



# Presentation to Investors

November 2022

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# INTRODUCTIONS





**PAUL DOLAN**  
CHIEF EXECUTIVE

Chief Executive with successful track record of delivering transformational business change.

Led not for profit and commercial businesses and managed stakeholders through complex change

Former Chief Executive of Johnnie Johnson Housing Trust and Sadeh Lok Housing Group.



**MATTHEW SUGDEN**  
EXECUTIVE DIRECTOR OF GOVERNANCE AND STRATEGY

Experienced general counsel and company secretary.

Streamlined Accent’s governance from over 50 companies to 7.

Implemented one of the first virtual group structures in the sector



**SARAH IRELAND**  
EXECUTIVE DIRECTOR OF DEVELOPMENT, SALES AND HOMEOWNERSHIP

Senior roles in private and public sector with extensive experience in leading on development projects in the Oxford Cambridge growth corridor including the Cambridgeshire and Peterborough Combined Authority.

Former senior land manager at Taylor Wimpey and Director of Bushmead Homes.

Former Director of Development and sales at bpha.

Former Executive Director and Board Member at bpha.



**JULIE WITTICH**  
EXECUTIVE DIRECTOR OF ASSETS AND SUSTAINABILITY

Joined Accent’s Executive Leadership team in January 2022

Extensive experience (over 30 years) in Housing management, service delivery and assets.

Significant experience in operations and at board level. Skilled in change management and creative solutions with proven track records in delivering sustainable results.

Former Group Director of Operations at Watford Community Housing.



**KIRSTY SPARK**  
EXECUTIVE DIRECTOR OF FINANCE AND ICT

Appointed in January 2022.

Fellow of Institute of Chartered Accountants in England and Wales.

Practice (top ten) trained

Vast experience in treasury management and refinancing, budgetary management and control, statutory reporting and compliance and staff growth and management.

Former Director of Finance at Leeds City College.

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The purpose of today is to give you an update on our business, the team and our strategy...



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## HALF YEAR TO 30 SEPTEMBER 2022

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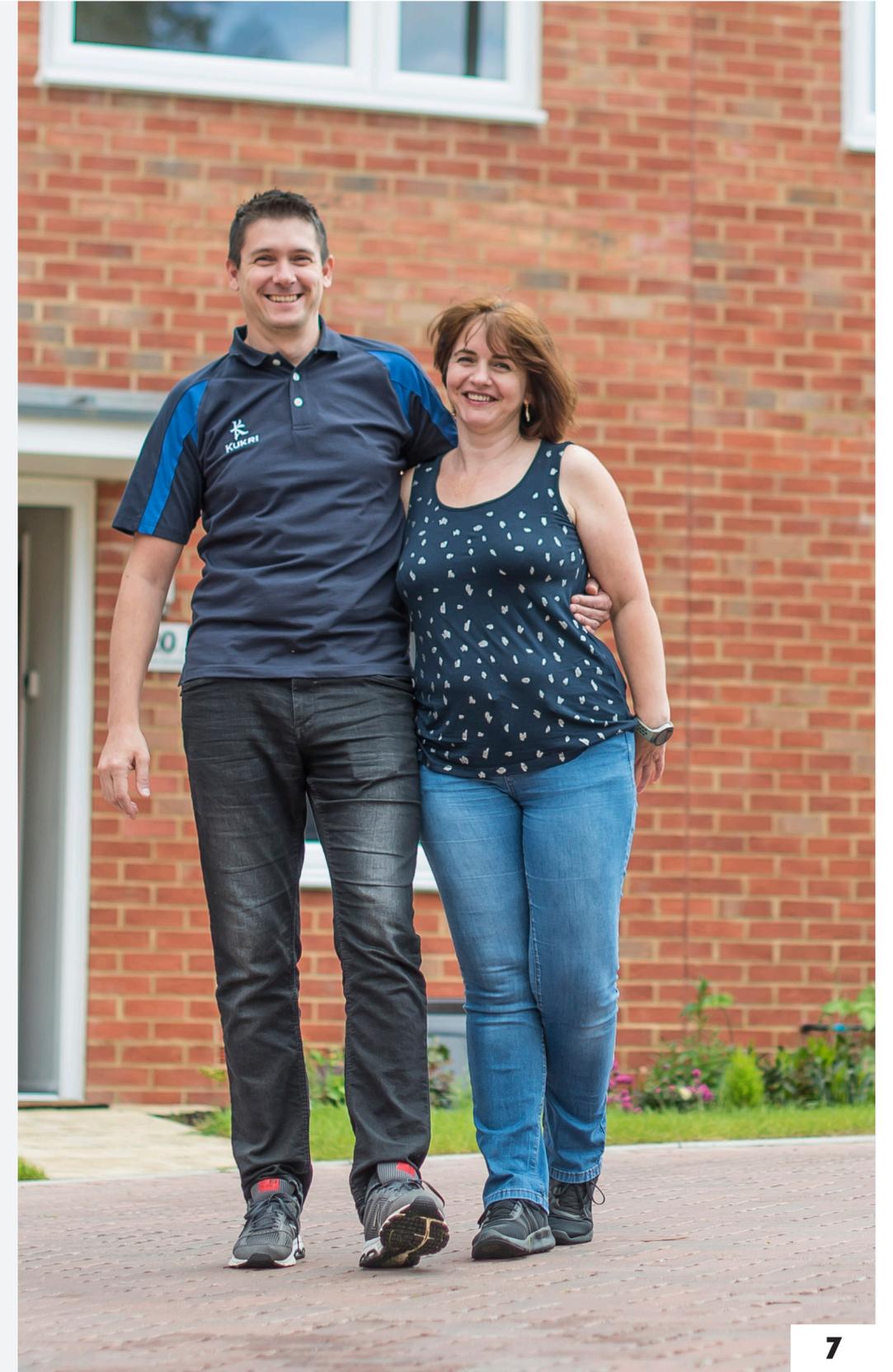
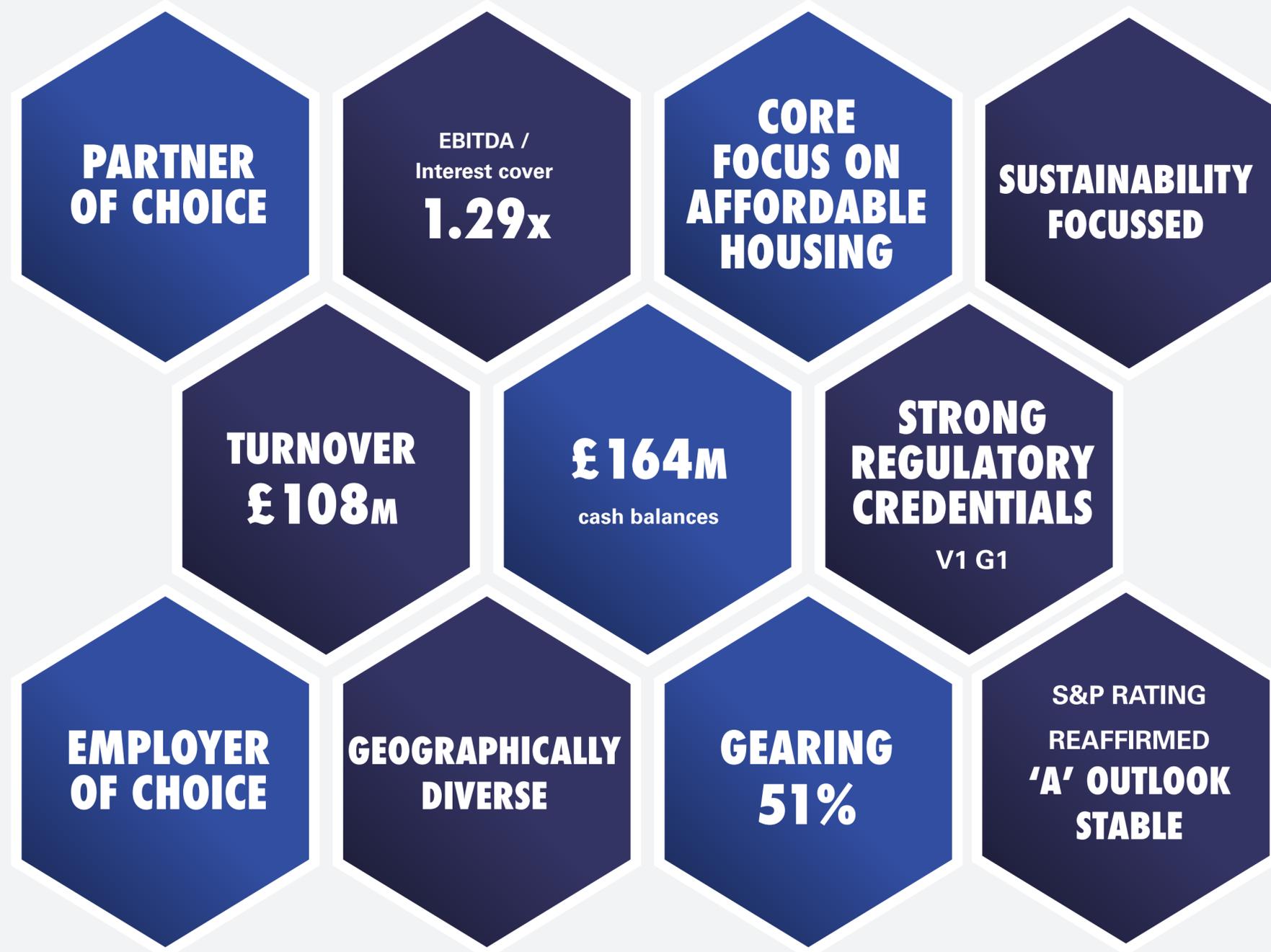
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# **OVERVIEW AND STRATEGIC UPDATE**

