

November 2022



Sector Scorecard
Analysis report 2022

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Summary

The Sector Scorecard is an initiative to benchmark housing associations' performance and check they are providing value for money. This report provides the results for 2021/22 and has been produced by Housemark with support from Acuity and the National Housing Federation.

The year 2021/22 can be seen as a year of transition as the effects of the pandemic gave way to economic uncertainty and a cost-of-living crisis. For the UK's housing association sector, the period presented some significant challenges in delivering services for resident. This Sector Scorecard report records how these challenges affected housing associations across a selection of representative metrics.

While aggregated Sector Scorecard results are generally not as positive as previous years, housing associations remain financially secure, well-managed and efficient organisations. Key results are as follows:

Business health

- Increased workloads and catching up from 2020/21 has resulted in higher expenditure and lower in operating margins in 2021/22 – with a median result of 20.20%.
- Operating margins for supported housing and housing for older people stock averaged 8–10 percentage points lower than social housing lettings overall, which includes general needs stock.

Development – capacity and supply

- Development programmes increased social housing supply in 2021/22, with a median result of 1.2%. This is slightly lower than the 2019/20 Sector Scorecard result of 1.3%.
- Landlords of all shapes and sizes are delivering new supply – almost 70% of Sector Scorecard landlords reported developing new stock in 2021/22.

Outcomes delivered

- Perception-based satisfaction has suffered in the aftermath of the pandemic. Landlords' services have not met residents' expectations and satisfaction rates have reduced as a result – to a median of 84.7% for general needs tenants.
- Perception scores for supported and housing for older people tenants remain higher – with median results above 90%.
- Landlords continue to make significant contributions to local communities – investing the equivalent of £58 per property in 2021/22.

Effective asset management

- Following a dip in 2020/21, occupancy levels for general needs tenants were closer to results from before 2020 – with a median result of 99.52%.
- Both planned and routine maintenance costs increased during 2021/22 – by similar proportions. The 0.70 median ratio of responsive repairs to planned works is almost unchanged from the 2020/21 report and six point higher than the result recorded in 2019/20.

Operating efficiencies

- The post-pandemic increase in maintenance expenditure coupled with construction industry price inflation led the median social housing cost per unit to rise over £300 in a year to £4,230 in 2021/22.
- Despite the impending cost-of-living crisis, more than half of Sector Scorecard housing associations collected 100% of rent due from general needs and housing for older people tenants in 2021/22.

This report provides further details on the results above. Housemark and Acuity members have access to online reports using the underlying data.

About the Sector Scorecard

Housing associations are not-for-profit social landlords that provide homes and support for around six million people all around the country. They are driven by a social purpose: providing good quality housing that people can afford.

The Sector Scorecard is an initiative to benchmark housing associations' performance and assess value for money. It demonstrates the sector's accountability to its residents and stakeholders, with publicly available data on measurements ranging from financial gearing ratios to customer satisfaction.

You can find out more on the Sector Scorecard [website](#).

Implementation

The Sector Scorecard is owned by an advisory group of housing association senior leaders with support from the National Housing Federation. The group has engaged Acuity and Housemark to collate Sector Scorecard data and provide reporting facilities.

Data collection is conducted either proactively by the association or by using publicly accessible documents such as financial statements. Acuity collects Sector Scorecard data from smaller associations managing up to around 1,000 properties, mainly in England. Housemark collects data from larger providers managing over 1,000 properties as well as associations based in Scotland, Wales and Northern Ireland.

In 2020, the Sector Scorecard expanded to cover housing for older people and supported housing. This is the second year where this report presents 'Supported Scorecard' comparisons of key costs and performance for supported and older person's stock.

This report incorporates 16 supported Scorecard measures into the analysis. These measures are indicated by SH (supported housing) and/or OP (housing for older people/sheltered) in the title.

Participation

The data for this report was extracted in October 2022 and covers the financial year up to 31 March 2022. In total, 317 housing associations' data is included in the report, who manage over 2.5 million homes, with a combined turnover of almost £20bn.

