

Quarterly performance update



Covering performance for the
year ending 31 March 2021



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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 2021 which will be issued following the AGM in September. The information included is based on unaudited management accounts and other internal performance measures and is subject to concluding the routine annual accounting adjustments as well as any adjustments that arise as a result of the external audit process. The final year end figures which will be used in the Financial Statements will include adjustments for pensions, derivatives, tax and the fair value gain resulting from the Transfer of Engagements of Equity Housing Group to Great Places.

1. Financial performance: Quarter four results

The management accounts of Great Places Housing Group (the Group) show full year surplus of **£15.3m**, **£0.7m** better than budget. Turnover in the period (all income including property sales) was **£137.5m** and operating surplus **£40.6m**.

The main savings against budget were net interest costs £2.0m, due to low interest rates and effective management of liquid cash and revolving credit facilities; and property sales surpluses overall £1.1m higher than budget.

Shared ownership and market sale performance was strong, exceeding the budgeted sales volumes, turnover and surplus, with very little unsold stock at the year end. Other turnover was £1.9m under budget due to a number of factors including changes to the profiling of the Housing First project (with equivalent reductions in operating costs), some development handovers moved into 2021/22, and some post-merger rent adjustments that were Board approved in 2020.

Operating cost variances included savings in central services like insurance and frontline service costs, offset by accelerated major repair costs for building safety where we have successfully progressed works to a number of schemes more quickly than we had felt achievable when setting the budget, bringing forward revenue expenditure planned in 2021/22. With less development there was a reduced amount of development income (which would credit the I&E). We have increased our bad debt provision to reflect the challenging economic environment facing our customers, adding costs of £0.5m for the full year, despite really strong arrears performance.

Drawn debt (excluding bond premium, fair value adjustments and loan fees and including finance leases) as at March 2021 was £661.1m (December 2020: £584.2m). 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. In March we drew £38m from a bank loan due to the availability period ending. Otherwise the movement is due to scheduled loan repayments.

The Group's Mark to Market exposure at the end of quarter four was £41.9m, decreasing almost £10m during the financial year. This was because of an increase in both Interest Rate Swap rates and Gilt Yields: the largest movements were in February 2021. There was £21.1m cash collateral posted to meet counterparties' security requirements (March 2020: £28.5m).

Cash balances (excluding cash held on behalf of leaseholders) were £135.4m at the end of quarter four, mainly due to the retained bond sale in January 2021. Undrawn bank and other capital facilities immediately available were £138.6m, of which £122.2m is fully secured. Our internal financial 'Golden Rules' around interest cover, gearing and operating margin were all met at the end of the period.



We are fair, open
and accountable

2. 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 had ten CSFs for 2020/21, set in March 2020 and with a couple of them revised in quarter two following a Board review of the Covid operating environment.

Eight CSFs achieved their targets at the end of 2020/21, with three of these achieving their stretch targets: arrears, average re-let time and % of digitally active tenants.

Arrears ended the year at 3.8%, (quarter three: 4.2%), better than the stretch target of 4.0%. Our performance is testament to the commitment of the Neighbourhoods team.

Average re-let time ended the year at 21.9 days (stretch target 23 days). This is the lowest level reported during 2020-21 with the positive trend from quarter three continuing over quarter four.

The % of digitally active tenants was 45.3% at the end of March (stretch target 45%) with performance steadily improving over the year. A digitally active tenant is defined as a tenant whose contacts over the last 12 months are 50% or more through our digital channels.

The two CSFs that did not reach target were Development Completions and Households into Work, Training & Volunteering – both as a result of the ongoing impact of COVID.

Completions were 292 (CSF target: 400) plus 33 more than were started by Equity pre merger, so not included in the CSF. This target will be met in quarter one of 2021/22, which aligns with the COVID related closure in 2020 and the resulting delays to completions. At the end of March we had 36 ‘live’ sites with 1,455 new homes being built.

Sales have been strong, with high demand for our shared ownership and outright sale products, as can be seen from the financial performance, with the majority of the surplus being from new homes. We began the new financial year in a good position with 94 reservations following busy off-plan launches in March.

