28 November 2023

Platform Housing Group Limited

Results for the half year to 30 September 2023

Highlights

- Total turnover growth of 9.8% to £166.4m (Sep-22: £151.6m), with 94.1% coming from core social housing activities
- Operating surpluses increased 3.2% to £47.8m (Sep-22: £46.3m), driven by turnover growth net of investment in homes and services
- Resilient shared ownership sales margins of 15% / 48% on first tranche / staircasing (Sep-22: 20% / 46%)
- 50% increase to investment in existing homes, reflecting component replacements, materials cost inflation and energy efficiency works
- New Customer Voice Panel introduced to enhance customer involvement and experience
- Increase in customer satisfaction to 78% in challenging conditions
- Arrears of 3.2% consistent with prior year (Sep-22: 3%)
- A+ credit ratings with S&P and Fitch
- Highest governance and viability ratings of G1 / V1 with Regulator for Social Housing

At or for the six months to 30 September	**2022**	**2023**	**Change**
Turnover	£151.6m	£166.4m	9.8%
Social housing lettings turnover	£124.1m	£137.4m	10.7%
Operating surplus(1)	£46.3m	£47.8m	3.2%
New homes completed	475	480	1.1%
Investment in new homes	£105.2m	£135.7m	29.0%
Investment in existing homes	£9.4m	£14.1m	50.0%
Share of turnover from social housing lettings	81.9%	82.6%	+0.7ppt
Social housing lettings margin(2)	35.6%	34.2%	-1.4ppt
Current tenant arrears(3)(4)	3.0%	3.2%	+0.2ppt
Gearing(2)(4)	42.8%	45.3%	+2.5ppt
EBITDA-MRI interest cover(2)	228%	204%	-24.0ppt

Notes
(1) Surplus excluding gains on disposal of property, plant and equipment
(2) Regulator for Social Housing Value for Money metric; for more information go to: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1162672/Value_for_Money_metrics_Technical_note_guidance_2023.pdf
(3) Current tenant arrears includes all general needs tenants (this excludes shared ownership properties)
(4) Figures as at 30 September (as opposed to accumulated over the period to September)

Elizabeth Froude, Platform's CEO commented:

"Whilst the environment around us remains complex, we remain focussed on our strategy delivery and undertook a review of the strategy with our Board and customers to ensure that the prioritisation and relevance of outputs was aligned to their expectations and needs.

The year to date reflects our key priorities which are about putting our Customers and the standard of their homes at the front of the queue. We have a system which allows real time customer feedback at scale and this gives us the ability to improve our systems and processes in our continued drive for a balance of quality and efficiency.

The investment in our existing homes has again been stepped up, going from £9.4m to £14.1m, as we continue to improve the energy standards and comfort of all our homes. We also have a programme to deliver energy improvements to almost 1,000 homes as part of the Social Housing Decarbonisation grant programme. Last year we focussed on eliminating our repairs backlog and this has helped to reduce the time any void properties are with our repairs team by a third.

We have continued to build new homes and acquire strategic development sites for the future pipeline, which remains strong, and have recently concluded on a notable site for development at the old Boots site in Nottingham where we will build 300 homes. All of these homes will be to a high energy standard and we are working with Octopus Energy to make a proportion of them zero bills.

Our operating surpluses are up year on year and our net surpluses are slightly down, mostly as a result of one off items, such as office disposals in the prior year and one off breakage costs in managing our loan book. All of our financial metrics remain strong with solid headroom to our targets.

We have maintained a tight rein on controllable costs and hope that our investors continue to see the solid investment they have seen in the past."

Presentation for the credit community to be hosted by

Elizabeth Froude, CEO and Rosemary Farrar, CFO

28 November 2023, 12 noon
Microsoft Teams invite available on request: contact below

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Operating review

Introduction

The UK economy continues to operate in the wake of a perfect storm of economic shocks, with high cost inflation and interest rates a feature of a series of events that started with Brexit and continues now with conflict in Europe and the Middle East. Against this backdrop our commitment to the well-being of our customers, the quality of our homes and the decarbonisation of our operations remains unchanged and this was confirmed in the period as part of our 2021-26 Corporate Strategy mid-term review.

We continue to deliver against our objectives whilst maintaining financial strength, which we see as an integral part of our Strategy. This strength is reflected in our A+/A+ credit ratings with S&P and Fitch that were both affirmed in the calendar year to date.

It is pleasing to report that overall our turnover in the half year was 10% higher than the prior year period. Social housing lettings turnover, which represents our core operations and 83% of overall turnover, was up 11% and shared ownership sales revenues remained consistent with the prior year period. Operating surpluses and margins have been under pressure as we continue to balance investment in homes, customer services and high-cost inflation, however, our margins continue to be amongst the best in the sector as is highlighted in the peer group comparison later in this report.

Service review

Supporting our customers, welfare benefits and arrears

The cost-of-living crisis in the UK continues to weigh heavily on our customers. In the half year we have seen a larger number of customers starting to feel the effects of higher energy costs through increased service charges for which there is a lag between cost movements and charges, which are set on an annual basis. Applications to our Wellbeing Fund for essential support (food, energy and white goods) remain high although there has been a slight easing in comparison to the prior year, with c2,000 customers supported (Sep-22: c3,000) with a total value of £0.65m (Sep-22: £0.8m). In addition to the Wellbeing Fund, we continue to help with an array of support measures, including advice on benefits, debt management and flexible payment arrangements when needed.

