29 November 2024

Platform Housing Group Limited

Results for the half year to 30 September 2024

Highlights

- Total turnover growth of 13.9% to £189.6m (Sep-23: £166.4m), supported by continued development of new homes coming into management
- Shared ownership sales turnover up 57.8%
- Operating margins of 26.3% (Sep-23: 28.7%) under pressure, driven by increased costs and continued investment into homes and services
- 84% increase to investment in existing homes, reflecting component replacements, energy efficiency works and on-going increases in maintenance costs
- Customer satisfaction maintained at 78% in challenging conditions
- Arrears of 3.2% consistent with prior year (Sep-23: 3.2%)
- 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	2023	2024	Change
Turnover	£166.4m	£189.6m	13.9%
Social housing lettings turnover	£137.4m	£148.6m	8.2%
Operating surplus(1)	£47.8m	£49.9m	4.4%
New homes completed	480	451	-6.0%
Investment in new homes	£135.7m	£160.5m	18.3%
Investment in existing homes	£14.1m	£25.9m	84.0%
Share of turnover from social housing lettings	82.6%	78.4%	-4.2ppt
Social housing lettings margin(2)	34.2%	32.5%	-1.7ppt
Current tenant arrears(3)(4)	3.2%	3.2%	+0.0ppt
Gearing(2)(4)	45.3%	45.1%	-0.2ppt
EBITDA-MRI interest cover(2)	204%	140%	-64.0ppt

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:

"The year to date reflects our ongoing priority of putting our customers and the standard of their homes at the front of the queue. The investment in our existing homes has again been mobilised quicker this year, going from £14.1m to £25.9m, 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 Fund programme.

We have continued to build new homes and acquire strategic development sites for the future pipeline, which remains strong, and in the first half of this year completed 451 new homes, all with EPC B or above and wherever possible off gas.

Our operating surpluses and net surpluses are slightly down year-on-year, mostly reflecting the increased investment in existing homes and other one-off items such as office disposals in the prior year and breakage costs in managing our loan book in the current. All of our financial metrics remain strong with solid headroom to our targets.

Our commitment to listening to our customers and applying what they tell us remains a core part of who we are and in the year we have recruited 10 new members for our Customer Voice Panel and supported them with extensive training to allow them to feel confident and assured in their role as a voice in helping us shape our plans and strategies.

We have continued to drive a focus on controllable costs and hope that our investors continue to see the solid investment they have seen in the past."

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Operating review

Introduction

This half year saw the surprise snap election of a new Government in the summer, with Labour returning to office after a near 15-year absence. We will seek to work with the new Government to continue to provide quality, affordable and sustainable housing to those who need it most and welcome the opportunity to work with the new Government's challenging housing targets. We are committed to doing this in the face of challenging conditions, including relatively high interest rates, an increase in taxes and an uncertain global geopolitical outlook.

Our Strategy remains focussed on the well-being of our customers, the provision of new homes, quality of our existing homes and the decarbonisation of our operations. We continue to deliver against our objectives whilst maintaining financial strength, a key strategic objective.

It is pleasing to report that overall our turnover in the half year was 14% higher than the prior year period. Social housing lettings turnover, which represents our core operations and 78% of overall turnover, was up 8% and shared ownership sales revenues was up 58%. Operating surpluses and margins have been under increasing pressure as the Board continues 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
Although inflation is now around the Bank of England's target in the UK, the impact of rising energy price caps, international tariffs and geopolitical uncertainty all have the ability to push prices back up, disproportionately affecting our customers. When these high prices are added to Universal Credit migration and a cut in the winter fuel allowance, we expect the need for crisis support will remain. We continue to support our customers in a number of ways, the success of which is highlighted through stable arrears levels. Applications to our Wellbeing Fund for essential support (food, energy and white goods) remain high although there has been an easing in comparison to the prior year, with c1,500 customers supported (Sep-23: c2,000) at a total cost of £0.39m (Sep-23: £0.65m). In addition to the Wellbeing Fund, we continue to support our customers with an array of measures, including advice on benefits, debt management and flexible payment arrangements when needed. Our arrears performance, including customers in receipt of Universal Credit, general needs and shared ownership tenants was 3.18%, which is broadly in line with the prior half-year (Sep-23: 3.19%) (arrears excluding shared ownership tenants is 3.17%).

