

# Key Performance Forecasting (updated)

North West Leicestershire DC

September 2020

As the largest UK-wide network of social housing businesses and the leading data-driven solutions provider for the sector, HouseMark is helping landlords understand the impact now, forecast what the future repercussions might be, and act on the evidence to secure the well-being of their residents, employees and their businesses.

This is the second iteration of our bespoke Key Performance Forecasts, covering arrears, void loss and anti-social behaviour caseload using a consistent HouseMark methodology. For those that received our first Key Performance Forecast report, this second iteration has been updated with new data. In particular, it now contains quarter 1 actuals as well as fresh data taken from our monthly impact monitoring exercise. These forecasts do not take into account local policy and practice decisions that can have a big impact on performance. However, they do provide an external view that can inform and enhance your own forecasts, and help you make the right decisions in these challenging times.

[www.housemark.co.uk](http://www.housemark.co.uk)

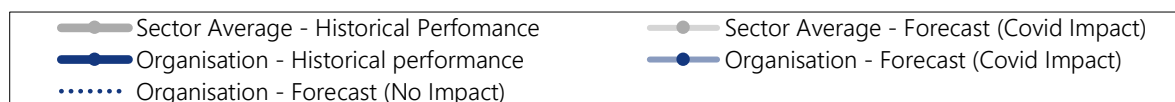
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[info@housemark.co.uk](mailto:info@housemark.co.uk)

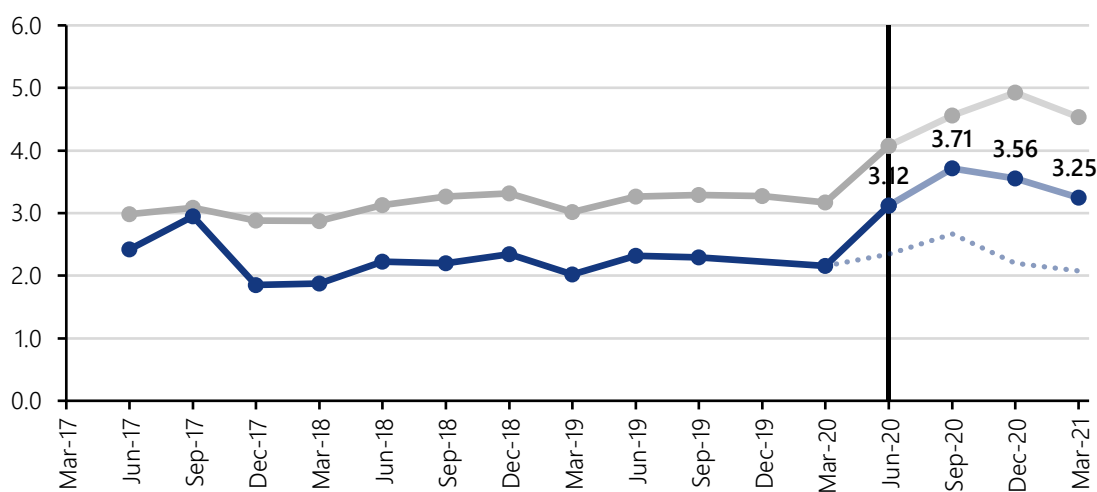
# Executive summary

This document provides updated bespoke forecasts for your organisation on arrears, void loss and anti-social behaviour caseload. Our methodology has been developed to use historic data (including Q1 actuals) as well as recent data on the impact of COVID-19 on the sector and contextual data for your organisation.

These forecasts should be viewed as a tool to support your own forecasts, rather than replace them. Our forecasts do not take into account any local policy or practice and as such your own forecasts may well be more accurate. However, our forecasts do provide comparisons with the wider sector and can be a useful 'can opener' to inform your strategy.

