Peninsular House
Wharf Road, Portsmouth
Hampshire PO2 8HB

0800 328 6461
enquiries@vividhomes.co.uk
www.vividhomes.co.uk

VIVID Quarterly Information September 2021

I'm pleased to enclose the following information to assure you of VIVID's continued financial strength and covenant compliance:

- Quarterly Group management accounts and financial report
- Association accounts
- Covenant Calculations
- Q2 NROSH Return

We've had a few changes at board level to make you aware of. Firstly, on 2 July 2021 Mike Shepherd and Jonathan Cowie joined the Board as Executive Board Members. In November Liam Coleman and Sandeep Agarwal will also join as non-executive board members. Finally, looking ahead to next year's requirements, we've also recruited Naleena Gurarani who will join us as a board member designate.
Our website will be updated with details of these new board members at the end of November.

If you need any more information from us, please contact Caroline Stanley (caroline.stanley@vividhomes.co.uk)

Yours faithfully

DocuSigned by:
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Duncan Brown
Chief Finance Officer
Tel 012 5631 2832
Duncan.Brown@vividhomes.co.uk

VIVID

Financial Results to September 2021
In a nutshell

	6 Months to September 2021				2021-22				2020-21	
	Budget	Actual	Variance		Budget	Forecast	Variance		Actual	Section
	£m	£m	£m	%	£m	£m	£m	%	£m	
Core business surplus										
Rental income	95.5	95.0	(0.5)	(0.5%)	192.1	191.2	(0.9)	(0.4%)	181.7	2
Other income	3.8	3.9	0.1	3.9%	7.5	7.7	0.2	2.8%	8.8	2
Staff costs (excl repairs)	(9.9)	(9.7)	0.2	1.9%	(21.2)	(21.3)	(0.1)	(0.7%)	(19.9)	3
Property costs	(19.6)	(20.0)	(0.4)	(2.1%)	(41.9)	(40.1)	1.8	4.4%	(39.0)	4
Other operating costs	(28.7)	(27.1)	1.6	5.4%	(57.5)	(57.2)	0.3	0.4%	(52.9)	5
	41.1	**42.1**	**1.0**	**2.3%**	**79.0**	**80.3**	**1.3**	**1.6%**	**78.7**	
Operating margin	41%	43%			39.6%	40%			41%	
Interest cover	230%	245%			218%	225%			218%	
Sales Profits	15.7	12.9	(2.8)	(17.8%)	22.3	24.3	2.0	9.0%	19.4	
Interest costs	(17.9)	(17.2)	0.7	3.7%	(36.4)	(35.7)	0.7	1.8%	(36.1)	7
Surplus before tax	**38.9**	**37.8**	**(1.1)**	**(3.0%)**	**64.9**	**68.9**	**4.0**	**6.0%**	**62.0**	
Tax & Investment FV	-	-	-	-	0.1	-	(0.1)	-	0.9	
Net Surplus	**38.9**	**37.8**	**(1.1)**	**(2.9%)**	**65.0**	**68.9**	**3.9**	**6.0%**	**62.9**	

Six months into the year, our operating surplus is on track and our sales performance whilst still £2.8m (17.8%) behind budget, has improved significantly from August's £4.3m shortfall. We're expecting to deliver the budget surplus for the year but the key risks we're managing are:

- A strong sales performance in March resulted in profit falling into the previous financial year. We're forecasting more shared ownership sales this year resulting in a higher than budgeted surplus.
- We're experiencing ongoing difficulties letting our sheltered housing properties, mainly due to slow nominations from local authorities. The forecast void loss has been increased by £0.7m. We're campaigning hard with our LA partners, offering incentives to move and short-term leases.
- Productivity in repairs is recovering slower than we anticipated – partly due to mandatory training, holidays and ongoing COVID-related absence. Void repairs are particularly affected. We've reallocated our teams and reduced expenditure on cyclical painting to enable more subcontracted void work as well as setting aside an additional £1m to support this.

1. Forecast

We've updated the forecast this month on responsive repairs (£1.0m) as agreed at the last exec and void loss (now £0.7m above budget) based on latest expectations at the mid-point of the year.

Our operating surplus is forecast £1.3m better than budget. We've also reviewed the sales projections and forecast sale of an additional 48 homes with a profit of £1.6m and Bargate is forecasting a £0.4m improvement on budget. Finally our interest cost is going to be £0.7m lower.

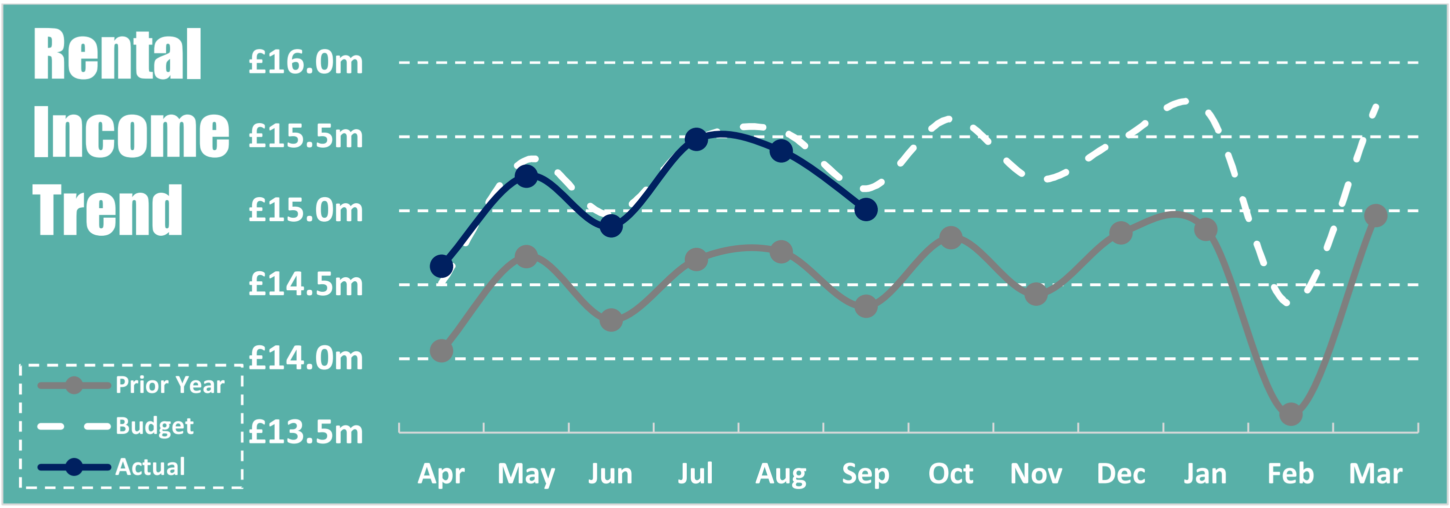
1.1. The forecast surplus for the year has been increased to £68.9m (£3.9m better):

- Responsive repairs – The forecast has been increased by £1.0m following agreement at the September exec meeting in order to further reduce the volume of jobs in WIP.
- Void loss – The forecast has been updated and we're now expecting to be £0.7m above budget. This allows for a similar level of performance in the second half of the year with an additional allowance for the winter months on extra care schemes. See section 2.2 for more information.
- Customer Success Team – We have completed recruitment of 4 additional posts in the customer success team who are due to start mid-August. The salaries forecast has been increased by £0.1m in response to this.
- ARC have agreed a package of additional deep-dive audits to be carried out by PWC as well as an overall price increase for Internal Audit services resulting in £0.1m increase to budget.
- Void repairs – the forecast has been increased by £0.7m. Compared to our recovery plan, productivity is lower through a combination of mandatory training, holidays and COVID related absence which we anticipate continuing through Q2. We've reviewed options and will be reallocating resource from K&B team to reduce reliance on sub-contractors.
- To offset the above we've reviewed the delivery and prioritisation of the cyclical decorations programme, increasing the leaseholder/shared-owner element (£0.3m) which is recoverable and reducing the GN element (£0.9m). This reduction is the equivalent of the catch up programme from last year and will be factored in over the 5-year plan in the BP.
- Surplus on Property Sales - £1.6m favourable, a reprofile of shared ownership handovers allows for more sales in the current year. This off sets the reduction of Vestal outright sale units, which were sold in the previous year.
- Cladding – the budget assumed Empire/Gantry/Collins would be 12 months, forecast reflects the agreed 18 month programme. The budget also assumed £2.2m of revenue expenditure across cladding/fire safety works, however, the forecast is only £0.1m revenue thereby reducing operating costs by £2.1m.
- Management fees – we're already £0.1m above budget and are forecasting to be £0.3m above for the year based on handovers so far and expected for the rest of the year.
- Bad debt – we're expecting more rent write-offs later in the year, however, we're already £0.5m below budget so have reduced the forecast by £0.2m

2. Income

We remain below budget on income for the year to September (0.3%). Void loss performance is broadly the same as last couple of months and represents 1.3% of rent income. The forecast for the year has been updated with void loss now expected to be £0.7m (33%) above budget.

	YTD Budget £m	YTD Actual £m	YTD Variance £m	YTD Variance %		FY Budget £m	FY Forecast £m	FY Variance £m	20/21 Actual £m
Rent & service charges	96.6	96.3	(0.3)	(0.3%)		194.2	194.0	(0.2)	184.6
Voids	(1.1)	(1.3)	(0.2)	(19.9%)		(2.1)	(2.8)	(0.7)	(2.9)
Total Rental Income	**95.5**	**95.0**	**(0.5)**	**(0.5%)**		**192.1**	**191.2**	**(0.9)**	**181.7**
Other Income	0.9	1.0	0.1	14.4%		1.9	2.1	0.2	3.1
Amortised Grant	2.9	2.9	-	-		5.6	5.6	-	5.7
Total Other Income	**3.8**	**3.9**	**0.1**	**4.5%**		**7.5**	**7.7**	**0.2**	**8.8**
TOTAL TURNOVER	**99.3**	**98.9**	**(0.4)**	**(0.3%)**		**199.6**	**198.9**	**(0.7)**	**190.5**



2.1. **Rental income** (0.3% below budget) is broken down by tenure below:

Rental income	YTD Budget £m	YTD Actual £m	YTD Variance £m	Variance %		FY Budget £m	FY Forecast £m	FY Variance £m	20/21 Actual £m
General Needs	73.1	72.9	(0.2)	(0.3%)		146.8	146.8	-	139.8
Garages	0.8	0.8	-	-		1.7	1.7	-	1.6
Shared Ownership	7.2	7.1	(0.1)	(1.6%)		14.8	14.5	(0.3)	12.5
Market Rental	0.9	0.9	-	-		1.8	1.8	-	1.8
Intermediate Rental	1.4	1.4	-	-		2.7	2.7	-	2.7
Commercial	0.4	0.4	-	-		0.8	0.8	-	1.3
Residential Leasing	1.1	1.1	-	-		2.2	2.1	(0.1)	2.3
Leasehold	0.0	0.0	-	-		0.1	0.1	-	0.1
Sheltered	5.0	5.0	-	-		10.0	10.0	-	9.9
Hostel & Temp accommodation	0.8	0.8	-	-		1.6	1.7	0.1	1.7

Managing agents	0.3	0.3	-	-		0.6	0.6	-	0.6
RENTAL INCOME	**91.0**	**90.7**	**(0.3)**	**(0.4%)**		**183.1**	**182.8**	**(0.3)**	**174.3**
SERVICE CHARGES	**5.6**	**5.6**	**-**	**-**		**11.1**	**11.2**	**0.1**	**10.3**
TOTAL	**96.6**	**96.3**	**(0.3)**	**(0.3%)**		**194.2**	**194.0**	**(0.2)**	**184.6**

Rental income is £0.3m below budget.
We're below budget to September due to the timing of handovers compared to budget. This is being partly offset by some unbudgeted ground rent income on Netherfield Place (£62k).

