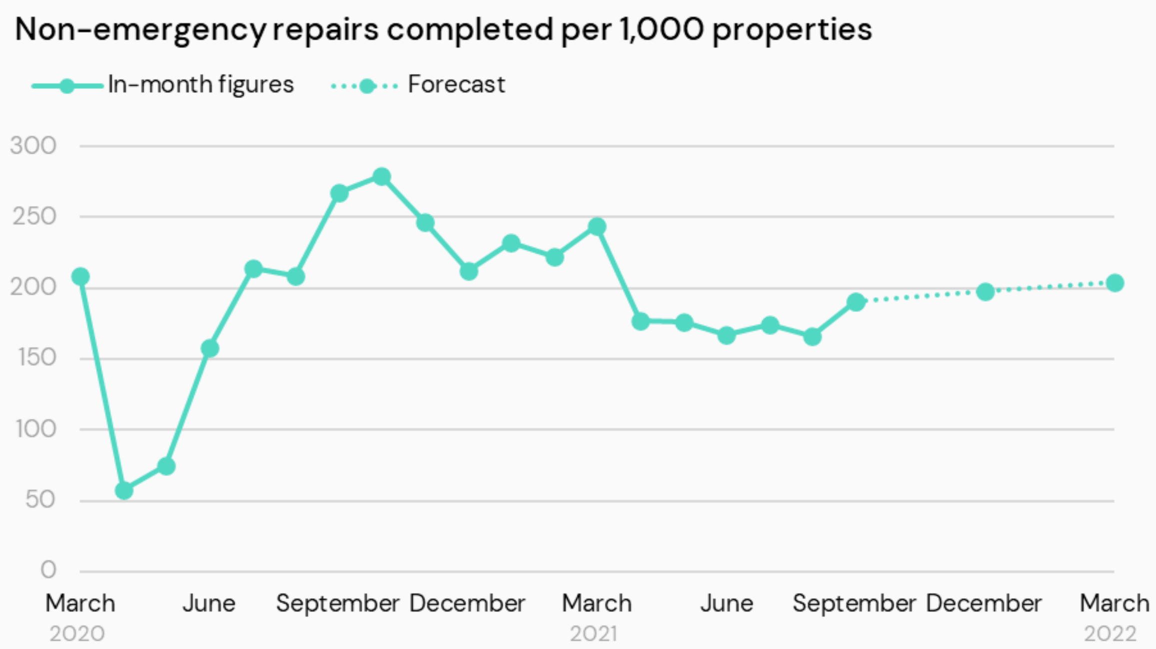
Repairs

Repairs is the most common touchpoint between landlords and residents. Before the pandemic, a typical tenant reported 3-4 repairs each year, with contact about property services making up the largest proportion of all enquiries[7].

Compared to other services, the volume of repairs transactions means that the customer experience for many residents will be based on reporting a defect. With ease of contact being the most significant driver of overall satisfaction, it is critical to make responsive repairs service delivery focus on customers' needs and expectations.

[7] Housemark Customer Experience Comparison Project 2019

Since we started collecting monthly data in March 2020, we have found that the volume of repairs between landlords has fluctuated considerably – at first with lockdown restrictions and access concerns, then with material shortages and contractor failure. Most landlords will have experienced some of these operational difficulties since April 2021.



