LiveWest
A home for everyone

Annual report and financial statements

Year ended 31 March 2022

We provide reliable, safe and efficient services for all of our customers, and 87% had overall satisfaction with their neighbourhoods, demonstrating our customer focused approach.

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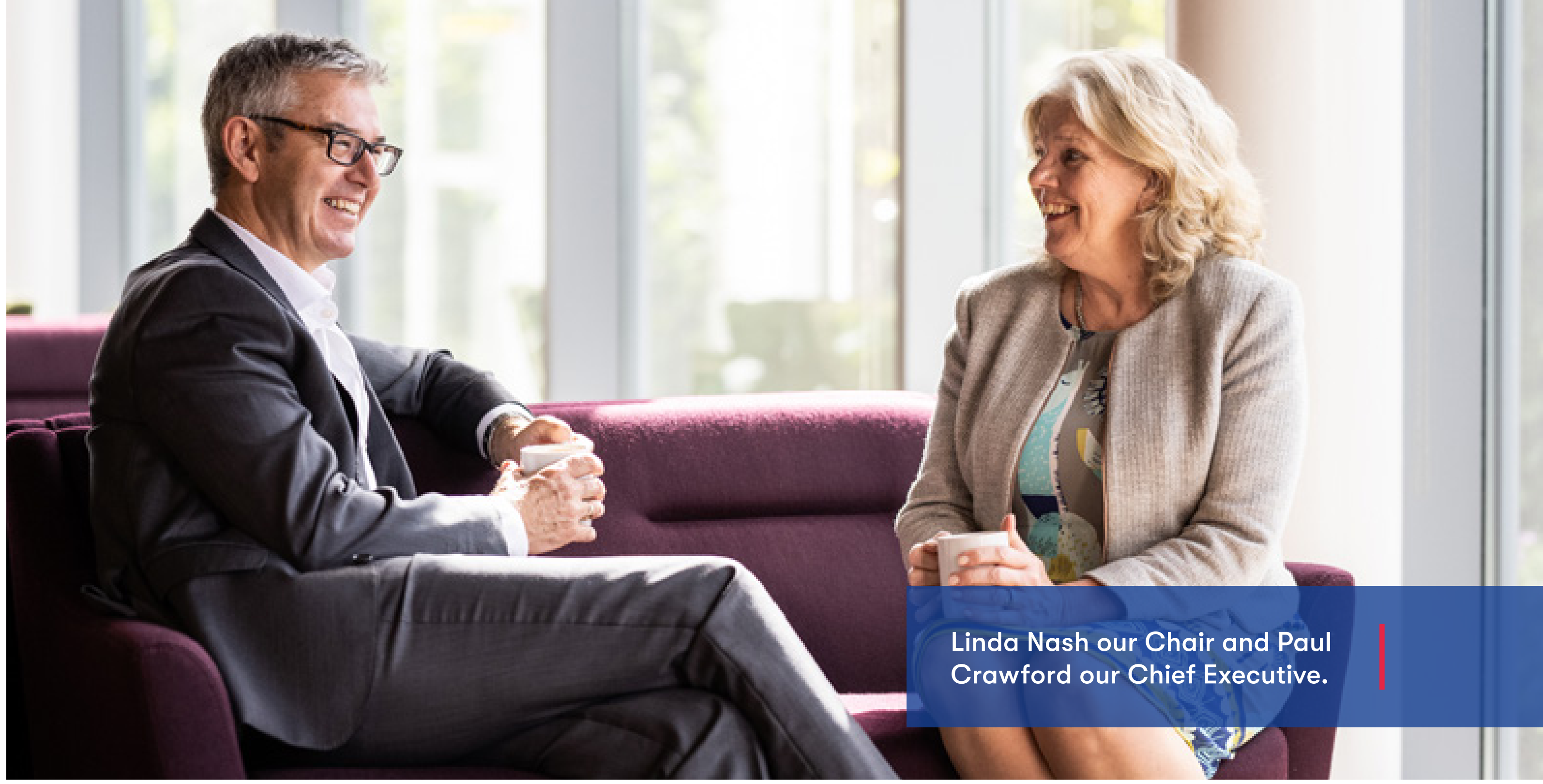
Community Benefit Society registration number: 7724
Regulator of Social Housing registration number: 4873

Our front cover shows Paul and his family who are delighted to have moved into their new shared ownership home in Penzance, which is located close to schools, shops and facilities.

Introduction

By the Chair and Chief Executive

In addition to the challenges associated with Covid-19 over the last 24 months, this year has brought added cost of living, inflation and supply chain issues to our customers, colleagues and wider operating environment. In such a volatile and uncertain environment, we have taken a positive and dynamic approach to understanding the risks faced by everyone and put in place contingencies to support our customers, improve services and ensure our business is efficient and fit for the future. We are immensely proud of our people in rising to the challenge to continue to deliver high quality services across all our business areas.



Linda Nash our Chair and Paul Crawford our Chief Executive.

Supporting our customers

Over the last year, we delivered strong operating and financial performance across our activities by staying focused on our customers, core values and ensuring that our strategies evolve to meet the needs of the communities we serve.

Our Tenancy Sustainment team continued to work with our customers and received over 2,000 referrals for support which has resulted in:

- additional benefit entitlements of £1.8m being identified
- the appointment of an Energy Awareness Officer to support our customers with advice on energy costs
- the award of 871 grants with many being for food and utilities.

We also used the information obtained from last year's 19,000 welfare calls to identify customers who require ongoing support through our Tenancy Sustainment team, community groups and other agencies and we continue to adapt and evolve our processes to meet customer's needs and highlight those needing additional support.

As the pandemic restrictions eased, we have been able to restart many of our neighbourhood services and have been able to reopen our community rooms and buildings which have benefited those experiencing loneliness and isolation. Our customers have also appreciated the importance of outdoor spaces and we have been creating and enhancing sustainable places for them to reconnect with communities and relax.

We continue to operate in a challenging environment with the pandemic, recruitment, supply chain issues and increasing expectations and maintenance volumes from customers placing additional workload on our teams and contractors. However, we have managed our resources well, delivered strong performance in satisfaction with the last repair and complaints and have achieved an overall customer satisfaction of 87%.

The sector continues to see demand for affordable homes growing faster than supply and we are seeing over 75 applicants for every property that becomes available for rent. This desperate shortage of housing has been worsened by private market rent volumes reducing as owners convert to holiday lets in the South West making our social strategy to invest sustainably and deliver a long-term programme of new homes even more important.

However, the current external economic environment is impacting new housing supply and construction costs which are resulting in a sustained period of high house price inflation and record house prices across our region. The greatest need in the South West is for low cost rented housing which underpins our commitment to increase the supply of new housing with a focus on delivering affordable homes for rent.

With the cost of living rising considerably during the year, particularly in respect of gas and electricity, the financial pressures and choices our customers have faced increased significantly. This continues to be recognised by the Board who have budgeted additional support including a new Tenancy Support Fund (TSF), to help those who are affected by an increase in rent payments.

Throughout the pandemic we've seen a distinct benefit of having our own maintenance team as we have been able to use their diverse skills to prioritise customer safety and emergency repairs. As our in-house service is highly rated by customers, we plan further expansion by insourcing additional services in 2022/23.

In the next year, our focus remains on seeking customer feedback and continuously improving and reviewing our strategies to ensure we challenge ourselves to meet customer expectations. Our customer services strategy will reflect the significant changes to the role of the Regulator of Social Housing and the Housing Ombudsman and the introduction of new consumer regulation with the supported housing strategy focusing on partnering with stakeholders to ensure that we meet all essential customers' needs whilst recognising the financial constraints that the economy is experiencing.

Fit for the future

Over the past year, we have continued to provide excellent safety and services for customers whilst remaining financially strong to provide a firm foundation to manage the current challenging operating and economic environment. Our long-term strategies are integrated into the business plan and take into account the Fire Safety Act, Building Safety Act, the environmental "net zero carbon" agenda, the Social Housing Bill and the National Housing Federation's new Code of Governance.

Our building safety team ensure that we meet the requirements from the Fire Safety Act and Building Safety Act where we have accelerated expenditure to improve the safety and energy efficiency of our homes. We are also actively participating with the government consultation on all aspects of the Social Housing Bill where we have already revised our tenancy satisfaction measures to include those expected to be introduced.

The digital and transformation strategy supports our customers through access to services, enabling us to be more effective and efficient with a focus on making more services available to customers at a time that suits them through digital platforms and delivering more effective ways of working to our colleagues.

A component of this strategy was the implementation of a new operating and financial system during the year. This has been a key objective of the organisation to enable the business to operate and report on a consistent system and we will now look to accelerate the use of automation, artificial intelligence, and other digital technologies to streamline processes.

Our priority remains customer safety and high performing customer services and with new consumer and safety legislation expected to be enacted in 2024, our asset management strategy is continuing to focus on ensuring we are positioned to manage our homes, now and in the future, through:

- building and fire safety
- the offer to our customers
- delivering a route to net zero homes
- asset information management.

We have maintained our Moody's A2 rating and following the In Depth Assessment (IDA) with the Regulator of Social Housing during the year, we are pleased to continue to maintain the highest governance and viability ratings of G1/V1.

Our financial performance has improved significantly with our surplus increasing to £53m from £46m in 2020/21 which, combined with strong cash flows, enables us to maintain homes, meet our environmental responsibilities and build significant numbers of additional homes every year for the long-term.

At the year end we had £421m of available finance which equates to 39 months of planned expenditure and we feel well placed to take advantage of opportunities as they arise.

Our Homes

During the year, we were able to return to a full maintenance programme on our existing homes following Covid-19 restrictions and have invested £74m on repairs and improvements including significant expenditure on building safety, energy efficiency and component replacement programmes. Larger scheme remodelling works are undertaken where services can be improved and we have invested over £1m in young people accommodation at the Bristol Foyer.

The development programme continued to be impacted by Covid-19 and material and labour shortages which resulted in significant handover delays. However, the quality and size of our pipeline still enabled 800 new homes for rent and shared ownership along with a further 111 homes for sale to be completed in the year, which is more than 100 higher than in 2020/21, with plans progressing to significantly increase our delivery in future years.

We also embarked on our programme of estate redevelopment, where outdated and poor performing schemes are targeted for major intervention and investment to regenerate homes to the highest energy standards. The first homes to be delivered will be ex-local authority schemes in Penzance, Cornwall and Totnes, Devon with additional estates being identified and assessed for future improvement.

Additionally, the buoyant housing market gave our shared ownership customers the confidence to purchase further shares in their homes which resulted in a surplus of £9m from 189 sales.

We continue to review and manage our housing portfolio to identify and dispose of homes which do not meet our strategic aims and quality standards, including making them affordable for customers to live in, which resulted in the sale of 120 homes. The proceeds raised from the sale on these homes enabled us to make further investment in improving our existing homes and developing new ones. The disposal programme continues to analyse homes to ensure that disposal considers our customers circumstances and the best time for disposal.

In June 2022, the Government announced plans to extend Right to Buy to all housing association customers. Whilst the policy details are still to be developed, we welcome the commitment for like for like replacement and will work with customers, Government and other stakeholders to ensure that this is delivered upon.

In rising to the challenge of the housing crisis, we also entered into a new strategic partnership with Homes England to deliver 2,550 affordable homes by 2028. This is in addition to having identified all 1,235 affordable homes in relation to our previous Homes England Wave One funding, supporting our delivery of 7,000 new homes across all tenures over the next five years. We remain confident about the housing market and continue to identify and secure a pipeline of high-quality sites and homes to meet our affordable and market sale development aspirations.

Our colleagues

The relaxation of Covid-19 restrictions has enabled our customer facing teams to return to communities and provide a complete repairs and neighbourhood service. Office based colleagues adopted hybrid working, where we split our working week between home and offices to continue to deliver efficient, high-quality services to customers. Being able to balance work/life priorities also enhance colleague wellbeing, help us attract a more diverse workforce and has contributed to our environmental agenda.

Our colleagues' health and wellbeing have remained a priority this year, with wellbeing champions, trained mental health first aiders, along with a wealth of information, campaigns and initiatives being made available to all colleagues. This is supported by a range of further benefits, including 24/7 colleague support and counselling available through our employee assistance programme, which we frequently promote to colleagues through our communication channels and champions.

Additionally, we've used focused webinars, delivered by external experts to provide education and best practice on a range of subjects which is supported by the wellbeing champions and have registered to become a menopause friendly employer to educate and raise awareness amongst colleagues and line managers. Managers also have access to additional resources to support their teams with mental health, stress management and wellness action plans.

With a clear commitment to our culture and values, employee satisfaction remains high demonstrating that our social purpose together with a comprehensive reward package and management approach is recognised and valued by colleagues. We also anticipate that our future plans around development, professional qualifications and structured career paths will lead to improved results.

Health and Safety and Equality, Diversity and Inclusion (EDI) continue to be ranked by colleagues as the most important aspects of our culture where we have continued to give priority and focus to make further improvements, including:

- the expansion of our building safety and compliance teams
- the acceleration of fire safety upgrades
- the development and promotion of our diversity groups
- the Board and senior management team joining inclusion workshops and creating regular diversity monitoring
- signing the Race at Work Charter.

With the firm belief in the diversity of our colleague base, we have taken positive action to increase underrepresented groups with an initial focus on increasing women within our trade teams. Our successful Women in Trades taster days have resulted in seven women joining the In-House Maintenance team as apprentices, ensuring we're making good progress against our target of having 5% of our trade roles performed by females.

The Board membership changed during the year and we would like to thank Andrew Wiles for his years of committed service as he retires and welcome Rahul Jaitly and Joanna Crane. We have also added further strength and depth to our committees where we have appointed an additional five independent advisors. With our experienced, talented and diverse Board, Committee members and Executive team leading our operational colleagues, we can be proud of our performance and achievements this year which are testament to the whole team's dedication and resilience.

Current environment

As we approached the end of our financial year, we joined with the world in being shocked and saddened by the invasion of Ukraine. The resulting humanitarian crisis, potential for worldwide food shortages and impact on energy costs is a stark reminder of the critical role we play in supporting our current and future customers.

We recognise that our customers and the UK face significant economic uncertainly and the resulting financial pressures associated with higher building costs, interest rates and inflation, recruitment challenges and increased worldwide uncertainty. Despite these economic headwinds, we believe that we remain well placed to continue to provide support, deliver great services and homes to customers and meet our ambitious development targets for the long-term benefit of our South West communities.

Linda Nash, Chair
Paul Crawford, Chief Executive

Highlights for the year

Income and expenditure

Turnover

£ 271m 2022

£ 244m 2021

£ 249m 2020

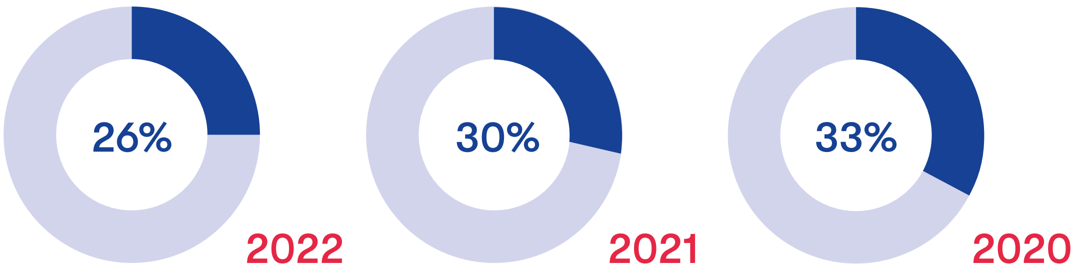
Surplus generated from properties built for sale

£11m 2022

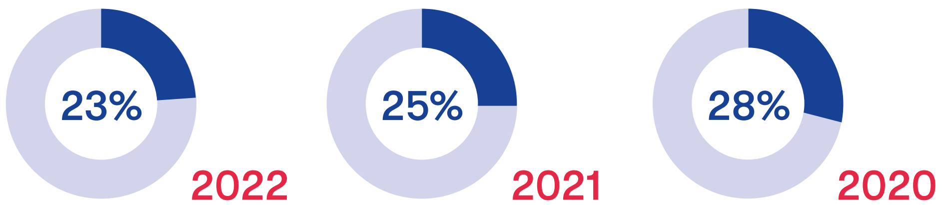
£6m 2021

£10m 2020

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



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



Operating surplus £83m 2022

Homes

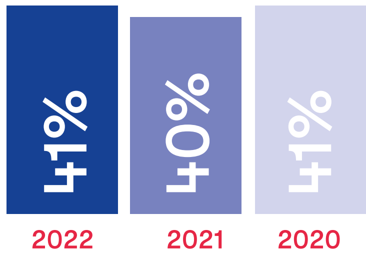
38,481
Managed homes

800
New homes for rent and shared ownership

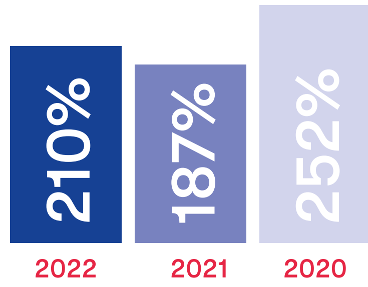
2,414
Affordable plots owned and under development

Treasury

Gearing



EBITDA – MRI



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

Our colleagues

87%
Overall employee satisfaction

110
Colleagues supported to complete professional qualifications

1,533
Skilled and committed employees, living our values and making our strategy happen

Our customers and communities

2,446
Customers engaged improving community areas

871
Customers supported by grant funding

£1.8m
Of additional customer benefit entitlement identified

Investment and cash flow

£74m
Spent on maintaining and improving existing homes

£146m
Spent on building new homes

£86m
Net operating cash flow after interest

What our customers think

85%
Satisfied with the quality of their home

87%
Overall customer satisfaction

91%
Customers who feel safe in their home

01 Our strategy

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

The strategy also incorporates insight and direction from external sources including the government's Social Housing Bill, Building Safety Act, Fire Safety Bill and the National Housing Federation's Code of Governance 2020.

