Livin Housing Limited Report and Financial Statements

For the year ended 31 March 2022






Contents

General information 4

Highlights

Our business 5
At a glance 6
Chair's statement 7
Chief Executive's statement 8

Strategic report of the Board and Financial Review

Our business strategy 9
Five year summary and financial review 11
Capital structure and treasury policy 14
Golden rules 15
Value for money 17

Leadership and Governance

Our Board members 28
Regulatory judgement and financial viability review 33
Risks and uncertainties 33
Going concern 38
Internal control assurance 39
Statement of the responsibilities of the Board for the report and financial statements 41

Financial statements

Independent auditor's report 43
Statement of comprehensive income 46
Statement of changes in reserves 47
Statement of financial position 48
Statement of cash flows 49
Notes to the report and financial statements 50

General Information

Chair of the Board

Dennis Bradley

Vice Chair

Kevin Thompson

Board members

Adele Barnett

Oliver Colling

Charlotte Harrison

Norman Rollo

Hannah Underwood

Natalie Wilkinson (from 1st April 2022)

Alan Boddy (from 1st October 2021)

Sean Brodie (from 1st October 2021)

Alan Fletcher (until 23rd September 2021)

Gillian Stacey (until 13th September 2021)

Sheila Rooney (until 31st July 2021)

External Auditors:

Beever and Struthers
Chartered Accountants and Business Advisors
St George's House
215-219 Chester Road
Manchester, M15 4JE

Registration Numbers:

Regulator of Social Housing L4538

Registered Society number 30568R

Chief Executive

Alan Boddy

Executive Directors

Sean Brodie (Finance and Investment)

Graham Darby (Housing and Communities – appointed 12th October 2021)

Paul Stephens (Director of Corporate Services – appointed 4th April 2022)

Advisors

Bankers:
Nat West PLC
12 Market Street
Durham
County Durham
DH1 3NG

Solicitors:
Towers & Hamlins LLP
3 Bunhill Row
London
EC1Y 8YZ

Internal Auditors:

TIAA Ltd
Artillery House
Fort Fareham
Newgate Lane
Fareham
PO14 1AH

Registered office:

Farrell House
Arlington Way
DurhamGate
Spennymoor
County Durham
DL16 6NL

Our Business

We are a local housing provider currently managing over 8,600 homes across County Durham.

We are pleased to present this report together with the audited financial statements of Livin Housing Limited (the Association) for the year ended 31st March 2022. This Strategic Report has been prepared in accordance with the principles set out in paragraph 4.7 of the 2018 SORP for Registered Social Housing Providers.

Principal Activities

The Association's principal activities are the development and management of affordable housing.

The Association's head office is based in Spennymoor, County Durham and its homes are mainly in County Durham.

The Association is a Registered Society under the Co-operative and Community Benefit Societies Act with charitable objectives and operates the key business stream of:

- Housing for rent, primarily by people who are unable to rent or buy at open market rates

At a Glance

2022
Operating margin
28.0%
2021 30.6%

2022
EBITDA
£15.370m
2021 £16.145m

2022
Homes under management
8,641
2021 8,474

2022
Number of housing responsive repairs completed
31,548
2021 28,740

2022
Void loss
(all properties)
1.91%
2021 2.32%

2022
Total arrears
(adjusted for housing benefit due)
3.31%
2020 2.91%

2022
Investment
(housing developments, acquisitions and improvements to homes)
£26.859m
2021 £25.617m

2022
Social value generated
£18.5m
2021 £10.1m

Chair's Statement

The past twelve months, my first as Chair, have been a period of immense change and challenge. At our Leadership Conference in March 22 we reviewed our Plan A Business Strategy to address the prevailing challenges and opportunities.

Notably these included a need to focus on placemaking and improving local communities, an urgent need to step up to the Net Zero challenge and a need to support tenants in the post-COVID economic uncertainty and the cost-of-living crisis which present significant pressures on our organisation and our tenants, with inflation at levels not seen for decades. In the face of such testing conditions, I am incredibly proud of how we have managed these challenges, remained on a strong financial footing and continued to adapt and deliver for our tenants and communities.

Plan A 2022-25 sets out a realistic path to success whilst remaining agile to respond to emerging issues. To provide strategic focus for the coming three years, the Board considered and approved six Plan A priorities. These focus on: helping tenants who are most in need to make the most of their money; growing our stock of affordable, well designed homes; creating stronger, sustainable and thriving places and addressing areas most in need of improvement; upgrading our properties to make them more energy efficient and reduce carbon consumption; providing support for older and vulnerable tenants so they can maintain their independence and providing a reliable, trackable repairs service giving tenants live and up-to-date information about their repair request.

These priorities and investments, ultimately rely on being well governed and financially viable and I am very proud that we have continued to retain the highest possible ratings for these following a Regulatory stability check in December 2021. Despite some difficult economic headwinds and the challenges that we have faced over the last year, I am pleased that the financial statements show we remain in a healthy financial position to move forward with our business strategy and continue to support tenants and invest in our homes and communities into the future.

Finally, I would like to extend my gratitude to my fellow Board members, Executive Management Team and Livin employees, who have supported me in my first year as Chair of the Board.

D. M. Bradley

Dennis Bradley
Chair of the Board

Chief Executive's Statement

Since my appointment as Chief Executive in October 2021, we have fundamentally reviewed the Plan A Business Strategy and introduced six underpinning delivery strategies focusing on taking forward new and innovative ways of improving: places, tenancy sustainment, customer experience, existing quality homes, new homes and sustainability – or Planet A as we call it. Within this framework we have clearly identified priorities for investment, both in terms of time/capacity and finance.

In the last year as the country emerged from the COVID-19 environment, through sticking to our strategy and working together with key strategic partners to deliver quality homes, new build and placemaking solutions we have been able to resume normal services, implement support where it was most needed whilst maintaining high levels of performance. This was challenging but rewarding and required innovative and agile solutions, including investing an additional £0.9m on responsive and planned repairs, and £3.02m on major repairs compared to the previous year.

Financially we remain in a strong position across all VFM metrics. We ended the financial year with an operating surplus of £6.583m and EBITDA MRI as a percentage of turnover standing at 23.7%, demonstrating that underlying performance remains strong as we continue to deliver value for money during challenging economic times.

Looking forward, the refreshed Plan A 2022-25, underpinned by an aligned Financial Business Plan sets a clear direction to grow the organisation and support our communities through a strong focus on improving lives through sustainable homes and places, building beautiful homes in places where residents are proud to live, supporting sustainable communities and providing an outstanding customer experience for tenants.

Investment in our properties will continue moving forward, with a significant focus on meeting the Net Zero commitments set out in the Planet A sustainability strategy. This initially prioritises improving the energy efficiency of and decarbonising existing homes, for which we have made available an additional £4.3m over the next three years. We have also prioritised the introduction of sustainable heating and improving the energy performance of new build homes within the current investment parameters.

We have a strong financial and governance base and a business strategy and underpinning performance framework which have been viewed by many as second to none. I am very optimistic that this sound platform sets us in good stead for the inevitable challenges and potential opportunities ahead. A special thank you must go to our employees who relentlessly work towards delivering high quality services, to improve the lives of people living in our homes and places.

Alan Boddy

Alan Boddy
Chief Executive

Our Business Strategy

Several changes have happened since our business strategy "Plan A" was originally written. These include the Charter for Social Housing, decarbonisation and Levelling up agendas.

We refreshed our business strategy, Plan A, during the year to ensure our strategy remains relevant.

Our Plan A is to...

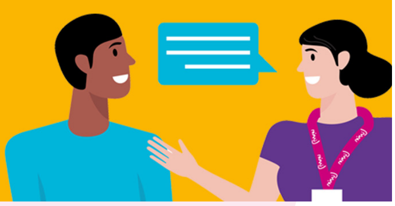
Improve lives through sustainable homes and places.

Plan A sets out 25 ambitious objectives with six key areas of focus. This is our third phase which continues the journey with a primary focus on supporting sustainable places. To achieve this our new build and acquisitions programme, tenancy support service, regeneration work and home improvement programme will be focused on improving lives through sustainable homes and places.

Our Values

Trust

- Being supportive
- Doing what we say we will do
- Taking ownership



Respect

- Listening and caring
- Treating people as individuals
- Valuing difference

Innovate

- Aiming high
- Changing things for the better
- Being future ready

Work together

- Joining up to make things happen
- Being more than the sum of our parts
- Pulling in the same direction

Our objectives

Plan A is underpinned by six high level strategic objectives, these are:

1: Transforming Customer Experience and Digital Services

2: Planet A/Sustainability

3: Supporting Sustainable Places

4: Supporting Sustainable Tenancies

5: Providing Quality Sustainable Homes

6: Building and Acquiring Sustainable Homes

Our Plan A Priorities

Our priorities will help us support and sustain our communities by;

- Helping our tenants who are most in need to make the most of their money and sustain their tenancies
- Provide specific support for older and vulnerable tenants, so they can maintain their independence in a home they love
- Upgrade our properties to make them more energy efficient, reducing carbon emissions, and save tenants money on their bills
- Grow our stock of affordable, well-designed homes in beautiful places
- Work with communities and tenants on community regeneration projects to create stronger, sustainable, thriving places
- Provide a reliable, trackable monitoring service giving customers live, up-to-date information about their repair requests

Finance - Five Year Summary

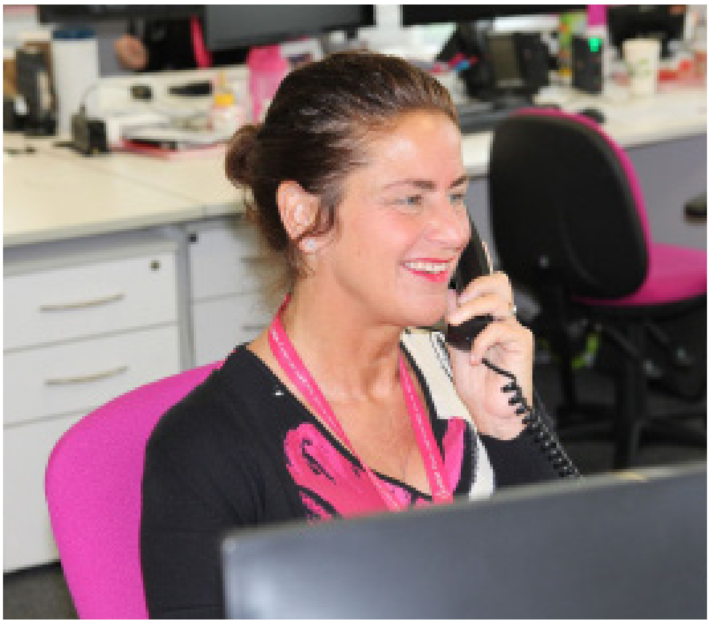
	2017/18 £'000	2018/19 £'000	2019/20 £'000 (restated)	2020/21 £'000	2021/22 £'000
Statement of Comprehensive Income					
Turnover	34,551	34,545	35,522	35,365	36,979
Operating Surplus	11,387	10,689	9,568	10,809	10,372
Surplus/(Deficit) for year	6,523	(23,286)	6,120	7,488	6,583
Statement of Financial Position					
Housing Properties (net of depreciation)	120,197	129,113	143,868	163,255	182,716
Investment Properties & Other Investments	7,654	7,829	7,409	7,309	6,865
Other Fixed Assets	3,793	3,809	3,716	3,717	4,402
Total Fixed Assets	**131,644**	**140,751**	**154,993**	**174,281**	**193,983**
Current Assets	11,168	5,849	7,291	6,808	8,409
Current Liabilities	(6,184)	(5,520)	(3,927)	(5,691)	(9,027)
Total Assets less Current Liabilities	**136,628**	**141,080**	**158,357**	**175,398**	**193,365**
Long Term Creditors	74,222	99,994	110,271	119,204	129,258
Pension Deficit	6,840	7,030	8,090	12,440	7,220
Revenue Reserve	48,912	27,271	33,629	37,615	51,279
Revaluation Reserve	6,654	6,785	6,367	6,139	5,608
Total Reserves	**136,628**	**141,080**	**158,357**	**175,398**	**193,365**
Net Debt	**56,977**	**88,327**	**89,398**	**95,628**	**101,346**
Other information and key performance measures					
Housing Properties (homes)	8,376	8,408	8,458	8,474	8,641
Operating Surplus as a % of Turnover	33.0%	30.9%	26.9%	30.6%	28.0%
Surplus for the year as % of Turnover (excluding breakage costs)	18.9%	17.5%	17.2%	21.2%	17.8%
Rent losses (voids + bad debt as a % of rent receivable)	2.6%	2.6%	2.5%	2.7%	2.4%
EBITDA	15,713	14,769	13,921	16,145	15,370
EBITDA MRI	11,859	10,136	9,299	12,562	8,764
EBITDA MRI % turnover	34.3%	29.3%	26.2%	35.5%	23.7%
Interest Cover – Loan Covenant (excluding breakage costs)	2.35	2.05	3.13	4.22	3.13

Financial Review

We use EBITDA MRI to monitor financial performance as this provides a closer match for essential loan covenant monitoring. Using this measure, our performance has reduced from £12.562m to £8.764m. This reduction in performance is the result of increased repairs and maintenance costs and major repairs spend as operations began to return to normal following the Government's vaccination programme for COVID-19.

