

Jigsaw Homes Group Limited

Trading Update

Period Ending: 30 September 2024



Creating homes.
Building lives.



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Waterway Close Opening

Deputy Prime Minister, Angela Rayner, officially opens new development in Greater Manchester

1 Introduction

Jigsaw Homes Group Limited (Jigsaw or the Group) today issues its unaudited Group trading update for the six months ended 30 September 2024.

2 Key Highlights

- Jigsaw owns and manages over 37,000 homes with a strong regional presence and expertise in the North West and East Midlands.
- Jigsaw continues to maintain its G1/v1 regulatory rating and A2 (Moody's) credit rating.
- 73% of performance KPIs in target at 30 September 2024.
- 397 new homes delivered in the six months, across all social housing tenures - the Group remains broadly on track to achieve its practical completion target of 831 new homes for 2024/25.
- As at 30 September 2024, the Group had 1,428 homes on site across 48 schemes, with 295 new units started in the six-month period.
- Operating surplus and surplus after taxation to 30 September 2024 improved on prior periods.
- Overall forecast financial performance to 31 March 2025 expected to be slightly behind expectations.
- £117 million of turnover for the six-month period with 92% derived from social housing lettings.
- £34 million of operating surplus - 29% of turnover and £18 million surplus after tax - 15% of turnover, generated in the first six months.
- EBITDA-MRI interest cover as of 30 September 2024 remains robust at 156%.
- At 30 September 2024, nearly £2 billion - at cost - of housing properties owned.
- Gearing as at 30 September 2024 was 48%.
- Liquidity of £321 million as of 30 September 2024, supplemented by £100 million of retained bonds.
- c. 6,400 unencumbered units held at 30 September 2024.

Commenting on performance and the results, Brian Moran, Group Chief Executive, said:

"I am very pleased to introduce the third half-year trading and performance update for Jigsaw Homes Group.

"As a Group, we remain committed to our core mission of making a social impact through **"Creating Homes, Building Lives"**. We aim to tackle the UK's shortage of housing by building more affordable and

sustainable homes and at our summer board strategy day held in July 2024, our members reinforced their commitment to supporting this key priority.

“In entering this latest period, Jigsaw had previously demonstrated robust performance and resilience against the backdrop of a challenging economic and political landscape, alongside the much-documented cost of living crisis. However even with this testing legacy, I am very pleased to report that 2023/24 was a record year for the delivery of new homes by Jigsaw with 929 built in the year, giving significant opportunity for security and well-being to hundreds of families.

“This achievement was delivered despite the continued challenges facing our partners in the construction industry. Our work to support future residents will continue, with the delivery of our new build development strategy which is on track to build more than 800 new homes each year for the next two financial years. We are very much on with this as in the six months to 30 September 2024, we delivered 397 much-needed new homes for affordable rent, social rent, rent to buy and shared ownership.

“Jigsaw very much welcomes and supports the new government’s manifesto pledge to achieve a boost in affordable and social housing as part of a target of building 1.5 million homes during this current parliament. Two outcomes aligned to this goal which will impact on Jigsaw’s future corporate and financial plans are the government’s decisions about “rent stability” and its ongoing investment in social housing grant to support the sector’s new home development programmes.

“We welcome the positive announcement that the sector’s current direction for rent setting will remain in place for at least 2025/26 and appreciate the government’s recent announcement in the 2024 Autumn Budget to launch a consultation to provide greater longer term certainty. With the publication of the government’s *Long-Term Housing Strategy* expected in the spring of 2025 alongside phase two of the comprehensive spending review, we expect that it may take a little longer to gain clarity on the future of grant-funded build programmes.

“Regulation continues to be a prominent feature of our operating environment. In June 2024, Jigsaw submitted its first *Tenant Satisfaction Measures* results to the Regulator for Social Housing under its new regulatory regime. Our latest survey results have again demonstrated that customer satisfaction is driven by the quality of the property and maintenance services provided by Jigsaw and by our communication with our customers. Together with our customers, we will continue to focus on driving improvements to these areas of our work.

“Jigsaw continues to receive and respond to tenant reports of damp, mould and condensation at higher levels than experienced prior to 2022. Whilst we understand that our experience at Jigsaw is broadly reflective of the pressures that the entire social housing sector has faced in recent years, this elevated demand has placed some pressure on our in-year maintenance budgets.