The forecast has been updated to show that rent income will be £0.3m below on shared ownership rental income (based on the latest development forecast) and £0.1m below on residential leasing income. For residential leasing, the budget assumed 230 units on average across the year generating rental income. At the end of September we're already below this (225) and are expecting a further 17 units to be handed back to landlords later this year.

Service charge income is on budget. Due to availability of grounds resource (Covid/self-isolation) earlier in the year, it was suggested that further small refunds/compensation could be issued this year, this is still being reviewed and is likely to be dealt with as a year end provision.

The latest forecast suggests we will be £0.2m above budget on service charge income which is driven by increased income on handovers.

2.2. **Void loss** (£0.2m above budget) is broken down by tenure below:

Void Loss	YTD Budget £000's	YTD Actual £000's	YTD Variance £000's	Actual Void %	Budget Void %	Forecast Void %	20/21 Actual %
General Needs	550	621	(71)	0.8%	0.7%	0.9%	0.9%
Garages	83	138	(55)	17%	10%	15%	15%
Shared Ownership	5	5	0	0.1%	0.1%	0.1%	0.0%
Market Rental	43	33	10	4%	4%	4%	7%
Intermediate Rental	-	17	(17)	1%	0%	1%	1%
Commercial	79	18	61	4%	19%	4%	18%
Residential Leasing	54	49	5	5%	5%	5%	7%
TVHA	8	-11	19	-2%	1%	1%	2%
Sheltered	112	288	(176)	4%	2%	5%	3%
Hostel & Temp accommodation	112	97	15	7%	9%	10%	11%
VOID RENT LOSS	**1,047**	**1,255**	**(208)**	**1.3%**	**1.1%**	**1.4%**	**1.6%**

Void loss for the year to September is £0.2m above budget which represents 1.3% of rent income. The graph below shows the trend for the year with a fairly similar level of lost rent each month since May.

The forecast has been updated in October with the expectation that extra care and sheltered lettings will remain slow for the rest of the year. Current trends on GN and garage voids have also been reflected in the forecast with a reduction in commercial units partly offsetting this. Across all tenures we're now forecasting £2.8m of lost rent compared to the budgeted £2.1m.

The table below has been updated with September performance on sheltered voids. The downward trend in lost rent has continued with a £5k drop in the month.

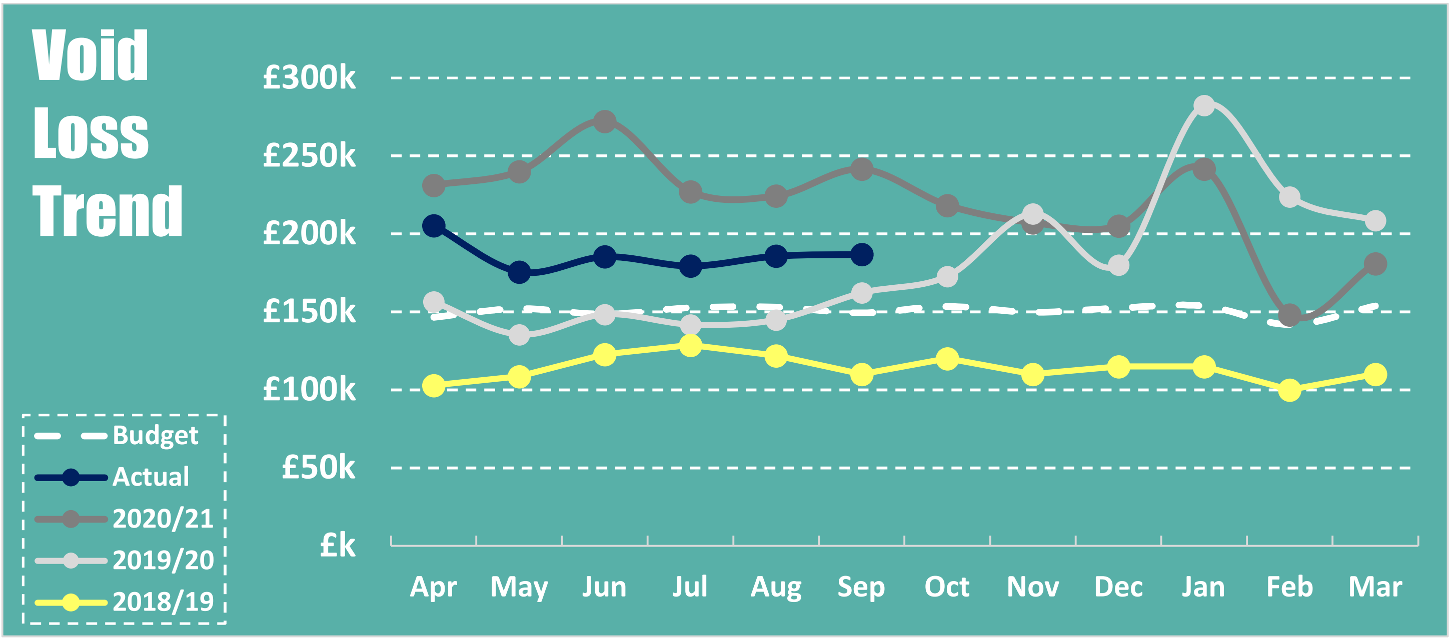
Sheltered Void Units	April	May	June	July	August	September
No. of new voids	24	16	15	23	16	17
No. of lettings	26	18	24	24	21	24
No. of voids at month-end	79	77	68	67	62	55
Void loss for the month	**£56k**	**£56k**	**£48k**	**£45k**	**£44k**	**£39k**
Avg. days to let	*65*	*101*	*84*	*108*	*120*	*108*

On extra care units, Hampshire CC are still working closely with us to try to find suitable nominations. The number of 'ready to lets' have fallen significantly (53 at its highest down to 33) but there still remains high volumes of empty flats at schemes in Hart and Eastleigh. Advertising campaigns are ongoing but we anticipate that voids will increase in the winter probably at a higher rate than usual given the risk that Covid and Flu present.

For general needs properties, we're expecting void repair times to improve in Q4. Properties will be prioritised so those with nominations will be repaired first.

Residential leasing properties are starting to move more quickly but it is taking longer than anticipated for the volume of homeless referrals to get back to usual levels. Supported units continue to be slow and we are chasing the agencies for their referrals. Our sheltered homes are also slower than usual to allocate.

We have a dedicated resource on garages focusing on allocating to those on the waiting list. Once the list is exhausted we will be considering how we advertise the vacancies.



2.3. **Other Income** is £0.1m above budget to September.
Management fee income is above budget with additional income for Kestral Park and Aspect schemes. We've updated the forecast to show an additional £0.2m of income for the year.
Two Saints have still not been charged for any repairs (c.£33k to end June) on buildings they lease from us. A list of rechargeable jobs was finally agreed by repairs managers at the end of September covering May 2020-June 2021 and we will be completing this quarterly going forward. Due to the age of some works we anticipate Two Saints rejecting some of the costs.

2.4. **Rent arrears** for current tenants are 4.18% (0.02% below last month) and below the year-end position of 4.45%. The budget assumption was that this will remain below 5%. We increased the level of our bad debt provision in 21/22.

3. Staff costs

We're £0.4m below budget for staff costs to September (including trade staff). Our current FTE is 864.7 (33.2 FTE below budget) ignoring agency and members of staff on maternity leave.

3.1. As at the end of September there were 33.2 fewer FTE employed compared to budget (ignoring staff on maternity leave 6.2 FTE and agency staff). Repairs are 12.5 FTE below budget and non-repairs is 20.8 FTE below.

3.2. To cover some of the vacancies above, we employed 20 FTE via agencies (17 for the repairs recovery).

3.3. We've updated the forecast for the year on staff costs based on current employees plus costs for all planned recruitment for the rest of the year. Excluding repairs, we're going to be 0.6% (£0.1m) above budget based on us forecasting to have 483.2 FTE (compared to the budgeted 476.1 FTE).

Directorate	Budgeted FTE	Forecast FTE *(at year-end)*	Variance	Note
Executive Team	8.0	8.0	-	
Resources	76.9	77.1	(0.2)	
Operations	259.2	262.7	(3.5)	4 additional Customer Success Advisors
Finance, Governance & Treasury	47.1	48.5	(1.4)	Tax Accountant due to Bargate secondment (1 FTE) & Company Secretary Admin (additional 0.4 FTE)
New Business, Development & Sales	42.6	43.0	(0.4)	
Strategy	42.3	43.9	(1.6)	Admin officer in Fire Safety (1 FTE), Project Surveyor in Asset (additional 0.6 FTE)
TOTAL	**476.1**	**483.2**	**(7.1)**	

The £0.2m overspend in Operations is due to the removal of the £0.1m efficiency savings that were budgeted for this year (and has been offset by reductions in Other Management Costs), as well as the cost for the 4 additional Customer Success Team.

3.4. The underspend to budget in relation to vacancies to date is £652k. This is being partly offset by:
- Agency staff costs (£297k, excluding repairs recovery agency who are budgeted)
- Vacancy allowance in the budget (£170k)
- Efficiency savings budgeted in Operations (£50k)

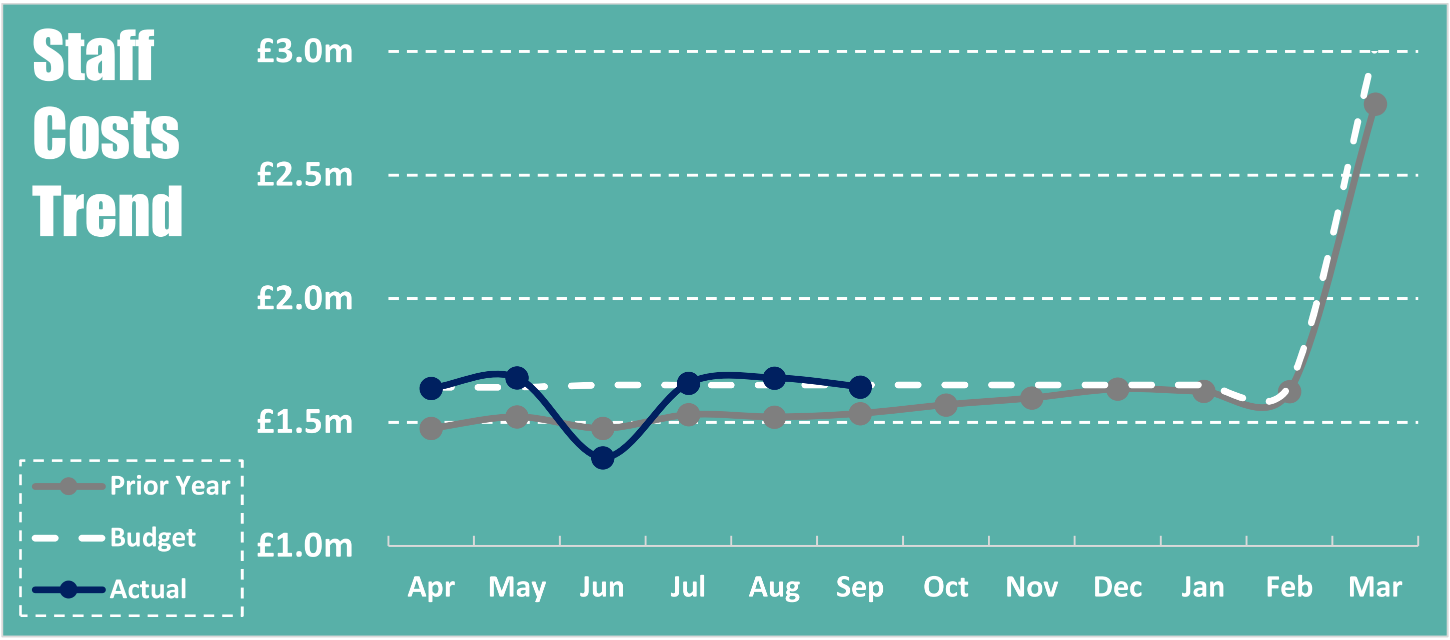
3.5. As at the end of September we have 20 FTE employed via agency. The table below lists these positions and the expected end date.