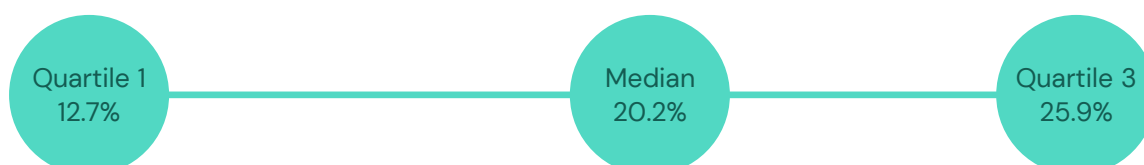
Participants are based across the country, from the Channel Islands to Scotland and from East Anglia to Wales and Northern Ireland. Sizes range from small associations managing fewer than 100 properties to large providers with tens of thousands of homes.

Sector Scorecard results 2021-22

Business health

Operating margin (overall)

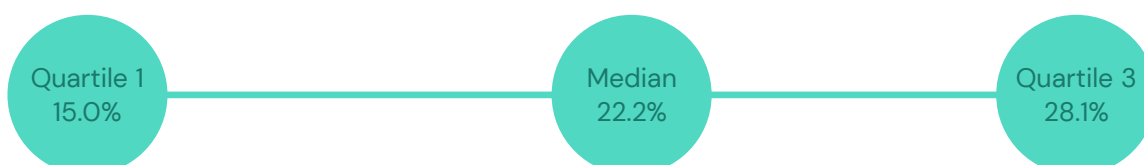
Sample: 270



For the housing association sector, an operating margin measures the amount of surplus generated from turnover on a provider's day-to-day activities. In 2021's report, we found comparatively high margins relating to the lower expenditure during the pandemic. As expected, margins are lower in 2022, driven largely by an increase in works to existing properties as landlords caught up after the pandemic and started to feel the effects of price inflation.

Operating margin (social housing lettings)

Sample: 255



Social housing lettings is the mainstay of many housing association businesses and is a key driver of overall operating margins. The post-pandemic increase in planned works during 2021/22 meant more expenditure, which, with price inflation, has led to a decrease in operating margins. Sector Scorecard results for this measure are now lower than those reported in 2020.

Operating margin (supported housing)

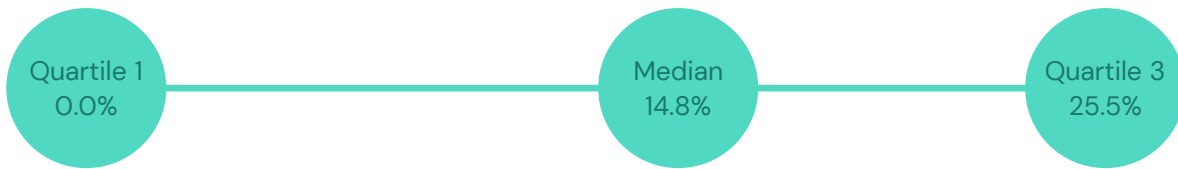
Sample: 16



This Supported Scorecard measure shows that supported housing can make a reasonable surplus, but the additional costs involved in providing specialist housing tend to result in lower operating margins, with the median around half the figure for all social housing lettings.

Operating margin (housing for older people)

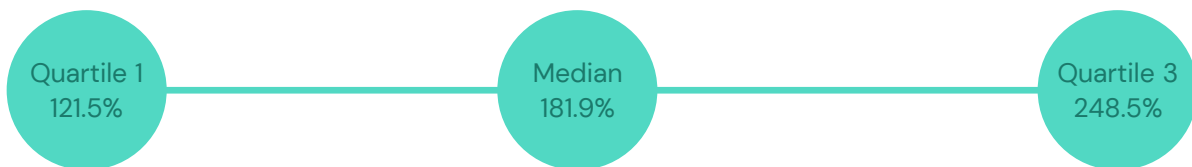
Sample: 16



While this Supported Scorecard measure suggests that managing housing for older people produces lower surpluses than general needs, behind the median figure the range of results for this measure is large and varied. Four of the sixteen organisations submitting data reported margins of less than 1%.

