



# 2024-25 Performance to Sept 2024

# Areas to cover

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# Key messages and highlights

- G1/V1 Regulator of Social Housing grading reaffirmed in August 2023 following an in-depth assessment.
- A (stable outlook) Standard & Poor's credit rating affirmed in October 2024. The rating reflects the expectation that FHG's increased investments in existing homes will keep S&P Global Ratings-adjusted EBITDA margins from strengthening past 20% over the next two years. They expect that management's solid strategic planning and prudent risk management, alongside very strong liquidity, will support a gradual recovery, though not to levels previously forecast.
- All financial covenants have been met with sufficient headroom for future risks.
- Substantial cash reserves and undrawn facilities.

## Financial highlights for the period: April to September 2024

- Turnover for the period is £38.4m (2023 unaudited: £33.6m)
- Social housing contributed to 86% of total turnover (2023 unaudited: 90%)
- Operating surplus for the period was £12.3m (2023 unaudited: £11.1m)
- Operating margin on social housing lettings was 34% (2023 unaudited: 33%)
- Overall operating margin was 32% (2023 unaudited: 33%)
- Overall operating margin (excluding asset sales) was 33% (2023 unaudited: 35%)
- The overall surplus for the period was £8.5m (2023 unaudited: £7.3m)
- Funders' EDITDA to interest cover forecast for 2024-25 is 3.10 (covenant 1.40) (2023 unaudited: 3.03)
- Gearing forecast for 2023-24 is 59% (covenant 75%) (2023 unaudited: 56%)



# Financial performance: April to June 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Apr - Sept Budget	Apr - Sept Actual	Variance
	£000's	£000's	£000's
<b>Income</b>			
Social housing lettings	33,229	32,854	(375)
Other social housing activities	4,353	4,085	(268)
Non social housing activities	1,479	1,478	(1)
	<b>39,061</b>	<b>38,417</b>	<b>(644)</b>
<b>Expenditure</b>			
Social housing lettings	(23,596)	(21,703)	1,892
Other social housing activity	(4,278)	(3,683)	595
Non-social housing activity	(744)	(768)	(24)
	<b>(28,619)</b>	<b>(26,155)</b>	<b>2,464</b>
<b>Operating Profit</b>	<b>10,443</b>	<b>12,262</b>	<b>1,819</b>
<b>Operating profit %</b>	27%	32%	5%
<b>EBITDA MRI as % Revenue</b>	20%	22%	2%
Gain or (loss) on disposals	652	564	(88)
Net interest (payable)/receivable	(4,498)	(4,300)	198
Tax	0	0	0
<b>Total comprehensive income for the year</b>	<b>6,596</b>	<b>8,526</b>	<b>1,929</b>

## Financial performance April 2024 to September 2024: variance to budget

Operating profit of £12.3m is £1.8m higher than budget and the operating margin is higher at 32%, compared to budget of 27%. This is due to a combination of factors:

Income was £0.6m lower than budget mainly due to timing of grant receipts.

Expenditure was £2.5m lower than budget, the main variance being due to delayed planned and works during year-to-date, however these are expected to catchup by year-end.

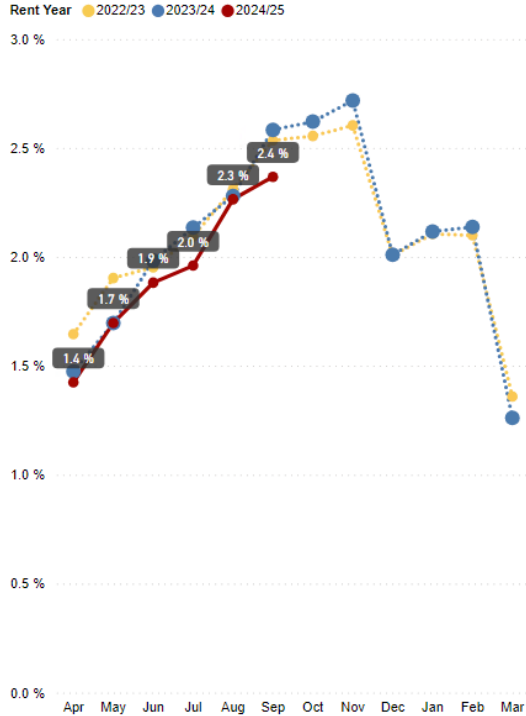
Overall, total comprehensive income of £8.5m is £1.9m higher than budget. This is mainly due to the reduced costs to date, however, overall full year forecast looks to be on budget.