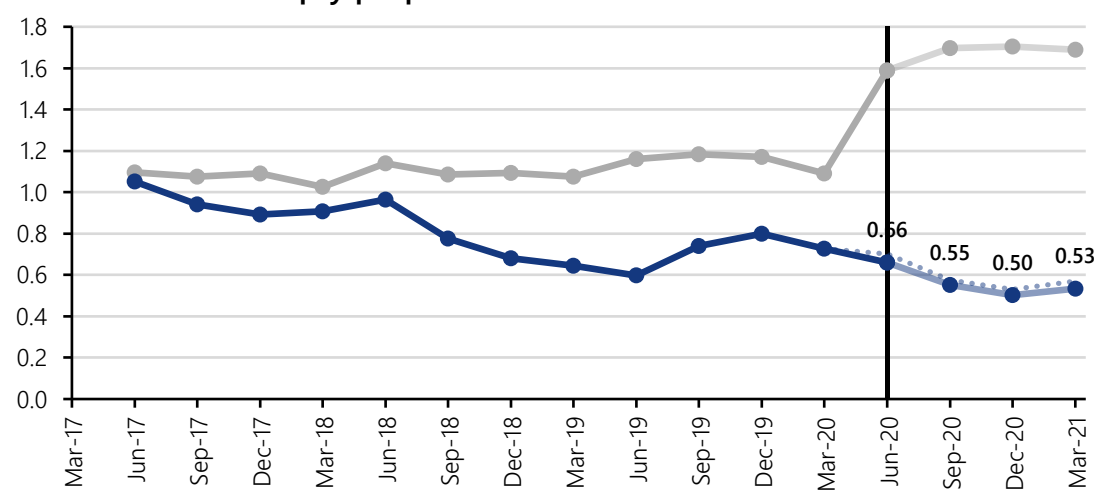


## Rent arrears of current tenants as % of rent due



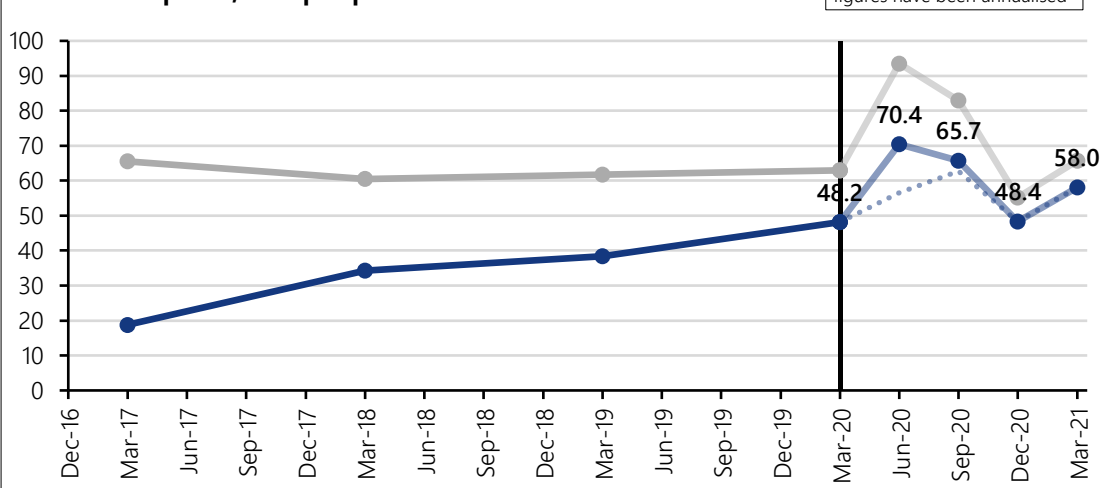
Your arrears position has consistently remained below average, including June 2020-21. We predict your arrears rate is yet to reach its maximum and will peak at 3.71% by June before falling to 3.25% by March 2020-21.

## Rent loss due to empty properties as % rent due



Your historical void loss figures have been consistently below average, including June 2020-21. We predict your void loss rate reached its peak in June and will now be to fall to 0.53% by March 2020-21.

