great places HOUSING GROUP

Quarterly performance update

Covering performance for the year ending 30 September 2022

Contents

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 two results

The management accounts of Great Places Housing Group (the Group) show year to date surplus of £14.5m (budget £13.4m). Turnover in the period (all income including 1st tranche and outright property sales) was £79.1m, £1.3m lower than budget, mainly due to delayed 1st tranche sales income and lost rental income from delayed handovers from development. Overall surplus was helped by the sale of 100 homes in Stoke to Honeycomb, a local RP. Operating surplus was £27.6m, £1.2m higher than budget. Operating costs were £0.6m higher than budget, with some cost pressures on repairs and maintenance and with our investment works progressing well.

Drawn debt (excluding bond premium, other non cash balances and loan fees, and including finance leases) as at September 2022 was £651.5m (March 2022: £652.2m) with the movement due to scheduled loan repayments.

The Group's Mark to Market exposure was overall a negative exposure, net -£1.0m (March 2022: £28.1m) with £nil cash collateral posted to meet counterparties' security requirements (March 2022: £8.0m). This shows the impact of the significant upward movement in long term interest rates, reducing exposure on interest rate derivatives.

Cash balances (excluding cash held on behalf of leaseholders) were £110.2m (March 2022: £119.5m) with undrawn bank facilities immediately available of £143.8m, which are now fully secured after a release and recharge exercise following the RBS/NatWest loan amendment in March.

Our internal financial "Golden Rules" around interest cover, gearing and operating margin were all met at the end of the period.

2. Operational performance

Our performance management for 2022/23 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'.

Seven targets were achieved in quarter two: Higher Risk Building Safety; % of Digitally Active Customers; Households into Work, Training & Volunteering; % Days Lost Due to Sickness; Colleague engagement; Group surplus; and Data Completeness.

The four CSFs that missed target for quarter two are as follows:

- Arrears were 5.0% in September, higher than the 4.0% monthly target. As widely forecast across the sector we have seen our own current arrears performance worsen since year-end. We know the ongoing cost of living crisis will have affected customers' ability to pay rent.

- Average re-let time was 29.0 days, higher than the target of 22.0 days. Demand for our properties remains strong, we are not experiencing a changing demand for our properties but are experiencing delays in getting some repair works completed ready for new customers. A new housing management system and a new repair scheduling system have been introduced during quarters one and two. We expect re-let time performance to get back to target as new processes are embedded.

- Customer satisfaction was 6.4/10 at the end of September 2022 based on a 12 month rolling period, compared to the 7.0/10 satisfaction score in March 2022. This is reflective of a range of external factors that HouseMark cited as the likely cause of lower satisfaction this year. Encouragingly, in-month satisfaction has increased in each of the last 3 months. HouseMark's Monthly Pulse Survey report has identified that satisfaction levels continue to fall and forecast that due to "on-going economic factors" there will be generally lower satisfaction rates for the current financial year.

- Development completions were 232, 34 below our revised CSF projection of 266 by the end of quarter two. We continue to work hard to unlock the blockages to schemes completing, with delivery challenges around labour, materials, approvals and land registration. Demand for our shared ownership and outright sales products is incredibly strong, with only five shared ownership and one market sale homes being unreserved.

We know, respect and care about our customers.

3. Corporate news

Great Places and MSV Housing Groups in merger talks

Great Places Housing Group (GPHG) and Mosscare St Vincent's Housing Group (MSV) have started discussions to officially join together. Should the plans progress satisfactorily, the intention is to move to full merger by July 2023. The shared geographic, ambition and tradition of community based work makes this a great opportunity to create a larger more resilient organisation tackling the challenges facing the sector. Read more on our website News page here.

Environmental

Great Places installs EV charging points at community centre

Great Places has installed new electric vehicle charging points at Crossley Community Centre in Oldham. The decision to install the chargers is in line with Great Places' commitment to introduce facilities to support the reduction of carbon emissions to zero by 2038 and improve air quality and reduce noise pollution in the local area. The charger will also help generate much needed income for Crossley Community Association with all profits generated going back into supporting activities and events for the local community.