In the context of this environment our values and the vision remain core to our approach:

Our organisational values are:

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

Our vision is:

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

The table to the right illustrates how our strategies and cross cutting themes combine to enable us to deliver our vision.

The asset management, development, environmental and equality diversity and inclusion strategies have all been revised and approved during the last year.

The asset management strategy concentrates on:

- building and fire safety
- our offer to our customers
- energy efficiency for customers including delivering net carbon zero homes
- asset information management to ensure we continue to effectively manage our homes now and in the future.

The development strategy sets out our approach to delivering new homes that are sustainable, safe and well designed to provide low cost housing across the South West.

The environmental strategy has the aim of meeting net carbon zero by 2050 and to ensure that all of our homes achieve Energy Performance Certificate (EPC) level C or above by 2028. Additional information on our environmental aspirations and achievements are detailed in the Environmental, Social and Governance section.

Our equality, diversity and inclusion (EDI) strategy aims to ensure we have highly satisfied customers and highly engaged colleagues, who feel respected and included regardless of their backgrounds.

We continue to review and evolve our strategies to ensure they are ambitious, challenging and meet all regulatory best practice with an aim to digitise and transform services to benefit customers. During the next year, the customer services strategy will reflect the significant changes to the role of the Regulator of Social Housing (Regulator) and the Housing Ombudsman with the focus on customers first and the new consumer regulation.

We set out a number of measures within the strategy which we are aiming to achieve by 2024/2025 which we aligned to our vision to ensure we are able to monitor and manage the progress towards our objectives.

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%.

Our vision

Trusted by our customers	Homes that people love to live in	A growing business fit for the future	Proud to work here

Strategies	Cross cutting themes		
Customer services strategy	Health and safety	Equality, diversity and inclusion	Communications
Asset management strategy			
Development strategy			
Housing support strategy			
Equality, diversity and inclusion strategy			
People strategy			
Digital transformation strategy			
Environment strategy			

Homes and communities that people love to live in

- by 2028 all of our homes will meet an energy efficiency rating of EPC 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 less than £1,000 subject to any adjustment required to reflect the high inflationary environment
- 40% of customer interaction will be via our digital channels
- 7,000 new homes across all tenures in the next five years
- maintain our Moody's, governance and viability ratings to support the delivery of our strategy.

Through the delivery of our core values; "we are customer focused", "we challenge convention" and "we deliver together", we are confident we can continue to meet and exceed our customers' expectations.

02 Our customers

We have continued to be proactive in our support of customers during the pandemic and as restrictions have eased. The 19,000 welfare calls that were undertaken during the previous year have helped identify those customers who require ongoing support and they have been signposted to our Tenancy Sustainment team and other agencies.

Our Neighbourhood teams have resumed face-to-face meetings with customers as restrictions have lifted, and our teams have been able to engage directly with our communities again. During the year, we have continued to introduce and adapt new technology that has enabled us to complete virtual viewings and fault 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 have received increased levels of crisis and hardship grant applications this year and have supported 871 customers who were struggling to afford the basics needed to support their families, due in part to the record increases in energy bills, historically high levels of inflation and fuel prices. Our awards totalling £0.2m have supported our customers through another difficult period.

In the last year the Tenancy Sustainment team has also received over 2,000 referrals into the service, with continuing high volumes around financial hardship and wellbeing. A key area of focus has been to make sure our customers are maximising their income through benefit advice and providing support with new claims for Universal Credit and Disability benefits. Through the year, we have helped our customers to claim an additional £1.8m in income which has supported them to pay their rent and manage their household budgets during these challenging times.

As a result of the enormous challenges faced by customers with their increasing utility costs, we appointed an energy advice officer during the year. The role provides comprehensive energy advice, focusing on energy awareness, education on grants and the schemes available to support vulnerable households. Through advice and guidance, we hope to alleviate some of the financial pressure on customers, assisting them to gain control of bills and keep their homes warm.

To help our customers over the coming year, we have set aside a fund of £0.5m to support our customers with living costs of which £0.4m will be allocated to a new Tenancy Support Fund (TSF).

We have also increased our crisis and hardship support fund to £0.2m. This fund has been helping to support our customers in recent years, with 2,179 grants worth £0.4m given to customers since April 2020.

Social Housing Bill

Following the Grenfell tragedy, the publication of the Social Housing White Paper in November 2020 and subsequent Social Housing Bill in June 2022, we have been working on delivering the requirements focusing on the seven key themes:

- to be safe in your home
- to know how your landlord is performing
- to have your complaints dealt with promptly and fairly
- to be treated fairly and with respect, backed by a strong consumer regulator for tenants
- to have your voice heard by your landlord
- to have a good quality home and neighbourhood to live in
- to be supported to take your first step to ownership.

We have consulted with our customers through our InFocus scrutiny group on proposed new ways of collecting and communicating enhanced ways of measuring satisfaction. We will start introducing and reporting on the new proposed Tenancy Satisfaction Measures from April 2022.

New technology

We continue to look at new technology that will enable us to provide improved services. Our focus is to ensure that we offer our customers their preferred method to contact us, be that via email, social media platforms or telephone.

We are aiming to introduce more social media platform options as part of our 'unified communication' implementation and we will be focused on enhancing our customer portal to offer more opportunities for customers to increasingly access and tailor the services we provide to them. We have also been looking to ensure that our current technology is fit for purpose and ensuring that it is accessible to all our customers. We have recently carried out an audit of our website to identify any key areas for improvement which will enable us to ensure we continue to improve and promote the accessibility services that we offer. These include 'Reachdeck' a tool to read aloud information from our website, 'sign video' for customers who use sign language, our 'speak and translate' tool and braille communications.

Customer Services strategy

We have reviewed our previous customer services strategy priorities where insight, engagement, trust, convenience and performance pillars remain unchanged and are key areas of focus in future years.

The Social Housing Bill puts a greater focus on how we deal with complaints and this is an area where we need to improve our customer experience. Often our customers receive differing levels of service from different teams and functions when they have cause to complain – our new service culture pillar focuses on a core priority of looking internally and developing our service culture which will support us to consistently deliver on our promises to customers. A key part of our new pillar will be focused on embedding learning from customer feedback and complaints, reducing complaints and transforming our complaint handling service.

Our customer relationship

We are an early adopter of the Together with Tenants charter which is aimed at strengthening the relationship with our customers. This important initiative was launched to the housing sector in 2020 and focuses on key areas including ensuring that customers receive accessible and timely information from their landlords on issues that matter to them. We have spent this year embedding the Together with Tenants Charter of commitments, which has included the creation of a Customer Communications group.

We continue to increase the ways our customers can be involved with us, and we appreciate the time our customers spare to be involved in directly influencing decisions made regarding the services we provide. Our Customer Communications group has helped us review our current self-help tools on our website, reviewing and improving our application forms and reviewing our complaints letters.

InFocus: our customer scrutiny group

Our customer scrutiny group, InFocus, has a diverse membership across our geography which reflects our communities. This influences how our services are delivered with the group working closely with our teams to ensure we hear customer feedback and celebrate and promote what we do well:

- 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 continued to support and participate in regular reviews and throughout Covid joined us via virtual methods. Their most recent reviews and scrutiny included, reviewing and providing feedback on proposed tenant satisfaction measures from the Regulator, our quarterly performance information and our tenure and complaints policies.

03 Environmental, social and governance

Environmental

We strive to maximise our social value, good governance, and environmental responsibility. As part of our commitment, we are early adopters of the Sustainability Reporting Standard to enable our investors, customers, and all stakeholders to assess and measure our performance against each of the key criteria, and how they align with the United Nations Sustainable Development Goals (SDG's). We hope this will lead to a more formal adoption of sustainability reporting standards within the social housing sector. Our first report was published in October 2021 and aligns both directly and indirectly to several SDG's.

We have also signed up to the Sustainable Homes Index for Tomorrow (SHIFT) accreditation scheme to measure progress towards best practice and report on our annual performance. SHIFT is a sustainability standard for the housing sector that demonstrates how organisations are delivering against challenging targets and is recognised by the Regulator of Social Housing and backed by government. We are pleased that our first assessment was awarded a Silver Accreditation.

Our focus and investment has been recognised by the Business Leaders Awards where we have won the Green Business of the Year for the measures we are putting in place to improve our business, our homes, and our environment.

Additionally, we were delighted to be ranked eighth nationally in the Housing Digital Sustainable Housing Awards. Judges were impressed by the launch of our new green advice section on our website to provide guidance to customers on energy-use, recycling, cooking, cleaning, gardening, and shopping as well as the tree planting, replanting and rewilding projects being carried out with people in our communities.

71.8
Average energy efficiency rating of our homes

Very energy efficient – lower running costs

	Homes
A	40
B	3,656
C	19,575
D	7,770
E	742
F	74
G	6

Not energy efficient – higher running costs

The judging panel commented: "LiveWest has a good strategy, showing a broad understanding of sustainability and the link to sustainable communities, jobs, and wider priorities."

"Their commitments are ahead of government targets for existing homes. Recognition that homes are the biggest impact shows that the work has been done to think about the real areas of improvement required."

A key part of our strategy is to take a fabric first approach complemented with renewable technology on all our land led schemes and to build them to a high EPC B to EPC A energy rating where we anticipate to start delivering schemes in 2022/23.

We have commenced work to improve the energy rating of all our homes to a minimum of EPC C by 2028, which is ahead of the government's target of 2030. Our first homes have been retrofitted and working with our partners we have already unlocked £1million of funding under the Local Authority Delivery Scheme (LADs) to support this work.

We have also worked with our local authority partners in successfully securing £1.9million from the Social Housing Decarbonisation Fund (SHDF) to support the retrofit of our existing homes. The award is the largest allocation to any social landlord within the South West.

We continued to procure a green energy supply in all our offices in line with our strategy commitment, which has saved 1,845 tonnes of carbon dioxide.

Our strategy also pledges to reduce our business miles by 15% of pre-Covid volumes by adopting new technologies to connect with customers and achieve improved efficiencies in property maintenance services.

With over 400 vehicles in our fleet and a significant environmental impact, we have conducted a detailed analysis on the carbon benefits of changing to electric vehicles. With technology, the vehicle product range and charging infrastructure rapidly advancing, we have concluded that we will pilot medium sized vans in 2022/23 and monitor the specification and practicality of larger vans as more choice becomes available.

82%
Of new affordable homes delivered in the year had an EPC energy rating of B and above

Arena Park, Exeter – Community compost project

Our Arena Park scheme in Exeter provides over 100 affordable homes where customers told us they wanted a central facility to recycle garden waste. We set-up a large-scale community initiative overseen by customer volunteers with help and support from the Community Connector, to help with engagement and increase interest in composting. Planters have been added and the compost generated is used to grow vegetables which are shared among our customers. The containers used were upcycled crates that have been painted and repurposed.

Sustainable Finance Framework

In December 2021 we launched our Sustainable Finance Framework (Framework) which underscores and facilitates the long-term funding and execution of our sustainability priorities.

We recognise that it is important that the finance we raise in accordance with our Framework is transparently allocated to projects and initiatives that align with relevant sustainability standards and positively impact our customers.

At the very core of our business lies the ambition to deliver better social and environmental outcomes for our customers and we seek to endorse this objective through our Framework. By investing in our Sustainable Finance Instruments, investors are also recognising and supporting our ambitions for better, and sustainable outcomes for all our stakeholders.

Our Environment group are responsible for monitoring that the proceeds of Sustainable Finance Instruments are allocated in accordance with defined eligible categories listed within the Sustainable Finance Framework.

Elizabeth Court, Martock

We held a volunteering day to refresh and restore nine community benches in the communal garden at our Elizabeth Court scheme in Martock, Somerset. The day was just one part of a larger project which included gifting the community some picnic benches for their communal garden as well a composter and waterbutts. Grant funding was provided for a greenhouse for this community which was assembled by our inhouse maintenance team and includes identifying areas which customers look after in the communal garden.

Social value

Our social responsibilities and values are embedded in all areas of our business. We have dedicated Community Investment and Tenancy Sustainment teams, both of whom have been vital to improving our customers wellbeing and our communities during the pandemic.

As a social business we have put in place a series of resources to support the enormous challenges facing customers recognising that increasing living costs and reduced incomes are going to have a significant impact on their finances.

We want to target social value to where there is the greatest need and the best impact. Through our community teams we have insight into key issues and priority neighbourhoods, and we are open to collaboration and discussion with our suppliers about what kind of social value we can jointly provide.

8,430
Tonnes of carbon dioxide stored within our tree portfolio

Bridgetown tree planting

Following the pandemic, access to green space and nature has never been so important. In one of our communities we provided land for planting a mix of fruit and oak trees working alongside local groups 'Trees for Totnes', 'Bridgetown Alive' and 'Incredible Edible'. Our colleague and customer volunteers worked together to plant oak and fruit trees.

Volunteering

Staff volunteering plays a vital role in our communities, bringing people together, providing skills, knowledge, activities, and opportunities in communities. It also creates a sense of purpose and achievement.

We recognise that providing colleagues with time away from work to volunteer helps us to achieve our mission, demonstrate our values and behaviours and support our strategy to create vibrant, connected, and cohesive communities.

Our colleagues have undertaken 232 volunteering days in 2021/22 to improve and provide benefit to our communities.

Governance

Our corporate governance and committee structures are covered on page 50 which sets out how we meet our regulatory responsibilities.

1,845
Tonnes of carbon dioxide saved by purchasing green electricity for our offices

Back yard nature

We have collaborated with a consortium of other housing associations and Semble to deliver the Backyard Nature programme, with the aim to support children, young people and the wider community to engage with green spaces around their homes. Back Yard Nature have just been awarded lottery funding of £120k for the i-will programme focussing on young people. During the pandemic, this relationship has been more important than ever with millions of young people facing lockdown and a lack of access to the green spaces at school and local parks.

04 Financial and operational performance

Surplus

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

	2022	2021	2020	2019	2018
	£m	£m	£m	£m	£m
Social housing lettings	192	186	180	175	171
Other turnover	79	58	69	58	60
Total turnover	271	244	249	233	231
Operating costs	(210)	(183)	(179)	(167)	(169)
Surplus on asset disposals	19	21	20	14	7
Investment property revaluation	3	-	-	1	-
Operating surplus	83	82	90	81	69
Net interest payable	(30)	(39)	(28)	(24)	(26)
Other	-	3	(3)	(1)	2
Surplus before tax	53	46	59	56	45

Turnover

Total turnover increased by £27m to £271m.

Social housing lettings income increased by £6m to £192m and continues to be our most significant revenue activity, accounting for 71% of turnover. The increase compromises the:

- delivery of 800 new affordable homes
- full year's income from 2020/21 developments
- annual rent increase.

Other turnover of £79m which is largely represented by £31m of first tranche shared ownership sales and £39m of open market property sales has increased significantly from 2020/21 as a result of a higher number of sales and the buoyant property market.

Operating costs

Total operating costs increased by £27m to £210m largely reflecting the improved sales of £19m from shared ownership and open market sales which had related costs of £15m and an increase in property maintenance of £8m which includes building safety costs and catch-up repairs resulting from the lockdown backlog in 2020/21.

Operating costs on social housing lettings have increased to £143m (2021: £130m) largely as a result of higher fire safety costs for external wall systems and general remedial works.

Investment in our homes on responsive, cyclical and major repairs was £16m higher at £74m equating to an average cost per unit of £2,039 compared to £1,623 in 2020/21. With expenditure reduced in 2020/21 due to Covid-19 restrictions, we increased maintenance activities across all work streams including significant expenditure on our component replacement and energy efficiency programmes.

Management costs increased by £5m to £39m due to investment in technologies, including our new operating and finance system and higher building safety and compliance team costs, which has resulted in the average cost per unit increasing to £1,070 from £959 in 2020/21.

Surplus on asset disposals

Surplus on asset disposals of £19m was largely as a result of shared ownership staircasing of £9m and the sale of properties which no longer met our strategic objectives of £9m.

Operating surplus

Whilst the demanding operating environment has brought challenges across all our business activities, we have improved our operating surplus to £83m compared to £82m in 2020/21.

Interest

Interest payable, net of interest receivable, reduced by £9m to £30m as the previous year had non-recurring swap restructuring costs of £10m. The average cost of borrowing was 3.07% which was largely comparable to 2.99% in 2020/21 as we continued to experience a low interest rate environment.

Surplus before tax

The focus on our operating environment, higher shared ownership and open market sales and reduction in interest cost has resulted in the surplus before tax increasing to £53m compared to £46m in 2020/21.

Operating surplus of
£83m

Statement of financial position

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

	2022	2021	2020	2019	2018
	£m	£m	£m	£m	£m
Housing properties	2,253	2,164	2,106	1,978	1,882
Properties for sale	100	88	96	69	50
Cash	33	85	51	18	23
Loans	(946)	(936)	(900)	(806)	(736)
Grant	(670)	(663)	(657)	(623)	(610)
Derivative liabilities	(58)	(83)	(116)	(105)	(95)
Pension liabilities	(27)	(44)	(24)	(48)	(26)
Other fixed assets	35	35	29	28	27
Other net liabilities	(20)	(35)	(27)	(24)	(53)
Net assets	**700**	**611**	**558**	**487**	**462**
Revenue reserves	743	677	507	461	436
Cash flow hedge reserve	(43)	(66)	(97)	(87)	(79)
Designated reserve	-	-	148	113	105
Total funds	**700**	**611**	**558**	**487**	**462**

Housing properties

Housing properties includes affordable and investment properties. The development of 800 new homes resulted in an investment of £146m was largely funded from operational cash flows and loans. This was offset by disposals and depreciation to give a net increase of £89m.

