LiveWest

A home for everyone

Annual report and financial statements

Year ended 31 March 2023

We believe in a home for everyone, and our focus is to combine our social purpose and commercial drive to provide quality homes and create communities that our customers are proud of.

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Annual report and financial statements 2022/2023
Community Benefit Society registration number: 7724
Regulator of Social Housing registration number: 4873

Our front cover shows our customer, Agnes, talking to one of our colleagues about her experiences of Black History month.

Introduction

By the Chair and Chief Executive

In a year where the sector has been the focus of intense political and media scrutiny, as a compassionate organisation, we have continued to support our customers and colleagues, ensuring that our responses to the challenges faced have been positive, dynamic and meaningful. Despite rising interest rates and high inflation impacting customers, colleagues and business costs, our financial strength and resilience has continued to enable high quality services to be delivered by our dedicated and skilled teams.

Supporting our customers

Our operating environment remains challenging and we have continued to experience supply chain and recruitment issues together with a significant increase in maintenance volumes following sector wide media focus around housing disrepair. The number of high-profile media reports, including the tragic death of Awaab Ishak and the focus on damp and mould, has rightly increased expectations on our sector where collectively, we need to learn, improve and ensure that we act quickly and effectively in the future. In this respect, we have conducted a thorough review of all repairs which may lead to damp and mould issues and have been proactively contacting our customers where we haven't had recent engagement. This proactive engagement has meant we have continued to achieve a HouseMark top quartile performance with overall customer satisfaction for rented services of 86% and strong performance in satisfaction with the last repair demonstrating our ability to effectively manage emerging issues.

With our customers facing the biggest cost-of-living crisis in decades, the Board has made a long-term commitment to the Tenancy Support Fund. This has allowed the Tenancy Sustainment team to provide pivotal support and advice on a wide range of issues and concerns, with over 3,100 customer referrals in the year resulting in:

- the identification of £1.8m additional benefit entitlements
- additional support and advice to over 400 customers and schemes by our Energy Awareness Officer
- the issuing of £16,000 worth of energy vouchers in conjunction with the Winter Hardship Fund
- the award of 944 grants with many being for food and utilities.

We continue our focus on affordable warmth and energy efficiency for customers to help mitigate the impact of high utility costs. We have improved the rating of 888 homes to EPC C and above in the year with this significant investment benefiting our customers and meeting our environmental strategy. Our aim is for all homes to reach an energy efficiency rating of EPC C or above by 2028.

We continue to leverage our supplier base to support community projects and deliver social value for customers, which together with 278 colleague volunteer days, has provided:

- estate clearances and recycling education
- trim trail and community sports events
- support to community food initiatives.

Social purpose is fundamental to our values and we employ strategies with appropriate governance structures that ensure customers voices are heard and integral to improving the services we offer. We welcome the strengthened rights of customers through Consumer Regulation and will continue to ensure that they influence and shape our future services and standards. We are proactively monitoring the new Tenant Satisfaction Measures, introduced by the Regulator of Social Housing, and we are performing strongly compared to our peers. Throughout the past year, as in previous years, our teams have engaged with customers and communities to evolve our services and to build community-led neighbourhoods leading to improved customer engagement and satisfaction.

We continue to embed our Environment, Social and Governance culture across the organisation to deliver excellence for every customer. The environmental agenda is key to our procurement policies with developing technology monitored to identify the best time for implementing improvements.

Our operating area of the South West continues to experience a huge demand for affordable homes and we build at scale and work with developers to identify and contract for large long-term sites. We are also aware that much of our geography attracts high property values which makes our commitment to increase volumes of low cost rented housing ever more important.

Linda Nash our Chair and Paul Crawford our Chief Executive.

The significant increase in repair volumes in the last quarter of the year has highlighted the clear benefit of having our own maintenance team as we were able to quickly focus resource on ensuring that repairs, which could lead to damp and mould, were prioritised. As our repairs team receive high levels of customer satisfaction, we continued with insourcing in the year and plan further expansion in 2023/24.

In the next year we will continue to focus on our values, culture and continuous improvement prioritising:

- Keeping customers and colleagues safe
- Maintaining high quality services and levels of customer satisfaction
- Tenant Satisfaction Measures and Consumer Regulation, including complaint management
- Ensuring our colleagues feel valued and supported
- Remaining financially strong and maintaining our Moody's A2 rating
- Building affordable homes that are desperately needed.

At the year-end we had £377m of available finance which equates to 41 months of planned expenditure which enables us to manage unexpected costs and take advantage of opportunities as they arise.

Our Homes

We continued to maintain and improve our homes during the year with £89m invested in repairs, component replacement, energy efficiency and building safety. Together with larger scheme remodelling works and our disposal programme, we are striving to ensure that our homes are fit for the future and of a good quality.

We are also piloting new technologies to help with the early detection of damp and mould which will enable a proactive and data-led approach to identify concerns before they become a significant issue for our customers. Our technology innovation group reviews the market for new ways of remotely capturing and monitoring information to improve customer satisfaction and reduce long term maintenance costs.

The construction sector continued to be impacted by material and labour shortages which has led to some delays in handovers. However, the quality and size of our pipeline enabled 1,149 new homes to be completed in the year, with 951 being for rent and shared ownership. This is a significant increase from a total of 911 homes in 2021/22. Our future development programme continues to be ambitious with plans for 6,000 homes across all tenures in the next five years. The magnitude of current business challenges from the rent cap, high interest rates and inflation results in this being 1,000 homes less than originally forecast in 2021/22.

In support of our development ambitions, we have a strategic partnership with Homes England to deliver new affordable homes under Wave One and Wave Two funded programmes. Utilising Wave One funding, we have completed 617 out of a total programme of 1,235 homes and are on track to deliver the remaining 618 homes by the end of 2025. We also have a commitment to deliver over 1,300 new affordable homes under Wave Two by 2028 with the first completions expected in 2023/24.

We continue to review our property portfolio to identify schemes not meeting customer aspirations for significant investment and regeneration. Schemes across Devon, Cornwall and the West of England are being identified and assessed for future development.

Our housing portfolio is constantly reviewed and managed to ensure that it meets our quality standards and strategic aims, which resulted in the sale of 107 homes during the year. The Board has approved an increase in the disposal programme to 300 homes per year by 2025/26 which will address homes unable to meet future standards and allow further investment in new and existing homes.

Additionally, the strong housing market gave our shared ownership customers the confidence to purchase further shares in their homes and, this combined with minimising legal fees, has resulted in a surplus of £8m from 148 sales.

Our colleagues

With office-based colleagues adopting hybrid working, we are reviewing our approach, processes and collaboration spaces to ensure that they meet the latest best practice and business needs. Our customer facing teams operate flexibly to deliver high-quality customer services whilst ensuring our reward offer remains competitive to attract and retain a diverse and highly skilled workforce. We will continue to invest and develop digital technologies to make roles streamlined, efficient and focused on customers.

We prioritise the health and wellbeing of our colleagues through various initiatives, such as wellbeing champions, trained mental health first aiders and frequent topical campaigns. Colleagues can also access support and counselling via our employee assistance programme, occupational health services, cash back health plan, virtual GP and physiotherapy services. We actively promote these resources through our communication channels and wellbeing champions.

We also provide education and best practices through focused webinars led by external experts. As a menopause friendly and disability confident employer, we have raised awareness and educated colleagues and line managers in these areas. Additionally, managers have access to resources to support their teams with mental health, stress management, and wellness action plans.

The recruitment market remains competitive, and so we aim to develop our own talent and have supported 107 colleagues with professional qualifications during the year. We also offer apprenticeships, with forty colleagues currently being trained, and have developed our own leadership programme which will enable us to embed our culture and behaviours to ensure that we operate as one cohesive team focused on our customers.

Our colleague satisfaction at 86% remains high which, together with a strong net promoter score of 38, shows a clear commitment to our social purpose, culture and values demonstrating that our broad reward package and flexible working approach is recognised and valued. In 2023/24 we will implement our new development and performance appraisal system which will provide a clear structure for career paths, development and professional qualifications, ultimately leading to improved colleague and customer outcomes.

Colleagues continue to rank Health and Safety and Equality, Diversity and Inclusion (EDI) as the most important aspects of our culture where we have:

- completed assessment and remediation plans for all high-rise buildings
- met the requirements of the Building Safety Act and Fire Safety Regulations
- held inclusion recruitment workshops to ensure an equitable recruitment process
- implemented Equality Impact Assessments for all business policies
- achieved our three-year goal for representation of females within the trade team, two-years ahead of target, and committed to providing an apprenticeship programme to support females start a new career.

Our priorities for 2023/24 will focus on improving the diverse representation of our workforce, ensure that all colleagues feel supported, have access to a career path and understand their role in promoting inclusion.

Fit for the future

Following the government consultation on the rent settlement for 2023/24, the resulting rent award of 7% was at the higher end of expectations but it is lower than the inflation we are experiencing across our business, resulting in significant financial pressures. This combined with the Ukraine war and the legacy of the Covid pandemic, provides a volatile and uncertain economic environment. However, with an agile management team and a focus on value-for-money and efficiencies, our strategy is resilient and supports customer safety and satisfaction, colleague job security and an ambitious development programme.

Our Building Safety team continue to monitor and implement regulatory requirements to ensure compliance with all relevant legislation. We have undertaken detailed assessments of all high-rise buildings with identified works planned to be completed in the next two years ensuring that we recover costs from contractors and Government funds wherever possible.

Ensuring our homes are energy efficient and affordable to heat are priorities for us and as well as accelerating our EPC C programme we have also been successful in accessing grants from the Social Housing Decarbonisation Fund Wave One and Wave Two and the Government Towns Fund. This has enabled us to bring forward existing programmes of work to reduce carbon emissions and improve energy efficiency in hundreds of our homes. We are also utilising our geography and network of stakeholders to develop innovative approaches such as the use of redundant mine shafts to provide ground source heating to local communities.

Our digital and transformation strategy both develops and improves access to services enabling colleagues to be more effective and efficient and offer a wider number of options for customers engagement where during the year we have introduced remote repairs diagnostics and grown customer engagement through our social media channels. We continue to evaluate digital technologies to automate processes and will introduce artificial intelligence where it adds value to the business. Following several cyber-attacks in the sector, we have invested significantly in our IT security and will continue to ensure that we maintain the highest levels of system protection to mitigate this risk.

We are developing processes to combine customer and property information to provide proactive support, preventative maintenance and strategic asset management to improve the quality of services provided and reduce maintenance costs.

The strength of our business has been demonstrated by a surplus in the year of £54m (£53m in 2021/22) which has been achieved by managing high inflation and driving value from maintenance costs building on the £17m of recurring annual merger savings achieved. This, combined with strong cash flows, enables us to improve and maintain our homes, meet our environmental responsibilities and develop significant numbers of new homes. Maintaining our financial strength and resilience is a key priority and we were pleased to have maintained the Moody's A2 rating, one of the strongest in the sector, and continue to retain the highest governance and viability rating of G1/V1 from the Regulator of Social Housing.

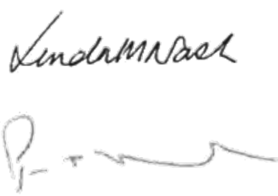
Current environment

The pressures the sector is facing in respect of higher maintenance costs, challenging environmental targets and continuing to improve our customer service offer provide a significant challenge in balancing resources with our ambitions to help solve the housing crisis.

The political arena is expected to be uncertain in the coming years with a General Election, further details expected for the Voluntary Right to Buy scheme, the demise of the Local Enterprise Partnerships, potential devolution deals across our geography, the Social Housing Regulation Act and the Government review into the sustainability and funding of the social housing sector. We will continue to collaborate with all stakeholders to ensure the importance of social housing is fully considered.

There is current nationwide media focus on a minority of high-profile customer failures, resulting in the sector experiencing a loss of confidence and under significant scrutiny. All of us in the social housing sector will need to work hard to win back the trust and confidence that has been badly shaken. To this end we make the commitment to continue to put customers at the heart of our business and whole heartedly embrace the Social Housing Regulation Act, which incorporates 'Awaabs Law' and Consumer Regulation, to build trust and drive excellence for our customers.

We have proudly led LiveWest since merger and have seen the organisation grow and develop to be able to navigate the complexities of Covid, Brexit and the current cost-of-living crisis. Later in 2023/24, I will be leaving our business having served nine years as Chair and would like to pass on my sincere gratitude to the Board, Executive team and all colleagues who have been instrumental in making the business the resounding success it is. I am also delighted to confirm that Jacqueline Starr, from our current Board, will be my successor and I wish her the very best for the future.



Linda Nash, Chair
Paul Crawford, Chief Executive

Highlights for the year

Income and expenditure

Turnover

£ 300m 2023

£ 271m 2022

£ 244m 2021

Surplus generated from properties built for sale

£15m 2023

£11m 2022

£6m 2021

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

23% 2023

26% 2022

30% 2021

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

20% 2023

23% 2022

25% 2021

Operating surplus £76m 2023

Investment and cash flow

£89m Spent on maintaining and improving existing homes

£152m Spent on building new homes

£92m Net operating cash flow after interest

Homes

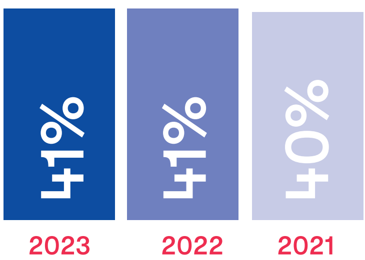
39,463
Managed homes

1,149
New homes across all tenures

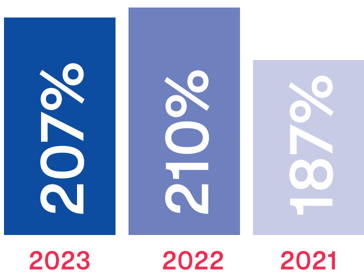
2,006
Affordable plots owned and under development

Treasury

Gearing



EBITDA – MRI



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

Our colleagues

86%
Overall employee satisfaction

107
Colleagues supported to complete professional qualifications

1,696
Skilled and committed employees, living our values and making our strategy happen

Our customers and communities

80%
Of customers satisfied with their neighbourhood

944
Customers supported by grant funding

£1.8m
Of additional customer benefit entitlement identified

What our customers think

87%
Repairs completed on time

86%
Overall customer satisfaction

88%
Customers who feel safe in their home

01 Our strategy

We are now two years into our corporate strategy approved in 2021, and our ambitions continue to deliver ‘a home for everyone’. We aim to provide and invest in high-quality, safe, secure and environmentally sustainable homes in the South West, for rent at below market levels or for shared ownership sale, meeting the needs of people who would otherwise not be able to achieve their long-term housing aspirations at an acceptable quality or cost.

During the year we have considered the significant external events that have impacted our sector, such as the cost-of-living crisis, the rent cap and the national focus on quality of homes, particularly damp and mould. We also continue to reflect on the new and emerging legislative changes such as the Government's Social Housing Regulation Act, Fire and Building Safety Acts and the forthcoming changes in Consumer Regulation and align our customer services accordingly.

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.

Continued progress has been made in delivering the Corporate Strategy objectives which have been reflected in the revisions to the asset management, development, environmental and equality diversity and inclusion strategies.

Customer services technology

The Customer Services strategy has been revised to reflect the Consumer Regulation, Tenant Satisfaction Measures and the role of the Regulator of Social Housing and Housing Ombudsman and is covered in more detail in Our customers section.

Asset Management

The Asset Management strategy focuses on:

- building and fire safety
- asset information management to ensure we understand and effectively manage our homes
- improving our delivery mechanisms
- our offer to customers
- energy efficiency, including the route to net carbon zero.

Development

The development strategy sets out our approach to delivering new homes that are sustainable, safe, well designed and in the right location with a focus on growth, tenure, specification, procurement, innovation and customer demand.

Environmental

The environmental strategy’s aim is to achieve carbon net zero by 2050 and to ensure that our existing homes will achieve Energy Performance Certificate (EPC) level C by 2028. We also commit to ensuring that our investment will be prioritised considering affordability for our customers, and to minimise any wasted resource as new environmental technology options are launched and introduced post 2028.

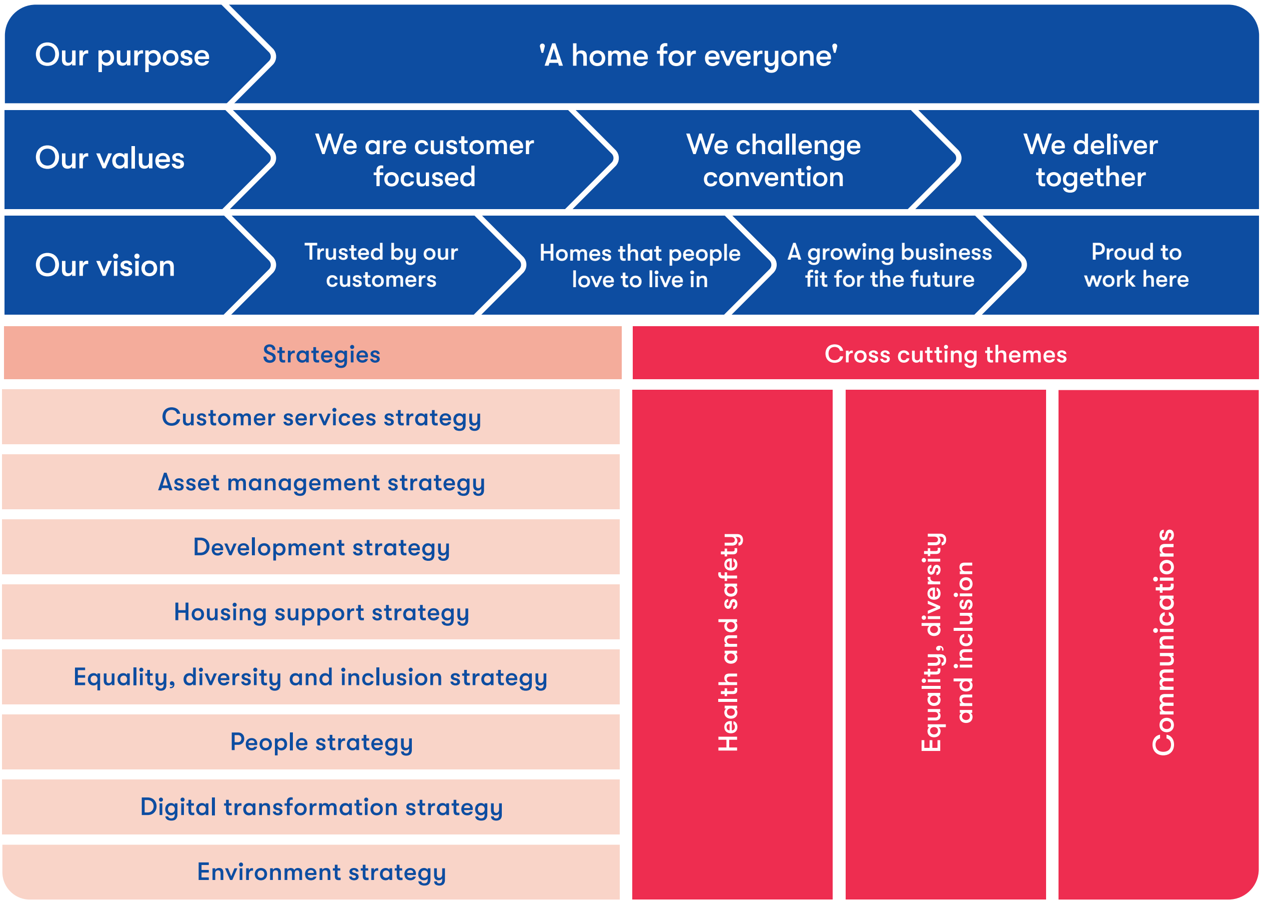
During 2023/24 we will commence our pilot of electric vans and with the rollout of customer video calling in support of remote repairs diagnosis and first-time fix, we are expecting to see mileage per van for our inhouse maintenance team reduce accordingly.

