

Meeting:	Board	Date: 12 July 2018						
Report Title:	Management Accounts – June 2018							
Action:	Note the draft results for the year to June 2018							
Summary:		YTD Budget £m	YTD Actual £m	YTD Variance £m		FY Budget £m	FY Forecast £m	FY Variance £m
	Core business surplus	19.8	19.4	(0.4)		82.6	82.8	0.2
	Profit from sales	6.3	8.2	1.9		25.0	22.8	(2.2)
	Financing Costs	8.3	7.9	0.4		33.2	33.2	-
	Surplus before tax	17.8	19.7	1.9		74.4	72.4	(2.0)
<p>The results for the 3 months to June show a consolidated surplus of £19.7m, £1.9m (10.9%) better than budget. This is primarily as a result of increased outright sales seen in the first quarter.</p> <p>The core business surplus at £19.4m is just 2% adverse as a result of lower than budgeted income. Operating costs are on budget.</p> <p>Profit from sales at £8.2m is 30.7% over budget due to early completion of sales at Chapel Gate that has compensated for the units at North Town that completed early in March 18.</p> <p>Financing costs at £7.9m are £0.4m lower than budget due to the repayment of £79m debt in the month offset by holding cash on collateral from the new Pricoa facility whilst security charging is completed.</p> <p>FY Forecast update – Net surplus at £72.4 is £2m lower than budgeted. Core business surplus of £82.8, £0.2m or 0.24% higher than budget. Profit from sales at £22.8m is £2.2m lower to reflect the early completions in March 18 at North Town.</p> <p>Our current cash balances of £108m include £91m of restricted funds leaving £17.1m available, together with £256.6m of undrawn and available facilities, giving £273.7m of liquid funds.</p> <p>Vestal’s current cash balance stands at £4.1m with the intercompany loan balance at £35.1m.</p> <p>We remain compliant with all our funding covenants and Golden Rules for the period and expect to remain compliant for the year.</p>								
Appendices:	Appendix A – Income statement Appendix B – Statement of financial position Appendix C – Cash flow statement	Appendix D – Value for Money Appendix E – Repairs summary						
Contact(s):	David Ball, Head of Finance							



Statement of Comprehensive Income 2017/18 - Consolidated Group results

June 2018

	Budget	Actual	Variance		Budget	Forecast
	£m	£m	£m	%	£m	£m
	YTD	YTD	YTD	YTD	FY	FY
Rent	40.3	40.1	(0.2)	(0.5%)	163.1	163.1
Service Charges	2.4	2.6	0.1	5.5%	9.8	9.8
Voids	(0.3)	(0.4)	(0.1)	(41.1%)	(1.3)	(1.3)
Other Income	0.6	0.4	(0.2)	(32.4%)	2.4	2.4
Amortised Grant	1.4	1.4	0.0	0.7%	5.5	5.5
Total Income	44.4	44.0	(0.4)	(0.9%)	179.5	179.5
Services	2.8	2.8	(0.0)	(1.5%)	11.0	11.1
Management - Staff Costs	4.4	4.6	(0.3)	(5.9%)	17.3	17.7
Management - Other Costs	2.2	2.4	(0.2)	(8.5%)	8.6	8.2
Responsive Repairs	2.3	2.8	(0.5)	(20.3%)	9.3	9.4
Void Repairs	0.8	0.8	(0.1)	(7.0%)	3.0	3.3
Cyclical Repairs	1.3	1.0	0.2	19.7%	4.5	4.5
Major Repairs	6.3	4.1	2.2	35.3%	26.6	25.6
Major Repairs Capitalised	(4.2)	(2.7)	(1.5)	35.7%	(18.6)	(18.4)
Housing Depreciation	7.2	7.0	0.2	2.6%	28.8	28.8
Other Assets Depreciation	0.3	0.3	0.0	2.8%	1.5	1.5
Bad Debts	0.5	0.7	(0.1)	(26.7%)	1.8	1.8
Rent Payable to Owners	0.7	0.7	0.1	8.7%	2.9	2.9
Redundancy Costs	0.1	0.1	(0.0)	(14.1%)	0.2	0.2
Other Costs	0.0	0.0	(0.0)	(11.6%)	0.1	0.1
Total Operating Expenditure	24.6	24.6	0.0	0.1%	97.0	96.7
Operating Surplus	19.8	19.4	(0.4)	(1.9%)	82.5	82.8
EBITDA - MRI	21.5	22.4	0.9	4.3%	87.3	87.7
Outright Sales - Receipts	11.9	16.4	4.5	37.4%	47.7	44.8
LCHO Sales - Receipts	9.0	4.6	(4.4)	(48.7%)	36.2	32.3
Outright Sales - Cost of Sale	(9.7)	(11.1)	(1.3)	13.7%	(38.9)	(37.9)
LCHO Sales - Cost of Sale	(5.9)	(3.2)	2.7	(45.2%)	(23.7)	(19.6)
Surplus on Other Sales	0.9	1.5	0.5	54.9%	3.8	3.2
Surplus on sales	6.3	8.2	1.9	30.7%	25.0	22.8
Financing Cost	8.3	7.9	0.4	4.8%	33.2	33.2
Surplus	17.8	19.7	1.9	10.9%	74.4	72.4
Pension Provision	-	-	-	-	-	-
Fair Value Loan Adj	-	-	-	-	-	-
Fair Value Invest. Prop. Adj	-	-	-	-	-	-
Tax	-	-	-	-	-	-
Net Surplus	17.8	19.7	1.9	10.9%	74.4	72.4