Housing Lead visits New Islington to view start of £12.8m low-carbon affordable homes development

Councillor. Gavin White, Executive Member for Housing and Development at Manchester City Council joined Great Places to mark the official start of work on the Group's latest £12.8m development scheme in New Islington. Focusing on affordability and environmental sustainability, the Downley Drive development will create 68 affordable homes that will combine a high-quality design with low carbon sustainability and will feature air source heat pumps, enhanced insulation, mechanical heat recovery and a solar panel array. Parking will also include Electric Vehicle charging points and cycle stores.

Social

Great Places at forefront of knife crime campaign

Great Places has commissioned a documentary on knife crime created by young people from Salford. The project is a partnership with REELMCR, a local community engagement and media production company. The documentary was funded by Great Places and our supplier Equans through social value, and is aimed at young people aged 11 and upwards to be used in schools or other youth settings. Great Places has worked with Salford City Council's Project Gulf to fund six bleed cabinets that have been installed across the city, each containing a bleed control kit which can enable a member of the public to provide life-saving treatment in the event of a stabbing or any other catastrophic bleeding.

'Greater Together' Foundation launched

Great Places is committed to investing in our communities and helping our customers to live well. With more of our customers affected by the rising cost of living, we're delighted to launch our Greater Together Foundation which will focus on direct support for customers, as well as community-based initiatives to help people to take control of their household finances. One strand of the foundation is The Resilience Fund where Community Groups can bid for between £1,000 and £25,000 for projects targeted at helping our customers and their community achieve financial security.

Governance

Work starts on £5.1m transformation of Stalybridge Police Station site

Councillor Dave Sweeton and Councillor John Taylor from Tameside Council, joined Great Places and Watson Homes to mark the official start of work on the £5.1 million redevelopment of former Stalybridge Police Station site into a newbuild supported living scheme. The site will be transformed into specialist development of 24 one and two bedroom flats, with on-site care commissioned by the Tameside Adult Social Care Team. The development is expected to be completed in June 2024. Read the full story here.

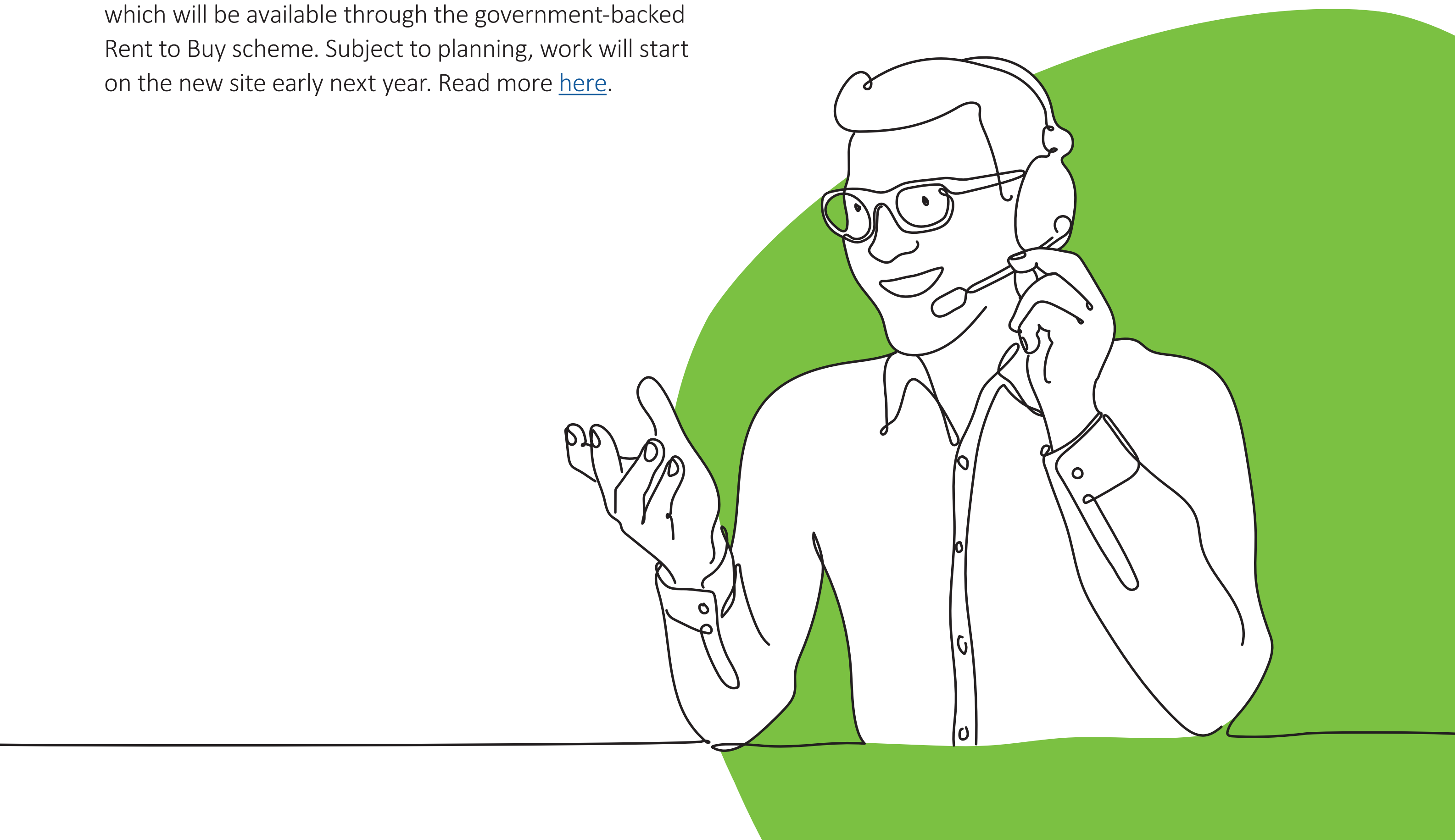
Great Places submits plans for 73 affordable homes in Stockport regeneration district

