

Quarterly performance update



Covering performance for the
year ending 31 March 2022

**Great Places is rated G1/V1 by the
Regulator of Social Housing (RSH)**



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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.

The information included is based on unaudited management accounts and other internal performance measures.

1. Financial performance:

Quarter four results

These results are published in advance of the Statutory Accounts for the year ended 31 March 2022 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 tax, pensions and other fair value adjustments.

The management accounts of Great Places Housing Group (the Group) show a full year surplus of £19.9m (March 21: £14.8m), almost exactly in line with budget. Total turnover for the year (including 1st tranche and outright property sales) was £159.7m (March 21: £137.7m) and operating surplus was £45.7m (March 21: £40.2m).

Rental income was slightly below budget due to delayed handovers of new developments and operating costs were slightly higher than budget due to increased investment in our homes. Covid continued to be an adverse factor for much of the year, contributing to development delays and also leading to higher than planned absence which led to additional sub-contractor costs to maintain repairs service delivery. We saw higher than planned volumes of shared ownership staircasing and Right To Acquire sales, whilst our open market and first tranche sales targets were both exceeded.

Drawn debt (excluding bond premium, fair value adjustments and loan fees and including finance leases) as at March 2022 was £652.2m (March 2021: £661.1m) with the movement due to scheduled loan repayments. A new £100m revolving credit facility with RBS/Natwest completed in March 2022, renegotiating and restructuring the maturing £85m existing facility, adding £15m of new money and extending the maturity of the new facility to 2027.

The Group's Mark to Market exposure was £28.1m (March 2021: £41.9m) with £8.0m cash collateral posted to meet counterparties' security requirements (March 2021: £21.1m).

Cash balances (excluding cash held on behalf of leaseholders) were £119.5m (March 2021: £135.4m) with undrawn bank facilities immediately available of £143.8m, of which £73.8m is fully secured and the remaining £70m subject to a release and recharge exercise following the RBS/NatWest loan amendment and will complete shortly.

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 for 2021/22 centres around eleven Critical Success Factors (“CSFs”) which are designed to focus us on the delivery of the Corporate Plan, and particularly our vision of “Great Homes, Great Communities, Great People”.

During 2021/22, performance against the CSFs continued to be affected by the Covid pandemic. However, five targets were achieved, with two CSFs also achieving their stretch targets (Average Re-Let Time; and Households into Work, Training & Volunteering). The other three CSFs that achieved their targets were Higher Risk Building Safety; % of Digitally Active Customers; and Colleague Engagement.

- 557 affordable homes were completed during 2021-22, our highest number in recent years. Being below the CSF target of 745 reflects the continued delivery challenges around labour, materials, approvals and land registration. Demand for our shared ownership and outright sales products remains incredibly strong.
- Customer Satisfaction was 7.0/10 against a target of 7.3/10 with services impacted by increased colleague sickness as a result of Covid, with average days sickness absence per employee being 10.5 days (target 8.6 days). Customer satisfaction has shown improvement in the latter half of the year.
- The new data CSF achieved 79% at the end of March, missing the CSF target but rising strongly through the year having started the year at 58%. We expect to see this result move much closer to the optimum levels following the successful implementation of the new Aareon QL housing management system at the start of April 2022, which marked the culmination of the two-year integration programme following the Equity merger in April 2020.
- Arrears at the end of March was 4.0% totalling £3.16m against the year-end target of 3.8% (£2.96m). Whilst we have just missed target, this is only the 2nd time this year where arrears performance has been worse than last year. We expected higher arrears due to high levels of inflation and soaring energy costs which will disproportionately impact our residents, so the impact on our CSF isn’t surprising and reflects recent benchmarking predictions.
- Group surplus (draft figure) was £19.9m against a CSF of £20.0m, as noted above in the Financial Performance section.

2022/23 Business Plan

At its meeting on 5th May 2022 the Great Places Group Board approved the 2022/23 business plan, which will be published on our website once the FFR regulatory submission is complete. Highlights in the plan include ensuring we have the resources to complete all remaining building safety works in the next few years and to get all our homes to EPC rating C by 2028. The business plan confirms our commitment to deliver 11,000 new homes in the ten-year period April 2020 to March 2030. It includes provision of £170m over 30 years which delivers a large proportion of our net zero carbon commitments.

We know, respect and care
about our customers.



3. Corporate news

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

Environmental

Bowland House project reaches completion

Work on the £3.4million refurbishment of Bowland House, the 14-storey high-rise close to Blackburn town centre, has recently reached completion. As well as building safety work, the project has involved improvements to the energy efficiency of the building with new insulation of the external walls and hot water systems.

