



# Notting Hill Genesis Funders Day

Dipesh Shah – NHG Chair



# Non-Executive Board Members



Dipesh Shah  
Chair



Elaine  
Bucknor



Bruce Mew



Stephen Bitti



Linde Carr



Alex Phillips



Jenny  
Buck



Jane  
Hollinshead



Richard  
Powell



James  
Wardlaw

# Executive Board Members



Kate Davies  
Chief Executive/  
Board Member



Paul Phillips  
Group Finance  
Director



John Hughes  
Group Director of  
Development



Andy Belton  
Chief Operating  
Officer



Vipul Thacker  
Group Director for  
Central Services



Mark Vaughan  
Group Director of  
Commercial  
Services



Carl Byrne  
Group Director of  
Housing



Jeremy Stibbe  
Group Director of  
Regeneration and  
Assets

# Today's Agenda



Dipesh Shah

Chairman's Introduction

Kate Davies

Chief Executive's Overview

John Hughes

Our Development Programme

Paul Phillips

Our Finances



# Notting Hill Genesis Funders Day

Kate Davies – Chief Executive



# Summary



- Notting Hill Housing Trust & Genesis Housing Association amalgamated in April 2018 to create Notting Hill Genesis (NHG).
- NHG is one of the largest housing associations in the UK, with 64,000 homes (of which, 55,000 are in London).
- NHG's main purpose is to work in communities in and around London to provide homes for lower-income households.



Stratford Halo

# The General Environment



The environment is changing in ways that we would not have expected a year or two ago.

- Limits on local authority housebuilding have been eased.
- Government appears more positive about RPs and there is more focus on new rented homes.
- The Mayor has introduced changes which make regeneration schemes harder
- The Grenfell Tower fire led to major reviews of building standards and to an increased focus on health a safety generally.

# The General Environment (continued)



- The Mayor has released large (well, largish) amounts of cash to London RPs - totalling £1.7bn for 2016-23.
- There have been recent changes to “Help to Buy” which will end in 2023.
- There is a consultation on leasehold tenure which proposes a cap on ground rents of £10pa, against a more typical £300pa at the moment.
- The sales market is slowing and the future is hard to read.



# Grenfell Tower



Eight NHHT tenants died in the fire, along with a visitor. We owned two flats and managed one other. This was close to the Notting Hill heartland.

We have had to review the costs of cladding replacement, but large elements have been covered by MHCLG.

We are also reviewing fire related issues at other schemes, particularly, the Paragon (student housing).

The focus on landlords' responsibility for health and safety has increased sharply as a result.

# Blocks Affected by Cladding Issues

ACM Cladding on 7 blocks:

- 2 blocks cladding already removed
- 5 blocks have cladding projects underway
- £4.7m cost and £4.5m funded by MHCLG / 3<sup>rd</sup> party

Large panel system building:

- Possibly 1 block – 30 flats, Lambeth, SE27
- It is rendered, hence uncertainty
- Investigation underway

NHG fire-safety work being overseen by NHG Fire Safety Task Force (12 point plan)

# Our Residents



- High levels of engagement with residents to develop & agree our Resident Promise
- Performance being maintained during first 6 months of merger and integration
- New NHG operating model for service delivery in 2019

## Results to Quarter 2

Resident Satisfaction <sup>1</sup> :	71% (NHH) 63% (GHA)
Satisfaction with Repairs:	87% (NHH) 74% (GHA)
Group Occupancy Levels:	98.5%
Group Income Collection:	99.1%

<sup>1</sup>Combined NHG Group Satisfaction Scores from January 2019



# Providing More New Homes



Royal Albert Wharf

- 351 plots acquired so far this financial year
- Planning approval for 650 homes
- And 540 homes completed
- With over 1,500 more to be delivered in this financial year
- Good opportunities in land market

# Our Financial Strength



- Assets valued at £19.7bn (vacant possession)
- 2017/18 surplus before tax of £117m
- Operating margin of 23%

