



# Notting Hill Genesis **Funders' Day**

22 November 2022

15:00-17:00

Pewterer's Hall, Oat Lane, Barbican, London



# Today's agenda

- Chair's introduction
- COO overview
- CFO overview
  - Financial results
    - 2021/22
    - 2022/23 half year
    - Funding and ratings
  - Key strategic business plan themes
    - Asset management and building safety
    - Development and sales
    - Sustainability
  - Future direction

Ian Ellis

Katie Bond

Yomi Okunola

# Chair's introduction

Ian Ellis



## Group Board



**Ian Ellis**  
Chair



**Fred Angole**



**Stephen Bitti**



**Elaine Bucknor**



**Claire Kober OBE**



**Arike Oke**



**Ingrid Osborne**



**Alex Phillips**  
Senior independent  
director



**Richard Powell**

## Executive Board



**Kate Davies CBE**  
Chief executive



**Abayomi Okunola**  
Chief financial  
officer



**Patrick Franco**  
Chief executive  
designate



**Katie Bond**  
Chief operating  
officer



**Elly Hoults**  
Group director of  
assets and  
sustainability



**John Hughes**  
Group director of  
development and sales  
and deputy chief executive



**Rajiv Peter**  
Chief information  
officer



**Vipul Thacker**  
Group director of  
central services



*One level of  
customer service*



*One standard of  
housing*



*A high quality local  
environment for all*

# COO overview

Katie Bond



# Better connections

- Reconnect with our residents post pandemic
- We need to listen to and address legitimate concerns to build trust
- New operations directorate bringing together all the teams who work with our residents regardless of tenure
- Comprehensive customer strategy



# Better homes

- We need to make improvements to nearly all our homes through maintenance, safety and retrofit
- We have a diverse portfolio of over 67,000 homes
- Total of £495m to invest between now and 2032
- 'Re:New' pilot to improve the standard of our void homes
- Sustainability strategy published in October 2022



# Better places

- Sense of community plays a crucial role in our residents' overall experience
- 12-month placemaking pilot: 10 estates to test a new approach to how we design and manage our estates
- Community and socio-economic development, customers, estate management, brand and identity



# CFO overview

Yomi Okunola



# Financial results: 2021/22

# Statement of comprehensive income: highlights

<p><b>NHG group</b> Year ended (YE) 31 March</p>	<p><b>Turnover</b> (↓7.9%)</p> <p><b>YE 2022: £836.9m</b> <i>YE 2021: £909.1m</i></p>	<p><b>Operating surplus</b> (↓12.6%)</p> <p><b>YE 2022: £175.7m</b> <i>YE 2021: £201.1m</i></p>
<p><b>Turnover from social housing lettings</b> (↑2.2%)</p> <p><b>YE 2022: £486.6m</b> <i>YE 2021: £475.9m</i></p>	<p><b>Surplus on sales of existing properties</b> (↑30.5%)</p> <p><b>YE 2022: £49.2m</b> <i>YE 2021: £37.7m</i></p>	<p><b>Surplus before tax</b> (↓22.0%)</p> <p><b>YE 2022: £112.9m</b> <i>YE 2021: £144.7m</i></p>

# Statement of financial position: highlights

YE 2022 highlights	Group	NHHO
Invested in new housing	<b>£0.32bn</b> <i>2021: £0.34bn</i>	<b>£0.15bn</b> <i>2021: £0.29bn</i>
Received in grant	<b>£5.6m</b> <i>2021: £nil</i>	<b>£1.8m</b> <i>2021: £nil</i>
Housing properties (balance sheet value)	<b>£6.7bn</b> <i>2021: £6.6bn</i>	<b>£0.79bn</b> <i>2021: £0.74bn</i>
Housing properties (vacant possession value)	<b>£21.7bn</b> <i>2021: £21.3bn</i>	<b>£1.4bn</b> <i>2021: £1.4bn</i>
Housing properties (in the course of sale)	<b>£0.32bn</b> <i>2021: £0.55bn</i>	<b>£0.11bn</b> <i>2021: £0.12bn</i>
Borrowings	<b>£3.4bn</b> <i>2021: £3.4bn</i>	<b>£0.47bn</b> <i>2021: £0.3bn</i>
Gearing	<b>39%</b> <i>2021: 40%</i>	<b>59%</b> <i>2021: 50%</i>