Statement of financial position

June 2018

2019 VIVID Opening balance £m	2019 VIVID Balance at Jun £m	2019 Movement Year to Jun £m
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Fixed Assets			
Housing Properties at Cost	2,075.6	2,129.3	53.7
Depreciation & Impairment	(238.8)	(245.4)	(6.7)
Net Book Value	1,836.8	1,883.9	47.1
Other Fixed Assets	21.9	21.4	(0.5)
Long Term Investments	29.6	29.6	0.0
Total Fixed Assets	1,888.3	1,934.9	46.6
Current Assets/ Liabilities			
Stock and Work in Progress	95.9	62.7	(33.2)
Rent Arrears	7.4	1.8	(5.6)
Other Debtors & Prepayments	7.9	9.3	1.3
Cash	38.0	107.8	69.8
Creditors Due < 1 Year	(63.9)	(55.5)	8.5
Net Current Assets	85.2	126.2	40.9
Creditors Due > 1 Year			
Housing Loans	990.2	1,059.0	68.8
Recycled Capital Grant Fund	8.4	8.9	0.5
Disposal Proceeds Fund	0.1	0.1	0.0
Grant	491.6	491.1	(0.5)
Other Creditors & Accruals	10.3	10.3	0.0
Total Long Term Creditors	1,500.6	1,569.4	68.7
Pension & Other Provisions	13.4	12.6	(0.8)
Total Net Assets	459.5	479.1	19.6
Capital & Reserves			
Revenue Reserves	458.6	478.2	19.6
Revaluation Reserves	0.9	0.9	0.0
Total Reserves	459.5	479.1	19.6