EBITDA MRI (as % interest)

Sample: 259

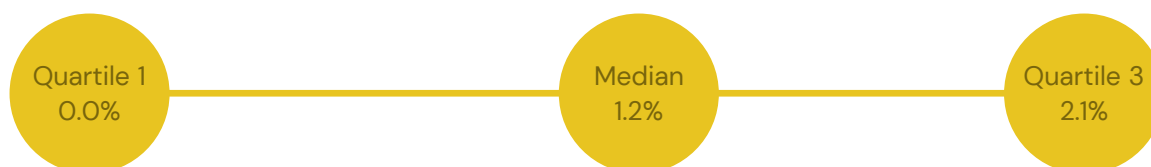


EBITDA MRI is an approximation of cash generated; presenting it as a percentage of interest shows the level of headroom on meeting interest payments for outstanding debt. Lower surpluses resulting from increased expenditure during 2021/22 have resulted in less money available to cover interest payments. This has brought the median result down below the 2020 report figure of 197%. The Sector Scorecard result often differs from the English Regulator of Social Housing's global accounts due to the difference in participation – including associations under 1,000 units and from devolved nations.

Development – capacity and supply

New supply delivered % (social housing units)

Sample: 251



This comparable measure allows associations to assess the size of their development programme in relation to the amount of stock they already own. Development programmes have largely recovered from the building site hiatus during the pandemic's first lockdown. The median figure of 1.2% is just below the corresponding 1.3% result from the 2020 report. It equates to around 60,000 new units completed in the year.

New supply delivered % (non-social housing units)

Sample: 188

Previous years' Sector Scorecard reports have shown that only a minority of housing associations develop non-social housing in any given year. Even with the increase in social housing delivery, less than one in four landlords recorded a figure above zero for this measure, which is comparable to previous years.

New supply delivered: absolute (supported housing)

Sample: 42

This measure is collected as an absolute figure, so a median result is not appropriate. Less than 1 in 4 of the 42 associations submitting data for supported housing new supply recorded new units.

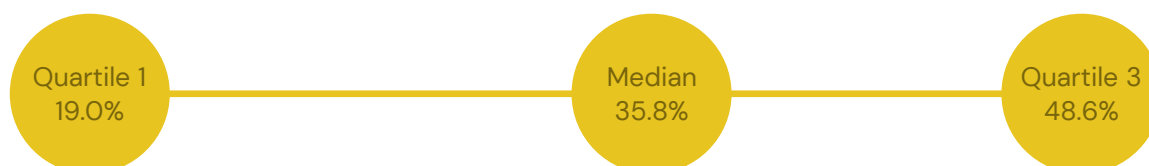
New supply delivered: absolute (housing for older people)

Sample: 35

This measure is collected as an absolute figure, so a median result is not appropriate. Only two out of the 35 landlords submitting data recorded any new housing for older people units.

Gearing

Sample: 264

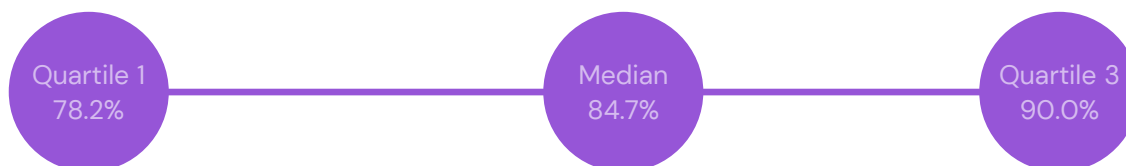


Gearing measures the ratio of debt to assets using a concept that is similar to mortgage lenders' loan to value ratio. Median gearing ratios have changed little from Sector Scorecard results published for 2020 and 2021. While there is headroom for many associations to borrow more, there may not be an appetite to increase debt with rising interest rates. Factors likely to change this position would be borrowing to cover works to existing properties such as remedial safety or decarbonisation.

Outcomes delivered

Customer satisfaction (general needs and housing for older people)

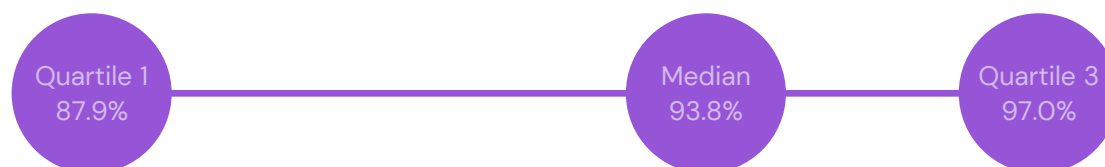
Sample: 83



The Sector Scorecard measures satisfaction using the STAR standardised framework for periodic surveys of customer perception. From 2023, the Regulator of Social Housing will collect an overall satisfaction measure, based on perception from all registered providers in England. This aligns with similar regulatory satisfaction measures in Scotland and Wales. This year's combined general needs and housing for older people median figure is 2–3 percentage points lower than pre-2020 Sector Scorecard reports and indicates the difficulties social landlords face trying to deliver services in an economy with rising prices, scarcity of labour and greater scrutiny.