Our Operating surplus reduced by £0.437m to £10.372m. Turnover increased by £1.614m which was due to an increase in housing stock numbers, a result of investing in developing new affordable homes combined with an annual rent increase applied to customers. Planned and responsive repair costs increased by £0.924m, a result of the lifting of COVID-19 restrictions and access issues which had reduced this spend in previous years by a similar amount (£0.937m).

Overall surplus reduced to £6.583m (2021 £7.488m).



Asset management & property developments

We have fixed assets of £193.983m and invested £6.606m during the year in our residential accommodation to ensure all our homes continue to meet the Decent Homes Standard. This was an increase of £3.023m compared to the previous year.

We also invested £20.253m during the year to build and acquire new homes.

Future developments

It is essential that we listen and respond to the needs of our customers through the use of our transactional data, especially lettings data from Durham County Council's choice based lettings system. This allows us to align our activities with demand led data and ensures the new homes we develop are sustainable.

Two key objectives of our renewed Plan A are "Providing Quality Sustainable Homes" and "Building and Acquiring Sustainable Homes." The Board has approved plans to spend approximately £10.505m during the next financial year to improve existing housing and regenerate an estate at The Courts, Shildon. The business plan also includes £30.442m (before grant) to be spent on Building and Acquiring Sustainable Homes. This investment will be funded by existing committed, undrawn loan facilities, our rental income stream and short-term deposits.

Void rent loss

Void rent loss was £0.686m compared to £0.801m in the previous year. This decrease was a result of normal services resuming following the lifting of nationwide lockdowns and a reduction in void turnaround times.

Rent Arrears

Rent arrears in respect of current tenants was 2.26% (2021 1.88%) after accounting for the timing of a housing benefit payment received shortly after the year end. This increase was slightly more than expected and was a result of an increase in Universal Credit claimants and customers owing over £1,000. We continue to offer targeted financial inclusion activities to support these customers.

Capital Structure and Treasury Policy

Our treasury management arrangements are set out below.

Existing bi-lateral debt facilities totalled £150m with £14m of this still to be drawn down under a deferred agreement, and £30m available under a revolving credit facility. During the year we agreed an extension of 24 months to this revolving credit facility which now provides liquidity up to March 2026. A summary of our borrowings at year end is shown in the table below.

Maturity	2022 £m	2021 £m
Within one year	-	-
Between one and two years	-	-
Between two and five years	3.2	4.0
After five years	102.8	95.0
	106.0	**99.0**

Working capital and liquidity management

Our working capital and liquidity requirements are managed through the preparation of regular cash flow forecasts. These are constantly updated to ensure liabilities can be met as they fall due. We hold loans from the Pension Insurance Corporation, AIB Group (UK) plc and Lloyds Bank plc, at both fixed and floating rates of interest. Cash flow is monitored to ensure that loan drawdowns are only made when required, in order to minimise borrowing costs.

Interest rates

We use fixed rate loans to manage our exposure to interest rate fluctuations. Our treasury management policy targets a maximum of 30% variable rate loans or a maximum of 90% fixed rate loans. However, Committee have approved the temporary increase in this level due to the timing of drawdowns of

deferred fixed rate loans. At the year end the amount of variable loans outstanding were £10m, resulting in 91% of our borrowings being at fixed rates of interest.

The range of interest rates on the fixed rate loans varies between 2.570% and 3.207% (including margins) and 1.544% on the floating loans.

Peak debt

Our Business Plan for 2022-52 has been prepared in accordance with the existing capital structure and includes a pipeline of developments over the next eight years, with peak debt forecast at £189.1m in March 2030. This is an increase of £12.9m compared to last year's Business Plan, due to additional decarbonisation and major repairs works combined with increased developments. This increased level of peak debt remains within our existing borrowing capacity.

Golden rules

Financial strength is key to delivering Plan A and we have established a set of "Golden Rules." These rules are a series of financial performance measures designed to ensure we are not overly exposed to risk and remain financially robust and attractive to existing and potential funders. A summary of these "Golden Rules" is shown below along with expected performance based on our latest Business Plan:

Area	Golden rule	Trigger	2022/23	2023/24	2024/25	2025/26	2026/27
Liquidity *	24 months	30 months	21 months	9 months	0 months	0 months	0 months
Covenant – interest cover	Min 1.40x	Min 1.50x	1.53	1.54	1.55	2.02	2.07
Covenant – gearing	Max 70%	Max 65%	42%	42%	43%	41%	40%
Market risk	Max 10%	N/A	0%	0%	0%	0%	0%
On-lending	Max £12m	Max £9m	£0	£0	£0	£0	£0
– EBITDA margin	Min 30%	N/A	41%	43%	44%	45%	45%
– Voids	Max 5.0%	Max 3.0%	2.00%	2.00%	2.00%	2.00%	2.00%
– Bad debt	Max 2.65%	Max 1.5%	1.00%	1.00%	1.00%	1.00%	1.00%
Credit rating – social housing lettings interest cover	Min 1.40x	N/A	2.06	2.33	2.27	2.07	1.98
Credit rating – EBITDA: debt	Max 15x	N/A	7.55	7.09	7.49	7.48	7.61
Security value of properties to peak debt	100%	N/A	129%	132%	135%	136%	137%

*Liquidity is measured as at the end of the financial year

The Golden Rules show that we will continue to meet the financial targets defined by our Board over the medium term and that current development aspirations will require additional funding before the end of 2024/25. We are already working with our treasury management advisers to secure new finance and plan to have this in place by December 2022 to further improve our liquidity.

We have also increased planned capital expenditure over the next three years to support our strategic priorities and deliberately targeted interest cover performance just above the level set by our Golden Rules.

Sustainability reporting

We have signed up as an early adopter of the Sustainability Reporting Standard for Social Housing enabling us to report our Environmental, Social and Governance (ESG) performance in a transparent, consistent and comparable way. Our latest ESG report can be seen on our website.

We previously achieved a SHIFT (sustainable homes for tomorrow) silver rating and will undertake a new SHIFT assessment in 2023.

We will also be undertaking our first Investors in the Environment (iiE) audit towards the end of 2022.

We are actively collating our Scope 1, 2 and 3 carbon emissions data through the SmartCarbon programme. This will allow us to effectively calculate, report on, and reduce our carbon footprint through a refined process of carbon reduction measures which align with our net zero goals.

Employees

We recognise that the success of our business depends on the quality of our managers and employees. It is our policy that training, career development and promotion opportunities should be available to all employees.

We are committed to equal opportunities and, in particular, we support the employment of disabled people as defined under the Equality Act (2010), both in recruitment and in retention of employees who become disabled whilst employed by us.

Health and Safety

The Board is aware of its responsibilities on all matters relating to health and safety. The organisation has prepared detailed health and safety policies and provides employee training and education on health and safety matters.

Donations

The Association donated £2,400 (2021 £2,835) to charitable organisations.

No political donations were made.

Value for Money

Our Value for Money Strategy

We are committed to embedding Value for Money throughout our governance processes, business planning and performance management frameworks, and through our service delivery culture. We recognise that value for money plays a vital role in the achievement of our strategic objectives and in supporting our ongoing viability and future growth.

Our approach to Value for Money

The Regulatory Standards require registered providers to review and understand their performance against the Value for Money technical metrics set by the Regulator, as well as their own Value for Money targets.

Targets are set annually by our Board based on the approved budget for the year, ensuring they include the strategic objectives contained within Plan A. To ensure that our Board considers the effect of their decisions on the technical metrics established by the Regulator, they are provided with a three year forecast of the technical metrics when setting the annual budget and a thirty year forecast when approving the Business Plan. These forecasts also include our historical performance for each metric and a comparison against the sector as a whole (all registered providers in England with over 1,000 properties) divided into quartiles.

The overall aim of our Value for Money Strategy is:

"to advance the achievement of our strategic and charitable objectives by ensuring that our approach to the management of resources is strategic and comprehensive, and is considered and embedded at both the strategic and operational levels."

Measuring Value for Money – our own performance targets

Our performance framework is used to measure Value for Money and is monitored and reported to the Board on a quarterly basis. Challenging targets are approved each year with key strategic objectives reported on separately so performance against Plan A can be clearly seen. Our performance against key indicators is set out in the table below:

Performance Measure	Target	Performance
Delivering a Brilliant Customer Experience		
Overall satisfaction with Customer Experience	91%	92%
Net promoter score	50	52
Percentage of complainants satisfied with the way their complaint was handled	91%	95%
Percentage of tenants satisfied their views are being listened to and acted upon	98%	100%
Supporting Sustainable Tenancies		
Average re-let time (calendar days) standard properties (excluding Major works)	35 days	33 days
Total rent arrears as a percentage of the rent due (excluding voids)	3.2%	3.3%
Turnover of tenancies as a percentage of overall stock	8%	8%
Total number of tenants securing employment	251	201
Percentage of tenancies using digital means of managing their tenancy	40%	37%
Percentage of tenants with improved financial confidence following financial inclusion support	85%	90%
Providing Quality Homes		
Percentage of previously identified poorly performing assets addressed and subsequently let/disposed	60%	61%
Average time taken to complete repairs (calendar days)	15 days	16 days
Percentage of tenant satisfaction with repairs	91%	87%
Percentage of tenants satisfied with their planned works	97%	95%
Average SAP score of all properties	70	70
Percentage of properties with a valid landlord gas safety record	100%	99.9%
Number of properties without a valid asbestos survey	18	13
Percentage of communal areas and shared spaces with a valid fire risk assessment	100%	100%
Percentage of properties with a valid electrical safety check	100%	99.7%
Percentage of properties with a valid water hygiene check	100%	100%
Percentage of properties with a valid lift service	100%	97%
Percentage of properties with a valid solid fuel safety check	100%	100%

In our analysis below we also consider performance against our North East Peer group as defined by the Regulator in their Global Accounts 2021.

Performance Measure	Target	Performance
Enabling Strong Communities		
Ratio of Social Value achieved to community investment, health and wellbeing interventions	£1 : £42	£1 : £180
Sustainable communities score – struggling communities	16	17
Building and Acquiring Homes		
Number of homes developed and acquired (excluding ESPs)	196	206
Percentage of homes secured against business plan targets over a three year period	85%	93%
Enabling Employees to Flourish		
Capacity Score	70%	71%
Employee Satisfaction	70%	79%
Maintaining Strong Finances and Governance		
EBITDA MRI (as a % of turnover)	14%	22%
Average VfM Score	2.1	1.3
Governance rating	G1	G1
Accuracy of Interest Cover forecasts	86%	87%

During the period our performance was strong with only four high level indicators being outside our tolerance levels.

The total number of tenants securing employment failed to meet target but shows an improvement compared to the previous year and is within the highest quartile compared to our benchmarking peer group. A stretching target was set in response to the COVID-19 pandemic to drive employability outcomes as far as possible during the challenging times for tenants. During the period our Livin Futures team worked with 453 tenants, successfully progressing 44% of these into employment. 126 tenants were receiving support at the year end to remove barriers to employment as we continued to assist them with their search for work.

The percentage of tenancies using digital means to manage their tenancy was another area where a challenging target was not met. At year end 88% of new tenants signed up for their tenancy digitally and support and advice requests have been digitised to improve the digital service offer. Planned improvements to our App include the expansion of the trackable repairs service which should drive improvement in this area.

The average time taken to complete repairs did not reach targeted levels. Repairs completion times were impacted by a backlog of repairs caused by COVID-19 lockdown measures. The target was further affected by two major storms which resulted in a higher number of repairs being reported. Additional resources have been secured in 2022/23 through a multi skilled team of seven operatives that will reduce the number of outstanding repair jobs.

The percentage of properties with a valid landlord gas safety record failed to meet the 100% target with six overdue services at year end. All of these properties subsequently had their gas services completed post year end.

Five measures were below target but within tolerance (amber). Total rent arrears were just 0.1% below target mostly due to an increase in the number of Universal Credit claimants and delays in the court processes during the pandemic.

The percentage of tenants satisfied with repairs was 4% below target. This was primarily due to the backlog of older repairs resulting from the COVID-19 lockdowns and a spike in demand relating to storm damage over the winter period, which negatively impacted on service delivery. The main areas of dissatisfaction were communication and time taken to complete repairs. Our Providing Quality Sustainable Homes strategy sets out a range of actions to positively influence customer satisfaction including implementing new service standards for communication during the entire repairs process.

Tenant satisfaction with planned works was also within tolerance. There was an improvement compared to last year, but performance was 2% below target. To improve tenant satisfaction in this area future works will be planned around what tenants value the most. Work also continues to increase the number of survey responses.

The percentage of properties with a valid electric safety check was below target. There were 29 overdue checks at the year end, a result of access issues. Performance has improved significantly on the 144 that were outstanding at the previous year end. We continue to work with customers to resolve the access issues and complete the safety checks.

The number of properties with a valid lift service was also within tolerance. This was also a result of access issues, with 5 lift services remaining overdue at the end of March 2022, all of which have subsequently been completed.

Value for Money Performance – Regulators Metrics

In addition to the performance measures used to track progress against strategic objectives, we also use the Regulator's VfM metrics to measure our performance, setting targets based on the Board approved Business Plan.

