

Report year/quarter: 20-21/Year-end

1. Financial performance

Projected Profit and Loss			
Item	Year end outturn	Budgeted projection	Variance
Total Income	£7,884,064	£7,566,277	£317,787
Total Expenditure	£8,170,985	£7,136,262	(£1,034,723)
Fair Value Gain/Loss	£1,886,087	£0	£1,886,087
Profit/Loss	£1,599,166	£430,015	£1,169,151

Q4 Balance Sheet position		
	Q3 end	Year end
Fixed Assets	£125,663,964	£130,340,625
Current Assets	£9,481,216	£8,579,982
Net Assets	£7,427,656	£7,623,548
Current Liabilities	£2,207,652	£5,297,412

Financial Ratios/Statistics

Ratio	Formula	Calculation	Q3 Outturn	Q4 Outturn
Profit Margin	$\frac{\text{Net Profit}}{\text{Net Sales}}$	$\frac{1,599,166}{7,884,064}$	21%	20%
Efficiency Ratio	$\frac{\text{Non-Interest Expenses}}{\text{Revenue}}$	$\frac{5,210,323}{7,884,064}$	1:2.12	1:1.51
Cash Ratio	$\frac{\text{Cash + Liquid Assets}}{\text{Current Liabilities}}$	$\frac{8,579,982}{5,297,412}$	1:0.24	1:0.62

2. Return on Investment

Financial	Cost Avoidance	Social Value
= Profit Margin + Annual Interest Premium as %age of capital invested	= Annual TA Costs avoided by LBE, as a %age of LBE capital invested	Number of tenancies/TA placements made to date
•	<ul style="list-style-type: none"> £9.64m cumulative cost avoidance to date. £2m cost avoidance in 2020/21 	<ul style="list-style-type: none"> TBC

3. Enfield Let financials

Projected Profit and Loss			
Item	6-month outturn	Budgeted projection	Variance
Total Income	£227,920	£2,314,904	(£2,086,984)
Total Expenditure	£457,348	£3,104,827	£2,647,479
Profit/Loss	(£229,428)	(£789,923)	£560,495

Ratio	Formula	Calculation	Q4 Outturn
Profit Margin	$\frac{\text{Net Profit}}{\text{Net Sales}}$	$\frac{(229,428)}{227,920}$	(101%)
Efficiency Ratio	$\frac{\text{Non-Interest Expenses}}{\text{Revenue}}$	$\frac{457,347}{227,920}$	1:0.50
Cash Ratio	$\frac{\text{Cash + Liquid Assets}}{\text{Current Liabilities}}$	$\frac{227,920}{457,347}$	1:2.01

4. Enfield Let property numbers

Stage	Properties
Transfers	62
New Acquisitions	23
Total Portfolio	85

5. Key Performance Indicators

Strategy	Measure	Target	Current	RAG
Resident Satisfaction	Ensuring 80% of residents are satisfied with the service HGL offers.	80%	62%*	
Net Yield	Ensuring the property portfolio provides a 4% net yield.	4%	5.2%	
Void Turnaround	Ensuring the period between tenancies where the property is void is kept below 3.5% of the annual rent roll.	3.5%	0.18%	
Rent Arrears	Ensuring the rent arrears are below 4.5% of the annual rent roll.	4.5%	4.6%	
Bad Debt	Ensuring bad debt is below 4.5% of the annual rent roll.	4.5%	2.8%	

*A new resident satisfaction survey is in progress. The figure shown is based on the last survey undertaken.

6. Business Plan – key action progress

Action	Key Sub-Tasks	Progress
Establish an Ethical Lettings Agency	<ul style="list-style-type: none"> Mobilise and implement the creation of Enfield Let Launch and embed Enfield Let Implement policies, procedures and a performance management framework. 	<ul style="list-style-type: none"> Enfield Let Launched on October 1st as planned Enfield Let closed the year with 85 properties in the portfolio.
Expand HGL's investment portfolio	<ul style="list-style-type: none"> Using £5m equity provided by the Council, purchase an additional 100 homes in borough. 	<ul style="list-style-type: none"> HGL expanded its portfolio by 25 properties, bringing the portfolio to 565. As the equity injection was not received until towards the end of the year, it will be utilised in 21/22.
Support the Council in its aim to eradicate Temporary Accommodation	<ul style="list-style-type: none"> Examine options to reduce the number of families in temporary accommodation and provide the Council with alternative management solutions for these properties. 	<ul style="list-style-type: none"> 25 properties were purchased. Due to the Pandemic and backlog in the Courts it has taken a much longer time for vendors to gain vacant possession of the properties they wish to sell. LBE in collaboration with HGL was awarded £6.8m by the GLA as part of the Rough Sleepers Accommodation Programme (RSAP). HGL has purchased 2 properties already and will continue the purchasing strategy in 21/22. HGL is expected to deliver 20x1bed units and a further 28 beds via the creation of 14x2 beds. HGL has also been asked to deliver a further 25 1bed units to replace the modular activity stream which LBE was due to deliver.

Maintain positive financial stability	<ul style="list-style-type: none"> Review and embed the Ethical Lettings agencies financial model in the existing HGL core business. 	<ul style="list-style-type: none"> HGL has worked with LBE to develop a robust financial model for Enfield Let and the Council is in the process of providing the required working capital to support the new business stream.
Review company structure	<ul style="list-style-type: none"> Review potential company structures in consideration of State Aid implications, grant funding and tax efficiency. 	<ul style="list-style-type: none"> Initial legal advice has been obtained but the Council has indicated that HGL should not continue to explore restructuring the company if the outcome may involve the creation of a registered provider.
Investigate opportunities to purchase new properties from private developers; supporting continued house building in the Borough.	<ul style="list-style-type: none"> Work with local developers to establish a pipeline of new build developments. Assuming financial viability, support the Councils new homes target by purchasing new homes off plan, from private developers. 	<ul style="list-style-type: none"> Due to capacity constraints and new work streams such as the GLA grant referred to above work will not be undertaken in 20/21. HGL will revisit this target in 21/22.
Develop a quality homes standard in line with LBE's housing strategy.	<ul style="list-style-type: none"> Complete a stock condition survey of HGL's portfolio and implement an improvement plan. Develop a major works programme and budget 	<ul style="list-style-type: none"> Due to capacity constraints and new work streams such as the GLA grant referred to above and the preparations for the capital works at Greenway House and Brickfield House, the stock condition survey will be pushed to 2021-22
Completion of external wall remediation at Brickfield House	<ul style="list-style-type: none"> Undertake removal of cladding, remediation of fire breaks and replacement of alternative cladding, ensuring continued use of the building. 	<ul style="list-style-type: none"> The project is now complete.