Customer satisfaction remains a key area of pressure across the Affordable Housing Sector and for many sectors within the UK. The Institute of Customer Services highlighted the challenging conditions in July 2023 when the latest UK Customer Service Index results showed the sharpest drop in customer satisfaction since 2008 and the worst score on the index since 2015. In this context it is pleasing to report that our customer satisfaction has been on an increasing trend and at 77.9% in September is above both the prior year and target of 75%.

Our arrears performance, including customers in receipt of Universal Credit, general needs and shared ownership tenants remains robust with arrears of 3.19% only slightly up on the prior year (3.02%) (arrears excluding shared ownership tenants is 3.17%). Customers have been adversely affected by cost of living challenges however, arrears have been mitigated through capped rental increases of 7% for 23/24, benefits increasing in line with inflation (10%), additional means tested cost of living payments from Government and the support measures provided by Platform.

Voids management

During the half year the number of voids have experienced some small increases although this is not caused by any single issue. There were 448 voids at September 2023 (Sep-22: 406), plus 168 that were newly completed shared ownership units awaiting sale (Sep-22: 45). Void loss as a proportion of turnover was 1.5% (£2.0m), slightly up from 1.4% (£1.7m) in the prior year.

The average number of days for voids in repair of 31 has improved from 43 in the prior year as the backlog of cases following Covid-19 has now been cleared. This has supported a reduced re-let days of 61 (Sep-22: 66).

Digital integration and security

The delivery of our digital business strategy, which is focussed on data and business intelligence, has continued at pace in the half year. New finance and HR systems will go-live shortly after the half year which will greatly improve the efficiency of processes and free up colleagues to focus on value-adding activities. Our customer portal, Your Platform, continues to grow in users and has seen customer satisfaction rise over the half year.

We remain committed to robust management of cyber security, as demonstrated through the maintenance of ISO27001 information security certification, the international standard for information security.

Asset management

During the year Platform has focussed efforts on providing high quality asset management whilst continuing to improve the energy efficiency of homes, in spite of increasing costs, labour shortages and supply chain issues.

Repairs satisfaction averaged 87% for the year, in line with the prior year (Sep-22: 89%) but still below our target of 92%. The main source of dissatisfaction related to the time taken to complete repairs, although the average time to complete a responsive repair has fallen to 24 days (Sep-22: 36 days). This reduction has been driven by the clearance of backlogged jobs in the prior year, allowing focus to be purely on new jobs as they arise.

The Cost Sharing Vehicle (CSV) arrangement within Platform's maintenance subsidiary, Platform Property Care, which provides a VAT efficient way of providing asset management services to members at cost, continued to operate effectively in the half year. Repairs satisfaction with the newest member of the CSV, Stonewater Limited, was 88% (Mar-23: 90%) following the successful addition of grounds maintenance works to the service provision.

The volumes of repairs' complaints and requests in relation to damp and condensation mould (DCM) has continued to reduce during the half year, which is in part due to the changing seasons (the summer providing low risk conditions for DCM) and in part due to the spike seen early in the year subsiding. There is uncertainty over whether lower energy costs in the current year for customers and spikes in cases seen in the previous winter will support fewer cases in this financial year, but cases are expected to increase once more as the weather gets cooler. Platform have a clear process for dealing with DCM to ensure all cases reported are tracked to resolution. Information regarding DCM is communicated to customers on letting and available on the Platform website to help customers prevent and treat instances as they arise.

Following the UK Governments sudden decision to close all schools considered to have weakened and dangerous reinforced autoclaved aerated concrete (RAAC) in September 2023, Platform has responded by reviewing all homes built between 1950 and 1989 to identify those with higher risk characteristics, and will prioritise those considered to be at higher risk for inspection. On top of this, repairs surveyors are identifying any homes with RAAC as part of Platform's stock condition surveys. To date no homes have been identified with the presence of weakened and dangerous RAAC and it is not expected to be present in the majority of homes given the nature and age of Platform's portfolio (predominantly residential housing with an average age of 36 years).

The Building Safety Act came into effect in April 2023 and is intended to improve the design, construction and management of higher-risk buildings. Following the introduction of the Act it is a legal requirement that all high risk buildings are registered with the Building Safety Regulator by 30 September 2023. Platform registered all five of its high risk blocks with the Building Safety Regulator ahead of the deadline.

Gas and fire risk assessment compliance was 99.9% and 100% (Sep-22: 99.9% and 100%), with the non-compliant gas instances as a consequence of a small number of homes denying access. Fire risk actions identified continue to be managed within business as usual budgets and fully provided for in Platform's long term financial plan.

Environmental, social and governance ('ESG')
Platform considers ESG to be a key part of its core operations and strategy, identifying sustainability, environmental and social value creation as one of our strategic areas of focus. We continue to support the sector and investor led Sustainability Reporting Standard (SRS), publishing performance against the SRS as part of our Sustainability Report in July 2023, together with an impact analysis of funding raised through our Sustainable Finance Framework (the Framework). Both the Sustainability Report and Framework are available to download from the Investor Centre section of the Platform website.

Environmental
Platform is committed to the decarbonisation of its operations and is establishing a programme based on the principles of fabric first, future proofing and no fossil fuels, to ensure that we both transition all homes to EPC C and above by 2030 and net zero carbon by 2050.

Energy Performance Certificates (EPCs) were completed for a further c1,200 homes in the half year. EPCs are now available for 96% of all of our homes as we continue to push ahead with plans to have full coverage. We continue to work with Parity Projects and Portfolio, a software tool that assesses the energy efficiency of our homes, to allow us to model live EPC ratings using historical assessments and subsequent works undertaken to improve energy efficiency. The Portfolio assessment highlights that the Group has 76% of homes that are rated at least EPC C and 98% that are rated at least D.