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# BUILDING BETTER FUTURES



# OUR AREAS OF OPERATION

## NORTH REGION

39 — Local authorities  
11,635 — Properties

Top Local Authority Areas

🏠 2,313 — Bradford  
🏠 884 — South Ribble

## EAST REGION

18 — Local authorities  
4,910 — Properties

Top Local Authority Areas

🏠 1887 — Peterborough  
🏠 528 — Huntingdonshire

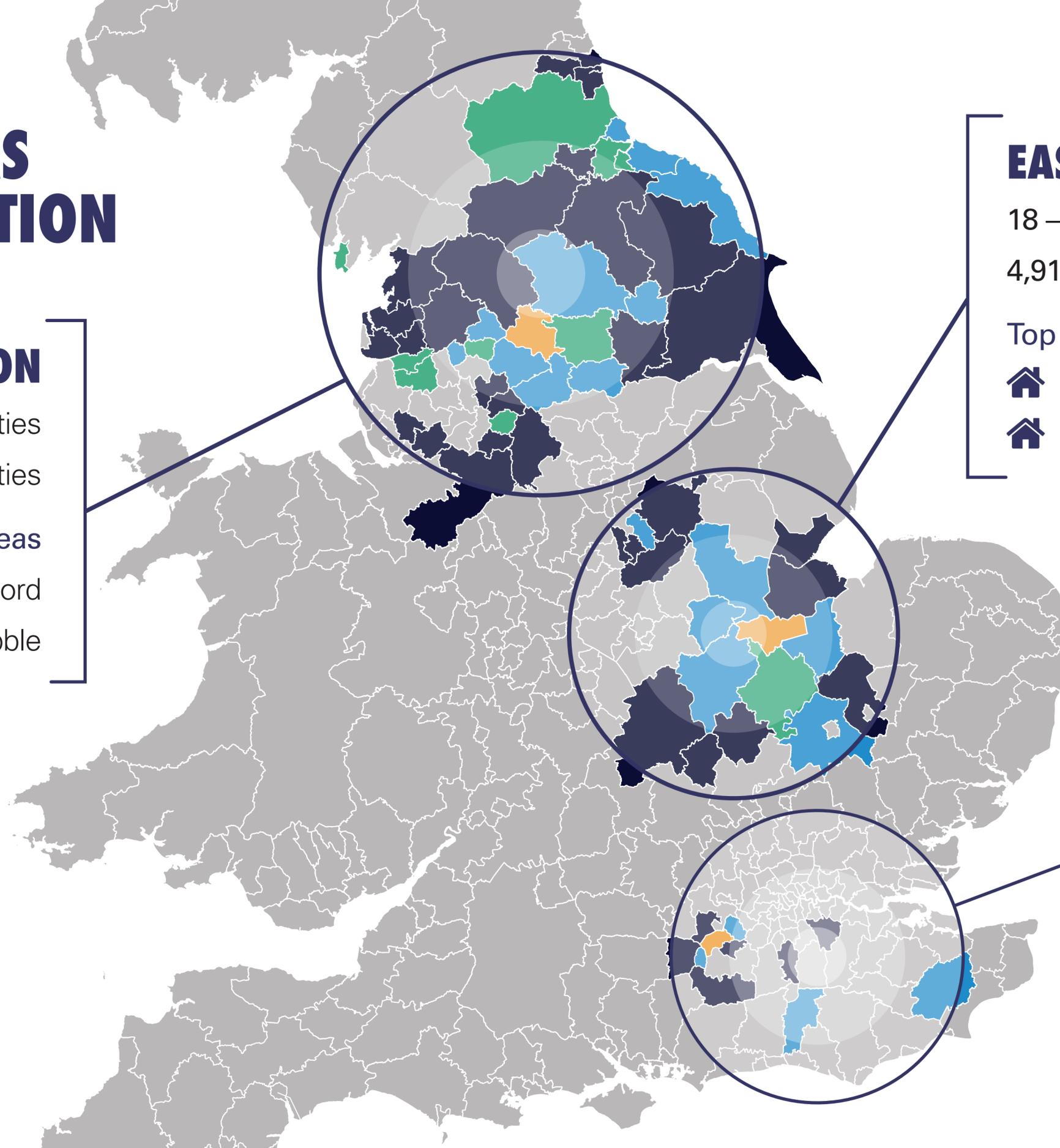
## SOUTH REGION

11 — Local authorities  
4,128 — Properties

Top Local Authority Areas

🏠 3141 — Surrey Heath  
🏠 228 — Runnymede

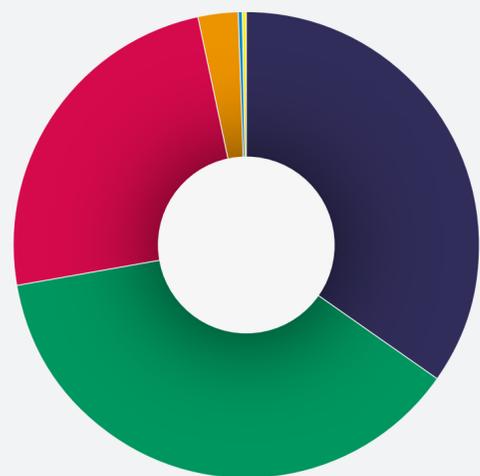
- 🏠 1 – 100 Homes
- 🏠 101 – 500 Homes
- 🏠 501 – 1000 Homes
- 🏠 1000+ Homes





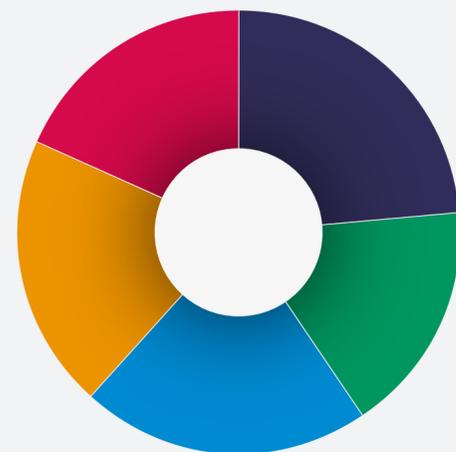
# OUR PROPERTIES

## BED SIZE



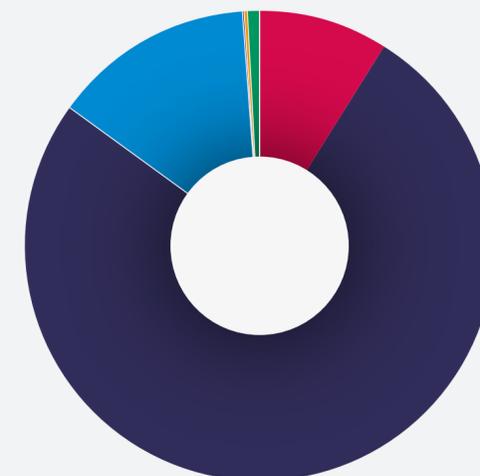
1 Bedroom	7,188
2 Bedroom	7,757
3 Bedroom	5,050
4 Bedroom	619
5 Bedroom	48
5+ Bedroom	11

## PROPERTY BY REGION



East	23.75%
North East	16.82%
North West	21.32%
South	19.97%
Yorkshire	18.14%

## TENURE TYPE



Older Person's Accommodation	1860
General Needs	15,752
Leasehold, Freehold & SO	2,844
Temporary	30
Market Rent	17
Intermediate Rent	170

Grand Total 20,673

# CORPORATE STRATEGY 2021-24

## OUR STRATEGIC OBJECTIVES

- 1 Quality Homes,  
Sustainable Communities
- 2 Personal Customer Experience
- 3 Inspirational Workplace



# STRATEGIC OVERVIEW

## DELIVERY HIGHLIGHTS - 31 MARCH 2022

### Quality Homes, Sustainable Communities

- Selected as a Homes England Strategic Partner – Over 60% of our programme will be land led and built to higher environmental standards to achieve an EPC rating of 'A'
- Homes England partnership will see delivery of 3,305 new build homes with grant investment of £210m over the next five years
- Securing £125m of funding via the Social Housing Decarbonisation Fund (Wave 1)
- Carbon Literacy Programme rolled out for all employees

### Personal Customer Experience

- Implementation of R&M transformation project recommendations
- Income performance target achieved for 21/22 and 280 fewer customers were in debt
- Specialist training provided to dedicated Housing Hub contact centre to ensure colleagues are alert to customers at risk of fuel poverty and wider financial challenges maximising signposting opportunities
- Use of data and insight to target resources and increase efficiencies

### Inspirational Workplace

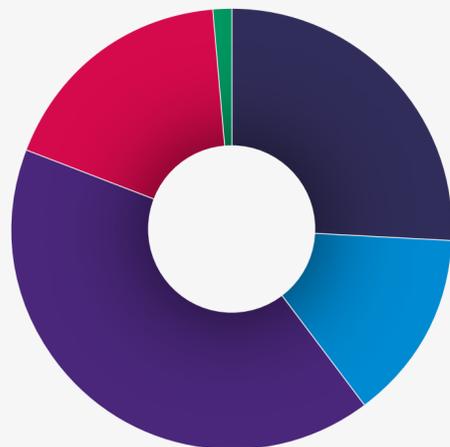
- Services delivered consistently throughout pandemic
- Full implementation of agile working, simplifying our approach to working flexibly, efficiently, removing bureaucracy to improve customer outcomes
- Best Companies 2 star accreditation retained in 2022 – 7th best HA to work for
- More Than Homes – over £400k raised to tackle food poverty



