LiveWest

A home for everyone

Annual report and financial statements

Year ended 31 March 2021

We provide homes and communities that people love to live in

Contents

Annual report and financial statements 2020/2021 for LiveWest
Community Benefit Society registration number: 7724
Regulator of Social Housing registration number: 4873

Our front cover shows Delcie who lives at our Devonport Views scheme catching up online with those closest to her.
Cover and page 19 image: © Plymouth Live

Introduction

By the Chair and Chief Executive

Linda Nash our Chair and Paul Crawford our Chief Executive.

As we reflect on a year which has brought unprecedented challenges for our business, customers and the wider economy, we can be truly proud of how dynamic and resourceful we have been in responding positively to the rapidly changing environment.

Supporting our customers

The pandemic has undoubtedly had a significant impact on the wellbeing of our customers with Universal Credit claims steadily increasing during the year resulting in increased financial challenges as well as concerns over the implications and changes for both now and the longer-term.

Our priority, following the national lockdown in March 2020, was to ensure that our vulnerable customers were safe and getting the support they needed and we have made over 19,000 proactive wellbeing calls to customers to talk to them, identify their needs and help them access appropriate community support from our staff and other organisations in their local areas. These wellbeing calls were really appreciated by our customers and their families, so we have continued to develop this service, adapting the process to changes within the business, our ongoing learning and customers' support needs.

In order to follow lockdown rules, we focused on emergency repairs and safety checks at the beginning of the financial year, progressively increasing services during the summer as Covid- secure working practices were implemented to minimise risks to our customers and staff.

The backlog of responsive repairs built up during lockdown has largely been cleared with kitchen, bathroom and other renewals being reprofiled over the next few years. We are grateful that our customers supported us in these actions being patient and flexible in their approach to our repairs service.

With employee and customer safety being our key priority, we spent in excess of £1m on Personal Protective Equipment (PPE) so that services could be maintained in accordance with Government guidelines and best practice. Our offices remained closed for significant parts of the year and have adopted Covid-secure practices when re-opened for colleagues who were feeling isolated or had challenging home working conditions.

The Board recognised the financial difficulties that our customers were facing and approved a £600,000 increase in hardship grant funds which has seen a 700% increase in applications compared to previous years. This has enabled us to give over 1,500 grants and donations to customers and their wider communities to help with immediate issues including £108,000 to groups and charities to tackle food poverty. Additionally, our Tenancy Sustainment team have worked with customers and identified an extra £1.9m of benefit entitlements due to individuals and families.

With home learning and teaching online, we knew that many members of our communities did not have access to the IT equipment required so we have been sending vital equipment to disadvantaged families and schools to help support those in need. In addition to recycling over 230 refurbished laptops, we also provided grants of £67,000 to local schools in our communities to buy a further 108 laptops.

The lockdowns over the last 12 months have highlighted the importance of the environment and good quality local outdoor spaces in maintaining our physical and mental wellbeing. This is reflected in our ongoing community development work, Environmental Strategy and our approach to the Social Housing White Paper.

With the pandemic set to continue to have an impact in the future, our teams remain ready to support customers and wider communities.

An example of the dedication of our colleagues in challenging circumstances can be seen in the Supported Services Teams. They have faced a particularly challenging environment during the year and having adopted Covid-secure working practices, maintained key services to our most vulnerable customers. The quality of our Young People service was recognised nationally when they won the TPAS 2020 Excellence in Engagement in Support and Care Award. Supporting vulnerable young people remains one of our key strategic priorities and we are investing £1.2m to refurbish the Foyer in Bristol during 2021/22.

Overall, our customers have appreciated and understood the difficult environment we have operated under and have supported new initiatives introduced to provide services remotely. This, together with our team's dedication, has seen customer satisfaction maintained at 89% during this challenging year.

Fit for the future

During the year, our strategy and business plan were reviewed to consider and incorporate Brexit, Covid-19, the Social Housing White paper, Fire Safety Act, Building Safety Bill, the environmental "net zero carbon" agenda and the National Housing Federation's new Code of Governance. It demonstrates that our approach and areas of focus enable us to deliver high levels of customer service whilst maintaining a financially resilient business fit for the future in challenging operational and economic conditions.

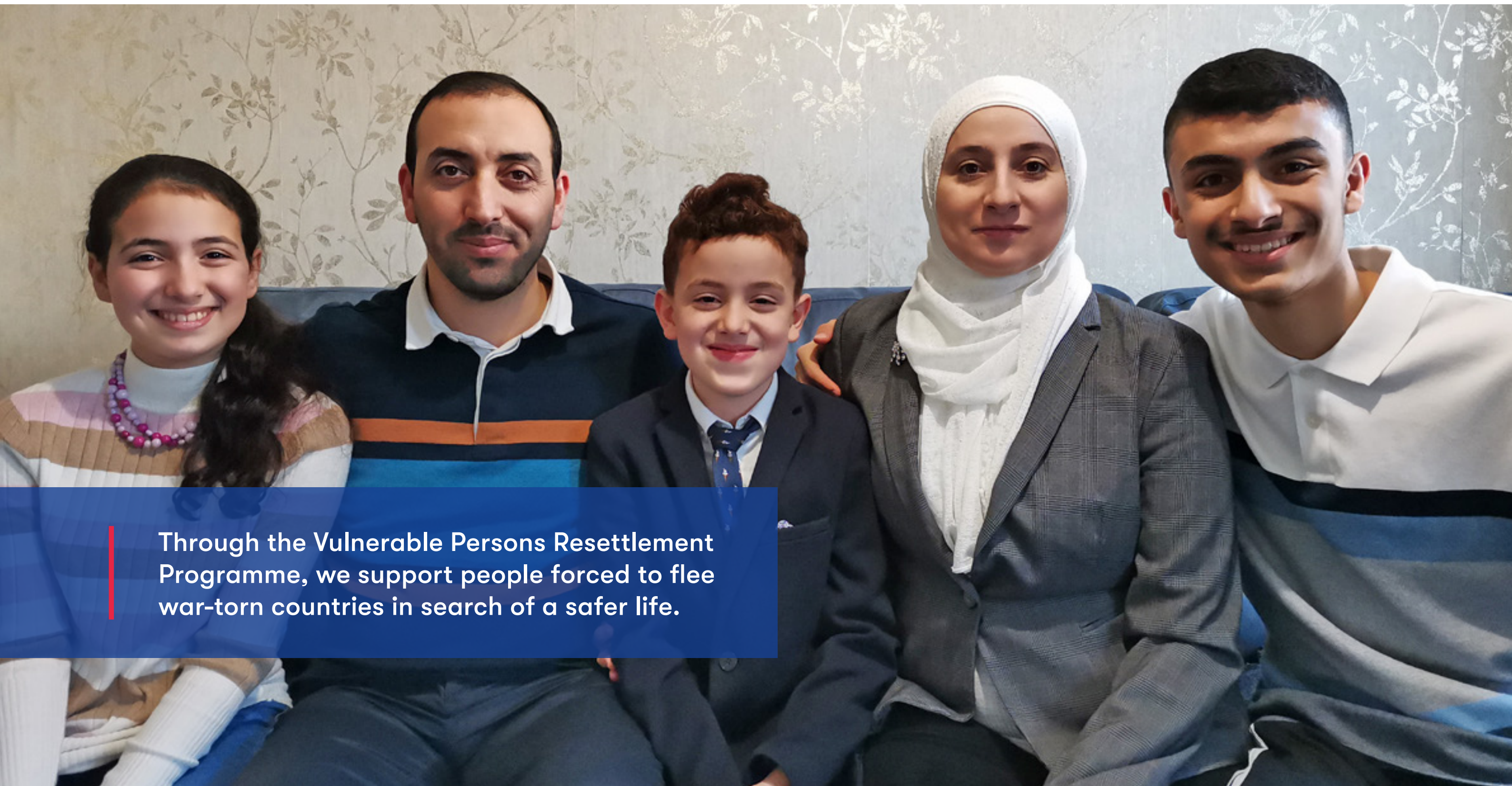
In order to meet our safety obligations from the Fire Safety Act and Building Safety Bill, we have appointed a new building safety team which will ensure we are complaint with all requirements. We have also carried out a self-assessment in respect of the Social Housing White Paper which has identified some areas of focus and have been incorporated into our corporate strategies to be delivered over the next three years.

Moody's have reaffirmed our A2 rating which is amongst the highest in the sector and confirms the strength of the underlying business and its financial resilience. This was highlighted during our £250m note issue in February 2021 which was placed at a highly competitive long-term interest rate increasing our liquidity to £426m of available facilities which together with cash balances equates to 40 months of planned operating expenditure.

Whilst surplus has fallen to £46m down from £56m in 2019/20, this has absorbed one-off costs of restructuring interest rate swaps of £9m and additional fire and Covid-19 related safety expenditure.

Our underlying business continues to generate strong cash flows, which when combined with additional borrowing, enables us to invest in improving our existing homes and meet our environmental responsibilities as well as underpinning our ambitious new home development programme.

As a result of the confidence and strength in our underlying business, we did not need to access any Government Covid-19 job retention or loan support schemes and we feel well placed to take advantage of opportunities in the post pandemic economy.



Through the Vulnerable Persons Resettlement Programme, we support people forced to flee war-torn countries in search of a safer life.

Our Homes

As part of the continuing review to ensure we manage our housing portfolio, we continued to dispose of homes which do not meet our strategic aims or quality standards, including 257 homes which were outside of our operating area, generating a surplus of £20m. Our future disposal programme will be driven by homes that do not meet our strategic aims, including heating affordability for customers.

Our current year development programme was significantly disrupted by site closures during lockdown and has continued to incur handover delays as a result of social distancing on sites. However, the strength and depth of our pipeline has still enabled 701 new homes for rent and 86 homes for sale to be handed over in the year.

Looking forward, we continue to have a significant and ambitious development programme, which together with grant funding from Homes England, will enable us to provide 6,250 over the next five years and with the housing market remaining buoyant, there is real optimism that the pandemic will end without significant impact on our build programme.

Team LiveWest

Following the necessity to work from home from March 2020, colleagues from all disciplines have worked together to deliver great services to customers and to support one another. This has evolved into a longer-term plan for hybrid working. Based on flexibility and trust, working practices will be tailored to balance the priorities of our business, customers and colleagues which should improve home/work life balance and enable us to attract a broader and more diverse workforce.

Our colleagues' wellbeing has been of the utmost importance this year with a wide range of resources, campaigns and initiatives launched to help support with mental health, physical health and financial wellbeing.

To support colleagues who were isolated or struggling working from home, we introduced a flexible approach to office working when lockdown rules permitted. Our managers worked with colleagues who have family or caring commitments to balance their responsibilities, and we encouraged everyone to make the time to look after their own wellbeing. Technology was utilised to ensure colleagues could easily connect with each other through video calls and instant messaging, both for work and social interactions.

We expanded our network of Wellbeing Champions across the business to assist and support colleagues through virtual drop in sessions, social quizzes, on-line exercise classes, webinars and wellbeing challenges. We have 24/7 colleague support and counselling available through our Employee Assistance Programme, which we frequently promote to colleagues through our communication channels. All of our resources, support and information is available for colleagues to easily find in a wellbeing hub on our intranet.

This focus and approach has seen employee satisfaction increase to 90% from 85% in 2020 which clearly demonstrates that our colleagues appreciate and value our initiatives to support them.

Our Equality, Diversity and Inclusion Group is sponsored by a member of the Executive team and aims to make all colleagues feel valued and appreciated so that they can be themselves. This is supported by a variety of groups to promote race, ethnicity, gender and disability equality as we know that different backgrounds, experiences and perspectives enable a more creative environment which allows us to deliver better customer and colleague outcomes. We continue to develop our recruitment processes to prevent any form of discrimination and to promote our vacancies across a diverse applicant base. We are also members of the Inclusive Employer and Disability Confident groups which allows us to share ideas and develop best practice.

We appreciate the benefits of a diverse workforce and aim to continue to review and develop our processes to identify, attract, recruit and retain the best talent.

The clear leadership of the Board and Executive team through unchartered periods together with the extraordinary commitment, professionalism and resilience during the uncertainties of the pandemic from all of our colleagues has been outstanding and the Board and Executive team could not be prouder of their dedication and achievements.

The year ahead presents a real opportunity for LiveWest to build on our great work and be a key organisation across the South West in supporting our colleagues, customers and communities to re-build and thrive.

Linda Nash, Chair
Paul Crawford, Chief Executive

We support our customers

The coronavirus outbreak is one of the most significant global health emergencies in living memory. It has affected the way we all go about our daily lives. The Trussell Trust support a nationwide network of food banks and together provide emergency food and support to people locked in poverty. Across the South West the charity, one of the largest networks in the UK, supports around 25 food banks.

Food banks have become a vital service for many households as the economic impact of coronavirus has hit many families and individuals over the last 12 months. To help support people in financial crisis across the region, we have donated £108,000 to groups and charities to tackle food poverty. The Trussell Trust saw a 42% increase in the number of parcels given out during the first six months of the Covid-19 pandemic, and a 49% increase in the number of children being supported by emergency food compared to pre-pandemic levels.

In these uncertain times we have donated £36,000 to the charity to help those in crisis. We have also supported a number of independent food banks in areas where LiveWest has the largest numbers of our homes and where demand for food banks is at its highest. Emma Greenwood, Trussell Trust Area Manager for the South West, said: "The generosity of individuals and organisations has been overwhelming and the financial contribution from LiveWest will make a huge difference to people's lives. Our food banks can't do what they do without these incredible donations. The support of LiveWest means we can remain agile to respond to the fast-changing situation and ensure food banks continue to provide the lifeline of emergency food and additional support for people in crisis."

"There was a concern that, at some point, there would be generosity fatigue but that hasn't happened. There is a real sense that everyone has their part to play in this, and there is a universal recognition that no one should be going hungry. It's never been more important for individuals, businesses and organisations to come together to both respond to the immediate needs of their communities, but also turn their attention to working together to build a future where emergency food isn't needed because everyone has enough money to pay for the essentials in life."

Through our work and our incredible staff we are uniquely placed to reach people in uncertain times.

Highlights for the year

Income and expenditure

Turnover

£244m 2021

£249m 2020

£233m 2019

Surplus generated from properties built for sale

£6m 2021

£10m 2020

£10m 2019

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

30% 2021

33% 2020

33% 2019

Operating surplus (excluding property disposals) as a percentage of turnover

25% 2021

28% 2020

28% 2019

Operating surplus £82m 2021

Investment and cash flow

£58m Spent on maintaining and improving existing homes

£100m Spent on building new homes

£98m Net operating cash flow after interest

Homes

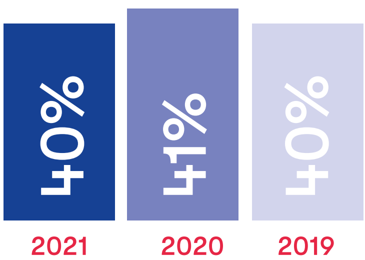
37,820
Managed homes

701
New homes for rent and shared ownership

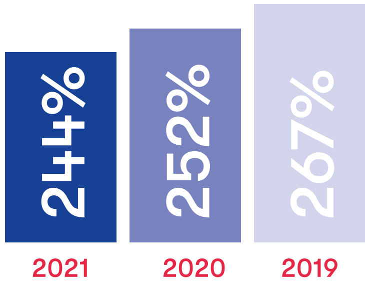
2,504
Affordable plots owned and under development

Treasury

Gearing



Underlying EBITDA – MRI



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

Our colleagues

90%
Overall employee satisfaction

2,600
Learning events undertaken by employees to develop their professional skills

1,425
Skilled and committed employees, living our values and making our strategy happen

Our customers and communities

19,479
Welfare calls to vulnerable customers

338
Laptops donated to supported housing customers and local schools

£1.9m
Of additional customer benefit entitlement identified

What our customers think

89%
Overall customer satisfaction

87%
Satisfied with the quality of their home

85%
Overall satisfaction with repairs and maintenance

01 Our strategy

Our aspirations of being able to provide 'a home for everyone' is embedded in our corporate strategy and plans for the future. We aim to provide and invest in high-quality, safe, secure and environmentally sustainable homes in the South West, for rent at below market levels or for shared ownership sale, meeting the needs of people who otherwise will not be able to achieve their long-term housing requirements at an acceptable quality or cost.

In January 2021, our strategic review was approved by the Board and incorporated recent events such as Covid-19 and Brexit. It also includes insight and direction from external sources including the Government's social housing white paper, Fire Safety Act, Building Safety Bill, the planning for the future white paper and the National Housing Federation's new code of governance.

Our financial strength enables us to build significant numbers of homes every year for the long-term. Where we develop homes for sale, we do this in order to create financial capacity for investing in new affordable homes.

Our purpose includes creating vibrant communities in addition to the provision of homes and landlord services, in respect of:

- supporting the creation of connected and cohesive communities ensuring overt support for an inclusive environment that promotes equality, diversity and inclusion
- considering customers' individual needs and enabling services to be delivered in a way that supports these
- actively supporting the economic prosperity and wellbeing of our customers through investment in people, homes and construction in the South West.

Our values are:

- we are customer focused
- we challenge convention
- we deliver together

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.

Integral to our corporate strategy are a number of cross cutting themes, these are; health and safety, equality, diversity and inclusion and communications. Cross cutting themes are areas of focus that apply to everything we do, they are explicit within our strategies to ensure this is clear to everyone.