Customer satisfaction remains a key area of focus for Platform and one in which considerable investment has been and continues to be made. We measure satisfaction using transactional surveys, which are given to customers immediately following an interaction with us. During the half-year we had c22,000 responses to these surveys with an average satisfaction of 77%, which is above our target of 76%. It was pleasing to see satisfaction in Platform Hub (our call centre) improve significantly in the half-year following a number of service improvements, including reduced waiting times, an improved out-of-hours service and the formation of a Customer Hub Quality Team. We also monitor satisfaction through the regulatory Tenant Satisfaction Measures, which are showing year-on-year improvements. Although overall satisfaction is above our target, we know there is room for further improvement and have a number of on-going projects which should help increase overall satisfaction going forwards. These include investment into our Service Charges Team, insourcing more estate management work and improving the data we hold on our customers and our assets in order to better tailor interactions.

Voids management
During the half-year the absolute number of voids have experienced some small decreases although losses were higher than the equivalent prior-year period. These movements are not caused by any single issue and Platform continues to actively manage void numbers in order to keep losses to a minimum. There were 419 voids at September 2024 (Sep-23: 448), plus 131 that were newly completed shared ownership units awaiting sale (Sep-23:168). Void loss as a proportion of turnover was 1.75% (£2.6m), slightly up from 1.5% (£2m) in the prior year, which is in part due to voids being handed over to Platform in poor condition and therefore requiring longer to undertake repairs. This has impacted the average number of days for voids in repair, which was 42 (Sep-23: 31).

We continue to target longer-term voids (over 100 days void) with new and targeted marketing initiatives and this effort has supported a small reduction in the average re-let days of 58 (Sep-23: 61).

Digital integration and security
In the first half of the year we consolidated our housing management systems, providing a single data source and set of processes for the entire organisation, which in turn has provided business efficiencies, increased reporting capabilities and a simpler user experience. We have also launched our “on our way” solution which provides the real time location of the allocated repairs operative to our customers to reduce the number of no access incidents and to enhance our customer experience. Complaints management has also been a focus, seeing the development and launch of our complaints aftercare solution which tracks agreed actions, reducing complaint escalations and repeated calls. These improvements have been complemented by our continuing focus on AI, which we continue to deploy to help drive operational efficiencies.

As always cyber security is a priority, and we’ve made significant strides in enhancing our cybersecurity posture, improving the Group's resilience against an increasingly complex and dynamic threat landscape. We continually report on security-focused KPIs to gauge the effectiveness of our defences and adapt swiftly to emerging threats, like deepfakes and AI-driven attacks. To stay ahead of such threats, we have finalised our position on AI and are in the process of incorporating AI governance into our cybersecurity strategy and training programs, equipping our teams with the knowledge to mitigate advanced, AI-based risks. We continue to maintain ISO27001 information security certification, the international standard for information security.

Asset management
During the year Platform has focussed efforts on providing high quality, sustainable asset management whilst continuing to improve the energy efficiency of homes. These objectives have been set against some challenging macro-economic headwinds, including a high demand for maintenance services, affecting labour availability and affecting costs, which continues to affect our margins.

Our commitment to enhancing the quality and sustainability of our homes is reflected in increased expenditures, with investment into existing homes up 84% to £25.9m (Sep-23: £14.1m) on the prior year equivalent period. This is partly due to timing, with programmes achieving a fast start in the current year, partly due to an increase in our planned programme and partly due to a build-up in sustainability related works, which were £3.0m in the half-year (Sep-23: £0.6m).

Repairs satisfaction averaged 88% for the half-year, in line with the prior year (Sep-23: 87%) but still below our target of 92%. The main source of dissatisfaction related to the time taken to complete repairs, with the average time to complete a responsive repair rising to 33 days (Sep-23: 24 days). This increase has been driven by a greater number of higher-value repairs, which have taken longer to complete.

The Cost Sharing Vehicle (CSV) arrangement within Platform's maintenance subsidiary, Platform Property Care, which provides an efficient way of delivering asset management services to members at cost, continued to operate effectively in the half-year. Repairs satisfaction for all three members was above 85%, which has helped expansion of areas of operations and scope of works for the CSV.

The volumes of damp and condensation mould (DCM) cases has continued to be significant, with 1,424 cases in the half-year (Sep-23: 1,718). Our customers face a challenging winter ahead, with rises in energy costs and the removal of the winter fuel allowance, which could cause a spike in cases over the second half of the year. 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.

