

Quarterly performance update



This update covers performance for the period ending 31 December 2020.

Our Performance Updates are aimed at ensuring our investors and other stakeholders receive regular, timely information regarding the performance of the Group. We will publish these reports on a quarterly basis and will produce them within six weeks of the relevant quarter end.

The information included is based on unaudited management accounts and other internal performance measures.

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Financial performance:

Quarter three results

The management accounts of Great Places Housing Group (the Group) show year to date surplus of £15.3m, £2.1m better than budget. Turnover in the period (all income including property sales) was £103.0m and operating surplus £35.2m.

The main savings were interest £1.0m, due to interest rates lower than budget and effective management of liquid cash and revolving credit facilities, and property sales surpluses overall being £0.7m higher than budget. Other variances included overhead savings like bad debt expense lower than budget and savings on insurance costs, an efficiency from the transfer of engagements of Equity Housing Group into Great Places in April 2020.

Drawn debt (excluding bond premium and including finance leases) as at December 2020 was £584.2m (September 2020: £577.4m). The movement is due to drawdowns from revolving credit facilities (RCFs) offset by scheduled loan repayments. Great Places sold £70m retained bonds in January 2021 at an all in rate of 2.0%, thus increasing drawn debt by the nominal bond value £70m, and at the same time we repaid all drawn RCFs.

The Group's Mark to Market exposure at the end of quarter three is broadly in line with March 2020 decreasing from £51.8m to £51.4m. There was £28.7m cash collateral posted to meet counterparties' security requirements, in line with the £28.5m held in March 2020.



**We are fair, open
and accountable**

Cash balances (excluding cash held on behalf of leaseholders) were £30.5m at the end of quarter three. Excluding our £70m retained bonds, which were sold in January 2021, undrawn bank and other capital facilities immediately available were £146.6m, of which £130.1m is fully secured. Our internal financial "Golden Rules" around interest cover, gearing and operating margin were all met at the end of the period.



Operational performance

Our performance management centres around our Critical Success Factors (“CSFs”) which are designed to focus us on the delivery of our Corporate Plan, and particularly our vision of “Great Homes, Great Communities, Great People”.

We have ten CSFs for 2020/21, as well as three-year targets and ten-year ambitions within our Corporate Plan. The CSF targets for 2020/21 were set in March 2020 prior to knowing the extent of the global pandemic. They were reviewed in quarter two and Board approved changing the targets for Group Surplus, Average Re-let Time and % of Digitally Active Tenants.

The CSF performance in quarter three was symptomatic of the ongoing impact of COVID-19: seven of the CSFs are on or exceeding target, while the other three CSFs – Development Completions, Customer Satisfaction & Households into work, training and volunteering – have seen performance clearly impacted.

Seven of the ten CSFs are all better than or on target, highlighting our positive performance over quarter three despite the external circumstances.

Great Places achieved 217 Development completions in the year to date, with 81 of them being during quarter three, and had over 1,000 homes on site at the end of the quarter. Despite the pace and other challenges of operating COVID-safe sites, our Development Team is progressing with starts on site and completions. At the end of December 2020 we had 29 ‘live’ sites, 13 developments planned to start on site in quarter four, and numerous new sites being progressed.

Customer satisfaction was 7.2/10, compared with 7.3/10 at the end of quarter two. Work continues to address dissatisfaction and to identify learnings to improve service delivery. It should be noted that factors such as the ongoing national lockdown and the impact on our services may influence some of the satisfaction scores.



We know, respect and care about our customers.

Despite the challenging circumstances, Great Places this year has helped 494 households into work, training and volunteering (September 2020: 371). Our year end target was 750, so this CSF is behind the monthly targets that we set before the pandemic. This is partly due to us diverting resource to support our customers in financial hardship. At the end of quarter three over 200 hardship payments were made to customers from the Great Places Hardship Fund, set up as a direct respond to the pandemic.



Corporate news

These stories illustrate some of our recent activities, particularly in terms of Environmental, Social and Governance.

Environmental

Great Places' pilot in Trafford improving energy efficiency

Great Places is working with Knauf Energy Solutions (KES) and Knauf Insulation Northern Europe (KINE) on the renovation of 28 of our homes in Trafford to make them more energy efficient, and during quarter three has been able to monitor the results of the work done last year. This pilot scheme project has helped us to demonstrate the savings in terms of carbon and money for our customers. We are working on our 10 year ambitions to improve the energy efficiency across our homes and achieve an Energy Efficiency Performance rating of C for all our homes by 2028, helping to lower running costs for our customers and reducing the incidence of fuel poverty.

Carbon literacy training is now online and interactive

Great Places' Environmental team designed carbon literacy training in-house and we provide it to all our colleagues. As an awarded Carbon Literacy Training Organisation, we also sell the training to other organisations across various sectors. This year, working in partnership with Manchester Metropolitan University, Great Places has delivered Carbon literacy "Train the Trainer" course to a consortium of housing associations in Wales.