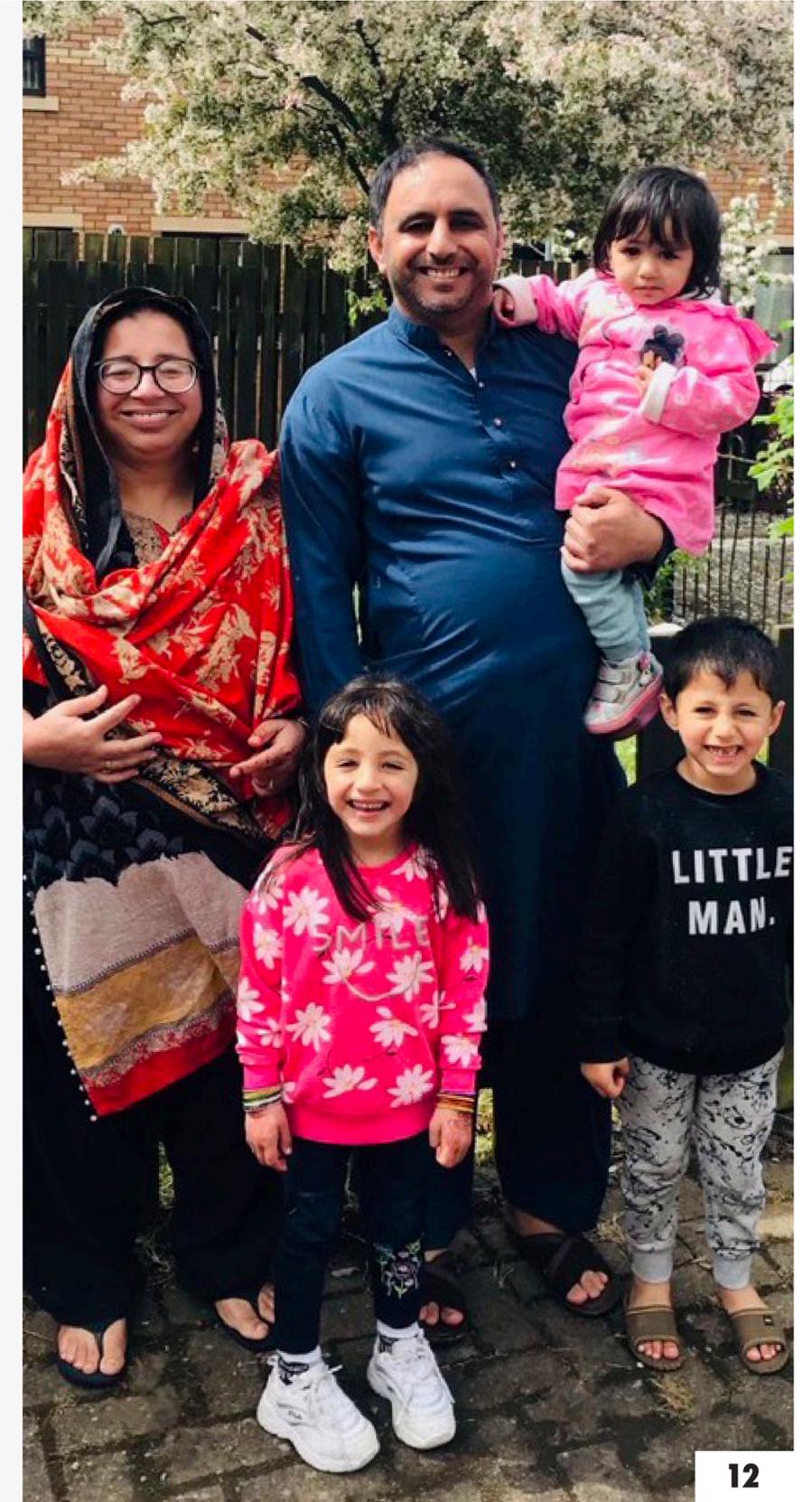
# CUSTOMERS' FINANCIAL RESILIENCE

- Data driven approach to target customers with least resilience to increasing cost of living
- Income strategy grounded in arrears prevention and building customers' financial independence via signposting to network of specialist agencies for financial and employment support
- Universal Credit migration plan in place based on tailored customer support
- Majority of rent paid by customers is paid by direct debit and MyAccount which provides visibility of payment patterns
- Trusted status with the DWP in all operational areas means we can apply for managed payments
- Increased national and local network of support to increase financial resilience of customers via specialist agencies

## HOW DO OUR CUSTOMERS PAY



Universal Credit	5,374	25.9%
Housing Benefit	2,876	15.0%
Self-Funded	8,475	38.2%
Multiple (Part HB/Self-payer, Part UC/Self-payer)	3,678	19.3%
Empty homes	270	1.6%
<b>Grand Total</b>	<b>20,673</b>	



# **ASSETS AND SUSTAINABILITY**



# ASSETS AND SUSTAINABILITY

## Stock Condition

- Substantial proportion of modern stock – over 60% of homes less than 40 years old
- Stock condition data routinely collected
- Planned programmes in place to ensure properties meet the Decent Homes Standard
- Building safety – 3 high-rise blocks
  - 1 new-build – enhanced fire alarm systems in place
  - 2 existing blocks with fire safety remedial work underway (£3.5m)
- Significant investment in fire safety works (£3.5M) over last 5 years

## Sustainability Approach

- 85% homes achieve above EPC Band C (sector average is 56%)
- Plans in place to achieve 100% Band C by 2030
- Fuel poverty defined and highest risk households identified

## Key Principles:

- Fast followers – not trailblazers with a fabric first approach
- Utilise available funding opportunities
- Maximise planned programme activities and business as usual activities
- Education – customers and staff

## Maintenance Services

- New operating model – reduce financial exposure for Accent/provide flexibility
- Investment in new 'technical' contact centre – went live 1st October
- Investment in technical skills, professional development, 'growing our own'
- Re-visit of landlord/tenant responsibilities
- Dynamic Purchasing System in place to enable easy market testing/value for money procurement



# **DEVELOPMENT AND SALES ACTIVITIES**

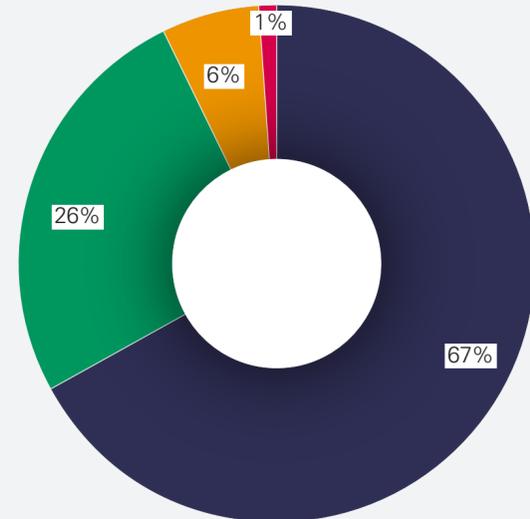


# DEVELOPMENT OVERVIEW

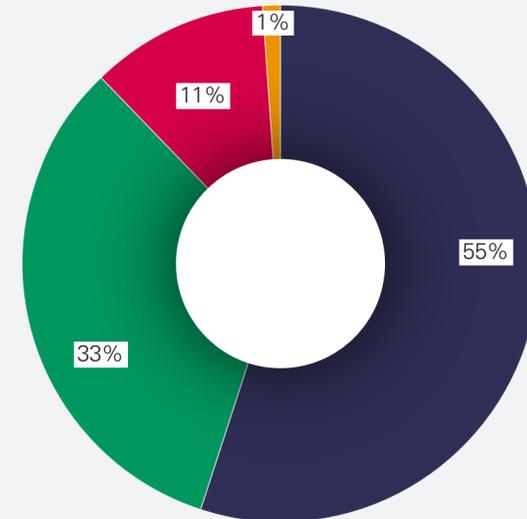
## AS AT 31 MARCH 2022

We have made good progress on the delivery of our Development and Growth Strategy approved by our Board in March 2019.