Gas and fire risk assessment compliance was 99.9% and 100% (Sep-23: 99.9% and 100%), with the non-compliant gas instances as a consequence of a small number of homes denying access, which we will continue to follow-up to achieve compliance. 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, as highlighted by the five core priorities within our Corporate Strategy:

1. Investment in existing stock, including the move to EPC 'C' and carbon neutral targets;
2. Improving customer services, including reduction in complaints, compensation and an increase in customer satisfaction;
3. Compliance in relation to requirements from the Regulator of Social Housing and other legislative and statutory expectations;
4. Completion of our transformation processes;
5. Employee retention, engagement and well-being.

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 2024. We also continue to prioritise sustainable finance, with a £250m sustainable bond issued in April 2024 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.

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 79% 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 continues to run a Wellbeing Fund to support customers in need of crisis funding. In the half year c1,500 customers were supported at a cost of c£0.4m. The fund remains focused on essentials, with two thirds of awards going to food, utilities and clothing. The remainder of awards is split between funding for white goods and special projects, including supporting local charities such as Tutors United in Leicester, who were awarded over £6,000 to help deliver community-based tutoring programmes to primary school pupils from low-income, migrant and refugee backgrounds living in social housing.

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 3,145 referrals during the half year (Sep-23: 3,164) and recorded £1.6m in financial outcomes secured for customers by way of unclaimed welfare benefit claims, appeals and backdated payments (Sep-23: £1.5m).

Following changes to the Winter Fuel Allowance criteria, which is now means tested, the Successful Tenancies team have initiated a targeted campaign, engaging with over 12,500 customers that could be affected by the withdrawal of this allowance. This has included personalised letters offering pension reviews and support surgeries held within specialist housing schemes. With pension credit hugely underclaimed nationally, the focus has been to increase this welfare benefit uptake and in the half year the team have secured c£97,000 on behalf of customers in unclaimed pension credit income. This is more than double for the same prior year period, and we expect to yield record levels for customers for the remainder of financial year.

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. The HACT social value captured for the half year was £8.0m (excluding development activity), of which £5.5m was generated by the Successful Tenancies Team (Sep-23: £3.3m). In addition, other major projects included:

- Providing assured housing to homeless and those in temporary accommodation: £1.3m social value generated by housing c500 people;
- Evaluating the mental and physical health of customers at retirement villages and tailoring support, such as social groups and events, exercise classes, and on-site staff visits: £0.6m social value generated and due to the success of this initiative, it is now planned to be rolled out across all retirement villages over the next year.

On top of supporting customers financially, we directly involve our customers in shaping and improving our services and products. September-24 marks the one-year anniversary of our updated strategic customer engagement framework, which aims to increase customer influence at a strategic level through our Customer Voice and Scrutiny Panels. Over the last year the panels have recruited ten new customer members, spent c300 hours in training, meetings and other activities and had a key part in shaping policies and making service improvement recommendations.

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), which was affirmed following a scheduled In-depth Assessment earlier in the calendar year.

Group Board Member and the Chair of People and Governance Committee, Helen Southwell, retired in June 2024 and was replaced by Mandy Clark. Mandy has experience in the public and private sectors in HR, transformation and organisational development, as well as being an inspirational coach and mentor. She brings experience as a board member and chair in other organisations.

Development review

Strategy
We have recently refreshed our Growth and Development Strategy, which remains focussed on larger sites where we have greater control over delivery and quality. This is expected to have an impact on cash flows, with larger outflows required in the short term. Key building priorities are quality, customer experience and sustainability, with homes delivered by strengthening relationships with funders, developers and other key stakeholders, as well as creating new strategic partnerships. We continue to target our development completions, 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 progressed well during the half year in spite of headwinds which are impacting the speed of delivery. Site management continues to be a challenge as contractors have had labour issues and had to renegotiate supply chain contracts to keep labour on site. We also continue to see resource pressures in Local Authorities cause delays to complete sites, particularly related to signing off planning conditions and highways section agreements.

We have recently completed our Europa Way development in Leamington Spa, Warwickshire. This was a scheme delivering over 185 homes over four years in joint venture with Vistry Partnerships, working alongside Warwick District Council. The scheme was the first venture between Platform and Vistry and together we have gone on to develop hundreds more affordable homes across the Midlands.