Properties for sale

Properties held for sale have increased to £100m from £88m in 2020/21 as our strong development pipeline increased the number of homes being built. We continue to experience high reservation rates with the homes we have for sale reflecting the confidence in the housing market.

Cash flow

Core business activities continued to generate a strong operating cash flow of £119m (2021: £137m). The reduction is largely due to an increase in the working capital required in properties for sale which reflects the challenges and delays in development handovers. Borrowings increased to £946m from £936m in order to fund investment in our new homes.

Loans

Our loan portfolio of £946m is substantially made up of long-term facilities of which 92% are repayable in more than five years' time and 98% is hedged against market movements. Further details are shown in the funding and treasury management business review.

Pension liabilities

Pension liabilities have decreased by £17m to £27m in the year predominantly as a result of changes to actuarial assumptions in the Social Housing Pension Scheme and deficit repayments.

Reserves

Total reserves increased by £89m in the year as a result of the:

- surplus for the year of £53m
- reduction in the cash flow hedge reserve of £23m
- decrease in the actuarial assumptions in the pension provision of £13m.

Homes and communities that people love to live in

Providing affordable homes is important to us and we were pleased to be able to support a family on the verge of homelessness move into their dream home.

Gemma and David, with their two young children, had twice been forced to move by private property owners after the homes they were living in were put up for sale in the South Hams area of Devon.

With rental prices spiralling, the family found themselves unable to afford to secure a new home and were forced to move in with Gemma's parents.

Just as it looked as though they would be forced to move out of their hometown of Kingsbridge, the family were offered an affordable rental home on a new development in the town.

Gemma said: "We still can't believe it and I am still pinching myself. It really does feel like the dawn of a new era for our family. We have now got a stable home and don't have to live in fear of being asked to leave. The children absolutely love having their own bedrooms as they have been sharing rooms for the past year.

The home means Gemma and David's children have their own bedrooms and will be able to remain at their current schools.

Gemma added: "The home is amazing. The finish is really good, they are really warm, and the insulation is fantastic. The high-end finish really caps it off and we have got lovely views across open countryside."

"Housing associations play a vital role in helping to bridge that gap and I would love to see more social and affordable rental homes built around here to keep the community together and give families an opportunity to get a home they can afford."

05 Business review

Whilst the pandemic, supply chain issues, skilled labour shortages and inflation have challenged our business operations, we have continued to achieve high levels of customer satisfaction and delivered an operating surplus of £83m compared to £82m in 2020/21. With a focus on cost control, we were able to accelerate building safety expenditure ahead of plan and improve our homes through higher property maintenance spend. With customer services returning to normal following the easing of lockdown measures, we have seen an increase in the cost of property maintenance as we have focused on clearing the repairs backlog and restoring our component replacement programme.

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

Key financial indicators	2022	2021	2020	2019	2018
Operating margin	23%	25%	28%	28%	27%
Social housing lettings operating margin	26%	30%	33%	33%	31%
Operating cash flow after net interest payments	£86m	£98m	£66m	£65m	£70m
EBITDA - MRI	210%	187%	252%	267%	252%
Gearing	41%	40%	41%	40%	38%
Debt as a multiple of turnover	3.37	3.48	3.42	3.38	3.09
Net debt per dwelling owned	£25,049	£23,710	£23,814	£22,518	£20,721

As expected, our operating and social housing letting margins have both reduced as a result of additional property maintenance costs, including building safety, catch up repairs and the increase in the component replacement programmes.

The business generated £86m of cash in the year which supports the significant investment in our new homes and services to customers. The reduction compared to 2020/21 results from additional property maintenance expenditure and working capital required for properties for sale.

EBITDA – MRI is an indicator of how many times cash generated in the year covers interest payments which has increased compared to last year and remains comfortably within loan covenants due to strong 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.

People who are proud to work for us

We view our apprentices as one team who are supported to realise their career ambitions.

With 44 apprentices in programmes ranging from Level 2 in Plumbing to Level 7 Masters in Business Administration, they have achieved some great things over the last year.

One of the most notable successes is our wave of new female trade apprentices who are breaking down stereotypes to forge a career in a traditionally male-dominated industry.

Our drive to increase our female workforce through our Women in Trades campaign has seen the representation of women working in our trades workforce rise from 2% to 4% with a target to increase that to 5%.

Tracy Perkin, a gas engineer who completed her apprenticeship in July 2022, has championed an increase in females entering the trades industry.

Tracy played a key role in helping to organise and facilitate a Women in Trades taster day which was designed to encourage women to try their hand at painting and decorating, bricklaying and carpentry.

The achievements and value of apprentices to our business has been recognised with all who completed their programmes in the last year going on to secure permanent employment with us.

Affordable housing

		2022	2021
Turnover	£000	168,521	162,198
Operating surplus	£000	49,300	54,861
Operating surplus	%	29%	34%
Units in management at year end		35,512	34,828

Performance

Our affordable housing turnover has increased by £6m during the year due to the development of 542 general needs and 258 shared ownership homes together with the annual rent review increase.

With customer safety being our first priority, we have embedded the new building safety team and accelerated expenditures on cladding and external wall structures to meet compliance and best practice with the Fire Safety Act and Building Safety Act.

We have also invested in our homes to meet the energy efficient rating of EPC C by 2028, which will improve heating affordability for our customers, particularly with the current and predicted cost of gas and electricity. These investments, along with the implementation of new technology to improve efficiency and customer service have seen our operating margin reduce during the year and show our continued commitment to provide safe and affordable homes for our customers.

Continually rising energy costs over the last year, means installing thermal efficiency systems for our customers is increasingly important.

We are investing in our homes to meet the energy efficient rating of EPC C by 2028, which will improve heating affordability for our customers.

Future plans

Investment in our homes remains key to meeting our strategic objectives and we plan to:

- reduce our environmental impact by improving the energy efficiency of homes to meet EPC C by 2028 and net carbon zero by 2050 thereby increasing the affordability of our homes for customers
- continue to replace cladding and external wall structures to meet best practice and the Fire Safety Act and Building Safety Act.

As part of the review of property maintenance delivery, we plan to increase our inhouse team over the next year to deliver high performing investment programmes and repair services to our customers.

We also plan to embed new technologies to develop our customer portal and digital service to offer additional communication channels.

Additionally, we look to identify and secure development opportunities to utilise the Homes England funding supporting us to deliver over 6,000 new affordable homes in the next five years.

Supported and care living

		2022	2021
Turnover	£000	28,309	28,222
Operating surplus	£000	605	1,695
Operating surplus %	%	2%	6%
Units in management at year end		2,969	2,992

Performance

The pandemic has remained a challenge during the year, particularly with our most vulnerable customers in extra care schemes. However, risk management and safe working practices have been effective and we have been awarded contract extensions across a number of services which is a testament to the quality and confidence in our scheme management.

Covid-19 restrictions resulted in a higher surplus in 2020/21 than usual as property maintenance was deferred to keep our customers safe. As we've been able to return to normal operating levels 2021/22, this years surplus has returned to long-term expectations.

Some of our achievements during the year:

- Following significant fire safety investment in our newest extra care scheme, Tennyson Court, Taunton, we have welcomed new customers who will enjoy the spacious, self-contained accommodation, 24-hour staffing, on-site support/care team, communal lounge and gardens and a café area providing a midday meal service
- We were successful in our bid to Homes England to fund 150 homes for supported accommodation, including extra care and schemes for people with learning difficulties
- We are remodelling our Bristol Foyer young people service accommodation with internal works planned for completion by Summer 2022. Fire safety inspections have been concluded with remedial work and window replacements forecast to be completed in 2022/23
- Working in collaboration with our partners, Clarion, Foyer Federation and Inspire Chilli, over 80 young people, their families and support organisations joined our annual "Room for Young People" award celebrations which recognise the positive outcomes our young people services are achieving. The Awards are led by young people from across the country who share their experiences and insights.

Future plans

In 2022/23 we are reviewing our Supported Housing strategy where we will continue to work with partners and stakeholders to identify the future needs of young people living in our communities to provide a flexible and sustainable pathway to independence.

We are also looking forward to increasing our learning disabilities accommodation with the delivery of eight bungalows with communal facilities in Taunton and the development of twelve homes in South Gloucester. Additionally, we plan to invest in our existing learning disabilities schemes to improve our offer to customers.

Trusted by our customers

We were delighted to join in the celebrations to mark the 100th birthday of one of our customers Frank, a former Second World War veteran, at his home in Yelverton, Devon.

Frank's scheme provides sheltered accommodation in a pleasant village setting on the south-western edge of Dartmoor. Our sheltered housing provides a range of wellbeing benefits for an older person wanting to live independently, combined with the security and opportunity to socialise and get involved with leisure activities.

Frank, who lives independently at our scheme shared his special day with friends and family including five grandchildren and eight great grandchildren.

Frank told us: "I had a happy upbringing in Horrabridge in Devon and couldn't wait to leave school to do my apprenticeship in mechanics. The war started and I joined the Royal Navy."

He added: "It was great to get a card from the Queen on my 100th birthday, and lovely of LiveWest to give me some flowers and a cake on my birthday. It was a nice gesture, and it shows how much LiveWest care about their customers. I have great support around me from my family and Wendy from LiveWest who helps me and makes me laugh."

Our scheme manager, Wendy, said: "Frank is a remarkable gentleman, and we are delighted to be able to provide him with some gifts on his special day. He has such a positive outlook on life and is an example to us all. We were thrilled that all his family from around the country were able to join him to celebrate a wonderful achievement."

Property development and sales

Divisional reporting

Divisional reporting		Affordable homes				2022	2021
		Social Rent	Affordable rent	Shared ownership	Open market	Total	Total
Homes completed in the year	Units	272	270	258	111	911	785
Sales completed in the year	Units	-		294	109	403	335
Development sales:							
Revenue	£000			31,024	38,967	69,991	50,465
Profit	£000			4,959	6,278	11,237	7,679
Profit margin	%			16%	16%	16%	15%*
Property sales as a % of turnover	%			11%	14%	25%	21%

*Profit on Open Market Sales for 2020/21 is before an accrual for additional work required on an historical scheme. The Margin falls to 12% with this included.

We built 800 much needed affordable homes for rent and shared ownership sale during the last year.

Pipeline

Pipeline		Affordable homes				2022	2021
		Social rent	Affordable rent	Shared ownership	Open market	Total	Total
Stock	Units			64	10	74	108
Plots owned and units under development	Units	714	898	802	918	3,332	3,531

Performance

We built 800 new affordable homes for rent and shared ownership sale during 2021/22, which was close to 100 homes more than developed in the previous year. We had targeted 1,100 homes, but the external market proved very challenging in the second half of the year with the availability of labour and supply chain delays impacting delivery.

The sale of shared ownership and open market homes remain a key component of our development strategy. During the year we sold 294 new homes for shared ownership and 109 homes for sale on the open market. Volumes and margins have recovered from the worst of the pandemic with sales generating a combined profit of £11m compared to £8m in 2020/21.

In the event of a market downturn our exposure to impairment remains low, as the profitability hurdles on our sales activity and sales margins remain at or above internal targets. Sales as a percentage of total turnover at 25% is well within our Internal Financial Framework limit of 30%.

During 2021/22, we invested £146m in the delivery of our affordable housing programme, compared to £111m in 2020/21. This represents the return to more normal levels of house building activity. To support our delivery of new affordable homes, we attracted grant funding of £15m (predominantly from Homes England).

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

Future plans

Operating across the South West of England, we are committed to delivering new housing during what is a challenging period of economic uncertainty with material inflation and supply issues together with skilled labour shortages. However, we are well placed with a strong development pipeline focused on delivering primarily affordable homes.

We expect the number of homes delivered in 2022/23 to be significantly higher than that reported in 2021/22 and we are aiming to build 7,000 homes across all tenures over the next five years.

Targets for 2022/23 include:

- to build 1,050 new affordable homes across the South West of England, of which more than 700 will be for affordable or social rent
- to sell 493 homes through shared ownership and open market activity.

In September 2021 we were notified by Homes England that we had successfully secured grant funding as a strategic partner to build over 2,500 new affordable homes as part of the 2021-2026 Affordable Homes Programme. This, combined with our participation in the first wave of the Homes England Strategic Partnership programme, will enable us, in line with our development strategy, to reduce our reliance on section 106 development opportunities.

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

With over 38,000 homes across the South West region, we are aiming to build 7,000 homes across all tenures over the next five years.

LiveWest housing stock

New homes developed in 2021/22

General needs - social	272
General needs - affordable	270
Shared ownership	258
Total affordable homes	**800**

LiveWest housing stock

2020	37,384
2021	37,820
2022	**38,481**

Local authority	Affordable housing completions 2021/22	Affordable housing under development at 31/03/2022	Homes owned and managed
Bath and North East Somerset	5	73	1,012
Bristol	78	138	2,673
Cornwall	164	388	10,064
East Devon	107	63	2,075
Exeter	16	267	994
Mendip	6	43	1,095
Mid Devon	22	66	431
North Devon	31	-	1,076
North Somerset	35	39	1,650
Plymouth	10	85	3,083
Sedgemoor	23	107	1,136
Somerset West and Taunton	9	483	1,931
South Gloucestershire	85	179	1,750
South Hams	40	81	3,957
South Somerset	105	25	918
Teignbridge	16	284	859
Torbay	8	2	577
Torridge	-	-	793
West Devon	30	91	1,923
West Dorset	10	-	69
Other	-	-	415
Total	**800**	**2,414**	**38,481**

Funding and treasury management

Following the issue under our £1bn European Medium Term Note Programme in February 2021 of a £250m note of which £100m was retained, we sold a further £30m in December 2021, restructured an historic high coupon loan in March 2022 and launched our Sustainable Finance Framework. At the year-end, we had drawn debt of £946m (2021: £936m), and undrawn facilities of £402m (2021: £426m).

The Treasury committee and Board set defined frameworks and strategies which are monitored quarterly and reviewed annually.

Liquidity

In addition to the undrawn facilities of £402m, at the year-end we had £19m available in cash and £14m in accounts pledged as security against our liabilities. This provides us with sufficient liquidity to cover 39 months of planned expenditure, which is significantly higher than the 24 months required by our treasury policy.

Security

With the exception of £29m, all of our facilities are fully secured and available for drawing. As at 31 March 2022, 13,793 properties (2021: 10,738), with a security value of £1.2bn, were uncharged or held as excess security and available to secure future borrowings.

Credit risk

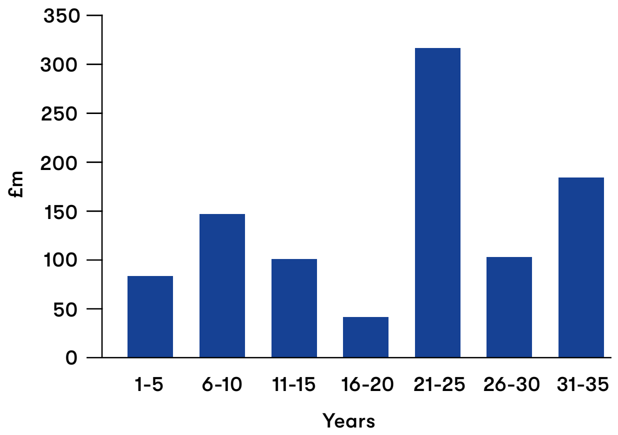
Our treasury management policy sets minimum credit rating requirements for all approved forms of deposit along with limits on credit exposure to any one counterparty. All counterparties are approved by our Treasury committee. The policy also covers counterparty credit risk on free standing derivatives.

The group was compliant with its covenants to lenders in the year to 31 March 2022.

Refinancing

We have limited short to medium term refinancing risk with 8% of drawn loans repayable within the next five years.

Debt repayment profile



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 launched our Sustainable Finance Framework.

As at 31 March 2022, £275m of our borrowings were variable rate loans of which £244m has been hedged with free-standing and £20m with embedded fixed interest rate swaps. Overall, following the bond issue, 98% of our debt is at fixed rates (2021: 97%) at an average cost of 3.07% (2021: 2.99%).

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

Interest rate basis

Fixed <5 years	12%
Fixed >5 years	86%
Index linked	2%

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 commitment to provide high-quality homes and services to customers and achieving Value for Money (VFM) is fully embedded into our strategy, culture and operations where we use key metrics to monitor and manage our business for current and future customers.

As we have met our merger efficiency targets ahead of the 2022/23 plan, delivering £17m of recurring savings annually, the Board have set challenging customer service and efficiency objectives utilising the sector scorecard and other key business metrics to ensure that we continue to meet and exceed expectations with a focus 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.

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. We have also incorporated 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.

£17m
of recurring savings annually

Our embedded and future efficiencies will enable investment in our existing homes to meet building safety standards and achieve target energy efficiency ratings of EPC C by 2028 and net carbon zero by 2050 whilst developing an ambitious development programme. The Board is also focused on supporting customers through the current cost of living crisis sustainably and has committed additional budget in 2022/23.