“During 2023/24 we proactively carried out 33,607 assessments for damp and mould/or condensation in our homes which highlighted 3,742 cases which required action. In the six months to 30 September 2024, we carried out a further 18,904 assessments with 1,317 cases requiring following up. In response to this sustained activity, in 2023/24 we put in place new arrangements to ensure a prompt and proportionate response to all reports of damp, mould and condensation, as well as additional training for staff members. We have taken a further step in the first half of 2024/25 to enhance our processes, with the formation and recruitment of a dedicated *Healthy Homes Team* to provide a case management approach to higher risk or complex damp, mould or condensation cases. This change will provide better outcomes for our residents.

“In 2023/24, Jigsaw continued work to improve homes with c. £85 million spent on our ongoing maintenance programmes. This programme again continues into 2024/25.

“Building safety remains a key focus in our asset management programmes. c. £6.3 million was invested by the Group in 2023/24 and the Group has committed future investment of c. £26.1 million into this area over the next five years.

“During 2023/24, we celebrated the expansion of Jigsaw Support’s portfolio of services which help the most vulnerable of residents. It is pleasing to highlight that two in a pipeline of six new supported housing schemes in Greater Manchester were among the new homes developed in 2023/24, with the remaining four schemes due for completion in 2025/26. Furthermore, the Jigsaw Support team continues to be successful into 2024/25, in extending existing or securing new contracts to help people suffering domestic violence, homelessness and long-term unemployment.

“Back in December 2023, the Group successfully raised a further £106 million of net new finance facilities from its existing funding partners and delivered wider financial covenant harmonisation increasing the Group’s financial capacity and enhancing overall financial strength. This ensures our *Corporate Plan* objectives remain fully funded.

“So overall, I can report that the Group’s unaudited results as at 30 September 2024 are ahead of prior periods’ performance and broadly in-line with our expectations. However, for the second half of the year, we are prudently estimating that our forecast figures will be just slightly below our overall expectations by the 2024/25 year-end.

“Our half-year consolidated operating surplus of £34.2 million is slightly behind where we expected to be in terms of budget, but shows a real improvement when compared to prior periods. Although we have experienced a lower-than-expected contribution from sales through low-cost home ownership and Right to Buy, we have had a positive contribution through interest receivable and interest payable cost savings. This has resulted in our retained surplus for the six-month period standing at £17.9 million, some £0.5 million ahead of our original budgeted forecast.

“At 30 September, our treasury arrangements remained robust with c. £321 million of immediate liquidity which the Group can draw on to ensure the continued delivery of Jigsaw’s Corporate Plan objectives - most notably its social housing development strategy.

“As Jigsaw remains committed to maximising the number of new homes it can develop, the delivery of its future development programmes will be reliant, of course, on funding support from our banking and investor partners. Our next approach to the finance markets based on current projections is expected to be in 2027/28.

“As we move forward, our strategic focus on valuable partnerships and community engagement enables us to deliver more affordable homes, positioning us well for future growth. This approach ensures value for our investors while creating a positive impact for the communities we serve.

“And finally, we will of course, be hosting a non-deal investor update presentation timetabled for January 2025.”



Hummingbird Project

MedEquip4Kids project funded by Jigsaw Foundation

3 Governance Update

Governance Changes

Board Member Changes

Preparations for six planned board member retirements in 2024/25 across the subsidiary member boards are currently underway.

Governance Simplification

From 1 January 2024, the Group's landlord subsidiaries governance arrangements were streamlined, through the operation of contemporaneous board meetings.

During 2024/25, work to standardise the constitutional structure of all landlord members of the Group into Community Benefit Societies continued and is expected to complete by 31 March 2025. Alongside this, the Group expects to complete the first phase of a wider ranging two-phase governance review by the same date.

4 Operational Update

Operational Performance

In the period to 30 September 2024, Jigsaw has continued its strong performance in its operational metrics underpinned by its strong institutional focus on data and delivery.

The key performance indicators (KPIs) for the six month period to 30 September 2024 as compared to the Group's target for the same period last year, are summarised in Table 1 on the following page.