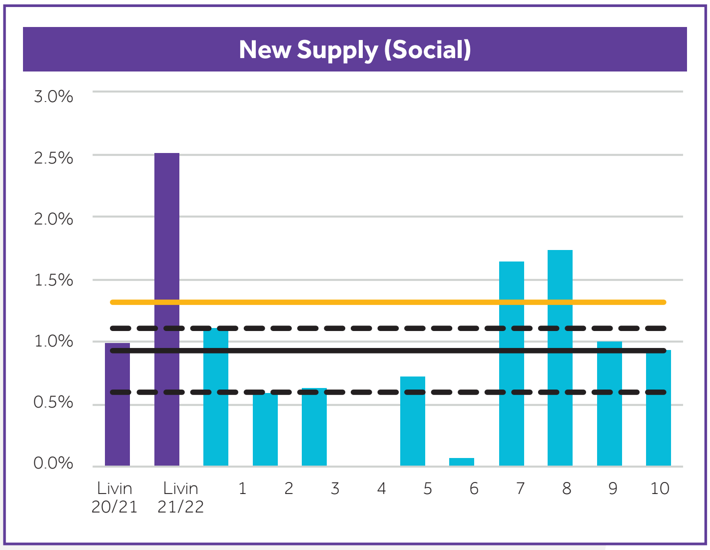
Value for Money metric		Target	Performance
1	Reinvestment %	17%	15%
2a	New Supply Delivered % (Social Housing Units)	2.4%	2.5%
2b	New Supply Delivered % (Non- Social Housing Units)	0%	0%
3	Gearing %	59.2%	55.0%
4	EBITDA MRI Interest Cover %	195.8%	262.2%
5	Headline Social Housing cost per unit	£3,570	£3,251
6a	Operating Margin % (Social Housing Lettings only)	20.0%	21.0%
6b	Operating Margin % (overall)	23.4%	24.6%
7	Return on Capital Employed %	4.8%	5.4%

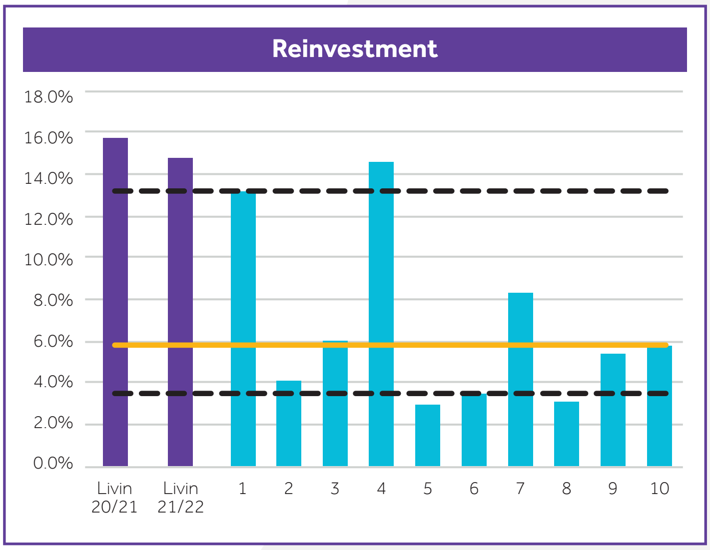
Our Reinvestment target of 17% consisted of 12% (£22.2m) new developments spend and 5% (£9.5m) for works to existing properties. We failed to meet the target due to delays in major improvement works, new build construction and our regeneration scheme at The Courts, Shildon. The pandemic continued to impact on both Developments and Major improvement works with developments accounting for 13.7% of the total 15% performance (£1.9m below target) and Major improvement works 1.3% (£2.9m below target).

Following a decision in 2020/21 to tender the regeneration scheme at Shildon, there were further delays as periods of high inflation affected subcontractors' ability to provide definitive prices. This has now been resolved and the scheme is now progressing well and will assist in improving performance in 2022/23.

Value for Money Performance – Peer Group Comparison

The tables below compare our performance in 2021/22 against the 10 other members of the North East Peer Group as defined in the Regulator's Global Accounts 2021 (latest set available at the time of preparing this report). The dashed black lines on each graph show the upper and lower quartiles for the Peer Group with the solid black line being the Peer Group median. The solid orange line is the sector median as per the Regulator's Global Accounts 2021.





Reinvestment

Our performance was top quartile in comparison to both our regional peer group and the sector as a whole. During the year we invested in new social housing properties, with 219 additions to our housing stock. Our plans are ambitious with a target of reaching 9,000 homes by March 2025.

Our plans include completing the regeneration scheme at The Courts, Shildon, and delivering increased volumes of major works, including decarbonisation works, to improve energy efficiency and assist with reducing customer's heating costs.

New supply delivered (social housing)

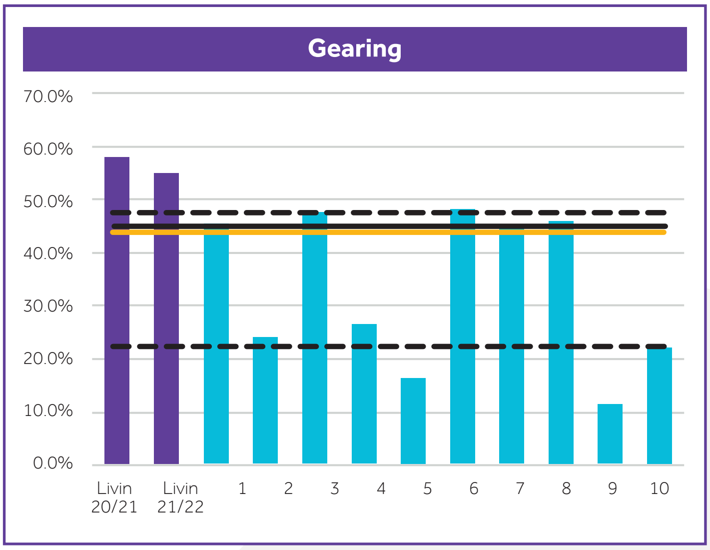
New supply delivered (Social Housing) was an area where our performance improved significantly, placing us in the top quartile when compared to our peer group and the sector as a whole. Removal of pandemic restrictions enabled us to deliver 219 units compared to 80 in the previous year. We continue to build or acquire 2 or 3 bedroom properties for affordable rent. However, we now also look to provide 2 bedroom bungalows and some 4 bedroom properties in areas of high demand.

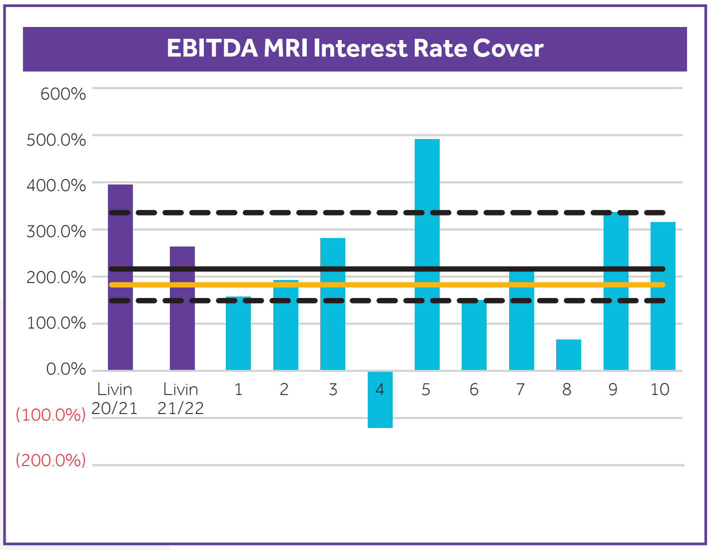
In November 2021 we won two awards; the CIH Northern Housing Awards for the best housing development for Travellers Green, Newton Aycliffe and LABC Northern Region Award for Best Small New Housing Development for Villa Street, Spennymoor.

Our ambitious development programme aims to deliver over 990 new homes in the next 8 years with 526 of these delivered within the next 3 years. We have already secured 93% of our next three year's development target.

New supply delivered (non-social housing)

New supply delivered (Non-Social Housing) is an area in which only 3 of the peer group delivered properties. Our strategy focuses on delivering new much needed Affordable Housing or Low Cost Home Ownership properties therefore we do not expect this metric to increase in future years.



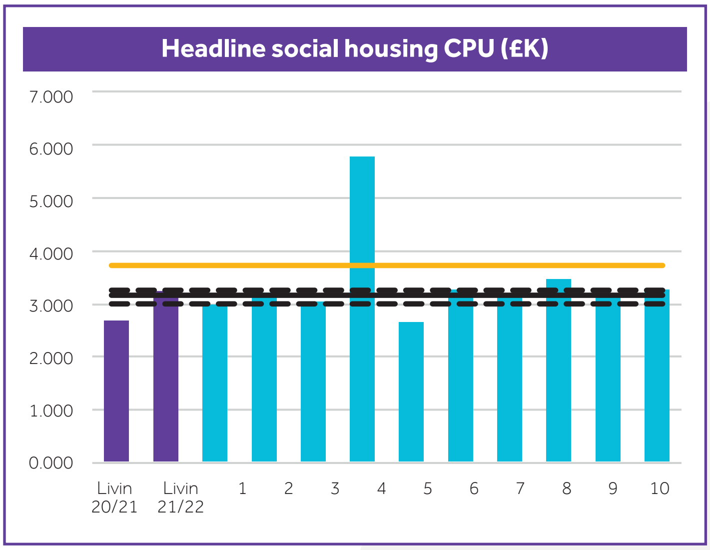


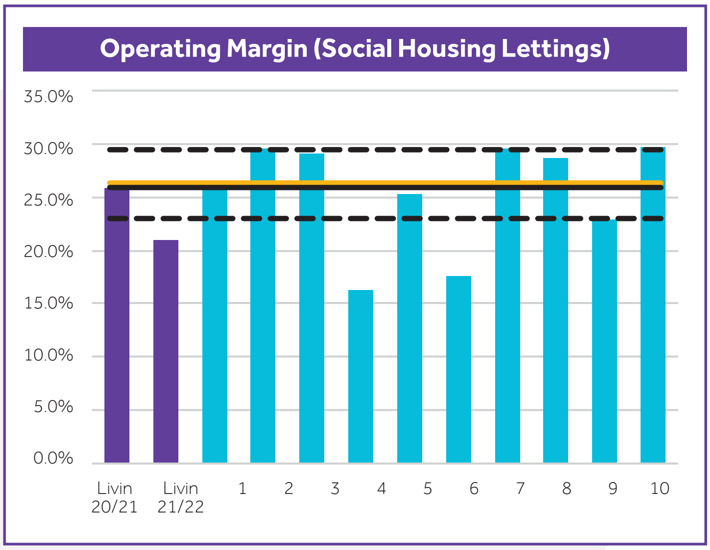
Gearing

Gearing was top quartile when comparing to both our peer group and the sector as a whole. Our previously agreed deferred debt facility of £30m (£16m drawn at year end) and the extension of our revolving credit facility by a further 2 years (£0m drawn at year end) provide additional liquidity. We are currently in the process of securing more debt which will enabling us to continue with our Plan A strategic objectives. Gearing is not a major limiting factor to our development capacity and does not restrict our future development plans.

EBITDA MRI Interest cover

EBITDA MRI Interest cover, is top quartile when compared to the sector as a whole. However, performance has fallen to upper median quartile when compared to our peer group. This is a result of a rise in responsive, planned and major repairs expenditure as we increase investment in our existing homes.





Headline Social Housing Cost Per Unit

Headline Social Housing Cost per Unit sees our performance reduce to lower median compared to our regional peer group and upper median compared to the sector as a whole. This the result of the increased responsive, planned and major repairs expenditure stated above which, in total, were £4.6m higher than the previous year.

Understanding our Social Housing Cost per Unit

Our social housing cost per unit is reported as part of our regulatory value for money metrics. This can be further analysed as shown below.