The growing demand for organisations to increase their capacity to roll out carbon literacy has meant we are over subscribed in our next open course, due to commence March 2021. For more details about our Carbon literacy training please contact Environmental.Team@greatplaces.org.uk

Innovation Chain North adds modular construction offer

Eight modular housing suppliers have been successfully appointed to a new Dynamic Purchasing System offered as part of Great Places Housing Group's £750m Innovation Chain North (ICN) procurement framework. The Modular DPS has been set up alongside the existing ICN framework, to support affordable housing providers with the delivery of new homes across the north of England. The system will also support Great Places' commitment to the increasing use of modular construction methods. For more information visit our website News page [here](#).



Social

Customer Annual Report 2020

The Coronavirus pandemic has affected everyone and changed the way we live our day to day lives. Despite the challenges we made fantastic progress this year that has made a significant difference to our customers and communities through projects and initiatives. Our [2020 Customer Annual Report](#) showcases highlights of the year and shows how we have performed in the areas that matter most to our customers.

Great Places secures £350,000 to support employment in Lancashire

Great Places has secured three years of European Social Fund grant from the DWP (Department for Work and Pensions) to build on the success of our existing MPT (More Positive Together) service in Lancashire. The service is delivered across Lancashire as part of a consortium of 14 Registered Providers and other services – Great Places is currently one of the highest performing partners.

The new three year contract will see the delivery of in-work support for vulnerable customers, helping them to sustain their employment. Over 50% of the participants are Great Places customers.

More organisations to receive share of Resilience Fund

In 2020 we launched the Great Places Community Resilience Fund, which has provided over £100,000 of financial support to community-based projects and initiatives that can, at times, be a lifeline to customers and make a significant difference to their lives. In addition to funding directly from Great Places we received donations from some of our suppliers. For example, Countryside, one of our development partners, donated £20,000. We are delighted to announce a new round of successful organisations who will receive a share of the money to support those most affected by the impacts of Coronavirus.



Social value from our supply chain

Our social value programme is helping to improve lives across our communities thanks to the organisations working with us through our supply chain. When we procure we place significant emphasis on social value, whilst maintaining value for money and quality. For example, Trowers & Hamlins LLP, one of our suppliers on our legal framework, donated £5,000 in quarter three that provided Christmas dinners, turned shared gardens into winter wonderlands and gave gift vouchers to families who may not have been able to buy presents this year. The donation was distributed between nine different projects and benefitted almost 300 adults and 80 children.

£2.3million 'age friendly' development in Bolton

A new £2.3million 'age friendly' development for the over-55s is to be built in Bolton. Great Places will build 18 one-bedroom cottage-style apartments in Horace Street, Halliwell, as part of its extensive development plan across the north. The scheme will be the first scheme delivered by the Great Places' in-house construction company Terra Nova Developments Limited. The apartments have been carefully designed to enable our future customers to live independently for as long as possible.



Governance

Great Places' successful £70m retained bond issue

In January 2021 Great Places sold the final £70m retained portion of its existing £345m bond (October 2042). The sale was priced at a spread of 120 bps and an all-in cost of 1.998 per cent. The money raised will help fund the affordable development programme. For the full story click [here](#).

Great Places selected as partner on Manchester's Northern Gateway

Hong Kong-based developer Far East Consortium (FEC) has selected Great Places as one of three housing associations to help deliver the first 800 new affordable homes as part of its new 15,000-home Northern Gateway project in Manchester. For more details read [here](#).



Offsite Homes Alliance for the North of England

Great Places has joined forces with a group of housing associations in the North of England to form an alliance with the ambition of delivering 9,000 offsite homes per year. The newly launched Offsite Homes Alliance (OSHA) consists of 18 housing providers, including Great Places, which have agreed to work together with offsite suppliers to increase the delivery of factory-built homes. See the full article on the Great Places website [here](#).

Great Places Group appoints eight firms to its new valuation panel

Great Places has appointed eight companies to its approved panel of consultants to deliver valuations and market analysis advice. The partners will support Great Places' ambitious development and sales programmes through the supply of market analysis reports and valuations of land and property.

Hive Homes secures site in Rochdale

Hive Homes, our partnership with 9 other housing associations and the Greater Manchester Combined Authority (GMCA), has exchanged contracts with Homes England on its second site - the former CarCraft site on Nixon Street in Rochdale. Profit generated from development activity will be returned to investing members to support their wider community activities across Greater Manchester.



Feedback

We welcome feedback on our performance update.

Please contact Kal Kay, Director of Finance,
on 0161 447 5029 or at kal.kay@greatplaces.org.uk

The information included within this report is for information purposes only. The Financial results quoted are unaudited. The report may contain forward looking statements and actual outcomes may differ materially. No statement in the report is intended to be a profit estimate or forecast. We do not undertake to revise such statements if our expectations change in response to events. This report does not constitute legal, tax, accounting or investment advice.