2020-21 Performance to March 2021

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Key messages and highlights

- There have been no changes to the Board during 2020/21.
- The Group structure changed at the end of March 2021; Futures Greenscape Ltd had its trading assets dissolved and operations transferred to Futures Homescape and Homeway.
- FHG continue to maintain their G1/V1 rating.
- The S & P credit rating of A+ stable has been retained.
- The £50m retained bond was sold in June 2020, achieving a yield of 1.741%, reflecting a spread of 115 basis points over the benchmark government gilt rate.
- All financial covenants have been comfortably achieved, each maintaining significant headroom.

Pre-audited financial information for April 2020 to March 2021

- FHG own and manage 10,315 homes (10,254 as at 31 March 2020)
- Turnover for the year was £63m (2020: £58m)
- Social Housing turnover contributed 88% of total turnover (2020: 86%)
- Operating surplus for the year was £20m (2020: £21m)
- Operating margin for the year was 32% (2020: 36%)
- Net margin on shared ownership (first tranche) was 23% (2020: 36%)
- Net margin on outright sales was 18% (2020: 11%)
- Surplus after tax for the period was £11m (2020: £12m)

Financial Performance 2020/21 – unaudited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Full Year Budget £000's	Full Year Actual £000's	Full Year Variance £000's
Income			
Social housing lettings	47,917	48,120	203
Other social housing activities	6,152	6,583	431
Non social housing activities	8,289	8,672	383
	62,357	63,375	1,018
Expenditure			
Social housing lettings	(32,254)	(30,474)	1,780
Other social housing activity	(6,252)	(6,013)	240
Non-social housing activity	(7,115)	(6,830)	285
	(45,621)	(43,317)	2,304
Operating Profit	**16,736**	**20,058**	**3,322**
Operating profit %	27%	32%	5%
EBITDA MRI as % Revenue	28%	32%	4%
Gain or (loss) on disposals	748	859	111
Net interest (payable)/receivable	(9,741)	(9,700)	41
Other Financing Costs	0	(183)	(183)
Tax	0	(70)	(70)
Surplus after Tax	**7,743**	**10,964**	**3,221**
Actuarial Gain/(Loss) in respect of Pension Schemes	0	(7,410)	(7,410)

Financial Performance 2020/21 - variance to budget

Operating profit of £20m is £3.4m favourable to budget, returning an operating margin of 32%.

This is a strong result and is due to a combination of factors as outlined below:

Income exceeded the budget and is mainly due to:

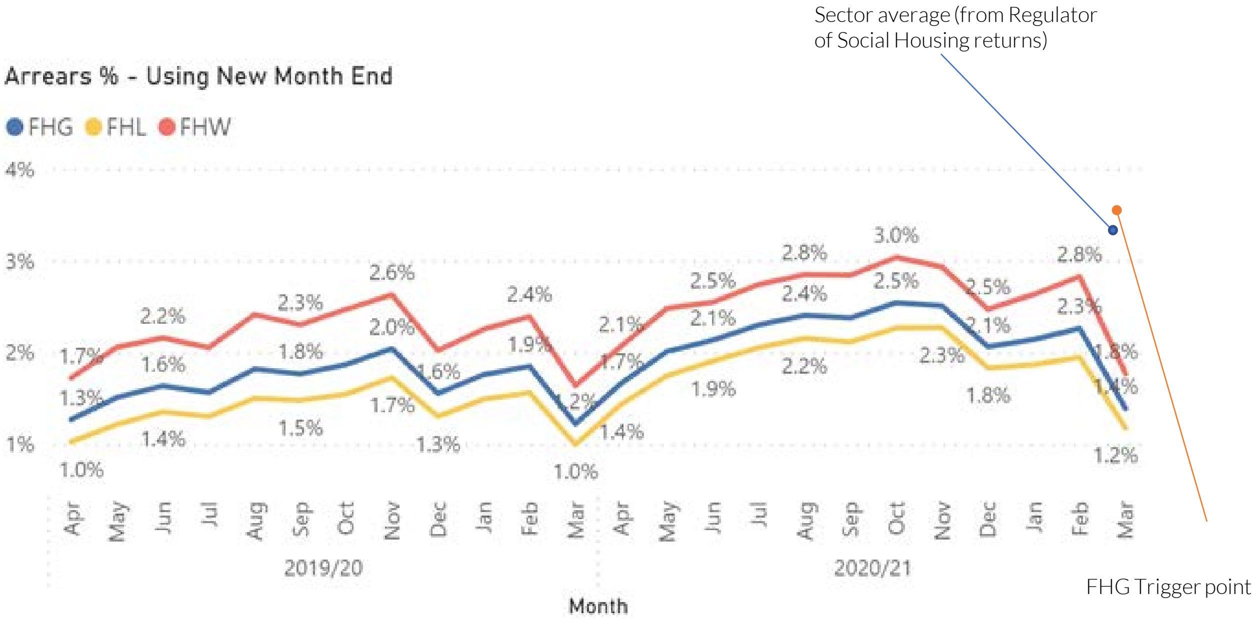
- Sales performance remains strong and in-line with budgeted for both numbers of sales achieved and average profit achieved.
- Rent loss from voids is £92k less than budget and bad debts £163k less than budget, performance is within business plan assumptions.
- The market rent portfolio benefitted from a revaluation increase.