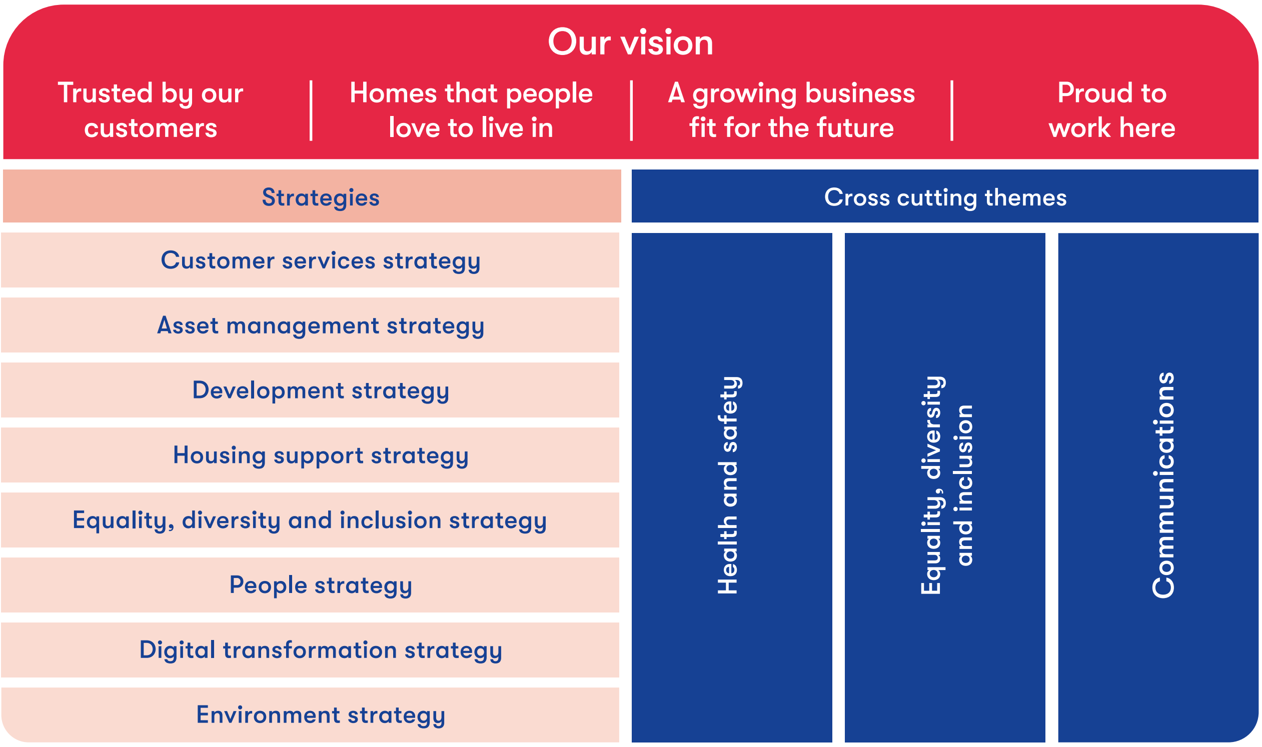
Health and safety is our first priority and it is the intention that a culture emerges where all colleagues feel they have a role to play in ensuring the health, safety and wellbeing of everyone.

We are committed to being fair, inclusive and embracing diversity for all of our customers, colleagues and stakeholders which is why our equality, diversity and inclusion strategy principles are embedded across all aspects of our business as both a main strategy and also a cross cutting theme throughout other strategies. We aim to be a fully inclusive employer who listens and responds to the views of everyone equally.

Our communications cross cutting theme is based on listening and responding to our customers, colleagues and stakeholders.

The sub-strategies support our corporate strategy and plans, enabling our overall vision to be realised.

We will measure the achievement of our strategy through the following metrics which we aim to achieve by March 2024 and if attained before, we will maintain consistently at the levels set out to the right:



- **Trusted by our customers**
  - overall customer satisfaction consistently in the top quartile
  - our customer trust rating score will be top quartile
  - customers “how safe do you feel” will be greater than 95%.
- **Homes and communities that people love to live in**
  - by 2028 all our homes will meet an energy efficiency rating of SAP C or above
  - overall satisfaction with your home will be top quartile
  - satisfaction with new homes will be greater than 95%
  - tenant satisfaction with neighbourhoods will be top quartile.
- **Proud to work here**
  - our employee net promoter score positions us as one of the best employers nationally (consistently above 50)
  - colleague satisfaction above 90%
  - over 90% of our employees will say that there is a culture of valuing equality, diversity and inclusion.
- **A growing business, fit for the future**
  - underlying Management Cost Per Unit will be sector scorecard upper quartile
  - 40% of customer interaction will be via our digital channels
  - over 6,000 new homes developed
  - maintain our Moody’s, governance and viability ratings to support the delivery of our strategy.

02 Our customers

As one of the largest providers of social housing with close to 38,000 homes in the South West, we proactively support our customers, particularly as we are aware that Covid-19 does not impact all communities equally.

Early on we recognised the potential impact of the pandemic on our customers and the fact that many would struggle to cope with lockdown measures which limited their access to shops, healthcare, support networks and employment. During the last year we have completed over 19,000 proactive welfare calls with customers and throughout the year, customers have been supported by us and our partner organisations in their local areas.

Through our customer communications and ongoing engagement, we have continued to offer support through our Crisis and Hardship grants which has experienced a 700% increase in applications when compared to previous years. We have provided grants to 1,650 customers, helping 1 in every 40 of our households.

A key area of focus for our Tenancy Sustainment support this year has been to make sure our customers are maximising their income through benefit advice and providing support with new claims for Universal Credit. During the year, we have helped our customers to claim an additional £1.9m in income which has helped them pay their rent and manage their household budgets during these challenging times.

We have also engaged with customers regarding our approach to managing services during the pandemic with their feedback influencing how and when we should suspend and resume them and how these decisions were communicated.

We continue to keep customers aware of our available and resuming services and provide support and information via our customer service team, our social media platforms and our website. Our teams have continued to be available to our customers throughout the pandemic, although not always in person but via phone, virtual calls and email.

Throughout these challenging times, we have prioritised emergency repairs for our customers and continued with our compliance and safety requirements. Our teams have proactively contacted customers who may be struggling, to offer support and advice, particularly those that have been concerned about their rent payments ensuring that no-one has lost their home due to Covid-19.

New technology

During the year, we have adapted our services to introduce new technology that has enabled us to complete virtual viewings and virtual repairs diagnoses. These new technologies have enabled us to continue to support customers moving into their new homes and to provide quick remote feedback which has enabled self-help with repairs.

We continue to look at new technology that will enable us to provide an improved service to our customers. We are enhancing and upgrading our customer portal over the coming months and are implementing a new operating and finance system in 2021/2022 which will enable us to improve and expand our range of services to customers.

Customer services strategy

Due to the Covid-19 pandemic, the areas of our strategy which was planned for face-to-face engagement were inevitably delayed. However, we did continue to deliver some key objectives including undertaking a review and appointment of a new provider of our out-of-hours customer service centre. Our customer group, InFocus, worked with us on this selection throughout including site visits and the tender process. Our new suite of performance indicators has been reviewed, approved and are published quarterly on our website.

We are currently working on expanding our services available through 'my account' later this year and will continue to identify and introduce improved technology to make our business more accessible to customers.

Customer safety

Following the tragic fire at Grenfell in 2017, the Government set out compulsory changes to how social housing organisations operate. The Social Housing White Paper published in November 2020 together with the Fire Safety Act and Building Safety Bill outline the expectations and changes for social housing and landlords and sets out clear guidance on what all customers should be able to expect in their homes.

With safety our first priority we continue to reflect on how we deliver services and improve homes to ensure customer safety and wellbeing.

We will be working closely with the Regulator of Social Housing, the Housing Ombudsman and our customers to ensure that we are compliant with the expectations of the charter and we have started this process by completing a self-assessment to provide assurance and identify areas for focus or review.

Our customer relationship

We are an early adopter of the Together with Tenants charter which is aimed at strengthening the relationship with our customers. Our performance against the Charter was reviewed by our customer scrutiny group, InFocus, during the year which concluded we are performing well in most areas. While the ongoing pandemic has changed the way we work, we are committed to maintaining our good performance especially around safety and compliance and improving the areas highlighted in the scrutiny review.

We have increased the ways our customers can be involved with us as part of various engagement groups and members of our InFocus scrutiny group are also on the Housing Ombudsman's Resident Complaint panel. Our shared ownership customers can directly influence the decisions made regarding their services via a new virtual forum. This forum gives shared owners the platform to discuss issues that relate specifically to them and to ensure that solutions are co-created, discussed and implemented.

Additionally, we have launched our customer portal providing 24/7 access to self-service functionality services and tenancy information which we will enhance during 2021/22. We are also partnering with Sign Video so that customers are able to engage with us using sign language.

Looking forward, the Social Housing Bill when published will introduce new consumer regulation to improve standards which will be monitored by the Regulator of Social Housing. When fully implemented, the legislation will set out the obligations of social housing landlords in respect of safety, quality of homes and communities, customer engagement and complaint handling, scrutiny of performance and services and opportunities for home ownership.

To prepare for the change in legislation we have carried out a self-assessment against the Social Housing White Paper including new ways of reporting, embedding effective and excellent complaint handling and appointing a named person responsible for consumer standards. We have incorporated these requirements into our corporate strategies for 2021-2024 and this will form the focus of work over the next three years.

InFocus: our customer scrutiny group

Our scrutiny group, InFocus, has a membership across our housing geography and works in partnership with us to ensure:

- our customers' priorities are heard and acted upon
- we review our performance and focus on key issues for us to address
- we act as a sounding board for proposed changes to service delivery and policies
- we consider value for money and help identify what services our customers' value
- we identify and celebrate what we are doing well.

The group have been working with us since May 2019 and in that time, they have helped us to shape our customer services strategy, our customer engagement strategy and our annual report for customers. We hold regular quarterly meetings with them and they actively participate in regular reviews of our processes and policy's. Despite the restrictions of the pandemic, the group have continued "virtually" with their most recent reviews and scrutiny including our Aids & Adaptations policy, our quarterly performance information, variations to our Tenancy agreements and how we take enforcement action for breaches of our tenancy agreements.

We are always keen to give our customers the opportunity to help us shape and influence how our services are delivered and to make sure their priorities are heard and acted upon. If you are interested in getting involved then please do contact us as your views really matter.

03 Environmental, social and governance

Alongside our values and social purpose, the Board has given an increased level of focus on environmental, social and governance (ESG) responsibilities in our homes and communities.

Environmental

We are early adopters of the Sustainability Reporting Standard, a voluntary report covering 48 individual metrics, which has received a positive response from the housing sector with the first annual report due in October 2021. This will enable us to compare our performance against peer organisations making it easier for lenders and investors to assess our ESG performance, identify risks and opportunities to create positive social and environmental outcomes.

The environmental group, which is led by the Deputy Chief Executive, launched our environmental principles and reporting metrics during the year.

This considers 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 initiatives, consideration has been given as to how they all interact and overlap to contribute to the overall vision and purpose of the business.

We have also implemented the following initiatives:

- taking a fabric first approach with renewable technology on all of our land led schemes
- all new land-led scheme homes to be in the range of high EPC B to high EPC A energy ratings
- to reach a minimum EPC C energy rating on all of our homes by 2028
- procure and maintain a green energy supply in all of our offices
- planting two trees for every one removed
- an electric and ultra-low emission employee car benefit scheme
- reduce our business mileage by 15% of 'pre-covid' volumes.

With a significant amount of our property maintenance carried out by our teams, the fleet of 360 vans have a significant carbon impact. We are developing our fleet strategy to determine how a lower carbon hybrid and electric fleet could be introduced operationally as well as adopting new technologies to improve repair diagnostics and first time fixes to reduce the number of miles travelled.

Following the change in working practices during the Covid-19 pandemic, the introduction of hybrid working will reduce the number of miles that employees commute to our offices as well as help to promote a healthy work / home life balance.

71.6
Average energy efficiency rating of our homes

75%
Of new affordable homes delivered in the year had an EPC energy rating of B

1,750
Tonnes CO_2 on green electricity tariff for our offices and communal areas

7,600
Tonnes CO_2 stored within our tree portfolio

Electric and ultra-low emission scheme for staff implemented

As the largest social landlord in the South West, we have significant environmental responsibilities and we're eager to work with government, local authorities and other stakeholders to meet local environmental plans and identify new technologies to reduce our carbon footprint and create a more sustainable organisation.

We are committed to improving the affordability of our existing homes for our customers with the target of achieving an energy efficiency minimum C rating by 2028 with an investment of £39m. We are starting programmes of work in 2021/2022 and have a partnership arrangement with Eon to jointly fund £1.5m of energy improvements on our worst performing homes.

We are also challenging suppliers to align with our environmental plans and have incorporated a scoring mechanism in all tender assessments. The Tenancy Sustainment team are also developing a process where suppliers are able to commit to specific projects as part of the social value aspect of the tender.

Additionally, Covid-19 has highlighted the importance of open spaces with the provision of attractive community facilities for both recreation and wildlife biodiversity being a key part of our environmental plans.

The electricity and gas procurement activities for 2020/2021 have achieved savings for our customers and we also buy 100% zero carbon electricity for all our landlord supplies and offices where we pay the bills.

Our social purpose and impact is significant, however, with our environmental strategy, innovation and enthusiasm we feel well placed to meet the net carbon zero challenge by 2050 and have incorporated an estimate of the associated costs in our business plan and scenario testing.

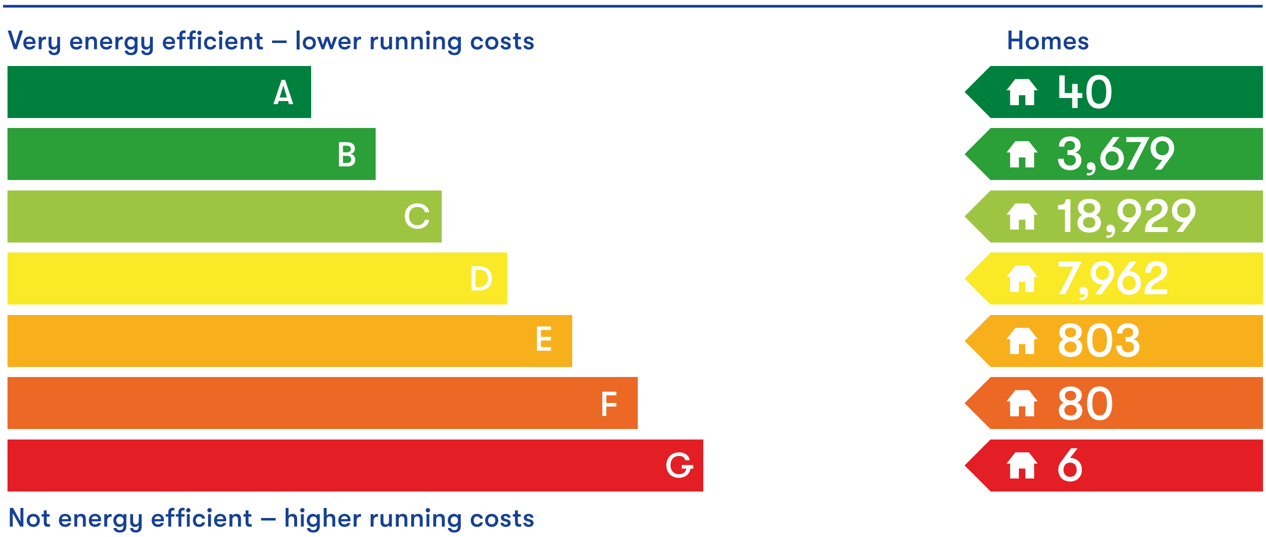
Social

Our social responsibilities and values are embedded in all areas of our business. As noted in detail in Our customers section on page 12, the Board and Executive team immediately responded to the implications of Covid-19 by resourcing over 19,000 welfare calls to our most vulnerable customers, increasing the hardship grant funding by £600,000 and spending more than £1m on PPE to keep our customers and staff safe.

When lockdown rules permitted, our colleagues also supported local communities with over 80 volunteer days and our Tenancy Sustainment team engaged with customers to understand their individual circumstances and support needs and identified £1.9m of additional benefits they were entitled to received.

Governance

Our corporate governance and committee structures are covered on page 48 which sets out how we meet our regulatory responsibilities.



04 Financial and operational performance

Surplus

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

	2021	2020	2019	2018	2017
	£m	£m	£m	£m	£m
Social housing lettings	186	180	175	171	168
Other turnover	58	69	58	60	52
Total turnover	**244**	**249**	**233**	**231**	**220**
Operating costs	(183)	(179)	(167)	(169)	(154)
Surplus on asset disposals	21	20	14	7	7
Investment property	-	-	1	-	1
Operating surplus	**82**	**90**	**81**	**69**	**74**
Net interest payable	(39)	(28)	(24)	(26)	(23)
Other	3	(3)	(1)	2	1
Surplus before tax	**46**	**59**	**56**	**45**	**52**

Turnover

Total turnover decreased by £5m to £244m.

Social housing lettings income increased by £6m to £186m and continues to be our most significant revenue activity, accounting for 76% of turnover. The increase reflects a full year's income from 2019/20 developments together with the delivery of 701 new affordable homes in the current year and the first rent increase after four years of reductions.

Other turnover of £58m which is largely represented by £24m of first tranche shared ownership sales and £27m of open market property sales has reduced from £69m in 2019/20 due to reduced volumes of handovers caused by Covid-19.

Operating costs

Total operating costs increased by £4m to £183m mainly due to higher major repairs of £11m (including additional fire safety costs of £7m) offset by a reduction in shared ownership costs of £6m.

Operating costs on social housing lettings have increased to £130m (2020: £120m) largely as a result of higher fire safety costs for external wall systems and general remedial works of £7m.

Investment in our homes on responsive, cyclical and major repairs increased by £1m to £58m resulting in an average cost per unit of £1,623 compared to £1,587 in 2019/20. Whilst Covid-19 related access restrictions reduced the number of kitchen and bathroom replacements, these resources were reallocated to other maintenance activities. The component replacement programme will be reprofiled to include the reduced volumes resulting from the pandemic.

Management costs decreased by £1m to £34m, reflecting continuing merger efficiencies and absorbing additional hardship grants, which have resulted in the average cost per unit reducing to £959 from £973 in 2019/20.