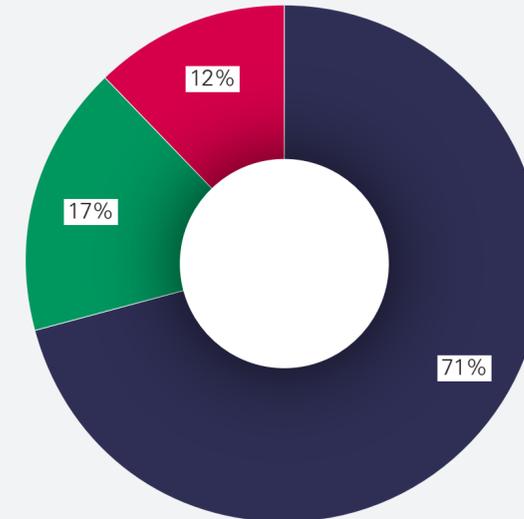
**COMPLETION BY TENURE 2021/22**  
248 HOMES



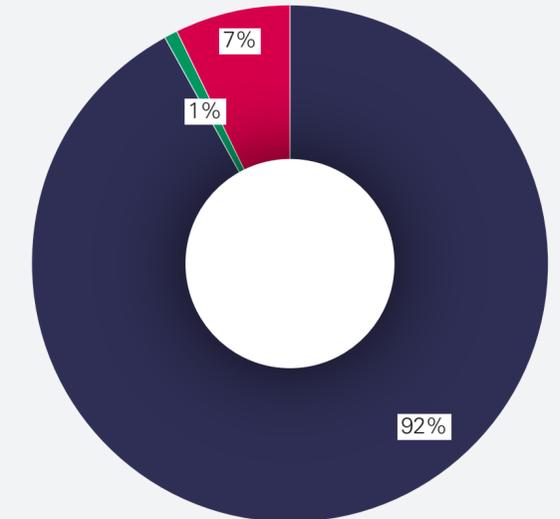
**COMMITTED PROGRAMME BY TENURE**  
949 HOMES



**COMPLETIONS BY REGION 2021/22**  
248 HOMES



**COMMITTED PROGRAMME BY REGION**  
949 HOMES



■ Affordable Rent  
 ■ Social Rent  
 ■ Shared Ownership  
 ■ Open Market Sale

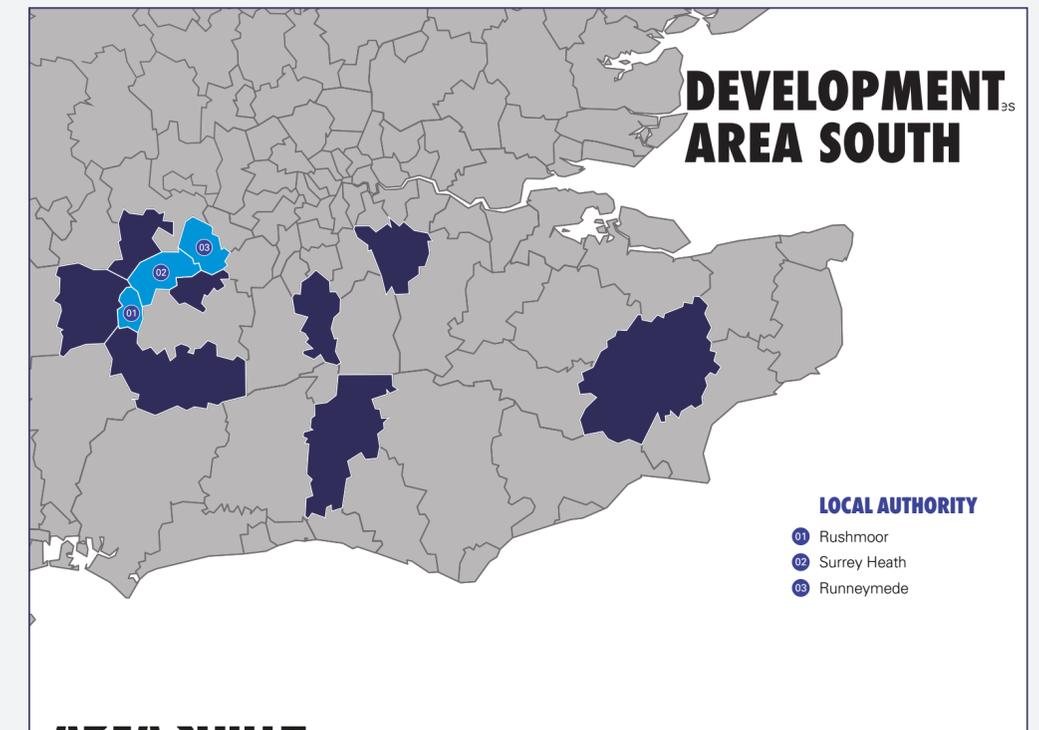
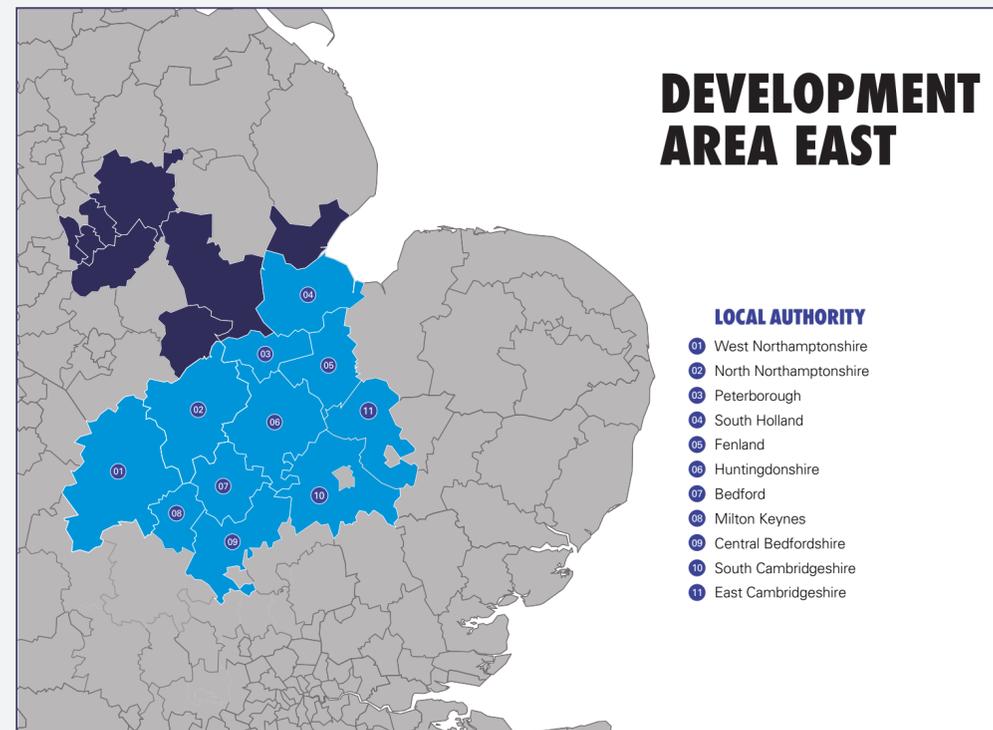
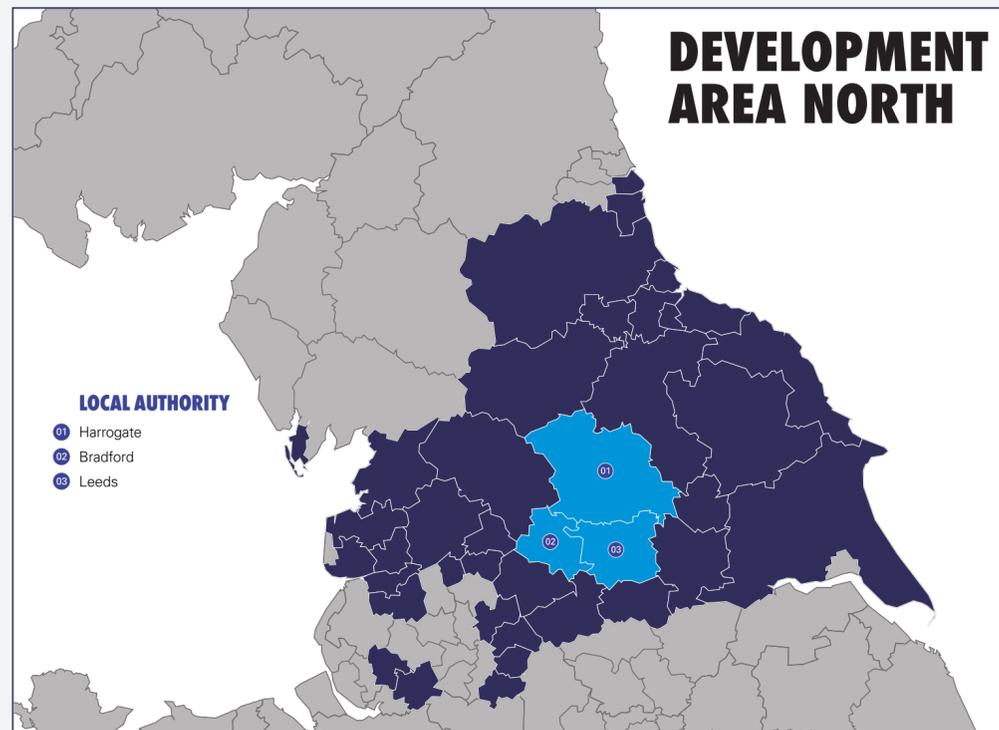
■ East  
 ■ South  
 ■ North