Social
Making a social impact is at the core of what we do, by managing existing affordable housing, delivering new affordable housing and taking a leading role in the communities in which we operate.

Platform recognises that the cost-of-living crisis is adversely affecting customers and the Group has funded a Wellbeing Fund to support those most in need. In the half year approximately 2,000 customers have been supported with £0.65m, with support provided for food and household essentials (0.2m), white goods (£0.38m) and the remainder on support for energy bills.

In addition to the fund, we continue to help with an array of support measures, including advice on benefits, debt management and flexible payment arrangements when needed. These measures are delivered by our Successful Tenancies Team, who received 3,164 referrals during the half year and recorded £1.5m in financial outcomes secured for customers by way of unclaimed welfare benefit claims, appeals and backdated payments. The value of the team, on top of other activities is tracked using the HACT (Housing Associations' Charitable Trust) social value creation methodology. HACT provides a way to quantify how different interventions affect peoples' lives by evaluating the impact on wellbeing, health and finances. We are also working with HACT to model the social impact of our various housing offerings, which will allow us to capture the social value of a broader range of our activities and make more informed decisions about how to best support local communities during development and regeneration projects. The HACT social value captured for the half year was £4.5m, of which £3.3m was generated by the Successful Tenancies Team.

On top of supporting customers financially, we directly involve our customers in shaping and improving our services and products. This involvement was strengthened in the half year through the launch of our Customer Voice Panel (CVP). The CVP replaces the Customer Experience Panel and comes with a number of improvements, including being chaired by a member of the Group Board, more customers sitting on the panel and the creation of two sub-committees that will focus on customer service and assets and sustainability.

Governance
The activities of the Group are supported by a commitment to the highest standards of Governance. We continue to have the highest governance and viability ratings from the Regulator of Social Housing in England (G1/V1). In addition, our A+ (negative outlook) rating was affirmed following Fitch's annual review in October 2023. We were also rated A+ (stable outlook) by S&P, with the annual rating review due in the second half of the year.

A mid-term review of the 2021-26 Corporate Strategy was completed in the half year. Following the review the Strategy was refined to focus on three key themes, 'people', 'places' and 'platform'. Underpinning these themes remain six core objectives, including providing leading customer service, homes that are safe, well maintained and energy efficient and maintaining financial strength.

Group Board Member David Clark retired following Platform's AGM in July 2023 and he was replaced by Jane Wynne. Jane is an experienced Non-Executive Director and has had roles across public, private and housing sectors with many years' experience in property, particularly regeneration and sustainable development. Jane will Chair the newly established Assets and Sustainability Committee and to support the Committee and Group Board. Abi Rushton has been brought in as an advisor to the Group Board for a 12 month period, specialising in sustainability. The Chair of Platform's Group Audit and Risk Committee, Sebastian Bull, retired from the Board on 30th September 2023 and a recruitment process is currently underway to find a replacement.

Development review

Strategy
Platform's Development Strategy continues to be focused on acquiring and developing land-led sites, which provide greater control over delivery, quality and sustainability. We are confident that our development aspirations can be achieved whilst maintaining financial strength and the programme is continuously monitored to ensure this remains the case, with modifications implemented where appropriate in light of changing external factors.

Home building programme
The development programme has seen an easing in labour and materials cost inflation in the half year but a legacy remains, adversely affecting some development partners. Platform continues to support its supply chain to ensure we minimise impact across our development programme, as well as working with third parties such as local authorities to unlock any other challenges impacting delivery.

Platform revised its new build specification in the half year, targeting a greater proportion of EPC A rated homes across our land-led schemes. Our specification is performance-led, outlining the thermal efficiency and air tightness expected from the fabric. We have prioritised the installation of non-gas heating methods with over 400 homes going into contract that are gas-free in the half year.

Our focused approach to quality has started to see real improvements in outcomes, with customer satisfaction hitting 85% for quality and a significant reduction in defects being reported on schemes being taken into management.

Platform's home building programme continues to produce new affordable homes for those in need across the Midlands. There were 480 new homes added in the half year (Sep-22: 475), of these, 107 (22%) were added for social rent, 115 (24%) for affordable rent and 258 (54%) for shared ownership. All new homes developed had an EPC rating of B and above.

Development expenditures were £136m in the period (Sep-22: £105m). At 30 September 2023, Platform owned a total of 48,522 homes (Sep-22: 47,507).

Governmental and regulatory developments

The Social Housing Regulation Act came into force in July 2023, which extends the duties of the Regulator for Social Housing and the Housing Ombudsman. The Act has introduced new measures to improve the standards, safety and operation of social housing. Both the regulator and ombudsman have issued consultation documents regarding the proposed changes to their powers and these close in mid-October and late November respectively. Platform have been proactive in preparing for the new legislation, undertaking a baseline survey of the Tenant Satisfaction Measures to begin to track performance and support decision making.

Financial review

Turnover

In the year to 30 September 2023 total turnover increased by 9.8% to £166.4m (Sep-22: £151.6m).

For the six months to 30 September	**2022 £m**	**2023 £m**	**Change**
Social housing lettings	124.1	137.4	10.7%
Shared ownership first tranche sales	18.9	18.3	-3.2%
Other social housing activities	0.8	0.8	0.0%
Total social housing turnover	**143.8**	**156.5**	**8.8%**
Non-social housing activities	7.8	9.9	26.9%
Total turnover	**151.6**	**166.4**	**9.8%**

Social housing lettings turnover increased by 10.7% to £137.4m (Sep-22: £124.1m), in part due to inflationary rent increases of 7%, which were capped at below Consumer Price Inflation (10.1%) by the UK Government to help customers with the cost of living crisis. Lettings turnover growth was also supported by a year-on-year increase in social housing homes, with 1,114 homes completed in the year to March 2023 and a further 480 homes completed in the six months to September 2023.