Surplus on asset disposals

Surplus on asset disposals of £21m was largely as a result of the sale of 257 homes outside of our core operating area which resulted in a surplus of £14m together with shared ownership staircasing which contributed a further £6m.

Operating surplus

The impact of Covid-19 across all our business activities and additional fire safety costs resulted in our operating surplus reducing to £82m from £90m in 2020.

Interest

Interest payable, net of interest receivable, increased to £39m from £28m in 2019/20 largely resulting from non-recurring swap restructuring costs of £10m which will reduce interest costs in future years. The average cost of borrowing in the year was 2.99% compared to 3.28% in 2019/20 as we issued new debt at significantly lower rates than our historic portfolio.

Surplus before tax

The combination of the pandemic impact, high fire safety costs and finance restructuring has resulted in surplus before tax decreasing to £46m compared to £59m in 2019/20.

Operating surplus of
£82m

Statement of financial position

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

	2021	2020	2019	2018	2017
	£m	£m	£m	£m	£m
Housing properties	2,164	2,106	1,978	1,882	1,821
Properties for sale	88	96	69	50	31
Cash	85	51	18	23	58
Loans	(936)	(900)	(806)	(736)	(740)
Grant	(663)	(657)	(623)	(610)	(610)
Derivative liabilities	(83)	(116)	(105)	(95)	(114)
Pension liabilities	(44)	(24)	(48)	(26)	(29)
Other fixed assets	35	29	28	27	19
Other net liabilities	(35)	(27)	(24)	(53)	(35)
Net assets	**611**	**558**	**487**	**462**	**401**
Revenue reserves	677	507	461	436	399
Cash flow hedge reserve	(66)	(97)	(87)	(79)	(95)
Designated reserve	-	148	113	105	97
Total funds	**611**	**558**	**487**	**462**	**401**

Housing properties

The investment of £100m in housing properties resulted in 701 new homes being delivered which was largely funded from operational cash flows and loans. This was offset by disposals and depreciation to give a net increase of £58m.

Properties for sale

Properties held for sale have decreased by £8m to £88m in the year as Covid-19 has reduced volumes being delivered. The housing market remains buoyant with a strong amount of interest received in the properties we have for sale.

Cash flow

We continued to enjoy strong cash flow during the year delivering an operating inflow of £137m (2020: £97m) with the increase largely as a result of working capital movements in properties for sale between the years. Borrowings increased to £936m from £900m in order to fund the investment in our new homes.

Loans

Our loans portfolio of £936m are substantially long-term facilities of which 83% are repayable in more than five years' time and 97% is hedged against market movements. Further details are shown in the funding and treasury management business review.

Pension liabilities

Pension liabilities have increased to £44m in the year predominantly as a result of lower long-term interest rates applied to the liabilities in the Social Housing Pension Scheme.

Reserves

Total reserves increased by £53m in the year as a result of the:

- surplus for the year of £46m
- reduction in the cash flow hedge reserve of £31m
- increase in the actuarial assumptions in the pension provision of £24m.

Homes and communities that people love to live in

The onset of social distancing and lockdown restrictions in the UK have created a digital divide, with reportedly 1.9 million households with no access to the internet to keep in touch with their loved-ones or access healthcare, education and benefits online.

This served to highlight our reliance on technology to keep in contact with friends and family and access resources to learn new skills or practice at new hobbies.

We helped Delcie Taylor, 91, to use technology to ease her loneliness during lockdown. With some guidance from our team of colleagues, Delcie has become a whizz at using Skype to hold daily catch-ups with those closest to her.

Delcie said: "I am 91 now and I never thought I would experience anything like this. But you can't just feel sorry for yourself, you have to find a way to get on with things. During lockdown, LiveWest supported me to use technology. It helped me to get to grips with my ipad and I use it all the time now. It really has been my lifeline as without it I wouldn't have been able to have kept in touch with anyone during lockdown.

"It means I can keep in touch with my daughter-in-law in Spain, my sister and I also speak to my niece in Gloucester. I use Skype to contact people every day as it gives me some company.

"I also use it for memories. I can go and visit my old bungalow on my iPad and walk down the street where my husband used to live in Birmingham."

05 Business review

Whilst the impact of the pandemic has significantly challenged our business operations, we have maintained high levels of customer satisfaction and achieved an operating surplus of £82m compared to £90m in 2019/20. Although we incurred over £8m of safety costs related to Covid-19 and fire safety, the underlying business activities of expanding services to customers, identifying value for money initiatives and merger efficiencies continued. With business operations returning to normal as lockdown measures are eased, we will continue to see the effects of Covid-19 during 2021/22 as we clear the remaining backlog of repairs and reprofile major repair component replacements.

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

Key financial indicators	2021	2020	2019	2018	2017
Operating margin	25%	28%	28%	27%	33%
Social housing lettings operating margin	30%	33%	33%	31%	33%
Operating cash flow after net interest payments	£98m	£66m	£65m	£70m	£64m
Underlying EBITDA - MRI	244%	252%	267%	252%	289%
Gearing	40%	41%	40%	38%	38%
Debt as a multiple of turnover	3.48	3.42	3.38	3.09	3.10
Net debt per dwelling owned	£23,710	£23,814	£22,518	£20,721	£20,213

Our operating and social housing letting margins have both reduced as a result of additional safety costs while management costs have fallen by £1m following continued cost control.

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 £32m compared to last year largely due to a reduction in the working capital required for properties held for sale.

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 activities are reviewed on the following pages.

Places and communities people love to live in

Andrew and Tracey Gillan were able to get back on the property ladder thanks to our shared ownership scheme. Having lived in rental accommodation in Cullompton since relocating to the area, the couple wanted some security for their retirement.

Fearing their age would count against them, Tracey was concerned their chance had passed them by. That was until we offered the couple one of our shared ownership properties at the Tarka View development in Crediton.

“We jumped at the chance,” said Tracey. “We hadn’t really considered shared ownership but the more we found out about it, the more attractive it became. To be honest I was concerned that we might not be considered and it was a bit of a shot in the dark. Because we are on our own, we didn’t think we would qualify for a three-bedroom shared ownership home. And it was at the back of my mind that our age would be an obstacle.

“But LiveWest didn’t treat us any differently to anyone else and gave us the same opportunities. It was a nice surprise when we found out we had been accepted. We were treated with real dignity and this has helped put our minds at rest going into our retirement. We love our home.”

Andrew and Tracey have purchased a 40% share of their property and are on course to pay that off over the next 10 years.

Tracey added: “For people wanting to get on the ladder, shared ownership is great step as you can buy a small amount of the property and buy up more as your financial situation changes.“It was certainly the right route for us. LiveWest made it such a smooth process and kept us informed all the way through.”

Affordable housing

		2021	2020
Turnover	£000	162,198	156,358
Operating surplus	£000	54,861	59,197
Operating surplus	%	34%	38%
Units in management at year end		34,828	34,378

Performance

Affordable housing includes our general needs and shared ownership homes which has seen turnover increase by £7m due to the development of 475 rented and 226 shared ownership homes and the annual rent review.

The operating margin has reduced in the year largely due to significant fire safety costs together with Covid-19 related PPE and hardship grants.

We have continued to focus on cost control and the utilisation of new technology to both improve customer service and efficiency.

Pandemic rules reduced services to emergency and safety checks at the start of lockdown, but as Covid-secure working practices were implemented, we have been able to return to a full service offer which has achieved 89% customer satisfaction.

As a provider of almost 38,000 homes across the South West, we continue to grow and develop services for our customers. We believe in a home for everyone.

We take huge pride in our homes to ensure customers have a safe and comfortable place to live.

Future plans

With customer safety being our first priority, we will ensure that we continue to meet regulations and working practices coming from the Fire Safety Act and Building Safety Bill, which includes a new building safety team.

Following a detailed review of the cladding and external wall structures of our schemes, we have started a programme to replace those not meeting our fire safety specification.

Our significant development programme is expected to deliver over 6,250 new social and affordable homes in the next five years to meet the national demand for affordable housing.

We will continue to make our customers homes more affordable to live in and reduce our impact on the environment by improving the energy efficiency of our homes to meet a minimum EPC rating of 'C' by 2028 with a longer-term plan to be net carbon zero by 2050.

We also aim to develop our customer portal and digital service to offer more communication channels which should improve satisfaction and our environmental impact.

Supported and care living

		2021	2020
Turnover	£000	28,222	28,018
Operating surplus	£000	1,695	771
Operating surplus %	%	6%	3%
Units in management at year end		2,992	3,006

Performance

The pandemic has resulted in additional challenges for our customers and staff. Our colleagues remained working at our schemes throughout, providing additional support and coming up with innovative ways to provide services and maintain customer wellbeing - 30,000 meals were delivered across services, balcony bingo helped morale at a young person's foyer and Easter eggs were delivered to customers.

We have also donated 100 laptops to our supported housing customers to help them apply for jobs, access welfare benefits, complete college work and feel less isolated.

We have achieved some notable milestones:

- our Young People service won the Excellence in Engagement in Support and Care at the 2020 virtual TPAS awards
- we successfully re-tendered and won the Young People provision in Torbay, and saw success in Cornwall enabling us to provide emergency accommodation for 8 young people
- dispersed accommodation for people with complex needs has been brought on line, filling a gap in provision
- Appletree Court in Street opened – 17 high quality units for people with a learning difficulty
- our "Digital compass" tool has been developed and is available as an App for customers to support their individual pathway to a more independent life. It focuses and provides support on: employability, learning, housing, finance, health, personal growth and social skills
- our extra care scheme Tennyson Court is now available for the over 55's offering apartments as well as flexible care packages
- in addition, we saw an improved financial position, including better than target performance on void rent loss and arrear management.

Future plans

We will continue to invest and grow our services for young people, older people and those with learning difficulties. We plan to invest £1.2m to refurbish and improve our Bristol Foyer young people service in 2021/22 and will be continuing with improvements to our accommodation for customers with a learning difficulty.

We are working towards accreditation with the Foyer Federation, starting with our young people services in Cornwall and Torbay – this will be completed in 2021/22, with action plans developed to improve our service offer.

We will also take a leading role in addressing homelessness, through partnership working and support for other agencies.

Homes and communities that people love to live in

When all schools closed across England during the Covid-19 restrictions, teaching went fully online and not all pupils and students had access to a computer or laptop.

We have provided over 300 laptops to schools across the South West to help disadvantaged pupils and young people with remote and face-to-face education during the pandemic. For pupils who were sharing phones at home while learning in lockdown, it has made a significant difference.

Over the last 12 months we have also given £32,000 to schools to allow them to buy much-needed IT equipment. Dartmoor Multi Academy Trust (DMAT), which is a partnership of 17 schools, has been given 49 Chrome Books so that pupils who do not have access to computers at home are not disadvantaged. Dan Morrow, CEO for Dartmoor Multi-Academy Trust, said: “On behalf of everyone at the Trust, I wanted to say a heartfelt thank you to LiveWest for their incredible generosity.”

St Martin’s Church of England Primary School, Cranbrook, Exeter, has been given 20 Chrome Books. Year five pupil, Jack Downing said: “The laptop really helps with my writing and getting my ideas down on Google docs. My mum is surprised how much work I am doing.”

We gave Penzance-based Alverton Community Primary School and Heamoor Community Primary School laptops each to boost their digital learning provision. Martin Higgs, headteacher at Alverton Community Primary School, said: “Without generous donations such as this one, many pupils would be unable to take advantage of the growing range of on-line and home learning provision that our teachers are making available.”

Jodie Flynn, head teacher for Heamoor Community Primary School. said: “We would like to say thank you to LiveWest for their support in these challenging times and it is so nice to see a housing association helping in this way and demonstrating empathy and care for their communities.”

Taunton Academy were also given 15 laptops to support pupils and Matt Bernard, Senior Leader at the school, said: “The lockdown may have come to an end, but the pupils and their families will benefit long into the future thanks to these laptops. This contribution will undoubtedly have a real impact on the pupils and their digital learning. Thank you to LiveWest for their generosity and kindness and fantastic to know that a housing association cares so deeply about supporting the education of the children in their communities.”

We have also helped more than 100 households get online through digital inclusion grants totalling more than £23,000, given £67,000 in digital grant funding and issued over £12,000 in community grants to help people gain access to WiFi and online training.

Property development and sales

Divisional reporting

						2021	2020
		Social Rent	Affordable rent	Shared ownership	Open market	Total	Total
Homes completed in the year	Units	211	264	226	84	785	1,245
Sales completed in the year	Units	-	-	256	79	335	451
Development sales:							
Revenue	£000			23,649	26,816	50,465	60,749
Profit	£000			3,746	3,933*	7,679	10,484
Profit margin	%			16%	15%*	15%	17%
Property sales as a % of turnover	%			10%	11%	21%	24%

*Profit on Open Market Sales is before an accrual for additional work required on an historical scheme. The Margin falls to 9% with this included.

Performance

During 2020/21 we completed a total of 701 affordable new homes for rent or for sale. This was higher than our initial assessment of delivery in the wake of Covid-19 outbreak, where we set a target to build 600 new affordable homes. Nevertheless, the impact of the pandemic has been to reduce our planned development delivery by one third compared to budgeted levels.

We remain strongly committed to the delivery of shared ownership and homes for open market sale. During the year we sold 256 new homes for shared ownership and developed 84 homes for sale on the open market. Although volumes and margins were lower than the previous year as a result of the pandemic, these sales generated a combined profit of £7.7m (£6.3m after allowance for additional work required on a historical scheme), compared to £10.5m in 2019/20.

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 2019/20 due to the absorption of overheads on lower volumes. Sales as a percentage of total turnover at 21% is well within our Internal Financial Framework limit of 30%.

During 2020/21, we invested £100m in the delivery of our affordable housing programme, compared to £167m in 2019/20. Lower levels of investment reflected reduced levels of house building activity as a result of Covid-19. To support our delivery of new affordable homes, we attracted grant funding of £13m (predominantly from Homes England).

We have maintained a healthy pipeline of plots owned and homes under development. This will provide long term delivery certainty of both affordable and open market homes.

We have plans to build 758 homes in rural areas across the South West over the next two years.

Pipeline						2021	2020
		Social rent	Affordable rent	Shared ownership	Open market	Total	Total
Stock	Units	-	-	100	8	108	133
Plots owned and units under development	Units	720	950	834	1,027	3,531	3,645

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 the number of homes delivered in 2021/22 to be significantly higher than that reported in 2020/21 and we are aiming to build 6,250 over the next five years.

Targets for 2021/22 include:

- To build 1,100 new affordable homes across the South West of England, of which more than 750 will be for affordable or social rent
- To sell 464 homes through shared ownership and open market activity.

As part of our strategy to reduce reliance on section 106 development opportunities, we have set a medium term target that 50% of our delivery of affordable homes will be from land-led opportunities. Our participation in the first wave of the Homes England Strategic Partnership programme has helped us towards achieving this goal. We are also hopeful that our bid for the upcoming Affordable Homes Programme 2021 to 2026 will be successful, extending delivery from this funding source.

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.

Our new environmental strategy will help to improve the energy efficiency of our homes.

LiveWest housing stock

New homes developed in 2020/21

General needs - social	211
General needs - affordable	264
Shared ownership	226
Total affordable homes	**701**

LiveWest housing stock

2019	36,222
2020	37,384
2021	**37,820**

Local authority	Affordable housing completions 2020/2021	Affordable housing under development at 31/03/2021	Homes owned and managed
Bath and North East Somerset	8	5	1,009
Bristol	35	196	2,581
Cornwall	170	361	9,947
East Devon	104	168	1,968
Exeter	-	283	980
Mendip	-	26	1,078
Mid Devon	18	51	411
North Devon	20	31	1,048
North Somerset	14	49	1,613
Plymouth	36	69	3,133
Sedgemoor	8	27	1,113
Somerset West and Taunton	26	451	1,936
South Gloucestershire	110	130	1,660
South Hams	73	121	3,921
South Somerset	11	117	813
Teignbridge	47	278	868
Torbay	4	10	568
Torridge	-	-	798
West Devon	17	121	1,900
West Dorset	-	10	58
Other	-	-	417
Total	**701**	**2,504**	37,820

Funding and treasury management

In February 2021, we issued the second note under our £1bn European Medium Term Note Programme. The note was a £250m 35 year fixed rate note with a coupon rate of 1.875% of which £100m was retained. At the year-end, we had drawn debt of £936m (2020: £900m), and undrawn facilities of £426m (2020: £339m).

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.

The group was compliant with its covenants to lenders in the year to 31 March 2021.

Liquidity

In addition to the undrawn facilities of £426m, at the year-end we had £41m available in cash and £44m in accounts pledged as security against our liabilities. This provides us with sufficient liquidity to cover 40 months of planned expenditure, which is significantly higher than the 24 months required by our treasury policy.

Security

All but £36m of our facilities are fully secured and available for drawing. As at 31 March 2021, 10,738 properties (2020: 11,951), with a security value of £0.9bn, were uncharged or held as excess security and available to secure future borrowings.

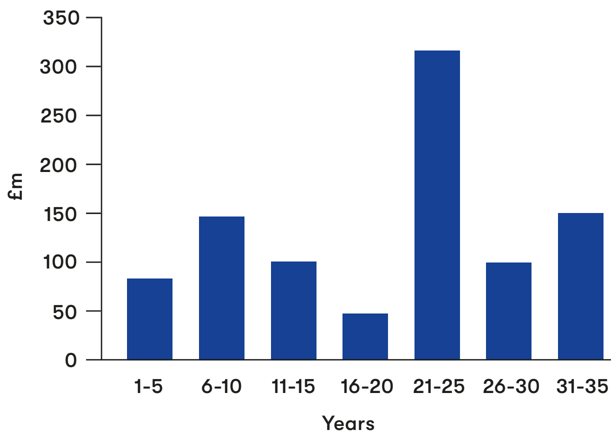
Credit risk

Our treasury management policy sets 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 13% of drawn loans repayable within the next five years.

Debt repayment profile



Our new developments across the South West offer a range of affordable homes for rent and shared ownership.

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.