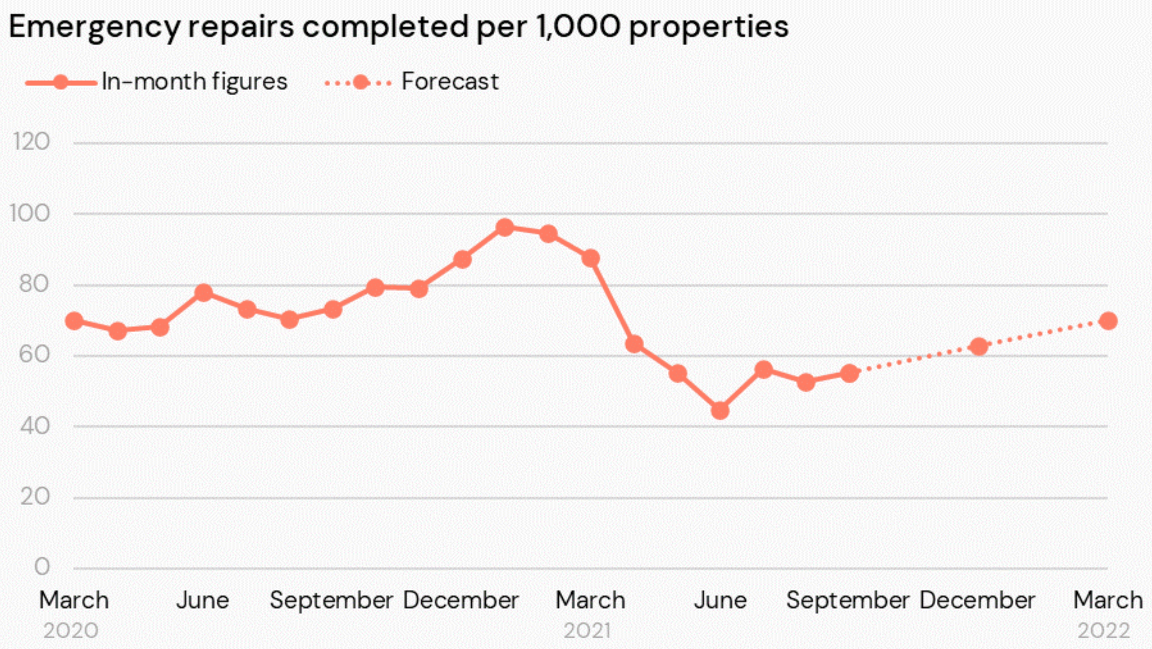
Non-emergency repairs volumes show comparatively wide fluctuations. While individual landlords' results vary, we have not yet seen repairs volumes return to the monthly averages we recorded before the pandemic, and rates remain around 9% lower than 2019/20.

We are seeing a pattern of acute disruption for some landlords at certain points in time, which produces significant variations underneath the general patterns. We have addressed these differences in our bespoke forecasts – all landlords completing six months of Pulse data receive an individual report tracking their organisation to peer group trends with a forward-look to March 2022.

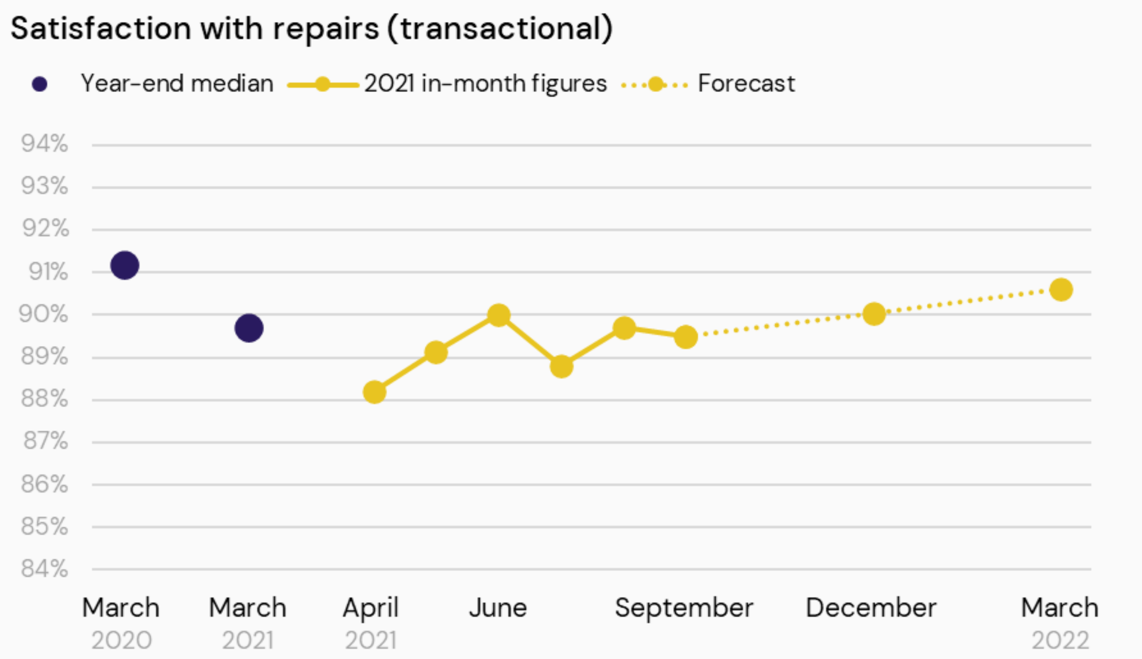
On average, the volume of emergency repairs has been less variable than non-emergency work. Essential repairs were not subject to restrictions, tenants were quite happy to allow access and material shortages had little impact on making safe. An increase in emergency work over the winter 2020/21 coincided with restricted non-emergency repairs and suggests that landlords were re-prioritising work so that it wouldn't add to a backlog. With full repairs services back in operation, we estimate that emergency repairs will return to pre-pandemic levels by March 2022.

