

Hummersea, Loftus



Beyond Housing

Fixed Income Investor Presentation

November 2024



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Presenting team



Rosemary Du Rose
Chief Executive

Rosie joined Beyond Housing in 2019. Previously she was Executive Director of Operations for Home Group. She has extensive experience of customer operations, change management and strategy, and has worked in the civil service, financial sector and telecommunications.



Steve Rawson
Acting Chief Finance Officer

Steve joined Beyond Housing in 2020 after 14 years as Managing Director/ Executive Director of Resources at Wakefield & District Housing. Steve has over 30 years experience in the social housing sector in local government, the private sector and housing associations. Steve is a fellow of the chartered institute of public finance accountants and a chartered member of the chartered institute of housing.



Clare Harrigan
Director of Development

Clare has over 25 years' experience in affordable housing development regionally and nationally. She has a background as a chartered quantity surveyor, having worked in both private practice and contracting.



Anthony Green
Head of Finance

Anthony's role covers accounting, financial planning, treasury management, transactions services, which includes rent setting, payroll and regulatory compliance. He has worked at Beyond Housing since October 2003, starting as a management accountant, before being promoted to Head of Finance in 2012.

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Introduction and overview



Credit highlights

- **Regionally focused with social tenures at our core**

- 15,000+ units in the North-East of England
- 84% of turnover derived from social housing lettings.

- **Operating in areas of high housing demand**

- Intricate understanding of local demand dynamics
- 5,000+ waiting lists across our operating areas.

- **Measured development pipeline**

- Flexible development programme delivering c.2,750 new homes by 2031
- Development plan comprises 85% affordable homes, 10% outright sale cap

- **Governance and risk**

- G1
- Established governance and risk framework

- **Robust environmental, social and governance (ESG) strategy**

- Sustainability is embedded in Beyond Housing's strategy
- Sustainable Bond Framework showcasing Beyond Housing's strong social and environmental impact.

15,300+

Homes
owned or
managed

£93.7m*

Turnover

84%*

Turnover from
social housing
lettings

17.2%*

Operating
margin (social
housing)

54.5%*

Gearing

150%*

EBITDA-MRI
interest cover

**A2
(stable)**

Moody's
current rating

G1/V1**

Regulatory
grading

**Beyond Housing Annual Report 2023/24 as per VfM metrics*

*** March 2024 following IDA*

About us



Providing over
15,300
HOMES



SERVING
30,000
PEOPLE



EMPLOYING
782 PEOPLE



COVERING **411**
SQUARE MILES

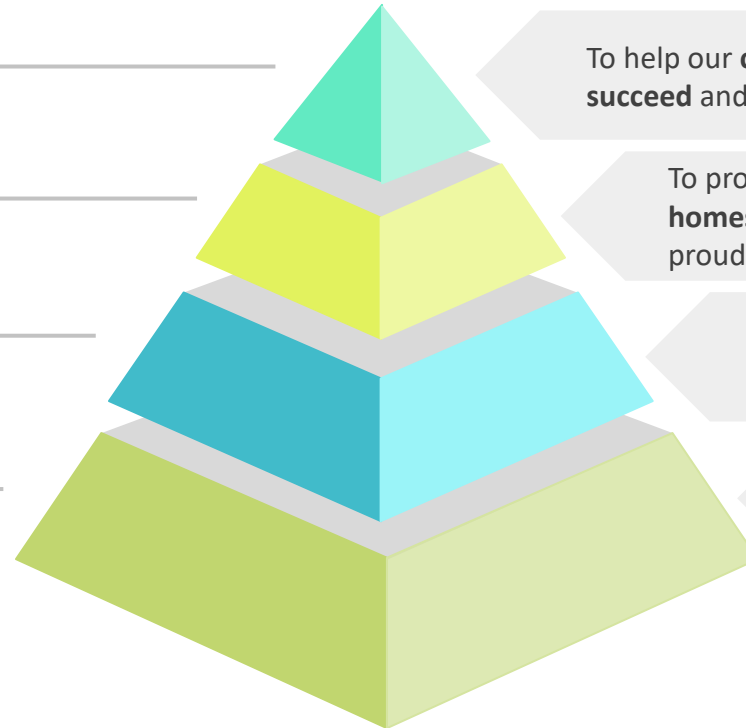


1 **Purpose**
What we want to be

2 **Mission**
Why we exist

3 **Values**
What's important to us

4 **Strategy**
How we will achieve it



To help our **customers and communities** to **succeed and thrive**

To provide **services** our customers value, **homes** they want and **places** they are proud of, delivered by **people** who care