Equality, Diversity and Inclusion

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

Digital and Transformation

The digital and transformation strategy has been revised to ensure it is aimed at supporting customers through access to services and enabling us to be more effective and efficient.



We set out measures within the strategy which we aim to achieve by 2024/2025. We aligned these to our vision and the new Tenant Satisfaction Measures to ensure we can demonstrate 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%.

Homes and communities that people love to live in

- by 2028 all of our homes will be SAP C or above
- overall satisfaction with your home will be top quartile
- satisfaction with new homes will be greater than 95%
- customer 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
- we deliver a safer place to work by reducing accidents year-on-year.

A growing business, fit for the future

We are continuing to grow as we continue to provide services across our increasing number of homes.

- underlying Management Cost Per Unit will be less than £1,156 subject to any adjustment required to reflect the high inflationary environment
- 40% of customer interaction will be via our digital channels
- over 6,000 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.

02 Our customers

We have continued to support our customers with the challenges faced by the cost-of-living crisis, where the Neighbourhoods, Communities and Tenancy Sustainment teams are engaging with communities across our operating area, ensuring a presence to proactively increase sustainability where we signpost to specialist support where necessary.

In the last year, our Neighbourhood teams have focused on 'You and You Home Visits' to identify customers that may be at risk of damp and mould, completing 950 proactive visits in the last quarter of 2022/23. We have embedded new technology introduced throughout the pandemic, such as virtual sign ups, viewings, and lettings assessments to enable our customers to self-serve elements of our service, ensuring our homes are let quickly with high customer satisfaction.

We have received increased levels of crisis and hardship grant applications this year and have supported 944 customers who were struggling to afford food and heating for their families, due to record increases in gas and electricity and high levels of inflation. Our Tenancy Support Fund (TSF) assisted those who were struggling to pay their rent where support was provided to 1,605 customers to reduce their arrears.

Additionally, we accessed external grants to support customers including £23,000 to help those struggling with the cost-of-living crisis and Energy Hardship vouchers of £16,000.

The Tenancy Sustainment team has received over 3,100 referrals with continuing high volumes around financial hardship and wellbeing. A key area of focus has been to ensure our customers maximise their income through benefit advice and provide support for new Universal Credit and Disability claims, which resulted in additional entitlements of £1.8m being identified. Our Energy Advice Officer has also delivered awareness sessions to customers individually as well as groups in schemes with advice on how to reduce energy costs.

To continue to help customers in the future we have increased our crisis and hardship and Tenancy Support funds, where we have given over 3,500 grants since April 2020.

InFocus: our customer scrutiny group

Our customer scrutiny group, InFocus, has a diverse membership across our geography which reflects our communities. This year, we have further increased the diversity of our involved customers, including setting up 'Friends of InFocus', a group of customers that may not be able to commit the time to the scrutiny group but still want to be involved in shaping our services.

The group influences how our services are delivered and works with us to ensure we hear customer feedback and celebrate and promote what we do well with the aim of:

- ensuring our customers' priorities are heard and acted upon
- reviewing our performance and focus on key issues for us to address
- acting as a sounding board for proposed changes to service delivery and policies
- considering value for money and help identify what services our customers' value
- identifying and celebrating what we are doing well.

In addition to our Customer Communications panel, Estate Champions and Shared Ownership panel, InFocus are committed to ensuring that we maintain focus on the priorities highlighted in the Social Housing Regulation Act and have reviewed and made recommendations to improve our complaint handling, service charges and the information pack for customers when they move into a home with us for the first time.

Social Housing Regulation Act

Following the Grenfell tragedy, the Social Housing Regulation Act sets out wide ranging changes on how we deliver improvements in the quality of homes, landlord accountability and transparency where we have introduced some of the changes ahead of the Government's implementation date.

InFocus is helping us shape and design processes based on changes resulting from the Act, including updates to Consumer Standards and policy reviews. We have also prepared for the new model Shared Ownership Lease which came into force in 2023/24.

New technology

We continue to implement new technology that will enable us to provide improved services and to ensure that we offer customers their preferred method to contact us, be that via email, social media platforms or telephone. In this respect, we made significant progress against our 2024/25 strategy of 40% of customer interactions being via our digital channels with volumes increasing to 34% and we will continue to develop our digital services to meet the needs of customers in 2023/24.

We have also made significant improvements to our website to provide customers with information and signposting to support them, both from an environmental and from a cost-of-living perspective with further targeted consultation with customers planned to take place during 2023/24.

We are utilising technology to support our customers and colleagues. This includes remote diagnosis tools, which will improve first-time-fix repairs, and piloting the use of smart devices in customers' homes to detect environmental information which could predict the forming of damp and mould.

As part of our environmental ambitions, we are also aligned with a number of external groups such as Building Better, Vantage, Constructing Excellence and Good Homes Alliance where we are learning and sharing our experiences with other experts. These include the design of new homes, looking at alternative heating solutions, sustainable building materials, waste management and research into new technologies to inform the specification for net carbon zero homes.

Customer Services strategy

The proposed changes to the role of the Regulator of Social Housing and the Housing Ombudsman with their focus on customers first and the new Consumer Regulation are very much in line with our 'Trusted by Customers' vision. We have reviewed our Customer Service strategy and the main themes remain largely unchanged, and are around insight, engagement, service culture, trust, convenience, and performance.

The focused work on complaints continues, particularly around accountability and ownership in support of prompt and effective resolution. We are paying close attention to the independent Housing Ombudsman Service publications and taking forward the learning into our ways of working. We are also looking at how we standardise our service offer across teams and channels to support simplicity for our customers.

We have been working on some key areas of focus such as "journey mapping", where we review the touchpoints our customers have with us, when they contact us and how this customer service experience meets their expectations, where we will implement improvements in key areas such as requesting a property repair or reporting anti-social behaviour.

We have also worked to ensure that our services are accessible to all customers. This year we have provided additional communication methods such as MOON; where we can transcribe information into an alternative format to help those customers that are blind or partially sighted. We want to enable our customers, regardless of their different abilities, to interact with us with their preferred methods of contact and design services to be inclusive and accessible, ensuring that we communicate in a way that everyone understands.

Supported Housing strategy

The Supported Housing strategy focuses on providing services to customers, communities and stakeholders where our five priority service areas are Older People, Learning Disabilities, Young People, Adult & Family Services and Managing Agents.

During the year, we have developed our Young People processes to meet the new Office for Standards in Education (OFSTED) regulations that came into force in April 2023 which improve structures, consistency and pathways for customers.

Our customer relationship

The Social Housing Regulation Act puts a greater focus on how we deal with complaints, and this is an area where we continue to work to improve our customer experience through our Service Improvement team. Whilst we have made progress in this area over the last year by closely collaborating with internal teams and monitoring feedback, learning and satisfaction, we have seen an increase in complaints which is consistent with the wider sector.

We have been early adopters of the new Tenant Satisfaction Measures and began monitoring performance in April 2022, a year ahead of their implementation across the sector. Our performance against these measures has been favourable compared to other housing providers and we are meeting with InFocus to get their input on the most appropriate way to share this information with our customers.

03 Environmental, social and governance

We strive to maximise our social value, good governance, and environmental responsibility. As part of our commitment, we were 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 criterion, and how they align with the United Nation's Sustainable Development Goals (SDG's). We published our second report in November 2022 which aligns both directly and indirectly to several SDG's and sets out our outcome against 48 standard business metrics which will allow us to benchmark against other organisations.

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 Silver accreditation was re-affirmed in our second assessment.

Barkers Way starts a Community Orchard

We held an event to celebrate the work our customers carried out to create a community orchard in North Tawton. The project included planting 15 trees, maintaining an area as meadow grass, building a community bench, putting up bird boxes and creating bee-friendly herb planters. The community orchard was initiated by North Tawton Nature and Sustainability and then created by our customers. The event was designed to recognise our customers' volunteering efforts as they make better use of an unused green space so families can come together and enjoy their environment.

Holsworthy Community Fridge

We helped to launch a community fridge in Holsworthy, where we have 133 homes, as part of an initiative to ensure edible, surplus food can be accessed for free by anyone locally who may need it. We provided a £1,000 grant to Holsworthy Community Fridge Steering Group and the project has also been supported by Devon County Council's National Lottery-funded 'Food Rescue' project. The Steering Group will be overseeing this initiative to support the community and ensure the longevity and sustainability of the project.

Environmental

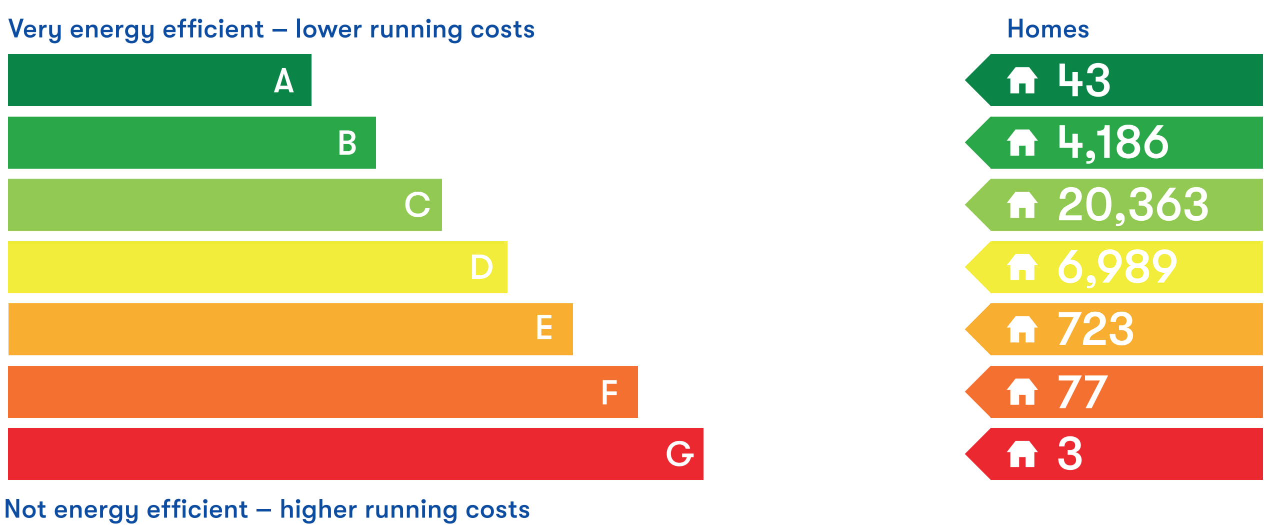
We published our roadmap to net zero in October 2022 which sets out our plans to reach the target by 2050 and have published our business carbon emissions for the last two years with plans to publish the carbon emissions from our existing homes by March 2024.

We have made a good start to improving the energy rating of our homes to a minimum of EPC C by 2028, which is ahead of the government's target of 2030. During the year we increased the energy rating of 888 homes to EPC C and above improving the average SAP rating of our homes to 72.2 from 71.8 in 2021/22, reducing the cost of heating homes for our customers and lowering our environmental impact.

We have been successful with our Social Housing Decarbonisation Fund (SHDF) applications where we have been awarded £8m of grants across Wave 1 and Wave 2, the largest allocation awarded to any social housing provider in the South West, which will enable us to retrofit over 900 homes across our operating area.

Our commitment to ensuring our homes are affordable to heat and contribute positively towards the UK's target of net zero by 2050 has been recognised at the South West Energy Efficiency awards where we were named Best Landlord/Housing Association for our programme of works.

We have made extensive progress with our new homes specification and over the last two years we have refined our new home specification from heat pump ready and enhanced fabric performance to Net Zero Ready. This has resulted in 98.2% of our new affordable homes delivered in the year having an EPC rating of B and above. Our lowest rated homes in EPC F and G are planned for retrofit or disposal over the next 18 months.



Environmental benefits thanks to Forest for Cornwall project

We supported a tree planting project highlighting the importance of creating more forests. Our colleagues and residents volunteered to plant trees to make an environmental difference to areas across Penzance as part of the Forest for Cornwall initiative. We held consultation events at several neighbourhoods to get feedback from residents and the wider community on the proposals. The feedback shaped these proposals and changes were made to the trees which were planted. Our colleagues recruited Tree Guardians during this process as it's important that green spaces are looked after to create long-term benefit in communities.

We have also partnered with Cornwall Council in the 'The Forest for Cornwall' project where we aim to increase the percentage of tree cover by 2030 across the county. Our tree programme has increased our tree stock to 41,680 trees which currently absorbs 266 tonnes of carbon per year.

With further insourcing of our own inhouse maintenance team in the year, the fleet has increased to over 550 vehicles and remains a significant impact on the environment. Following the detailed analysis of the carbon benefits of electric vehicles, we are piloting a range of electric vans to understand how we can incorporate them into our fleet. Where we continue to purchase diesel vehicles, we ensure that they meet the highest environmental standards.

Sustainable Finance Framework

We recognise that it is important that any future finance we raise is in accordance with our Sustainable Finance Framework launched in December 2021. Our finance issued under this Framework will be transparently allocated to projects and initiatives that align with relevant sustainability standards and positively impact our customers.

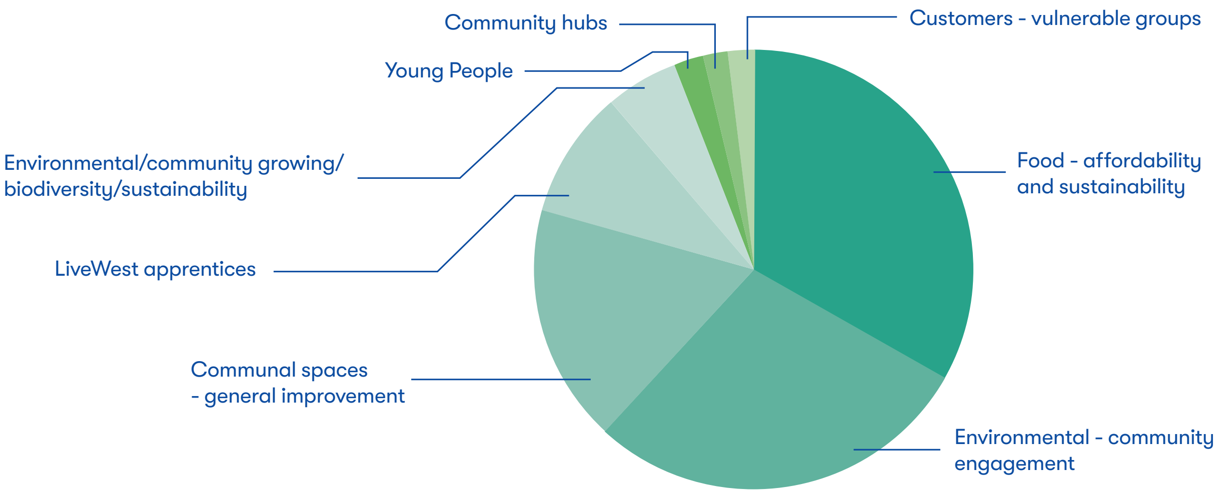
At the very core of our business lies the ambition to deliver better social and environmental outcomes for our customers and we seek to endorse this objective through our Framework, which underscores and facilitates the long-term funding and execution of our sustainability priorities. By investing in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

Social value

Our main activity is the provision of social rented homes where 83% of the total number of new developed homes in the year were for affordable rent and shared ownership. On average, our rents are 57% of the cost of renting a market rented home which provides £113m of benefit per year to customers.

We also engage with our suppliers and contractors to maximise social value contributions for our customers and aim to significantly increase this over the next five years through improvements in our procurement activity.

The social value contributions have funded a range of projects:



Social responsibilities and values are embedded in all areas of our business. Our team of eleven Community Connectors have engaged with over 300 partners and stakeholders across our communities.

Our Tenancy Sustainment team have managed a high level of referrals over the past year especially with increasing energy and food costs. We have employed a dedicated Energy Advice Officer whose purpose is to support customers with reducing their energy bills and advise on ways to reduce energy consumption. We have also supported 944 customers with a crisis and hardship grants.

We have trained our colleagues to help identify indicators of fuel poverty within our homes and we have partnered with the Centre for Sustainable Energy to provide free online energy workshops for our customers.

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

Volunteering

Staff volunteering plays a vital role in 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 278 volunteering days in 2022/23 to improve and provide benefit to our communities.

Governance

Our governance and committee structures are designed to ensure that we are compliant with all regulatory requirements where we continue to retain the highest governance rating of G1 from the Regulator of Social Housing. We review and evolve our governance arrangements to consider emerging risks and changes to the regulatory environment which are covered in detail on page 50.

Deb Hoskin nominated for national award for green volunteering

Our customer, Deb Hoskin, has been shortlisted for a national award at the Unlock Net Zero Awards for steps she is taking to enhance the environment in her local community. Deb and a colleague founded the charity Horticultural Therapy Trust (HTT) which offers various projects supporting adults from all backgrounds towards improved wellbeing, especially those challenged by long-term and severe mental health issues. With funding given through our Community Grant, Deb was able to help children in a therapy project. She has also created a community orchard with residents at Liskeard Foyer, carried out gardening projects at our foyers in Plymouth and Bodmin and partnered with us to hold a four-hour weekly counselling service based at Plymouth Foyer.

04 Financial and operational performance

Surplus

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

	2023	2022	2021	2020	2019
	£m	£m	£m	£m	£m
Social housing lettings	203	192	186	180	175
Other turnover	97	79	58	69	58
Total turnover	**300**	**271**	**244**	**249**	**233**
Operating costs	(239)	(210)	(183)	(179)	(167)
Surplus on asset disposals	16	19	21	20	14
Investment property revaluation	(1)	3	-	-	1
Operating surplus	**76**	**83**	**82**	**90**	**81**
Net interest payable	(28)	(30)	(39)	(28)	(24)
Other	6	-	3	(3)	(1)
Surplus before tax	**54**	**53**	**46**	**59**	**56**

Turnover

Total turnover increased by £29m to £300m.

Social housing lettings income increased by £11m to £203m and continues to be our most significant revenue activity, accounting for 68% of turnover. The increase comprises the:

- delivery of 988 new affordable and market rent homes
- full year's income from 2021/22 developments
- annual rent increase.

Other turnover of £97m is largely represented by:

- £57m of open market property sales, which increased significantly in the year due to a higher number of sales
- £31m of first tranche shared ownership sales where turnover remained consistent as customers purchased a higher initial percentage of their home offsetting lower sales volumes.

Operating costs

Total operating costs were £29m higher at £239m largely reflecting the increase in open market sales of £18m which had related costs of £14m, increased property maintenance of £7m and higher levels of inflation.

Operating costs on social housing lettings have increased to £156m (2022: £143m) largely as a result of the increased maintenance costs noted above and high inflation on all areas of the business.

