



# 2025-26 Performance to Jun 2025

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# Key messages and highlights

- G1/V1 Regulator of Social Housing grading reaffirmed in December 2024.
- 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.
- Sufficient cash reserves and undrawn facilities.

## Financial highlights for the period: April to June 2025 (unaudited)

- Turnover for the period is £19.2m (2024: £18.5m)
- Social housing contributed to 92% of total turnover (2024: 89%)
- Operating surplus for the period was £6.4m (2024: £6m)
- Operating margin on social housing lettings was 34% (2024: 34%)
- Overall operating margin was 33% (2024: 32%)
- Overall operating margin (excluding asset sales) was 34% (2024: 33%)
- The overall surplus for the period was £4.7m (2024: £4m)
- Funders' EDITDA to interest cover forecast for 2025-26 is 2.64 (covenant 1.40) (2024-25: 3.15)
- Gearing forecast for 2025-26 is 61% (covenant 75%) (2024-25: 60%)



# Financial performance: April to June 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Apr - Jun Budget	Apr - Jun Actual	Variance
	£000's	£000's	£000's
<b>Income</b>			
Social housing lettings	17,544	17,547	3
Other social housing activities	2,347	884	(1,463)
Non social housing activities	736	723	(13)
	20,628	19,154	(1,474)
<b>Expenditure</b>			
Social housing lettings	(12,201)	(11,655)	546
Other social housing activity	(2,860)	(772)	2,088
Non-social housing activity	(393)	(351)	42
	(15,454)	(12,778)	2,676
<b>Operating Profit</b>	<b>5,174</b>	<b>6,376</b>	<b>1,202</b>
<b>Operating profit %</b>	25%	33%	8%
<b>EBITDA MRI as % Revenue</b>	18%	26%	8%
Gain or (loss) on disposals	283	729	446
Net interest (payable)/receivable	(2,705)	(2,405)	300
Tax	0	0	0
Actuarial Gain/(Loss) in respect of Pension Scheme	0	0	0
<b>Total comprehensive income for the year</b>	<b>2,751</b>	<b>4,700</b>	<b>1,949</b>

## Financial performance April to June 2025: variance to budget

Operating profit of £6.4m is £1.2m higher than budget and the operating margin is higher at 33%, compared to budget of 25%. This is mainly due to less shared ownership sales (8 property sales compared to budgeted 27 sales) than budgeted in the period to June 2025. The sales at Bennett Street have not yet occurred, therefore income is £1.5m lower than budget and cost of sales is £2.1m lower than budget.

It should be noted that full year forecast to exceed budgeted, with 98 sales compared to budget of 79.

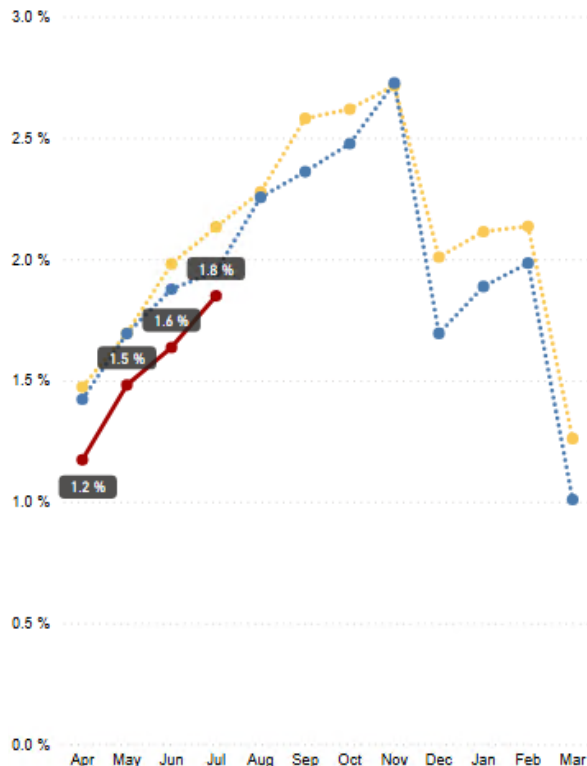
Overall, total comprehensive income of £4.7m is £1.9m higher than budget.



# Arrears: social and affordable homes

Rent Arrears as % of Rent Roll

Rent Year ● 2023/24 ● 2024/25 ● 2025/26



Total Rent Arrears

Rent Year ● 2023/24 ● 2024/25 ● 2025/26



## June 2025 arrears position

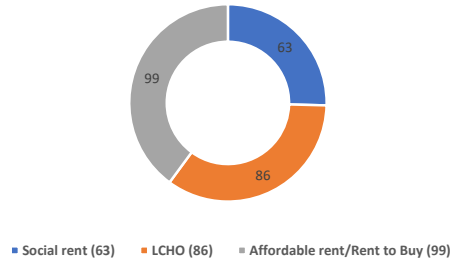
Rent arrears as a percentage of rent roll in June was 1.6%. This is below that in the previous two financial years. The year is forecast to end on trend with that in previous years.

Total rent arrears was £1.12m, on trend with the previous two financial years.

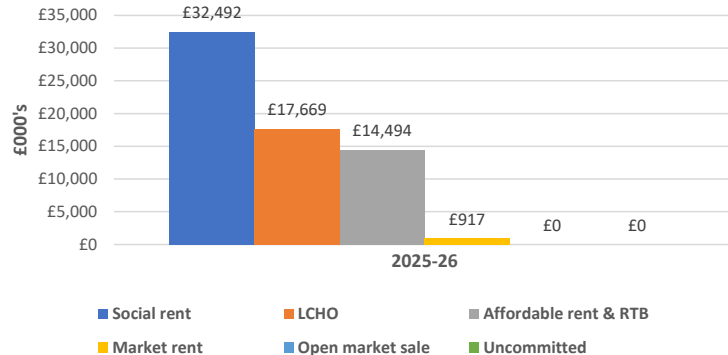


# Development performance

Forecast unit completions 2025/26 - 248



Development expenditure



## Development forecast performance to June 2025

Total forecast spend in 2025-26 of £65.6m is higher than budget (£46.6m) mainly due to:

- Land payment (£7m) of Farnborough development scheme being rephased from prior year into this new financial year, due to delays in planning, and
- £13m on new six named development schemes being added into the year. Cashflows have been rephased from futures years. These units will be handed over in futures years.

248 homes were handed over during the year to March 2025 – this is lower than budget of 274, due to delays in finalising the quality of works on Peasehill and Station Court development schemes.

Year to date shared ownership first tranche sales income of £793k is lower than the year-to-date budget £2.3m. This is mainly due to sales income forecast to be received later in the financial year – full year forecasts to receive a total of £8.4m of sales income (compared to budget of £6.1m).

As at the 30 June, 607 units are secured and committed, and 217 units are in the pipeline. 38% of approved development expenditure is committed and 18% 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 grant funding under the new programme is currently under review – this is likely to be launched in Autumn. Our business plan assumes current grant rates to continue as part of the extended programme.

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