Considerate
Accountable

Ambitious
Collaborative

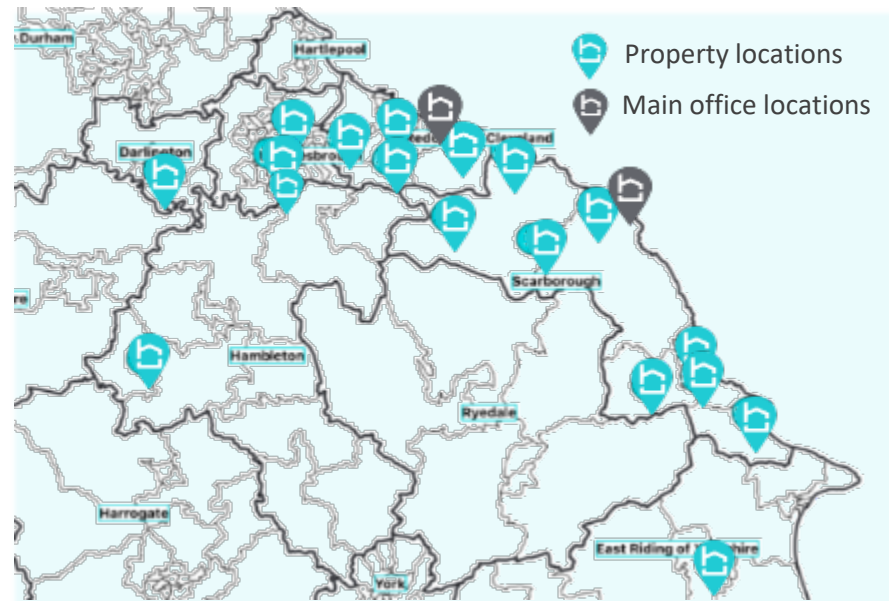
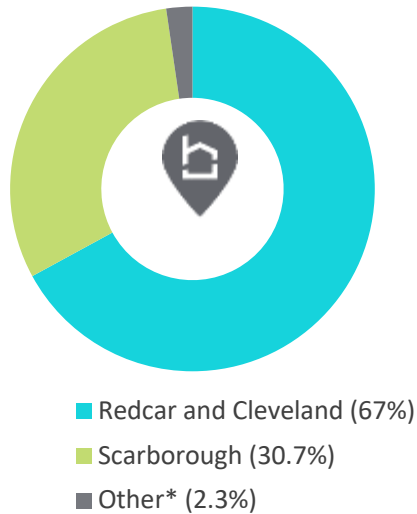
Homes
Places

Services
People

Operating area

- Beyond Housing owns and manages c15,300 homes across seven local authorities in the North East, housing over 30,000 customers
- Operating area sits within two combined authorities of Tees Valley and North Yorkshire

Portfolio overview



*Other includes Stockton-on-Tees, Darlington, Middlesbrough, Hambleton & East Riding

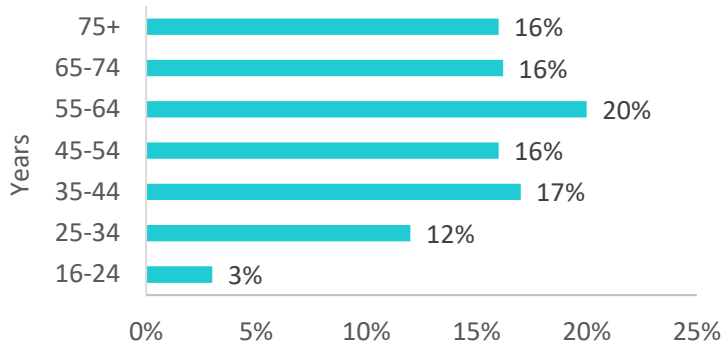


Operational performance

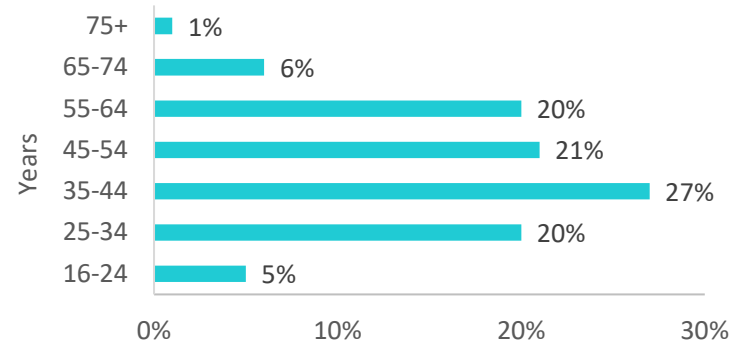


Our customers

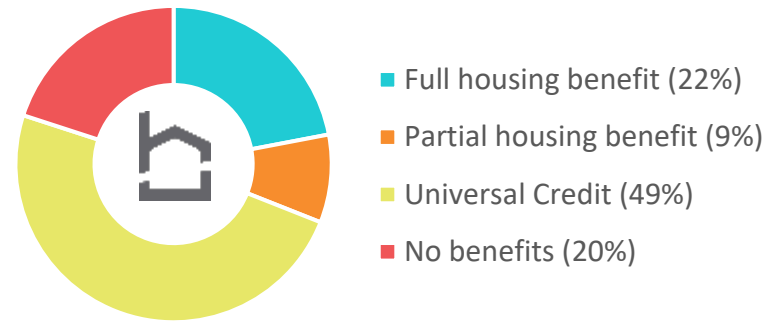
Age of main tenant (all tenures)



Age of Universal Credit (UC) claimants



Benefit status



- The number of UC claimants has increased from 5,902 in Sept 2023 to 7,169 as at 16 Oct 2024
- We expect c.1000 new UC claims in FY 24/25. Overall claimant levels have increased from 77% 80%.

