LiveWest
A home for everyone

Annual report and financial statements

Year ended 31 March 2020

Our colleagues work tirelessly to provide homes and communities that people love to live in.

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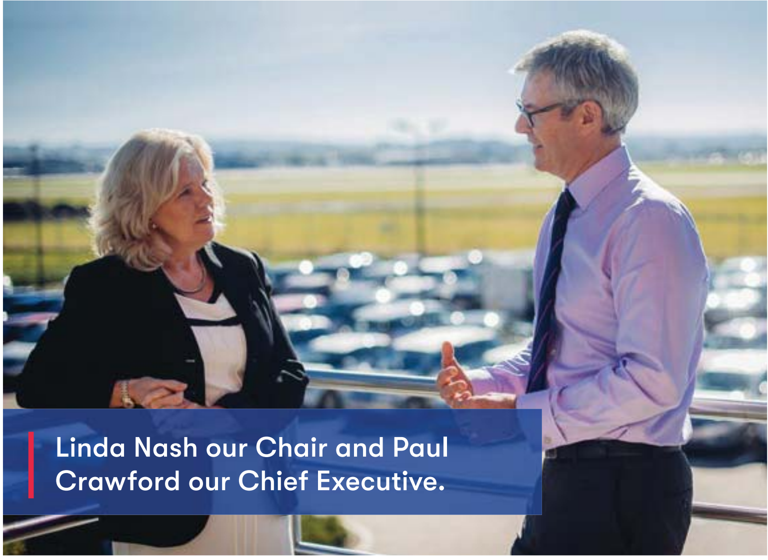
Annual report and financial statements 2019/20 for LiveWest
Community Benefit Society registration number: 7724
Regulator of Social Housing registration number: 4873

Our front cover shows Stefan and Charlotte Smith outside their new home in Goldsithney, Cornwall.

Introduction

By the Chair and Chief Executive



Linda Nash our Chair and Paul Crawford our Chief Executive.

As we complete the first year of our three-year strategy cycle, this report reflects on the progress made, looks back on a number of challenges and achievements in the year as well as looking to the future.

When LiveWest was created in 2018 we were committed to transforming our customer services, step change our growth in affordable homes in the South West and create a resilient organisation, building on the very best of each former organisation.

As planned, we have achieved the business case efficiencies 18 months ahead of target to ensure that there is embedded financial capacity to fund our ambitious plans in technology, customer services and new affordable homes and the details of these initiatives and our other plans and achievements are set out below.

Covid-19 pandemic

In reflecting on the year's achievements and challenges, it would be remiss not to acknowledge the unprecedented events that unfolded in the last quarter of the year associated with the Covid-19 pandemic which has greatly affected many of our customers, colleagues, their families, friends and communities.

We have understandably had to adapt with pace in how we work to ensure that we continue to deliver customer services in these exceptionally challenging circumstances. During this extraordinary time, it was even more important that we continue to be customer focused making the safety and wellbeing of our customers and staff our most important consideration. This has been demonstrated in how we have supported and protected our most vulnerable residents.

Since the national lockdown began on 23 March, we have put in place systems to ensure that these residents have our support. We have made over 11,000 calls to our most vulnerable residents across the South West, checking their wellbeing and supporting them with activities such as food shopping and collecting prescriptions.

In recognition of the economic challenges associated with Covid-19 and the impact this is having on our customers, in April this year we significantly increased our crisis and hardship grants to support residents needing financial assistance during this difficult period. We have also financially supported foodbanks across the South West to help people who may have struggled to buy food over the past few months.

Through this period, our engagement with customers has not only ensured that their feedback has been integral to shaping our approach to service delivery, but has framed our service focus and priorities in the months ahead as services come back on-line as lockdown measures are eased.

LiveWest... is customer focused

Our customers are at the heart of our organisation and the fundamental importance of safety, trust and quality services is key to our success.

Following the Grenfell Tower fire in June 2017 and the emerging lessons learned from this appalling tragedy, customer safety remains our top priority. During the year we carried out extensive consultation with our customers on all aspects of the safety of their home and have ensured that our safety standards are robust and embedded across all services.

As part of this work the data we hold on the construction and fabric of all our homes has been reviewed to ensure that fire management procedures and future investment plans are aligned.

Regular customer feedback continues to shape our service delivery and during the year we have been able to maintain very high levels of customer satisfaction of 89%. Our customer service strategy has been developed over the past 12 months and sets out the actions we need to take to ensure we are the landlord of choice and we develop the best possible relationship with our customers.

We continue to work closely with the Institute of Customer Services to benchmark performance against a range of customer metrics, enabling us to compare our customer experience with market leaders across a range of sectors. Through this benchmarking we are seeing strong, and still improving performance against customer service industry standards particularly in customer feedback relating to satisfaction and trust.

In addition to understanding our customers' satisfaction, it is essential for us to understand what aspects of their home and community are important to them. During the year we engaged with over 1,600 customers to gain their insight and suggestions which will be used to shape our Homes and Estate Standard to be launched later this year. We also continue to invest in our existing 37,384 homes and communities to ensure that they remain great places to live and during the year we invested over £57m in maintaining and improving our homes.

LiveWest... is challenging convention

The number of new affordable homes delivered in the year increased, with 1,158 new homes for rent and shared ownership handed over in the financial year, representing a 33% increase on the previous year and continued growth since the creation of LiveWest.

In addition, we sold 85 homes on the open market, with the sale of open market and first-tranche shared ownership properties generating profit of £10m to support further investment in new affordable homes.

During the year we exceeded our performance targets in relation to the Homes England Strategic Partnership agreement and were delighted to receive, in conjunction with our partner, additional funding from Homes England to deliver in total 2,775 new homes by March 2025. The total funding secured of £136m has allowed us to focus in greater detail on strengthening our landbank to ensure we have sufficent opportunities secured to meet our funding obligations and ambitious growth plans.

We have continued to seek strategic opportunities with joint venture partners as part of our growth agenda so that we are able to secure land opportunities of scale by sharing risk, reward and managing any exposure associated with sales and impairment. During the year, in partnership with Vistry Partnerships (formerly Bovis and incorporating Galliford Try), three development sites were purchased in Taunton, Somerset and Exeter, Devon which will deliver over 1,800 homes of all tenures.

This sort of partnership working reflects our values and commitment to the region. Our new homes not only support those who would not otherwise be able to access a decent home on their incomes but also 7,000 jobs in the building industry and related supply chain.

We recognise our responsibilities as a key influencer in the local economy and the need for collaboration

Our Room For Young People initiative celebrates the positive stories and impact on young people our services are having.

for wider economic growth. This is why we are a leading member of the #BackTheGreatSouthWest campaign. Alongside this, we continue to make the case for further new affordable housing at a local and national level, including emphasising the need for a variety of tenures.

In recognition that we owned homes outside of our core operating area, we agreed to transfer 613 homes across Dorset and Hampshire to a new provider able to provide high-quality customer services. To ensure that the most appropriate landlord was selected, we consulted widely with customers, offering them the opportunity to provide comment and participate in the selection process for their new landlord.

We continue to offer a range of engagement opportunities using face-to-face and digital methods to enable customers to influence strategic decisions and operational service delivery. Over the past 12 months we have worked with customers to trial virtual contact methods, including electronic sign ups, and remote functionality to help triage repairs.

This work will continue in 2020/21 as we look to introduce further methods of contact for customers and other digital options that will suit their preferences.

Over the past 12 months we have been developing a wide-ranging environmental strategy which will be launched this autumn. It will cover every area of our business and set ambitious targets for the future.

LiveWest... together we deliver

In July 2019 the Regulator of Social Housing re-affirmed our regulatory assessment of G1/V1 following an in-depth assessment (IDA) undertaken in May 2019 and the invaluable feedback provided during the IDA has been implemented in our governance and financial working practices.

Our operating surplus for the financial year was £90m, an increase of £8m compared to the previous financial year and is £20m higher than 2018. Our overall operating margin and social housing lettings margin stayed consistent at 28% and 33% respectively.

In line with our stated social purpose, we use surplus income to invest in further affordable housing for the benefit of people and communities in the South West.

We have retained a Moody's A2 stable credit rating, underlining the financial resilience of our business. In funding our affordable housing programme, this year saw us launch our £1bn European Medium-Term Note Programme, with £250m issued in the year. The undrawn facilities of £339m at the end of March 2020 will fund over the next three years our investment in new affordable homes across the South West.

Our Board and Executive team have undertaken planning and stress-testing against many scenarios, particularly looking at any impacts of Brexit. As an organisation we have also looked at the impact of no-deal Brexit on our colleagues, suppliers and how we undertake our services and repairs. We have also responded to the emerging situation with Covid-19.

Exposure to a market downturn is mitigated through our intimate knowledge of local housing markets combined with a strong track record and a range of effective controls. Importantly, we only use sales income to invest in our affordable development programme rather than to support our core business.

Our colleagues are fundamental to delivering our strategy and services, which is why over the past 12 months we have brought forward significant investment into our people. As a part of the People Strategy we have finalised a package of reward and recognition for colleagues as well as undertaking a harmonisation exercise to ensure that all our staff are on the same terms and conditions.

We are currently undertaking an extensive piece of work looking at the values and culture of our organisation and as part of this we have launched new training and recruitment packages. Additionally, we have increased our significant focus on colleague wellbeing during the year, including signing the Time to Change Employer Pledge which supports those facing mental health issues.

The successes outlined in this report would not have been possible without the leadership of our Board and Executive team. In particular, in these unprecedented times we would like to formally acknowledge our thanks and appreciation of our colleagues who have done such a tremendous job through the Covid-19 pandemic; they have remained positive, enthusiastic and committed in supporting each other and ensuring we continue to deliver a great service to our residents.

Their efforts in adapting to the changes in our working environment have been hugely impressive and without doubt they are all an absolute credit to our organisation.

Linda Nash, Chair
Paul Crawford, Chief Executive

We are trusted by our customers

We helped Kate move from her base in Herefordshire with her two-year-old daughter, Keira, to be nearer to her family in time for Christmas 2019. The move represented a return to Devon for Kate, who was brought up in Exeter before moving away 17 years ago. Kate bought a shared ownership house from us at Cranbrook, Exeter, in order to secure her dream move back to the city.

Kate told us “It is great to be moving back and is a dream come true. The area will provide more opportunities for my daughter and she is so excited. The transport links will be a huge help and we have heard nothing but good things about the area. LiveWest has been great. They have helped me every step of the way and the support has been phenomenal.”

Having trained as a counsellor and volunteered for the Samaritans for the last 15 years, Kate is looking forward to playing a role in the Cranbrook community. She told us that she loves volunteering and is hoping to get involved in community events.

Highlights for the year

Income and expenditure

Turnover

£249m 2020

£233m 2019

£231m 2018

Surplus generated from properties built for sale

£10m 2020

£10m 2019

£10m 2018

Operating surplus - social housing lettings surplus as a percentage of turnover

33% 2020

33% 2019

31% 2018

Operating surplus as a percentage of turnover

28% 2020

28% 2019

27% 2018

Operating surplus £90m 2020

Investment and cash flow

£57m
Spent on maintaining and improving existing homes

£167m
Spent on building new homes

£66m
Net operating cash flow after interest

Homes

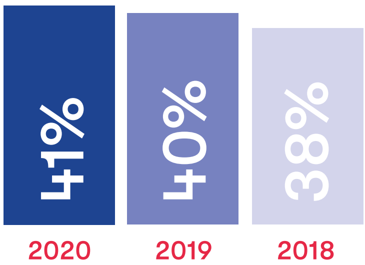
37,384
Managed homes

1,158
New homes for rent and shared ownership

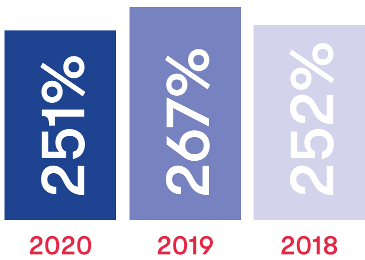
1,107
Open market plots owned and under development

Treasury

Gearing



EBITDA – MRI



A2
Moody's rating is one of the highest in our sector

People

85%
Overall employee satisfaction

737
Learning events undertaken by employees to develop their professional skills

1,446
Skilled and committed employees, living our values and making our strategy happen

Supporting people

631
People moved on from supported housing to live independently

1,323
Customers supported by our Tenancy Sustainment team

2,521
Volunteer hours donated by our employees

What our customers think

89%
Overall customer satisfaction

85%
Overall satisfaction with repairs and maintenance

96%
Satisfied with their last call to the customer service centre

01 Our three-year strategy

It's now 12 months since the board agreed our new strategy. It was developed after a comprehensive process - considering the priorities identified in our original business case for merger, what sort of an organisation we should be, and what metrics we would use to measure our success.

Our values continue to play a major part in how we run our business. They are what make us different to other companies and are a key part of our culture, governing how we work together to achieve our strategy.

Our values are:

- customer focused
- challenge convention
- together we deliver.

Our purpose is to enable access to high-quality, safe, and secure homes in the South West for people who otherwise would not be able to meet their long-term housing requirements at an acceptable quality or cost.

We summarise our vision as:

- trusted by our customers
- homes and communities that people love to live in
- proud to work here
- a growing business fit for the future.

Delivering this purpose and vision has been supported over the past 12 months with the development of a number of sub-strategies:

Customer services – including all of our customer contacts and communications, it also looks at all aspects of our customer service – from new homes and repairs through to servicing and improvements. The strategy specifically looks at how we engage with our customers, and how we can drive satisfaction, especially through repairs with a right first-time approach. This strategy also explores our digital offering – ensuring that we're offering convenience and accessibility to our customers.

Asset management – including the safety and improvement of our homes. The strategy has created our standard that goes beyond decent homes and includes the wider community that people live in.

Development – this strategy cements our continued focus on delivering a volume of affordable homes of different tenures and types, and in both urban and rural locations across the South West. We are also leading the way in exploring and utilising Modern Methods of Construction on our sites. All our developments will continue to create diverse communities with varying property sizes, and we will support our work through the limited development of properties for outright sale, subject to internal limits. This strategy also looks at our continued work with Homes England.

Housing support - this strategy includes how we go beyond our obligations as landlord to keep people in their homes, and how our social purpose includes providing services to those with housing-related support needs, whether transitional or permanent. It reaffirms our commitment to playing a leading role in sustaining tenancies within our general rented and shared ownership homes and sets out our investment programme for housing older people and those with learning disabilities.

Digital – which includes implementation of a new integrated operating and finance system. This strategy looks at how we can use data and IT to support colleagues regardless of where they are working, whilst ensuring we have high levels of data security and effective data governance. It aims to provide services which are available online meaning they can be accessed and booked at a time and place that meets the needs of our customers.

People – looks at how we create the right environment so people are proud to work here and that we recruit and retain staff with the right attitudes to thrive and deliver. This strategy confirms our continued investment in high-quality workplaces, improvements to our approach to talent management, and reaffirms that our business processes and improvement approaches have equality, diversity and inclusion at their heart.

Environment – We are also applying our strategic principles to develop the environmental strategy. This will look at the rigorous environmental standards we will incorporate in developments, as well as improving our existing stock, bringing them up to high energy efficiency standards and helping our customers minimise their bills. It also looks at what measures we can take as a business to reduce our carbon and other environmental impacts.

In developing these strategies, consideration has been given as to how they all interact and overlap to contribute to the overall vision and purpose of the business.

Our board is reviewing how we deliver our strategy this year in light of the Covid-19 pandemic with the expectation that our vision and values will remain the same.

02 Our customers

Our customers are at the heart of everything that we do. Here we set out our work on customer services, supporting people, and ensuring that every resident is safe in their home.

Improving customer outcomes in our communities

We are proud of the impact we make in our communities by working in partnership with our customers and key partners. We aim to create long-term sustainable communities where people want to live and where there are opportunities for them to thrive and become resilient to increasing local and global impacts.

Over the past 12 months we have continued to pinpoint "Neighbourhoods In Focus" – priority areas for us to work in. We have focussed on 64 neighbourhoods to shape our service and community plans after working with customers to understand their experiences. We have brought together teams from across our business and partner organisations, each with their own expertise, to facilitate this work which is in addition to the day-to-day activities of our Neighbourhood and Community teams across our whole geography.

Regular customer feedback is at the heart of our service delivery. Customers care deeply about the environment they live in. Our goal is to make sure estates are kept clean, tidy and safe for our customers and their visitors to live, visit and enjoy.

Over the past year our Estates team has worked in collaboration with our Customer Engagement team in getting a group of customers involved in a project to become "estate champions". This has been a great success with over 100 customers involved in providing monthly survey feedback where we are able to tailor our services, this has enabled us to improve our staff and contractor performance.

Customer services strategy

Our customer services strategy has been developed over the past 12 months and sets out the actions we need to take to ensure we have the best relationship with customers. Our vision is to provide a service that means we would be the landlord our customers would choose to have.

A key part of this strategy has been to provide more training to our teams on exceptional customer service as well as looking at digital options so that customers can access our services at a time that suits them, by their method of choice.

We have taken the time to ask our customers what aspects of their home and community are important to them. We were delighted with high levels of engagement with customers on this subject, with over 1,600 responses. These insights and suggestions helped us devise our strategy and will also be used to create a home and estate standard that will launch later this year.

We continue to work closely with the Institute of Customer Services to focus on feedback relating to customer satisfaction and trust. As part of our commitment to transparency, we publish quarterly performance metrics on our website so customers can see how we are performing. We also include our trust scores in operational performance reports so that the rest of the organisation can see the work that we are doing.

Together with Tenants

We are early adopters of the National Housing Federation "Together with Tenants" programme and have a Tenant's Charter which sets out the way that we will work with our customers to deliver excellent services and involve them in our work.

Over the past 12 months we have provided opportunities for customers to help improve our services, including procurement of a contract for a new out-of-hours customers service provider, the associated standards and development of our new customer portal.

As well as this we have been working with customers to trial virtual contact methods, including to triage home repairs. We offer a range of engagement opportunities using both face-to-face and digital methods to enable customers to influence strategic decisions within the organisation.

Our customers were also involved in a stock transfer that we completed this year, including in the selection process for their new landlord. Our team provided many different opportunities for residents to engage in the process and to provide their viewpoints on the transfer.

We are proud to be a strong performer and our new strategy will help us improve even further in the coming year and beyond.

03 Financial and operational performance

Surplus

The following table summarises our results for the last five years:

	2020	2019	2018	2017	2016
	£m	£m	£m	£m	£m
Social housing lettings	180	175	171	168	166
Other turnover	69	58	60	52	39
Total turnover	**249**	**233**	**231**	**220**	**205**
Operating costs	(179)	(167)	(169)	(154)	(150)
Surplus on asset disposals	20	14	7	7	20
Investment property	-	1	-	1	-
Operating surplus	**90**	**81**	**69**	**74**	**75**
Net interest payable	(28)	(24)	(26)	(23)	(28)
Other	(3)	(1)	2	1	(5)
Surplus before tax	**59**	**56**	**45**	**52**	**42**

Turnover

Total turnover increased by £16m to £249m.

Social housing lettings income increased by £5m to £180m and continues to be our most significant revenue activity, accounting for 72% of turnover. The increase reflects a full year's income from 2018/19 developments together with the delivery of 1,158 new affordable homes in the current year which is offset by the last year of the rent reduction of 1%.

Welfare reform reduced rents by 1% per annum from April 2016 and has resulted in customer savings of more than £15m in rents payable.

Other turnover of £69m is largely represented by £32m of first tranche shared ownership sales and £29m of open market property sales.

Operating costs

Total operating costs increased by £12m to £179m largely driven by the £10m growth in shared ownership sales income which had related costs of £9m.

Operating costs on social housing lettings have marginally increased to £120m (2019: £118m) which reflect savings in management costs being delivered in the year.

Investment in our homes on responsive, cyclical and major repairs decreased by £2m to £57m resulting in an average cost per unit of £1,587 compared to £1,701 in 2018/19. Whilst additional costs have been allocated to our safety and compliance responsibilities, the continuing review of our property portfolio and value for money (VFM) activities has seen costs reduce overall.

Management costs decreased by £2m to £35m, reflecting merger efficiencies and alignment of business responsibilities, which have resulted in the average cost per unit reducing to £973 from £1,052 in 2018/19.

Surplus on asset disposals

Surplus on asset disposals of £20m was largely as a result of the sale of 300 homes outside of our core operating area which resulted in a surplus of £12m. Shared ownership staircasing and other property disposals contributed a further £5m and £3m respectively. In April 2020 a further 300 homes were sold producing a surplus of £14m.

Operating surplus

Operating surplus increased to £90m from £81m in 2019 which results from a combination of efficiencies, cost control activities and an increase in non-recurring property disposals of £6m.

Interest

Interest payable, net of interest receivable, increased to £28m from £24m in 2018/19 largely as a result of additional borrowing in the year. The average cost of borrowing in the year was 3.28% compared to 3.16% in 2018/19 as we refinanced variable rate to higher fixed rate debt.

Surplus before tax

Continued business focus on cost control and merger efficiencies has resulted in surplus before tax increasing to £59m compared to £56m in 2018/19.

Operating surplus increased to

£90m

Statement of financial position

The following table summarises the group statement of financial position for the last five years:

	2020	2019	2018	2017	2016
	£m	£m	£m	£m	£m
Housing properties	2,106	1,978	1,882	1,821	1,722
Properties for sale	96	69	50	31	16
Cash	51	18	23	58	79
Loans	(900)	(806)	(736)	(740)	(694)
Grant	(657)	(623)	(610)	(610)	(615)
Derivative liabilities	(116)	(105)	(95)	(114)	(116)
Pension liabilities	(24)	(48)	(26)	(29)	(32)
Other fixed assets	29	28	27	19	30
Other net liabilities	(27)	(24)	(53)	(35)	(33)
Net assets	**558**	**487**	**462**	**401**	**357**
Revenue reserves	507	461	436	399	356
Cash flow hedge reserve	(97)	(87)	(79)	(95)	(64)
Designated reserve	148	113	105	97	65
Total funds	**558**	**487**	**462**	**401**	**357**

Housing properties

The development of 1,158 new homes resulted in an investment of £167m in housing properties during the year which was largely funded from operational cash flows and loans.