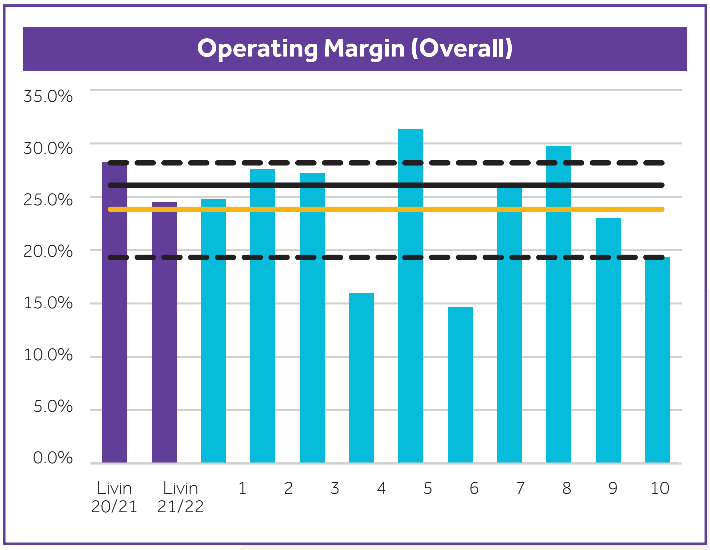
	2021/22	2020/21	Change
Management costs	£1,219	£1,194	£25
Repairs	£1,082	£994	£88
Major works	£857	£442	£415
Service charges	£10	£9	£1
Other	£83	£42	£41
Total	**£3,251**	**£2,681**	**£570**

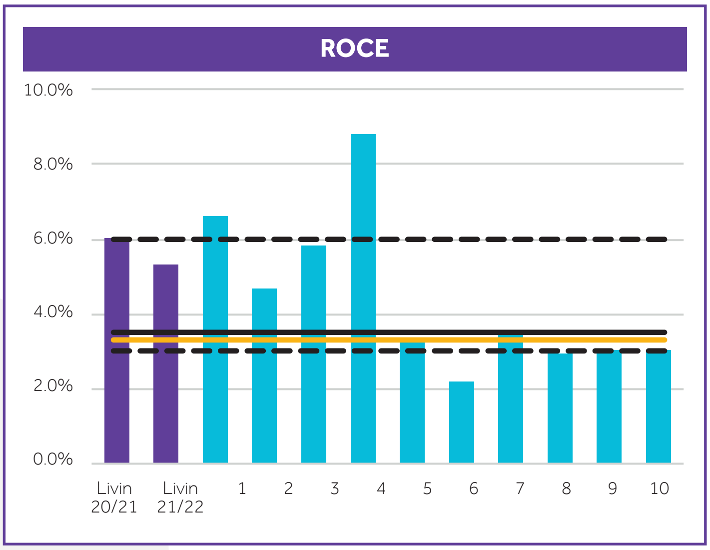
Our overall cost per unit has increased by £570 as a result of increased major works and repairs costs following the resumption of normal services after the pandemic. We anticipate that these costs will increase in future years as we deliver more major works.

An increase in employment costs added to our management costs and this is expected to continue into 2022/23 as we experience a prolonged period of high inflation.

Operating Margin Social Housing Lettings

Operating Margin Social Housing Lettings is an area where our performance declined from 25.7% to 21.0%. This now places us in the lower quartile compared to both peer groups. The annual rent increase applied in 2021/22 at 1.5% did not offset our increase in repairs costs or inflationary pressures on employee costs and other overheads. The completion of new developments and increased major works also increased our depreciation charge which contributed to a lower margin. We continue to operate in areas where our average weekly rent charge is relatively low compared to the majority of our peer group. These lower than average rent charges mean our social housing lettings margin is relatively low. This is expected to continue in the short term as depreciation charges increase.





Operating Margin Overall

Operating Margin Overall - our performance was lower median quartile compared to the North East peer group, but upper median quartile compared to the sector as a whole. Our performance overall was 24.6% assisted by our strong margins on Commercial lets and Other turnover. Our performance is expected to fall in the next year to 21.3% before recovering to 24.6%. This is partly due to our prudent business plan assumptions and increased depreciation charges, before the positive impact of rental income from completed developments takes effect.

Return on Capital Employed (ROCE) %

Return on Capital Employed (ROCE) % - whilst our performance remains in the top quartile when compared to the sector as a whole, it has fallen to upper median quartile when compared to our North East peer group. ROCE is expected to fall in future years, as further capital is employed through our ambitious development programme and our plans to invest in major repairs and energy efficiency works continue.

Overall performance

The Board aims to achieve a balanced performance across the Regulator of Social Housing's Value for Money technical metrics, aiming for our blended average performance to be above median across the technical metrics as a whole.

Our methodology for this is to apply a score of 1 for best quartile performance and 4 for worst quartile performance. Using this methodology, historical, current and future performance is shown in the table below (when compared to the sector as a whole based upon the 2021 Global Accounts):

Metric	2020/21		2021/22		2022/23 forecast		2023/24 forecast		2024/25 forecast	
	Performance	Quartile	Performance	Quartile	Performance	Quartile	Performance	Quartile	Performance	Quartile
Reinvestment %	15.7%	1	14.7%	1	18.9%	1	14.3%	1	15.0%	1
New supply delivered – social housing (%)	0.9%	3	2.5%	1	1.8%	2	2.1%	1	2.1%	1
Gearing (%)	58.0%	1	55.0%	1	56.3%	1	56.2%	1	56.2%	1
EBITDA MRI Interest Cover (%)	402.9%	1	262.2%	1	153%	3	154%	3	154%	3
Headline Social Housing Cost per Unit (£)	£2,681	1	£3,251	2	£3,793	3	£4,106	3	£4,238	3
Operating Margin (Overall)	28.9%	1	24.6%	2	21.3%	3	24.5%	2	24.6%	2
Return on Capital Employed	6.2%	1	5.4%	1	4.2%	1	4.6%	1	4.5%	1
Average for all metrics		1.3		1.3		2.0		1.71		1.71

An organisation which demonstrated median performance in all measures would show an average performance of 2.5. Our overall performance in all years under review is better than this average.

Using this methodology for measuring performance against the North East Peer Group, our performance was also in the top quartile.

Measurable plans to address underperformance

The Board has considered those areas where performance against the Value for Money technical metrics, defined by the Regulator of Social Housing, are below median when compared with the sector as a whole.

In 2022/23 there are three metrics where performance is expected to be below the sector median; these are EBITDA MRI Interest Cover, Headline Social Housing Cost per Unit and Operating Margin (Overall).

EBITDA MRI Interest Cover % is forecast to fall to lower median quartile. This is a deliberate action as we plan to complete decarbonisation works and increase our major repairs spend. Our Planet A strategy is our roadmap to a greener future and ensures we act now to create environmentally sustainable futures. We are investing an additional £4.3m over the next three years on solutions to ensure our existing homes are fit for the future. This includes retrofit programmes that will increase energy efficiency and reduce the cost of our customers heating their homes.

Headline Social Housing Cost per Unit is expected to move down to lower median quartile. The main reason behind this is increased major repairs works anticipated in 2022/23. As well as the decarbonisation expenditure mentioned above, additional major repairs costs will be incurred as part of an ongoing regeneration project at The Courts, Shildon. This programme was previously delayed with the majority of expenditure now anticipated in 2022/23.

Operating margin (overall) performance is forecast to fall one quartile to lower median quartile. This is the result of prudent budgeting, including increased pension costs following the actuaries' triennial review, and an increase in depreciation charges. Our ambition to build 526 new homes in the next three years will provide extra rental income to help improve the operating margin in future years whilst assisting with delivering many of our key objectives contained within Plan A.

Conclusions

Value for Money is embedded in our culture and governance structure; we appreciate that delivering effective and efficient services benefits our customers and their communities.

Performance in 2021/22 shows a continued commitment to Value for Money. In comparison to our peer group and the sector as a whole we are able to demonstrate strong performance against the Technical Metrics defined by the Regulator and have assessed our long-term business plans and forecasts in light of these metrics.

We have identified a small number of areas where there is underperformance in comparison to other providers, defined as performance which is below median against the sector as a whole, and have detailed the measurable plans which are in place to address these areas where appropriate.

The Board is satisfied that our financial plans to deliver our business strategy, Plan A, provide a balanced performance across the value for money metrics and that current performance is achieving above median across the technical metrics as a whole.

Leadership and Governance

Our Board Members

Board members at the date of approval of these financial statements are:

Dennis Bradley
Chair of the Board

Dennis has been a Board member since November 2016 and prior to that he was Chair of our Scrutiny Group. He previously chaired the Finance and Investment Committee and is a member of the Finance and Investment, Housing and Communities and HR and Remuneration Committees.

With two Masters degrees, he has over 40 years' experience in the public sector. Driven by a strong social conscience and experience of the workings of large, complex organisations. Prior to taking up his role as Chair of Livin, Dennis spent time as a Chair of Governors.

Dennis believes that a secure, affordable home is a necessity for all and is committed to bringing his experience and skills to help support the Board.

Kevin Thompson
Vice Chair of the Board

As a former County Councillor for the Spennymoor and Middlestone Ward and Town Councillor for Byers Green, Kevin has always held community and local priorities firmly at the forefront of his responsibilities. He is a member of Housing and Communities and Audit and Risk Committees.

As a school Governor Kevin has a strong interest in matters around education, as well as social housing and welfare reform. At Durham County Council his key area of interest was planning. Kevin strongly believes that the transparency of the public agenda is paramount at a grass roots level, working for the benefit of the community. Kevin has previously served on our Board through periods of significant transformation and contributed to developing Livin as an efficient and sustainable business, supporting tenants to improve their lives.

Adele Barnett
Independent Board Member

Adele has been a Board member since 2014 and previously chaired the HR and Remuneration Committee. She is currently a member of the HR and Remuneration Committee and is Chair of the Housing and Communities Committee. A graduate of sociology, she has worked in health and social care for over 14 years in local government and voluntary organisations, and has managed an information service providing advice to disabled people and carers about a variety of issues including housing and employment.

Adele believes in quality service provision having worked for Durham County Council Children and Adults Services with responsibility for the Services Quality Assurance Programme and Policy Framework. She has experience of the development and delivery of community outreach events, and is passionate about building strong community links.

Oliver Colling
Independent Board Member

Oliver has been a Board member with us since 2015 and is currently Chair of the Audit and Risk Committee. He is also a member of the Finance and Investment Committee.

A Durham University graduate, he has built three successful businesses and is a qualified accountant. With over 25 years' experience he runs a management consultancy business and has helped a broad range of organisations and individuals reach their full potential through strategic business advice and enabling them to 'do things better'.

Oliver's business and finance skills bring commercial acumen to our Board, underpinned by his belief that everyone deserves a decent home regardless of their background.

Norman Rollo
Independent Board Member

Norman has been a Board member since November 2016. He is currently Chair of the HR and Remuneration Committee and a member of the Audit and Risk and Housing and Communities Committees.

With a professional career in human resources and management consultancy, Norman has also, in previous roles, been responsible for developing community services and providing excellent customer support.

Brought up in a council house, Norman is proud of what good social housing can offer to tenants and the respect and self-worth it can bring to those it supports. He is committed to ensuring our tenants receive great services delivered with care, courtesy, fairness and respect.

Charlotte Harrison
Independent Board Member

Charlotte has been a Board member since February 2017. She is currently on the Finance and Investment and HR and Remuneration committees.

With over 20 years' experience in the housing sector across a variety of housing organisations, Charlotte began her career in London working for a Latin American Housing Co-operative which was part of a wider network of agencies working with the Latin American community. Since then Charlotte worked in the South West and North East before joining the Northern Housing Consortium where she led the policy and public affairs service for 12 years. Charlotte is passionate about the role housing can play in supporting opportunities for both individuals and communities and is committed to bringing her experience and knowledge to the Board.

Hannah Underwood
Independent Board Member

Hannah is passionate about enabling people to flourish and brings extensive leadership and business improvement skills through her experience of leading award-winning businesses to deliver innovation and growth. She has a strong interest in supporting youth projects to empower young people in the region which helps raise their potential to meet their aspirations. She is the Chair of the Finance and Investment Committee and a member of the Audit and Risk Committees.

With a 'social heart', Hannah is passionate about sustaining strong communities and is committed to adding value to Livin's mission through exploring and considering wider social and economic issues and their impact on housing.

Natalie Wilkinson
Board Member

Natalie is passionate about regenerating communities, improving homes and the environment and supporting residents to live happily and independently in places they are proud of. She is experienced in leadership, strategy development and project delivery having worked for multiple local authorities, most recently Middlesbrough Council, for many years.

Natalie brings to the Board knowledge and experience of the housing sector, development, regeneration, and corporate services. In her most recent role as Head of Development, she worked on a range of transformational projects to grow high quality housing supply and in doing so formed successful partnerships with Registered Providers, Homes England, housebuilders, and central government. She is a member of the Audit and Risk and Housing and Communities Committees.

With a strong social purpose Natalie is dedicated to supporting youth and community groups, volunteering in her spare time to help raise funding and use her knowledge to help local groups to continue to offer vital opportunities to local people.

Alan Boddy
Chief Executive and Board Member

Alan has a track record of delivering transformational change since joining us when we were established in 2009. He is a housing, performance and human resources professional with a people centric approach and an advocate of excellent customer service.

He holds postgraduate diplomas in Housing and Human Resources, a Masters Degree in Strategic Human Resource Management and is a member of both the Chartered Institute of Housing and Chartered Institute of Personnel and Development.

Having grown up in one of our communities he is aware of the social and economic challenges that many face. He is committed to making life changing improvements for people and their communities, and has dedicated 30 years to delivering a range of housing, property and support services.

Sean Brodie
Executive Director and Board Member

With over 19 years of direct housing experience Sean's career has spanned both industry and the charitable sector, joining us as an Executive Director in July 2015.

Sean has a wealth of expertise and leads the Finance, Property Services and Development teams. He also has Executive responsibility for managing the Construction Related Services Contract with Mears plc. He is a Fellow of the Association of Chartered Certified Accountants and is also a qualified Corporate Treasurer.