## ASB cases per 1,000 properties

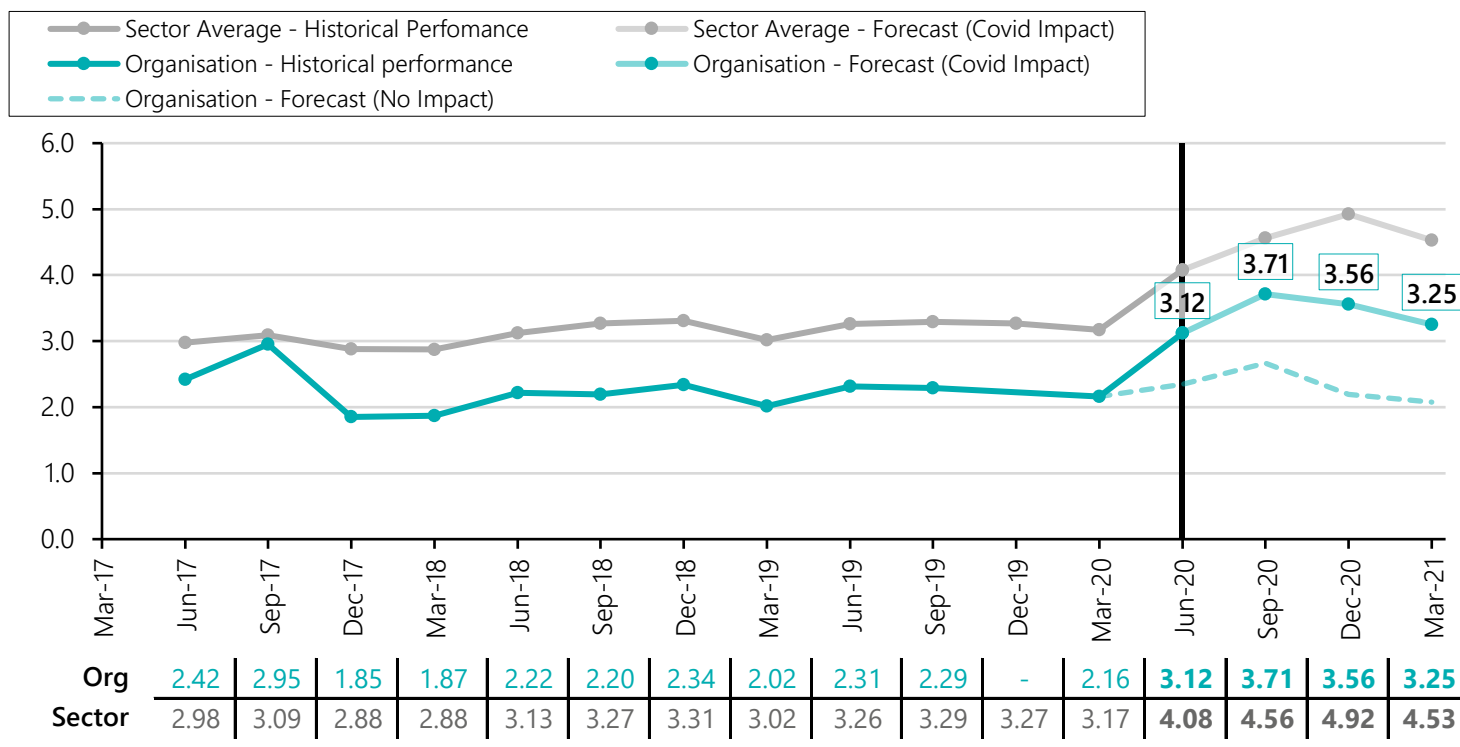


The number of cases reported to your organisation is consistently lower than average. Our forecast predicts your ASB rate peaked in June and will now begin to return to normal levels.

# Current tenant arrears

Your arrears position has consistently remained below average, including June 2020-21. Over the first quarter of 2020-21 arrears rose above expected levels for much of the sector, including for your organisation. We predict your arrears rate is yet to reach its maximum and will peak at 3.71% by June before falling to 3.25% by March 2020-21. This is 1.17 percentage points above your predicted outcome (assuming no COVID-19 impact) and 1.28 percentage points below the average figure.