Properties for sale

As planned, properties held for sale have increased by £27m to £96m in the year as we have entered into long-term strategic joint venture partnerships at three large sites which is reflected in an increase in land bank plots and units under development to 1,107 (2019: 669).

Cash flow

We continued to enjoy strong cash flow during the year delivering an operating inflow of £97m (2019: £82m) with the increase largely as a result of the sale of properties outside of our core operating area. Borrowings increased to £900m from £806m in order to fund the investment in our new homes.

Loans

Our loans are substantially long-term facilities of which 83% are repayable in more than five years' time. Of the loan portfolio of £900m, 97% is hedged against market movements. Further details are shown in the funding and treasury management business review.

Pension liabilities

The pension liability has decreased to £24m in the year predominantly as a result of the change in actuarial assumptions in the Social Housing Pension Scheme.

Reserves

Total reserves increased by £71m in the year as a result of the surplus for the year of £59m and actuarial reductions in the pension scheme provision of £22m together with an increase in the cash flow hedge reserve of £10m.

People who are proud to work for us

Navigating a career change at the age of 40 might have proved a daunting prospect, however for Tracy it gave her the chance to realise her dreams. Having worked for the best part of 20 years for a plumber's merchant selling boiler parts, Tracy found herself at a career crossroads. Despite harbouring a burning desire to become a heating engineer, she thought her chance had gone. That was until we offered Tracy a heating engineer apprenticeship.

Tracy said: "I have wanted to be a heating engineer for some time, but financially I was never in a position to do an apprenticeship. To be honest I was worried my chance had passed by and I was always going to be thinking about what might have been. I guess I am flying the flag for women as this is an industry traditionally dominated by men. The feedback has been great. It is all thanks to LiveWest for believing in me and giving me the platform to show I can do this."

Tracy is looking forward to making a difference in the communities we operate in. For Tracy, it is about putting a smile on customers' faces whilst keeping them safe. Estimates suggest there are fewer than 500 females from the 100,000 Gas Safe registered engineers in the country, so we pride ourselves on not putting up any barriers and welcoming people whatever their age, race or gender.

04 Business review

Our operating surplus of £90m is an increase of £8m compared to 2019 and represents a year of many operational successes and achievements. As well as absorbing the sector-wide rent reduction, underlying business performance has improved due to newly developed homes, value for money initiatives, merger efficiencies and the non-recurring disposal of properties outside of our core operating area. The impact of Covid-19 has been marginal in the current year as activities were reduced due to national lockdown measures from mid-March 2020 and therefore the significant challenges will be met in 2020/21.

The following table summarises the key financial indicators for the past five years:

Key financial indicators	2020	2019	2018	2017	2016
Operating margin	28%	28%	27%	33%	28%
Social housing lettings operating margin	33%	33%	31%	33%	30%
Operating cash flow after net interest payments	£66m	£65m	£70m	£64m	£54m
EBITDA - MRI	252%	267%	252%	289%	264%
Gearing	41%	40%	38%	38%	36%
Debt as a multiple of turnover	3.42	3.38	3.09	3.10	3.00
Net debt per dwelling owned	£23,716	£22,518	£20,721	£20,213	£18,793

Performance excludes gains on stock swaps in 2016 for comparison.

Our operating and social housing letting margins have largely remained constant with savings in management costs being delivered in the year.

The business remains highly cash generative supporting the significant investment in our new homes and services to customers. Operating cash flow after net interest payments has improved by £1m compared to last year which includes a £27m increase in properties held for sale.

We take time to listen to our customers and support our communities.

EBITDA – MRI is an indicator of how many times cash generated in the year covers interest payments which has remained relatively consistent over the last five years due to operating performance and low interest rates.

Performance continues to be very strong with significant headroom to lenders' covenants and internal targets which underpin our Moody's A2 credit rating.

Our main business areas are analysed on the following pages which review £70m of surplus. In addition, surplus on asset disposals of £20m make up the total £90m operating surplus.

Affordable housing

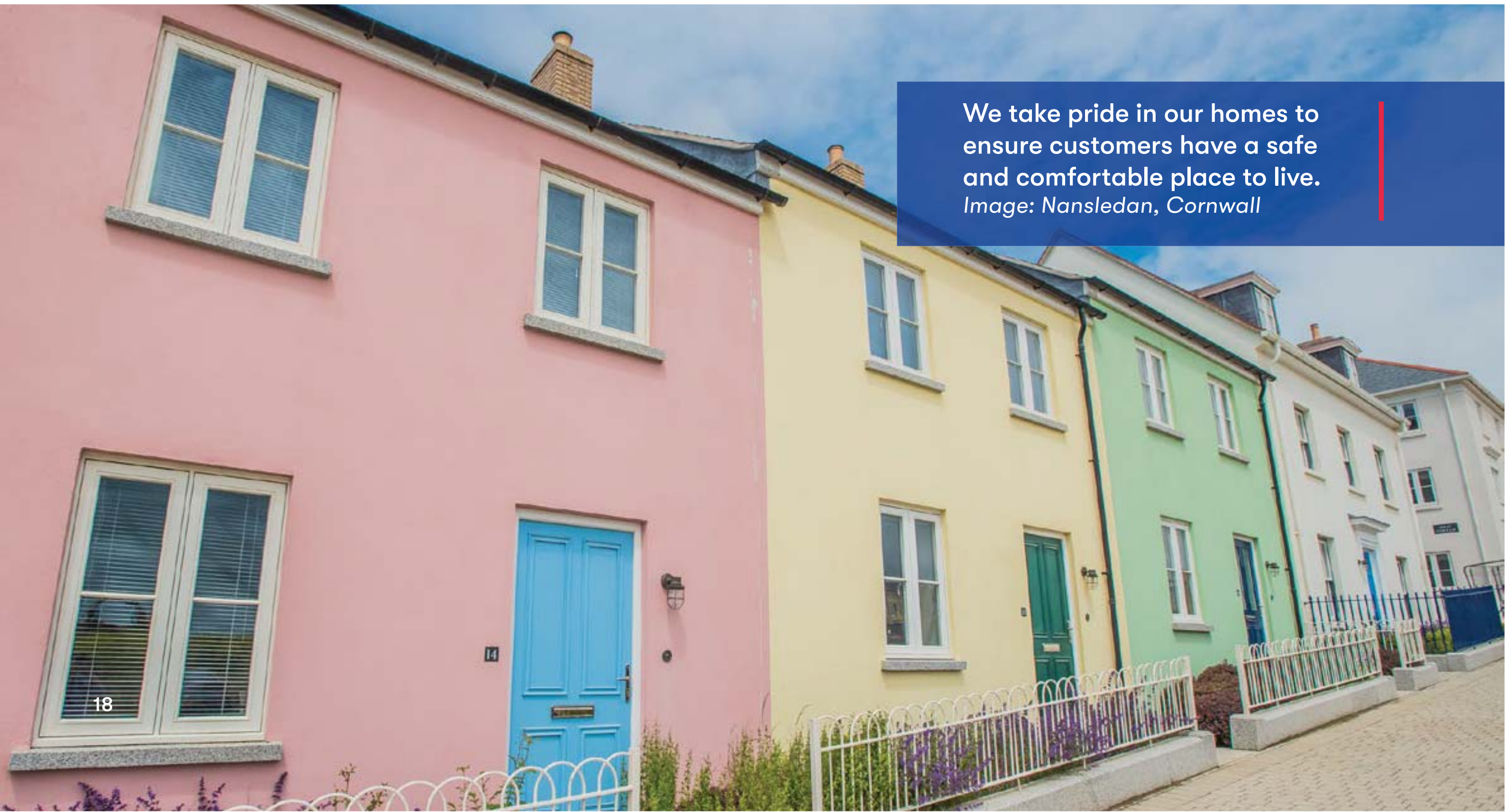
		2020	2019
Turnover	£000	156,358	149,500
Operating surplus	£000	59,417	55,211
Operating surplus	%	38%	37%
Units in management at year end		34,378	33,311

Performance

Affordable housing includes our general needs and shared ownership homes where turnover has increased by £7m to £156m due to the development of 783 social housing and 375 shared ownership homes despite the final year of rent reductions.

During the year we have continued to deliver on our asset management strategy, increasing reinvestment in our homes in fire prevention and safety related activities. Maintaining an effective focus on cost control, we have embedded and achieved our planned savings across all operating areas which has resulted in an improved operating surplus.

The value of investment in new technologies has been invaluable throughout the Covid-19 crisis where we have been able to maintain the delivery of key services.



We take pride in our homes to ensure customers have a safe and comfortable place to live.
Image: Nansledan, Cornwall

Our new developments offer a range of affordable homes for rent and shared ownership.
Image: Chivenor, Devon

Future plans

We aim to meet the national housing challenge by developing a further 6,600 homes in the next five years, however this is subject to any change from the uncertainties of Covid-19. We will also continue to reinvest in our existing homes to ensure that our properties offer a safe, comfortable place to live and to positively transform areas for the benefit of communities.

With a continued emphasis on improving the quality and value of the service and support that we give to customers, we are investing in our digital strategy to improve customer experience and self-service options which is supported by the implementation of a new operational and finance system.

We are also committed to recognising and reducing our environmental impact and will be increasing investment to improve the energy efficiency of our existing homes with a target to have all properties reach a minimum SAP rating of 'C' by 2028.

Supported and care living

		2020	2019
Turnover	£000	28,018	29,496
Operating surplus	£000	771	1,748
Operating surplus %	%	3%	6%
Units in management at year end		3,006	2,911

Performance

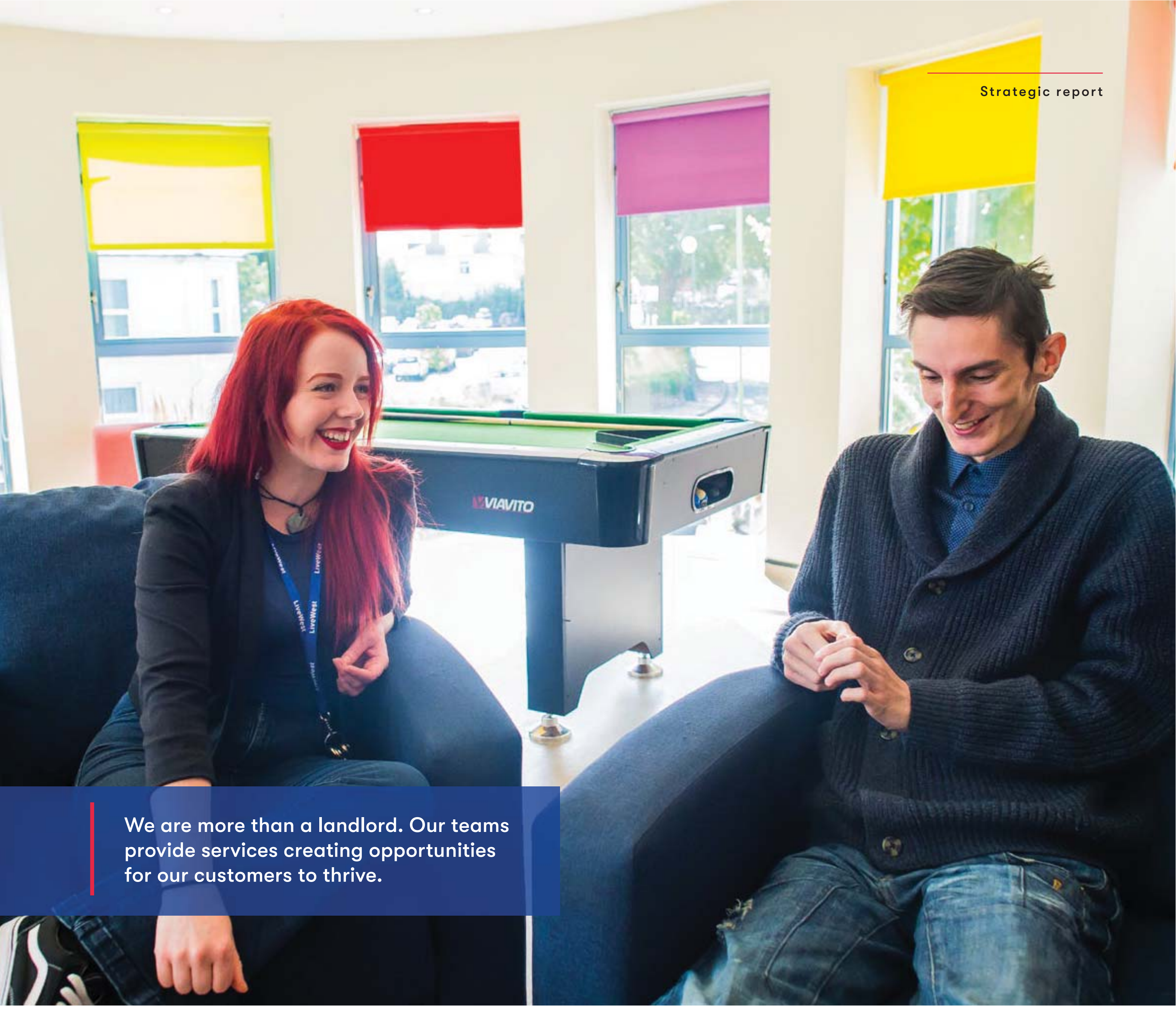
Turnover and operating surplus in our supported, sheltered and residential care homes has seen a decrease in the year. This is due to homes being re-designated to affordable at the end of 2018/19.

During the year we have brought our young people service at Bristol Foyer back in-house, together with significant investment in the service and whilst funding for support services remains under pressure, continued focus on cost control and management has made it possible to achieve a positive operating margin.

Our operational performance has also seen some notable milestones:

- Innovations in support - “Digital Compass” tool created, developed, funded and trademarked to help our customers and deliver a consistent offer. The tool focuses on seven areas of peoples lives: employability, learning, housing, finance, health, personal growth and social skills and provides support, measurement and progress to our customers on their individuals journeys
- TPAS 2020 award nomination - excellence in engagement in support and care award for our Young People service.

We provide safe, secure homes for our customers with a range of care needs.



We are more than a landlord. Our teams provide services creating opportunities for our customers to thrive.

Future plans

We are streamlining our support contracts to enable us to focus on our core services for learning difficulties, older and younger people services, mental health services and addressing homelessness where we aim to improve the life chances for the most vulnerable in our society.

We are developing investment plans for our younger and older people and learning difficulties schemes to maximise the delivery and support to our customers.

We will ensure our customers are able to engage in supporting the standards, design and delivery of our support functions with the overall aim of independence and opportunity wherever possible.

Property development and sales

Divisional reporting

					2020	2019
		Rented	Shared ownership	Open market	Total	Total
Homes completed in the year	Units	783	375	87	1,245	1,047
Sales completed in the year	Units	-	366	85	451	349
Development sales:						
Revenue	£000	-	31,529	29,220	60,749	50,720
Profit	£000	-	6,232	4,252	10,484	10,263
Profit margin	%	-	20%	15%	17%	20%
Property sales as a % of turnover	%	-	13%	11%	24%	22%

Open market unit sales represents LiveWest's share where developed with a joint venture partner.

Performance

During 2019/20 we completed a total of 1,158 affordable new homes for rent or for sale, compared to 900 in 2018/19. Delivery of affordable homes was close to target and only slightly impacted in the last month by Covid-19 restrictions.

We remain strongly committed to the delivery of shared ownership and homes for open market sale. During the year we sold 366 new homes for shared ownership and 85 homes on the open market. Although volumes and margins were lower than target these sales generated combined profit of £10.5m, compared to £10.3m in 2018/19.

Our exposure to impairment in a market downturn remains low because of the profitability hurdles on our sales activity. Sales margins remain strong but are lower than in 2018/19 due to the mix of schemes. Sales as a percentage of total turnover at 24% was well within our Internal Financial Framework limit of 30%.

During 2019/20, we invested £167m in the delivery of our affordable housing programme, compared to £115m in 2018/19 which attracted £29m of grant, predominantly from Homes England.

We have a healthy pipeline of plots owned and homes under development, the increase compared to 2018/19 due in large part to strategic sites purchased with joint venture partners. This will provide long term delivery certainty of both affordable and open market homes. Stock levels remain consistent with last year.

We deliver one of the largest development programmes in the sector.
Image: Perranporth, Cornwall

Pipeline

		Rented	Shared ownership	Open market	2020 Total	2019 Total
Stock	Units	–	130	3	133	127
Plots owned and units under development	Units	1,670	868	1,107	3,645	2,463

Future plans

Operating across the South West of England, we are committed to delivering new housing during what is a potentially challenging period of economic uncertainty. We are well placed with a strong development pipeline focused on delivering primarily affordable rented homes.

We expect Covid-19 to halve the number of homes delivered in 2020/21 compared to 2019/20 but we are still aiming to build 6,600 over the next five years subject to the uncertainties of Covid-19.

Targets for 2020/21 include:

- To build a minimum of 600 new affordable homes across the South West of England, of which more than 400 will be for affordable or social rent
- To sell 250 homes through shared ownership and open market activity.

We remain committed to improving the environmental performance of new homes, building new communities where people want to live with good design principles, a focus on placemaking and safety at the heart of every home.

Providing more than 37,000 homes across the South West, we continue to grow and develop services for our customers. We believe in a home for everyone.
Image: Tripsen Meadow, Cornwall

LiveWest housing stock

New homes developed in 2019/20

Affordable rent	783
Shared ownership	375
Total affordable homes	**1,158**

LiveWest housing stock

2018	35,439
2019	36,222
2020	**37,384**

Local authority	Affordable housing completions 2019/2020	Affordable housing under development at 31/03/2020	Homes owned and managed
Bath and North East Somerset	49	13	1,006
Bristol	17	203	2,576
Cornwall	139	250	9,826
East Devon	205	210	1,817
Exeter	62	301	1,017
Mendip	28	8	1,080
Mid Devon	73	69	391
North Devon	95	40	1,030
North Somerset	-	63	1,606
Plymouth	44	75	3,154
Sedgemoor	38	35	1,123
Somerset West and Taunton	13	395	1,910
South Gloucestershire	198	209	1,551
South Hams	68	113	3,830
South Somerset	54	102	840
Teignbridge	11	304	823
Torbay	-	14	565
Torridge	25	-	800
West Devon	-	134	1,885
West Dorset	39	-	58
Other	-	-	496
Total	**1,158**	**2,538**	**37,384**

Funding and treasury management

During the year, we launched a £1bn European Medium-Term Note (EMTN) Programme on the International Securities Market and have issued £250m in notes at highly competitive interest rates. At year end, we had total drawn debt of £900m (2019: £806m), and undrawn facilities of £339m (2019: £296m).

The group refinanced a £97m loan during the year, using proceeds from the note issue. We were compliant with our covenants to lenders in the year to 31 March 2020.

The treasury function operates within a framework of clearly defined policies and strategies that are monitored by the Treasury committee and the board quarterly and reviewed annually.

Liquidity

In addition to the undrawn facilities of £339m, at the year-end we had £37m available in cash. This provides us with sufficient liquidity to cover 38 months of planned expenditure, which is significantly higher than the 24 months required by our treasury policy.

Security

All but £146m of our facilities are fully secured and available for drawing. As at 31 March 2020, 11,951 properties (2019: 12,655), with a security value of £1bn, were uncharged or held as excess security and available to secure future borrowings.

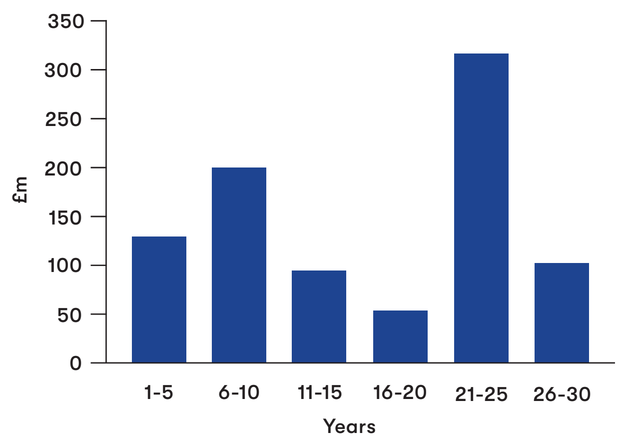
Credit risk

Our treasury management policy sets the minimum credit rating requirements for all approved forms of deposit along with limits on credit exposure to any one counterparty. All counterparties are approved by our Treasury committee. The policy also covers counterparty credit risk on free standing derivatives.

Refinancing

We have limited short to medium term refinancing risk with 14% of drawn loans repayable within the next five years.

Debt repayment profile



We are committed to delivering new housing during what is a challenging period of economic uncertainty.
Image: Mylor Bridge, Cornwall

Interest rates

The board sets targets of fixed, variable and index linked debt in order to manage our exposure to changes in interest rates. This is monitored against market conditions throughout the year by the Treasury committee and the Executive team.

As at 31 March 2020, £395m of our borrowings were variable rate loans of which £364m has been hedged with free-standing and £20m with embedded fixed interest rate swaps with a maturity greater than one year. Overall, following the bond issue, 97% of our debt is at fixed rates (2019: 80%).

Average interest rates increased slightly in the year due to the replacement of variable rate debt with higher long-term fixed rates.

We also have an indirect exposure to bond rates through our pension scheme commitments.