Investment in our homes on responsive, cyclical and major repairs increased by £15m to £89m equating to an average cost per unit of £2,418 compared to £2,039 in 2021/22. Significant demand across all areas of maintenance was experienced as component replacement increased to catch up with Covid related delays, high repair volumes and our building safety and energy efficiency programmes.

Management costs increased by £3m to £41m largely due to cost-of-living pay increases for colleagues which has resulted in the average cost per unit increasing to £1,116 from £1,070 in 2021/22.

Surplus on asset disposals

Surplus on asset disposals of £16m (2022: £19m) was largely as a result of shared ownership staircasing of £8m and the sale of properties of £7m. In future years, we anticipate the surplus on property disposals to increase following Board approval to sell more homes where they do not meet our strategic objectives and long-term customer expectations.

Operating surplus

With the challenging environment and a significant increase in our underlying costs across all activities, operating surplus reduced to £76m compared to £83m in 2021/22.

Interest

Interest payable, net of interest receivable, reduced by £2m to £28m as the previous year had non-recurring swap restructuring costs of £1m. The average cost of borrowing was 2.98% which was largely comparable to 3.07% in 2021/22 reflecting the low interest rates that we have across our overall loan portfolio.

Surplus before tax

With a focus on delivering high quality customer services whilst driving value and efficiencies from our cost base, we have demonstrated the strength of the business with a surplus in the year of £54m (£53m in 2021/22).

Operating surplus of

£76m

Statement of financial position

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

	2023	2022	2021	2020	2019
	£m	£m	£m	£m	£m
Housing properties	2,352	2,253	2,164	2,106	1,978
Properties for sale	87	100	88	96	69
Cash	21	33	85	51	18
Loans	(963)	(946)	(936)	(900)	(806)
Grant	(677)	(670)	(663)	(657)	(623)
Derivative liabilities	(23)	(58)	(83)	(116)	(105)
Pension liabilities	(22)	(27)	(44)	(24)	(48)
Other fixed assets	37	35	35	29	28
Other net liabilities	(25)	(20)	(35)	(27)	(24)
Net assets	**787**	**700**	**611**	**558**	**487**
Revenue reserves	797	743	677	507	461
Cash flow hedge reserve	(10)	(43)	(66)	(97)	(87)
Designated reserve	-	-	-	148	113
Total funds	**787**	**700**	**611**	**558**	**487**

Housing properties

Housing properties includes affordable and investment properties where we have developed 951 affordable and 37 market rent homes in the year with an investment of £119m largely funded from operational cash flows and loans. This was offset by disposals and depreciation to give a net increase of £99m.

Properties for sale

Properties held for sale have reduced from £100m in 2021/22 to £87m due to high demand for open market and shared ownership homes. We continue to experience strong reservation rates in the homes we have for sale despite rising interest rates and economic uncertainty.

Cash flow

Core business activities continued to generate a strong operating cash flow of £127m (2022: £119m). The increase is largely due to a reduction in the working capital required in properties for sale. Borrowings increased to £963m from £946m in order to fund investment in our new homes.

Loans

Our loan portfolio of £963m is substantially made up of long-term facilities of which 81% are repayable in more than five years' time and 91% is hedged against market movements. Further details are shown in the funding and treasury management business review.

Pension liabilities

Pension liabilities have decreased by £5m to £22m in the year predominantly due to the Social Housing Pension Scheme deficit repayments.

Reserves

Total reserves increased by £87m in the year as a result of the:

- surplus for the year of £54m
- reduction in the cash flow hedge reserve of £33m.

Trusted by our customers

Rising house prices led NHS pharmacist Jessica and her fiancée Cameron to question whether they would be ever able to buy their own home.

Having lived with family in Dartmouth in order to save up for a deposit, the couple feared they were being priced out of the housing market.

However, when some shared ownership homes went on sale at Pinhoe Quarry, Exeter, the couple purchased one of the properties.

Now Jessica and Cameron, who is training to be a secondary school teacher, have moved into their three-bedroom home and could not be happier.

Jessica said: "Buying a home is a daunting experience, but LiveWest certainly eased our worries and made sure it was a smooth and straightforward process. The house is amazing, and we feel very lucky to live in such a wonderful community. Pinhoe Quarry is lovely and there are some nice environmental features around the development. The homes are exceptionally well built and the attention to detail is superb. The bedrooms are all of a good size and we love our back garden. If we tried to rent this home privately, we would be paying significantly more.

So if anyone is thinking about shared ownership and wasn't sure, my advice would be to go for it. Affordable homes are so important for young people as it is becoming almost impossible to buy on the open market.

For us, we are just enjoying having our own home at a price we can afford."

05 Business review

During the year our operating environment was significantly challenged by high inflation, rising interest rates, continuing issues in the supply chain and recruitment market. Our operating surplus reduced to £76m compared to £83m in 2021/22 as we invested in our homes, improved safety and energy efficiency and experienced high volumes of repairs from customers following the media's focus on our sector. With a focus on customer and colleague safety in the delivery of our services and the early monitoring of Tenant Satisfaction Measures, we were able to achieve HouseMark top quartile overall customer satisfaction for rented services of 86%.

Our main priority continues to be customer safety and we have achieved high levels of compliance with all safety standards. Our customer centric approach to the emerging risk of damp and mould has been approved by the Board and ensures that we address any reports in a timely manner with the Customer Services committee receiving quarterly updates on performance. Repairs demand increased significantly between November 2022 and January 2023 which has resulted in a higher backlog of jobs and has impacted response times and customer satisfaction. A detailed plan is in place to reduce the WIP by September 2023 with the repairs team focusing on improved customer access levels, increased first time fixes and higher workforce resource.

Accurate stock condition information is key to understanding our housing portfolio where we undertake an individual internal and external survey every five years on homes more than ten years old. We are currently upskilling our stock condition surveyors to be able to deliver whole house retrofit surveys (PAS2035). At the year end all of our homes were decent homes compliant.

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

Key financial indicators	2023	2022	2021	2020	2019
Operating margin	20%	23%	25%	28%	28%
Social housing lettings operating margin	23%	26%	30%	33%	33%
Operating cash flow after net interest payments	£92m	£86m	£98m	£66m	£65m
EBITDA - MRI	207%	210%	187%	252%	267%
Gearing	41%	41%	40%	41%	40%
Debt as a multiple of turnover	3.14	3.37	3.48	3.42	3.38
Net debt per dwelling owned	£25,306	£25,049	£23,710	£23,814	£22,518

As budgeted, and consistent with the wider sector, our operating and social housing letting margins have both reduced as a result of additional property maintenance costs due to higher repair volumes, expenditure on building safety and general high levels of inflation across all areas of the business.

The business generated £92m of cash after interest payments in the year, which is an improvement compared to 2021/22 due to lower working capital required for properties for sale, and supports the significant investment in our new homes and services to customers.

EBITDA – MRI, an indicator of how many times cash generated in the year covers interest payments, is comparable to last year and remains comfortably within loan covenants due to strong operating performance and the low interest rates on our loan portfolio.

Our performance continues to be very strong with significant headroom to lenders' covenants 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 take great delight in helping to shape careers and develop our people by investing in our apprenticeship programme where we help set people on their chosen career path.

With 46 apprentices in programmes ranging from Level 2 in plumbing to Level 7 Masters in Business Administration, our colleagues have achieved great results over the past year.

We appointed 26 apprentices, trainees and improvers last year and seven of those were female which represents 27% of the new arrivals.

It means we now have 21 females working across our 420-strong trades workforce.

In the last 12 months we appointed our first female apprentice electricians. One of those is Claire Humphries, who decided to make a career change after working as a chef for the last 20 years in private yachts in Florida, the Bahamas and the Caribbean.

Claire said: "After being made redundant as a chef, I decided I was going to try something new and was driven towards a practical career after attending LiveWest's Women in Trades Day.

It was always a tricky one as retraining at my age could be viewed as daunting. But LiveWest made it very clear that they like to train people of all ages and my age would not be seen as a barrier.

With LiveWest paying the National Living Wage, it meant I could realistically afford to apply for an apprenticeship. I haven't looked back since.

It is the best move I have ever made and I thoroughly recommend doing an apprenticeship with LiveWest. I love going to work every day and couldn't be happier."

Affordable housing

		2023	2022
Turnover	£000	178,160	168,521
Operating surplus	£000	42,946	49,300
Operating surplus	%	24%	29%
Units in management at year end		36,507	35,512

Performance

Our affordable housing turnover has increased by £10m during the year due to the development of 634 general needs and 317 shared ownership homes together with the annual rent review increase.

During the year we continued to insource maintenance activities and expanded our inhouse property maintenance team who deliver high performing investment programmes and repair services to customers.

Our operating margin came under pressure as maintenance costs significantly increased due to high volumes of repairs, inflation, expenditure on cladding and external wall structures and investment in energy efficiency initiatives so our homes meet EPC C by 2028.

We also invested and introduced new technology into customer homes in order to proactively capture and monitor data which will improve satisfaction and reduce long-term maintenance costs demonstrating our continued commitment to provide safe and affordable homes for our customers.

We recognise our environmental responsibilities and are increasing the energy efficiency of homes, reducing our carbon footprint and improving the lives of our customers.

We are dedicated to supporting our customers and delivering affordable homes in areas of highest need.

Future plans

Providing high-quality customer service and investment in our homes remains key to meeting our strategic objectives and we plan to:

- keep customers and colleagues safe whilst maintaining high satisfaction and engagement levels
- focus on Consumer Regulation and Tenant Satisfaction Measures, including complaint management
- increase the affordability of our homes for customers by improving the energy efficiency of homes to meet EPC C by 2028 and net carbon zero by 2050 thereby reducing our environmental impact
- continue to develop and embed new technologies in 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 5,200 new affordable homes in the next five years.

Supported and care living

		2023	2022
Turnover	£000	29,308	28,309
Operating surplus	£000	4,002	605
Operating surplus %	%	14%	2%
Units in management at year end		2,956	2,969

Performance

With services returning to normal following the pandemic, our strong relationship and proactive approach with local authority commissioners has enabled us to have confidence with future contracts.

The Supported Housing strategy was revised to ensure we are focusing on the right services for our communities and how we support local authorities with these services against the backdrop of their budget constraints and rising inflation. The five priority service areas that were agreed as part of the strategy principles are Older People, Learning Disabilities, Young People, Adult & Family Services, and Managing Agents

The increased financial surplus in the year resulted from significantly higher capitalised component replacements compared to the previous year which had a backlog of repair costs post Covid. We would expect 2023/24 to return to normal operating levels.

Some of our achievements during the year:

- We have exceeded targets for void rent loss and arrears
- We were successful in extending a number of our contracts with Cornwall Council which increased funding across our Empowering Independence service to enable us to support more customers
- We completed the refurbishment and remodelling of our Bristol Foyer young people service accommodation. The investment of over £2m included new windows, improved heating and ventilation systems and changes to the communal spaces.
- As accommodation for young care leavers or looked after children aged 16 and 17 will need to be regulated by the Office for Standards in Education (OFSTED) we have started the process to obtain registration which will demonstrate the quality of our services and accommodation
- In collaboration with our partners, Clarion, Foyer Federation and Inspire Chilli, we continued to co-host the annual "Room for Young People" award which celebrates and recognises 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 2023/24 we will work with partners and stakeholders to ensure we are delivering the right services for our communities and how we can continue to provide high-quality services against the backdrop of budget constraints and rising inflation.

We are currently exploring opportunities for new supported schemes across our geography including two extra care schemes, which would provide accommodation for more than 140 older people.

Additionally, we are developing our programme of training and development focusing on professionalism and growth which will incorporate the qualifications introduced by the Social Housing Regulation Act.

Trusted by our customers

Former solider Adrian has turned his life around after helping to build his own home.

Having joined the Royal Artillery at the age of 16, Adrian experienced some mental health challenges when he left the forces.

Despite carrying out a number of roles, including managing a hotel, he was left on the brink of homelessness before a new opportunity arose at Stirling House in Plymouth.

A partnership between LiveWest, Plymouth City Council, veterans' charity Alabaré and Coyde Construction saw a number of former military personnel kick-start a career in construction by building their own homes.

Stirling House, Plymouth, provides 25 self-contained affordable homes for rent with 12 of those being self-built by former service personnel in need of housing.

Adrian said: "The home is perfect and to think that I played a part in building it gives me enormous satisfaction. It has been an emotional time for me and my family and we burst into tears when we found out we would be given the keys. It is more than I could have ever dreamed of. It is one thing being part of a process to build a house but then to have ownership of that home is simply outstanding."

Adrian is now looking forward to the future and plans to carve out a career in the construction sector having amassed a wealth of skills during the project.

He added: "To think Plymouth City Council, LiveWest, Coyde and Alabaré sat down together to work out what a veteran needs, and how they can be supported, is humbling.

The skills I have gained are unfathomable and the support has been incredible. I have done a number of courses in and around construction to develop my career, so this has not just given me a home but a future. I have got experience in the environmental sector so I would like to combine that with the construction industry. This has been more than about just bricks and mortar, it has changed my life forever and the future is a lot brighter than it was a few years ago."

Property development and sales

Divisional reporting		Affordable homes					2023	2022
		Social Rent	Affordable rent	Shared ownership	Market rent	Open market	Total	Total
Homes completed in the year	Units	316	318	317	37	161	1,149	911
Sales completed in the year	Units	-	-	276	-	165	441	403
Development sales:								
Revenue	£000	-	-	31,091	-	56,698	87,789	69,991
Profit	£000	-	-	5,076	-	10,913	15,989	11,237
Profit margin	%	-	-	16%	-	19%	18%	16%
Property sales as a % of turnover	%	-	-	10%	-	19%	29%	25%

Performance

We built 951 new affordable homes for rent and shared ownership sale during 2022/23, which was 151 homes more than developed in the previous year. We had targeted 1,050 affordable homes, but the external market proved challenging with industry-wide shortages of labour and materials, as well as some site-specific delays. We also built 37 homes for market rent and 161 homes for market sale. Overall our delivery of 1,149 new homes in the year represented an increase of 26% on the previous year's total of 911 homes.

The sale of shared ownership and open market homes remain a key component of our development strategy. During the year we sold 276 new homes for shared ownership and 165 homes for sale on the open market. Volumes and margins were higher than in the previous year, with sales generating a combined profit of £16m compared to £11m in 2021/22.

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 were higher than the budget of 27% as a result of improved sales prices being achieved and at 29% is within our Internal Financial Framework limit of 30%.

During 2022/23, we invested over £130m in the delivery of our affordable housing programme and attracted £12m of grant funding, predominantly from Homes England to support our delivery of new affordable homes into the Strategic Partnerships Programmes.

We have maintained a strong pipeline of plots owned and homes under development providing long term delivery certainty of both affordable and open market homes. At the end of the year, we had 105 shared ownership homes for sale as the majority were handed over in March 2023.

LiveWest is a major provider of affordable homes in the South West, and we are committed to working with like-minded partners to help solve the housing crisis.

Pipeline		Affordable homes				2023	2022
		Social rent	Affordable rent	Shared ownership	Open market	Total	Total
Stock	Units	-	-	105	7	112	74
Plots owned and units under development	Units	601	748	657	754	2,760	3,332

Future plans

We operate throughout the South West and West of England and are dedicated to providing new housing despite the challenges posed by economic uncertainty, including material inflation, supply issues and skilled labour shortages.

We expect to deliver over 6,000 homes across all tenures in the next five years, of which 5,200 will be new affordable homes.

Targets for 2023/24 include:

- to build 900 new affordable homes, of which more than 600 will be for affordable and social rent
- to sell 398 homes through shared ownership and open market activity.

We have started to develop 995 of the 1,235 homes that make up Wave 1 of the Homes England Strategic Partnership Programme and have completed 617 homes, 50% of the programme.

We are on course to deliver the remaining 618 homes by 2024/2025.

We also expect to deliver the first homes under the 2021-2026 Affordable Homes Programme in 2023/24, which will see us build 1,309 new affordable homes in the region by 2027/28. This, combined with our participation in Wave 1 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 developments, building new communities where people want to live with good design principles ensuring there is a focus on safety at the heart of every home.

Our customer-centred approach to deliver reliable, safe and efficient services is demonstrated by 86% of our customers having overall satisfaction with their neighbourhoods.

LiveWest housing stock

New homes developed in 2022/23

General needs - social	316
General needs - affordable	318
Shared ownership	317
Market rented	37
Total homes	**988**

LiveWest housing stock

2021	37,820
2022	38,481
2023	**39,463**

Local authority	Housing completions 2022/23	Housing under development at 31/03/2023	Homes owned and managed
Bath and North East Somerset	-	91	1,009
Bristol	91	47	2,754
Cornwall	154	354	10,200
East Devon	14	106	2,097
Exeter	102	165	1,096
Mendip	14	29	1,104
Mid Devon	14	24	487
North Devon	-	-	1,073
North Somerset	6	62	1,642
Plymouth	42	43	3,139
Sedgemoor	4	132	1,150
Somerset West and Taunton	171	341	2,135
South Gloucestershire	142	271	1,884
South Hams	73	8	3,989
South Somerset	25	39	951
Teignbridge	113	171	969
Torbay	2	-	574
Torridge	-	49	794
West Devon	-	74	1,935
West Dorset	21	-	69
Other	-	-	412
Total	**988**	**2,006**	**39,463**

Excludes homes developed for open market sale.

Funding and treasury management

During the year, we arranged a £60m five-year revolving credit facility to replace a maturing credit line. At the year-end, we had drawn debt of £963m (2021: £946m), and undrawn facilities of £365m (2022: £402m) with our £1bn European Medium Term Note Programme remaining a core part of our financing strategy.

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

Liquidity

We have a rolling programme of extending the life of our revolving credit facilities. During the year we increased the term of a £40m facility to a five-year period and added £60m to replace a maturing credit line. In addition to the undrawn amounts of £365m, at the year-end we had £21m in cash of which £9m is held in escrow and customer sinking fund accounts. This provides us with sufficient liquidity to cover 41 months of planned expenditure, which is significantly higher than the 24 months required by our treasury policy. Our £1bn European Medium Term Note Programme enables swift access to the capital markets.

Security

With the exception of £28m, all of our facilities are fully secured and available for drawing. Including these facilities, as at 31 March 2023, we have the capacity to draw a further £1.6bn of debt from 20,166 (2022: 17,962) homes which were uncharged and available to secure future borrowings.

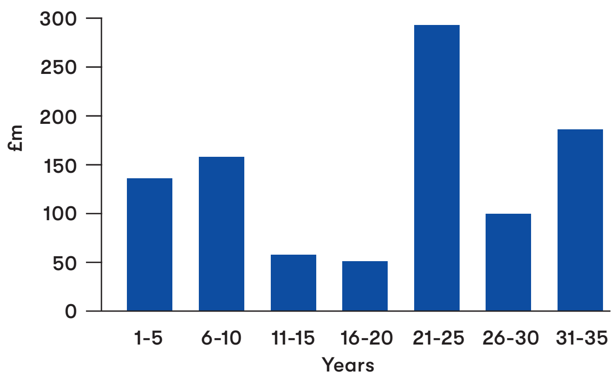
Credit risk

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 2023.

Refinancing

We have limited short to medium term refinancing risk with only 14% of drawn loans repayable within the next five years. The rolling programme of extending the life of our revolving credit facilities mitigates against this refinancing risk.

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.