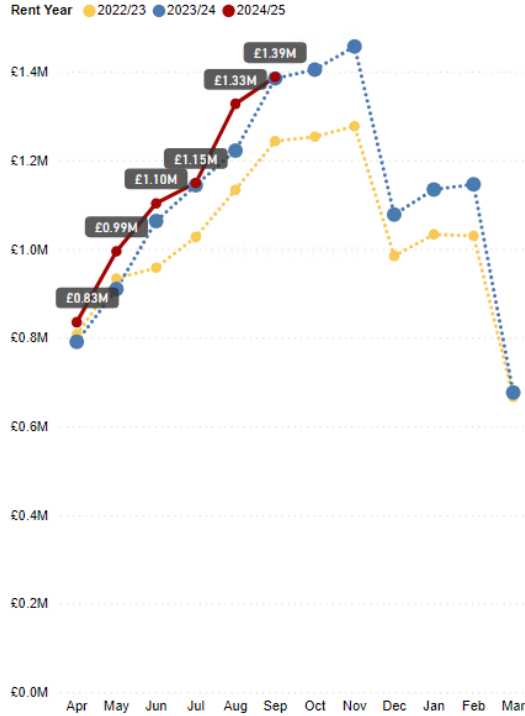
# Arrears: social and affordable homes

Futures Housing Group **SOCIAL & AFFORDABLE TENANCIES ONLY**

Rent Arrears as % of Rent Roll



Total Rent Arrears



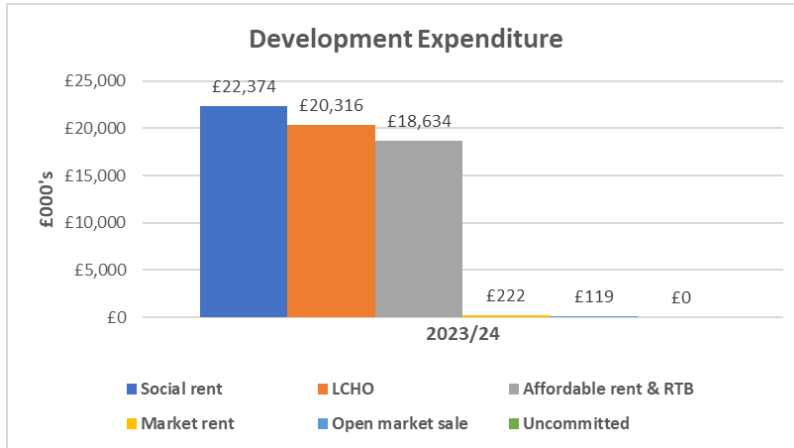
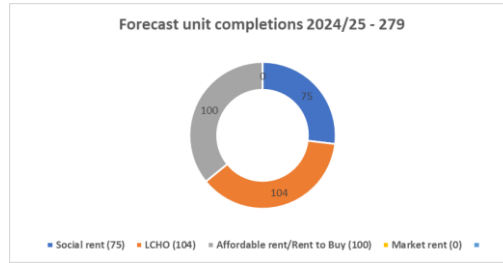
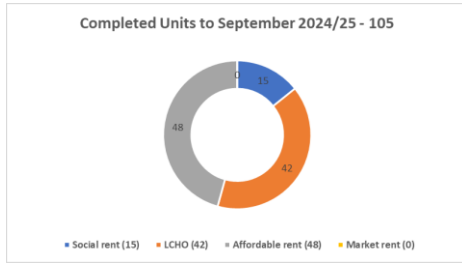
## September 2024 arrears position

Rent arrears as a percentage of rent roll in September was 2.4%. This is below that in the previous two financial years. The year is forecast to end on trend with that in previous years.

Total rent arrears was £1.39m, on trend with the previous two financial years.



# Development performance



## Development forecast performance to September 2024

Total forecast spend in 2024-25 of £61.7m is higher than budget (£51.7m) due to phasing of schemes across the whole programme. 105 homes were handed over between April to September, and the forecast for the year is 279 homes.

Sales activity to September generated £4m. Less shared ownership properties have been sold than budgeted. Sales income is forecast to exceed budget; however this is achievable by selling more units at the lower tranche.

As at the 30 September 2024, 656 units are secured and committed, and 168 units are in the pipeline. 37% of approved development expenditure is committed and 16% is awaiting approval.

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 contributes towards delivering 400 homes. New increased grant rates for an adjusted programme are currently under review.

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