During the year, we restructured part of our swap portfolio, bringing forward interest payments of £9.5m from future years.

As at 31 March 2021, £288m of our borrowings were variable rate loans of which £245m has been hedged with free-standing and £20m with embedded fixed interest rate swaps. Overall, following the bond issue, 97% of our debt is at fixed rates (2020: 97%) at an average cost of 2.99% (2020: 3.28%).

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%.

06 Value for money and benchmarking

Our Value for Money (VFM) strategy is fully embedded into our culture, business strategy and operations as we aim to meet the huge demand for homes and services from our current and future customers.

As our merger efficiency targets have been met ahead of the 2022/23 target, generating over £17m of annual recurring savings, the Board will utilise the sector scorecard and key cost per unit and customer satisfaction metrics to drive further efficiencies and savings.

We incorporate VFM into our strategic and operational activities, culture, decision-making and reporting which ensures that we have a transparent assessment of all areas of our business. 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 long-term business plan.

The early achievement of our target savings and future efficiencies generated from the implementation of our new operating and finance system will enable the Board to consider how to balance additional new homes with investment in existing homes and communities. Of particular importance in the short-term will be the post-Covid support of customers and provision of services. We will also ensure we meet new fire and building safety standards with a medium-term target to lower our customers energy consumption by bringing all properties to an EPC 'C' rating and above by 2028.

£17m
of annual post-merger efficiencies

Performance against the sector scorecard is based on 2019/20 and therefore may result in some inconsistencies due to the impact of Covid-19 in the 2020/21 results. We benchmark sector scorecard metrics quarterly with the additional annual comparison to our Moody's and HouseMark peer groups to provide a broader group of English housing associations. 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:

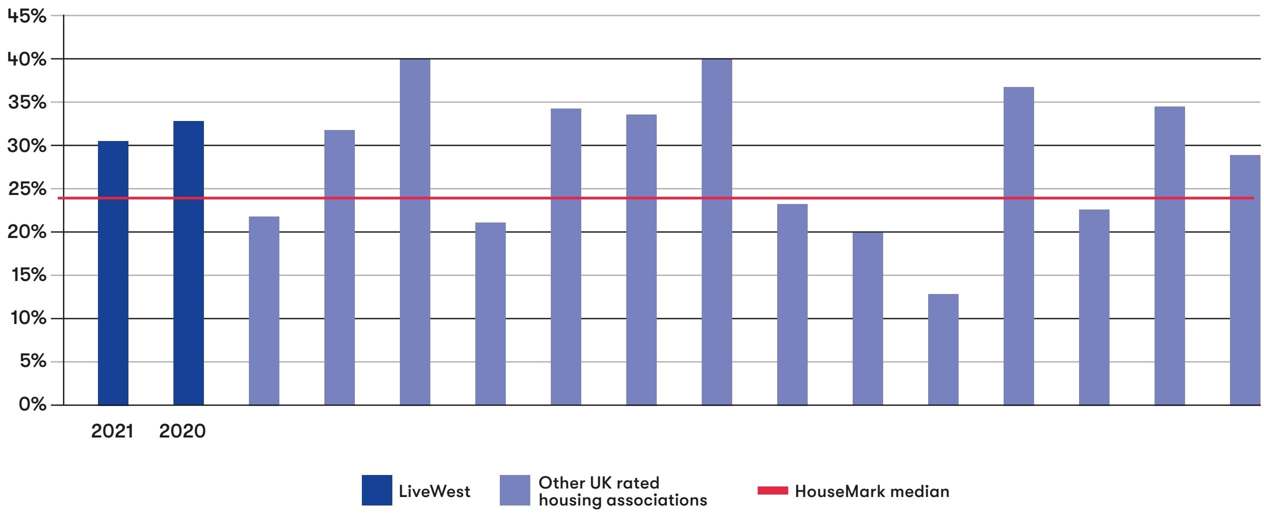
- Alliance Homes
- Beyond Homes
- Bromford Housing Group
- Citizen Housing Group
- Flagship Housing Group
- Jigsaw Homes Group
- Midland Heart
- Moat Housing Group
- Onward Homes
- Radius Housing
- Riverside Group
- Sanctuary Housing Association
- Sovereign Housing Association
- Stonewater.

The focus of our VFM activities is to:

- ensure our existing homes are safe and maintained to high standards
- implement new technology to improve services and efficiencies
- 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

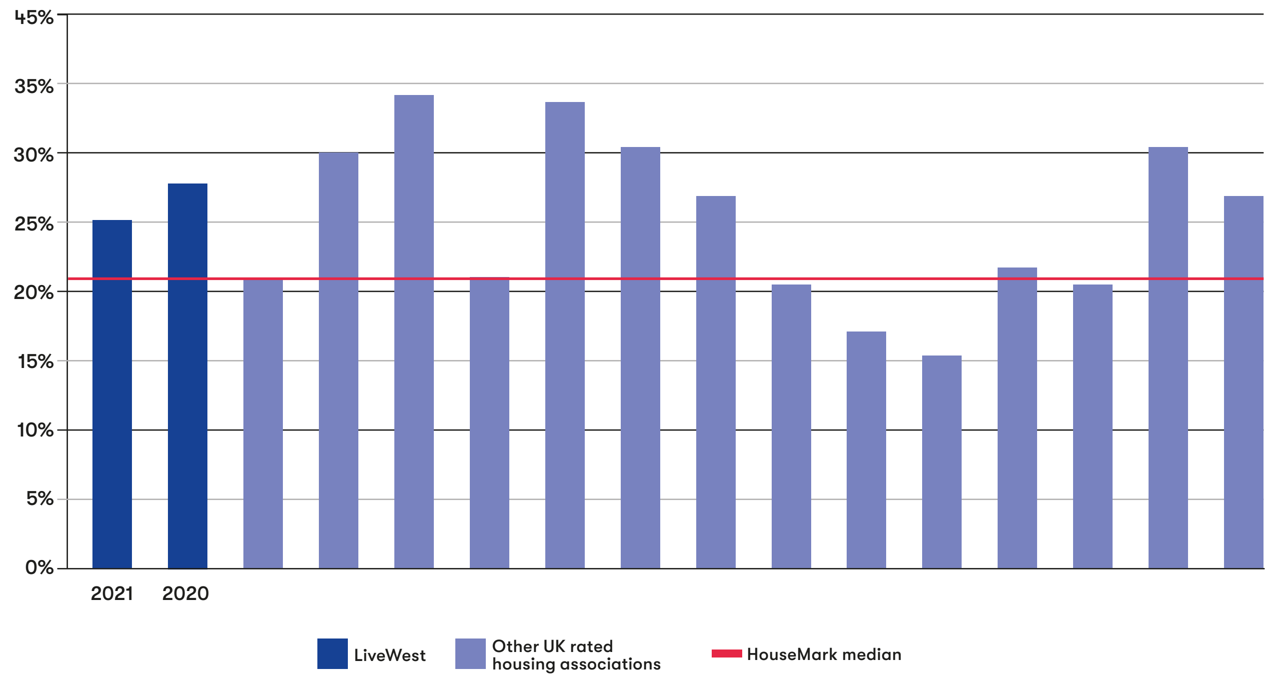


Social housing lettings' operating margin (RSH metric) is the key driver for overall financial performance and enables us to focus on the level of operating costs that we incur to deliver our surplus. Operating margin has reduced to 30.3% from 33.4% in 2019/20, due to fire and Covid-19 safety costs, but is still higher than the HouseMark median of 23.6% demonstrating a continued focus on cost control.

We anticipate that operating margin will fall slightly in 2021/22 as we incur building safety costs and non-recurring expenditure.

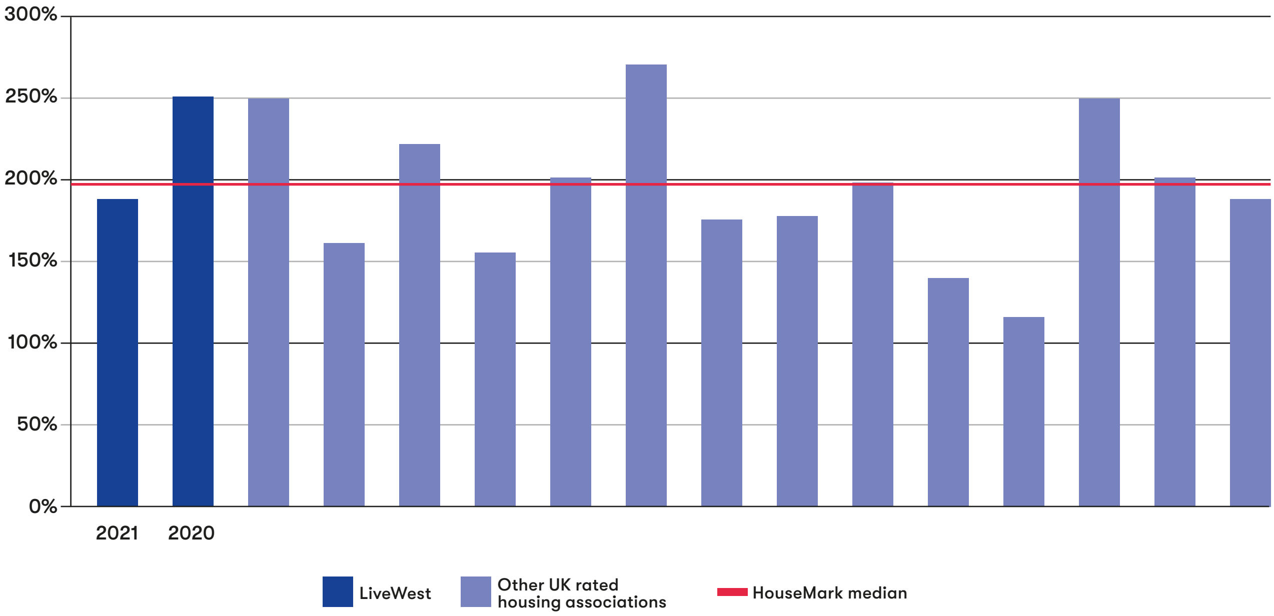
Despite the restrictions of Covid-19, we still managed to develop 787 homes for rent and sale during the last financial year.

Operating margin – overall



Our overall operating margin (RSH metric) of 25.2% has reduced from 28.0% in 2019/20 as a result of additional fire safety costs and the impact of Covid-19 but is still above the HouseMark median of 21.5%.

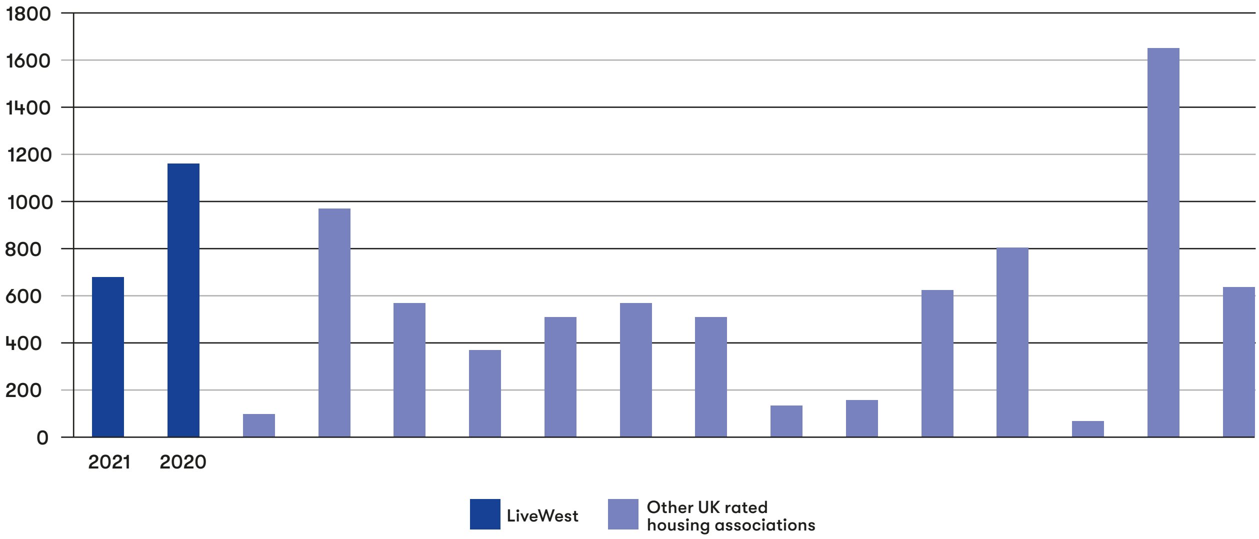
EBITDA – MRI interest cover



The EBITDA – MRI (RSH) metric indicator is a good approximation for the amount of cash generation in the year and covers 187% of the cash interest payments made during the year. It has reduced from last year as a result of a planned non-recurring interest rate swap restructure. The calculation excluding the restructure costs is 242% which is comparable to the 2019/2020 result of 252% and higher than the HouseMark median of 196%.

Development

Units developed (absolute) - social housing

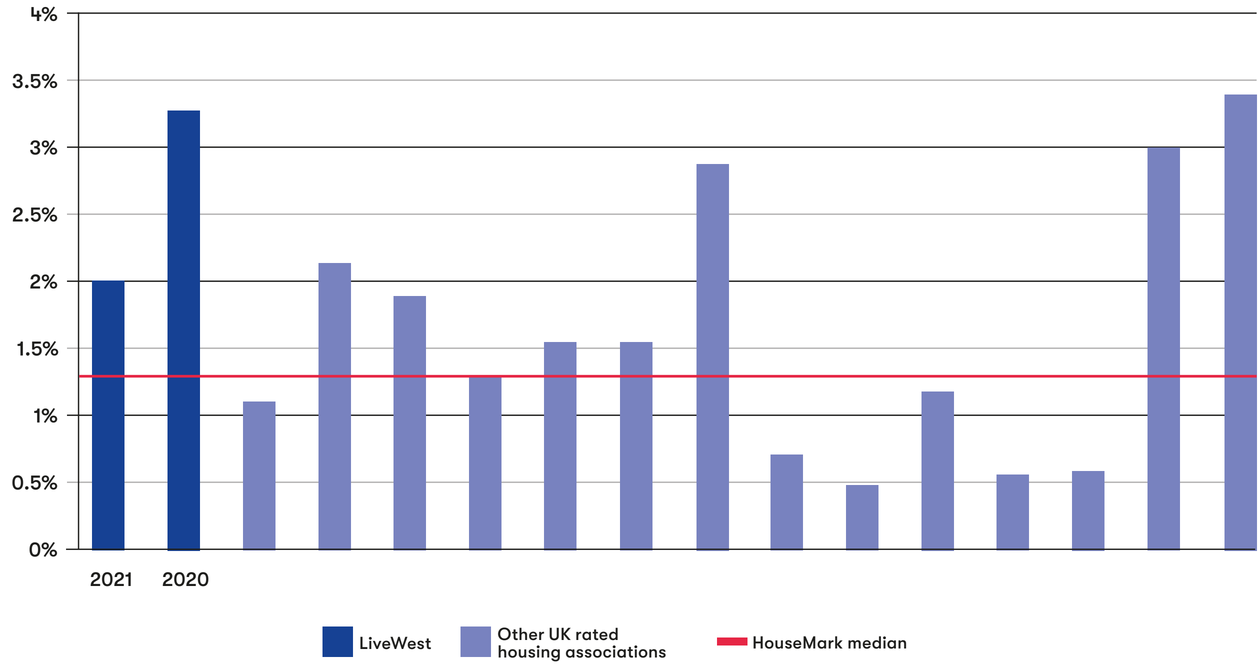


Given the significant impact of Covid-19 on development site closures, unsurprisingly the number of new social housing units delivered reduced to 701 compared to 1,158 in 2019/20. This resulted in new supply as expressed as a percentage of total stock being 2.0% compared to 3.3% in 2019/20 but has still out-performed the majority of our Moody's credit rated peer group and is significantly higher than the HouseMark median.

In additional, the number of non-social units developed in the year of 137 was largely comparable to the 141 delivered in 2019/20. The relatively small percentage of new non-social housing is consistent with our business plan growth aspirations and risk profile.

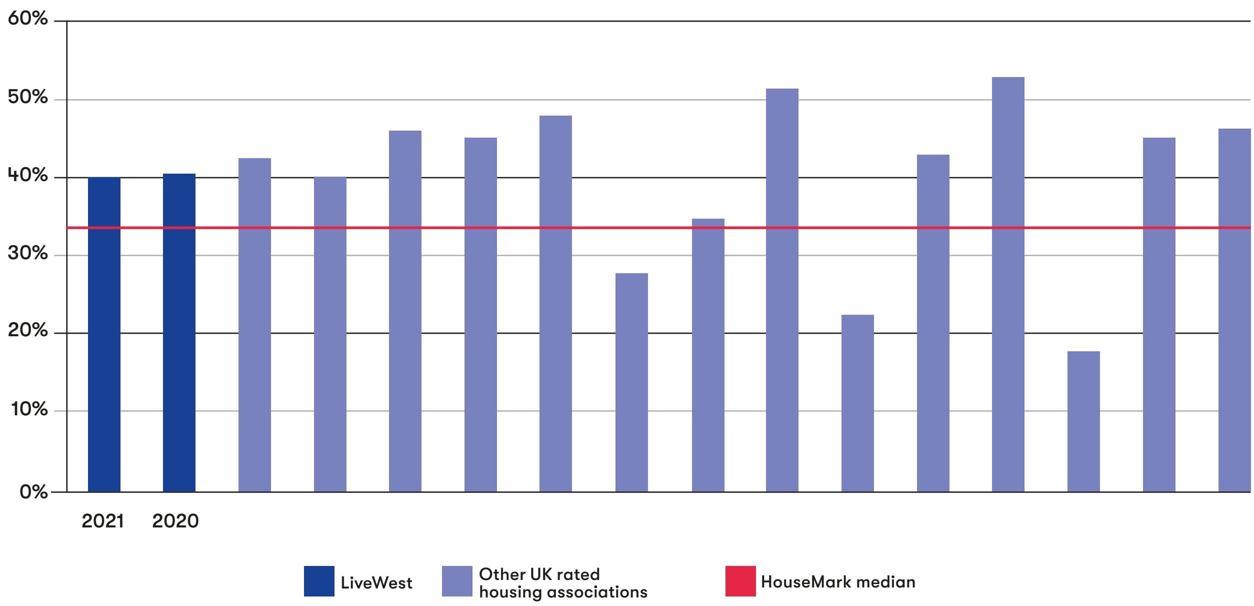
As development is returning to pre-pandemic handovers levels, we have budgeted to build 1,100 social and 194 non-social homes in 2021/22.