We forecast that shortages in labour and materials will continue for the remainder of the financial year – resulting in price rises that put a strain on repairs budgets[8]. Aside from any winter weather spikes in demand, these factors are likely to limit the return of pre-pandemic repairs volumes until later in 2022.

[8] https://www.homebuilding.co.uk/news/construction-materials-shortage



Outside of pandemic-related restrictions, carrying out lower-than-normal volumes of repairs is also likely to affect satisfaction levels. Similar to overall satisfaction, our monthly repairs transactional satisfaction data is showing signs of pressure since April 2021 – as operational difficulties start to impact on repairs service delivery.



Our Monthly Pulse results show that lower repairs volumes coincide with lower satisfaction levels – before the pandemic average satisfaction for this measure was always above 90%[9].

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[9] Based on UK-wide year-end median dating back to 2012/13. Source: Housemark benchmarking.

We forecast a gradual increase in median repairs satisfaction as landlords work through backlogs and solve material shortages to minimise end-to-end delays.

Taking a holistic view

With the recent media coverage of poor housing stock quality in our sector, questions have been asked about why landlords can't maintain decent homes. People working on front-line service delivery know that there is no simple answer – everything in the process has to function well to make a repairs system work effectively.

Providing well-maintained housing requires action across many different teams, including accessing and keeping accurate data, investing in the right technology, pivoting service delivery and being proactive about contact and engagement with residents. Where the systems work, we are finding that landlords have calibrated each part of the process to run smoothly – so that contact centre staff have access to the right records, repairs teams have the right tools and residents receive timely and appropriate communications.

Alongside the service delivery basics, the culture and processes within repairs and contact centre teams is crucially important. We have seen through our consultancy work on customer experience, contact centre improvement and repairs health checks that data accuracy, reporting frameworks, efficient processes and cultural alignment are all key to delivering a strong repairs service.

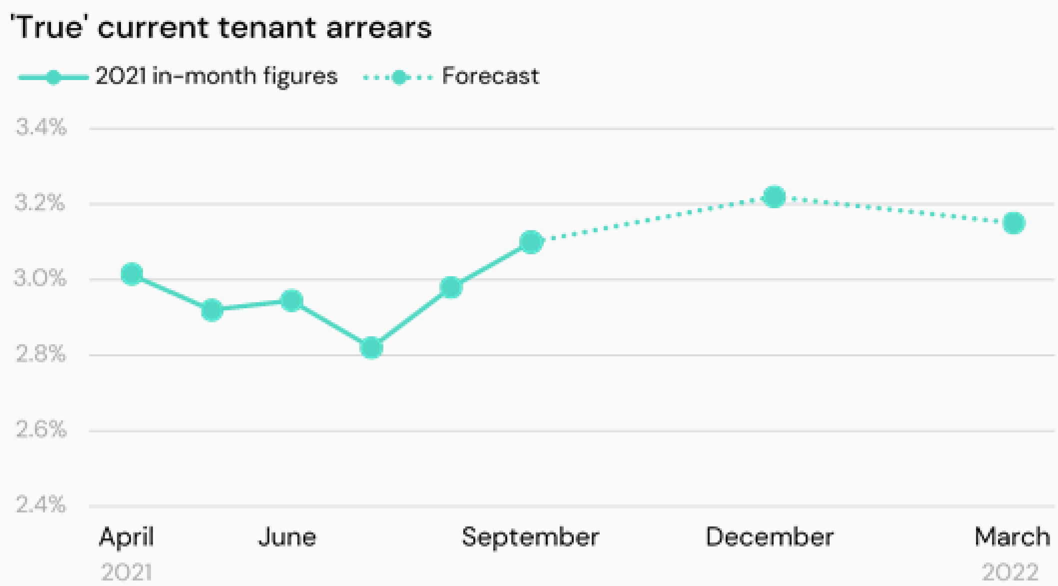
Housing management

Arrears

When the UK's first pandemic-related lockdown began in March 2020, the UK economy stalled. Millions of people found themselves without work – and hundreds of thousands made new claims for Universal Credit. The huge increase in claimants coupled with the five-week wait for the first full payment led to unprecedented increases in social housing sector arrears.