Turnover from shared ownership first tranche sales was down 3.2% to £18.3m (Sep-22: £18.9m). The number of shared ownership sales in the year was 179 (Sep-22: 171) and the average percentage sold was 35.4% (Sep-22: 41.7%), making the weighted average number of whole homes equivalent sold 63, 11% lower than the prior year (Sep-22: 71). The reduction in volume has been partially offset by an increase in the average sales price, which was 9% higher than the prior year.

The number of homes unsold at the half year was 168, of which 89 were reserved for purchase. Over a third of homes were completed 'stock plots' acquired in the half year for which there is reduced pre-completion marketing time and this has extended the time taken to sell. For homes acquired in this way the average time taken to sell is five months post completion, in comparison to one month where homes in development can be marketed pre-completion.

Opening unsold at April 2023	**87**
New completions	258
Transfers from other tenures	2
Sales	(179)
Unsold at September 2023	**168**
Of which reserved for purchase	89

The demand for shared ownership remains high, demonstrated through the number of enquiries and reservations received, with the number of reservations experienced in September 2023 being the highest number since April 2021. The market for shared ownership is a specialised sub-set of the housing market, where demand is supported by customers entering the market as a consequence of being priced out of acquiring homes outright.

Turnover from all social housing activities of £156.5m (Sep-22: £143.8m) accounted for 94.1% (Sep-22: 94.9%) of Platform's total turnover in the period. Turnover from non-social housing activities increased due to new contracts for external maintenance services provided to Stonewater, increasing external maintenance revenue by £2.1m to £9.9m.

Operating costs and costs of sale

Total costs increased 12.7% to £118.6m (Sep-22: £105.2m), with operating costs (from both social and non-social activities) increasing 14.4% to £103m (Sep-22: £90m) and costs of sales increasing 2.6% to £15.6m (Sep-22: £15.2m).

For the six months to 30 September	**2022 £m**	**2023 £m**	**Change**
Social housing lettings operating costs	79.9	90.4	13.1%
Other social housing costs			
– shared ownership costs of sale	15.2	15.6	2.6%
– other social housing operating costs	2.6	2.9	11.5%
Total social housing costs	**97.7**	**108.9**	**11.5%**
Other non-social housing operating costs	7.5	9.7	29.3%
Total costs	**105.2**	**118.6**	**12.7%**

Social housing lettings operating costs make up the majority of costs and these increased by 13.1% to £90.4m (Sep-22: £79.9m), largely tracking increased turnover of 10.7%. In addition, costs were impacted by management costs and service costs increases, which were higher in the year as Platform continues to invest in the customer experience and in the case of service costs, is affected by the impact of cost inflation (in particular to energy prices). Maintenance costs have also been adversely affected by high-cost inflation, labour shortages and the failure of a key supplier. The supplier was contracted to provide kitchens and bathrooms and the delay to these programmes has resulted in higher day-to-day maintenance repairs.

Shared ownership cost of sales increased by 2.6%, with over a third of homes being 'stock plots' acquired in the period (Sep-22: nil), with higher associated costs. Other non-social housing costs relate mainly to maintenance activities carried out for external parties as part of Platform's cost sharing vehicle and have risen due to increased revenues, as activities have been extended to cover services for Stonewater.

Net Interest costs

Net interest payable and financing costs increased by £1.3m to £22.8m (Sep-22: £21.5m). This was due to one-off loan breakage credits in the prior year period of £1.8m. Adjusting for this, underlying net interest costs were £0.5m lower than the prior year period due to higher rates of return on treasury related assets. In addition, interest costs were saved on the early repayment of banking facilities. A summary of financing activity can be seen in the treasury section later in this report.

Surpluses and margins

Maintaining surpluses is a crucial part of Platform's business model. We reinvest 100% of surpluses into building more homes, improving energy efficiency and enhancing our services.

For the six months to 30 September	**2022**		**2023**	
	Amount £m	Margin %	Amount £m	Margin %
Social housing lettings surplus	44.2	35.6	47.0	34.2
Shared ownership sales surplus	3.8	20.0	2.7	14.9
Overall operating surplus(1)	46.3	30.6	47.8	28.7
Surplus after tax	31.1	20.5	28.0	16.8

Notes
(1) Excluding gains on disposal of property, plant and equipment

Overall operating surpluses of £47.8m were 3.2% higher than the prior period (Sep-22: £46.3m) and overall margins were down 1.9% to 28.7% (Sep-22: 30.6%). Margins were adversely affected by a UK Government imposed cap on rental inflation of 7% which was lower than the prevailing Consumer Price Inflation of 10.1% and much lower than cost inflation in some areas such as energy.

Shared ownership sales surpluses were £2.7m, representing 5.4% of total operating surplus (Sep-22: £3.8m / 7.2%), with associated margins of 14.9% (Sep-22: 20%). Margins have been affected by the proportion of 'stock plot' homes acquired (37%, Sep-22: 0%). These units have lower sales margins because they are handed over complete, with no development risk being borne by Platform. Excluding these sales the margins are over 20%, which is in line with the prior year period.

Staircasing sales of shared ownership properties, where a customer buys a further stake in their home, are showing some signs of slowing as customers struggle more with affordability in light of higher mortgage rates. Surpluses and margins were £1.9m and 48% for the half year (Sep-22: £3.5m / 45%).