Expenditure was below budgeted with the main savings relating to:

- Lower than expected staff costs as a result of reduced FTE's and pension contributions
- Depreciation as a result of a policy change
- Strategic projects and operational costs due to disruption caused by Covid-19

Total comprehensive income for the 20/21 financial year was £3.5m which is £4.3m less than budgeted mainly due to the £7.4m actuarial loss in respect of pension schemes. This is a non-cash movement and has arisen out of more prudent financial assumptions applied by the actuaries. During the 19/20 financial year, there was an actuarial gain of £8.6m.

Arrears



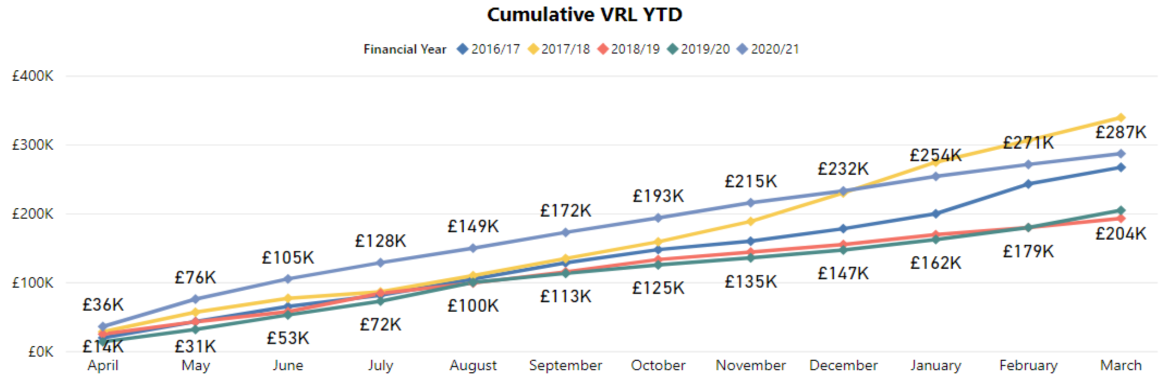
Data as at 7th April 2021, Social & Affordable only

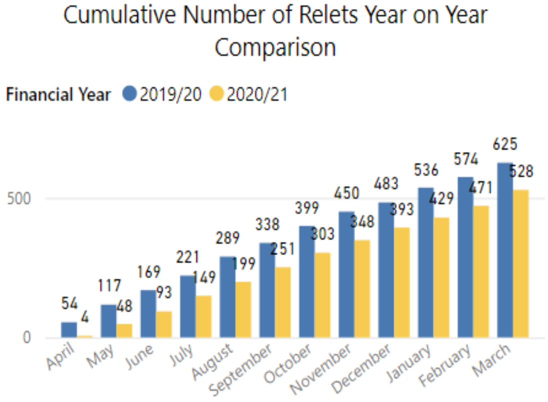
Year-end arrears position

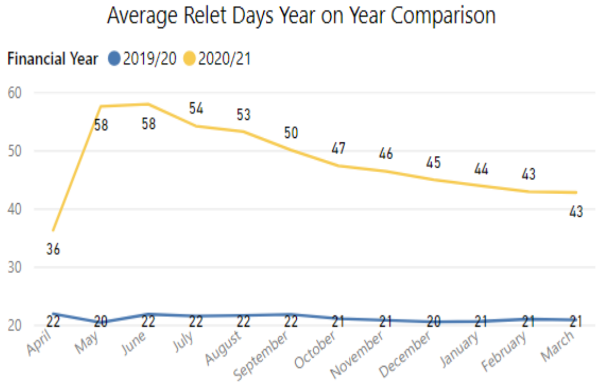
Arrears for the end of the financial year are 1.4%. This is 0.2% higher than the arrears at the end of 2019-20.

Throughout the year, arrears have followed a similar distribution to 2019-20 but averaged at 0.4% higher in comparison. In March, during rent free weeks and despite uncertainty, the usual distribution fall occurred towards the year end. However, the 0.4% average difference throughout the year was reduced to 0.2%.

Social void rent loss & relets







Current position: void rent loss (VRL)

The year ended with an overall void rent loss for social and affordable homes at £287k, as predicted.
This is a 40.6% increase on the overall VRL figures compared against the previous year.