Our monthly data collection tracked this increase in realtime, and was able to show the effect of Universal Credit claims, its pre-pandemic rollout and good practice examples of how landlords recovered their position[10].

Since April 2021, the increase in Universal Credit claims has slowed to a manageable level and monthly fluctuations in arrears have become small. However, we are noticing pressure from living costs – with fuel, energy and food all pushing inflation levels above the Bank of England's 2% preferred range. Over the summer of 2021, we recorded three consecutive months of rising average arrears rates. As tenants' incomes are squeezed by increased living costs alongside the removal of Universal Credit uplifts, we expect to see continued increases up to the start of 2022.

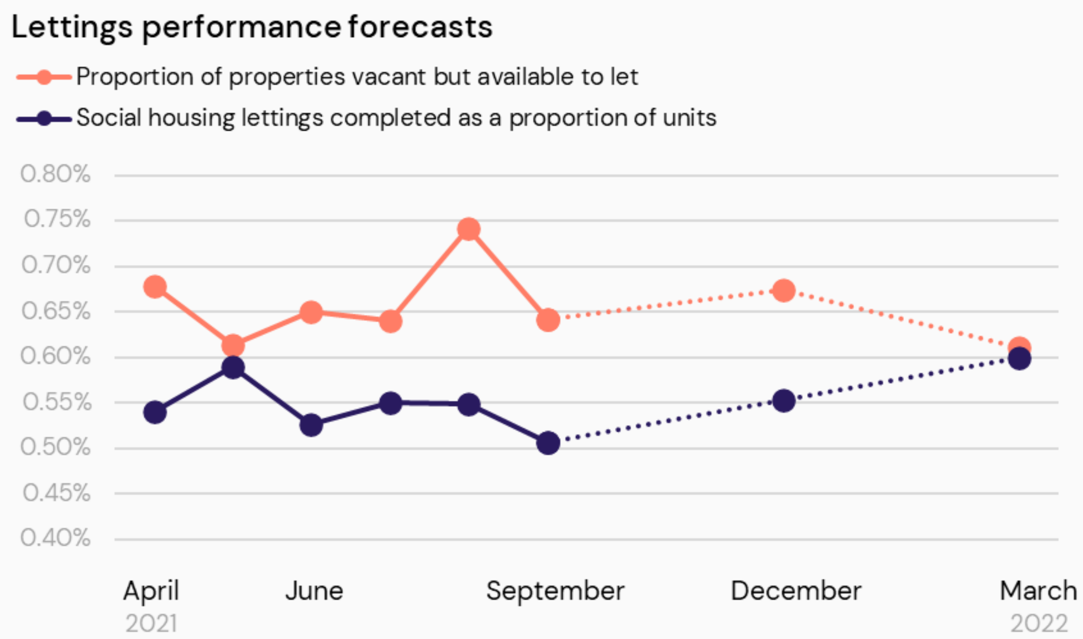


From tracking current tenant arrears over two decades, we expect rates to reduce by financial year-end as landlords make sure that all available income is collected and accounted for by 31 March. We forecast that average arrears rates will end the year just above the point at the start.

[10] https://www.housemark.co.uk/news/covid-19-impact-monitoring-executive-summaries/

Lettings

Before the pandemic, the biggest external event to shake lettings was the implementation of the so-called bedroom tax[11]. During 2013/14 we recorded a 10% increase in lettings movements as tens of thousands of tenants moved home to avoid having benefits cut due to underoccupation[12]. At the time, observers were unsure whether this was a 'new normal'[13]. However, re- let rates returned to pre-bedroom tax levels within a year and remained stable until the pandemic struck in 2020.



