

Radius's 5th AGM Chairman's Address June 2022

Ladies and gentlemen it is an absolute delight to be meeting with you today, in person, to reflect on the achievements of your association in the past year, that April 2021 to March 2022. How delighted the Board is today to be meeting you face to face. Truly it has been too long.

And a special warm welcome to our guests and shareholders, those in person and those joining us by zoom. As much as the pandemic has brought us disruption, inconvenience and has detrimentally impacted on our health and quality of life, it has opened up a whole new mode of communication. We can now say with some confidence that Radius's tenant engagement is no longer Belfast-centric. Now that we have zoom we are being joined by tenants from Enniskillen to Larne and Newry to Portrush. We had the pleasure of meeting some real characters who participated in the virtual consultations which formed part of the Corporate Planning process, some more of that later.

I probably enjoy Radius's AGM's more than most because I am now on the other side of the table as it were. This after many years of being External Auditor for the social housing sector. I now get to enjoy my AGM lunch. To our new auditors, Grant Thornton, a warm welcome and congratulations on your first Radius audit. I understand you and the Radius finance team dovetailed very well and I, more than most, know how difficult it can be to get that first audit over the line and commend you on hitting the key milestones that allow us to present our figures today.

2021/22 has been a challenging year for our sector, our tenants and everyone living in and beyond the UK. The effects of the pandemic persisted longer than first expected and cut deeper than most of us could have imagined. And these effects were amplified by an energy and fuel crisis, to some degree Brexit and then by the appalling events in Ukraine. We have gone very quickly from having the wind on our backs into a very austere economic headwind indeed with many households having to decide whether to 'Heat or Eat'.

We are told that Northern Ireland fuel poverty levels were in and around 22% in 2020. If recent reports are accurate that figure is now in excess of 40% and could hit 50% by the Winter. If ever the spotlight was on the energy efficiency of homes its now. And yet Northern Ireland uniquely has no decarbonisation strategy. England is pump-priming the retrofitting of its social homes with subsidies of between 50% and 66%. It's in practical areas like this that we need a functioning Executive to tackle the big issues, approve budgets and enable the 'do-ers', that's organisations like Radius, to press on and deliver. Our Board decided that tenants could wait no longer so we allocated £25m towards modernising our oldest stock over the next five years. This is on top of our normal asset investment programme. Furthermore we agreed to target those 2,000 homes under EPC Level C and to improve their energy ratings within the same time-frame.

Tenancy sustainability is massively important to us. Our staff proactively focus on those struggling most with their bills, their health and wellbeing. Our Community Investment Team

have particularly rose to the fore with excellent support initiatives like our Benefit Officer service which has helped identify nearly £2m of unclaimed entitlements or our Community Chest offering which has funded 34 neighbourhood projects. Radius has secured more than £6.4 million of additional funding for the delivery of shared housing and their associated Good Relations Plans. These plans are breaking down barriers, changing attitudes, leading to thriving communities.

For the second year running our housing-with-care teams had to contend with the challenges of protecting our most vulnerable amid increased transmission levels of the virus in the community. Outbreaks were managed through the professionalism and dedication of our health professionals. Similarly our Joint Management Partners, of which we have 22, continued to support some of the most marginalised in our local society.

We acknowledge the extra funding and special staff payments from Supporting People during the pandemic and the efforts to retain staff through enhanced regional care rates. But this is only scratching the surface. It's one thing to recognise the extent of under-funding amidst a pandemic – what we need is a long term sustainable funding model for all supported housing, of which Radius has 1,100 homes. We cannot continue to fund essential works from sinking funds created by our general needs and sheltered tenants. As Gandhi said 'A civilisation is judged on how it looks after its weakest members'. We do hope the Supporting People and SNMA reviews bring some much-needed certainty to this aspect of social housing because at the moment the sector appetite would appear very lean indeed for developing new supported schemes. Yet need continues to grow.

This year we were faced with having to make an extremely hard decision regarding the Russell Court Apartment Development and our head offices. 26 families were living in Block A of the scheme in South Belfast. After an extensive feasibility study it became clear that redevelopment by Radius was not an option. And although Block A was perfectly safe for the tenants living there, future building safety and sustainability standards would almost certainly render it unviable. And so the Board took the informed and correct decision to divest ourselves of the site and to relocate the tenants to new homes of their choice. I am pleased to report that tenants have almost all moved out with the remainder waiting for allocated properties to be made ready for them. We were delighted that QUB emerged as the purchaser with its plans to develop a cancer research facility. This will provide jobs and health benefits for the whole community.

