platform housing group



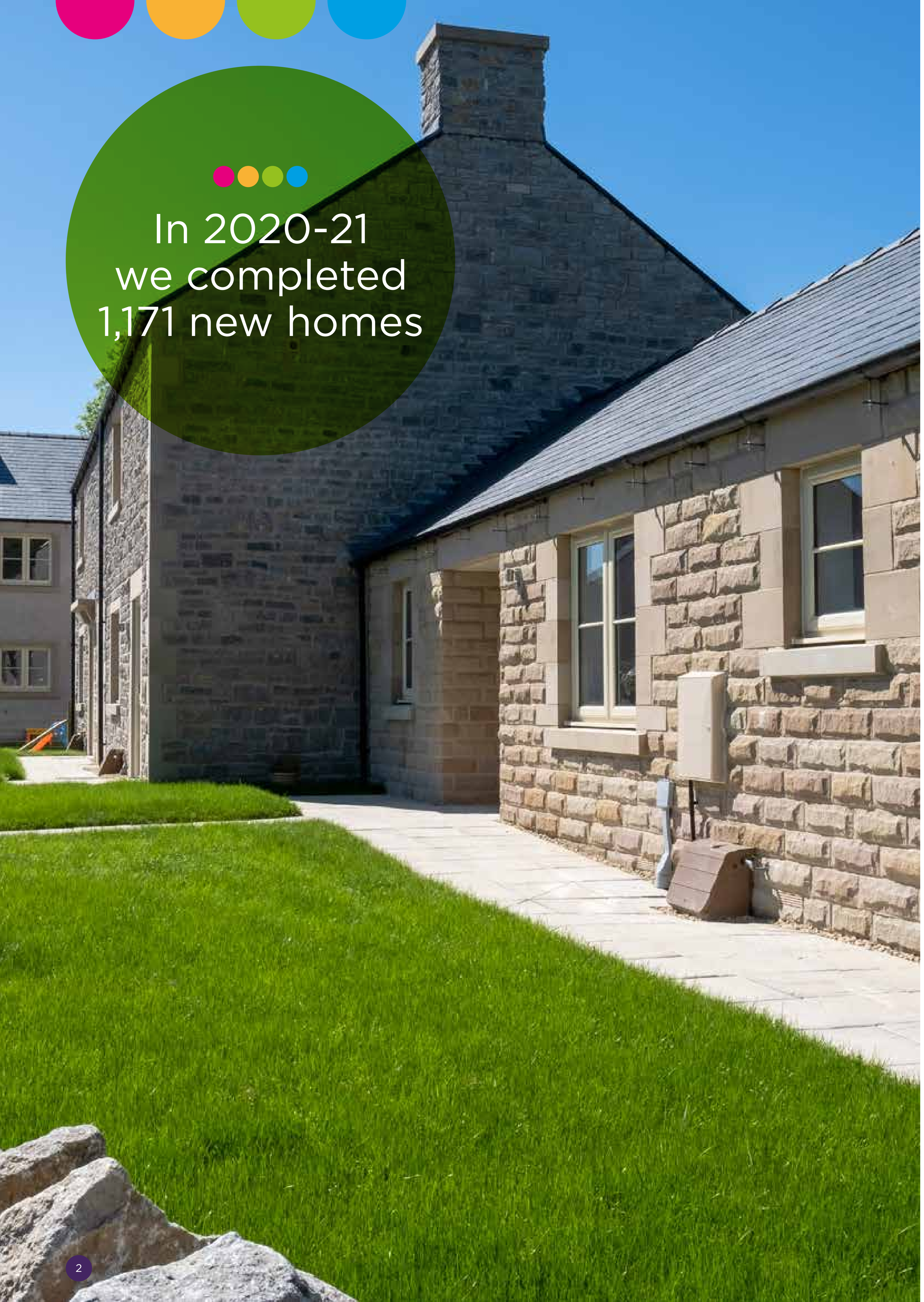


Financial Statements for the Year Ended 31 March 2022

Registered under Co-operative and Community Benefit Societies Act 2014 No: 32239R

Registered with the Regulator of Social Housing No: 4789



Board Members

Board of Management	Appointed	
John Weguelin	1 January 2020	Chair
Sebastian Bull	27 May 2020	Chair Group Audit and Risk Committee
Tony King	1 August 2020	Chair Finance Committee
Helen Southwell	1 October 2018	Chair People and Governance
John Anderson	10 August 2020	Chair Asset and Development
Elizabeth Froude	17 September 2019	Board Member
David Clark	1 October 2018	Board Member
Paula Smith	27 May 2020	Board Member
Heena Prajapat	21 July 2020	Board Member
Luciano Zonato	1 September 2020	Board Member

Auditors and Bankers

Registered Office
1700 Solihull Parkway
Birmingham Business Park
Solihull
B37 7YD

External Auditors
KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Principal Bankers
Barclays Bank PLC
PO Box 3333
1 Snow Hill
Snow Hill Queensway
Birmingham
B3 2WN

Registered under the Co-operative and Community Benefit Societies Act 2014
Charitable Registered Society Registration Number: 32239R
Regulator of Social Housing Registration Number: 4789

Executive Directors

Executive Directors		
Elizabeth Froude	8 July 2019	Group Chief Executive
Rosemary Farrar	17 March 2020	Chief Financial Officer
Jon Cocker	1 October 2018	Chief Information Officer
Marion Duffy	1 October 2018	Chief Operating Officer
Clare Durnin	1 October 2018	Executive Director (Corporate Resources)
Dennis Evans	1 October 2018	Executive Director (Property Management)
Gerraint Oakley	15 June 2020	Executive Director (Growth and Development)

Company Secretary
Andrew Bush 11 December 2018

Contents

Communities Connected colleagues

Chair’s Report

I am delighted to present our Annual Report and results for the financial year 2021/2022.

The past year has continued to throw up challenges for our customers, our communities and for Platform as a business. Throughout this period the Board and the Management Team have ensured that the interests of our customers has been our top priority. We have done this by improving our customer service and our homes while increasing our Wellbeing Fund in the financial year 2022/23 to £1.75m to support our customers and communities who are facing steeply rising costs. I have also been hugely proud of colleagues’ enthusiasm for our Communities Week.

Despite the unstable market conditions and rising costs our financial results for the year are stable. Total Group Surplus reduced to £42.9m from £56.1m in 2021. This was after we had put through a one-off depreciation charge of £5.6m and deducted £8.7m in loan breakage charges while we continued to rationalise our treasury portfolio. Our core operating surplus has been affected by exceptionally high maintenance activity following two years of lower than usual investment but surplus on sales of shared ownership first tranches continued to perform well.

We continue to protect our strong financial metrics and have increased our investment in our assets and our transformation and systems programme. During the year we consolidated our investment in our property care company and brought in another housing provider for the start of 2022/23.

Our liquidity position continues to be strong. We held £278m in cash and cash equivalents at the end of March 2022, with £530m in undrawn bank facilities. During the year we launched our EMTN Programme by issuing our first Sustainable Bond in the capital markets raising £250m 20-year money. This money will be used to build more new homes and to invest in the carbon reduction of our existing housing stock. Just after the end of the year we completed a £235m sustainability-linked revolving credit facility with Lloyds bank, another first. In July we published our first report under the Sustainability Reporting Standard and in August we established our Sustainable Finance Framework.

We continue to tackle the housing crisis by building new homes and again delivered one of the largest number of social rented homes in the sector. Overall, we completed 1,171 new homes during the year, an increase of 29% on 2020/21 and retained our partnership with Homes England, receiving £250m grant funding for the next five years’ build programme. Our long-term strategy is to move to larger land-led developments which will allow us to focus on quality and value.

The uncertain economic conditions have reduced the supply and driven up the cost of materials and of labour. Nevertheless we have set ourselves stretching targets for the delivery of our services in 2022/23 with a focus on clearing the backlog of maintenance caused by the lockdown periods and the huge turnover in lettings which has led to higher than normal voids losses. We are increasing investment in our housing stock and are beginning to tackle carbon reduction while we also continue to improve our services to customers.

We will also be addressing regulatory changes including the new Tenants’ Charter, the possible extension of the Right to Buy and changes in planning laws.

This has been one of the most challenging periods for the sector for many years and it will continue to be challenging for the foreseeable future. The Board is incredibly proud of the way Elizabeth and her Leadership Team and all our colleagues throughout Platform have performed during this period and continue to work extremely hard to tackle the daily challenges faced by our customers and themselves. Platform has moved to a model of hybrid working but it is always a delight to see faces again in the offices from time to time and to have enjoyed our first in person Colleagues Conference this summer.

John Weguelin
Chair

John Weguelin at the colleague conference

Report of the Chief Executive

The environment we operate in has continued to be a complex one. The year 2021-22 is a year which has rolled from lockdown, to remobilising and dealing with backlogs and supply chain issues to the macro-economic impact of the Ukrainian war. Like many organisations we have found the recruitment of some skill-sets and the stability of maintenance supplies difficult and increasingly expensive, but have worked hard to maintain our focus on delivering the direction of travel required to deliver our Corporate Strategy.

We have pushed forward in acquiring land for the ever needed new homes, we have worked hard to maintain strong safety and compliance standards, to improve customer satisfaction and to catch up on maintenance and programme works backlogs.

At the same time we have also continued to invest in technology, to widen our customers' choices on the variety of channels to interact with us and to invest in the improving of the energy efficiency of our existing homes, ever more critical in the current environment.

We have also continued to undertake fundraising to support all of this and have restructured some of our existing loans, which has created a one-off impact to our margin but has reduced the cost of our longer term financing. We have reviewed the lifecycles of components as we start to plan the journey on improving the quality and energy efficiency of our homes which has created a further one-off reduction in our margins. However, we remain consistent and in control and are simply consolidating our business to be even stronger when tackling the big ticket burdens we all face as we start to move forwards on the journey to carbon neutrality and the growing number of potential legislative, build standard and safety changes in the near future.

Our core business continues to deliver good surpluses and cash generation and our sales team have continued to maintain a fully-reserved position for any units not completed at the end of the year.

I hope these results are received and seen as a good out-turn in a difficult environment.

Elizabeth Froude
Group Chief Executive

"Our core business continues to deliver good surpluses and cash generation and our sales team have continued to maintain a fully-reserved position for any units not completed at the end of the year."

Strategic Report

The Group Board presents its report and the audited financial statements of Platform Housing Group Limited ('the Association') and its subsidiary undertakings, together forming the Platform Housing Group ('the Group'), for the year ended 31 March 2022.

Elizabeth Froude at the colleague conference

Year at a glance

April 2021
Wellbeing Fund
April saw the official launch of our £1.4 million Wellbeing Fund. Since then, we've helped over 3700 customers in financial hardship.

May 2021
Wollaton Vale
We completed our first development of homes in Nottingham. The former brownfield site now provides much needed family housing in the city where private renting can be unaffordable.

June 2021
Reducing our Carbon Footprint
As part of our strategy to reduce our carbon footprint and reduce fuel poverty, work got under way on a £2.9million project to install a combined heat and power system (CHP) at De Montfort House tower block in Central Leicester. This project is expected to reduce central heating costs for each flat while also generating around 30% less carbon emissions.

July 2021
A Home for Young People
Work began on our £500,000 refurbishment of the Malvern Hills Foyer. The service offers vulnerable young people a place to stay and learn important life skills whilst getting support and advice to eventually live independently. As part of the work a new 'safebase room' was added enabling the service to take in emergency cases where a young person needs shelter right away.

August 2021
Bringing Our Best
Building on our values and behaviours we launched our Bring Your Best programme helping to develop our Platform culture where people are respected, show commitment and take ownership of their responsibilities and work together to achieve our goals whilst ensuring the customer is always our focus.

September 2021
Trainee Board
We welcomed our new Trainee Board members. In partnership with The Chartered Institute of Housing, the 2 year development programme offers Board experience to individuals who may find it a challenge to gain such opportunities.

October 2021
Communities Connected Month
From bird box building to sweeping car parks and supporting digital inclusion activities, our Communities Connected month saw colleagues taking time away from their normal day job to volunteer in their communities.

November 2021
Apprenticeship Award
Our Apprenticeship Team were celebrating as they walked away with four awards in Worcestershire's Apprenticeship awards including Worcestershire's Apprenticeship Employer of the Year and Ellie Steel as Worcestershire's Apprentice of the Year!

December 2021
Christmas Kindness
Our Christmas Kindness campaign aims to bring some festive cheer to those who may otherwise miss out. We donated over £27,000 from our Community Chest funds to community groups, foodbanks and local charities to help make the festive season a memorable one.

January 2022
Just Make It Right
Empowering our colleagues to report non-emergency repairs and improvements in a simple and efficient way is the reason behind our Just Make It Right initiative. Whether it's clearing up fly tipping or simple repairs in communal spaces, small things can make a big difference to our communities.

February 2022
Communities Heroes Award
We announced the winners in our first Platform Community Heroes awards recognising the people making positive impacts in their communities.

March 2022
Information Security
Demonstrating our ongoing commitment in relation to information security we achieved ISO 27001:2013, an internationally recognised standard that specifies requirements for establishing, implementing, maintaining and continually improving an Information Security Management System. It gives reassurance to customers and stakeholders that we have robust systems in place to protect our data.

Our Vision, Mission and Values

During the year we maintained our focus on our Strategic Plan and Corporate Strategy for 2021-2026. Our ambition, to be a truly modern housing association, remains our key focus. Our objective for the strategy period is to continue to build on our strengths to become an organisation that will be fit for the future needs of our customers and communities and one that continues to support those already part of our existing wider community.

Our six key themes are:

Our Customers

Our customers will be at the heart of everything we do.

- Our people will fully understand who our customers are and why we deliver the services that we do.
- Each team and every person across Platform Housing and our partners will understand what it means to deliver impressive **'People Matter'** customer experiences.
- We will strive for excellence in customer related activities.
- Effective data will enable us to be continually responsive and understanding of the impact of our delivery.

Culture of People and Continuous Improvement

Our people are crucial to our success.

- Platform culture will be developed through demonstrated values and behaviours with empowered individuals and teams built through clear accountability.
- Enable continuous learning and improvement of delivery across all functions and collaboration areas.
- To make housing a career choice with Platform being an employer of choice for apprenticeships at all levels and all employees that want to work in our sectors.
- Platform is a flexible employer in terms of how, where and when people work.
- We will understand the demographics of our communities and where social mobility could be promoted.
- The environment will make people feel physically and psychologically safe.
- Third party organisations representing Platform will deliver in line with our values and behaviours.

Sustainability, Environmental and Social Value Creation

Sustainability, social and environmental value creation will improve lives in our communities.

- Reduce cost to our customers through design and build and strong relationships with partners and supply chains that maximise our impact.
- Reduce our carbon footprint in all services and products seeking access to government funding where available.
- Innovation in use of modern methods of construction (MMC) sustainability and design.
- Development of prioritised, targeted and measured social and environmental value creation activities that demonstrably improve our communities.
- Lifelong customers and development of community ownership and social networks.
- Creation of skills and employment opportunities that directly serve the needs of the community.
- Use of data and intelligence to be increasingly predictive rather than reactive in our approach.

Economic Value Creation

Further develop our commercial approach to improve the lives of people in our communities.

- Increase our ability to leverage capacity for growth.
- Increased efficiency and growth through commercial partnerships/joint ventures and acquisition.
- Data led economic value related decisions that safeguard economic value and maximise return on investment.
- Well controlled financial processes that strongly maintain financial metrics.

Digital and Intelligence

Ensure compliance and develop accessible, high quality systems with greater understanding of our impact through data.

- Digitally enabled workforce and stakeholders with increased effectiveness and productivity.
- Digitally enabled customers with choice on multi-channel options for accessibility.
- Information-led decision making and activities with a data analytics strategy that supports operational and customer-related problem solving.
- Smart asset management and maintenance.
- Project governance and delivery framework.

Leader, Partner and Influencer

Be advocates for our organisation, the sector and Midlands landlords and resident groups in the national political agenda.

- Ensure consistent high standards through supply chain and delivery partnerships (a Platform standard).
- Develop new approaches to partnerships dependent on impact sought and maximise impact on partnerships.
- Have a voice on influential committees/policy makers and increase engagement with Think Tanks.
- Strengthen relationships with Local Authorities and governmental bodies.
- Provide support to community based SMEs and supply chain.
- Consistent approach across the organisation with effective use of employee input at every level.
- Measurable innovation.

Our Vision, Mission and Values

During the year we delivered a number of initiatives to take forward our Corporate Strategy:

- We completed a restructure of our Customer Experience team
- We reviewed our customer experience strategy and commenced customer surveys using the Institute of Customer Service
- We enhanced our digital customer portal and delivered our customer contact hub and created a digital portal vision and a high level customer contact model
- We recruited new members of our Customer Experience Panel, refreshed their Terms of Reference and launched our Customer and Community Engagement Strategy
- We drafted a new innovation strategy
- We created a Trainee Board to support recruitment into our main Board
- We launched our new internal Bring Your Best programme to all colleagues with a focus on the customer and colleague experience
- We launched our new Culture Amp survey tool and completed our first employee survey using this tool
- We completed restructure of our Health and Safety, Employee HR and Wellbeing teams
- We moved the majority of our office based colleagues onto home working contracts
- We launched our updated Learning and Development Strategy, expanded our digital learning team and reviewed our onboarding learning journey
- We developed an action plan to support the delivery of our Apprenticeship Strategy and expanded the number of Apprenticeships available
- We completed our ESG framework and inaugural sustainable bond issued
- We completed our Social Value Strategy and moved to the use of the HACT model
- We adopted a 'fabric first' retrofit model
- We developed our tenure blind housing model
- We started working with Birmingham City University on a single use construction plastics survey
- We expanded our procurement team and embraced a category council procurement process
- We achieved ISO14001
- We implemented ISO27001
- We expanded our use of BI reporting tools and predictive analytics
- We increased communications with stakeholders, completed conference speaker engagements and shortlisted for a number of awards
- We were winners at the Women in Housing awards and Great British Fleet awards, Worcestershire Apprenticeship awards, Boston College and Hereford and Ludlow College Best Employer awards

Initiatives continuing into the 2022/23 financial year and beyond are:

- Continued development of our customer portal
- Progressing the enablement of our Specialist Housing Schemes to embrace digital and assistive technology
- Commencing the creation of a model to create homes of the future
- Producing our new 'Platform Standard' minimum property requirements for existing and new properties to include emerging technologies
- Investigating how we can deliver modern methods of construction (MMC) in a more efficient and inclusive way
- Creating an Internet of Things strategy (IoT) with a pilot to commence within 2022/23
- Continuing with our operational and cultural transformation plan evaluating all of our systems and processes and re-designing those where they are no longer delivering the required service
- Progressing our delivery of data analytics and robot process automation (RPA)
- Continuing the pilot of remote diagnosis and assistance for resident issues and repairs and enhance with augmented reality tools

Hay End Lane, Fradley

Charlock Road, Malvern

Our Vision, Mission and Values

Our values

Our values underpin our strategic objectives and describe our style of leadership and the way our people behave. Our values set ideal standards, which we apply directly to the way we run our business, recruit our colleagues, manage our performance, and recognise and reward good work.

Our values will inspire and guide us through everything we do. They reflect the important shared attitudes, beliefs and behaviours that we want to see, feel and hear in Platform.

We have launched an organisation-wide values and behaviours training, development plan and toolkit named 'Bring your Best' in order to explore fully and to embed our values and standards. This is a key underpin to our vision and will support the delivery of the next stage of our Strategic Plan and Corporate Strategy.

People Matter

The way we treat each other

We put colleagues and customers at the heart of everything we do. Valuing difference, we are free to challenge each other and are open and honest in our relationships.

Own It

The way we want to work

We say what we'll do and then we do it. We listen, understand and are empowered to make decisions. We look for our own ways to learn and adapt and focus on what we can do.

One Team

The way we deliver our services

We are connected, collaborative and in it together. We want everyone to reach their potential and be the best they can be. We actively support each other to make this happen.

Be Brave

The way we look towards our future

We are curious and courageous. We look for better ways to do things, are comfortable trying them and learn quickly. We are not afraid to stand out from the rest and celebrate our successes.

Our People Values are underpinned by a set of behaviours which outline the actions and ways of working that all our colleagues must all work to demonstrate.

Our Performance Highlights

£42.9m
Net surplus after tax

33.4%
Operating margin

£2.7bn
Value of properties

38%
Gearing ratio

£804m
Available liquidity

1,171
Homes completed

1,401
Colleagues FTE

G1/V1
Regulatory Rating

A+(stable)
Standard & Poors Rating

A+(stable)
Fitch Rating

£198m
Investment in new and existing homes

£296.9m
Group Turnover

Performance against Objectives

The Platform Housing Group (The Association), is a Community Benefit Society, a charitable registered provider of social housing and is the parent undertaking of the Group which consists of the parent and five subsidiaries:

- Platform Housing Ltd is an asset-holding charitable registered provider and is a Community Benefit Society;
- Platform Property Care Limited (PPC) is a company limited by shares and provides a full range of maintenance services to the Group as well as operating in a Cost Sharing Group (CSG) with local partner Rooftop Housing and from the 1 April 2022 Stonewater Housing;
- Platform New Homes Ltd (PNH) (formerly ESHA (Developments) Ltd) is a company limited by shares and provides construction and development services to the Group;
- Platform HG Financing Limited is a public limited company limited by shares and is a funding vehicle for the group; and
- Waterloo Homes Limited is a dormant company

We have experienced another exceptionally challenging year, which has continued to amplify the socio-economic gaps that exists for our residents and across our wider society. It is likely that the macro-economic environment will continue to challenge our organisation, its people, commercial partners and residents at least into the 2022/2023 financial year. Our social purpose continues to be our key driver and we have kept this at the heart of our responses to this challenge. Colleagues are still providing additional support to our residents where needed. Various assistance packages are still being deployed but the emphasis has shifted from reactive help to a longer term impact. Platform launched a Wellbeing Fund in March 2021 and £1.62m was spent from this fund in 2021/2022. This fund is designed to source and supply items such as white goods, retail vouchers or provide one off grants to support our residents and leaseholders through the challenges they face. The fund has been extended and increased to £1.75m in 2022/2023 in recognition of the particular economic challenges that we all now face.

Putting Customers First
Wellbeing Fund

£1.62mn spend

3713 customers supported

How we've helped people

A customer who had not eaten for 11 days was referred through the Successful Tenancy Team.

The Wellbeing Fund was able to send out supermarket vouchers immediately.

An 85 year old victim of abuse was assisted to set up his own home by providing help with funds for essential items and white goods.