**Financial  
results:**  
**2022**  
**Half year (HY)**  
**results**

# Statement of comprehensive income

<b>NHG group</b>	<b>2022 HY £m</b>	<b>2021 HY £m</b>
Turnover	368.9	419.3
Cost of sales	(57.9)	(117.5)
Operating costs	(215.2)	(216.2)
Surplus - asset disposals	26.6	29.1
Gains from joint ventures	1.7	0.8
<b>Operating surplus</b>	<b>124.1</b>	<b>115.5</b>
Net interest payable	(67.1)	(66.1)
Gains from derivatives	30.0	5.5
<b>Surplus before tax</b>	<b>87.0</b>	<b>54.9</b>

# Statement of financial position

<b>NHG group</b>	<b>As at 2022 HY £m</b>	<b>As at 2021 HY £m</b>
Housing properties	6,777.1	6,591.5
Other fixed assets and investments	1,270.2	1,262.2
Net current assets	218.4	99.2
Loans due in more than one year	(3,272.8)	(2,946.9)
Other long-term liabilities	(1,232.8)	(1,461.7)
<b>Net assets</b>	<b>3,760.1</b>	<b>3,544.3</b>
<b>Reserves</b>	<b>3,760.1</b>	<b>3,544.3</b>

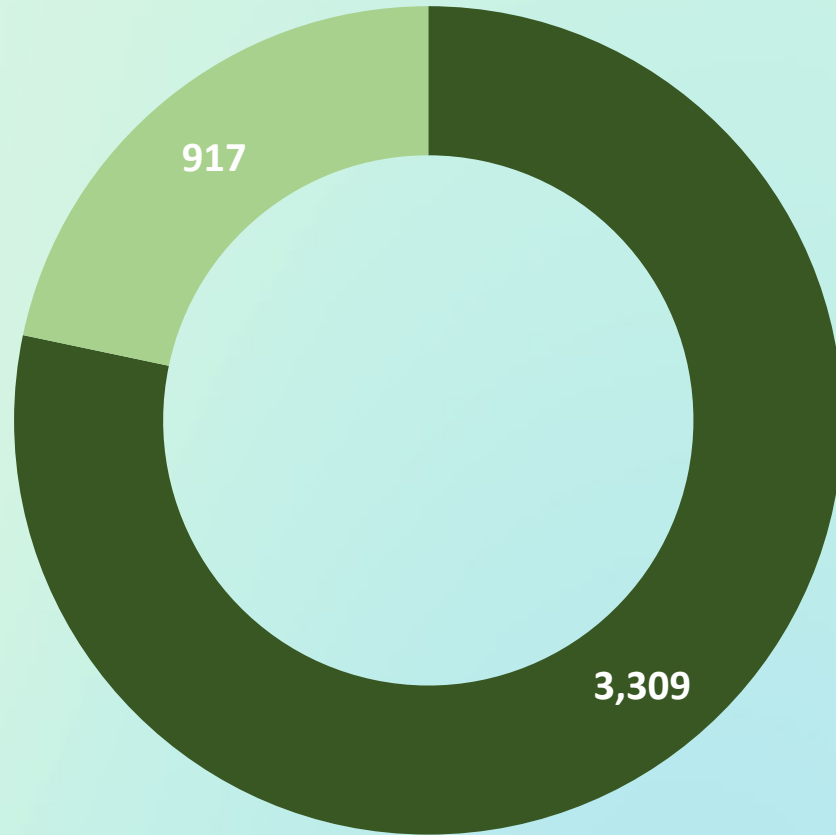
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# **Financial results:** **Funding and ratings**

# Group debt £m: 30 Sept 2022



- Total drawn debt: £3,309m
- Total facilities: £4,226m
- Cash held: £73m



- Drawn
- Undrawn (secured)

# Covenants and ratings: 30 Sept 2022

Covenant	Limit	NHG	NHHO
Gearing	75%	✓ 45%	✓ 55%
Interest cover	105%	✓ 153%	✓ 510%

**A- (stable)  
S&P**

**A (negative)  
Fitch**

**G1/V2 RSH**

**Key strategic  
business  
themes:**

**Asset  
management  
and building  
safety**

# Asset management overview

- The key goals of our Strategic Asset Management (SAM) include:
  - Level-up our whole portfolio to a near-new build standard: safe, warm, comfortable and homely
  - Divest of poorly performing properties that, on balance, inhibit our ability to reach our ambitions
  - Deliver as many improvements as possible within the existing financial envelope, minimising impact on cost per unit metrics
- Planned investment programme:
  - We will be investing £495m in our homes by 2032
  - We have significantly increased our stock condition survey programme to ensure we know everything about our homes by 2024
  - We have rolled out our SAM model to enable better understanding of our residents' experience, financial and strategic performance of our homes