Cashflow statement - consolidated group results

June 2018

	2017/18	
	Actual	
	YTD	
	£m	

Net Cash inflow from Operating Activities	19.8	
Returns on Investment/Interest Received	0.0	
Servicing of Finance/Interest Paid	(9.7)	
Net Cash Inflow/(Outflow) from above activities	10.1	
First Tranche Sales Proceeds	4.6	
Properties Developed for Outright Sale	16.4	
Sales of Housing Properties and Other Assets	3.4	
SHG/Other Grants Received	1.4	
New Development expenditure	(32.1)	
Capitalised Major Repairs Expenditure	(2.7)	
Purchase of Other Fixed Assets	(0.1)	
Investment in Joint Venture	0.0	
Net Cash Inflow/(Outflow) from Investing Activities	(9.1)	
Net Cash Inflow/(Outflow) before Financing	1.0	
Housing Loans (Repaid) / Received	68.8	
Net Cash Inflow/(Outflow) from Financing	68.8	
Increase/(Decrease) in Cash and Cash Equivalents	69.8	
Opening Balance - Cash and Cash Equivalents	38.0	
Closing Balance - Cash and Cash Equivalents	107.8	
Net Change in Cash	69.8	
Reconciliation of Operating Surplus to Net Cash Flow from Operating Activities		
Operating Surplus	19.4	
Gift Aid	0.0	
Depreciation & Impairment	7.3	
Grant Amortisation	(1.4)	
Net Movement in Short-Term Debtors and Creditors	(5.6)	
Net Cash Inflow From Operating Activities	19.8	

			2017/18 Actuals	2018/19 Budget FY	2018/19 Forecast FY	2018/19 Actuals YTD
		Turnover	228,488	246,978	240,170	61,136
		Operating surplus (inc. Sales)	86,354	103,768	102,404	26,160
		Net surplus before tax	66,699	74,374	72,434	19,719
		Gross cost of housing properties	1,836,817	1,961,984	1,961,984	1,883,878
		Net current assets	85,220	93,742	93,742	126,163
		Total assets less current liabilities	1,973,552	2,170,907	2,170,907	2,061,063
		Long-term loans	985,456	1,024,556	1,024,556	1,058,976
		Net assets	459,548	533,922	531,982	479,137

1	Regulator VFM 6	Operating margin - lettings	45%	50%	50%	48%
	VIVID VFM	Sales margins	27%	25%	25%	32%
2	VIVID VFM	Operating margin - global	38%	42%	43%	43%
3	VIVID VFM	Net margin	29%	30%	30%	32%
4	Regulator VFM 7	Return On Capital Employed	4.8%	5.0%	4.9%	1.3%
5	VIVID VFM	Operating cost per unit - Global	3,466	3,148	3,141	816
6	Regulator VFM 5	Operating cost per unit - social housing	2,816	2,816	2,809	653
7	VIVID VFM	Homes per FTE staff	36.5	37.6	37.6	36.7
8	Regulator VFM 4	Interest Cover - EBITDA MRI	268%	292%	289%	304%
9	Financial Covenant	Interest Cover - UK GAAP	231%	238%	239%	237%
10	Financial Covenant	Gearing - net assets	0.50	0.47	0.47	0.51
11	Financial Covenant	Gearing ratio - valuation	0.51	0.53	0.53	0.55
12	Regulator VFM 3	Gearing ratio - housing properties	0.52	0.48	0.48	0.50
13	Financial Covenant	Debt per unit	31,621	30,764	30,764	31,592
14	Regulator VFM 1	Reinvestment in homes %	7.9%	7.8%	7.8%	1.9%
15	Regulator VFM 2a	New supply % - social	2.2%	3.0%	3.0%	0.5%
16	Regulator VFM 2b	New supply % - non-social	0.5%	0.5%	0.5%	0.1%

		Number of homes	29,964	30,799	30,799	30,108
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VIVID Repairs Budget Summary 2018/19 @ June 2018