The development programme produced 451 new homes in the half year (Sep-23: 480), of these, 94 (21%) were added for social rent, 137 (30%) for affordable rent and 220 (49%) for shared ownership. All new homes developed had an EPC rating of B and above.

Development expenditures were £161m in the period (Sep-23: £136m). At 30 September 2024, Platform owned a total of 49,576 homes (Sep-23: 48,522).

Financial review

Turnover

In the six months to 30 September 2024 total turnover increased by 13.9% to £189.6m (Sep-23: £166.4m).

At or for the six months to 30 September	2023 £m	2024 £m	Change
Social housing lettings turnover	137.4	148.6	8.2%
Shared ownership first tranche sales	18.3	28.9	57.9%
Other social housing activities	0.8	1.5	87.5%
Total social housing turnover	**156.5**	**179.0**	**14.4%**
Non-social housing activities	9.9	10.6	7.1%
Total turnover	**166.4**	**189.6**	**13.9%**

Social housing lettings turnover increased by 8.2% to £148.6m (Sep-23: £137.4m), in part due to inflationary rent increases of 7.7% and in part due to a year-on-year increase in social housing homes, with 1,202 homes completed in the year to March 2024 and a further 451 homes completed in the six months to September 2024.

Turnover from shared ownership first tranche sales was up 57.9% to £28.9m (Sep-23: £18.3m). The number of shared ownership sales in the year was 312 (Sep-23: 179) and the average percentage sold was 34.5% (Sep-23: 35.4%), making the weighted average number of whole homes equivalent sold 108, 70% higher than the prior year (Sep-23: 63). The increase in volume has been partially offset by a decrease in the average sales price, which was 7% lower than the prior year. The sales price variation is due to house type and location and not a reflection of our experience of the shared ownership sales market.

The number of homes unsold at the half year was 131, of which 105 were reserved for purchase.

Opening unsold at April 2024	**222**
New completions	220
Transfers from other tenures	1
Sales	(312)
Unsold at September 2024	**131**
Of which reserved for purchase	105

Turnover from all social housing activities of £179.0m (Sep-23: £156.5m) accounted for 94.4% (Sep-23: 94.1%) of Platform's total turnover in the period.

Turnover from non-social housing activities increased by 7.1% to £10.6m (Sep-23: £9.9m) due in part to inflationary sales increases and in part to new contracts for external maintenance services provided to Stonewater. Although these activities are classified as 'non-social housing' for accounting purposes, they mainly involve providing repairs to social housing customers of other charitable registered providers.

Operating costs and costs of sale

Total costs increased 17.8% to £139.7m (Sep-23: £118.6m), with operating costs (from both social and non-social activities) increasing 11.3% to £114.6m (Sep-23: £103m) and costs of sales increasing 61.5% to £25.2m (Sep-23: £15.6m).

At or for the six months to 30 September	2023 £m	2024 £m	Change
Social housing lettings operating costs	90.4	100.4	11.1%
Other social housing costs			
– shared ownership costs of sale	15.6	25.2	61.5%
– other social housing operating costs	2.9	4.0	37.9%
Total social housing costs	**108.9**	**129.5**	**18.9%**
Other non-social housing operating costs	9.7	10.2	5.2%
Total costs	**118.6**	**139.7**	**17.8%**

Social housing lettings operating costs make up the majority of costs and these increased by 11.1% to £100.4m (Sep-23: £90.4m), largely tracking increased turnover of 8.2%. In addition, costs were impacted by management and maintenance costs increases, which were higher in the half-year as Platform continues to manage high maintenance cost inflation, whilst investing in the customer experience, the quality and sustainability of homes and improving the operational efficiency of systems and processes.

Shared ownership cost of sales increased by 61.5%, broadly in line with associated revenue increases of 57.9%. 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 additional services for Stonewater.

Net Interest costs

Net interest payable and financing costs increased by £3.6m to £26.4m (Sep-23: £22.8m). This was due to an increase in net debt of £127m and one-off loan breakage costs in the period of £1.3m, net of a £0.7m increase in capitalised interest. The additional net debt was predominantly used to fund development activity.