Lockdown one lettings restrictions were followed by months of operational issues such as contractor availability and lower demand as tenants deferred moving into a new home due to the pandemic. Even though house moves were not restricted by subsequent lockdowns landlords have been left with a legacy of increased vacancy rates, longer turnaround times and higher void loss, which has taken several months to work through.

Since April 2021, we have recorded a gradual movement back to pre-pandemic vacancy rates and lettings volumes. In 2019, landlords across the UK re-let around 0.6% of stock on average each month. After some very low figures in 2020, our Monthly Pulse results consistently show that landlords are back to this level – while not exceeding it. Without a substantial increase in re-lets, the backlog of empty properties will continue to be an issue in 2022.

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[11] Government documents refer to this as Removal of the Spare Room Subsidy, Social Sector Size Criteria or Under-occupancy charge

[12] Median tenancy turnover increased from 7.9% in 2012/13 to 8.6% in 2013/14. A 0.9 percentage point increase equates to around 38,000 terminations across the UK social housing sector. Source: Housemark benchmarking

[13] Source: Housemark Voids Club November 2013

Given these patterns of vacancies and lettings, we forecast that vacancy rates will take until mid-2022 to return to the pre-pandemic norm where 0.5% of all stock was vacant and available to let.

Re-thinking service delivery

Many landlords have used the disruption of the pandemic as an opportunity to evaluate how to improve service delivery. The historic, linear discussions about specialist versus generic housing management have given way to a spectrum of service delivery focusing on customer expectations and preferences at its heart.

Our network of Specialist Clubs have provided a platform for innovative thinking to be aired with operational decision makers – working on specific functions. The good practice shared at our Club meetings highlights the cutting edge of service delivery to residents and shows how landlords are trying out new techniques to understand and engage customers in activities such as rent collection, lettings and customer experience.

> We have changed the way we manage neighbourhoods by launching our 'Accent Partnership'. Using valuable input from over 500 residents, we arrived at a new vision of the customer experience. As well as explaining how and what we do, we offer residents a named Customer Partner, who acts as their advocate, and is a visible presence out on estates. The Customer Partner is a resident's main point of contact and looks after all management activities from sign-up to termination. Access to Partners using digital technology means we can deliver the service as efficiently as our previous model.
>
> Claire Stone, Executive Director of Customer Experience, Accent Group

Against the backdrop of pandemic recovery and increased English consumer regulation, pioneering landlords are using innovative techniques to ensure that residents can live their best life with support and understanding from motivated housing managers. Our Specialist Club meetings have proved ideal for discussing ideas and best practice with like-minded colleagues.

This year our Club speakers have covered topics as diverse as:

- Psychographic segmentation techniques – improving the customer experience by understanding 'how' people think and 'what' they feel when they interact with their landlord
- Artificial Intelligence bots that 'read' rents letters and complete repetitive income management tasks
- A fully digitalised lettings service from tenancy termination through void works to new tenant sign up.

Content at all our Clubs is driven by members' priorities and requests, truly giving you the chance to shape the agenda for the future. More details are available on our website.

Staffing

Aside from the effect of the pandemic, disruption to the labour market following Brexit has meant shortages of skilled staff in activities such as building maintenance and supported housing. Anecdotal evidence from Housemark members is that tradespeople are becoming very difficult to recruit – wage inflation is escalating in some sectors and is illustrated in reports of bricklayers earning £600 a day[14] alongside shortages of building safety and compliance experts.

The change for most housing sector employees over the last year has been the trend towards working from anywhere as a permanent approach. Our COVID-19 Impact Monitoring found that no landlords planned to return to pre-pandemic style office working. The effect on costs is dramatic – in 2020/21 office premises costs reduced by 18% as office-related expenditure fell below 1% of turnover for the first time[15]. Across the UK sector, we estimate office premises costs reduced by around £60 million compared to 2019/20. We expect costs to stabilise around this figure in 2021/22 as landlords rationalise office space in line with a more permanent shift in work patterns.

1.20%

of turnover was spent on office premises in 2019-20

0.98%

of turnover was spent on office premises in 2020-21 – representing a drop of 18%.