New supply delivered % – social housing



> We remain committed to delivering new affordable housing during what is a challenging period of economic uncertainty.

Gearing



Gearing (RSH metric), as calculated by the sector scorecard, has reduced slightly to 40% from 41% in 2019/20 which reflects the reduced borrowing to fund our development programme. Whilst slightly above the HouseMark median, gearing is comparable to the Moody's benchmark group and provides headroom to fund our future development.

The gearing calculation for loan covenants is 35% (2019/20: 35%), which is consistent with our internal business plan targets and provides significant financial capacity to underpin our future growth programme.

We expect gearing to increase in future years as borrowing increases to fund our development programme.

Outcomes delivered

Customer satisfaction

The focus on providing our customers with additional help and support throughout the pandemic has seen our satisfaction outcome remain consistent at 89%.

This remains above the HouseMark median and the majority of our Moody's benchmark group.

In 2021/22 our aim is to improve or maintain our customer satisfaction performance.

Investment in communities

We invested £1.9m in communities during the year supporting customers and the areas they live in with grants of £339,000. Our Tenancy Sustainment team also identified £1.9m of extra benefit entitlements due to customers.

Other customer outcomes

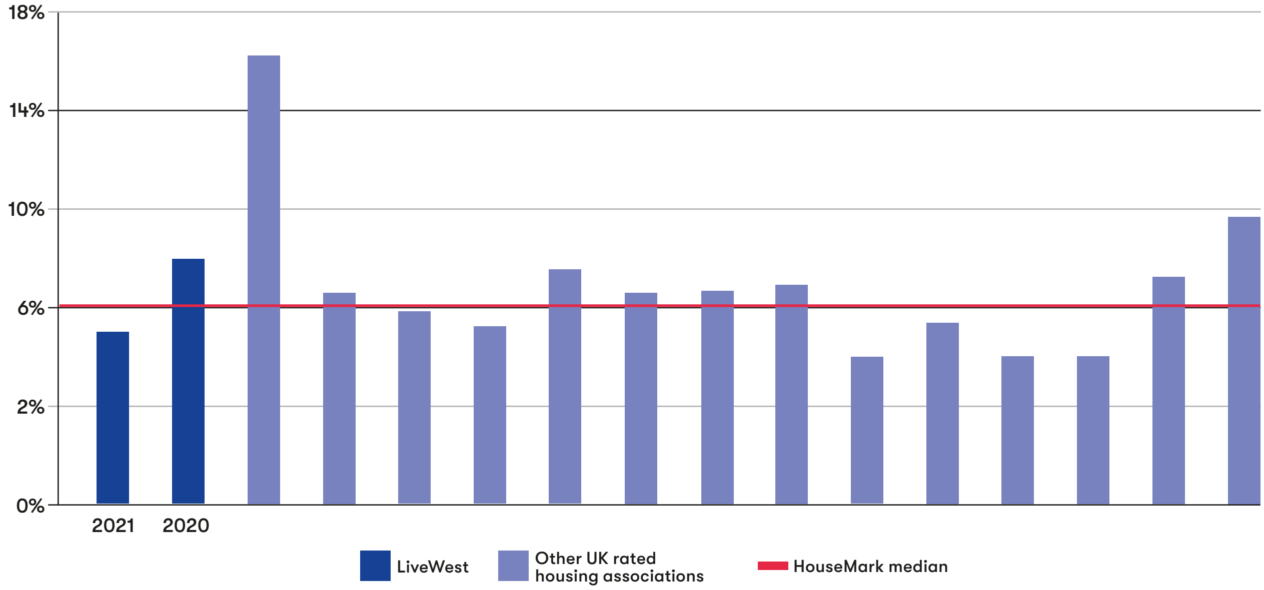
We monitor the following customer satisfaction metrics where we aim to achieve top quartile performance:

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

We will also start to identify and report on measures that will help us monitor our consumer regulation responsibilities.

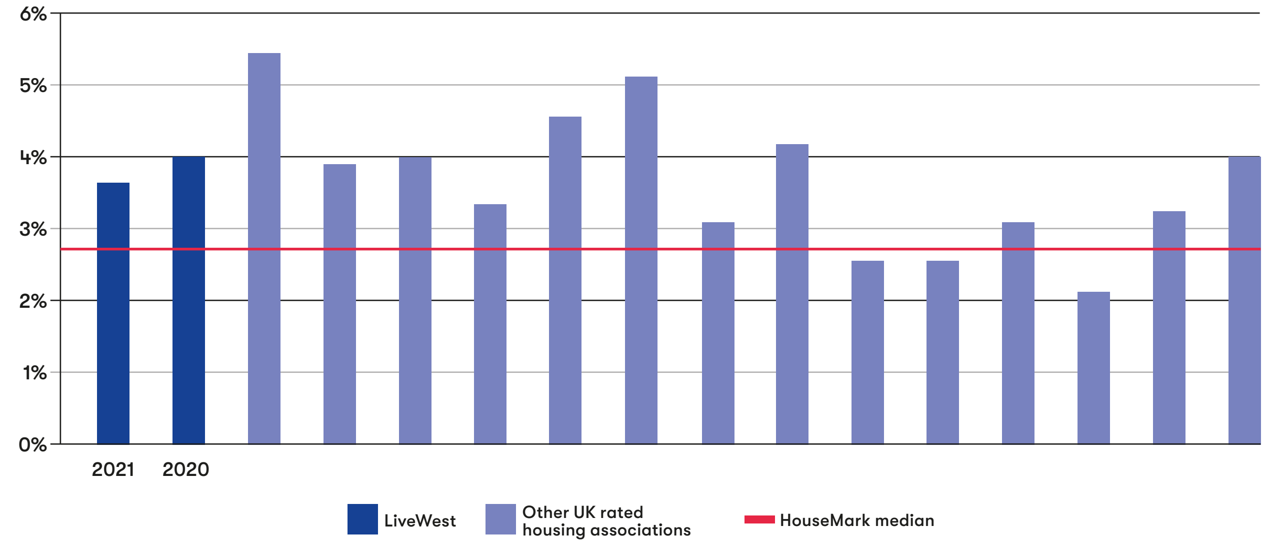
Effective asset management

Reinvestment



The level of reinvestment (RSH metric) reduced significantly in the year reflecting the reduced number of new units developed due to Covid-19. As our peer groups data reflects the pre-pandemic outcome 2019/20, it is unsurprising that our 2020/21 outcome is lower than the HouseMark median. However, it is still comparable to the majority of the Moody's benchmark peers which demonstrates our significant development programme.

ROCE



Return on Capital Employed (ROCE) (RSH metric) measures the financial return on our assets which has slightly fallen to 3.6% from 4.0% in 2019/20, but is still higher than the HouseMark median and comparable to our Moody's peer group. As our exisiting stock has a higher return than new homes, we expect ROCE to reduce over time due to our development programme.

Occupancy

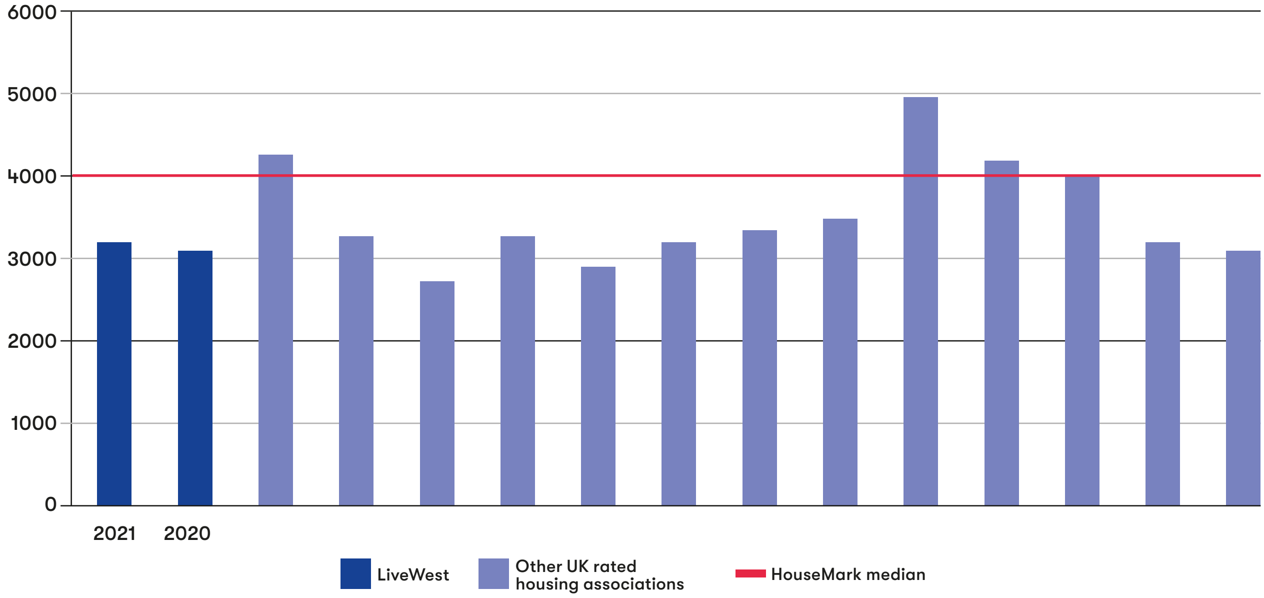
Our occupancy performance shows that 99.7% of our general needs properties were occupied at year-end, which is sector scorecard median upper quartile performance.

Maintenance

The expenditure ratio of responsive to planned maintenance in 2020/21 was 76% compared to 79% in 2019/20 and a HouseMark median of 64%. This ratio is lower than budget due to the Covid-19 impact on our component replacement programme.

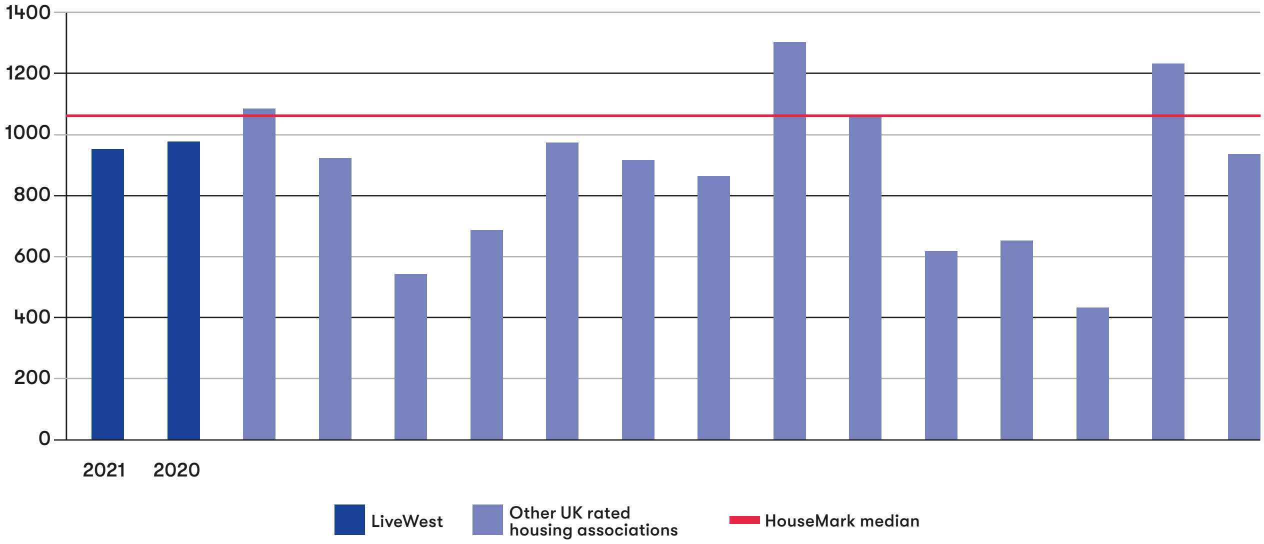
Operating efficiencies

Headline social housing CPU



The headline social housing cost per unit (RSH metric) of £3,188 has increased by £33 from £3,155 which reflects additional fire saftey costs. This is significantly below the Housemark median of £4,023 and is lower than the HouseMark upper quartile of £3,377. The key components of headline cost are:

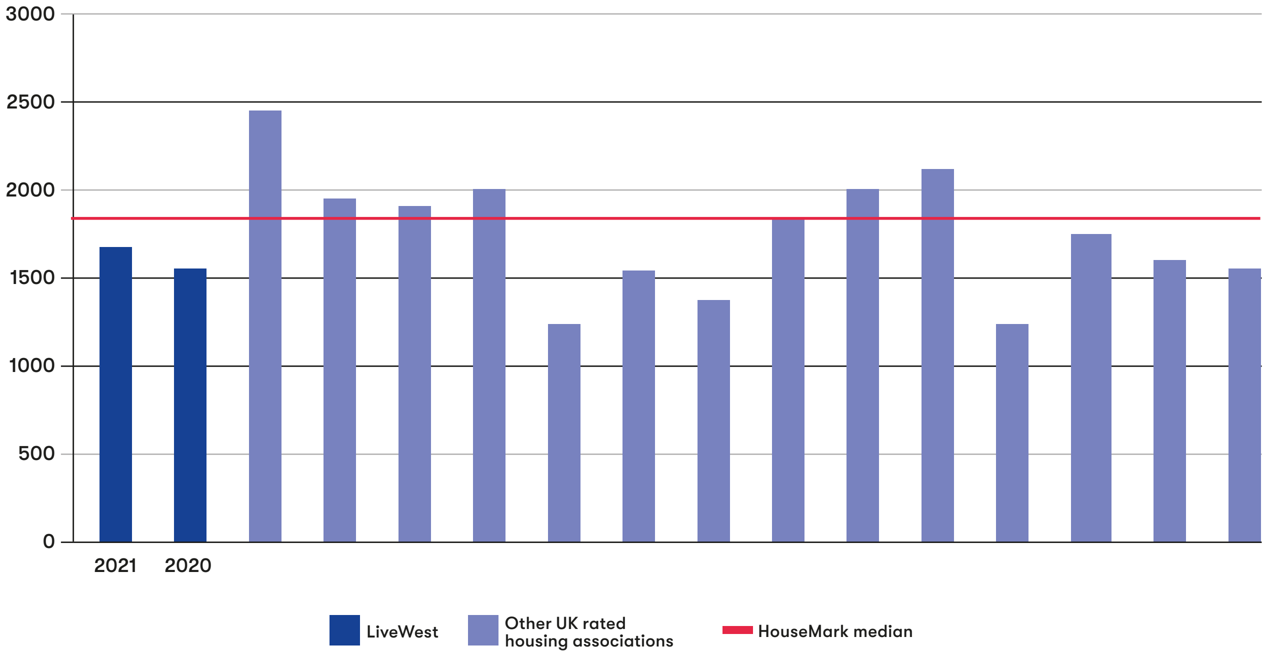
Management CPU – social housing



Management cost per unit of £959 is lower than £973 in 2019/20 and is better than the HouseMark median of £1,080, as we continue to focus on cost control and efficiencies.

We expect cost per unit to increase to £1,004 in 2021/22 as we invest in our digital strategy and incur some non-recurring expenditure.

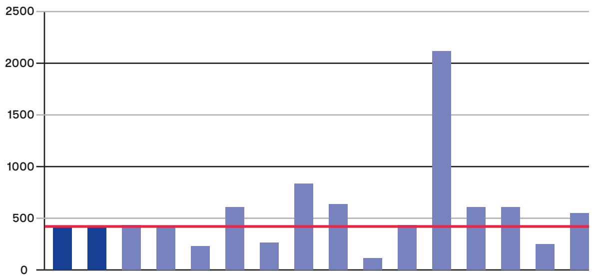
Maintenance CPU – social housing



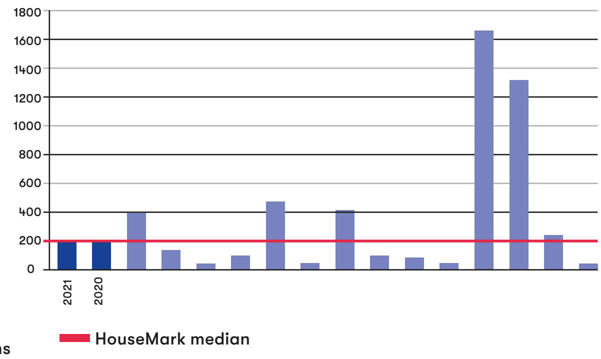
Maintenance cost per unit of £1,623 has increased from £1,587 in 2019/20 due to fire safety expenditure, but is lower than the HouseMark median of £1,830, and similiar to the Moody's peer group. The graph illustrates how costs can fluctuate between years depending on the replacement programme of major components which is driven by the periodic surveys of our properties.

In 2021/22 we have budgeted for costs to increase to £1,860 per unit as a result of our planned delivery schedule and as we invest significantly in building safety.

Service charge CPU - social housing



Other CPU – social housing



Service cost per unit increased to £412 from £384 in 2019/20 largely due to safety costs and is slightly higher than the HouseMark median of £397. Service levels are regularly reviewed with our customers and tendered to ensure competitive prices.

The balance of other costs in the headline cost per unit are relatively constant year on year and are largely comparable to the HouseMark median and the majority of the Moody's benchmark group.