Interest rate basis

Fixed <5 years	14%
Fixed >5 years	83%
Index linked	2%
Variable	1%

Market prices

We have no direct exposure to equity securities price risk but do have an indirect exposure in respect of obligations under the Social Housing Pensions Scheme and Devon County Council Pension Fund.

Margin call

We have free standing derivatives which can give rise to margin calls. This risk is managed by charging additional properties as security. Our approach in this area is cautious and sufficient properties are secured to cover margin calls in the event of a fall in long-term interest rates of 0.5%.

05 Value for money and benchmarking

We are committed to continually improve value for money (VFM) in the provision of high-quality services and homes to our customers. The Value for Money Standard and sector scorecard, together with other operational metrics we use to manage the business, form the significant part of our benchmarking approach.

VFM continues to be ahead of target with the board approving efficiencies of £17m by 2022/23 compared to the business plan prior to merger, while aiming for top quartile performance across all key indicators.

In order to achieve these ambitious efficiency targets, VFM is incorporated into our operational and strategic activities, culture, decision-making and reporting which ensures that we have a transparent assessment of the performance of all assets. Target efficiencies and operational metrics are approved as part of the annual budget and are monitored monthly by the Executive team and our board and are incorporated into the business plan.

Achievement of our targets will allow the board to consider how to invest and balance additional new homes with investment in existing homes and communities. Of particular importance in the coming years will be the achievement of our environmental aim to bring all properties to an EPC 'C' rating and above.

Moody's rating of

A2

Performance against the sector scorecard, based on 2018/19, is also reported quarterly with additional benchmarking to our Moody's peer group annually and the broader group of English housing associations by using HouseMark data. This enables us to measure those areas where we are performing well and to focus on those where we need to improve.

The Moody's benchmark group comprises current A2 or higher rated associations:

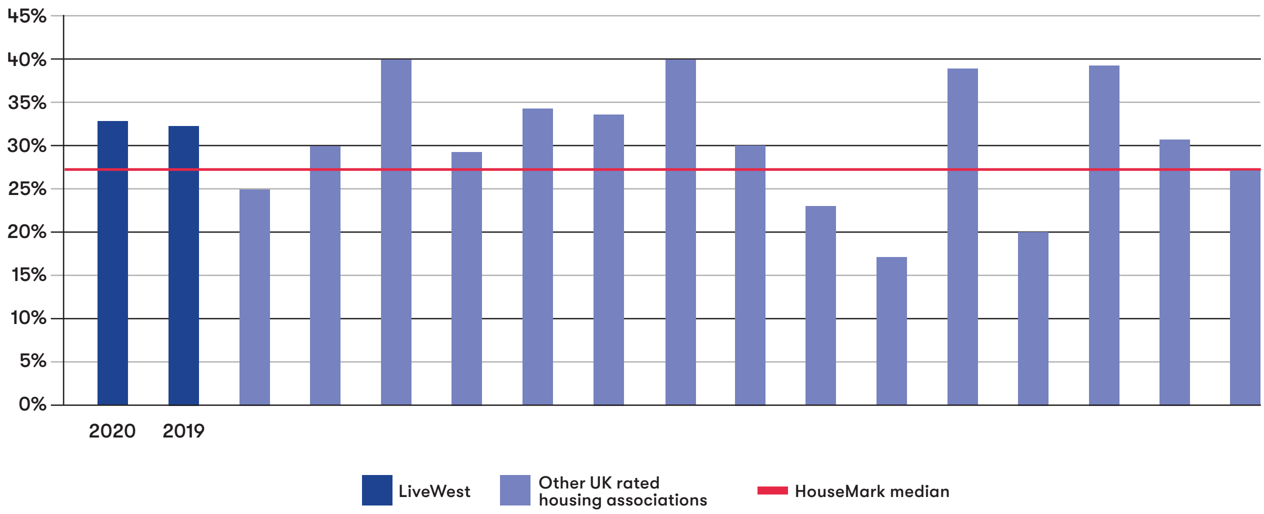
- Alliance Homes
- Bromford Housing Group
- EMH Group
- Flagship Housing Group
- Guinness Partnership
- Jigsaw Homes Group
- Moat Housing Group
- Optivo
- Notting Hill
- Radius Housing
- Riverside Group
- Sanctuary Housing Association
- Sovereign Housing Association
- Stonewater
- WM Housing Group.

Our focus of VFM activities is to:

- ensure our existing homes are safe and maintained to high standards
- generate additional financial capacity to maximise the provision of new affordable housing
- ensure customer satisfaction targets are met and expand services that our customers value.

Business health

Operating margin – social housing lettings

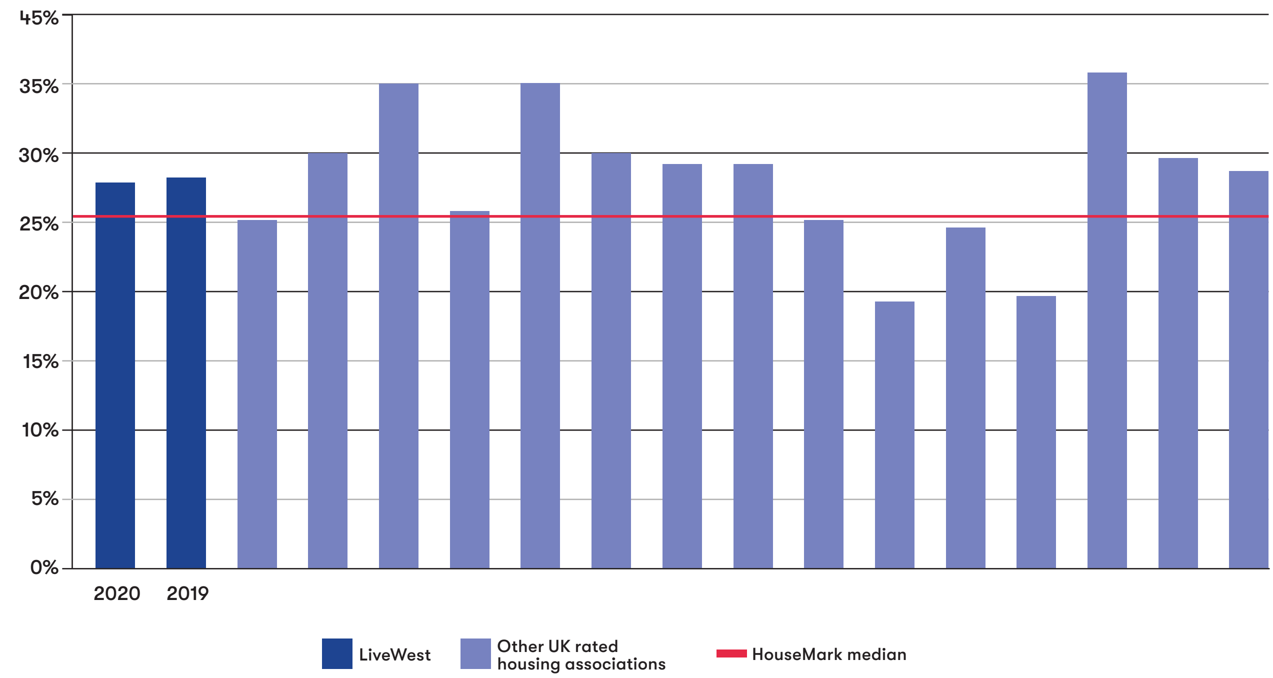


Social housing lettings' operating margin (RSH metric) is the key driver for overall financial performance and enables us to focus on the level of operating costs that we incur to deliver our surplus.

As a result of continued cost control and efficiencies, operating margin has improved to 33.4% from 32.7% in 2018/19 which is above the HouseMark median of 27.2%.

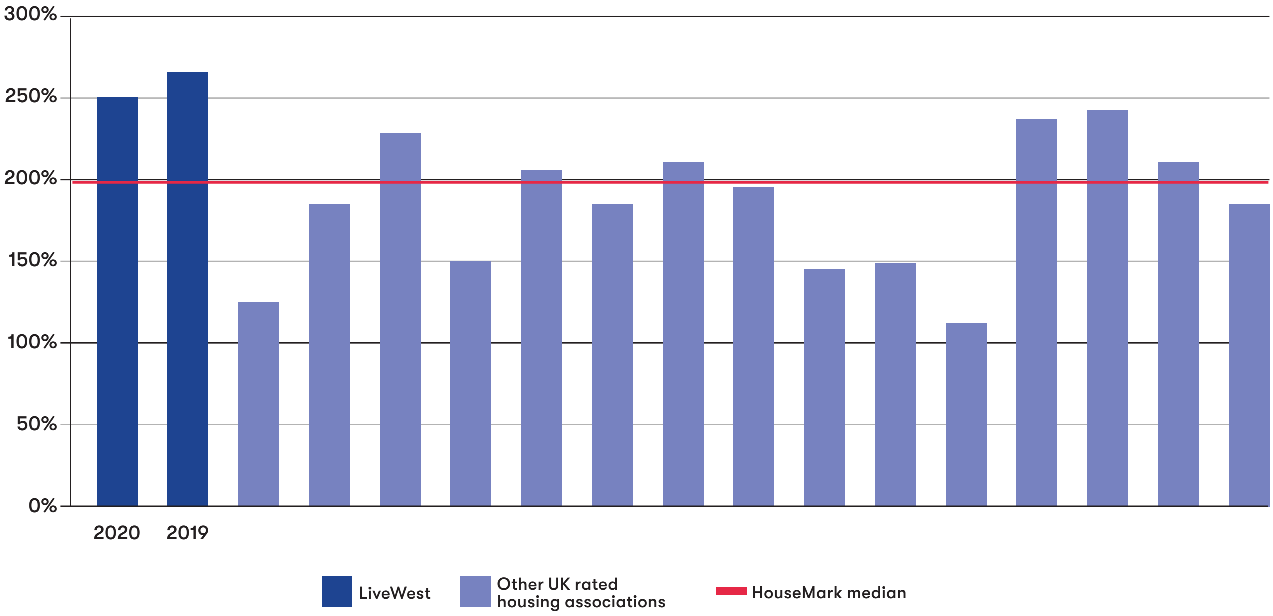
Our Community Connectors have a wealth of experience working in the heart of our communities.

Operating margin – overall



As expected, the operating margin (RSH metric) of 28.0% has reduced from 28.4% in 2018/19 as a result of lower margin shared ownership and open market sales becoming a bigger proportion of our business. However, it is above the HouseMark median of 25.5% and is significantly influenced by social housing lettings, which is the largest part of the organisation where the operating margin improved to 33.4% from 32.7% in 2018/19. Therefore our social housing letting margin provides a consistent indicator for efficiency.

EBITDA – MRI interest cover

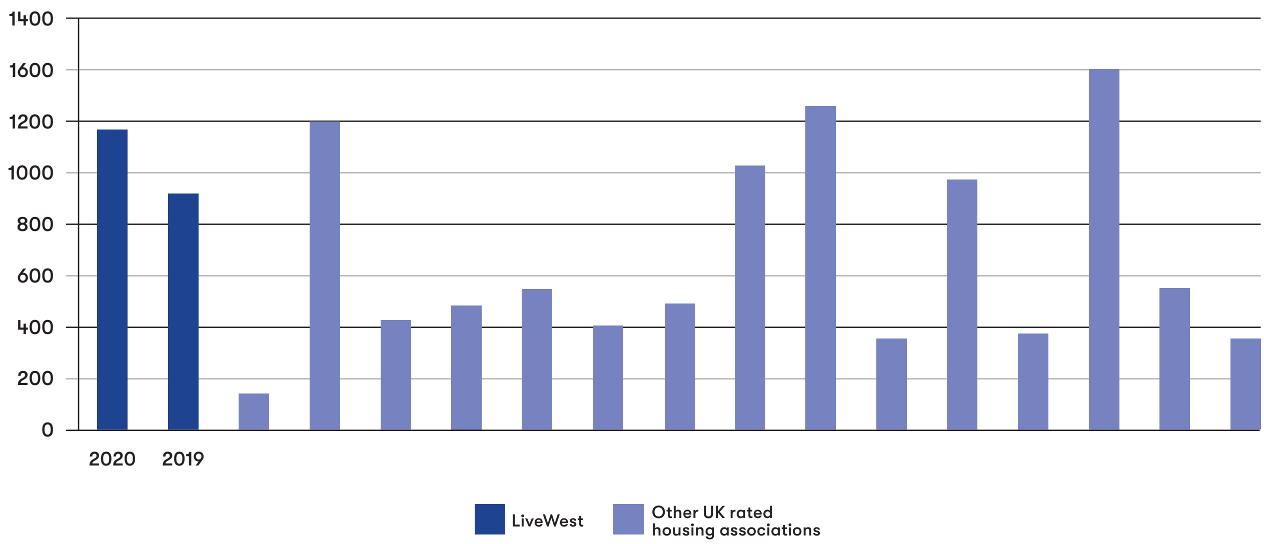


The EBITDA – MRI (RSH metric) indicator is a good approximation for the amount of cash generation and covers 252% of the cash interest payments made during the year.

This indicator has remained in the 250%-300% over the last five years which demonstrates consistent strong performance and is higher than the HouseMark median of 198%.

Development

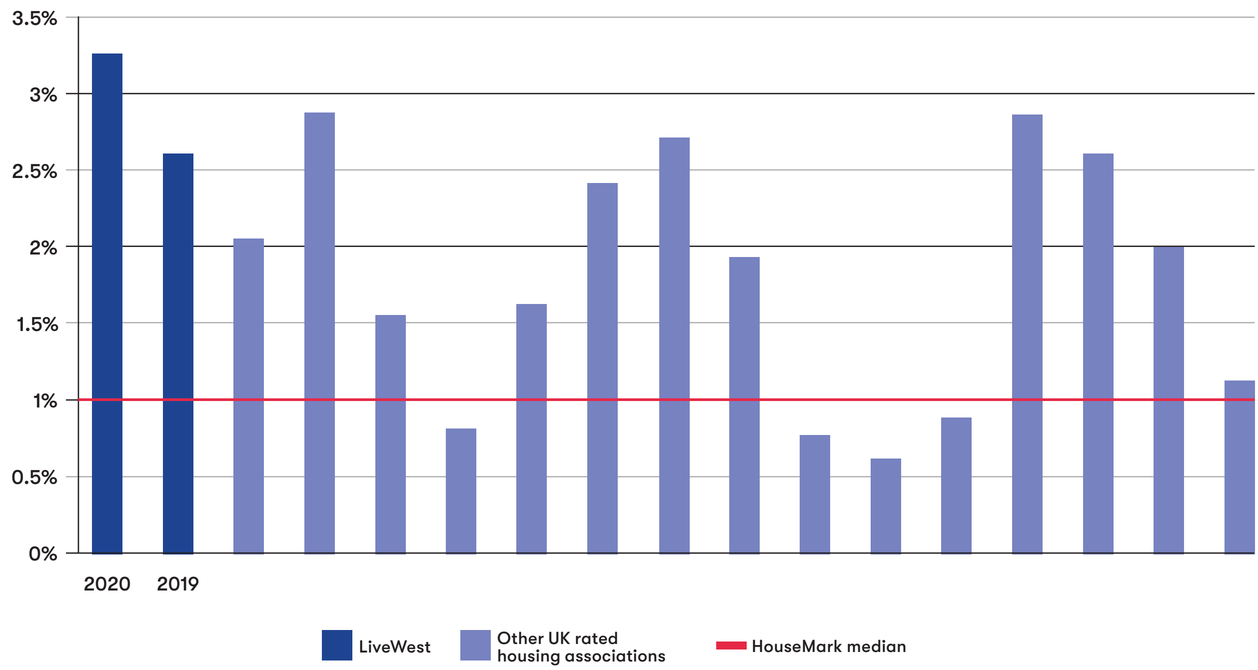
Units developed – social housing

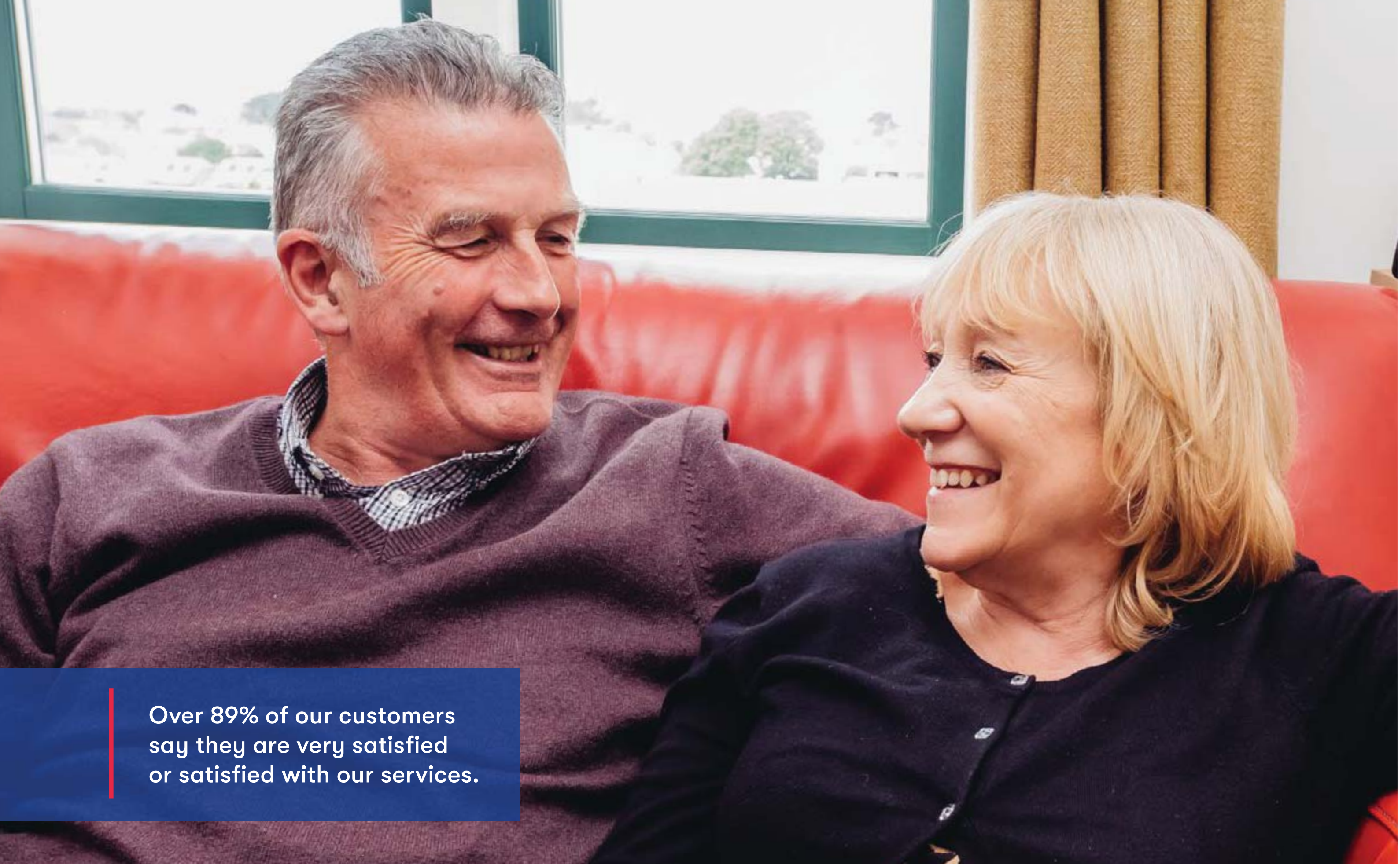


During the year, we delivered 1,158 new social housing units compared to 900 in 2018/19. New supply expressed as a percentage of total stock increased to 3.3% compared to 2.6% in 2018/19, which out-performed all of our Moody's peer group with our future development pipeline continuing to focus on affordable homes.

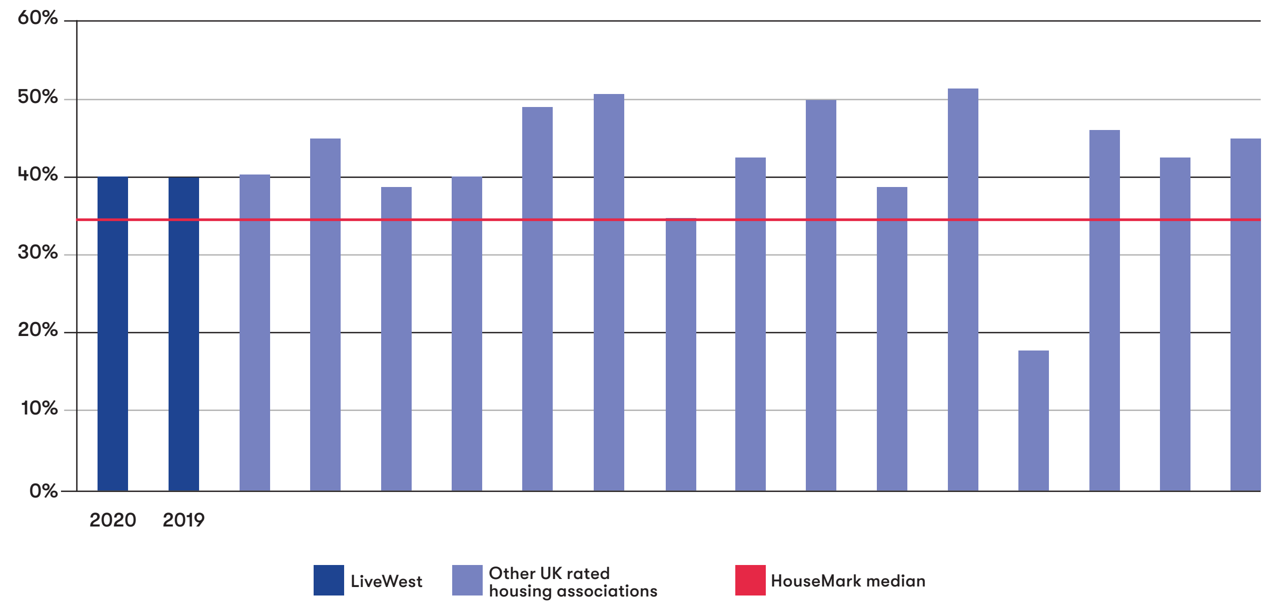
Additionally, we developed 87 non-social units, the majority being market sale homes which is an increase of 0.2% of total stock. The economic uncertainty due to Covid-19 will influence the scale of our non-social development in the coming years.