Source: Beyond Housing as at 16 Oct 2024

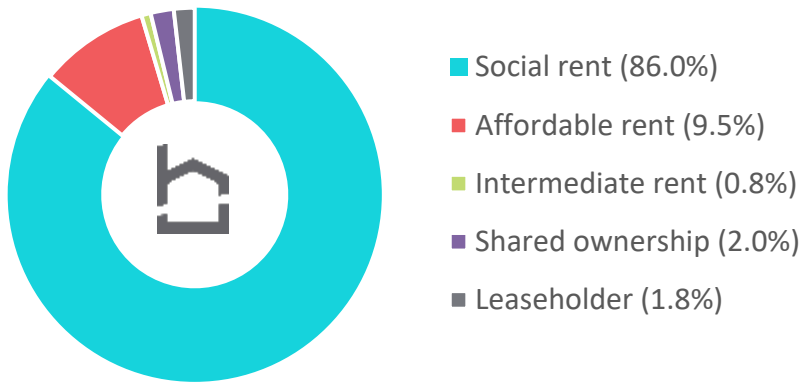


The Cliffs, Brotton

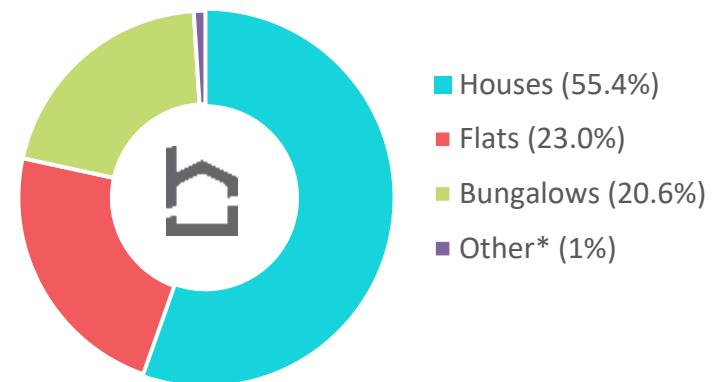
Our stock

- Social rented stock has reduced from 86.6% to 86.0% due to most new build activity being either at affordable rents or shared ownership.

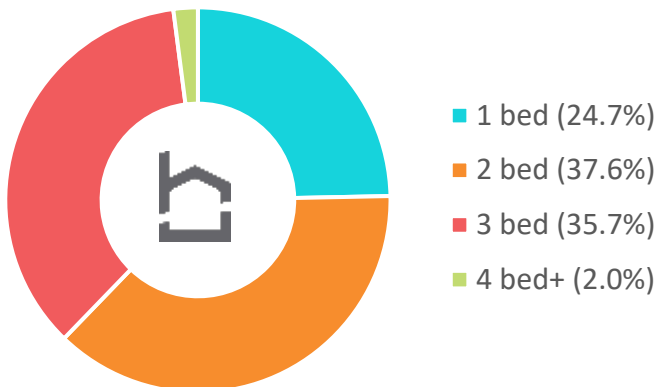
Tenure split



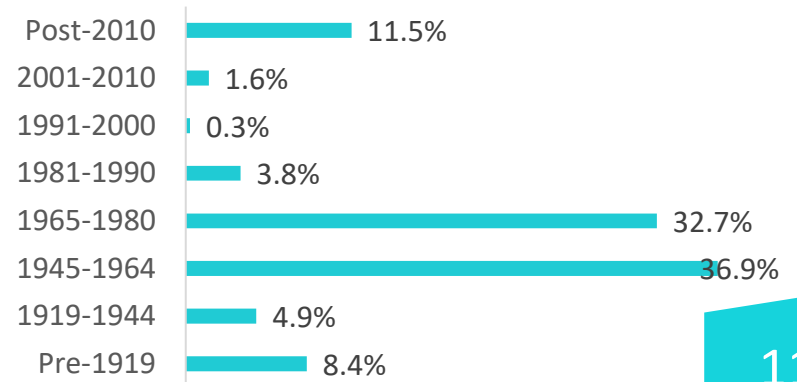
Stock split by type



No. of bedrooms



Domestic stock construction year



Source: Beyond Housing as of 16 October 2024

*Other includes bedsits and maisonettes

Operational performance

Rent arrears have remain stable overall with the majority of the increase reflecting high rent inflation.

Void loss has increased due to the decant of customers from Spencerbeck House (72 units) as the building is prepared for demolition. Rent inflation, volume and increased need for capital investment have impacted..

The **increase** in the SHCPU has been driven primarily by inflation and repair volumes

Key performance indicator	2023/24	2022/23
Current tenant rent arrears (£m)	£2,329,825	£2,120,103
Rent loss through voids (£)	£1,697,076	£1,324,333
Rent collected as % of rent due	99.8%	99.6%
Re-let times (all standard re-lets) (days)	46.0	40.6
Social housing cost per unit	£4,243	£4,228
Customer satisfaction (%)	67.6%	65.6%
Complaints responded to within target timescales	82.1%	100%
Percentage of repairs completed on time (%)	89.8%	88.9%

2023/24 Tenant Satisfaction Measures (TSM) scores

		21/22	22/23	23/24	Change
1	Overall satisfaction with the service provided by us	65%	66%	68%	+2%
2	Overall satisfaction with repairs in the last 12 months	61%	64%	72%	+8%
3	Satisfaction with time taken to complete most recent repair	64%	63%	62%	-1%
4	Satisfaction that the home is well-maintained	65%	65%	67%	+2%
5	Satisfaction that we provide a home that is safe	73%	71%	72%	+1%
6	Satisfaction that we listen to tenant views and acts upon them	47%	48%	56%	+8%
7	Satisfaction that we keeps tenants informed about things that matter to them	56%	54%	61%	+7%
8	Agreement that we treat tenants fairly and with respect	58%	62%	71%	+9%
+	Satisfaction Beyond Housing is easy to deal with	67%	67%	65%	-2%
+	Agreement that you can trust Beyond Housing to do what we say we will do	59%	54%	53%	-1%
9	Satisfaction with our approach to handling of complaints	17%	25%	28%	+3%
+	Satisfaction with the outcome of your complaint	22%	25%	31%	+6%
10	Satisfaction that we keep communal areas clean and well-maintained	53	54%	49%	-5%
11	Satisfaction that we make a positive contribution to neighbourhoods	36%	41%	52%	+11%
12	Satisfaction with our approach to handling anti-social behaviour	22%	39%	52%	+13%