As set out in Table 1 on the next page, at 30 September 2024 targets were in place for 41 KPIs:

- 22 were in target with performance improving;
- 5 were in target with performance worsening;
- 8 were out of target with performance improving; and
- 6 were out of target with performance worsening.

Regulatory Rating

On 29 November 2023, the Regulator for Social Housing reconfirmed the Group's regulatory rating of G1/V1 via a Stability Check.

A copy of the regulatory judgement can be found [here](#).

Indicator	Unaudited period target	Unaudited period actual
Total tonnes of scope one and scope 2 CO ₂ equivalent emissions	1,579	2,216
Current tenant arrears	3.4%	3.1%
Income collected	99%	99.1%
Void loss	1.3%	1.3%
Number of void properties with repairs completed and ready to let	4,475	5,524
EBITDA MRI Interest cover	117.7%	155.9%
Gearing	49.3%	48.3%
Headline Social Housing cost per unit	£2,310	£2,184
Operating margin	25.2%	27.9%
Reinvestment	4.7%	4.1%
Return on capital employed	1.7%	2%
Starts on site (units)	279	132
New supply delivered	1.1%	1.1%
Shared ownership sales (units)	70	76
Customers who agree that employee was polite	97%	97.2%
Enquiry resolved at first point of contact	70%	72.9%
Average time for non-emergency repairs (days)	11	13
Properties compliant with gas safety requirements at quarter end	100%	99.8%
Properties with invalid gas certificates during reporting period	0	0
RIDDOR incidents (contextual measure)	2	7
Satisfaction with repairs	88%	90.9%
Satisfaction of new tenants with home	85%	88.9%
Customer satisfaction with handling of anti-social behaviour case	83%	78%
CRM actions completed	85%	87.6%
Percentage of non-compliant Jigsaw Support contracts	8%	4.3%
TSM: Percentage of homes for which all required fire risk assessments have been carried out	100%	100%
TSM: Percentage of homes for which all required gas safety checks have been carried out	100%	99.9%
TSM: Percentage of homes that do not meet the decent homes standard	1%	0.2%
Abandoned calls	10%	5.9%
Compliance with mandatory training	100%	96%
Compliance with other essential training	98%	97%
The number of roof replacements during the period	233	258
Unfilled vacancies	0	4
Employee sickness	4.4%	4.3%
Employee turnover	3.8%	2.9%
Median duration of let (from ready to let to new tenancy start in days)	5	5
Money Advice successful claims	800	576
Number of logins to online services	31,500	30,096
Number of Properties below Level C	5,800	5,765
TSM: ASB cases per 1000 properties	Contextual measure	27.6
TSM: Complaints per 1000 properties	Contextual measure	10.43
TSM: Complaints responded to within complaint handling timescales	80%	92%
TSM: Emergency repairs completed within target timescale	97%	99%
TSM: Non emergency repairs completed within target timescales	80%	74.9%
TSM: Percentage of homes for which all other required safety checks have been carried out	100%	100%

Table 1: Operational KPI performance.



Anwick Close Development

Fernwood, Nottinghamshire

5 Key Financials and Treasury Update

Jigsaw continues to demonstrate strong and robust financial performance with high margins, strong interest cover and low levels of gearing.

Jigsaw's conservative financial profile is underpinned by strong metrics and its risk-averse treasury policy.

Summary Consolidated Statement of Comprehensive Income

Highlights of the Group's consolidated Statement of Comprehensive Income for the six months to 30 September 2024 together with comparative figures, is set out in Table 2 on this page:

£000	Six months ended 30 September 2024 Unaudited	Six months ended 30 September 2023 Unaudited	Year ended 31 March 2024 Audited	Year ended 31 March 2023 Audited	Year ended 31 March 2022 Audited
Turnover	117,164	105,017	215,086	200,869	191,395
Turnover from Social Housing Lettings	107,290	95,357	187,851	172,884	164,443
% SH lettings	92%	91%	87%	86%	86%
Operating surplus	34,232	30,894	56,187	48,810	59,801
Operating surplus % of turnover	29%	29%	26%	24%	31%
Net interest	18,102	16,796	34,588	35,646	34,011
Surplus for the period after tax	17,924	14,097	21,518	13,374	30,223
Retained surplus	15%	13%	10%	7%	16%
EBITDA-MRI interest cover	156%	156%	143%	156%	245%

Table 2: Summary Consolidated Statement of Comprehensive Income.