As at 31 March 2023, £295m of our borrowings were variable rate loans of which £240m has been hedged with free-standing and £20m with embedded fixed interest rate swaps. Overall, 91% of our debt is at fixed rates (2022: 98%) at an average cost of 2.98% (2022: 3.07%). We also have an indirect exposure to bond rates through our pension scheme commitments.

We provide homes for over 80,000 customers in more than 39,000 homes, and in this financial year we have built a further 1,149 in our communities.

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 1.0%.

Interest rate basis

Variable/fixed <1 year	7%
Fixed 2-5 years	10%
Fixed >5 years	81%
Index linked	2%

06 Value for money and benchmarking

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.

As noted last year, we have met our merger efficiency target of £17m of recurring annual savings ahead of target and the Board have set additional challenging efficiency objectives in the business plan to ensure that we continue to maintain our focus on customer value to:

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

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.

During the year we have experienced a significant increase in property maintenance costs which was not anticipated and resulted in several key business metrics being lower than target. Whilst this increase in expenditure was necessary, for 2023/24 and future years, we have developed triggers on key business metrics and associated action plans which can be implemented to achieve performance.

We have significantly strengthened our procurement team to ensure that we deliver cost effective services and work closely with suppliers and contractors to maximise social value for our customers. In 2023/24, we will collaborate with other housing associations to aggregate and optimise our purchasing power to deliver long-term value and security of resources to supply chains.

We also ensure that our property information is accurately maintained from stock condition inspections so that we can accurately forecast the timing of expenditure and can therefore procure effectively.

The Executive team and Board approve target efficiencies and operational metrics as part of the annual budget which are monitored monthly and benchmarked against HouseMark and RSH global sector scorecard.

The rapidly changing operating environment may make benchmarking against the 2021/22 sector scorecard outcomes incomparable in some areas. We monitor sector scorecard metrics quarterly with additional annual comparison to our Moody's, Regulator of Social Housing 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.

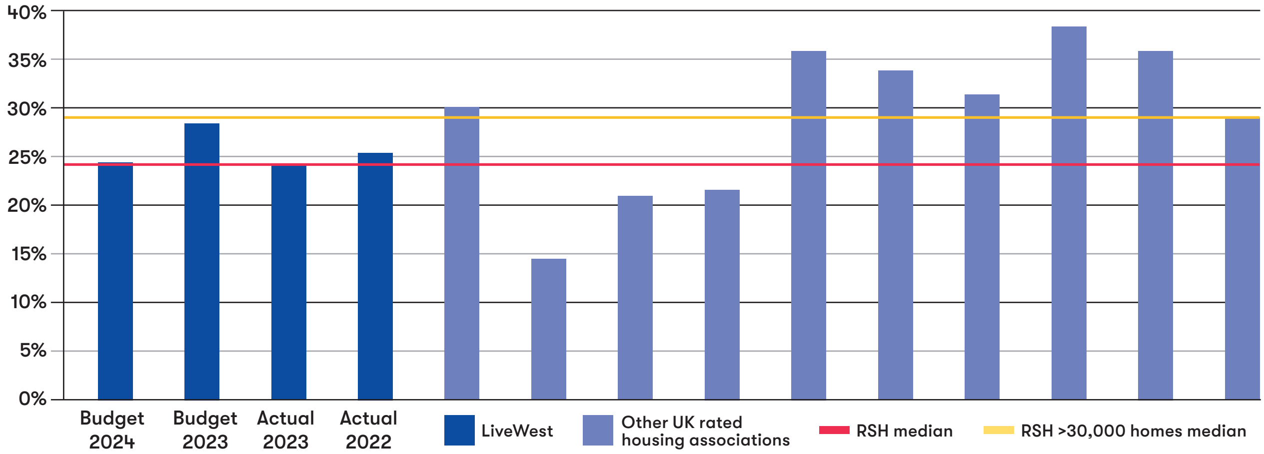
The Moody's benchmark group comprises current A2 or higher rated associations:

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

£2m
of target cost savings in 2023/24

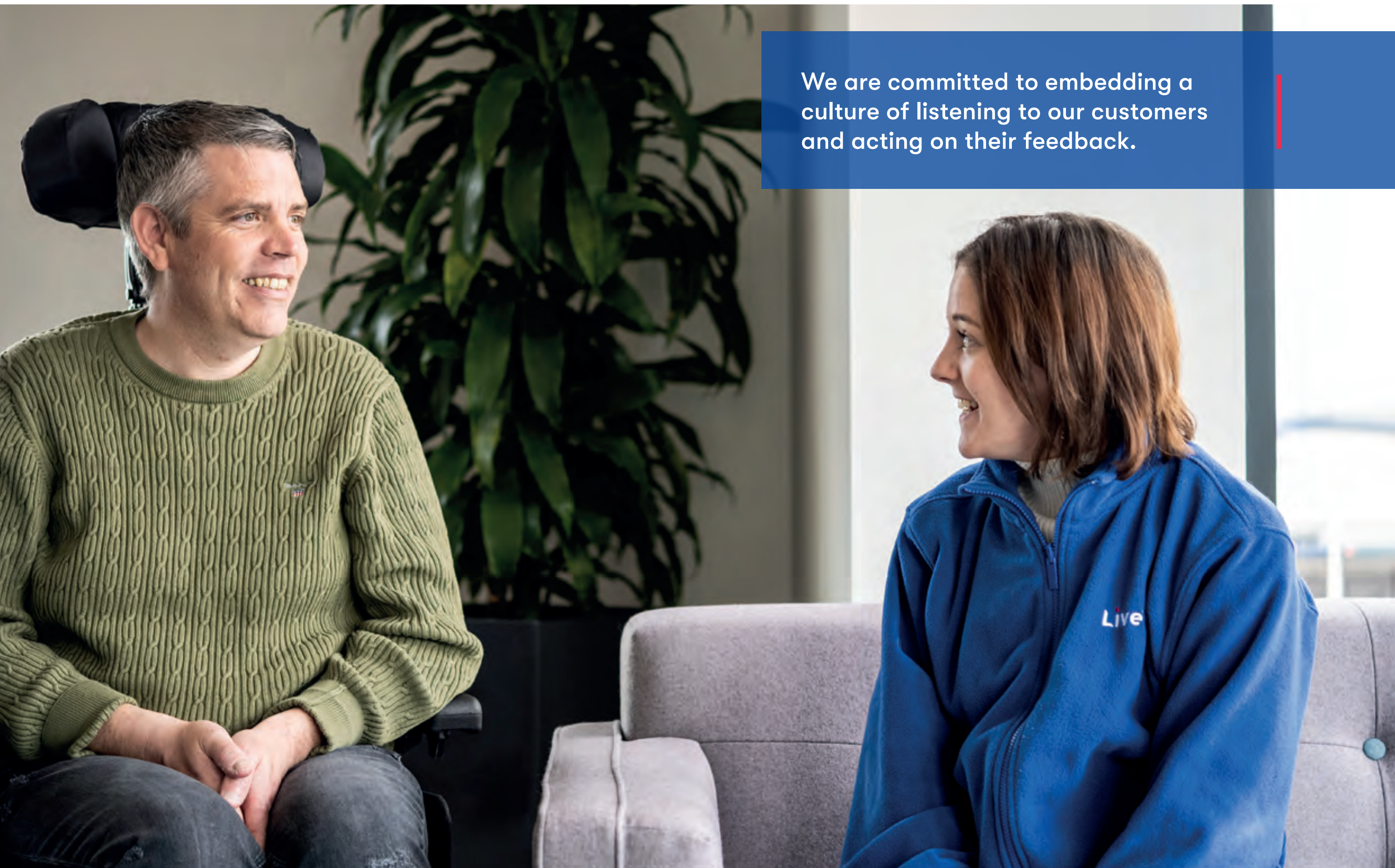
Business health

Operating margin – social housing lettings

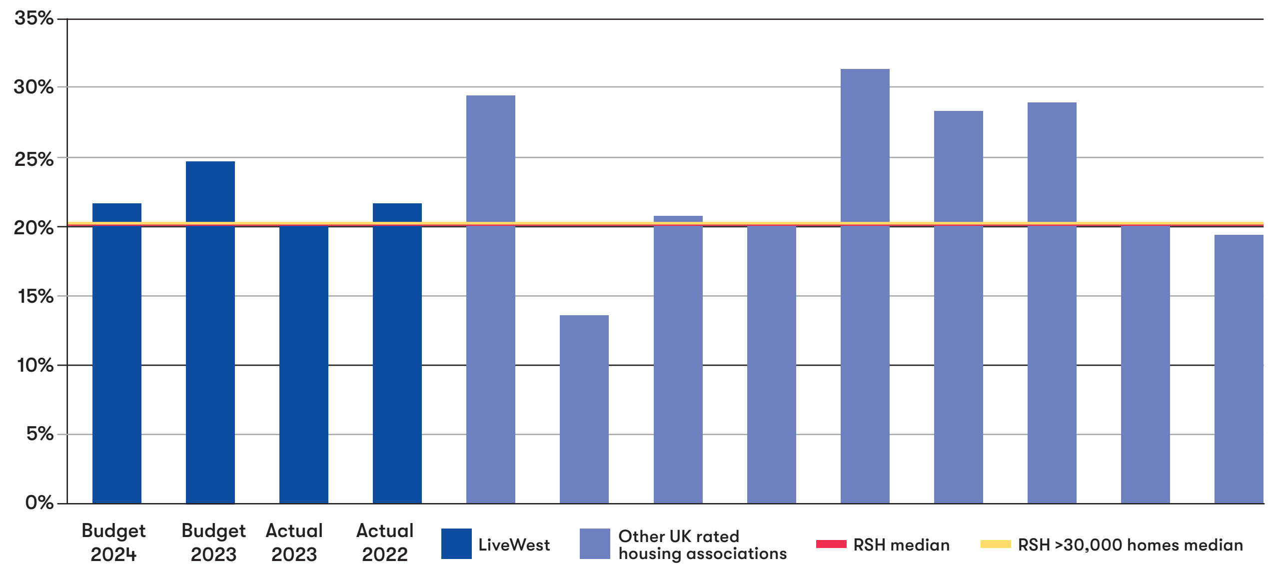


Social housing lettings' operating margin (RSH metric) is the key driver for overall financial performance and enables us to focus on the level of operating costs that we incur to deliver our surplus. Operating margin of 23.1% was lower than the 2022/23 budget of 27.3% and the 2021/22 actual of 25.7% largely due to higher maintenance costs in respect of an unplanned significant increase in repair volumes together with building safety and energy efficiency investment.

Our margin is comparable to the overall RSH global sector scorecard median of 23.3% where the sector has seen a reduction in margin, but below the RSH associations with more than 30,000 homes. The budget for 2023/24 is 23.9% which is largely comparable to the 2022/23 actual as we continue to manage a significant increase in maintenance expenditure. In future years, we anticipate margins to increase which demonstrates our focus on cost control whilst maintaining high quality homes.



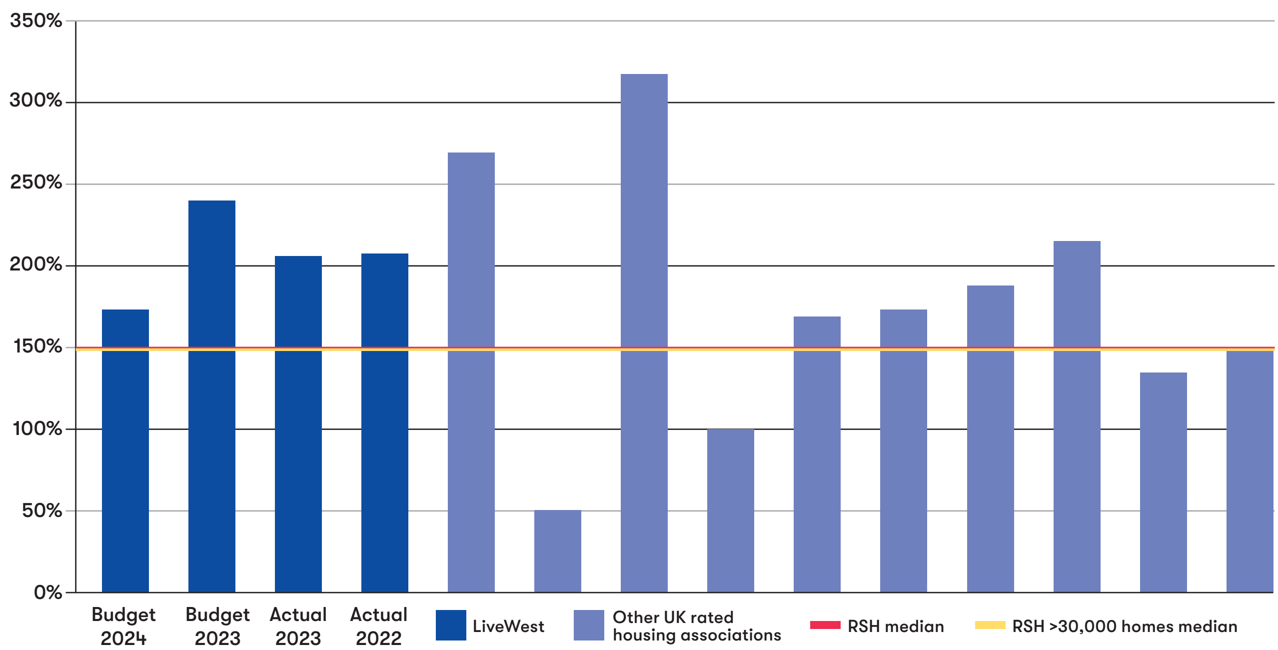
Operating margin – overall



Operating margin (RSH metric) of 20.4% is lower than the 2022/23 budget of 24.4% and the 2021/22 actual of 22.6% which is largely due to the increased maintenance and building safety spend together with an increase in our open market sales which have a lower margin than our social activities.

Our performance is comparable to the overall RSH global sector scorecard median of 20.5% and RSH associations with more than 30,000 homes of 21.0%. The budgeted 2023/24 margin of 21.9% is lower than the budget 2022/23 as we continue to improve our homes, but higher than the 2022/23 actual as we set ourselves challenging business targets.

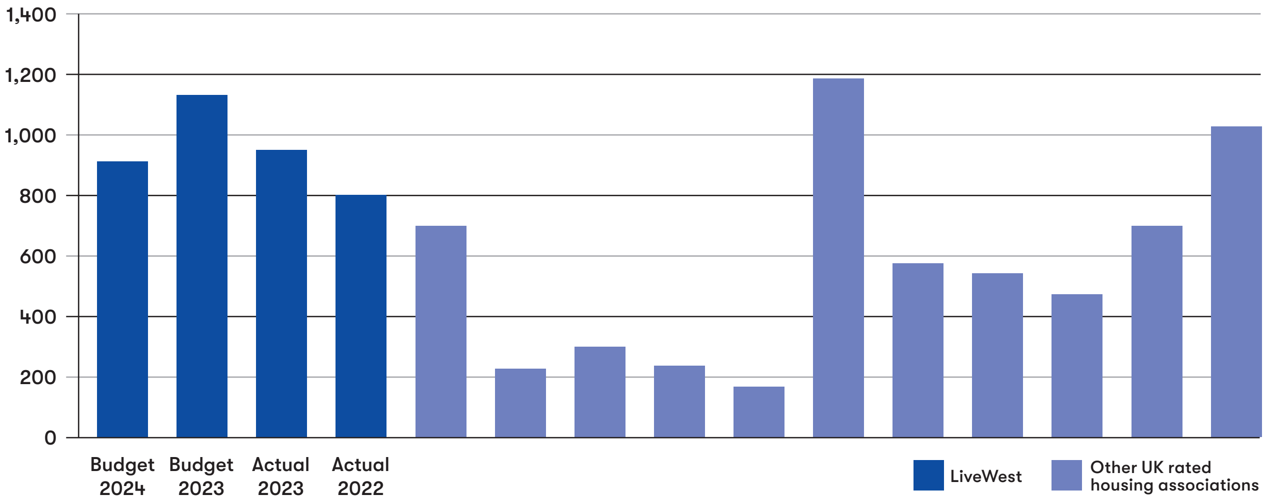
EBITDA – MRI



The EBITDA – MRI (RSH metric) indicator is a good approximation for cash generation and covers 207% of the cash interest payments made during the year. This is higher than the RSH global sector scorecard and RSH associations with more than 30,000 homes, but lower than the 2022/23 budget of 240% and the 2021/22 actual of 210%. The budget 2023/24 of 177% is lower than 2021/22 and 2022/23 as we increase investment in our homes but with loan covenant interest cover being higher at 229%.

Development

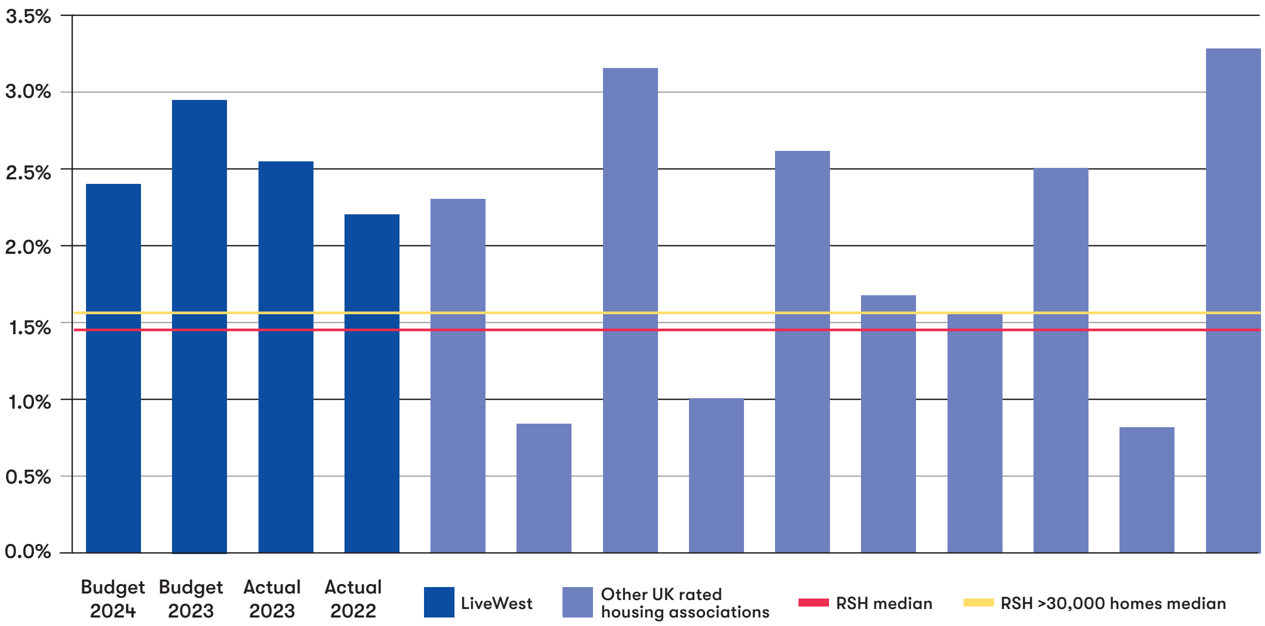
Units developed (absolute) - social housing



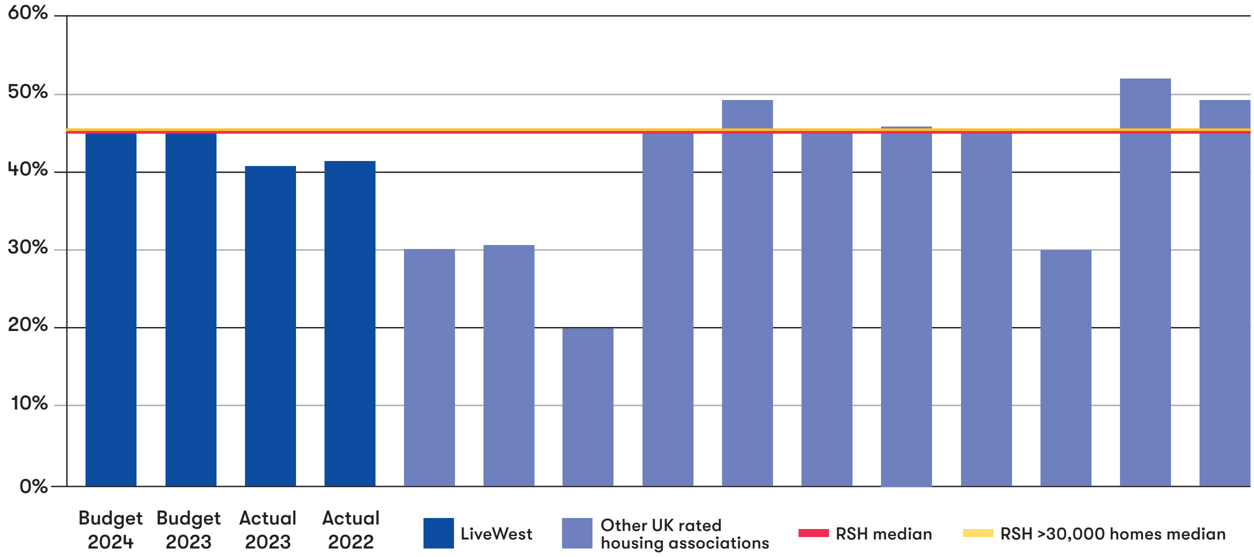
We significantly increased our development activity in the year, delivering 951 new social homes, compared to 800 in 2021/22, however, this was below the 2022/23 budget of 1,100 homes due to continued material and labour shortages. New supply as expressed as a percentage of total stock has increased to 2.7% compared to 2.2% in 2021/22 and continues to out-perform the majority of our Moody's credit rated peer group, the overall RSH global sector scorecard median and RSH associations with more than 30,000 homes.