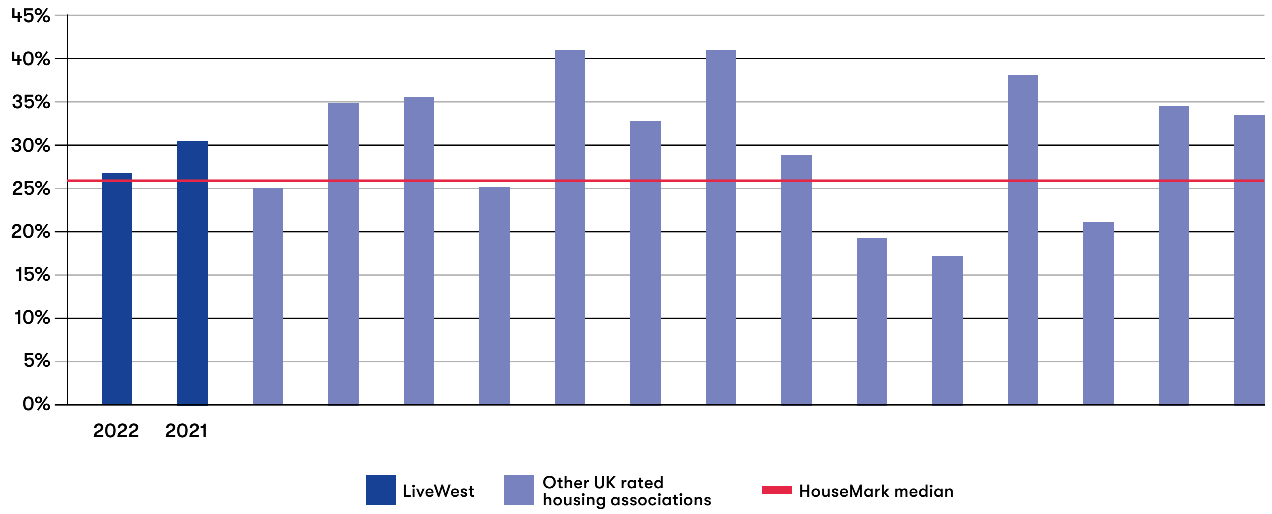
As a result of the rapidly changing operating environment over the last two years, benchmarking against the 2020/21 sector scorecard outcomes may not be comparable in some areas. We monitor sector scorecard metrics quarterly with additional annual evaluation to our Moody's and HouseMark peer groups to 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.

Business health

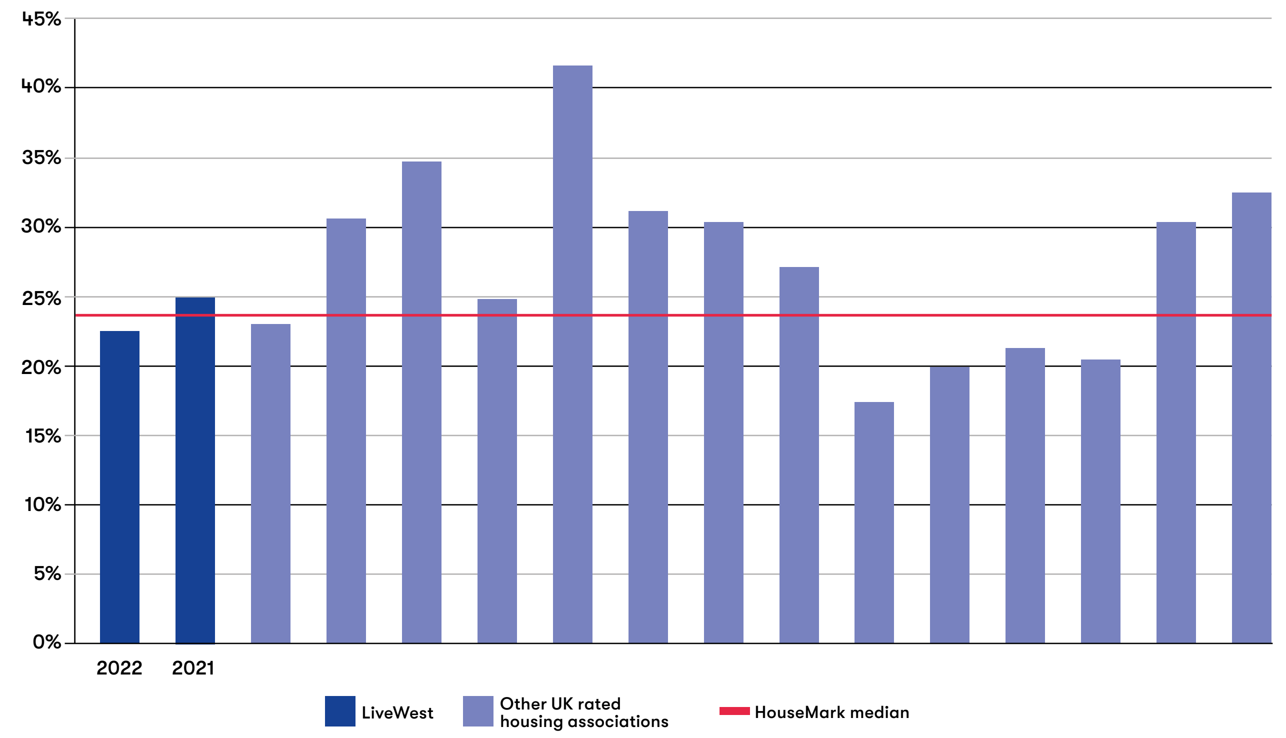
Operating margin – social housing lettings



Social housing lettings' operating margin (RSH Metric) is the key driver for overall financial performance and enables us to focus on the level of operating costs that we incur to deliver our surplus. As expected, operating margin reduced to 25.7% from 30.3% in 2020/21, due to increased property maintenance, building safety and energy efficiency spend on our homes and is comparable to the HouseMark median of 25.5% demonstrating a continued focus on cost control.

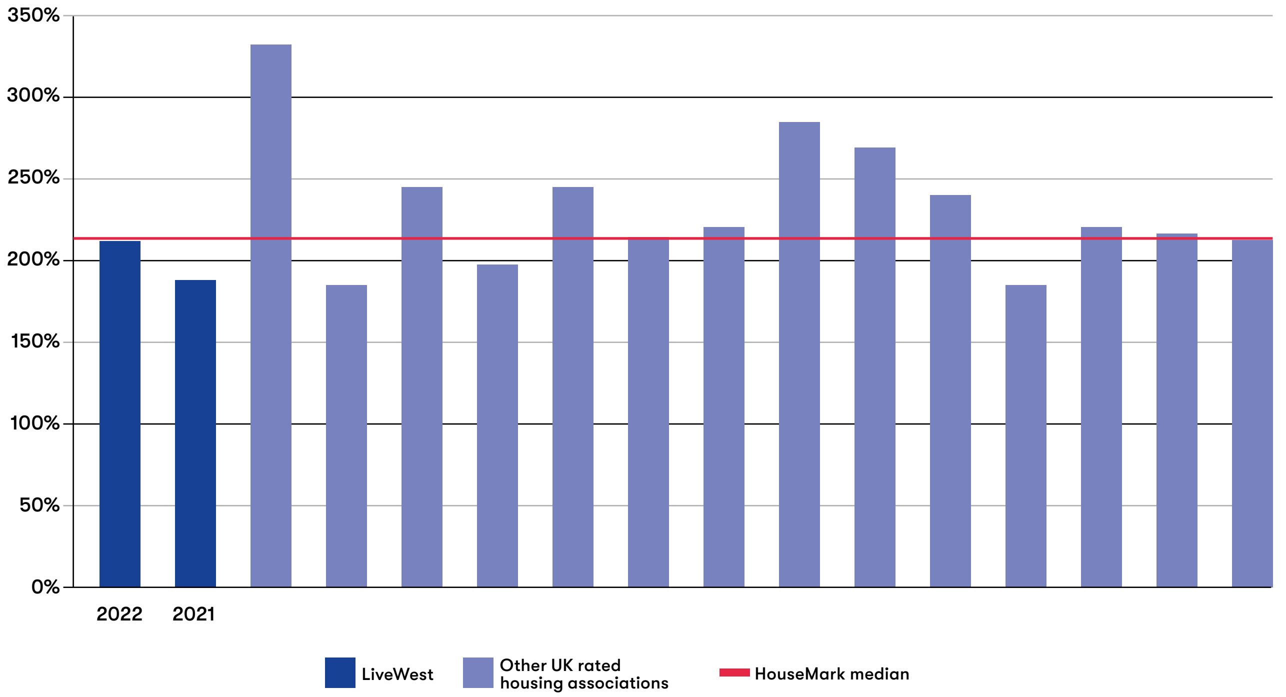
We anticipate that the operating margin will improve to 27% in 2022/23 with further increases in future years.

Operating margin – overall



Overall operating margin (RSH metric) of 22.6% has reduced from 25.2% in 2020/21 largely due to property maintenance, building safety costs and an increase in the volume of shared ownership and open market sale properties which have a lower margin than our social activities.

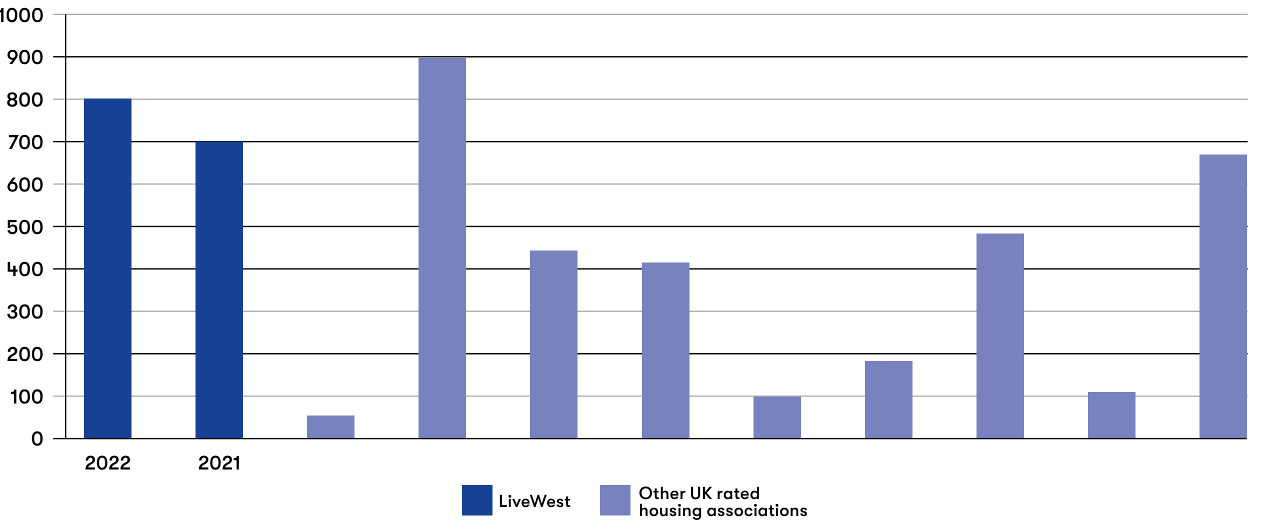
EBITDA – MRI



The EBITDA – MRI (RSH metric) indicator is a good approximation for the amount of cash generation in the year and shows an improvement to 210% of the cash interest payments made during the year which is largely consistent with the HouseMark median of 216% and our Moody's peer group.

Development

Units developed (absolute) - social housing

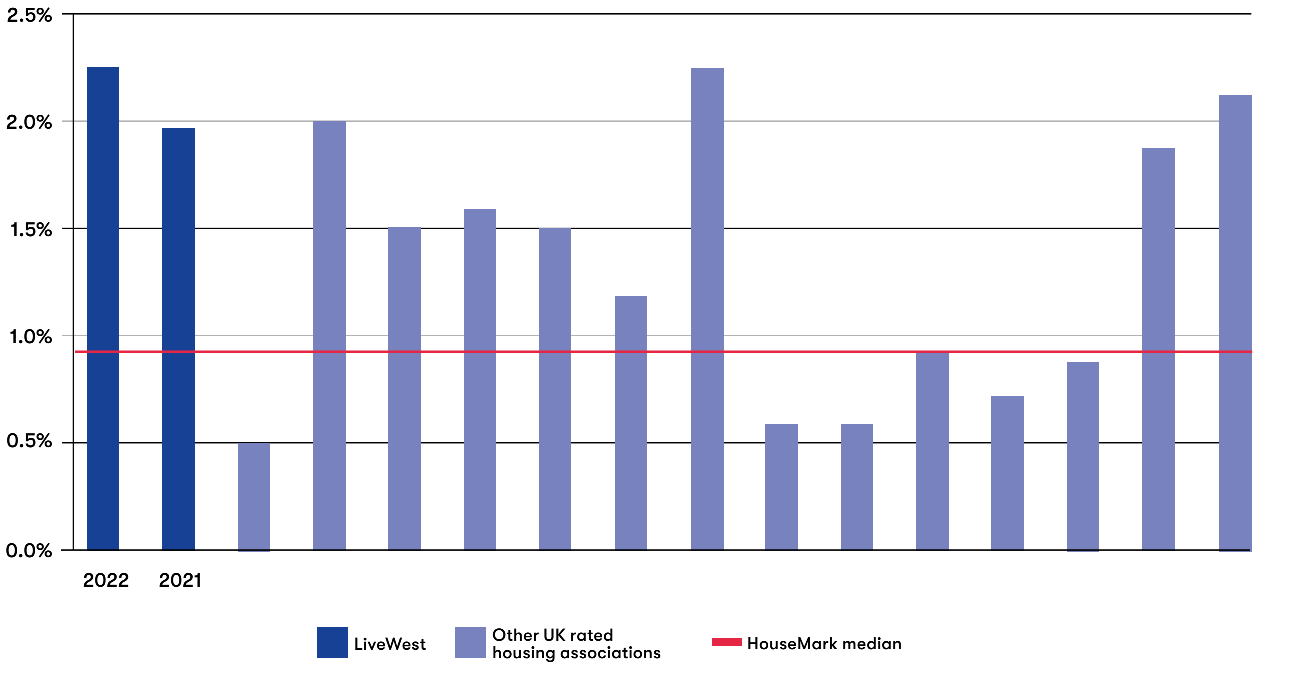


Our development programme continued to be impacted by the pandemic which together with material and labour shortages resulted in significant handover delays. However we were still able to deliver 800 affordable homes compared to 701 in 2020/21. Whilst this was below our original target of 1,100 homes, we are optimistic that the 2022/23 budget of 1,050 will be met as all development sites have been identified and are under contract.

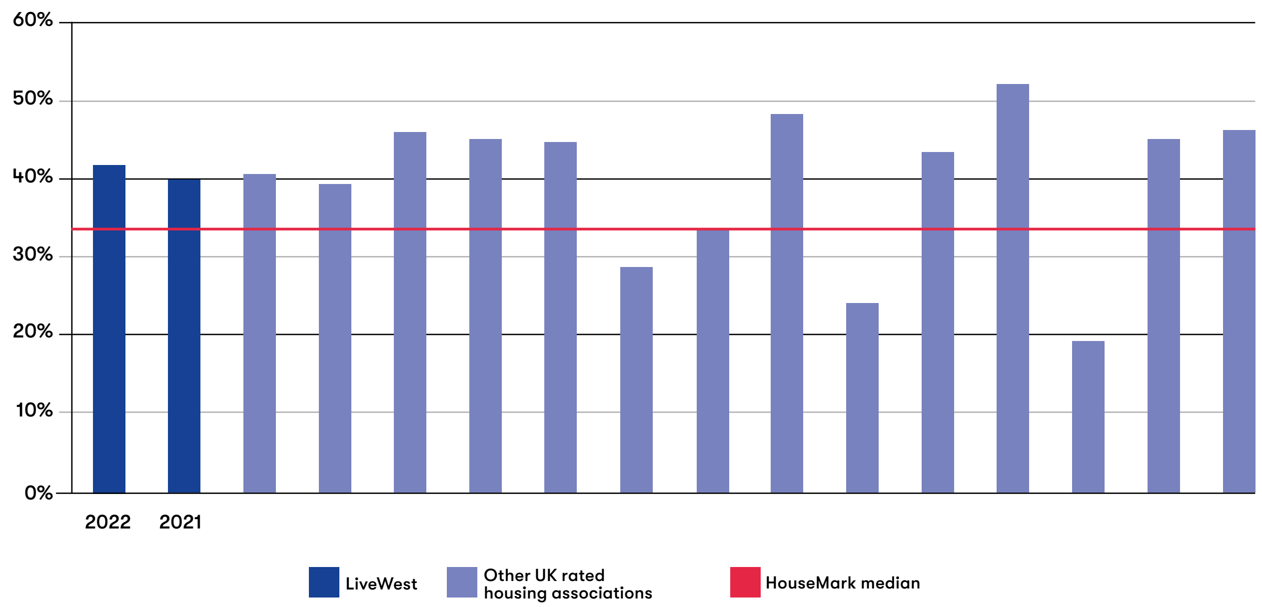
New supply as expressed as a percentage of total stock has increased to 2.2% compared to 2.0% in 2020/21 and continues to outperform the majority of our Moody's peer group.

The number of non-social units developed in the year of 210 has increased from the 137 in 2020/21 which, expressed as a percentage of total stock, shows an increase to 0.55% from 0.36% compared to the previous year due to higher open market activity. The percentage of new non-social housing is consistent with our business plan, growth aspirations and risk profile.