Leadership and Governance

Board member appointments during the year:

Board member	Date of appointment
Alan Boddy	1 October 2021
Sean Brodie	1 October 2021

Board member retirements during the year:

Board member	Date of retirement
Sheila Rooney	31 July 2021
Gillian Stacey	13 September 2021
Alan Fletcher	23 September 2021

Board Attendance

The table below shows each Board member's attendance of the Board and Committee meetings they were able to attend during the financial year:

Board Member	Board	Performance Board	Audit and Risk	Finance and Development	Housing and Assets	HR and Remuneration
Alan Fletcher	7/7	2/2		2/2	2/2	2/2
Kevin Thompson	9/12	4/4	4/4		1/2	
Adele Barnett	7/10	3/3			2/2	2/2
Oliver Colling	9/12	3/4	4/4	3/4		
Dennis Bradley	12/12	4/4	2/2	4/4		2/3
Charlotte Harrison	11/12	3/4		3/4		3/3
Norman Rollo	12/12	4/4	3/4		2/2	3/3
Sheila Rooney	3/4		1/1		0/1	
Hannah Underwood	8/9	3/3	4/4	4/4		
Gillian Stacey	3/5	0/1		2/2	0/1	
Alan Boddy	4/4					
Sean Brodie	4/4					

The Executive Directors are the Chief Executive, Executive Director of Finance and Investment, the Executive Director of Housing and Communities and the Executive Director of Corporate Services. They hold no interest in the Association's shares and act as Executives within the authority delegated by the Board.

The Association has insurance policies which indemnify Board members and employees against liability when acting for the Association.

Regulatory Judgement and Financial Viability Review

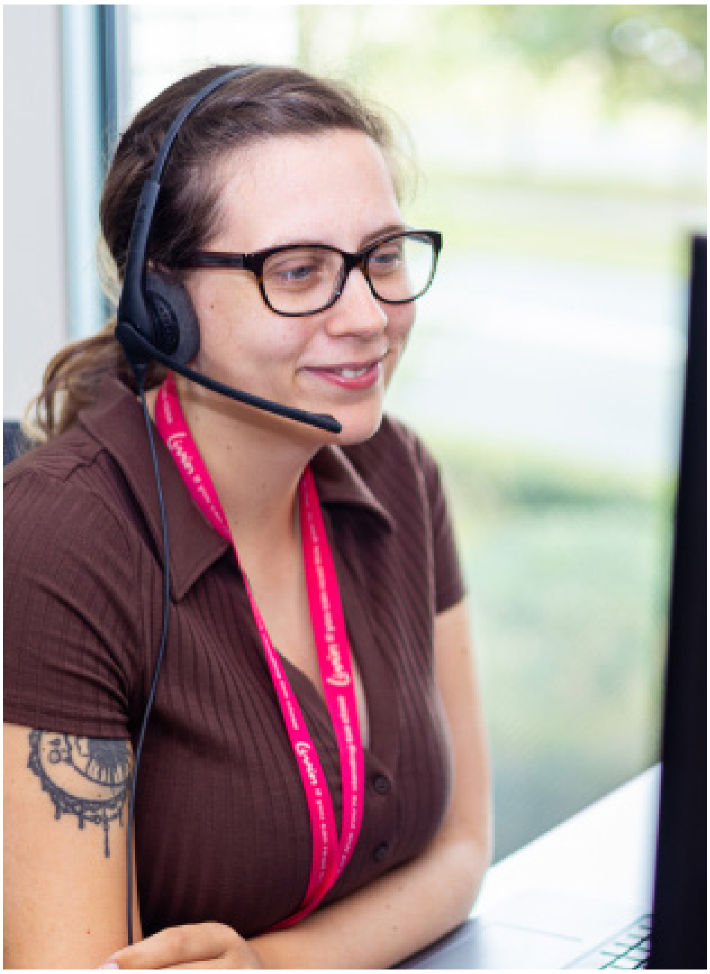
The Regulator of Social Housing conducted a stability check in December 2021 and concluded in the following regulatory judgements on Livin:

Viability (V1)

The provider meets our viability requirements and has the financial capacity to deal with a wide range of adverse scenarios.

Governance (G1)

The provider meets our governance requirements.



Risks and uncertainties

In accordance with the Regulator of Social Housing's Governance and Financial Viability Standard, the Board retains ultimate responsibility for ensuring that an effective risk management framework is in place. Structured reporting processes ensure that the Board receives a quarterly update on key risks facing the organisation, takes risk management considerations into account when making key decisions, and reviews the effectiveness of the risk management framework on an annual basis.

Our Risk Appetite

Risk Appetite is defined as the level of risk the organisation is prepared to accept in the pursuit of its strategic objectives.

Livin is a not-for-profit organisation with the principal purpose of providing housing and services for people in necessitous circumstances. The Board, as custodians of Livin's social housing assets, acknowledge the need to maintain a long-term perspective when managing risk and not to put short-term gain ahead of the long-term viability of the business.

The Board acknowledges that different risk appetites can exist across a range of key areas. Some types of risk pose a threat to the long-term viability of its business and the Board will seek to reduce the risk score of identified risks in these areas. Our strategic risk scores are compared to our risk appetite on a regular basis to ensure that business decisions aligned to the level of risk agreed by Board.

Strategic Risk Register

The Audit and Risk Committee take an active role in scrutinising the organisation's Strategic Risk Register, considering the adequacy of the controls in place to manage these risks and the outcomes.

The key strategic risks considered by the Audit and Risk Committee on 27 April 2022 are set out in the table below.

Key risk	Key controls in place, and actions being undertaken
Failure to deliver against customer expectations	**We seek our tenants' views, and look to support them, through** • Customer feedback • Customer Voice policy • Charter for Social Housing Residents action plan **We monitor our performance through:** • Customer satisfaction surveys • Review of Complaints received • Transactional analysis of service provided • Performance framework
Failure to maintain data integrity	**We are working to improve our data quality through:** • Driving improved data integrity, particularly focusing on areas highlighted in the Charter for Social Housing Tenants • Focusing on meaningful data collection • Documenting data usage in accordance with data protection requirements **We monitor this through:** • Data quality audits • Internal audit reviews
Failure to deliver core housing services to tenants	**We develop our service offer ensuring we:** • Monitor and respond to demand, satisfaction and turnover data • Develop additional tenancy support services, particularly for older and vulnerable tenants • Align our services to focus on first point of contact and customer experience • Align our services with the Regulator of Social Housing's Consumer Standards and the Charter for Social Housing Residents
Failure to manage rent collection and arrears	**We seek to mitigate this risk through:** • Analysing arrears data and payment patterns • Rent advisers focusing on arrears recovery activity • Financial inclusion team providing tailored interventions to sustain tenancies

Key risk	Key controls in place, and actions being undertaken
Failure of a counterparty to deliver maintenance services	**Key controls include:** • Ongoing financial and customer satisfaction performance monitoring • Retained procurement advisors • Business Continuity Plans in place • Monthly service delivery meetings and regular contract meetings
Failure to maintain existing stock quality	**We seek to mitigate this risk through:** • Conduction both external (independent) and internal stock condition surveys • Monitoring of SAP/EPC data • Targeted regeneration programmes • Engage tenants in investment plans
Failure to manage new-build construction process risks	**We seek to mitigate this risk through:** • Thorough financial checks on prospective contractors • Detailed monitoring of financial viability of existing contractors • Specialist procurement advice and support where appropriate
Failure to ensure the security of data	**Key controls include:** • Robust IT security policies and protocols • Security and operating software regularly patched • Access to systems restricted by role and controlled by multifactor authentication, where appropriate • Robust monitoring processes to identify vulnerabilities and attempted attacks • Regular training and awareness campaigns for all employees
Failure to access or retain labour and skills	**Key controls include:** • Employee check ins to identify capacity levels across key areas • Continuous professional development • Employee surveys and satisfaction monitoring • Succession planning
Failure to manage costs and inflation	**Key controls include:** • Robust budgetary and cash flow management processes • Stress testing undertaken on all areas of the business plan to ensure business resilience, including planned mitigations • Robust scrutiny of quarterly management accounts by Finance & Investment Committee as well as by the Board • Governance framework enabling an effective decision making process • Golden rules and loan covenant monitoring

Key risk	Key controls in place, and actions being undertaken
Failure to prevent or identify fraud	**Key controls include:** • Procedures for adding and/or amending supplier information • Segregation of duties • Multifactor authentication for payment processes • Internal audit reviews
Failure to deliver Value for Money	**We continue to embed VfM across the organisation, through:** • Value for Money objectives within the Business Strategy and Performance Management Framework • Embedding VfM considerations in our budgeting, business planning, procurement and performance management processes
Failure to manage landlord health and safety obligations	**We monitor our compliance with legislation and best practice through:** • Regular inspections of our properties, including gas safety checks, electrical inspections, and monitoring of asbestos materials • Regular inspections of communal areas and flat blocks, including fire safety assessments, undertaken by NEBOSH qualified individuals • Regular re-inspections of a sample of safety checks by third parties, to ensure that the quality of our internal checks remains high **The board assures itself of compliance through:** • Regular compliance reports to the Board, the Housing and Communities Committee and the Audit & Risk Committee • Internal audit reviews and other external reviews of Health and Safety processes
Failure to set rents correctly	**We seek to mitigate this risk through:** • Board approval of annual rent setting • Audit & Risk Committee annual review of rent increases (post rent setting uplift) • Robust procedures for calculating and applying affordable and social rents • Internal audit review
Failure to manage covenants on existing debt	**We seek to mitigate this risk through:** • Annual covenant certificates prepared for funders • Golden rules set above covenant levels to maintain headroom • Board approved budgets and business plan set to maintain performance above golden rules • Quarterly budget and golden rules monitoring by Finance & Investment Committee including forecast year end covenant performance

Key risk	Key controls in place, and actions being undertaken
Failure to maintain investor appetite for new debt	**We seek to mitigate this risk through:** • Golden rules set above covenant levels to ensure financial headroom and maintain investor appetite • Board approved budgets and business plan set to maintain performance above golden rules • Quarterly budget and golden rules monitoring by Finance & Investment Committee including forecast year end covenant performance
Failure to understand or manage pension costs	**We seek to mitigate this risk through:** • Business Plan stress testing • Triennial pensions review
Failure to meet decarbonisation aspirations and targets	**We seek to mitigate this risk through:** • Asset solutions and investment programmes • Using smart carbon measuring tools to effectively calculate, report on, and reduce our carbon footprint • Monitoring and reporting of SAP/EPC data • Working to Investors in the Environment Framework • Planet A strategy and delivery plan 2022/25 • Decarbonisation targets embedded across the PMF • Decarbonisation targets integrated in regeneration schemes • Developing a sustainable funding plan for retrofitting properties • Ongoing engagement with tenants and the workforce to encourage a focus on sustainability

Credit Risk

Our principal credit risk relates to tenant arrears. This risk is managed by providing support to eligible tenants with their application for Housing Benefit or Universal Credit and by closely monitoring the arrears of self-funding tenants. We borrow and lend only in sterling and so are not exposed to foreign currency exchange rate risk.

Going concern

Our business activities, current financial position and factors likely to affect our future development are set out within this Strategic Report. We have in place long-term debt facilities (including £30 million of undrawn facilities at 31 March 2022 and an additional £14m available on deferred draw down via 2 tranches from March 2023 to September 2023), which provide adequate resources to finance committed property acquisitions and development programmes, along with day to day operations. Our ability to service these debt facilities and comply with lenders' covenants is monitored through cashflow forecasts, quarterly budget and Golden Rules reports to the Finance and Investment Committee and Board, and the long-term business plan. Recent reports confirmed that we are in compliance with our loan covenants at the Statement of Financial Position date and the Board expects to remain compliant in the foreseeable future.

Therefore, the Board has a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Internal controls assurance

The Board acknowledges its overall responsibility for establishing and maintaining the overall system of internal control and for reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the association is on-going and has been in place throughout the period commencing 1 April 2021 up to the date of approval of the report and financial statements.

Key elements of the control framework include:

- Adoption of and compliance with the NHF Code of Governance (2020)
- Forward planning of key meeting dates and reporting requirements which are reviewed annually
- Board approved terms of reference and delegated authorities for the Audit and Risk, Housing and Communities, Finance and Investment, and Human Resources and Remuneration Committees
- Board approved detailed financial regulations, and a scheme of delegation to the Chief Executive and Executive Directors
- Clearly defined management responsibilities for the identification, assessment, ownership and management and evaluation and control of significant risks
- Robust strategic and business planning processes, with detailed financial budgets and forecasts
- Formal recruitment, retention, training and development policies for all employees
- Business continuity arrangements including planning and testing
- Established authorisation and appraisal procedure for significant new initiatives and commitments.

- A strategic approach to treasury management, including the preparation of a treasury management strategy each year
- Regular reporting to the appropriate committee on key business objectives, targets and outcomes
- Board approved whistle-blowing policy
- Audit and Risk Committee approved anti-fraud and corruption policies, covering prevention, detection and reporting, together with recoverability of assets
- Regular monitoring of loan covenants, Golden Rules and requirements for new loan facilities

A fraud register is maintained and any identified frauds are reported to the Audit and Risk Committee on a quarterly basis.

The Board cannot delegate ultimate responsibility for the system of internal control but has delegated authority to the Audit and Risk Committee to regularly review the effectiveness of the system of internal control. The Board receives Audit and Risk Committee meeting minutes and where applicable would initiate follow up actions. The Audit and Risk Committee has received the Chief Executive's annual review of the effectiveness of the system of internal control for the Association, and the annual report of the internal auditor, and has reported its findings to the Board.