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 2020/21 performance being 100% (2020: 101%) and 8.0% (2020: 7.5%) respectively which are both largely comparable to the previous year.

We also monitor rent arrears as part of operational management where arrears have increased slightly to 2.0% at year-end compared to 1.9% in 2019/20. We have not currently seen any significant impact of Covid-19 on arrears, however, this will be monitored during 2021/22 as Government support schemes end which may impact our customers' ability to pay their rent.

People who are proud to work for us

Anthony has never looked back since taking a career change at the age of 23. After two years working for a local engineering firm, Anthony set his sights on becoming a gas engineer. That moment came in November 2019 after he successfully applied to become an apprentice gas engineer with LiveWest. Nearly two years later and Anthony is brimming with pride as he installs boilers and carries out gas safety checks for customers all over the South West.

For Anthony, the ability to make a difference to somebody's life is his daily driver. And the positive feedback he had from customers makes his career decision all worth it. Anthony, said: "A career change can be unsettling but I can honestly say I have never looked back since joining LiveWest. I absolutely love it. The support has been outstanding, and you receive the very best guidance and help along the way. The way the apprenticeship is structured means you get that hands-on practical experience and you are given the encouragement to carry out a wide range of tasks. The biggest sense of accomplishment I feel is when a customer passes on their compliments about a job you have carried out. I am just glad to be able to help people, that's why I do this job. It's all about providing a positive experience for our customers and making a difference to their homes and their lives."

We appreciate the full value of apprenticeships in helping to set people on their chosen career path. We currently have 39 apprentices in programmes ranging from Level 2 in Plumbing to Level 7 Masters in Business Administration, with a variety of levels and specialisms in between.

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 has overall responsibility for risk management and must be assured that we manage effectively the uncertainties that would affect our ability to achieve our strategic objectives.

The Executive team is responsible for reporting to our Board and Audit & Risk Committee (ARC) on critical risk areas and scrutinising all operational risks, gaining assurance from management structures that those risks are managed adequately. Additionally, the ARC receives an annual statement of risk management and internal control from the Executive Team.

The 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 receive reports from management on specific risk areas, including fire safety, landlord health and safety compliance, cyber security and the implementation of new IT systems.

We carry out quarterly horizon scanning exercises to identify threats to our ability to deliver services and identify possible mitigations to protect ourselves. 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

The risks posed by Covid-19 have continued a main area of focus for us: ensuring that we keep our customers and colleagues safe, that we continue to deliver effective services and are able to withstand the possible economic impacts of the pandemic.

The added uncertainties arising from Britain's departure from the European Union compounded some of the threats posed by Covid-19. We carried out frequent reviews of the levels of threat, particularly around the supply chain of essential parts, Personal Protective Equipment (PPE) and services.

During the year, in order to maintain high levels of liquidity and financial headroom, we issued a £250m note (retaining £100m for future sale) from our £1bn European Medium-Term Note Programme. The Programme enables us to access the market at short-notice.

At the year-end, we had £426m facilities available which is sufficient to cover over three years of forecast requirements.

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 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.

Our Board reviewed its appetite for risk in line with the strategy, quantifying our willingness to take risks.

We have also reviewed the most critical risk areas to which we are exposed and approved a new risk reporting framework to ensure enhanced focus on strategic issues, without compromising transparency and horizon scanning. These critical risk areas are covered in the following pages.

Covid-19

The outbreak of the pandemic resulted in several waves of national and regional lockdowns and social distancing measures to limit the spread of the virus. We created and updated a register of threats posed by the pandemic, reviewing frequently and identifying new mitigations as the situation changed. Our focus throughout this crisis was:

- controlling the risk of infection to our colleagues and customers
- the mental health wellbeing of our colleagues
- the supply chain of PPE, key parts, components and safety equipment
- our ability to continue delivering essential maintenance and repairs
- our ability to reintroduce services.

Throughout the various periods of lockdown, we adapted our service delivery and back-office functions to protect the safety of our customers and our colleagues. We received additional external assurance from our auditors on the effectiveness of controls to keep our colleagues safe during the pandemic. We focused on providing our colleagues not only the Personal Protective Equipment (PPE) to keep them and our customers safe when working on the front line, but also invested in supporting the mental health of our colleagues during this pandemic. We also invested in Lateral Flow Tests for our front-line staff to provide reassurance to our customers, colleagues and their families that we were minimising the risk of infection.

Brexit

As the Brexit transition period came to its completion, the Executive team continued to review 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 as part of our stress-testing approach to ensure that our business plan remained strong and resilient.

We were able to implement critical controls to mitigate against the materialisation of several threats, including the purchase of strategic stock of essential parts. The Executive team was therefore able to 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.

Our critical risk areas

Strategic objectives

- ● Customers who trust us
- ▲ Homes and communities people love to live in
- ⬢ A growing business fit for the future
- ■ Collegues proud to work here

Risk	Impact	How we mitigate	Focus in the year
Health and safety Status: Increased ● ■ ▲	Spread of Covid-19 infection. Injury to customer from failing to maintain key components. Injury to customer or member of the public due to fire. Increased absenteeism among colleagues due to mental health.	Scrutiny of all health and safety systems. Significant investment in fire safety improvements. Programme of wellbeing activities aimed at colleagues.	Covid-19 and avoid infection of customers and colleagues. Significant investment in PPE and Covid-secure working practices. Review of fire safety in all schemes. Completion of safety audits with assurance provided to the Board. Completion of the fire barriers remediation project.
Financial resilience Status: Unchanged ⬢	Reduced ability to invest in homes and services.	Board approved 30 year business plan. Business plan stress-testing.	Secured £250m additional funding. Brexit and its implications on availability of funding and costs increases. Covid-19 and its impact on rent arrears and the overall economy. Review of pension structure.
Customer services Status: Increased ● ▲ ⬢ ■	Severe damage to our reputation. Reducing trust among our customers.	Consultation with our tenant involvement group on Covid-19 service offer. Annual report to customers. Customer Services committee providing monthly overview of services and performance. Portfolio of integrated policies and procedures.	Covid-19 and its impact on service delivery. Responding to a major emergency incident in Exeter affecting 84 properties (unexploded WW2 bomb). Investing in our hardship grants to support customers worst affected by the pandemic. Programme of welfare calls to customers with greatest needs.

Risk	Impact	How we mitigate	Focus in the year
Culture, inclusion and employee relations Status: Increased	Reduced ability to retain and recruit talent. Loss of engagement among our colleagues Severe damage to our reputation.	Board oversight of equality and inclusion action plans. Strong communication programme with colleagues.	The impact of the murder of George Floyd, the Black Lives Matter and Me Too movements has been reflected and embedded in the work of the Equality, Diversity and Inclusion group. Covid-19 and its impact on working styles and engagement. Programme to embed the organisational culture and behaviours. Communication programme with relevant updates throughout the pandemic, new ways of working and post-pandemic working arrangements.
New homes Status: Increased	Reduced ability to invest in new homes.	Development pipelines approved by Board. Robust scheme appraisal processes. Board approved limits to mitigate exposure to individual contractors.	Covid-19 impact on supply of developments. Preparation for revised planning laws.
Quality of homes Status: Unchanged	Reduced customer satisfaction with the homes they live in.	Review of properties prior to acceptance from developers. Active Asset Management protocols. Process to evaluate additional investment for home improvements. Home standard signed off by Board.	Covid-19 impact on service delivery. Programmes of investment associated with fire safety, building safety and environmental improvements.

Risk	Impact	How we mitigate	Focus in the year
Business continuity Status: Increased	Reduced ability to deliver services.	Business continuity steering group. Annual test of the business continuity plan.	Covid-19 impact on service delivery. G7 held in Cornwall. Awareness of cyber threat arising from a move to remote working.
Business systems and infrastructure Status: Increased	Reduced ability to deliver services. Loss to customer due to a cyber-attack. Severe damage to our reputation.	Implementation of remote working technology. Information Governance Board. Annual systems security testing. Plan to achieve Cyber Essentials.	Covid-19 impact on ways of working. Audit of information security. Preparation for the new operating and finance system, including the migration of all data from different legacy systems into one.
Sustainability Status: Increased	Severe damage to our reputation Reducing trust among customers. Increased energy bills for customers.	Signed up for the sustainability reporting standards. Provisions made in the business plan to achieve an energy performance rating of C by 2028 and net carbon neutral by 2050. Adopted a 'fabric first' for new developments.	Developing and launching our environmental strategy principles. Launching green initiatives for colleagues. Programme of energy efficiency pilots.
Governance Status: Unchanged	Regulatory and statutory implications. Severe damage to our reputation.	Updated Financial Regulations and Standing Orders. Internal audit plan. Board effectiveness review.	Covid-19 and its impact on the frequency and method of Board meetings.

We support our customers

When Carly found herself facing financial pressures, the last thing she thought she'd be doing was going to university. But now she's planning to start a career in law.

Carly's family were not in a position to help her financially and she faced some challenges over how she was going to be able to fund her studies. The mounting pressure meant Carly almost quit university in her first year as she found it increasingly difficult to keep pace with the financial demands.

That was until LiveWest offered Carly some support to help her with her career ambitions.

Carly, 20, said: "In the first year, after a very rocky start where I almost gave up, I managed to find my feet and finished the year with some positive results.

"I can honestly say that without LiveWest's assistance in buying a personal laptop, I would not have achieved these marks.

"I was able to study from my halls of residence thanks to the laptop, and even when I missed lectures due to illness, I could keep on top of my work and catch up.

"That funding was an absolute lifeline for me."

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 37,820 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 to assist us in managing our activities, and these are listed on page 84. We are continuing with our review of our corporate structure in order to help simplify and streamline our decision-making.

1 Our Board

Our Board comprises 11 directors, both executive and non-executive. The directors have a wide range of skills, experience and understanding in all aspects of our operations which enable them to be able to set and actively drive our social purpose, mission and values. The Board consists of nine non-executives as well as The Chief Executive and the Deputy Chief Executive/Executive Director of Finance.

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. All Board and committee members have annual appraisals, which include the use of 360-feedback online surveys, as appropriate, to allow us to monitor Board and committee performance and ensure transparency and accountability.

During the year we have continued to strengthen the skills on our Board by the appointment of Phil Stephens, a non-executive with extensive construction, property and housing association experience. Tim Larner stepped down during the year and we wish to thank him for over seven years of advice and commitment which has been invaluable to our growth and development. 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 101.

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.

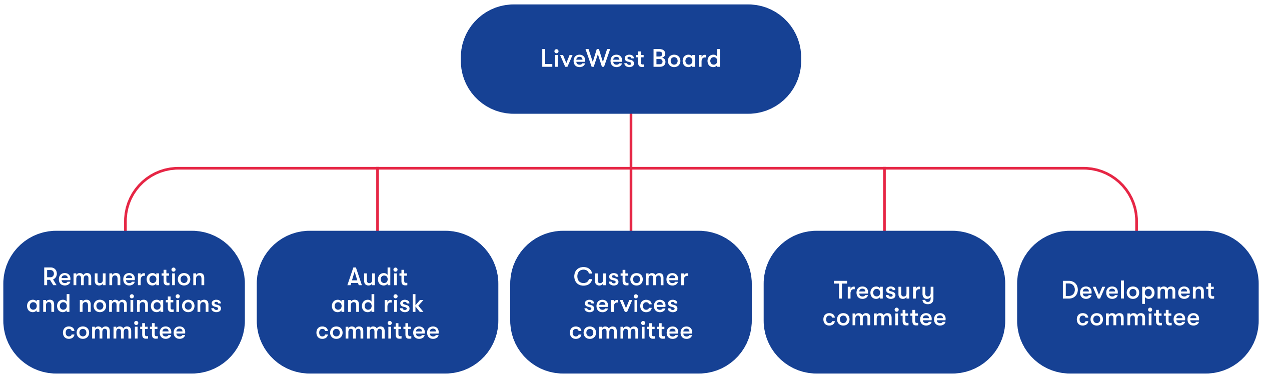
The LiveWest Group is governed by the LiveWest Board, which is ultimately responsible for the control of the group, including the determination of its overall objectives and strategy. The Board has delegated certain matters to five internal committees to support it with operational oversight ensuring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

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.

Current LiveWest Board and committee structure



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.

Membership of the committee comprises four non-executive Board members and is chaired by Antony Durbacz. At least one member of the committee has 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.

Membership of the committee comprises three non-executive Board members, the Executive Director of Finance and one independent advisor with treasury experience and is chaired by Tony MacGregor.

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 and is chaired by Tom Vaughan. 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. The committee met five time during the year.

Membership of the committee comprises four non-executive Board members and is chaired by Jenefer Greenwood. The Chief Executive and the Director of People are invited to attend each meeting.

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 larger schemes and schemes outside the business plan to understand the associated risks and makes recommendations on these to the Board for approval.

The committee consists of three non-executive Board members, the Executive Director of Development and one independent adviser with experience of large-scale housing development. The committee is chaired by Phil Stephens and 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, ensure 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.

As noted in the Strategy and Our Customers sections, the Social Housing White Paper and the seven themes in the Charter have been incorporated into our coporate strategies and will be implemented to ensure we comply with all aspects.

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 and financial performance and reporting to the Board and the Boards of our subsidiary organisations
- corporate culture
- integration
- 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 102.

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. These groups provide the assurance necessary to allow the Executive team to deliver on their objectives and provide the necessary assurance to the Board.

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, and a subsequent interim assessment in November 2020, 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.

6 NHF Code of Governance

The Regulator of Social Housing's (RSH) Governance & Financial Viability Standard requires that we ensure effective governance arrangements are in place. In doing so, there is a specific requirement for the Board to adopt and comply with an appropriate code of governance. During the year, we have complied with the National Housing Federation's (NHF) Code of Governance 2015. In December 2020, the Board approved the NHF Code of Governance 2020 which we intend to comply with in 2021/22.

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 2021.

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 Regulator of Social Housing.

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 2020 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;
- 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 2021 by the Board. As well as considering the impact of a number of scenarios on the business plan the Board used a stress testing framework to carry out 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.

The Board, after reviewing the group and company budgets for 2021/22 and the group's medium term financial position as detailed in the 30-year business plan, including ongoing 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 and reductions in sales values
- 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
- decarbonisation costs – budget and business plan scenarios have been modelled to take account of the need for properties to achieve EPC C by 2028 and for the group to become net carbon-neutral by 2050
- rent and service charge receivable – arrears and bad debts have been modelled above historic levels 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 £426m and £41m of available cash which gives significant headroom for any cash flows that arise
- the group's ability to withstand other adverse scenarios such as a deflationary environment, 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 12 August 2021 and signed on its behalf by:

Linda Nash
Chair

Independent auditor's report of LiveWest Homes Limited

Opinion

We have audited the financial statements of LiveWest Homes Limited ("the association") for the year ended 31 March 2021 which comprise 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 association as at 31 March 2021 and of the income and expenditure of the group and the association for the year then ended;

- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and

- have been prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

- we consider that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

- we have not identified, and concur with the Board's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group's and the association's ability to continue as a going concern for the going concern period.

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

Fraud and breaches of laws and regulations – ability to detect

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

- Enquiring of the Board, the audit and risk committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, audit and risk committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

As required by auditing standards, and taking into account possible pressures to meet loan covenants, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income from property sales and non-social housing income is recorded in the wrong period and the risk that Group management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

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

We also performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation.

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

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

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

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

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

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Other information

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

We have nothing to report in these respects.

Board's responsibilities

As explained more fully in their statement set out on page 51, the association's Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the association or to cease operations, or has no realistic alternative but to do so.

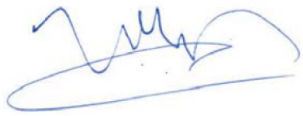
Auditor's responsibilities

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

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

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

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



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

13 August 2021

We have plans to deliver more than 6,000 homes across the South West in the next five years.