New supply delivered % – social housing





Gearing

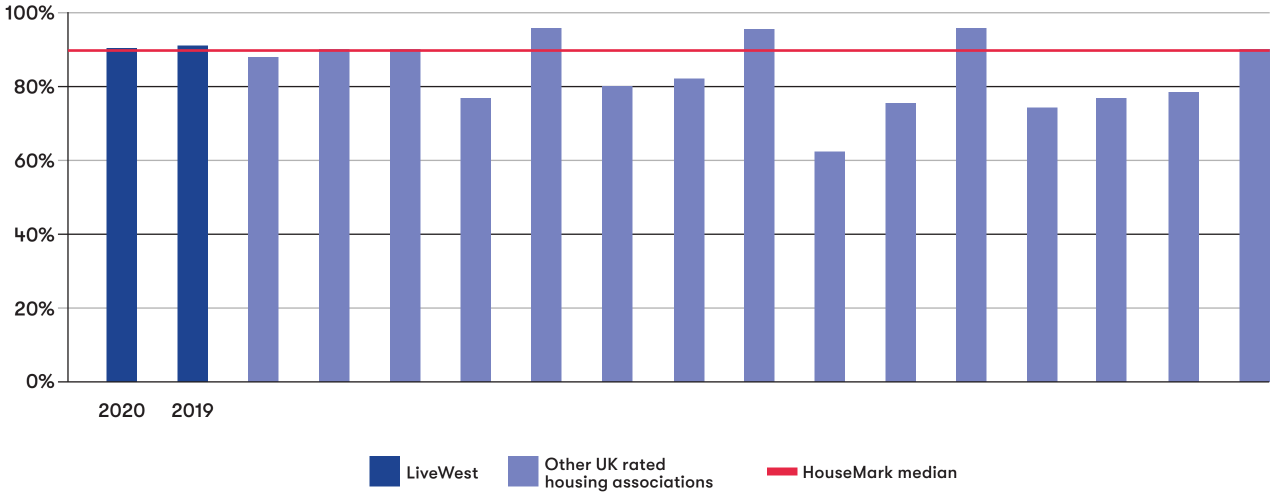


Gearing (RSH metric), as calculated by the sector scorecard, has increased to 41% from 40% in 2018/19 as a result of increased borrowing to fund our development programme. This is consistent with our expectations and is comparable to the Moody's benchmark.

The gearing calculation for loan covenants is 37% compared to 35% in 2018/19, which is consistent with our internal business plan targets and provides significant financial capacity to underpin our future growth programme.

Outcomes delivered

Customer satisfaction



Our customer satisfaction performance is comparable with the prior year at 89% (2019: 90%), places us in the top quartile of the Moody's benchmark group and is above the HouseMark median.

We engage with customers through our InFocus scrutiny panel which ensures their priorities are considered by the board and management team in setting business outcomes.

Investment in communities

We invested £1.7m in communities during the year supporting customers and the areas they live in with grants and assistance. Recognising the hardship many of our customers may face due to Covid-19, the board have increased grant funding by £600,000 in 2020/21.

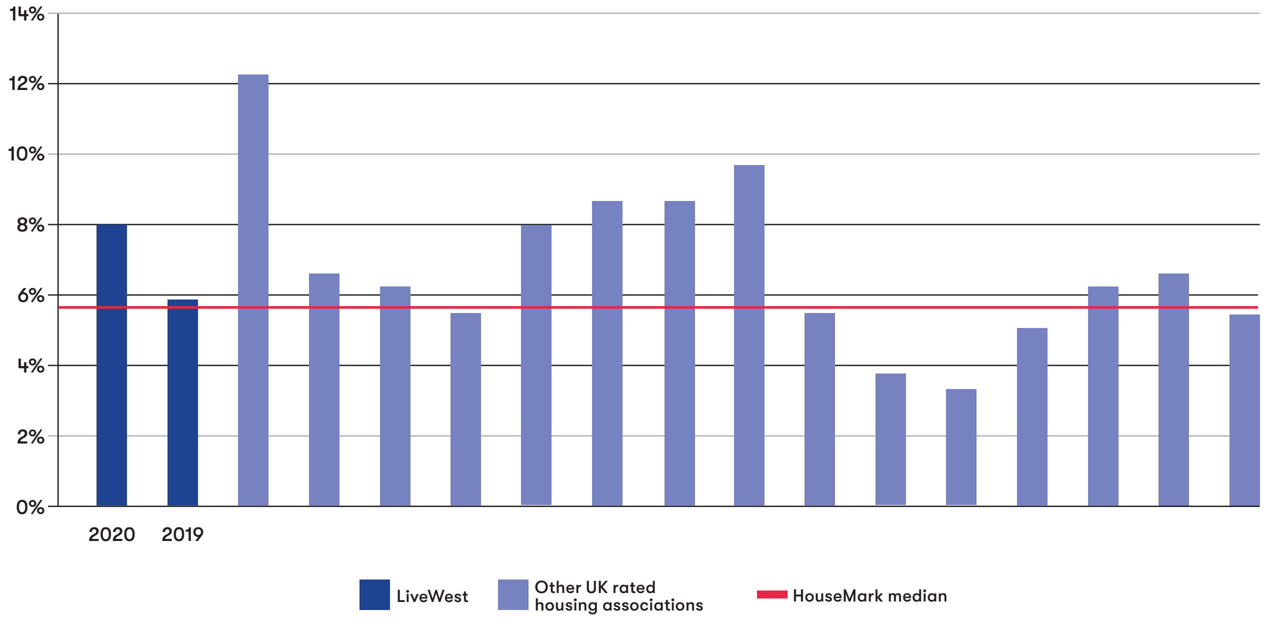
Other customer outcomes

We also monitor the following customer satisfaction metrics where we aim to achieve top quartile performance:

- complaints handling
- quality of neighbourhoods
- quality of homes
- response to customer views
- calls into our customer service centre.

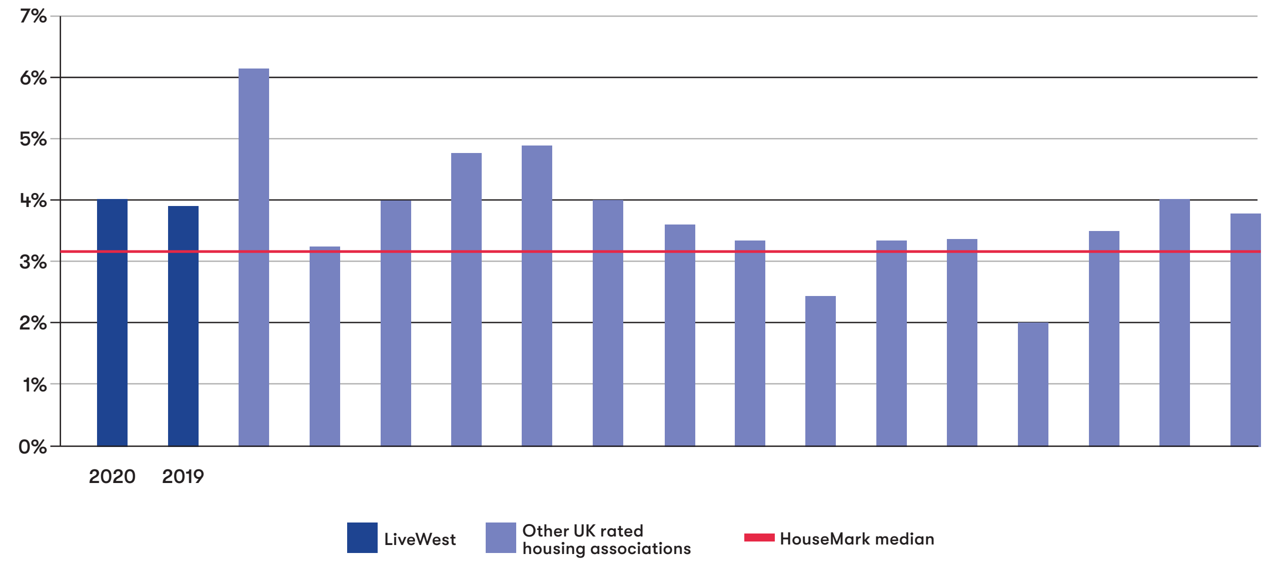
Effective asset management

Reinvestment



The level of reinvestment (RSH metric) is the amount of new homes expenditure compared to the total value of housing properties which increased significantly compared to 2019 due to the growth in the number of new homes developed. It is higher than the HouseMark median and the majority of the Moody's benchmark peers.

ROCE



Return on Capital Employed (ROCE) (RSH metric) measures the financial return on our assets and has increased to 4.0% from 3.9% in 2018/19, is higher than the Housemark median and the majority of the Moody's peer group. As the return on new homes is lower than our existing stock, we would expect ROCE to fall in the future as we develop additional homes.

Occupancy

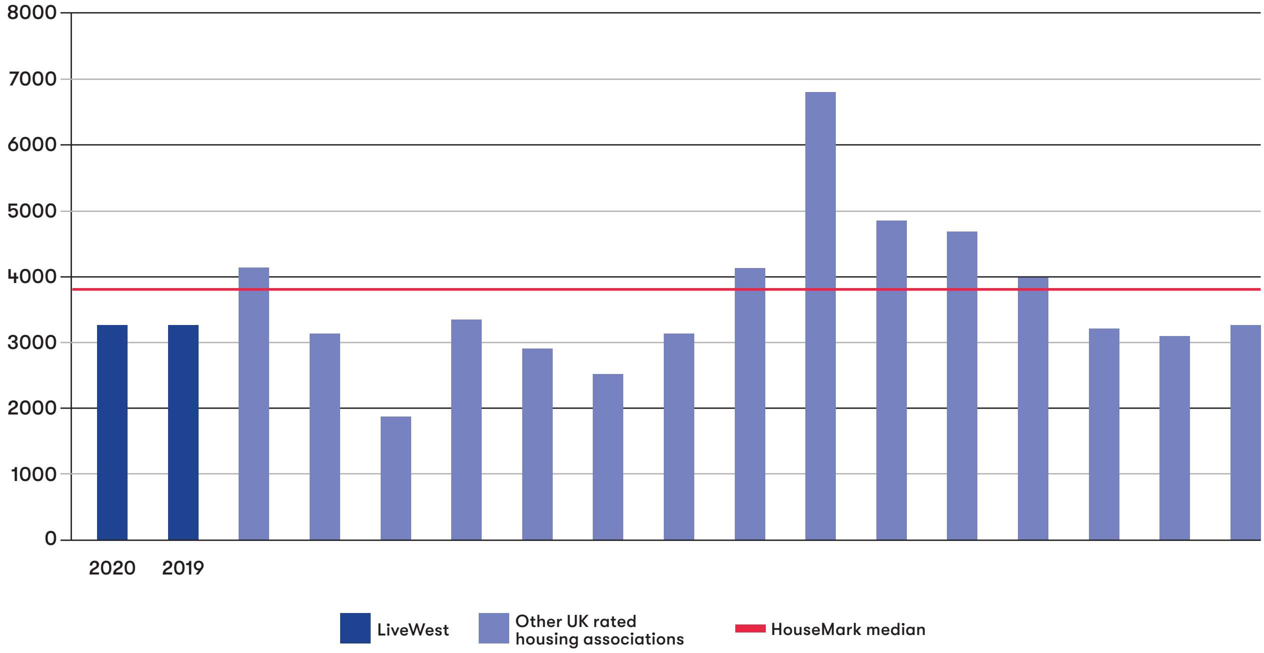
Our occupancy performance shows that 99.5% of our general needs properties were occupied at year-end, which is higher than the sector scorecard median of 99.1%.

Maintenance

The expenditure ratio of responsive to planned maintenance in 2019/20 was 79% compared to 67% in 2018/19 and a HouseMark median of 65%. This ratio can fluctuate between years depending on the replacement programme of major components which is driven by surveys on our properties.

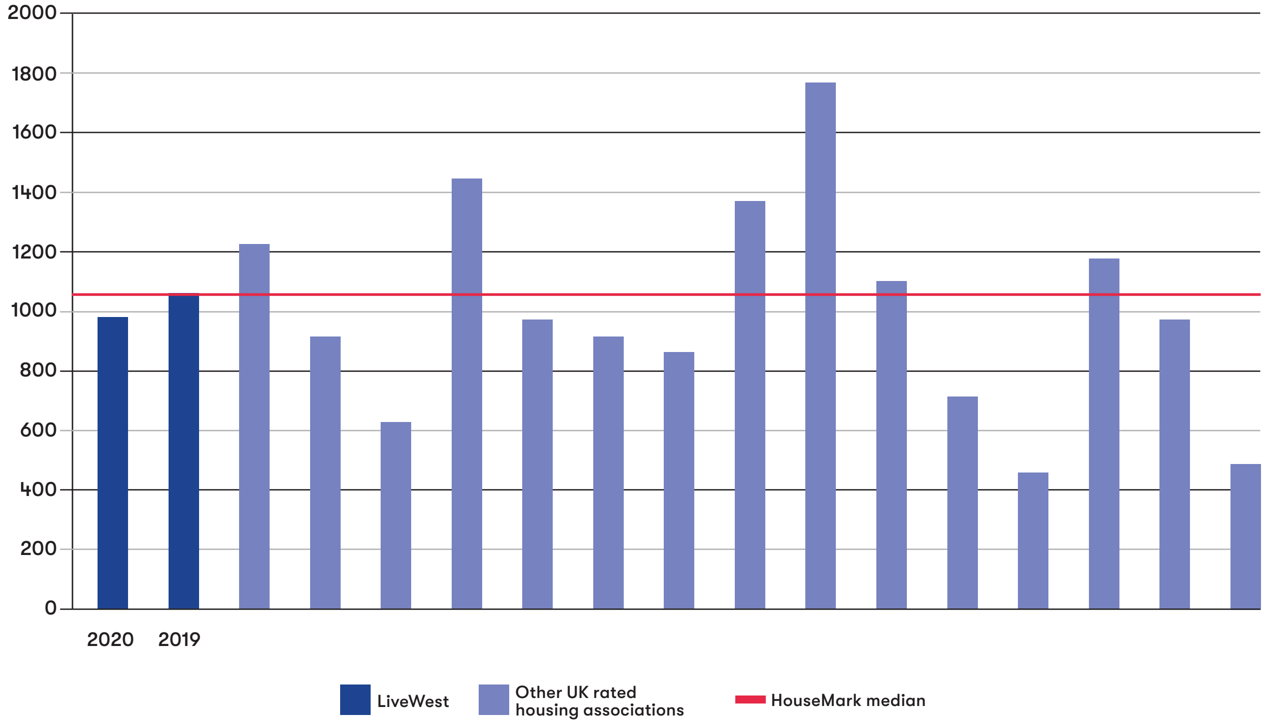
Operating efficiencies

Headline social housing CPU



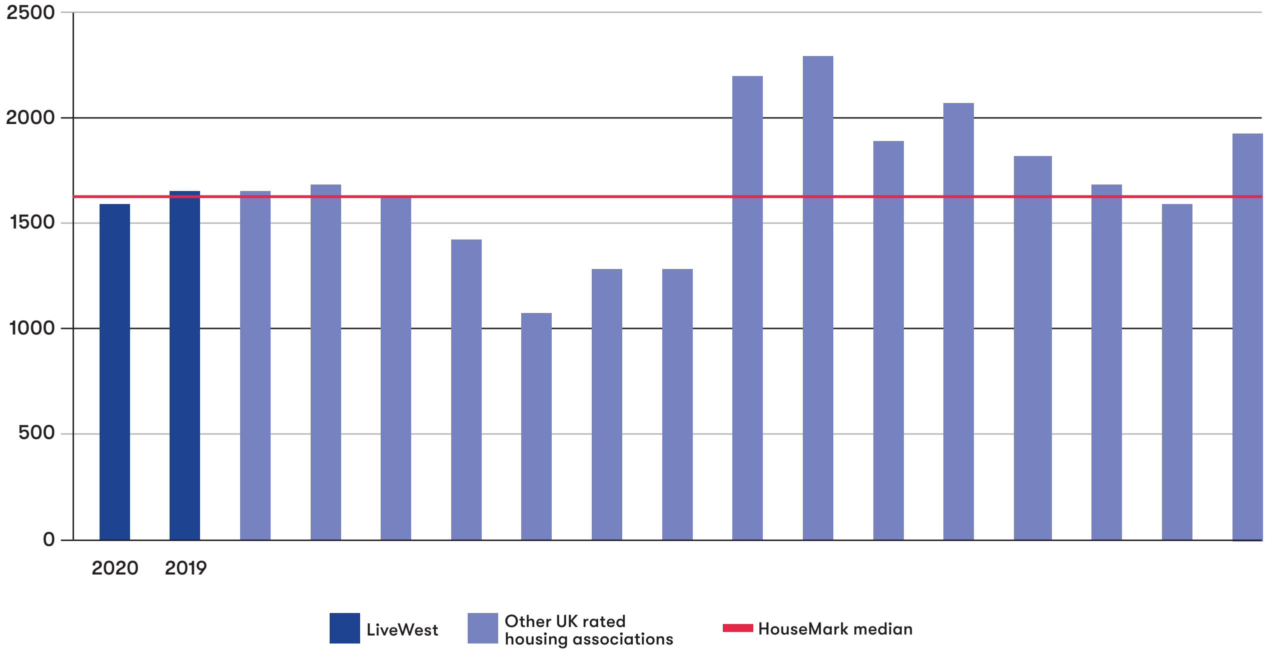
The headline social housing cost per unit (RSH metric) of £3,155 has reduced by £137 from £3,292 in 2018/19 which reflects cost control and efficiency savings and is HouseMark top quartile performance. The key components of headline cost per unit are:

Management CPU – social housing



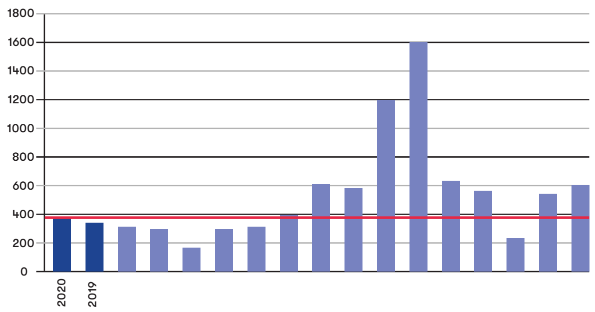
Management cost per unit of £973 is lower than £1,052 in 2018/19 and is better than the HouseMark median of £1,059, with the reduction a reflection of management's focus on efficiencies and cost control.

Maintenance CPU – social housing

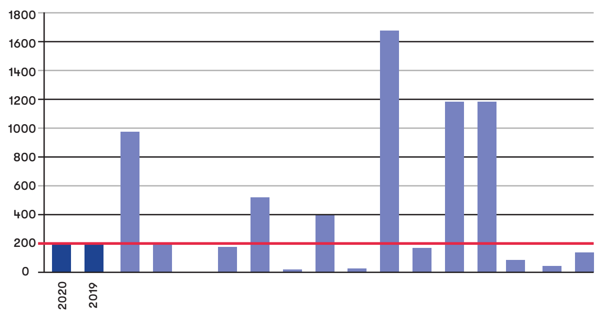


Maintenance cost per unit of £1,587 reduced from £1,701 in 2018/19 which is comparable to the Moody's peer group and illustrates how costs can fluctuate between years depending on the replacement programme of major components. We continue to monitor the condition of our homes through regular surveys which ensures our housing portfolio is effectively managed and maintained to high standards.

Service charge CPU - social housing



Other CPU – social housing



LiveWest
Other UK rated housing associations
HouseMark median

Service charge cost per unit increased to £384 during the year and is slightly higher than the HouseMark median of £365. Services are regularly reviewed with our customers and competitively tendered.

The balance of other costs in the headline cost per unit have been relatively constant year on year and are largely comparable to the HouseMark median.

Other performance indicators

The other indicators in this category of operating efficiencies measure the percentage of rent collected (general needs properties) for the year and overheads as a percentage of turnover, with 2019/20 performance being 101% (2019: 100%) and 7.5% (2019: 9.2%) respectively which are both improvements on 2018/19.

We also monitor rent arrears as part of operational management where arrears have increased slightly to 1.9% at year end compared to 1.8% in 2018/19. Arrears will be monitored closely in 2021 as Covid-19 may impact our customers' ability to pay their rent.

Homes and communities that people love to live in

A celebration event marked the re-opening of a rejuvenated play park following a three-year community effort. The play park is a hive of activity in the Champernowne area of Modbury, Devon. The community rallied and a group of mums and volunteers set up the Champernowne Playpark Group. Our community connectors were a key part of the support to make this happen.

Monica, from Champernowne Playpark Group, said: “The new play area means families and children once again have a safe space to play. This is the culmination of a lot of hard work and I would like to thank LiveWest for their help.”

We provided staff support and coordination to the steering group which planted new flowerbeds, installed benches and painted walls. To witness a community all pulling together in the same direction means the improbable can happen.

We are proud to see residents taking great care in their outdoor areas. When the ribbon was finally cut, the children realised the waiting was over and rushed in to explore every aspect of the fun that was on offer. The sheer joy on their faces made all the hard work worthwhile.