Our development team faced an unprecedented list of challenges, most emanating from the pandemic. Site progress was slowed through contractors isolating due to Covid and material supplies being delayed. We also faced many incidents of rising prices. That said we still managed to complete 330 handovers of new eco-friendly homes. My personal highlight was our new Cat1 development at Moylinney, built to HAPPI principles. Seriously if you are not impressed by the presentation and finish of this property, you would be almost impossible to please.

On the downside we had an extremely disappointing new-start outturn for the year. We started in April with ambitious plans but one by one, projects fell at various hurdles outside of our control. The Hope Street project was pulled by NIHE for the second time since we won it in a competition. The Belfast Gas Works site was hit with a host of conditions by the Water Service. And our St Patricks Barracks project in Ballymena was thwarted from a new start as builders withdrew bids in the face of rising prices. I'm not making excuses on behalf of development and we have every confidence we will recover these projects. However from the SMT to the Board I take great comfort in knowing that if a project is not cleared to proceed, if it has not met its Housing Guide requirements we don't proceed until it has. Unfortunately that can mean falling short of our new-start target for the year. Having said that we were delighted to see our first solely private development commence on site in East Belfast. In time this will help fund investments like retro-fitting and dampness remediation across our existing homes.

Now while housing stress and meeting need is a core element of our purpose it's not the only one. If one considers new build as say 5% of our overall stock, it's really important the other 95% of stock receives adequate focus and investment. And while Radius has always invested heavily, by the order of £22-24m per annum across repairs, planned and cyclical works and compliance, the Board took the view to significantly increase this figure in order to eliminate damp in around 350 of our older properties. £2.2m was spent in year on dampness pilot-schemes, helping to inform how best to invest up to £25m of extra spend over the next five years and get the maximum return on investment. I am also conscious of substantial modernising and planned works programmes which were also completed in the year. These included upgrades to fire safety and heating systems within apartment schemes.

Our fire risk assessors and all those partners responsible for compliance testing and inspections successfully completed their surveys. This generated remedial works which were prioritized and largely completed during the year. Deliveries on some items like fire doors and windows are being delayed through Covid and Brexit or a combination of both. We are particularly grateful to those tenants who gave so generously of their time and counsel when it came to designing and executing procurements for a multitude of asset management services. Regretfully we saw a number of contractors exit contracts early due to cost pressures. Others have shown a greater appetite for challenging the outcomes of tendering processes. Meanwhile the acceptance of price increases and direct awards has been necessary in order to ensure the continuity of some essential tenant services. We were pleased to complete a fundamental review of our Assets business under the guidance of GB based consultants DTP. Similarly Procurement for Housing reviewed and recommended changes within Radius procurement. These systematic route and branch reviews are critical for tapping into best practice and ensuring we continue to use our resources most efficiently.

This year while Radius and all businesses returned to more normal service levels despite the pandemic, we took steps to formalise what has come to be known as our 'hybrid' form of working. Depending on customer needs, staff will continue to work with flexibility between the community, the offices and home. For Radius that flexibility may vary from role to role and across departments. However in the interests of better customer service, sustainability,

efficiency and a better work-life balance for staff, it makes business sense for us to embrace and embed these SMARTER and more modern ways of working. We also completed our feasibility study of Radius's main office accommodation. This will see two main offices consolidated to one. After a study of sites in the greater Belfast area and a consideration of cost, positive working environment, accessibility and sustainability the redevelopment of the Hollywood site emerged by some distance as the preferred option. Planning will soon be submitted for our office changes and the new design will support our hybrid working model. Our plans are modest but with the consolidation to one site, an overall 40% reduction in office space and many eco-friendly features, the new offices will provide a springboard for first class customer services and real progress on our pathway towards decarbonisation.