Job Title	Dept	Length of Service	Expected End Date	Comments
Strategic Fire Safety Manager	Asset	13 months	Mar-22	Following an unsuccessful period of trying to recruit these roles permanently, agency was the only option in order to keep up with the changes in building safety requirements
Project Officer	Asset	10 months	Dec-21	
Building Safety Operational Lead	Asset	7 months	Dec-21	

Various trades (17 FTE)	BM	4 months	TBD	BM repairs recovery posts. Expected to be kept on until the level of WIP is reduced to the required level.

3.6. As at the end of September there are 6 unbudgeted posts which are not being offset by another post elsewhere in the directorate. These posts have a combined salary cost of £14k per month. This excludes the grant-funded Kickstart scheme employees (5 in headcount terms).

Directorate	Unbudgeted Posts	Note
COO	4	4 additional Customer Success Advisors
Strategy	1	Compliance Admin Officer (additional fixed-term post)
Repairs	1	Water Hygiene Team Leader role is unbudgeted (permanent)



4. Property Costs

We increased the repairs budget by £3.3m in revenue terms in response to the recovery plan. Excluding cladding, the September results show a £1.9m underspend in cash terms but a 5% overspend (£0.9m) in revenue terms, with Void and BM Technical areas still driving the overspend.

Following approval from Exec, the forecast has been updated to include an extra £1m of cost to tackle the backlog of Responsive jobs. This results in a £4.7m underspend in cash terms and a £1.8m underspend in revenue terms.

Note: Grounds and Estates team costs and budgets are now being included below and have been removed from Service Costs in Section 5.

4.1. The tables below show repairs costs and repairs by category.

Repairs: Table 1	YTD Budget £m	YTD Actual £m	YTD Variance £m		FY Budget £m	FY Forecast £m	FY Variance £m	20/21 Actual £m
Salary costs	8.57	8.36	0.21		17.03	17.90	(0.87)	15.58
Supplies	4.13	3.81	0.32		9.00	9.00	-	6.34
Sub-Contractors	14.20	12.68	1.52		32.92	31.67	1.25	24.80
Vehicle costs	1.27	1.36	(0.09)		2.57	2.78	(0.21)	2.51
Tools & PPE	0.27	0.27	-		0.55	0.54	0.01	0.69
Mileage & Expenses	0.03	0.07	(0.04)		0.06	0.08	(0.02)	0.11
Other Costs	0.19	0.26	(0.07)		0.37	0.40	(0.03)	0.30
Sub-Total	**28.66**	**26.81**	**1.85**		**62.50**	**62.37**	**0.13**	**50.33**
Cladding & Fire Safety	4.07	1.85	2.22		13.95	9.36	4.59	6.06
Total Repair Running Costs	**32.73**	**28.66**	**4.07**		**76.45**	**71.73**	**4.72**	**56.39**

4.2. The repairs performance report includes more detail on performance in responsive repairs and voids along with commentary.

4.3. Excluding cladding, the accounts to September show repair costs £0.9m (5%) above the net revenue budget. We're seeing adverse performance on:

- BM Technical (major repairs) – £0.4m above budget.
  To September we've completed 38% more jobs than budgeted (117 more jobs), and the average cost is around £300 more per job (table below shows the trend). We've raised/ordered 68 jobs per month on average (after adjusting this to remove abandoned jobs) and there's currently 296 jobs outstanding on Open Housing. Analysis of the outstanding jobs list shows a lower estimated average job value than currently seen in the accounts. If all of these go ahead, we'd expect to spend £1.7m this year (£0.1m above budget), without any new jobs being raised between now and year-end. We've stopped any new jobs being raised onto the budget unless there is a legal or H&S requirement (creating programmes of works or using DLO for the rest). This is resulting in better management of the budget, for example in September of the c48 jobs raised, 25 relate to disrepair and damp & mould.

BM Technical	April	May	June	July	Aug	Sept	Total
No. of completed jobs	66	92	53	60	58	97	**426**
No. of budgeted jobs	66	41	47	52	51	52	**309**
Variance	-	(51)	(6)	(8)	(7)	(45)	**(117)**
Average cost per job	£2.6k	£2.9k	£4.1k	£3.1k	£4.0k	£1.8k	**£2.9k**
No. of jobs raised (excl. abandonments)	76	89	99	57	37	48	**406**

Full-year budget is for 606 jobs at £2.6k

- Voids – £0.3m above budget.
  Performance to September is largely in-line with the latest forecast with projections showing 1,565 voids completed by the end of the year and a £0.7m overspend.
  Discussions have taken place to further reduce the reliance on sub-contractors and it has been agreed that the kitchen and bathroom trades team will be utilised on Voids for the next 6 months. It is assumed that the additional in-house staff/material cost on voids will be offset by a reduction in the usage of sub-contractors, so there will be no effect to the overall volume and cost forecast for the year in voids.
  Any reduction in Kitchen & Bathroom staff costs will be made up by subcontracting out the extra work.

- Planned Projects - £0.2m above budget due to the split of capital and revenue in the projects completed so far.

- Capital budgets – whilst performance on capital budgets does not impact the surplus, we are £2.7m (28%) below budget to September. This is being driven by the windows programme (£1.4m below) which has been re-forecast to underspend by £0.86m. We're also below budget in roof replacements (£0.5m below), kitchen refurbs (£0.5m below) and bathroom refurbs (£0.3m below).
  Output from stock condition data suggests there is a £10.7m shortfall on the cost of major repairs/ components due to be replaced and the latest forecast for this year. These works/replacements will be completed across the next 5 years (starting in 2022/23) on-top of the works due for each year.

Accounting Treatment of Repairs Costs Repairs: Table 2	YTD Budget £m	YTD Actual £m	YTD Variance £m		FY Budget £m	FY Forecast £m	FY Variance £m	20/21 Actual £m
Routine day to day repairs	7.45	7.38	0.07		15.39	16.39	(1.00)	14.21
Void repairs	2.56	2.89	(0.33)		5.12	5.81	(0.68)	5.89
Cyclical repairs	2.04	1.79	0.25		4.47	3.52	0.95	2.90
Major repairs	12.33	10.71	1.62		28.22	27.36	0.84	18.98
Cladding & Fire Safety	4.07	1.85	2.22		13.95	9.36	4.60	6.06
Service repair costs	4.20	3.90	0.30		9.15	9.15	-	8.15
Office & external	0.07	0.12	(0.05)		0.15	0.14	0.01	0.20
Total cost of repairs	**32.73**	**28.66**	**4.07**		**76.45**	**71.73**	**4.72**	**56.39**
Major repairs capitalised	(9.61)	(6.88)	(2.73)		(22.03)	(21.36)	(0.69)	(12.37)
Cladding & Fire Safety capitalised	(3.47)	(1.66)	(1.81)		(11.69)	(9.19)	(2.50)	(5.10)
Add back sinking fund	-	-	-		(0.65)	(0.94)	0.29	0.21
Less: Office & external	(0.07)	(0.12)	0.05		(0.15)	(0.14)	-	(0.17)
Total cost of revenue repairs	**19.58**	**20.00**	**(0.42)**		**41.93**	**40.10**	**1.83**	**38.96**

4.4. We’ve budgeted for £13.95m for cladding and fire safety.

Cladding & Fire Safety Breakdown Repairs: Table 3	YTD Budget £m	YTD Actual £m	YTD Variance £m		FY Budget £m	FY Forecast £m
Cladding - Southdown View	0.04	0.25	(0.21)		0.04	0.26
Cladding - Ockendon/Harding House	0.04	0.10	(0.06)		0.04	0.51
Cladding - Empire View/Gantry	1.35	0.56	0.76		4.82	3.68
Cladding – Collins Place	1.72	0.68	1.04		4.00	2.84
Cladding – freeholder owned	0.51	-	0.51		1.75	-
Cladding – Other blocks/investigations	-	0.04	(0.04)		-	0.07
Brick work Replacement on Ockendon & Harding	-	-	-		1.50	-
Fire Safety - complying with new Act	0.10	-	0.10		1.00	-
Fire Safety – new enforcement regime in Fire Act	0.06	-	0.06		0.55	-
Fire Safety – Remedial works from EWS1 forms (Ventro)	0.25	0.20	0.05		0.25	2.00
TOTAL Cladding & Fire Safety	**4.07**	**1.83**	**2.21**		**13.95**	**9.36**

We are forecasting £0.69m additional cost compared to budget across Southdown View, Ockendon & Harding House. At the point of setting the budget, more costs were expected last year but the projects were delayed by the pandemic and supply issues as a result of Brexit. £0.4m of the additional cost is in relation to an extension of time claim from United Living which we are disputing (but is included in the £0.51m Ockendon/Harding forecast above).

Empire & Gantry commenced in March following the successful claim for building safety funding (£2.8m) to cover leaseholders costs. We received payment of the £2.8m in June and are holding this on account for the leaseholders. Collins Place has commenced with scaffolding going up now. All 3 will run for 18 months and so we’ve reduced the forecast to reflect the expenditure for this year with the balance (£2.3m) deferred into 22/23.

We’re keeping in regular contact with freeholders of blocks we don’t own, and all but 1 (Bellerby Apartments) have completed interim fire safety measures. The original contractor on Bellerby has carried out intrusive inspections but no information has been provided to us. We are taking legal advice on our options to get clarity on the building safety. The budget of £1.75m will be deferred into 22/23.

We budgeted £1.5m for brickwork replacement at Ockendon & Harding which we’re not forecasting to incur costs on during this year. There’s no guidance on the issues we have come across so finding a solution will take time and is further complicated by the current ever-changing environment.

We budgeted £1.0m on compliance with the new act. This was based on door checks on 230 blocks above 4 stories and surveys on external features affecting the wall system. The £0.55m enforcement regime budget allowed for PEEP’s, floor plan mapping and evacuation alarms on 11 high-risk blocks.