	Full-Year Budget		June 2018 Accounts				June 2018 Volumes			Average Prices		Comments
	Budget (£)	Qty	Budget	Actual	Variance	%	Budget	Actual	Variance	Budget	Actual	
Responsive Repairs												
BM Responsive (Sub-contracted)	1,178,147	840	294,300	436,570	(142,270)	(48%)	210	873	(663)	1,403	500	Works to date to be analysed and major works to be transferred
Drainage	268,760	1,338	67,680	192,107	(124,427)	(184%)	336	419	(83)	201	458	
Electrical Responsive	1,269,952	10,603	291,353	378,956	(87,603)	(30%)	2,386	2,291	95	120	165	
Gas Responsive*	1,498,196	15,354	301,286	376,673	(75,387)	(25%)	3,072	2,750	322	98	137	Works to date to be analysed and major works to be transferred
BM Responsive	4,940,615	54,585	1,285,211	1,344,898	(59,687)	(5%)	13,647	11,668	1,979	91	115	
Rechargeable Repairs	180,896	570	48,007	56,534	(8,527)	(18%)	144	147	(3)	317	385	
TOTAL	9,336,566	83,290	2,287,837	2,785,738	(497,901)	(22%)	19,795	18,148	1,647	112	154	
Voids												
Routine Voids	2,603,988	1,461	673,590	807,267	(133,677)	(20%)	366	353	13	1,782	2,287	Works to be analysed to ensure no planned replacements have been included
Rechargeable Void Works	402,630		106,854	27,898	78,956	74%						
TOTAL	3,006,618	1,461	780,444	835,164	(54,720)	(7%)	366	353	13	2,058	2,366	
Cyclical Maintenance												
Gas Servicing*	2,445,929		613,537	660,545	(47,008)	(8%)						
Comm. Services Decs (External)	380,246	119	48,826	19,718	29,108	60%	24	2	22			
Comm. Services Decs (Internal)		94					11	-	11			
External Painting (Blocks)		145					60	-	60			
External Painting (Houses)	2,139,153	2,190	589,490	325,472	264,018	45%	921	259	662			
Internal Painting (Blocks)		26					-	-	0			
TOTAL	4,965,328		1,251,853	1,005,735	246,118	20%	1,016	261	755			
Planned & Major Works												
Structural Works	750,001		300,018	363,580	(63,562)	(21%)						
Commercial Gas Repairs	151,469		16,415	58,643	(42,228)	(257%)						
Reactive Window/Door Replacements	288,643		72,312	103,646	(31,334)	(43%)						
Roof Overhauls	0		0	4,729	(4,729)	N/A						
Garage Door Replacements	24,910		6,236	10,298	(4,062)	(65%)						
Disabled Adaptations	163,368		43,200	47,065	(3,865)	(9%)						
Electrical Testing	438,300		117,859	115,953	1,906	2%						
Insurance Works	262,786		66,068	61,415	4,653	7%						
Asbestos Removal & Repairs	250,003		59,999	55,018	4,981	8%						
Development/Decants/Defects	44,169		11,221	3,469	7,752	69%						
Electrical Replacements	359,088		83,598	62,240	21,358	26%						
External Major Repair	488,934		126,099	90,684	35,415	28%						
Communal Refurbs - Major	238,505		55,003	18,004	36,999	67%						
Kitchen Replacement		862					216	169	47	3,812	4,511	
Bathroom Replacement	3,895,612	248	981,433	938,581	42,852	4%	63	51	12	2,456	3,044	
Commercial Boiler Replacement	90,796		45,481	0	45,481	100%						
FRA Works	406,770		101,969	55,546	46,423	46%						
Energy Efficiency	240,011		59,979	9,328	50,651	84%						
Roof Replacements (Blocks)		3					1	1	0	35,535	N/A	
Roof Replacements (Houses)	2,140,276	135	538,387	466,617	71,770	13%	34	26	8	15,062	12,141	
Internal Major Repair	399,740		102,731	25,532	77,199	75%						
Rewiring	397,296		107,986	12,894	95,092	88%						
Major Drainage/Damp	701,342		176,284	75,229	101,055	57%						Responsive drainage under investigation - costs to be transferred where appropriate
Cladding	3,500,000		200,000	25,528	174,472	87%						Works being scoped
Environmental Works	893,089		221,592	20,374	201,218	91%						1 scheme on site from June, with 1 site going through S20 process which has delayed spend
Special Projects	1,350,010		337,368	103,939	233,429	69%						

