



# 2021-22: End-of-year results

April 2022

# OUR VISION

Great places

Great services

Great tomorrows

CUSTOMER-CENTRIC



GROWTH & DEVELOPMENT



SUSTAINABILITY



## OUR OBJECTIVES

CULTURE



## OUR VALUES

Make a positive  
impression



Operate  
as one



Reach  
our potential



Embrace  
innovation



# Customer-centric



## Prioritise customer safety

- ✓ All homes comply with the Decent Homes Standard.
- ✓ Our Neighbourhood team are out working with communities to identify areas for improvement.



## Improve our services with technology and smart use of data

- ✓ Accuserv is giving frontline operatives much more up-to-date and detailed information to help them plan and manage their work in customers' homes.
- ✓ We installed 125 Switchee devices to help customers to manage their heating. This also gives us information that allows us to proactively address damp and mould issues.



## Involve and engage customers more

- ✓ We continue to work closely with residents, partner agencies and community groups to design and deliver improvements on the Southbrook Estate.
- ✓ More than 2,000 customers gave detailed feedback on our services enabling improvements to match customer need.
- ✓ MyVoice customer community membership has grown to 200 users, with feedback gathered on a range of topics.



## Make it effortless for customers to deal with us (such as through offering better digital systems)

- ✓ More than a quarter (28%) of customers self-served through digital channels.
- ✓ Over 6,300 people used the Help Hub knowledgebase in its first six months.
- ✓ 88% of customers say they are satisfied with digital self-service channels.
- ✓ A new customer information pack for those moving in is being developed setting out all information customers need to successfully start their tenancy.



## Support customers in a range of ways when they are struggling and to help them live independently

- ✓ We secured a £100k grant that helped to support 51 customers who were at risk of tenancy failure and eviction.
- ✓ 77% of customers referred to our new Tenancy Sustainment team are receiving intensive support and the guidance needed for better tenancy outcomes.
- ✓ The Money Advice team helped 1,600 customers with their finances.



## Listen to our customers and use customer insights to improve

- ✓ Five new continuous improvement workstreams are underway as a direct result of customer feedback through complaints and compliments.
- ✓ A programme of work around the Social Housing White Paper is underway following work done by our Customer Insight Committee.
- ✓ We introduced a new complaints survey. The results are reported monthly to operational managers for action.

## Value for money targets

- 1,600 customers were helped through money advice, improving customers' circumstances and obtaining £461,313 in additional benefits for them.
- Rent arrears were maintained at 1.4% while keeping evictions at just three.
- Nine people engaged with the Kickstart programme, which offered six months' work experience at Futures; four of those have secured permanent positions with Futures.

# Growth and development



## Sustain and grow our regional development activity and services through effective partnerships

- ✓ We engaged with the leadership of key local authorities in Amber Valley and West Northants to understand their needs and requirements and to outline our ambitions.
- ✓ We secured long-term grant funding for 500 homes, working with East Midlands Homes via the AHP strategic partnership.
- ✓ We continue engaging with regional developers to outline our aspirations of partnership working.



## Aim to complete 700 homes a during the corporate plan year as part of a 1,200-development programme across the East Midlands

- ✓ We delivered 179 homes during the year plus an additional 60 homes in possession (pending completion of infrastructure works).
- ✓ A further 259 homes are expected to handover in 2022-23. 325 more are secured for future delivery.
- ✓ A further 64 homes were approved.
- ✓ We exceeded budgeted sales income by over £1.082m.
- ✓ Delivered 38 shared ownership properties with an average first tranche of 57%.



## Include homes for market rent and sale with a big emphasis on affordable homes such as social rent, affordable rent, shared ownership and rent-to-buy

- ✓ 909 homes in the pipeline for 2020-27.
- ✓ 42% of these are affordable rent; 9.7% for social rent; 28.5% for shared ownership; 10% for Right to Buy; 9% for outright sale; and 0.8% for market rent.



## Improve the systems, processes and customer centricity of our development programme.

- ✓ 85% overall customer satisfaction with new builds.
- ✓ Significant assurance from Homes England and KPMG audits.
- ✓ Improved visibility and reduced number of outstanding legacy issues.
- ✓ Improved defects management has seen outstanding defects reduced by more than 3,000. Now less than 300 at year-end.
- ✓ Market rent transformation nearly complete. This will signal much greater efficiency and quality of processes, assurance and compliance.