The original budget allowed for 10% (£1.2m) of the cladding costs as revenue whereas we are forecasting to capitalise 100% of the cost. The budget also included revenue assumptions on complying with the new act, a new enforcement regime and remedial works following EWS1, whereas the forecast is to spend £2m on remedial works which will be capitalised in-line with prior year principles.

5. Other operating costs

We're currently £1.6m lower than budget. Depreciation and bad debt at £1.4m are driving this and expected to catch up by year end. Other management cost savings are being held in order to offset some overspends within directorate staffing budgets.

Note: Grounds and Estates team costs have been removed from Service Costs as they are now being managed as a repair cost and can be seen as part of Property Costs in Section 4.

Area of Expenditure	YTD Budget £m	YTD Actual £m	YTD Variance £m Better/ (Worse)	YTD Variance % Better/ (Worse)		FY Budget £m	FY Forecast £m	FY Forecast Variance £m	FY 20/21 Actual £m	Forecast Commentary
Service costs (non repairs)	2.9	3.2	(0.3)	(9.2%)		5.6	5.9	(0.3)	5.5	
Management Other Costs	5.6	5.2	0.4	7.8%		9.3	9.4	(0.1)	8.0	See table below
Depreciation	18.0	17.1	0.9	4.3%		37.9	37.5	0.4	35.3	
Bad debts	0.8	0.3	0.5	61.7%		1.7	1.5	0.2	1.5	See comments in section 2
Rent payable	1.3	1.3	-	-		2.6	2.6	-	2.5	
Redundancy & Other Costs	0.1	-	0.1	79.5%		0.2	0.2	-	0.1	
TOTAL	**28.7**	**27.1**	**1.6**	**5.4%**		**57.3**	**57.1**	**0.2**	**52.9**	

5.1 Service costs are £0.3m above budget to September.
We're £0.2m above budget on management fees and forecasting to be £0.3m above for the year. The table below shows the increasing trend in costs per annum, however, the budget has been held at a similar level for the last 3 years.

The forecast increase on last year is due to:

- New Stoneham schemes - £80k (of which approx. half is rechargeable to Aspect)
- Other handovers to date - £102k
- Fees for handovers expected during the rest of the year - £50k (based on the handover schedule)

Management Fees	2018/19	2019/20	2020/21	2021/22
Actual	£1.35m	£1.55m	£1.71m	£1.99m (forecast)
Budget	£1.44m	£1.65m	£1.63m	£1.65m

Directorate	YTD Budget £000	YTD Actual £000	YTD Variance £000	FY Budget £000	FY Forecast £000	FY Forecast Variance £000	FY 20/21 Actual £000	Comments
Executive Team	42	16	26	81	81	-	56	
Resources	2,042	2,021	21	4,380	4,354	26	3,921	
Operations	840	721	119	1,680	1,580	100	1,450	£0.1m below budget across welfare and legal fees. Forecast reductions on welfare, mileage & court costs that offset the increase in staff costs due to the efficiency savings being removed.
Finance, Governance & Treasury	2,876	2,918	(42)	3,255	3,368	(113)	2,302	Above budget on internal audit fees due to more audits being approved as well as price increases (forecast £0.1m above budget).
New Business, Development & Sales	571	449	122	1,203	1,203	-	1,257	Below budget on insurance in Vestal. To be recharged in Oct accounts.
Strategy	534	373	161	1,110	1,110	-	530	£0.2m below budget on fire safety consultancy, partly offset by agency staff.
Offices	252	259	(7)	504	503	1	632	
Property costs	363	283	80	998	997	1	772	Below budget on void utility costs
Capitalised Overheads	(1,842)	(1,807)	(35)	(3,856)	(3,788)	(68)	(2,925)	
Management – Other Costs	**5,678**	**5,233**	**445**	**9,355**	**9,408**	**(53)**	**7,995**	

6. Sales performance

The sales team remain confident in the overall market conditions, and whilst we've had a slower start than budgeted, the updated forecast shows an overall increase in the number of homes sold and profits.

The year so far	Budget				Actual				20/21
	Units	Proceeds £m	Surplus £m	Margin %	Units	Proceeds £m	**Surplus £m**	Margin %	Surplus £m
Open Market (VIVID & Vestal)	75	22.2	3.1	14%	32	9.6	**1.5**	16%	2.3
S/O First tranche	335	32.9	9.9	30%	215	24.6	**5.3**	22%	8.0
RTB / RTA	-	-	-	-	7	1.6	**0.8**	50%	0.7
Staircasing	50	5.0	1.7	35%	97	8.4	**3.2**	38%	4.5
Other Sales*	-	-	-	-	5	0.6	**-**	-	0.5
Bargate Gross Profit	37	17.6	2.7	16%	55	22.9	**3.7**	16%	3.4
Sales costs	-	-	(1.7)	-	-	-	**(1.6)**	-	-
Total	**497**	**77.7**	**15.7**	**20%**	**416**	**67.7**	**12.9**	**19%**	**19.4**

* includes Income from lease extensions.

6.1. For the first half of the year we have seen sales impacted by fluctuations in handovers, compared to budget. Several units handed over and sold earlier than expected, reducing the sales completions for April & May. This is expected to be offset by bringing forward some of the handovers from March'22 to allow the sales to happen this financial year.

6.2. The sales team now have 47 units in stock (6 unreserved). They are expecting a further 40 units to hand over in October, of which 24 are already reserved.

6.3. Whilst the overall development handovers are forecast slightly down (see section 8), the sales forecast has been updated to reflect the current profile of completions. This takes account of sites which completed early in March 21 as well as a bringing forward of sales originally budgeted as completing in early 22/23. We've not made any assumption changes from the budget assumption on sales delay between handover and completion.

6.4. The budget assumes a month delay from handover to sales completion however we have started to notice Local Authorities, legal teams and valuers have been slower in their processing of documents and applications. This will need to be kept under review for us to be able to manage our reservations process.

6.5. Shared owners have been staircasing at a higher rate than in the last couple of years and are currently much further ahead of where we budgeted. There was no pre-empted push to market the staircasing option to residents and elsewhere in the sector there is a decreasing trend so it is unclear at this time what is driving the spike. 18 S/O's staircased in September (11 more than last month and 9 more than budgeted).

6.6. Bargate's profit is now shown excluding overheads, which are treated as a sales cost. Performance for the first half of the year is £1.0m (37%) above budget in gross profit terms (18 units ahead of budget).

6.7. Vestal have completed on 29 sales which meet our forecast margin. The level of sales is below budget due to an increase in Stoneham plot sales completing in March 21 and being removed from this year's forecast. Overall, we are forecasting to exceed the current budget following an increase in shared ownership sales.

Full year	Budget				Forecast			
	Units	Proceeds £m	Surplus £m	Margin %	Units	Proceeds £m	**Surplus £m**	Margin %
Open Market (VIVID & Vestal)	88	27.1	4.0	15%	66	20.4	3.0	15%
S/O First tranche	463	46.5	13.3	29%	533	53.6	15.3	29%
RTB / RTA	-	-	-	-	6	1.3	0.6	50%
Staircasing	100	10.0	3.5	35%	100	10.0	3.5	35%
Other Sales*	-	-	-	-	5	0.6	-	-
Bargate Gross Profit	77	33.1	5.2	15%	77	33.5	5.8	17%
Sales costs	-	-	(3.7)	-	-	-	(3.8)	-
Total	**728**	**116.7**	**22.3**	**19%**	**826**	**119.4**	**24.4**	**20%**

* includes Income from lease extensions.

7. Treasury

Net financing costs are 3.7% below budget for Period 6 due to continued low LIBOR rates and drawn position being lower than budgeted. September forecast is recognising this by reducing costs by £0.7m

	YTD Budget £m	YTD Actual £m	YTD Variance £m		FY Rev Budget £m	FY Forecast £m	FY 20/21 Actuals £m
Gross interest charge	22.2	21.5	0.7		45.3	45.4	42.1
Capitalised Interest	(4.9)	(4.5)	(0.4)		(10.0)	(10.3)	(6.9)
Net interest charge	17.3	17.0	0.3		35.3	35.1	35.2
Bargate	0.6	0.2	0.4		1.1	0.6	1.0
Total Financing cost	**17.9**	**17.2**	**0.7**		**36.4**	**35.7**	**36.2**

7.1. Net financing costs are £0.7m under budget due to the continued low LIBOR rate and our drawn position being lower than budget. Budget showed 0.25% for LIBOR but average to date is 0.08%. Additional grant received in June 21 and Vestal loan repayments after exceeding sales in Q4, have resulted in our drawn position being lower than budgeted.

7.2. Vestal interest has reduced in the September forecast to reflect the lower drawn position and lower interest rates.

7.3. Bargate Interest has reduced by £0.5m in the September forecast due to drawn position being lower than budgeted and the lower interest rate

7.4. As we have secured new funding this financial year through AHGS, this has increased our non-utilisation fees and funding fees, however, we are at a lower drawn position than budgeted, coupled with the low LIBOR rate, this has resulted in lower interest costs. The net effect is a £0.1m cost reduction

7.5. We have made £6.48m of Capital repayments to date. There have been no RCF movements for September.

7.6. At the end of September 21, we had £333m of immediately available liquidity which includes Bargate's £26m RCF (of £30m facility) and we complied with all our golden rules. 90% of our debt was on fixed rates with 10% variable.