Wellbeing Fund
emerge better

Maintaining homes

Platform is a strategic partner to Homes England and has a capital grant allocation under the latest Affordable Homes Programme (AHP). Despite some challenges in the construction sector from the pandemic, from Brexit and now the labour and material supply chain, we continue to supplement the limited grant received with surpluses generated by our activities in order to provide as many new homes, in the right mix, as we can to continue to address the housing crisis.

The Group is registered with, and regulated by, the Regulator of Social Housing (RSH) and works within the regulatory framework for social housing. Platform collaborated in 2021 with an In Depth Assessment (IDA) from the regulator and the latest Regulatory Judgement, received in 2021, confirmed that the organisation is properly governed and managed (G1), and continues to be financially viable (V1).

The Group provides a varied range of housing including general needs, housing for older people and retirement living schemes, as well as supported housing schemes for young people, disabled people and homeless families. Complementing this core activity, a limited number of intermediate, student and market rent properties are also provided.

Retirement Living in
Hereford

This year saw work commence on a brand new £20m retirement village for Hereford.

Located just outside of the rural city, the new development will include a community hall, hair salon, bistro and shops for the whole area to use as well as 80 apartments for older people in the area. The complex combines practical technology including internal communications systems that will allow video calling and even the ability to pay for services. It also includes many dementia-friendly elements including different coloured floors and two-tone light switches.

Over 65s now make up nearly **26%** of the population in Herefordshire and demand for suitable retirement housing is on the rise across the County.

"Platform launched a Wellbeing Fund in March 2021 and £1.62m was spent from this fund in 2021/2022."

Our first in-person colleague conference

Performance against Objectives

Group Key Performance Indicators

The key performance indicators are set at Group level and are used to assist the Board in monitoring progress against delivery of the corporate strategy. The results as at the end of March 2022 are shown below against our target for the year. The table also shows our performance against appropriate benchmarking data widely available in the sector for 2020/21.

Where the benchmark shows Platform in Q3 or Q4 we have set a target to improve backed by a detailed plan of action.

Measure	Benchmark	Sample*	Source	Target	Actual
Performance against Affordable Homes Programme				100.0%	83.7%
Sales against monthly target				100.0%	101.1%
Number of new homes completions	Ranked 3rd	26	Global Accounts	1,704	1,171
Operating margin	Ranked 2nd	26	Global Accounts	36.5%	33.4%
Current tenant arrears	Q1	55	Housemark	3.9%	2.42%
Former tenant arrears	Q1	55	Housemark	1.5%	1.8%
% Shared Ownership arrears				1.0%	1.73%
Average re-let time – General Needs	Q2	55	Housemark	25.0	55.3
Number of available voids at year end	Q4	24	Housemark	250	454
Overall satisfaction with the service provided (STAR)	Q4	22	Housemark	75.0%	69.8%
Complaints responded to within targets	Q3	17	Housemark	95%	76.8%
% of properties with a valid gas safety certificate	Q2	24	Housemark	100.0%	99.96%
Employee satisfaction				85.0%	63.0%
Employee turnover rate (Voluntary only)	Q4	55	Housemark	12.0%	13.5%
Average number of days lost to sickness	Q3	55	Housemark	7.0	9.4

* Sample size is the number of organisations either included, or who supplied data for the KPI

Financial

Platform reported an underlying surplus for the year 2021/22 of £42.9m. All of this will be re-invested into the provision of new homes and in improving our services. The reduction of our operating margin is in line with our Long Term Financial Plan which had forecast that our operating margins would reduce in 2021/22, 2022/23 and 2023/24 as we invest in our properties and in our systems. Our operating margin of 33.4% (2020/21: 40.8%) has been additionally impacted by the pandemic as backlogs to maintenance and increased void letting times have impacted costs in this year. Operating margin without disposals remains within the upper quartile for the sector at 30.2%, which maintains our strong position to face the continuing economic uncertainty.

Arrears

The first year of the pandemic saw social housing sector arrears increase significantly, with an estimate of an additional 1 million tenants falling into arrears (Housemark). Platform amended its arrears escalation protocol at the beginning of the pandemic and increased support-led interventions, enhanced contact frequency with customers and involved Local Authority partners. This resulted in a reduction in current tenant arrears from 2.87% (2019/20) to 2.70% (2020/21). This new approach has continued as pandemic restrictions have eased and has now been fully integrated into our tenancy management process. The current high inflationary pressures and economic environment is expected to bring additional pressure to our leaseholders and residents into 2022/23 which means that higher support protocols will continue to be necessary. Platform will continue to serve legal Notices in line with enhanced criteria, but with the caveat that no action will be taken until clear communication has been established with customers. Court action is taken as an exception and only instigated where absolutely necessary in circumstances where every other alternative has been explored and failed to achieve reasonable debt recovery or successful customer contact. The number of evictions for rent arrears has reduced by over 50% in comparison to pre-pandemic levels.

Universal Credit (UC) Performance Overview

Platform has 14,808 UC Claimants as of 31 March 2022, which equates to an 18% increase in the number of new claimants over the last 12 months. Arrears levels for UC claimants at 31 March 22 is 3.02%, down from 3.64% at 31 March 21.

Full UC migration is expected to be completed by 2024. The Department of Work and Pensions (DWP) is currently in the "discovery phase" of the full migration and are evaluating learning outcomes which will shape the migration programme. Natural migration continues as and when customers have a change in circumstances but Housing Benefit will remain in place for those of pensionable age although this is subject to ongoing review. Additional administration is attached to a UC customer which can take resource away from the support of the individual.

Property Care fleet

Performance against Objectives

Tenancy support

The Successful Tenancies Team supported 5,444 customers to navigate financial challenges with a further 3,713 customers receiving support from our own Wellbeing Fund. The core focus of the team is to ensure customers are in receipt of all eligible benefits and grant entitlements based on their circumstances with the ambition of increasing and stabilising household income. Platform provides a Self-Assessment income and entitlement calculator on the Group website to assist customers with eligibility to benefits and other schemes available to maximise household income. Customers can now self-refer into the Successful Tenancies team should they need follow up advice and support.

Platform also has the existing measures in place to assist customers via the Successful Tenancies Team:

- Onboard new customers to strengthen the landlord and customer relationship foundation;
- Triage each contact to identify what support is required in order to direct them to the correct in-house services as quickly as possible;
- Work with individuals to maximise customer income;
- Help our customers get connected, providing training and access to devices;
- Provide support in making and completing benefit claims and hardship applications, to include our own Wellbeing Fund;
- Identify vulnerable customers to provide appropriate support and refer to agencies where necessary;
- Compile income and expenditure assessments and tenancy health checks;
- Provide money management, advice and guidance; and
- Signpost to employment support opportunities.

In addition to these support options available to customers the Group has a partnership with social enterprise, Stay Nimble. Stay Nimble is a pre-paid subscription for employment support and training advice. This is an online portal and is aimed at customers who are closer to the labour market, recently unemployed or redundant or considering a change in occupation. All customers who are claiming UC are offered access to the online portal and 6 hours of coaching to support active job seeking, which forms part of the claimant commitment. There are 115 active users and 77 customers have taken advantage of the coaching offered.

The Group launched the Wellbeing Fund on 1 April 2021 which allows us to support customers in a practical way. Actual spend on the fund in the year was £1.62m which was above the allocated budget of £1.4m and this supported 3,713 customers. We provided 957 households with access to white goods, 1,580 households received furniture support and 1,200 customers required assistance with energy and utility costs. The fund also supports community start ups and investment projects. The Board recognises that customers continue to face significant cost pressures and have agreed to continue to provide the fund into 2022-2023 and have increased the allocation to £1.75m.

Over the last 12 months the Group had 108 customers with a combined rent arrears of £186k that were entered into the Government supported debt respite scheme called Breathing Space. Customers experiencing financial difficulties are given legal protections from their creditors for 60 days, with most interest and penalty charges frozen, and enforcement action halted. During this period customers receive professional debt advice without pressure from creditors or mounting debts. Despite a set period of non-engagement with these customers we have seen a reduction of £73k in arrears owing at March 2022.

Building Better Opportunities funding (Community Lottery and European Social Fund) was successfully secured during 2020/21, through the Into Work Worcestershire Consortium, known locally as Fusion. Our four Group job coaches work to specific project participation criteria to provide specialist, intensive support for hard to help individuals and those furthest from the labour market, from across Worcester and the Malvern Hills. To date our job coaches have supported 397 participants with 108 participants obtaining employment, 76 participants entering active training in preparation for employment and 67 participants now actively able to job search. The Building Better Opportunities programme will end on 31 March 2023. We are currently working to identify new funding opportunities to provide further employment support provision within the area and across the rest of our geography.

Void properties

At the end of March 2022 the number of our properties that were void was 454, which has increased over the year and is higher than the Group target of 220. Tenancy terminations continue to be higher than previous experience and pressures on labour availability, material supply and the backlog of responsive repairs from the pandemic lockdowns have all contributed to this increase. As a consequence, relet times for all tenures remained substantially above the 30 day target (25 for general needs properties) at 50.6 days. This has however reduced from last year's relet time of 57.4 days and includes a number of long-term voids properties being brought back into rental. The improvement of our voids turnaround continues to be a focus of attention during 2022/23. Notwithstanding the void period and restrictions over the year, a total of 702 (2021/22, 517) new homes were let at an average of 0.88 days against a target of 3 days.

Complaints and compliments

In April 2021 we restructured the Customer Experience Team so that we could focus properly on early resolution and learning from customer feedback. The new team consists of three parts, Early Resolution Team, Service Delivery Team and Learning from feedback team.

We have adhered to the Housing Ombudsman Complaints Handling Code throughout the financial year.

There were 556 compliments received during the year, this is an increase on the 407 that were received during the previous year. The compliments received are overwhelmingly about our people and this is linked with the high level of positive feedback received through our new in-house surveying tool.

There was a significant increase in complaints during the year in comparison to the previous year. This is a trend being experienced across the sector and by the Housing Ombudsman Service (HOS).

The Group received 875 (2020/21; 530) formal complaints between 1 April 2021 and 31 March 2022, this equates to 0.022 per property for the period. 835 complaints were investigated within this period with 83% being upheld so the Group is still seeing a high level of upheld complaints. 76.8% of all complaints investigated were done so within the Housing Ombudsman Complaints Handling Code timescales of 10 working days, in all instances where additional time was needed this was agreed with the customer.

The Group reviewed 153 (2020/21; 105) complaints at the final review stage of the complaint's procedure during 2021/22, which equates to 18% of all formal complaints received which is in line with previous years.

The Housing Ombudsman Service have revised their Complaint handling code and we will ensure that we have made the relevant amendments required by October 2022.

Performance against Objectives

Customers

At Platform we changed our approach to surveying customers in 2021/2022. The new methodology uses an in-house developed surveying tool and involves customers completing surveys closer to the time a transaction has taken place and allowing the Customer Experience team to follow up on any issues identified within 24 hours of a survey response being submitted. The overall satisfaction figure is now made up of a number of transactional surveys all contributing to the overall picture.

The table below shows customer satisfaction for the first half of the year using the limited previous survey method and the second half of the year using the in-house developed survey tool. As can be seen from the table, satisfaction has increased in the second period but more importantly, the Group is hearing from a much larger pool of Platform customers, giving greater real time insight into several service areas.

	Satisfaction	Number of responses	Target
April – September 2021	53.9%	2,527	75%
October 2021 – March 2022	72.6%	13,909	75%
Overall Satisfaction April 2021 – March 2022	**69.8%**	**16,436**	**75%**

The new customer survey tool is enabling the Group to harness insight from customers in their own words. The questions that we ask that inform the overall KPI is for the customer to score their recent transaction with Platform out of five and then to tell us the reason for that score.

One of the most important things that the survey feedback has shown us is how much our customers value our people. There are overwhelmingly positive comments about how our people deal with customers every day.

A programme to manage the introduction of new surveys to the tool is now in place as we continue to evolve the system over the next 12 months. In addition to this we are looking at the Tenant Satisfaction Measures (TSM's) that will become regulatory from April 2023. Once these are released at the end of summer 2022 we will look to plan how we will collect the information going forward. We are completely clear that we will be collecting the TSM's as well as our regular transactional surveys.

Some of the key changes made as a result of customer feedback in 2021/2022 included:

- Scripting changes have been made as a result of feedback from customers ensuring that the contact centre, Platform Hub are equipped with the right information to give to customers at the first point of contact.
- Contents insurance for customers. This was a harmonised process and there was extensive publicity via the website and social media as well as colleague training.
- An oil service check has been implemented as part of the mutual exchange process. This included booking arrangements with Platform Property Care (PPC) and contractors, processes being mapped and amended, and all teams briefed.
- Gas servicing process changes made including all letters and calling cards amended.
- A new process was implemented for customers to be able to easily cancel repairs appointments with a fast track through the phone system.

The Platform Hub (The Hub) had an extremely busy year supporting the wider housing teams and business with enquiries being the gateway for all customer contact across the group. Echoing previous years the contact telephone number was the main way customers contacted the Group, however digital contacts are increasing with c88,000 digital contacts in the year. The Hub now offer a call back service during busy periods and 16,734 customer call-backs were completed on the same day of the original contact by the Hub in Q4 of 2021/22. Our transition to a Microsoft Dynamics system environment continues and this continues to exert short term pressure on The Hub as there is still some process duplication. As the transition continues and the use of legacy software reduces this will move to a one system solution and will free up resource to further enhance the gateway service.

Customer Experience Panel (CEP)

Ensuring customers are at the heart of what we do is central to Platform's strategic goals. During this year we have further developed the Customer Experience Panel (CEP). This group of customers sit at the heart of our engagement structure and play a pivotal role in the governance of Platform, representing the customer voice at a strategic level. The CEP meets every eight weeks with members of our Board and senior leaders to review performance and the services we provide to all customers and to challenge and discuss areas of improvement.

Over the past year we have grown the CEP by doubling its current membership to ten customer members. Through an extensive recruitment campaign we introduced five new members who have increased the diversity of customers represented on this strategic panel. We have worked closely with the existing panel members to onboard the new recruits to the panel. To assist all members of CEP in their role we have supported them with e-learning and training delivered by Platform colleagues and external providers. Recent training has focussed on Equality, Diversity and Inclusion to support the panel to challenge unconscious bias and consider the diversity of the customers and communities who they represent.

The CEP continue to play an active role in reviewing the Group's performance and provide healthy challenge and debate to scrutinise our services at a strategic level. The CEP has reviewed three policies and strategies collectively. Individual members of CEP continue to take an active role in a range of topic areas to influence a broad range of services. Members of the panel have worked with us on developing actions under our Dementia Friendly Strategy, overseeing the delivery of our Wellbeing Fund and all members of the panel meet on a rota basis to review and approve funding from Platform Community Chest to ensure that this funding pot has maximum impact across Platform communities. The CEP chair sits on the Stay Safe Steering Group which ensures the Group meets our safeguarding responsibilities. Members have also fed into our response to the recent Tenant Satisfaction Measures consultation.

Community Chest funding

Performance against Objectives

Customer and Community Engagement

Over the past year we have increased our level of face-to-face engagement in our communities with the lifting of Covid restrictions. In addition to regular community engagement activities throughout the year, led by the Community Engagement Team, we have taken a whole organisation approach through our Communities Connected month in October 2021. This month-long initiative saw us arranging a variety of community activities across the Platform geography with activities ranging from neighbourhood clear-ups, bird-box making sessions, re-wilding activities to digital inclusion activities amongst many more. These activities were open to all Platform colleagues to get involved with and provided an opportunity for the whole Group to re-connect with customers and communities. Across the month we achieved:

Through virtual and digital engagement we have continued to conduct a range of activities from governance related engagement including scrutiny investigations and policy reviews by the Customer Experience Panel, to local community consultations for regeneration and development projects. The following provides a snap-shot of the range of activity we have offered over the year:

- An in-depth scrutiny investigation conducted through online engagement
- Sixty six customer consultations – through door knocking, online and postal surveys
- Three policies and strategies reviewed by the Customer Experience Panel through the use of Teams and email
- Eight individual Mystery Shops carried out with investigations via email and online questionnaires
- Two hundred and twenty five responses from the Customer Sounding Board in seven separate reviews via email and online questionnaires

Our menu of involvement continues to offer a broad range of methods for customers to get involved in ways that suit them and work around other commitments. Following the recent launch of our new Customer and Community Engagement Strategy we will be reviewing our existing roles over the year ahead and looking for ways to develop existing roles and create new roles and approaches for customers to get involved and shape the development of a number of priorities across Platform such as the Sustainability Strategy and Building Safety.

Asset Management

The Group continues to operate a '3-star' service contract for all gas and fuel burning appliances. The number of properties with a valid landlord's gas safety certificate was 99.96% but failed to reach the target of 100% at year-end. This is caused by properties for which access could not be gained to service gas components. In these cases legal action is under way to access these properties. During the early part of the year the COVID-19 restrictions impacted our ability to operate in this area and since lockdowns have been eased we have worked to reduce any backlog.

Platform Property Care continues to deliver maintenance services to the Group. The operating environment in this area is difficult with skilled labour shortages, cost increases and the increasing difficulty of the supply chain. Despite this, the Property Care team have continued to reduce the backlogs from the Covid lockdowns whilst maintaining the service. The Group has welcomed Stonewater Housing into our Cost Sharing Vehicle from 1 April 2022.

The Group's Asset Management Strategy is to achieve a SAP rating of at least 69 points (energy performance rating of C) for all our residential stock and to aspire to a standard above Decent Homes. Re-let maintenance standards are currently under review and work has started on the significant task of energy efficiency upgrades and retrofit for carbon neutral housing. We will be investing in our existing stock to improve all our homes by two ratings above their current level.

Culture and employees

We are disappointed to see a decline in employee satisfaction from March 2021 to March 2022 from 72% to 63%. This score represents the percentage of favourable opinions from our surveys. 25% of our colleagues reported a neutral opinion. Our employees have been faced with another challenging year and the workplace environment has been re-set to a new 'normal'. The majority of our previously office based colleagues now have a contract which supports permanent home working with team meetings and other events delivered in our offices.

During the year we launched our organisation wide values and behaviours training, development plan and toolkit named 'Bring your Best' (BYB) in order to fully explore and embed our values and standards. This toolkit combines on-line modules with tools that colleagues can utilise together with team and group discussions (huddles) to further embed our values. Initial feedback from this toolkit is positive and our group huddles are an important tool to encourage teams to work together to deliver our values.

In order to more fully explore our successes and our underperformance with employee satisfaction we have launched a new survey tool, Culture Amp. This new tool allows us to gather more detailed answers and evaluate at a more detailed sub team level. The first of these new surveys was undertaken in March 2022 and the results are being used to celebrate our successes but also address the areas that are of concern.

Our year end results for both employee turnover and average number of days lost to sickness were slightly over target. Average number of days lost to sickness for our office based staff was 6.4 while our operatives in PPC averaged 16 days lost. This reflects the impact of Covid both in days of sickness and isolation. Whilst sickness from Covid has declined in the latter part of the year, there are no obvious other trends that we need to address. Employee turnover has increased in line with increased competition in recruitment markets.

#bring your best

Performance against Objectives

Providing new homes

During 2021/22 Platform has continued to concentrate on delivering a programme of predominantly affordable homes in areas where they are needed the most. We completed 1,171 new homes during the year which places us once again as one of the largest developers of affordable housing in the country and the largest in the Midlands. We purchased two buyback units in the year, which delivered a total of 1,173 additions to unit numbers this year.

	Affordable Rent	Social Rent	Shared Ownership	Total
Developed	478	264	429	**1,171**
Properties purchased	-	-	2	**2**
Total properties	**478**	**264**	**431**	**1,173**

The 1,171 completions fell short of our target of 1,704 due to pressures on planning, labour and supply chain. Our move towards a land led development programme extends the lead times of a project which can cause extended delivery timescales. The land market is extremely competitive at present and more work is required prior to acquisition which also elongates estimated delivery dates.

Despite the pandemic and subsequent economic challenges, the Group's aspiration for growth remains strong and we continue to focus on acquiring good quality sites with the necessary risk mitigations in place. These sites are backed by Homes England funding of £250m through the Strategic Partnership and SOAHP programmes and are being developed together with our key local authorities. We will continue to bid for future Homes England grants and other sources of grant funding to support our growth plans.

We have always had ambition to provide as much social and affordable housing as our financial strength can support. This continues to be a key goal for the organisation but the Board have reviewed our priorities in light of current market challenges and this has now been reprofiled to sit behind our retrofit ambitions for the near future.

We continue to work on a model to create 'a home for life and a great community to live in' that is supported by a new aspirational Platform Standard. Our approach to MMC continues to evolve to ensure that it supports our target to decarbonise and future-proof our development pipeline. We are actively working to meet our target of delivering 20% of our new build properties through MMC by 2024 and 25% by 2026, through cooperative supply chain management.