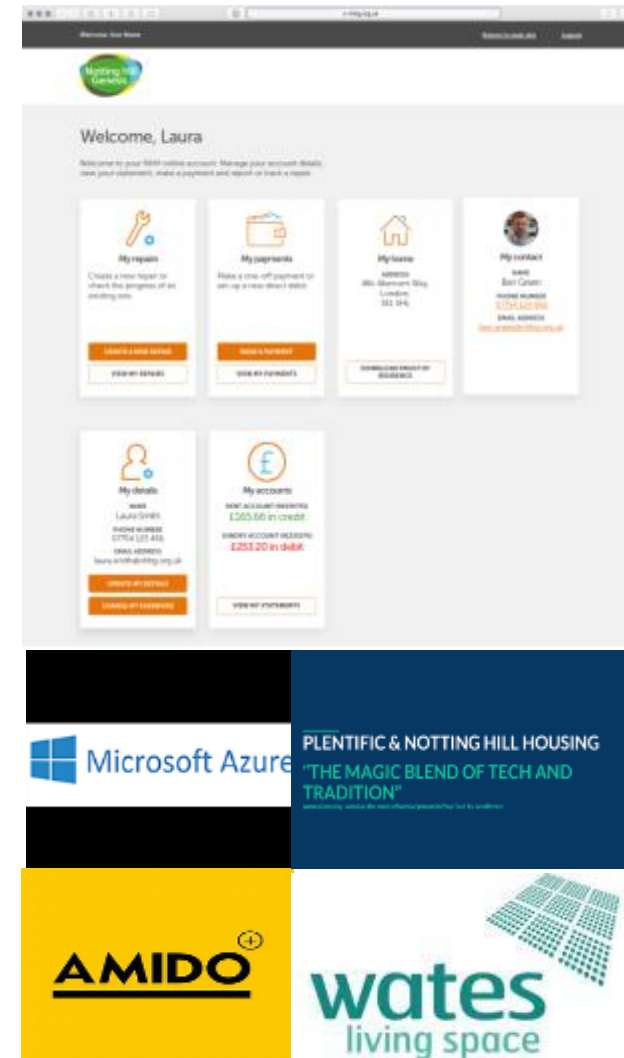


# Digital Transformation



WorkWise Platform is live - engaging customers, empowering employees, optimising operations and transforming services

- Web self-service
- Back-office automation/efficiency
- Cloud technology – built with technology partners and integrated with operational partners
- Provides digital platform for merger integration and operating model
- £11m development costs
- Three-year payback



# Our People and Our Work



## Staff Promise

- Engaged workforce to focus on retention, stability and support during change
- Internal recruitment providing development for our staff
- Positive diversity outcomes

# The future of NHG



- Merged in April – 2-3 year integration plan
- Deliver digital transformation, improved services for residents and staff and £20m of efficiency savings
- Target operating model agreed
- Accommodation rationalisation programme underway
- Residents at heart of organisation re-design
- Staff structures and future processes agreed by Dec 18
- Implementation of new processes Jan 2018 to Mar 2020



