

Jigsaw Homes Group Limited

Trading Update

Period Ending: 30 September 2023



Creating homes.
Building lives.



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Bourne Road, Wyre

Development of 210 new homes available for affordable rent and Rent to Buy

1 Introduction

Jigsaw Homes Group Limited (Jigsaw or the Group) today issues its unaudited Group trading update for the six months ended 30 September 2023.

2 Key Highlights

- Jigsaw owns and manages over 35,000 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.
- Operating surplus to 30 September 2023 is in-line with expectations.
- Overall forecast financial performance to 31 March 2024 is expected to be in line with expectations.
- 67% of performance KPIs in target.
- Turnover for the period was £105m with 91% of turnover derived from social housing lettings.
- Operating surplus was £31m, 29% of turnover and surplus after tax was £14m, 13% of turnover.
- Gearing as at 30 September 2023 was 48%.
- EBITDA-MRI interest cover as of 30 September 2023 remains strong at 156%.
- Liquidity of £306m as of 30 September 2023, supplemented by £100m of retained bonds.
- 316 new homes delivered in the six months, across all social housing tenures - the Group remains on track to achieve its practical completion target of 906 new homes for 2023/24.
- As at 30 September 2023, the Group had 2,077 homes on site across 64 schemes, with 424 new units started in the six-month period.

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

"I am very pleased to introduce the second 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 for people to rent and buy.

"The UK's much documented inflation landscape, and the cost of living crisis were the dominant financial themes throughout 2022/23 and into the six-month period since the financial year-end. These themes continue to present challenges to not only our customers, but to Jigsaw too.

"Our financial strength continues to shield against such external factors. We have been able to take considered decisions to utilise Jigsaw's covenant headroom to maintain services to our customers, and to bring forward some expenditure decisions to protect the Group from the impact of inflation.

"We have been able to continue to invest in the homes of our tenants, and our work to support future residents through our new-build strategy has continued at pace, delivering 701 new homes in 2022/23 and on track to build over 900 homes by the end of the current financial year.

"Although we had expected customer demand to return to pre-pandemic levels, requests for repairs have instead continued to remain at unprecedentedly elevated levels. In response, our repairs service has de-prioritised works to empty properties and we have focused resources on responding to tenant requests for repairs and to address reports of damp and mould in the period.

"At the time of writing, the macroeconomic picture is still presenting real difficulties to both individual households and to companies. High inflation has impacted our value chain has had a notable impact on our cost base over the last twelve months. Elevated interest rates have also increased the cost of some of our debt.

"I am pleased to report that even in the context of these continuing challenges, the Group's unaudited results as at 30 September 2023 remained in-line with our expectations and at present we are estimating that our forecast figures will broadly be in line with overall expectations by the 2023/24 year-end. Our half-year consolidated operating surplus of £30.9m is £932k ahead of budget. We have experienced a positive contribution from sales through low cost home ownership and Right to Buy and together with net interest cost savings, this has resulted in our retained surplus for the six-month period standing at £14.1m, some £3.0m ahead of original forecasts.

"At 30 September, our treasury arrangements remain robust with £306m of liquidity which the Group can draw on to ensure the continued delivery of Jigsaw's social housing Development Strategy. In this respect, it is most pleasing to report that the Group delivered 316 much needed new homes in the six-month period and remain on target to deliver over 900 homes by the year-end."



Trumacar Gardens Development
Heysham, Lancashire

3 Operational Update

Operational Performance

In the period to 30 September 2023, Jigsaw has continued its strong performance in its operational metrics underpinned by its strong institutional focus on data and delivery.

The key operational key performance indicators achieved in the six month period to 30 September 2023 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 2023 out of the 42 non-contextual KPIs measured:

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

Regulatory Rating

On 26 July 2023, the Regulator for Social Housing confirmed via an In-Depth Assessment, the Group's rating of G1/v1. On 29 November 2023, it reconfirmed the Group's 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	1,280	1,021
Current tenant arrears	3.4%	3.5%
Income collected	99.0%	98.5%
Void loss	1.3%	1.5%
Money advice provided (number of tenants)	1,296	1,689
EBITDA MRI Interest cover	125.3%	156.0%
Gearing	50.7%	47.5%
Headline Social Housing cost per unit	£2,084	£1,918
Operating margin	25.6%	25.9%
Reinvestment	6.6%	5.1%
Return on capital employed	1.6%	1.9%
Starts on site (units)	446	424
New supply delivered	1.7%	0.9%
Shared ownership sales (units)	48	55
Customers who agree that employee was polite	97.0%	97.3%
Enquiry resolved at first point of contact	75.0%	67.8%
Average time for non-emergency repairs	11	11
Properties compliant with gas safety requirements at quarter end	100.0%	100.0%
Properties with invalid gas certificates during reporting period	0	1
RIDDOR incidents	2	2
Satisfaction with repairs	88.0%	89.2%
Satisfaction of new tenants with home	80.0%	91.9%
Customer satisfaction with handling of anti-social behaviour case	80.0%	91.6%
CRM actions completed	80.0%	89.4%
Percentage of non-compliant Jigsaw Support contracts	8.0%	5.0%
TSM: Percentage of homes for which all required fire risk assessments have been carried out	100.0%	100.0%
TSM: Percentage of homes for which all required gas safety checks have been carried out	99.9%	99.9%
TSM: Percentage of homes that do not meet the Decent Homes Standard	1.0%	0.4%
Abandoned calls	10.0%	12.1%
Compliance with mandatory training	100.0%	98.4%
Compliance with other essential training	98.0%	98.1%
Component replacements	1,470	1,060
Employee sickness	4.4%	3.6%
Employee turnover	3.8%	3.5%
Median void length - General Needs (days)	18	38
Median void length - Retirement Living (days)	20	31
Number of logins to online services	27,500	24,651
Number of Properties below EPC level c	6,925	6,221
TSM: ASB cases per 1,000 properties	Contextual measure	30
TSM: Complaints per 1,000 properties	Contextual measure	3.95
TSM: Complaints responded to within complaint handling timescales	80.0%	44.0%
TSM: Emergency repairs completed within target timescale	97.0%	99.4%
TSM: Non emergency repairs completed within target timescales	80.0%	81.2%
TSM: Percentage of homes for which all other required safety checks have been carried out	100.0%	100.0%

Table 1: Operational KPI performance.



