Performance Update

For the period covering
31 March to 30 June 2019

Great homes. Great communities. Great people.

great places
HOUSING GROUP

This update covers performance for the period ending 30 June 2019.

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

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2018/19 FINANCIAL RESULTS

The statutory accounts of Great Places Housing Group ("the Group") for 2018/19 have been signed off, following a clean audit, and will be soon be available on our website. In 2018/19 the Group generated turnover of £109m, an operating surplus of £36.3m, and an overall surplus of £13.7m. Non-operational movements recognised in Other Comprehensive Income include the fair value movements on hedges of £1.6m, actuarial losses on defined benefit schemes of £3.5m and a change in accounting for the Social Housing Pension Scheme, which will have affected all Housing Associations that operate this type of pension scheme, resulting in a one off charge of £8.3m. Total Comprehensive Income was £1.1m as a result.

QUARTER ONE FINANCIAL RESULTS

For quarter one the management accounts of the Group show surplus for the quarter of £4.0m, £1.5m better than budget. Sales were strong, continuing the trend from last year, and operating costs were lower than budget mainly due to the timing of some investment works, along with other operational cost savings. Turnover in quarter one was £23.2m and operating surplus £8.1m.

Drawn debt (excluding bond premium and including finance leases) as at 30 June 2019 was £535.7m (March 2019: £535.7m).

Mark to Market exposure on the Group's free standing derivatives was £46.0m, up from £44.9m at 31 March 2019 due mainly to reductions in 15-25 year swap rates. There was £23.5m cash collateral posted to meet counterparties' security requirements, up from £19.3m at 31 March 2019.

Liquidity is strong with closing cash balances (excluding cash held on behalf of leaseholders) of £44.0m. Undrawn facilities immediately available are £117.6m of which £112.9m is fully secured. This does not include our £70m retained bond. 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 the quarter.

Operational performance

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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 2019/20, as well as three-year targets and ten-year ambitions within our Corporate Plan, to give immediate oversight on progress against our vision and key objectives.

At the end of quarter one, we are on target or better with the majority of our CSFs.

Sickness days per colleague has improved significantly over the past nine consecutive months. We have exceeded our stretch target on employee engagement, which is one of our new CSFs, with our quarter one engagement result being a 96% response rate and an 84% engagement score (stretch target 80%). Overall customer satisfaction has fallen during quarter one to 7.22/10, against a very ambitious target of 7.85/10, however it should be noted that performance remains above the housing association average of 7.04/10 per Institute of Customer Service (ICS) benchmarking. Our % digital contacts remains steady compared with previous quarters, but we have raised our target for 2019/20 and we will continue to focus our energy on achieving this.

On a wider organisational note, we have just introduced our new intranet, called HOME, which will give all colleagues a meaningful voice and will encourage collaboration and true two-way communication across the business.

We can also report a 100% implementation rate of internal audit recommendations for the quarter.

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Corporate news

Fitch Rating

Fitch has affirmed the credit rating of Great Places as A+ with a stable outlook. Their report dated May 2019 is that Great Places is showing strong performance, with continued high demand for social and affordable housing products, implemented cost-efficiency measures, and diversification into non-core business. For further details of the report please see the Great Places website, Corporate and investor pages.

Bond 2042

Great Places and the Bond Trustee have agreed that the £70m retained bonds, issued on 19th March 2018, which previously had an obligation to cancel the bonds on 19th March 2020 can now be sold at any time. Bondholders were notified of this agreement with the Trustee.

Plumlife Management new business wins

Plumlife Management, part of Great Places Housing Group, is celebrating success with a raft of new private rented lettings and property management contracts. This builds on our already established track record of delivering a wide range of property agency services to developers, investors, residential management companies and registered providers across a range of high profile, complex developments in the North West. Highlights include winning the estate management contract for the New Islington estate and marina (Cotton Field Park), which was awarded by Manchester City Council. Find out more about this here.

Community Stars Awards

We recently held our annual Community Stars awards ceremony in a prestigious event at Gorton Monastery in Manchester, where over 160 Great Places Housing Group customers attended to celebrate the inspirational achievements taking place in communities across the North West and Yorkshire.

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