Despite the challenging circumstances, Great Places this financial year has helped 701 households into work, training and volunteering (target 750). As part of our COVID response, the Community Investment Team redirected resources to help customers struggling during the pandemic through our Hardship Fund. This hardship fund has seen 293 applications across the course of 2020/21 with 249 applications approved and £23,077 given directly to our customers.

CSFs that met the 2020/21 targets were: Trusted Stock Condition surveys; average days sickness per employee; colleague engagement; group surplus; and overall satisfaction.

Two new CSFs have been approved for 2021/22 to reflect the importance of Building Safety and Data.

3. Corporate news

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

Environmental

Great Places launches carbon reduction plan

Great Places used Earth Day, the annual international event to demonstrate support for environmental protection, to launch its three-year plan outlining how it will work towards realising its ambition of becoming a net zero carbon business. The Group's new [Carbon Management Strategy](#) sets out how the group will reduce its carbon emissions by 15% year on year and highlights key areas of the business where it will focus its efforts in the first three years. These include its affordable development and investment programmes, business operations and waste. This will include a research project looking into the challenges and cost implications for its development programme to achieve the Government's Future Homes Standard and develop zero carbon ready homes.



Social

Our new Customer Scrutiny Group is launched

Since our merger with Equity Housing Group took place on 1 April 2020 we brought together the two customer scrutiny groups from the legacy organisations under the 'Insight' banner. The Insight group provides an opportunity for customers to help shape our services and hold us to account for our decisions. It is made up of customers who volunteer to take a detailed look at how Great Places can improve services. Scrutiny reviews are carried out for areas that typically impact a majority of Great Places customers, which if improved will add value to the customer experience and satisfaction. Early in 2021 Insight will initially focus on helping us respond to the recent social housing white paper, The Charter for Social Housing Residents, and provide some scrutiny over our corporate planning priorities.



Arts project for LGBT History Month

A film featuring Bill Moss, a customer from our Openshaw Court scheme, was aired as part of a series of short films screened by HOME Manchester to coincide with LGBT History Month. The series 'Real to Real – Personal Tales from the LGBT Community' was shown on Thursday 25 February. The film 'Lifesolation' was produced by local artist Anna Raczynski in collaboration with Bill as part of a wider 'Back in the Closet' project supported by Houseproud NW, Greater Manchester Combined Authority and the LGBT Foundation. The project aims to raise visibility of LGBT+ communities in retirement living and care settings. Four Greater Manchester housing associations have taken part including Great Places. The screening also featured a second Great Places' film 'Franz Schubert – An Enigma' featuring another resident from the scheme. Both films were shot in collaboration with customers over several months.



Governance

Corporate plan 2021–2023

The Great Places Corporate Plan 2021–2023 outlines our ambitions and priorities; it is a two-year plan with a focus on delivering stability, collaboration and ambition. This will be years four and five of our 10-year ambitions set out in the Corporate plan 2018.

Business plan and stress testing Board approved

The Great Places Board approved the annual business plan and stress testing in April 2021 and it will be published on our website shortly.

Board succession planning

We have commenced the process of recruiting up to three new Board members as part of our carefully thought through Board succession plan. Details of these opportunities can be found on the [Campbell Tickell](#) website jobs page.

