Performance Update

For the period ending
30 June 2018

Great homes. Great communities. Great people.

great places
HOUSING GROUP

This update covers performance for the period ending 30 June 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.

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 statutory accounts for 2017/8 have been signed off, following a clean audit, and will be soon be available on our website. In 2017/18 the Group generated turnover of £100m and a surplus of over £11.8m, in line with our Quarter four 2017/18 performance update. We achieved eight of our eleven Critical Success Factors (beating stretch targets on four of them), with excellent performance in many measures including arrears at 2.8%, repairs satisfaction at almost 94% and re-let times reduced to 21 days. Our new Corporate Plan and revised business plan are also available on our website.

The management accounts of Great Places Housing Group ("the Group") show surplus for the first quarter of the year of £4.2m, £1.3m better than budget (£2.9m). Property sales account for most of this additional surplus, with several first tranche sales delayed from March to April 2018 and a higher average first tranche % than budgeted. Staircasing completions were busy in quarter one, but we expect that this will even out over the full year. Turnover was £23.2m and operating surplus £8.6m, against a budget of £23.3m and £8.3m respectively.

Drawn debt as at 30 June 2018 was £541.8m (Q4: £541.9m), a decrease of £0.1m due to regular repayments.

Mark to Market exposure on the Group's free standing derivatives was £41.7m, down from £43.6m at 31 March 2018. There was £20.0m cash collateral posted to meet counterparties' security requirements, up from £18.4m since 31 March 2018.

Liquidity is strong with closing cash balances of £70.2m, mainly due to the funding activities completed in March 2018. Undrawn facilities are £220.7m of which £133.9m 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 quarter one.

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Operational performance

For 2018/19 we have framed an updated set of Critical Success Factors (CSFs) around delivery of the new Corporate Plan, and particularly our vision of Great Homes, Great Communities and Great People. Key changes are that we have introduced a) a new CSF focused specifically on digital customer contact and b) our CSF for repairs is now the percentage of jobs completed right first-time.

For a), digital customer contact, the percentage of inbound customer contacts which were digital has increased over quarter one from 29.6% to 34.1%. This increase in digital contact has driven a corresponding decrease in the number of phone contacts logged.

For b), first time fix is a broad measure of our repairs service-delivery model focused on the success of our distribution centre in ensuring that operatives have the right tools and materials to do their job and they are sufficiently multi-skilled to carry out a broader range of jobs on their first visit. During June 2018, our rate of first time fix has continued to improve with 88.4% reported against a target of 86.5%.

For the remainder of our CSFs, at the end of quarter one, we have made a solid start to achieving the challenging targets set for each. A number of them are significantly out-performing their targets at the end of quarter one, notably average re-let times at 17 days against a stretch target of 22 days, customer satisfaction at 7.74 against a target of 7.70 and Building Greatness savings (our approach to improving efficiency and effectiveness) currently projected to achieve £5.1 million against a target of £4.9 million. During the first quarter of the year we have helped 239 households into employment, training and voluntary opportunities, we have developed 58 new homes against a target of 43, and we have improved the energy efficiency of around 70 of our properties so that they are now at an enhanced Band C, with consequential savings in fuel bills.

The only CSF which is currently behind is around staff sickness: we are monitoring the situation closely and taking measures to focus the organisation on employee engagement, which should help to turn this indicator back around.

Corporate news

Homes England Strategic Partnership

Great Places is entering a landmark partnership with Homes England to build additional affordable homes across the North over the next four years.

In June 2018 Homes England announced key strategic partnerships with eight housing associations, with an aim to deliver more affordable homes across the country.

Homes England will provide just under £590m from the affordable homes programme to Housing Associations through to March 2022, in what it called the "first wave" of its new partnership approach. The eight partners, of which Great Places is one, will deliver over 23,500 additional homes across all tenures, 61% of which will be affordable. Homes England said these homes will include some for social rent "in areas of high affordability pressure".

Great Places is now able to access an additional £29m grant to help deliver 750 more homes than we originally planned, taking our total delivery to 2,808 by 2022. These additional homes are expected to be 20% shared ownership and the remaining 80% split: 16% social and 64% affordable rent.

One of our Corporate Plan ambitions is to build 8,000 new homes over the next decade and this landmark partnership with Homes England will go some way to helping us achieve that target.

Regulator of Social Housing

Following the recent In Depth Assessment, we are delighted to announce that Great Places has once again received the highest rating from the Regulator, achieving G1 and V1 ratings.

Corporate Plan 2018-21

In April 2018 the Great Places Board signed off the new corporate plan, which is now published on our website. This is our statement of intent as a business, containing insight about our direction of travel and outlining our future ambitions.

The plan is bold and brave in its focus. In previous plans we have only focused on the forthcoming three years, but in this version we also discuss our 10-year ambitions. This plan is all about laying solid foundations for our long-term future – work is well underway to make it happen.

Feedback

We welcome feedback on our performance update.

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