Summary Consolidated Statement of Financial Position

Highlights of the Group's statement of financial position as at 30 September 2024 together with comparative figures, are set out in Table 3 on the next page¹:

¹Shared ownership assets held for resale included in fixed assets for management account purposes and current assets for year end financial statement purposes.

£000	Six months ended 30 September 2024 Unaudited	Six months ended 30 September 2023 Unaudited	Year ended 31 March 2024 Audited	Year ended 31 March 2023 Audited	Year ended 31 March 2022 Audited
Housing properties at cost	1,942,316	1,805,259	1,879,103	1,733,138	1,606,211
Cash and cash equivalents	31,118	47,353	37,622	109,515	61,872
Total assets less current liabilities	1,761,822	1,662,450	1,679,057	1,630,319	1,483,088
Capital and reserves	523,685	500,431	505,712	486,283	445,356
Total loans	858,223	805,237	830,111	809,341	688,195
Gearing	48%	48%	48%	46%	48%

Table 3: Summary Consolidated Statement of Financial Position.

RSH Value for Money Metrics

A summary of the Group's key financial metrics for the six months ended 30 September 2024, as measured in line with the Regulator of Social Housing [guidelines](#), together with comparative figures, is set out in Table 4 on this page:

	Six months ended 30 September 2024 Unaudited	Six months ended 30 September 2023 Unaudited
Reinvestment	4.1%	5.1%
Return on capital employed	2.0%	1.9%
New supply delivered (social housing)	1.1%	0.9%
New supply delivered (non-social housing)	0%	0%
Gearing	48.3%	47.5%
EBITDA-MRI interest cover	155.9%	156.0%
Headline social housing cost per unit	£2,184	£1,918
Operating margin (social housing lettings)	30.1%	28.7%
Operating margin (overall)	27.9%	25.9%

Table 4: RSH Value For Money Metrics.

Treasury

As at 30 September 2024, total loans stood at £858 million and available liquidity in the form of committed, undrawn facilities and cash was approximately £321 million.

In addition to this liquidity, Jigsaw has access to £100 million of retained bonds up to 5 May 2027.

The proportion of drawn debt that was at fixed interest rates at 30 September 2024 was 91.3%.

A summary of Jigsaw's treasury and liquidity considerations is set out in Table 5 on the next page:

	Six months ended 30 September 2024 Unaudited	Six months ended 30 September 2023 Unaudited
Weighted average cost of funds of drawn facilities	5%	5%
Weighted average life of funding of drawn facilities (years)	19.17	18.89
Cash balances (£000s)	31,118	47,353
Total committed loan facilities (£000s)	1,155,852	1,072,146
Available liquidity (£000s)	321,118	306,353
Units of unencumbered stock (circa)	6,400	3,100

Table 5: Treasury Considerations.

Credit Rating

On 23 February 2024, Moody's affirmed the A2 long-term issuer rating of Jigsaw and the A2 senior secured debt rating of Jigsaw Funding plc. Jigsaw's Baseline Credit Assessment (BCA) has also been affirmed at a3.

The outlooks for both changed to stable from negative, reflecting Moody's expectation that Jigsaw's operating performance will strengthen relative to results recorded during 2023.

The credit profile reflects Moody's view of the Group's adequate gearing and sound financial management, with its modest appetite for market sales (particularly no outright sales). The credit profile also incorporates Moody's view of the Group's maintained high development ambitions despite the challenging operating environment and the resulting increase in debt metrics.

Jigsaw's latest credit rating can be found [here](#).



Barnes Road, Skelmersdale

Development of 60 new homes, with allotment spaces, available for affordable rent

6 Development and Sustainability

Development

In the six-month period to 30 September 2024, against an annual target of 831 new homes for 2024/25, the Group delivered 397 new homes, all for social housing, is set out in Table 6 on this page:

	Six months ended 30 September 2024 Unaudited	Six months ended 30 September 2023 Unaudited
New homes delivered		
General needs – affordable rent	195	223
Social rent	28	9
Shared ownership	63	60
Rent to buy	111	1
Supported rent	0	23
Total	397	316

Table 6: New Homes Delivery.