## Value for money targets

- £70m bond issued in Jan-22 to take advantage of the favourable market rates and to provide funding for the business plan.
- All newly built homes are a minimum of EPC B.
- All homes are 100% Decent Homes compliant.
- We have piloted two electric vans as part of the wider review of the fleet to ensure it is fit for purpose.
- All homes compliant with the six key safety criteria (fire, Legionella, electricity, gas, asbestos and lifts).
- Tenure diversification is maintained with a mixture of affordable rent, shared ownership and market sale properties available.



# Sustainability



## Do all we can to make our homes more affordable for our customers

- ✓ Research and evidence informed the development of our sustainability strategy. At its core it recommends taking a fabric-first approach to improving the performance of customers' homes.
- ✓ We have created a new post to engage customers in our journey towards improved sustainability and set up a new Tenancy Sustainment team.
- ✓ Customers surveyed in new build homes told us that energy efficiency of the home had a positive impact on affordability.



## Improve our public areas

- ✓ We continue working with the community in Daventry to plan environmental improvements for the Southbrook Estate.
- ✓ Our grounds maintenance team has introduced new ways of managing green spaces. This reduces unnecessary grass cutting, introduces more diverse planting and very substantially reduces weedkiller use. Work included planting 12,000 square metres of wildflowers to replace mowed lawns.
- ✓ We joined the Green Spaces Advisory Board to position ourselves as leaders in this area.



## Improve the energy performance of our customers' homes and our organisation as a whole

- ✓ We carried out extensive cost analysis to improve all our customers' homes to EPC by 2030 and zero carbon by 2050. £124m has now been factored into business planning to fund this work.
- ✓ We installed external wall insulation to 150 of our least energy efficient homes and have secured grant funding for energy related interventions to complete a further 450 homes in 2022-23.



## Support the local economy

- ✓ At the year-end we had 20 active apprentices recruited from the local community as well as eight new GEM graduates.
- ✓ Our CEO has become President of the East Midlands Chamber for 2022, helping us to engage with members and promote economic development across the region.



## Value for money targets

- Continued maximising grant funding opportunities to accelerate our decarbonisation journey with over £1m of grant secured to-date.
- Strong focus on insulating our coldest homes first, saving our customers money and providing affordable warmth.
- Our new land-led homes will be built to the Future Homes Standard 2025 and will not require retrofitting.
- We will dispose of existing homes that are expensive to retrofit or will not achieve energy performance targets.
- Asset maximisation activity will ensure that our homes remain fit for purpose, meet local need and deliver strong financial performance.
- Futures House fitted out for 'A' for energy performance, reducing our carbon footprint and energy bills.

# Culture



## Continue to improve and transform how we work through digital technologies and continuous improvement

- ✓ We have transformed our workspaces, not only to modernise but specifically to encourage and facilitate collaborative work.
- ✓ The pandemic has accelerated our move to agile working, supported by our strong ICT systems and infrastructure.
- ✓ We have a wide range of integrated technology available, such as video conferencing solutions, that give us much greater capability.



## Be more effective and get things right first time thanks to great systems and good data

- ✓ Automation and other innovations have allowed us to reduce the headcount in customer services by one FTE post.
- ✓ All our people can quickly find answers to a huge range of questions and customer concerns at the click of a button with the internal Knowledgebase FAQ system.
- ✓ Project Halo has tackled eight unique data quality issues that were identified and reported by team members.
- ✓ We have done work across teams to develop and improve systems and process and foster more collaboration.
- ✓ We have made great headway towards delivering the new customer relationship management system.



## Help our teams to focus on looking after our customers by introducing more automated services and processes

- ✓ 29 automations now save 270 hours of people-time a month.
- ✓ Close integration of the AI chatbot and Human chat services resolves many simple customer issues automatically, reserving employee time for more challenging problems.



## Look after our people, develop talent and ensure that our teams feel truly involved in our work

- ✓ We achieved the highly-coveted Investors in People Platinum Award and were an Employer of the Year finalist.
- ✓ Regular 'pulse surveys' throughout the pandemic helped us better support employees during this challenging time.
- ✓ We launched a new ED&I strategy as well as a senior leadership development programme.
- ✓ New employee groups were set up around mental health, wellbeing and the menopause.
- ✓ Internal promotions during periods of change included moving people into the Co-Executive and Executive teams.
- ✓ We recruited new people through diverse routes including the GEM scheme, apprenticeships and Kickstart placements.
- ✓ 43 people participated in the Leadership Academy

## Value for money targets

- o £4.1m total spend on digital projects to-date with £7m committed until the end of 2024.
- o 29 digital automations have gone live to-date of which 24 are recurring and are saving 270 hours of administrative time a month.
- o Employee net promoter score of +65

