



## **Notting Hill Genesis Half Year Trading Update**

### **Six months ended 30 September 2024**

*Steady performance and strategic progress delivered*

1 November 2024, London – Notting Hill Genesis, one of London’s largest not-for-profit housing associations, is today providing a trading update for the six months ended 30 September 2024 (H1 2024/25).

#### **Overview**

The economic environment remained challenging in the first half of 2024/25, but we have made solid financial and operational progress.

Turnover increased by 9.8% to £363.1m (H1 2023/24: £330.6m), driven mainly by inflationary rent increases and two bulk sales. Operating surplus increased 29% to £100.7m (H1 2023/24: £78.1m) reflecting our careful management of operating costs, which were flat year-on-year. In the first half we maintained volumes of shared owners purchasing additional shares of their homes, resulting in a surplus on sale of fixed assets increasing to £15.2m (H1 2023/24: £11.0m).

As outlined in our [Better Together strategy](#), our focus is on investing in our existing estate and providing a better resident experience. Progress on this in the first half included:

- £23.1m was spent on day-to-day repairs in H1 2024/25 and 83,585 repairs were completed.
- £20.2m was spent on our improvement and refurbishment programme to deliver better homes for residents, including 419 upgraded kitchens and bathrooms. 955 homes have had planned investment works in the first half, with a further 836 homes currently in progress onsite.
- Our building safety remediation programme continues, with work to 14 buildings being completed between April and September 2024 and work starting on site for a further 14.
- We achieved 74.2% overall satisfaction with a service received and 79.4% satisfaction with a completed repair.
- In the first half of the year, we invested more than £600,000 across our three major regeneration schemes, supporting our drive to deliver greater social value to local communities.

The group sold 65 homes (H1 2023/24: 41 homes), which was in line with our new build sales programme, and we remain on track to deliver a further 182 completions in the remainder of the financial year.

The organisation remains financially robust with substantial liquidity. As at 30 September 2024, group debt was £3,599.9m net of capital loan costs and loan premia and undrawn facilities were £725.0m. We were pleased to maintain an investment grade rating of A- with our solicited credit rating agencies Fitch and S&P, and an unsolicited A3 with Moody’s.

**Patrick Franco, chief executive officer of Notting Hill Genesis**, said: “We have made a solid start to the year, with the organisation progressing both strategically and financially. Good cost control helped drive growth in operating surplus and the operational changes and investment we have made in the last 12 months are beginning to deliver results.



“I am pleased with how the organisation has responded to the need to deliver better homes and services to our residents. Record investment is improving the quality of our homes, and we are becoming much more responsive to resident needs.

“We remain committed to supporting the government’s ambitions for housebuilding and the announcements made in this week’s budget marked some progress towards those goals. But in the current operating environment, further urgent action is needed. Housing associations like Notting Hill Genesis are eager to play a role in solving the housing crisis, but our ability to do so hinges on stronger support and investment from the government.”

### Statement of comprehensive income

	September 2024	September 2023
	£m	£m
Turnover	363.1	330.6
Cost of sales	(27.2)	(10.8)
Operating costs	(252.2)	(253.4)
<b>Operating margin</b>	<b>83.7</b>	<b>66.4</b>
Surplus on sale of assets	15.2	11.0
Exceptional items	0.0	0.0
Joint venture surplus/(deficit)	1.8	0.7
Fair value movement on investment properties	0.0	0.0
<b>Operating surplus</b>	<b>100.7</b>	<b>78.1</b>
Gift aid receivable	0.0	0.0
<b>Surplus before interest</b>	<b>100.7</b>	<b>78.1</b>
Interest receivable and similar income	5.5	5.0
Interest payable and similar charges	(70.3)	(71.5)
Gains in respect of financial derivatives	1.5	6.7
<b>(Deficit)/Surplus on ordinary activities before taxation</b>	<b>37.4</b>	<b>18.3</b>
Taxation	0.0	0.0
<b>(Deficit)/Surplus for the financial year after taxation</b>	<b>37.4</b>	<b>18.3</b>

### Trading update

Turnover increased by 9.8% to £363.1m in the first half, reflecting inflationary rent increases and two bulk sales. Cost of sales has risen in line with the bulk sales and, although the economic environment has remained challenging, our careful management means that operating costs remained flat compared to H1 2023/24. Together this has resulted in a 29% increase in operating surplus to £100.7m (H1 2023/24: £78.1m).