	Full-Year Budget		June 2018 Accounts				June 2018 Volumes			Average Prices		Comments
	Budget (£)	Qty	Budget	Actual	Variance	%	Budget	Actual	Variance	Budget	Actual	
Heating Replacement/ Installs	4,502,852	1,616	1,174,502	879,457	295,045	25%	422	260	162	2,786	2,903	Delay due to number of vacant posts - recruitment under way
Window Replacements		4,236					1,161	663	498			
Door Replacements	4,637,382	2,166	1,271,589	476,507	795,082	63%	594	357	237			Slow start to programme with sub-contractor
Fire Door Replacements		475					130	-	130			
TOTAL	26,615,352		6,277,329	4,084,276	2,193,053	35%						

	Full-Year Budget		June 2018 Accounts				June 2018 Volumes			Average Prices		Comments
	Budget (£)	Qty	Budget	Actual	Variance	%	Budget	Actual	Variance	Budget	Actual	
Major Repairs Capitalised												
Window & Door Replacements	(4,540,887)		(1,245,046)	(336,005)	(909,041)	73%						
Heating Replacement/Installs	(4,410,330)		(1,150,183)	(861,402)	(288,781)	25%						
Other Capitalised Works	(3,500,000)		(200,000)	(103,939)	(96,061)	48%						
Roof Replacements	(2,097,652)		(528,081)	(457,375)	(70,706)	13%						
Commercial Gas Repairs	(90,734)		(45,443)	0	(45,443)	100%						
Kitchen & Bathroom Replacements	(3,811,395)		(959,945)	(918,341)	(41,604)	4%						
Rewiring	(143,958)		(39,444)	(4,755)	(34,689)	88%						
TOTAL	(18,594,956)		(4,168,142)	(2,681,816)	(1,486,326)	36%						
Other												
TVHA Maintenance	22,448		5,845	8,079	(2,234)	(38%)						
Repairs Transferred to Sinking Funds	(500,000)		0	0	0	N/A						
Repairs Charged to Landlords	0		0	(1,026)	1,026	N/A						
Sandgates (externally managed)	95,000		23,751	18,852	4,899	21%						
TOTAL	(382,552)		29,596	25,905	3,691	12%						
TOTAL PROPERTY COSTS	24,946,356		6,458,917	6,055,002	403,915	6%						
Service Charge Repairs												
Door Entry Repairs	217,523		54,520	96,164	(41,644)	(76%)						
Fire Alarm Servicing/Repairs	477,934		119,780	143,320	(23,540)	(20%)						
Lift Servicing	192,445		48,228	68,923	(20,695)	(43%)						
Appliance Repairs/Replace.	96,296		54,659	73,304	(18,645)	(34%)						
Grounds Maintenance (Incl. Trees)	1,947,802		488,616	505,832	(17,216)	(4%)						
Lift Replacement	129,328		261	10,913	(10,652)	(4081%)						
Fumigation/Pest Control	32,536		8,142	10,992	(2,850)	(35%)						
CCTV/Aerial Maintenance	112,391		28,172	26,859	1,313	5%						
Street Lighting Repairs	38,010		9,734	6,550	3,184	33%						
Emergency Light Replacements	64,661		6,826	3,401	3,425	50%						
Water Testing/Legionella	220,118		55,166	49,913	5,253	10%						
Door Entry Replacement	21,337		7,109	1,312	5,797	82%						
Commercial Gas Servicing	179,727		45,045	38,712	6,333	14%						
Door Entry Servicing	83,297		20,876	(9,317)	30,193	145%						
Lift Repairs	278,436		69,782	20,541	49,241	71%						
Communal Block Cleaning/Caretaking	2,429,284		609,693	538,501	71,192	12%						
Emergency Light/PAT Testing	268,344		72,157	7,971	64,186	89%						
TOTAL	6,789,469		1,698,766	1,593,892	104,874	6%						
TOTAL REVENUE REPAIRS	31,735,825		8,157,683	7,648,894	508,789	6%						
TOTAL REPAIRS	50,330,781		12,325,825	10,330,710	1,995,115	16%						

* Basingstoke Gas Servicing and repair costs are all coded to Gas Servicing due to the contract arrangement. Therefore the responsive repair volumes and average does not include Basingstoke for Gas.