Station Road Development

Rochdale, Greater Manchester

4 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 2023 together with comparative figures, is set out in Table 2 on this page:

£000	Six months ended 30 September 2023 Unaudited	Six months ended 30 September 2022 Unaudited	Year ended 31 March 2023 Audited	Year ended 31 March 2022 Audited	Year ended 31 March 2021 Audited
Turnover	105,017	102,205	200,869	191,395	191,373
Turnover from Social Housing Lettings <i>% SH lettings</i>	95,357 91%	89,275 87%	172,884 86%	164,443 86%	158,394 83%
Operating surplus <i>Operating surplus % of turnover</i>	30,894 29%	35,477 35%	48,810 24%	59,801 31%	73,366 38%
Net interest	16,796	18,215	35,646	34,011	36,030
Surplus for the period after tax <i>Retained surplus</i>	14,097 13%	17,262 17%	13,374 7%	30,223 16%	39,921 11%
<i>EBITDA-MRI interest cover</i>	156%	179%	124%	189%	224%

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 2023 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 2023 Unaudited	Six months ended 30 September 2022 Unaudited	Year ended 31 March 2023 Audited	Year ended 31 March 2022 Audited	Year ended 31 March 2021 Audited
Housing properties at cost	1,805,259	1,660,879	1,733,138	1,606,211	1,502,838
Cash and cash equivalents	47,353	150,876	109,515	61,872	96,985
Total assets less current liabilities	1,662,450	1,644,742	1,630,319	1,483,088	1,437,179
Capital and reserves	500,431	462,586	486,283	445,356	384,605
Total loans	805,237	822,560	809,341	688,195	697,128
Gearing	48%	45%	46%	48%	45%

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 2023, 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 2023 Unaudited	Six months ended 30 September 2022 Unaudited
Reinvestment	5.1%	4.1%
Return on capital employed	1.9%	2.2%
New supply delivered (social housing)	0.9%	0.9%
New supply delivered (non-social housing)	0%	0%
Gearing	47.5%	45%
EBITDA-MRI interest cover	156%	178.6%
Headline social housing cost per unit	£1,918	£1,677
Operating margin (social housing lettings)	28.7%	33.5%
Operating margin (overall)	25.9%	31.6%

Table 4: RSH Value For Money Metrics.

Treasury

As at 30 September 2023, total loans stood at £805m and available liquidity in the form of committed, undrawn facilities and cash was approximately £306m.

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

The proportion of drawn debt that was at fixed interest rates at 30 September 2023 was 94.6%.

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

	Six months ended 30 September 2023 Unaudited	Six months ended 30 September 2022 Unaudited
Weighted average cost of funds of drawn facilities	5%	4.9%
Weighted average life of funding of drawn facilities (years)	18.89	19.7
Cash balances (£000s)	47,353	150,876
Total committed loan facilities (£000s)	1,072,146	1,081,561
Available liquidity (£000s)	306,353	409,876
Units of unencumbered stock (circa)	3,100	2,400

Table 5: Treasury Considerations.

Credit Rating

On 25 October 2023, Moody's affirmed the Group's credit ratings and maintained the negative outlook.

According to Moody's, the credit profile of the Group (A2 negative) reflects the Group's adequate gearing and sound financial management, with a modest appetite for market sales. It also incorporates Moody's view of the Group's debt metrics as a result of the Group's continued development programme, despite the challenging operating environment.

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



Cromwell Road
Ellesmere Port, Merseyside

5 Development and Sustainability

Development

In the six-month period to 30 September 2023, against an annual target of 906 new homes for 2023/24, the Group delivered 316 new homes, all for social housing, is set out in Table 6 on this page:

New homes delivered	Six months ended	Six months ended
	30 September 2023	30 September 2022
	Unaudited	Unaudited
General needs – affordable rent	223	245
Social rent	9	0
Shared ownership	60	64
Rent to buy	1	0
Supported rent	23	0
Total	316	309

Table 6: New Homes Delivery.

As at 30 September 2023, the Group had 2,077 homes on site across 64 individual schemes, including 424 new units which started on site in the six-month period.

At the moment, shared ownership sales interest remains buoyant, with 55 first tranche sales in the six-month period to 30 September 2023 against a target of 116 for the full financial year. The average first tranche sale achieved in the period was approximately 30.3%. As at 30 September 2023, the Group had 32 unsold units, of which only 4 were older 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 £305m of which approximately £205m or 67.5% is currently committed.

Given the current 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](#).

In addition Jigsaw commits to publishing an annual ESG report in line with the Sustainability Reporting Standard for Social Housing. The latest version of the report can be found [here](#).



Flatts Lane Development

Gedling, Nottinghamshire

6 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.

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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](#).



Sandpiper Development

Thornton Cleveleys, Lancashire

7 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.



Creating homes. Building lives.

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