Financial statements

Companies within the group, Board members, executives and advisers

Statement of comprehensive income

For the year ended 31 March 2021	Note	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Turnover	3	**244,287**	248,550	**216,418**	218,051
Operating costs	3	**(182,629)**	(178,956)	**(157,565)**	(152,970)
Surplus on property sales	4	**20,563**	19,917	**20,555**	19,917
Operating surplus	3	**82,221**	89,511	**79,408**	84,998
Share of loss in associate		**(2)**	(9)	**-**	-
Loss on sale of other fixed assets		**(121)**	(43)	**(119)**	(43)
Interest receivable and other income	8	**132**	232	**2,284**	2,636
Interest payable and similar charges	9	**(38,676)**	(28,506)	**(38,676)**	(28,509)
Other finance costs – pensions	29	**(507)**	(1,085)	**(507)**	(1,085)
Change in fair value of financial instruments		**2,671**	(1,289)	**2,671**	(1,289)
Gift aid		**-**	-	**1,521**	2,787
Surplus on ordinary activities before tax	5-7	**45,718**	58,811	**46,582**	59,495
Tax on surplus on ordinary activities	10	**-**	-	**-**	-
Surplus for the year		**45,718**	58,811	**46,582**	59,495
Other comprehensive income					
Surplus for the year		**45,718**	58,811	**46,582**	59,495
Effective portion of changes in fair value of cash flow hedges		**21,430**	(13,905)	**21,430**	(13,905)
Hedge reserve recycled for matured hedges		**9,578**	3,796	**9,578**	3,796
Actuarial (loss)/gain	29	**(23,784)**	22,132	**(23,784)**	22,132
Total recognised surplus relating to the year		**52,942**	70,834	**53,806**	71,518

The accompanying notes form part of these financial statements.
The statement of comprehensive income was approved by the Board on 12 August 2021 and was signed on its behalf by:

Paul Crawford
(Chief Executive)

Melvyn Garrett
(Executive Director of Finance)

Lisa Maunder
(Company Secretary)

Statement of financial position

As at 31 March 2021

	Note	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Fixed assets					
Intangible assets	11	**7,525**	4,435	**7,525**	4,435
Housing properties - cost net of depreciation	12	**2,142,139**	2,083,152	**2,116,734**	2,057,039
Investment properties	13	**22,328**	22,940	**14,244**	14,857
		2,171,992	2,110,527	**2,138,503**	2,076,331
Other tangible fixed assets	14	**27,855**	29,286	**27,855**	29,286
Investments	15	**263**	274	**89,534**	84,133
Homebuy loans		**8,499**	9,079	**8,212**	8,727
		2,208,609	2,149,166	**2,264,104**	2,198,477
Current assets					
Properties for sale	16	**88,082**	95,505	**15,458**	23,052
Stock		**347**	246	**347**	246
Debtors	17	**46,863**	43,089	**52,785**	20,949
Cash at bank and in hand	18	**84,832**	51,118	**54,316**	50,697
		220,124	189,958	**122,906**	94,944
Creditors: Amounts falling within one year	19	**(113,163)**	(102,178)	**(105,336)**	(97,990)
Net current assets/(liabilities)		**106,961**	87,780	**17,570**	(3,046)
Creditors: Amounts falling due after more than one year	20	**(1,661,104)**	(1,655,646)	**(1,654,231)**	(1,642,018)
Provisions for liabilities and charges					
Pension liability	29	**(43,732)**	(23,508)	**(43,732)**	(23,508)
Net assets		**610,734**	557,792	**583,711**	529,905
Capital and reserves					
Called up share capital	22	**-**	-	**-**	-
Revaluation reserve		**-**	-	**-**	-
Restricted reserve		**184**	184	**184**	184
Cash flow hedge reserve		**(66,395)**	(97,403)	**(66,395)**	(97,403)
Designated reserves	23	**-**	148,322	**-**	148,322
Revenue reserves		**676,945**	506,689	**649,922**	478,802
Total funds		**610,734**	557,792	**583,711**	529,905

The accompanying notes form part of these financial statements.
These financial statements were approved by the Board on 12 August 2021 and were signed on its behalf by:

Paul Crawford
(Chief Executive)

Melvyn Garrett
(Executive Director of Finance)

Lisa Maunder
(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 2019	-	-	184	(87,294)	113,025	461,043	486,958
Total comprehensive income for the period							
Surplus for the year	-	-	-	-	-	58,811	58,811
Movement 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

	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 2020	-	-	184	(97,403)	148,322	506,689	557,792
Total comprehensive income for the period							
Surplus for the year	-	-	-	-	-	45,718	45,718
Movement in fair value of financial instruments	-	-	-	31,008	-	-	31,008
Reserves transfer	-	-	-	-	(148,322)	148,322	-
Remeasurements of the net defined liability	-	-	-	-	-	(23,784)	(23,784)
	-	-	-	31,008	(148,322)	170,256	52,942
Balance at 31 March 2021	-	-	184	(66,395)	-	676,945	610,734

The accompanying notes form part of these financial statements.

	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
Movement 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

	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 2020	-	-	184	(97,403)	148,322	478,802	529,905
Total comprehensive income for the period							
Surplus for the year	-	-	-	-	-	46,582	46,582
Movement in fair value of financial instruments	-	-	-	31,008	-	-	31,008
Reserves transfer	-	-	-	-	(148,322)	148,322	-
Remeasurements of the net defined liability	-	-	-	-	-	(23,784)	(23,784)
	-	-	-	31,008	(148,322)	171,120	53,806
Balance at 31 March 2021	-	-	184	(66,395)	-	649,922	583,711

The accompanying notes form part of these financial statements.

Statement of cash flows

For the year ended 31 March 2021	Note	2021 £000	2020 £000
Net cash flow from operating activities	32	**136,722**	97,169
Cash flow from investing activities			
Purchase of tangible fixed assets		**(110,296)**	(161,277)
Purchase of intangible fixed assets		**(3,738)**	(3,104)
Proceeds from the sale of tangible fixed assets		**251**	39
Purchase of investments		**-**	(84)
Grants received		**13,846**	37,106
Interest received		**132**	232
		(99,805)	(127,088)
Cash flow from financing activities			
Interest paid		**(39,199)**	(31,103)
Interest element of finance lease payments		**(66)**	(75)
Capital element of finance lease payments		**-**	(65)
New secured loans		**203,769**	419,430
Repayment of borrowings		**(167,707)**	(325,552)
		(3,203)	62,635
Net change in cash and cash equivalents		**33,714**	32,716
Cash and cash equivalents at the start of the year		**51,118**	18,402
Cash and cash equivalents at the end of the year		**84,832**	51,118

The reconciliation of net debt is shown in note 32

The accompanying notes form part of these financial statements.

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 2021 by the Board. As well as considering the impact of a number of scenarios on the business plan the Board used a stress testing framework to carry out 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.

The Board, after reviewing the group and company budgets for 2021/22 and the group's medium term financial position as detailed in the 30-year business plan, including ongoing 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 and reductions in sales values
- 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
- decarbonisation costs – budget and business plan scenarios have been modelled to take account of the need for properties to achieve EPC C by 2028 and for the group to become net carbon-neutral by 2050
- rent and service charge receivable – arrears and bad debts have been modelled above historic levels 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 £426m and £41m of available cash which gives significant headroom for any cash flows that arise
- the group's ability to withstand other adverse scenarios such as a deflationary environment, 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 2021. 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

As at the 31 March 2020, 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.

As these expenses are general business costs they have been transferred to revenue reserves as at 31 March 2021.

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 and is accounted for using an FRS 102 valuation.

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.

In response to the ongoing reform of RPI there has been a change in the estimate at TPT in how to set the CPI assumption in relation to RPI. The impact of this change is a circa £6.6m to the defined benefit obligation at 31 March 2021.

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					
	2021			2020		
	Turnover	Operating costs	Operating surplus/ (deficit)	Turnover	Operating costs	Operating surplus/ (deficit)
	£000	£000	£000	£000	£000	£000
Social housing lettings	**186,099**	**(129,797)**	**56,302**	179,446	(119,513)	59,933
Other social housing activities						
Supporting people contract income	**4,321**	**(4,067)**	**254**	4,930	(4,675)	255
Shared ownership fee income	**92**	**(329)**	**(237)**	83	(255)	(172)
Shared ownership initial sales	**23,649**	**(19,903)**	**3,746**	31,529	(25,297)	6,232
Development costs	**152**	**(2,577)**	**(2,425)**	151	(2,665)	(2,514)
Other	**321**	**(274)**	**47**	353	(200)	153
	28,535	**(27,150)**	**1,385**	37,046	(33,092)	3,954
Non-social housing						
Non-social housing lettings	**2,464**	**(1,042)**	**1,422**	2,410	(1,025)	1,385
Property sales	**26,816**	**(24,271)**	**2,545**	29,220	(24,968)	4,252
Other	**373**	**(369)**	**4**	428	(358)	70
	29,653	**(25,682)**	**3,971**	32,058	(26,351)	5,707
	244,287	**(182,629)**	**61,658**	248,550	(178,956)	69,594
Surplus on property sales			**20,563**			19,917
	244,287	**(182,629)**	**82,221**	248,550	(178,956)	89,511

Income and expenditure from social housing lettings

	Group				
	2021				2020
	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	**136,295**	**12,420**	**13,905**	**162,620**	156,631
Service charges receivable	**5,368**	**896**	**8,227**	**14,491**	13,464
Net rents receivable	**141,663**	**13,316**	**22,132**	**177,111**	170,095
Amortisation of grants	**6,064**	**708**	**1,149**	**7,921**	7,944
Income from others	**-**	**447**	**620**	**1,067**	1,407
Total income from social housing lettings	**147,727**	**14,471**	**23,901**	**186,099**	179,446
Expenditure on social housing lettings					
Rent losses from bad debts	**561**	**22**	**82**	**665**	882
Service charge costs	**6,030**	**766**	**7,942**	**14,738**	13,701
Management	**25,865**	**2,541**	**5,858**	**34,264**	34,715
Responsive maintenance	**21,633**	**-**	**2,860**	**24,493**	24,971
Cyclical maintenance	**7,540**	**-**	**633**	**8,173**	10,460
Major repairs expenditure	**15,738**	**-**	**2,233**	**17,971**	7,216
Depreciation of housing properties	**24,656**	**1,985**	**2,852**	**29,493**	27,568
Total expenditure on social housing lettings	**102,023**	**5,314**	**22,460**	**129,797**	119,513
Operating surplus on social housing letting activities	**45,704**	**9,157**	**1,441**	**56,302**	59,933
Rent losses from voids	**(649)**	**-**	**(485)**	**(1,134)**	(1,571)

The business reviews on pages 20-31 provide further details of the operating segments.

	Company					
	2021			2020		
	Turnover	Operating costs	Operating surplus/ (deficit)	Turnover	Operating costs	Operating surplus/ (deficit)
	£000	£000	£000	£000	£000	£000
Social housing lettings	**185,840**	**(129,527)**	**56,313**	179,033	(118,975)	60,058
Other social housing activities						
Supporting people contracts	**4,321**	**(4,063)**	**258**	4,930	(4,675)	255
Shared ownership fee income	**92**	**(329)**	**(237)**	83	(256)	(173)
Shared ownership initial sales	**23,649**	**(19,902)**	**3,747**	31,530	(25,294)	6,236
Development costs	**152**	**(2,578)**	**(2,426)**	155	(2,666)	(2,511)
Other	**321**	**(196)**	**125**	336	(129)	207
	28,535	**(27,068)**	**1,467**	37,034	(33,020)	4,014
Non-social housing						
Non-social housing lettings	**2,043**	**(970)**	**1,073**	1,984	(975)	1,009
	2,043	**(970)**	**1,073**	1,984	(975)	1,009
	216,418	**(157,565)**	**58,853**	218,051	(152,970)	65,081
Surplus on property sales			**20,555**			19,917
	216,418	**(157,565)**	**79,408**	218,051	(152,970)	84,998

Income and expenditure from social housing lettings

	Company				
	2021				2020
	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	135,963	12,420	13,905	162,288	156,313
Service charges receivable	5,362	895	8,227	14,484	13,459
Net rents receivable	141,325	13,315	22,132	176,772	169,772
Amortisation of grants	6,064	708	1,149	7,921	7,944
Income from others	80	447	620	1,147	1,317
Total income from social housing lettings	147,469	14,470	23,901	185,840	179,033
Expenditure on social housing lettings					
Rent losses from bad debts	568	22	81	671	897
Service charge costs	6,025	764	7,946	14,735	13,698
Management	25,948	2,539	5,848	34,335	34,479
Responsive maintenance	21,629	-	2,844	24,473	24,964
Cyclical maintenance	7,536	-	628	8,164	10,460
Major repairs expenditure	15,738	-	2,233	17,971	7,223
Depreciation of housing properties	24,326	2,000	2,852	29,178	27,254
Total expenditure on social housing lettings	101,770	5,325	22,432	129,527	118,975
Operating surplus on social housing letting activities	45,699	9,145	1,469	56,313	60,058
Rent losses from voids	(649)	-	(486)	(1,135)	(748)

4 Surplus on property sales

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Disposal proceeds	37,185	39,146	37,123	39,138
Cost of fixed assets	(16,622)	(19,229)	(16,568)	(19,221)
Surplus on property sales	20,563	19,917	20,555	19,917

5 Surplus on ordinary activities before taxation

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Surplus on ordinary activities before taxation is stated after charging/(crediting)				
Auditors' remuneration				
- Audit of these financial statements	**128**	93	**85**	64
- Other non-audit services	**10**	10	**10**	10
Depreciation and other amounts written off housing properties	**28,937**	28,308	**28,620**	27,995
Depreciation and other amounts written off other tangible fixed assets	**2,378**	2,642	**2,378**	2,642
Amortisation of intangible assets	**635**	523	**635**	523
Change in fair value of derivatives through income and expenditure	**(2,671)**	1,289	**(2,671)**	1,289
Loss on disposal of property, plant and equipment	**121**	43	**121**	43
Operating lease rentals	**168**	256	**168**	256

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. During the year the Executive Directors of Property Services (Strategy) and Governance and Compliance left on 30 September 2020 and 9 October 2020 respectively which resulted in their responsibilities 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			
	2021			2020
	Salary	Expenses	Total	Total
	£000	£000	£000	£000
Non Executive Directors				
Linda Nash	27	-	**27**	29
Andrew Wiles	14	-	**14**	14
Anthony Durbacz	16	-	**16**	15
Jacqueline Starr	13	-	**13**	1
Jenefer Greenwood	16	-	**16**	16
John Newbury	16	-	**16**	16
Philip Stephens	9	-	**9**	-
Tim Larner	9	-	**9**	15
Tom Vaughan	16	-	**16**	15
Tony MacGregor	16	-	**16**	15
	152	-	**152**	136

	Group and Company	
	2021	2020
	£000	£000
Executive directors		
Salary and other benefits	**1,206**	1,484
Compensation for loss of office	**-**	552
Pension contributions in respect of services as directors	**70**	143
	1,276	2,179
Remuneration paid to the Chief Executive who was also the highest paid director	**275**	264

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 and Company	
	2021	2020
Bands		
£60,001 to £70,000	**35**	32
£70,001 to £80,000	**18**	12
£80,001 to £90,000	**5**	8
£90,001 to £100,000	**8**	5
£100,001 to £110,000	**4**	3
£110,001 to £120,000	**3**	6
£120,001 to £130,000	**3**	1
£140,001 to £150,000	**-**	1
£150,001 to £160,000	**-**	2
£160,001 to £170,000	**-**	1
£180,001 to £190,000	**2**	-
£200,001 to £210,000	**1**	1
£210,001 to £220,000	**-**	1
£220,001 to £230,000	**1**	1
£230,001 to £240,000	**1**	-
£250,001 to £260,000	**-**	1
£260,001 to £270,000	**-**	1
£270,001 to £280,000	**-**	1
£280,001 to £290,000	**1**	-

7 Staff numbers and costs

	Group and Company	
	2021	2020
Average monthly number of full time equivalent employees:		
Housing and support	**590**	556
Development	**98**	99
Asset management	**425**	416
Central services	**179**	180
	1,292	1,251

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
The aggregate payroll cost of these employees was as follows:				
Wages and salaries	**44,252**	43,037	**44,252**	43,037
Social security costs	**4,097**	3,919	**4,097**	3,919
Other pension costs	**2,799**	2,658	**2,799**	2,658
	51,148	49,614	**51,148**	49,614

8 Interest receivable and other income

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Bank and deposits	**52**	169	**52**	168
Intra-group loans	**-**	-	**2,230**	2,465
Loan to non-group housing association	**2**	3	**2**	3
Other	**78**	60	**-**	-
	132	232	**2,284**	2,636

9 Interest payable and similar charges

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Intra-group loans	**-**	-	**16,502**	13,151
Bank loans and overdrafts	**32,473**	31,300	**15,974**	18,151
Restructuring financial instruments	**9,480**	-	**9,480**	-
Other	**25**	176	**22**	177
Less: capitalised interest at 3.28% (2020: 3.11%)	**(3,303)**	(2,971)	**(3,303)**	(2,971)
Unwind of discount on provisions	**1**	1	**1**	1
	38,676	28,506	**38,676**	28,509

10 Taxation

	Group		Company	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
UK corporation tax				
On surplus for the year at 19% (2020: 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	**45,718**	58,811	**46,582**	59,495
Total tax expenses	**-**	-	**-**	-
Surplus excluding tax	**45,718**	58,811	**46,582**	59,495
Tax at 19%	**8,686**	11,174	**8,851**	11,304
Effects of charity relief	**(8,686)**	(11,174)	**(8,851)**	(11,304)
Total tax expenses	**-**	-	**-**	-

	2021			2020		
	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	7,546
Additions	3,379
Transfers	359
Disposals	(498)
At end of year	**10,786**
Amortisation	
At beginning of year	3,111
Charge	635
Disposals	(485)
At end of year	**3,261**
Net book value	
At 31 March 2021	**7,525**
At 31 March 2020	4,435

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	2,082,552	265,561	59,120	30,408	2,437,641
Additions in year	334	484	59,720	39,069	99,607
Components capitalised	7,363	-	-	-	7,363
Transfers	(3,260)	(745)	1,523	2,228	(254)
Disposals	(16,610)	(9,450)	-	-	(26,060)
Transferred on completion	65,423	28,371	(65,423)	(28,371)	-
At end of year	**2,135,802**	**284,221**	**54,940**	**43,334**	**2,518,297**
Depreciation					
At beginning of year	332,389	22,060	40	-	354,489
Charge for year	26,940	1,997	-	-	28,937
Transfers	(142)	(174)	-	-	(316)
Disposals	(5,631)	(1,321)	-	-	(6,952)
At end of year	**353,556**	**22,562**	**40**	**-**	**376,158**
Net book value					
At 31 March 2021	**1,782,246**	**261,659**	**54,900**	**43,334**	**2,142,139**
At 31 March 2020	1,750,163	243,501	59,080	30,408	2,083,152

	Company				
	Social housing				
	Completed schemes		Under construction		
	Rented	Shared ownership	Rented	Shared ownership	Total
	£000	£000	£000	£000	£000
Cost					
At beginning of year	2,050,622	266,943	59,110	30,523	2,407,198
Additions in year	222	599	60,224	38,954	99,999
Transfers	(3,260)	(745)	1,523	2,228	(254)
Components capitalised	7,362	-	-	-	7,362
Disposals	(16,610)	(9,450)	-	-	(26,060)
Transferred on completion	65,423	28,371	(65,423)	(28,371)	-
At end of year	**2,103,759**	**285,718**	**55,434**	**43,334**	**2,488,245**
Depreciation					
At beginning of year	327,867	22,252	40	-	350,159
Charge for year	26,607	2,013	-	-	28,620
Transfers	(142)	(174)	-	-	(316)
Disposals	(5,631)	(1,321)	-	-	(6,952)
At end of year	**348,701**	**22,770**	**40**	**-**	**371,511**
Net book value					
At 31 March 2021	**1,755,058**	**262,948**	**55,394**	**43,334**	**2,116,734**
At 31 March 2020	1,722,755	244,691	59,070	30,523	2,057,039