As at 30 September 2024, the Group had 1,428 homes on site across 48 individual schemes, including 295 new units which started on-site in the six-month period.

Shared ownership sales interest remains buoyant, with 76 first tranche sales in the six-month period to 30 September 2024 against a target of 124 for the full financial year. The average first tranche sale achieved in the period was 29.4%. As at 30 September 2024, the Group had 10 unsold units, of which only 2 had been unsold for longer than 6 months.

The future projected cost of the development pipeline (including work in progress and developments not yet committed or on site) that extends until the financial year ending 31 March 2026 is estimated at £213 million of which approximately £186 million or 87.4% is currently committed.

Given the continuing volatile market backdrop, all development activity continues to be actively and carefully monitored.

Sustainability

The Group's debut bond was issued in April 2022 in alignment with the Group's *Sustainable Finance Framework* which aligns the Group's social purpose and *Sustainability Strategy* with its funding and financial strategy. The Group's Sustainable Finance Framework can be found [here](#).

Jigsaw publishes an annual *Use of Proceeds Report* which includes the Impact and Allocation Report in accordance with the Sustainable Finance Framework. The latest version of this report can be found [here](#).

During 2024/25, Jigsaw has achieved two notable successes in terms of key sustainability milestones for its new home development strategy.

Firstly in November 2024, Jigsaw took completion of the first 16 units of the Group's modern methods of construction (MMC) pilot at its [Birch Fields](#) development in the Midlands. The remaining 115 MMC units are expected to follow in the remainder of 2024/25 and the first part of 2025/26. By the end of November

2024, this initial phase of new affordable homes had been handed over to local residents. Furthermore, the site includes 46 properties available for shared ownership.

In addition, in 2024/25 the Group will be starting its first net-zero home pilot project. The development located in Manchester will consist of 6 new homes which will be available for affordable rent. With the site having been acquired, the development is targeted to commence in February 2025 with completion by February 2026.

To enable stakeholders to understand Jigsaw's ongoing environmental, social and governance (ESG) performance in a transparent, consistent and comparable way, Jigsaw commits to publishing an annual *ESG Report* in line with the *Sustainability Reporting Standard for Social Housing* to provide an easy-to-read and easy-to-compare account of the Group's *esg* activities year-on-year.

The latest version of the report can be found [here](#).



Birch Fields Development

Arnold, Nottinghamshire

7 Disclaimer and Feedback

Disclaimer

The financial information included in this update does not purport to be comprehensive and the financial information noted as “unaudited” represents information that has not been subject to audit review and therefore may exclude further adjustments that may arise out of a full audit review. These figures are provided for information purposes only.

This update may contain forward looking statements and any such statements should be treated with caution as the future outlook may be influenced by factors that could cause actual outcomes and results to be materially different. No statement in this update is intended to be a profit estimate or forecast.

This trading update should not be construed as an offer or solicitation to buy or sell any securities issued by the Group, or any interest in any such securities, and nothing herein should be construed as a recommendation or advice to invest in any such securities.

The Group is not under any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments, occurrence of unanticipated events or otherwise. No member of the Group or anyone else is under any obligation to update or keep current the information contained in the trading update.

No representation or warranty, express or implied, is given by or on behalf of the Group, any other member of the Group or any of their respective directors, officers, employees, advisers, agents or any other persons as to the accuracy or validity of the information or opinions contained in the update (and whether any information has been omitted from the trading update).

The trading update does not constitute legal, tax, accounting or investment advice.

Feedback

We welcome feedback on our trading update. Please contact Paul Chisnell, Executive Director of Finance, at treasury@jigsawhomes.org.uk.

For further information, please also see our [Investor web pages](#).



Moorgate Development
Ormskirk, Lancashire

8 Glossary

- RIDDOR: Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013.
- CRM: Customer Relationship Management.
- ASB: Anti-Social Behaviour.
- EPC: Energy Performance Certificate.
- TSM: Tenant Satisfaction Measure.
- RSH: Regulator of Social Housing.



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