- > In 2021/22 we delivered 248 new build homes (Target 220).
- > We also made a start on the delivery of 536 new homes (Target 600).
- > In contract to deliver a total of 949 homes on 21 sites as at 31 March 2022.
- > 70% of our programme is land led and 30% of our programme is S106.
- > Commitment to deliver all land led programme homes to EPC A standard (559 currently on-site).

All of the data presented in the above charts is at 31 March 2022 and reflects the committed programme at that time.

# DEVELOPMENT AND SALES ACTIVITIES

We have reviewed our key areas of interest for the delivery of new homes with a reduction in the number of local authority areas...



● Areas where we have homes      ● Focus for development

# SHARED OWNERSHIP SALES

We sold 55 shared ownership homes in 2021/22 against a target of 23 (income received 2021/22 £5,000k against a target of £2,500k)

- Average Days From Release to Reservation: 18
- Average Days From Reservation to Exchange: 123

# PRIVATE SALES ACTIVITY

- We developed one private sale site during the last financial year at Little Downham near Ely
- The scheme delivered 15 homes with a GDV of £6,182k (against target of £5,495k) in combination with 6 shared ownership (target £623k final income £762k) and 6 homes for rent
- All private sale homes are sold



# FINANCIAL RESULTS



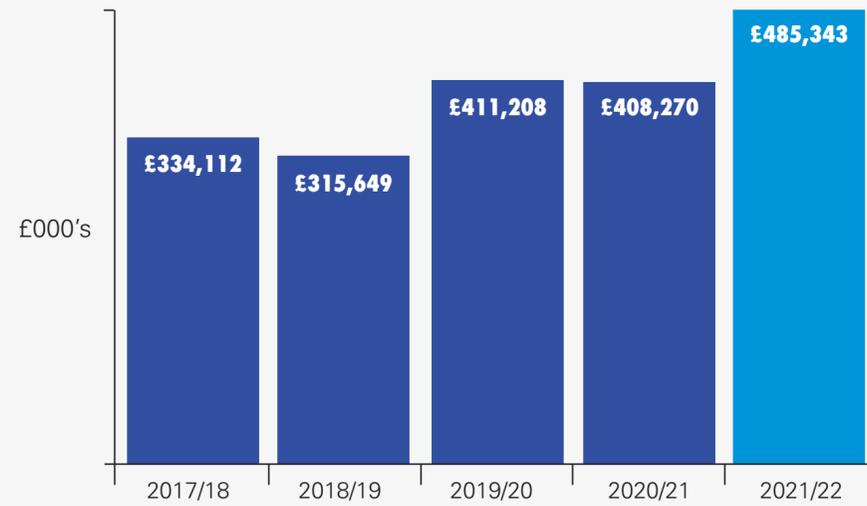
# FINANCIAL RESULTS FY21 v FY22

- Overall operating margin of 25.1% in FY22 vs 30.6% in FY21
- EBITDA-MRI as % of turnover of 21.6% compared to 32.1% in FY21
- Rent receivable increased by £1m as a result of rent settlement (CPI+1%)
- Strong income management – net current arrears as % of lettings turnover at 2.1% from 2.12%. Teams have targeted customers and provided support to mitigate arrears increases
- Rental income lost from voids down at £1.0m (1.1%) from £1.3m (1.4%) in FY21 as properties no longer held for covid mitigation
- Cost per unit at £3,512 from £3,154 as R&M activity reactivated following covid delays
- Gross debt increased to 21.6x from 12.4x as retained bond issued in October 2021 – increasing cash holdings to £158m
- EBITDA /MRI Interest expense – reduced to 1.91x from 2.77x due to bond issuance increasing interest payable. £43m in variable debt