Woodberry Down

# Our development programme

## John Hughes



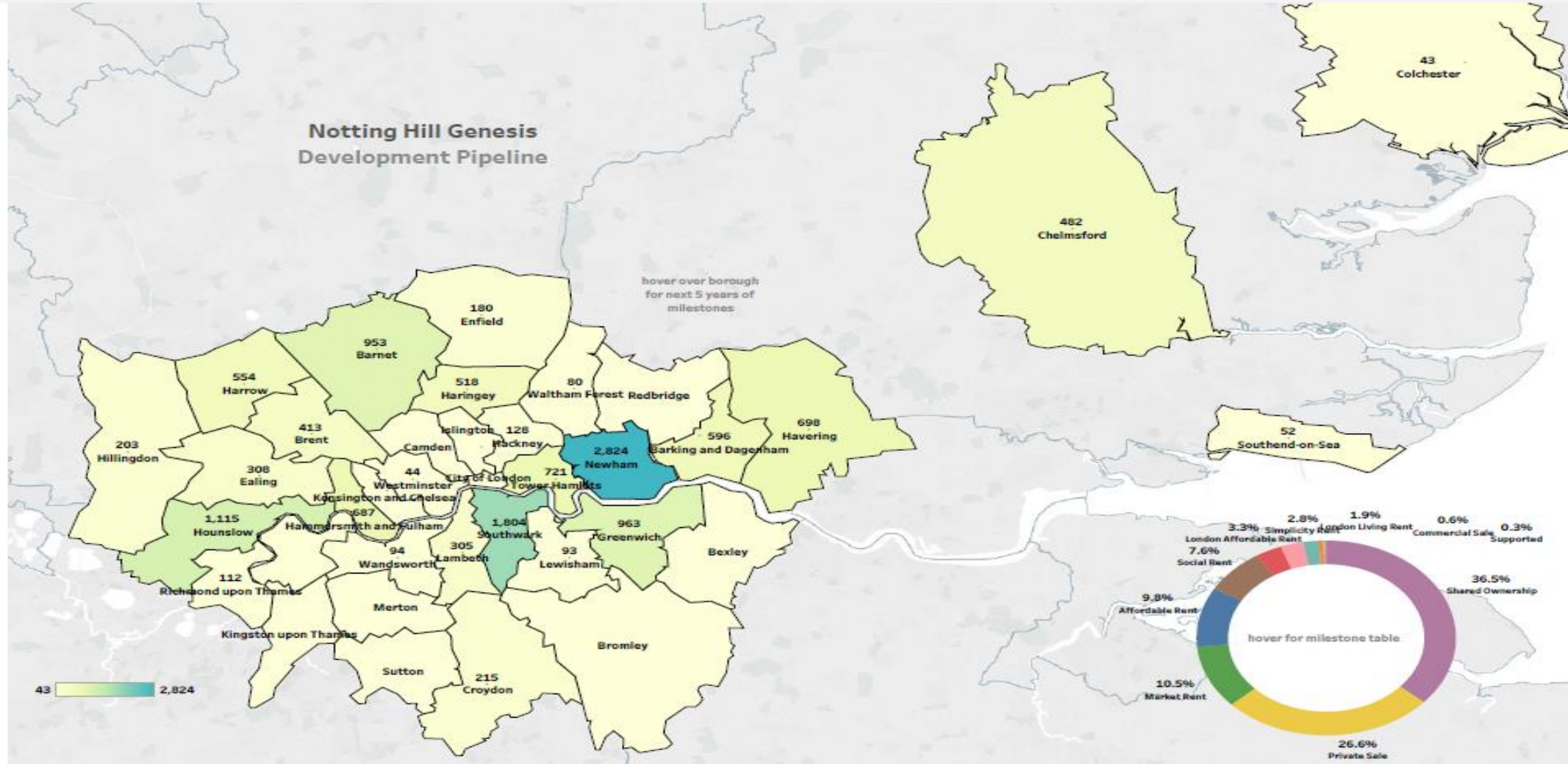
# Residential market indicators



- Sales volumes down
- House price falls
- Housing starts down
- Brexit uncertainty
- NHG easing back on development programme