The overall net surplus after tax, which incorporates interest costs, was £28m in comparison to £31.1m in the prior year. Net surplus was affected by the items highlighted above and in addition was reduced by surpluses arising from the sale of housing fixed assets, which were £3.4m lower than the prior year period. In the half year there were 52 sales of housing fixed assets, which were less than half the 113 experienced in the same period last year. As mentioned above this was largely due to customers struggling more with affordability in light of higher mortgage rates.

The table below shows a reconciliation of Platform's surplus after tax between the year to September 2022 and 2023.

	Income	Expenditure	Surplus
	£m	£m	£m
Surplus after tax - six months to September 2022			**31.1**
One-off loan breakage surplus			(1.8)
Surplus after tax before one-off items – September 2022			**29.3**
Social housing lettings turnover	13.3		13.3
Social housing lettings costs:			
Service costs		(2.9)	
Repairs and maintenance		(2.0)	
Management costs		(1.9)	
Rent Losses from Bad Debts		(1.9)	
Depreciation		(1.8)	
			(10.5)
Property sales[1]	(0.6)	(0.4)	(1.0)
Other social housing activities		(0.3)	(0.3)
Non-social housing activities	2.1	(2.2)	(0.1)
Gains on disposal of property, plant and equipment			(3.4)
Net interest costs	0.5	(0.1)	0.4
Capitalised interest		0.1	0.1
Other			0.2
Surplus after tax – September 2023			**28.0**

Notes
(1) Property sales consist of shared ownership first tranche sales

Treasury review

Financing activity

Platform continue to operate a £1bn EMTN programme of which £250m bonds were issued from the programme in 2021 and £750m remain to be issued, which can be sustainable bonds in accordance with Platform's Sustainable Finance Framework.

At the end of August 2023 debt facilities totalling £75m were cancelled in order to save interest costs and optimise financial loan covenants. The facilities were terminated without exit fees.

Ratings activity

Platform's A+ (negative outlook) rating with Fitch was affirmed just after the half year and the A+ (stable outlook) with S&P was affirmed in January 2023.

Debt and liquidity

Net debt was £1,375m (Sep-22: £1,203m) at the half year. Net debt comprised nominal values of £881m in bond issues, £80m in private placements and £461m in term loan and revolving credit facilities, partially offset by cash and equivalents of £34m and non-cash accounting adjustments of £13m.

The average cost and average maturity of Platform's drawn debt was 3.38% and 22 years respectively (Sep-22: 3.3% and 23 years). Drawn debt was 99% fixed rate and therefore Platform has been minimally impacted to date by interest rate increases over the last year for its existing drawn debt portfolio.

Platform had sufficient liquidity as at 30 September 2023 (c£350m including undrawn committed facilities, short term investments and cash and cash equivalents) to meet all forecast needs until into 2024 (on top of maintaining 18 months of liquidity in line with policy), taking into account projected operating cash flows, forecast investment in new and existing properties and debt service and repayment costs. Liquidity is sufficient to deliver all committed programme (excluding uncommitted schemes and sales income from both committed and uncommitted schemes).

Financial ratios

Platform monitors its performance against various financial ratios, including Value for Money metrics reported to the Regulator of Social Housing and ratios it is required to comply with under its financing arrangements.

Gearing, measured as the ratio of net debt to the net book value of housing properties, was 45.3% (Sep-22: 42.8%). Gearing has increased in the last year as large cash balances (following bond issuances) have been deployed to fund development, maintenance and sustainability expenditures. Gearing was comfortably within Platform's target of maintaining gearing below 55%.

EBITDA-MRI interest cover was 204% (Sep-22: 228%) and remains well above Platform's target minimum (120%).

Review of value for money (VfM) performance

Obtaining VfM ensures Platform make the best use of resources and is an essential part of delivering its charitable objectives. Platform assesses its performance against the Regulator of Social Housing in England's VfM metrics for the year in the context of a group of 13 other major social housing providers. This analysis is helpful as these metrics are defined by the regulator and reported across the sector, providing a greater degree of comparability.

Peer group information for the period to 31 March 2023 in comparison to Platform is shown below. The peers included in the analysis are set out in the footnotes to the table.

	Peer Group (FYE 2023)			Platform	
RSH VfM metric[1/2]	**Lowest**	**Average[3]**	**Highest**	**Mar-23**	**Rank[4]**
Reinvestment	3.0%	7.6%	11.6%	9.4%	**3**
New supply (social housing units)	0.7%	1.8%	3.0%	2.0%	**8**
New supply (non-social housing units)	0.0%	0.2%	0.8%	0.0%	**1**
Gearing	29.3%	46.4%	54.8%	43.4%	**5**
EBITDA-MRI interest cover	46%	129%	237%	187%	**2**
Headline social housing CPU[6]	3,436	4,630	7,327	3,436	**1**
Operating margin (SHL)[6]	5.3%	23.9%	35.0%	32.0%	**4**
Operating margin (total)	5.1%	20.0%	31.0%	27.4%	**2**
Return on capital employed (ROCE)	1.2%	2.8%	4.2%	3.0%	**5**

Notes
(1) Sample of social housing providers includes Platform, Bromford, Citizen, Guinness, Home Group, Jigsaw, Longhurst, Midland Heart, Orbit, Riverside, Sanctuary, Southern, Sovereign and Stonewater. We may evolve the make-up of the sample in future.
(2) See:https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1162672/Value_for_Money_metrics_Technical_note_guidance_2023.pdf
(3) Unweighted or simple average of performance across the selected group of social housing providers
(4) Platform ranking is based on performance against peers as reported in the year to March 2023
(5) A low focus on building non-social housing is viewed as giving a strong ranking due to property market risks related with such activities
(6) CPU: cost per unit; SHL: social housing lettings

Platform regularly reviews its Value for Money Strategy to ensure that it remains fit for purpose and continues to underpin its current Strategic Plan. Platform's goal remains 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.