New supply delivered % – social housing



Gearing

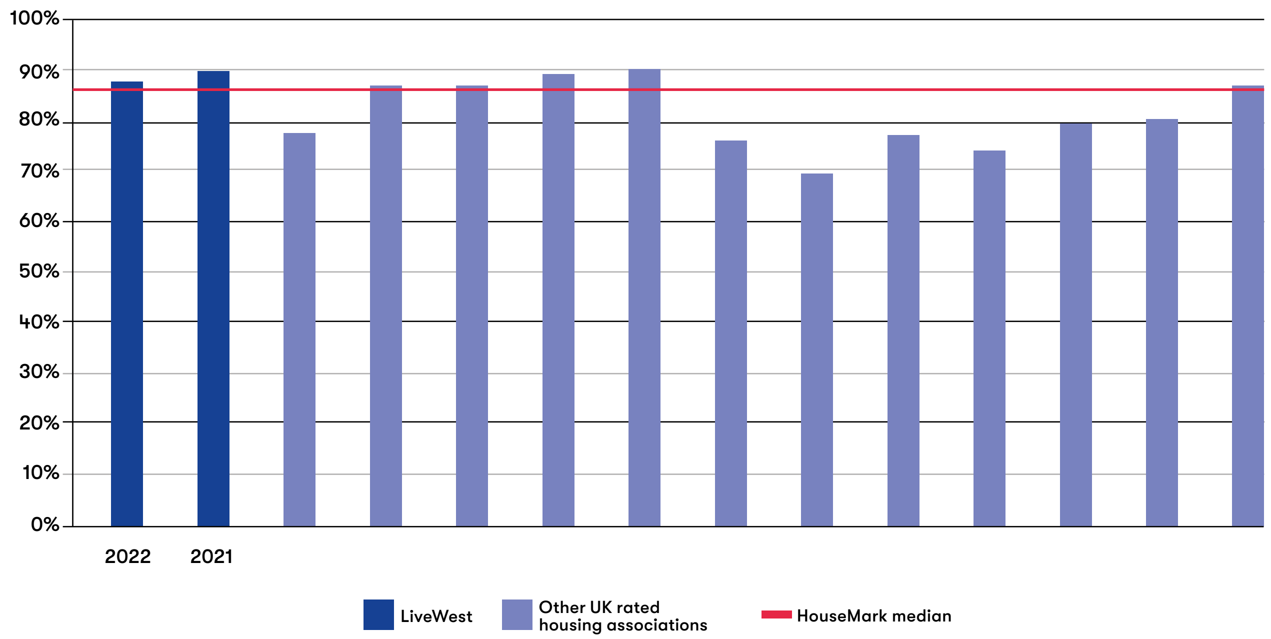


Gearing (RSH metric), as calculated by the sector scorecard, has increased to 41% compared to 40% in 2020/21 which reflects our strong cash generation to fund a significant proportion of development expenditure. Whilst above the HouseMark median of 33.8%, gearing is largely comparable to our Moody's peer group.

The gearing calculation for loan covenants is 36% compared to 35% in 2020/21, which is consistent with our internal business plan targets and provides significant headroom to fund our development programme. As we meet our development aspirations, we forecast that gearing will increase in future years but will remain comfortably within loan covenants.

Outcomes delivered

Customer satisfaction



Our customer satisfaction outcome of 87% has reduced from 90% in 2020/21, but is higher than the HouseMark median of 86% and the majority of the Moody's peer group.

We aim to improve this metric in 2022/23 and have set a target of 89% where easing of Covid-19 restrictions will allow us to clear a backlog of repairs and return to improving customers services consistently.

Investment in communities

Our communities benefited from an investment of £1.7m with grants of £0.2m provided to support customers through the cost-of-living crisis. Additionally, our Tenancy Sustainment team have worked together with customers to identify and secure £1.8m of additional benefit entitlements and we have also appointed an Energy Awareness Officer to advise customers on heating efficiency.

Complaints handling

Satisfaction with complaints improved considerably during the year from 65% to 69% and we aim to reach 74% in 2022/23. Additionally, we have reviewed and improved our complaints process which has made it easier for our customers and more efficient for our colleagues, resulting in the number of open complaints reducing by 30% in 2021/22.

Quality of neighbourhoods

Customers satisfaction with their neighbourhood remained at 86% with a target to improve in 2022/23 to 87% as we focus on low scoring communities.

Customers feeling safe in their homes

The percentage of customers who feel safe in their homes is 91% which is testament to the priority we give to their health and safety and we aim to improve to 95% in 2022/23 as we deliver our building safety projects.

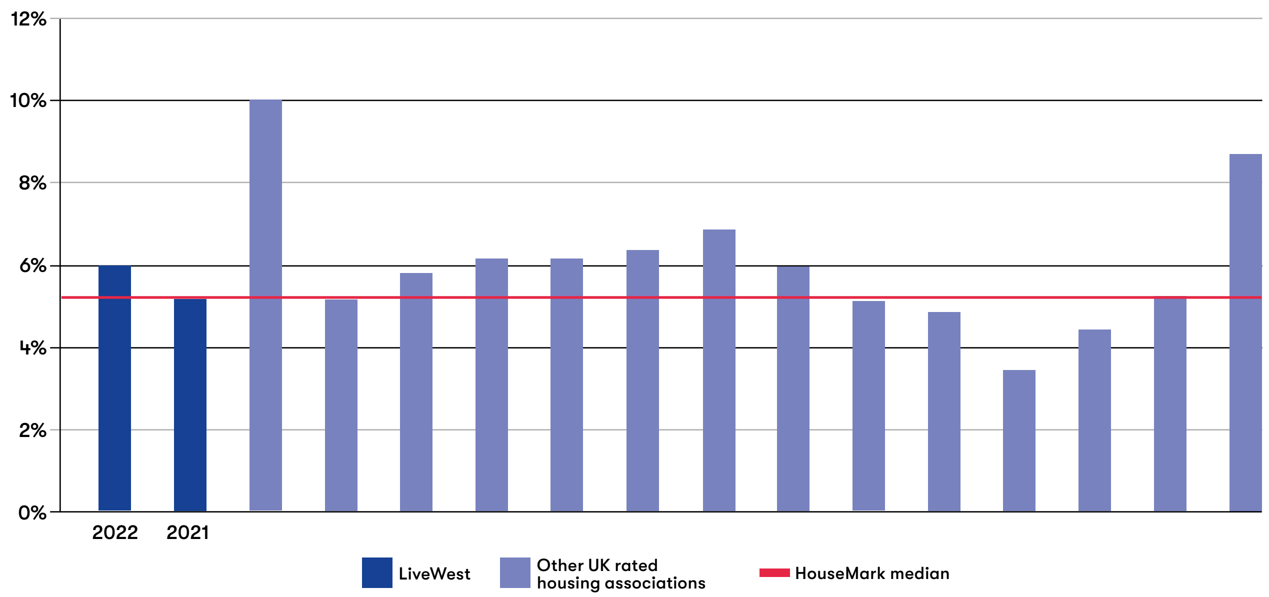
Other customer outcomes

Additionally, we also monitor the following customer satisfaction metrics as part of our monthly performance report:

- quality of homes
- response to customers views
- calls into our customer service centre.

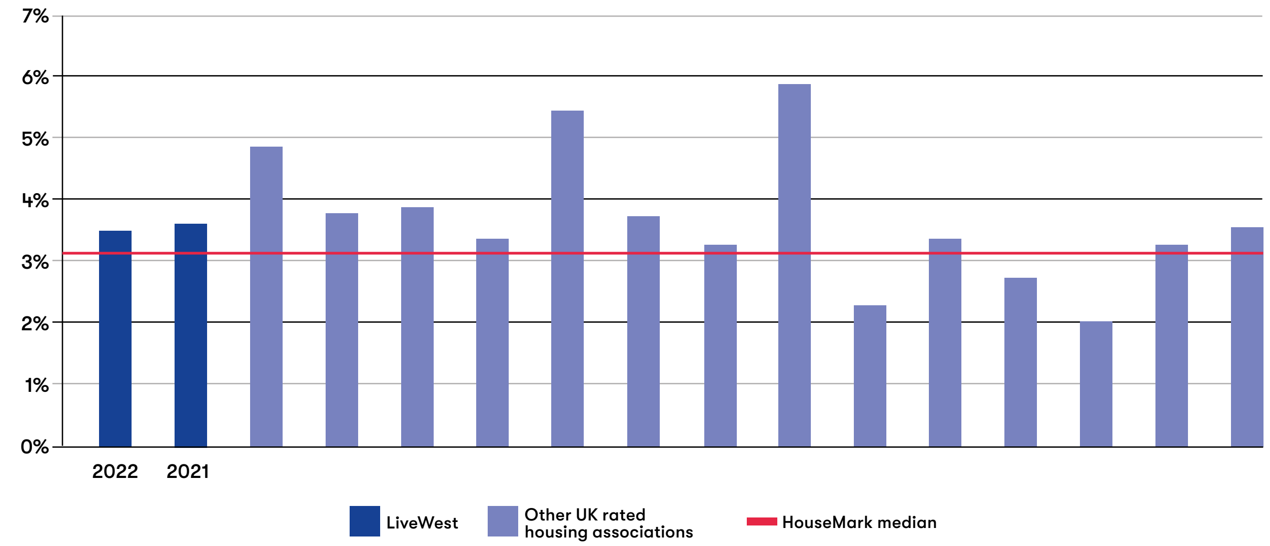
Effective asset management

Reinvestment



The level of reinvestment (RSH metric) increased in the year reflecting the 800 affordable homes developed and the increase in the component replacement programme following the pandemic restrictions in 2020/21. It is higher than the HouseMark median and comparable to the Moody's benchmark peers.

ROCE



Return on Capital Employed (ROCE) (RSH metric) measures the financial return on our assets which, as expected, has reduced to 3.5% from 3.6% in 2020/21, but is still higher than the HouseMark median and comparable to the majority of the Moody's peer group. The slight reduction reflects the increase in our development expenditure which has a lower investment return than existing homes.

Occupancy

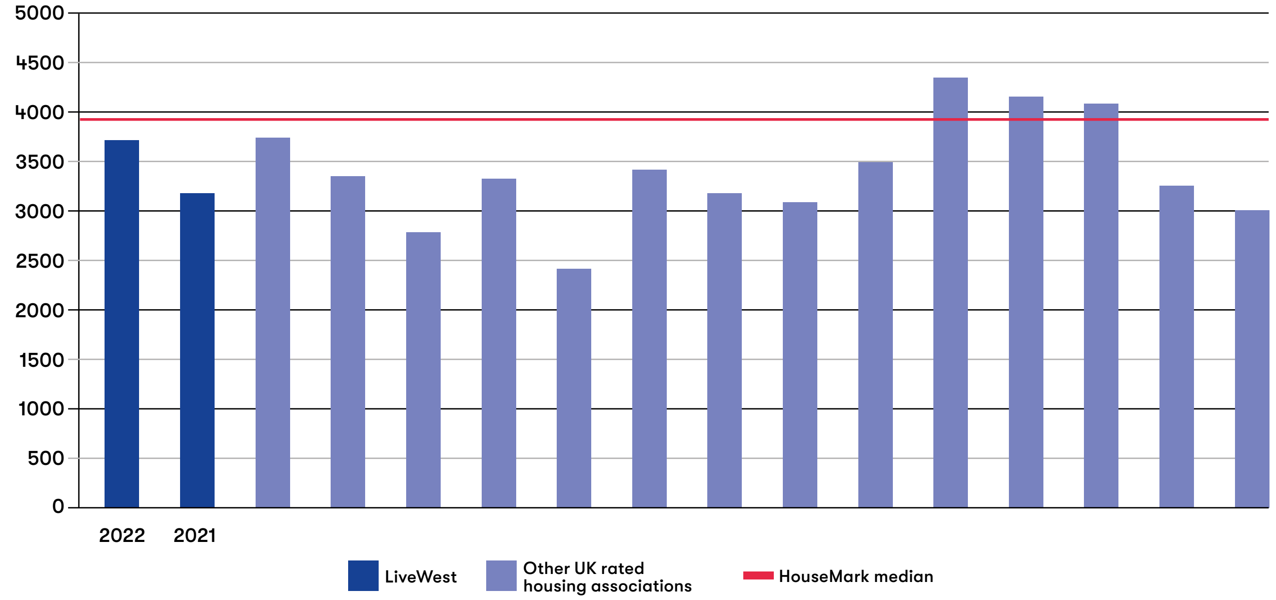
Our occupancy performance shows that 99.7% of our general needs properties were occupied at year-end, which is higher than the HouseMark median of 99.2%. We continue to receive a significant number of bids for our homes as they become vacant.

Maintenance

The expenditure percentage of responsive to planned maintenance has reduced to 52% from 76% in 2020/21, which reflects the increased planned spend from building safety and energy efficiency together with the profile of the component programme from year to year.

Operating efficiencies

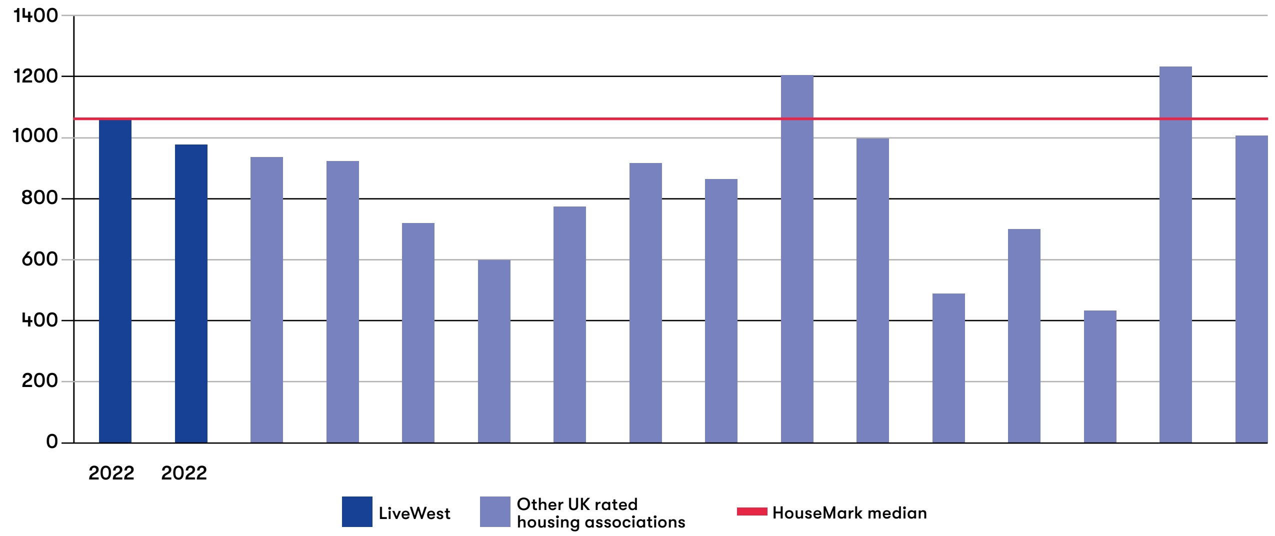
Headline social housing CPU



As expected, the headline social housing cost per unit of £3,702 has increased by £514 from £3,188 in 2020/21 which reflects higher planned spend on building safety and energy efficiency but is still below the HouseMark median of £3,891.

We anticipate further increases in future years as significant investment is made on our existing homes.

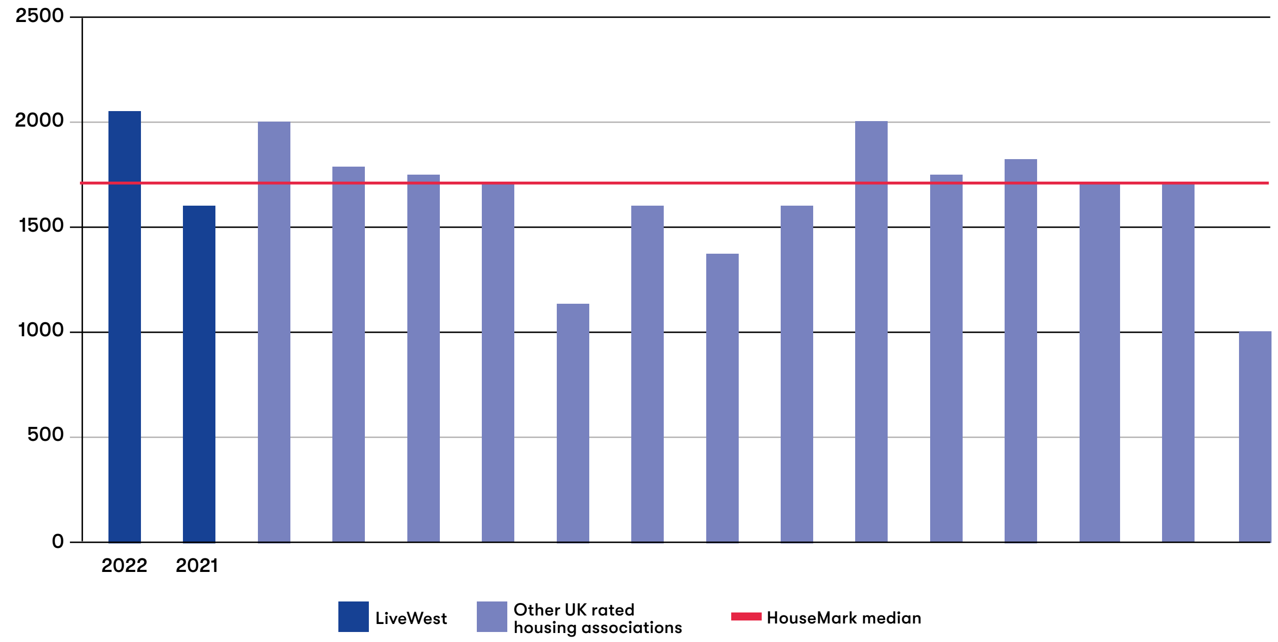
Management CPU – social housing



Management cost per unit of £1,070 has increased by £111 from £959 in 2020/21 mainly in relation to investment in our new operating and finance system and an increase in our building safety and compliance teams. This is consistent with the HouseMark median of £1,069 and demonstrates our focus on cost control and our continuing investment in new technologies.

Management costs are anticipated to increase to £1,118 in 2022/23 as inflation impacts our cost base.

Maintenance CPU – social housing



Maintenance cost per unit of £2,039 has increased from £1,623 in 2020/21 reflecting the higher component replacement programme following the pandemic restrictions in 2020/21. This is higher than the HouseMark median of £1,726 and demonstrates our continued investment in homes with a focus on building safety and energy efficiency. It also illustrates how the costs can fluctuate between years depending on the replacement programme of major components which is driven by surveys on our properties.

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 99% (2021: 100%) and 8.7% (2021: 8.0%) respectively which are largely comparable to the previous year.

We also monitor rent arrears as part of operational management where arrears have remained at 2.0%, the same level as in 2020/21 and we have not experienced any significant impact of Covid-19 on customers' ability to pay their rent.