## Rent arrears of current tenants as % of rent due

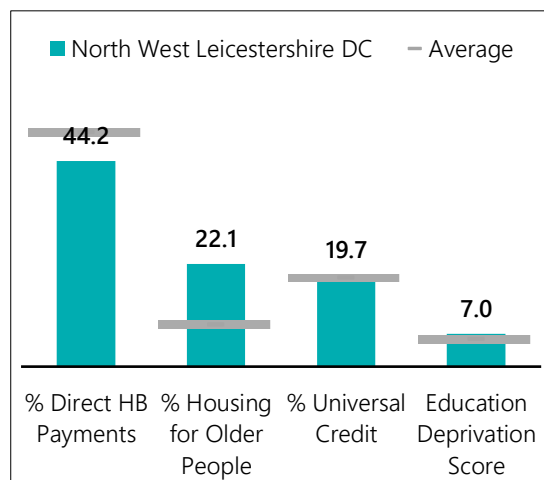


## Methodology

We have built your bespoke forecast on three sources of information:

1. Using your historical data to generate an anticipated forward trend (using exponential smoothing).
2. Using intelligence gathered from HouseMark's Covid 19 Impact Monitoring (CVIM). The initial change in the arrears rate from March to June 2020 is based on actual data collected from across the sector. Additionally, we have factored in an increase in Q2 when the government furlough scheme winds down, and a further hit in Q3 when the scheme ends.
3. Applying a contextual adjustment that is unique to your organisation. Using internal HouseMark data and open data sources we have adjusted your performance based on your estimated context. For each contextual measure in the table below we have compared your performance to the mean value for all submitting organisations. Based on your estimated context, we expect you will experience a slightly lower than average impact on arrears and have adjusted your forecast accordingly.

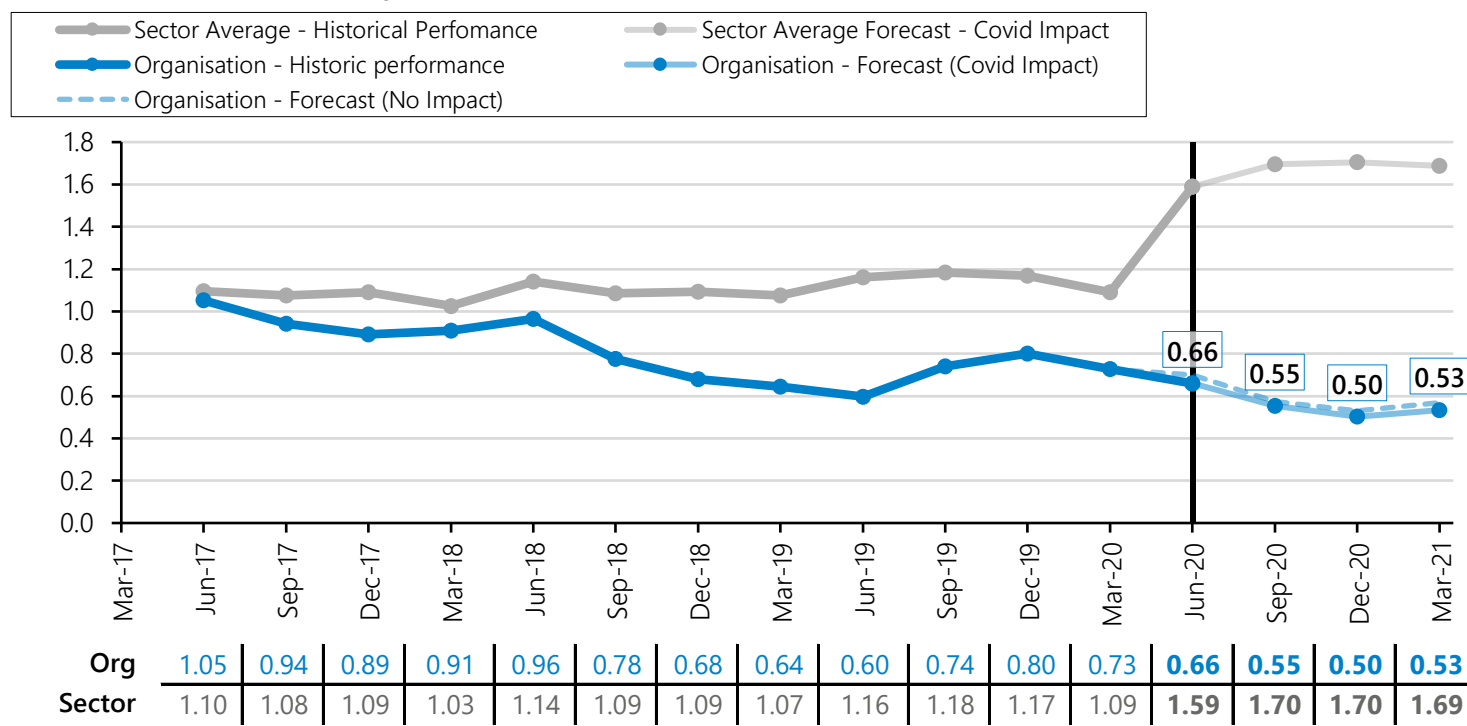
Factor	Sector	Your organisation		Weight
<b>% Direct HB Payments</b> Estimated % of direct HB payments (DWP data weighted by stock profile).	50.5	44.2	Below average, therefore assumed higher arrears	50%
<b>% Housing for Older People</b> % of HOP units as a proportion of social stock (based on HouseMark data).	9.1	22.1	Above average, therefore assumed lower arrears	25%
<b>% Universal Credit</b> % of tenants claiming UC units (based on HouseMark data 2018-19)	19.1	19.7	Above average, therefore assumed higher arrears	25%
<b>Education Deprivation Score</b> IMD 2019 - proxy for skills (score out of 10, where 10 is deprived)	5.9	7.0	Above average, therefore assumed higher arrears	20%
<b>Overall adjustment to CV impact -0.64%</b>				



