

CORONAVIRUS INVESTOR UPDATE



INTRODUCTION

Our top priority is always the safety of our customers and our colleagues. This will not change throughout what is now a critical period as the government and NHS work to control the spread of COVID-19 in the UK. In line with the latest government guidance we have significantly changed the way we work. We have set out what this looks like for key frontline roles, and the majority of colleagues are now working from home including our Contact Centre teams who have maintained service levels since being mobilised to work remotely.

DAILY REVIEWS

Our Emergency Planning Committee (EPC), which comprises executives and senior leaders from across a broad range of specialisms within the organisation, meets daily to review our current position in terms of:

- Proactively managing risks to business continuity
- Providing advice and support to colleagues and residents
- Understanding and aligning our response to key contractors
- Preparing for potential risks in line with the government's action plan
- Developing plans to mitigate possible situations

OUR SERVICE DELIVERY

In line with current government advice, we have moved to an emergency-only repairs service. We are speaking to repairs & maintenance and customer safety contractors daily to establish what they can and will deliver. We will continue cleaning on all schemes to help prevent the spread of COVID-19; however, grounds maintenance is paused unless a situation poses a health & safety risk.

The Accent Partnership has shifted from a face-to-face service to a digital/telephone service. We are focusing on our most vulnerable customers, and offering specialist support, reassurance and signposting to relevant agencies, to all customers. We are publishing regular updates on our website and have created detailed content specific to the pandemic and its impact on our services.

We understand the impact the current situation is already having on the UK economy and appreciate some people will now be facing financial difficulty. No Accent resident will be evicted from their home because of the COVID-19 crisis. We are urging customers concerned about a change in their personal circumstances to get in touch so that one of our specially trained colleagues can support them through a challenging and unprecedented time.

OUR FINANCIAL POSITION

We are in a good financial position, our liquidity remains very strong. We have neither the risk emanating from a large number of units for sale from our development programme nor do we have any medium term refinancing risk having successfully issued a public bond last year.

We are conducting multi-variant stress testing on our financial plan, the results of which are receiving detailed scrutiny at a number of committees (Audit & Risk, Treasury and Capital Investment), in line with the strong governance arrangements we have in place. Short, medium and long term monitoring of cash flow is already in place, however the frequency of monitoring has been stepped up and is formally reported to the Executive Team on a weekly basis. Work is also underway to recast the Financial Plan that was approved by Board on 11th March (i.e. the same day the World Health Organisation declared COVID-19 to be a global pandemic) given the events that have unfolded since that date, the intention being to present a new fully stress tested plan to Board at May's meeting.

In terms of income and arrears; rent increases for 2020-21 have already been communicated by letter to all of our residents as is required by regulation. Income Management is something we believe we have a strength in (as evidenced by our arrears track record), we have always had a proactive yet sensitive approach to arrears management and see that this style will be required just as much, if not more going forward.

We are seeing some new cases from customers who are self-payers and in arrears for the first time. We are dealing with such cases sensitively in terms of debt avoidance though a positive payment culture but are not proposing rent holidays, but have stress tested this scenario. We have replaced face to face meetings with telephone conversations by an income specialist rather than contact centre colleagues.

DEVELOPMENT PROGRAMME

All of our development schemes have been fully stress tested on an individual basis to ensure that we can have the flexibility to maintain our commitment to carrying on our new build development programme. Further, the cash requirement from all actual and potential schemes is assessed in aggregate within our medium range cash flow forecasting regime. We are therefore currently working with those that we are in both current and future contractual relationships to ensure that we are able to continue delivering the much needed affordable homes that are needed by the country.

Having said that we are proceeding with caution and heightened diligence, our strong governance and committee arrangements provide the layers of assurance to allow appropriate progression of this important agenda for Accent and future customers.

OVERVIEW OF REGULATORY POSITION

The Regulator of Social Housing (RSH) have indicated to the sector that they intend to be reasonable and proportionate as they understand there are significant challenges regarding our staff and contractors getting access into residents' homes.

The RSH does however expect providers to be able to evidence reasoned actions and want to be informed where providers are getting into a position of breaching regulatory standards. The RSH have also highlighted to Government that sector liquidity remains strong, and there are lots of options to look at financial commitments. The RSH does also appreciate some RP's may face challenges with funding opportunities, outright sales and sign-off of statutory accounts in current circumstances.

We are continuing to work to complete the statutory accounts within our usual brisk timetable, with sign-off in early July, and to keep the financial plan under review.

AUDIT AND RISK COMMITTEE

“It goes without saying that these are unprecedented times and, as a Committee, we were keen to prioritise understanding the response, current and ongoing.

It is clear that there has been a comprehensive mobilisation effort across the business and it is impressive to see how much has been achieved to ensure critical business activities continue whilst following government advice and seeking to protect our colleagues, residents and partners. The structures put in place give assurance that Accent has considered the key risks and has the ability to flexibly forward manage a picture that changes daily. We look forward to continued updates.”

ARCHANA MAKOL

Chair, Audit and Risk Committee