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	2023		2024	
	Amount £m	Margin %	Amount £m	Margin %
Social housing lettings surplus	47.0	34.2	48.2	32.5
Shared ownership sales surplus	2.7	14.9	3.8	13.0
Overall operating surplus[1]	47.8	28.7	49.9	26.3
Surplus after tax	28.0	16.8	25.3	13.3

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

Social housing lettings surpluses of £48.2m were 2.6% higher than the prior period (Sep-23: £47m) and margins were down 1.7% to 32.5% (Sep-23: 34.2%). Overall operating surpluses were up 4.3% to £49.9m (Sep-23: £47.8m), with margins down 2.4% to 26.3% (Sep-23: 28.7%). Margins have been affected by high maintenance costs, driven by general inflation in combination with a high number of damp and condensation mould and disrepair cases. On top of this we have continued with our strategic investment plans into customer services, existing homes and improving the operational efficiency of existing systems and processes.

Shared ownership sales surpluses were £3.8m, representing 7.2% of total operating surplus (Sep-23: £2.7m / 5.4%), with associated margins of 13% (Sep-23: 14.9%). Margins have been affected by a larger volume of sales coming from land-led schemes (as opposed to section s106 sales from developers), which attract a slightly lower margin but grant Platform control over build quality.

The overall net surplus after tax, which incorporates interest costs, was £25.3m in comparison to £28m in the prior year. Net interest increased by £3.6m and surpluses arising from the sale of housing fixed assets were £1.1m lower than the prior year period. Fixed asset sales were affected by surpluses on staircasing sales of shared ownership properties, where a customer buys a further stake in their home, which were down £0.6m to £1.3m (Sep-23: £1.9m).

The table below shows a reconciliation of Platform's surplus after tax between the six months to September 2023 and 2024.

	Income	**Expenditure**	**Surplus**
	£m	£m	£m
Surplus after tax - six months to September 2023			**28.0**
Social housing lettings turnover	11.2		11.2
Social housing costs:			
Repairs and maintenance		(7.4)	
Management costs		(2.8)	
Depreciation		(0.3)	
Rent Losses from Bad Debts		0.2	
Service costs		0.3	
			(10.0)
Property sales[1]	10.6	(9.6)	1.0
Gains on disposal of property, plant and equipment	(1.1)	0.1	(1.0)
Other social housing activities	0.6	(1.0)	(0.4)
Non-social housing activities	0.7	(0.5)	0.2
Net interest costs	1.4	(5.7)	(4.3)
Capitalised interest		0.7	0.7
Other			(0.1)
Surplus after tax – Sept 2024			**25.3**

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 sustainable bonds were issued from the programme in April 2024, in addition to those issued in 2021, with £500m remaining to be issued.

During May and August 2024 debt facilities totalling c£50m were cancelled and prepaid in order to save interest costs and optimise financial loan covenants.

Ratings activity

Our A+ rating was affirmed by Fitch shortly after the quarter end, with the outlook updated to 'negative' from 'stable'. It is pleasing to have retained an A+ rating with Fitch, which demonstrates on-going commitment to strong metrics that sit comfortably within the A-grade space. Platform are committed to providing excellent services to customers and maintaining quality, affordable and sustainable homes. We know these things are not achievable without continued investment and appreciate that this will put some pressure on particular credit ratios that are important in Fitch's methodology, but our interest cover remains strong. We were also rated A+ (stable outlook) by S&P, with the annual rating review due in the second half of the year.

Debt and liquidity

Net debt was £1,502m (Sep-23: £1,375m) at the half year. Net debt comprised nominal values of £1,121m in bond issues, £80m in private placements and £390m in term loan and revolving credit facilities, partially offset by cash and equivalents of £75m and non-cash accounting adjustments of £14m.

The average cost and average maturity of Platform's drawn debt was 3.56% and 23 years respectively (Sep-23: 3.38% and 22 years). Drawn debt was 99% fixed rate providing protection against interest rate increases over the last year and moving forwards.

Platform had sufficient liquidity as at 30 September 2024 (£583m including undrawn committed facilities, short term investments and cash and cash equivalents) to meet all forecast needs until into 2026 (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 also sufficient to deliver the current committed development programme without further funding (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 45.1% (Sep-23: 45.3%). Gearing has decreased in the last year as a consequence of the timing of cash flows related to development activities, with high cash receipts for sales activity and grant experienced, relative to expenditures.

EBITDA-MRI interest cover was 140% (Sep-23: 204%), with the reduction a consequence of Platform's deliberate increased investment into services and homes.