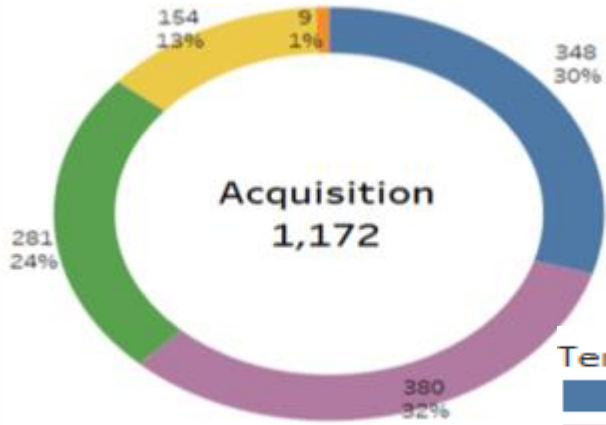
# Development operations



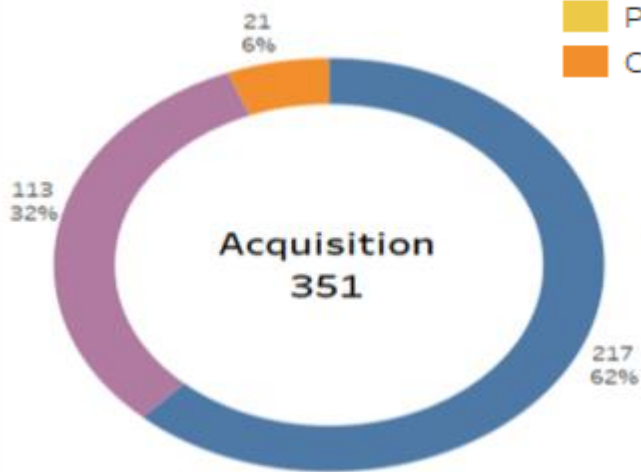
# Acquisitions



2017/18



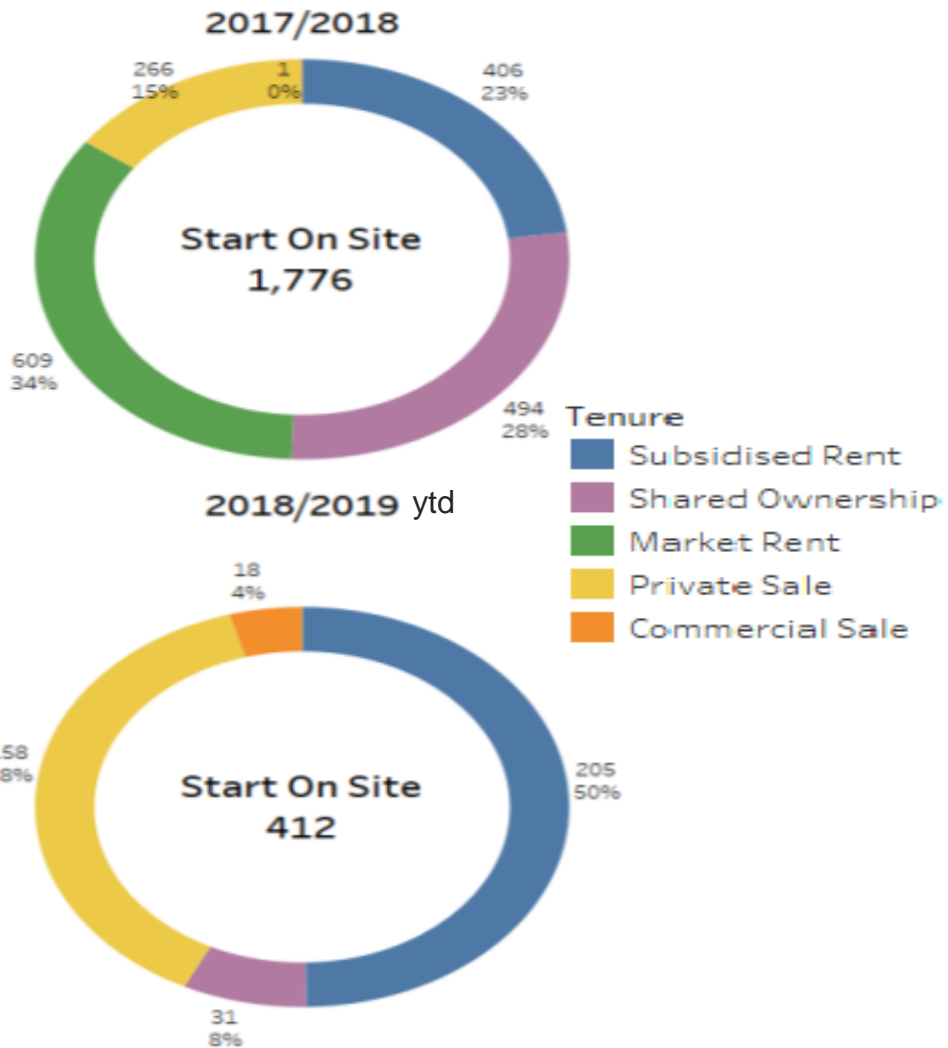
2018/19 ytd



- Tenure**
- Subsidised Rent
  - Shared Ownership
  - Market Rent
  - Private Sale
  - Commercial Sale



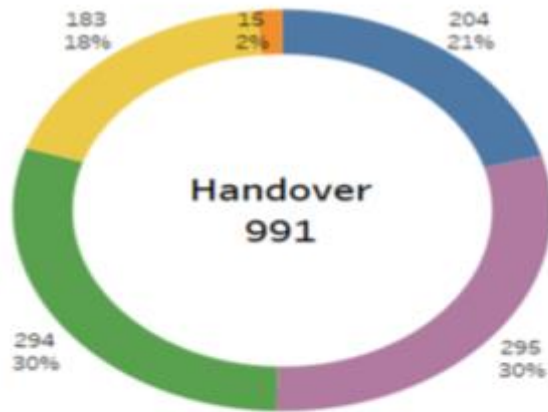
# Starts on site



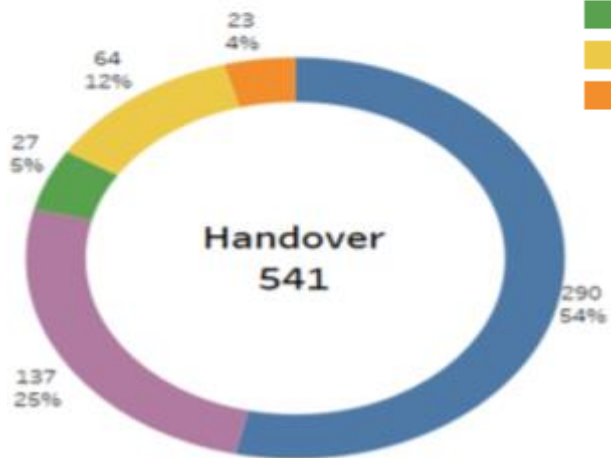
# Completion of new homes



2017/18



2018/19 ytd



- Tenure
- Subsidised Rent
  - Shared Ownership
  - Market Rent
  - Private Sale
  - Commercial Sale



# GLA grant programme



- £278m funding
- 8,800 homes
- to 2021



The logo for Notting Hill Genesis is a stylized oval shape composed of overlapping green, blue, and yellow sections. The text 'Notting Hill Genesis' is written in white, bold, sans-serif font across the center of the logo.

# Notting Hill Genesis

The background of the slide is a photograph of modern, multi-story apartment buildings. The buildings feature a mix of brick, concrete, and large glass windows. Some balconies have glass railings. The sky is overcast with grey clouds.

**Funders Day 2018**  
Our Finances – Paul Phillips

# Introduction



I will cover:

- 2017/2018 Results
- 2018/2019 Results to date
- NHH Exposures
- Future prospects
- Comment on merger



# 2017/2018 Results

# 2017/2018 Results



Will comment on the entities with external debt:

- Notting Hill Housing Trust
- Genesis Housing Association
- Consolidated position
- Notting Hill Home Ownership

# Group Revenue Account - NHHT



## Key facts

- Surplus down by 32% from £142m to £97m
- Turnover down by 10% from £412m to £371m
- Turnover from Social Housing lettings up by 2% from £223m to £228m
- Surplus excluding sales down from £56m to £40m
- Surplus on sale of existing properties down from £32m to £26m

Overall, sales down by £40m and associated surplus by £22m. Fair value gains down by £12m.