Our internal audit service was delivered by TIAA Limited and internal audit arrangements continued to work well. The recommendations made on all reports have been reviewed and action plans have been established to ensure that they are all implemented. Internal audit work not only focuses on reviewing controls and risks but also on adding value by making best practice recommendations.

National Housing Federation (NHF) Code of Governance 2020

We have adopted the National Housing Federation's Code of Governance 2020 and considers compliance against this Code annually. This fulfils the requirement of the Regulator of Social Housing's Governance and Financial Viability Standard to 'adopt and comply with an appropriate code of governance'. In addition, we have adopted the National Housing Federation's Code of Conduct 2012, and again considers compliance against this Code on an annual basis.

One area of non-compliance with the Code of Governance during 2021/22 was identified within the compliance review.

Section 3.10 of the Code of Governance requires an appraisal process to be carried out with Board and Committee members at least every two years. The previous appraisal process was completed in July 2019, with the new appraisals originally scheduled for completion in July 2021. In April 2021, Our Chief Executive announced their retirement and the Board decided to prioritise the recruitment of a new Chief Executive ahead of its own appraisal. Appraisals were subsequently completed in May/June 2022 following the approval of our revised business strategy, Plan A 2022/25, and so we are compliant with the Code in respect of Board member appraisals. In the interim period a programme of learning and development for Board members was delivered.

One further area of non-compliance with the Code of Governance has arisen after the year end.

Section 3.7 of the Code states that maximum tenure on the Board will normally be up to six consecutive years (typically comprising two terms of office), but where a member has served six years, and the board agrees that it is in the organisation's best interests, their tenure may be extended up to a maximum of nine years.

In July 2022, our Board granted a short exceptional extension to a Board member's term of office to allow for the phasing of changes to Board composition, to ensure that we have access to the right balance of skills, knowledge and experience whilst recruiting a replacement. Once completed, this extension would take the Board member slightly over the maximum term of nine years.

As an adopter of the 2020 Code, we have now moved to a maximum six-year term for all Board members and Standing Orders states that the nine-year transitional maximum only applies to those Board members who were already in their final three-year term when that decision was made. In September 2022, the Board will consider a succession plan based on this principle to ensure that we continue to enjoy the necessary balance of skills, knowledge, and experience on the Board, given these shorter maximum terms.

Other than in this matter, the Board considers that it is compliant with these Codes at the date of signature of these financial statements.

Compliance with the Regulator of Social Housing Standard: Governance and Financial Viability

The Board considers the adequacy of its governance arrangements on an ongoing basis, and specifically considered its compliance with the Governance and Financial Viability Standard at its meeting on 14 July 2022 and again at the date of signature of the financial statements. The Board has concluded that the organisation complies with the standard.

Statement of the responsibilities of the Board for the report and financial statements

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

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Association and of the income and expenditure for the period of account.

In preparing those financial statements the Board is required to:

- Select suitable accounting policies and apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and enable it to ensure that the 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 also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Annual general meeting

The annual general meeting will be held on 22 September 2022.

Disclosure of information to auditors

At the date of making this report each of the Association's Board members, as set out on page 4, confirm the following:

- So far as each Board member is aware, there is no relevant information needed by the Association's auditors in connection with preparing their report of which the Association's auditors are unaware
- Each Board member has taken all the steps that he/she ought to have taken as a Board member in order to make themselves aware of any relevant information needed by the Association's auditors in connection with preparing their report and to establish that the Association's auditors are aware of that information

External auditors

Following an open tender process, Beever and Struthers were appointed as auditors on a three year contract, with an optional two year extension.

Statement of compliance

In preparing this Strategic Report and Board report, the Board has followed the principles set out in the SORP 2018.

The Strategic and Board report was approved by the Board on 22 September 2022 and signed on its behalf by:

D. M. Bradley

Dennis Bradley
Chair

Independent Auditor's Report to the Members of Livin Housing Limited

Opinion

We have audited the financial statements of Livin Housing Limited ('the Association') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves, Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the Association's affairs as at 31 March 2022 and of its income and expenditure for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of 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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to growing concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Strategic Report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- A satisfactory system of control over transactions has not been maintained
- The Association has not kept adequate accounting records
- The Association's financial statements are not in agreement with books of account
- We have not received all the information and explanations we require for our audit

Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 41, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing 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 the Board either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's wesite at www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws, regulations and guidance that affect the Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance

- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.

- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Association's activities

- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above
- We enquired of the Board about actual and potential litigation and claims
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias

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

Use of our report

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.

Beever and Struthers

Beever and Struthers
Statutory Auditor
St George's House
215-219 Chester Road
Manchester
M15 4JE

Date: 23 September 2022

	Note		2022		2021
			£'000		£'000
Turnover	3		**36,979**		**35,365**
Operating costs	3		(28,356)		(25,375)
Operating surplus (before housing sales and other income)			**8,623**		**9,990**
Gain on disposal of property, plant and equipment	6		1,291		578
Other Income	3		458		241
Operating surplus			**10,372**		**10,809**
Interest receivable and Other Income	7		5		21
Interest payable and similar charges	8		(3,343)		(3,118)
Unrealised (loss) on the revaluation of investment properties	14		(451)		(224)
Surplus on ordinary activities before taxation			**6,583**		**7,488**
Tax on ordinary activities			-		-
Surplus for the year			**6,583**		**7,488**
Actuarial gain/(loss) in respect of pension schemes	9		6,550		(3,730)
Total comprehensive income for the financial year			**13,133**		**3,758**

The accompanying notes form part of these financial statements.

All activities of the Association are classed as continuing.

Historical cost surpluses and deficits were identical to those shown in the Statement of Comprehensive Income account.

The financial statements were approved and authorised for issue by the Board of Directors on 22 September 2022 and were signed on its behalf by:

D. M. Bradley

Dennis Bradley
Chair

K. Thompson

Kevin Thompson
Vice chair

P. Stephens

Paul Stephens
Secretary

	Income and expenditure reserve	Revaluation reserve	Total
	£'000	£'000	£'000
Balance as at 31 March 2020	33,629	6,367	39,996
Transfer between reserves	228	(228)	-
Actuarial loss on pension scheme	(3,730)	-	(3,730)
Surplus for the year	7,488	-	7,488
Balance as at 31 March 2021	**37,615**	**6,139**	**43,754**
Transfer between reserves	451	(451)	-
Actuarial gain on pension scheme	6,550	-	6,550
Surplus for the year	6,663	(80)	6,583
Balance as at 31 March 2022	**51,279**	**5,608**	**56,887**

The accompanying notes form part of these financial statements.

	Note	2022	2021
		£'000	£'000
Tangible fixed assets			
Housing properties	11	182,716	163,255
Other tangible fixed assets	12	4,402	3,717
Investments	13	4	4
Investment properties	14	6,861	7,305
		193,983	174,281
Current assets			
Stock	15	-	-
Debtors	16	3,755	3,436
Cash at bank and in hand	17	4,654	3,372
		8,409	6,808
Creditors: amounts falling due within one year	18	(9,027)	(5,691)
Net current (liabilities)/assets		(618)	1,117
Total assets less current liabilities		**193,365**	**175,398**
Creditors			
Amounts falling due after more than one year	21	129,258	119,204
Provisions for liabilities			
Defined benefit pension liability	9	7,220	12,440
		136,478	131,644
Capital and reserves			
Income and expenditure reserve		51,279	37,615
Revaluation reserve		5,608	6,139
Total reserves		56,887	43,754
		193,365	**175,398**

The accompanying notes form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 22 September 2022 and were signed on its behalf by:

Dennis Bradley
Chair

Kevin Thompson
Vice chair

Paul Stephens
Secretary

	Note	2022	2021
		£'000	£'000
Net cash generated from operating activities	25	19,499	18,303
Cash flow from investing activities			
Purchase and refurbishment of tangible fixed assets		(27,801)	(25,931)
Proceeds from sale of tangible fixed assets		2,052	929
Grants received		3,523	3,332
Interest received		3	7
		(22,223)	(21,663)
Cash flow from financing activities			
Interest paid		(2,994)	(2,870)
New secured loans		7,000	6,000
Repayments of borrowings		-	-
		4,006	3,130
Net change in cash and cash equivalents		1,282	(230)
Cash and cash equivalents at beginning of the year		3,372	3,602
Cash and cash equivalents at end of the year		4,654	3,372

The accompanying notes form part of these financial statements.

1 Legal status

The Association is registered in England under the Co-operative and Community Benefit Societies Act 2014 and is a registered provider of social housing. The registered office is Farrell House, Arlington Way, DurhamGate, Spennymoor, County Durham, DL16 6NL.

Livin owns 100% of the ordinary share capital (£1) of Livin Developments Limited (Registered Company No: 10474352). This subsidiary did not trade during the year and was dormant at 31 March 2022.

2 Accounting Policies

Basis of accounting

The financial statements are prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

The financial statements are presented in Sterling (£) and are rounded to the nearest thousand (£000).

The Association is a Public Benefit Entity (PBE) and has applied the provisions for FRS102 specifically applicable to PBEs.

Livin holds a share in a joint venture, Spirit Regeneration and Development Co LLP. This interest has been disclosed as an investment in these accounts.

Going Concern

The Association's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. Livin has long term debt facilities in place which provide adequate financial resources for reinvestment and development programmes along with financial cover for day to day operations. Livin also has a 30 year business plan which shows it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

On this basis, the board has a reasonable expectation that there are adequate resources to continue operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates.

Significant management judgements include:

Financial instruments

Livin Housing Limited has put in place Facility Agreements with a portfolio of lenders, for the purposes of funding its stock improvement and new development programmes.

The Association has accounted for these loan instruments on the amortised cost basis.

Impairment

Livin Housing Limited considers whether indicators of impairment exist in relation to tangible assets. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value less costs to sell or its value in use.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

Useful life of depreciable assets

Management reviews its estimate of useful economic lives of depreciable assets at each reporting date. Uncertainties in these estimates may relate to changes in technology and decent homes standards which may impact on the depreciation rate used.

LGPS -Defined Benefit Obligation (DBO)

The actuaries' estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate, property values and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in note 9).

Fair value measurement

Livin carries its investment property at fair value, with changes in fair value being recognised in the Statement of Comprehensive Income. There has been a reduction of £451,000 in fair value during the year.

Management uses valuation techniques to determine the fair value of investment properties (where active market valuations are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the asset.

Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices.

Investment in subsidiaries and unlisted company shares

Investments in subsidiaries and unlisted company shares are accounted for at cost less impairment.

Turnover

Turnover represents rental income receivable for the period (i.e. rent due (rent debit) less rent loss due to voids), service charges receivable, any revenue grants receivable, amortised capital grant, revenue grant received from Homes England and local authorities, income from shared ownership first tranche sales and other properties developed for outright sale and income from any other goods or services included at invoiced value (excluding VAT where recoverable) and commission on water rates collection.

Revenue Recognition

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche sales and sales of properties built for sale are included in turnover and operating costs and are recognised at the point of legal completion of the sale.

Revenue grants are recognised when the conditions for receipt of agreed grant funding have been met.

Service Charges

Service charge income and costs are recognised on an accruals basis. Livin operates variable service charges on a scheme by scheme basis in full consultation with residents. The charges include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered they are held as creditors or debtors in the Statement of Financial Position.

Social Housing Grant

Social Housing Grant (SHG) includes grant receivable from Homes England, local authorities and other government organisations.

Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land), under the accruals model.

SHG due from government organisations or received in advance is included as a current asset or liability.

SHG received in respect of revenue expenditure is recognised as turnover in the same period as the expenditure to which it relates, once reasonable assurance has been given that Livin will comply with the conditions and that the funds will be received.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in the Statement of Comprehensive Income.

SHG is subordinated to the repayment of loans by agreement with Homes England. SHG released on sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the Statement of Financial Position in creditors.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the individual component is released to the Statement of Comprehensive Income. Upon disposal of the associated property, the Association is required to recycle these proceeds, as such a contingent liability is disclosed to reflect this.

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance related conditions on the association is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Website development costs

The Association has developed an app and website which is used to promote its activities and as a management tool for monitoring and evaluating responsive repairs. Planning, design and content development costs are charged as operating costs as incurred. Ongoing costs of maintaining and operating the app and website are also charged as operating costs as incurred.

Housing properties and other fixed assets

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally available for rent and are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, development costs, incidental costs of acquisition and directly attributable development administration costs. Cost also includes expenditure on the replacement of key building components incurred as part of the planned improvement programme.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income, over the lives of the properties, therefore enhancing the economic benefits of the assets, are capitalised as improvements.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover. The remaining element is classed as a fixed asset and included in housing properties at cost, less any provision for depreciation or impairment.

Where expenditure is incurred on an asset which does not meet the definition of capital expenditure, such as general repairs to the housing stock, it will be charged to the Statement of Comprehensive Income in the year in which it is incurred.

Any single repair costing £1,000 or more will be separately assessed to determine whether capitalisation is appropriate.

The Association will not capitalise expenditure on assets such as land, equipment and computer software which costs less than the following de-minimus thresholds and it will be charged to the Statement of Comprehensive Income in the year in which it is incurred.