Customer satisfaction (supported housing)

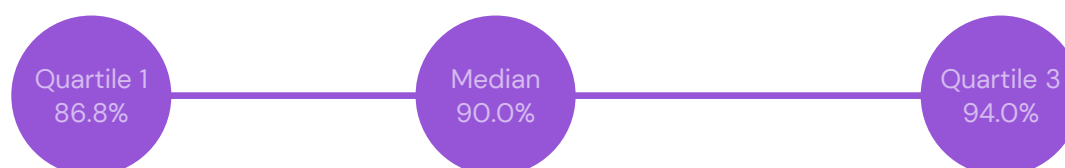
Sample: 33



The STAR framework is designed for surveying residents living in all types of social housing. Surveys of supported housing residents show that satisfaction levels are some way higher than the combined general needs and housing for older people results. This suggests that supported housing residents are not feeling the downturn in perception felt by residents of other tenures.

Customer satisfaction (housing for older people)

Sample: 20

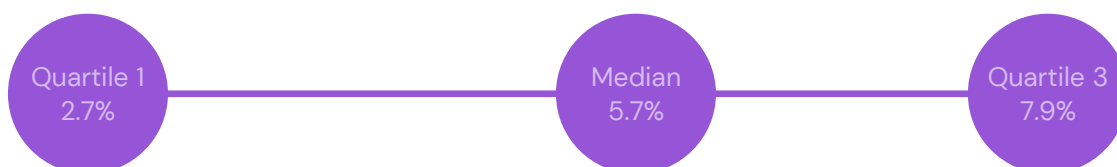


Housemark's STAR benchmarking has a long-established gap between satisfaction results of general needs¹ and housing for older people residents of around five percentage points. This has continued into 2021/22 and suggests that older residents' perceptions are tracking downward as much as those living in general needs properties.

¹ Including combined general needs and housing for older people scores

Reinvestment

Sample: 256



This measure looks at the investment an association makes in its properties (existing stock as well as new supply) as a percentage of the value of total properties held. Even with the year-on-year increase in major works during 2021/22, the slightly lower new supply figures mean the median result is still lower than the equivalent result from 2020's report.

Reinvestment (supported housing)

Sample: 19



This measure looks at reinvestment in existing stock and new supply for housing associations' supported housing portfolios. It shows a large gap between investment in new and existing stock overall and the same for supported housing. This is largely driven by much lower new supply rates.

Reinvestment (housing for older people)

Sample: 16



This measure looks at reinvestment in existing stock and new supply for housing associations' housing for older people portfolios. Similar to supported housing, there is a large gap in reinvestment rates for this tenure. This is also likely to result from significantly lower new supply rates.

Investment in communities

Sample: 105

This measure is collected as an absolute figure, so a median result is not appropriate. In total, 105 participants recorded £71m invested in communities, an average of £58 per property managed. With access to funding linked to landlords expressing ESG (Environmental, Social and Governance) credentials, investment in community activities will become increasingly important to demonstrate when seeking funding from financial markets.

**Service users supported to establish and maintain independent living
(supported housing)**

Sample: 1

This measure looks at outcomes for supported housing service users moving into more permanent accommodation. With just one association submitting data for this measure, it is not possible to present a reliable analysis of results.

**Planned move on from temporary accommodation-based services
(supported housing)**

Sample: 1

This measure looks at outcomes for supported housing service users moving on from emergency accommodation. With just one association submitting data for this measure, it is not possible to present a reliable analysis of results.