5 Year Summary Financials		Audited 2017/18	Audited 2018/19	Audited 2019/20	Audited 2020/21	Audited 2021/22
Turnover	£'000's	96.1	94.9	100.5	103.3	<b>108.1</b>
Overall Operating surplus	£'000's	30.3	22.9	24.0	31.6	<b>27.1</b>
Overall Operating Margin %	%	31.5%	24.1%	23.9%	30.6%	<b>25.1%</b>
EBITDA MRI interest cover	times	2.67x	1.94x	2.04x	2.77x	<b>1.91x</b>
Interest cover (social housing excl grants)	times	2.02x	1.40x	1.30x	1.82x	<b>1.29x</b>
Gross Indebtedness	£'000's	334.1	315.6	411.2	408.3	<b>485.3</b>
Gearing	%	56%	47%	53%	50%	<b>51%</b>

# FINANCIAL METRICS

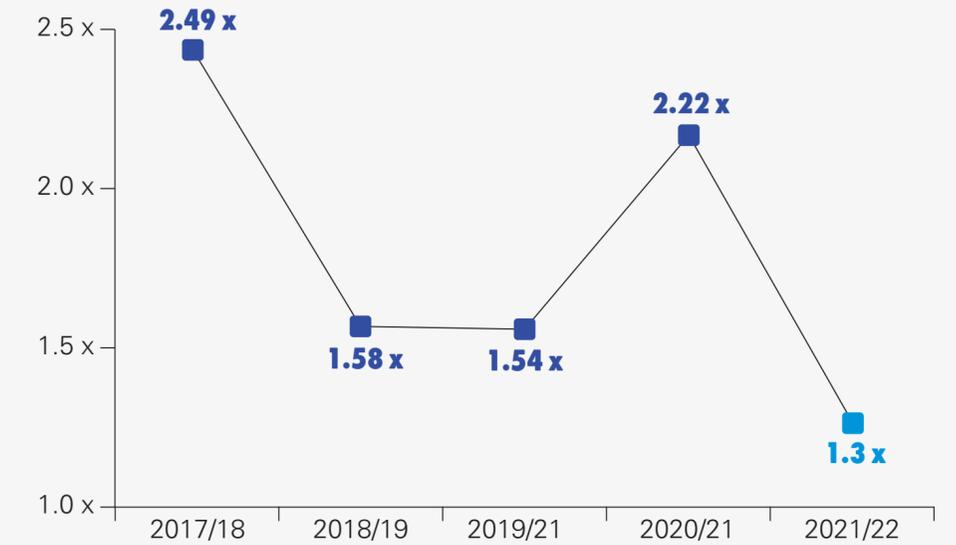
**GROSS DEBT**



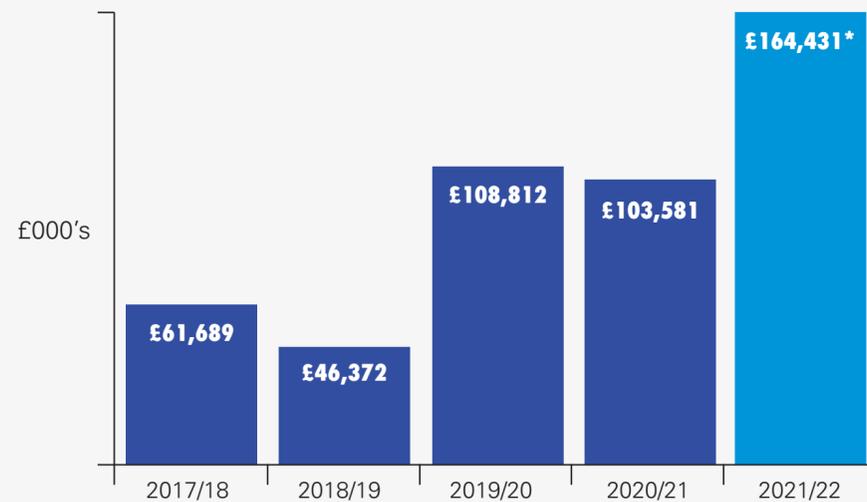
**GROSS DEBT PER UNIT**



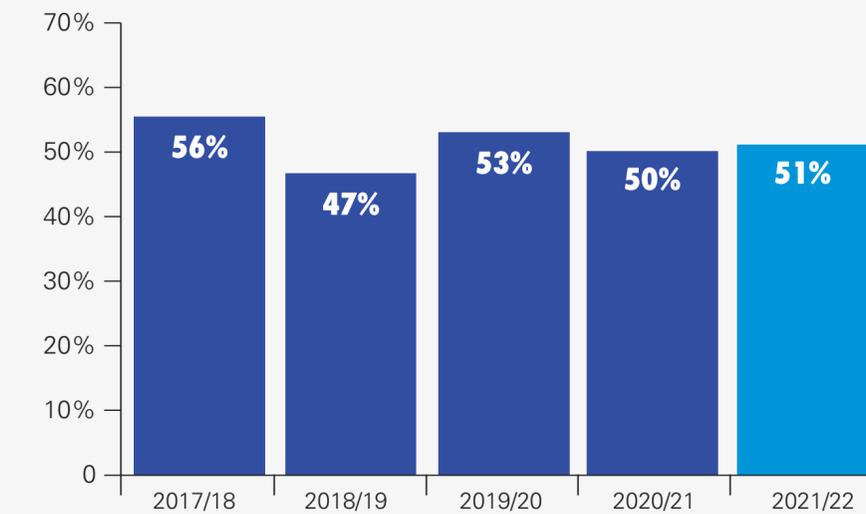
**EBITDA (inc. DVPLT & SALES)**



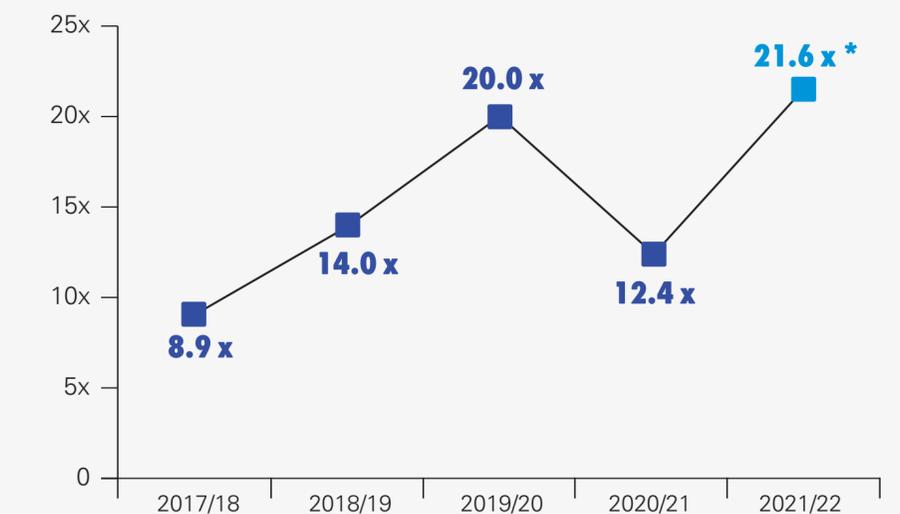
**CASH & EQUIVALENTS**



**GEARING**



**GROSS DEBT / EBITDA**



\*High cash balance following bond issuance in October 2021

\*Increase in gross debt following bond issuance in October 2021

**HALF YEAR TO 30  
SEPTEMBER 2022**

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# HALF YEAR TO 30 SEPTEMBER 2022 HIGHLIGHTS

- Overall Surplus before tax of £17.2million, increased operating costs anticipated in second half of the year as a result of increased utility costs
- Delivery of 81 new homes of which 74 are affordable tenures
- 31 homes sold or sstc (no released properties unsold at 30 September)
- Standard and Poors reaffirmed rating of A (stable outlook)
- Liquidity (undrawn facilities and cash) of £139 million
- Commenced retrofit pilot in two regions with support of SHG Wave1 funding
- New technical contact hub established (go live early October 2022)



# DEVELOPMENT

- 81 new build homes handed over in six month period to 30 Sept 2022 (2021: 65 )
- Start on site target of 492 units by the end of financial year with 371 currently forecast. Planning is causing some delay in build profiles
- Expecting to meet our completion target of 314 units by the end of the financial year

	Completions six months to 30 Sept 2022	Completions six months to 30 Sept 2021
Rented	57	57
Shared Ownership	17	7
Outright	7	1



# SALES PERFORMANCE

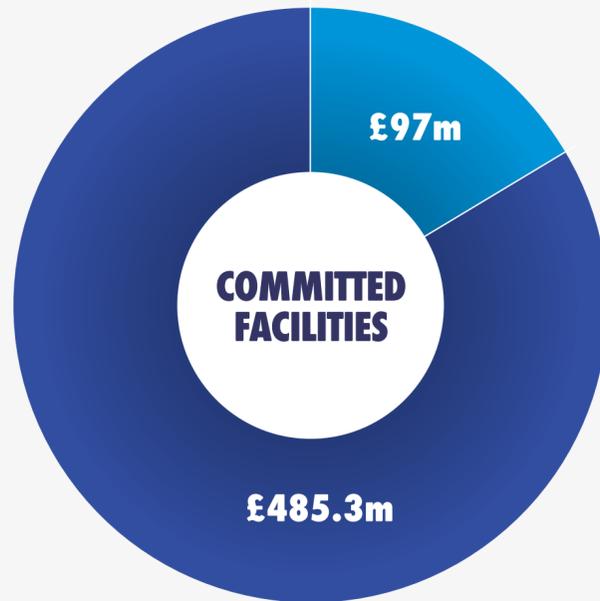