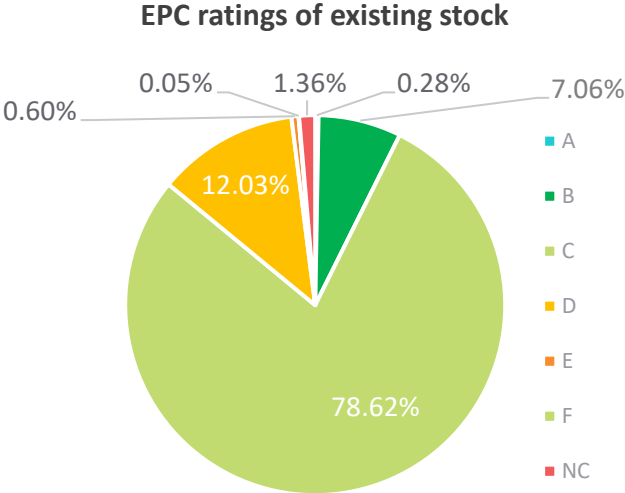


**Environmental, social and
governance**



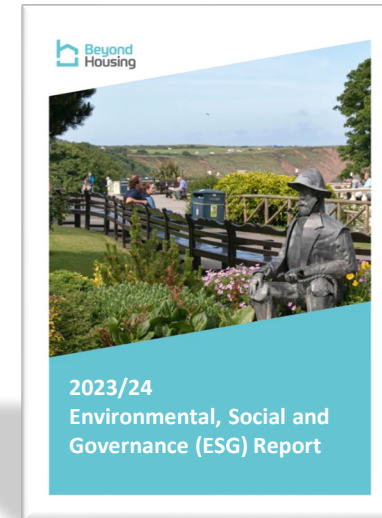
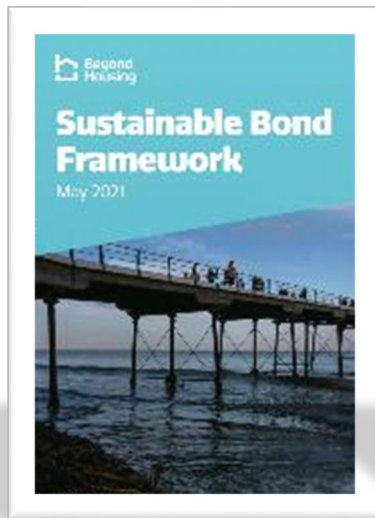
Environmental strategy

- We continue to invest in a low regret (fabric first) programmes including loft insulation top ups, removing secondary heating and installing smart thermostatic radiator valves, smart thermostats and low energy light bulbs
- Secured £1,126,407 of social housing decarbonisation funding (wave 2) in June 2023; 2 projects currently in delivery, expected completion March 2025
- 86% of homes meet the Energy Performance Certificate (EPC) C target. Target is 100% before 2030.
- Business scoped emissions increased to 1,433tCO₂e in 2023/24 compared to 1,209tCO₂e in 2022/23. This was due to more accurate reporting, especially around fleet.



Sustainable bond framework

- Sustainable Bond Framework developed in 2021 - enabled green, social and sustainability bond issuance
- Allocation and impact report published – September 2024
- Annual ESG report published – September 2024*



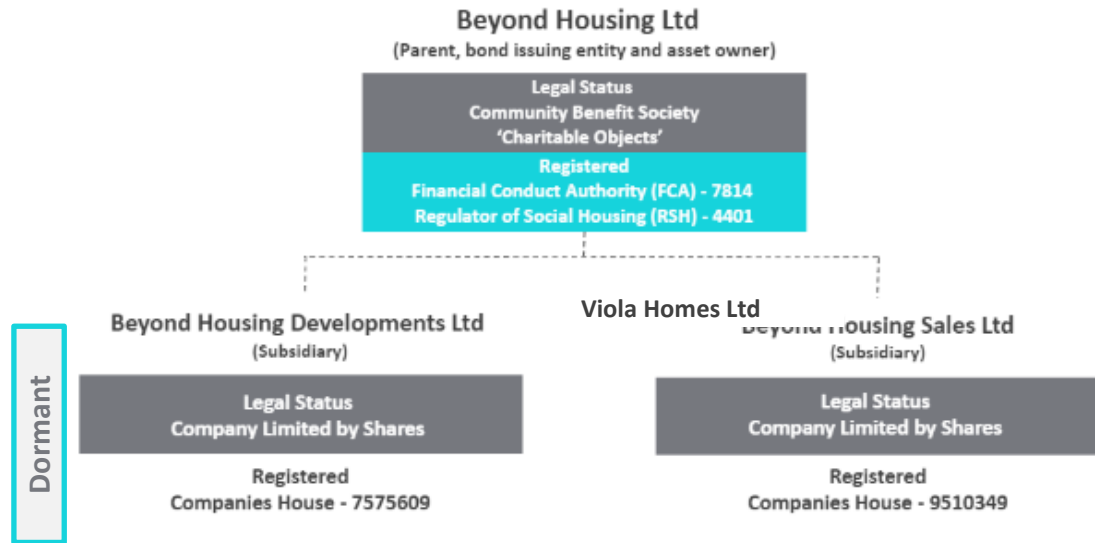
Contribution to UN SDGs:

- Affordable housing
- Green buildings.