During the lockdown periods, when most housing staff had to work from home we found many landlords voicing concerns about employee isolation and well-being. Some landlords reported increased sickness absence relating to mental health issues and several reported details of new support services for employees working remotely[16]. Our benchmarking data up to March 2021 shows that median staff satisfaction managed to hold up during the pandemic – staying at 82%. This suggests that workers appreciated the efforts of their employer through a very disruptive year.

We have collected monthly sickness absence data since March 2020. The move away from offices and reduced levels of face-to-face contact has resulted in lower sickness absence rates compared to pre-pandemic. After a rise in sickness coinciding with the January spike in COVID infections, we have found that housing staff have reported historically low levels of sickness each month since April 2021.

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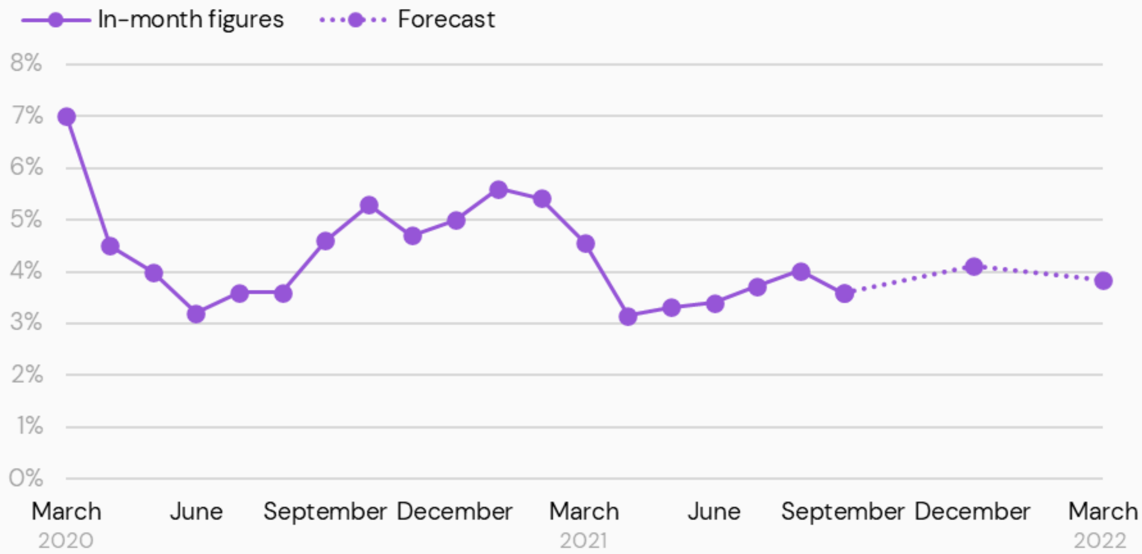
[14] https://www.manchestereveningnews.co.uk/news/greater-manchester-news/600-day-barely-going-lads-21087843

[15] 2020/21 Office premises median 0.98% of turnover. Our comparable records date back to 2012/13. Source: Housemark benchmarking

[16] Source: Housemark COVID-19 Impact Monitoring

Percentage of working days lost to sickness absence

Pre-pandemic, 4% of days were lost due to sickness in an average month. We forecast sickness will stabilise at 3.8% by year-end - equating to 60,000 fewer sickness days each year across the UK.



The vaccination programme for all UK adults and changes in working patterns have both contributed to monthly sickness absence remaining below 4% of employee time each month. With the NHS programme of booster jabs accompanied by permanent changes to office working, we forecast a new, lower normal for sickness absence around 3.8% - equating to around 60,000 fewer sickness days each year across the UK social housing sector[17].

Taking stock of your human capital

The UK economy's post-COVID bounce back accompanied by Brexit-related labour shortages has resulted in a market where employers are facing wage inflation and the need to improve value in their employee proposition to attract the best employees. In October, the ONS recorded a record high number of vacancies across all industries[18]. Increased consumption in housing and technology is likely to add further talent demand.

We have found that concerns about being priced out of a competitive labour market has led to some landlords thinking differently about recruiting and retaining staff. Using policies and interventions based on a deep understanding of workers' attributes and needs, employers in the housing sector are finding they can compete on purpose, social responsibility and total reward conditions.

With a global trend – particularly within younger demographics – towards valuing an employer's purpose and environmental track record, the sector is well placed to tell this

[17] This is calculated using 2020/21 Housemark benchmarking figures showing that 126,000 FTEs work in UK social housing, with typical FTEs working 229 days each year.