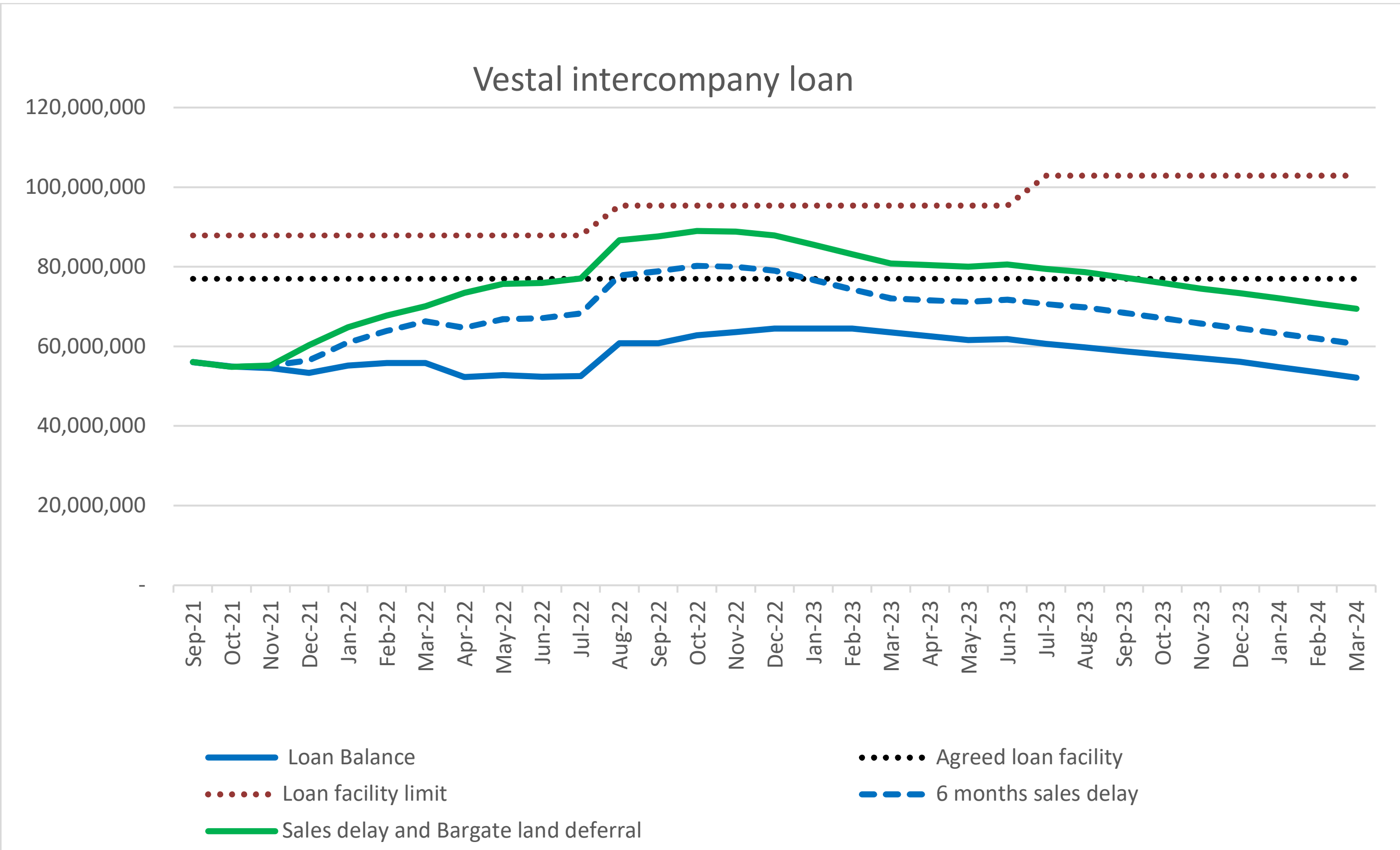
7.7. **Vestal cashflow and inter-company**

- The Vestal loan from VIVID currently stands at £56.0m and Vestal holds £3.8m of cash at the end of September 2021. The cashflow in October 2021 includes the receipt of £2.7m of VAT receivable.

- The unutilised Group on-lending capacity that could be made available to Vestal (including the current £56m loan) increased to £87.9m (£5.7m increase) in June 2021 following the 2020/21 statutory accounts being signed off, thereby increasing the net assets of the Association.

- The agreed loan facility currently stands at £77m, any increase above this would require VIVID Board approval. We forecast remaining within the agreed facility based on current approved schemes until at least the end of 2023/24. We do not expect to increase the current loan balance of £56m before the end of 2021/22 unless land sales were delayed/deferred. If the sales of plots were delayed until 2022/23 and we incurred a 6-month sales delay from October 2021, the loan balance at March 2022 would reach £70.1m and a peak of £89.1m by October 2022.

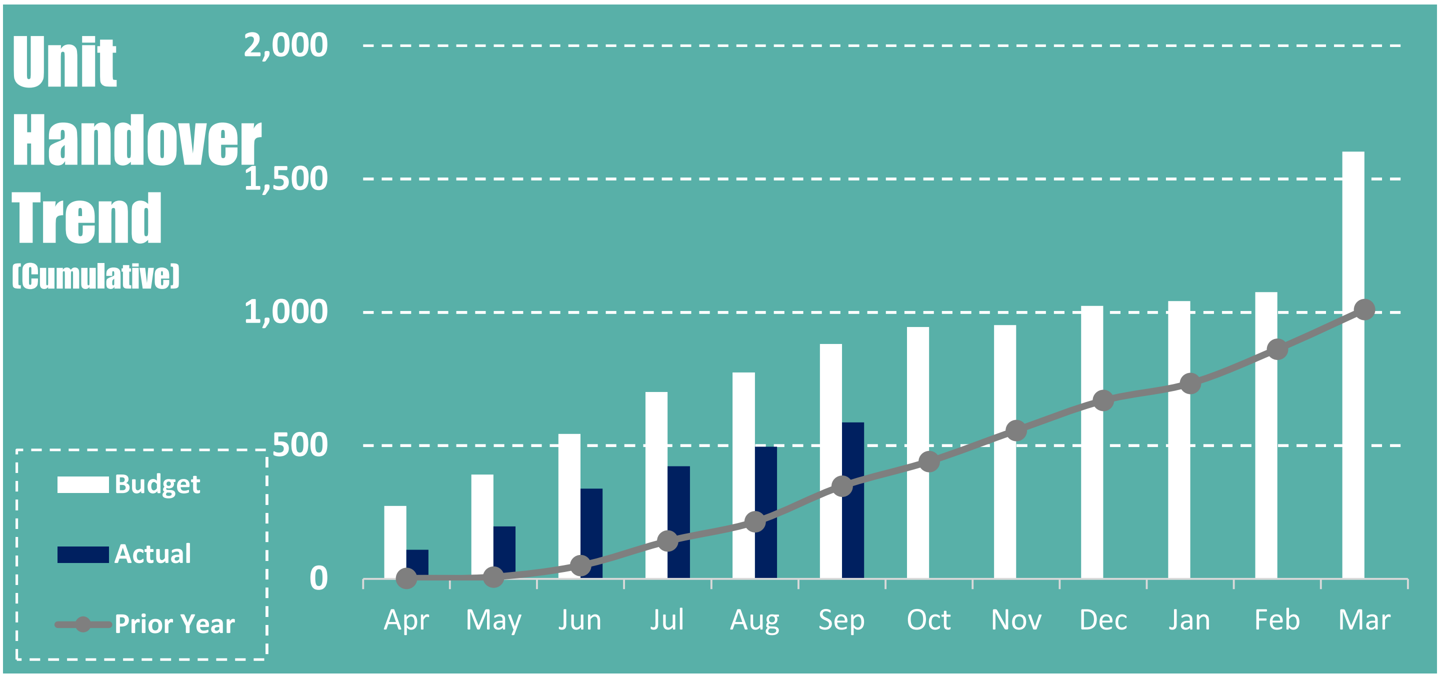
Vestal Cashflow forecast @ 30th Sep 2021	**Oct-21**	**Nov-21**	**Dec-21**	**Jan-22**	**Feb-22**	**Mar-22**	**Apr-22**	**May-22**
Opening Cash balance	3,794	4,000	1,000	1,000	1,000	1,000	500	1,000
Net Cash inflow/(outflow)	1,313	(2,623)	1,206	(1,838)	(610)	(559)	4,011	(420)
Cash balance before loan funding	5,107	1,377	2,206	(838)	390	441	4,511	0
Funding required from/(repaid to) VIVID	(1,107)	(377)	(1,206)	1,838	610	59	(3,511)	420
Closing Cash balance	4,000	1,000	1,000	1,000	1,000	500	1,000	420
Opening loan balance	56,000	54,893	54,516	53,310	55,148	55,758	55,816	52,306
Loan from/(repaid) to VIVID	(1,107)	(377)	(1,206)	1,838	610	59	(3,511)	420
Closing loan balance	54,893	54,516	53,310	55,148	55,758	55,816	52,306	52,725



- Vestal also have an £11.2m loan facility with Heritable Development Finance for Botley Road (Moorgreen). This loan had a net drawn down position of £4.5m at the end of September 2021.

8. Capital costs

We've spent £124.4m on building new homes and completed 586. Latest indications show 1,500 handovers for the year. We've received £28.5m of grant funding.



Handover unit numbers	YTD Budget (Units)	YTD Actual (Units)	YTD Variance (Units)	FY Budget (Units)	FY Forecast (Vs FY Budget) (Units)
Social Rent	121	116	(5)	279	288 (+9)
Affordable Rent	308	199	(109)	561	463 (-98)
Shared Ownership	312	193	(119)	535	551 (+16)
Outright Sale	56	27	(29)	105	72 (-33)
Market Rent	45	-	(45)	45	45 (-)
Bargate *	39	51	12	77	77 (-)
Total	**881**	**586**	**(295)**	**1,602**	**1,506 (-106)**

(*) Bargate also delivered 29 units for VIVID and forecasting 47 in total.

Development handovers are 33% lower than budgeted which is also impacting sales completions and will now start to impact rental income. The latest handover data shows a strong 3rd quarter, but the program will not catch up to budget until Nov'21. With units due to handover in March delayed into 22/23 we are likely to achieve c.1,500 completions this year.

The Other Capital Projects are detailed below:

Project	YTD Budget £m	YTD Actual £m	YTD Variance £m		FY Budget £m	FY Forecast £m
IT Roadmap	0.4	-	0.4		0.8	1.0
IT systems and infrastructure	0.2	0.2	-		0.4	0.4
IT & Other capital projects	0.2	0.1	0.1		0.4	0.4
Communal furniture replacement (SRVC Assets)	0.1	0.1	-		0.2	0.2
JV investment	-	-	-		0.4	0.4
Grounds Maintenance Equipment	-	-	-		0.1	0.1
TOTAL	**0.3**	**0.3**	**-**		**2.3**	**2.5**

9. Group entities

This is the technical bit showing how the group surplus is comprised. It shows the profit from each subsidiary and the consolidation adjustments.

9.1. The surplus of the Group stands at £38.3m this is broken down by entity below:

Group Companies Surplus	6 Months to September			FY 2021-22		
	Budget	Actual	Variance	Budget	Forecast	Variance
	£m	£m	£m	£m	£m	£m
VIVID	38.7	37.0	(1.7)	66.8	70.5	3.7
VIVID Build	-	-	-	-	-	-
Vestal	1.7	0.6	(1.1)	1.4	0.7	(0.7)
Bargate	0.7	2.1	1.4	1.1	2.0	0.9
VIVID Plus	-	-	-	-	-	-
Consolidation	(2.2)	(1.9)	0.3	(4.3)	(4.3)	-
Net Surplus	**38.9**	**37.8**	**(1.1)**	**65.0**	**68.9**	**3.9**

The consolidation adjustments represent:

Adjustment	Entity	Actual £m	Budget £m
Elimination of profit and management charge on intra-group sales	Vestal	(0.2)	(0.6)
Elimination of profit on intra-group sales	Bargate	(0.3)	(0.2)
Amortisation of goodwill on investment	Bargate	(1.4)	(1.4)
Total Consolidation Adjustment		**(1.9)**	**(2.2)**

9.2. **Vestal Developments**

Vestal made a pre-tax profit of £0.6m to the end of September.

9.3. **Bargate Homes Ltd**

The reported profit after tax from Bargate Homes for the year to September is £2.1m. They have completed 84 units, 55 for market sale and 29 for VIVID.

	Adj's	Actual	Adj's	Budget
	£m	£m	£m	£m
Bargate reported net profit/(loss)		2.1		0.7
Elimination of profit on Bargate intra-group sales	0.3		0.2	
Amortisation of goodwill on investment	1.4		1.4	
Total Consolidation Adjustment		(1.7)		(1.6)
Total Group Profit/(Loss) from Bargate		**0.4**		**(0.9)**

How the group profit is recorded in the management accounts	Actual £m	Budget £m
Profit/(loss) on sale	2.0	1.1
Depreciation (Goodwill)	(1.4)	(1.4)
Interest	(0.2)	(0.6)
Tax	-	-

Total Group Profit/(Loss) from Bargate	**0.4**	**(0.9)**

9.4. VIVID Plus Ltd

VIVID Plus had no transactions in the period 1st April – 30th September 2021 and retains £5.2m of cash.