*available on our website

Organisational structure and governance



- G1/V1 rated organisation*
- 2025 – 2030 strategy in development – launch April 2025
- Independent governance review carried out 2024 – high assurance (effective board, compliant with code gov)
- Beyond Housing Developments – dormant from April 2023
- New Chief Finance Officer – takes up position on 2 December 2024
- New chair and three non-executive directors** appointed 19 September 2024 (in line with succession plan)
- At 31 March 2024, board comprised of 9 members (70% women and 30% men). At 19 September 2024, board comprises of 11 members (73% women and 27% men)
- 2023 mean gender pay gap was 6.1 (2.3 in 2022) and median gender pay gap was 7.2 (5.9 in 2022), compared to 13.2 and 14.3 respectively in the UK overall.

*IDA Regulatory judgement – March 2024

**More details on board members and executive team can be found on the Beyond Housing website - <https://beyondhousing.co.uk/about-us/our-people/>

Social impact is at our core

- Our social impact work is focused on **regeneration**, **tackling homelessness** and **providing affordable homes**:
- Tackling **homelessness** by working with partner local authorities to support **over 90 people** to who have been habitual rough sleepers to access and sustain a home
- Delivering our **regeneration** strategic plan by investing in 'Locality Plan' areas and smaller scale neighbourhood improvements, led by customer feedback
- **Community investment** is important to us. In 2023/24 we supported local people through employment programmes and initiatives delivering:



Case study: Dormanstown Locality Plan, Redcar

To deliver lasting and tangible improvements to community issues, our '**Locality Plan**' aims to target our resources and leverage those of stakeholders into the area. Working with range of partners, actions so far include:

- Clean up days with the council, community and charities
- Reducing pests, working with Northumbrian Water, community and landowners
- Limiting off road bikes, working with Cleveland Police and funding a 'stinger'
- Delivering income advice and a campaign with the council and charities to reduce use of loan sharks
- Supporting a school breakfast club and eco shop with Greggs Foundation.



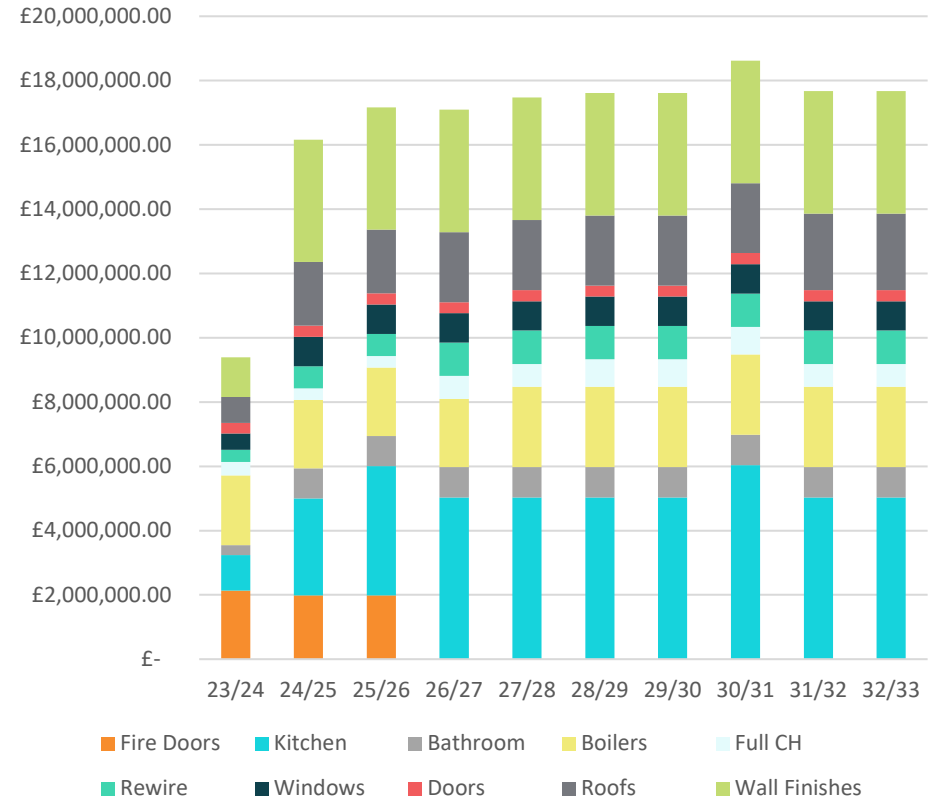
Asset management and development



Strategic asset plan

- **100%** of homes and estates will remain decent homes compliant
- **100%** of properties will maintain current, up to date stock condition survey (<5yrs old)
- Carbon footprint of **other assets** (excluding housing stock) will reduce by **c.20% by 2025** (disposals and refurbishment) from a 2020 baseline
- £6.5m in budget to bring existing portfolio to **EPC C by 2030**
- Use an **asset performance tool** that utilises financial and non-financial indicators to assess property/estate viability

30 Year capital expenditure programme



Asset management 2023/24 highlights

- **£11.7m** invested
- **829** fire doors replaced
- **126** bathrooms installed (**100%** of programme)
- **338** kitchens replaced (**100%**)
- **334** doors installed (**96%**)
- **143** window replacements (**98%**)
- **51** properties fully rewired (**100%**)
- **74** roof replacements (**100%**)
- **21** full central heating systems installed (**100%**)
- **646** boilers installed (**100%**)
- **22** door entry systems upgraded (**100%**)

Damp and mould

- Dedicated damp and mould team to assess and review all reported cases
- Introduced service changes to meet Awaab's law requirements for damp and mould from September 2024
- Severe and moderate: Priority responses of 24 hours (severe) and 7 days (moderate)
- Awareness campaign to customers for on importance of heating and ventilation to - which addresses majority of minor cases
- Providing hygrometers where required
- Complex repairs team introduced
- As at 31 October 2024 – 2 severe and 119 moderate cases

Decarbonisation, energy efficiency and building safety



Significant investment to support fire safety - £3m to fit up to 3,000 doors, 1,838 have already been fitted



One building (10 storeys) exceeds 18 metres which is fully decanted and awaiting demolition



10 blocks exceed 11 metres (Four 6-storey and six 5-storey). Building safety cases are being prepared should the scope of regulations change.



