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Livin Housing Ltd. Report and Financial Statements

For the year ended 31 March 2023

Contents:

General Information

Chair of the Board

Dennis Bradley

Vice Chair

Kevin Thompson

Board members

Adele Barnett (until 31 March 2023)
Oliver Colling
Charlotte Harrison
Norman Rollo
Hannah Underwood
Natalie Wilkinson (from 1 April 2022)
Stephen Watson (from 3 May 2023)
Alan Boddy
Sean Brodie

External Auditors:

Beever and Struthers,
Chartered Accountants and Business Advisors,
One Express, 1 George Leigh Street.
Manchester, M4 5DL

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)
Paul Stephens (Director of Corporate Services – appointed 4 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 31 March 2023. 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

2023
Operating margin
25.4%
2022 - 28.0%

2023
EBITDA
£16.032m
2022 - £15.370m

2023
Homes under management
8,670
2022 - 8,641

2023
Number of housing responsive repairs completed
33,348
2022 - 31,548

2023
Void Loss (all properties)
1.39%
2022 - 1.91%

2023
Total Arrears (adjusted for housing benefit due)
4.08%
2022 - 3.31%

2023
Social value generated
£12.8m
2022 - £18.5m

2023
Investment (housing developments, acquisitions and improvements to homes)
£29.668m
2022 - £26.859m

Chair's Statement

The past twelve months have seen significant change, during which it has been necessary to deal with a series of unplanned challenges specifically relating to: a need to provide financial wellbeing support to tenants struggling with the ongoing cost-of-living pressures whilst balancing rent collection and enforcement to mitigate the risk of rising arrears; an ongoing focus on reviewing the approach to managing damp and mould and property condition; and emerging regulatory changes, specifically enhanced requirements relating to consumer standards.

High inflation has put pressure on our customers' finances and our costs, which have risen through the year. We continue to face significant pressures and the economic environment is set to remain challenging with the cost-of-living pressures our customers are experiencing not expected to end any time soon.

Our customers have never needed us as much as they do now and we look to continue our support through these difficult economic times.

Our business strategy, Plan A, remains agile and able to respond to emerging issues. It continues to provide strategic focus through six 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; and providing support for older and vulnerable tenants so they can maintain their independence.

Our regulatory viability judgement was regraded to V2 during the year a reflection of the economic environment and the then imminent rent cap. We retained our G1 rating demonstrating the strong governance arrangements we have in place.

Our financial statements show we continue to be financially secure and attractive to funders. We were able to arrange new loans totalling £50m during the year which will help us deliver Plan A. This extra liquidity included redefining our tightest loan covenant, which created an additional £10m of financial headroom per annum. This has added to our financial strength and demonstrates our capacity to deal with financial stress events.

I would like to extend my thanks to my fellow Board members, Executive Management Team and Livin employees, who continue to support me as Chair of the Board.

D. M. Bradley

Dennis Bradley – Chair

Chief Executive's Statement

It has been another very busy year and we have made good progress in difficult circumstances. The cost-of-living crisis has hit significantly harder than we expected and caused financial hardship to both our customers and employees. Many of our customers are at the forefront of this crisis and some of our communities are amongst the most deprived nationally and therefore most affected. We have worked hard to support tenants most in need to sustain their tenancies, through providing tailored employability, financial wellbeing and tenancy management support.

Technology has played a key part in our success and we were delighted to win two national awards in recognition of our digital transformation agenda: **apprenticeship scheme of the year, and digital landlord of the year**. These awards give external recognition of the progress we have made to improve the ease and convenience of accessing services. We are continuing to build on the important work we have done to develop our 360-degree customer experience platform, designed to provide personalised services to tenants and ensure they are treated with respect and compassion. We look forward to exploiting technology to bring about further improvements and benefits to the ways we work and to the lives and life chances of our tenants and communities.

During the year we have taken a proactive approach to dealing with damp and mould and property condition and have adopted new policies, processes and service standards, whilst maintaining high levels of compliance with health and safety standards and a quality responsive repairs service. We remain financially strong with an operating margin of 25.4% despite the inflationary pressures we have experienced during the year. We invested significantly in existing housing stock spending £12.6m on maintaining our homes to the decent homes standard, decarbonisation works and on estate regeneration. We also spent £17.0m on building and acquiring sustainable homes and remain on track to reach our target of providing 9,000 homes by March 2025.

Our achievements and results during this challenging period must be attributed to the collective team effort of our Board, Management Teams and employees who work tirelessly towards delivering our Plan A business strategy and in doing so continuously strive to improve services that improve the lives of the people living in our homes and communities.