# Void loss

Your historical void loss figures are consistently below average, including June 2020-21. Over the first quarter of 2020-21 void loss increased above normal levels for the majority of the sector, however your void loss remained stable. Our forecast estimates your void loss reached its maximum in June and will now begin to fall to 0.53% by March 2020-21. This is 0.03 percentage points below your predicted outcome (assuming no COVID-19 impact) and 1.15 percentage points below the sector average.

## Rent loss due to empty properties as % rent due

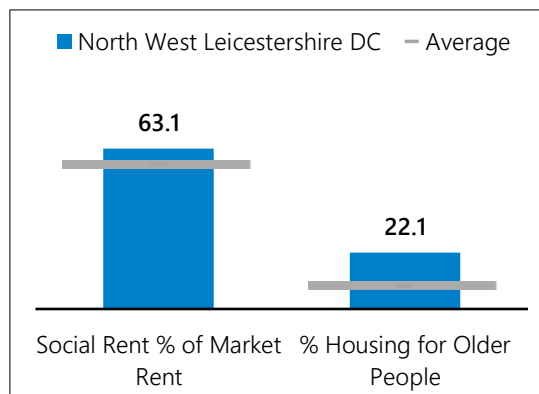


## Methodology

We have built your bespoke forecast on three sources of information:

- Using your historical data to generate an anticipated forward trend (using exponential smoothing).
- Using intelligence gathered from HouseMark's Covid 19 Impact Monitoring (CVIM), a monthly data collection exercise across a set of key measures to track the impact on housing providers month by month. We have used CORE data to identify which types of terminations are likely to continue and compared this with our CVIM lettings data to create an assumed level of turnover.
- Applying a contextual adjustment that is unique to your organisation. Using open data sources we have adjusted your performance based on your estimated context. For each contextual measure in the table below we have compared your performance to the mean value for all submitting organisations. Based on your estimated context, we expect you will experience a slightly greater than average impact on void loss and have adjusted your forecast accordingly.