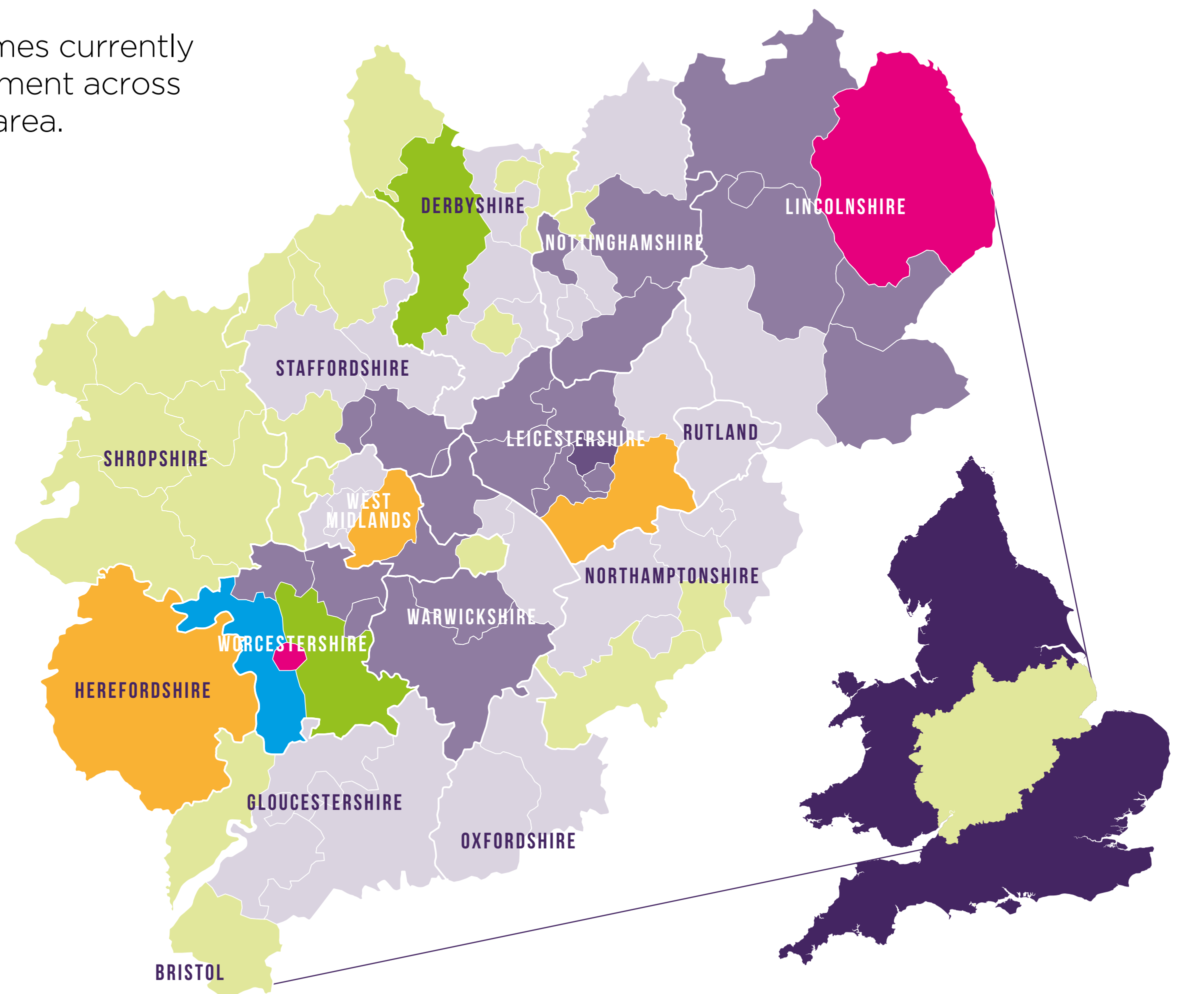
Building the modern way

Back in Autumn 2021, we commenced work on a site in Kirton, Lincolnshire which will be our largest site of homes constructed using modern methods of construction (MMC). The homes will offer EPC B ratings, tying in with our targets for providing more sustainable, energy efficient homes.

Building using MMC is becoming more standardised as the industry as a whole looks for more ways to develop greener homes. As part of Platform's development strategy and to align with our strategic partnership with Homes England, we are aiming each year to increase the percentage of homes built using these methods.

Our Operating Area

Number of homes currently under management across our operating area.



- No stock
- 1-200
- 201-1000
- 1001-2000
- 2001-3000
- 3001-4000
- 4001-5000
- 5000+

Total properties owned **47,119**

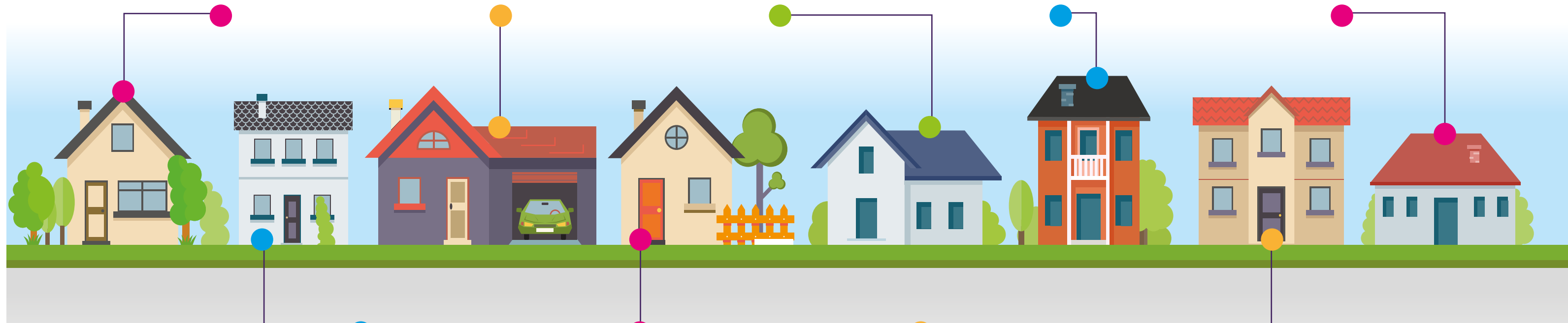
28,416 General needs housing

7,359 Affordable rent

5,905 Shared Ownership

1,128 Leasehold in management

421 Non social leased



3,310 Supported housing and housing for older people

469 Intermediate rent

111 Non Social rented

Our values set ideal standards which we apply directly to the way we run our business

Chief Finance Officer's Report

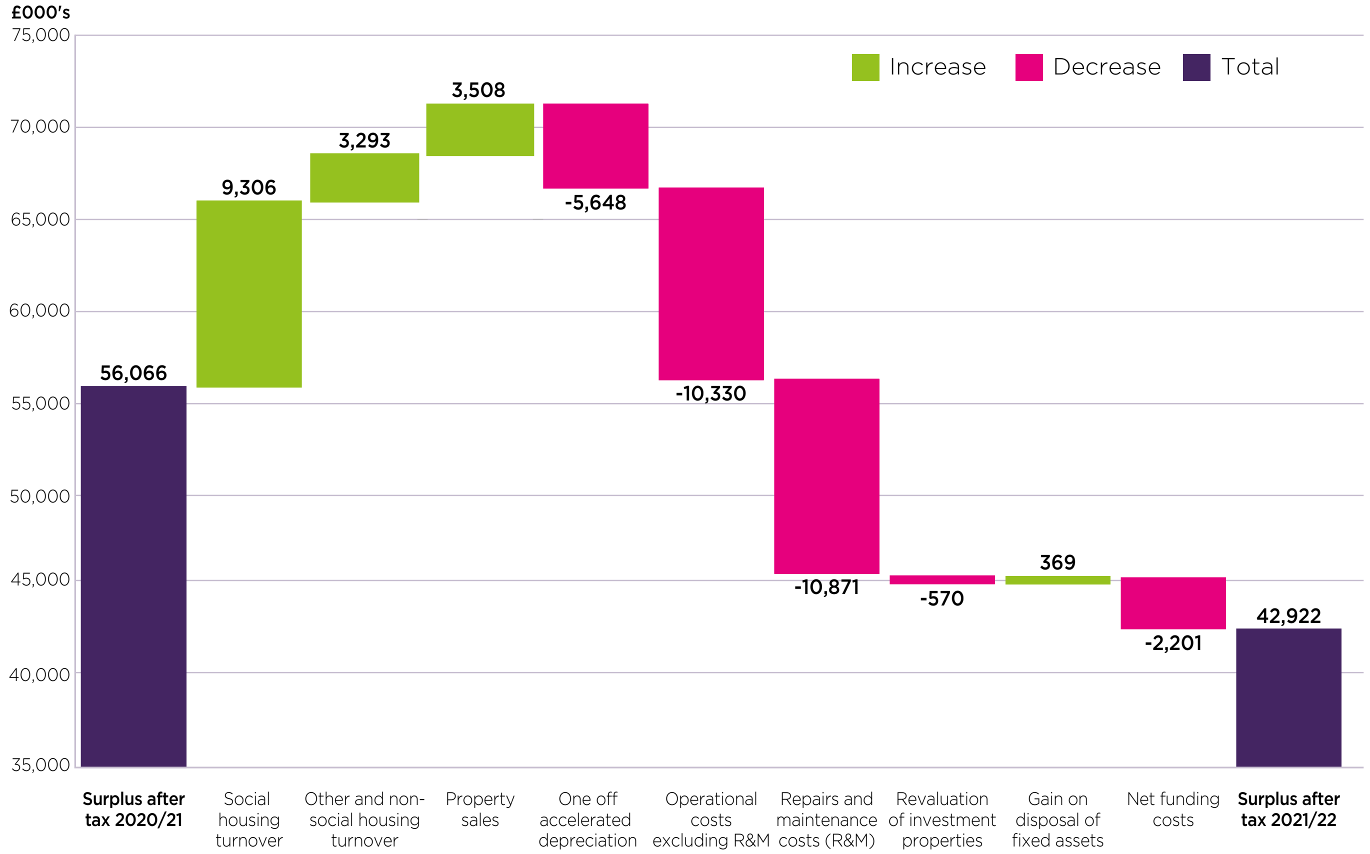
I am pleased to present the financial report for Platform Housing Group Limited. During 2021/22 we generated an overall surplus before tax of £42.9m with an operating margin of 33.4%.

Results

Overall Group turnover increased to **£296.9m** in 2021-22 from **£269.9m** in 2020-21. Social housing rental increased by 4.1% to **£234.6m** (2020-21 £225.3m). A further **£48.8m** was generated by Shared Ownership first tranche sales and, **£9.4m** from the delivery of non Platform maintenance contracts by Platform Property Care as well as **£4.1m** from a number of other activities.

The underlying operating performance continues to be stable despite the maintenance backlog from Covid lockdown, increased turnover in tenancy terminations, supply chain and labour cost pressures and our continuing process of transformation. Our Operating Surplus of **£99.2m** and an operating surplus before gains on disposals of **£89.9m** will be reinvested in new and existing housing stock with a balance retained to secure an increase of loan finance for future growth.

The movement in surplus between 2020/21 and 2021/22 is shown by the chart below.



The change between the years principally arose for the following reasons:

- A full years increase has been applied on rent charges.
- Other and non-social housing turnover has increased due to rent increases on non-social housing units, increases in photovoltaic income and increased income from external maintenance contracts.
- One off accelerated depreciation arises from the alignment of legacy depreciation rates across a number of capital components.
- Operating costs have increased in all areas in the year. Activity was suppressed in the previous year due to Covid lockdowns. Platform has invested in its employees in the year, partly to support our transformation strategy and are experiencing increasing supply chain costs.
- Repairs costs including major repairs increased due to the backlog of jobs from the pandemic lockdowns and the return of the service to close to usual levels. There is also a carry over of backlogged work into 2022-23.
- The carrying value of investment properties is reviewed annually and this has increased in line with the market however the value of the increase has reduced from last year.
- The Group continues to assess property assets and has a disposal program for those that no longer meet the criteria for our return on assets. The sale of these assets generated a marginally larger surplus this year. Shared Ownership staircasing sales have increased this year.
- Net funding costs increased during the year primarily due to new borrowing.

Chief Finance Officer's Report

Business Health: Trend Analysis

The Group's results over the last five year is shown in the table below. Figures for year 2018 have been derived from the sum of the results from Waterloo Housing Group Limited and Fortis Living Group Limited.

	2022	2021	2020	2019	2018
	£m	£m	£m	£m	£m
Turnover	296.9	269.9	257.1	273.6	243.5
Operating Surplus	99.2	110.2	107.3	109.2	112.4
Net Surplus	42.9	56.1	57.9	66.9	73.5
Operating Margin	33.4%	40.8%	41.7%	39.9%	46.2%
Net margin	14.4%	20.8%	22.5%	24.4%	30.2%
Housing & other net assets	3,019.9	2,701.3	2,507.6	2,493.8	2,240.2
Creditors after more than one year	(1,947.9)	(1,673.6)	(1,534.9)	(1,579.8)	(1,398.9)
Pension Provision	(50.0)	(65.8)	(47.9)	(65.9)	(45.3)
Other Provisions	-	-	(0.1)	(0.1)	(0.2)
Net Assets	1,021.0	961.9	924.7	848.0	795.8
Income & Expenditure Reserve	804.3	744.7	703.8	626.6	574.1
Revaluation Reserve	216.7	217.2	220.9	221.4	221.8
Total Reserves	1,021.0	961.9	924.7	848.0	795.8
Return on Net Assets	9.7%	11.5%	11.6%	12.9%	14.1%

The Group's turnover and operating surplus by social housing activity is shown below.

	2022	2021	2022	2021	2022
		Turnover £m		Surplus £m	Margin
General Needs Housing	193.1	185.8	71.5	84.7	37.0%
Supported Housing	19.7	19.7	(1.2)	1.7	(6.1)%
Shared Ownership	21.8	19.8	12.3	10.2	56.4%
Social Housing	**234.6**	**225.3**	**82.6**	**96.6**	**35.2%**
Other Activities	13.5	12.5	(2.5)	(2.2)	(18.5)%
Shared Ownership Sales	48.8	32.1	9.7	6.1	19.9%
Total	**296.9**	**269.9**	**89.8**	**100.5**	**30.2%**
Gain on disposals/revaluations	-	-	9.4	9.6	
Total	**296.9**	**269.9**	**99.2**	**110.1**	**33.4%**

The overall social housing margin was **35.2%** for the year, operating margin net of disposal of property, plant and equipment was **30.2%** and including sales was **33.4%**, which demonstrates that the core financial performance continues to be complemented by, but not dependent on, property sales.

Our long term financial planning had previously identified that the financial years 2021/22, 2022/23 and 2023/24 would result in higher costs and lower margins. This forecast financial profile was the result of investments in system processes and procedures and in the retrofit investment in our housing assets. Efficiencies and improved customer service delivery are an expected part of the payback from the transformation work and these efficiencies are expected to start being generated in 2023/24. This is reflected in the Social Housing Cost per Unit table on page 39. At the same time investments in our existing stock for Energy Efficiency and Net Carbon are increasing our major repairs costs.

The following table compares the Group's performance using a number of financial indicators, benchmarked against the 2021 Global Accounts for the sector with a sample of associations with stock holding of over 30,000 homes. The total sample size for comparison is 26 organisations including both LSVTs and traditional HAs. The sample was chosen in order to benchmark with larger organisations and to ensure that the sample was sufficiently large to enable a balanced comparison.

Key Financial Ratios:	Benchmark 2020/21	2021/22	2020/21	2019/20	2018/19
Operating Margin*	22.8%	30.2%	37.2%	37.6%	37.6%
EBITDA Interest Cover	1.8	2.1	2.3	2.3	2.8
EBITDA (MRI) Interest Cover*	1.4	1.9	2.2	2.0	2.4
Cost of funds	3.8%	3.3%	3.4%	3.8%	4.0%
Gearing Ratio*	55.3%	42.3%	41.9%	43.5%	43.5%
Return on Capital Employed*	3.2%	3.3%	4.1%	4.3%	4.4%
Void Rent Loss/Turnover	1.5%	1.6%	1.5%	1.2%	1.3%
Bad Debts/Turnover	0.6%	0.7%	0.6%	1.1%	0.8%

* Calculated in accordance with Sector Scorecard / VFM metrics methodology.

Modelling the Property Care uniform

Chief Finance Officer's Report

Business Health: Ratio Analysis

Operating margin has decreased to 33.4% during 2021-22. After excluding the surplus made on the sale of housing fixed assets and the disposal of investment properties, this reduces to 30.2%. This is still ahead of the benchmark.

Core operating margin on social housing activities remains strong at 35.2% but this has been impacted by the recovery of service delivery post the pandemic lockdowns and continuing cost and supply chain challenges. Shared ownership first tranche sales generate a margin of 19.9%. Margins on property sales are expected to be lower than margins on social rented housing lettings.

The interest cover ratio has reduced when compared to March 2021 and the average cost of funds, which is calculated on drawn funds, has improved. The Group has benefitted from low all-in rates achieved on two capital markets transactions in September 2021 (£250m sustainability bonds) and December 2021 (£50m retained bonds), in addition to the repayment of a £33m legacy facility, which also enhanced the flexibility and consistency of funding covenants.

The Group has invested in the development of new social housing in the year, developing 1,171 new properties for rent and sale and has purchased two buyback properties taking total new units to 1,173.

Return on capital employed (ROCE) of 3.3% has reduced against the prior year figure of 4.1% but is over the benchmark figure of 3.2%. ROCE is calculated as operating surplus divided by net assets at the end of the year. Properties completed in the year do not generate a full year of income but the full capital cost has been added to assets.

The investment in existing homes shown above represents larger items of expenditure on replacing key structural components such as kitchens and bathrooms. When added to the routine and planned expenditure of £46.6m a total of £72.7m was spent on maintaining properties (£55.7m in 2020/21).

The Group is committed to investing in both existing stock and in the provision of new homes. This is demonstrated by the reinvestment rate of 7.9% (a Sector Scorecard measure), which is higher than the benchmark sample, as a percentage of total housing properties at cost, shown in Note 11. We have maintained this rate from the prior year despite continuing limitations from Covid on our maintenance service and the delivery of new homes during the year. The Group is regularly reviewing and updating stock condition data and component costs and these planning future work programmes inform the long term business plan.

This work assists in the Group's objective of internalising maintenance activity where it can be demonstrated that efficiencies can be made.

The number of new units completed as a percentage of total units which is a Sector Scorecard measure, was 2.5%, which is lower than the global benchmark of 3% but is greater than the benchmark group values shown in the VFM metrics table below. It shows an increase on the previous year of 2.0% but this measure is still below the Group's ambition. Our transition to a land led development strategy together with continuing planning, labour and supply chain issues has reduced our ability to deliver new units in this year and will continue to suppress our development ambitions into the 2022/23 financial year. However we will continue to source a programme made up of package deals, S106 and land acquisitioned schemes in a highly competitive period to give the best delivery outcome.

Effective Asset Management

The following table sets out the level of investment in existing and new stock.

	2020/21	2021/22	2020/21	2019/20	2018/19
	Benchmark				
Major Works Revenue £M	7.4	10.4	6.9	11.9	12.4
Major Works Capitalised £M	35.4	15.7	9.6	12.7	14.9
Total Investment £M	42.8	26.1	16.5	24.6	27.3
New Homes completed	1,004	1,173	911	1,449	1,598
New Homes Investment £M	217	198	198	208	201
Reinvestment*	5.0%	7.9%	8.0%	9.2%	9.4%

* Sector Scorecard measure

Efficiency: Social Housing Cost per Unit (SHCPU)

These benchmarks are taken from the sector global accounts 2020/21 with a sample comprising associations with more than 30,000 homes, using the average values for comparison.

	Benchmark	Platform				
	2020/21	2020/21	2021/22	2022/23	2023/24	2024/25
	Benchmark					
	Actual	Actual	Actual	Budget	Plan	Plan
	£	£	£	£	£	£
Total social	4,201	2,463	2,855	3,406	3,630	3,601
Management	1,013	619	647	666	664	652
Service charge	810	477	497	511	510	501
Maintenance	1,213	881	1,025	1,055	1,052	1,033
Major repairs	774	371	573	1,060	1,289	1,301
Other social	391	115	114	114	114	114
Specialist units:						
Supported Housing	3.2%	0.8%	0.7%	0.7%	0.7%	0.7%
Housing for Older People	10.0%	6.7%	6.5%	6.4%	6.2%	6.0%
Total Social Units	48,969	44,533	45,477	46,647	48,232	49,564

Chief Finance Officer's Report

The Group outperforms the benchmark in each category of spend delivering a total SHCPU of £2,855 for the year. In comparison to the prior year, SHCPU has increased by £392. Last year's long term financial plan forecast a stepped increase in 2021/22 and the following 3 years as Covid backlogs reduced and our planned sustainable stock investment programme commenced.

The RSH has identified that one of the drivers for lower CPUs across the sector is the percentage of supported and housing for older people stock. Only 7.2% of the Group's total units are of this type which is considerably lower than the benchmark of 13.2% and could be one of the contributors towards the reason why the Group outperforms the benchmark average.

The Group also owns and manages 5,911 shared ownership homes, 13% of the total social units, where management costs are less than General Needs rented homes and where maintenance costs are the responsibility of the shared owner.

The Group regularly reviews and updates the stock condition data across all of its homes and is in the process of reviewing its asset investment assumptions particularly in relation to energy efficiency and carbon neutral targets. Costs for both these investment areas are now included in the budget and the long term plan and this is the main reason for the anticipated increase in major repairs costs. These costs will increase over time as the investment projects progress.

Award winning homes

Colonel Wright Close is a small 30 home development set in Bakewell.

The site, previously part of an historic chert mine, provided the first affordable housing seen in the town for over 10 years. Located in the Peak National Park Conservation Area meant tackling strict planning laws and restrictions on building materials. We used traditional timber frame and locally sourced stone cladding from a nearby quarry to create the development. The land was purchased from a local school and enabled them to fund new facilities for the local community.
The development recently picked up the accolade of Small Residential Development at The Midlands Residential Property Awards.

Value for Money (VFM)

The Group regularly reviews the Value for Money strategy to ensure that it remains fit for purpose and continues to underpin the current Strategic Plan. The VFM strategy was reviewed in 2021 alongside the Corporate Strategy. It is Platform's goal to ensure that we are investing in our business, customers and communities in a way that delivers maximum positive impact and demonstrable value for money.

A Social Value Strategy was launched in the year which compliments the VFM Strategy. Under this strategy we recognise that VFM is not solely about cutting costs but about delivering quality services whilst using resources in the most cost-effective manner. We are an invested partner in the HACT Social Value roadmap, which is a three phase project to improve the valuing, benchmarking, innovation, professionalism, reporting and assurance of social value. This will allow us to estimate better and to value the hidden social impact that Platform's services deliver.

The Group Board recognises its responsibility for meeting the requirements of the RSH's Value for Money standard and in particular, to take a comprehensive approach that achieves continuous improvement in the Group's performance on running costs and the use of our assets.

Costs and performance continue to be benchmarked against relevant external sources making use of tools provided by Housemark and the Housing Quality Network (HQN) and by referencing data published by the RSH such as the global accounts and cost per unit reports.

Benchmarks have been selected to compare data with a sample of similar organisations in terms of size and activity.

As part of our VFM strategy we have continued to build our procurement function. We launched category councils in the year and hold regular category meetings with budget holders and their teams in order to identify and leverage efficiencies. We are also in the early stages of transforming our procurement function to embrace a whole approach to 'Source to Pay'. We have engaged additional resources to manage our Fleet and to move to more sustainable transportation which has delivered a net VFM saving. Our Fleet Manager was awarded The Financial Superstar award at the Great British Fleet Awards 2022.

Targets are set by the Board and senior management for improved financial and operational performance through the annual budget and business plan and a standard set of performance indicators. Board members review performance on a quarterly basis and revise the targets on an annual basis or following a significant change in the operating environment.

VFM Metrics

The Regulator has defined seven VFM metrics which enable us to compare us against the whole global accounts sample and also against the benchmark group of organisations with more than 30,000 homes. Both samples are taken from the sector global accounts 2020/21 published by the RSH. The benchmark year of 2020/21 was effected by the Covid lockdowns.