# Key messages and highlights

- There have been no changes to the Board during 2021/22.
- G1/V1 grading reaffirmed in October 2021.
- A+ (stable outlook) Standard & Poor's reaffirmed in October 2021
- Issued a £70m bond in January 2022 to take advantage of the favourable rates.
- All financial covenants have been achieved with significant headroom.
- The initial findings from the Savills SHAPE modelling has been received which has identified the cost of compliance with net zero carbon, based on current technologies that are available. The bulk of these costs have been incorporated into our business plan.
- Substantial cash reserves and undrawn facilities.
- On 6 April 2022, FHG announced it is in early talks with bpha and Flagship Group to enter a partnership. The three organisations collectively manage over 60,000 homes in central and east England and are exploring the potential of combining their expertise and capability to enhance the customer service and provision of more homes. All three organisations have strong credit ratings - Flagship (A2, Moody's), bpha (A+, S&P), and Futures (A+, S&P), which provides a firm financial foundation for any future partnership.

## Draft Financial highlights for the period: April to March 2022 (unaudited)

- Turnover for the period was £59.7m (2021: £62.3m)\*
- Social housing contributed to 83% of total turnover (2021: 77%)\*\*
- Operating profit for the period was £17.1m (2021: £18.9m)\*\*
- Operating margin on social housing lettings was 33% (2021: 37%)\*\*
- Overall operating margin was 29% (2021: 30%)\*\*
- Overall operating margin (excluding asset sales) was 28% (2021: 33%)\*\*
- The overall surplus for the period was £19.0m (2021: £3.5m) – impacted by pension actuarial gains & losses (2022: gain of £7.9m), (2021: loss of (£7.4m)
- Interest cover forecast for 2021/22 is 1.49 (covenant 1.10)
- Gearing forecast for 2021/22 is 55% (covenant 80%)

\* Reduced turnover due to lower commercial sales

\*\* Operating results for the previous financial year were impacted by the covid-19 pandemic e.g. reduction in costs relating to repairs and planned works, an increase in void rent loss and timing of asset sales.



# Draft Financial Performance 2021/22 – unaudited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Full year Budget	Full year Actual	Variance
	£000's	£000's	£000's
<b>Income</b>			
Social housing lettings	49,920	49,707	(213)
Other social housing activities	6,010	5,122	(888)
Non social housing activities	2,738	4,858	2,120
	58,668	59,687	1,019
<b>Expenditure</b>			
Social housing lettings	(35,685)	(33,475)	2,210
Other social housing activity	(6,683)	(5,092)	1,591
Non-social housing activity	(1,516)	(3,992)	(2,476)
	(43,884)	(42,559)	1,325
<b>Operating Profit</b>	<b>14,784</b>	<b>17,128</b>	<b>2,344</b>
Revaluation of investment properties	0	2,368	2,368
Gain or (loss) on disposals	847	1,538	691
Net interest (payable)/receivable	(10,004)	(10,179)	(175)
Other Financing Costs	0	(318)	(318)
Tax	0	456	456
<b>Surplus after Tax</b>	<b>5,627</b>	<b>10,993</b>	<b>3,316</b>
Actuarial Gain/(Loss) in respect of Pension Schemes	0	7,989	7,989
<b>Total comprehensive income for the year</b>	<b>5,627</b>	<b>18,982</b>	<b>13,355</b>
<b>Operating profit %</b>	25%	29%	3%
<b>EBITDA MRI as % Revenue</b>	23%	23%	1%

## Financial Performance 2021/22 - variance to budget

Operating profit of £17m is £2.3m favourable to budget, returning an operating margin of 29%.

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

Income exceeded budget with the main variances relating to:

- The market rent portfolio benefitted from a revaluation increase.
- This is offset by the other social housing (shared ownership sales) volume being lower than forecast due to the re-phasing of scheme handovers. However, the average profit remains strong and is greater than budgeted assumptions due to increased market values.
- Also delays in 2020-21 and 2021-22 for property handovers resulted in lower social housing lettings income.

Expenditure was below budgeted with the main variances relating to:

- Bad debt savings as actual performance is 1.6% compared to a budgeted 2.6%.
- Shared ownership costs are lower and open market sale costs are higher, in line with the income variance.
- Depreciation as a result of handover delays and spend profiles
- Repair costs are greater than budget due to increases in major voids plus general price increases in material & labour.