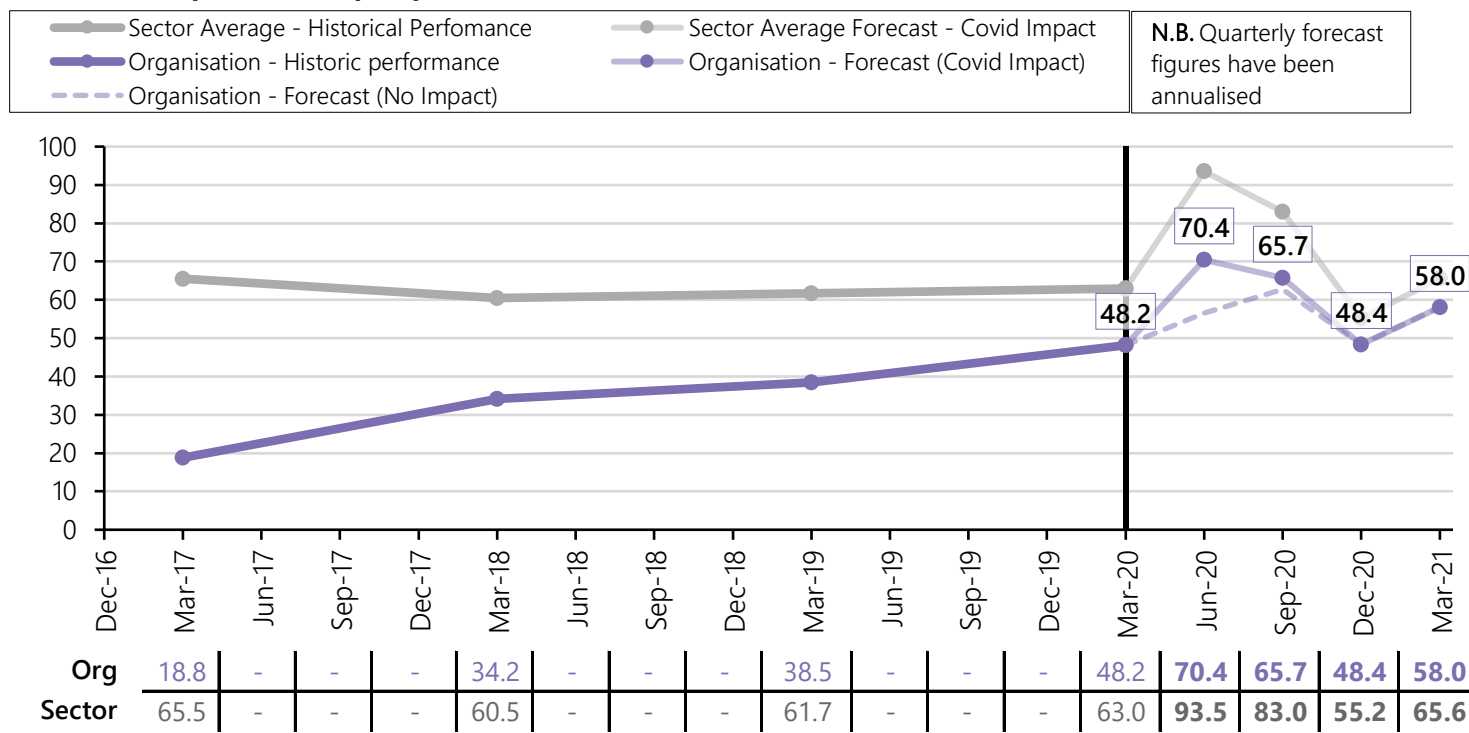
Factor	Sector	Your organisation		Weight
<b>Social Rent % of Market Rent</b>				
SR data from SDR/StatsWales/ARC, vs. MR data from Scot.gov/StatsWales/VOA	56.9	63.1	Above average, therefore assumed higher tenancy churn	25%
<b>% Housing for Older People</b>				
% of HOP units as a proportion of social stock (based on HouseMark data).	9.1	22.1	Above average, therefore assumed higher terminations	25%
<b>Overall adjustment to CV impact 3.58%</b>				



# Anti-social behaviour

The number of new ASB cases reported to your organisation is consistently lower than average (based on 4 years of data). Our forecast predicts your ASB rate peaked in June and will now begin to return to normal levels. At its peak, we estimate your organisation was dealing with around 13.9 additional cases (per 1,000 properties) than under normal circumstances.