Turnover on sales has grown to £27.9m (H1 2023/24: £12.0m). This includes the two bulk sales – at Rainham and Beam Park in Havering and Lampton Road in Hounslow – and our ongoing new homes sales programme. New homes sales during H1 were 65 (H1 2023/24: 41 homes) in line with the programme. We have forecasted to deliver a further 182 completions in 2024/25, with a total of 247 completions at year-end.



Despite the challenging economic climate, we have maintained volumes of shared owners purchasing additional shares (known as staircasing), resulting in a surplus on sale of fixed assets increasing to £15.2m (H1 2023/24: £11.0m).

Net interest and financing costs reduced by £1.7m despite the continued investment in homes and financing the development programme.

The fair value movement of hedged financial derivatives has resulted in a positive movement of £1.5m (H1 2023/24: £7m). We will continue to effectively manage this item, but do not expect the larger gains of the past to continue as interest rates reduce.

### Statement of financial position

	September 2024	March 2024
	£m	£m
Housing properties	6,981.7	6,921.8
Other assets	77.3	75.9
Investments	1,249.5	1,223.3
Net current assets	283.3	322.5
<b>Total assets less current liabilities</b>	<b>8,591.8</b>	<b>8,543.5</b>
Housing loans	3,579.8	3,585.0
Unamortised grant liability	1,119.4	1,101.5
Other long-term liabilities	216.0	214.0
Capital and reserves	3,676.6	3,643.0
<b>Total funding</b>	<b>8,591.8</b>	<b>8,543.5</b>

### Investment and debt analysis

Housing properties and investments have increased by £86m to £8,231m at 30 September 2024 (31 March 2024: £8,145m). The increase is largely attributable to the continued spend on our development programme and works on existing properties in support of getting all our homes to an improved standard.

Net current assets have decreased mainly due to cash in bank reducing from £95m as at 31 March 2024 to £33m as at 30 September 2024. The March year-end balance was high due to some large late receipts being received.

Notting Hill Genesis remains financially robust with substantial liquidity. Group debt as at 30 September 2024 grew by £14.9m to £3,599.9 m net of capital loan costs and loan premia (31 March 2024: £3,585.0m), and undrawn facilities as at 30 September 2024 were £725.0m (31 March 2024: £768m). We continue to maintain good relationships with our principal lenders and are ready and able to access the capital market, as necessary.

Our development pipeline and remediation works continue and, by their nature, affect cashflow, which we continue to manage carefully.



## Key performance statistics (group)

	Six months ended 30 September 2024	Six months ended 30 September 2023
	%	%
Surplus as % turnover	10.3	5.5
Operating margin	27.7	23.4
Operating margin – social housing lettings	22.7	9.7
Surplus as % of income from lettings	13.4	8.6
Rent losses (voids and bad debts as % of rent and service charges receivable)	2.9	2.3
Current tenant rent arrears (rent arrears of all current tenants at the end of the period as % of annual rent debit)	5.6	5.5
Interest cover (surplus before interest payable, depreciation and amortisation of housing properties as a % of interest payable)	200.0	158.0
Gearing (total loans as a % of housing properties at cost)	42.0	38.0

## Social value

We continued our investment in creating places and communities where people can thrive for the long term, as well as providing opportunities for residents to improve their skills, businesses and employment prospects. This includes at our three regeneration schemes at the Aylesbury Estate in Southwark, Grahame Park in Barnet and Woodberry Down in Hackney.

Good progress is being made to provide new homes across all three schemes, alongside investment to create socio-economic value. During the first six months of 2024/25, we invested more than £600,000 across the three programmes, supporting our drive to provide greater social value in these communities. Investment during H1 has seen us engage with 4,332 residents, provide 14 apprenticeships, enable 1,106 residents to access wellbeing activities and helped 51 people into employment.

In addition, we recently made an agreement with the Greater London Authority to provide homes for 45 single homeless people funded by the government's single homelessness accommodation programme (SHAP).

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