Effective asset management

Return on Capital Employed (ROCE)

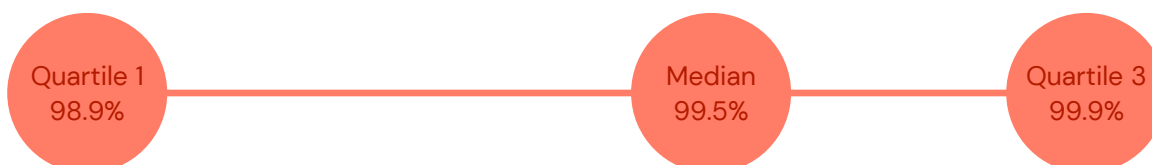
Sample: 263



Return on capital employed (ROCE) shows how well a provider is using both its capital and debt to generate a financial return by comparing an association's surplus to the value of its properties. There has been little movement in the median result from recent years, which suggests that asset values are moving in line with changes in association surpluses.

Occupancy (general needs)

Sample: 86



Occupancy rates demonstrate how efficient providers are at turning around void (untenanted or empty) properties and at sustaining existing tenancies. Landlords have encountered many challenges letting empty properties in the time since the pandemic. The proportion of the sector's homes that are empty has remained comparatively high. As a result, median Occupancy levels are lower than the figure published in 2020's Sector Scorecard report.

Occupancy (supported housing)

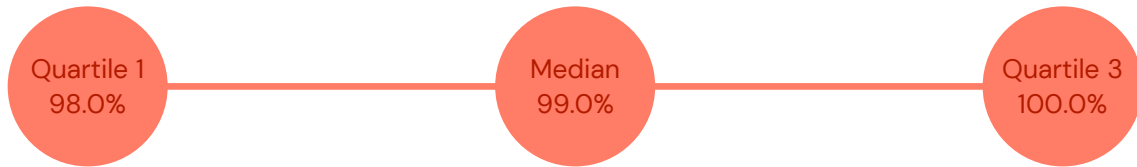
Sample: 22



Unlike general needs units, where demand is often steady and predictable, occupancy rates in supported housing are affected by the type of provision (e.g. short term, long term) and the suitability of applicants. The median result of 95.4% is broadly comparable to the figure recorded in 2021's Sector Scorecard report.

Occupancy (housing for older people)

Sample: 23



Occupancy rates in housing for older people stock are subject to the same suitability issues as supported housing, alongside lower demand compared to general needs stock. As forecast in the 2021 Sector Scorecard report, occupancy rates in housing for older people rose in 2021/22 but are still subject to the same pressures as general needs stock.

Ratio of responsive repairs to planned maintenance

Sample: 105



This measure looks at the ratio of an association's expenditure on routine maintenance to spend on planned maintenance, major repairs and capitalised major repairs. While the median result is the same as 2021, compared to previous Sector Scorecard reports, the proportion of expenditure on responsive repairs has grown. This is due to routine maintenance expenditure increasing at the same rate as planned works spend.

Operating efficiencies

Headline social housing cost per unit

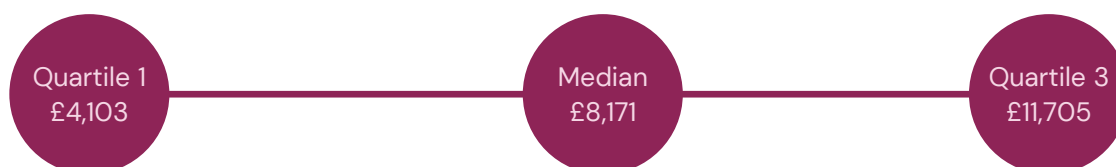
Sample: 258



This measure uses components from associations' financial statements to calculate a headline social housing cost, which is divided by the number of properties owned and/or managed for a comparable cost per unit figure. As forecast in the 2021 report, Sector Scorecard median cost per unit results for 2021/22 have risen above £4,000. This corresponds with the figures showing smaller surpluses and lower operating margins.

Headline social housing cost per unit (supported housing)

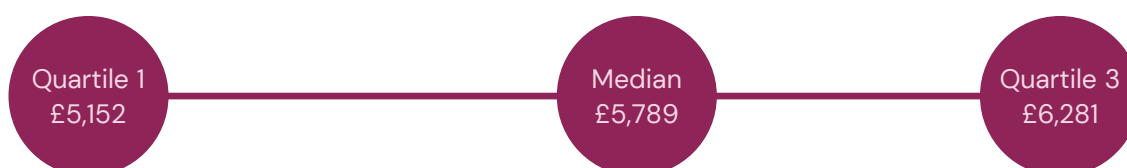
Sample: 18



This measure divides all supported housing costs recorded in associations' financial statements by the number of supported housing units owned and/or managed. The labour-intensive nature of providing supported housing has long been acknowledged as a driver of higher costs, which varies according to the type of support provided and specialist nature of the buildings. These factors result in supported housing unit costs that are around double the Headline social housing cost per unit figure.