## ASB cases per 1,000 properties

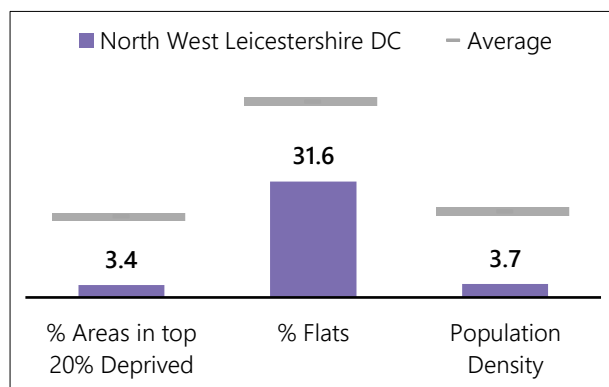


## Methodology

We have built your bespoke forecast on three sources of information:

- Using your historical data to generate an anticipated forward trend (using exponential smoothing).
- Using intelligence gathered from HouseMark's Covid 19 Impact Monitoring (CVIM), a monthly data collection exercise across a set of key measures to track the impact on housing providers month by month. The initial rise in the ASB rate is based on actual CVIM data collected from across the sector. Additionally, we have adjusted the quarterly figure using historical ASB data to reflect the seasonal variation of ASB. **N.B.** The quarterly forecast figures have been annualised.
- An applied contextual adjustment that is unique to your organisation. Using open data sources we have adjusted your performance based on your estimated context. For each contextual measure in the table below we have compared your performance to the mean value for all submitting organisations. Based on your estimated context, we expect you will experience a lower than average impact on ASB and have adjusted your forecast accordingly.

Factor	Sector	Your organisation	Weight
<b>% Areas in top 20% Deprived</b> % of LSOAs per LA in top 20% deprived (weighted by stock profile).	22.1	3.4	Below average, therefore assumed lower impact on ASB
<b>% Flats</b> CORE data for England, StatsWales and Scottish Housing Survey/ARC.	53.4	31.6	Below average, therefore assumed lower impact on ASB
<b>Population Density</b> People per sq. km (100's) - ONS 2019	23.5	3.7	Below average, therefore assumed lower impact on ASB
<b>Overall adjustment to CV impact -5.66%</b>			



# Next steps

## HouseMark's COVID-19 response solutions

These performance forecasts are part of a range of products introduced by HouseMark in response to the COVID-19 pandemic. Our solutions aim to help landlords understand the impact now, forecast what the future repercussions might be, and act on the evidence to secure the well-being of their residents, employees and their businesses.

IMPACT	FORECAST	ACTION
Understand the impact now on your business in context and whether the figures you are seeing are 'normal'. Learn from what others are doing now.	Use evidence and context to understand what the next month, quarter and year is likely to look like for your operations. Identify where the biggest risks lie.	Take evidence-based decisions on where to focus resources and when to restart services. Use data to make robust financial plans that stand up to scrutiny.

Our two other solutions are:

**COVID-19 impact monitoring** – Tracking the impact monthly via a short questionnaire covering staffing, arrears, voids, repairs and ASB. Over 160 landlords are currently participating in this exercise with 100% of participants satisfied with the insight provided.

[You can view the latest summary here.](#)

**Budget forecasts** – Available in October 2020, these will provide you with an invaluable assessment of the likely impact on your headline financial position at the end of this financial year and in future years. As well as the impact on revenue, this analysis will take into account the dramatic movement on expenditure lines such as planned maintenance, ITC, premises and staffing. This is available at no extra charge to all HouseMark members who provide 2019/20 cost information.

[You can find out more about all our COVID-19 response solutions on our website.](#)

## Learning from others

Below are some links to case studies that you may find of interest. These documents provide real-life insight on how some landlords are adapting to meet their objectives in these uncertain times.

[Arrears](#) - using data to maximise the operational performance of income collection.

[Voids](#) - using data to identify gaps to redesign and improve void management.

[ASB](#) - using data to help restructure existing ASB services and embed new procedures and standards.

## Help us improve

We would be really interested in getting your feedback about these reports, or any other aspect of HouseMark services. Please send any thoughts to [james.jervis@housemark.co.uk](mailto:james.jervis@housemark.co.uk).