VIVID

Statement of Comprehensive Income 2021/22 - Consolidated Group results **September 2021**

	Budget £m YTD	VIVID £m YTD	Vivid Build £m YTD	Vestal £m YTD	Bargate Homes £m YTD	Vivid Plus £m YTD	Consolidation £m YTD	Actual £m YTD	Variance £m YTD	Variance % YTD	Budget £m FY	Forecast £m FY	Variance £m
Rent	91.0	90.7	-	-	-	-	-	90.7	(0.3)	(0.4%)	183.1	182.8	(0.3)
Service Charges	5.6	5.6	-	-	-	-	-	5.6	0.0	0.7%	11.1	11.2	0.1
Voids	(1.0)	(1.3)	-	-	-	-	-	(1.3)	(0.2)	(19.9%)	(2.1)	(2.8)	(0.7)
Other Income	0.9	1.1	-	0.0	-	-	(0.1)	1.0	0.1	11.6%	1.8	2.1	0.2
Amortised Grant	2.8	2.9	-	-	-	-	-	2.9	0.0	1.5%	5.6	5.6	-
Total Income	**99.2**	**99.0**	**-**	**0.0**	**-**	**-**	**(0.1)**	**98.8**	**(0.4)**	**(0.4%)**	**199.5**	**198.9**	**(0.6)**
Services	2.9	3.2	-	-	-	-	-	3.2	(0.3)	(9.2%)	5.5	5.9	(0.3)
Management - Staff Costs	9.9	9.7	-	-	-	-	-	9.7	0.2	1.9%	21.2	21.3	(0.1)
Management - Other Costs	5.7	5.2	-	-	-	-	-	5.2	0.4	7.8%	9.4	9.4	(0.1)
Responsive Repairs	7.5	7.4	-	-	-	-	-	7.4	0.1	1.0%	15.4	16.4	(1.0)
Void Repairs	2.6	2.9	-	-	-	-	-	2.9	(0.3)	(13.0%)	5.1	5.8	(0.7)
Cyclical Repairs	2.0	1.8	-	-	-	-	-	1.8	0.3	12.5%	3.8	2.6	1.2
Service Charge Repairs	4.2	3.9	-	-	-	-	-	3.9	0.3	7.1%	9.2	9.2	-
Major Repairs	12.3	10.7	-	-	-	-	-	10.7	1.6	13.0%	28.2	27.4	0.9
Major Repairs Capitalised	(9.6)	(6.9)	-	-	-	-	-	(6.9)	(2.7)	(28.4%)	(22.0)	(21.4)	(0.7)
Cladding	4.1	1.9	-	-	-	-	-	1.9	2.2	54.5%	14.0	9.4	4.6
Cladding Capitalised	(3.5)	(1.7)	-	-	-	-	-	(1.7)	(1.8)	(52.2%)	(11.7)	(9.2)	(2.5)
Housing Depreciation	15.6	14.9	-	-	-	-	-	14.9	0.7	4.5%	33.5	33.1	0.4
Other Assets Depreciation	2.2	0.8	-	-	-	-	1.4	2.2	0.1	3.0%	4.5	4.5	-
Bad Debts	0.8	0.3	-	-	-	-	-	0.3	0.5	61.7%	1.7	1.5	0.2
Rent Payable to Owners	1.3	1.3	-	-	-	-	-	1.3	0.0	1.6%	2.6	2.6	-
Redundancy Costs	0.1	0.0	-	-	-	-	-	0.0	0.1	90.7%	0.2	0.2	-
Other Costs	0.0	0.0	-	-	-	-	-	0.0	0.0	51.2%	0.0	0.0	-
Total Operating Expenditure	58.1	55.4	-	-	-	-	1.4	56.8	1.3	2.3%	120.4	118.6	1.9
Operating Surplus	**41.1**	**43.6**	**-**	**0.0**	**-**	**-**	**(1.5)**	**42.1**	**1.0**	**2.3%**	**79.1**	**80.3**	**1.3**
EBITDA - MRI	44.2	48.7	-	0.0	-	-	(1.5)	47.2	2.9	6.6%	84.9	86.4	1.6
Outright Sales - Receipts	22.2	1.4	-	8.3	-	-	-	9.6	(12.5)	(56.5%)	27.1	20.4	(6.8)
LCHO Sales - Receipts	32.9	24.6	-	-	-	-	-	24.6	(8.3)	(25.3%)	46.5	53.6	7.0
Outright Sales - Cost of Sale	(19.1)	(1.2)	-	(7.1)	-	-	0.1	(8.1)	11.0	57.5%	(23.1)	(17.3)	5.8
LCHO Sales - Cost of Sale	(23.0)	(19.3)	-	-	-	-	-	(19.3)	3.7	16.1%	(33.2)	(38.3)	(5.0)
Surplus on Other Sales	1.8	4.1	(0.0)	0.3	-	-	(0.3)	4.1	2.3	132.7%	3.5	4.1	0.6
Profit from Bargate	1.0	-	-	-	2.3	-	(0.3)	2.0	1.0	(103.9%)	1.5	1.9	0.4
Surplus on Property Sales	**15.7**	**9.6**	**(0.0)**	**1.4**	**2.3**	**-**	**(0.4)**	**12.9**	**(2.8)**	**(17.8%)**	**22.3**	**24.3**	**2.0**
Financing Cost	17.9	16.2	(0.0)	0.8	0.2	-	-	17.2	0.7	3.7%	36.3	35.7	0.7
Surplus	**39.0**	**37.0**	**(0.0)**	**0.6**	**2.1**	**-**	**(1.9)**	**37.8**	**(1.2)**	**(3.0%)**	**65.1**	**69.0**	**3.9**
Pension Provision	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair Value Loan Adj	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair Value Invest. Prop. Adj	-	-	-	-	-	-	-	-	-	-	-	-	-
Dist. Res. from Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax	0.0	(0.0)	-	-	-	-	-	(0.0)	0.1	103.2%	0.1	0.1	-
Group Restructure Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Surplus	**38.9**	**37.0**	**(0.0)**	**0.6**	**2.1**	**-**	**(1.9)**	**37.8**	**(1.1)**	**(2.9%)**	**65.0**	**68.9**	**3.9**

Statement of financial position September 2021

	2022 VIVID Opening balance £m	2022 Co 1 Balance at Sep £m	2022 Co 2 Balance at Sep £m	2022 Co 3 Balance at Sep £m	2022 Co 4 Balance at Sep £m	2022 Co 5 Balance at Sep £m	2022 Co 99 Balance at Sep £m	2022 VIVID Balance at Sep £m	2022 Movement Year to Sep £m	2022 Budget Full Year £m
Fixed Assets										
Housing Properties at Cost	2,698.3	2,860.7	-	-	-	-	(11.7)	2,848.9	150.6	2,430.6
Depreciation & Impairment	(298.1)	(312.2)	-	-	-	-	-	(312.2)	(14.2)	(294.3)
Net Book Value	**2,400.2**	**2,548.4**	**-**	**-**	**-**	**-**	**(11.7)**	**2,536.7**	**136.5**	**2,136.3**
Other Fixed Assets	15.9	15.4	-	-	0.1	-	-	15.5	(0.4)	22.8
Long Term Investments	53.0	70.5	-	-	(0.0)	-	(19.0)	51.5	(1.5)	34.6
Total Fixed Assets	**2,469.2**	**2,634.4**	**-**	**-**	**0.1**	**-**	**(30.8)**	**2,603.7**	**134.5**	**2,193.7**
Current Assets/ Liabilities										
Stock and Work in Progress	173.1	1.6	-	85.0	25.5	-	-	112.2	(60.9)	99.9
Rent Arrears	7.8	2.6	-	-	-	-	-	2.6	(5.1)	7.6
Other Debtors & Prepayments	7.0	65.7	-	2.3	1.7	-	(62.1)	7.5	0.5	23.8
Cash	52.3	29.7	0.2	3.3	11.0	5.2	-	49.5	(2.8)	3.3
Creditors Due < 1 Year	(78.8)	(37.7)	(0.1)	(17.2)	(6.0)	-	0.5	(60.6)	18.2	(39.1)
Net Current Assets	**161.4**	**61.9**	**0.1**	**73.4**	**32.2**	**5.2**	**(61.7)**	**111.2**	**(50.2)**	**95.4**
Creditors Due > 1 Year										
Housing Loans	1,331.6	1,344.2	-	60.5	4.0	-	(56.0)	1,352.7	21.1	1,126.2
Recycled Capital Grant Fund	9.7	11.4	-	-	-	-	-	11.4	1.6	9.6
Disposal Proceeds Fund	-	-	-	-	-	-	-	-	-	0.4
Grant	644.2	668.3	-	-	-	-	-	668.3	24.1	495.7
Other Creditors & Accruals	0.1	0.1	-	5.7	-	-	(5.7)	0.1	-	20.2
Total Long Term Creditors	**1,985.7**	**2,024.0**	**-**	**66.1**	**4.0**	**-**	**(61.7)**	**2,032.5**	**46.8**	**1,652.2**
Pension & Other Provisions	**4.4**	**2.5**	**-**	**-**	**-**	**-**	**1.6**	**4.1**	**(0.3)**	**23.2**
Total Net Assets	**640.5**	**669.8**	**0.1**	**7.2**	**28.3**	**5.2**	**(32.4)**	**678.3**	**37.8**	**613.7**
Capital & Reserves										
Revenue Reserves	638.1	667.5	0.1	7.2	28.3	5.2	(32.4)	675.9	37.8	612.8
Revaluation Reserves	2.3	2.3	-	-	-	-	-	2.3	-	0.9
Total Reserves	**640.5**	**669.8**	**0.1**	**7.2**	**28.3**	**5.2**	**(32.4)**	**678.3**	37.8	**613.7**