The number of non-social homes developed in the year was 354 which increased from 210 in 2021/22 and when expressed as a percentage of total stock, shows an increase to 0.89% from 0.55% due to higher open market activity. The relatively small percentage of new non-social housing is consistent with our business plan, growth aspirations and risk profile.

New supply delivered % – social housing



Gearing

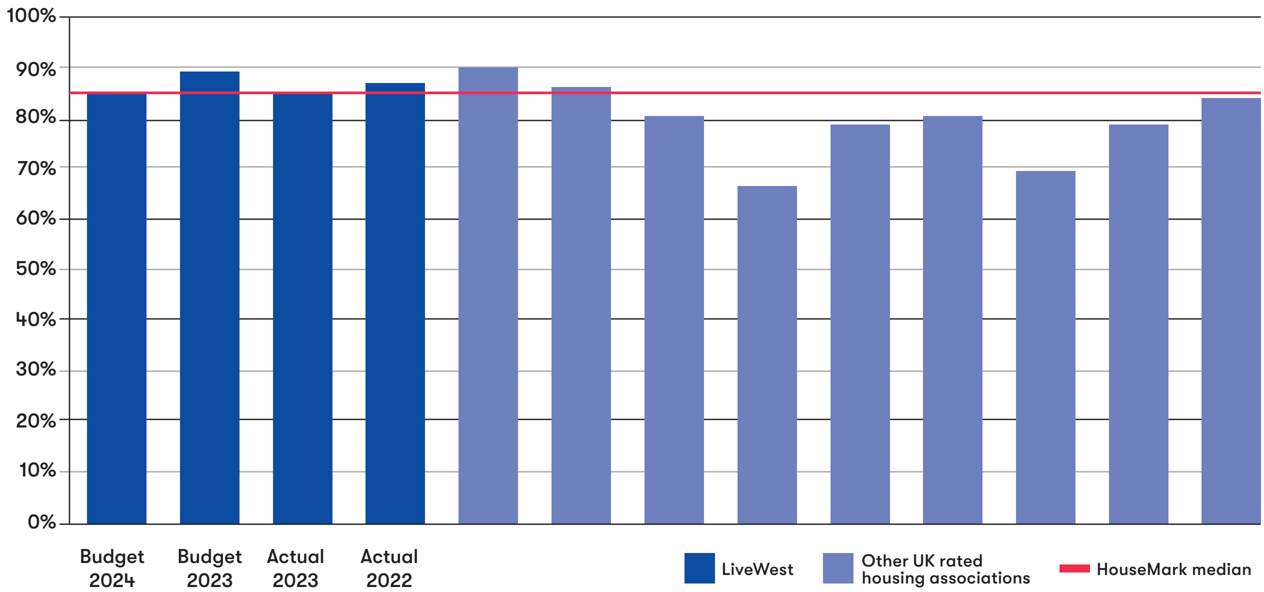


Gearing (RSH metric), as calculated by the sector scorecard, is at the same level as 2021/22 of 41% which reflects our strong cash generation to fund significant proportion of development expenditure. This is below the RSH global sector scorecard median of 44% and is largely comparable to our Moody's peer group providing headroom to fund our future development.

The gearing calculation for loan covenants is 36% which is consistent with 2021/22 and is comparable with our internal business plan targets. As we deliver our development targets in the future, we forecast that gearing with remain comfortably within loan covenants.

Outcomes delivered

Customer satisfaction



Our customer satisfaction outcome of 86% is ranked as top quartile by HouseMark, is higher than the majority of our Moody's peer group and is largely consistent with 87% achieved in 2021/22. With the wider sector experiencing falling satisfaction levels, we are pleased with our overall performance and aim to maintain the 86% in 2023/24.

Tenant satisfaction measures

Measure	LiveWest 2022/23	Upper quartile	Median
Landlord satisfaction low-cost rental accommodation	**85.6**	85.0	79.3
Landlord satisfaction low-cost home ownership	**68.9**	61.5	55.7
Satisfaction with repairs	**81.9**	84.9	80.0
Satisfaction with time taken to complete most recent repair	**76.9**	78.5	75.8
Satisfaction that the home is well maintained	**84.5**	77.4	72.0
Satisfaction that their home is safe	**88.2**	87.1	82.9
Satisfaction that we listen to your views and act upon them	**76.3**	72.0	64.2
Satisfaction that the landlord keeps tenants informed about the things that matter to them	**83.8**	82.3	75.0
Agreement that landlord treats tenants fairly and with respect	**90.5**	87.3	82.5
Satisfaction with the landlord's approach to handling complaints	**62.8**	65.1	55.9
Satisfaction that the landlord keeps communal areas clean and well maintained	**69.2**	75.9	68.0
Satisfaction that the landlord makes a positive contribution to neighbourhoods	**79.9**	69.1	62.6
Satisfaction with the landlord's approach to handling antisocial behaviour	**69.7**	69.0	60.4

We started to monitor the new Tenant Satisfaction Measures from April 2022 where at year end our performance was top quartile on nine and above median on four measures as benchmarked by HouseMark. We continue to work closely with InFocus and the Customer Services committee to ensure we meet and exceed customers' expectations.

Customers feeling safe in their homes

The percentage of customers that feel their home is safe to live in (TSM metric) is 88.2% which we aim to improve to 89% in 2023/24 as we continue to deliver our building safety projects.

Complaints Handling

Satisfaction with complaints handling was 62.8% and is below the 2021/22 outcome of 69% and the target of 74%. We continue to focus on improving our performance and have included satisfaction with the landlord's approach to handling of complaints (TSM metric) on our strategic dashboard with a target of 65% for 2023/24.

Positive contribution to neighbourhoods

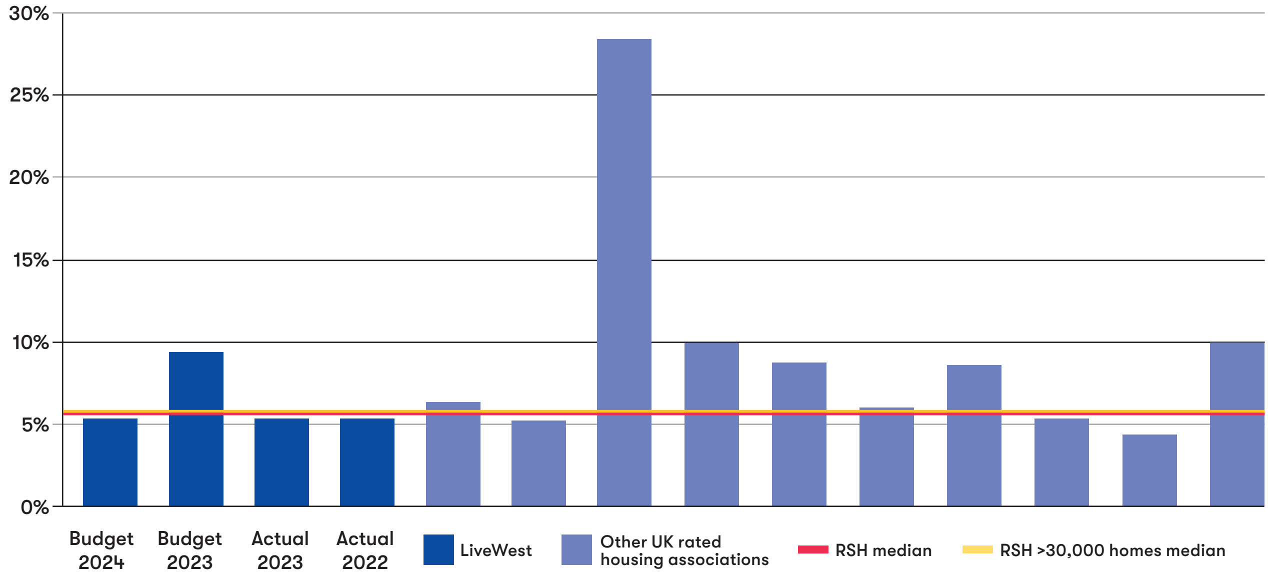
Satisfaction landlord makes a positive contribution to neighbourhoods (TSM Metric) is 79.9% and compares favourably with the latest benchmark data which showed a top quartile performance of 69.1%.

Investments in communities

Our communities benefited from an investment of £2.1m, including £0.7m of grants provided to support customers through the cost-of-living crisis. Our Tenancy Sustainment team have also worked with customers to identify £1.8m of additional benefit entitlements with our Energy Awareness Officers meeting over 400 customers to provide advice on how to reduce their utility costs.

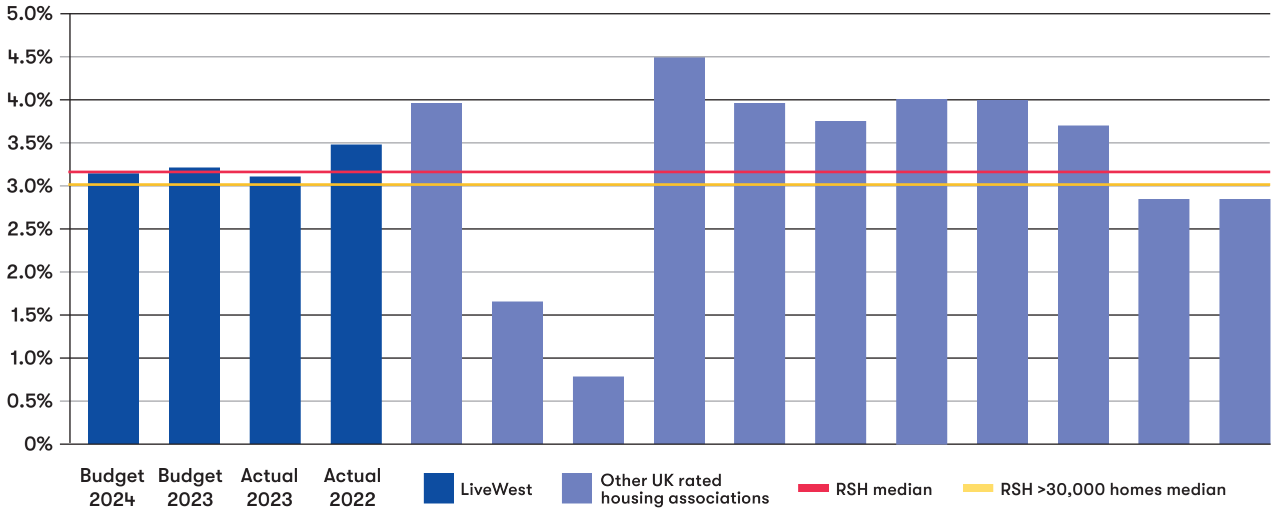
Effective asset management

Reinvestment



The level of reinvestment (RSH metric) has remained at 5.8% which is consistent with 2021/22, but slightly lower than the overall RSH global sector scorecard median RSH associations with more than 30,000 homes and reflects the 951 new homes developed and capitalised components.

ROCE



Return on Capital Employed (ROCE) (RSH metric) measures the financial return on assets and has reduced to 3.1% from 3.5% in 2021/22 due to higher maintenance costs. This is a higher return than the RSH associations with more than 30,000 homes and comparable to the overall RSH global sector scorecard median. We would expect ROCE to deteriorate in the future as our new developments have a lower investment return than existing homes.

Occupancy

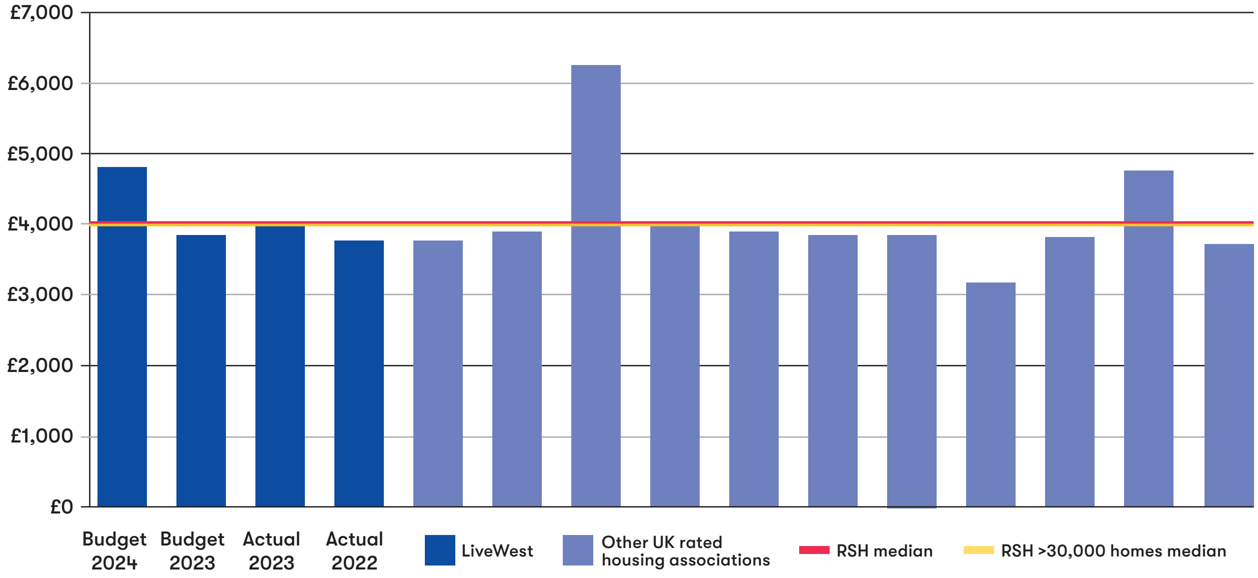
Our occupancy performance shows that 99.5% of our general needs properties were occupied as at 31 March 2023 which is comparable to the HouseMark median. Given the demand for our homes, we continue to receive a significant number of bids when they become vacant.

Maintenance

The expenditure ratio of responsive to planned maintenance has reduced to 49% from 52% in 2021/22, which reflects the increased planned spend from building safety and energy efficiency.

Operating efficiencies

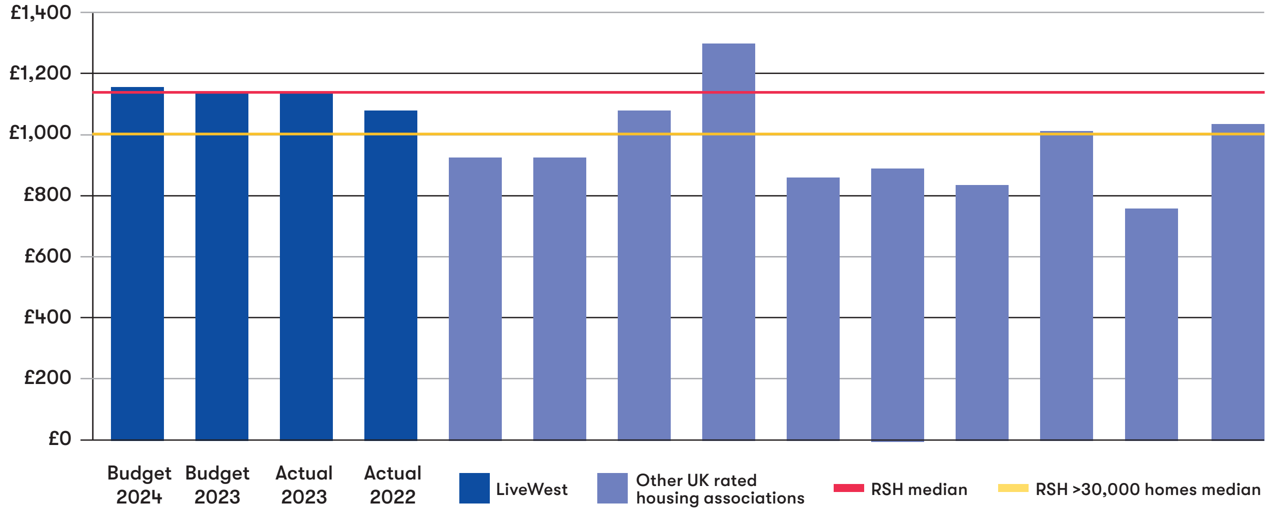
Headline social housing CPU



Our headline social housing cost per unit of £4,195 increased by £493 from £3,702 in 2021/22 which is comparable with our Moody's peer group, the overall RSH sector scorecard median and RSH association with more than 30,000 homes.