The void rent loss has, for much of the pandemic year, averaged 50% higher against the previous year, with positive signs of improvement towards the year-end as the impact of lockdowns reduced and customer confidence to move home improved.

Void relets

The year ended with an average turnaround time of 42.7 days, which is a 106% increase from last year. This was as expected, given the impact of the pandemic and some of the longer-term voids being let at year end.
Overall, we have experienced a 16% reduction in the number of voids compared with the previous year.
The number of voids is returning to levels comparable to previous years.

Post-Covid plans to improve performance:

Plans to reduce void times post-Covid are underway. This includes:

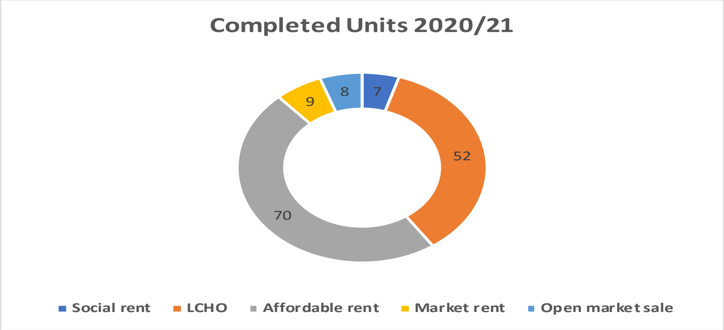
- Minor voids in the North region are now being turned around within 10 working days, with plans to reduce further.
- Major voids –working with contractors to re-establish a 15 – 20-day turnaround.

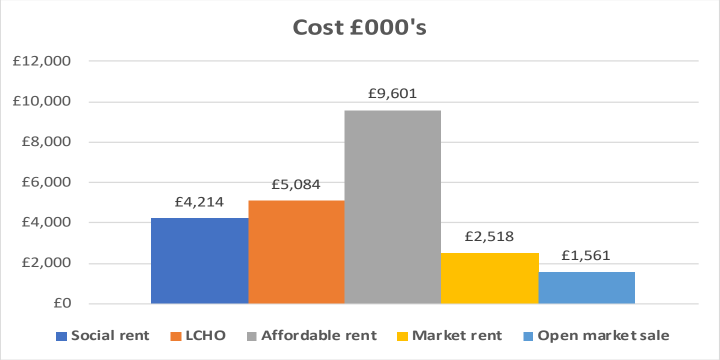
Health & safety: FLEGAL compliance summary

Area	Measure	Assets	Overdue	Update/Comments
FIRE	Fire Risk Assessments (FRA) – number of FRA's completed as in accordance with Regulatory Reform (Fire Safety) Order 2005	146	0	No overdue FRAs as at 1st April 2021.
LEGIONELLA	Water Risk Assessment carried out on communal sites.	43	0	All risk assessments and actions are up to date.
ELECTRICITY	Electrical Installation Condition Report (EICR) for domestic properties Annual visual inspection on communal electrics	9663 171	1 0	As at 1st April 2021 there is 1 home over the 5 year cycle which was adopted during 2019/20 as part of the Asset Management Strategy. All homes remain complaint with the 10 year cycle, and recommended practice.

Area	Measure	Assets	Overdue	Update/Comments
GAS	Number of gas serviceable properties which at the current reporting date either do not have a valid Landlord Gas Safety Record or have not been made safe through capping off the gas supply	8248	0	As at 1st April 2021 all properties have a valid landlords Gas Safety Certificate.
ASBESTOS	Rolling 15 month re-inspection programme in **communal areas** where asbestos has been previously identified (mainly floor tiles and/or textured coatings to ceilings)	80	0	No inspections or identified actions overdue as at 1st April 2021
LIFTS (Passenger)	New – 4 visits per year by approved contractor Old – 6 visits per year by approved contractor	10	0	No inspections or actions overdue as at 1st April 2021. No outstanding actions from contractor servicing.

Development performance





Development performance to March 2021

Total spend of £22.9m is £16.2m less than budgeted as a result of the inevitable disruption caused by Covid-19. 146 homes were delivered in the year, compared to 284 originally budgeted.

Sales activity generated £11.5m for the year, the income received and the average profit per sale was in-line with the budgeted position.

As at the 31st March 2021, 489 units are secured, and 264 units are in the pipeline. 16% of approved development expenditure is committed.

To deliver the corporate plan and growth aspirations, an ambitious 7-year development programme was approved by the Board in March 2021 to deliver 1,583 homes by 2028.

Business plans are built with prudent assumptions to effectively manage risks associated with new development such as falling property values, rent values and sales risk.

A Homes England bid has been submitted with a strategic partner to deliver 500 homes under the 2021-2026 Affordable Homes Programme.

No reliance on sales income and/or grant income to meet financial covenants so business plans can operate effectively within their funding facilities.