VIVID

Cashflow statement - consolidated group results
September 2021

	2021/22 Actual VIVID HA YTD £m	2021/22 Actual VBL YTD £m	2021/22 Actual Vestal YTD £m	2021/22 Actual Bargate YTD £m	2021/22 Actual VIVID+ YTD £m	2021/22 Actual Consol YTD £m	2021/22 Actual Group YTD £m
Net Cash inflow from Operating Activities	**39.7**	**(0.0)**	**2.9**	**(0.2)**	**-**	**(0.1)**	**42.4**
Returns on Investment/Interest Received	0.0	0.0	-	-	-	-	0.0
Servicing of Finance/Interest Paid	(21.8)	-	(0.8)	(0.2)	-	-	(22.8)
Net Cash Inflow/(Outflow) from above activities	**17.9**	**(0.0)**	**2.1**	**(0.4)**	**-**	**(0.1)**	**19.5**
First Tranche Sales Proceeds	24.6	-	-	-	-	-	24.6
Properties Developed for Outright Sale	1.4	-	8.3	22.9	-	-	32.5
Sales of Housing Properties and Other Assets	10.7	-	5.5	3.3	-	(8.8)	10.7
SHG/Other Grants Received	28.6	-	-	0.2	-	-	28.8
New development expenditure	(106.7)	-	(17.4)	(16.7)	-	8.9	(131.9)
Capitalised Major Repairs Expenditure	(8.5)	-	-	-	-	-	(8.5)
Purchase of Other Fixed Assets	0.4	-	-	0.0	-	-	0.4
Investment in subsidary	-	-	-	-	-	-	-
Investment in Joint Venture	-	-	-	0.1	-	-	0.1
Net Cash Inflow/(Outflow) from Investing Activities	**(49.5)**	**-**	**(3.7)**	**9.7**	**-**	**0.1**	**(43.4)**
Net Cash Inflow/(Outflow) before Financing	**(31.6)**	**(0.0)**	**(1.5)**	**9.3**	**-**	**0.0**	**(23.8)**
Loans (Repaid) / Received	26.5	-	(0.0)	(5.5)	-	-	21.0
Net Cash Inflow/(Outflow) from Financing	**26.5**	**-**	**(0.0)**	**(5.5)**	**-**	**-**	**21.0**
Increase/(Decrease) in Cash and Cash Equivalents	**(5.1)**	**(0.0)**	**(1.6)**	**3.8**	**-**	**0.0**	**(2.8)**
Opening Balance - Cash and Cash Equivalents	34.8	0.2	4.8	7.2	5.2	-	52.3
Closing Balance - Cash and Cash Equivalents	29.7	0.2	3.3	11.0	5.2	-	49.5
Net Change in Cash	**(5.1)**	**(0.0)**	**(1.6)**	**3.8**	**-**	**-**	**(2.8)**
Reconciliation of Operating Surplus to Net Cash Flow from Operating Activities							
Operating Surplus	43.6	-	0.0	-	-	(1.5)	42.1
Gift Aid / Tax Paid	0.0	-	-	-	-	-	0.0
Depreciation & Impairment	15.6	-	-	-	-	1.4	17.0
ROI not receieved	-	-	-	-	-	-	-
Grant Amortisation	(2.9)	-	-	-	-	-	(2.9)
Net Movement in Short-Term Debtors and Creditors	(16.6)	(0.0)	2.9	(0.2)	-	-	(13.9)
Net Cash Inflow From Operating Activities	**39.7**	**(0.0)**	**2.9**	**(0.2)**	**-**	**(0.1)**	**42.4**

VIVID

Statement of Comprehensive Income 2021/22 - Association results

	Budget £m YTD	Actual £m YTD	Variance £m YTD	Variance % YTD	Budget £m FY	Forecast £m FY	Variance £m
Rent	91.0	90.7	(0.3)	(0.4%)	183.1	182.8	(0.3)
Service Charges	5.6	5.6	0.0	0.7%	11.1	11.2	0.1
Voids	(1.0)	(1.3)	(0.2)	(19.9%)	(2.1)	(2.8)	(0.7)
Other Income	1.0	1.1	0.1	10.0%	2.1	2.3	0.2
Amortised Grant	2.8	2.9	0.0	1.5%	5.6	5.6	-
Total Income	**99.3**	**99.0**	**(0.4)**	**(0.4%)**	**199.8**	**199.2**	**(0.6)**
Services	2.9	3.2	(0.3)	(9.2%)	5.5	5.9	(0.3)
Management - Staff Costs	9.9	9.7	0.2	1.9%	21.2	21.3	(0.1)
Management - Other Costs	5.6	5.2	0.3	6.0%	9.2	9.3	(0.1)
Responsive Repairs	7.5	7.4	0.1	1.0%	15.4	16.4	(1.0)
Void Repairs	2.6	2.9	(0.3)	(13.0%)	5.1	5.8	(0.7)
Cyclical Repairs	2.0	1.8	0.3	12.5%	3.8	2.6	1.2
Service Charge Repairs	4.2	3.9	0.3	7.1%	9.2	9.2	-
Major Repairs	12.3	10.7	1.6	13.0%	28.2	27.4	0.9
Major Repairs Capitalised	(9.6)	(6.9)	(2.7)	(28.4%)	(22.0)	(21.4)	(0.7)
Cladding	4.1	1.9	2.2	54.5%	14.0	9.4	4.6
Cladding Capitalised	(3.5)	(1.7)	(1.8)	(52.2%)	(11.7)	(9.2)	(2.5)
Housing Depreciation	15.6	14.9	0.7	4.5%	33.5	33.1	0.4
Other Assets Depreciation	0.8	0.8	0.1	8.0%	1.7	1.7	-
Bad Debts	0.8	0.3	0.5	61.7%	1.7	1.5	0.2
Rent Payable to Owners	1.3	1.3	0.0	1.6%	2.6	2.6	-
Redundancy Costs	0.1	0.0	0.1	90.7%	0.2	0.2	-
Other Costs	0.0	0.0	0.0	51.2%	0.0	0.0	-
Total Operating Expenditure	56.6	55.4	1.2	2.1%	117.5	115.6	1.9
Operating Surplus	**42.7**	**43.6**	**0.8**	**2.0%**	**82.3**	**83.5**	**1.3**
EBITDA - MRI	45.9	48.7	2.8	6.2%	88.1	89.6	1.6
Outright Sales - Receipts	1.8	1.4	(0.5)	(25.2%)	1.8	1.8	-
LCHO Sales - Receipts	32.9	24.6	(8.3)	(25.3%)	46.5	53.6	7.0
Outright Sales - Cost of Sale	(1.3)	(1.2)	0.2	12.8%	(1.3)	(1.3)	-
LCHO Sales - Cost of Sale	(23.0)	(19.3)	3.7	16.1%	(33.2)	(38.3)	(5.0)
Surplus on Other Sales	1.8	4.1	2.3	132.8%	3.5	4.1	0.6
Profit from Bargate	-	-	-	-	-	-	-
Surplus on Property Sales	**12.2**	**9.6**	**(2.6)**	**(21.2%)**	**17.3**	**19.9**	**2.6**
Financing Cost	16.2	16.2	(0.0)	(0.0%)	32.6	32.8	(0.2)
Surplus	**38.8**	**37.0**	**(1.7)**	**(4.5%)**	**67.0**	**70.7**	**3.7**
Pension Provision	-	-	-	-	-	-	-
Fair Value Loan Adj	-	-	-	-	-	-	-
Fair Value Invest. Prop. Adj	-	-	-	-	-	-	-
Dist. Res. from Investments	-	-	-	-	-	-	-
Tax	0.0	(0.0)	0.1	103.2%	0.1	0.1	-
Group Restructure Adjustments	-	-	-	-	-	-	-
Net Surplus	**38.7**	**37.0**	**(1.7)**	**(4.4%)**	**66.9**	**70.6**	**3.7**

Statement of position

	2022 VIVID Opening balance £m	2022 VIVID Balance at Sep £m	2022 Movement Year to Sep £m	2022 Budget Full Year £m
Fixed Assets				
Housing Properties at Cost	2,709.5	2,860.7	151.2	2,430.6
Depreciation & Impairment	(298.1)	(312.2)	(14.2)	(294.3)
Net Book Value	**2,411.4**	**2,548.4**	**137.0**	**2,136.3**
Other Fixed Assets	15.8	15.4	(0.4)	22.8
Long Term Investments	70.6	70.5	(0.1)	34.6
Total Fixed Assets	**2,497.9**	**2,634.4**	**136.5**	**2,193.7**
Current Assets/ Liabilities				
Stock and Work in Progress	60.5	1.6	(58.9)	99.9
Rent Arrears	7.8	2.6	(5.1)	7.6
Other Debtors & Prepayments	58.2	65.7	7.5	23.8
Cash	34.8	29.7	(5.1)	3.3
Creditors Due < 1 Year	(50.6)	(37.7)	12.9	(39.1)
Net Current Assets	**110.7**	**61.9**	**(48.8)**	**95.4**
Creditors Due > 1 Year				
Housing Loans	1,318.9	1,344.2	25.4	1,126.2
Recycled Capital Grant Fund	9.7	11.4	1.6	9.6
Disposal Proceeds Fund	-	-	-	0.4
Grant	644.2	668.3	24.1	495.7
Other Creditors & Accruals	0.1	0.1	-	20.2
Total Long Term Creditors	**1,972.9**	**2,024.0**	**51.1**	**1,652.2**
Pension & Other Provisions	**2.8**	**2.5**	**(0.3)**	**23.2**
Total Net Assets	**632.8**	**669.8**	**37.0**	**613.7**
Capital & Reserves				
Revenue Reserves	630.4	667.5	37.0	612.8
Revaluation Reserves	2.3	2.3	-	0.9
Total Reserves	**632.8**	**669.8**	37.0	**613.7**

VIVID

Cashflow statement - Association results
September 2021

	2021/22 Actual Association YTD £m
Net Cash inflow from Operating Activities	**39.7**
Returns on Investment/Interest Received	0.0
Servicing of Finance/Interest Paid	(21.8)
Net Cash Inflow/(Outflow) from above activities	**17.9**
First Tranche Sales Proceeds	24.6
Properties Developed for Outright Sale	1.4
Sales of Housing Properties and Other Assets	10.7
SHG/Other Grants Received	28.6
New development expenditure	(106.7)
Capitalised Major Repairs Expenditure	(8.5)
Purchase of Other Fixed Assets	0.4
Investment in subsidary	-
Investment in Joint Venture	-
Net Cash Inflow/(Outflow) from Investing Activities	**(49.5)**
Net Cash Inflow/(Outflow) before Financing	**(31.6)**
Loans (Repaid) / Received	26.5
Net Cash Inflow/(Outflow) from Financing	**26.5**
Increase/(Decrease) in Cash and Cash Equivalents	**(5.1)**
Opening Balance - Cash and Cash Equivalents	34.8
Closing Balance - Cash and Cash Equivalents	29.7
Net Change in Cash	**(5.1)**
Reconciliation of Operating Surplus to Net Cash Flow from Operating Activities	
Operating Surplus	43.6
Gift Aid / Tax Paid	0.0
Depreciation & Impairment	15.6
ROI not receieved	-
Grant Amortisation	(2.9)
Net Movement in Short-Term Debtors and Creditors	(16.6)
Net Cash Inflow From Operating Activities	**39.7**

Interest Cover Ratios

Measures	2020-21 Actual	2021-22 Year to date	 Forecast	2020-21 Rolling 3yrs actual	2021-22 Rolling 3yrs actual	Notes
Adjusted EBITDA-MRI	219.16%	226.70%	186.80%	211.21%	199.10%	Operating surplus adjusted to remove the impact of Depreciation of Housing Properties, Capitalised Components & Major Repairs, FVA Financial Instruments or Pension Fund Liabilities, Surplus/Deficit on Property Sales, Income from Gift Aid Payments and Amortised Grant, to the extent included in Operating Surplus
Adjusted EBITDA-MRI net of pension Interest	220.86%	226.70%	186.80%	212.71%	200.60%	As (1) but Interest payable definition excludes the unwinding of Pension provisions
Adjusted EBITDA-MRI incl property sales	238.78%	252.26%	222.34%	242.43%	226.36%	Operating surplus adjusted to remove the impact of Depreciation of Housing Properties, Sales of Investments or Fixed Assets (but to include Housing Property Sales) Capitalised Components & Major Repairs, Non-cash movements on Financial Instruments or Pension Fund Liabilities, Capitalised Pension Deficit Payments, Income from Gift Aid Payments and Amortised Grant, to the extent included in Operating Surplus
Adjusted operating surplus excluding property sales	227.36%	235.33%	194.68%	226.00%	207.06%	Operating surplus adjusted to add back Interest Received and Depreciation of Housing Properties, deduct Capitalised Major Repairs, and exclude the Surplus/Deficit on Property Sales
Operating surplus including capex	294.71%	307.20%	306.35%	295.63%	289.36%	Operating surplus adjusted to add back Depreciation and Impairment of Housing Properties, interest payable excludes Capitalised Interest
Operating surplus including capex and cap interest	355.36%	394.30%	402.25%	358.47%	361.37%	Operating surplus adjusted to add back Depreciation and Impairment of Housing Properties, interest payable includes Capitalised Interest