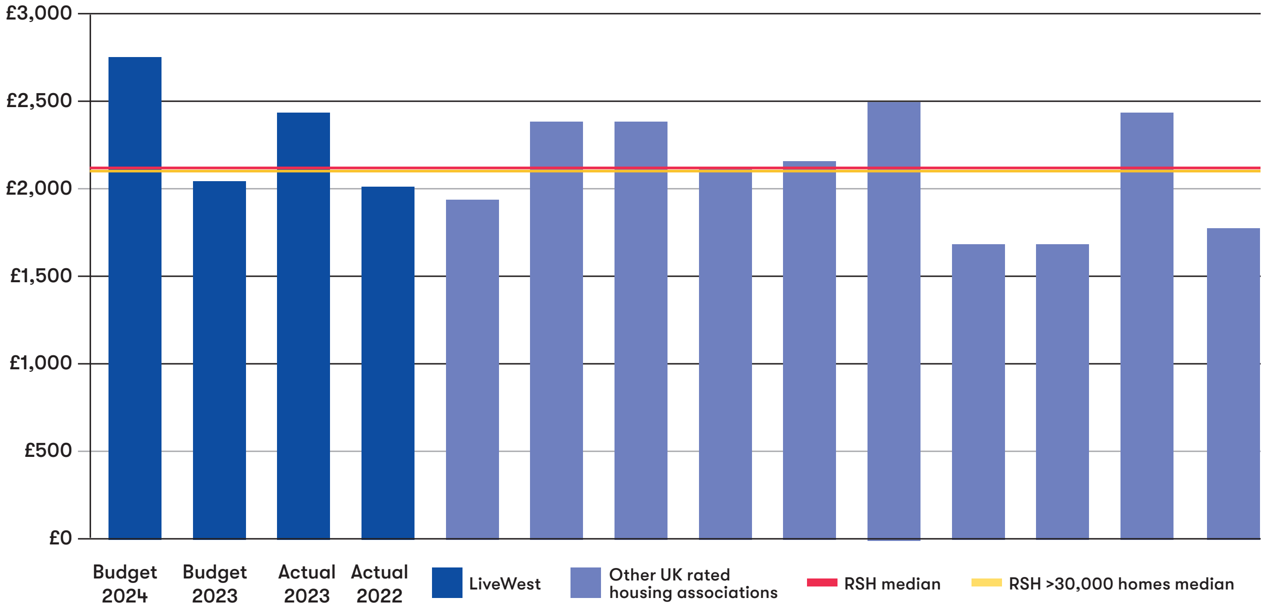
The increase was higher than budget and is expected to increase further in 2023/24 as a result of significant investment in improving our existing homes, building safety and energy efficiency as well as higher repair volumes.

Management CPU – social housing



The Management cost per unit of £1,116 was largely on budget but increased from £1,070 in 2021/22 as a result of inflationary pressure on our cost base. This is less than the overall RSH global Sector scorecard median of £1,133, but higher than RSH associations with more than 30,000 homes. We anticipate costs to increase to £1,158 in 2023/24 largely due to colleague salary inflation and offsetting £2m of cost savings.

Maintenance CPU – social housing



Maintenance cost per unit of £2,418 has increased from £2,039 in 2021/22 and is higher than the overall RSH global sector scorecard median and RSH associations with more than 30,000 homes. This was higher than budget due to unexpected maintenance costs and is planned to increase further in 2023/24 as we continue with our investment in homes, building safety and energy efficiency and meeting new building standards. 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.

We are committed to reducing our environmental impact with investment in electric vehicles.

Homes and communities that people love to live in

A new affordable housing development in South Brent allowed Christina to stay living in the village she had grown to love.

With spiralling private rental prices making it less affordable to secure a home, she was struggling to find a property that would meet her family's needs.

But the completion of forty affordable homes in the village saw Christina move into the development together with her partner and two children, Rosie and James.

Christina said: "I have been here for just over a month now and I absolutely love the new home I have been given by LiveWest. I love the fact that we can stay living in the village we have been in for 10 years. It gives us the security to know we are here for the long term."

We are so happy with the house, it is beautifully constructed and it gives us ideal space and comfort.

We love the community and people are so friendly around here. There is a real community spirit and people go out their way to look out for others.

The development – made up of 25 homes for affordable rent and 15 for shared ownership – benefited from grant funding from Government housing agency Homes England.

Christina added: "LiveWest made the process very easy for me and were there to support me every step of the way. It is lovely to know you have got the support from your housing association, they have been great with us. Lots of people don't want to move away from the area they have lived in for a big chunk of their lives. So to provide housing that is affordable and suits the needs of local people is brilliant."

07 Managing our risks

Our approach

The Board is responsible for risk management and the system of internal control, designed to identify and mitigate the risk of failing to meet our strategic objectives. Supported by the Audit & Risk Committee (ARC), the Board receives assurance that the controls and mitigations are adequate and that the risk areas are appropriately managed.

The Executive team is responsible for reporting to our Board and Audit & Risk Committee (ARC) on critical risk areas, providing a statement on the quarterly horizon-scanning exercises and how new and developing threats are affecting our ability to manage risks. The statement includes a position on the possible reputational threats which may need to be addressed. The Executive also reports annually on the status of our internal control framework.

During the year, the Board reviewed its risk appetite statement, taking into consideration the volatile external environment and recognising the trade-offs which may be required to ensure continued long-term viability of our business.

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 receive reports from management on specific risk areas, including fire safety, landlord health and safety compliance and cyber security.

We continue to work with our risk consultants, insurance providers and auditors to review threats and mitigations should potential risks emerge.

Focus in the year

The safety of customers is our primary focus, with continued excellent performance with regulatory compliance. We responded to the Regulator's request for information on damp and mould, confirming our approach to ensuring customers live in safe and healthy homes.

The cost-of-living crisis has added financial pressures to customers and colleagues where we have put in place support packages to help reduce the impact of growing costs, signposting to expert advice, making available additional funds through our customer hardship grants as well as financial wellbeing sessions for colleagues.

The volatility of the economy has been unprecedented with inflation and interest rates rising rapidly. We carried out extensive business plan stress-testing, which included single and multi-variant scenarios of inflation, rent, interest rate and a housing market slow down to ensure our continued viability and ability to meet our strategic objectives.

We have also developed a number of triggers on key business metrics where planned actions will be undertaken in order to maintain performance.

The wellbeing of our colleagues continues to be a point of focus for us, with the external environment continuing to increase pressures. Our mental health first aiders ran several campaigns to raise awareness and provide support throughout the year, including endometriosis and men's health.

Supply chain issues in the construction and property maintenance industry have caused delays in some key projects and developments where we have worked with suppliers, contractors, and developers to minimise the impact and ensure a continued delivery of new homes and improvements to our existing stock.

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

Our internal audit plan has focused on the key areas of health and safety compliance, leasehold management, voids and allocations, data protection and IT management. We can place a high level of comfort on the outcomes which provide clear assurance that our controls are well designed and applied effectively.

The sector has also been the subject of cyber-attacks and therefore we have further strengthened our information security with the implementation of new systems controls. We have continued to improve our policies and procedures and have invested in our information security, colleague training and decommissioned legacy systems, which will reduce risk.

The Board, Committee's and Executive team regularly carry out horizon scanning exercises for risks which could emerge. These are considered when assessing our exposure with assurance being gained 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
- Colleagues proud to work here

Risk	Impact	How we mitigate	Focus in the year
Health and safety Status: Increased	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.	Scrutiny of all health and safety systems. Significant investment in fire safety improvements. Compliance and safety standards approved by the Board. Investigation of incidents and accidents. Continuing review of absence and targeted wellbeing campaigns.	Delivering focused training, including near misses, scaffolding and safeguarding. Programme in place to strengthen our response to and reduce the incidence of damp and mould. Completing safety audits with assurance provided to the Board. Programme of wellbeing activities aimed at colleagues.
Financial resilience Status: Increased	Reduced ability to invest in homes and services.	Board approved 30-year business plan. Business plan scenario stress-testing.	Arranged a £60m, 5-year revolving credit facility, to maintain our liquidity policy. Liquidity at year-end was at 41 months. Assessing the impact of inflation and increased interest rates on the business plan. Developed financial triggers and mitigating actions to achieve budgeted performance.
Customer services Status: Increased	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.	Dealing with increased maintenance volumes. Identification of £1.8m additional customer benefit entitlements. The award of 944 grants with many being for food and utilities. Involvement of our customer scrutiny group, InFocus, at Board meetings.

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. Framework of focus groups aimed at progressing the Equality, Diversity and Inclusion strategy, with an annual report to the Board.	Embedding the work of the Equality, Diversity and Inclusion group. Programme to embed the organisational culture and behaviours. Introduction of the GEM programme, aimed at growing leaders in the organisation. Introduced our new Development and Performance System which ensures colleagues aspirations and business strategy are aligned.
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 988 new homes and secure additional sites for future years. Securing Wave 2 funding from Homes England for a new strategic programme to build an additional 1,309 affordable homes by 2028.
Quality of homes Status: Increased ▲ ⬢	Reduced customer satisfaction with the homes they live in.	Improved handover process by working with our development partners. Active Asset Management assurance group meets monthly. Process to evaluate additional investment for home improvements. Home standard signed off by Board.	Programme in place to strengthen our response to and reduce the incidence of damp and mould. Programmes of investment associated with fire 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: Unchanged	Reduced ability to deliver essential services.	Business continuity steering group. Annual test of the business continuity plan.	Horizon scan and assessment of emerging risks. Hybrid working embedded throughout the organisation. Learning from actual and simulated business continuity exercises.
IT and information management Status: Unchanged	Reduced ability to deliver services. Loss of business operating systems due to a cyber-attack. Severe damage to our reputation.	Implementation of remote working technology. Information Governance Board. Annual systems security testing. Plan to achieve Cyber Essentials. Successful disaster recovery rehearsal.	Improving IT infrastructure in respect of cyber security. Developing information management and security measures.
Sustainability Status: Unchanged	Severe damage to our reputation. Reduced trust from customers. Increased energy bills for customers.	Completed the annual Sustainability Reporting Standard. Achieved SHIFT silver accreditation. Provisions made in the business plan to achieve an energy performance rating of EPC C by 2028 and net 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.
Governance Status: Unchanged	Regulatory and statutory implications. Severe damage to our reputation.	Updated Financial Regulations and Standing Orders. Internal audit plan. Board effectiveness review.	Review of reputational threats. Recruited new Board and Committee members and independent advisors.

Homes and communities that people love to live in

Being able to provide a garden for their two young children has changed everything for Jake and Robyn.

After renting a small ground floor flat in Buckfastleigh, the couple were desperate for more space and applied for one of our social rent homes in Ashburton.

Now the family are living in their dream home which has made a huge impact on their lives.

Robyn said: “It has really improved things for us and changed our lives. Especially for our eldest daughter who has been asking Santa for a garden for the past five years. This is going to have such a positive impact on all of us. The houses are just so beautiful. We’ve got two daughters and they are desperate for a garden and the gardens here are so big – they couldn’t be better. So, we couldn’t be happier with being able to move into our new home. I have various health conditions both physical and mental, which our current property was making worse, so moving into our new house will definitely improve my health.

The quality of the homes is amazing. They’re so much better and bigger than we thought they would be. Jake grew up here and we both went to school here. It feels like home for both of us. We wanted to move here for the local connection mainly. Being so close to Jake’s family, especially his grandparents, is really important to us.”

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 39,463 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 notes the matters reserved to the Board for decision or delegated to its committees and the Executive team. During the year the Board refreshed its delegations to better reflect the growing maturity and strong performance of the organisation, increasing delegations to its committee's and the Executive team. This has allowed the Board to focus more of its time on the corporate strategy.

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. The Board met seven times during the year.

Non-executive Board members are paid for their services, with pay levels reviewed every three years, following an independent assessment of comparable organisations. Board pay benchmarking was conducted by an external provider during the year.

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 surveys, as appropriate, to allow us to monitor Board and committee performance and ensure transparency and accountability. The Board conducts a review of its own performance annually and commissions an external review of its performance every three years, with both resulting in an improvement plan to continuously strengthen the organisation's governance. During the year an external review was conducted which summarised that "LiveWest has an effective Board, the governance arrangements are appropriate and effective".

There have been no changes in Board membership during the year, but Board succession planning remains a regular consideration for the Board. The Group Chair, Linda Nash, will retire during 2023/24 having served her maximum term, and the Board therefore conducted a recruitment exercise to identify the Chair Designate. Jacqueline Starr was appointed from within the existing Board and began a period of induction to ensure a seamless transition into the role. Jenefer Greenwood also retires during 2023/24 and her successors on the Board and as Chair of the Remuneration and Nominations Committee have already been identified. We thank Linda and Jenefer for their 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.

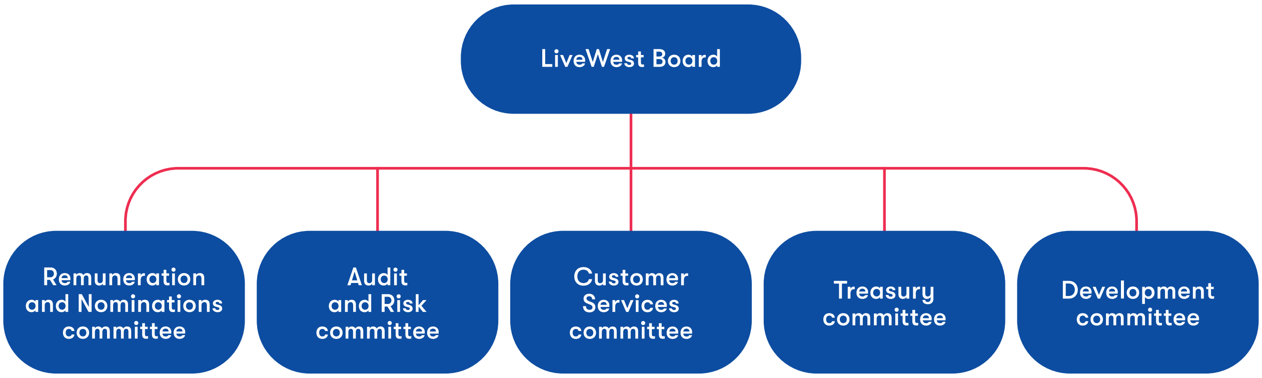
Members of the Board are required to direct the affairs of the company in accordance with its rules. In addition, Board members are required to exhibit the highest standards of probity and to:

- 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.

Current LiveWest Board and committee structure



Group structure and corporate governance

Our Board is supported by five functional committees covering audit and risk, treasury, customer services, remuneration and development. As well as Board members on our committees, their decision-making is strengthened by the inclusion of independent advisors, to bring an external view and specialist skills.

Audit and Risk committee

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

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, complaints, customer engagement and other matters.

It consists of three 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 all of our colleagues 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 five 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 six times during the year.

Development committee

The Development committee is responsible for reviewing the group's overall development activity and monitoring development risks and related matters. It has delegated authority from the Board to approve schemes up to a specified size and financial limit, within our business plan and budget parameters. The committee also reviews 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 two 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. As set out earlier, our scrutiny panel, InFocus, ensures that customer priorities are acted upon, assesses our performance and identifies 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. During the year the Board strengthened its relationship with InFocus, creating a forum at Board meetings to hear directly from the panel and greater networking opportunities between members.

As noted in the Strategy and Our Customers sections, the Social Housing Regulation Act, Consumer Regulation and Tenant Satisfaction Measures have been incorporated into our corporate strategies and will be implemented to ensure we comply with all aspects.

4 Our Executive team and management assurance groups

Our Executive team has delegated authority from the Board and the Boards of the subsidiary organisations for:

- the development, oversight and delivery of Board-approved strategies
- implementing policies agreed by our Board, reviewing those policies and approving or recommending their approval at Board or committee level as appropriate
- the day-to-day operations of the group
- monitoring our operational and financial performance and reporting to the Board
- embedding corporate culture.

The members of the Executive team are shown on page 105.

Reporting to the Executive team are several assurance 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.

In May 2023, we also had our annual engagement meeting with the Regulator.

6 NHF Code of Governance

During the year, we have complied with the National Housing Federation's (NHF) Code of Governance 2022. 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 2023.

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 2022 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.
- an 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 2022. 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 March 2023 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 2023/24 and the group's medium term financial position as detailed in the 30-year business plan, 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 £365m and £12m 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 and higher interest rates.

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 10 August 2023 and signed on its behalf by:

Linda Nash
Chair

Independent auditor's report of LiveWest Homes Limited

Opinion

We have audited the financial statements of LiveWest Homes Limited ("the association") for the year ended 31 March 2023 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 2023 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 2022.

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

- we consider that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Board's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group's and the association's ability to continue as a going concern for the going concern period.

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

Fraud and breaches of laws and regulations – ability to detect.

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

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

- Reading Board 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 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, unusual combinations to revenue, journals posted to accounts that contain transactions 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 54 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

11 August 2023

Homes and communities that people love to live in

Eileen benefits from retrofit improvements on her home as we invest in thermal efficiency.

We are retrofitting over 150 of our homes in Axbridge as part of a West of England Combined Authority (WECA) funding bid where we have been successful in securing more than £8m of Government funding to improve the energy performance of our homes under the Social Housing Decarbonisation Fund (SHDF).

One of the homes to benefit from the retrofit improvements is in Axbridge, in Somerset, where resident Eileen Hartley has had solar panels fitted, a new heating system as well as new windows and doors.

She has seen a difference to her bills and appreciates the work being completed which will reduce her consumption and improve the efficiency of her two-bedroom home.

Eileen said: “I’m not using so much electricity now because of the solar panels and I think the windows and doors are really nice, but they are also keeping out a lot of the wind as I live on a corner property, so I used to get a lot of drafts before the work was completed.

LiveWest told me they were doing it and I thought it was great because it’s not costing me anything. I also think it’s important LiveWest invest in the energy efficiency of their homes, and I think they’ve been done really well.”

Eileen thinks it’s positive the business is doing more to reach net zero and through the WECA bid LiveWest is going to be able to target nearly 800 homes across the South West, undertaking a range of improvements to some of the most challenging of its properties, including insulation and the use of new technologies.

Eileen said: “I think aiming for net zero is a good thing especially because times are hard at the moment for everybody what with electric, gas and food going up. So, it’s nice to get something back like this that’s not costing too much but will make a difference for me.

Having the solar panels has bought my electricity bill down, I do check how much I’m spending every day and it costs me less to use the heaters.”

Eileen has also had the addition of some night storage heaters which are more efficient for her home.

She added: “The night storage heaters are more energy efficient, the ones we had before used to be on all day and going into the evening they were cold but with these new heaters you can set them up when you want to use them. So, if you are at work, you can set them for when you come home which is really useful.”

Not only will these projects deliver warm, energy efficient homes, reduce carbon emissions of residents, help in tackling fuel poverty, and support green jobs, but it will also safeguard important social housing for future generations.

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Statement of comprehensive income

For the year ended 31 March 2023	Note	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Turnover	3	**299,847**	270,826	**241,241**	230,326
Operating costs	3	**(238,653)**	(209,676)	**(190,501)**	(176,088)
Surplus on property sales	4	**15,645**	18,878	**15,670**	18,849
Change in fair value of investment properties	13	**(466)**	2,528	**(477)**	1,463
Operating surplus	3	**76,373**	82,556	**65,933**	74,550
Share of profit in associate		**2**	-	**-**	-
Loss on sale of other fixed assets		**54**	(34)	**54**	(34)
Interest receivable and other income	8	**811**	265	**3,501**	2,399
Interest payable and similar charges	9	**(28,853)**	(30,496)	**(28,901)**	(30,496)
Other finance costs – pensions	28	**(601)**	(896)	**(601)**	(896)
Change in fair value of financial instruments		**5,857**	1,297	**5,857**	1,297
Gift aid		**-**	-	**8,346**	5,379
Surplus on ordinary activities before tax	5-7	**53,643**	52,692	**54,189**	52,199
Tax on surplus on ordinary activities	10	**-**	-	**-**	-
Surplus for the year		**53,643**	52,692	**54,189**	52,199
Other comprehensive income					
Surplus for the year		**53,643**	52,692	**54,189**	52,199
Effective portion of changes in fair value of cash flow hedges		**33,349**	23,090	**33,349**	23,090
Actuarial gain	28	**293**	13,591	**293**	13,591
Total recognised surplus relating to the year		**87,285**	89,373	**87,831**	88,880

The accompanying notes form part of these financial statements.