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 2024 in comparison to Platform is shown below. The peers included in the analysis are set out in the footnotes to the table.

	Peer Group			Platform			
RSH VfM metric[1/2]	Lowest	Average[3]	Highest	Mar-24	Rank[4]	Mar-23	Rank[4]
Reinvestment	4.0%	9.0%	13.3%	11.1%	**3**	9.4%	**3**
New supply (social housing units)	0.7%	2.0%	3.4%	2.5%	**4**	2.2%	**8**
New supply (non-social housing units)[5]	0.0%	0.1%	0.8%	0.0%	**1**	0.0%	**1**
Gearing	30.5%	47.2%	53.9%	45.7%	**5**	43.4%	**5**
EBITDA-MRI interest cover[7]	33%	117%	196%	162%	**4**	186.9%	**2**
Headline social housing CPU[6]	£3,997	£4,832	£6,369	£3,997	**1**	£3,436	**1**
Operating margin (SHL)[6]	17.8%	26.2%	34.0%	32.0%	**2**	32.1%	**4**
Operating margin (total)[7]	9.7%	20.8%	30.0%	26.0%	**3**	27.2%	**2**
Return on capital employed[7]	1.9%	2.9%	5.2%	2.8%	**9**	3.0%	**5**

Notes
(1) Sample of social housing providers includes Platform, Bromford, Citizen, East Midlands Housing, Green Square Accord, Guinness, Home Group, Jigsaw, Longhurst, Midland Heart, Orbit, Sanctuary, Stonewater, Walsall Housing. 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 years to March 2024 and March 2023
(5) A low focus on building non-social housing is viewed as positive / giving a strong ranking due to property market risks related with such activities
(6) CPU: cost per unit; SHL: social housing lettings
(7) One-off pension accounting adjustments relating to the closure of a number of defined benefit schemes have been removed from these calculations

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 assets, customers and communities in a way that delivers the greatest 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. We remain focussed on value for money whilst delivering enhanced customer service and improving the quality and sustainability of our homes.

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 18% and 84% respectively. This is demonstrated above in our levels of reinvestment of 11.1%, the third highest amongst peers (a group of 13). New supply of 2.5% was higher than the prior year (Mar-23: 2%), with strong credit metrics allowing a continued commitment to provide much needed new housing. As a consequence of this investment, interest cover and gearing have both been affected, but it's pleasing to note that relative to peers we continue to perform well.

Platform continues to perform strongly relative to peers 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. Operating margins (overall and for social housing lettings) remain amongst the best, with ROCE faring slightly less favourably, however, we are aware that ROCE is influenced by historical accounting decisions that affect the book value of (housing) fixed assets.

Outlook

We remain committed to providing excellent services to our customers and investing into the quality and sustainability of our new and existing homes, whilst maintaining financial strength and stability. This will continue in the second half of the year, with investment objectives centred around customer satisfaction, new homes development and improving the energy efficiency of our existing homes. This, in combination with cost inflation and other headwinds, is likely to add increasing pressure on margins. The wider macro-economic environment continues to present challenges, such as increased taxes (employers national insurance tax) and relatively high interest rates, but there are also some supportive factors such as a more stable inflationary environment and the UK Governments recent announcement over affordable housing rents, which will help provide certainty over revenue streams and aid in longer-term decision making.

Platform remains committed to developing in a prudent and sustainable manner, without compromising financial strength. A new, pro-housing Government, in combination with additional funding into affordable housing and easing of the planning system will improve market conditions and positively impact our building aspirations. We project that completions for the year to March 2024 will be broadly in-line with the prior year at approximately 1,100 – 1,200 homes.

Platform's 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.

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 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.

Statement of Comprehensive Income for the six months ended 30 September 2024

	Note	**Six months ended 30 September 2024**	Six months ended 30 September 2023
	Note	**£000**	£000
Turnover	1&2	**189,636**	166,417
Operating Expenditure	1&2	**(114,585)**	(102,982)
Cost of Sales	1&2	**(25,161)**	(15,596)
Gain on disposal of property, plant and equipment	-	**1,859**	2,914
Operating Surplus		**51,749**	50,753
Interest receivable	4	**3,133**	1,689
Interest payable and financing costs	4	**(29,558)**	(24,482)
Surplus before tax		**25,324**	27,960
Taxation	-	**-**	-
Surplus for the period after tax		**25,324**	27,960
Change in fair value of hedged financial instrument/investment valuation		**-**	-
Total comprehensive income for the period		**25,324**	27,960