		Metric	2020/21 Global UQ	2020/21 Benchmark UQ	2020/21 Actual	2021/22 Actual
1		Reinvestment	11.6%	5.1%	8.0%	7.9%
2	a	New Supply SH	3.0%	1.3%	2.0%	2.5%
	b	New Supply Non SH	0.4%	0.3%	0.0%	0.0%
3		Gearing	41.0%	54.5%	41.9%	42.3%
4		EBITDA MRI	321%	220%	218%	188%
5		Headline Social Housing Cost per Unit	£2,951	£4,252	£2,463	£2,855
6	a	Operating Margin – SH	38.7%	29.2%	42.9%	35.2%
	b	Operating Margin – Overall	32.2%	22.7%	37.2%	30.2%
7		Return on Capital Employed (ROCE)	5.1%	3.2%	4.1%	3.3%

Chief Finance Officer's Report

Value for Money Achievements 2021/22

Group performance when compared to the benchmark is significantly better in most of the metrics of measurements. Gearing is only marginally higher than the global measure despite the group having a long history of design and build developments. The Group is firmly committed to the development of affordable homes and is 11th in the 2021 top 50 Housing Builders for the supply of new homes at social rents. The Group is not currently developing non-social units as the focus is on the supply of social housing. However as we include more land led development projects into our project portfolio we anticipate a small number of non-social units will be delivered.

The Group has a clear idea of the capacity available for its future investment, as demonstrated by our gearing, interest cover and operating margins and has an excellent track record of investing in both new supply and in the improvement of existing assets. Capacity is monitored with regular updates of the long term financial plan to allow for prompt reactions to opportunities and challenges.

As well as showing a commitment to new investment, the Group's efficiency continues to be clearly demonstrated by its strong margins and low unit costs.

VFM highlights for the year are listed below:

- Achieving an operating margin of 30.2% which was boosted to 33.4% by £9.3m surplus on disposals of non-core stock and £0.1m increase in the value of investment properties.
- Achieving a social housing operating margin of 35.2%.
- Improving our year end position on current tenant arrears to 2.42%.
- Achieving a net surplus after tax of £42.8 million, achieved through business growth, effective asset management and tight cost control.
- Reinvesting free cash surpluses to deliver 1,173 new homes across a range of types and tenures, representing growth of 2.5%.
- Invested £26.1 million in major works to our existing housing stock.
- Maintaining a realistic level of reinvesting surpluses in both development and existing assets;
- Managed void losses at 1.6%.
- Achieved a social housing cost per unit of £2,855 for the year (Sector Scorecard measure).

Future VFM Priorities

Platform's VFM strategy and framework will build on our current culture and support more data driven and analytical decisions around best VFM ensuring high quality services and homes for our customers. Systems will be transformed and our category councils will support the business to navigate the supply chain and inflationary cost issues that are in the current external environment.

Key VFM projects are supported by a central project management team and will be driven through the following:

- **Pension review**
  The Group is continuing with its review of all pension provision to ensure best value for the group and its employees is maintained;
- **The new operating model**
  Our new operating models (NOM) for service delivery to our customers sets out VFM benefits which will be measured for effectiveness as the models are implemented. These models have been launched across all areas of the business. The project continues as part of the Platform transformation programme;
- **Digital efficiencies**
  Our long term transformation project is being designed to embrace digital technology and robotic process automation where appropriate to offer customers and colleagues the best service possible;
- **Procurement Strategy**
  Platform's procurement strategy has launched a category council approach that will leverage our scale and size to procure products and services, generating commercial benefit coupled with the highest levels of service and compliance;
- **HACT Social Value Roadmap**
  Platform are an invested partner in this three phase project. Phase 1 is complete with updated social value returns to represent 2022 values with greater emphasis on environmental values and allowing for separate reporting of wellbeing and exchequer values. Phases 2 and 3 involve developing tools to use the UK Social Value Bank and applying that directly to social housing;
- **Wellbeing Fund**
  The extension and increase of the Wellbeing Fund to £1.75m will help our residents navigate the extremely challenging external environment and help them manage their home;
- **Treasury Strategy**
  The detailed treasury strategy seeks to protect and enhance our credit quality as reviewed by each rating methodology by understanding the relevant key indicators. We will look to link new borrowing with ESG principles and we will continue to monitor our existing portfolio and look to replace existing debt that is costly or security hungry;
- **Revised assumptions for new and existing home investments**
  We have invested in a new investment appraisal system and process which is live in 2022/23. We have reviewed our appraisal methodology for new investments and asset management strategy decisions in order to increase the amount of new housing we provide and improve the quality of our existing housing stock;
- **Budget support**
  We have invested in a new budget monitoring tool in order to support budget holders more effectively. This tool is being further enhanced to incorporate a rolling 3 year forecasting process to help improve short term decision making. In addition we have restructured parts of the finance team to deliver a dedicated business partnering service to the business;
- **Data and reporting**
  The transformation project will continue to enhance data quality and reporting to support effective decision making and improve responsiveness and customer delivery;
- **Expansion of Platform Property Care**
  PPC have continued to replace external contractors with an in-house service where efficiencies can be made. The current labour market and supply chain challenges have limited the ability to do this in some geographic areas or for particular services. On 1 April 2022, PPC welcomed Stonewater Housing Association into the cost sharing vehicle;
- **Offices Strategy**
  We continue to dispose of office space as need reduces. We will re-invest savings made into the remaining office space and back into services for customers;

Chief Finance Officer's Report

- **Apprenticeship Strategy**
  We are committed to offering opportunities for apprenticeships for both current and potential colleagues across the whole business. Our Property Care team believes that supporting our business with an appropriately skilled workforce is essential to a great customer service and recruiting through an apprenticeship programme helps sustain an effective workforce.

Overall VFM assessment

The information provided in this strategic report demonstrates that Platform Housing Group complies with the Regulator's VFM standard.

We have:

- VFM embedded in our strategic plan;
- Robust decision making on the use of resources;
- An understanding of the costs and outcomes of delivering our services; and
- Commentary included within the financial statements against elements of the Value for Money Standard.

The added value that we achieve is used to improve services and support the delivery of more sustainable homes for our communities.

Treasury Management

The Treasury Management Policy and Treasury Strategy are reviewed on an on-going basis by the Finance Committee and Board. Treasury activities are also supported by independent professional advice from Centrus Treasury Advisors. The Group maintains a risk-aware approach to its debt portfolio and seeks to ensure that sufficient liquidity is available to meet foreseeable needs, whilst minimising interest on borrowings.

Covenants are calculated at subsidiary level (Platform Housing Limited) and continue to maintain significant headroom. There are two corporate based covenants, interest cover and gearing. In addition, minimum asset cover is required on each individual facility. The Group monitors compliance against the most stringent covenants. The business plan is very resilient to these covenants with a significant degree of headroom forecast throughout the life of the plan.

Year-end corporate covenant performance	Covenant	Actual	Met
1. Interest Cover: To demonstrate by how much net interest costs are covered by operating surplus net of capitalised repairs	1.1	2.08	Yes
2. Gearing: To show the ratio of debt to the value of housing properties	60%[1]	38%	Yes

[1]Amended to 65% shortly after the year end

Our year end interest cover of 2.08 and gearing of 38% in comparison to covenant requirements of 1.1 and 60% demonstrate that the Group has the borrowing capacity to fulfil its ambitious development objectives. In addition to covenant headroom, the Group had uncharged housing assets with an estimated value of over £750m at the end of March 2022. The Group's long term financial plan models the utilisation of uncharged assets going forwards to ensure that assets are available to support future debt requirements. The plan shows that the Group maintains sufficient uncharged assets to support its strategic development objectives and at the same time maintains headroom to provide further security to existing borrowing should there be any unforeseen deterioration in the asset values.

During the year the Group maintained compliance with its Financial Golden Rules, which ensure that activities are carried out in line with the risk appetite of the Board, whilst at the same time maintaining credit quality. The Financial Golden Rules act as a buffer over and above financial loan covenant thresholds.

The Group has a policy to maintain liquidity that covers at least 18 months of projected cash flows. At March 2022 facilities of £1,982m existed, providing £530m headroom over the year end debt position of £1,452m. When added to unrestricted cash balances of £271m and an overdraft of £3m, this provided total liquidity of £804m.

Loan facilities	Facility	Drawn	Available	Fixed	Variable
	£m	£m	£m	£m	£m
Bond finance	962	962	-	962	-
Bank finance	1,020	490	530	477	543
Total facilities	**1,982**	**1,452**	**530**	**1,439**	**543**
Funding mix				**73%**	**27%**

Chief Finance Officer's Report

The Group pushed ahead with its funding strategy during the year, which centred on maintaining liquidity whilst increasing transparency to investors through greater use of sustainability finance. The first report under the Sustainability Reporting Standard was issued in July 2021, which was followed by the establishment of a Sustainable Finance Framework in August 2021. This enabled the Group to issue its first sustainability bonds in September 2021, utilising the £1bn EMTN programme established in February 2021. The 20 year, £250m issuance had a coupon/yield of 1.926% and will help support the Group's ambitions to build more homes and reduce its carbon footprint.

The Group also completed a sustainability-linked transaction shortly after the year end, creating a £235m revolving credit facility with Lloyds bank. The initial five year facility, of which £185m was refinanced and £50m new borrowing, has extension optionality and is linked to sustainability targets for energy efficiency and staff development. A margin benefit is applicable if targets are met.

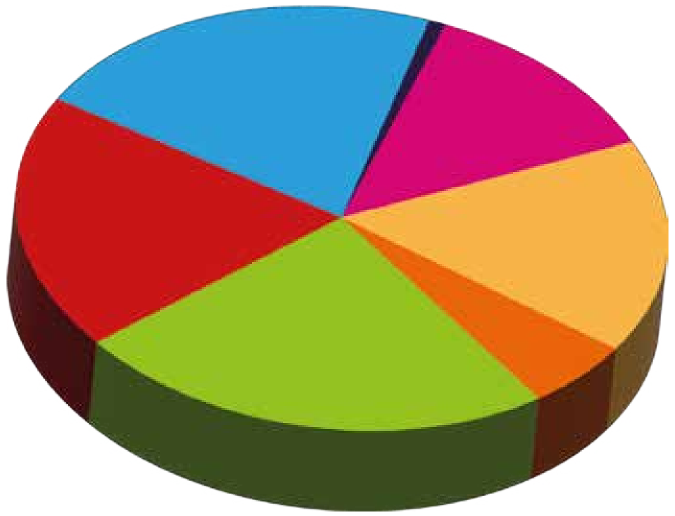
Other notable financing activities include the sale of £50m retained bonds in December 2021, at a yield of just over 1.7% and the repayment and cancellation of a £33m facility with Nationwide Building Society. The repayment helped to harmonise the Group's funding covenants and liberates security that was restricted to EUV-SH valuations, generating extra debt capacity. On repayment to Nationwide, break costs of £9m were payable (due to the above market interest rates on the facility), which will be recovered through interest cost savings going forwards.

The Group's ratings with Standard & Poors and Fitch were reaffirmed as A+ (stable) during the year.

Refinancing risk is managed through the Group's Treasury Management Policy, which ensures maturities are not concentrated into similar periods for repayment:

Facility

TOTAL: £1,982m



0-1 years **£8m**

1-2 years **£247m**

2-5 years **£331m**

5-10 years **£108m**

10-20 years **£476m**

20-30 years **£387m**

30+ years **£425m**

Interest rate risk is managed by limiting exposure to floating rate, inflation linked and callable debt facilities as detailed within the Group's Treasury Management Policy.

Chief Finance Officer's Report

Sustainability Reporting Standard

Platform chose to be an early **adopter of the Sustainability Reporting Standard** (the Standard) last year. The Standard complements our ESG objectives and provides an opportunity to articulate both our activities during the last year and lay out our ambitious plans for the years ahead. The table below summarises our performance against many of the metrics within the Standard as at 31 March 2022.

A full report against all metrics within the Standard can be seen on the Investor Centre section of our website.

Theme	Indicator	Target	Outcome
Affordability	Average rents / average market rent	65%	**63%**
Affordability	Proportion of affordable tenures – at start of year	95%	**99%**
Affordability	Proportion of affordable tenures – developed in year	90%	**100%**
Security	Proportion of homes with at least 3 year fixed tenancy	100%	**100%**
Building safety	Proportion of homes with gas safety compliance	100%	**99.96%**
Building safety	Proportion of homes with Fire Risk Assessment	100%	**100%**
Building quality	Proportion of homes that met the Decent Homes Standard	100%	**100%**
Resident voice	Customer satisfaction	75%	**70%**
Resident voice	Complaints upheld by the Housing Ombudsman	0	**6**
Climate change	EPC ratings of C and above – start of year	100%	**68%**
Climate change	EPC ratings of B and above – homes developed in year	100%	**100%**
Governance	Registration with the Regulator of Social Housing (RSH)	Yes	**Yes**
Governance	Registered as a 'for profit' provider	No	**No**
Governance	Most recent viability and governance ratings from the RSH	G1/V1	**G1/V1**
Governance	Maximum tenure of Group Board	9	**2**
Governance	Proportion of Group Board that are non-executive directors	90%	**90%**
Governance	Length of service of external auditors (years)	10	**2**
Staff well-being	Gender pay gap	5%	**1%**
Staff well-being	Average number of sick days per employee	7	**9**

Affordability

As a social landlord we are committed to managing and developing homes that are affordable to those in the areas in which we operate. Over the 2 years to March 2022, Platform was one of the top four developers of social homes. At March 2022, 99% of the homes we owned were let for a social purpose and all of those developed in the year were for social rent, affordable rent and low cost home ownership.

We let homes at rents that are below the private rented sector (PRS) to help those most in need to rent a home. The discount to PRS rent will vary depending on the area, with areas of higher rents experiencing a larger difference. Overall we have rents that are on average 63% of PRS rents which is the same as 2021.

Security

Platform is committed to offering its customers tenancy agreements that do not have a fixed term. On this basis all new tenancy agreements are defined as lifetime. There are a number of legacy agreements that are being phased out over time. A summary of our social and affordable rented tenancies are shown below:

	Tenancies	Percentage
< 3 years	1	0%
> 3 years	5,240	13%
No term	34,302	87%
Total tenancies	**39,543**	**100%**

Building Safety

The safety of our customers is our number one objective. As at March 2022, 100% of our homes had an in-date Fire Risk Assessment. Gas safety compliance was 99.96%, with remaining access issues within our legal process. All of our homes met the Decent Homes Standard.

Resident Voice

It has been another challenging year for our customers and we have worked closely with our Customer Experience Panel and involved customers to help support many during these difficult times. In a continuation from 2021 this has been achieved in many ways, ranging from support and advice for those in hardship, to direct financial support to help those who can't afford food, clothing and heating. We have extended this support forwards into the new year, committing an increased £1.75 million to our Wellbeing fund to help support those most in need.

During the year we invested in improving the quality of customer satisfaction, dramatically increasing the number of customer surveys we issued to c16,000 (2021: <6,000). Our customer satisfaction levels are below our target but they have improved this year to 70% (2021: 57%). We are continuing to work on identifying and improving areas of customer concern.

During the year we had six complaints that were upheld by the Housing Ombudsman and as a result improvements were made to our services. There were no serious findings of maladministration.

Chief Finance Officer's Report

Climate Change

Platform will move all of our existing homes to an EPC rating of C or better by 2030. As part of this process we will invest approximately £65 million in over 9,000 homes, including:

- Retrofitting ground and air source heat pumps, replacing gas and sold fuel systems
- Adding external wall insulation to our homes
- Installing photo-voltaic panels to our homes

A summary of all EPC surveys held prior to the last financial year is shown below. EPC certificates were available for approximately 27,000 of our homes (2021: 25,000). There are approximately 12,000 outstanding which we aim to complete by the end of March 2023. Based on our initial findings we expect the overall ratings to be in line with those shown below.

Rating	Homes with certificate	Percentage	Cumulative percentage
A (92+)	80	0%	0%
B (81-91)	8,965	33%	27%
C (69-80)	9,969	37%	68%
D (55-68)	6,296	23%	93%
E (39-54)	1,808	7%	100%
F (21-38)	84	0%	100%
G (1-20)	8	0%	100%
	27,210	**100%**	

During the year we built 1,171 homes all for affordable tenures. It is our objective to develop homes that are SAP rated B and above and this was achieved for all homes.

Rating	Homes with certificate[1]	Percentage	Cumulative percentage
A (92+)	42	4%	4%
B (81-91)	1,128	96%	100%
	1,170	**100%**	

[1] In total 1,170 EPC's were undertaken; 1 home was re-developed as part of an existing supported housing scheme and did not require a new certificate.

Governance

Platform is committed to maintaining the highest standards of governance. During 2021 the RSH carried out an In-depth Assessment (IDA) of our governance and financial viability. The IDA re-affirmed the highest ratings for both governance and financial viability, G1 and V1. Platform is also rated by both Standard and Poors, and Fitch and had ratings of A+ (stable) re-affirmed during the year by both agencies.

Further information on our governance arrangements can be seen in the governance section on page 56.

Staff well-being

The Group launched a Wellbeing strategy during the year based on five pillars of wellbeing: mental, physical, financial, social and occupational.

Colonel Wright Close, Bakewell

A dedicated Employee Relations and Wellbeing Team has been created to help deliver the strategy through the provision of weekly updates and initiatives to colleagues covering all aspects of the strategy and associated action plan.

The average number of days where staff were absent due to sickness was 9 (2021: 6). The increase was driven by the effects of Covid-19 variant Omicron, which caused spikes in absence rates (due to illness and isolation) from December 2021 to February 2022.

Sustainable Finance Framework

During the year, Platform established a Sustainable Finance Framework (the framework). The framework will allow the issuance of sustainably linked finance through the transparent reporting of sustainable investments to investors. As part of utilising the framework we are committed to affordable and highly energy efficient housing. The framework is available to download and view on the investor centre section of the Platform website.

We utilised the framework for the first time in September 2021, issuing £250m of bonds. As at March 2022, £111m of these proceeds were allocated 459 affordable and highly energy efficient homes. All of these homes had EPC ratings of A or B and were for affordable tenures.

Events after Year-End

No event that has taken place after year end will have a material impact on the financial statements.

Going Concern

During the delivery of the business plan and our stress testing process, the Board have considered the current economic climate, the pressures on residents, rising inflation and interest rate increases. After making all appropriate enquiries the Board has a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. For this reason the Board continues to adopt the going concern basis in preparing the Group's financial statements. More information can be found on page 64.

Chief Finance Officer's Report

Risk Management

Risks that prevent the Group achieving its objectives are considered and reviewed regularly by the Senior Leadership Team, Executive Team, the Boards and Group Audit and Risk Committee as part of the corporate planning process. The risks are assessed in terms of their impact and probability. The key Corporate risks for the Group are considered below:-

Business Area	Risk	Mitigation Strategies
Growth	Achieving Homes England programme and targets.	Effective business planning with an approved envelope of expenditure. Work closely with developers in relation to potential opportunities. Scheme identification, appraisal and monitoring. Review of policies and procedures. Implementation of revised feasibility model.
Income	Loss of income due to a failure to collect income due in rents and service charges.	Post Covid rent management process. Staff training to ensure up to date on legislation. Robust legal processes in place. Rent setting policy. Automated arrears system - escalation triggers. Promotion of direct debit. Rent Support Officers in place. £1.75M Wellbeing Fund agreed; to be implemented in 22/23 financial year.
Legal/ Regulatory/ Reputational	Non-compliance with Landlord and Health & Safety requirements.	Health and safety compliance policies and procedures are in place for fire/ lifts/asbestos/legionella/gas/electrical safety, risk assessments are carried out effectively, and employees are trained in H&S risk, backed up by an appropriate asset management strategy. All aspects of landlord compliance and asset management fall within a single directorate. Building Safety Team established. Contracts established with appropriately resourced and qualified contractors. (gas/electrical/fire/lifts/legionella/asbestos).
Economic Uncertainty	Economic conditions adversely impact PHGs financial strength through inflationary increases in costs above our ability to increase our income stream.	Minimum cash balance maintained. Regular dialogue with funders and ratings agencies is maintained to establish confidence and support. The business plan identifies the funding required in the medium to long term, which is incorporated in the annual treasury strategy. Treasury strategy addresses re-financing requirement well ahead of need. Prudent liquidity policy to cover as a minimum the next 18 months. Headroom is maintained in the Long-Term Financial Plan (LTFP) to accommodate adverse changes in the economic and financial markets and is regularly stress tested. LTFP includes shadow assessment of ratings by monitoring rating agency key metrics. Liquidity is monitored each month and reported to the Board. The Group's interest rate risk exposure is reviewed on an on-going basis. The risk is quantified in quarterly treasury reports to the Board, and more frequently if there have been any materially adverse movements in interest rates. Annual review of the Treasury Management policy reported to Board.
Supply Chain Issues	Increase in build and subcontractor maintenance costs	Feasibility and appraisal process in place. Prudent selection of contractors through the procurement process use of tenders. Robust contract management and budget monitoring. Monitoring through the BCIS figures. Ongoing monitoring at Development Programme meetings. Review by the Asset and Development Committee. Ongoing monitoring of potential impact on construction arising from factors such as Brexit, Covid and Ukraine war. Robust stress testing.

Business Area	Risk	Mitigation Strategies
Business Continuity and Data Loss	Data loss due to a cyber-security incident	Quarterly social engineering testing. Annual penetration tests. Cyber security training. Remote working audit Data loss prevention policies. Data handling training and awareness and procedures. Data protection impact assessments, training and procedures. Information security policy and password security policy Multi factor authentication/conditional access policies Network security management (firewalls/patches etc.) Disaster recovery policy and physical building security Data security incident procedure/investigation We have also implemented the ISO27001 framework for cyber security.
Income	Loss of income due to the inability to let vacant homes.	KPIs in place and weekly/monthly void number monitoring. Void rent loss budget. Review of stock out of management to control long-term voids and loss of income. Review of Lettable Standard. Upgrading of poorly performing schemes. Work on implementation of a full digital new customer pathway and robust estate management.
Transformation	Platform One does not deliver the expected outcomes and benefits.	Programme Board in place that fully oversees the project. Effective communications are utilised to demonstrate the benefits of the change. Dedicated Platform One Project Manager has been recruited. Insurance in place. Robust procurement processes in place with clear overview from Executive Team. Cross training existing staff members to ensure pool of suitably knowledgeable individuals. Implementation reviewed closely by business.
Supply Chain Issues	PHG does not compliantly enter into contractual agreements	Specialist teams for procurement and category management. Contract register in place. Regular reviews of the contracts register. Working with Finance Business Partners E Delta System in place. Financial Regulations and Standing Orders in place. Supplier set up forms and process. Regular review by procurement of suppliers set up on the system and cleanse if not used within 12 to 18 months Monthly Category Council meetings with review of contract spend and any pipeline activity identified. Procurement Strategy.