Asset	
Land	£ 1,000
Office equipment and furniture	£10,000
Computer equipment and software	£ 5,000
Vehicles and plant	£10,000

Properties held on leases are amortised over the life of the lease or the estimated useful economic life, if shorter.

Assets under construction

Housing properties under construction are stated at cost. Cost includes the cost of acquiring land and buildings, development costs, and expenditure incurred in respect of improvements.

No depreciation is charged during the period of construction.

Depreciation of tangible fixed assets

Depreciation charges reflect the write down of the net book value of fixed assets to their estimated residual value over their estimated useful lives, on a straight-line basis. No depreciation is charged for land.

The following useful economic lives for identified components have been applied:

Fixed Asset Classification	Asset Life
New Build Property Structure	up to 100 years
Existing Structure	50 years
Kitchens	20 years
Bathrooms	30 years
Central Heating	20 years
Roofing and External Works	up to 50 years
Rewiring Works	30 years
Doors and Windows	40 years

Other Fixed Assets	
Office Equipment and Furniture	5 years
Computer Equipment	3 years
Offices	up to 50 years
Electric car charging points	8 years

Impairment

Housing properties are assessed annually for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the asset's carrying amount to its recoverable amount. Where the carrying amount of an asset is deemed to exceed the recoverable amount, the asset is written down to its recoverable amount, this is likely to be the value in use of the asset based on its service potential. The resulting impairment loss is recognised as operating expenditure. Where an asset is currently deemed not to be providing service potential to the association, its recoverable amount is its fair value less costs to sell.

Leased assets

Rentals payable under operating leases will be charged on a straight line basis over the term of the lease.

Properties for sale

Shared ownership first tranche sales, completed properties for outright sales and properties under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Provision for liabilities

Provisions are recognised when the Association has a present obligation (legal or constructive) as a result of a past event, it is probable that the Association will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at the present value using a pre-tax discount rate. The unwinding of the discount is recognised as finance cost in the Statement of Comprehensive Income in the period it arises.

A provision is recognised for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

Fixed asset investments

Investment properties consist of commercial properties and other properties not held for the social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year end, with changes in fair value recognised in the Statement of Comprehensive Income.

Pensions

The Association participates in the Durham County Council Local Government Pension Scheme, which is a defined benefit final salary scheme. The assets of the scheme are invested and managed independently of the Association.

Pension costs are assessed in accordance with the advice of an independent qualified actuary. For the Durham County Council Local Government Pension Scheme, assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the Statement of Financial Position. A net surplus is recognised only to the extent it is recoverable by the Association.

The current service cost and costs from settlement and curtailments are charged against operating surplus. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs. Actuarial gains and losses are reported in other comprehensive income.

Rental arrears

A provision for bad and doubtful debts is made on an estimation of those debts at the Statement of Financial Position date which are considered to be potentially irrecoverable.

Value Added Tax (VAT)

The Association is VAT registered, but the majority of its income (from rents) is classified as an exempt supply for VAT purposes. Payments that are subject to VAT (Input VAT) that cannot be re-claimed are, therefore, recorded inclusive of the irrecoverable VAT. The balance of VAT payable or recoverable at the year end is included as a current liability or asset respectively.

Development agreement

The Association has entered into agreements with Durham County Council (the Council) whereby the undertaking of catch up repairs and improvement works remained with the Council with that obligation subcontracted to the Association. The contract was for a fixed sum of £248.694m equal to the expected costs of the work. At transfer, the Association contracted with the Council to acquire the benefit of the Council's obligation to carry out the refurbishment works.

Right to Buy and Right to Acquire Sales

The gains or losses on disposal of Social Housing Properties under Right to Buy or Right to Acquire arrangements are calculated as being the difference between the proceeds of a sale of a property and the net book value of that property.

The gains or losses on disposal of Right to Buy or Right to Acquire Social Housing Properties are recognised in the Statement of Comprehensive Income at the date of legal completion after deducting the element of proceeds that is payable to the local authority under the Right to Buy sharing arrangement.

Financial instruments

Financial Instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historic cost model.

Basic Financial instruments are recognised at amortised historic cost.

Debtors

Short term debtors are measured at transaction price less any impairment.

Creditors

Short term creditors are measured at the transaction price.

Annual leave accrual

A liability is recognised to the extent of unused holiday pay entitlement which has accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

Interest

Interest payable is charged to the Income and Expenditure account in the year.

Loan finance issue costs

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, less capitalised issue costs of debt. Where loans are redeemed during the year, any redemption penalty and any connected loan finance costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.

Liquid resources

For the purposes of the Cash Flow Statement, cash comprises of cash in hand and deposits repayable on demand less overdrafts repayable on demand. Liquid resources are current asset investments that are readily disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying values.

Taxation

The Association has charitable status and therefore is outside the scope of Corporation Tax on its charitable activities by virtue of Part 11 Corporation Tax Act 2010 and from capital gains tax by virtue of Section 256 Taxation of Chargeable Gains Act 1992.

Reserves

Livin establishes restricted reserves for specific purposes where their use is subject to external restrictions.

Revaluation reserve

The difference on transition between the fair value of investment properties and the historical cost carrying value is credited to the revaluation reserve.

3 Particulars of turnover, cost of sales, operating costs and operating surplus

	2022		
	Turnover	Operating costs	Operating surplus
	£ '000	£ '000	£ '000
Social housing lettings	35,561	(28,099)	7,462
Other social housing activities			
Garage lettings	654	(209)	445
Non-social housing activities			
Lettings	246	(48)	198
Other Income	518	-	518
Total	**36,979**	**(28,356)**	**8,623**

	2021		
	Turnover	Operating costs	Operating surplus
	£ '000	£ '000	£ '000
Social housing lettings	34,021	(25,238)	8,783
Other social housing activities			
Garage lettings	642	(81)	561
ESF Project	10	(11)	(1)
Non-social housing activities			
Lettings	239	(45)	194
Other Income	453	-	453
Total	**35,365**	**(25,375)**	**9,990**

Other Operating Income

Included in the statement of comprehensive income under other income is VAT shelter income of £458,179 (2021 £241,202).

3 Particulars of turnover, cost of sales, operating costs and operating surplus (continued)

Particulars of income and expenditure from social housing lettings

	General needs housing	Housing for elderly	Low cost home ownership	2022 Total	2021 Total
	£ '000	£ '000	£ '000	£ '000	£ '000
Rent receivable net of identifiable service charges	23,915	11,101	38	35,054	33,648
Service income	77	4	-	81	71
Net rental income	**23,992**	**11,105**	**38**	**35,135**	**33,719**
Other income (grant amortisation)	283	143	-	426	302
Turnover from social housing lettings	**24,275**	**11,248**	**38**	**35,561**	**34,021**
Management and support services	(6,988)	(3,549)	-	(10,537)	(10,115)
Service charge cost	(76)	(9)	-	(85)	(74)
Routine maintenance	(5,737)	(2,795)	-	(8,532)	(7,648)
Planned maintenance	(543)	(274)	-	(817)	(777)
Major repairs expenditure	(530)	(268)	-	(798)	(166)
Bad debts	(124)	(63)	-	(187)	(158)
Depreciation of housing properties	(4,308)	(2,192)	(32)	(6,532)	(6,035)
Impairment	(107)	-	-	(107)	-
Payment to Durham County Council (VAT sharing agreement)	(301)	(152)	-	(453)	(239)
Other costs	(34)	(17)	-	(51)	(26)
Operating costs on social housing lettings	**(18,748)**	**(9,319)**	**(32)**	**(28,099)**	**(25,238)**
Operating surplus on social housing lettings	**5,527**	**1,929**	**6**	**7,462**	**8,783**
Void losses	**538**	**148**	**-**	**686**	**801**

Particulars of turnover from non-social housing lettings

	2022	2021
	£ '000	£ '000
Commercial properties	199	199
Other	47	40
	246	239

4 Accommodation in management and development

At the end of the year accommodation in management for each class of accommodation was as follows:

	2021 No.	Additions No.	Disposals No.	Other No.	2022 No.
Social housing					
General housing					
- social rent	7,058	3	(40)	11	7,032
- affordable rent	1,370	216	(8)	(8)	1,570
- shared ownership	16	-	(1)	-	15
- intermediate rent	30	-	-	(6)	24
Total owned and managed	**8,474**	**219**	**(49)**	**(3)**	**8,641**
Units under construction					
General needs affordable rent	217				15
General needs housing social rent	15				34
Low cost home ownership	-				-
Intermediate rent	-				-
Total units under construction	**232**				**49**

5 Operating surplus

The operating surplus is arrived at after charging:

	2022 £ '000	2021 £ '000
Depreciation of housing properties	6,532	6,035
Depreciation of other tangible fixed assets	180	174
Impairment of social housing assets	107	-
Gain on disposal of property, plant and equipment	1,291	578
Operating lease rentals		
- land and buildings	7	10
- office equipment and computers	46	47
- motor vehicles	17	22
Auditors' remuneration (excluding VAT)		
- for audit services	20	20
- tax compliance services	-	-
- other services	2	2
Total non-audit services	2	2

6 Gain on disposal of property, plant and equipment

	RTB/RTA	Other disposals	2022 Total	2021 Total
	£ '000	£ '000	£ '000	£ '000
Disposal proceeds	2,285	199	2,484	1,086
Less administration charges	(95)	-	(95)	(37)
Less amount payable to Durham County Council	(337)	-	(337)	(120)
Net disposal proceeds	1,853	199	2,052	929
Carrying value of fixed assets	(542)	(206)	(748)	(354)
Grant attributable to disposal	35	56	91	42
	1,346	49	1,395	617
Recycled Capital Grant Fund	(35)	(69)	(104)	(39)
	1,311	(20)	1,291	578

7 Interest receivable and other operating income

	2022	2021
	£ '000	£ '000
Interest receivable	3	7
Other Income	2	14
	5	21

8 Interest payable and similar charges

	2022	2021
	£ '000	£ '000
Loans and bank overdrafts	3,093	2,938
Interest costs for pension scheme	250	180
	3,343	3,118

9 Employees

Average monthly number of employees expressed as full time equivalents (calculated based on a standard working week of 37 hours):

	2022	2021
	No.	No.
Administration	56	58
Property and Development	26	28
Housing and Communities	53	55
	135	141
Employee costs:	2022	2021
	£ '000	£ '000
Wages and salaries	5,032	4,932
Social security costs	482	506
Other pension costs	912	926
	6,426	6,364

Included in Employee costs are early retirement and voluntary redundancy costs totalling £127,481 (2021 £nil).

The Association's employees are eligible to be members of Durham County Council Local Government Pension Scheme (LGPS). Further information is given below.

Durham County Council Local Government Pension Scheme

Durham County Council Pension Fund (DCCPF)

The DCCPF is a multi-employer scheme, administered by Durham County Council under the regulations governing the Local Government Pension Scheme, a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31 March 2019 and rolled forward, allowing for different financial assumptions required under FRS 17, to 31 March 2022 by a qualified independent actuary.

The employers' contributions to the DCCPF by the Association for the year ended 31 March 2022 were £911,971 (2021 £926,335) at a contribution rate of 21.3% of pensionable salaries.

Estimated Current service costs to the DCCPF during the accounting period commencing 1 April 2022 are £1,970,000.

9 Employees (continued)

Financial assumptions	31 March 2022 % per annum	31 March 2021 % per annum
Discount rate	2.7%	2.1%
Future salary increases	3.9%	3.7%
Future pension increases	2.9%	2.7%
Pension accounts revaluation rate	2.9%	2.7%
Inflation assumption – CPI	2.9%	2.7%

Mortality assumptions

The mortality assumptions are based on the recent actual mortality experience of members within the fund and allow for expected future mortality improvements.