07 Managing our risks

Our approach

Our risk management approach is underpinned by strong leadership and clear lines of reporting from management to the board. The board sets the risk appetite in line with the corporate strategy, quantifying the organisation's willingness to take risks. The board delegates responsibility for risk management to the Audit and Risk committee (ARC) and each subcommittee is responsible for overseeing the risks they have been allocated by the board.

Accountability for managing risks sits with the Executive team and is embedded across the management structures with quarterly reviews by committees and the board. Additionally, the ARC reports annually to the board on the effectiveness of internal controls.

ARC also approves and oversees the annual internal audit programme, providing assurance that the controls in place are both well designed and operating effectively.

We review the annual sector risk profile published by the Regulator of Social Housing, ensuring that our risk map is aligned with the risks to which the sector is exposed. Additionally, the ARC and the board received reports from management during the year on specific risk areas, including fire safety, landlord health and safety compliance, cyber security and the implementation of new IT systems.

We horizon scan monthly to identify emerging concerns which might increase our exposure to risks and to adapt our mitigations accordingly. Using expert advice from our risk consultants, insurers and auditors, we identify the possible threats and mitigations required should certain scenarios materialise.

We monitor several key performance indicators aligned to our strategy and risks and these also inform the quarterly risk assessments of our risks.

Focus in the year

Except for the new risks posed by Covid-19, our main risks are essentially the same as last year. Actions to manage and mitigate those risks are set out in the table on page 41.

The last twelve months have been notable for the levels of uncertainty faced by the country and the sector, with Britain's departure from the European Union and the start of the Covid-19 pandemic bringing considerable new challenges to the usual risks we face.

During the year, in order to maintain high levels of liquidity and financial headroom, we launched a £1bn European Medium-Term Note and have issued £250m on the International Securities Market. This enables us to access the market at short-notice, subject to allocating security against the additional borrowing from our uncharged properties.

At the year-end, we had £376m of cash and undrawn facilities available which is sufficient to cover over three years of forecast requirements. Therefore, with the note programme and facilities in place we do not consider liquidity and financial management to be a significant risk

Our board and committees have reviewed our exposure to risks throughout the year and have gained assurance from a range of sources, including auditors and management, that the controls we have in place are sound and operating effectively. We worked with the regulator, our insurers, the broader housing sector and third parties to get the best understanding of how those risks could affect us and how we could be best prepared to minimise both their likelihood and impacts.

Due to the restrictions of Covid-19 we launched a virtual viewings service for customers interested in buying a home from us.
Image: Goldsithney, Cornwall

Covid-19

The outbreak of the pandemic resulted in a national lockdown and social distancing measures to limit the spread of the virus across the country. Our Executive team recognised the need to focus on a set of immediate threats to the organisation and we compiled a register of threats and key indicators to inform tactical decision-making as part of our business continuity planning. Our focus throughout this crisis was:

- the safety of our staff and of our customers
- the supply of Personal Protective Equipment (PPE)
- the supply chain of key parts and components
- the loss of rental income
- the loss of sales income
- staff wellbeing
- our ability to reintroduce services.

Before the lockdown was enforced nationally, we had taken our own measures to limit the spread of the virus amongst our staff and customers. Throughout the period of lockdown, we adapted our service delivery and back office functions to protect the safety of our customers and our colleagues. We have since then developed a controlled plan to come out of lockdown which was approved by the board and have a phased approach to reintroducing all our services.

We have been faced with new challenges in the past year and anticipate a new set of challenges with the likely economic difficulties the country will face as a result of the Covid-19 pandemic. However, we have good processes in place to respond quickly to new demands and are confident of our preparedness for the challenges ahead.

Collaborating with the Career Transition Partnership provides work placements and jobs which has enabled Simon, who has left the armed forces, to retrain for a new career.

Brexit

The timing of Brexit has required our board to carefully consider how we could best minimise our exposure. We have shown our ability to continue to offer excellent services, long-term viability and high employee engagement throughout these challenging times.

Until the withdrawal agreement was passed by Parliament and the start of the Brexit transition period, we faced uncertainties over the nature and timing of the UK's departure from the European Union (EU). Throughout the year the Executive team reviewed the evolving situation, providing the board with quarterly updates on our approach. Assisted by our risk management consultants, we reviewed the impact of different Brexit scenarios and opted to prepare for a no-deal Brexit in October 2019, including:

- any impact on LiveWest EU colleagues
- unavailability of parts and components
- delays in the supply chain
- unavailability of fuel.

We were able to implement critical controls to mitigate against the materialisation of these threats and provide the board with assurance that we would be able to provide continuity of service to our customers.

Other risks were considered, such as the impact of the economy on our ability to secure financing, on the housing market and the impact on the workforce in the construction sector.

We worked closely with our main suppliers to gain assurance that they would be able to continue the supply of key parts and components. We also put in place protocols to secure fuel supply and prioritise distribution by service.

We continue to monitor the situation and will increase our preparations as the trade deal negotiations take place and we evaluate the possible impact on us and our customers.

Principal risks

Strategic objectives

- ● Customers who trust us
- ▲ Homes and communities people love to live in
- ⬢ Growth and fit for purpose
- ■ Proud to work here

Risk	Impact	How we mitigate	Developments in 2019
Customer safety Ensuring that our customers are safe in their homes through appropriate servicing of components and risk assessments. ● ■ ▲ Status: Unchanged	Injury to customer from failure to maintain key components. Regulatory action from failure to comply with statutory requirements.	Scrutiny of health and safety systems. Monthly reconciliation of all landlord health and safety compliance data.	Operational standards for all safety risk servicing areas. Completion of the safety data audits with assurance provided to the board. Review of cladding on properties and report to the board providing assurance on the level of risk. Review and upgrade fire barriers on properties.
Development Delivering the long-term development ambitions. ⬢ ■ ▲ Status: Increased	Reduced ability to invest in new homes.	Robust scheme appraisal processes and developments pipeline approved by board. Board approved limits to mitigate exposure to individual contractors.	Board approval of the development strategy. Largest number of homes developed across all tenures.
Housing and customer service Delivering quality services to our customers. ● ▲ ⬢ ■ Status: Increased	Severe damage to our reputation. Reducing trust among customers.	Portfolio of integrated policies and procedures. Annual report to customers. Customer Services committee providing monthly overview of services and performance.	Tenant involvement group, InFocus, formed and operational. Customer services strategy approved by the board.
Cyber Inability to keep our information and network safe from cyber threats. ● ⬢ ■ Status: Increased	Regulatory and statutory implications from significant data breach. Severe damage to our reputation and reduced customer trust.	Annual systems security testing. Secure data centres and environment. Data protection policy and procedures.	Information security framework. Plan in place to achieve cyber security.

Group structure and corporate governance

LiveWest Homes Limited (LiveWest) is the parent company of our group, providing strong, clear leadership and directing our resources across the 37,384 properties we manage. It is registered under the Co-operative and Community Benefit Societies Act 2014 and is also registered with the Regulator of Social Housing as a provider of social housing.

Our governance arrangements are set out in LiveWest's Standing Orders and Financial Regulations and covers the terms of reference and the roles and responsibilities of board and committee members. Our delegations protocol also notes the matters reserved to the board for decision or delegated to its committees and the Executive team.

We have retained specialist companies within our group structure, and these are listed on page 78.

Following a review of our corporate structure last year, we have made some changes and will be making further changes during the 2020/21 financial year, in order to simplify and streamline our decision-making.

We have adopted the National Housing Federation's Code of Governance and comply with the 2015 version in all respects.

1 Our board

No one board member is expected to exhibit all skills that are needed for direction of the group as collectively the board has amongst its membership a range of skills, experience and understanding of corporate governance, general business strategy, finance, property investment and property development and management.

Non-executive board members are paid for their services, with pay levels set following an independent assessment of comparable organisations.

Board pay is accompanied by clear expectations of individual and collective board member performance. We have introduced annual appraisals to manage this, using 360-feedback online surveys for all our board and committee members, as appropriate to each board members' tenure, thereby increasing transparency and accountability.

During the year we have strengthened the skills on our board by the appointment of Jacqueline Starr, a non-executive with considerable customer services experience. There have been no other changes in board membership during the year. The members are shown in the information section of this report on page 95.

Members of the board are required to direct the affairs of the company in accordance with its rules. In addition, board members are required to exhibit the highest standards of probity and to:

- have no financial interest either personally or through a related party in any contract or transaction with the group except as permitted under the LiveWest rules
- act only in the interests of the group whilst undertaking its business.

We are governed by the LiveWest board, which is ultimately responsible for the control of the group, including the determination of its overall objectives and strategy. The board has delegated certain matters to five internal committees to support it with operational oversight ensuring delivery of our strategy. Our board monitors the performance of all subsidiaries within the group through the committee structure, to ensure that the subsidiaries remain financially viable and conduct their affairs properly.

The board currently comprises nine non-executive members selected on the basis of skills, qualities and experience. The Chief Executive and the Deputy Chief Executive/Executive Director of Finance are also members of the board.

2 Our committees

Group structure and corporate governance

Our board is supported by five functional committees covering audit and risk, treasury, customer services, remuneration and development.

As well as board members on our committees, their decision-making is strengthened by the inclusion of independent advisors, to bring an external view and specialist skills.

Audit and Risk committee

The Audit and Risk committee is responsible for monitoring and reporting to the board on the group's systems of internal control and risk assurance, regulatory compliance and for overseeing internal and external audit. The committee met four times during the year.

It consists of four non-executive board members appointed from our board, based on skills and experience, including at least one member with recent and relevant financial experience suited to reviewing the work of audit.

Treasury committee

The Treasury committee is responsible for the governance of treasury activities within the group and for proactively monitoring treasury risks and related matters and met five times during the year.

The committee consists of three non-executive board members appointed from our board, including at least one member with recent and relevant treasury experience as well as the Deputy Chief Executive/Executive Director of Finance.

The committee also includes a non-executive independent adviser with treasury experience, to strengthen the skills on this committee.

Customer Services committee

The Customer Services committee provides oversight of customer services, including landlord services performance and risks, complaints and other matters.

It consists of four non-executive board members and the Executive Director of Operations. The committee met six times during the year.

Remuneration and Nominations committee

The Remuneration and Nominations committee is responsible for setting the reward and recognition strategies for our staff and to oversee the processes for succession planning, recruitment and selection to the board and its committees, making recommendations to the board on these matters. The committee also sets the level of board pay and the remuneration of the Chief Executive.

It consists of three non-executive board members and met three times during the year.

Development committee

The Development committee is responsible for reviewing the group's overall development activity and monitoring development risks and related matters. It has delegated authority from the board to approve schemes up to a specified size and financial limit, within our business plan and budget parameters. The committee also reviews any high-risk schemes and schemes outside the business plan and makes recommendations on these to the board for approval.

The committee consists of two non-executives from the board, the Executive Director of Development, the Deputy Chief Executive/Executive Director of Finance and the Chief Executive. The committee also includes a non-executive independent adviser with experience of large-scale housing development, appointed during the year as a member, to strengthen the skills on this committee. The committee met six times during the year.

3 Customer scrutiny and the customer's voice

Customer feedback influences our service design and delivery. Our scrutiny panel, InFocus, ensures that customer priorities are acted upon, assess our performance and identify key issues to address. It also looks at value for money and the services that customers value as well as celebrating and promoting what we do well.

4 Our Executive team and management working groups

Our Executive team has delegated authority from the board and the boards of the subsidiary organisations for:

- the day-to-day operations of the group
- monitoring our operational performance and reporting appropriately to our board and the boards of our subsidiary organisations
- implementing policies and strategies agreed by our board and the boards of the subsidiary organisations, reviewing those policies
- strategies and proposing changes as appropriate.

The members of the Executive team are shown on page 96.

Reporting to the Executive team are several specific working groups comprising lead senior managers from the business, providing oversight and decision making across performance, risk, internal audit, value for money and other matters.

5 Regulation

The regulator's assessment on compliance with its Governance and Financial Viability Standard is expressed in grades from G1 to G4 for governance and V1 to V4 for viability. For both governance and viability, the first two grades indicate compliance with the standard.

It is a regulatory requirement that registered providers shall assess their compliance with the Governance and Financial Viability Standard at least once a year and certify in their annual accounts their compliance with the standard. The group is compliant with the standard.

Following an in-depth assessment by the Regulator of Social Housing in May 2019, the Regulatory Judgement published on the Regulator of Social Housing's (RSH) website in respect of LiveWest Homes Limited is G1, V1:

- G1 – The provider meets the requirements on governance set out in the Governance and Financial Viability Standard.
- V1 – The provider meets our viability requirements and has the financial capacity to deal with a wide range of adverse scenarios.

We support our customers

We are so proud to have helped Plymouth-based Paul after hearing about his dream to participate in the 2024 Paralympic games.

Having served as a communications operator and a medic in the Royal Navy, Paul suffered from post-traumatic stress disorder following the loss of his arm during military service. After leaving the forces, his recovery was helped when he took up archery and his natural flair for the sport became obvious. But Paul needed some financial support to enable him to buy the equipment needed to compete at the top level.

Paul said: “When I found out that LiveWest had given me the grant to buy a new bow, you’ve never seen somebody smile so much in all of your life. I am incredibly grateful. Without them I wouldn’t have this bow and wouldn’t be part of the GB Paralympic team. The fact that they were prepared to give me the benefit of the doubt to help with my recovery made me feel special. It’s great that my housing association have not only housed me but is helping me to realise my dreams.”

Board report

The LiveWest board presents its report and audited consolidated financial statements of the company and its subsidiaries (the group) for the year ended 31 March 2020.

Internal controls and directors’ responsibilities

Internal controls assurance

The board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. This responsibility applies for all organisations within the group, including those not registered with the Homes and Communities Agency.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against fraud, material misstatement or loss.

In meeting its responsibilities, the board has adopted a risk-based approach to establishing and maintaining internal controls, which are embedded within day-to-day management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which the company is exposed.

The process for identifying, evaluating and managing the significant risks faced by the group is ongoing. It has been in place throughout the period commencing 1 April 2019 up to the date of approval of the annual report and financial statements as set out in the group structure and corporate governance section.

The arrangements adopted by the board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework, include:

- leadership by the board, its subsidiary boards and committees in analysing the strengths, weaknesses, opportunities and threats of the group.
- requiring a risk assessment before any board decision is made, and by the Audit and Risk committee reviewing internal control and major risks of the group.
- clear delegation of responsibility for risk management within the organisation as documented in the financial regulations and standing orders, board and committee terms of reference, individual job descriptions and group risk map.
- active regular assessment of risks by boards, committees and management and a formal annual review of risks and controls in place to manage them.
- accountability for risk management through formal reports by committees and management to the Audit and Risk committee and to the main board.
- embedding risk management into the culture of LiveWest by ensuring that risk is assessed as part of the decision-making process by the Executive team and a proactive approach to identifying changes in risks and controls.
- using external means of validation through regular risk-based audits and acting on resulting recommendations.
- a LiveWest anti-fraud policy, covering prevention, detection and reporting of fraud, the recovery of assets and review of entries in the fraud register by the Audit and Risk committee.

Statement of board's responsibilities in respect of the financial statements

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

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

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

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

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

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

Governance and financial viability standard

The group monitors its ongoing compliance with both the economic and consumer regulatory standards and compliance is reported to the board on an annual basis with any changes or implications arising within the year being reported on an ad hoc basis. As at the reporting date the board can confirm that they comply in all material respects with the standard.

Going concern

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

The Group prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in March 2020 by the board. As well as considering the impact of a number of scenarios on the business plan the board also adopted a stress testing framework to use four main types of sensitivity testing against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure.

Following the outbreak of Covid-19 the Group has undertaken a series of further scenario testing including severe but plausible downsides in the worst case assessment.

The board, after reviewing the group and company budgets for 2020/21 and the group's medium term financial position as detailed in the 30-year business plan including changes arising from the Covid-19 pandemic, is of the opinion that, taking account of severe but plausible downsides, the group and company have adequate resources to continue in business for the foreseeable future. In order to reach this conclusion, the board have considered:

- The property market – budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales, reductions in sales values and potential conversion to social homes
- Maintenance costs – budget and business plan scenarios have been modelled to take account of cost increases and delays in maintenance expenditure, with major works being phased into future years
- Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments. Budget and business plan scenarios have been developed to take account of potential future reductions in rent received
- Liquidity – current available facilities of £376m which give significant headroom for any cash flows that arise
- The group's ability to withstand other adverse scenarios such as higher interest rates and number of void properties.

The board believe the group and company has sufficient funding in place and expect the group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

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

Provision of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

A resolution to re-appoint KPMG LLP as auditors will be proposed at the forthcoming annual general meeting.

Report of the board

The report of the LiveWest board was approved on 13 August 2020 and signed on its behalf by:

Linda Nash
Chair

This year we achieved a key milestone of delivering 1,158 new affordable homes throughout the South West.

Image: Porthgwari, Cornwall

Independent auditor's report of LiveWest Homes Limited

Opinion

We have audited the financial statements of LiveWest Homes Limited ("the company") for the year ended 31 March 2020 which the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of affairs of the group and the company as at 31 March 2020 and of the income and expenditure of the group and the company for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been properly prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Board's conclusions, we considered the inherent risks to the group business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Other information

The directors are responsible for the other information, which comprises the Strategic Report, Group Structure and Corporate Governance, Board Report and the Statement on Internal Controls. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Board's responsibilities

As more fully explained in their statement set out on page 46, the company's Board is responsible for the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

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

Harry Mears
for for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Regus, 4th Floor
Salt Quay House
6 North East Quay
Plymouth
PL4 0HP

19 August 2020

Financial statements

Companies within the group, board members, executives and advisers

Statement of comprehensive income

For the year ended 31 March 2020	Note	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Turnover	3	**248,550**	232,943	**218,051**	202,531
Operating costs	3	**(178,956)**	(166,726)	**(152,970)**	(142,148)
Surplus on property sales	4	**19,917**	14,313	**19,917**	14,308
Change in value of investment property	13	**-**	879	**-**	833
Operating surplus	3	**89,511**	81,409	**84,998**	75,524
Share of (loss)/profit in associate		**(9)**	6	**-**	-
(Loss)/profit on sale of other fixed assets		**(43)**	960	**(43)**	960
Interest receivable and other income	8	**232**	224	**2,636**	1,342
Interest payable and similar charges	9	**(28,506)**	(24,335)	**(28,509)**	(24,391)
Other finance costs – pensions	29	**(1,085)**	(1,037)	**(1,085)**	(1,037)
Change in fair value of financial instruments		**(1,289)**	(1,226)	**(1,289)**	(1,226)
Gift aid		**-**	-	**2,787**	4,264
Surplus on ordinary activities before tax	5-7	**58,811**	56,001	**59,495**	55,436
Tax on surplus on ordinary activities	10	**-**	-	**-**	-
Surplus for the year		**58,811**	56,001	**59,495**	55,436
Other comprehensive income					
Surplus for the year		**58,811**	56,001	**59,495**	55,436
Effective portion of changes in fair value of cash flow hedges		**(10,109)**	(8,460)	**(10,109)**	(8,460)
SHPS opening balance adjustment	29	**-**	(15,333)	**-**	(15,333)
Actuarial gain/(loss)	29	**22,132**	(7,898)	**22,132**	(7,898)
Total recognised surplus relating to the year		**70,834**	24,310	**71,518**	23,745

The statement of comprehensive income was approved by the board on 13 August 2020 and was signed on its behalf by:

Paul Crawford
(Chief Executive)

Melvyn Garrett
(Executive Director of Finance)

Jill Farrar
(Company Secretary)

Statement of financial position

As at 31 March 2020

	Note	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Fixed assets					
Intangible assets	11	**4,435**	2,284	**4,435**	2,284
Housing properties - cost net of depreciation	12	**2,083,152**	1,950,441	**2,057,039**	1,928,714
Investment properties	13	**22,940**	25,305	**14,857**	17,220
		2,110,527	1,978,030	**2,076,331**	1,948,218
Other tangible fixed assets	14	**29,286**	27,621	**29,286**	27,621
Investments	15	**274**	190	**84,133**	69,152
Homebuy loans		**9,079**	9,458	**8,727**	9,090
		2,149,166	2,015,299	**2,198,477**	2,054,081
Current assets					
Properties for sale	16	**95,505**	69,237	**23,052**	20,580
Stock		**246**	206	**246**	206
Debtors	17	**43,089**	46,349	**20,949**	41,862
Cash at bank and in hand	18	**51,118**	18,402	**50,697**	15,157
		189,958	134,194	**94,944**	77,805
Creditors: Amounts falling within one year	19	**(102,178)**	(92,656)	**(97,990)**	(103,778)
Net current assets/(liabilities)		**87,780**	41,538	**(3,046)**	(25,973)
Creditors: Amounts falling due after more than one year	20	**(1,655,646)**	(1,521,813)	**(1,642,018)**	(1,521,655)
Provisions for liabilities and charges					
Pension liability	29	**(23,508)**	(48,066)	**(23,508)**	(48,066)
Net assets		**557,792**	486,958	**529,905**	458,387
Capital and reserves					
Called up share capital	22	**-**	-	**-**	-
Revaluation reserve		**-**	-	**-**	-
Restricted reserve		**184**	184	**184**	184
Cash flow hedge reserve		**(97,403)**	(87,294)	**(97,403)**	(87,294)
Designated reserves	23	**148,322**	113,025	**148,322**	113,025
Revenue reserves		**506,689**	461,043	**478,802**	432,472
Total funds		**557,792**	486,958	**529,905**	458,387

These financial statements were approved by the board on 13 August 2020 and were signed on its behalf by:

Paul Crawford
(Chief Executive)

Melvyn Garrett
(Executive Director of Finance)

Jill Farrar
(Company Secretary)