Headline social housing cost per unit (housing for older people)

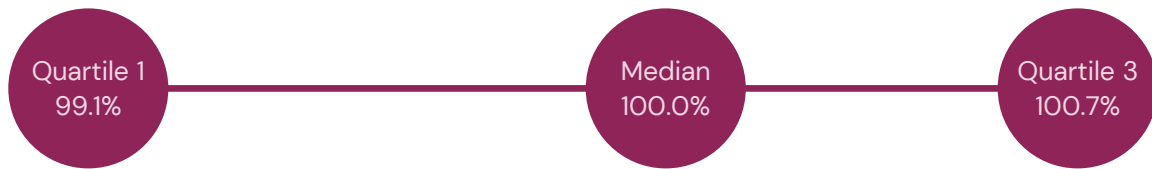
Sample: 15



This measure divides all housing for older people costs recorded in associations' financial statements by the number of housing for older people units owned and/or managed. Similar to supported, housing for older people costs are driven by additional staff and more equipment to help residents. Median housing for older people unit costs are 37% higher than the figure for all social housing. By contrast, compared to supported housing, there is less variation and less intensity in the type of assistance provided in housing for older people and median costs are 29% lower.

Rent collected as % of rent due (general needs)

Sample: 87



This Sector Scorecard measure demonstrates the effectiveness of the income management function in collecting rent due and managing arrears levels for general needs residents. Similar to the figures recorded in 2021's report, at the end of the financial year more than half had collected all rent due within the period.

Rent collected as % of rent due (supported housing)

Sample: 48



While direct payment of benefit is much more likely in supported housing than general needs, rent collection is complicated by factors such as claim changes in short-term accommodation and splitting out eligible service charges. Taking into account these differences, the median point for supported housing rent collection is slightly lower than the equivalent general needs result.

Rent collected as % of rent due (housing for older people)

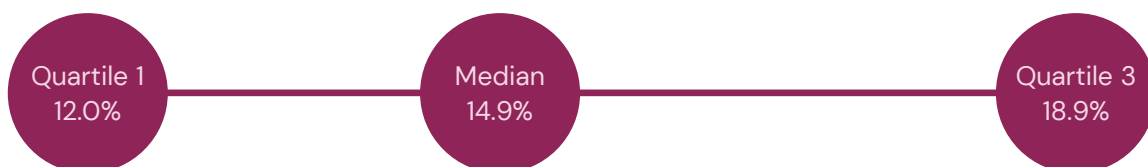
Sample: 44



Similar to general needs, more than half the sample were able to collect more rent than was due, which means that many started to clear some historical debts. Even with rising energy and food costs eroding fixed incomes from pensions and other sources, collection rates across the sector have remained positive.

Overhead costs as a percentage of turnover

Sample: 135



This Sector Scorecard measure shows the proportion of an organisation's turnover that is spent on overheads, including IT, HR, finance, office premises and corporate services.

This measure is sourced from the annual cost and performance benchmarking exercise conducted by Housemark and Acuity. The pattern of back-office expenditure changed considerably through the pandemic with decreases in office premises expenditure offset by increased spend on technology. The median point for this measure is slightly higher than the 13.9% recorded in the Sector Scorecard 2020 report and corresponds with overall costs increasing faster than turnover.

Appendix 1: Calculations used in this report

Aggregation

The figures in this report are based on aggregated data from individual landlords. Sector Scorecard participants' underlying data is available to Housemark and Acuity members.

Supported housing and housing for older people

Sector Scorecard measures relating to supported housing and housing for older people are based on units that meet the English Regulator of Social Housing's definition of supported housing as specified in the Welfare Reform and Work Act 2016 (WRWA 2016) and regulations made under it.

Percentages and percentage points

This report uses percentage 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 headline social housing costs had increased from £3,500 to £3,600 this would equate to a £100 actual increase or a 2.9% proportional increase.

If reinvestment 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 13.8%.

Quartiles and medians

Medians and quartiles are used throughout the report to indicate the range of results. With the data points arranged 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.