Trusted by our customers

When Shane and Rebecca found out they had a new adapted home in Penzance, Cornwall, they could not wait to move in.

Shane's sight impairment meant that the couple needed a modified home to meet his needs. We offered to make several adaptations to their home in the local community, by adding inside and outside lighting and handrails throughout the house.

The modifications have made a huge difference to Shane's life and he couldn't be happier.

Shane told us: "I am severely sight impaired so to have an open plan house, which is easy for me to get around, is just fantastic. The house we were in before had steps everywhere with narrow doorways and staircasing, so it was becoming more of a struggle."

"Now I have a home with rails, new lighting in the alleyway so I can put the bins out and new lighting in the kitchen which means I can still do the cooking. It means I can remain independent which is lovely for me."

Being part of the local community was important for Shane and his wife Rebecca.

Shane added: "This is a great community close to schools, the town, bus links and a medical centre, it is just superb. LiveWest have been particularly good to us and have really helped us. They are always on the end of the phone and very courteous and supportive."

07 Managing our risks

Our approach

Risk management is embedded at all levels of the organisation, providing strong assurance to the Board that we are resilient to the challenges and uncertainties that the business faces and that our risk appetite, set by the Board, reflects our strategic aims.

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 threats to which the sector is exposed. Additionally, the ARC and the Board received reports from management on specific risk areas, including fire safety, landlord health and safety compliance, cyber security, and the implementation of new IT systems.

Every quarter we review the possible threats and emerging risks through our horizon scanning exercise. This enables us to identify any additional actions required to mitigate risks to enable us to continue the delivery of services to our customers. We continue to work with our consultants, insurance providers and auditors to review threats and mitigations should potential risks emerge.

Focus in the year

As the uncertainties of the pandemic started to subside, we were able to confidently restore all services to customers with a continued focus on keeping our customers and colleagues safe. Complying with national guidance and applying best practice, we continued to invest in Personal Protective Equipment (PPE) and Lateral Flow Tests (LFT) to protect and give assurance to our customers and colleagues.

The wellbeing of our colleagues has been a focal point for us: the pandemic has been a difficult period for everyone and we have noticed the impact on our colleagues' mental health. We have made several resources available to our colleagues to support them through these challenging times including expanding our network of Wellbeing Champions.

Addressing the skills shortage in the trades and construction industries is critical to the delivery of current and future maintenance programmes. We adopted new approaches to recruitment and increased the scope of our apprenticeship programmes to employ new diverse talent and grow capacity in some hard-to-recruit-to areas. Where we have seen disruption in the supply chain of building materials we have purchased additional stocks of key items in order to maintain continuity of service.

We have increased our growth ambition by securing further funding from Homes England. We are confident that we will meet our targets but aware that this will be challenging and have therefore increased our risk in this respect.

The global impact of the pandemic, combined with the impact of Brexit, resulted in supply chain challenges and has reduced the availability and increased the cost of building and maintenance materials. We have worked with suppliers to ensure that our repairs and maintenance services were not jeopardised and held stocks of key materials as a contingency.

Our internal audit plan has focused on some key areas of health and safety compliance, procurement and contract management and the controls we have in place to manage our treasury. We can place a high level of comfort on the outcomes which provide clear assurance that our controls are well designed and applied effectively.

As part of our building safety programme we are replacing cladding and external wall structures, improving thermal efficiency to prevent heat loss.

With the global incidence of cyber-attacks increasing, one key focus has been to strengthen our information security, with the implementation of new controls. We have continued to improve our policies and procedures and have invested in our information security communications and decommissioned legacy systems which has significantly improved our security position.

Following Russia's invasion of Ukraine, the Board and Executive team carried out a dedicated horizon scanning exercise and have identified the risks that could arise directly and indirectly as a result of the conflict. Members of the Business Continuity team have developed a comprehensive risk register and meet regularly to discuss the situation to ensure that we can maintain services to customers.

Our Board and committees continue to review our exposure to risk and are provided with assurance from a range of sources that the controls we have in place are effective, representative of our risk appetite and are consistent with our strategy.

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: Unchanged	Injury to customers from failing to maintain key components. Injury to customers or members of the public due to fire. Increased absenteeism among colleagues due to mental health / Covid-19.	Scrutiny of all health and safety systems. Significant investment in fire safety improvements. Compliance and safety standard approved by the Board.	Embedding the Building Safety team to increase focus on improving the safety of customers in their homes. Review of fire safety in all schemes. Completing safety audits with assurance provided to the Board. Programme of wellbeing activities aimed at colleagues.
Financial resilience Status: Unchanged	Reduced ability to invest in homes and services.	Board approved 30-year business plan. Business plan scenario stress-testing.	Retained significant liquidity of £421m equating to 39 months of planned expenditure. Review of pension structure.
Customer services Status: Unchanged	Severe damage to our reputation. Reducing trust among our customers.	Annual report to customers. Customer Services Committee providing a monthly overview of services and performance. Portfolio of integrated policies and procedures.	Returning to pre-pandemic levels of service. Helping customers identify additional benefits available totalling £1.8m. Providing additional grant support to 871 customers.

Risk	Impact	How we mitigate	Focus in the year
Culture, inclusion and employee relations Status: Unchanged	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.	Embedding the work of the Equality, Diversity and Inclusion group. Programme to embed the organisational culture and behaviours. Programme of apprenticeships to overcome the skills shortage and 'grow' our own talent. Project to implement a Development and Performance System for colleagues.
New homes Status: Increased	Reduced ability to invest in and build new homes.	Development pipelines approved by Board. Robust scheme appraisal processes. Board approved limits to mitigate exposure to individual contractors.	Managing building sector difficulties to deliver 800 new homes and secure additional sites for future years. Securing additional funding from Homes England for a new strategic programme to build 2,550 affordable homes by 2028.
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.	Programmes of investment associated with fire safety and building safety. Environment and energy efficiency programme to achieve a minimum EPC 'C' rating by 2028.

Risk	Impact	How we mitigate	Focus in the year
Business continuity Status: Increased	Reduced ability to deliver essential services.	Business continuity steering group. Annual test of the business continuity plan.	Assessment of risks associated with the invasion of Ukraine. Hybrid working embedded throughout the organisation. Learning from actual and mock business continuity exercises.
IT and information management Status: Increased	Reduced ability to deliver essential services.	Implementation of remote working technology. Information Governance Board. Annual systems security testing. Plan to achieve Cyber Essentials. Successful disaster recovery rehearsal.	Implementation of a new operational and finance system. Improved IT infrastructure in respect of cyber security. Development of information management and security measures.
Sustainability Status: Unchanged	Severe damage to our reputation. Reducing trust among customers. Increased energy bills for customers.	Signed up for the Sustainability Reporting Standard. Provisions made in the business plan to achieve an energy performance rating of C by 2028 and carbon neutral by 2050. Adopted a 'fabric first' for new developments. Environment strategy approved by Board.	Campaigns of environmental awareness. Environment and energy efficiency programme to achieve a minimum EPC 'C' rating by 2028. Analysis and review of fleet options. Signing up to SHIFT, the social housing sustainability standard. Analysis of flood risk.
Governance Status: Unchanged	Regulatory and statutory implications. Severe damage to our reputation.	Updated Financial Regulations and Standing Orders. Internal audit plan. Board effectiveness review.	In-Depth Assessment by the Regulator for Social Housing during the year with a V1, G1 result confirmed in March 2022. Recruiting new Board and Comittee members. Commissioned an external review of governance arrangements.

Homes and communities that people love to live in

A change in personal circumstances led to Ian and his two children moving in to one of our Rent to Buy homes in Ilminster, Somerset.

Rent to Buy is a government backed initiative that helps a customer live in a new build property at a reduced monthly rent. This reduction is designed to help a customer save for a deposit to buy the property in the future.

Ian, a firefighter, is one of the first customers to move into our scheme which provides 85 affordable homes to families and individuals.

Ian said: "I have always lived in Ilminster and a sudden change in my personal life meant I needed to look for somewhere else to live with my family. I feel incredibly lucky to have come across my home at the right time. The whole feel about it is great and the build quality of the home is wonderful so I could not feel happier."

He added: "It was surprising to see the different options to secure a home here and it has enhanced LiveWest's reputation within Ilminster massively and it has made an enormous difference to so many people."

The new home means Ian's two children have their own space as well.

Ian told us: "My children love it. My daughter has a bigger room for herself, and my son loves it because some of his friends live around here. So, it is all positive and we are all incredibly happy."

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 38,481 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 86. 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 12 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 ten non-executives as well as The Chief Executive and the Deputy Chief Executive/Executive Director of Finance. The Board met five times during the year.

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 and diversity on our Board through a significant recruitment exercise which resulted in the appointment of two new Board members and five new Committee members in March 2022. These new members bring expertise from in and outside of the social housing sector, including specialisms in strategy, IT, customer service, the built environment, human resources and treasury management. The new members also increaed the number of women on our Board and commitees by 7%, BAME by 16% and the LGBTQ+ community by 10%.

Andrew Wiles retired from the Board during the year and we wish to thank him for nine years of advice and commitment which has been invaluable to our growth and development. The members are shown in the information section of this report on page 104.

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.

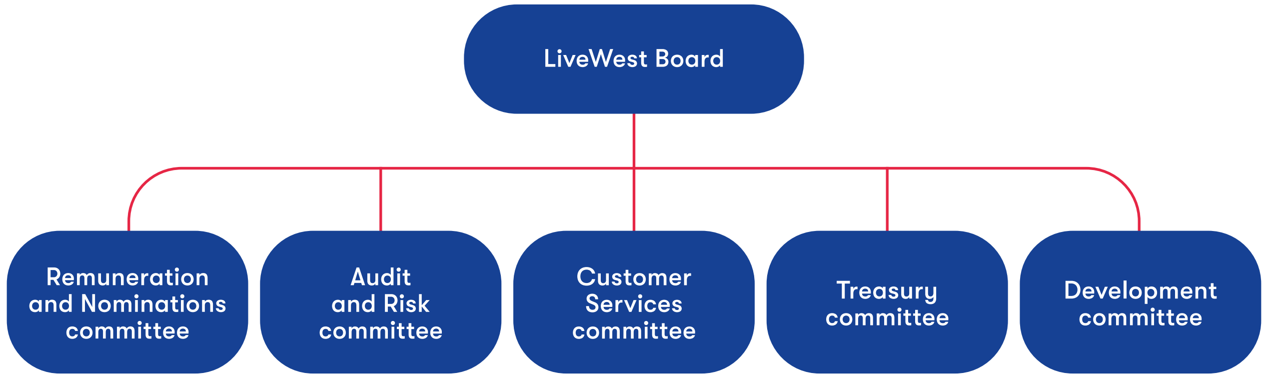
The LiveWest Group is governed by the LiveWest Board, which is ultimately responsible for the control of the group, including the determination of its overall objectives and strategy. The Board has delegated certain matters to five internal committees to support it with operational oversight ensuring 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 four times during the year.

Membership of the committee comprises three non-executive Board members, the Executive Director of Finance and two independent advisors 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, the Executive Director of Operations and two independent advisors with customer service experience and is chaired by Tom Vaughan. The committee met four 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.

Membership of the committee comprises four non-executive Board members and one independent advisor with human resources experience and is chaired by Jenefer Greenwood. The Chief Executive and the Director of People are invited to attend each meeting. The committee met four time during the year.

Development committee

The Development committee is responsible for reviewing the group's overall development activity and monitoring development risks and related matters. It has delegated authority from the Board to approve schemes up to a specified size and financial limit, within our business plan and budget parameters. The committee also reviews 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. The committee is chaired by Phil Stephens and met four 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 and reports to the Customer Services committee quarterly.

As noted in the Strategy and Our Customers sections, the Social Housing Bill and the seven themes in the Charter have been incorporated into our corporate 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 105.

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 support the Executive team in providing 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.

The group continues to be compliant with the standard and follows the regulatory requirement that registered providers assess and certify compliance in their annual accounts.

Following an in-depth assessment by the Regulator of Social Housing in January 2022 the Regulatory Judgement published in March 2022 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

During the year, we have complied with the National Housing Federation's (NHF) Code of Governance 2020. This meets the Regulator of Social Housing's Governance & Financial Viability Standard requirement 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.

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 2022.

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 2021 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 Board's report and the financial statements

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

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

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

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

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

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 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 association and to prevent and detect fraud and other irregularities.

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

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 June 2022 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 2022/23 and the group's medium term financial position as detailed in the 30-year business plan, including the ongoing impact of Covid-19 pandemic, high inflation and recruitment challenges, 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 has considered:

- inflation – budget and business plan scenarios have modelled high inflation including a cap on rent increases being passed on to customers
- 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 £402m and £19m 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 believes the group and company has sufficient funding in place and expects 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 9 August 2022 and signed on its behalf by:

LindaMNash

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 2022 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 2022 and of the income and expenditure of the group and the association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Going concern

The association's Board has prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the association or to cease their operations, and as they have concluded that the 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.

Identifying and responding to risks of material misstatement due to fraud.

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 and audit and risk committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Obtaining a copy of the group's fraud register

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 and regulatory performance targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk of bias in accounting estimates such as pension assumptions;
- 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 the Group - wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to accounts linked to a fraud risk, journals linked to accounts that are complex or unusual in nature, unbalanced journal entries, unusual combinations of journal posting to cash and borrowings and journal entries containing key words.
- Assessing whether the judgements made in the accounting estimates are indicative of potential bias including assessing the assumptions used in pension valuations and the value of housing stock held in current assets.

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

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

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.

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), pensions legislation, specific disclosures required by housing legislation, and requirements imposed by the Regulator for Social Housing and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Group is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance allow could have a material effect on amounts or disclosures in the financial statements.

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

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

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

Other information

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Board's responsibilities

As explained more fully in their statement set out on page 53 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
Suite 23,
BLOCK,
Royal William Yard,
Plymouth
PL1 3RP

12 August 2022

Homes and communities that people love to live in

After 10 years renting a home in Weston-super-Mare on the North Somerset coast, Sharon feared her chance of getting back on the property ladder had gone.

After noticing our new housing development starting to take shape in the town, Sharon decided to contact us and was really pleased to find she could buy one of our affordable shared ownership homes. A way of buying a new home she had never considered before.

Twelve months on and Sharon has moved into her new shared ownership home with her two teenage children.

Sharon said: "We have been privately renting for so long and it was so expensive. You feel like you are wasting your money as you are never going to own the property. Since separating from my husband, it had been difficult to get back on the property ladder and I thought the opportunity had passed.

Sharon added: "But I was so wowed by the location and the stunning views of the new development that I decided to enquire about them, not really thinking it was a possibility.

I had a phone call from LiveWest to say that I had been accepted for one of the shared ownership properties there. Never in my wildest dreams did I think I would be able to own a brand-new house in such a breath-taking location. It really is a new chapter in our lives."

Financial statements

Statement of comprehensive income

For the year ended 31 March 2022	Note	Group		Company	
		2022	2021	2022	2021
		£000	£000	£000	£000
Turnover	3	**270,826**	244,287	**230,326**	216,418
Operating costs	3	**(209,676)**	(182,629)	**(176,088)**	(157,565)
Surplus on property sales	4	**18,878**	20,563	**18,849**	20,555
Change in fair value of investment properties	13	**2,528**	-	**1,463**	-
Operating surplus	3	**82,556**	82,221	**74,550**	79,408
Share of loss in associate		**-**	(2)	**-**	-
Loss on sale of other fixed assets		**(34)**	(121)	**(34)**	(119)
Interest receivable and other income	8	**265**	132	**2,399**	2,284
Interest payable and similar charges	9	**(30,496)**	(38,676)	**(30,496)**	(38,676)
Other finance costs – pensions	29	**(896)**	(507)	**(896)**	(507)
Change in fair value of financial instruments		**1,297**	2,671	**1,297**	2,671
Gift aid		**-**	-	**5,379**	1,521
Surplus on ordinary activities before tax	5-7	**52,692**	45,718	**52,199**	46,582
Tax on surplus on ordinary activities	10	**-**	-	**-**	-
Surplus for the year		**52,692**	45,718	**52,199**	46,582
Other comprehensive income					
Surplus for the year		**52,692**	45,718	**52,199**	46,582
Effective portion of changes in fair value of cash flow hedges		**23,090**	21,430	**23,090**	21,430
Hedge reserve recycled for matured hedges		**-**	9,578	**-**	9,578
Actuarial gain/(loss)	29	**13,591**	(23,784)	**13,591**	(23,784)
Total recognised surplus relating to the year		**89,373**	52,942	**88,880**	53,806

The accompanying notes form part of these financial statements.
The statement of comprehensive income was approved by the Board on 9 August 2022 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 2022

	Note	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Fixed assets					
Intangible assets	11	**8,863**	7,525	**8,863**	7,525
Housing properties - cost net of depreciation	12	**2,227,946**	2,142,139	**2,202,881**	2,116,734
Investment properties	13	**25,187**	22,328	**16,679**	14,244
		2,261,996	2,171,992	**2,228,423**	2,138,503
Other tangible fixed assets	14	**26,399**	27,855	**26,399**	27,855
Investments	15	**30,222**	263	**90,683**	89,534
Homebuy loans		**8,054**	8,499	**7,766**	8,212
		2,326,671	2,208,609	**2,353,271**	2,264,104
Current assets					
Properties for sale	16	**100,208**	88,082	**21,281**	15,458
Stock		**432**	347	**432**	347
Debtors	17	**36,759**	46,863	**49,627**	52,785
Cash at bank and in hand	18	**32,982**	84,832	**32,733**	54,316
		170,381	**220,124**	**104,073**	122,906
Creditors: Amounts falling within one year	19	**(118,709)**	(113,163)	**(106,653)**	(105,336)
Net current assets/(liabilities)		**51,672**	106,961	**(2,580)**	17,570
Creditors: Amounts falling due after more than one year	20	**(1,651,250)**	(1,661,104)	**(1,651,114)**	(1,654,231)
Provisions for liabilities and charges					
Pension liability	29	**(26,986)**	(43,732)	**(26,986)**	(43,732)
Net assets		**700,107**	610,734	**672,591**	583,711
Capital and reserves					
Called up share capital	22	**-**	-	**-**	-
Restricted reserve		**184**	184	**184**	184
Cash flow hedge reserve		**(43,305)**	(66,395)	**(43,305)**	(66,395)
Designated reserves	23	**-**	-	**-**	-
Revenue reserves		**743,228**	676,945	**715,712**	649,922
Total funds		**700,107**	610,734	**672,591**	583,711

The accompanying notes form part of these financial statements.
These financial statements were approved by the Board on 9 August 2022 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 £000	Restricted reserve £000	Cash flow hedge reserve £000	Designated reserve £000	Revenue reserve £000	Total equity £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

	Group: Called up share capital £000	Restricted reserve £000	Cash flow hedge reserve £000	Designated reserve £000	Revenue reserve £000	Total equity £000
Balance at 1 April 2021	-	184	(66,395)	-	676,945	610,734
Total comprehensive income for the period						
Surplus for the year	-	-	-	-	52,692	52,692
Movement in fair value of financial instruments	-	-	23,090	-	-	23,090
Remeasurements of the net defined liability	-	-	-	-	13,591	13,591
	-	-	23,090	-	66,283	89,373
Balance at 31 March 2022	-	184	(43,305)	-	743,228	700,107

The accompanying notes form part of these financial statements.