We were delighted to hold our Strategy Day for the Board and SMT last November in person, under strict social distancing I might add. And one of the workshops which left a lasting impression upon me considered the economic circumstances emerging from the first 12 months of the pandemic. Jordan Buchanan of Property Pal briefed us on the emerging consequences of the pandemic, Brexit as well as global economic trends. None more so than the scarcity of skilled labour. He talked about 'the great resignation' and other factors which in the worst of cases, were pushing some UK staff turnover levels as high as 25%. You will all be acutely aware of similar challenges locally and its cold comfort that employment levels are at their lowest for many years. However I can assure you that our HR team are reinventing recruitment methods and bringing forward new approaches such as the Radius Academy in an effort to increase applicants for vacant posts. Without their ingenuity our turnover would almost certainly have been higher than the 14% we finished the year with. Staff are the life-blood of Radius and we cannot function without them. No reasonable stone will remain unturned in our efforts to retain and recruit the best candidates.

From a financial perspective, Radius continues to remain in good health despite the unpredictable and harsh business environment. Turnover was up by £4.5m, while our assets rose by £22m. All other key ratios or as we call them golden rules, continued to carry a healthy level of headroom. All loan covenants are well within their limits. On top of this we performed our annual stress test of the business plan, we revisited our risk appetite and tolerance and kept a watchful eye on matters via our risk registers and scorecards. Not to mention our internal audit reports courtesy of our Auditors, KPMG. We did carry out a very useful review of Radius's governance during the year after which time the Board were keen to adopt the 2020 NatFed Code of Practice. Among a number of changes designed to make us more agile and efficient in decision making and delegating authority, we decided to amalgamate our Communities and Care & Support Committees to a single Customer Experience Committee. And needless to say we were extremely delighted to retain our A1 Stable Moody's Rating last summer.

For an organisation like Radius to operate effectively requires that the customers, staff, business partners and Board are in sync. That sense of partnership is so important. And I know the Board took great comfort in observing the positive feedback of service users, of staff in pulse surveys and through independent assessments – that's from the likes of Customer Service Excellence, ISO, Connect24's TSA, our Mystery Shoppers and of course our

auditors. I do want to thank the Board for their extraordinary efforts and support this year. Circumstances and the virtual environment through more special meetings and approvals than would normally be the case and you were there to offer your guidance and ask the important questions. Radius is well served by its Board. Indeed the housing sector is very fortunate to have at hand so many committed voluntary board members, including our very own Tenant Board Member Mary Smith who does a sterling job on behalf of all service users. This year we said good bye to Peter Gibson and Kieran Gilmurray. Peter had been a Chair of the Care and Support Committee and over a board member career sat on many committees. Kieran was formerly represented on our Finance, HR and IT committees. Your commitment and insight was valued by us all. And just as any progressive organisation must rediscover new talent, so we were extremely fortunate to discover Stephen Dolan and David Quinn. And as of today I am delighted to add Niall Quinn. We wish you every success in your years ahead with Radius. It would also be remiss of me not to mention our esteemed colleague Lorraine Campbell who in recognition for her work in Supporting Communities was awarded an MBE in the Queen's Jubilee Birthday Honours – we are all very proud of you. We did sadly lose our former member and friend John Leckey who sadly passed this year.

Ladies and gentlemen I touched earlier on the corporate planning review process and my thanks to all our tenants, staff and business partners who contributed to the development of our new corporate strategy. This was timely given our currently operating environment. I was struck by the extremely positive feedback from those we partner and collaborate with. Our independent researcher was able to give us feedback in the strongest possible terms that we are charting the right course. In amongst the feedback we had glowing reports of our senior team and I know a great deal of our success is down to their hard work and expertise. Needless to say the awards of NI Social Enterprise's Housing Association of the Year and CIH's Organisation for the Year would endorse these sentiments. That said, there are unprecedented challenges lying ahead in the next 12 months and five years. The uncertainty at Stormont, the extreme financial pressures, the out-workings of negotiations on the NI Protocol and quite possibly some form of re-emergence of Covid. These are formidable but we have devised strategies and action plans to manage them.

Ladies and gentlemen, it never ceases to amaze me how our staff - collaborating with partners. That's the DfC, NIHE, our JMA Partners and a whole host of contractors, designers and experts and I could go on. Working through excellent engagement channels with our tenants, residents and all customers. Can help to sustain tenancies and keep improving and providing the best possible housing, care and support for all.

Finishing with this theme I want to leave the last word with Julia, a Radius tenant from Portglenone who seems to sum up the essence of partnership in the simplest of words: "Give it a go...there is no them and us! Just everyone working together for the same end goal!"

Thank you for listening.

Martin Pitt
Chairman
Radius Housing Association