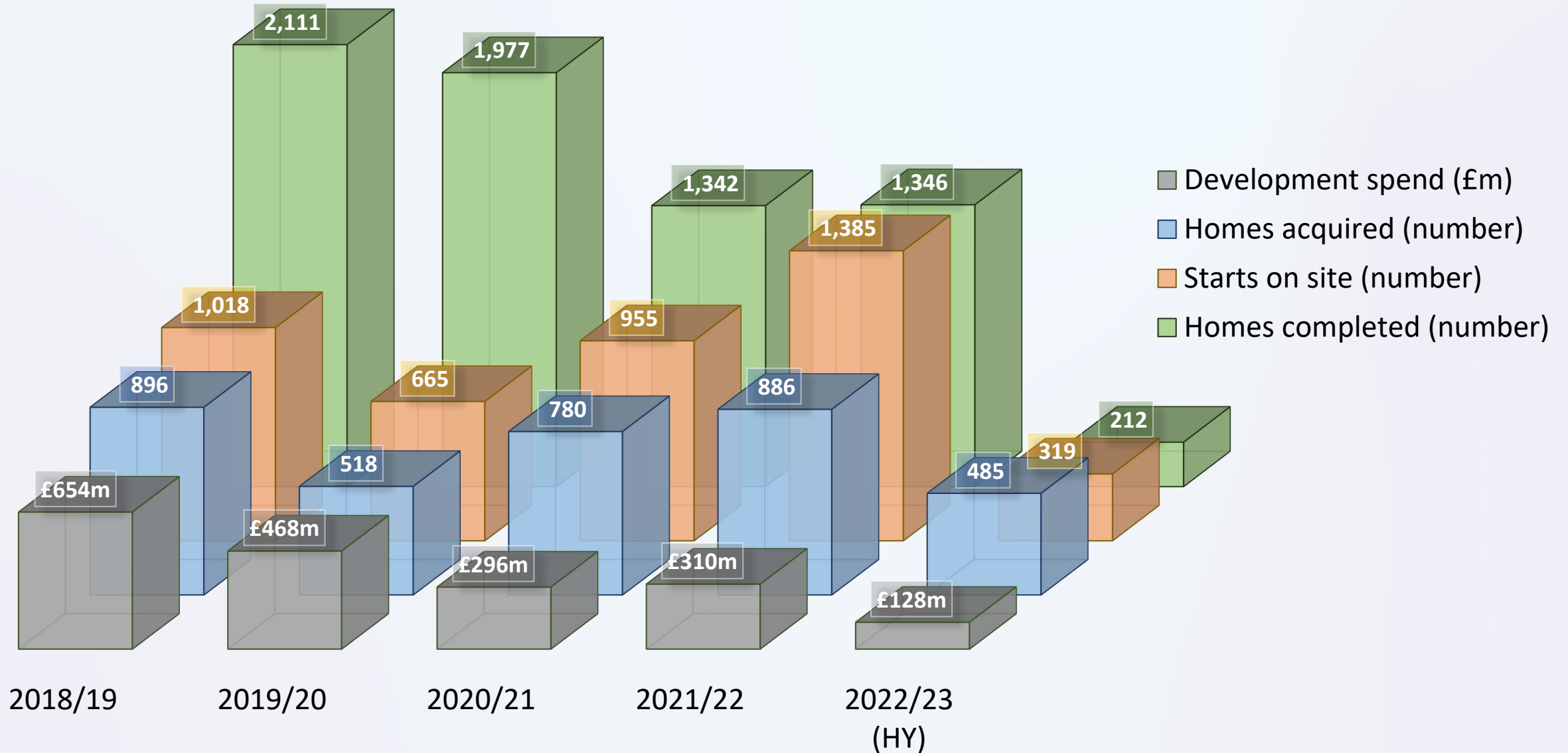
# Building safety

- The Building Safety Act became law in April 2022
- Progress is on track to use existing systems to maintain a 'golden thread' of data and information about our buildings
- The cost of fire remediation works is expected to be £173m over the first 10 years of the financial plan
- The visual survey programme commenced in 2019/20 and prioritises buildings deemed to have a potential high-risk factor
- PAS9980 assessments are an integral part of the remediation process and key to establishing the correct scope of work
- 2,306 blocks have been identified for visual surveys and to date 1,000 have been completed (with 51% requiring no works)
- We communicated to all leaseholders the decision not to recharge fire remediation works relating to external cladding and balconies