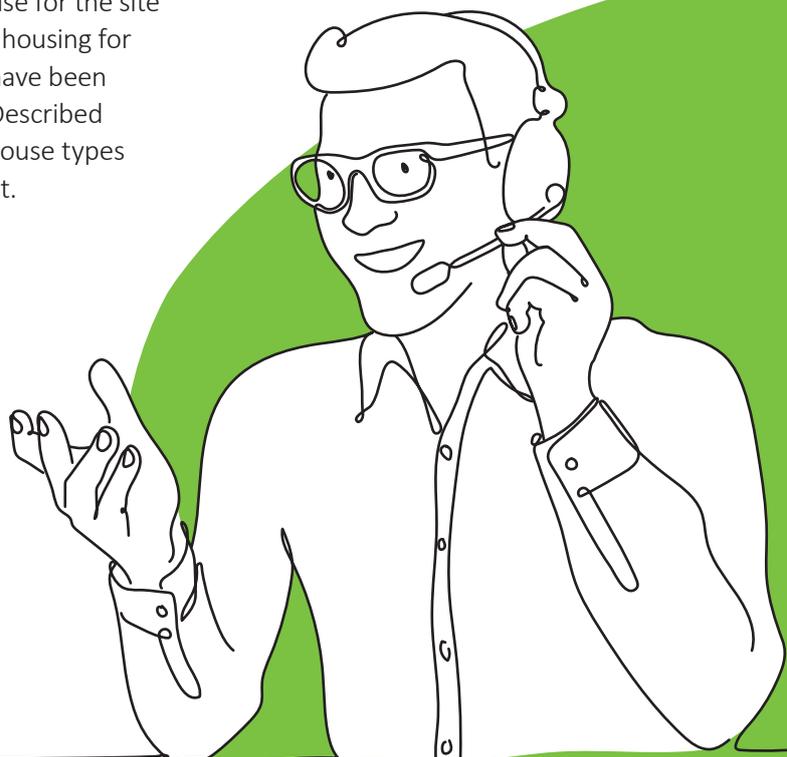
Belle Vue development is off and running

Great Places is set to build 130 affordable homes in conjunction with developers Countryside on the former Belle Vue Greyhound Stadium in East Manchester. The building work follows planning permission being issued in November 2020 for the creation of 80 apartments and 167 houses, which includes 130 affordable homes through Great Places. The new development will feature one, two, three and four-bedroom homes, in a scheme that not only provides a viable alternative use for the site but also provides much-needed affordable housing for local people. All homes at Belle Vue Place have been designed in accordance with the National Described Space Standards, creating a range of new house types that are spacious and maximise natural light.



New Wybourn Community Centre to be named in honour of local councillor

Plans are underway for Great Places to pay tribute to local councillor Pat Midgley, who sadly passed away in March last year, by naming a new community centre in the Wybourn neighbourhood in Sheffield in her honour. It is hoped that the £2.5 million centre on Manor Oaks Road, Wybourn will become a fitting tribute to the local councillor, providing a community hub for residents in the neighbourhood. It will comprise of two low rise blocks containing a mixture of 12 apartments and ground floor community centre. The new development is located at the heart of Wybourn and is situated close to the area's Children's centre and Wybourn Community Primary School. It is intended that it will become a focal point for the neighbourhood and will host a community café and space for a range of community groups, events, education courses and other engagement activities.