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Additions to housing properties in the course of construction during the year includes:				
Capitalised interest at 3.28% (2020: 3.11%)	**3,303**	2,971	**3,303**	2,971
Direct development costs	**2,366**	2,639	**2,366**	2,639
The net book value of properties comprises:				
Freehold	**2,007,115**	1,959,739	**1,982,816**	1,934,753
Long leasehold – under 50 years remaining	**3,185**	3,502	**3,185**	3,502
Long leasehold – over 50 years remaining	**131,839**	119,911	**130,733**	118,782
	2,142,139	2,083,152	**2,116,734**	2,057,037
Works to existing properties:				
Capital	**7,363**	13,972	**7,362**	13,951
Revenue	**36,864**	42,647	**36,864**	42,647

13 Tangible fixed assets – investment properties

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Cost				
At beginning of year	**22,940**	25,305	**14,857**	17,220
Transfers	**-**	(180)	**-**	(180)
Disposals	**(612)**	(2,185)	**(613)**	(2,183)
At end of year	**22,328**	22,940	**14,244**	14,857

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	22,944	4,713	4,146	6,364	38,167
Additions	119	230	382	678	1,409
Transfers	1,086	(1,351)	(350)	5	(610)
Disposals	-	(25)	-	(151)	(176)
At end of year	**24,149**	**3,567**	**4,178**	**6,896**	**38,790**
Depreciation					
At beginning of year	1,321	1,869	1,668	4,023	8,881
Charge for year	469	533	450	926	2,378
Transfers	60	(249)	-	-	(189)
On disposals	-	(5)	-	(130)	(135)
At end of year	**1,850**	**2,148**	**2,118**	**4,819**	**10,935**
Net book value					
At 31 March 2021	**22,299**	**1,419**	**2,060**	**2,077**	**27,855**
At 31 March 2020	21,623	2,844	2,478	2,341	29,286

	Group and Company	
	2021	2020
	£000	£000
The net book value of properties comprises:		
Freehold	**22,299**	21,623
	22,299	21,623

15 Investments

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Shares	**-**	-	**2,300**	2,301
Intra-group loan	**-**	-	**81,276**	75,865
Equity loans	**101**	101	**-**	-
Loan to other housing association	**31**	40	**31**	40
Listed investments	**30**	30	**30**	30
Investments in subsidiary companies	**-**	-	**5,897**	5,897
Interest in associate	**101**	103	**-**	-
	263	274	**89,534**	84,133

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 2021 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 (dissolved 22 September 2020)	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	
	2021	2020	2021	2020
	£000	£000	£000	£000
Properties developed for outright sale				
- cost of completed units	**2,338**	1,650	**-**	331
- cost of units under development	**70,286**	71,133	**-**	-
Shared ownership properties – first tranche sales				
- cost of completed units	**8,296**	9,322	**8,296**	9,322
- cost of units under development	**7,162**	13,400	**7,162**	13,399
	88,082	95,505	**15,458**	23,052

17 Debtors due within one year

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Rent and service charges receivable	**7,342**	6,354	**7,307**	6,326
Less: Provisions for bad and doubtful debts	**(2,915)**	(2,779)	**(2,902)**	(2,761)
	4,427	3,575	**4,405**	3,565
Service charges recoverable	**1,501**	1,391	**1,501**	1,391
Managing agent debtor	**3,408**	1,885	**3,393**	1,863
Amounts owed by group companies	**-**	-	**31,208**	959
Other debtors	**27,055**	27,674	**1,121**	2,246
Social Housing Grant receivable	**4,000**	3,350	**4,000**	3,350
Prepayments and accrued income	**6,472**	5,214	**7,157**	7,575
	46,863	43,089	**52,785**	20,949

Included in other debtors is £14m (2020: £16m) 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	
	2021	2020	2021	2020
	£000	£000	£000	£000
Cash at bank and in hand	**84,832**	51,118	**54,316**	50,697
Cash and cash equivalents per cash flow statement	**84,832**	51,118	**54,316**	50,697

Cash balances held in escrow and customer sinking fund accounts are £44m (2020: £14m).

19 Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Housing loans (see note 21)	**16,680**	20,329	**16,680**	20,329
Issue costs	**(419)**	(588)	**(419)**	(588)
Recycled Capital Grant Fund (note 26)	**9,489**	9,460	**9,489**	9,460
Trade creditors	**5,149**	6,754	**5,030**	5,773
Rent and service charges received in advance	**16,474**	14,754	**16,345**	14,727
Contracts for capital works	**15,307**	14,208	**7,221**	7,215
Interest charges	**8,352**	6,026	**1,192**	1,168
Pension deficit (note 29)	**10**	10	**10**	10
Amounts owed to group companies	**-**	-	**14,754**	10,198
Other taxation and social security	**1,140**	1,096	**1,120**	1,076
Social Housing Grant (note 33)	**7,934**	7,946	**7,934**	7,946
Other creditors	**2,622**	2,415	**2,610**	2,419
Accruals and deferred income	**30,425**	19,768	**23,370**	18,257
	113,163	102,178	**105,336**	97,990

20 Creditors: amounts falling due after more than one year

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Recycled Capital Grant Fund (note 26)	**10,617**	7,191	**10,617**	7,191
Contracts for capital works	**6,736**	13,477	**-**	-
Pension deficit (note 29)	**29**	37	**29**	37
Other grant (note 33)	**375**	395	**375**	395
Housing loans (note 21)	**919,360**	879,728	**919,360**	879,728
Issue costs	**(2,068)**	(2,287)	**(2,068)**	(2,287)
Social Housing Grant (note 33)	**635,200**	632,071	**635,200**	632,071
Other financial liabilities (note 24)	**82,786**	116,464	**82,786**	116,464
Grant on HomeBuy equity loans	**8,069**	8,570	**7,932**	8,419
	1,661,104	1,655,646	**1,654,231**	1,642,018

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

21 Housing loans

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
The sources of loan finance are as follows:				
Banks and building societies	**248,749**	355,452	**155,899**	154,402
Capital market issues	**686,879**	544,241	**173,311**	176,310
Intra-group	**-**	-	**606,418**	568,981
Other	**412**	364	**412**	364
	936,040	900,057	**936,040**	900,057

	Group and Company	
	2021	2020
	£000	£000
Housing loan finance is repayable as follows:		
In one year or less	**16,680**	20,329
Between one and two years	**34,107**	19,911
Between two and five years	**25,972**	85,829
In five years or more	**859,281**	773,988
	936,040	900,057

Loans are predominantly repayable by instalments. The final instalments fall to be paid in the period 2021 to 2056. The loans repayable by bullet repayment include £8m falling due in 2021/22 with the remainder falling due between 2036 and 2056.

	Group and Company	
	2021	2020
	£000	£000
Housing loans are secured as follows:		
Fixed charges on properties	**936,040**	900,057

	Group and Company	
	2021	2020
	£000	£000
Interest rate basis		
Fixed less than 5 years	**119,060**	120,918
Fixed more than 5 years	**792,824**	746,542
Index linked	**20,412**	21,664
Variable	**3,744**	10,933
	936,040	900,057

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 1.14% to 12.5%. The group's average cost of borrowing at 31 March 2021 was 2.99% (2020: 3.28%).

22 Called up share capital

	Group and Company	
	2021	2020
	£	£
Allotted, issued and fully paid shares of £1		
Balance at 1 April	**9**	8
Issued during year	**1**	1
Cancelled during year	**(1)**	-
Balance at 31 March	**9**	9

23 Designated reserves

	Group and Company	
	2021	2020
	£000	£000
Major repairs reserve	**-**	145,765
Remodelling reserve	**-**	2,557
	-	148,322

The group has previously accounted for designated reserves which recognised the future cost of major repairs and improvement works to housing properties. As these expenses are general business costs they have been transferred to revenue reserves.

24 Financial instruments

	Group and Company	
	2021	2020
	£000	£000
Carrying amount of financial instruments:		
Assets measured at amortised cost	**84,832**	51,118
Liabilities measured at fair value	**82,786**	116,464
Liabilities measured at amortised cost	**936,040**	900,057

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					
	2021					
	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	(82,786)	(91,865)	(8,984)	(8,562)	(20,529)	(53,790)
	(82,786)	**(91,865)**	**(8,984)**	**(8,562)**	**(20,529)**	**(53,790)**

	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)**

25 Housing stock

	Group		Company	
	2021	2020	2021	2020
Social housing:				
General needs - social	23,323	23,035	23,268	22,980
General needs - affordable	3,357	3,237	3,357	3,237
Supported housing - social	2,893	2,905	2,893	2,905
Supported housing - affordable	99	101	99	101
Shared ownership	4,529	4,482	4,529	4,482
Other social housing	1,094	1,105	1,094	1,105
Social housing owned and managed	**35,295**	34,865	**35,240**	34,810
General needs - social	-	163	-	163
Shared ownership	-	17	-	17
Supported housing- social	352	347	352	347
Residential care homes	66	66	66	66
Social housing owned not managed	**418**	593	**418**	593
Supported housing	24	25	24	25
Social housing managed not owned	**24**	25	**24**	25
Total social housing owned or managed	**35,737**	35,483	**35,682**	35,428
Non-social housing:				
Market rented	112	114	112	66
Non social housing owned	**112**	114	**112**	66
Leasehold:				
Social leasehold - owned	1,013	989	837	803
Social leasehold - managed	585	567	575	567
Non social leasehold - owned	225	225	5	5
Non social leasehold - managed	566	599	50	50
Leasehold owned or managed	**2,389**	2,380	**1,467**	1,425
Non-housing:				
Commercial properties owned and managed	**76**	76	**76**	76

	Group and Company	
	2021	2020
	£000	£000
Under development:		
General needs - social	**720**	837
General needs - affordable	**930**	813
Shared ownership	**834**	868
Rent to buy	**20**	20
Total	**2,504**	2,538

26 Recycled Capital Grant Fund (RCGF)

	Group and Company
	RCGF
	£000
Balance at beginning of year	**16,651**
Grants recycled from disposals	**5,191**
Homebuy grants	**220**
Interest accrued	**19**
Grants recycled to new build	**(1,975)**
Balance at end of year	**20,106**

27 Financial commitments

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Capital commitments for which no provision has been made:				
Housing properties – contracted	**476,657**	430,893	**324,857**	317,673
Housing properties – approved not contracted	**28,326**	93,984	**24,655**	90,340

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

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Total commitment under operating leases:				
Land and buildings – lease expiring 1-2 years	**27**	74	**27**	74
Equipment – lease expiring 1-2 years	**74**	83	**74**	83
Land and buildings – lease expiring beyond 5 years	**1,281**	1,381	**1,281**	1,381
	1,382	1,538	**1,382**	1,538

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.

	2021	2020
Financial instruments are classed as follows:	£000	£000
Financial assets		
Investment measured at amortised cost	**30,000**	-
Financial liabilities		
Cash flow hedges at fair value (interest rate swaps)	**82,786**	116,464
Bank loans measured at amortised cost	**936,040**	900,057

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 £481m consisting of £55m cash and £426m 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 has accumulated revenue reserves of £507m which is invested in our housing stock.

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 and was closed to future accrual on 31 March 2020.

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 £4.0m in 2021-22.

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 £39,000 for LiveWest of which £10,000 is due in 2021-22.

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 £70,000 (2020: £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 2021. 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 based on the results of the Government consultation published in March 2021. The scheme actuary's assumption is that the fund will pay limited increases to members and therefore an adjustment to liabilities is not required.

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 2021.

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	
	2021	2020	2021	2020
	%	%	%	%
Discount rate	**2.2**	2.4	**2.0**	2.4
Salary / pension growth	**3.9**	2.6	**2.9**	2.5
Inflation (RPI)	**3.3**	2.6	**-**	-
Inflation (CPI)	**2.9**	1.6	**-**	-
Inflation	**-**	-	**2.9**	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	
	2021	2020	2021	2020
Longevity at age 65 for current pensioners				
- Males	**21.6**	21.5	**22.6**	22.9
- Females	**23.5**	23.3	**23.9**	24.1
Longevity at age 65 for future pensioners				
- Males	**22.9**	22.9	**24.0**	24.3
- Females	**25.1**	24.5	**25.4**	25.5

Analysis of the amount charged to the Statement of comprehensive income

	SHPS		Devon County Council	
	2021	2020	2021	2020
	£000	£000	£000	£000
Service cost	**-**	1,299	**-**	-
Expenses	**132**	131	**7**	7
Total operating charge	**132**	1,430	**7**	7
Net interest on pension liabilities	**367**	938	**140**	147
Other financial costs	**499**	2,368	**147**	154

Movement in the fair value of assets and present value of liabilities for the year to 31 March 2021:

Fair value of assets

	SHPS		Devon County Council	
	2021	2020	2021	2020
	£000	£000	£000	£000
At the beginning of the year	**125,196**	119,711	**8,672**	9,959
Interest on assets	**2,978**	2,816	**200**	233
Remeasurement	**12,582**	882	**1,961**	(1,005)
Employer contributions	**4,135**	4,861	**70**	88
Employee contributions	**-**	184	**-**	-
Administrative expenses	**-**	-	**(7)**	(7)
Net benefits paid out	**(3,003)**	(3,258)	**(505)**	(596)
At the end of the year	**141,888**	125,196	**10,391**	8,672

Present value of liabilities

	SHPS		Devon County Council	
	2021	2020	2021	2020
	£000	£000	£000	£000
At the beginning of the year	**142,646**	161,605	**14,730**	16,131
Current service cost	**-**	1,299	**-**	-
Expenses	**132**	131	**-**	-
Interest on liabilities	**3,345**	3,754	**340**	380
Contributions by participants	**-**	184	**-**	-
Remeasurement	**35,576**	(21,069)	**2,750**	(1,185)
Net benefits paid out	**(3,003)**	(3,258)	**(505)**	(596)
At end of the year	**178,696**	142,646	**17,315**	14,730

Type of asset held

	SHPS		Devon County Council	
	2021	2020	2021	2020
	£000	£000	£000	£000
Liability driven investment	**36,060**	41,551	**-**	-
Equities	**22,614**	18,311	**6,517**	4,883
Bonds / debt	**17,495**	13,453	**819**	824
Absolute return	**7,832**	6,528	**-**	-
Infrastructure	**9,460**	9,317	**-**	-
Property	**5,728**	4,924	**835**	817
Other	**42,699**	31,112	**2,220**	2,148
Total	**141,888**	125,196	**10,391**	8,672

Funding position

	SHPS		Devon County Council	
	2021	2020	2021	2020
	£000	£000	£000	£000
Assets	**141,888**	125,196	**10,391**	8,672
Estimated liabilities	**(178,696)**	(142,646)	**(17,315)**	(14,730)
Deficit in scheme	**(36,808)**	(17,450)	**(6,924)**	(6,058)

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 2021 there were 1,059 active members (2020: 988) 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	-	-	29	-	Development and sale services
ARC from LiveWest	-	-	-	29	
LiveWest from GWAG	79	-	-	4,496	Scheme management
GWAG from LiveWest	-	79	4,496	-	
LCAP from LiveWest	960	-	-	-	Treasury services
LiveWest from LCAP	-	960	-	-	
LT from LiveWest	80	-	592,850	-	Treasury services
LiveWest from LT	-	80	-	592,850	
Westco from LiveWest	20,905	-	-	77,439	Development services
LiveWest from Westco	-	20,905	77,439	-	
LP from LiveWest	-	-	-	136	Scheme management
LiveWest from LP	-	-	136	-	
LES from LiveWest	-	-	54	-	Maintenance services
LiveWest from LES	-	-	-	54	
LiveWest from LP	-	-	5,125	-	Development services
LP from LiveWest	-	-	-	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

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 31 March 2021 this contingent liability is £79m (2020: £80m).

32 Statement of cash flows

	2021	2020
	£000	£000
Reconciliation of operating surplus to net cash inflow from operating activities		
Operating surplus	**82,221**	89,511
Depreciation charges – other fixed assets	**2,378**	2,642
Depreciation charges – housing properties	**28,937**	28,308
Depreciation charges – intangible assets	**635**	523
Pension cost less contributions payable	**(4,075)**	(3,520)
Government grant utilised in year	**(7,944)**	(7,961)
Increase in stock	**(101)**	(40)
Increase in debtors	**(3,124)**	(8,740)
increase in creditors	**10,892**	55
Decrease/(increase) in properties for sale	**7,233**	(26,409)
Sale of housing properties	**19,657**	22,228
Sale of other fixed assets	**13**	572
Net cash inflow from operating activities	**136,722**	97,169

	1 April 2020	Cashflow	Non-cash	31 March 2021
	£000	£000	£000	£000
Reconciliation of net debt				
Cash	51,118	33,714	-	84,832
	51,118	33,714	-	84,832
Housing loans due in 1 year	(20,329)	20,329	(16,680)	(16,680)
Housing loans due in > 1 year	(879,728)	(56,312)	16,680	(919,360)
	(848,939)	**(2,269)**	**-**	**(851,208)**

33 Social housing grant and other grant

	Group and Company	
	Social Housing Grant	Other grant
	£000	£000
Grant received		
At beginning of year	793,917	469
Additions	19,343	-
Disposals	(11,001)	-
	802,259	**469**
Amortisation		
At beginning of year	153,900	74
Amortised in year	7,924	20
Disposals	(2,699)	-
	159,125	**94**
Net book value		
At 31 March 2021	**643,134**	**375**
At 31 March 2020	**640,017**	**395**

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 six 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 had raised bond finance of £100m. In June 2020 the company transferred it's debt to LiveWest Treasury plc 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

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

Phil Stephens
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: Lisa Maunder
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

Ian Fisher
Executive Director of Digital and Business Change

Melvyn Garrett
Deputy Chief Executive / Executive Director of Finance

Paul Crawford
Chief Executive

Suzanne Brown
Executive Director of Operations

Russell Baldwinson
Executive Director of Development

97% of our customers said they were satisfied with their last repair.

LiveWest
A home for everyone

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

livewest.co.uk