Platform recognises its responsibility for meeting the requirements of the regulators Value for Money Standard and in particular, to take a comprehensive approach that achieves continuous improvement in the Group's performance on the running costs and use of our assets. This continues to be challenging due to high cost inflation and rising interest rates in the UK.

Costs and performance continue to be benchmarked against similar organisations in terms of size, activity and geography. Targets are set by the Group Board and senior management for improved financial and operational performance through the annual budget. 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.

Investing in quality, affordable and sustainable homes is a key component of our Corporate Strategy. In the half year our investment in new and existing homes increased by 29% and 50% respectively. This is demonstrated above in our levels of reinvestment of 9.4%, the third highest amongst peers (a group of 14). New supply of 2% was lower than the prior year (March 2022: 2.5%), with the transition to a land led development programme resulting in slightly longer development periods. The investment in starts is expected to support higher completions in the coming years. As a consequence of this investment, gearing increased slightly and we expect further small increases going forwards, however, we remain committed to our golden rule in this area which limits gearing to a maximum of 55%.

Platform continues to perform strongly in a number of the metrics that measure efficiency of operations. Headline social cost per unit, which shows the efficiency of operations in comparison to the size of the organisation, remains the lowest amongst peers. The other efficiency measures, operating margin (overall and for social housing lettings) and ROCE, remain strong and have also been affected by investment, as well as cost inflation.

Outlook

Conditions continue to be challenging and we progress into the second half of this financial year with a degree of uncertainty. Although cost inflation continues to settle the legacy of the increased costs is still being acutely felt by our customers and the impact of increased interest rates has yet to be fully processed. In spite of this backdrop Platform remains committed to the maintenance of excellent customer services and support, as well as continuing the decarbonisation of our homes and operations.

Platform remains committed to developing in a prudent and sustainable manner, without compromising financial strength. Development costs and labour challenges may affect the scale of our programme, however, these issues have been easing over the course of the year and projected completions for the year to March 2024 are up on the prior year at approximately 1,300 homes.

There are currently no signs that the unfavourable economic conditions are adversely affecting demand for shared ownership homes. Higher interest rates and the cost-of-living squeeze may have a detrimental impact on owner occupier housing demand going forwards, however, the shared ownership product (which Platform is principally exposed to) is a sub-set of housing that has its own demand drivers, including buyers migrating from outright sales when affordability is stressed.

Platforms goal of decarbonisation remains unchanged at the half year and progress will continue to bring all homes to EPC C and above by 2030 and to net zero by 2050. On top of this we are targeting gas free developments for all new schemes brought forward in the year and have contracted over 400 homes on this basis in the year to date.

In the longer term our resilient financial and operational model leaves us well placed to continue delivering our strategic objectives, centred on the provision and maintenance of high quality, affordable and sustainable housing, alleviating the Midlands housing shortage and providing enhanced life prospects for more local people.

Financial Statements

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 RSH as a Private Registered Provider of Social Housing. The registered office is 1700 Solihull Parkway, Birmingham Business Park, Solihull, B37 7YD.

Platform Housing Group comprises the following entities:

Name	Incorporation	Registration
Platform Housing Group Limited	Co-operative and Community Benefit Societies Act 2014	Registered
Platform Housing Limited	Co-operative and Community Benefit Societies Act 2014	Registered
Platform Property Care Limited	Companies Act 2006	Non-registered
Platform New Homes Limited	Companies Act 2006	Non-registered
Platform HG Financing PLC	Companies Act 2006	Non-registered
Waterloo Homes Limited (Dormant)	Companies Act 2006	Non-registered

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 2022. Following the implementation of FRS 102, housing properties are stated at deemed cost at the date of transition and additions are record 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.

Statement of Comprehensive Income for the six months ended 30 September 2023

	Note	**Six months ended 30 September 2023**	Six months ended 30 September 2022
		£000	£000
Turnover	1&2	**166,417**	151,566
Operating Expenditure	1&2	**(102,982)**	(90,084)
Cost of Sales	1&2	**(15,596)**	(15,160)
Gain on disposal of property, plant and equipment	-	**2,914**	6,299
Operating Surplus		**50,753**	52,621
Interest receivable	4	**1,689**	1,147
Interest payable and financing costs	4	**(24,482)**	(22,686)
Surplus before tax		**27,960**	31,081
Taxation	-	**-**	-
Surplus for the period after tax		**27,960**	31,081
Change in fair value of hedged financial instrument/investment valuation		**-**	-
Total comprehensive income for the period		**27,960**	31,081

Statement of Financial Position at 30 September 2023

	Note	30 September 2022 £000	30 September 2022 £000
Fixed assets			
Housing properties	5	**3,033,169**	2,819,301
Other tangible fixed assets	-	**16,510**	9,090
Intangible fixed assets	-	**10,761**	5,610
Investment properties	-	**17,225**	16,646
Homebuy loans receivable	-	**7,348**	7,589
Fixed asset investments	-	**19,081**	19,556
		3,104,094	2,877,792
Current assets			
Stocks: Housing properties for sale	-	**47,383**	26,275
Stocks: Other	-	**220**	582
Trade and other Debtors	-	**35,511**	19,349
Cash and cash equivalents		**34,708**	189,643
		117,822	235,849
Less: Creditors: amounts falling due within one year	-	**(107,577)**	(98,173)
Net current assets / (liabilities)		**10,245**	137,676
Total assets less current liabilities		**3,114,339**	3,015,468
Creditors: amounts falling due after more than one year	-	**(1,967,720)**	(1,914,327)
Provisions for liabilities			
Pension provision	-	**(12,393)**	(49,955)
Total net assets		**1,134,226**	1,051,186
Income and expenditure reserve		**917,985**	836,104
Revaluation reserve		**216,241**	215,082
Total reserves		**1,134,226**	1,051,188