Chief Finance Officer's Report

A dedicated Executive Risk Committee has been established which meets monthly and provides a key focus on risk, assurance and corporate compliance which in turn informs the Group Audit and Risk Committee.

Group wide at Senior Leadership Team level there is a second tier Performance and Risk Forum consisting of senior managers which also ensures that key corporate and operational risks are reviewed regularly and monitored. Responsibility for individual risk management is firmly embedded through the roles and responsibilities of the relevant Risk Leads and owners who each take responsibility for the control environment within their functions.

Further assurance of the adequacy of the Group risk register has been provided by Internal Auditors who attend each meeting of the Group Audit & Risk Committee and who provide an annual report on risk and controls assurance. Each Committee and Board also reviews at the end of each meeting any risk impacts and actions arising from the decisions or recommendations made at the meeting.

There remains a clear focus on ensuring that we deliver on our growth commitments arising out of our partnership with Homes England, and a sustained focus on ensuring that we collect income through having robust processes in place to let homes and collect rental and service charge income. The Group has a number of KPIs which are monitored closely by Boards and Executive Team.

The long term financial business plan is subject to a number of stress tests, each of which represents a combination of risks from the risk register, to determine whether they would cause 'significant financial distress' under the Regulator's Governance and Financial Viability Standard. The stresses are chosen to represent a range of extreme variations in the operating environment, and have been reviewed with the Group's Finance Committee and Boards. A 'Perfect Storm' scenario is also analysed which combines a number of individual tests. The Long Term Financial Plan and associated robust stress tests were most recently considered fully by Boards in June 2022 to take account of the current challenging economic environment.

A series of mitigating activities has also been tested for their impact against the stress tests, but the most significant variable remains the Group's development programme. Mitigation actions can include changing the mix within the development programme and/or reducing the number of homes to be delivered.

Emerging Risk

The Board has noted and discussed extensively the potential economic consequences of the current political and economic environment and associated inflationary pressures and impact on customers, which in turn has informed the business planning process and Long Term Financial Plan due to be considered by Boards in June 2022.

Corporate Governance

The Group is governed by a common Board across Platform Housing Group Limited and Platform Housing Limited, which consists of 9 non-executive directors as well as 1 Executive Director (the Group Chief Executive).

Platform Property Care Limited, being a Cost Sharing Vehicle (CSV), has board members that do not sit on the Platform Housing Group or Platform Housing Limited Boards, including a member who represents Rooftop as the cost sharing vehicle partner association. From April 2022 Stonewater Limited also joined the Platform Property Care Limited cost sharing vehicle.

Board and Committee Terms of Reference are reviewed annually for the Board and its Committees.

There were no board retirements during the year from the common Board, although 6 members retired in July 2021 from the Platform Property Care Board with 3 new additions.

During the course of the year Platform New Homes Limited became a subsidiary of Platform Housing Limited, rather than the Parent, following receipt of appropriate legal advice and board discussion.

Board Members are non-executive and are Directors for legal purposes. They are drawn from a wide background, bringing together professional, commercial and local experience, and are remunerated for services performed for the Group. Insurance policies indemnify Board Members and Officers against liability when acting for the Group. In addition to the non-executive Board Members and shareholders, the Group Chief Executive is an Executive non shareholding member of the common Board.

The Executive Directors act as executives within the authority delegated by the Board, and the remuneration of the Executive Directors is reviewed by the People and Governance Committee and Parent Board.

During and at the end of the 2021/22 financial year, none of the Group's directors had an interest in any material transaction in relation to the Group's business and none have an interest in any presently proposed material transactions.

Regulatory Compliance

The Regulatory Framework includes a requirement that all RPs remain compliant with the Governance and Financial Viability Standard, assess their compliance with the Standard at least once a year and certify compliance in their Financial Statements.

All Boards are fully aware of the principles of co-regulation and of the need to ensure the protection of social housing assets.

The Intra Group Agreement includes detailed information on the respective roles and Terms of Reference of the Group Board, subsidiary boards and individual roles such as that of the Chairs and Group Chief Executive. Clear lines of authority and delegations are included in the Group's Financial Regulations and Standing Orders which were reviewed in July 2021 and again being reviewed in June 2022, as well as the respective Committee Terms of Reference. The Intra Group Agreement was most recently reviewed by People and Governance Committee and approved by Boards in February 2021.

A detailed self-assessment against the Standard was considered by the Platform Board in July 2021 and the Board approved Platform Housing's compliance with all areas of the Standard. The Group's most recent In Depth Assessment (IDA) from the Regulator of Social Housing was in February 2021 and maintained its G1/V1 assessment status as a consequence.

The Assets & Liabilities Register is constantly updated and has been reviewed as part of the Board Assurance Programme to confirm that the Register continues to meet the requirements of the Governance and Financial Viability Standard.

The Group considers that it has taken reasonable measures to assure itself that it meets the Standard.

Code of Governance

The Regulatory Framework makes it clear that responsibility for meeting the regulatory standards lies with the Board and that the Board is under an obligation to adopt and comply with a recognised Governance Code.

Boards have adopted the revised NHF Code of Governance 2020 in December 2020 and completed an assessment against this.

This identified a relatively small number of areas where the Group needed to make changes to ensure compliance and these have been implemented during the course of 2021/22 as outlined in the implementation expectations related to the new Code. The Board meeting in July 2022 considered compliance with the 2020 Code and concluded there were no material areas of non-compliance.

The Board has four standing committees in addition to the Property Care Board and the Customer Experience Panel.

Corporate Governance

The Board has four standing committees in operation.

The Group Audit & Risk Committee's role is to monitor the Group's arrangements for internal control, risk management and assurance and to oversee the work of internal and external auditors. The Committee meets at least four times a year and is responsible for the review of the annual financial statements for all Group companies prior to consideration and approval by the Boards.

The People and Governance Committee's responsibilities include informing and reviewing the development and delivery of the Group's People strategy and associated policies, considering the composition of the Group's Boards and Committees, including succession planning, undertaking an annual review of the effectiveness of the Group's Boards and Committees; and making recommendations to the Board on remuneration for Board members and independent Committee members.

The Finance Committee is responsible for key treasury decisions in between Board Meetings, as delegated by the Board, as well as to facilitate good treasury management practice, primarily by enabling prompt decision taking on interest rate risk management transactions, as well as to support and advise the Platform Housing Board in relation to certain treasury activities.

The Asset and Development Committee's role is to support and advise the Platform Boards on the growth ambition and development strategy, critically evaluating at a programme level committed and uncommitted development, sales and commercial activity to monitor delivery performance; as well as the asset investment strategy. The Committee also has oversight of Landlord Health and Safety compliance.

Our trainee Board programme is supported through mentoring and learning opportunities.

Customer Experience Panel

We are committed to customer engagement and scrutiny of our services to ensure that there are even more ways for customers to share their views and feedback with us and get involved in ways that suit them. As a consequence the Group has established a Customer Experience Panel chaired by a resident member, with input and support from Board members who attend on a rotating basis to hear the customer voice and ensure this is fed back at each board meeting. During the year there has been an extensive recruitment exercise resulting in appointment of a number of additional Panel Members.

Customer feedback is used in policy development and was specifically used for the review of our Complaints, Keeping Pets and Animals, Leasehold, Diversity and Inclusion, Arrears Recovery, Antisocial Behaviour and Hate Crime policies.

Trainee Board

One of the key successes over the last year has been the development of the Trainee Board programme, which currently has 4 members, and is now entering the second year of the Programme. Although not non-executive directors, the intention is that a diverse cohort of potential future sector Board or Committee members is developed with appropriate learning and development, attendance at Board and Committee meetings and mentoring by existing Board Members.

COVID-19

Platform Housing Group continues to manage the on-going impact of the Coronavirus pandemic. The several lockdowns had a significant impact on our residents although the furlough scheme which started in March 2020 and ended in September 2021, has mitigated the financial impact for some and has helped with the arrears performance for the year. Non-emergency responsive, planned and cyclical repair services were suspended early in the 2020/21 financial year and maintenance backlogs added additional pressure to our service and continue to do so into 2022-23.

Property developments and sales have continued. Digital marketing and virtual property tours developed during the initial lockdown period have now been formerly added to our sales strategy.

We have continued to perform additional welfare checks, provide support to vulnerable residents, and support local food banks and domestic abuse charities during this financial year. We continue to provide support to residents and have extended our Wellbeing Fund to customers with an increased budget provision of £1.75 million over the next 12 months. Whilst the scope of the fund is broad, use of the fund will aim to further empower customers to improve livelihoods with both practical and financial assistance available.

Colleagues continue to use the appropriate PPE and maintain social distancing where appropriate whilst undertaking their duties. Offices re-opened during the year and a number of colleagues have formalised a more flexible working contract with working from home as the preferred option.

Internal Control Statement

The Board has overall responsibility for establishing and maintaining the whole system of internal control and reviewing its effectiveness.

The Board recognises that no system of internal control can provide absolute assurance against material misstatement or loss or eliminate all risk of failure to achieve business objectives. The system of internal control is designed to manage key risks and to provide reasonable, but not absolute, assurance that planned business objectives and expected outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial information and the safeguarding of the Group's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls, which are embedded within the normal management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed and is consistent with good practice.

The Group Audit & Risk Committee is responsible for monitoring the risk management and internal control processes and updates the Group Board on the efficacy of the process.

The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

Identification and Evaluation of Key Risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the Group's activities. Both the Executive Risk Committee and second tier Risk and Performance Group regularly consider reports on significant risks facing the Group and the Board and Group Audit and Risk Committee receive regular reports on changes affecting key risks.

Environment and Control Procedures

The Board retains responsibility for a defined range of issues covering strategic, financial and compliance issues including treasury management and new investment projects. There are governance arrangements in place, including policies and procedures, which cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection, and fraud prevention and detection.

Information and Financial Reporting Systems

Financial reporting procedures include detailed annual budgets, detailed management accounts including forecasts for the year, and detailed treasury reports. These are reviewed in detail by the Group Executive Team and considered and approved by the Board each quarter. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

Business Planning, Budgeting and Reporting

The Platform Housing Group Strategic Plan for the period 2021-26, which was approved by Boards in March 2021, sets out clear targets for the Group. This is supported by a 30-year financial plan which is updated at least twice each year and in response to extraordinary events. Economic assumptions are approved by the Boards and are subject to sensitivity testing. The plan is then subjected to comprehensive stress tests that are linked to the Group's risk register. The Boards have also considered mitigation strategies to deal with the materialisation of any stress factors.

Monitoring and Corrective Action

The internal control framework and risk management process is subject to regular review and is supported by internal and external auditors who are responsible for providing independent assurance to the Group Executive Team and Group Audit & Risk Committee and Board Members respectively. There is a formal process for the reporting and correction of significant control weaknesses. The Group Audit & Risk Committee considers internal control, risk and fraud at each of its meetings during the year.

The Group Audit & Risk Committee conducts an annual review and produces an annual report for the Board of the effectiveness of the system of internal control and considers any changes needed to maintain the effectiveness of the risk management and control process. The Board has received this report and confirms that there is a robust and on-going process for identifying, evaluating and managing significant risks faced by the Group. This process has been in place throughout the year under review, up to the date of the annual report, and is regularly reviewed by the Board.

Building our future workforce through apprenticeships.

Statement of Board's Responsibilities in respect of the Board's Report and the Financial Statements

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the group and the association and of the income and expenditure of the group and the association for that period.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group's and the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the group or the association or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of Information to Auditors

The Board Members who held office at the date of approval of this board report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware and each Board Member has taken all the steps that they ought to have taken as a Board member to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

External Auditors

A resolution to reappoint KPMG LLP, will be proposed at the annual general meeting.

Public Benefit Entity

As a Public Benefit Entity, The Group has applied the public benefit entity 'PBE' prefixed paragraphs of FRS102.

Statement of Compliance

The Board confirms that this Strategic Report has been prepared in accordance with the principles set out in the 2018 Update of the SORP for Registered Social Housing Providers.

The Strategic Report of the Board was approved by the Board on 25 July 2022 and signed on its behalf by:

JOHN WEGUELIN (Chair)

Independent Auditor's Report to the Members of **Platform Housing Group Limited**

Independent Auditor's Report to the Members of Platform Housing Group Limited

Opinion

We have audited the financial statements of Platform Housing Group Limited ("group and the association") for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves, Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of affairs of the group and the association as at 31 March 2022 and of the income and expenditure of the group and the association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group and the association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The association's Board has prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the association or to cease their operations, and as they have concluded that the groups and the association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Board's conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group's and the association's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Board's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group's and the association's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the association will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management, directors and internal audit as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, Audit and Risk committee and Finance committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition due to the limited opportunity and incentives for management to manipulate revenue transactions.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included journals posted to unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related co-operative & community benefit society legislation), taxation legislation, pensions legislation and specific disclosures required by housing legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Independent Auditor's Report to the Members of Platform Housing Group Limited

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: GDPR, Health and Safety Legislation and Employment and Social Security Legislation, recognising the regulated nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Association's Board is responsible for the other information, which comprises the Chair's report, Report of the Chief Executive, Strategic Report, the Chief Finance Officer's report, the Corporate Governance statement and the Internal Control Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- the association has not kept proper books of account; or
- the association has not maintained a satisfactory system of control over its transactions; or
- the financial statements are not in agreement with the association's books of account; or
- we have not received all the information and explanations we need for our audit.

We have nothing to report in these respects.

Board's responsibilities

As explained more fully in their statement set out on page 62, the association's Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the [group or the] association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at **www.frc.org.uk/auditorsresponsibilities**.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association for our audit work, for this report, or for the opinions we have formed.

S Brown

Sarah Brown (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

3 August 2022

Statement of Comprehensive Income for the year ended 31 March 2022

		Group		Parent	
		2022	2021	2022	2021
	Note	£000	£000	£000	£000
Turnover	2&3	**296,924**	269,873	**11**	10
Operating Expenditure	2&3	**(167,926)**	(141,077)	**(7)**	(6)
Cost of Sales	2&3	**(39,230)**	(28,286)	**-**	-
Gain on disposal of property, plant and equipment	5	**9,298**	8,929	**-**	-
Increase in valuation of investment properties	13	**150**	720	**-**	-
Operating Surplus		**99,216**	110,159	**4**	4
Interest receivable	6	**382**	244	**31**	183
Interest payable and financing costs	6	**(56,676)**	(54,337)	**(31)**	(183)
Surplus before tax		**42,922**	56,066	**4**	4
Taxation	8	**-**	-	**-**	-
Surplus for the year after tax		**42,922**	56,066	**4**	4
Actuarial gain / (loss) in respect of pension schemes	22	**16,682**	(18,449)	**-**	-
Total comprehensive income for the year		**59,604**	37,617	**4**	4

The Group's results all relate to continuing activities.

The financial statements on pages 68 to 124 were approved and authorised for issue by the Board of Management on 25 July 2022 and were signed on its behalf by:

John Weguelin
Chair of the Board of Management

Sebastian Bull
Chair of the Audit and Risk Committee

Andrew Bush
Secretary

The notes of pages 73 to 124 form an integral part of these accounts.

Statement of Financial Position at 31 March 2022

		Group		Parent	
		2022	2021	2022	2021
	Note	£000	£000	£000	£000
Fixed assets					
Housing properties	11	**2,744,997**	2,609,866	**93**	95
Other tangible fixed assets	12	**8,176**	11,359	**-**	-
Intangible fixed assets	12a	**5,066**	4,196	**-**	-
Investment properties	13	**16,645**	16,495	**-**	-
Homebuy loans receivable	14	**7,750**	8,220	**-**	-
Fixed asset investments	15	**17,327**	16,141	**-**	-
Investment in subsidiaries		**-**	-	**50**	50
		2,799,961	2,666,277	**143**	145
Current assets					
Stocks: Housing properties for sale	16	**24,983**	38,683	**-**	-
Stocks: Other	16	**1,722**	146	**-**	-
Trade and other Debtors	17	**16,675**	17,846	**11**	99,974
Cash and cash equivalents		**277,946**	188,603	**-**	-
		321,326	245,278	**-**	99,974
Less: Creditors: amounts falling due within one year	18	**(102,268)**	(210,279)	**(50)**	(100,019)
Net current assets/(liabilities)		**219,058**	34,999	**(39)**	(45)
Total assets less current liabilities		**3,019,019**	2,701,276	**104**	100
Creditors: amounts falling due after more than one year	19	**(1,947,932)**	(1,673,559)	**-**	-
Provisions for liabilities					
Pension provision	23	**(49,955)**	(65,842)	**-**	-
Total net assets		**1,021,132**	961,875	**104**	100
Reserves					
Non-equity share capital	25	**-**	-	**-**	-
Income and expenditure reserve		**804,486**	744,693	**51**	47
Revaluation reserve		**216,646**	217,182	**53**	53
Total reserves		**1,021,132**	961,875	**104**	100

The financial statements on pages 68 to 124 were approved and authorised for issue by the Board of Management on 25 July 2022 and were signed on its behalf by:

John Weguelin
Chair of the Board of Management

Sebastian Bull
Chair of the Audit and Risk Committee

Andrew Bush
Secretary

The notes of pages 73 to 124 form an integral part of these accounts.

Consolidated Statement of Changes in Reserves

	Income and Expenditure Reserve	Property Revaluation Reserve	Investment Revaluation Reserve	Total
	£000	£000	£000	£000
Balance at 1 April 2020	**703,790**	**220,258**	**650**	**924,698**
Surplus for the year	56,066	-	-	56,066
Actuarial loss on pension scheme	(18,449)	-	-	(18,449)
Valuation in the year	-	-	(440)	(440)
Transfer between reserves	3,286	(3,286)	-	-
Balance at 31 March 2021	**744,693**	**216,972**	**210**	**961,875**
Surplus for the year	42,922	-	-	42,922
Actuarial gain on pension scheme	16,682	-	-	16,682
Valuation in the year	-	-	(347)	(347)
Transfer between reserves	189	(189)	-	-
Balance at 31 March 2022	**804,486**	**216,783**	**(137)**	**1,021,132**

The notes on pages 73 to 124 form an integral part of these accounts.

Consolidated Statement of Cash Flows for the year ended 31 March 2022

	2022	2021
	£000	£000
Net cash generated from operating activities (see note i below)	**165,869**	114,716
Cash flow from investing activities		
Purchase of tangible fixed assets	**(221,549)**	(173,240)
Proceeds from sales of tangible fixed assets	**28,360**	14,652
Grants received	**18,176**	69,169
Interest received	**180**	204
Homebuy and Festival Property Purchase loans repaid	**470**	518
Cash flow from financing activities		
Interest paid	**(56,963)**	(54,493)
New secured loans	**296,196**	418,119
Repayment of borrowings	**(141,396)**	(296,118)
Net change in cash and cash equivalents	**89,343**	104,759
Cash and cash equivalents at the beginning of the year	**188,603**	83,844
Cash and cash equivalents at the end of the year	**277,946**	188,603
Note i		
Surplus for the year	**42,922**	56,066
Adjustments for non-cash items		
Depreciation of tangible fixed assets	**43,443**	34,593
Amortisation of grants	**(5,065)**	(5,368)
Impairment losses	**-**	5,943
Movement in properties and other assets in the course of sale	**12,142**	(3,264)
(Increase)/decrease in stock	**(18)**	1
Decrease/(increase) in trade and other debtors	**1,503**	(2,564)
(Decrease)/increase in trade and other creditors	**26,182**	(1,100)
Movement in investments	**(1,186)**	(770)
(Decrease)/increase in provisions	**(554)**	1,693
Adjustments for investing or financing activities		
Proceeds from sale of tangible fixed assets	**(9,298)**	(8,929)
Interest payable	**56,676**	54,337
Interest receivable	**(382)**	(244)
Movement in fair value of financial instruments	**(346)**	(3,726)
Increase in valuation of investment property	**(150)**	(720)
Net cash generated from operating activities	**165,869**	125,948

The notes on pages 73 to 124 form an integral part of these accounts

Notes to the Financial Statements 2022

Legal Status

Platform Housing Group (the parent company) is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing. The registered office is 1700 Solihull Parkway, Birmingham Business Park, Solihull, B37 7YD.

Platform Housing Group (the group, referred to as 'the Group') comprises the following entities:

Platform Housing Group

Incorporation
Co-operative and Community Benefit Societies Act 2014

Registration
Registered

Platform Housing Limited

Incorporation
Co-operative and Community Benefit Societies Act 2014

Registration
Registered

Platform Property Care Limited

Incorporation
Companies Act 2006

Registration
Non-registered

Platform New Homes Limited

Incorporation
Companies Act 2006

Registration
Non-registered

Platform HG Financing PLC

Incorporation
Companies Act 2006

Registration
Non-registered

Waterloo Homes Limited (Dormant)

Incorporation
Companies Act 2006

Registration
Non-registered

Notes to the Financial Statements 2022

1. Principal Accounting Policies

Basis of Accounting

The Group's financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP), the Statement of Recommended Practice for registered housing providers: Housing SORP 2018 Update and Financial Reporting Standard 102 ('FRS 102'). Platform Housing Group is a Public Benefit Entity under the requirements of FRS 102. The Group is required under the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 to prepare consolidated Group accounts.

The financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. Following the implementation of FRS 102, housing properties are stated at deemed cost at the date of transition and additions are recorded at cost. Investment properties are recorded at valuation. The accounts are presented in sterling and are rounded to the nearest £1,000.

As a Public Benefit Entity, The Group has applied the 'PBE' prefixed paragraphs of FRS102.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, no cash flow statement has been presented for the parent company, taking advantage of the disclosure exemptions available in FRS 102.

Basis of consolidation

The consolidated financial statements incorporate the results of Platform Housing Group and all of its subsidiary undertakings as at 31 March 2022. All intra-Group balances, transactions, income and expenses are eliminated in full on consolidation.

The financial statements do not consolidate the results of Central Housing Investment Consortium, as the Group has no direct rights to assets or surpluses of these companies and limited liability as regards debts or losses. Details of the arrangements can be found in note 29 to the Financial Statements.