Gearing ratios

Measures	At 31/03/21	2021-22 Q1	 Q2	 Q3	 Q4	Notes
Gross Debt to Valuation	53.30%	53.85%	54.39%			Annual Valuation carried out on EUV SH basis and included in Financial Statements
Net Debt to Valuation	52.39%	52.61%	53.66%			Annual Valuation carried out on EUV SH basis and included in Financial Statements
Net Debt to Valuation incl derivatives	52.39%	52.61%	53.66%			Annual Valuation carried out on EUV SH basis and included in Financial Statements- Financial Indebtedness includes m2m on derivatives
Total Debt to Net Assets	49.53%	54.77%	55.32%			Total Debt (>1 yr) to Total Assets Less Current Liabilities

Asset Cover Ratios

Facility	Drawn Debt £m	Minimum Value in £m	Asset Cover %
AHF	£164.7	£190.8	116%
Barclays BUK	£123.6	£177.2	143%
Barclays BI	£0.0	£83.8	
Harbour	£75.0	£167.3	0%
Lloyds	£219.0	£248.2	113%
MUFG	£0.0	£55.9	
Orchardbrook	£1.5	£3.0	199%
Private Placements	£508.0	£618.7	122%
RBS	£100.0	£193.5	193%
Santander	£71.7	£149.0	208%
THFC	£10.0	£12.1	121%
Yorkshire BS	£45.3	£57.5	127%

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RP Number : 4850

RP Name : Vivid Housing Limited

Survey Status : Signed Off

Regulator of Social Housing - Quarterly Financial and Risk Survey September 2021

Section A FINANCE MARKET

Current facilities and cash	Bank loans £000s	Capital markets £000s	Other £000s	Cash £000s	Total £000s
A1. Total agreed	863383	811163	9618		**1684164**
A2. Total drawn	563449	761163	4486		**1329098**
A3. Available cash				27472	
A4. Total undrawn and cash	**299934**	**50000**	**5132**	**27472**	**382538**
A4b. Amount of undrawn facilities and cash unavailable to draw within five days	0	50000	5110	0	**55110**
A5. Total value of new finance agreed this quarter	0	0	0		**0**
A6. Are there any non-standard funding sources, for example sale/lease and lease back arrangements, retail bonds?					Yes
A7. If the response to A6 is yes, please advise the total value of such funding and include details in finance market comments.					9618
A8. Please confirm that the funding reported at A7 is included in facilities at A1.					Yes
A9. Do any of the facilities reported at A1 include revolving credit facilities?					Yes
A10. If the response to A9 is yes, what is the value of the agreed revolving credit facility included at A1?					428933
A11. If the response to A9 is yes, what is the value of the drawn revolving credit facility included at A2?					129000
A12. Length of period (in months) before financing is required					21
Security					

A13. Facilities with security required and in place	1634164
A14. Facilities where security is not required	0
A15. Facilities where security is required but not yet in place	50000
A16. Total agreed facilities	**1684164**
A17. Do you expect to discuss a potential loan covenant breach (or any other event of loan default) with your lenders in the next 36 months?	No

A18. Finance market comments	The £50m available in Capital Markets agreed facilities (A4) is a standby liquidity offer with MORhomes, we have not drawn on this and would have 12 months to provide security if we decide to go to market. Included within 'Other' is a £9.6m (was originally £11.2m prior to repayments) Development Finance loan to Vestal from Heritable Development Finance.

Section B CASHFLOW

Quarterly cashflow information should be provided for the next 12 months. Net cash inflows should be entered as positive numbers, net cash outflows as negative numbers.

	Actual	Forecasts			
	1 Jul 2021 to 30 Sep 2021	1 Oct 2021 to 31 Dec 2021	1 Jan 2022 to 31 Mar 2022	1 Apr 2022 to 30 Jun 2022	1 Jul 2022 to 30 Sep 2022
	£000s	£000s	£000s	£000s	£000s
B1. Net cashflow from operating activities excluding sales	24625	26114	26114	26114	26114
B2. Capitalised repairs and maintenance costs	-4630	-11000	-11000	-10000	-10000
B3. Interest received	4	5	5	5	5
B4. Interest paid	-10205	-11570	-10849	-12239	-10958
B5. Payments to acquire/develop housing properties (committed)	-57732	-62005	-103004	-49110	-49110
B6. Payments to acquire/develop housing properties (uncommitted)		0	0	-31000	-31000
B7. Current asset sales receipts (committed)	20451	19400	31000	35683	43390
B8. Current asset sales receipts (uncommitted)		0	0	0	0
B9. Receipts from disposals of housing fixed assets	6139	3000	3000	3000	3000
B10. Other net cashflow before financing	-34	0	0	0	0
B11. Net capital grants received/(repaid) (committed)	0	59	0	0	0
B12. Net capital grants received/(repaid) (uncommitted)		0	0	0	0
B13. Cashflows (to)/from joint ventures and associates	0	0	0	0	0

B14. Loan repayments	-3704	-2300	-898	-4757	-1959
B15. Loan drawdowns from facilities secured and available	2097	0	0	0	0
B16. Loan drawdowns from facilities agreed but not yet secured	0	0	0	0	0
B17. Loan drawdowns from facilities not yet agreed		185000	0	0	0
B18. Net drawdowns/(repayments) of revolving credit facility	15000	-125000	25000	50000	36933
B19. Other financing cashflows	-644	-500	-500	-500	-500
B20. Available cash, bank and short term investments brought forward	36105	**27472**	**48675**	**7543**	**14739**
B21. Increase/(decrease) in cash, bank and short term investments	**-8633**	**21203**	**-41132**	**7196**	**5915**
B22. Available cash, bank and short term investments carried forward	**27472**	**48675**	**7543**	**14739**	**20654**
B23. (Increase)/decrease in cash secured against a derivative position or otherwise unavailable for use	0	0	0	0	0
B24. Cash held in secured accounts or held against any potential/contingent obligation	21686	**21686**	**21686**	**21686**	**21686**

B25. Cashflow comments	The £185m (B17) relates to an AHGS bond that we are currently in the process of agreeing terms and carryng out security work for. We currently estimate the receipt of this to take place in November 2021 and will be utilising the funds to repay drawn RCF facilities (B18).

Section C DERIVATIVES

C1. Do you have any standalone derivative instruments?		No
	Total limit	**Drawn**
	£000s	**£000s**
C2. What is the notional value of all the standalone derivatives?	--	--
	Calculation date	**£000s**
C3. What is the current gross mark to market exposure?	--	--
	Total available	**Total employed**
How has this MTM exposure been collateralised?	**£000s**	**£000s**
C4. Property collateral	--	--
C5. Cash collateral	--	--
C6. Unsecured thresholds	--	--
C7. Total	**0**	**0**

	Months
C8. What is the weighted average term of the derivatives?	--

C9. Derivatives comments	--

Section D **AFFORDABLE HOMES PROGRAMMES**

Questions D1 to D5 relate to conversions from social rent to Affordable Rent or Affordable Home Ownership. Conversions are only permissible where formally agreed with Homes England or GLA as part of an affordable housing delivery contract. Questions D6 to D8 relate to completions under agreed programmes.

Responses to these questions (including supporting comments) will be shared with Homes England and GLA as applicable. Please make sure that responses are correctly recorded under 'Inside London' or 'Outside London'.

Please enter figures for the CURRENT QUARTER ONLY, 01/07/2021 to 30/09/2021, for section D questions.

Number of re-lets converted	Inside London	Outside London	Total
D1. Affordable Rent	0	0	**0**
D2. Affordable Home Ownership	0	0	**0**
D3. Total re-lets converted	**0**	**0**	**0**

Aggregate annualised increase in rent compared to social rent	£000s	£000s	£000s
D4. Affordable Rent	0	0	**0**

Average percentage of market rent charged on conversions		
D5. Affordable Rent	0	0

Number of units completed			Units
D6. Affordable Rent	0	151	**151**
D7. Affordable Home Ownership	0	63	**63**
D8. Total units completed	**0**	**214**	**214**

D9. Affordable homes programme comments	--

The questions below refer to initial sales of AHO/LCHO and outright market sales. In the case of AHO/LCHO, it does not refer to any additional staircasing of the properties. Therefore when the first tranche is sold this should be counted as 1 unit regardless of the proportion sold. The number of unsold properties should also be whole numbers - referring to the number of properties where the first tranche has not been sold.

Please enter figures for the CURRENT QUARTER ONLY, 01/07/2021 to 30/09/2021, for section E questions.

Section E ALL PROPERTY SALES

Analysis of units developed for AHO/LCHO or market sale

	AHO/LCHO units	Market sale units
E1. Total units acquired/developed in the quarter	62	38
E2. Number of sales achieved in the quarter	60	41
E3. Net transfer of units (to)/from other tenures in the quarter	0	0

Analysis of unsold units		
E4. Total number of unsold units at the end of the quarter	46	1
E5. Number of units (included at E4) unsold for more than 6 months	1	0

Pipeline units		
E6. Number of units due to be completed in the next 18 months: committed	912	348
E7. Number of units due to be completed in the next 18 months: uncommitted	49	0
E8. Number of units due to be completed in the next 18 months: total	**961**	**348**

Total asset sales (All asset sales in the quarter not just those resulting from development programmes).	Sales value £000s	Surplus £000s
E9. AHO/LCHO - First tranche	6891	1490
E10. AHO/LCHO - Staircasing	3490	1322
E11. RTB/VRTB/RTA sales	1023	569
E12. Other social housing sales	95	94
E13. Non-social housing sales	16056	1941
E14. Total	**27555**	**5416**

E15. All property sales comments	Accounting sales receipts exceed (Section E) exceed cash sales receipts (section B). This is due to the repayment of the Heritable Development Loan directly from sales distributions.

Section F INCOME COLLECTION

F1. Current tenants' gross rent arrears as a percentage of rent receivable for the year	5.17
F2. What percentage of rent receivable has been collected in the year to date?	100.6
F3. What percentage of rent receivable was lost through voids in the year to date?	1.4242

F4. Is the current level of arrears, rent collection and voids within the assumptions and forecasts of your business plan?	Yes

F5. Income collection comments	--

Section G NOTIFICATIONS OF DISPOSALS

The questions in Section G relate to statutory notifications of disposals, required under the Housing and Regeneration Act 2008.

G1. Did you make any disposals in the quarter which are required to be notified to the Regulator?	No
G2. If G1 is 'Yes', have all such disposals been notified to the Regulator?	--

G3. Notifications of disposals comments	--