Consolidated Statement of Changes in Reserves

	Income and Expenditure Reserve £000	Property Revaluation Reserve £000	Investment Revaluation Reserve £000	Total £000
Balance at 1 April 2022	804,486	216,783	(137)	1,021,132
Surplus for the year	48,579	-	-	48,579
Actuarial gain / (loss) on pension scheme	36,424	-	-	36,424
Valuation in the year	-	-	195	195
Transfer between reserves	536	(536)	-	-
Balance at 31 March 2023	**890,025**	**216,247**	**58**	**1,106,330**
Surplus for the period	27,960	-	-	27,960
Actuarial gain / (loss) on pension scheme	-	-	-	-
Valuation in the period	-	-	-	-
Transfer between reserves	-	-	(64)	(64)
Balance at 30 September 2023	**917,985**	**216,247**	**(6)**	**1,134,226**

Consolidated Statement of Cash Flows for the six months ended 30 September 2023

	Six months ended 30 September 2023 £000	Six months ended 30 September 2022 £000
Net cash generated from operating activities (see note i below)	**63,634**	62,924
Cash flow from investing activities		
Purchase of tangible fixed assets	**(172,700)**	(103,744)
Proceeds from sales of tangible fixed assets	**5,595**	9,836
Grants received	**25,801**	11,031
Interest received	**1,780**	816
Homebuy and Festival Property Purchase loans repaid	**85**	160
Cash flow from financing activities		
Interest paid	**(24,145)**	(23,422)
New secured debt	**25,000**	-
Repayment of borrowings	**(8,398)**	(45,903)
Net change in cash and cash equivalents	**(83,348)**	(88,302)
Cash and cash equivalents at the beginning of the period	**118,056**	277,945
Cash and cash equivalents at the end of the period	**34,708**	189,643
Note i		
Surplus for the period	**27,960**	31,082
Adjustments for non-cash items		
Depreciation of tangible fixed assets	**21,517**	20,560
Amortisation of grants	**(2,626)**	(2,530)
Movement in properties and other assets in the course of sale	**-**	267
Increase in stock	**(14,772)**	(419)
(Increase) / decrease in trade and other debtors	**372**	(3,187)
(Decrease) / increase in trade and other creditors	**(15,908)**	5,954
Movement in investments	**26,373**	(2,229)
Increase / (decrease) in provisions	**1,283**	-
Adjustments for investing or financing activities		
Proceeds from sale of tangible fixed assets	**(3,268)**	(6,551)
Interest payable	**24,482**	22,686
Interest receivable	**(1,689)**	(1,147)
Movement in fair value of financial instruments	**(90)**	(1,562)
Net cash generated from operating activities	**63,634**	62,924

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

Group	Year ended 31 March 2023			
	Turnover	Cost of Sales	Operating Expenditure	Operating Surplus / (Deficit)
	£000	£000	£000	£000
Social housing lettings (see note 2)	**137,436**	**-**	**(90,400)**	**47,036**
Other social housing activities				
Development services	-	-	(2,235)	(2,235)
Management services	89	-	(264)	(175)
Support services	148	-	(252)	(104)
Sale of Shared Ownership first tranche	18,324	(15,596)	-	2,728
Other	539	-	(187)	352
	19,100	**(15,596)**	**(2,938)**	**566**
Activities other than social housing				
Developments for sale	-		-	-
Student accommodation	5	-	4	9
Market rents	694	-	(683)	11
Other	9,182	-	(8,965)	217
	9,881	**-**	**(9,644)**	**237**
Total	**166,417**	**(15,596)**	**(102,982)**	**47,839**

1. Turnover, Cost of Sales, Operating Expenditure and Operating Surplus (continued)

Group	Year ended 30 September 2022 Turnover	Cost of Sales	Operating Expenditure	Operating Surplus / (Deficit)
	£000	£000	£000	£000
Social housing lettings (see note 2)	**124,069**	**-**	**(79,879)**	**44,190**
Other social housing activities				
Development services	-	-	(1,960)	(1,960)
Management services	81	-	(273)	(192)
Support services	89	-	(253)	(164)
Sale of Shared Ownership first tranche	18,943	(15,160)	-	3,783
Other	585	-	(197)	338
	19,698	**(15,160)**	**(2,683)**	**1,855**
Activities other than social housing				
Developments for sale	22		-	22
Student accommodation	5	-	(8)	(3)
Market rents	565	-	(335)	230
Other	7,207	-	(7,179)	28
	7,799	**-**	**(7,522)**	**277**
Total	**151,566**	**(15,160)**	**(90,084)**	**46,322**