Going concern

The financial statements have been prepared on a going concern basis which the Board considers to be appropriate for the following reasons.

The Board has prepared cash flow forecasts covering a period of 12 months from the date of approval of these financial statements (the going concern period) which indicate that, taking account of severe but plausible downsides, the Group and Association will have sufficient funds to meet their liabilities as they fall due for that period. In addition, the Board prepares a 30 year long term financial plan which is updated and approved on an annual basis. The most recent business plan was approved in June 2022 by the Board.

As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure. Following the outbreak of Covid-19 the Board has undertaken a series of further scenario testing including severe but plausible downsides in the worst-case assessment.

The Board, after reviewing the Group and Association budgets for 2022/23 and the Group's medium term financial position as detailed in the cash flow forecasts and 30-year long term financial plan, including changes arising from the Covid-19 pandemic, is of the opinion that, taking account of severe but plausible downsides, the Group and Association have adequate resources to continue to meet their liabilities over the going concern period. In reaching this conclusion, the Board has considered the following factors:

- The property market – budget and long term financial plan scenarios have taken account of delays in handovers and significant reductions in sales values;
- Maintenance costs – budget and long term financial plan scenarios have been modelled to take account of cost increases and delays in maintenance expenditure, with major works being phased into future years;
- Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and long term financial plan scenarios to take account of potential future reductions in rents;
- Liquidity – current available cash and unutilised loan facilities across the group of £768.6m which gives significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period;
- The Group's ability to withstand other adverse scenarios such as higher interest rates, increases in the number of void properties and significant reductions in Social Housing Grant.

The Board believes the Group and Association have sufficient funding in place and expect the Group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Board is confident that the Group and Association will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

a. Categorisation of housing properties.
The Group has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Group has considered if the asset is held for social benefit or to earn commercial rentals. The Group has determined that market rented property and student accommodation are investment properties. Following the implementation of FRS 102 and the merger with Waterloo Housing Group, housing properties have been stated at a 'deemed cost' at the date of transition based on the 2014 valuation or the date of the merger based on historic cost and additions are recorded at cost. Investment properties were subject to an external revaluation at the end of the period. Investment properties are stated at a value based on vacant possession which is annually determined by external valuers derived from the current market conditions.

Notes to the Financial Statements 2022

b. **Pension and other post-employment benefits.** The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector. Further details are given in note 22.

   The Group also participates in a defined contribution pension scheme, in respect of which the charge to the Statement of Comprehensive Income represents the total employer liability for service received from the relevant employees in the year.

c. **Development expenditure.** The Group capitalises development expenditure in accordance with the accounting policy described on page 74. Initial capitalisation of costs is based on management's judgement that a development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment

d. **Impairment.** The Group has identified a 'cash generating unit' (CGU) for impairment assessment purposes at scheme level. Following a trigger for impairment, the Group perform impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arm's length transaction on similar CGU's or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model. The depreciated replacement costs is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Group as the existing property. The cash flows are derived from the business plan for the next 30 years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rated used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

   The Group has estimated the recoverable amount of its housing properties as follows:

   a. Determined that the recoverable amount will be assessed at the CGU;

   b. Estimated the recoverable amount of the CGU;

   c. Calculated the carrying amount of the CGU; and

   d. Compared the carrying amount to the recoverable amount to determine if an impairment loss has occurred.

   Triggers for impairment include material changes to Government policy or the regulatory regime deem to cause material detrimental impact to the recoverable amount of housing properties, significant negative movement to the Nationwide Housing Property Index and long term sustained falls in GDP. Other factors such as obsolescence, change in demand or contamination may also trigger impairment.

   Following an assessment of impairment which contained a full review of assets, for both housing properties and freehold offices, no impairment losses were identified.

e. **Financial Instruments.** The Group has adopted the recognition and measurement requirements of IAS 39 plus the disclosure requirements of FRS 102 sections 11 and 12 for all of its financial instruments.

Other key sources of estimation and assumptions

a. **Tangible fixed assets.** Other than investment properties, tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

b. **Revaluation of investment properties.** The Group carries its investment property at fair value, with changes in fair value being recognised in the Statement of Comprehensive Income. The Group engaged independent valuation specialists to determine the value which was based on a discounted cash flow model. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long term vacancy rate. The key assumptions used to determine the fair value of investment property are further explained in note 13.

c. **Impairment of non-financial assets.** A review for impairment indicators of housing properties is carried out annually and any impairment loss is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use.

d. **Impairment of Financial Assets.** Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income immediately. The impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

e. **Provision for Bad Debts.** A provision is made for rent, service charges and other income based on the age and type of the debt.

Current Tenants	Provision
Average age of arrears	
Less than 30 days	0%
30 to 60 days	10%
60 to 90 days	25%
90 to 120 days	50%
120 to 150 days	75%
150 to 180 days	85%
Greater than 180 days	100%
Former Tenants	100%
Other Income	
Less than 30 days	0%
30 to 60 days	25%
60 to 90 days	75%
Greater than 90 days	100%

Notes to the Financial Statements 2022

Merger accounting

Where merger accounting is used, the investment is recorded in the Groups Statement of Financial Position at the nominal value of the shares issued together with the fair value of any additional consideration paid. In the Groups financial statements, merged subsidiary undertakings are treated as if they had already been a member of the group. The results of such a subsidiary are included for the whole period in the year it joins the group. The corresponding figures for the previous year include its results for that period, the assets and liabilities at the previous Statement of Financial Position date and the shares issued by the Group as consideration as if they had always been in issue.

Acquisition accounting

Where acquisition accounting is used, the group statement of comprehensive income and statement of cashflows include the results and cashflows of the investment from the acquisition date. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, revenue grants from government, local authorities and Homes England, income from shared ownership first tranche sales and other properties developed for outright sale and other income and are recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion.

Sales of properties developed for outright sale are included in Turnover and Cost of Sales.

Service charges

Service charge income and costs are recognised on an accruals basis. The Group operates both fixed and variable service charges on a scheme by scheme basis. Where variable service charges are used the income will include the surplus or deficit from prior years. Until these are returned or recovered they are held as creditors or debtors in the Statement of Financial Position.

Where periodic expenditure is required a sinking fund or reserve fund may be built up over the years; until these costs are incurred this liability is held in the Statement of Financial Position within long term creditors.

Apportionment of overheads to group members

Central overheads are recharged at cost from Platform Housing Limited to Platform Property Care Limited using the apportionment methods detailed below:

Cost Category	Apportionment Method
Corporate Services	Time allocation
Finance and ICT	Time allocation
Human Resources	Employee headcount
Training	Historical spend
Office running costs	Floor area

Retirement benefits

The cost of providing retirement pensions and related benefits is charged over the periods benefiting from the employees' services.

Leased Assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as obligations to the lessor in creditors. They are depreciated over the shorter of the lease term and their economic useful lives.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the Statement of Comprehensive Income over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

Other leases are treated as operating leases and payments are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Property Sales

Under shared ownership arrangements, the group disposes of a long lease of shared ownership housing units to persons who occupy them, at a lease premium equal to between 25% and 75% of open market value. The occupier has the right to purchase further proportions at the then current valuation up to 100%. Subsequent tranches sold ('staircasing sales') are reflected in the Statement of Comprehensive Income as a surplus or deficit on sale of fixed assets.

Under right to buy arrangements the Group disposes of properties outright to qualifying tenants and the resulting surplus is reflected in the Statement of Comprehensive Income.

There are clawback agreements with City of Worcester, Derbyshire Dales District Council, Malvern Hills District Council, Market Harborough District Council and Wychavon District Council, whereby the surplus or deficit is calculated by comparing the net proceeds received by the Group with the book value of the property sold.

Financing costs

Finance interest, transaction costs and associated premium or discount are charged to the Statement of Comprehensive Income using either the effective interest rate (EIR) method or on a straight line basis where not materially different. The EIR method spreads all associated costs over the life of the instrument by comparing the borrowing amount at initial recognition and amount at maturity.

Loan finance issue costs

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.

Financial assets

Financial assets are defined as cash or any asset that is a contractual right to receive cash or another financial asset from another entity, or a contractual right to exchange financial instruments with another entity under conditions that are potentially favourable, or an equity instrument of another entity. The group categorises its financial assets as:

- Loans and receivables; and
- Available-for-sale financial assets.

Loans and receivables are assets with fixed or determinable payments that are not quoted on an active market. These are initially recognised at fair value plus transaction costs and subsequently at amortised cost. Examples of loans and receivables include tenant arrears, unlisted investments, sundry debtors and cash at bank and in hand.

Notes to the Financial Statements 2022

Available-for-sale financial assets are initially recognised at fair value plus transaction costs, which is effectively historical cost. At each Statement of Financial Position date they are re-measured at fair value and movements are recorded in equity reserves and in the Statement of Comprehensive Income when the reserves are fully utilised. Listed investments are considered to be available-for-sale assets.

Financial liabilities

Financial liabilities are defined as any liability that is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial instruments with another entity under conditions that are potentially unfavourable. The financial liabilities of the Group are classed as:

- Financial liabilities at fair value through profit and loss; and
- Other financial liabilities.

Other financial liabilities are all financial liabilities that have value to the supplying party, for instance debt finance, trade creditors, other creditors and accruals. They are valued at fair value at inception and then amortised cost subsequently.

Categorisation of debt

The Group's debt has been treated as 'basic' in accordance with paragraphs 11.8 and 11.9 of FRS 102. The Group has some fixed rate loans which have a two-way break clause (i.e. in addition to compensation being payable by a borrower to a lender if a loan is prepaid where the prevailing fixed rate is lower than the existing loan's fixed rate, compensation could be payable by the lender to the borrower in the event that a loan is prepaid and the prevailing fixed rate is higher than the existing loan's fixed rate).

The Financial Reporting Council (FRC) issued a statement on 2 June 2016 in respect of such loans with no prescriptive direction as to whether they should be classified as 'basic' or 'non basic'. On the grounds that the Association believes the recognition of each debt liability at cost provides a more transparent and understandable position of the Association's financial position and that each loan still satisfies the requirements of paragraphs 11.8 and 11.9 of FRS 102, the Association has retained its 'basic' treatment of its debt following the FRC announcement.

Taxation

a. **Value Added Tax (VAT).** The Group is registered for VAT and charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

b. **Deferred Taxation.** Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

   - deferred tax is not recognised on timing differences arising on revalued properties unless the Group and Company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
   - the recognition of deferred tax assets is limited to the extent that the Group and company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

   Deferred tax balances are not disclosed.

Housing properties

Tangible fixed assets are stated at cost, less accumulated depreciation. Donated land/assets or assets acquired at below market value from a government source, i.e. local authority are included as a liability in the Statement of Financial Position at the fair value less consideration paid.

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion of construction. Freehold land is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred. Expenditure incurred on responsive and cyclical repairs to the housing stock is expensed to the Statement of Comprehensive Income in the year in which it is incurred.

The Group depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories. UELs for identified components are as follows:

Component	Useful economic life
Housing structure	100 years
Roofs	70 years
External Wall Insulation	40 years
Bathrooms	30 years
Windows	30 years
Doors	30 years
Heating Distribution	30 years
Electrics	30 years
Kitchens	20 years
Lifts	25 years
Photo-voltaic panels	20 years
Heating source	20 years
Fascia and Cladding	25 to 40 years

The Group depreciates housing properties held on long leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Shared ownership properties

All completed properties are split proportionally between fixed and current assets in line with the expectation relating to the first tranche sale percentage. The expected first tranche proportion is classified as a current asset until the point of the first tranche sale. The current asset is then transferred to cost of sale and matched against sales proceeds to generate the surplus on disposal within the Statement of Comprehensive Income. The remaining element of the asset is classified as a fixed asset and included within housing properties and subsequent sales treated as sales of fixed assets in operating profit.

Capitalisation of interest and administration costs

Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress.

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into its intended use.

Notes to the Financial Statements 2022

Property managed by agents

Where the Group carries the majority of the financial risk on property managed by agents, all income and expenditure arising from the property is included in the Statement of Comprehensive Income.

Where the agency carries the majority of the financial risk, the Statement of Comprehensive Income includes only that income and expenditure that relates solely to the Group.

In both cases, the assets and associated liabilities are included in the Group's Statement of Financial Position.

Other tangible fixed assets

Depreciation is charged on a straight line basis, to write them down to their estimated residual values over their expected useful life. No depreciation is provided on freehold land. Component accounting has been adopted for freehold office premises on exactly the same basis as that used for housing properties as set out above. The principal annual rates used for other assets are:

Other tangible fixed asset	Useful economic life
Office premises	100 years
Office premises components	Between 15 and 50 years
Furniture, fixtures and fittings	Between 4 and 10 years
Computer equipment	3 to 4 years
Mobile office	7 years
Motor vehicles	Between 3 and 7 years
Plant and machinery	Between 4 and 30 years

Other tangible fixed assets under construction are stated at cost and are not depreciated.

Intangible fixed assets

Intangible fixed assets are stated at cost less amortisation which is charged on a straight line basis over the asset's useful economic life as shown below:

Other intangible fixed asset	Useful economic life
Enterprise Resource Planning System (ERP)	10 years
Computer software	5 years

Investment property

Investment property includes commercial and other properties not held for the social benefit of the Group. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. Fair value is determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

Homebuy

Homebuy loans are treated as concessionary loans and are initially recognised at the amount paid to the purchaser and reviewed annually for impairment. The associated Homebuy grant from Homes England is recognised as deferred income until the loan is redeemed.

The Group operated this scheme by lending a percentage of the cost to home purchasers, secured on the property. The loans are interest free and repayable only on the sale of the property. On a sale, the fixed percentage of the proceeds is repaid. The loans are financed by an equal amount of Social Housing Grant (SHG). On redemption:

- The SHG is recycled;
- The SHG is written off, if a loss occurs; and
- The Group keeps any surplus.

Festival Property Purchase (FPP)

Following the loss of Zone Agent Status the Group introduced its own equivalent Homebuy product, Festival Property Purchase. These transactions were generally not grant aided but provided opportunities to purchasers on a similar basis to the previous Homebuy product. In certain circumstances the loans were funded by local authority grant and where this is the case, these grants are recognised as deferred income until the loan is redeemed. The scheme was closed in 2009/2010.

The Group provided loans of 25% of the purchase price of a property, to qualifying individuals, and the loans are included in Homebuy Loans Receivable. No monthly repayments are made on the loan, however it is only available for a maximum of ten years or until the property is sold, whichever is the sooner. The Group is currently proposing to extend the scheme period for a further ten years.

These loans are secured by second charges on the properties and therefore, falls in the value could directly affect the recoverability of these loans. Because of this exposure, the loan balance is reviewed against property values annually and where required, a provision for losses is made in the Statement of Comprehensive Income.

Fixed asset investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. Investments held as current assets are stated at the lower of cost and net realisable value. Any investments listed on a recognised stock exchange are stated at market value.

Stocks and properties held for sale

Stocks of materials are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

Properties developed and intended for outright sale are included in current assets, at the lower of cost or estimated selling price less costs to complete and sell.

At each reporting date, stock and properties held for sale are assessed for impairment. If there is evidence of impairment, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

Stock swaps

Where an agreement is entered into with another PRP to swap housing stock, the outgoing stock is treated as a disposal with a gain or loss recorded the Statement of Comprehensive Income. The incoming stock is measured at fair value.

Current asset investments

Current asset investments include cash and cash equivalents invested for periods of more than 24 hours. They are recognised initially at cost and subsequently at fair value at the reporting date. Any change in valuation between reporting dates is recognised in the Statement of Comprehensive Income.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other operating expenditure.

Social Housing Grant (SHG) and other government grants

Where developments have been financed wholly or partly by Social Housing Grant (SHG) and other grants, the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. SHG received for items of cost written off in the Statement of Comprehensive Income is included as part of turnover. Grants received prior to FRS 102 transition date have been recognised in the Income and Expenditure Reserve.

Notes to the Financial Statements 2022

When grant in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG must be recycled by the Group under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as turnover.

Grants for revenue expenditure are credited to the Statement of Comprehensive Income as they become receivable.

Recycling of Capital Grant Fund (RCGF)

Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund which appears as a creditor until used to fund the acquisition of new properties. Where recycled grant is known to be repayable it is shown as a creditor within one year.

Non-government grants

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as turnover.

Haven bond premium and Affordable Housing Finance (AHF) bond premium

The premiums on the issue of the Haven Bond and AHF Bond are included in creditors and are being written off over the period of the loans.

Provisions

The Group will make a provision for contractual liabilities and where there is a reasonable probability for a potential loss.

Revaluation Reserve

The revaluation reserve represents the difference on transition between the fair value of social housing properties and other assets and the historical cost carrying value, where deemed cost transitional relief was taken. In addition, the reserve contains any increase in the fair value of listed investments.

Notes to the Financial Statements 2022

2. Turnover, Cost of Sales, Operating Expenditure and Operating Surplus

Group	2022			
	Turnover	Cost of Sales	Operating Expenditure	Operating Surplus/ (Deficit)
	£000	£000	£000	£000
Social housing lettings	**234,597**	**-**	**(152,000)**	**82,597**
(see note 3)				
Other social housing activities				
Development services	(3)	-	(3,822)	(3,825)
Management services	206	-	(654)	(448)
Support services	342	-	(505)	(163)
Sale of Shared Ownership first tranche	48,844	(39,173)	-	9,671
Other	1,230	-	(188)	1,042
	50,619	**(39,173)**	**(5,169)**	**6,277**
Activities other than social housing				
Developments for sale	42	(57)	-	(15)
Student accommodation	9	-	(15)	(6)
Market rents	1,377	-	(1,025)	352
Other	10,280	-	(9,717)	563
	11,708	**(57)**	**(10,757)**	**894**
Total	**296,924**	**(39,230)**	**(167,926)**	**89,768**

Group	2021			
	Turnover	Cost of Sales	Operating Expenditure	Operating Surplus/ (Deficit)
	£000	£000	£000	£000
Social housing lettings	**225,291**	**-**	**(128,650)**	**96,641**
(see note 3)				
Other social housing activities				
Development services	53	-	(3,822)	(3,769)
Management services	153	-	(469)	(316)
Support services	366	-	(569)	(203)
Sale of Shared Ownership first tranche	32,099	(26,007)	-	6,092
Other	1,392	-	(296)	1,096
	34,063	**(26,007)**	**(5,156)**	**2,900**
Activities other than social housing				
Developments for sale	2,335	(2,279)	-	56
Student accommodation	9	-	(12)	(3)
Market rents	1,189	-	(635)	554
Other	6,986	-	(6,624)	362
	10,519	**(2,279)**	**(7,271)**	**969**
Total	**269,873**	**(28,286)**	**(141,077)**	**100,510**

Notes to the Financial Statements 2022

3. Turnover and Operating Expenditure for Social Housing Lettings

Group	2022					
	General needs housing	Affordable rent	Supported housing & housing for older people	Low Cost Home Ownership	Intermediate rent	Total
	£000	£000	£000	£000	£000	£000
Income						
Rent receivable net of identifiable service charges	136,041	41,155	13,724	18,039	2,566	211,525
Service charge income	5,647	1,220	5,816	2,892	-	15,575
Other grants	25	79	-	23	-	127
Amortised government grants	2,622	1,445	115	824	31	5,037
Other income	2,281	52	-	-	-	2,333
Turnover from social housing lettings	**146,616**	**43,951**	**19,655**	**21,778**	**2,597**	**234,597**
Operating expenditure						
Management	(17,865)	(4,816)	(3,415)	(3,043)	(282)	(29,421)
Service charge costs	(8,522)	(2,306)	(8,407)	(3,044)	(326)	(22,605)
Routine maintenance	(30,430)	(6,387)	(3,844)	(222)	(369)	(41,252)
Planned maintenance	(3,996)	(900)	(398)	(15)	(44)	(5,353)
Major repairs expenditure	(7,762)	(824)	(1,800)	24	(31)	(10,393)
Bad debts	(965)	(315)	(282)	(58)	(59)	(1,679)
Depreciation of housing properties	(25,718)	(9,361)	(2,737)	(3,134)	(347)	(41,297)
Operating expenditure on social housing lettings	**(95,258)**	**(24,909)**	**(20,883)**	**(9,492)**	**(1,458)**	**(152,000)**
Operating surplus on social housing lettings	**51,358**	**19,042**	**(1,228)**	**12,286**	**1,139**	**82,597**
Void losses	(1,784)	(644)	(524)	(616)	(142)	(3,710)

Group	2021					
	General needs housing	Affordable rent	Supported housing & housing for older people	Low Cost Home Ownership	Intermediate rent	Total
	£000	£000	£000	£000	£000	£000
Income						
Rent receivable net of identifiable service charges	133,331	37,971	13,686	16,030	2,430	203,448
Service charge income	5,628	1,201	5,783	2,743	3	15,358
Other grants	768	137	66	111	9	1,091
Amortised government grants	2,699	1,584	123	911	26	5,343
Other income	2	49	-	-	-	51
Turnover from social housing lettings	**142,428**	**40,942**	**19,658**	**19,795**	**2,468**	**225,291**
Operating expenditure						
Management	(17,327)	(4,109)	(3,067)	(2,791)	(272)	(27,566)
Service charge costs	(7,651)	(2,137)	(7,938)	(3,213)	(286)	(21,225)
Routine maintenance	(24,369)	(5,019)	(3,135)	(156)	(184)	(32,863)
Planned maintenance	(4,555)	(1,060)	(599)	(118)	(40)	(6,372)
Major repairs expenditure	(4,815)	(443)	(962)	(456)	(216)	(6,892)
Bad debts	(742)	(235)	(171)	(128)	(25)	(1,301)
Depreciation of housing properties	(19,475)	(7,868)	(2,105)	(2,668)	(315)	(32,431)
Operating expenditure on social housing lettings	**(78,934)**	**(20,871)**	**(17,977)**	**(9,530)**	**(1,338)**	**(128,650)**
Operating surplus on social housing lettings	**63,494**	**20,071**	**1,681**	**10,265**	**1,130**	**96,641**
Void losses	(1,387)	(416)	(435)	(934)	(165)	(3,337)

Notes to the Financial Statements 2022

4. Units

Social housing properties in management at end of year

	2022					2021	
	Owned and managed Number	Managed not owned Number	Total managed Number	Owned not managed Number	Total owned Number	Total managed Number	Total owned Number
General Needs	28,408	8	28,416	8	28,416	28,244	28,244
Affordable rent	7,359	4	7,363	-	7,359	6,902	6,897
Supported	270	-	270	65	335	284	342
Housing for older people	2,975	-	2,975	-	2,975	2,973	2,973
Intermediate rent	469	-	469	-	469	458	458
Total	39,481	12	39,493	73	39,554	38,861	38,914
*Shared Ownership <100%	5,905	6	5,911	-	5,905	5,606	5,600
Social Leased @100% sold	1,128	-	1,128	-	1,128	1,118	1,118
Total social	46,514	18	46,532	73	46,587	45,585	45,632
Non-social housing							
Non-social leased	111	-	111	-	111	112	112
Non social leased	392	-	392	29	421	378	407
Total stock	47,017	18	47,035	102	47,119	46,075	46,151

* The equity proportion of a Shared Ownership property is counted as one unit.