Alan Boddy

Alan Boddy - Chief Executive

Our Business Strategy

In 2022 we refreshed our business strategy, Plan A, 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 and within this, has six priority 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.

Plan A sets out a realistic path to success. It's flexible. It can cope with the things we do not yet know. Importantly it's cohesive, ensuring we are working together with our teams, partners, tenants and residents to maximise the impact we can make.

Ourvalues

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 Business Strategy
(continued)

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


1: Transforming Customer Experience and Digital Services


2: Supporting Sustainable Tenancies


3: Providing Quality Sustainable Homes


4: Supporting Sustainable Places


5: Building and Acquiring Sustainable Homes


6: Planet A/ Sustainability

Our Plan A priorities

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

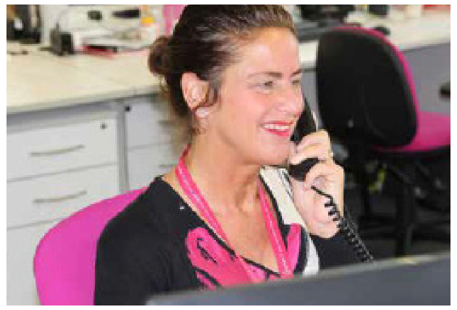
- Helping our tenants who are most in need to make the most of their money and sustain their tenancies
- Provide specific support for older and vulnerable tenants, so they can maintain their independence in a home they love
- Upgrade our properties to make them more energy efficient, reducing carbon 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 reliable, trackable monitoring service giving customers live, up to date information about their repair requests

Finance - Five Year Summary

	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Statement of Comprehensive Income		(restated)			
Turnover	34,545	35,522	35,365	36,979	39,313
Operating Surplus	10,689	9,568	10,809	10,372	10,002
Surplus/(Deficit) for year	(23,286)	6,120	7,488	6,583	5,939
Statement of Financial Position					
Housing Properties (net of depreciation)	129,113	143,868	163,255	182,716	204,298
Investment Properties & Other Investments	7,829	7,409	7,309	6,865	6,669
Other Fixed Assets	3,809	3,716	3,717	4,402	5,042
Total Fixed Assets	**140,751**	**154,993**	**174,281**	**193,983**	**216,009**
Current Assets	5,849	7,291	6,808	8,409	11,579
Current Liabilities	(5,520)	(3,927)	(5,691)	(9,027)	(9,486)
Total Assets less Current Liabilities	**141,080**	**158,357**	**175,398**	**193,365**	**218,102**
Long Term Creditors	99,994	110,271	119,204	129,258	147,046
Pension Deficit	7,030	8,090	12,440	7,220	-
Revenue Reserve	27,271	33,629	37,615	51,279	65,772
Revaluation Reserve	6,785	6,367	6,139	5,608	5,284
Total Reserves	**141,080**	**158,357**	**175,398**	**193,365**	**218,102**
Net Debt	**88,327**	**89,398**	**95,628**	**101,346**	**111,322**
Other information and key performance measures					
Housing Properties (homes)	8,408	8,458	8,474	8,641	8,670
Operating Surplus as a % of Turnover	30.9%	26.9%	30.6%	28.0%	25.4%
Surplus for the year as % of Turnover (excluding breakage costs)	17.5%	17.2%	21.2%	17.8%	15.1%
Rent losses (voids + bad debt as a % of rent receivable)	2.6%	2.5%	2.7%	2.4%	2.1%
EBITDA	14,769	13,921	16,145	15,370	16,032
EBITDA MRI	10,136	9,299	12,562	8,764	3,384
EBITDA MRI % turnover (Loan covenant method)	29.3%	26.2%	35.5%	23.7%	13.7%
Interest Cover – Loan Covenant (excluding breakage costs) *	2.05	3.13	4.22	3.13	4.59

*Interest cover loan covenant definition amended during the year end 31 March 2023 to exclude MRI costs

Financial Review



Our Operating surplus reduced by £0.37m to £10.002m. Turnover increased by £2.334m 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 £1.198m, a result of high inflation and rising prices. Depreciation also increased by £0.837m following on our ongoing improvement programme and purchase of new build homes.

Overall surplus reduced to £5.939m (2022 £6.583m) a combination of increased borrowings to fund our development programme and rising interest costs.

Asset management & property developments

We have fixed assets of £216.009m and invested £12.648m during the year in our residential accommodation to improve the energy efficiency of our housing stock and ensure all our homes continue to meet the Decent Homes Standard. This was an increase of £6.042m compared to the previous year.

