Lincolnshire housing association retains S&P credit rating

Friday 1 May, 2020

One of Lincolnshire's largest housing associations has preserved its leading A+ credit rating after being praised for its 'asset quality' and 'rent collection', as it continues to pursue core business in social rented housing within its development and growth ambitions.

Lincolnshire Housing Partnership (LHP), which owns and manages 12,500 homes across Lincolnshire, received the continued endorsement from S&P Global after the rating agency acknowledged the landlord's improved financial performance since the merger of Grimsby's Shoreline Housing Partnership with Boston Mayflower, two years ago.

The announcement has also seen S&P confirm LHP's rating outlook to stable, acknowledging that the housing association is well-placed to meet and overcome the challenges that may occur because of the coronavirus outbreak.

S&P also pointed to LHP's full stock condition survey, which concluded in the fiscal year ending 31 March 2020 – the result of which enabled the housing association to scale down its capital expenditure and capitalised repairs programme, whilst maintaining decent homes standards.

The landlord has also strengthened its financial resilience and liquidity profile due to the revised capital and repairs plans.

In a report published on Tuesday 28 April, S&P Global said: "We are affirming Lincolnshire Housing Partnership's 'A+' long-term issuer credit rating", as the actions taken by the organisation, "should mitigate challenges posed by the COVID-19 outbreak and result in relatively stable profitability."

The agency commented positively on the landlord's full stock condition survey, stating: "LHP completed a full stock condition survey in the fiscal year 2020, following the merger of Shoreline Housing Partnership and Boston Mayflower in 2018.

"A number of asset-quality issues have been tackled in the past two years, and its property portfolio is 100% compliant with decent home standard.

"The management has also scaled down its capital expenditure (capex) and capitalised repairs programme, as a result of the full stock condition survey. We believe these actions have improved LHP's enterprise risk profile."

The agency also referenced the housing association's effective management of rent arrears, stating: "The group is actively managing arrears by engaging with tenants to ensure early detection of any payment difficulties. This is reflected in the gradual reduction of arrears – despite the rollout of Universal Credit, which is an indication of this effective strategy – from over 6% in 2018 to close to an estimated 4% as of the end of the fiscal year 2020. LHP has also managed to reduce its voids level gradually, to below 2% on average."

Julie Kennealy, LHP's Executive Director of Resources, said: "We are really pleased to preserve our A+ rating, which is testament to our focus on our core business supported by a robust financial strategy, against a backdrop of uncertainty caused by the COVID-19 outbreak. LHP is well placed to weather this storm and maintain our commitment do even more for the communities we serve."

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