

15 June 2020



Belong Limited Investor Update

New villages

Belong has seen two positive developments in its expansion plans over the past month, having signed Pre-Contract Agreements with Cruden Construction Limited for Belong Birkdale and with Seddon Construction Limited for Belong Chester. Both developments are expected to be back on site imminently.

This follows eight months of negotiation following the collapse of Pochins Construction Limited – the previously appointed contractor for the new Birkdale and Chester villages. While the disruption will lead to an increase in the cost of the two developments (c25%), Belong expects the villages to add significant revenue and EBITDA once they are fully operational.

Impact assessment of Coronavirus (COVID-19)

In common with all social care providers, Belong has been significantly affected by the COVID-19 outbreak and taken extensive measures to mitigate risks to the wellbeing of residents and colleagues, as well as to the organisation's financial security.

Safety & wellbeing

Belong villages closed in March to members of the public and non-essential visitors. Robust infection prevention and control measures have been in place since this time, and Belong has received positive feedback from the Care Quality Commission and local authorities on its prompt and thorough actions.

All villages have had at least one confirmed case of COVID-19, with varied impact in terms of number of cases and outcomes. The majority of residents have recovered from their symptoms; however, the organisation has also sadly lost residents to COVID-19. A number of initiatives have been launched to support the physical and mental wellbeing of both residents and colleagues. More recently, the first wave of infections has passed and, currently, confirmed cases across Belong villages are very low and mainly asymptomatic.

Staffing continuity

Greater availability of testing for colleagues is having a positive impact, helping some people to be able to return to work more quickly and safely. The percentage of the workforce self-isolating has reduced from 12% in March to 3% in early June.

Services impact

In terms of 24-hour care in the households, Belong has seen an 11% drop in occupancy over the past two months, due to having suspended move-ins as the first cases were confirmed. Current occupancy within our mature village households is 89% and within our two newest villages (Didsbury and Newcastle-under-Lyme), it is 61%. As the initial peak of the pandemic has passed, however, and older people are beginning to struggle with the effects of isolation, Belong has seen demand increase since May, and new residents are again moving into villages, subject to risk assessments and testing.

Belong's home care service, Belong at Home, has been able to continue supporting residents safely through the pandemic, with an infection rate below 0.1% of customers.

Financial impact

It is still too early to be able to assess the overall financial impact of the pandemic. Although revenues are down currently, occupancy is anticipated to begin to slowly recover in the coming months, based on the current trend of enquiries and move-ins.

Belong has significant cash resources. While earmarked for other purposes, these can be reallocated to address any adverse financial impacts if required.

For further information, please contact Chief Finance Officer, Chris Hughes, on 01270 610666.