We also invested £17.020m 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 using our transactional data and by engaging directly with customers. This includes lettings data from Durham County Council's choice based lettings system, allowing us to align our activities with demand led data and ensures the new homes we develop are sustainable, while also ensuring we meet the needs and concerns of our customers.

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 £10.394m during the next financial year to improve existing housing and continue the regeneration project at The Courts, Shildon. The Business Plan also includes £38.531m (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 £0.530m compared to £0.686m in the previous year. This decrease was a result of quicker re-let times and a significant reduction in the number void properties over 6 weeks old.

Rent Arrears

Rent arrears in respect of current tenants was 3.06% (2022 2.26%) 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 cost-of-living pressures. 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.

At the year end our bi-lateral debt facilities totalled £200m with £6m of this still to be drawn down under a deferred agreement, and £76m available under revolving credit facilities. During the year we agreed two new revolving credit facilities which now provide liquidity up to September 2026.

A summary of our borrowings at year end is shown in the table below.

Maturity	2023 £m	2022 £m
Within one year	-	-
Between one and two years	-	-
Between two and five years	9.2	3.2
After five years	108.8	102.8
	118.0	106.0

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.

During the year we arranged new facilities of £25m with Clydesdale Bank plc (t/a Virgin Money) and additional facilities of £25m with Lloyds Bank plc. Both agreements were for 10 years and included an element of revolving credit facilities.

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. At the year end the amount of variable loans outstanding were £14m, resulting in 88% 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 up to 5.028% on the floating loans.

Peak debt

Our Business Plan for 2023-53 has been prepared in accordance with the existing capital structure and includes a pipeline of developments over the next seven years, with peak debt forecast at £196.3m in March 2030. This is an increase of £7.1m compared to last year's Business Plan, due to additional decarbonisation costs, increased build costs for new developments and routine maintenance costs to address damp and mould issues. 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.

The new loan agreement with Lloyds Bank created additional financial capacity by removing Major Repairs Included (MRI) costs from the interest cover calculation. As a result of this additional headroom Board decided to remove the trigger point for the interest cover golden rule (below) but to retain the MRI element to maintain responsible financial planning and capacity against stress events or a deterioration in financial performance.

A summary of these Golden Rules, which were in place at the year end, is shown below along with expected performance based on our latest Business Plan:

Area	Golden Rule	Trigger	2023/24	2024/25	2025/26	2026/27	2027/28
Liquidity *	24months	30months	30months	18 months	6 months	0 months	0 months
Covenant – Interest Cover	Min 1.40x	N/A	1.40	1.47	1.53	1.62	1.66
Covenant – Gearing	Max 70%	Max 65%	44%	45%	43%	42%	41%
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%	44%	45%	45%	45%
– Voids	Max 5.0%	Max 3.0%	2.00%	2.00%	2.00%	2.00%	2.00%
– Bad debt	Max2.65%	Max 1.5%	1.00%	1.00%	1.00%	1.00%	1.00%
Credit rating – SocialHousing Lettings Interest Cover	Min 1.40x	N/A	1.70	1.57	1.24	1.77	1.66
Credit rating – EBITDA: Debt	Max 15x	N/A	8.22	7.80	7.51	7.53	7.60
Security value of properties to peak debt	100%	N/A	152%	155%	156%	157%	159%

*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 2026/27. Social housing lettings interest cover is forecast to fall in 2025/26 before recovering strongly the following year.

Board amended the Golden Rules in July 2023 to reflect the new loan agreements agreed in 2022/23.

Sustainability and carbon reporting

We have adopted 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 have chosen to share our energy performance and carbon emissions data. We monitor progress against our targets each year and produce a report covering our operations, buildings, processes and travel. The key metric we measured is 11.75 tCO2e per £million of turnover.

Emissions source	Units	2022/23
Scope 1		
Natural gas	tCO_2e	83.77
Fugitive emissions (Refrigerant gases)	tCO_2e	32.78
Scope 2		
UK National Grid electricity	tCO_2e	85.87
Scope 3		
Category 1 - Purchased goods & Services	tCO_2e	1.81
Category 3 - Fuel and energy related activities	tCO_2e	90.77
Category 5 - Waste generated in operations	tCO_2e	0.80
Category 6 – Business travel - Mileage claims	tCO_2e	35.49
Category 6 – Business travel - National rail	tCO_2e	0.31
Category 7 - Employee Commute	tCO_2e	130.32
Total Scope 1, 2 & 3	**tCO_2e**	**461.812**
Turnover	£	39,313,000
Full time equivalent employee (FTE)	Numbers	135
Intensity 1	**tCO_2e per million £**	**11.75**
Intensity 2	**tCO_2e per FTE**	**3.42**
Total energy consumption	kWh	1,046,477