The statement of comprehensive income was approved by the Board on 10 August 2023 and was signed on its behalf by:

Paul Crawford
(Chief Executive)

Melvyn Garrett
(Deputy Chief Executive)

Lisa Maunder
(Company Secretary)

Statement of financial position

As at 31 March 2023

	Note	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Fixed assets					
Intangible assets	11	**9,133**	8,863	**9,133**	8,863
Housing properties - cost net of depreciation	12	**2,317,957**	2,227,946	**2,295,075**	2,202,881
Investment properties	13	**34,031**	25,187	**19,325**	16,679
		2,361,121	2,261,996	**2,323,533**	2,228,423
Other tangible fixed assets	14	**28,147**	26,399	**28,147**	26,399
Financial assets	23	**3,716**	-	**370**	-
Investments	15	**214**	30,222	**82,099**	90,683
Homebuy loans		**7,736**	8,054	**7,492**	7,766
		2,400,934	2,326,671	**2,441,641**	2,353,271
Current assets					
Properties for sale	16	**87,285**	100,208	**19,922**	21,281
Stock		**649**	432	**649**	432
Debtors	17	**44,760**	36,759	**41,785**	49,627
Cash at bank and in hand	18	**21,350**	32,982	**23,154**	32,733
		154,044	170,381	**85,510**	104,073
Creditors: Amounts falling within one year	19	**(107,792)**	(118,709)	**(107,051)**	(106,653)
Net current assets/(liabilities)		**46,252**	51,672	**(21,541)**	(2,580)
Creditors: Amounts falling due after more than one year	20	**(1,637,399)**	(1,651,250)	**(1,637,283)**	(1,651,114)
Provisions for liabilities and charges					
Pension liability	28	**(22,395)**	(26,986)	**(22,395)**	(26,986)
Net assets		**787,392**	700,107	**760,422**	672,591
Capital and reserves					
Called up share capital	22	**-**	-	**-**	-
Restricted reserve		**184**	184	**184**	184
Cash flow hedge reserve		**(9,956)**	(43,305)	**(9,956)**	(43,305)
Revenue reserves		**797,164**	743,228	**770,194**	715,712
Total funds		**787,392**	700,107	**760,422**	672,591

The accompanying notes form part of these financial statements.
These financial statements were approved by the Board on 10 August 2023 and were signed on its behalf by:

Paul Crawford
(Chief Executive)

Melvyn Garrett
(Deputy Chief Executive)

Lisa Maunder
(Company Secretary)

Statement of changes in equity

	Group				
	Called up share capital	Restricted reserve	Cash flow hedge reserve	Revenue reserve	Total equity
	£000	£000	£000	£000	£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 pension defined benefit liability	-	-	-	13,591	13,591
	-	-	23,090	66,283	89,373
Balance at 31 March 2022	-	184	(43,305)	743,228	700,107

	Group				
	Called up share capital	Restricted reserve	Cash flow hedge reserve	Revenue reserve	Total equity
	£000	£000	£000	£000	£000
Balance at 1 April 2022	-	184	(43,305)	743,228	700,107
Total comprehensive income for the period					
Surplus for the year	-	-	-	53,643	53,643
Movement in fair value of financial instruments	-	-	33,349	-	33,349
Remeasurements of the pension defined benefit liability	-	-	-	293	293
	-	-	33,349	53,936	87,285
Balance at 31 March 2023	-	184	(9,956)	797,164	787,392

The accompanying notes form part of these financial statements.

	Company				
	Called up share capital	Restricted reserve	Cash flow hedge reserve	Revenue reserve	Total equity
	£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 pension defined benefit liability	-	-	-	13,591	13,591
	-	-	23,090	65,790	88,880
Balance at 31 March 2022	-	184	(43,305)	715,712	672,591

	Company				
	Called up share capital	Restricted reserve	Cash flow hedge reserve	Revenue reserve	Total equity
	£000	£000	£000	£000	£000
Balance at 1 April 2022	-	184	(43,305)	715,712	672,591
Total comprehensive income for the period					
Surplus for the year	-	-	-	54,189	54,189
Movement in fair value of financial instruments	-	-	33,349	-	33,349
Remeasurements of the pension defined benefit liability	-	-	-	293	293
	-	-	33,349	54,482	87,831
Balance at 31 March 2023	-	184	(9,956)	770,194	760,422

The accompanying notes form part of these financial statements.

Statement of cash flows

For the year ended 31 March 2023	Note	2023 £000	2022 £000
Net cash flow from operating activities	31	**127,174**	119,241
Cash flow from investing activities			
Purchase of tangible fixed assets		**(152,318)**	(134,389)
Purchase of intangible fixed assets		**(1,952)**	(2,383)
Proceeds from the sale of tangible fixed assets		**83**	7
Sale/(purchase) of investments		**20,008**	(30,000)
Grants received		**12,560**	18,933
Interest received		**811**	265
		(120,808)	(147,567)
Cash flow from financing activities			
Interest paid		**(35,171)**	(32,923)
Interest element of finance lease payments		**(73)**	(68)
New secured loans		**33,757**	50,520
Repayment of borrowings		**(16,511)**	(41,053)
		(17,998)	(23,524)
Net change in cash and cash equivalents		**(11,632)**	(51,850)
Cash and cash equivalents at the start of the year		**32,982**	84,832
Cash and cash equivalents at the end of the year		**21,350**	32,982

The reconciliation of net debt is shown in note 31

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 March 2023 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 2023/24 and the group's medium term financial position as detailed in the 30-year business plan, high inflation and interest rates 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 £365m and £12m 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 and higher interest rates.

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 29.

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 2023. 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 26.

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
	PV Panels	20 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 2023 using a market value basis.

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.

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 28 for details of the valuation and underlying assumptions.

The inflation risk premium applied when setting the RPI assumption has been increased from 0.3% p.a. to 0.4% p.a on medium and longer term pensions from ten years. Further commentary can be found in the standard actuarial specialist SHPS report for 31 March 2023 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					
	2023			2022		
	Turnover	Operating costs	Operating surplus/ (deficit)	Turnover	Operating costs	Operating surplus/ (deficit)
	£000	£000	£000	£000	£000	£000
Social housing lettings	**202,771**	**(155,990)**	**46,781**	192,358	(142,858)	49,500
Other social housing activities						
Supporting people contract income	**4,697**	**(4,530)**	**167**	4,472	(4,066)	406
Shared ownership initial sales	**31,091**	**(26,024)**	**5,067**	31,024	(26,065)	4,959
Development costs	**216**	**(2,830)**	**(2,614)**	292	(1.994)	(1,702)
Other	**272**	**(5)**	**267**	187	(50)	137
	36,276	**(33,389)**	**2,887**	35,975	(32,175)	3,800
Activities other than social housing						
Non-social housing lettings	**3,069**	**(1,643)**	**1,426**	2,730	(1,576)	1,154
Property sales	**56,698**	**(47,251)**	**9,447**	38,967	(32,689)	6,278
Other	**1,033**	**(380)**	**653**	796	(378)	418
	60,800	**(49,274)**	**11,526**	42,493	(34,643)	7,850
	299,847	**(238,653)**	**61,194**	270,826	(209,676)	61,150
Surplus on property sales			**15,645**			18,878
Change in fair value of investment properties			**(466)**			2,528
			76,373			82,556

Income and expenditure from social housing lettings

	Group				
	2023				2022
	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	**149,801**	**13,884**	**14,341**	**178,026**	168,235
Service charges receivable	**6,048**	**876**	**8,606**	**15,530**	15,025
Net rents receivable	**155,849**	**14,760**	**22,947**	**193,556**	183,260
Amortisation of grants	**6,195**	**706**	**1,181**	**8,082**	7,969
Income from others	**-**	**650**	**483**	**1,133**	1,129
Total income from social housing lettings	**162,044**	**16,116**	**24,611**	**202,771**	192,358
Expenditure on social housing lettings					
Rent losses from bad debts	**773**	**-**	**276**	**1,049**	862
Service charge costs	**6,589**	**956**	**9,384**	**16,929**	15,348
Management	**33,649**	**3,839**	**3,847**	**41,335**	38,827
Responsive maintenance	**26,215**	**-**	**3,360**	**29,575**	25,582
Cyclical maintenance	**11,798**	**-**	**421**	**12,219**	10,326
Major repairs expenditure	**22,403**	**-**	**800**	**23,203**	21,838
Depreciation of housing properties	**26,728**	**2,264**	**2,688**	**31,680**	30,075
Total expenditure on social housing lettings	**128,155**	**7,059**	**20,776**	**155,990**	142,858
Operating surplus on social housing letting activities	**33,889**	**9,057**	**3,835**	**46,781**	49,500
Rent losses from voids	**(1,039)**	**-**	**(590)**	**(1,629)**	(1,356)

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

	Company					
	2023			2022		
	Turnover	Operating costs	Operating surplus/ (deficit)	Turnover	Operating costs	Operating surplus/ (deficit)
	£000	£000	£000	£000	£000	£000
Social housing lettings	**202,437**	**(155,550)**	**46,887**	192,036	(142,406)	49,630
Other social housing activities						
Supporting people contracts	**4,697**	**(4,530)**	**167**	4,472	(4,066)	406
Shared ownership initial sales	**31,091**	**(26,024)**	**5,067**	31,024	(26,065)	4,959
Development costs	**216**	**(2,827)**	**(2,611)**	292	(1,994)	(1,702)
Other	**275**	**(7)**	**268**	187	(50)	137
	36,279	**(33,388)**	**2,891**	35,975	(32,175)	3,800
Activities other than social housing						
Non-social housing lettings	**2,525**	**(1,563)**	**962**	2,315	(1,507)	808
	2,525	**(1,563)**	**962**	2,315	(1,507)	808
	241,241	**(190,501)**	**50,740**	230,326	(176,088)	54,238
Surplus on property sales			**15,670**			18,849
Change in fair value of investment properties			**(477)**			1,463
			65,933			74,550

Income and expenditure from social housing lettings

	Company				
	2023				2022
	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	**149,473**	**13,884**	**14,341**	**177,698**	167,920
Service charges receivable	**6,043**	**876**	**8,606**	**15,525**	15,019
Net rents receivable	**155,516**	**14,760**	**22,947**	**193,223**	182,939
Amortisation of grants	**6,195**	**706**	**1,181**	**8,082**	7,969
Income from others	**-**	**649**	**483**	**1,132**	1,128
Total income from social housing lettings	**161,711**	**16,115**	**24,611**	**202,437**	192,036
Expenditure on social housing lettings					
Rent losses from bad debts	**773**	**-**	**276**	**1,049**	862
Service charge costs	**6,589**	**956**	**9,384**	**16,929**	15,348
Management	**33,616**	**3,838**	**3,846**	**41,300**	38,692
Responsive maintenance	**26,177**	**-**	**3,360**	**29,537**	25,603
Cyclical maintenance	**11,789**	**-**	**421**	**12,210**	10,333
Major repairs expenditure	**22,394**	**-**	**800**	**23,194**	21,839
Depreciation of housing properties	**26,394**	**2,249**	**2,688**	**31,331**	29,729
Total expenditure on social housing lettings	**127,732**	**7,043**	**20,775**	**155,550**	142,406
Operating surplus on social housing letting activities	**33,979**	**9,072**	**3,836**	**46,887**	49,630
Rent losses from voids	**(1,038)**	**-**	**(590)**	**(1,628)**	(1,356)

4 Surplus on property sales

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Disposal proceeds	**31,692**	36,956	**31,329**	36,349
Cost of fixed assets	**(16,047)**	(18,078)	**(15,659)**	(17,500)
Surplus on property sales	**15,645**	18,878	**15,670**	18,849

5 Surplus on ordinary activities before taxation

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Surplus on ordinary activities before taxation is stated after charging/(crediting)				
Auditors' remuneration				
- Audit of these financial statements	**196**	161	**129**	105
- Other non-audit services	**12**	10	**12**	10
Depreciation and other amounts written off housing properties	**32,125**	30,420	**31,776**	30,073
Depreciation and other amounts written off other tangible fixed assets	**3,013**	2,497	**3,013**	2,497
Amortisation of intangible assets	**1,682**	1,031	**1,682**	1,031
Change in fair value of derivatives through income and expenditure	**(5,857)**	(1,297)	**(5,857)**	(1,297)
(Profit)/loss on disposal of property, plant and equipment	**(54)**	34	**(54)**	34
Operating lease rentals	**167**	164	**167**	164

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.

In July 2023, the Executive team was expanded by splitting the Deputy Chief Executive and Executive Director of Finance roles. The Deputy Chief Executive remains on 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			
	2023			2022
	Salary	Expenses	Total	Total
	£000	£000	£000	£000
Non Executive Directors				
Linda Nash	30	-	**30**	28
Andrew Wiles (resigned 10 February 2022)	-	-	**-**	12
Anthony Durbacz	17	1	**18**	16
Jacqueline Starr	15	-	**15**	14
Jenefer Greenwood	17	1	**18**	16
Joanna Crane (appointed 31 March 2022)	15	-	**15**	-
John Newbury	17	2	**19**	17
Phil Stephens	17	1	**18**	16
Rahul Jaitly (appointed 31 March 2022)	15	1	**16**	-
Tom Vaughan	17	1	**18**	16
Tony MacGregor	17	-	**17**	16
	177	7	**184**	151

	Group and Company	
	2023	2022
	£000	£000
Executive directors		
Salary and other benefits	**1,189**	1,117
Pension contributions in respect of services as directors	**53**	58
	1,242	1,175
Remuneration paid to the Chief Executive who was also the highest paid director	**315**	289

The Chief Executive received payment in lieu of pension contributions which are calculated on the same terms as other employees of the SHPS defined contribution scheme. 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	
	2023	2022
Bands		
£60,001 to £70,000	**39**	28
£70,001 to £80,000	**31**	25
£80,001 to £90,000	**8**	8
£90,001 to £100,000	**8**	8
£100,001 to £110,000	**5**	3
£110,001 to £120,000	**3**	6
£120,001 to £130,000	**6**	4
£130,001 to £140,000	**3**	-
£180,001 to £190,000	**1**	-
£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
£240,001 to £250,000	**1**	1
£250,001 to £260,000	**1**	-
£290,001 to £300,000	**-**	1
£310,001 to £320,000	**1**	-

7 Staff numbers and costs

	Group and Company	
	2023	2022
Average monthly number of full time equivalent employees:		
Housing and support	**563**	582
Development	**91**	100
Asset management	**663**	492
Central services	**184**	177
	1,501	1,351

The average number of employees in the year was 1,616 (2022: 1,461).

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
The aggregate payroll cost of these employees was as follows:				
Wages and salaries	**55,925**	47,645	**55,925**	47,645
Social security costs	**5,674**	4,499	**5,674**	4,499
Other pension costs	**4,202**	3,056	**4,202**	3,056
	65,801	55,200	**65,801**	55,200

8 Interest receivable and other income

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Bank and deposits	**764**	198	**298**	36
Intra-group loans	**-**	-	**3,202**	2,361
Loan to non-group housing association	**1**	2	**1**	2
Other	**46**	65	**-**	-
	811	265	**3,501**	2,399

9 Interest payable and similar charges

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Intra-group loans	**-**	-	**20,979**	23,188
Loans and overdrafts	**31,576**	33,842	**10,597**	10,654
Other	**572**	44	**572**	44
Less: capitalised interest at 2.98% (2022: 2.99%)	**(3,295)**	(3,390)	**(3,247)**	(3,390)
	28,853	30,496	**28,901**	30,496

10 Taxation

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
UK corporation tax				
On surplus for the year at 19% (2022: 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	**53,643**	52,692	**54,189**	52,199
Total tax expenses	-	-	-	-
Surplus excluding tax	**53,643**	52,692	**54,189**	52,199
Tax at 19%	**10,192**	10,012	**10,295**	9,918
Effects of charity relief	**(10,192)**	(10,012)	**(10,295)**	(9,918)
Total tax expenses	-	-	-	-

	2023			2022		
	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	12,395
Additions	1,952
At end of year	**14,347**
Amortisation	
At beginning of year	3,532
Charge	1,682
At end of year	**5,214**
Net book value	
At 31 March 2023	**9,133**
At 31 March 2022	8,863

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	2,218,943	313,446	68,467	28,284	2,629,140
Additions in year	360	-	73,227	35,484	109,071
Components capitalised	24,330	-	-	-	24,330
Transfers	142	(94)	-	-	48
Disposals	(10,419)	(7,083)	-	-	(17,502)
Transferred on completion	119,365	46,685	(119,365)	(46,685)	-
At end of year	**2,352,721**	**352,954**	**22,329**	**17,083**	**2,745,087**
Depreciation					
At beginning of year	377,466	23,688	40	-	401,194
Charge for year	29,859	2,266	-	-	32,125
Transfers	(22)	(5)	-	-	(27)
Disposals	(5,421)	(741)	-	-	(6,162)
At end of year	**401,882**	**25,208**	**40**	**-**	**427,130**
Net book value					
At 31 March 2023	**1,950,839**	**327,746**	**22,289**	**17,083**	**2,317,957**
At 31 March 2022	1,841,477	289,758	68,427	28,284	2,227,946

	Company				
	Social housing				
	Completed schemes		Under construction		
	Rented	Shared ownership	Rented	Shared ownership	Total
	£000	£000	£000	£000	£000
Cost					
At beginning of year	2,186,787	314,943	69,102	28,284	2,599,116
Additions in year	359	-	73,121	35,484	108,964
Transfers	2,999	(94)	-	-	2,905
Components capitalised	24,241	-	-	-	24,241
Disposals	(10,384)	(7,083)	-	-	(17,467)
Transferred on completion	119,365	46,685	(119,365)	(46,685)	-
At end of year	**2,323,367**	**354,451**	**22,858**	**17,083**	**2,717,759**
Depreciation					
At beginning of year	372,315	23,880	40	-	396,235
Charge for year	29,525	2,251	-	-	31,776
Transfers	817	(5)	-	-	812
Disposals	(5,398)	(741)	-	-	(6,139)
At end of year	**397,259**	**25,385**	**40**	**-**	**422,684**
Net book value					
At 31 March 2023	**1,926,108**	**329,066**	**22,818**	**17,083**	**2,295,075**
At 31 March 2022	1,814,472	291,063	69,062	28,284	2,202,881

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Additions to housing properties in the course of construction during the year includes:				
Capitalised interest at 2.98% (2022: 2.99%)	**3,295**	3,390	**3,247**	3,390
Direct development costs	**3,735**	3,563	**3,735**	3,563
The net book value of properties comprises:				
Freehold	**2,184,001**	2,094,643	**2,161,119**	2,070,577
Long leasehold – under 50 years remaining	**3,082**	3,142	**3,082**	3,142
Long leasehold – over 50 years remaining	**130,874**	130,381	**130,874**	129,162
	2,317,957	2,228,166	**2,295,075**	2,202,881
Works to existing properties:				
Capital	**24,330**	16,169	**24,241**	16,128
Revenue	**64,998**	57,746	**64,941**	57,775

13 Tangible fixed assets – investment properties

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Cost				
At beginning of year	**25,187**	22,328	**16,679**	14,244
Additions	**10,083**	-	**-**	-
Revaluation	**(466)**	2,528	**(477)**	1,463
Transfers	**(75)**	932	**3,460**	1,041
Disposals	**(698)**	(601)	**(337)**	(69)
At end of year	**34,031**	25,187	**19,325**	16,679

Investment properties are held at valuation and were independently valued by JLL, a professional property services organisation, as at 31 March 2023 using a market value basis.