- 20 shared ownership sales with a value of £2,570k completed in six month period to 30 Sept 2022 (Sept 2021: 6 units £1.080k)
- Strong performance – average time to sell of under one month (25 days) and average first tranche sale 41%
- At 30th September there were 8 shared ownership properties available for sale – all being sstc (Sept 2021: 3)
- 11 Outright sales completed in six months to 30 Sept 2022 with value of £4,550k. No outright sales were completed in 2021



# KEY FINANCIALS

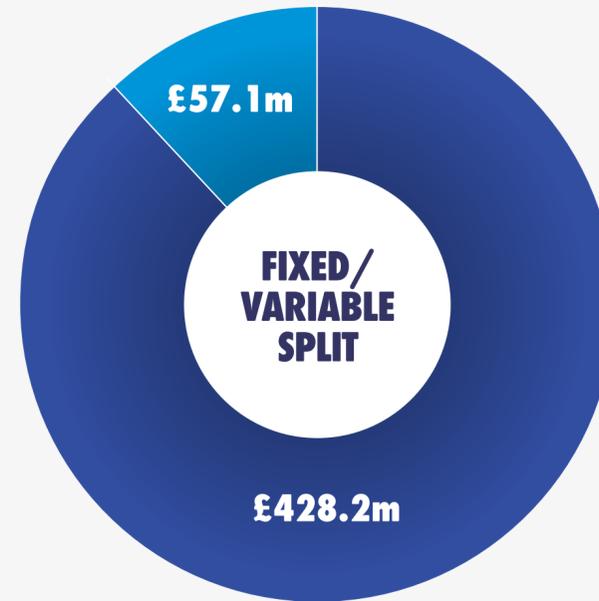
Key financial indicators	6 months ended 30 September 2022	6 months ended 30 September 2021
Turnover £000	58,644	51,191
Operating Surplus £000	17,248	12,892
Operating margin (overall)	27.0%	25.2%
Operating margin (Social Housing lettings)	26.1%	22.6%
Surplus before tax £000	11,623	8,377
Gearing (traditional basis)	53.2%	52.2%
Interest Cover (EBITDA MRI)	316%	328.4%
Net debt £million	346.2	346.4
Cash at bank (excl ringfenced funds) £million	139.0	84.0

# TREASURY



■ Drawn: £485.3m  
■ Undrawn: £97m

Liquidity position (Sept 22): £97m undrawn facilities plus £133m in deposit accounts alongside operational bank balances. Policy is to maintain liquidity to cover a minimum of 18 months cash requirements.



■ Fixed: £428.2m  
■ Variable: £57.1m

'Vanilla' loan book with high level of fixed debt providing protection against market volatility. At 30 Sept 88.2% of debt was fixed, remaining 11.8% was held within variable bank facilities.



■ Changed: £896.8m  
■ Unchanged: £318.8m

Significant pool of unencumbered assets – estimate based on conservative management EUVSH valuation. Existing security includes circa £182m of headroom against lender requirement.



# CONCLUSION

- Strong delivery against corporate objectives despite ongoing economic challenges
- Clear risk management processes and external verification
- Robust arrears management and income collection
- Homes England Strategic Partnership securing funding and investment
- Positive sales performance
- Investment in R&M skill set, EPC C by 2030
- Low exposure to building safety
- Positive financial outturn and strong retained bond sale



**Q&A**

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