



Performance Update

For the period covering
1 July 2017 to 30 September 2017

Great homes. Great communities. Great people.

great
places
HOUSING GROUP

This update covers performance for the period from 1 July to 30 September 2017, the second quarter of the financial year ending 31 March 2018.

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.

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Financial performance

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The Group has a budgeted surplus of £12m for the 2017/18 financial year which is a similar level to the surplus reported in the 2016/17 statutory accounts. This demonstrates our commitment to Value for Money, and our Building Greatness programme, as we are in the second year of the 1% rent cuts.

Surplus year to date is £7.2m (budget: £6.6m) the positive variance being due to slightly better than budget performance in most areas of income, operating costs, property sales and interest costs.

Drawn debt as at 30 September 2017 was £543.9m, with the only movement being a small repayment of capital in the quarter.

Mark to Market exposure on the Group's free standing derivatives was £45.0m, down from £50.6m at 31 March

2017. There is £25.4m cash collateral posted to meet counterparties' security requirements, a favourable movement of £1.2m since 31 March 2017.

Liquidity is strong with closing cash balances of £54.0m. Undrawn facilities are £110m of which £65m is fully secured. Our internal financial "Golden Rules" were all met at the end of Q2.

This quarter also saw the Moody's downgrade of the UK's government bond rating to Aa2 with a stable outlook from Aa1 with a negative outlook. As a result the Great Places rating was reduced to A3, and the outlook improved to stable.

We are progressing with the full valuation of ~10,500 of our homes through quarters two and three.

Operational performance

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At the end of quarter two, good progress is still being made across our critical success factors (CSFs). As at quarter two, our end of year projection is currently on target across nine out of the eleven CSFs, with ongoing focus across the two which are currently behind (sickness absence and improving energy efficiency of homes) where improvement plans are being put in place.

We continue to perform well in respect of overall customer satisfaction where, with a score of 7.7 out of 10, we are currently performing better than target and well above the public sector and housing association average. Repairs satisfaction continues, with over 94% of customers happy with the repairs service received and first time fixes at 85%. In addition to this, the average time taken to complete a repair from initial reporting through to full completion was 8.9 days – only 2 years ago this was almost 25 days.

Income collection remains positive with arrears performance better than this time last year at 3.4%

(Q2 last year 3.6%) We are working to understand the effect that Universal Credit will have on customers' lives and how they are handling the changeover to this new payment mechanism. Our financial year end position of 2.6% was at an unprecedented low and we are working towards achieving low levels again this year whilst operating in the new environment. There are now 635 customers in receipt of Universal Credit, a 26% increase since year end.

The number of new homes built across our HCA contract remains ahead of budget, 98 completed by the end of the second quarter against a target of 88. We remain on course to achieve the target of 252 new homes by March 2018.

We continue to be strong this year in terms of helping and supporting 140 households into work, representing a 31% increase from this time last year.

Fire Safety

The issue of health and safety, and more specifically fire safety, continues to dominate the housing sector since the tragedy at Grenfell Tower. We've carried out fire safety checks on all buildings of six storeys or more. This has involved reviewing Fire Risk Assessments and working closely with the fire service and our local authority partners to reassure customers, with whom we have met regularly and kept fully informed throughout. If we decide to fit sprinklers the estimated costs are £1.2m which we can absorb in the next financial year.

We have eight buildings that we own of six or more storeys and six that we manage on behalf of other landlords. The Department for Communities and Local Government (DCLG) requested cladding samples from all high rise tower blocks to be tested. We have the results back from our tests and can confirm that the samples we submitted are not similar to those used at Grenfell Tower.

Digital Service

During quarter two we revamped our digital contact centre service, which gives us greater organisational capacity and more insightful management information. In terms of customer service we have improved our offering by introducing live web chat.

Great Places Housing Group has launched its new website! Since going live we have seen resident log-ins increase by almost 20%. There are more people visiting the sites with 50% more time spent browsing, 47% more returning users and more online payments. Now we are progressing with a new website for our sales & marketing arm Plumlife Homes.

Governance

We are pleased to announce the appointment of three new Board members. One is for the Great Places Housing Group Board and two for Great Places Cube Board, our commercial subsidiary that undertakes non-charitable activities including development of new properties for market sale and rent.

Samantha (Sam) Young has been appointed to serve on our Great Places Housing Group Board. Sam has been the Director of Business Transformation at New Charter Group and has a wealth of public and private sector experience. She is an IT professional who has led on major projects and her team won the 'Digital Team of the Year' at the Computing Digital Technology Leaders Awards 2017.

Babar Ahmad has been appointed onto the Cube Great Places Board. Babar is a Chartered Surveyor who currently works for Network Rail North West as a Senior Development Manager. He has vast experience of acquiring residential and commercial land along with an excellent knowledge of land markets and the town planning system.

Rob Lucas has recently retired after being the Chief Executive at Turley overseeing it grow into becoming one of the leading planning and design practices in the UK. Rob will bring a significant wealth of experience planning and a strategic focus to the work of Cube.

New Head office

In September we moved into our new office, bringing together colleagues from previously separate sites and allowing us to vacate the Salford office, delivering annual cost savings of c£0.3m. This is a fantastic agile space that enables us to work better together. We sold our old head office in October 2017.

Community Impact

The Secret Garden of Springfields, a community project in Knutsford, has been shortlisted for a National Housing Federation Community Impact Award. The project saw a group of Knutsford residents, including Great Places customers, transform a piece of disused land into a beloved community garden. The awards will be open to public voting during Community Impact Week, taking place from 6-12 November.

Feedback

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We welcome feedback on this performance update.

Please contact Phil Elvy, Executive Director of Finance,
on **0161 447 5028** or **phil.elvy@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.