Analysis of movements of units owned in the year

	2021	Additions	Conversions	**Re-classification	Sold	Demolished	2022
General Needs	28,244	236	-	1	(65)	-	28,416
Affordable rent	6,897	478	3	(1)	(18)	-	7,359
Supported	342	16	(6)	-	(17)	-	335
Housing for older people	2,973	-	2	-	-	-	2,975
Intermediate rent	458	12	(1)	1	(1)	-	469
*Shared ownership	5,600	431	(2)	-	(124)	-	5,905
Social leased	1,118	-	-	-	10	-	1,128
Non-social rented	112	-	-	(1)	-	-	111
Non-social leased	407	-	-	-	14	-	421
Total	46,151	1,173	(4)	-	(201)	-	47,119

* Shared Ownership sales represent units that were fully staircased.

Units under development/refurbishment at end of year

	2022 Number	2021 Number
Social housing rented units	1,511	1,383
Shared Ownership	682	720
Commercial units	-	15
	2,193	2,118

5. Gain on Disposal of Property, Plant and Equipment

	Property developed for other PRP's £000	Shared Ownership staircasing sales £000	Others £000	2022 £000	2021 £000
Disposal proceeds	-	14,629	12,279	26,908	16,673
Cost of sales	-	(8,063)	(8,828)	(16,891)	(7,410)
Surplus	-	6,566	3,451	10,017	9,263
Grant recycled	-	(542)	(177)	(719)	(334)
Surplus for the year	-	6,024	3,274	9,298	8,929

Notes to the Financial Statements 2022

6. Net Interest

Interest receivable and similar income	2022 £000	2021 £000
On financial assets measured at amortised cost:		
Interest receivable	382	244
	382	244

Interest payable and financing costs	2022 £000	2021 £000
On financial liabilities measured at amortised cost:		
Loans repayable	45,846	43,860
Loan breakage costs	8,716	6,395
Costs associated with financing	4,038	3,735
	58,600	53,990
On defined benefit pension scheme:		
Expected return on plan assets	(4,017)	(3,955)
Interest on scheme liabilities	5,366	5,049
	1,349	1,094
On financial liabilities measured at fair value:		
Interest capitalised on housing properties	(3,273)	(747)
	56,676	54,337

Interest has been capitalised at the rate of 3.53% (inclusive of fees) (2021: 3.40%)

7. Surplus on Ordinary Activities

	2022 £000	2021 £000
The operating surplus for the year is stated after charging:		
Depreciation:		
Housing properties	40,396	32,552
Amortisation of grant	(5,037)	(5,343)
Other fixed assets	3,107	2,711
Impairment of office premises	-	5,943
Auditors remuneration:		
In their capacity as auditors	122	144
In respect of other services	45	45
Fees in respect of other services paid to predecessor auditor	-	11
Operating leases	2,414	1,610

8. Taxation

	Group		Parent	
	2022 £000	2021 £000	2022 £000	2021 £000
Taxation charge for the period:				
Corporation tax	-	-		
Under/(over) provision in previous years	-	-	-	-
Total current tax	-	-	-	-
Deferred tax:				
Origination and reversal of timing differences	-	-	-	-
Under/(over) provision in previous years	-	-	-	-
Tax deficit on ordinary activities	-	-	-	-

	Group		Parent	
	2022 £000	2021 £000	2022 £000	2021 £000
Surplus on ordinary activities before tax	42,922	56,066	0	4
Surplus on ordinary activities at the standard rate of corporation tax in the UK of 19% (2021: 19%)	8,155	10,653	0	1
Surplus relating to charitable entities	(8,155)	(10,653)	0	(1)
Expenses not deductible for tax purposes	-	-		
Capital allowances in advance of depreciation	-	-		
Utilisation of charges on income	-	-		-
Tax charge for the year	-	-	-	-

Notes to the Financial Statements 2022

9. Directors and Key Management Personnel Remuneration

Key management personnel are defined as non-executive members of the Board, the Chief Executive and Executive Directors and the total costs are £2,167k (2020: £2,500k).

The aggregate emoluments paid to or receivable by Non-Executive Directors

	2022	2021
	£000	£000
D Sleath	**-**	14
J Weguelin	**35**	39
P Dearing	**-**	6
D Clark	**17**	18
S Dyson	**-**	16
J Sharnock	**-**	4
H Southwell	**16**	16
J Wood	**-**	16
C Davis (Left 28/07/21)	**2**	6
P Fowler (Left 28/07/21)	**2**	6
A John	**13**	6
C Goodchild (Left 28/07/21)	**2**	6
G S Bull	**18**	16
P Smith	**12**	11
J Anderson	**16**	11
A King	**16**	11
H Prajapat	**12**	9
L Zonato	**16**	9
	177	220

Expenses for the year paid to Board members totalled £1k (2021: £1k).

The aggregate emoluments paid to or receivable by Executive Directors and former Directors

	2022				2021
	Basic Salary	**Benefits in kind**	**Er's Pension Contributions**	**Total**	Total
	£000	**£000**	**£000**	**£000**	£000
E Froude	**270**	**37**	**-**	**307**	303
R Farrar	**184**	**15**	**8**	**207**	207
M Duffy	**133**	**20**	**12**	**165**	160
C Jackson (left 7/8/20)	**-**	**-**	**-**	**-**	188
J Cocker	**136**	**15**	**27**	**178**	176
C Durnin	**128**	**19**	**12**	**159**	164
D Evans	**121**	**14**	**27**	**162**	166
G Oakley	**179**	**16**	**16**	**211**	167
Total	**1,151**	**136**	**102**	**1,389**	1,531

Emoluments paid to the highest paid Director (excluding Pension costs) were £307k (2021: £303k).

Executive director emoluments for the year ended 31 March 2021 include an amount paid as compensation of loss of office amounting to £133k for Ms C Jackson.

Elizabeth Froude, as Chief Executive, received remuneration for the year ending 31 March 2022 totalling £307k (2020: £303k). The Association has not contributed to any pension scheme in the period and no enhanced terms apply.

Notes to the Financial Statements 2022

10. Group Employee Costs

Executive Director costs	2022	2021
	£000	£000
Wages and Salaries	**1,151**	1,283
Social security costs	**169**	178
Other pension costs	**238**	248
	1,558	1,709

Employee costs excluding the Executive Directors

Other employee costs	2022	2021
	£000	£000
Wages and Salaries	**45,478**	40,655
Social security costs	**4,315**	3,755
Other pension costs	**6,276**	5,705
	56,069	50,115

Average number of full time equivalent persons (including the Chief Executive, and where 1 full time equivalent is based on 35 hours per week) employed during the year was:

	2022	Restated 2021
Office staff	**804**	745
Site based employees	**597**	554
Total employees	**1,401**	1,299

Prior year FTE numbers have been restated for comparability with the calculation method used in 2021/22.

The number of full time equivalent employees whose remuneration payable fell within the bands:

	2022	2021
£60,000 to £69,999	**27**	17
£70,000 to £79,999	**18**	8
£80,000 to £89,999	**9**	7
£90,000 to £99,999	**5**	10
£100,000 to £109,999	**6**	3
£110,000 to £119,999	**7**	3
£120,000 to £129,999	**2**	1
£130,000 to £139,999	**2**	3
£140,000 to £149,999	**-**	-
£150,000 to £159,999	**-**	1
£160,000 to £169,999	**3**	3
£170,000 to £179,999	**2**	1
£180,000 to £189,999	**1**	1

	2022	2021
£190,000 to £199,999	**1**	1
£200,000 to £209,999	**-**	1
£210,000 to £219,999	**1**	-
£220,000 to £229,999	**-**	-
£230,000 to £239,999	**-**	1
£240,000 to £299,999	**-**	-
£300,000 to £309,999	**1**	1
£310,000 to £359,999	**-**	-
£360,000 to £369,999	**1**	-
	86	62

Notes to the Financial Statements 2022

11. Tangible Fixed Assets – Housing Properties

Group	Housing Properties held for letting	Housing Properties in the course of construction	Completed Shared Ownership Properties	Shared Ownership Properties in the course of construction	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2021	2,332,305	101,557	430,230	49,251	2,913,343
Additions	(148)	119,005	108	79,073	198,038
Works to existing properties	15,650	-	-	-	15,650
Disposals	(11,157)	-	(8,233)	-	(19,390)
Fair value disposal	(175)	-	-	-	(175)
Transfer (to)/from current assets	-	-	710	(26,653)	(25,943)
Interest capitalised	-	1,982	-	1,291	3,273
Schemes completed	101,351	(101,351)	58,165	(58,165)	-
At 31 March 2022	**101,351**	**121,193**	**480,980**	**44,797**	**3,084,796**
Depreciation					
At 1 April 2021	284,322	-	19,155	-	303,477
Charge for the year	37,316	-	3,080	-	40,396
Disposals	(3,528)	-	(546)	-	(4,074)
At 31 March 2022	**318,110**	**-**	**21,689**	**-**	**339,799**
Net Book Value					
At 31 March 2022	**2,119,716**	**121,193**	**459,291**	**44,797**	**2,744,997**
At 31 March 2021	2,047,983	101,557	411,075	49,251	2,609,866

Works to existing properties that were capitalised in the year were £15.650m (2021: £9.626m). Works charged to income and expenditure were £14.057m (2021: £7.825m).

Additions to housing properties include development administrative costs of £5.680m (2020: £5.715m) which have been capitalised. A rate of 3.53% (inclusive of fees) (2021: 3.40%) has been used to capitalise interest.

Fixed assets with restricted title or pledged as security for liabilities have a carrying value of £2,072m (2021: £1,767m) for the Group. The fixed assets of the parent company are not pledged as security for liabilities.

Parent	Housing Properties held for letting	Total
	£000	£000
Cost		
At 1 April 2021	111	111
Additions	-	-
Works to existing properties	-	-
Disposals	-	-
At 31 March 2022	**111**	**111**
Depreciation		
At 1 April 2021	17	17
Charge for the year	1	1
Disposals	-	-
At 31 March 2022	**18**	**18**
Net Book Value		
At 31 March 2022	**93**	**93**
At 31 March 2021	94	94

Impairment losses

Housing properties are assessed at each reporting date to determine whether an indicator of impairment exists. Where there is evidence of impairment, an assessment is carried out to estimate the recoverable amount of the asset. The recoverable amount is the higher of the fair value less costs to sell and value in use.

A full review of assets has been undertaken but no evidence of impairment has been found. At 31 March 2022 no impairment loss was incurred (2021: nil).

Notes to the Financial Statements 2022

12. Tangible Fixed Assets – Other

	Freehold Land & Offices	Fixtures & Fittings	Computer Equipment & Software	Motor Vehicles	Plant & Machinery	Total
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Cost						
At 1 April 2021	17,705	3,881	7,961	373	2,006	31,926
Reclassification	(10)	(357)	(19)	1	367	(18)
Transfer to intangible other fixed assets*	-	-	(2,465)	-	-	(2,465)
Additions	190	770	176	-	1,033	2,169
Transfer to current assets**	(3,265)	-	-	-	-	(3,265)
Disposals	(6,544)	(1,932)	(3,138)	(263)	(901)	(12,778)
At 31 March 2022	**8,076**	**2,362**	**2,515**	**111**	**2,505**	**15,569**
Depreciation						
At 1 April 2021	9,697	2,659	6,170	323	1,718	20,567
Reclassification	(30)	(140)	(19)	-	132	(57)
Transfer to intangible other fixed assets*	-	-	(2,207)	-	-	(2,207)
Charge for the year	274	439	574	16	259	1,562
Transfer to current assets**	(1,706)	-	-	-	-	(1,706)
Disposals	(4,549)	(1,931)	(3,138)	(247)	(901)	(10,766)
At 31 March 2022	**3,686**	**1,027**	**1,380**	**92**	**1,208**	**7,393**
Net Book Value						
At 31 March 2022	**4,390**	**1,335**	**1,135**	**19**	**1,297**	**8,176**
At 31 March 2021	8,008	1,222	1,791	50	288	11,359

Included in Freehold Offices is freehold land in respect of the offices amounting to £1.238m (2021: £2.154m), which is not depreciated.

*The transfer to intangible assets relate to software costs and associated depreciation previously included within other tangible fixed assets.

**The transfer to current assets relate to freehold offices held for sale (see note 16).

12a. Intangible Fixed Assets

	Computer Software	Total
	£000	**£000**
Cost		
At 1 April 2021	10,225	10,225
Transfer from other tangible fixed assets	2,465	2,465
Additions	2,154	2,154
Disposals	(6,688)	(6,688)
At 31 March 2022	**8,156**	**8,156**
Amortisation		
At 1 April 2021	6,029	6,029
Transfer from other tangible fixed assets*	2,204	2,204
Charge for the year	1,545	1,545
Disposals	(6,688)	(6,688)
At 31 March 2022	**3,090**	**3,090**
Net Book Value		
At 31 March 2022	**5,066**	**5,066**
At 31 March 2021	**4,196**	4,196

*The transfer from other tangible fixed assets relate to software costs and associated depreciation previously included within other tangible fixed assets.

13. Investment Properties

	2022	2021
	£000	£000
At 1 April	**16,495**	15,775
Additions	**-**	-
Disposals	**-**	-
Gain from adjustment in value	**150**	720
At 31 March	**16,645**	16,495

Investment properties are stated at a value based on vacant possession which is annually determined by external valuers derived from the current market conditions.

The above note is inclusive of reclassification of investment property numbers during the period.

Notes to the Financial Statements 2022

14. Homebuy Loans Receivable

	2022 £000	2021 £000
At 1 April	8,220	8,738
Loans redeemed	(470)	(518)
At 31 March	7,750	8,220

15. Fixed Asset Investments

	2022 £000	2021 £000
Investments at valuation		
Listed investments	3,916	4,467
Unlisted investments	13,411	11,674
	17,327	16,141
Historic cost of investments	17,460	15,927

The valuation of the unlisted investments is the Board's best estimate of their fair value.

Unlisted investments include £10m held by counterparties for loans or financial instruments and are held separately to cash at bank.

16. Stocks

	2022 £000	2021 £000
Properties held for sale		
Shared Ownership properties		
Completed	5,579	15,610
Work in progress	19,404	23,073
Other stock (General materials)	164	146
(Freehold offices)	1,558	-
	26,705	38,829

17. Trade and other debtors

	Group		Parent	
	2022 £000	2021 £000	2022 £000	2021 £000
Amounts falling due within one year				
Rent and service charge receivable	9,875	10,278	-	-
Less: provision for bad debts	(7,617)	(6,832)	-	-
	2,258	3,446	-	-
SHG and other grants receivable	546	415	-	-
Trade debtors	2,564	2,150	-	-
Prepayments and accrued income	6,654	11,080	-	-
Amounts owed by group companies	-	-	11	99,974
Other debtors	4,653	755	-	-
	16,675	17,846	11	99,974

Notes to the Financial Statements 2022

18. Creditors (amounts falling due within one year)

	Group		Parent	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Bank loans – principal (note 28)	**8,122**	113,396	**-**	99,969
Bank loans – interest	**5,847**	5,670	**-**	-
Trade creditors	**11,850**	7,764	**-**	-
Accruals and deferred income	**23,088**	32,470	**-**	-
Amounts due to group companies	**-**	-	**50**	50
SHG and other grants received in advance	**32,320**	29,375	**-**	-
Rent and service charges received in advance	**10,477**	10,323	**-**	-
Other taxation and social security costs	**2,101**	1,422	**-**	-
Deferred Capital Grant (note 20)	**5,154**	5,031	**-**	-
Recycled Capital Grant (note 21)	**3,296**	4,815	**-**	-
Local authority RTB receipts	**13**	13	**-**	-
	102,268	210,279	**50**	100,019

19. Creditors (amounts falling due after more than one year)

	2022	2021
	£000	£000
Bank and other loans (note 28)	**1,430,983**	1,169,609
Festival Property Purchase	**507**	507
Sinking funds & Reserve funds	**3,465**	3,146
Deferred Capital Grant Fund (note 20)	**505,107**	492,699
Recycled Capital Grant Fund (note 21)	**6,104**	5,864
Other recycled grants	**402**	402
Other long term creditors	**1,364**	1,332
	1,947,932	1,673,559

20. Deferred Capital Grant

	2022	2021
	£000	£000
At 1 April	**497,730**	454,312
Grant received in the year	**20,338**	50,590
Grant disposed of in the year	**(2,638)**	(1,805)
Released to income in the year	**(5,169)**	(5,367)
At 31 March	**510,261**	497,730
Amount due to be released < 1 year	**5,154**	5,031
Amount due to be released > 1 year	**505,107**	492,699
At 31 March	**510,261**	497,730

21. Recycled Capital Grant Fund

		2022	2021
		£000	£000
At 1 April		**10,679**	12,158
Inputs	Grants recycled	**3,742**	2,325
	Interest accrued	**24**	13
Recycling	New build	**(5,045)**	(3,817)
At 31 March		**9,400**	10,679
Amount up to three years old		**9,400**	10,154
Amount three years or older where repayment may be required		**-**	525
		9,400	10,679

Notes to the Financial Statements 2022

22. Pension

The Association participates in 6 (2021: 6) funded defined benefit pension schemes. All schemes' assets are held in separate funds administered by the Trustees of each scheme. The schemes are as follows:

Scheme Name	Employer contributions 2022	Member contributions 2022
Lincolnshire Pension Fund (LGPS)	**28.20%**	**5.50% to 12.50%**
Leicestershire County Council Pension Fund (LGPS)	**34.70%**	**5.50% to 12.50%**
Derbyshire Pension Fund (LGPS)	**11.40%**	**5.50% to 12.50%**
Worcestershire County Council (LGPS)	**19.10%**	**5.50% to 12.50%**
The Pensions Trust 2016 Waterloo Housing Association Benefits Plan	**N/A**	**N/A**
The Social Housing Pension Scheme	**8.00%**	**7.10% to 14.50%**

Scheme Name	Employer contributions 2021	Member contributions 2021
Lincolnshire Pension Fund (LGPS)	28.20%	5.50% to 12.50%
Leicestershire County Council Pension Fund (LGPS)	34.70%	5.50% to 12.50%
Derbyshire Pension Fund (LGPS)	11.40%	5.50% to 12.50%
Worcestershire County Council (LGPS)	19.10%	5.50% to 12.50%
The Pensions Trust 2016 Waterloo Housing Association Benefits Plan	N/A	N/A
The Social Housing Pension Scheme	8.00%	7.10% to 14.50%

All of the funded defined benefit pension schemes that the Association participates in can be separately identified and therefore the Association recognises in full the Schemes' surpluses or deficits on the Statement of Financial Position.

Local Government Pension Schemes (LGPS)

The LGPS is a funded defined benefit scheme, with the assets held in separate funds administered by the relevant Local Authority. The total contributions made for the year ended 31 March 2021 were £2,547,000 of which employer's contributions totalled £2,182,000 and employees' contributions totalled £365,000.

Court of Appeal ruling (the Sargeant and McCloud cases)

The decisions of the Court of Appeal in the Sargeant/McCloud cases (generally referred to for the LGPS as "McCloud") have ruled that the transitional protections afforded to older members when the Public Service Pension Schemes were amended constituted unlawful age discrimination. The Government has accepted that remedies relating to the McCloud judgement are needed in relation to all public service pension schemes, and a consultation was published in July 2020 including a proposed remedy for the LGPS.

The key feature of the proposed remedy was to extend the final salary scheme underpin to a wider group of members for service up to 31 March 2022. This applies to all members who were active on or before 31 March 2012 and either remain active or left service after 1 April 2014 (including to those members who no longer have a benefit entitlement from the Fund).

Our results already include an allowance for McCloud that is substantially in line with the above. There are some minor areas where approaches may differ, but other than in exceptional circumstances we would expect the impact of these minor proposed changes to be nil. Based in our discussions with the fund actuaries, we believe that no further adjustments are required in relation to McCloud.

GMP equalisation

UK and European law requires pension schemes to provide equal benefits to men and women in respect of service after 17 May 1990 (the date of the "Barber" judgement). This includes providing equal benefits accrued from that date to reflect the differences in GMPs. Previously, there was no consensus or legislative guidance as to how this might be achieved in practice for ongoing schemes, but the 26 October 2018 Lloyds Bank court judgement has now provided further clarity in this area.

However, in response to this judgement HM Treasury stated that "public sector schemes already have a method to equalise guaranteed minimum pension benefits, which is why we will not have to change our method as a result of this judgement". Therefore, the natural conclusion for the LGPS schemes, is that it is not appropriate for any provision to be included for the effect of the Lloyds Bank judgement, at least for the present time, so there is no direct allowance specifically for any additional liabilities relating to equalisation at this stage.

Other Legal Cases

We are aware of other recent rulings in relation to public sector pension schemes (Goodwin, Brewster and Langford). These each relate to a small proportion of members' benefits payable in certain circumstances. Each of these rulings is expected to have a small change to a small number of members' benefits. We have made no allowance for them on the grounds of materiality based on our discussion with the fund actuaries. An estimate may be required in future once more is known but we agree with a nil allowance at this time given the difficulty in obtaining appropriate data to produce a credible estimate, and the likelihood that the impact would be immaterial in all but very exceptional circumstances.

Notes to the Financial Statements 2022

Sensitivity to assumptions

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Derbyshire and Leicestershire schemes

Change in assumptions at 31 March 2021	Approximate % increase to Defined Benefit Obligation	
	Derbyshire	Leicestershire
0.1% decrease in Real Interest Rate	2%	2%
0.1% increase in the Salary Increase Rate	1%	0%
0.1% increase in the Pension Increase Rate (CPI)	2%	2%

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, it is estimated that a one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by about 3-5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

Lincolnshire scheme

	Range of assumption	
Adjustment to discount rate	+ 0.1%	- 0.1%
Adjustment to long term salary increase	+ 0.1%	- 0.1%
Adjustment to pension increases and deferred revaluation	+ 0.1%	- 0.1%
Life expectancy	+ 1 year	- 1 year

Worcestershire scheme

Discount rate	+ 0.1% p.a.
Inflation	+ 0.1% p.a.
Pay growth	+ 0.1% p.a.
Increase in life expectancy	+ 1 year
Change in 2021/22 investment returns	+ / – 1%

Worcestershire County Council Pension Fund only

The FRS102 valuation has been based on full membership data as at 31 March 2019, the date of the latest triennial valuation. The FRS102 roll-forward methodology implicitly allows for inflation linked increases and membership movements in line with the FRS102 assumptions around inflation, retirement patterns, mortality and other relevant decrements up to the balance sheet date.