Carbon standards in new build homes

In February the Executive Team approved our strategic approach to meeting enhanced carbon standards in new build homes. This was the culmination of a 12 month project, working with the Building Research Establishment, which equipped us with the knowledge and evidence base to make informed decisions which reflect our carbon commitments and commitments to our customers around sustainability. Following the setting of strategic direction the project will move into its next phase of creating detailed technical specifications and designs which will meet future carbon standards alongside the needs of customers and the wider organisation.

Carbon Literacy Team complete training of Great Places and Cube Board members

Our Carbon Literacy training team has recently completed delivering training to all Board members of the Great Places Group, including Cube Homes Board members. In addition, the team has continued to deliver training to a range of organisations. These have recently included Bolton at Home, London Fire Brigade, Pozzoni Architects and St Helen's Council.



Social

Social Value Campaign with suppliers provides £10k to support customers

Great Places' Cheery Christmas Social Value campaign saw Great Places' suppliers Engie, Forbes, Devonshire's, Casey and Kier contribute £10,000 to provide various support packages and events including food parcels, presents and activities to various neighbourhoods and schemes.

Blackburn College apprentices get work experience on our Lancashire improvement works

Our Investment Team recently teamed up with Blackburn College students to give 15 young apprentices on its construction course the chance of valuable work experience needed to complete their college based apprenticeship. Working with contractors John Southworth, the young people supported with kitchen and bathroom upgrade works taking place in the local area, getting the vital experience needed for getting that all important first job.

Great Places teams up with ReelMcr on knife crime film project in Salford

Great Places recently teamed up with ReelMcr, a community based drama and participant-led social history documentary film makers, to work with young people in Salford to make a documentary about the impact knife crime in the area. The 12-week project, funded by Great Places and £10,000 from Engie as part of its social value commitments, was an opportunity for the young people involved to develop their film making skills. The young filmmakers will also have input on the direction and final content which will be launched later this year.



Governance

Senior staffing changes

In February 2022 Helen Spencer was promoted to the role of Executive Director of Growth. She will be responsible for the delivery of Great Places' £1bn affordable housing development programme and the management of key stakeholder relationships like the recently announced Homes England Strategic Partnership. Helen will also be responsible for leading the Group's Plumlife sales team, will oversee the £750m Innovation Chain North construction framework and the growth of Great Places' in-house building contractor, Terra Nova Developments Limited.

Nick Gornall, formerly Head of Development, has subsequently been promoted into Helen's former Director of Development role. Caroline Millington has been promoted to the new role of Director of Private Sector Development and will lead our Shared Ownership, Leaseholder and private sector management activities.

In April the Group received the sad news that Sharon Hayes, Director of Technology Services had passed away following a short illness. Sharon had made great steps in improving the Group's IT infrastructure and played a major role in the Aareon QL systems implementation referred to earlier. Our thoughts are with Sharon's family and friends.

Great Places agrees £100m funding deal

Great Places has secured a £100m funding deal that will support its plans to deliver 11,000 affordable homes by 2030. The finance package, agreed with NatWest, is a Revolving Credit Facility (RCF) and consists of £85m refinancing of existing debt and £15m new debt. The deal consolidates existing loan funding held by Great Places and the former Equity Housing Association, that pre-dated their merger in April 2020, into a larger and longer-term revolving credit facility with more competitive margins and improved covenants.



Planning approved on Laystall Street homes in Manchester city centre

In February, Manchester City Council granted planning permission for our development on Laystall Street, located just off Great Ancoats Street in Manchester City Centre. Great Places is working with Manchester based developer McCauls to jointly deliver the development which will see the creation eighty-nine new homes in a nine storey development, and 8,000 sq. ft of work space at the site, which includes the Grade II Listed 32-34 Laystall Street Armitage Showroom building.

£10m Ancoats Dispensary project officially begins

Councillor Bev Craig, Leader of Manchester City Council, joined Great Places Housing Group at the end of February to mark the official start of work on the £10 million redevelopment of the iconic former Ancoats Dispensary into 39 affordable homes. Cllr Craig and local Ancoats and Beswick councillor Cllr Majid Dar were joined by Great Places' Chief Executive Matthew Harrison at the site of the former hospital, set to be transformed into 39 one and two bed apartments available for affordable rent. The plans, delivered in partnership with Manchester City Council, the Greater Manchester Combined Authority (GMCA), Homes England, and Contractors Eric Wright, will look to preserve as much of the original Grade 2 listed facade as possible.

Great Places hosts Blackburn councillors on tour of new developments

Great Places recently hosted a visit of local councillors to officially cut the ribbon on their new £19 million housing developments across Blackburn. In total, 138 new homes have been built with 123 of those being offered for affordable rent and 15 offered for sale through shared ownership on sites at Shakespeare Way in Griffin as well as at Bowen Street, Shorrocks Lane and New Wellington Street in Mill Hill – which has a road named after former Blackburn Rovers and England striker Fred Pickering who lived in the area.



Feedback

We welcome feedback on our performance update. Please contact Phil Elvy, Executive Director of Finance, at **communications@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.