2. Turnover and Operating Expenditure for Social Housing Lettings

Group	Six months ended 30 September 2023 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	77,050	25,125	7,631	11,409	2,014	123,229
Service charge income	3,728	915	4,614	1,741	12	11,010
Other grants	365	-	25	-	-	390
Amortised government grants	1,395	828	58	443	15	2,739
Other income	18	50	-	-	-	68
Turnover from social housing lettings	82,556	26,918	12,328	13,593	2,041	137,436
Operating Expenditure						
Management	(9,601)	(2,590)	(1,899)	(2,526)	(178)	(16,794)
Service charge costs	(7,623)	(1,320)	(4,768)	(1,776)	(180)	(15,667)
Routine maintenance	(20,114)	(4,772)	(2,829)	(186)	(312)	(28,213)
Planned maintenance	(3,098)	(888)	(346)	(36)	(29)	(4,397)
Major repairs expenditure	(660)	(575)	(1,318)	(48)	(44)	(2,645)
Bad debts	(959)	(275)	(283)	(149)	(22)	(1,688)
Depreciation of housing properties	(12,270)	(5,395)	(1,223)	(1,932)	(176)	(20,996)
Operating expenditure on social housing lettings	**(54,325)**	**(15,815)**	**(12,666)**	**(6,653)**	**(941)**	**(90,400)**
Operating surplus on social housing lettings	**28,231**	**11,103**	**(338)**	**6,940**	**1,100**	**47,036**
Void losses	(871)	(337)	(361)	(380)	(70)	(2,019)

2. Turnover and Operating Expenditure for Social Housing Lettings (continued)

Group	General Needs Housing	Affordable Rent	Supported Housing & Housing for older people	Low Cost Home Ownership	Intermediate rent	Total
	Six months ended 30 September 2022					
	£000	£000	£000	£000	£000	£000
Income						
Rent receivable net of identifiable service charges	71,581	22,287	7,171	10,037	1,353	112,429
Service charge income	3,052	777	3,204	1,526	-	8,559
Other grants	416	66	-	-	-	482
Amortised government grants	1,308	718	57	418	15	2,516
Other income	13	43	-	27	-	83
Turnover from social housing lettings	**76,370**	**23,891**	**10,432**	**12,008**	**1,368**	**124,069**
Operating Expenditure						
Management	(8,925)	(2,623)	(1,734)	(1,505)	(148)	(14,935)
Service charge costs	(5,384)	(1,189)	(4,448)	(1,579)	(167)	(12,767)
Routine maintenance	(19,346)	(3,788)	(2,386)	(109)	(185)	(25,814)
Planned maintenance	(2,367)	(627)	(221)	(14)	(27)	(3,256)
Major repairs expenditure	(2,198)	(491)	(1,224)	(140)	(95)	(4,148)
Bad debts	204	64	-	(50)	(5)	213
Depreciation of housing properties	(11,344)	(4,796)	(1,192)	(1,668)	(172)	(19,172)
Operating expenditure on social housing lettings	**(49,360)**	**(13,450)**	**(11,205)**	**(5,065)**	**(799)**	**(79,879)**
Operating surplus on social housing lettings	**27,010**	**10,441**	**(773)**	**6,943**	**569**	**44,190**
Void losses	(854)	(388)	(277)	(118)	(52)	(1,689)

3. Units

Social housing properties in management at end of period

	September 2023					September 2022	
	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	**28,652**	**11**	**28,663**	**8**	**28,660**	28,522	28,522
Affordable rent	**7,956**	**-**	**7,956**	**-**	**7,956**	7,525	7,523
Supported	**290**	**-**	**290**	**65**	**355**	267	332
Housing for older people	**2,977**	**-**	**2,977**	**-**	**2,977**	2,976	2,976
Intermediate rent	**459**	**-**	**459**	**-**	**459**	468	468
Total	**40,334**	**11**	**40,345**	**73**	**40,407**	39,758	39,821
Shared Ownership[1] <100%	**6,432**	**6**	**6,438**	**-**	**6,432**	6,022	6,016
Social Leased @100% sold	**1,147**	**-**	**1,147**	**-**	**1,147**	1,134	1,134
Total social	**47,913**	**17**	**47,930**	**73**	**47,986**	46,914	46,971
Non-social housing							
Non-social rented	**111**	**-**	**111**	**-**	**111**	111	111
Non-social leased	**396**	**-**	**396**	**29**	**425**	396	425
Total stock	**48,420**	**17**	**48,437**	**102**	**48,522**	47,421	47,507

[1]The equity proportion of a shared ownership property is counted as one unit.

4. Net Interest

Interest receivable and similar income	**Six months ended 30 September 2023 £000**	Six months ended 30 September 2022 £000
On financial assets measured at amortised cost:		
Interest receivable	**(1,689)**	(1,147)
	(1,689)	(1,147)
Interest payable and financing costs		
On financial liabilities measured at amortised cost:		
Loans repayable	**24,374**	23,814
Loan breakage costs	**-**	(1,772)
Costs associated with financing	**2,086**	2,510
	26,460	24,552
On financial liabilities measured at fair value:		
Interest capitalised on housing properties	**(1,978)**	(1,886)
	24,482	22,686

5. Tangible Fixed Assets – Housing Properties

	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 2023	2,567,881	179,870	539,195	23,568	3,310,514
Additions	74	73,701	311	59,662	133,748
Works to existing properties	14,137	-	-	-	14,137
Disposals	(2,742)	-	(2,241)	-	(4,983)
Fair value disposal	(24)	-	-	-	(24)
Transfer (to)/from current assets	-	-	(6,260)	(23,629)	(29,889)
Interest capitalised	-	1,113	-	865	1,978
Schemes completed	35,800	(35,800)	36,260	(36,260)	-
At 30 September 2023	2,615,126	218,884	567,265	24,206	3,425,481
Depreciation					
At 1 April 2023	348,920	-	24,823	-	373,743
Charge for the period	18,454	-	1,861	-	20,315
Disposals	(1,608)	-	(138)	-	(1,746)
At 30 September 2023	**365,766**	**-**	**26,546**	**-**	**392,312**
Net Book Value					
At 30 September 2023	**2,249,360**	**218,884**	**540,719**	**24,206**	**3,033,168**
At 30 September 2022	2,155,535	136,311	471,903	55,553	2,819,302