The Pensions Trust 2016 Waterloo Housing Association Benefits Plan

The Waterloo Housing Association Benefits Plan is a defined benefit scheme in the UK. On 31 March 2016, the scheme was closed to future accrual for all of its existing members but with those members still employed by the company retaining the final earnings link on their benefits. There were no contributions made to this scheme in 2022 (2021: nil) in respect of further pensionable service. The employer has agreed with the trustees that it will aim to eliminate the deficit by the payment of annual contributions of £831,000 payable in monthly instalments (£69,250 paid monthly) to March 2025. In addition, and in accordance with the actuarial valuation, the employer has agreed with the trustees that it will meet expenses of the scheme and levies to the Pension Protection Fund.

Sensitivity to assumptions

The approximate effects of movements in the main assumptions on the value of liabilities are shown in the table below. Please note these figures are very approximate and not Scheme specific.

Movement in assumption

	Range of assumption	
Discount rate	+ / – 0.1%	- / + 2%
Inflation assumptions	+ / – 0.1%	- / + 2% (of inflation linked liabilities)
Life expectancy	+ / – 1 year	- / + 2 -3%

Notes to the Financial Statements 2022

The Social Housing Pension Scheme (SHPS)

The Association participates in the Social Housing Pension Scheme (SHPS), a defined benefit multi-employer pension scheme administered by TPT retirement solutions (TPT).

The total contributions made for the year ended 31 March 2022 were £2,022,000 of which employer's contributions totalled £1,960,000 and employees' contributions totalled £62,000.

The Pensions Trust 2016 Waterloo Housing Association Benefits Plan and SHPS Defined Benefit Scheme

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

The Group also contributes to defined contribution schemes, also with the Social Housing Pension Scheme operated by the Pensions Trust.

Sensitivity to assumptions

The sensitivities shown are approximate. Each sensitivity considers on change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation, pension increases and salary growth where appropriate.

	Change in assumption	Change in liabilities
Discount rate	**Increase of 0.1% p.a.**	**Decrease by 2.1%**
Rate of inflation	**Increase of 0.1% p.a.**	**Increase by 2.1%**
Rate of salary growth	**Increase of 0.1% p.a.**	**Increase by 0.1%**
Rate of mortality	**Probability of surviving each year increased by 10%**	**Increase by 2.8%**

Common approach on mortality applicable to all schemes

The mortality rate is based on publicly available mortality tables for the specific country. COVID-19 has caused a short term increase in deaths in the UK but the excess deaths to date have not generally had a material impact on UK pension scheme liabilities. The future impact of COVID-19 on long term mortality improvements is currently uncertain with potential adverse implications of delayed medical interventions and "long COVID" along with potential positive implications if the surviving population is less "frail" or the pandemic causes improved healthcare initiatives and lifestyle changes. Overall the Group believes there is insufficient evidence to require an explicit adjustment to the mortality assumption for COVID-19 at this time.

Policy on pension assets and their recognition

The policy on pension assets and their recognition will vary according to the scheme. LGPS schemes show the Employer's fair value of plan assets as a proportion on the Whole Fund's assets. In calculating the asset share as at the accounting date the Employer's share of assets calculated at the latest formal valuation date are rolled forward allowing for investment returns (estimated where necessary), the effect of contributions paid into the Fund (estimated where necessary), and estimated benefits paid from the Fund by its Employer and its Employees.

SHPS determines the fair value of employer's assets in the Scheme as the employer's share of the market value of the Scheme assets, split in proportion to the employer's share of the trustee's triennial funding liabilities at the accounting date. In order to obtain this fair value for an employer, the trustee's funding liabilities are calculated for all employers at the accounting date. Each employer's percentage share of the total funding liabilities is then determined. That percentage share is then applied to the market value of the assets of the scheme as at the accounting date.

The Waterloo Housing Association Benefits plan has its asset values provided by TPT Retirement Solutions in-house Finance Team. As required under FRS102, the bid market value of the assets is generally used for the calculations in the disclosures.

Notes to the Financial Statements 2022

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund updated to 31 March 2022 by qualified independent actuaries.

2022	Lincolnshire	Leicestershire	Derbyshire	Worcestershire	WHA benefits plan	SHPS
Future salary increases	**3.50%**	**3.70%**	**3.90%**	**4.80%**	**3.00%**	**3.17%**
Future pension increases	**3.20%**	**3.20%**	**3.20%**	**3.40%**	**3.30% (RPI) 2.13% (CPI)**	**3.54% (RPI) 3.17% (CPI)**
RPI					**3.49%**	**3.54%**
CPI	**3.20%**	**3.20%**	**3.20%**	**3.30%**	**3.27%**	**3.17%**
Discount rate	**2.60%**	**2.70%**	**2.70%**	**2.80%**	**3.77%**	**2.79%**
Commutation of pensions to lump sums (of max allowance)	**50% pre-2008 75% post 2008**	**50% pre-2008 75% post 2008**	**50% pre-2008 75% post 2008**	**Not disclosed**	**75%**	**75%**

2021	Lincolnshire	Leicestershire	Derbyshire	Worcestershire	WHA benefits plan	SHPS
Future salary increases	3.10%	3.35%	3.55%	4.20%	3.00%	3.87%
Future pension increases	2.80%	2.85%	2.85%	2.80%	3.10% (RPI) 2.05% (CPI)	3.12% (RPI) 1.99% (CPI)
RPI					3.25%	3.26%
CPI	2.80%	2.85%	2.85%	2.70%	3.00%	2.87%
Discount rate	2.00%	2.00%	2.00%	2.10%	2.20%	2.19%
Commutation of pensions to lump sums (of max allowance)	50% pre-2008 75% post 2008	50% pre-2008 75% post 2008	50% pre-2008 75% post 2008	Not disclosed	75%	75%

Mortality assumptions

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

2022	Lincolnshire	Leicestershire	Derbyshire	Worcestershire	WHA benefits plan	SHPS
Retiring today						
Males	**21.2**	**21.5**	**21.1**	**22.6**	**22.0**	**21.5**
Females	**23.7**	**24.0**	**23.8**	**25.0**	**24.4**	**23.3**
Retiring in 20 years						
Males	**22.1**	**22.4**	**22.2**	**24.1**	**23.6**	**22.9**
Females	**25.1**	**25.7**	**25.6**	**27.0**	**25.8**	**24.5**

Scheme assets/(liabilities) reflected in the statement of financial position

	2022	2021
	£000	£000
Present value of employer assets	**201,073**	191,225
Present value of funded liabilities	**(250,653)**	(256,978)
Net underfunding in funded plans	**(49,580)**	(65,753)
Present value of unfunded liabilities	**(375)**	(89)
Net liability	**(49,955)**	(65,842)

Net liability by pension scheme

	2022	2021
	£000	£000
Lincolnshire Pension Fund (LGPS)	**(5,594)**	(9,413)
Leicestershire County Council Pension Fund (LGPS)	**(254)**	(1,105)
Derbyshire Pension Fund (LGPS)	**(899)**	(3,164)
Worcestershire County Council (LGPS)	**(34,165)**	(35,531)
The Pensions Trust 2016 Waterloo Housing Association Benefits Plan	**(3,137)**	(5,796)
The Social Housing Pension Scheme	**(5,906)**	(10,833)
	(49,955)	(65,842)

Notes to the Financial Statements 2022

Composition of plan assets

	2022 £000	2021 £000
Equities	**100,682**	92,814
Other bonds	**58,679**	60,924
Property	**18,000**	15,831
Other	**23,712**	21,656
Total	**201,073**	191,225

None of the fair values of the assets shown above includes any direct investments in the employers' own financial instruments or any property occupied by, or other assets used by, the employer.

Analysis of the amount charged to operating expenditure in the Statement of Comprehensive Income

	2022 £000	2021 £000
Amount charged to operating surplus:		
Current service cost (net of employee contributions)	**(3,844)**	(2,900)
Expenses	**(155)**	(177)
Curtailments	**(510)**	(145)
Total operating charge	**(4,509)**	(3,222)
Amount charged to finance costs:		
Interest income on plan assets	**4,017**	3,955
Interest cost on defined benefit obligations	**(5,366)**	(5,049)
Total amount charged to finance cost	**(1,349)**	(1,094)
Amounts of gains and losses recognised in the Statement of Comprehensive Income		
Returns on plan assets excluding interest	**6,762**	20,263
Experience (losses)/gains	**(4,147)**	4,283
Changes in financial assumptions	**12,561**	(42,696)
Changes in demographic assumptions	**1,506**	(299)
Total remeasurement gains/(losses)	**16,682**	(18,449)
Total actuarial gain/(loss) recognised	**10,824**	(22,765)

Notes to the Financial Statements 2022

Movement in surplus/(deficit) in the year

	2022 £000	2021 £000
(Deficit) in the schemes at 1 April	**(65,842)**	(47,913)
Movement in year:		
Employer service cost (net of employee contributions)	**(4,509)**	(3,222)
Employer contributions	**5,063**	4,836
Net interest/return on assets	**(1,349)**	(1,094)
Remeasurements	**16,682**	(18,449)
(Deficit) in the schemes at 31 March	**(49,955)**	(65,842)

Reconciliation of the opening and closing balance of the present value of scheme liabilities

	2022 £000	2021 £000
Opening defined benefit obligation	**(257,067)**	(216,064)
Current service cost	**(3,844)**	(2,900)
Expenses	**(36)**	(38)
Interest cost	**(5,366)**	(5,049)
Contributions by employees	**(427)**	(458)
Experience gains	**(4,147)**	4,283
Changes in financial assumptions	**12,561**	(42,696)
Changes in demographic assumptions	**1,506**	(299)
Effect of curtailments	**(510)**	(145)
Net benefits paid	**6,302**	6,299
Closing defined benefit obligation	**(251,028)**	(257,067)

Reconciliation of the opening and closing balance of the fair value of the scheme assets:

	2022 £000	2021 £000
Opening fair value of the scheme assets	**191,225**	168,151
Interest income on plan assets	**4,017**	3,955
Return on plan assets (excluding interest)	**6,762**	20,263
Contributions by employer	**5,063**	4,836
Contributions by employees	**427**	458
Net benefits paid	**(6,421)**	(6,438)
Closing value of the scheme assets	**201,073**	191,225

Projected defined benefit costs for the period to 31 March 2023

The Association expects to contribute the following amounts to the defined benefit schemes during the year ended 31 March 2022:

	£000
Lincolnshire Pension Fund	**630**
Leicestershire County Council Pension Fund	**90**
Derbyshire Pension Fund	**58**
Worcestershire County Council Pension Fund	**931**
TPT 2016 Waterloo Housing Association Benefits Plan	**921**
SHPS	**2,036**
Total	**4,666**

Defined Contribution Scheme

The group joined the SHPS Defined Contribution scheme to satisfy its commitment to auto-enrolment, a government pension initiative.

The amount recognised in surplus as an expense for defined contribution plans for the year ended 31 March 2022 is £2,791k (2021: £1,523k).

Notes to the Financial Statements 2022

23. Share Capital

	2022	2021
	£000	£000
At 1 April	**9**	8
Issued during the year	**-**	6
Cancelled during the year	**-**	(5)
At 31 March	**9**	9

The shares have a nominal value of £1 each and provide members with the right to vote at general meetings, but do not provide a right to dividends or distributions on winding up. The issue of shares is authorised as required throughout the year. Shares in issue cannot be repaid or transferred and when a shareholder ceases to be a member, the share is cancelled and the amount paid up becomes the property of the Group.

24. Capital Commitments

Capital expenditure contracted for but not provided for in the financial statements

	2022	2021
	£000	£000
Capital expenditure		
Capital expenditure contracted for but not provided for in the accounts	**419,008**	428,979
Expenditure authorised by the Board of Management but not contracted	**691,047**	770,960
Total	**1,110,055**	1,199,939

The Expenditure authorised by the Board but not contracted includes 3 years of planned but not yet committed development spend and is expected to be financed with:

	2022	2021
	£000	£000
Social housing grant	**208,561**	93,921
Proceeds from sales of properties	**226,292**	146,733
Surpluses and borrowings	**675,202**	959,285
Total	**1,110,055**	1,199,939

The above figures include the full cost of shared ownership properties contracted for.

There are no performance conditions attached to the above commitments.

25. Operating Leases

The Group was committed to making lease payments as follows:

	2022		2021	
	Land and Buildings	**Other**	Land and Buildings	Other
	£000	**£000**	£000	£000
In less than one year	**192**	**147**	181	626
Between two and five years	**77**	**1,672**	103	1,243
	269	**1,819**	284	1,869

26. Grants

Total accumulated government grant receivable at 31 March:

	Group		Parent	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Held as deferred capital grant (note 20)	**510,261**	497,730	**-**	-
Recognised as income in Statement of Comprehensive Income	**151,389**	146,206	**15**	15
	661,650	643,936	**15**	15

Notes to the Financial Statements 2022

27. Related Parties

In accordance with FRS102 Related Party Disclosures, Section 33.1A, Platform Housing Group Ltd has not disclosed transactions entered into between two or more members of the Group, where each party to the transaction is 100% owned.

Transactions with non-registered elements of the business

In accordance with the Accounting Direction 2019, transactions between private registered providers and other non-registered entities in the Group are disclosed as follows:

2022	Turnover	Operating expenses	Interest receivable	Interest payable	Other creditors	Other debtors
	£000	£000	£000	£000	£000	£000
Platform New Homes Limited	**65,765**	**(65,650)**	**-**	**(218)**	**10,050**	**-**
PPC Limited	**45,120**	**(45,120)**	**-**	**-**	**-**	**2,443**
Platform HG Financing PLC	**-**	**-**	**8,025**	**(8,025)**	**587,924**	**587,974**

2021	Turnover	Operating expenses	Interest receivable	Interest payable	Other creditors	Other debtors
	£000	£000	£000	£000	£000	£000
Platform New Homes Limited	54,420	(54,398)	-	-	8,357	-
PPC Limited	31,943	(31,943)	-	-	-	14,352
Platform HG Financing PLC	-	-	3,294	(3,294)	292,654	292,704

During the year Platform Housing Limited received £1,381k for the provision of central services (2021: £1,000k), such as Finance and Human Resources, from Platform Property Care Limited, a non-regulated group member. Further detail on apportionment of overheads can be found on page 78.

A Gift Aid payment of £nil was made by Platform Property Care Limited to Platform Housing Limited (2021: £nil).

A Gift Aid payment of £nil was made by Platform New Homes Limited to Platform Housing Limited (2021: £19k).

Worcestershire Telecare

The Group was a shareholding member of Worcestershire Telecare, a Co-operative and Community Benefit Society until October 2021 when the Society undertook a transfer of engagements to another Registered Provider (The Community Housing Group Limited).

Central Housing Investment Consortium Limited (CHIC)

Platform Housing Limited is one of seven founder members of CHIC, a 'not for profit' company limited by guarantee. The principal activity of the Association is based on a joint management arrangement to procure multi-client contracts for the provision of asset management works, services and materials.

These contracts are available to the consortium's current and future membership, who can join the consortium to benefit from the efficiencies yielded through joint procurement and collaborative working.

The members have no direct rights to assets or surpluses of the Association and the liability of each member is limited to £1. The following results have not, therefore, been consolidated into the Association's Financial Statements. CHIC has changed its financial year end to be June.

	Management Accounts	Audited Accounts
	31 March 2022	30 June 2021
	£000	£000
Turnover	**1,762**	1,442
Costs	**(1,247)**	(1,272)
Profit for the year	**515**	170

28. Financial Instruments and Risk Management

The Treasury function is responsible for controlling liquidity, interest rate and other risks associated with the effective management of day to day cash flows and longer term funding requirements of the Group. Other financial risks, for example tenant rental arrears, are overseen by other teams as part of the overall risk control framework within the Group. Treasury and other activities are governed in accordance with Board approved policies, and the management of associated risks is reviewed and approved by the Audit and Risk Committee. There is a further explanation of the approach to risk management in the Strategic Report of the Board.

The Group has been given the highest governance and viability ratings of 'G1/V1', by the Regulator of Social Housing.

An external credit rating of A+ (stable) from Standard and Poors was achieved during the year, making the Group one of the most highly rated credits in the sector.

Notes to the Financial Statements 2022

Liquidity

The Group had total borrowing facilities of £1,982m (2021: £1,873m) available at 31 March 2022, of which £530m (2021: £580m) were undrawn.

Borrowings are broken down by lender and type:

	Facility	Drawn	Available	Fixed	Variable
	£000	£000	£000	£000	£000
Bond Finance					
Affordable Housing Finance Plc	77,000	77,000	-	77,000	-
Haven Funding (32) Plc	5,415	5,415	-	5,415	-
Private Placement	80,000	80,000	-	80,000	-
The Housing Finance Corporation	14,000	14,000	-	14,000	-
Platform Housing Limited Bond	350,000	350,000	-	350,000	-
Platform Housing Limited EMTN	250,000	250,000	-	250,000	-
bLEND Funding Plc	180,000	180,000	-	180,000	-
	956,415	956,415	-	956,415	-
Bank Finance					
Barclays Bank Plc	260,000	260,000	-	258,500	1,500
Lloyds Bank Plc	290,396	105,396	185,000	94,340	196,056
European Investment Bank	63,000	63,000	-	63,000	-
Natwest Bank Plc	65,766	20,766	45,000	20,766	45,000
Corporate Covid Finance Facility	-	-	-	-	-
Nationwide Building Society	-	-	-	-	-
MUFG Bank, Ltd.*	75,000	-	75,000	-	75,000
National Australia Bank Limited *	100,000	-	100,000	-	100,000
Orchardbrook Limited	5,457	5,457	-	5,457	-
Santander UK Plc	165,490	40,490	125,000	40,000	125,490
	1,025,109	495,109	530,000	482,063	543,046
	1,981,524	**1,451,524**	**530,000**	**1,438,478**	**543,046**

* Include £25m of unsecured debt facilities in each, all of which were undrawn as at 31 March 2022.

The Group is financed through a mixture of bank and bond finance. During the year the Group arranged £250m debt facilities through Platform Housing Limited EMTN Program and fully repaid Nationwide and Corporate Covid Finance Facility loans.

Refinancing risk is managed through the Group's Treasury Management Policy, which ensures maturities are not overly concentrated.

With the exception of the unsecured loan mentioned above, all borrowings are secured by specific charges on the Group's individual housing properties.

Maturity profile of outstanding borrowing at 31 March:

	2022	2021
	£000	£000
Loans repayable by instalments		
Within one year	**3,122**	3,396
In one year or more but less than two years	**6,223**	3,122
In two years or more but less than five years	**11,886**	13,613
In five years or more	**102,593**	107,089
Loans not repayable by instalments		
Within one year	**5,000**	110,000
In one year or more but less than two years	**10,250**	5,000
In two years or more but less than five years	**20,000**	39,250
In five years or more	**1,292,450**	1,011,450
Total repayable	**1,451,524**	1,292,920
Less loan issue costs	**(11,904)**	(11,242)
Adjustment for premium on issue	**7,276**	7,625
Discount **on Issue**	**(7,791)**	(6,298)
Total drawn borrowings (included in Notes 18 and 19)	**1,439,105**	1,283,005

Interest rate risk

Interest rate risk is defined as the risk that unexpected fluctuations in the levels of interest rates adversely impacts the cash flows of the Group, as a result of the Group failing to protect itself adequately. Interest rate risk is managed by limiting its exposure to floating rate debt facilities as detailed within the Group's Treasury Management Policy.

The interest rate exposure of the Group's debt at 31 March 2022 was:

	2022			2021		
	£000	Weighted average rate	Weighted average term	£000	Weighted average rate	Weighted average term
Fixed rate	**1,438,478**	**3.30%**	**23 years**	1,277,154	3.44%	22 years
Variable rate	**13,046**	**0.95%**	**8 years**	15,766	0.61%	7 years
Total drawn	**1,451,524**	**3.28%**	**22 years**	1,292,920	3.40%	22 years

Notes to the Financial Statements 2022

Currency risk

The Group only trades in sterling, and holds no foreign currency denominated assets or liabilities, and is therefore not exposed to any currency risks. It has no overseas subsidiaries.

Credit risk

Credit risk applies to debtor balances, including treasury related assets and others, such as rental debtors.

Treasury related credit risk is the risk that a counterparty to a treasury asset fails to discharge an obligation to the Group. It is the Group's policy not to take, or place funds with any financial institution which is not accepted as a counterparty. Such counterparties are restricted to minimum credit ratings and maximum exposures as set out in the Group's Treasury Management Policy.

The majority of other debtors relate to the tenants of the Group. These debts are reported to the Board on a monthly basis and recovery of debts is coordinated through the Housing management function.

Covenant compliance

Covenant compliance is monitored by the Treasury department on a monthly basis. There were no breaches in the year.

The following financial covenants are assessed on an annual basis at association level:

	2022	2021
Interest cover	**208%**	239%
Gearing	**38%**	38%

Interest cover is calculated by dividing earnings before interest, tax, depreciation and amortisation (including capitalised repairs) by net interest payable. Gearing is calculated as total net borrowings divided by housing assets at cost.

The Group has thresholds in relation to interest cover and gearing as set within its debt facility arrangements. In addition, the Group has adopted 'Golden rules' which act as buffers to loan thresholds, to ensure it operates at a level of risk that is commensurate with the appetite of the Board.

29. Net Debt

	Note	At 1 April 2021 £000	Cash Flows £000	Non-Cash changes £000	At 31 March 2022 £000
Cash and cash equivalents		188,603	89,342	-	**277,945**
Debt due within one year	18	(113,396)	105,274	-	**(8,122)**
Debt due after more than one year	19	(1,169,609)	(261,374)	-	**(1,430,983)**
Net Debt		(1,094,402)	(66,758)	-	**(1,161,160)**

30. Events after Year End

There are no material events after year end.

Registered under Co-operative and Community Benefit
Societies Act 2014 No: 32239R

Registered with the Regulator of Social Housing No: 4789