Iconic Beswick Co-op gets a £300k facelift

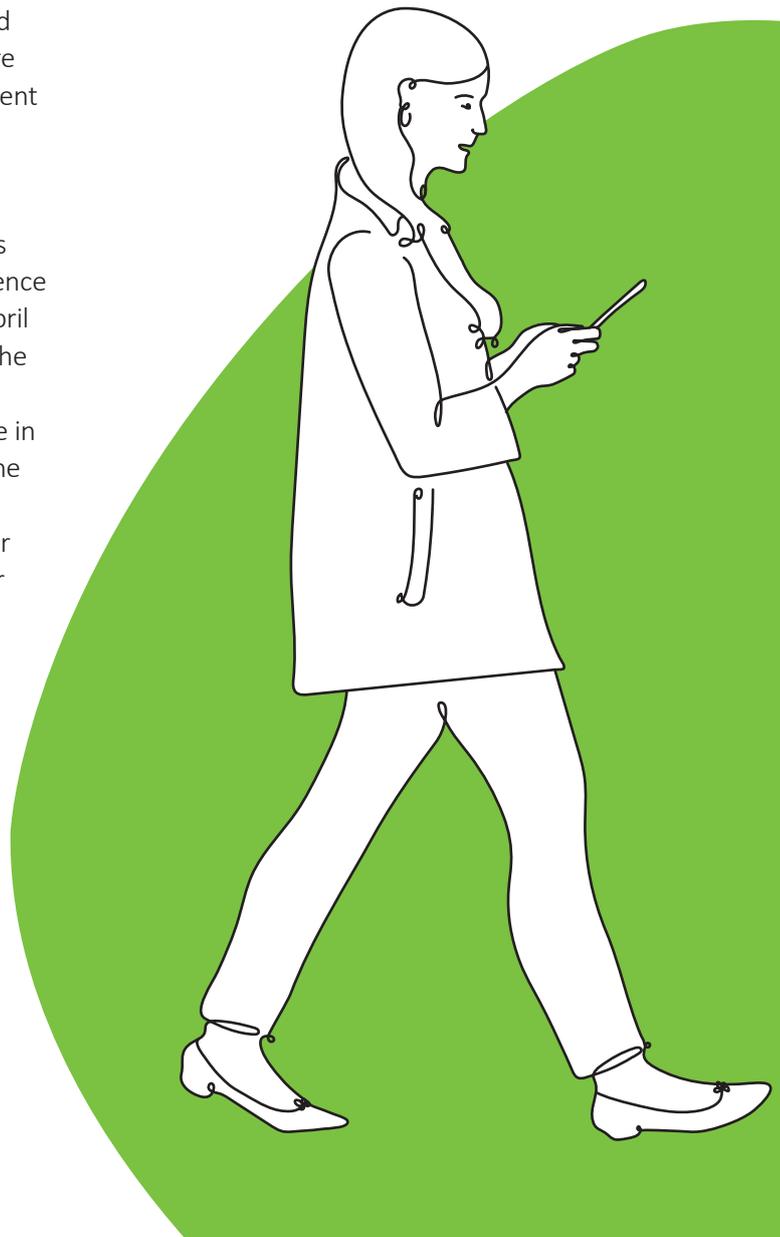
Longsight's iconic Co-op Building has recently had a £300k update as part of Great Places' annual investment works programme. Originally home to the Beswick branch of the co-operative movement the building, it now houses 19 flats, 3 retail outlets and Northmoor Community Association's (NCA) Community Centre which offers a wide range of services and activities for residents. The Grade II listed building, originally built by the co-operative society in 1912, has undergone significant repairs to external façade. The five-month renovation project, delivered in partnership with Casey and IGL Surveying Ltd, also saw the refurbishment of 103 Northmoor Road which housed NCA's Social Enterprise Community Laundrette. This will now be their 'Northmoor Hub' where residents will be able to get information and support on a range of issues including health and wellbeing, welfare and benefits advice and employment and skills. It is hoped that works will help Northmoor Community Association provide an even stronger support offer for local residents as the neighbourhood looks to emerge from the current pandemic. There are also plans for a community event to celebrate the recent updates to the centre later in the year.

Directors at Great Places

There have been a few recent changes at Great Places within the Directors' team. The Director of Independence & Wellbeing (supported housing) Sally Watts left in April and the Director of Finance Kal Kay will be leaving in the coming months. Three new appointments took place: Director of Assurance, Sharon Brown, took on the role in April 2021 and we have a new Director of People Elaine Johnson and a Director of Independence & Wellbeing Andrew Gray starting in early summer. We wish all our Directors, old and new, success and happiness in their new roles.

Our first all-colleague virtual conference

In May 2021 we hosted our first ever virtual all-colleague event. This was the first opportunity for us to come together as one since the transfer of engagements of Equity into Great Places on 1st April 2020. We launched our GREATER Together operating culture and shared highlights from the year, giving recognition and thanks to our colleagues; we marked the progress made on the COSMOS integration programme of Great Places and Equity; and celebrated the annual colleague awards. This ceremony was the perfect chance for people to get together and recognise those who are constantly demonstrating our new cultural behaviours and going above and beyond for our customers and colleagues.



Feedback

We welcome feedback on our performance update. Please contact Denise Campbell, Head of Treasury at **denise.campbell@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.