The assumed life expectations on retirement at age 65 are:	2022 No. of Years	2021 No. of Years
Retiring today:		
- Males	22.1	22.3
- Females	24.2	24.3
Retiring in 20 years:		
- Males	23.2	23.3
- Females	25.7	25.8

Analysis of the amount recognised in surplus or deficit:		
Year ended 31 March	2022	2021
	£'000	£ '000
Current service cost	2,010	1,370
Past service cost	70	-
Amounts charged to operating costs	2,080	1,370

9 Employees (continued)

Year ended 31 March	2022	2021
	£'000	£ '000
Net Interest	250	180
Amounts charged to other finance costs	250	180
Remeasurement gain/(loss) recognised on defined benefit pension scheme	6,550	(3,730)
Actual return on scheme assets	1,620	8,420
Amounts recognised in the statement of financial position		
Net pension (liability) at 31 March	**2022**	**2021**
	£'000	**£'000**
Present value of funded obligation	(51,550)	(54,630)
Fair value of scheme assets (bid value)	44,330	42,190
Net (liability) recognised in statement of financial position	(7,220)	(12,440)

Reconciliation of opening and closing balances of the present value of scheme liabilities	2022	2021
	£'000	£ '000
Opening scheme liabilities	(54,630)	(41,310)
Current service cost	(2,010)	(1,370)
Past service cost	(70)	-
Interest cost	(1,140)	(950)
Contributions by scheme participants	(310)	(310)
Remeasurements	5,820	(11,380)
Benefits paid	790	690
Closing scheme liabilities	(51,550)	(54,630)

Reconciliation of opening and closing balances of the fair value of scheme assets	2022	2021
	£'000	£ '000
Opening fair value of scheme assets	42,190	33,220
Remeasurements	730	7,650
Interest income	890	770
Contributions by employer	1,000	930
Contributions by scheme participants	310	310
Benefits paid	(790)	(690)
Closing fair value of scheme assets	44,330	42,190

9 Employees (continued)

Major categories of plan assets as a percentage of total plan assets		
Equities	55.3%	55.1%
Gilts	15.0%	15.9%
Bonds	5.9%	18.0%
Property	6.8%	6.3%
Cash	2.5%	4.7%
Other	14.5%	-%

History of asset values, present value of liabilities and (deficit) / surplus	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
Fair value of assets	44,330	42,190
Present value of liabilities	(51,550)	(54,630)
(Deficit) / Surplus	(7,220)	(12,440)

	2022	2021
	£'000	£'000
Actual return on scheme assets	1,620	8,420

10 Key management personnel

	Basic salary	Benefits in kind	Pension Contributions	Total 2022	Total 2021
				£'000	£'000
Board members	60	-	-	60	68
Executive directors	456	-	85	541	516

10 Key management personnel (continued)

The full time equivalent number of staff who received remuneration, including Directors:

	2022 No. of employees	2021 No. of employees
£60,001 and £70,000	5	5
£70,001 and £80,000	2	1
£80,001 and £90,000	3	4
£90,001 and £100,000	2	-
£100,001 and £110,000	1	-
£130,001 and £140,000	1	1
£140,001 and £150,000	1	1
£160,001 and £170,000	-	1
	15	13

Individual Board Members levels of remuneration	2022	2021
	£'000	£'000
Dennis Bradley (Chair)	10	7
Alan Fletcher until 23.09.2021	6	13
Kevin Thompson	7	7
Adele Barnett	7	7
Hannah Underwood	6	5
Gillian Stacey until 13.09.2021	3	5
Oliver Colling	7	7
Norman Rollo	7	7
Charlotte Harrison	5	5
Sheila Rooney from 01.01.2020 until 31.07.2021	2	5
	60	68

The highest paid Director was the current Chief Executive. Their emoluments including an adjustment for FRS 102 annual leave accrual, but excluding pension contributions, were £144,307 (2021 previous Chief Executive £162,585).

The Chief Executive is a member of the Durham County Council Pension Fund. The pension contributions made during the period were £26,330 (2021 previous Chief Executive £27,931).

They are an ordinary member of the pension scheme and no enhanced or special terms apply. The Association does not make any further contribution to an individual pension arrangement for this Director.

The number of directors accruing benefits under the pension scheme at 31 March 2022 was 3 (2021: 3).

Board members

Board remuneration levels and calculations are recommended following the receipt of independent advice and adoption of an appropriate remuneration policy in accordance with Livin's rules and probity policy. Performance assessment is conducted through collective and individual annual appraisal of Board and Role Profiles and contracts for services are agreed with all Board Members to assist in assessing performance.

Board remuneration as a percentage of turnover is 0.2% (2021 0.2%).

11 Tangible fixed assets – properties

Housing properties	Social housing properties held for letting	Non-social housing properties held for letting	Housing properties for letting under construction	Completed Shared Ownership housing properties	Total housing properties
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2021	191,672	819	19,690	1,168	213,349
Additions	9,512	-	10,729	12	20,253
Works to existing homes	6,482	124	-	-	6,606
Schemes completed	21,726	-	(21,726)	-	-
Disposals	(1,092)	(15)	-	(95)	(1,202)
Transfer between fixed assets	-	-	-	-	-
Transfer from investment/ current assets	-	(10)	-	-	(10)
At 31 March 2022	228,300	918	8,693	1,085	238,996
Depreciation and impairment					
At 1 April 2021	49,893	93	-	108	50,094
Charged in year	6,484	17	-	31	6,532
On disposals	(445)	(1)	-	(7)	(453)
Impairment	107	-	-	-	107
At 31 March 2022	56,039	109	-	132	56,280
Net Book Value					
At 31 March 2022	172,261	809	8,693	953	182,716
At 31 March 2021	141,779	726	19,690	1,060	163,255

The carrying value of assets with restricted title or pledged as security is £121.4m (2021: £111.1m)

Expenditure on works to existing homes	2022	2021
	£'000	£'000
Amounts capitalised as components	6,482	3,259
Amounts charged to the income and expenditure account	798	166
	7,280	3,425

Housing properties book value, net of depreciation and grants

Impairment

Livin considers individual schemes to be separate Income Generating Properties when assessing for impairment, in accordance with the requirements of Financial Reporting 102 and SORP 2018. An impairment charge of £107,191 (2021: £Nil) has been made this year. This impairment charge relates to eight properties which are going to be demolished as part of a regeneration scheme in Shildon, County Durham.

Social housing grant		
Total Accumulated Social Housing Grant		
Received or receivable at 31 March	**2022**	**2021**
	£'000	**£'000**
Capital grant	25,315	21,792
Recognised in the Statement of Comprehensive Income	1,631	1,205
Revenue grant	7	7
	26,953	23,004

12 Tangible fixed assets – other

Housing properties	Other Land & Buildings under construction	Offices	Computers and office equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2021	-	5,547	559	6,106
Additions	412	327	126	865
Disposals	-	(389)	-	(389)
At 31 March 2022	412	5,485	685	6,582
Depreciation				
At 1 April 2021	-	1,963	426	2,389
Charged in year	-	110	70	180
On disposals	-	(389)	-	(389)
At 31 March 2022	-	1,684	496	2,180
Net Book Value				
At 31 March 2022	412	3,801	189	4,402
At 31 March 2021	-	3,584	133	3,717

13 Investments

	2022	2021
	£'000	£'000
Investment in Spirit Regeneration and Development LLP	4	4

Livin is a member of the Spirit Regeneration and Development Co. LLP. This is an agreement which allows Livin to deliver its development programme in line with Homes England requirements.

Livin owns 100% of the ordinary share capital (£1) of Livin Developments Ltd. The subsidiary did not trade during the year and was dormant at 31 March 2022.

14 Investment properties: Non-social housing properties held for letting

	2022	2021
	£'000	£'000
At 1 April	7,305	7,405
Works to Investment Properties	77	139
Revaluation (loss)	(451)	(224)
Disposals	(80)	(4)
Transfer	10	(11)
At 31 March	6,861	7,305

Investment properties were valued as at 31 March 2022. The associations' investment properties have been internally valued using a 10% yield by Livin's Land and Property Valuer, who is a member of the Royal Chartered Institute of Surveyors. The full valuation was undertaken in accordance with the appraisal and valuation manual of the Royal Chartered Institute of Surveyors.

15 Stock

	2022	2021
	£'000	£'000
Shared ownership properties:		
Completed properties	-	-

16 Debtors

	2022	2021 (restated)
	£'000	£'000
Due within one year		
Rent and service charges receivable	2,717	2,549
Less: provision for bad and doubtful debts	(589)	(544)
	2,128	2,005
Trade debtors	299	242
Less: provision for bad and doubtful debts	(252)	(213)
Other debtors	213	128
Social housing grant receivable	264	400
Prepayments and accrued income	703	475
	3,355	3,037
Due after more than one year		
Other Debtors	400	399
	3,755	3,436

Debtors due after more than one year relates to legal charges held on private dwellings that are situated within a regeneration scheme.

The 2021 provision for bad and doubtful debts has been restated so that the amount relating to invoiced debt is now shown under Trade debtors.

17 Cash and cash equivalents

	2022	2021
	£'000	£'000
Money Market Investments	3,324	3,180
Cash at bank	1,330	192
	4,654	3,372

18 Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Overdraft	-	-
Debt (note 22)	-	-
Trade creditors	2,714	659
Rent and service charges received in advance	648	568
Deferred Grant Income (note 19)	505	398
Recycled capital grant fund (note 20)	-	7
Other taxation and social security	118	125
Other creditors	798	402
Accruals and deferred income	4,244	3,532
	9,027	5,691

Included in Other creditors is £458,179 (2021 £241,202) owed to Durham County Council in respect of the VAT shelter.

Included in Accruals is £63,148 (2021 £57,578) relating to holiday pay accrued as a result of services rendered in the current period which employees are entitled to carry forward. The amount is measured as the salary cost payable for the period of absence.

19 Deferred capital grant

	2022	2021
	£'000	£'000
At 1 April	21,415	18,334
Grant received in the year	3,523	3,332
Recycled capital grant	133	90
Released to income in the year	(426)	(302)
Grants disposed during the year	-	-
Recycled in the year (note 20)	(104)	(39)
At 31 March	24,541	21,415

	2022	2021
	£'000	£'000
Amounts to be released within one year	505	398
Amounts to be released in more than one year	24,036	21,017
	24,541	21,415

20 Recycled capital grant fund

	2022	2021
	£'000	£'000
At 1 April	166	217
Grants recycled	104	39
Other adjustments	-	-
Withdrawals	(133)	(90)
At 31 March	137	166
Amount 3 years or older where repayment may be required	-	7

Withdrawals from the Recycled capital grant fund are used for the purchase of housing properties.

21 Creditors: amounts falling due after more than one year

	2022	2021
	£'000	£'000
Debt (note 22)	106,000	99,000
Less debt issue costs	(915)	(972)
	105,085	98,028
Deferred Grant (note 19)	24,036	21,017
Recycled capital grant fund (note 20)	137	159
	129,258	119,204

22 Analysis of changes in net debt

	At Beginning of the year	Cashflows	Non-Cash Movements	At End of the year
	£'000	£'000	£'000	£'000
Due in one year				
Cash and cash equivalents	3,372	1,282	-	4,654
Bank loans	-	-	-	-
Private placement	-	-	-	-
	3,372	1,282	-	4,654
Due after more than one year				
Cash and cash equivalents	-	-	-	-
Bank loans	(29,000)	4,000	-	(25,000)
Private placement	(70,000)	(11,000)	-	(81,000)
	(99,000)	(7,000)	-	(106,000)
Net Debt	**(95,628)**	**(5,718)**	**-**	**(101,346)**

Security

The bank loans and private placement debt are secured by fixed charges on individual homes.

Terms of repayment and interest rates

The interest rates payable on the bank loans and private placements range between 0.880% and 3.198%. The percentage of loans at fixed rates of interest was 91% at the year end.

At 31 March 2022 the Association had available further bank loan facilities of £30m (2021 £26m).

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	2022	2021
	£'000	£'000
Within one year or on demand	-	-
Between two and five years	-	4,000
Five years or more	106,000	95,000
	106,000	99,000

23 Non-equity share capital

	2022	2021
	£'000	£'000
Shares of £1 each issued and fully paid		
At 1 April and 31 March	10	10

The shares provide members with the right to vote at general meetings of the Association, but do not provide any rights to dividends or distributions on a winding up.

24 Reserves

Revaluation reserve

This comprises of unrealised surpluses or deficits on the revaluation of investments.

Revenue reserve

This includes all current and prior year retained surpluses and deficits.

25 Cash flow from operating activities

	2022	2021
	£'000	£'000
Surplus/(Deficit) for the year	6,583	7,488
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	6,712	6,209
Impairment of tangible fixed assets	107	-
Unrealised loss on revaluation of investments	451	224
Defined benefit pension scheme operating charge	2,080	1,370
Defined benefit pension scheme contributions paid	(1,000)	(930)
Surplus on the sale of Social Housing	(1,291)	(578)
Loss on Non Social Housing disposals	76	6
Decrease / (Increase) in Debtors	(319)	105
(Decrease) / Increase in Creditors	3,186	1,452
Decrease / (Increase) in Stock	-	148
Adjustments for investing or financing activities:		
Interest receivable	(3)	(7)
Interest payable	3,343	3,118
Government grant amortised	(426)	(302)
Net cash inflow from operating activities	19,499	18,303

26 Capital commitments

	2022	2021
	£'000	£'000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	26,621	19,999
Expenditure authorised by the Board, but not contracted	23,881	10,401
	50,502	30,400

The above commitments will be financed through borrowings, operating surpluses and Homes England grant.

27 Contingent assets/liabilities

The Association had no contingent assets or liabilities as at 31 March 2022 (2021 £nil).

28 Leasing commitments

The future minimum lease payment of leases are set out below. These relate to office premises, equipment provided for residents' use and office equipment.

Minimum future operating lease payments are as follows:

	2022		2021	
	Land and buildings	Other assets	Land and buildings	Other assets
	£'000	£'000	£'000	£'000
In one year or less	7	57	10	47
Between one & two years	-	27	-	19
Between two to five years	-	48	-	45
Over five years	-	16	-	15
	7	148	10	126

29 Related parties

During the year, two tenants of Livin served as Board Members (Alan Fletcher and Sheila Rooney). Their tenancies were on normal commercial terms, and they were not able to use their position to their advantage. Both tenants were no longer Board Members at the year end. During the year, the aggregate amount received in rent through to ceasing to be Board members was £4,235 (2021 £10,188). The arrears relating to tenant board members at the year end was £nil (2021 £nil).

During the year Livin made sponsorship payments of £11,000 to Shildon Association Football Club of which Alan Boddy is a director.

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