# Group Revenue Account – GHA



## Key facts

- Surplus up by 10% from £18m to £20m
- Turnover up by 23% from £264m to £325m
- Turnover from Social Housing lettings up by 4% from £241m to £249m
- Loss excluding sales up from £12m to £31m
- Surplus on sale of existing properties up from £27m to £43m

Underlying position positive with substantial impairment of £17.5m and break cost of £16.0m.

# Group Revenue Account – Consolidated position



## Key numbers

Item	2017-18 £m
Turnover	703
Operating surplus	162
Turnover from social housing lettings	464
Surplus excluding sales	8
Surplus on sale of existing properties	65
Overall surplus before tax	117

# NHHO Revenue Account



## Key facts

- Turnover (excluding intercompany) down from £120m to £94m
- Surplus before gift aid decreased from £67m to £60m.
- Gift aid to NHHT and Notting Hill Community Housing of £57m (2017: £58m)

NHHO made most of the surpluses in the Notting Hill group, and much of the reduction in group sales was here.

# NHHT Statement of Financial Position



## Key facts

- We invested £576m (2017: £373m) in new housing
- £26m of Grant receivable (2017: £26m)
- Housing at cost now £3,269m (2017: £3,065m) - VP value over £12.3bn
- Borrowings up to £1,677m from £1,336m
- Gearing 50% - based on new covenant calculation

# GHA Statement of Financial Position



## Key facts

- We invested £131m (2017: £145m) in new housing
- £2m of Grant receivable (2017: £6m)
- Housing at cost now £2,793m (2017: £2,751m) - VP value over £7.4bn
- Borrowings up from £1,533m to £1,590m
- Gearing 46% - based on new covenant calculation

# Consolidated Statement of Financial Position



## Key facts

- We invested £708m in new housing
- £28m of Grant receivable
- Housing at £6,434m - VP value £19.7bn
- Borrowings £3,268m
- Gearing 47%

# NHHO Statement of Financial Position



## Key facts

- Invested £196m (2017: £204m) in new housing
- Properties held for sale stood at £219m, of which £54.1m was for sale to other Group members
- £23.1m of properties held for sale represented finished homes
- Housing assets at cost stood at £710m
- Borrowings up to £453m from £389m

# Folio London Limited



- Folio London's purpose is to operate Notting Hill Housing's market rent portfolio
- The number of homes owned and managed by Folio increased from 905 to 961 during the year
- At 31 March 2018 the value of completed investment properties was £285m (2017: £240m)



# 2018-2019 Results to date

# Key events so far

In the last year:

- Results have held up well so far - with the half year surplus £11.8m above budget.
- S&P assigned an A+ rating on the merged entity, downgraded to A (negative outlook) on 27 July 2018
- Fitch assigned an A rating (stable outlook) on 1 August 2018
- We have not solicited a Moody's rating, but they continue to maintain an unsolicited rating on NHG bonds.

# Sales to date



As at 30 September, the position was as follows:

- We had sold 137 shared ownership homes at a surplus of £5m.
- We had sold 35 outright sales homes at a surplus of £5.3m.

As at the half year stage, first tranche and private sales were below target and we have decided to limit commitments on sales related schemes, whilst being ready to take advantage of any upturn or opportunities that might arise.

Staircasing is, however, holding up well.