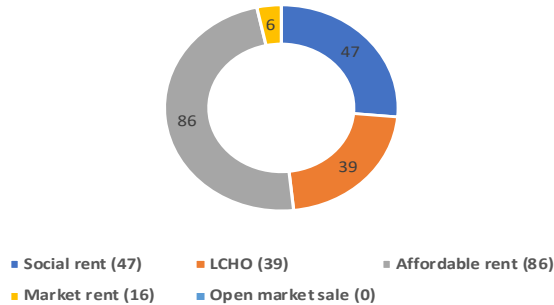
Total comprehensive income for the 21/22 financial year was £19.0m which is £13.4m better than budgeted. Mainly due to the £8m actuarial non-cash gain in respect of pension schemes, £2.3m revaluation of investment properties and a positive operating profit variance.





# Development performance

Completed Units to March 22 - 178



## Development performance to March 2022

Total spend of £23.1m is £13.8m less than budgeted as a result of project slippage and scheme availability. 178 homes were delivered in the year, compared to 336 originally budgeted.

Sales activity generated £7.1m for the year, the income received was slightly behind budget with the average profit per sale being better than the budgeted assumption.

As at the 31<sup>st</sup> March 2022, 636 units are secured, and 100 units are in the pipeline. 27% of approved development expenditure is committed.

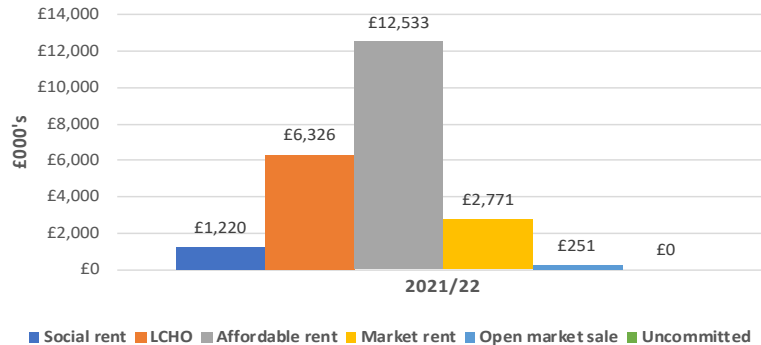
To deliver the corporate plan and growth aspirations, an ambitious 10-year development programme was approved by the Board in March 2022 to deliver 2,377 homes by 2032.

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.

Homes England has awarded £171m of grant under the Affordable Homes Programme to a joint bid between Futures, Midland Heart and EMH. This provides the Group with an additional £21.8m in funding which go towards delivering 500 homes.

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

Development Expenditure



# Income and arrears

- Arrears for the end of 2021-22 are 1.4%, maintaining the excellent position from last year.
- Our arrears level during the year stayed below the sector average of 2.6%, demonstrating upper quartile performance compared to our peers.
- Almost a third (30%) of customers claiming Universal Credit (UC) are in arrears, compared to 8% of customers who claim Housing Benefit and 8% of customers who do not claim any housing-related benefit. This shows that those on UC are struggling to manage their money more than those on Housing Benefit or those not eligible for housing-related benefit.
- The Money Advice team has engaged with over 1,600 customers, providing advice and guidance and improving customers' circumstances to the value of almost £1/2m (£461,313) by gaining access to additional benefits and funds that customer were not aware of or able to access without our support.



# Voids and relets

- At year-end our void rent loss for affordable and social housing relets was around £1/4m (£225k) as expected. This is 22% lower than the previous year.
- On average properties have been relet within 26 days, with an average of 23 days spent in void repairs. This is an improvement of 40% compared to the previous year, although with Covid restrictions lifted and fewer voids this was expected.
- We have received fewer tenancy terminations this year, with a 4% reduction in voids and relets compared against 2020-21; meaning more sustained tenancies overall and customers choosing to stay with Futures.
- The Liveable Standard, offering white goods, decoration and flooring, benefited 68 new customers, who qualified for help through the affordability assessment. A feedback survey is due to start in Q1 2022-23 to help us understand the benefits of the scheme to those customers and to inform potential future projects.
- Major voids have continued to increase, with a 33% increase compared to 2019-20 and a 3% increase against last year.



# Repairs

- Our repairs team completed a total of 35,437 repairs during the year (11,681 for FHW and 23,756 for FHL).
- The average time to complete a repair during 2021-22 was 17.45 days (19 days for FHW and 15.9 for FHL).
- New initiatives this year included training operatives to work on electric car charging points and improvements in waste recycling. 70% of materials at the depots are recycled and of the remaining 30%, less than 1% goes to landfill sites.
- This year the team carried out an additional £900,000-worth of planned works (covering paths, fencing, boundary walls, heating replacement and external doors) than in previous years.
- We maintained and improved 353 homes to meet the lettable standard – 15 more than in 2022-21.
- The team delivered major component replacements to the value of £5.6m during the year. This included improvements to customers' kitchens, bathrooms, heating systems, windows and doors as well as roofing work.