**Key strategic  
business  
themes:**  
**Development  
and sales**

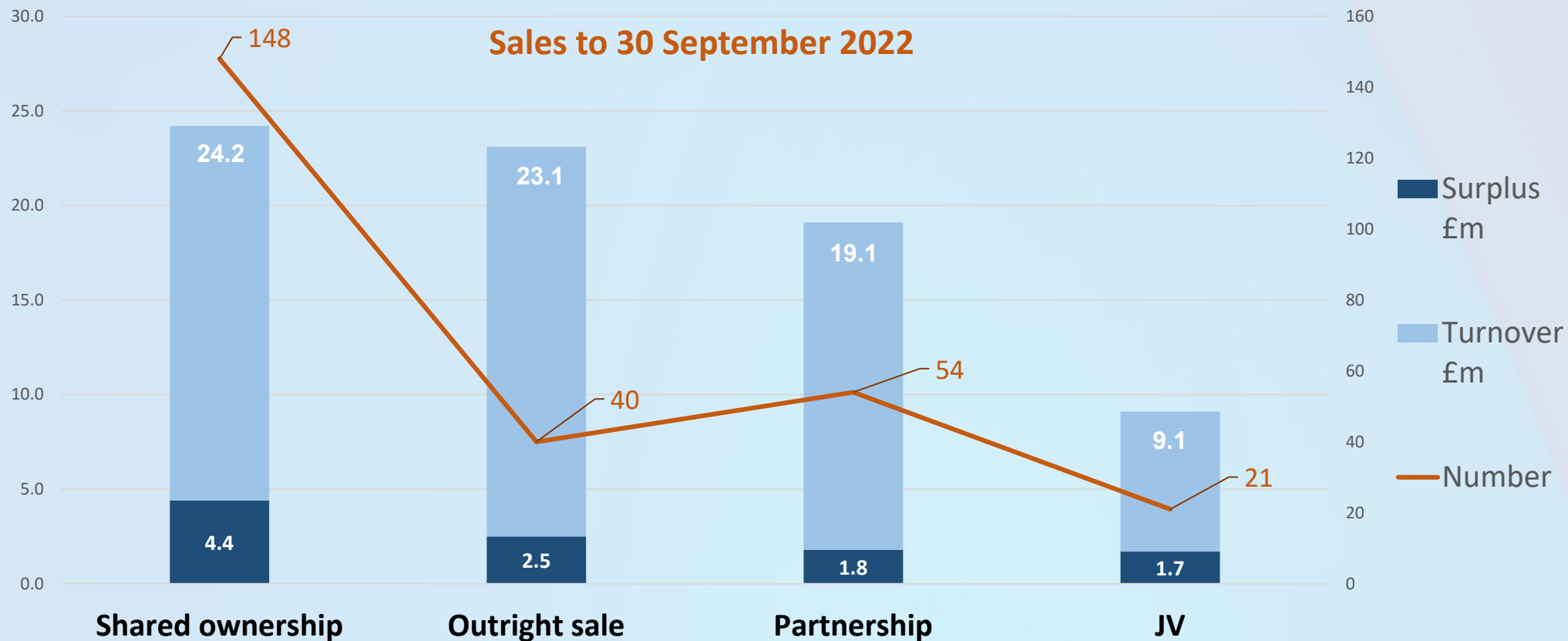
# Development profile 2018-2023



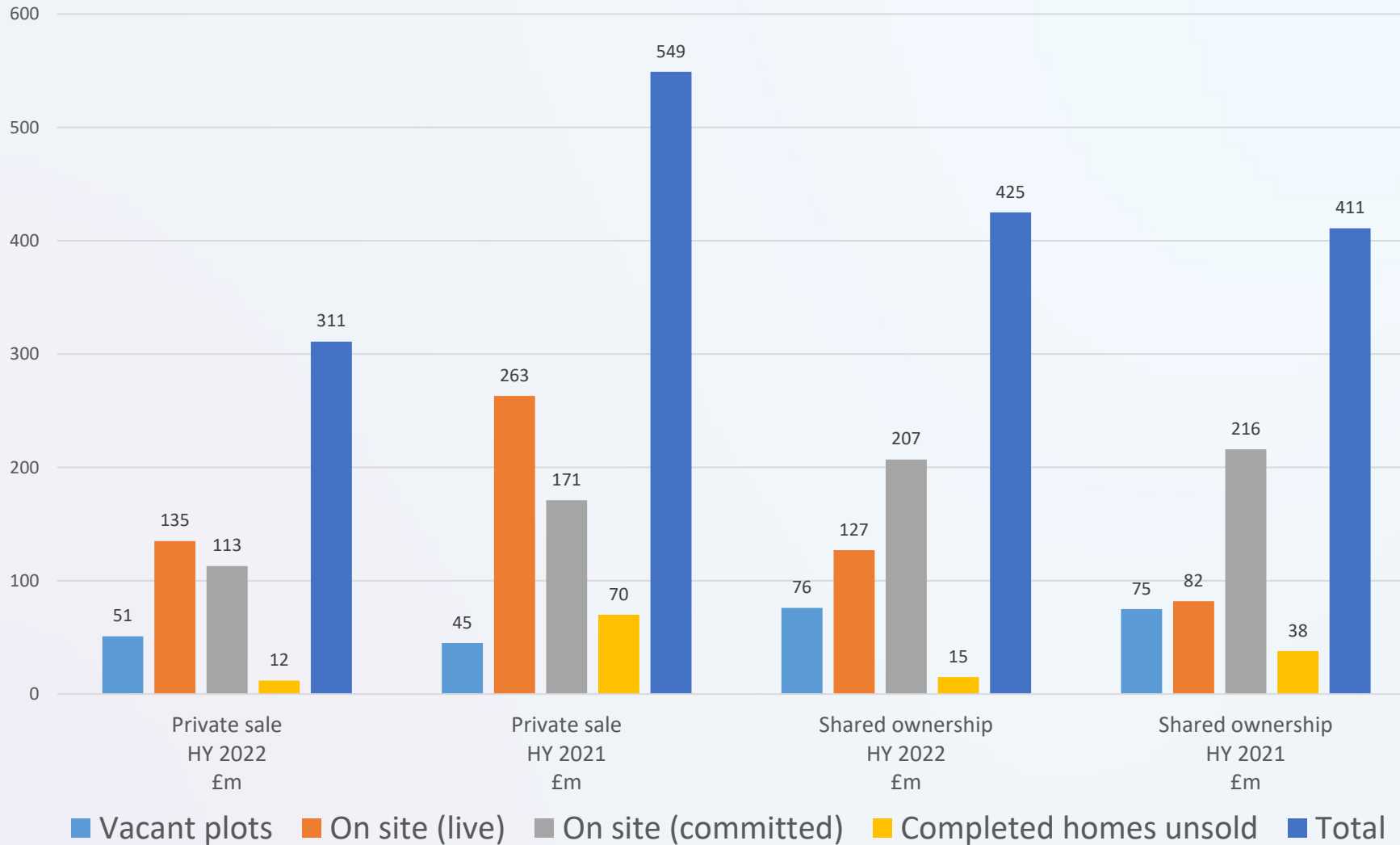
# Sales to 30 September 2022



- Sales were slightly behind completion targets though ahead of turnover and surplus targets due to completing more private sales against forecast
- Full year forecast: 386 homes generating a turnover of £85.8m and a surplus of £12.2m
- We are forecasting a further £6.8m surplus from joint venture (JV) and partnership sales



# Sales pipeline as at 30 Sept 2022



Number	Private sale	Shared ownership	Total
Vacant plots	2,326	2,054	4,380
On site (live)	537	912	1,449
Unsold	21	94	115
<b>Total</b>	<b>2,884</b>	<b>3,060</b>	<b>5,944</b>

**Key strategic  
business  
themes:**  
**Sustainability**

# Sustainability strategy

- We are investing £735m to achieve net zero carbon by FY50/51
- First comprehensive environmental sustainability strategy launched in October 2022: **One home, One planet**
- More than 1,700 residents helped shaped the strategy by communicating their needs, wants and priorities
- 2,880 residents already seeing energy efficiency improvements



**Warm, comfortable, low carbon homes:** ensuring all our residents live in homes that are warm, comfortable and energy efficient by retrofitting and building them to become net zero carbon and resilient to a changing climate



**Using resources sustainably:** responsible buying of goods and services, alongside working towards being a zero waste organisation by 2050



**Enhancing green spaces for nature and people:** restoring and enhancing these spaces to maximise benefits for people and nature, and to provide inclusive and welcoming areas for people to enjoy and wildlife to thrive



**Net zero carbon:** achieving net zero carbon for our own business operations by 2035, and net zero carbon for our homes and supply chain by 2050

# Future direction

# Future direction

- We are investing to create **better homes, better places** and to help the organisation build **better connections** with residents
- The **development programme** is being reviewed in light of current economic and policy environment (confirmed 2023/24 rent cap and inflation)
- The current target annual split for development is: 500 low cost rental, 150 intermediate market rental, 200 market rental, 350 shared ownership and 200 outright sale
- We have a strong liquidity position with just under £1bn of undrawn facilities and cash available. This will support our development commitments, fire remediation works and thermal performance improvements
- Overall, we have the financial and leadership capacity to deliver the services our current and future residents need. We are still in a “risk off” mode



# Questions