Statement of changes in equity

	Group						
	Called up share capital	Revaluation reserve	Restricted reserve	Cash flow hedge reserve	Designated reserve	Revenue reserve	Total equity
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2018	-	-	246	(78,834)	104,651	436,585	462,648
Total comprehensive income for the period							
Surplus for the year	-	-	-	-	-	56,001	56,001
Measurement in fair value of financial instruments	-	-	-	(8,460)	-	-	(8,460)
Reserves transfer	-	-	(62)	-	8,374	(8,312)	-
Remeasurements of the net defined liability	-	-	-	-	-	(23,231)	(23,231)
	-	-	(62)	(8,460)	8,374	24,458	24,310
Balance at 31 March 2019	-	-	184	(87,294)	113,025	461,043	486,958

	Group						
	Called up share capital	Revaluation reserve	Restricted reserve	Cash flow hedge reserve	Designated reserve	Revenue reserve	Total equity
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2019	-	-	184	(87,294)	113,025	461,043	486,958
Total comprehensive income for the period							
Surplus for the year	-	-	-	-	-	58,811	58,811
Measurement in fair value of financial instruments	-	-	-	(10,109)	-	-	(10,109)
Reserves transfer	-	-	-	-	35,297	(35,297)	-
Remeasurements of the net defined liability	-	-	-	-	-	22,132	22,132
	-	-	-	(10,109)	35,297	45,646	70,834
Balance at 31 March 2020	-	-	184	(97,403)	148,322	506,689	557,792

	Company						
	Called up share capital	Revaluation reserve	Restricted reserve	Cash flow hedge reserve	Designated reserve	Revenue reserve	Total equity
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2018	-	-	184	(78,834)	104,651	408,641	434,642
Total comprehensive income for the period							
Surplus for the year	-	-	-	-	-	55,436	55,436
Measurement in fair value of financial instruments	-	-	-	(8,460)	-	-	(8,460)
Reserves transfer	-	-	-	-	8,374	(8,374)	-
Remeasurements of the net defined liability	-	-	-	-	-	(23,231)	(23,231)
	-	-	-	(8,460)	8,374	23,831	23,745
Balance at 31 March 2019	-	-	184	(87,294)	113,025	432,472	458,387

	Company						
	Called up share capital	Revaluation reserve	Restricted reserve	Cash flow hedge reserve	Designated reserve	Revenue reserve	Total equity
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2019	-	-	184	(87,294)	113,025	432,472	458,387
Total comprehensive income for the period							
Surplus for the year	-	-	-	-	-	59,495	59,495
Measurement in fair value of financial instruments	-	-	-	(10,109)	-	-	(10,109)
Reserves transfer	-	-	-	-	35,297	(35,297)	-
Remeasurements of the net defined liability	-	-	-	-	-	22,132	22,132
	-	-	-	(10,109)	35,297	46,330	71,518
Balance at 31 March 2020	-	-	184	(97,403)	148,322	478,802	529,905

Statement of cash flows

For the year ended 31 March 2020	Note	2020 £000	2019 £000
Net cash flow from operating activities	32	**97,169**	81,984
Cash flow from investing activities			
Purchase of tangible fixed assets		**(161,277)**	(141,985)
Purchase of intangible fixed assets		**(3,104)**	(1,433)
Proceeds from the sale of tangible fixed assets		**39**	4,281
Purchase of investments		**(84)**	(30)
Grants received		**37,106**	8,516
Interest received		**232**	224
		(127,088)	(130,427)
Cash flow from financing activities			
Interest paid		**(31,103)**	(27,094)
Interest element of finance lease payments		**(75)**	(45)
Capital element of finance lease payments		**(65)**	(62)
New secured loans		**419,430**	96,353
Repayment of borrowings		**(325,552)**	(25,677)
		62,635	43,475
Net change in cash and cash equivalents		**32,716**	(4,968)
Cash and cash equivalents at the start of the year		**18,402**	23,370
Cash and cash equivalents at the end of the year		**51,118**	18,402

The reconciliation of net debt is shown in note 32

Notes to the financial statements

1 Principal accounting policies

Basis of preparation

These financial statements are prepared in accordance with Financial Reporting Standard 102 – The applicable financial reporting standard in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and investment properties.

Going concern

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

The Group prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in March 2020 by the board. As well as considering the impact of a number of scenarios on the business plan the board also adopted a stress testing framework to use four main types of sensitivity testing against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure. Following the outbreak of Covid-19 the Group has undertaken a series of further scenario testing including severe but plausible downsides in the worst case assessment.

The board, after reviewing the group and company budgets for 2020/21 and the group's medium term financial position as detailed in the 30-year business plan including changes arising from the Covid-19 pandemic, is of the opinion that, taking account of severe but plausible downsides, the group and company have adequate resources to continue in business for the foreseeable future. In order to reach this conclusion, the board have considered:

- The property market – budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales, reductions in sales values and potential conversion to social homes
- Maintenance costs – budget and business plan scenarios have been modelled to take account of cost increases and delays in maintenance expenditure, with major works being phased into future years
- Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments. Budget and business plan scenarios have been developed to take account of potential future reductions in rent received
- Liquidity – current available facilities of £376m which give significant headroom for any cash flows that arise
- The group's ability to withstand other adverse scenarios such as higher interest rates and number of void properties.

The board believe the group and company has sufficient funding in place and expect the group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

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

Related party transactions

Transactions within the group that require disclosure under the Accounting Direction and have been eliminated on consolidation are disclosed in note 30.

Except those noted above, the company has taken advantage of the exemption in FRS 102 not to disclose intra-group transactions, as the company prepares consolidated financial statements.

Basic financial instruments

Tenant arrears, trade and other debtors

Tenant arrears, trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs.

Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are carried at cost less impairment in the financial statements of the parent company.

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries made up to 31 March 2020. Associates are incorporated using equity accounting.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Other financial instruments

Financial instruments not considered to be basic financial instruments (other financial instruments).

Other financial instruments not meeting the definition of basic financial instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in the Statement of Comprehensive Income as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment.
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the Statement of Comprehensive Income. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where the hedged risk is the variable interest rate risk in a debt instrument measured at amortised cost, the company recognises the effective part of any gain or loss on the derivative financial instrument in Other Comprehensive Income (OCI). Any ineffective portion of the hedge is recognised immediately in the Statement of Comprehensive Income.

The hedging gain or loss recognised in OCI is reclassified to profit or loss when the hedged item is recognised in profit or loss or when the hedging relationship ends.

Intangible fixed assets

Intangible fixed assets relate to computer software and are stated at historical cost, less accumulated amortisation and any provision for impairment. Amortisation is provided in five equal annual instalments over the estimated useful economic life from the date of acquisition.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. A number of office buildings were revalued to fair value on or prior to the date of transition to FRS 102, and are measured on the basis of deemed cost, being the revalued amount at the date of transition.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are disclosed in note 27.

Leases of assets that substantially transfer all the risks and rewards of ownership are classified as finance leases.

The assets are capitalised at commencement of the lease at the fair value of the leased asset or if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Housing properties

Housing properties include properties available for rent and retained interests in properties sold under shared ownership leases and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges during the development period and directly attributable development administration costs. Shared ownership properties in work in progress are stated net of the estimated cost of the first tranche sale.

Donated land is added to the cost of housing properties at the market value of the land at the time of the donation.

Depreciation and impairment of housing properties

Housing properties are split between land, structure costs and, where the group has a maintenance liability, major components that require periodic replacement.

No depreciation is provided on freehold land. Structure costs are depreciated by equal annual instalments over the estimated useful economic life from the date of acquisition. Where the group has a maintenance liability for components these costs are depreciated separately over their estimated useful lives.

Housing properties are reviewed annually for evidence of impairment. Where there is evidence of impairment properties are written down to their recoverable amount.

Where housing properties are swapped with other housing associations, the exchange is treated as a disposal followed by an acquisition at fair value.

Rented properties structure	New build	Not exceeding 100 years
	Other	Not exceeding 100 years
Rented properties components	Roofs	Up to 60 years
	Windows/external doors	30 years
	Bathrooms	30 years
	Kitchens	20 years
	Boilers	15 years
	Heating systems	Up to 30 years
Shared ownership properties		Not exceeding 100 years
Leasehold properties		Shorter of the remaining useful life and the remaining lease term

Enhancements to existing properties

Enhancement expenditure consists of works to existing properties which result in an increase in the net rental stream and is capitalised only to the extent that the total costs, including enhancements, do not exceed the greater of net realisable value and value in use.

Other fixed assets and depreciation

No depreciation is provided on freehold land. Depreciation is provided to write off the cost of other fixed assets by equal annual instalments over their estimated useful economic lives as follows:

Freehold buildings	50 years
Fixtures and fittings	4 to 10 years
Computer equipment	5 years
Motor vehicles	up to 5 years

Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Investment properties are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise.

No depreciation is provided in respect of investment properties applying the fair value model.

Investment properties were independently valued by JLL, a professional property services organisation, using a market value basis as at 31 March 2019. The directors have reviewed current market conditions, including the impact of Covid-19, and consider holding values are an accurate reflection of the market value of the portfolio.

Any gain or loss arising from a change in fair value is recognised in profit or loss. Rental income from investment property is accounted for as described in the turnover accounting policy.

Properties held for sale and work in progress

Completed properties and properties under construction for open market sales and the estimated first tranche disposal of shared ownership properties are recognised at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Interest incurred is also capitalised during the course of obtaining planning and throughout the work in progress of the development scheme. Assessing net realisable value requires use of estimation techniques. In making this assessment, management considers publicly available information and internal forecasts on future sales activity. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Impairment excluding stocks, investment properties

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through the Statement of Comprehensive Income is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in the Statement of Comprehensive Income.

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Statement of Comprehensive Income.

Impairment of social housing properties

Properties held for their social benefit are not held solely for the cash flows they generate and are held for their service potential.

As assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the cash generating units is made.

Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in the surplus in the Statement of Comprehensive Income.

The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal.

Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and is included in the surplus in the Statement of Comprehensive Income.

Surplus on property sales

The surplus or deficit on property sales includes the sale of rented properties and the sale of second and subsequent tranches of shared ownership properties. Provision is made for any expected loss, after the abatement of Social Housing Grant, on properties which have been or are expected to be repossessed.

Surpluses on Right to Acquire sales after allowable expenses, as defined in the Homes and Communities Agency Capital Funding Guide, are transferred to the Disposal Proceeds Fund (DPF). To the extent that the DPF is repayable within one year unless utilised it is included within creditors falling due within one year. The balance of the DPF is included within creditors falling due after more than one year.

Social Housing Grant and other capital grants

Social Housing Grant (SHG) and other capital grants receivable, including donated land, in respect of the capital cost of housing properties, are initially recognised at fair value as a long-term liability, specifically as deferred grant income and released through the income and expenditure as turnover income over the life of the structure of housing properties in accordance with the accrual method applicable to social landlords accounting for housing properties at cost in line with SORP 2018.

SHG due from the Homes and Communities Agency is included as a current asset and SHG received in advance is included as a current liability.

On disposal of properties, all associated SHG are transferred to the Recycled Capital Grant Fund (RCGF) until the grant is recycled or repaid to reflect the existing obligation under the social housing grant funding regime. Grant is no longer recycled to the Disposal Proceeds Fund.

All SHG remains repayable unless abated or waived by the Homes and Communities Agency but, with the agency's agreement, is subordinated to other loans.

Grants received for non-capital purposes are recognised as revenue, subject to grant conditions being satisfied, in the year receivable.

Investments

Listed investments are stated at market value. Investments held for sale are included in current assets.

Homebuy, key worker and starter home mortgages

Under the Homebuy, Key Worker and Starter Home schemes, LiveWest receives grant representing a percentage of the open market purchase price of a property in order to advance interest free loans to a homebuyer. The loans advanced meet the definition of concessionary loans and are shown as fixed assets investments in the statement of financial position. The related grant provided by the government to fund all or part of a Homebuy, Key Worker or Starter Home loan has been reclassified as deferred income under FRS 102 as a creditor due in more than one year.

In the event that the property is sold, the company recovers the equivalent loaned percentage value of the property at the time of the sale. The grant is reclassified to recyclable capital grant fund when the loans are redeemed up to the amount of the original grant and to the extent the proceeds permit. LiveWest is able to retain any surplus proceeds less sale costs attributable to the equivalent loaned percentage share of the value of the property. If there is a fall in the value of the property the shortfall of proceeds is offset against the grant.

Provisions

A provision is recognised in the statement of financial position when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where LiveWest enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Restricted reserves

Where reserves are subject to external restriction they are separately recognised as a restricted reserve.

Designated reserves

The group maintains designated reserves where reserves are earmarked for particular purposes.

Major repairs reserve – The group maintains a major repairs reserve to recognise the future cost of major repairs, re-improvement and rehabilitation works to housing properties. The amount transferred is based on an estimate of expected future liabilities using the group's life cycle costing model.

Remodelling reserve – The group maintains a re-investment reserve to recognise the future cost of enhancement expenditure that does not fall within the group's policy for capitalisation.

Turnover

Turnover represents rental and service charge income receivable (net of void losses), fees receivable, proceeds from first tranche sales of low-cost home ownership and from properties developed for open market sales, and amortisation of Social Housing Grant (SHG) under the accrual model. Rental income is recognised on the execution of tenancy agreements. Proceeds on sales are recognised on practical completions. Other income is recognised as receivable on the delivery of services provided.

Segmental reporting

Segmental reporting is based on operational divisions which offer distinguishable services and are regularly assessed by the board and Executive team. The results include items directly attributable to the segment along with apportioned overhead costs which are allocated on a number of factors including headcount, number of properties and turnover.

Expenses

Cyclical repairs and maintenance

The group has a regular programme for cyclical repairs and maintenance. The actual costs are charged to the Statement of comprehensive income as incurred.

Cost of sales

Cost of sales represents the costs including capitalised interest and direct overheads incurred in the development of the properties, and marketing, and other incidental costs incurred in the sale of the properties.

Open market sale through joint ventures, all of which being jointly controlled entities, represent the group's share of the turnover and cost of sales of the joint ventures as accounted for using the gross equity method providing more information than the equity method required under FRS 102.

Operating leases

Payments under operating leases are charged to the Statement of comprehensive income on a straight-line basis over the period of the lease.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable on bank loans. Borrowing costs that are directly attributable to the acquisition, construction or production of Housing Properties that take a substantial time to be prepared for use, are capitalised as part of the cost of that asset during the construction period.

Interest income and interest payable are recognised in the Statement of comprehensive income as they accrue, using the effective interest method.

Supporting people income and expenditure

Block grant income and its associated expenditure are included in the financial statements as other social housing activities. Block subsidy income and its associated expenditure are included as social housing lettings activity.

Supported housing managed by agencies

Social housing capital grants are claimed by the group as developer and owner of the property and included in the Statement of financial position of the group. The treatment of other income and expenditure in respect of supported housing projects depends on the nature of the partnership arrangements between the group and its managing agents and on whether the group carries the financial risk.

Where the group holds the support contract with the Supporting People Administering Authority and carries the financial risk, all the project's income and expenditure is included in the group's Statement of comprehensive income.

Where the agency holds the support contract with the Supporting People Administering Authority and carries the financial risk, the Statement of comprehensive income includes only that income and expenditure which relates solely to the group. Other income and expenditure of projects in this category is excluded from the group's Statement of comprehensive income.

General needs housing managed properties

Where properties are managed by other housing associations who provide housing management, maintenance and in some cases major repairs functions, the income recorded in the financial statements is the net rental income after deduction of allowance for voids and bad debts. The expenditure recorded in the financial statements relates to the fees paid to the other housing associations to provide these services.

Taxation including deferred tax

The charge for taxation is based on surpluses arising on certain activities which are liable to tax including any adjustment in respect of previous years.

Deferred tax is calculated and disclosed on timing differences that result in an obligation at the year end to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law.

Timing differences arise from the inclusion of items of income and expenditure in tax computations in years different from those in which they are included in financial statements. Deferred tax is only provided to the extent that it is regarded as more likely than not that any tax will arise.

VAT

The group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent it is not recoverable. The balance of VAT payable or recoverable is included as a current liability or asset.

Pensions

The group participates in the following pension schemes:

The Social Housing Pension Scheme (SHPS) defined benefit schemes provides benefits to non-associated employers. Prior to 31 March 2019, the pension liability was accounted for using the net present value of the past deficit payment, however, as a result of additional information, the pension liability is now able to be accounted for adopting a full FRS 102 valuation from the year ending 31 March 2019. In accordance with FRED 71, no restatement of prior year figures has been made in those accounts. A reconciliation between the liability at 31 March 2018 and the provision at 31 March 2019 is shown in note 29.

The SHPS defined benefit schemes were closed to future accrual on 31 March 2020.

The SHPS defined contribution scheme is open to all employees and employer contributions are charged to the Statement of Comprehensive Income in the month they become payable.

The Devon County Council Pension Fund is a defined benefit final salary pension scheme and closed to future accrual on 31 May 2016. The assets of the schemes are invested and managed independently of the group. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme deficit is recognised in full. The movement in the scheme deficit is split between operating costs, finance costs and, in the statement of recognised gains and losses, actuarial gains and losses. The group makes payments against the funding deficit as if it were an active member of the scheme.

2 Accounting estimates and judgements

Preparation of the financial statements requires management to make significant judgements and estimates which are shown below.

Estimated useful lives of property, plant and equipment

At the date of capitalising tangible fixed assets, the group estimates the useful life of the asset based upon management's judgement and experience. Due to the significance of capital investment to the group, variances between actual and estimated economic lives could affect the group's result positively or negatively.

Impairment of trade and other account receivables

The group makes an estimate of the recoverable value of trade and other account receivables. When assessing the impairment, management consider factors including the current credit rating of the account, the ageing profile and historical experience. See note 17 for the net position of debtors and associated provision.

Pension benefits

The costs of defined benefit pension plans are determined using actuarial valuation which involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, the estimates are subject to significant uncertainty. See note 29 for details of the valuation and underlying assumptions.

Revaluation of investment properties

Investment properties are held at fair value. See note 13 for further explanation.

Impairment of non-financial assets

In accordance with FRS 102 and the 2018 SORP the group carries out an impairment test on a cash generating unit (CGU) basis when a trigger has been identified.

The book value of individual properties is compared to the depreciated replacement cost, and then reviewed at a CGU level for indicators of impairment. The depreciated replacement cost is an estimate based on the size and type of property, taking into account average costs.

3 Turnover and operating surplus

	Group					
	2020			2019		
	Turnover	Operating costs	Operating surplus/ (deficit)	Turnover	Operating costs	Operating surplus/ (deficit)
	£000	£000	£000	£000	£000	£000
Social housing lettings	**179,446**	**(119,513)**	**59,933**	174,522	(117,536)	56,986
Other social housing activities						
Supporting people contract income	**4,930**	**(4,675)**	**255**	4,474	(4,501)	(27)
Shared ownership fee income	**83**	**(255)**	**(172)**	88	(131)	(43)
Shared ownership initial sales	**31,529**	**(25,297)**	**6,232**	21,596	(16,779)	4,817
Development costs	**151**	**(2,665)**	**(2,514)**	131	(2,530)	(2,399)
Other	**353**	**(200)**	**153**	390	(379)	11
	37,046	**(33,092)**	**3,954**	26,679	(24,320)	2,359
Non-social housing						
Non-social housing lettings	**2,410**	**(1,025)**	**1,385**	2,259	(842)	1,417
Property sales	**29,220**	**(24,968)**	**4,252**	29,124	(23,678)	5,446
Other	**428**	**(358)**	**70**	359	(350)	9
	32,058	**(26,351)**	**5,707**	31,742	(24,870)	6,872
	248,550	**(178,956)**	**69,594**	232,943	(166,726)	66,217
Surplus on property sales			**19,917**			14,313
Change in the value of investment property			**-**			879
	248,550	**(178,956)**	**89,511**	232,943	(166,726)	81,409

Income and expenditure from social housing lettings

	Group				
	2020				2019
	General needs	Shared ownership	Supported housing	Total	Total
	£000	£000	£000	£000	£000
Income from social housing lettings					
Rent receivable net of identifiable service charges	**131,522**	**11,482**	**13,627**	**156,631**	**153,421**
Service charges receivable	**5,060**	**854**	**7,550**	**13,464**	**11,651**
Net rents receivable	**136,582**	**12,336**	**21,177**	**170,095**	**165,072**
Amortisation of grants	**6,009**	**738**	**1,197**	**7,944**	**7,954**
Income from others	**166**	**527**	**714**	**1,407**	**1,496**
Total income from social housing lettings	**142,757**	**13,601**	**23,088**	**179,446**	**174,522**
Expenditure on social housing lettings					
Rent losses from bad debts	**733**	**-**	**149**	**882**	696
Service charge costs	**5,681**	**700**	**7,320**	**13,701**	11,354
Management	**26,938**	**2,337**	**5,440**	**34,715**	36,651
Responsive maintenance	**21,523**	**-**	**3,448**	**24,971**	23,620
Cyclical maintenance	**9,499**	**-**	**961**	**10,460**	10,157
Major repairs expenditure	**4,637**	**-**	**2,579**	**7,216**	7,610
Depreciation of housing properties	**22,976**	**1,917**	**2,675**	**27,568**	27,448
Total expenditure on social housing lettings	**91,987**	**4,954**	**22,572**	**119,513**	**117,536**
Operating surplus on social housing letting activities	**50,770**	**8,647**	**516**	**59,933**	**56,986**
Rent losses from voids	**(842)**	**-**	**(729)**	**(1,571)**	(1,182)

The business reviews on pages 16-27 provide further details of the operating segments.