Statement of Financial Position at 30 September 2024

	Note	30 September 2024 £000	30 September 2023 £000
Fixed assets			
Housing properties	5	**3,330,905**	3,033,169
Other tangible fixed assets	-	**22,448**	16,510
Intangible fixed assets	-	**13,308**	10,761
Investment properties	-	**17,333**	17,225
Homebuy loans receivable	-	**7,154**	7,348
Fixed asset investments	-	**19,944**	19,081
		3,411,092	3,104,094
Current assets			
Stocks: Housing properties for sale	-	**48,243**	47,383
Stocks: Other	-	**255**	220
Trade and other Debtors	-	**36,332**	35,511
Cash and cash equivalents		**75,169**	34,708
		159,999	117,822
Less: Creditors: amounts falling due within one year	-	**(195,467)**	(107,577)
Net current assets / (liabilities)		**(35,468)**	10,245
Total assets less current liabilities		**3,375,624**	3,114,339
Creditors: amounts falling due after more than one year	-	**(2,194,768)**	(1,967,720)
Provisions for liabilities			
Pension provision	-	**(7,821)**	(12,393)
Total net assets		**1,173,035**	1,134,226
Income and expenditure reserve		**956,904**	917,985
Revaluation reserve		**216,131**	216,241
Total reserves		**1,173,035**	1,134,226

Consolidated Statement of Cash Flows for the six months ended 30 September 2024

	Six months ended 30 September 2024 £000	Six months ended 30 September 2023 £000
Net cash generated from operating activities (see note i below)	**108,572**	63,634
Cash flow from investing activities		
Purchase of fixed assets	**(183,301)**	(172,700)
Proceeds from sales of tangible fixed assets	**5,020**	5,595
Grants received	**47,097**	25,801
Interest received	**2,256**	1,780
Homebuy and Festival Property Purchase loans repaid	**117**	85
Cash flow from financing activities		
Interest paid	**(24,679)**	(24,145)
New secured debt	**250,000**	25,000
Repayment of borrowings	**(160,729)**	(8,398)
Net change in cash and cash equivalents	**(64,592)**	(83,348)
Cash and cash equivalents at the beginning of the period	**30,816**	118,056
Cash and cash equivalents at the end of the period	**75,169**	34,708
Note i		
Surplus for the period	**25,324**	27,960
Adjustments for non-cash items		
Depreciation of tangible fixed assets	**22,852**	21,517
Amortisation of grants	**(2,755)**	(2,626)
Movement in properties and other assets in the course of sale	**1,845**	-
Increase in stock	**(14)**	(14,772)
(Increase) / decrease in trade and other debtors	**(13,008)**	372
(Decrease) / increase in trade and other creditors	**49,638**	(15,908)
Movement in investments	**(513)**	26,373
Adjustments for investing or financing activities		
Proceeds from sale of tangible fixed assets	**(1,120)**	(3,268)
Interest payable	**29,558**	24,482
Interest receivable	**(3,133)**	(1,689)
Movement in fair value of financial instruments	**(102)**	(90)
Net cash generated from operating activities	**108,572**	63,634

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

Group	Six months ended 30 September 2024			
	Turnover	Cost of Sales	Operating Expenditure	Operating Surplus / (Deficit)
	£000	£000	£000	£000
Social housing lettings (see note 2)	**148,630**	**-**	**(100,387)**	**48,243**
Other social housing activities				
Development services	-	-	(2,722)	(2,722)
Management services	82	-	(411)	(329)
Support services	175	-	(496)	(321)
Sale of Shared Ownership first tranche	28,911	(25,161)	-	3,750
Other	1,158	-	(343)	815
	30,326	**(25,161)**	**(3,972)**	**1,193**
Activities other than social housing				
Developments for sale	-		-	-
Student accommodation	5	-	(2)	3
Market rents	463	-	(329)	134
Other	10,212	-	(9,895)	317
	10,680	**-**	**(10,226)**	**454**
Total	**189,636**	**(25,161)**	**(114,585)**	**49,890**

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

Group	Six months ended 30 September 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**

