



Performance Update

For the period ending
31 March 2018

Great homes. Great communities. Great people.

great
places
HOUSING GROUP

This update covers performance for the period 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.

These results are published in advance of the Statutory Accounts for the year ended 31 March 2018 which will be issued following the AGM in September. The information included is based on unaudited management accounts which remain subject to review and adjustment, as well as the external audit process.

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Financial performance

The management accounts of Great Places Housing Group show surplus for the year of £10.4m, in line with the quarter three projection of £10.3m for the full year. Turnover was just over £100m and operating surplus £33.1m. Non operational movements in the pension deficit, fair value movements on hedges, and valuation of investment properties resulted in a draft comprehensive income figure of £12.3m.

The Group's budgeted full year surplus of £12.2m was re-forecast to £10.3m in Q3 due to the accounting treatment of two specific asset divestments: these are older, heavily grant funded schemes. Neither scheme is impaired (per accounting rules) however an actual disposal crystallises a requirement to recycle grant that is no longer capped at the level of receipt obtained, which generated an accounting loss of £3.3m. Excluding these items, operational results were stronger than the budgeted £12.2m surplus, demonstrating our commitment to Value for Money and our Building Greatness programme.

In March 2018, Great Places Housing Group tapped its existing £200m bond for a further £75m. An additional £70m was also retained for future use. The tap was

priced at a spread of 140bps and an all-in cost of 3.341%, demonstrating that the Group is an attractive proposition to the markets. The money raised will fund its development programme over the coming months.

Drawn debt as at 31 March 2018 was £541.9m (Q3: £527.1m), an increase of £14.8m mainly due to £75m nominal from the Bond tap issue, offset by use of revolving facilities and other regular repayments.

Mark to Market exposure on the Group's free standing derivatives was £43.6m (Q3: £46.7m), down from £50.6m at 31 March 2017. There was £18.4m cash collateral posted to meet counterparties' security requirements, a favourable movement of £8.2m since 31 March 2017.

Liquidity is strong with closing cash balances of £72.9m, mainly due to the new funding activities just before quarter end. Undrawn facilities are £221.0m of which £128.6m is fully secured. Our internal financial 'Golden Rules' around interest cover, gearing, operating surplus and operating cash flows funding our investment works were all met at the end of Q4.

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Operational performance

At the end of quarter four, good results were achieved across the majority of our eleven critical success factors (CSFs). We exceeded the stretch target for four CSFs: stock condition surveys, average re-let times, practical completions and Building Greatness savings. We met target for four: overall customer satisfaction, repairs satisfaction, energy efficiency in our homes and arrears. We missed target for three: Group operating surplus (explained above in financial performance); sickness days per employee; and the % households helped into work (we achieved the required total but failed to achieve the target proportion of them being our customers.)

Looking ahead to 2018-19, our new CSFs are again linked directly to our vision: Great Homes. Great Communities. Great People. The CSFs also link to the three-year targets and 10-year ambitions contained within our new Corporate Plan allowing us to monitor progress: the Corporate plan will soon be published on our website.

We continue to strive for top quartile performance, we keep targets challenging but realistic, and we keep the pressure on for continuous improvement. We continue to perform well in respect of overall customer satisfaction, with a UK Customer Satisfaction Index score of 7.75 out of 10, based on almost 1,800 responses. We are currently performing better than our target and above the public sector and housing association averages.

We now have almost 800 customers in receipt of Universal Credit, which is 58% higher than the start of the financial year but not at the 1,100 predicted at this stage. Current arrears at 2.8% demonstrates continuing strong performance and we have bettered the CSF target of 2.9%

The number of new homes built under our Homes England contract exceeded the CSF target, achieving 254 completions against a target of 252. We delivered 304 new homes in total when non-HE programme and outright sales are included and at 31st March we had 516 new homes under development.

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Fire Safety

As the anniversary of the tragic Grenfell Tower approaches, a review of Great Places' fire safety, and the way Great Places communicate with its customers has been carried out by the customer scrutiny group 'Insight' with very positive results.

Great Places continues to work with stakeholders to review and implement best practice as applicable and will consider any recommendations made in the Hackitt review. We have however, made provisions in the next two years totalling £1.8m to undertake remedial work as necessary.

Building Greatness

We define our Building Greatness programme as "Our values-led journey of change, to ensure that we are always efficient and effective in delivering our vision".

A Dynamic Purchasing System (DPS) for repairs materials is now up and running with 40 suppliers registered and, in combination with the Distribution Centre, is delivering significant cost savings in terms of reduced materials costs, and productivity gains with improved first time fix rates due to better parts availability, reduced travelling times and lower waste disposal costs .

During Q4 Great Places has been successful in winning a bid to supply repairs materials to Trafford Housing Trust which will build on the success of the Distribution Centre and the DPS, allowing greater utilisation of the Centre, economies of scale and bulk purchasing opportunities.

Carbon Literacy

Continuing our pioneering work delivering Carbon Literacy (climate change training), our Environmental Team identified a gap in the market and produced bespoke versions of this course to offer out to other businesses. No other housing associations were providing this to third parties, and it has been a major commercial success.

Two Great Places colleagues have been formally recognised as the world's only Carbon Literacy Consultants, setting us apart in the marketplace, with the organisation one of only two housing providers to achieve Gold status from the Carbon Literacy Project. This training was a key component of the social value offer in our successful Trafford Housing Trust tender.

Plumlife website awards

During Q4, the new website for our sales and marketing arm, Plumlife, picked up two high-profile awards that were voted for by members of the public.

Plumlife took home Best Website in the prestigious First Time Buyer Magazine Reader Awards, which recognises websites that offer clear, practical advice and easy navigation for those wanting to get their foot onto the property ladder.

The website also received the most public votes in the Real Estate and Construction category of the international Progress Sitefinity Website of the Year Awards 2017. These awards recognise websites which have been powered by Progress Sitefinity for creativity, design, user experience, functionality and overall website presentation.

Stakeholder Survey

During Q4 the Group received the feedback from an independent stakeholder survey, an extensive piece of work to gain insight on the perceptions of our organisation externally. Across an eight-week period 31 in-depth interviews were carried out by an independent specialist company. Respondents included a range of stakeholder groups including partners, the HCA, National Housing Federation, local authorities, funders, rating agencies and peer organisations. Subjects up for discussion included our priorities, brand awareness, communication and engagement, and overall the results were overwhelmingly positive, showing that our key stakeholders value Great Places as a trusted partner and an organisation that they like to do business with.

We were delighted with the outcome and see this as a vote of confidence in our values-led approach to business, putting us in a good position to develop relationships very positively going forward.

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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.