	Company					
	2020			2019		
	Turnover	Operating costs	Operating surplus/ (deficit)	Turnover	Operating costs	Operating surplus/ (deficit)
	£000	£000	£000	£000	£000	£000
Social housing lettings	**179,033**	**(118,975)**	**60,058**	173,933	(117,029)	56,904
Other social housing activities						
Supporting people contracts	**4,930**	**(4,675)**	**255**	4,474	(4,501)	(27)
Shared ownership fee income	**83**	**(256)**	**(173)**	88	(131)	(43)
Shared ownership initial sales	**31,530**	**(25,294)**	**6,236**	21,597	(16,780)	4,817
Development costs	**155**	**(2,666)**	**(2,511)**	187	(2,591)	(2,404)
Other	**336**	**(129)**	**207**	385	(317)	68
	37,034	**(33,020)**	**4,014**	26,731	(24,320)	2,411
Non-social housing						
Non-social housing lettings	**1,984**	**(975)**	**1,009**	1,867	(799)	1,068
	1,984	**(975)**	**1,009**	1,867	(799)	1,068
	218,051	**(152,970)**	**65,081**	202,531	(142,148)	60,383
Surplus on property sales			**19,917**			14,308
Change in the value of investment property			**-**			833
	218,051	**(152,970)**	**84,998**	202,531	(142,148)	75,524

Income and expenditure from social housing lettings

	Company				
	2020				2019
	General needs	Shared ownership	Supported housing	Total	Total
	£000	£000	£000	£000	£000
Income from social housing lettings					
Rent receivable net of identifiable service charges	**131,199**	**11,482**	**13,632**	**156,313**	153,081
Service charges receivable	**5,054**	**854**	**7,551**	**13,459**	11,647
Net rents receivable	**136,253**	**12,336**	**21,183**	**169,772**	164,728
Amortisation of grants	**6,009**	**738**	**1,197**	**7,944**	7,954
Income from others	**121**	**505**	**691**	**1,317**	1,251
Total income from social housing lettings	**142,383**	**13,579**	**23,071**	**179,033**	173,933
Expenditure on social housing lettings					
Rent losses from bad debts	**747**	**-**	**150**	**897**	694
Service charge costs	**5,678**	**700**	**7,320**	**13,698**	11,352
Management	**27,096**	**2,314**	**5,069**	**34,479**	36,460
Responsive maintenance	**21,523**	**-**	**3,441**	**24,964**	23,618
Cyclical maintenance	**9,499**	**-**	**961**	**10,460**	10,157
Major repairs expenditure	**4,644**	**-**	**2,579**	**7,223**	7,610
Depreciation of housing properties	**22,647**	**1,932**	**2,675**	**27,254**	27,138
Total expenditure on social housing lettings	**91,834**	**4,946**	**22,195**	**118,975**	117,029
Operating surplus on social housing letting activities	**50,549**	**8,633**	**876**	**60,058**	56,904
Rent losses from voids	**(528)**	**-**	**(220)**	**(748)**	(1,182)

4 Surplus on property sales

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Disposal proceeds	**39,146**	25,963	**39,138**	25,952
Cost of fixed assets	**(19,229)**	(11,650)	**(19,221)**	(11,644)
Surplus on property sales	**19,917**	14,313	**19,917**	14,308

5 Surplus on ordinary activities before taxation

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Surplus on ordinary activities before taxation is stated after charging/(crediting)				
Auditors' remuneration				
- Audit of these financial statements	**93**	97	**64**	62
- Other non-audit services	**10**	10	**10**	10
Depreciation and other amounts written off housing properties	**28,308**	26,922	**27,995**	26,610
Depreciation and other amounts written off other tangible fixed assets	**2,642**	2,266	**2,642**	2,266
Amortisation of intangible assets	**523**	692	**523**	692
Change in fair value of derivatives through income and expenditure	**1,289**	1,226	**1,289**	1,226
Loss/(gain) on disposal of property, plant and equipment	**43**	(960)	**43**	(960)
Operating lease rentals	**256**	271	**256**	271

6 Remuneration of directors and Executive team

The Chief Executive and Deputy Chief Executive/ Executive Director of Finance are directors of the group and company and are also members of the board. On 30 September 2019 the Executive team were reorganised which resulted in the responsibilities of the Executive Directors of Strategy and Performance, People, Property Services (Operations) and Housing Support (Integration) being allocated to other Executive Directors.

The remuneration of the Chief Executive and Executive team are determined by the Remuneration committee. All members of the Executive team are entitled to a similar range of benefits. The amounts disclosed are based on the taxable value of providing those benefits.

The salary and expenses of the board and directors were as follows:

	Group and Company			
	2020			2019
	Salary	Expenses	Total	Total
	£000	£000	£000	£000
Non Executive Directors				
Linda Nash	27	2	**29**	30
Andrew Wiles	13	1	**14**	14
Anthony Durbacz	14	1	**15**	14
Jenefer Greenwood	14	2	**16**	14
John Newbury	14	2	**16**	15
Tim Larner	14	1	**15**	14
Tom Vaughan	14	1	**15**	14
Tony MacGregor	14	1	**15**	14
Jacqueline Starr	1	-	**1**	-
	125	11	**136**	129

	Group and Company	
	2020	2019
	£000	£000
Executive directors		
Salary and other benefits	**1,484**	1,822
Compensation for loss of office	**552**	397
Pension contributions in respect of services as directors	**143**	99
	2,179	2,318
Remuneration paid to the Chief Executive who was also the highest paid director	**264**	240

The Chief Executive is a member of the SHPS defined contribution scheme on the same terms as other employees. No further contributions are made into any other pension scheme by LiveWest.

Salary banding for all employees earning over £60,000 (including salaries, performance related pay, benefits in kinds, pension contributions paid by the employer and any termination payments) are:

	Group		Company	
	2020	2019	**2020**	2019
Bands				
£60,001 to £70,000	**32**	18	**32**	18
£70,001 to £80,000	**12**	8	**12**	8
£80,001 to £90,000	**8**	4	**8**	4
£90,001 to £100,000	**5**	7	**5**	7
£100,001 to £110,000	**3**	6	**3**	6
£110,001 to £120,000	**6**	1	**6**	1
£120,001 to £130,000	**1**	2	**1**	2
£130,001 to £140,000	**-**	2	**-**	2
£140,001 to £150,000	**1**	1	**1**	1
£150,001 to £160,000	**2**	1	**2**	1
£160,001 to £170,000	**1**	2	**1**	2
£190,001 to £200,000	**-**	1	**-**	1
£200,001 to £210,000	**1**	1	**1**	1
£210,001 to £220,000	**1**	-	**1**	-
£220,001 to £230,000	**1**	1	**1**	1
£240,001 to £250,000	**-**	1	**-**	1
£250,001 to £260,000	**1**	-	**1**	-
£260,001 to £270,000	**1**	-	**1**	-
£270,001 to £280,000	**1**	-	**1**	-

7 Staff numbers and costs

	Group		Company	
	2020	2019	**2020**	2019
Average monthly number of full time equivalent employees:				
Housing and support	**556**	554	**556**	554
Development	**99**	84	**99**	84
Asset management	**423**	418	**423**	418
Central services	**173**	186	**173**	186
	1,251	1,242	**1,251**	1,242

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
The aggregate payroll cost of these employees was as follows:				
Wages and salaries	**43,037**	41,736	**43,037**	41,736
Social security costs	**3,919**	3,835	**3,919**	3,835
Other pension costs	**2,658**	2,802	**2,658**	2,802
	49,614	48,373	**49,614**	48,373

8 Interest receivable and other income

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Bank and deposits	**169**	124	**168**	124
Intra-group loans	**-**	-	**2,465**	1,214
Loan to non-group housing association	**3**	4	**3**	4
Other	**60**	96	**-**	-
	232	224	**2,636**	1,342

9 Interest payable and similar charges

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Intra-group loans	**-**	-	**13,151**	11,455
Bank loans and overdrafts	**31,300**	26,326	**18,151**	14,927
Other	**176**	85	**177**	85
Less: capitalised interest at 3.11% (2019: 3.05%)	**(2,971)**	(2,077)	**(2,971)**	(2,077)
Unwind of discount on provisions	**1**	1	**1**	1
	28,506	24,335	**28,509**	24,391

10 Taxation

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
UK corporation tax				
On surplus for the year at 19% (2019: 19%)	**-**	-	**-**	-
Adjustments in respect of prior periods	**-**	-	**-**	-
Total current tax	**-**	-	**-**	-
Deferred tax				
Fixed asset timing differences	**-**	-	**-**	-
Short term timing differences	**-**	-	**-**	-
Losses carried forward	**-**	-	**-**	-
Total deferred tax	**-**	-	**-**	-
Total tax	**-**	-	**-**	-
Reconciliation of tax charge				
Surplus for the year	**58,811**	56,001	**59,495**	55,436
Total tax expenses	**-**	-	**-**	-
Surplus excluding tax	**58,811**	56,001	**59,495**	55,436
Tax at 19%	**11,174**	10,640	**11,304**	10,533
Effects of charity relief	**(11,174)**	(10,640)	**(11,304)**	(10,533)
Total tax expenses	**-**	-	**-**	-

	2020			2019		
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
	£000	£000	£000	£000	£000	£000
Group and Company						
Recognised in the Statement of Comprehensive Income	**-**	**-**	**-**	-	-	-
	-	**-**	**-**	-	-	-

The company has charitable status and its surpluses are exempt from corporation tax to the extent that they are applied for charitable purposes.

11 Intangible fixed assets

	Group and Company
	£000
Cost	
At beginning of year	5,042
Additions	3,246
Disposals	(742)
At end of year	**7,546**
Amortisation	
At beginning of year	2,758
Charge	523
Disposals	(170)
At end of year	**3,111**
Net book value	
At 31 March 2020	**4,435**
At 31 March 2019	2,284

12 Tangible fixed assets – housing properties

	Group				
	Social housing				
	Completed schemes		Under construction		
	Rented	Shared ownership	Rented	Shared ownership	Total
	£000	£000	£000	£000	£000
Cost					
At beginning of year	1,968,523	238,783	58,364	19,702	2,285,372
Additions in year	6,440	1,183	116,951	42,336	166,910
Components capitalised	13,972	-	-	-	13,972
Transfers	563	(383)	-	-	180
Disposals	(23,141)	(5,652)	-	-	(28,793)
Transferred on completion	116,195	31,630	(116,195)	(31,630)	-
At end of year	**2,082,552**	**265,561**	**59,120**	**30,408**	**2,437,641**
Depreciation					
At beginning of year	314,003	20,888	40	-	334,931
Charge for year	26,390	1,918	-	-	28,308
Transfers	3	(3)	-	-	-
Disposals	(8,007)	(743)	-	-	(8,750)
At end of year	**332,389**	**22,060**	**40**	**-**	**354,489**
Net book value					
At 31 March 2020	**1,750,163**	**243,501**	**59,080**	**30,408**	**2,083,152**
At 31 March 2019	1,654,520	217,895	58,324	19,702	1,950,441

	Company				
	Social housing				
	Completed schemes		Under construction		
	Rented	Shared ownership	Rented	Shared ownership	Total
	£000	£000	£000	£000	£000
Cost					
At beginning of year	1,941,988	240,167	57,653	19,816	2,259,624
Additions in year	6,438	1,181	112,263	42,337	162,219
Transfers	563	(383)	-	-	180
Components capitalised	13,951	-	-	-	13,951
Disposals	(23,124)	(5,652)	-	-	(28,776)
Transferred on completion	110,806	31,630	(110,806)	(31,630)	-
At end of year	**2,050,622**	**266,943**	**59,110**	**30,523**	**2,407,198**
Depreciation					
At beginning of year	309,804	21,066	40	-	330,910
Charge for year	26,062	1,933	-	-	27,995
Transfers	3	(3)	-	-	-
Disposals	(8,002)	(744)	-	-	(8,746)
At end of year	**327,867**	**22,252**	**40**	**-**	**350,159**
Net book value					
At 31 March 2020	**1,722,755**	**244,691**	**59,070**	**30,523**	**2,057,039**
At 31 March 2019	1,632,184	219,101	57,613	19,816	1,928,714

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Additions to housing properties in the course of construction during the year includes:				
Capitalised interest at 3.11% (2019: 3.05%)	**2,971**	2,077	**2,971**	2,077
Direct development costs	**2,639**	2,891	**2,639**	2,891
The net book value of properties comprises:				
Freehold	**1,959,739**	1,829,439	**1,934,753**	1,808,855
Long leasehold – under 50 years remaining	**3,502**	2,128	**3,502**	2,128
Long leasehold – over 50 years remaining	**119,911**	118,874	**118,782**	117,731
	2,083,152	**1,950,441**	**2,057,037**	**1,928,714**
Works to existing properties:				
Capital	**13,972**	17,893	**13,951**	17,664
Revenue	**42,647**	41,387	**42,647**	41,385

13 Tangible fixed assets – investment properties

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Cost				
At beginning of year	**25,305**	23,990	**17,220**	16,721
Additions in year	**-**	1,152	**-**	127
Revaluation	**-**	879	**-**	833
Transfers	**(180)**	-	**(180)**	-
Disposals	**(2,185)**	(716)	**(2,183)**	(461)
At end of year	**22,940**	25,305	**14,857**	17,220

Investment properties were independently valued by JLL, a professional property services organisation, using a value market basis as at 31 March 2019. The directors have reviewed current market conditions, including the impact of Covid-19, and consider holding values are an accurate reflection of the market value of the portfolio.

14 Other tangible fixed assets

	Group and Company				
	Freehold land and buildings	Fixtures and fittings	Computer equipment	Motor vehicles	Total
	£000	£000	£000	£000	£000
Cost					
At beginning of year	22,937	3,939	3,787	5,457	36,120
Additions	42	1,587	1,557	1,203	4,389
Disposals	(35)	(813)	(1,198)	(296)	(2,342)
At end of year	**22,944**	**4,713**	**4,146**	**6,364**	**38,167**
Depreciation					
At beginning of year	902	2,195	2,222	3,180	8,499
Charge for year	454	487	575	1,126	2,642
On disposals	(35)	(813)	(1,129)	(283)	(2,260)
At end of year	**1,321**	**1,869**	**1,668**	**4,023**	**8,881**
Net book value					
At 31 March 2020	**21,623**	**2,844**	**2,478**	**2,341**	**29,286**
At 31 March 2019	22,035	1,744	1,565	2,277	27,621

	Group and Company	
	2020	2019
	£000	£000
The net book value of properties comprises:		
Freehold	**21,623**	22,035
	21,623	22,035

15 Investments

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Shares	**-**	-	**2,301**	2,288
Intra-group loan	**-**	-	**75,865**	60,888
Equity loans	**101**	-	**-**	-
Loan to other housing association	**40**	49	**40**	49
Listed investments	**30**	30	**30**	30
Investments in subsidiary companies	**-**	-	**5,897**	5,897
Interest in associate	**103**	111	**-**	-
	274	190	**84,133**	69,152

Intra-group loans consist of loans to 100% subsidiaries of LiveWest Homes Limited. Interest is payable on a variable rate basis and repayments are due in 2-5 years. There is no penalty for early repayment.

At 31 March 2020 one loan was outstanding from another housing association. The loan is repayable in equal instalments with final repayment in 2023. Interest is payable at a fixed rate.

Details of the subsidiaries are as follows:	Country of registration or incorporation	Principal activity
The company has a controlling interest in the following subsidiaries:		
LiveWest Properties Limited	England	Property management services
LiveWest Treasury Plc	England	Group borrowing vehicle
Independent Futures CIC (dissolved 1 October 2019)	England	Dormant
Westco Properties Limited	England	Property development and services
LiveWest External Services Limited (dissolved 7 April 2020)	England	Dormant
Great Western Assured Growth Limited	England	Property management
LiveWest Charitable Housing Limited	England	Fund raising
LiveWest Capital Plc	England	Group borrowing vehicle
Arc Developments South West Limited	England	Property development and services
Arc Homes (South West) Limited	England	Dormant
In addition:		
Advantage Southwest LLP is 25% owned by Westco Properties Limited	England	Procurement consortium

16 Properties for sale

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Properties developed for outright sale				
- cost of completed units	**1,650**	1,159	**331**	836
- cost of units under development	**71,133**	42,840	**-**	-
Shared ownership properties – first tranche sales				
- cost of completed units	**9,322**	5,532	**9,322**	5,532
- cost of units under development	**13,400**	19,706	**13,399**	14,212
	95,505	69,237	**23,052**	20,580

17 Debtors due within one year

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Rent and service charges receivable	**6,354**	7,132	**6,326**	7,108
Less: Provisions for bad and doubtful debts	**(2,779)**	(2,267)	**(2,761)**	(2,251)
	3,575	4,865	**3,565**	4,857
Service charges recoverable	**1,391**	1,985	**1,391**	1,985
Managing agent debtor	**1,885**	1,756	**1,863**	1,749
Amounts owed by group companies	**-**	-	**959**	8,820
Other debtors	**27,674**	18,398	**2,246**	1,701
Social Housing Grant receivable	**3,350**	15,350	**3,350**	15,350
Prepayments and accrued income	**5,214**	3,995	**7,575**	7,400
	43,089	46,349	**20,949**	41,862

Included in other debtors is £16m (2019: £12m) due after more than one year.
The amounts owed by group companies are repayable on demand and are non-interest bearing.

18 Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Cash at bank and in hand	**51,118**	18,402	**50,697**	15,157
Cash and cash equivalents per cash flow statement	**51,118**	18,402	**50,697**	15,157

Cash balances held in escrow and customer sinking fund accounts are £14m (2019: £14m).

19 Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Housing loans (see note 21)	**20,329**	18,874	**20,329**	18,874
Issue costs	**(588)**	(678)	**(588)**	(678)
Recycled Capital Grant Fund & Disposal Proceeds Fund (note 26)	**9,460**	9,031	**9,460**	9,031
Trade creditors	**6,754**	3,403	**5,773**	2,908
Rent and service charges received in advance	**14,754**	14,276	**14,727**	14,248
Contracts for capital works	**14,208**	6,585	**7,215**	6,320
Interest charges	**6,026**	6,015	**1,168**	1,860
Pension deficit (note 29)	**10**	9	**10**	9
Amounts owed to group companies	**-**	-	**10,198**	17,294
Other taxation and social security	**1,096**	778	**1,076**	757
Social Housing Grant (note 33)	**7,946**	7,956	**7,947**	7,959
Other creditors	**2,415**	3,111	**2,419**	3,099
Accruals and deferred income	**19,768**	23,296	**18,256**	22,097
	102,178	92,656	**97,990**	103,778

20 Creditors: amounts falling due after more than one year

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Recycled Capital Grant Fund and Disposal Proceeds Fund (note 26)	**7,191**	7,210	**7,191**	7,210
Contracts for capital works	**13,477**	-	**-**	-
Pension deficit (note 29)	**37**	47	**37**	47
Other grant (note 33)	**395**	402	**395**	402
Housing loans (note 21)	**879,728**	787,312	**879,728**	787,312
Issue costs	**(2,287)**	(2,485)	**(2,287)**	(2,485)
Social Housing Grant (note 33)	**632,071**	615,319	**632,071**	615,319
Other financial liabilities (note 24)	**116,464**	105,066	**116,464**	105,066
Grant on HomeBuy equity loans	**8,570**	8,942	**8,419**	8,784
	1,655,646	1,521,813	**1,642,018**	1,521,655

The premium arising on loan issues is amortised over the term of the loan to which it relates.

21 Housing loans

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
The sources of loan finance are as follows:				
Banks and building societies	**355,452**	506,941	**154,402**	176,561
Capital market issues	**544,241**	298,816	**194,241**	179,292
Intra-group	**-**	-	**551,050**	449,904
Other	**364**	429	**364**	429
	900,057	806,186	**900,057**	806,186

	Group and Company	
	2020	2019
	£000	£000
Housing loan finance is repayable as follows:		
In one year or less	**20,329**	18,874
Between one and two years	**19,911**	18,267
Between two and five years	**85,829**	74,012
In five years or more	**773,988**	695,033
	900,057	806,186

Loans are predominantly repayable by instalments. The final instalments fall to be paid in the period 2021 to 2048. The loans repayable by bullet repayment include £19m falling due in 2023 with the remainder falling due between 2028 and 2048.

	Group and Company	
	2020	2019
	£000	£000
Housing loans are secured as follows:		
Fixed charges on properties	**900,057**	806,186

	Group and Company	
	2020	2019
	£000	£000
Interest rate basis		
Fixed less than 5 years	**120,918**	144,019
Fixed more than 5 years	**746,542**	497,580
Index linked	**21,664**	23,879
Variable	**10,933**	140,708
	900,057	806,186

In order to manage its interest rate profile the group holds fixed rate swaps. The interest basis including fixed rate and inflation swaps is shown above. The fixed rates of interest range from 0.68% to 12.5%. The group's average cost of borrowing at 31 March 2020 was 3.28% (2019: 3.16%).

22 Called up share capital

	Group and Company	
	2020	2019
	£	£
Allotted, issued and fully paid shares of £1		
Balance at 1 April	**8**	8
Issued during year	**1**	-
Balance at 31 March	**9**	8

23 Designated reserves

	Group and Company	
	2020	2019
	£000	£000
Major repairs reserve	**145,765**	110,468
Remodelling reserve	**2,557**	2,557
	148,322	113,025

The major repairs reserve recognises the future cost of major repairs and improvement works to housing properties and is based on the expected future expenditure using the group's life cycle costing model.

24 Financial instruments

	Group and Company	
	2020	2019
	£000	£000
Carrying amount of financial instruments:		
Assets measured at amortised cost	**42,864**	18,592
Liabilities measured at fair value	**116,464**	105,066
Liabilities measured at amortised cost	**900,057**	806,186

Hedge accounting

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to occur as required by FRS 102 for the cash flow hedge accounting models.