Great Places Housing Group has submitted plans to build high-quality affordable homes in the King Street West area of Stockport town centre. The proposed £16.4 million development will be located in the heart of the Stockport Mayoral Corporation Town Centre West regeneration area, which looks to form a new gateway in the town centre with 3,500 homes and more than 1m sq. ft. of commercial space. The proposals will be funded in part by Homes England and seeks to compliment other proposed developments in the area by adding high-quality affordable homes to the mix. The development will consist of 73 one and two-bed apartments, all of which will be available through the government-backed Rent to Buy scheme. Subject to planning, work will start on the new site early next year. Read more here.

Work starts on two new Terra Nova sites in Lancaster and Manchester

Work has started on two new sites for our in-house construction company Terra Nova Developments Limited. The first, a £2 million development on Slyne Road in Lancaster, will be a mixture of two-bed bungalows and three-bed houses available for shared ownership.

The second site of 32 new homes on Chain Road in Higher Blackley in Manchester will deliver a mix of one-bed and two-bed apartments alongside three-bed and four-bed houses, all available for social rent. Terra Nova is also in negotiations for several additional sites which will be coming through in the next few months.



Great Places hosts Shadow Chancellor on visit to its Ancoats and New Islington Developments
Great Places hosted Shadow Chancellor, Rachel Reeves on a tour of its New Islington and Ancoats developments, as part of her recent visit to the region to hear about Greater Manchester Combined Authority's (GMCA's) commitment to build 30,000 zero-carbon social rented homes by 2038. Read more about it here.

Alliance of 23 Housing providers launches £2 billion off-site national construction framework
The Off-Site Homes Alliance (OSHA), an alliance of 23 Housing Associations, is launching a national construction framework for volumetric (CAT 1) and panelised (CAT 2) Modern Methods of Construction (MMC). This will support Housing Associations and Local Authorities to deliver off-site homes, with the objective of developing 10,000 homes per year by upgrading to MMC technology.

The OSHA framework will be administrated by Great Places Housing Group on behalf of OSHA and is seeking bids from volumetric and panelised manufacturers interested in supplying homes initially to its 23 members and to future new members of the alliance.

Our Annual Report 2022 is live!
Our latest Annual Report for 2022 is now live and available to read on our website. The Report covers the period from 1 April 2021 to 31 March 2022, that included the conclusion of our post-merger integration period. It also outlines how we are now operating as one bigger and more resilient business following our 'One Business' go live, in a strong position financially and organisationally to tackle the challenges ahead.

Feedback

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

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