86% (85% last year) stock at EPC C or above. Significant investment to support energy efficiency target (EPC C) - £6.5m for EPC C plus external funding by 2030.



Anticipated further waves of Social Housing Decarbonisation Fund: Wave 2 projects currently in delivery – total investment £3.2m.

Development programme details

Total scheme cost committed of **£112 million** to deliver 691 homes

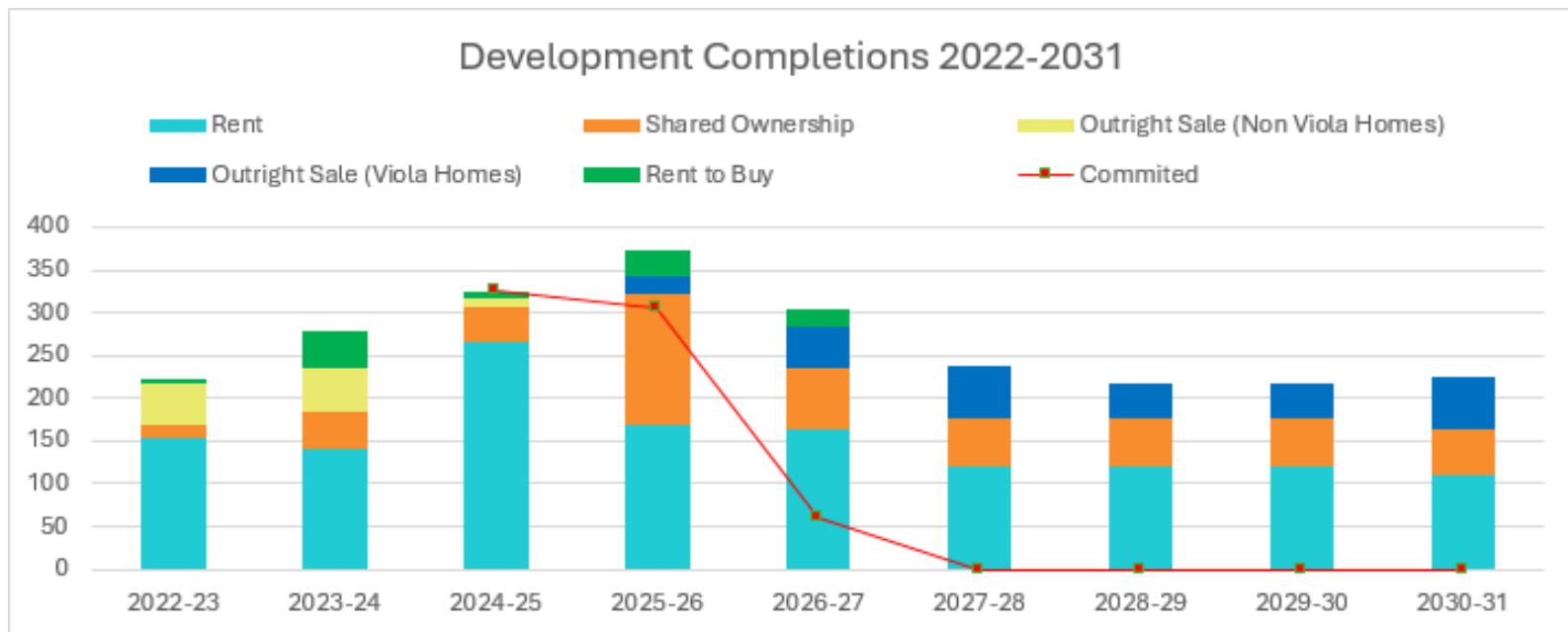
15 schemes currently on site and **153** starts and **337** completions in 2024/25

Model programme (and business plan) **2,750** homes to 2030/31 (43% by end 24/25)

Unsold homes (all tenures) – 13 (**KPI 20 or less**)

Energy efficiency – new homes minimum EPC B. ASHP/'off gas' on some schemes

Managed risks – Events car park (Ilke insolvency), competing priorities (assets)





Finance and treasury



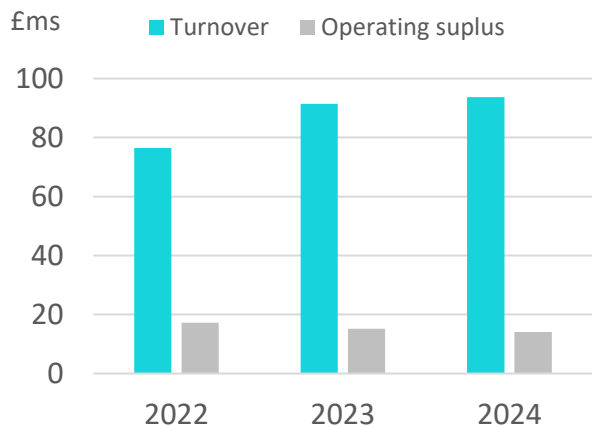
Financial update

- 2023/24 turnover remained broadly level with 2022/23. Increased rental income and shared ownership sales income were offset by reduced outright sales receipts.
- 2023/24 operating expenditure increased in the year due to inflation, repairs volumes whilst an impairment was processed that was £0.9m higher than the prior year.
- A loss on the disposal of fixed assets was recorded in 2023/24 due to lower RTB/RTA sales volumes, and the incurrence of demolition related spend.
- EBITDA-MRI for 2023/24 and 2022/23 are low due to impairments of £3.6m and £2.7m respectively.
- Our gearing level increased in 2023/24 as we received £22m cash receipt from our £40m bond issuance in November 2022.