	Company					
	Called up share capital	Restricted reserve	Cash flow hedge reserve	Designated reserve	Revenue reserve	Total equity
	£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

	Company					
	Called up share capital	Restricted reserve	Cash flow hedge reserve	Designated reserve	Revenue reserve	Total equity
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2021	-	184	(66,395)	-	649,922	583,711
Total comprehensive income for the period						
Surplus for the year	-	-	-	-	52,199	52,199
Movement in fair value of financial instruments	-	-	23,090	-	-	23,090
Remeasurements of the net defined liability	-	-	-	-	13,591	13,591
	-	-	23,090	-	65,790	88,880
Balance at 31 March 2022	-	184	(43,305)	-	715,712	672,591

The accompanying notes form part of these financial statements.

Statement of cash flows

For the year ended 31 March 2022	Note	2022	2021
		£000	£000
Net cash flow from operating activities	32	**119,241**	136,722
Cash flow from investing activities			
Purchase of tangible fixed assets		**(134,389)**	(110,296)
Purchase of intangible fixed assets		**(2,383)**	(3,738)
Proceeds from the sale of tangible fixed assets		**7**	251
Purchase of investments		**(30,000)**	-
Grants received		**18,933**	13,846
Interest received		**265**	132
		(147,567)	(99,805)
Cash flow from financing activities			
Interest paid		**(32,923)**	(39,199)
Interest element of finance lease payments		**(68)**	(66)
New secured loans		**50,520**	203,769
Repayment of borrowings		**(41,053)**	(167,707)
		(23,524)	(3,203)
Net change in cash and cash equivalents		**(51,850)**	33,714
Cash and cash equivalents at the start of the year		**84,832**	51,118
Cash and cash equivalents at the end of the year		**32,982**	84,832

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 2022.

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 June 2022 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 2022/23 and the group's medium term financial position as detailed in the 30-year business plan, including the ongoing impact of Covid-19 pandemic, high inflation and recruitment challenges, 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 has considered:

- inflation – budget and business plan scenarios have modelled high inflation including a cap on rent increases being passed on to customers
- 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 £402m and £19m 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 2022. 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 charged over the estimated useful economic life of up to seven years.

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 are held at valuation and were independently valued by JLL, a professional property services organisation, as at 31 March 2019 using a market value basis. The directors have reviewed the valuation at the year end and revalued based on current market conditions.

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 ReCycled Capital Grant Fund (RCGF). To the extent that the RCGF is repayable within one year unless utilised it is included within creditors falling due within one year. The balance of the RCGF 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 Homes England 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 Homes England but, with agreement, is subordinated to other loans.

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

Investments

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

Homebuy, key worker and starter home mortgages

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

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

Provisions

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

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

Restricted reserves

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

Designated reserves

The group previously maintained designated reserves which were transferred to revenue reserves as at 31 March 2021 as they were considered general business expenses. The reserves comprised:

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

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

Turnover

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

Segmental reporting

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

Expenses

Cyclical repairs and maintenance

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

Cost of sales

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

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

Operating leases

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

Interest receivable and Interest payable

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

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

Supporting people income and expenditure

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

Supported housing managed by agencies

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

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

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

General needs housing managed properties

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

Taxation including deferred tax

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

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

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

VAT

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

Pensions

The group participates in the following pension schemes:

The Social Housing Pension Scheme (SHPS) defined benefit schemes provides benefits to non-associated employers 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.

The inflation risk premium applied when setting the RPI assumption has been increased from 0.2% p.a. to 0.3% p.a, making the RPI and CPI assumptions both 0.1% lower than they would have been. Further commentary can be found in the standard actuarial specialist SHPS report for 31 March 2022 year end.

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					
	2022			2021		
	Turnover	Operating costs	Operating surplus/ (deficit)	Turnover	Operating costs	Operating surplus/ (deficit)
	£000	£000	£000	£000	£000	£000
Social housing lettings	192,358	(142,858)	49,500	186,099	(129,797)	56,302
Other social housing activities						
Supporting people contract income	4,472	(4,066)	406	4,321	(4,067)	254
Shared ownership initial sales	31,024	(26,065)	4,959	23,649	(19,903)	3,746
Development costs	292	(1.994)	(1,702)	244	(2,906)	(2,662)
Other	187	(50)	137	321	(274)	47
	35,975	(32,175)	3,800	28,535	(27,150)	1,385
Activities other than social housing						
Non-social housing lettings	2,730	(1,576)	1,154	2,464	(1,042)	1,422
Property sales	38,967	(32,689)	6,278	26,816	(24,271)	2,545
Other	796	(378)	418	373	(369)	4
	42,493	(34,643)	7,850	29,653	(25,682)	3,971
	270,826	(209,676)	61,150	244,287	(182,629)	61,658
Surplus on property sales			18,878			20,563
Change in fair value of investment properties			2,528			-
			82,556			82,221

Income and expenditure from social housing lettings

	Group				
	2022				2021
	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	141,348	13,044	13,843	168,235	162,620
Service charges receivable	5,791	891	8,343	15,025	14,491
Net rents receivable	147,139	13,935	22,186	183,260	177,111
Amortisation of grants	6,071	711	1,187	7,969	7,921
Income from others	-	665	464	1,129	1,067
Total income from social housing lettings	153,210	15,311	23,837	192,358	186,099
Expenditure on social housing lettings					
Rent losses from bad debts	694	-	168	862	665
Service charge costs	5,912	911	8,525	15,348	14,738
Management	31,802	3,329	3,696	38,827	34,264
Responsive maintenance	21,639	-	3,943	25,582	24,493
Cyclical maintenance	9,900	-	426	10,326	8,173
Major repairs expenditure	17,635	-	4,203	21,838	17,971
Depreciation of housing properties	25,213	2,195	2,667	30,075	29,493
Total expenditure on social housing lettings	112,795	6,435	23,628	142,858	129,797
Operating surplus on social housing letting activities	40,415	8,876	209	49,500	56,302
Rent losses from voids	(764)	-	(592)	(1,356)	(1,134)

The business reviews on pages 22-33 provide further details of the operating segments.

	Company					
	2022			2021		
	Turnover	Operating costs	Operating surplus/ (deficit)	Turnover	Operating costs	Operating surplus/ (deficit)
	£000	£000	£000	£000	£000	£000
Social housing lettings	192,036	(142,406)	49,630	185,840	(129,527)	56,313
Other social housing activities						
Supporting people contracts	4,472	(4,066)	406	4,321	(4,063)	258
Shared ownership initial sales	31,024	(26,065)	4,959	23,649	(19,902)	3,747
Development costs	292	(1,994)	(1,702)	244	(2,907)	(2,663)
Other	187	(50)	137	321	(196)	125
	35,975	(32,175)	3,800	28,535	(27,068)	1,467
Activities other than social housing						
Non-social housing lettings	2,315	(1,507)	808	2,043	(970)	1,073
	2,315	(1,507)	808	2,043	(970)	1,073
	230,326	(176,088)	54,238	216,418	(157,565)	58,853
Surplus on property sales			18,849			20,555
Change in fair value of investment properties			1,463			-
			74,550			79,408

Income and expenditure from social housing lettings

	Company				
	2022				2021
	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	141,033	13,044	13,843	167,920	162,288
Service charges receivable	5,785	891	8,343	15,019	14,484
Net rents receivable	146,818	13,935	22,186	182,939	176,772
Amortisation of grants	6,071	711	1,187	7,969	7,921
Income from others	-	664	464	1,128	1,147
Total income from social housing lettings	152,889	15,310	23.837	192,036	185,840
Expenditure on social housing lettings					
Rent losses from bad debts	694	-	168	862	671
Service charge costs	5,912	911	8,525	15,348	14,735
Management	31,668	3,328	3,696	38,692	34,335
Responsive maintenance	21,660	-	3,943	25,603	24,473
Cyclical maintenance	9.907	-	426	10,333	8,164
Major repairs expenditure	17,636	-	4,203	21,839	17,971
Depreciation of housing properties	24,882	2,180	2,667	29,729	29,178
Total expenditure on social housing lettings	112,359	6,419	23,628	142,406	129,527
Operating surplus on social housing letting activities	40,530	8,891	209	49,630	56,313
Rent losses from voids	(764)	-	(592)	(1,356)	(1,135)

4 Surplus on property sales

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Disposal proceeds	36,956	37,185	36,349	37,123
Cost of fixed assets	(18,078)	(16,622)	(17,500)	(16,568)
Surplus on property sales	18,878	20,563	18,849	20,555

5 Surplus on ordinary activities before taxation

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Surplus on ordinary activities before taxation is stated after charging/(crediting)				
Auditors' remuneration				
- Audit of these financial statements	**161**	128	**105**	85
- Other non-audit services	**10**	10	**10**	10
Depreciation and other amounts written off housing properties	**30,420**	28,937	**30,073**	28,620
Depreciation and other amounts written off other tangible fixed assets	**2,497**	2,378	**2,497**	2,378
Amortisation of intangible assets	**1,031**	635	**1,031**	635
Change in fair value of derivatives through income and expenditure	**(1,297)**	(2,671)	**(1,297)**	(2,671)
Loss on disposal of property, plant and equipment	**34**	121	**34**	119
Operating lease rentals	**164**	168	**164**	168

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.

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			
	2022			2021
	Salary	Expenses	Total	Total
	£000	£000	£000	£000
Non Executive Directors				
Linda Nash	28	-	**28**	27
Andrew Wiles (resigned 10 February 2022)	12	-	**12**	14
Anthony Durbacz	16	-	**16**	16
Jacqueline Starr	14	-	**14**	13
Jenefer Greenwood	16	-	**16**	16
Joanna Crane (appointed 31 March 2022)	-	-	**-**	-
John Newbury	16	1	**17**	16
Phil Stephens	16	-	**16**	9
Rahul Jaitly (appointed 31 March 2022)	-	-	**-**	-
Tim Larner	-	-	**-**	9
Tom Vaughan	16	-	**16**	16
Tony MacGregor	16	-	**16**	16
	150	1	**151**	152

	Group and Company	
	2022	2021
	£000	£000
Executive directors		
Salary and other benefits	**1,117**	1,206
Pension contributions in respect of services as directors	**58**	70
	1,175	1,276
Remuneration paid to the Chief Executive who was also the highest paid director	**289**	275

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	
	2022	2021
Bands		
£60,001 to £70,000	**28**	35
£70,001 to £80,000	**25**	18
£80,001 to £90,000	**8**	5
£90,001 to £100,000	**8**	8
£100,001 to £110,000	**3**	4
£110,001 to £120,000	**6**	3
£120,001 to £130,000	**4**	3
£180,001 to £190,000	**-**	2
£190,001 to £200,000	**1**	-
£200,001 to £210,000	**-**	1
£210,001 to £220,000	**1**	-
£220,001 to £230,000	**1**	1
£230,001 to £240,000	**-**	1
£240,001 to £250,000	**1**	-
£280,001 to £290,000	**-**	1
£290,001 to £300,000	**1**	-

7 Staff numbers and costs

	Group and Company	
	2022	2021
Average monthly number of full time equivalent employees:		
Housing and support	**582**	590
Development	**100**	98
Asset management	**492**	425
Central services	**177**	179
	1,351	1,292

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
The aggregate payroll cost of these employees was as follows:				
Wages and salaries	**47,645**	44,252	**47,645**	44,252
Social security costs	**4,499**	4,097	**4,499**	4,097
Other pension costs	**3,056**	2,799	**3,056**	2,799
	55,200	51,148	**55,200**	51,148

8 Interest receivable and other income

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Bank and deposits	**198**	52	**36**	52
Intra-group loans	**-**	-	**2,361**	2,230
Loan to non-group housing association	**2**	2	**2**	2
Other	**65**	78	**-**	-
	265	132	**2,399**	2,284

9 Interest payable and similar charges

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Intra-group loans	**-**	-	**23,188**	16,502
Bank loans and overdrafts	**33,842**	32,473	**10,654**	15,974
Restructuring financial instruments	**-**	9,480	**-**	9,480
Other	**44**	25	**44**	22
Less: capitalised interest at 2.99% (2021: 3.28%)	**(3,390)**	(3,303)	**(3,390)**	(3,303)
Unwind of discount on provisions	**-**	1	**-**	1
	30,496	38,676	**30,496**	38,676

10 Taxation

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
UK corporation tax				
On surplus for the year at 19% (2021: 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	**52,692**	45,718	**52,199**	46,582
Total tax expenses	**-**	-	**-**	-
Surplus excluding tax	**52,692**	45,718	**52,199**	46,582
Tax at 19%	**10,012**	8,686	**9,918**	8,851
Effects of charity relief	**(10,012)**	(8,686)	**(9,918)**	(8,851)
Total tax expenses	**-**	-	**-**	-

	2022			2021		
	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	10,786
Additions	2,383
Disposals	(774)
At end of year	**12,395**
Amortisation	
At beginning of year	3,261
Charge	1,031
Disposals	(760)
At end of year	**3,532**
Net book value	
At 31 March 2022	**8,863**
At 31 March 2021	7,525

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	2,135,802	284,221	54,940	43,334	2,518,297
Additions in year	327	242	88,944	23,113	112,626
Components capitalised	16,169	-	-	-	16,169
Transfers	172	(63)	-	-	109
Disposals	(8,944)	(9,117)	-	-	(18,061)
Transferred on completion	75,417	38,163	(75,417)	(38,163)	-
At end of year	2,218,943	313,446	68,467	28,284	2,629,140
Depreciation					
At beginning of year	353,556	22,562	40	-	376,158
Charge for year	28,294	2,126	-	-	30,420
Transfers	7	(7)	-	-	-
Disposals	(4,391)	(993)	-	-	(5,384)
At end of year	377,466	23,688	40	-	401,194
Net book value					
At 31 March 2022	**1,841,477**	**289,758**	**68,427**	**28,284**	**2,227,946**
At 31 March 2021	1,782,246	261,659	54,900	43,334	2,142,139

	Company				
	Social housing				
	Completed schemes		Under construction		
	Rented	Shared ownership	Rented	Shared ownership	Total
	£000	£000	£000	£000	£000
Cost					
At beginning of year	2,103,759	285,718	55,434	43,334	2,488,245
Additions in year	327	242	89,085	23,113	112,767
Transfers	63	(63)	-	-	-
Components capitalised	16,128	-	-	-	16,128
Disposals	(8,907)	(9,117)	-	-	(18,024)
Transferred on completion	75,417	38,163	(75,417)	(38,163)	-
At end of year	**2,186,787**	**314,943**	**69,102**	**28,284**	**2,599,116**
Depreciation					
At beginning of year	348,701	22,770	40	-	371,511
Charge for year	27,963	2,110	-	-	30,073
Transfers	7	(7)	-	-	-
Disposals	(4,356)	(993)	-	-	(5,349)
At end of year	**372,315**	**23,880**	**40**	**-**	**396,235**
Net book value					
At 31 March 2022	**1,814,472**	**291,063**	**69,062**	**28,284**	**2,202,881**
At 31 March 2021	1,755,058	262,948	55,394	43,334	2,116,734

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Additions to housing properties in the course of construction during the year includes:				
Capitalised interest at 2.99% (2021: 3.28%)	**3,390**	3,303	**3,390**	3,303
Direct development costs	**3,563**	2,366	**3,563**	2,366
The net book value of properties comprises:				
Freehold	**2,094,643**	2,007,115	**2,070,577**	1,982,816
Long leasehold – under 50 years remaining	**3,142**	3,185	**3,142**	3,185
Long leasehold – over 50 years remaining	**130,381**	131,839	**129,162**	130,733
	2,228,166	2,142,139	**2,202,881**	2,116,734
Works to existing properties:				
Capital	**16,169**	7,363	**16,128**	7,362
Revenue	**57,746**	36,864	**57,775**	36,864

13 Tangible fixed assets – investment properties

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Cost				
At beginning of year	**22,328**	22,940	**14,244**	14,857
Revaluation	**2,528**	-	**1,463**	-
Transfers	**932**	-	**1,041**	-
Disposals	**(601)**	(612)	**(69)**	(613)
At end of year	**25,187**	22,328	**16,679**	14,244

Investment properties are held at valuation and were independently valued by JLL, a professional property services organisation, as at 31 March 2019 using a market value basis. The directors have reviewed the valuation at the year end and revalued based on current market conditions.