2. Turnover and Operating Expenditure for Social Housing Lettings

Group	General Needs Housing	Affordable Rent	Supported Housing & Housing for older people	Low Cost Home Ownership	Intermediate rent	Total
	Six months ended 30 September 2024					
	£000	£000	£000	£000	£000	£000
Income						
Rent receivable net of identifiable service charges	83,210	29,256	8,490	13,108	1,553	135,617
Service charge income	3,847	921	3,551	1,842	8	10,169
Amortised government grants	1,324	824	113	466	15	2,742
Other income	3	71	1	26	-	101
Turnover from social housing lettings	**88,384**	**31,072**	**12,155**	**15,442**	**1,576**	**148,629**
Operating Expenditure						
Management	(11,241)	(3,177)	(2,538)	(2,397)	(245)	(19,598)
Service charge costs	(6,879)	(1,864)	(4,249)	(2,134)	(240)	(15,366)
Routine maintenance	(20,669)	(5,587)	(2,628)	(294)	(277)	(29,455)
Planned maintenance	(3,688)	(1,107)	(270)	(40)	(29)	(5,134)
Major repairs expenditure	(4)	(5,457)	(1,851)	(735)	(23)	(8,070)
Bad debts	(859)	(302)	(166)	(138)	(29)	(1,494)
Depreciation of housing properties	(11,889)	(5,627)	(1,253)	(2,154)	(346)	(21,269)
Operating expenditure on social housing lettings	**(55,229)**	**(23,121)**	**(12,955)**	**(7,892)**	**(1,189)**	**(100,386)**
Operating surplus on social housing lettings	**33,158**	**7,950**	**(801)**	**7,550**	**386**	**48,243**
Void losses	(1,254)	(394)	(354)	(513)	(44)	(2,558)

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 2023					
	£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)

3. Units

Social housing properties in management at end of period

	September 2024					September 2023	
	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	28,838	15	28,853	8	28,846	28,663	28,660
Affordable rent	8,383	-	8,383	-	8,383	7,956	7,956
Supported	553	-	553	65	618	290	355
Housing for older people	2,706	-	2,706	-	2,706	2,977	2,977
Intermediate rent	481	-	481	-	481	459	459
Total	**40,961**	**15**	**40,976**	**73**	**41,034**	**40,345**	**40,407**
Shared Ownership[1] <100%	6,880	6	6,886	-	6,880	6,438	6,432
Social Leased @100% sold	1,153	-	1,153	-	1,153	1,147	1,147
Total social	**48,994**	**21**	**49,015**	**73**	**49,067**	**47,930**	**47,986**
Non-social housing							
Non-social rented	111	-	111	-	111	111	111
Non-social leased	397	-	397	1	398	396	425
Total stock	**49,502**	**21**	**49,523**	**74**	**49,576**	**48,437**	**48,522**

[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 2024 £000**	Six months ended 30 September 2023 £000
On financial assets measured at amortised cost:		
Interest receivable	**(3,133)**	(1,689)
	(3,133)	(1,689)
Interest payable and financing costs		
On financial liabilities measured at amortised cost:		
Loans repayable	**29,061**	24,374
Loan breakage costs	**1,277**	-
Costs associated with financing	**1,853**	2,086
	32,191	26,460
On financial liabilities measured at fair value:		
Interest capitalised on housing properties	**(2,633)**	(1,978)
	29,558	24,482

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 2024	2,711,382	245,002	603,302	40,479	3,600,164
Additions	70	85,765	315	71,765	157,915
Works to existing properties	25,949	-	-	-	25,949
Disposals	(2,498)		(2,372)		(4,870)
Fair value disposal	12	-	-	-	12
Transfer (to)/from current assets			649	(23,547)	(22,898)
Interest capitalised	-	1,488	-	1,145	2,633
Schemes completed	7,007	(7,007)	39,059	(39,059)	-
At 30 September 2024	**2,741,922**	**325,248**	**640,953**	**50,783**	**3,758,905**
Depreciation					
At 1 April 2024	380,635	-	28,153	-	408,788
Charge for the period	18,590	-	1,987	-	20,577
Disposals	(1,179)		(188)		(1,367)
At 30 September 2024	**398,046**	**-**	**29,952**	**-**	**427,998**
Net Book Value					
At 30 September 2024	**2,343,876**	**325,248**	**611,000**	**50,783**	**3,330,907**
At 30 September 2023	2,249,360	218,884	540,719	24,206	3,033,168