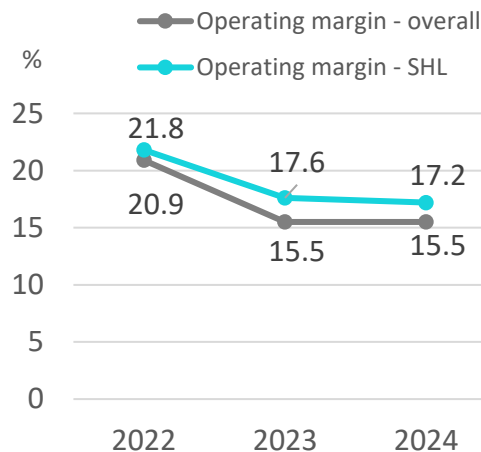
Summary financials (£000s)	As at Sept 2024*	FY 2023/24	FY 2022/23
Incomes			
Turnover	53,234	93,651	91,400
Cost of sales	(6,820)	(9,184)	(10,714)
Operating expenditure	(37,190)	(69,916)	(66,607)
Gain on disposal of housing properties	184	(493)	832
Operating surplus	9,408	14,058	14,911
Interest receivable	175	541	210
Interest and financing costs	(3,674)	(7,056)	(7,278)
Surplus before tax	5,909	7,543	7,843
Balance sheet			
Housing properties	479,771	466,776	428,168
Net assets	169,783	163,873	157,704
Cash and cash equivalents	22,060	20,673	27,344
Key ratios			
EBITDA-MRI interest cover	291.62	150%	119%
Gearing	52.5%	54.5%	48.5%

Historic performance

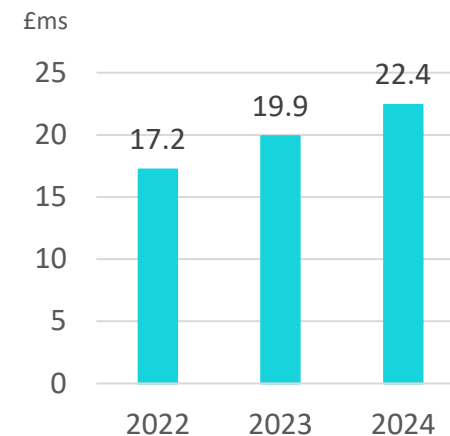
Turnover and operating surplus



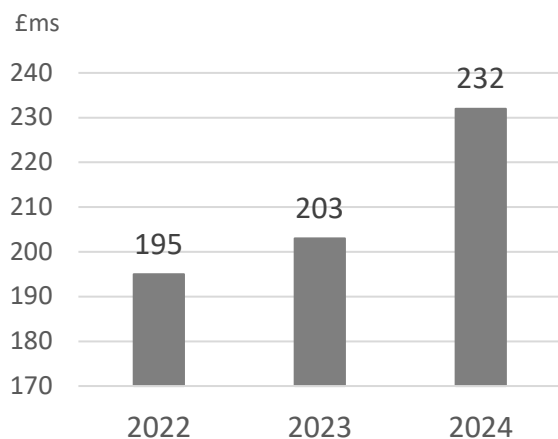
Operating margin*



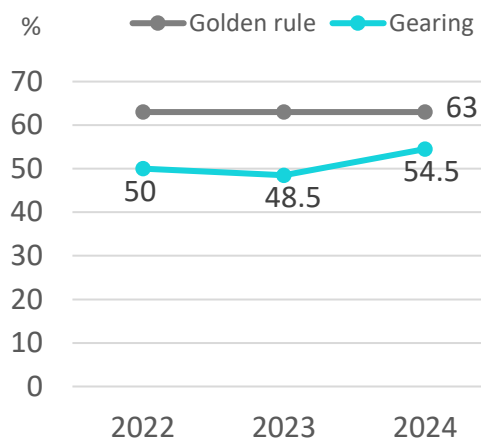
Planned & routine repairs spend



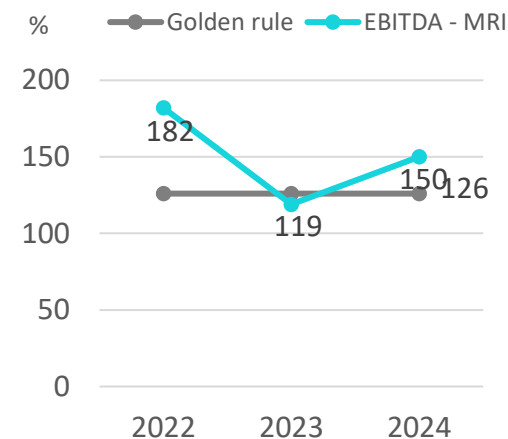
Net debt



Gearing



EBITDA-MRI Interest cover



***Operating Margins (2023 and 2024)** – include a number of exceptional charges that have reduced our operating margin (notably impairments). Excluding these our respective operating margin performance would be of 20.5%% and 19.8%.