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	24,149	3,567	4,178	6,896	38,790
Additions	-	155	256	1,698	2,109
Transfers	(1,249)	-	-	-	(1,249)
Disposals	-	-	(514)	(16)	(530)
At end of year	**22,900**	**3,722**	**3,920**	**8,578**	**39,120**
Depreciation					
At beginning of year	1,850	2,148	2,118	4,819	10,935
Charge for year	478	478	678	863	2,497
Transfers	(208)	-	-	-	(208)
On disposals	-	-	(487)	(16)	(503)
At end of year	**2,120**	**2,626**	**2,309**	**5,666**	**12,721**
Net book value					
At 31 March 2021	**20,780**	**1,096**	**1,611**	**2,912**	**26,399**
At 31 March 2020	22,299	1,419	2,060	2,077	27,855

	Group and Company	
	2022	2021
	£000	£000
The net book value of properties comprises:		
Freehold	**20,780**	22,299
	20,780	22,299

15 Investments

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Shares	-	-	**2,300**	2,300
Intra-group loan	-	-	**82,430**	81,276
Financial investment	**30,000**	-	-	-
Equity loans	**65**	101	-	-
Loan to other housing association	**26**	31	**26**	31
Listed investments	**30**	30	**30**	30
Investments in subsidiary companies	-	-	**5,897**	5,897
Interest in associate	**101**	101	-	-
	30,222	263	**90,683**	89,534

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.

The Financial Investment is a fixed term deposit maturing in 2023 which secures mark-to-market swap liabilties and attracts interest linked to SONIA.

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
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	
	2022	2021	2022	2021
	£000	£000	£000	£000
Properties developed for outright sale				
- cost of completed units	**3,063**	2,338	-	-
- cost of units under development	**75,864**	70,286	-	-
Shared ownership properties – first tranche sales				
- cost of completed units	**5,302**	8,296	**5,302**	8,296
- cost of units under development	**15,979**	7,162	**15,979**	7,162
	100,208	88,082	**21,281**	15,458

17 Debtors due within one year

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Rent and service charges receivable	**7,291**	7,342	**7,270**	7,307
Less: Provisions for bad and doubtful debts	**(3,021)**	(2,915)	**(3,003)**	(2,902)
	4,270	4,427	**4,267**	4,405
Service charges recoverable	**969**	1,501	**968**	1,501
Managing agent debtor	-	3,408	-	3,393
Amounts owed by group companies	-	-	**31,370**	31,208
Other debtors	**25,167**	27,055	**1,857**	1,121
Social Housing Grant receivable	**104**	4,000	**104**	4,000
Prepayments and accrued income	**6,249**	6,472	**11,061**	7,157
	36,759	46,863	**49,627**	52,785

Included in other debtors is £7m (2021: £14m) 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	
	2022	2021	2022	2021
	£000	£000	£000	£000
Cash at bank and in hand	**32,982**	84,832	**32,733**	54,316
Cash and cash equivalents per cash flow statement	**32,982**	84,832	**32,733**	54,316

Cash balances held in escrow and customer sinking fund accounts are £14m (2021: £44m).

19 Creditors: amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Housing loans (see note 21)	**15,120**	16,680	**15,120**	16,680
Issue costs	**(410)**	(419)	**(410)**	(419)
Recycled Capital Grant Fund (note 26)	**6,275**	9,489	**6,275**	9,489
Trade creditors	**740**	5,149	**678**	5,030
Rent and service charges received in advance	**12,682**	16,474	**12,662**	16,345
Contracts for capital works	**15,168**	15,307	**6,962**	7,221
Interest charges	**8,820**	8,352	**1,073**	1,192
Pension deficit (note 29)	**3**	10	**3**	10
Amounts owed to group companies	**-**	-	**14,889**	14,754
Other taxation and social security	**1,252**	1,140	**1,232**	1,120
Social Housing Grant (note 33)	**7,949**	7,934	**7,949**	7,934
Other creditors	**5,696**	2,622	**5,654**	2,610
Accruals and deferred income	**45,414**	30,425	**34,566**	23,370
	118,709	113,163	**106,653**	105,336

20 Creditors: amounts falling due after more than one year

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Recycled Capital Grant Fund (note 26)	**17,138**	10,617	**17,138**	10,617
Contracts for capital works	**-**	6,736	**-**	-
Pension deficit (note 29)	**5**	29	**5**	29
Other grant (note 33)	**356**	375	**356**	375
Housing loans (note 21)	**930,390**	919,360	**930,390**	919,360
Issue costs	**(1,650)**	(2,068)	**(1,650)**	(2,068)
Social Housing Grant (note 33)	**638,991**	635,200	**638,991**	635,200
Other financial liabilities (note 24)	**58,399**	82,786	**58,399**	82,786
Grant on HomeBuy equity loans	**7,621**	8,069	**7,485**	7,932
	1,651,250	1,661,104	**1,651,114**	1,654,231

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

21 Housing loans

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
The sources of loan finance are as follows:				
Banks and building societies	**236,499**	248,749	**125,999**	155,899
Capital market issues	**708,599**	686,879	**164,610**	173,311
Intra-group	**-**	-	**654,489**	606,418
Other	**412**	412	**412**	412
	945,510	936,040	**945,510**	936,040

	Group and Company	
	2022	2021
	£000	£000
Housing loan finance is repayable as follows:		
In one year or less	**15,120**	16,680
Between one and two years	**8,464**	34,107
Between two and five years	**50,432**	25,972
In five years or more	**871,494**	859,281
	945,510	936,040

Loans totalling £670m are repayable by bullet repayments which fall due between 2029 and 2056. The remainder is repayable by installments which fall due between 2023 and 2046.

	Group and Company	
	2022	2021
	£000	£000
Housing loans are secured as follows:		
Fixed charges on properties	**945,510**	936,040

	Group and Company	
	2022	2021
	£000	£000
Interest rate basis		
Fixed less than 1 year	**5,622**	3,431
Fixed 2-5 years	**116,596**	115,629
Fixed more than 5 years	**811,386**	792,824
Index linked	**11,906**	20,412
Variable	**-**	3,744
	945,510	936,040

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 12.02%. The group's average cost of borrowing at 31 March 2022 was 3.07% (2021: 2.99%).

22 Called up share capital

	Group and Company	
	2022	2021
	£	£
Allotted, issued and fully paid shares of £1		
Balance at 1 April	**9**	9
Issued during year	**2**	1
Cancelled during year	**(1)**	(1)
Balance at 31 March	**10**	9

23 Designated reserves

	Group and Company	
	2022	2021
	£000	£000
Major repairs reserve	**-**	-
Remodelling reserve	**-**	-
	-	-

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 were transferred to revenue reserves as at 31 March 2021.

24 Financial instruments

	Group and Company	
	2022	2021
	£000	£000
Carrying amount of financial instruments:		
Assets measured at amortised cost	**62,982**	84,832
Liabilities measured at fair value	**58,399**	82,786
Liabilities measured at amortised cost	**945,510**	936,040

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					
	2022					
	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	(58,399)	(68,649)	(5,495)	(3,040)	(12,869)	(47,245)
	(58,399)	**(68,649)**	**(5,495)**	**(3,040)**	**(12,869)**	**(47,245)**

	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)**

25 Housing stock

	Group		Company	
	2022	2021	2022	2021
Social housing:				
General needs - social	23,579	23,323	23,523	23,268
General needs - affordable	3,533	3,357	3,533	3,357
Supported housing - social	2,874	2,893	2,874	2,893
Supported housing - affordable	95	99	95	99
Shared ownership	4,638	4,529	4,638	4,529
Other social housing	1,113	1,094	1,113	1,094
Social housing owned and managed	**35,832**	35,295	**35,776**	35,240
Supported housing- social	347	352	347	352
Residential care homes	66	66	66	66
Social housing owned not managed	**413**	418	**413**	418
Supported housing	-	24	-	24
Social housing managed not owned	-	24	-	24
Total social housing owned or managed	**36,245**	35,737	**36,189**	35,682
Non-social housing:				
Market rented	105	112	63	64
Non social housing owned	**105**	112	**63**	64
Leasehold:				
Social leasehold - owned	970	1,013	794	837
Social leasehold - managed	771	585	761	575
Non social leasehold - owned	244	225	24	5
Non social leasehold - managed	559	566	76	50
Leasehold owned or managed	**2,544**	2,389	**1,655**	1,467
Non-housing:				
Commercial properties owned and managed	**79**	76	**79**	76
Total owned or managed	**38,973**	38,314	**37,986**	37,289

	Group and Company	
	2022	2021
	£000	£000
Under development:		
General needs - social	**714**	720
General needs - affordable	**898**	930
Shared ownership	**802**	834
Rent to buy	**-**	20
Total	**2,414**	2,504

26 Recycled Capital Grant Fund (RCGF)

	Group and Company
	RCGF
	£000
Balance at beginning of year	**20,106**
Grants recycled from disposals	**4,665**
Homebuy grants	**463**
Interest accrued	**44**
Grants recycled to new build	**(1,865)**
Balance at end of year	**23,413**

27 Financial commitments

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Capital commitments for which no provision has been made:				
Housing properties – contracted	**472,875**	476,657	**319,625**	324,857
Housing properties – approved not contracted	**65,470**	28,326	**65,470**	24,655

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

	Group		Company	
	2022	2021	2022	2021
Total commitment under operating leases:				
Land and buildings – lease less than 1 year	**12**	-	**12**	-
Land and buildings – lease expiring 1-2 years	**-**	27	**-**	27
Equipment – lease expiring 1-2 years	**78**	74	**78**	74
Land and buildings – lease expiring beyond 5 years	**1,182**	1,281	**1,182**	1,281
	1,272	1,382	**1,272**	1,382

28 Significance of financial instruments

	2022	2021
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)	**58,399**	82,786
Bank loans measured at amortised cost	**945,510**	936,040

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 £435m consisting of £33m cash and £402m 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 2020 which showed assets of £5,148m, liabilities of £6,708m and a deficit of £1,560m. 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 31 March 2028. LiveWest will make deficit contributions of £5m in 2022/23.

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.

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

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 2020. This valuation showed assets of £800m, liabilities of £832m and a deficit of £32m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme up to 31 January 2025 which amount to £8,000 for LiveWest of which £3,000 is due in 2022/23.

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 £72,000 (2021: £70,000) 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 2022. 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 assumptions are consistent with the consultation outcome and therefore an adjustment to liabilities is not required.

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	
	2022	2021	2022	2021
	%	%	%	%
Discount rate	**2.8**	2.2	**2.6**	2.0
Salary / pension growth	**4.2**	3.9	**4.3**	2.9
Inflation (RPI)	**3.5**	3.3	**-**	-
Inflation (CPI)	**3.2**	2.9	**-**	-
Inflation	**-**	-	**3.3**	2.9

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	
	2022	2021	2022	2021
Longevity at age 65 for current pensioners				
- Males	**21.1**	21.6	**22.7**	22.6
- Females	**23.7**	23.5	**24.0**	23.9
Longevity at age 65 for future pensioners				
- Males	**22.4**	22.9	**24.0**	24.0
- Females	**25.2**	25.1	**25.4**	25.4

Analysis of the amount charged to the Statement of comprehensive income

	SHPS		Devon County Council	
	2022	2021	2022	2021
	£000	£000	£000	£000
Expenses	**132**	132	**6**	7
Total operating charge	**132**	132	**6**	7
Net interest on pension liabilities	**762**	367	**134**	140
Other financial costs	**894**	499	**140**	147

Analysis of the amount charged to the Statement of other comprehensive income

	SHPS		Devon County Council	
	2022	2021	2022	2021
	£000	£000	£000	£000
Actuarial gain/(loss)	**12,260**	(22,994)	**1,309**	(789)
Total gain/(loss)	**12,260**	(22,994)	**1,309**	(789)

Movement in the fair value of assets and present value of liabilities for the year to 31 March 2022:

Fair value of assets

	SHPS		Devon County Council	
	2022	2021	2022	2021
	£000	£000	£000	£000
At the beginning of the year	**141,888**	125,196	**10,391**	8,672
Interest on assets	**3,109**	2,978	**198**	200
Remeasurement	**4,377**	12,582	**593**	1,961
Employer contributions	**4,139**	4,135	**72**	70
Administrative expenses	**-**	-	**(6)**	(7)
Net benefits paid out	**(3,803)**	(3,003)	**(569)**	(505)
At the end of the year	**149,710**	141,888	**10,679**	10,391

Present value of liabilities

	SHPS		Devon County Council	
	2022	2021	2022	2021
	£000	£000	£000	£000
At the beginning of the year	**178,696**	142,646	**17,315**	14,730
Expenses	**132**	132	**-**	-
Interest on liabilities	**3,871**	3,345	**332**	340
Remeasurement	**(7,883)**	35,576	**(716)**	2,750
Net benefits paid out	**(3,803)**	(3,003)	**(569)**	(505)
At end of the year	**171,013**	178,696	**16,362**	17,315

Type of asset held

	SHPS		Devon County Council	
	2022	2021	2022	2021
	£000	£000	£000	£000
Liability driven investment	**41,774**	36,060	**-**	-
Equities	**28,730**	22,614	**6,323**	6,517
Bonds / debt	**18,181**	17,495	**1,639**	819
Absolute return	**6,006**	7,832	**-**	-
Infrastructure	**10,665**	9,460	**603**	421
Property	**7,894**	5,728	**1,006**	835
Other	**36,460**	42,699	**1,108**	1,799
Total	**149,710**	141,888	**10,679**	10,391

Funding position

	SHPS		Devon County Council	
	2022	2021	2022	2021
	£000	£000	£000	£000
Assets	**149,710**	141,888	**10,679**	10,391
Estimated liabilities	**(171,013)**	(178,696)	**(16,362)**	(17,315)
Deficit in scheme	**(21,303)**	(36,808)	**(5,683)**	(6,924)

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 2022 there were 1,424 active members (2021: 1,359) 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	-	-	499	-	Development and sale services
ARC from LiveWest	-	-	-	499	
LiveWest from GWAG	83	-	-	4,402	Scheme management
GWAG from LiveWest	-	83	4,402	-	
LT from LiveWest	23,046	-	675,693	-	Treasury services
LiveWest from LT	-	23,046	-	675,693	
Westco from LiveWest	37,174	-	-	75,701	Development services
LiveWest from Westco	-	37,174	75,701	-	
LP from LiveWest	-	-	-	202	Scheme management
LiveWest from LP	-	-	202	-	
LiveWest from LP	188	-	4,612	-	Development services
LP from LiveWest	-	188	-	4,612	

ARC = Arc Developments South West Limited
GWAG = Great Western Assured Growth 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 2022 this contingent liability is £78m (2021: £79m).

32 Statement of cash flows

	2022	2021
	£000	£000
Reconciliation of operating surplus to net cash inflow from operating activities		
Operating surplus	**82,556**	82,221
Depreciation charges – other fixed assets	**2,497**	2,378
Depreciation charges – housing properties	**30,420**	28,937
Depreciation charges – intangible assets	**1,031**	635
Pension cost less contributions payable	**(4,082)**	(4,075)
Government grant utilised in year	**(7,943)**	(7,944)
Increase in stock	**(85)**	(101)
Decrease/(increase) in debtors	**6,207**	(3,124)
increase in creditors	**10,015**	10,892
(Increase)/decrease in properties for sale	**(12,126)**	7,233
Sale of housing properties	**13,279**	19,657
Revaluation of investment properties	**(2,528)**	-
Sale of other fixed assets	**-**	13
Net cash inflow from operating activities	**119,241**	136,722

	1 April 2021	Cashflow	Non-cash	31 March 2022
	£000	£000	£000	£000
Reconciliation of net debt				
Cash	84,832	(51,850)	-	32,982
	84,832	(51,850)	-	32,982
Housing loans due in 1 year	(16,680)	16,680	(15,120)	(15,120)
Housing loans due in > 1 year	(919,360)	(26,150)	15,120	(930,390)
	(851,208)	**(61,320)**	**-**	**(912,528)**

33 Social housing grant and other grant

	Group and Company	
	Social Housing Grant	Other grant
	£000	£000
Grant received		
At beginning of year	802,259	469
Additions	14,875	-
Disposals	(4,496)	-
	812,638	**469**
Amortisation		
At beginning of year	159,125	94
Amortised in year	7,949	19
Disposals	(1,376)	-
	165,698	**113**
Net book value		
At 31 March 2022	**646,940**	**356**
At 31 March 2021	**643,134**	**375**

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 seven 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.
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 Committee members


Andrew Smith
Member of TC


Anh Duong
Member of TC


Christopher Balch
Member of DC


Emma Toms
Member of CSC


Mark Sowden
Member of RC


Parveen Rai
Member of CSC

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 Board members


Antony Durbacz
Chair of ARC, Member of TC


Jacqueline Starr
Member of CSC and ARC


Jenefer Greenwood
Chair of RC, Member of DC


Joanna Crane

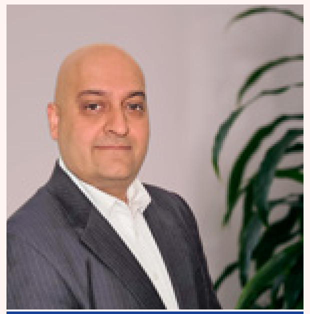

John Newbury
Senior Independent Director, Member of ARC, RC and CSC


Linda Nash
Group Chair, Member of RC


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


Paul Crawford
Chief Executive


Phil Stephens
Chair of DC, Member of TC


Rahul Jaitly


Tom Vaughan
Chair of CSC, Member of RC


Tony MacGregor
Chair of TC, Member of ARC

ARC = Audit and Risk committee

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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

LiveWest
A home for everyone

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

livewest.co.uk