14 Other tangible fixed assets

Group and Company	Freehold land and buildings £000	Fixtures and fittings £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost					
At beginning of year	22,900	3,722	3,920	8,578	39,120
Additions	-	336	919	3,536	4,791
Disposals	(3)	(397)	(245)	(357)	(1,002)
At end of year	**22,897**	**3,661**	**4,594**	**11,757**	**42,909**
Depreciation					
At beginning of year	2,120	2,626	2,309	5,666	12,721
Charge for year	457	517	705	1,334	3,013
On disposals	-	(397)	(245)	(330)	(972)
At end of year	**2,577**	**2,746**	**2,769**	**6,670**	**14,762**
Net book value					
At 31 March 2023	**20,320**	**915**	**1,825**	**5,087**	**28,147**
At 31 March 2022	20,780	1,096	1,611	2,912	26,399

	Group and Company 2023 £000	Group and Company 2022 £000
The net book value of properties comprises:		
Freehold	**20,320**	20,780
	20,320	20,780

15 Investments

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Shares	**-**	-	**2,300**	2,300
Intra-group loan	**-**	-	**73,906**	82,430
Financial investment	**-**	30,000	**-**	-
Equity loans	**65**	65	**-**	-
Loan to other housing association	**16**	26	**16**	26
Listed investments	**30**	30	**30**	30
Investments in subsidiary companies	**-**	-	**5,847**	5,897
Interest in associate	**103**	101	**-**	-
	214	30,222	**82,099**	90,683

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 liabilities and attracts interest linked to SONIA.

At 31 March 2023 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
Great Western Assured Growth Limited	England	Property management
LiveWest Capital Limited (dissolved on 6 June 2023)	England	Group borrowing vehicle
Arc Developments South West Limited	England	Property development and services
LiveWest Services (formerly 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	
	2023	2022	2023	2022
	£000	£000	£000	£000
Properties developed for outright sale				
- cost of completed units	**2,164**	3,063	**-**	-
- cost of units under development	**65,199**	75,864	**-**	-
Shared ownership properties – first tranche sales				
- cost of completed units	**9,148**	5,302	**9,148**	5,302
- cost of units under development	**10,774**	15,979	**10,774**	15,979
	87,285	100,208	**19,922**	21,281

17 Debtors due within one year

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Rent and service charges receivable	**5,239**	7,291	**5,225**	7,270
Less: Provisions for bad and doubtful debts	**(2,794)**	(3,021)	**(2,783)**	(3,003)
	2,445	4,270	**2,442**	4,267
Service charges recoverable	**6,074**	969	**6,074**	968
Amounts owed by group companies	**-**	-	**22,244**	31,370
Financial investments	**10,000**	-	**-**	-
Other debtors	**18,318**	25,167	**4,020**	1,857
Social Housing Grant receivable	**2,092**	104	**2,092**	104
Prepayments and accrued income	**5,831**	6,249	**4,913**	11,061
	44,760	36,759	**41,785**	49,627

Included in other debtors is £nil (2022: £7m) due after more than one year.
The amounts owed by group companies are repayable on demand and are non-interest bearing.
Financial investments are a £10m deposit held as security against the fair value of derivatives which matures in September 2023.

18 Cash and cash equivalents

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Cash at bank and in hand	**21,350**	32,982	**23,154**	32,733
Cash and cash equivalents per cash flow statement	**21,350**	32,982	**23,154**	32,733

Cash balances held in escrow and customer sinking fund accounts are £9m (2022: £14m).

19 Creditors: amounts falling due within one year

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Housing loans (see note 21)	**9,984**	15,120	**9,984**	15,120
Issue costs	**(362)**	(410)	**(362)**	(410)
Recycled Capital Grant Fund (note 25)	**13,126**	6,275	**13,126**	6,275
Trade creditors	**876**	740	**796**	678
Rent and service charges received in advance	**14,842**	12,682	**14,834**	12,662
Contracts for capital works	**7,828**	15,168	**6,274**	6,962
Interest charges	**5,601**	8,820	**1,344**	1,073
Pension deficit (note 28)	**3**	3	**3**	3
Amounts owed to group companies	**-**	-	**14,230**	14,889
Other taxation and social security	**1,524**	1,252	**1,524**	1,232
Social Housing Grant (note 32)	**8,062**	7,949	**8,062**	7,949
Other creditors	**5,812**	5,696	**5,795**	5,654
Accruals and deferred income	**40,496**	45,414	**31,441**	34,566
	107,792	118,709	**107,051**	106,653

20 Creditors: amounts falling due after more than one year

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Recycled Capital Grant Fund (note 25)	**10,394**	17,138	**10,394**	17,138
Pension deficit (note 28)	**2**	5	**2**	5
Other grant (note 32)	**336**	356	**336**	356
Housing loans (note 21)	**952,748**	930,390	**952,748**	930,390
Issue costs	**(1,575)**	(1,650)	**(1,575)**	(1,650)
Social Housing Grant (note 32)	**645,257**	638,991	**645,257**	638,991
Other financial liabilities (note 23)	**22,910**	58,399	**22,910**	58,399
Grant on HomeBuy equity loans	**7,327**	7,621	**7,211**	7,485
	1,637,399	1,651,250	**1,637,283**	1,651,114

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

21 Housing loans

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
The sources of loan finance are as follows:				
Banks and building societies	**256,760**	236,499	**116,400**	125,999
Capital market issues	**705,560**	708,599	**161,820**	164,610
Intra-group	**-**	-	**684,100**	654,489
Other	**412**	412	**412**	412
	962,732	945,510	**962,732**	945,510

	Group and Company	
	2023	2022
	£000	£000
Housing loan finance is repayable as follows:		
In one year or less	**9,984**	15,120
Between one and two years	**31,834**	8,464
Between two and five years	**89,740**	50,432
In five years or more	**831,174**	871,494
	962,732	945,510

Loans totalling £670m are repayable by bullet repayments which fall due between 2029 and 2056. The remainder is repayable by instalments which fall due between 2026 and 2046.

	Group and Company	
	2023	2022
	£000	£000
Housing loans are secured as follows:		
Fixed charges on properties	**962,732**	945,510

	Group and Company	
	2023	2022
	£000	£000
Interest rate basis		
Fixed less than 1 year	**53,264**	5,622
Fixed 2-5 years	**91,233**	116,596
Fixed more than 5 years	**783,568**	811,386
Index linked	**20,412**	11,906
Variable	**14,255**	-
	962,732	945,510

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 2023 was 2.98% (2022: 3.07%).

22 Called up share capital

	Group and Company	
	2023	2022
	£	£
Allotted, issued and fully paid shares of £1		
Balance at 1 April	**10**	9
Issued during year	**-**	2
Cancelled during year	**-**	(1)
Balance at 31 March	**10**	10

23 Financial instruments

	Group and Company	
	2023	2022
	£000	£000
Carrying amount of financial instruments:		
Assets measured at fair value	**3,716**	-
Assets measured at amortised cost	**31,350**	62,982
Liabilities measured at fair value	**22,910**	58,399
Liabilities measured at amortised cost	**962,732**	945,510

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					
	2023					
	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 rates swaps:						
Assets	3,716	2,732	2,470	1,452	601	(1,791)
Liabilities	(13,672)	(16,623)	(667)	(854)	(3,853)	(11,249)
	(9,956)	**(13,891)**	**1,803**	**598**	**(3,252)**	**(13,040)**

	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 rates 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)**

24 Housing stock

	Group		Company	
	2023	2022	2023	2022
Social housing:				
General needs - social	24,135	23,579	24,135	23,523
General needs - affordable	3,539	3,533	3,539	3,533
Supported housing - social	2,861	2,874	2,861	2,874
Supported housing - affordable	95	95	95	95
Shared ownership	4,843	4,638	4,843	4,638
Other social housing	1,109	1,113	1,109	1,113
Social housing owned and managed	**36,582**	35,832	**36,582**	35,776
Supported housing- social	334	347	334	347
Residential care homes	67	66	67	66
Social housing owned not managed	**401**	413	**401**	413
Total social housing owned or managed	**36,983**	36,245	**36,983**	36,189
Non-social housing:				
Market rented	138	105	80	63
Non social housing owned	**138**	105	**80**	63
Leasehold:				
Social leasehold - owned	982	970	806	794
Social leasehold - managed	807	771	797	761
Non social leasehold - owned	282	244	62	24
Non social leasehold - managed	672	559	137	76
Leasehold owned or managed	**2,743**	2,544	**1,802**	1,655
Non-housing:				
Commercial properties owned and managed	**79**	79	**79**	79
Total owned or managed	**39,943**	38,973	**38,944**	37,986

	Group and Company	
	2023	2022
	£000	£000
Under development:		
General needs - social	**601**	714
General needs - affordable	**731**	898
Shared ownership	**657**	802
Rent to buy	**17**	-
Total	**2,006**	2,414

25 Recycled Capital Grant Fund (RCGF)

	Group and Company
	RCGF
	£000
Balance at beginning of year	**23,413**
Grants recycled from disposals	**4,987**
Homebuy grants	**284**
Interest accrued	**572**
Grants recycled to new build	**(5,735)**
Balance at end of year	**23,521**

26 Financial commitments

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Capital commitments for which no provision has been made:				
Housing properties – contracted	**463,951**	472,875	**313,114**	319,625
Housing properties – approved not contracted	**124,216**	65,470	**124,216**	65,470

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

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Total commitment under operating leases:				
Land and buildings – lease less than 1 year	**-**	12	**-**	12
Land and buildings – lease expiring 2-5 years	**52**	-	**52**	-
Equipment – lease expiring less than 1 year	**29**	-	**29**	-
Equipment – lease expiring 1-2 years	**-**	78	**-**	78
Land and buildings – lease expiring beyond 5 years	**1,083**	1,182	**1,083**	1,182
	1,164	1,272	**1,164**	1,272

27 Significance of financial instruments

	2023	2022
Financial instruments are classed as follows:	£000	£000
Financial assets		
Investment measured at amortised cost	**10,000**	30,000
Derivative financial assets measured at fair value	**3,716**	**-**
Financial liabilities		
Derivative hedges at fair value (interest rate swaps)	**22,910**	58,399
Loans measured at amortised cost	**962,732**	945,510

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 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 £386m consisting of £21m cash and £365m 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 £143,000 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 1% 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 holds its capital levels to its share capital of £12,501. LiveWest has accumulated revenue reserves of £787m which is invested in our housing stock.

28 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 2023/24.

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.

Recent changes in global and UK economic pressures and tightening of monetary policy have had a significant impact on asset markets and corporate bonds yields, which are key to the FRS102 assessment of the net pension asset or liability. In particular, AA corporate bond yields, used to set the FRS102 discount rate, have increased significantly, with corresponding falls in asset values. The markets have been exceptionally volatile and therefore both gross defined benefit liabilities and assets have fallen.

The fund actuary has updated the mortality assumptions as at year end to reflect the potential effects of COVID 19.

We were notified in 2021 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 is seeking clarification from the Court on these items, and this process is ongoing with it being unlikely to be resolved before the end of 2024 at the earliest. It is estimated that this could potentially increase the value of the full Scheme liabilities by £155m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

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 2023/24.

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 £73,000 (2022: £72,000) were made during the year in accordance with the funding agreement.

The most recent valuation was carried out as at 31 March 2022 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 2023. 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	
	2023	2022	2023	2022
	%	%	%	%
Discount rate	**4.9**	2.8	**4.8**	2.6
Salary / pension growth	**3.8**	4.2	**3.9**	4.3
Inflation (RPI)	**3.2**	3.5	**-**	-
Inflation (CPI)	**2.8**	3.2	**-**	-
Inflation	**-**	-	**2.9**	3.3

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	
	2023	2022	2023	2022
Longevity at age 65 for current pensioners				
- Males	**21.0**	21.1	**21.8**	22.7
- Females	**23.4**	23.7	**22.9**	24.0
Longevity at age 65 for future pensioners				
- Males	**22.2**	22.4	**23.1**	24.0
- Females	**24.9**	25.2	**24.4**	25.4

Analysis of the amount charged to the Statement of comprehensive income

	SHPS		Devon County Council	
	2023	2022	2023	2022
	£000	£000	£000	£000
Expenses	**136**	132	**6**	6
Total operating charge	**136**	132	**6**	6
Net interest on pension liabilities	**527**	762	**74**	134
Other financial costs	**663**	894	**80**	140

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

	SHPS		Devon County Council	
	2023	2022	2023	2022
	£000	£000	£000	£000
Actuarial (loss)/gain	**(4,470)**	12,260	**4,763**	1,309
Total (loss)/gain	**(4,470)**	12,260	**4,763**	1,309

Movement in the fair value of assets and present value of liabilities for the year to 31 March 2023:

Fair value of assets

	SHPS		Devon County Council	
	2023	2022	2023	2022
	£000	£000	£000	£000
At the beginning of the year	**149,710**	141,888	**10,679**	10,391
Interest on assets	**4,182**	3,109	**343**	198
Remeasurement	**(58,110)**	4,377	**(384)**	593
Employer contributions	**4,966**	4,139	**75**	72
Administrative expenses	**-**	-	**(6)**	(6)
Net benefits paid out	**(4,379)**	(3,803)	**(595)**	(569)
At the end of the year	**96,369**	149,710	**10,112**	10,679

Present value of liabilities

	SHPS		Devon County Council	
	2023	2022	2023	2022
	£000	£000	£000	£000
At the beginning of the year	**171,013**	178,696	**16,362**	17,315
Expenses	**136**	132	**-**	-
Interest on liabilities	**4,709**	3,871	**417**	332
Remeasurement	**(53,640)**	(7,883)	**(5,147)**	(716)
Net benefits paid out	**(4,379)**	(3,803)	**(595)**	(569)
At end of the year	**117,839**	171,013	**11,037**	16,362

Type of asset held

	SHPS		Devon County Council	
	2023	2022	2023	2022
	£000	£000	£000	£000
Liability driven investment	**44,382**	41,774	**-**	-
Equities	**1,798**	28,730	**5,328**	6,323
Bonds / debt	**4,806**	18,181	**2,162**	1,639
Absolute return	**1,043**	6,006	**-**	-
Infrastructure	**11,007**	10,665	**909**	603
Property	**7,056**	7,894	**886**	1,006
Other	**26,277**	36,460	**827**	1,108
Total	**96,369**	149,710	**10,112**	10,679

Funding position

	SHPS		Devon County Council	
	2023	2022	2023	2022
	£000	£000	£000	£000
Assets	**96,369**	149,710	**10,112**	10,679
Estimated liabilities	**(117,839)**	(171,013)	**(11,037)**	(16,362)
Deficit in scheme	**(21,470)**	(21,303)	**(925)**	(5,683)

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 6% 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 2023 there were 1,581 active members (2022: 1,424) of the scheme.

29 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	-	-	435	-	Development and sale services
ARC from LiveWest	-	-	-	435	
LiveWest from GWAG	44	-	-	9,896	Scheme management
GWAG from LiveWest	-	44	9,896	-	
LT from LiveWest	20,738	-	688,593	-	Treasury services
LiveWest from LT	-	20,738	-	688,593	
Westco from LiveWest	26,967	-	-	67,632	Development services
LiveWest from Westco	-	26,967	67,632	-	
LP from LiveWest	-	-	-	717	Scheme management
LiveWest from LP	-	-	717	-	
LiveWest from LP	463	-	13,915	-	Development services
LP from LiveWest	-	463	-	13,915	

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 28.

30 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 2023 this contingent liability is £78m (2022: £78m).

31 Statement of cash flows

	2023	2022
	£000	£000
Reconciliation of operating surplus to net cash inflow from operating activities		
Operating surplus	**76,373**	82,556
Depreciation charges – other fixed assets	**3,013**	2,497
Depreciation charges – housing properties	**32,125**	30,420
Depreciation charges – intangible assets	**1,682**	1,031
Pension cost less contributions payable	**(4,902)**	(4,082)
Government grant utilised in year	**(8,082)**	(7,943)
Increase in stock	**(217)**	(85)
Decrease in debtors	**3,987**	6,207
(Decrease)/increase in creditors	**(2,231)**	10,015
Decrease/(increase) in properties for sale	**12,923**	(12,126)
Sale of housing properties	**12,037**	13,279
Revaluation of investment properties	**466**	(2,528)
Net cash inflow from operating activities	**127,174**	119,241

	1 April 2022	Cashflow	Non-cash	31 March 2023
	£000	£000	£000	£000
Reconciliation of net debt				
Cash	32,982	(11,632)	-	21,350
Housing loans due in 1 year	(15,120)	15,120	(9,984)	(9,984)
Housing loans due in > 1 year	(930,390)	(32,342)	9,984	(952,748)
	(912,528)	**(28,854)**	**-**	**(941,382)**

32 Social housing grant and other grant

	Group and Company	
	Social Housing Grant	Other grant
	£000	£000
Grant received		
At beginning of year	812,638	469
Additions	17,730	-
Disposals	(4,654)	-
	825,714	**469**
Amortisation		
At beginning of year	165,698	113
Amortised in year	8,062	20
Disposals	(1,365)	-
	172,395	**133**
Net book value		
At 31 March 2023	**653,319**	**336**
At 31 March 2022	**646,940**	**356**

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

Details of the five 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	Owned a small portfolio of properties which were transferred to LiveWest Homes Limited in March 2023.
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 Corp
Member of DC
(from 1 June 2023)

Andrew Smith
Member of TC

Anh Duong
Member of TC

Christopher Balch
Member of DC

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

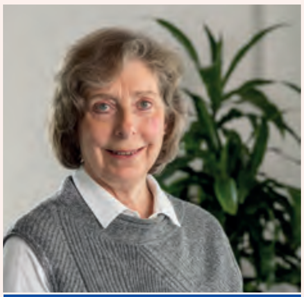
TC = Treasury committee

LiveWest Homes Limited Board members

Antony Durbacz
Chair of ARC, Member of TC

Christopher Balch
Member of DC
(from 1 August 2023)

Jacqueline Starr
Member of CSC and ARC



Jenefer Greenwood
Chair of RC, Member of DC
(to 31 July 2023)

Joanna Crane
Chair of RC, Member of DC

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

Linda Nash
Group Chair, Member of RC

Melvyn Garrett
Deputy Chief Executive, Member of TC

Paul Crawford
Chief Executive

Phil Stephens
Chair of DC, Member of TC

Rahul Jaitly
Member of CSC and ARC

Tom Vaughan
Chair of CSC, Member of RC

Tony MacGregor
Chair of TC, Member of ARC

LiveWest Homes Limited Executive team

Andrew Sloman
Executive Director of Finance
(from 1 July 2023)

Ian Fisher
Executive Director of Digital and Business Change

Melvyn Garrett
Deputy Chief Executive

Paul Crawford
Chief Executive

Suzanne Brown
Executive Director of Operations

Russell Baldwinson
Executive Director of Development

ARC = Audit and Risk committee

CSC = Customer Services committee

DC = Development committee

RC = Remuneration and Nominations committee

TC = Treasury committee

Secretary: Lisa Maunder
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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: Chatham Financial, 12 St James's Square, London SW1Y 4LB

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