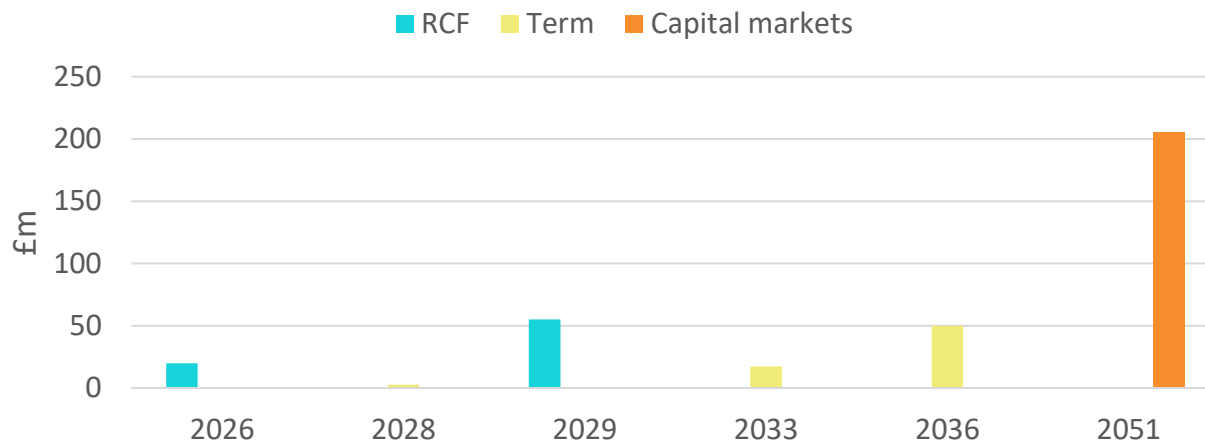
Treasury risk framework

- Board approved business plan sets ‘golden rules’ at tighter levels than lender covenants to ensure a healthy buffer is sustained
- Reported to all board meetings
- Three-year cash flow forecasts reported to all board meetings and include development and operational cash flow.

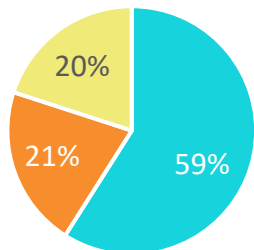
	Board Golden Rule	2023-24 Performance	Audit & Risk Committee July 2024 - Performance
EBITDA-MRI interest cover	121%	144%	268%
EBITDA interest cover	154%	N/A	311%
Asset Cover	126.50%	118%-137%	118%-192%
Net Borrowing: Housing Assets at Cost	<63%	44%-48%	43%-48%
Cash & Cash Equivalents	21 month requirement	>36 months	>36 months
Current Ratio	>1	2.0%	2.2

Treasury characteristics

September 2024 debt composition: £275m drawn, £75m undrawn in Revolving Credit Facilities (RCF £75m) and £45m retained bonds. The debt portfolio is 98% fixed.

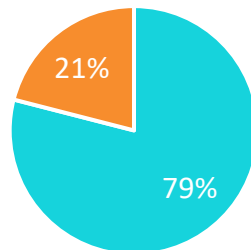


Bank vs Other debt



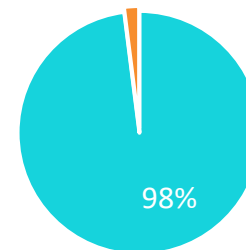
■ Capital markets ■ RCF ■ Term

Drawn vs Undrawn



■ Drawn ■ Undrawn

Fixed vs Floating (Drawn facilities)



■ Fixed ■ Floating

Value for money metrics

Value for money metrics	2023/24*	2022/23	North East median	Global median
Reinvestment %	14.1%	12.9%	6.1%	6.7%
New supply delivered % (social housing)	1.57%	1.05%	1.0%	1.3%
Gearing %	54.5%	48.5%	39.5%	45.3%
EBITDA-MRI %	150%	119%	133.9%	128.4%
Headline social housing cost per unit	£4,243	£4,228	£4,158	£4,586
Operating margin % (social housing)*	17.2%	17.6%	17.6%	19.8%
Operating margin % (overall)*	15.5%	15.4%	16.6%	18.2%
Return on capital employed % (overall)	2.9%	3.3%	2.6%	2.8%

***Operating Margin 2023/24** Overall/Social Housing – reflects one of item for impairment on Events Car Park Development scheme. The prior year reflected an impairment for the demolition of Spencerbeck House.

Credit highlights

- **Regionally focused with social tenures at our core**

- 15,000+ units in the North-East of England
- 84% of turnover derived from social housing lettings.

- **Operating in areas of high housing demand**

- Intricate understanding of local demand dynamics
- 5,000+ waiting lists across our operating areas.

- **Measured development pipeline**

- Flexible development programme delivering c.2,750 new homes by 2031
- Development plan comprises 85% affordable homes, 10% outright sale cap

- **Governance and risk**

- G1
- Established governance and risk framework

- **Robust environmental, social and governance (ESG) strategy**

- Sustainability is embedded in Beyond Housing's strategy
- Sustainable Bond Framework showcasing Beyond Housing's strong social and environmental impact.

15,300+

Homes
owned or
managed

£93.7m*

Turnover

84%*

Turnover from
social housing
lettings

17.2%*

Operating
margin (social
housing)

54.5%*

Gearing

150%*

EBITDA-MRI
interest cover

**A2
(stable)**

Moody's
current rating

G1/V1**

Regulatory
grading

**Beyond Housing Annual Report 2023/24 as per VfM metrics*

*** March 2024 following IDA*