# Statement of Comprehensive Income



Group	Half year to 30 Sept.	2017/18
	Actual (£m)	Actual (£m)
Turnover	306.2	703.4
Cost of sales	(30.4)	(123.2)
Operating costs	(197.3)	(418.3)
<b>Operating surplus</b>	<b>78.5</b>	<b>161.9</b>
Surplus - asset disposals	24.8	65.0
Net interest payable	(52.3)	(126.4)
Gains/(losses) - derivatives	5.2	16.0
<b>Surplus before tax</b>	<b>56.2</b>	<b>116.5</b>

# Statement of Financial Position (£m)



Group	As at 30 Sept 2018	As at 31 March 2018
	Actual (£m)	Actual (£m)
Housing properties	7,345.2	7,209.2
Other fixed assets and investments	36.1	129.4
Net current assets	505.2	410.3
Loans due in more than one year	(3,183.8)	(3,267.7)
Other long term liabilities	(1,573.2)	(1,305.1)
<b>Net assets</b>	<b>3,229.5</b>	<b>3,276.1</b>
<b>Reserves</b>	<b>3,229.5</b>	<b>3,176.1</b>

# Consolidated Cash Flow (£m)



<b>Group - Actual</b>	<b>Half year to 30 Sept. Actual</b>	<b>2017/18 Actual</b>
Cash from operations	(13.6)	140.2
Net cash outflow from servicing of finance	(72.8)	(144.7)
Purchase & construction of housing	(178.1)	(490.2)
Sale of housing properties	60.3	140.4
Investment in joint ventures	(9.5)	(11.2)
Net debt drawn/(repaid)	(30.1)	398.0
Other		(2.4)
<b>Increase/(Decrease) in cash</b>	<b>(82.9)</b>	<b>34.9</b>

# Other points



## Unaudited position to 30 September 2018

- Board budgeted surplus of £98m for the full year to March 2019
- Budget surplus lower than last year combined due to fewer sales and integration costs.
- Surplus to 30 September - £55.6m against half year budget of £43.9m
- 307 staircasing sales - surplus of £20m

# 30 September 2018 ratios



	<b>Gearing</b>	<b>Interest Cover</b>
<b>NHG</b>	47%	208%
<b>NHHO</b>	64%	1,280%

\*Calculation per loan agreements



# Exposures

# NHH exposures – build for sale

## 31 October 2018



	2018		2017
	No	£m	£m
Vacant plots	2,970	77	73
On site - spent	1,267	263	166
On site - committed	-	296	231
Completed homes unsold	35	21	16
<b>Total</b>	<b>4,272</b>	<b>657</b>	<b>486</b>

# NHH exposures – shared ownership

## 31 October 2018



	2018		2017
	No	£m	£m
Vacant plots	2,683	61	65
On site - spent	1,804	350	181
On site - committed	-	327	262
Completed homes unsold	208	61	27
<b>Total</b>	<b>4,695</b>	<b>799</b>	<b>535</b>

# NHH exposures – land bank

## 31 October 2018



	2018		2017
	No	£m	£m
Plots for rent	1,780	4	6
Plots for shared ownership	2,683	61	65
Plots for outright sale	2,970	77	73
Plots for market rent	461	16	10
<b>Total</b>	<b>7,894</b>	<b>158</b>	<b>154</b>

# NHG – current loan book

## 31 October 2018



	£m
Drawn at variable rates	893
Drawn at variable rates - hedged	398
Drawn at fixed rates	1,933
Drawn on an index linked basis	86
<b>Total drawn</b>	<b>3,310</b>
Undrawn and committed	898
<b>Total</b>	<b>4,208</b>

Also holding £71m in cash



# Future Prospects

# Prospects



Initial view of 2019/2020 budget suggests a group surplus similar to 2018/2019 budget (excludes MtM of derivatives)

We continue to build, albeit at a lower rate, and hope to start about 1,100 homes this financial year

We hope to secure a £500m loan from the European Investment Bank in early 2019.

We may seek new bond financing in 2019.

Long term plans show the Group, NHG and NHHO in a healthy position



**Notting Hill  
Genesis**