	Group and Company					
	2020					
	Carrying amount	Expected cash flows	1 year or less	1 to < 2 years	2 to < 5 years	5 years and over
	£000	£000	£000	£000	£000	£000
Interest rate & inflation swaps:						
Liabilities	(116,464)	(125,719)	(10,545)	(10,516)	(28,702)	(75,956)
	(116,464)	**(125,719)**	**(10,545)**	**(10,516)**	**(28,702)**	**(75,956)**

	Group and Company					
	2019					
	Carrying amount	Expected cash flows	1 year or less	1 to < 2 years	2 to < 5 years	5 years and over
	£000	£000	£000	£000	£000	£000
Interest rate & inflation swaps:						
Liabilities	(105,066)	(130,613)	(10,448)	(9,160)	(24,188)	(86,817)
	(105,066)	(130,613)	(10,448)	(9,160)	(24,188)	(86,817)

25 Housing stock

		Group			
		Units in management		Units under development	
		2020	2019	2020	2019
Social housing					
Owned and managed by the group:	Rented	**27,377**	26,589	**1,670**	1,252
	Shared ownership	**4,482**	4,224	**868**	601
	Sheltered	**1,809**	1,816	**-**	-
	Supported housing (bedspaces)	**1,197**	1,095	**-**	-
Managed by the group:	Rented	**25**	10	**-**	-
Owned by the group:	Rented	**163**	389	**-**	-
	Shared ownership	**17**	26	**-**	-
	Supported housing (bedspaces)	**347**	426	**-**	-
	Residential care homes	**66**	74	**-**	-
		35,483	34,649	**2,538**	1,853
Non-social housing					
Owned and managed by the group:	Rented	**114**	127	**-**	-
Managed by the group:	Owner occupied	**2,380**	2,361	**-**	-
Commercial properties					
Owned and managed by the group		**76**	76	**-**	-

		Company			
		Units in management		Units under development	
		2020	2019	2020	2019
Social housing					
Owned and managed by the Company:	Rented	**27,322**	26,534	**1,670**	1,252
	Shared ownership	**4,482**	4,224	**868**	601
	Sheltered	**1,809**	1,816	**-**	-
	Supported housing (bedspaces)	**1,197**	1,095	**-**	-
Managed by the Company:	Rented	**25**	10	**-**	-
Owned by the Company:	Rented	**163**	389	**-**	-
	Shared ownership	**17**	26	**-**	-
	Supported housing (bedspaces)	**347**	426	**-**	-
	Residential care homes	**66**	74	**-**	-
		35,428	34,594	**2,538**	1,853
Non-social housing					
Owned and managed by the Company:	Rented	**66**	79	**-**	-
Managed by the Company:	Owner occupied	**1,425**	1,351	**-**	-
Commercial properties					
Owned and managed by the Company		**76**	76	**-**	-

26 Recycled Capital Grant Fund (RCGF) and Disposal Proceeds Fund (DPF)

	Group and Company	
	RCGF	DPF
	£000	£000
Balance at beginning of year	**15,207**	**1,034**
Grants recycled from disposals	**3,511**	**-**
Homebuy grants	**172**	**-**
Interest accrued	**166**	**6**
Grants recycled to new build	**(2,405)**	**(1,040)**
Balance at end of year	**16,651**	**-**

27 Financial commitments

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Capital commitments for which no provision has been made:				
Housing properties – contracted	**430,893**	270,672	**317,673**	178,892
Housing properties – approved not contracted	**93,984**	91,816	**90,340**	87,651

The capital commitments will be financed primarily by existing loan finance facilities, operational cash flow and grant funding.

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Total commitment under operating leases:				
Land and buildings – lease expiring 1-2 years	**74**	-	**74**	-
Land and buildings – lease expiring 2-5 years	**83**	271	**83**	271
Land and buildings – lease expiring beyond 5 years	**1,381**	1,480	**1,381**	1,480
	1,538	1,751	**1,538**	1,751

28 Significance of financial instruments

LiveWest Treasury plc and LiveWest Capital plc are wholly owned subsidiaries and classed as financial institutions. The following disclosures relate to these subsidiaries only and no other entities.

	2020	2019
Financial instruments are classed as follows:	£000	£000
Financial assets		
Cash flow hedges at fair value (intra-group swaps)	**96,581**	87,534
Intra-group loans measured at amortised cost	**523,981**	438,516
Financial liabilities		
Cash flow hedges at fair value (interest rate swaps)	**96,581**	87,534
Bank loans measured at amortised cost	**523,981**	438,516

Fair value

All financial instruments are valued using the Mark-To-Market (MTM) valuation method. There is no quoted (bid) price for an identical asset in an active market nor are there recent transactions for identical assets.

Nature and extent of risks arising from financial instruments

Risks are formally reviewed by the board and appropriate processes put in place to monitor and mitigate them. LiveWest Treasury plc and LiveWest Capital plc offsets these risks through exactly matching financial assets or liabilities with the parent (LiveWest Homes Limited).

Credit risk

The group defines credit risk as 'the risk of failure by a third party to meet its contractual obligations to LiveWest under an investment, borrowing, or hedging arrangement which has a detrimental effect on LiveWest's resources and/or gives rise to credit losses'.

The group's maximum exposure to credit risk was £389m consisting of £51m cash and £338m undrawn loan facilities. There is no security held which mitigates the risk on these assets. There has been no impairment on these assets.

Our treasury management policy manages credit risk by setting minimum credit rating requirements and maximum exposure limits for all deposit counterparties.

Liquidity risk

We maintain adequate cash and debt funding facilities to cover our operations and planned developments.

We actively monitor the cash flow requirements of our operating and development activities and we have a treasury management policy in place which requires us to hold short and medium term liquidity levels. Overdraft facilities of £4.5m provide us with further flexibility.

Market risk

The group has market exposure to changes in interest rates.

Our approach to interest rate management is to maintain a balanced portfolio of fixed, variable and index linked debt. This is managed through the use of fixed rate debt and standalone derivatives. As LiveWest Treasury plc has corresponding financial assets or liabilities with LiveWest, the risk will have no impact on the surplus and equity of the company. The group has exposure to interest rate rises through our variable rate debt. A 1% increase in rates would lead to a £100,000 additional interest charge. We also have an indirect exposure to bond rates through our pension scheme commitments.

The standalone derivatives can give rise to margin calls if interest rates fall. This risk is managed by securing sufficient properties to cover margin calls in the event of a 0.5% fall in interest rates.

Capital

The company defines capital as net assets or equity. Due to the intra-group nature of its assets and liabilities LiveWest Treasury plc and LiveWest Capital plc holds its capital levels to its share capital of £12,501 and £50,000 respectively. LiveWest holds reserve capital of £507m which is held to reduce future borrowing requirements on development spend.

29 Pension schemes

As explained in the accounting policies set out in note 1 the group operates three separate pension schemes. The assets of the schemes are held separately from those of the group.

The Pensions Trust

LiveWest participates in two schemes with the Pensions Trust, the Social Housing Pension Scheme (SHPS) and The Growth Plan.

Both are multi-employer schemes providing benefits to non-associated employers and are classified as 'last-man standing arrangements'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme.

SHPS

The Social Housing Pension Scheme (SHPS) defined benefit schemes provides benefits to non-associated employers. Prior to 31 March 2019, the pension liability was accounted for using the net present value of the past deficit payment, however, as a result of additional information, the pension liability is now able to be accounted for adopting a full FRS 102 valuation from the year ending 31 March 2019. In accordance with FRED 71, no restatement of prior year figures has been made in those accounts. A reconciliation between the liability at 31 March 2018 and the provision at 31 March 2019 is shown below.

The SHPS defined benefit schemes were closed to future accrual on 31 March 2020.

SHPS opening balance adjustment	Total	Growth	SHPS
	£000	£000	£000
Creditors: amounts falling due within one year	3,122	9	3,113
Creditors: amounts falling due after more than one year	16,386	58	16,328
Balance at previously stated at 31 March 2018	**19,508**	**67**	**19,441**
SHPS opening adjustment			15,333
Balance at 31 March 2018 – restated			**34,774**
Net in year movement to 31 March 2019			7,120
Provision at 31 March 2019			**41,894**

A full actuarial valuation for the SHPS scheme was carried out with an effective date of 30 September 2017 which showed assets of £4,553m, liabilities of £6,075m and a deficit of £1,522m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme up to 30 September 2026. LiveWest will make deficit contributions of £3.9m in 2020-21.

In October 2018 the High Court published its judgement on the case of Lloyds Banking Group and the equalisation of Guaranteed Minimum Pensions (GMP). This has consequently been assessed against the group's defined benefit schemes. The impact of GMP Equalisation in respect of the SHPS Pension Scheme have been recognised in the scheme liabilities.

Growth Plan

Is a multi-employer scheme providing benefits to non-associated employers. The scheme is classified as a defined benefit scheme in the UK, however, it is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

A full actuarial valuation for the Growth Plan was carried out at 30 September 2017. This valuation showed assets of £795m, liabilities of £926m and a deficit of £131m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme up to 30 September 2028 which amount to £47,000 for LiveWest of which £10,000 is due in 2020-21.

Defined benefit scheme – Devon County Council pension fund

LiveWest participates in this fund as an admitted body under the Local Government Superannuation Regulations 1986.

The Local Government Superannuation Scheme is funded jointly by employees participating in the scheme and LiveWest. The scheme is a defined benefit salary scheme based on final pensionable salary and is closed to new entrants. The scheme is administered by Devon County Council.

The scheme operated two separate admission agreements relating to Tor Homes and West Devon Homes which were consolidated into one agreement on 31 March 2016.

Past service deficit payments of £88,000 (2019: £86,000) were made during the year in accordance with the funding agreement.

The most recent valuation was carried out as at 31 March 2019 and has been updated by independent actuaries to the Devon Council Pension Fund to take account of the income and expenditure items for the period to 31 March 2020. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value.

This pension scheme was closed to future accrual on 31 May 2016.

The group has reviewed the impact of GMP Equalisation in respect of its Local Government Pension Scheme and identified that this approach has been adopted by the scheme actuary. This approach ranged from a detailed assessment of the impact of the requirements in 2019 through to limited recognition of the impact as the scheme actuaries wait for guidance from the Government on the methodology to be applied in calculating the full liability. No further adjustments have been made to the present value of obligations as the effect is not considered material.

The pension actuary has reviewed the impact of GMP Equalisation and has concluded that HM Treasury have confirmed that the judgement does not impact on the current method used to achieve equalisation and indexation in public service pension schemes.

In July 2019 the Government released a statement that it expects to amend all public service schemes relating to the 'transitional arrangements' protection in respect of benefit changes to the Judicial and Fire Fighter Pension scheme amounted to unlawful discrimination ('McCloud case'). The pension scheme actuary has not made an adjustment to reflect the liability but has noted that they expect it to be minimal and therefore the directors consider the impact will not be material to the financial statements at 31 March 2020.

Financial assumptions

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The main financial assumptions in respect of the FRS102 valuation are listed below.

	SHPS		Devon County Council	
	2020	2019	2020	2019
	%	%	%	%
Discount rate	**2.4**	2.3	**2.4**	2.4
Salary / pension growth	**2.6**	3.3	**2.5**	2.5
Inflation (RPI)	**2.6**	3.3	**-**	-
Inflation (CPI)	**1.6**	2.3	**-**	-
Inflation	**-**	-	**4.0**	4.0

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

	SHPS		Devon County Council	
	2020	2019	2020	2019
Longevity at age 65 for current pensioners				
- Males	**21.5**	21.8	**22.9**	22.4
- Females	**23.3**	23.5	**24.1**	24.4
Longevity at age 65 for future pensioners				
- Males	**22.9**	23.2	**24.3**	24.1
- Females	**24.5**	24.7	**25.5**	26.2

Analysis of the amount charged to the Statement of comprehensive income

	SHPS		Devon County Council	
	2020	2019	2020	2019
	£000	£000	£000	£000
Service cost	**1,299**	2,295	**-**	-
Expenses	**131**	113	**7**	6
Total operating charge	**1,430**	2,408	**7**	6
Net interest on pension liabilities	**938**	868	**147**	169
Other financial costs	**2,368**	3,276	**154**	175

Movement in the fair value of assets and present value of liabilities for the year to 31 March 2020:

Fair value of assets

	SHPS		Devon County Council	
	2020	2019	2020	2019
	£000	£000	£000	£000
At the beginning of the year	**119,711**	112,745	**9,959**	9,758
Interest on assets	**2,816**	2,888	**233**	244
Remeasurement	**882**	5,583	**(1,005)**	322
Employer contributions	**4,861**	1,899	**88**	86
Employee contributions	**184**	300	**-**	-
Administrative expenses	**-**	-	**(7)**	(6)
Net benefits paid out	**(3,258)**	(3,704)	**(596)**	(445)
At the end of the year	**125,196**	119,711	**8,672**	9,959

Present value of liabilities

	SHPS		Devon County Council	
	2020	2019	2020	2019
	£000	£000	£000	£000
At the beginning of the year	**161,605**	147,519	**16,131**	16,391
Current service cost	**1,299**	2,295	**-**	-
Expenses	**131**	71	**-**	-
Interest on liabilities	**3,754**	3,790	**380**	413
Contributions by participants	**184**	300	**-**	-
Remeasurement	**(21,069)**	11,334	**(1,185)**	(228)
Net benefits paid out	**(3,258)**	(3,704)	**(596)**	(445)
At end of the year	**142,646**	161,605	**14,730**	16,131

Type of asset held

	SHPS		Devon County Council	
	2020	2019	2020	2019
	£000	£000	£000	£000
Liability driven investment	**41,551**	43,780	**-**	-
Equities	**18,311**	20,143	**4,883**	5,887
Bonds / debt	**13,453**	11,322	**824**	514
Absolute return	**6,528**	10,358	**-**	-
Infrastructure	**9,317**	6,278	**-**	-
Property	**4,924**	4,455	**817**	892
Other	**31,112**	23,375	**2,148**	2,666
Total	**125,196**	119,711	**8,672**	9,959

Funding position

	SHPS		Devon County Council	
	2020	2019	2020	2019
	£000	£000	£000	£000
Assets	**125,196**	119,711	**8,672**	9,959
Estimated liabilities	**(142,646)**	(161,605)	**(14,730)**	(16,131)
Deficit in scheme	**(17,450)**	(41,894)	**(6,058)**	(6,172)

Defined contribution scheme - social housing pension scheme

This scheme administered by the Pensions Trust is the pension scheme for auto-enrolment and is also open to all members of staff. The company paid contributions between 4% and 9% and employees paid contributions from 3%. On retirement, funds or units earned can be converted into a pension with the Trust, or used to secure a pension with another provider. At 31 March 2020 there were 988 active members (2019: 793) of the scheme.

30 Related parties

All trading transactions between LiveWest and its non-regulated subsidiaries are charged at the cost of providing the service between the subsidiaries.

Recharges are determined by an appropriate allocation depending on the nature of the cost, such as headcount, floor space and services.

	Transactions in year		Balance at year end		Nature of service
	Income £000	Expenditure £000	Debtor £000	Creditor £000	
LiveWest from ARC	7	-	-	27	Development and sale services
ARC from LiveWest	-	7	27	-	
LiveWest from GWAG	77	-	-	4,531	Scheme management
GWAG from LiveWest	-	77	4,531	-	
LCAP from LiveWest	5,576	-	3,086	-	Treasury services
LiveWest from LCAP	-	5,576	-	3,086	
LT from LiveWest	73	-	406,061	-	Treasury services
LiveWest from LT	-	73	-	406,061	
Westco from LiveWest	26,787	-	-	71,383	Development services
LiveWest from Westco	-	26,787	71,383	-	
LP from LiveWest	-	-	23	-	Scheme management
LiveWest from LP	-	-	-	23	
LES from LiveWest	-	-	54	-	Maintenance services
LiveWest from LES	-	-	-	54	
Westco from LP	-	-	5,125	-	Development services
LP from Westco	-	-	-	5,125	

GWAG = Great Western Assured Growth Limited
LCAP = LiveWest Capital plc
LES = LiveWest External Services Limited
LP = LiveWest Properties Limited
LT = LiveWest Treasury Limited

The daughter of the Chief Executive was employed by LiveWest Homes on a fixed term contract, which terminated on 30 September 2019. The post was filled through the normal recruitment procedures of the company and was on standards terms and conditions.

Under Section 33 of FRS 102 defined benefit pension schemes are considered to be related parties. LiveWest is a member of the following defined benefit schemes: Social Housing Pension Scheme and Devon County Council Local Government Pension Scheme. Details of transactions with the schemes are disclosed in note 29.

31 Contingent liabilities

LiveWest has acquired a number of properties where grant is considered to be part of the acquisition cost and is not accounted for separately in the balance sheet. This contingent liability will be realised if the assets to which the grant relates are disposed.

As at March 2020 this contingent liability is £80m (2019: £77m).

32 Statement of cash flows

	2020	2019
	£000	£000
Reconciliation of operating surplus to net cash inflow from operating activities		
Operating surplus	**89,511**	81,409
Depreciation charges – other fixed assets	**2,642**	2,266
Depreciation charges – housing properties	**28,308**	26,922
Depreciation charges – intangible assets	**523**	692
Revaluation of investment properties	**-**	(879)
Pension cost less contributions payable	**(3,520)**	(2,287)
Government grant utilised in year	**(7,961)**	(7,974)
Increase in stock	**(40)**	-
Increase in debtors	**(8,740)**	(14,558)
increase in creditors	**55**	3,706
Increase in properties for sale	**(26,409)**	(19,772)
Sale of housing properties	**22,228**	12,459
Sale of other fixed assets	**572**	-
Net cash inflow from operating activities	**97,169**	81,984

	1 April 2019	Cashflow	Non-cash	31 March 2020
	£000	£000	£000	£000
Reconciliation of net debt				
Cash	18,402	32,716	-	51,118
	18,402	32,716	-	51,118
Housing loans due in 1 year	(18,874)	18,874	(20,329)	(20,329)
Housing loans due in > 1 year	(787,312)	(112,745)	20,329	(879,728)
	(787,784)	**(61,155)**	**-**	**(848,939)**

33 Social housing grant and other grant

	Group and Company	
	Social Housing Grant	Other grant
	£000	£000
Grant received		
At beginning of year	772,369	457
Additions	32,080	12
Disposals	(10,532)	-
	793,917	**469**
Amortisation		
At beginning of year	149,094	55
Amortised in year	7,944	19
Disposals	(3,138)	-
	153,900	**74**
Net book value		
At 31 March 2020	**640,017**	**395**
At 31 March 2019	**623,275**	**402**

Companies within the group, board members, executives and advisers

Companies within the group

LiveWest Homes Limited is the parent company of the group.

It has nine subsidiaries and one associated company, which have been consolidated as required under Financial Reporting Standard 102 (FRS 102).

Details of the seven trading subsidiaries and their roles within the group, and the associated company, are shown below.

Company	Role
Arc Developments South West Limited	One of our two commercial development companies. All profit made is returned to LiveWest in the form of Gift Aid facilitating further investment for affordable homes in the region.
LiveWest Properties Limited	Manages our leasehold properties (including private retirement schemes) and owns a small portfolio of market rented properties.
LiveWest Treasury plc	A special purpose vehicle holding our European Medium Term Note programme and loan facilities.
Great Western Assured Growth Limited	Owns a small portfolio of properties that are managed by LiveWest.
LiveWest Capital plc	A special purpose vehicle through which the group has raised bond finance of £100m.
LiveWest Charitable Housing Limited	Supports our charitable activities by raising funds from a variety of sources to enable projects for the benefit of residents and others in need. On 31 March 2020 the company ceased trading and became dormant.
Westco Properties Limited (Westco)	One of our two commercial development companies. All profit made is returned to LiveWest in the form of Gift Aid facilitating further investment for affordable homes in the region.
Advantage SW LLP (ASW)	Our procurement consortium jointly owned by Westco and three registered providers.

LiveWest Homes Limited board members


Andrew Wiles
Member of ARC and CSC


Antony Durbacz
Chair of ARC, Member of TC


Jacqueline Starr
Member of CSC
(appointed 1 March 2020)


Jenefer Greenwood
Chair of RC, Member of DC


John Newbury
Senior Independent Director,
Member of ARC, and CSC


Linda Nash
Group Chair, Member of RC


Melvyn Garrett
Deputy Chief Executive and
Executive Director of Finance,
Member of DC and TC


Paul Crawford
Chief Executive,
Member of DC


Tim Larner
Chair of DC, Member of TC


Tom Vaughan
Chair of CSC, Member of RC


Tony MacGregor
Chair of TC, Member of ARC

ARC = Audit and Risk committee

CSC = Customer Services committee

DC = Development committee

RC = Remuneration and Nominations committee

TC = Treasury committee

Secretary: Jill Farrar
Registered office: 1 Wellington Way, Skypark, Clyst Honiton, Exeter EX5 2FZ
Charitable Community Benefit Society registration number: 7724
Regulator of Social Housing registration number: 4873
Auditors: KPMG LLP, Regus, 4th Floor, Salt Quay House, 6 North East Quay, Plymouth PL4 0HP
Treasury advisers: Centrus Advisers LLP, 3rd Floor, Mermaid House, 2 Puddle Dock, London EC4V 3DB

LiveWest Homes Limited Executive team

David Greenhalgh
Executive Director of
Property Services (Strategy)

Ian Fisher
Executive Director of Digital
and Business Change

Jill Farrar
Executive Director of
Governance and Compliance

Melvyn Garrett
Deputy Chief Executive /
Executive Director
of Finance

Paul Crawford
Chief Executive

Russell Baldwinson
Executive Director of
Development

Suzanne Brown
Executive Director of
Operations

Our workplaces offer employees innovative spaces for productivity, collaboration and growth.

LiveWest
A home for everyone

Head Office: 1 Wellington Way, Skypark,
Clyst Honiton, Exeter EX5 2FZ

livewest.co.uk