

**IT ALL  
STARTS  
HERE.**



**Using stock rationalisation to enable the  
development of new homes  
Homes 2017 Conference**



**OUR VISION**

CREATING MORE  
PLACES TO THRIVE

**OUR MISSION**

**Through our innovative approach we will finance, build and manage more homes to increase choice and drive value for our customers.**

## **STRATEGIC CONTEXT**

# **SECTOR CHALLENGES**

### **Housing sector**

- Rising build costs, reduced grants and a declining rental stream.
- Customers have more choice; social landlords must attract customers
- Owner occupation is no longer accessible to many people

### **Government policy**

- Welfare reform will have a direct impact on rent arrears.
- Right to Buy reduces social housing stock. Fewer than one in five new replacement homes are being built.
- The 1% rent reduction has severely impacted rental incomes – decreasing our revenue by £65m over five years
- Funding for supported housing has been cut by more than 50% in seven years

### **Societal pressures**

- Potential homebuyers on an average income now find 91% of England and Wales unaffordable, driving demand for rented properties.
- 250,000 new homes are required in England every year, however current production is only 110,000
- An ageing population places additional strain on social landlords who must make long-term provision

# Key Strategic Process

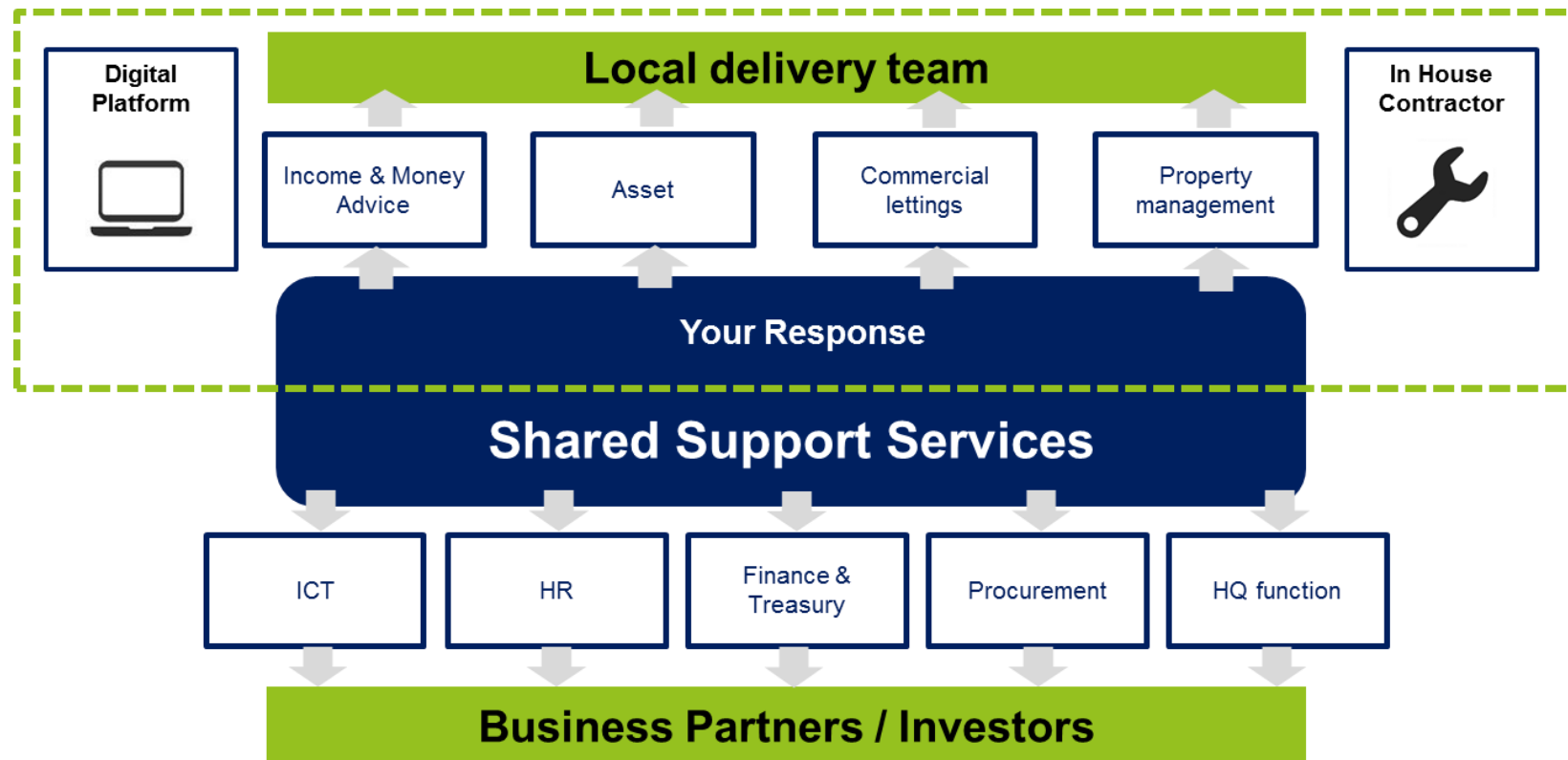
**More cash > More new Homes**



## A NEW APPROACH

# NEW OPERATING MODEL

We are changing our operating model as we become a progressive housing provider, delivering a mix of social and commercial products.



## **A NEW APPROACH**

# **WHAT HAVE WE IMPROVED?**

- **Group collapse and corporate restructure**
- **Divestment of non-core assets**
- **Digital customer portal**
- **New ICT infrastructure**
- **Revised operating model**
- **Asset improvement programme**
- **New leadership structure**
- **Refinancing**
- **Office consolidation**
- **Organisational design of all departments**
- **Creation of repairs and maintenance business**

# WHAT WE'VE ACHIEVED

## BEFORE (2015/16)

- 1,534 FTE staff
- 9 asset-owning entities
- 33,000 properties
- Annual asset sales <£1m p.a
- NPV of stock <£3k p.u.
- No. of offices 28
- EBITDAS 33% @£52m
- Stock surveys 22%
- Available funding £75m
- Regulatory grade G2 V1

## NOW

- 852 FTE staff [target 725FTE May 18]
- 1 main asset owning entity
- 28,300 properties, incl two de-mergers
- Asset sales >£50m p.a
- NPV of stock >£10k [target £30k Apr 19]
- No. of offices 11 [target 2 May 18]
- EBITDAS 42% @£66m [ target 50% 19/20]
- Stock surveys 91% [100% 17/18]
- Available funding £215m as at today
- Regulatory grade G1 V1

# How has this affected Growth Plans

- Increased total ability of YHG to invest over the next 10 years by £750m
- Agreed investment in 5,700 units over next 5 years an increase of 300% (50% affordable)
- Ability to invest in offsite JV bu up to 11,000 plots/units over next 5 years.



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