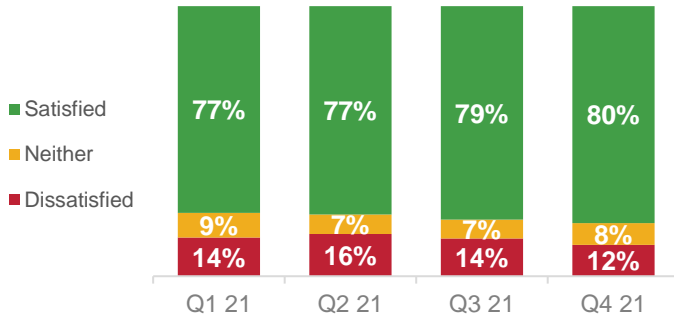


# Complaints

- We received 83 formal complaints in 2021-22, 11% fewer than last year. 64 were upheld and 15 were rejected, as no failing with FHG or our services was found.
- 42% of complaints relate to the 'time taken to complete a repair', making it the largest complaint reason. The availability of materials has been more challenging this year which was the main contributing factor to delays, followed by better communication of the reason for delays.
- All complaints were responded to within the standards set out by the Housing Ombudsman Complaint Handling Code.
- 98% of complaints were resolved at Stage 1 of the complaints process, with two complaints progressing to Stage 2.
- These two complaints were escalated to the Ombudsman by the customers and are currently awaiting determination. In both cases the customers were not happy with the outcome of the complaint. We carried out full reviews at both stages and implemented reasonable solutions in line with landlord responsibilities. The outcomes will be presented to Insight Committee and Board when known.

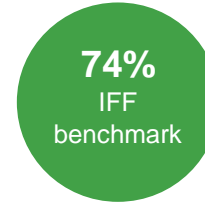


# Customer perceptions during 2020-21



**Overall dissatisfaction 2021-22**  
(score 1 and 2)

**14%**

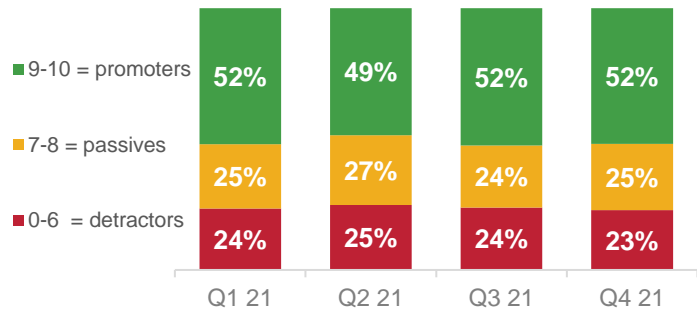


Top reasons for **satisfaction**

- ✓ Good service in general.
- ✓ Quick response to enquiries
- ✓ Happy with repairs.

Top reasons for **dissatisfaction**

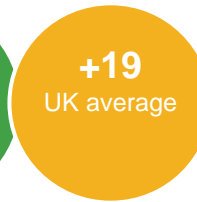
- Waiting time for repairs.
- Unhappy with repairs.
- Issues not resolved.



**Net promoter score (NPS) 2021-22**

= promoters – detractors

**+27**



Comparisons of net promoter scores can be tricky due to changes in how the numbers are calculated by different organisations, but we can be confident about the robustness of our own methodology.



# FLEGAL compliance

- FLEGAL stands for fire, Legionella, electrical, gas, asbestos and lifts. We monitor all these safety-related issues very carefully as they are subject to strong regulation with serious consequences for breaches.
- We carry out servicing and checks on homes not only to ensure FLEGAL compliance but to follow sector best practice, meet other legal requirements and, most importantly of all, to provide homes that are safe and comfortable for our customers to live in.
  - **Fire:** 146 fire risk assessments completed during the year and all identified actions were addressed.
  - **Legionella:** all our planned water risk assessments and identified actions are complete, including weekly checks. This covers a total of 43 communal sites.
  - **Electrical:** all homes comply with our ten-year schedule. Two homes were outstanding for their five-year check at year-end. In total we carried out 2,022 periodic tests that were due during the year (97.5% of the total).
  - **Gas:** all eligible homes (8,257) had a valid landlord's Gas Safety Certificate at year-end despite ongoing challenges relating to the pandemic. Covid restrictions meant that eight properties were serviced outside their anniversary date.
  - **Asbestos:** all our planned asbestos inspection work (covering 80 communal sites) was completed during the year.
  - **Lifts:** inspection reports were undertaken and all 11 lifts (across ten sites) were compliant at year-end.