[18] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/october2021

story to prospective talent. The ESG (Environmental, Social and Governance) framework is also helping to communicate the value and meaning of work within the sector.

Participation

The data in this report is based on monthly figures supplied by 218 social housing providers between April and September 2021. Participating landlords provided data for 14 headline performance indicators, developed in consultation with the sector and housing regulators.

Participating landlords included housing associations, local authorities and ALMOs operating across the whole of the UK.

Region	Count
North	59
Central	52
South	43
London	24
Scotland	27
Wales	9
Northern Ireland	4

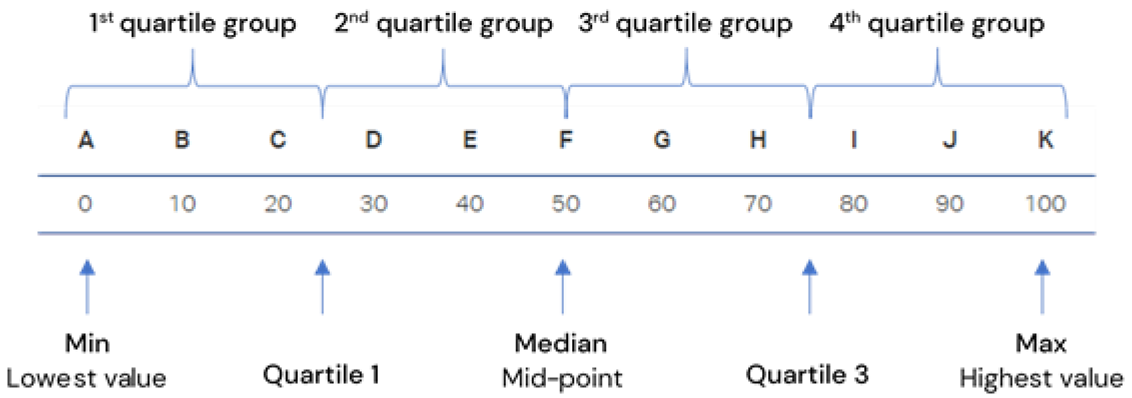
Housemark also provides a data helpline to assist you with all your comparison needs. Telephone 024 7647 2707 or email.

Technical note

Quartiles

Medians and quartiles are used throughout the report and indicate how your organisation compares to the other participants. With the data points arranged consistently in numerical order, the median is the middle value and the quartiles divide the dataset into four equal parts.

The 4th quartile group represents the organisations with the highest values and the 1st quartile group, the lowest – regardless of whether having a high value is seen as positive or negative. Quartile 1 marks the point between the first and second quartile groups and is a lower number than the median. Quartile 3 marks the point between the third and fourth groups and is higher than the median.



Percentages and percentage points

This report uses percentages (%) to indicate proportional increases and percentage points to describe the change in percentage figures between years.

When we compare two figures, we can describe the difference between them by either calculating the actual change in units or by the proportional change expressed as a percentage. For example, if the number of complaints reported to the sector had increased from 12,100 to 12,300 this would equate to an actual increase of 200 complaints or a 1.7% proportional increase.

If arrears had increased from 2.9% to 3.3% the actual change between the two figures would be 0.4 percentage points. If we were to describe the change as a 0.4% increase this would be incorrect. Expressing the change as a percentage indicates that this is a proportional change however the actual proportion change between the two figures is 6.9%.

Correlation

Correlation is a technique for investigating the relationship between two variables. We have used Pearson's correlation coefficient to measurethe strength of the association between the two variables.

Pearson's method rates correlation on a scale ranging from -1 to +1, where +1 and -1 are perfect linear correlations, which show up as 45° diagonal lines on a scatter plot. If the value is 0, then there is no apparent linear relationship between the two variables, this appears as a horizontal line on a scatter plot. The closer the correlation coefficient gets to +1 or -1, the stronger the correlation; the closer it gets to 0, the weaker it is.

We interpret the strength of the coefficient scores in the following way:

- 0.50 to 1 – Strong
- 0.30 to 0.49 – Moderate
- 0.10 to 0.29 - Weak
- 0 to 0.09 – No correlation

Note: the scale is the same for negative scores.