Energy efficiency measures taken

We have:

- Outlined our approach to reducing carbon emissions in our Planet A strategy launched in 2022, with a vision to create environmentally sustainable futures for generations to come with tenants thriving in low energy homes and greener places. This includes an objective to "adapt day to day operations to ensure they are fit for the future and achieve net zero."
- Implemented sustainability best practice to reduce resource and energy use including undertaking a full LED replacement lighting programme at our headquarters and installing Nova titanium boiled and chilled water systems to improve efficiency and give minimal heat loss.
- Reduced photocopier provision and usage by 70% with net zero appliances only in use.
- Installed 28 electric charging bays for employee use.
- Introduced a suite of performance measures to regularly monitor scope 1, 2 and 3 measures to inform improvements.
- Our employee salary sacrifice scheme offers employees a range of electric vehicles on a range of budgets.

Energy efficiency planned

We plan to:

- Simplify and consolidate our IT infrastructure by reducing primary storage and changing to solid state disc to increase performance and reduce power.
- Work with suppliers and partners to establish a greener value chain to reduce scope 3 emissions.
- Analyse business travel to minimise unnecessary journeys.
- Implement a data led approach to inform decision making and to maximise impact using reliable data sets.
- Undertake an options appraisal to establish the feasibility of PV car ports, following the feasibility of installing PV onto the roof of our headquarters being discounted.

Notes about methodology:

- We adopted an operational control approach to establishing the boundary. The methodology adopted is in line with the Greenhouse Gas Protocol and the BEIS Environmental Reporting Guidelines. The calculations were completed on the SmartCarbonTM Calculator using the UK Government emissions factors.
- CO_2e is the universal unit of measurement to indicate the global warming potential (GWP) of Greenhouse Gases (GHGs), expressed in terms of the GWP of one unit of carbon dioxide. There are seven main GHGs that contribute to climate change, as covered by the Kyoto Protocol: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF6) and nitrogen trifluoride (NF3). Different activities emit different gases. Using CO^2e allows all greenhouse gases to be measured on a like-for-like basis.
- For National grid electricity consumption, we have included factors for the transmission and distribution of electricity (T&D) losses, which occur between the power station and site(s). The emissions from T&D have been accounted for in Scope 3. As with other Scope 3 impacts, reporting T&D is voluntary but is recommended standard practice by UK Government.

Estimations:

- Communal water figures

Exclusions:

- Not included purchase of goods and service – greenhouse gas protocol

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 £6,105 (2022 £2,400) 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.

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”.

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.

In our analysis below we also consider performance against our North East Peer group as defined by the Regulator in their Global Accounts 2022.

Measuring Value for Money – our own performance targets

Our performance framework is used to measure Value for Money and is monitored and reported to 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	Result
Transforming Customer Experience and Digital Services		
Percentage of customers satisfied with the overall customer experience	91.00%	92.23%
Percentage of complainants satisfied with the way the complaint was handled	91.00%	95.52%
Percentage of tenants satisfied that their views are being listened to and acted upon	98.00%	99.65%
Net Promoter Score	50	54.42
Planet A		
Total scope 1 and 2 CO_2 emissions	250 Tonnes	177.5 Tonnes
Total CO2 emissions per property	2.70 Tonnes	2.79 Tonnes
Supporting Sustainable Places		
Total number of customers into employment (*see note below re sustainability measures)	300	230
Percentage of sustainable homes	94.98%	95.21%
Total Social Value achieved through social, economic and environmental interventions in communities supported/ delivered by Livin	£10.5m	£12.83m
Improvement score of sustainable communities' indicators - place making communities	18	14

Target	Target	Result
Supporting Sustainable Tenancies		
Total rent arrears as a percentage of the rent due (excluding void props)	3.21%	4.08%
Average re-let time (calendar days) standard properties (excluding major works)	29 days	29 days
Turnover of tenancies as a percentage of overall stock	8.10%	7.58%
Percentage of tenancies using digital means of managing their tenancy	47.00%	47.42%
Percentage of tenants with improved financial confidence following financial inclusion support	88.00%	96.25%
Providing Quality Sustainable Homes		
Percentage of previously identified poorly performing assets addressed and subsequently let/disposed	100.00%	100.00%
Number of properties achieving SAP Band C	6,980	6,633
Average SAP score of all properties	71.00	71.17
Percentage of tenants satisfied with planned works	95.00%	95.96%
Percentage of jobs completed at first visit	94.00%	95.94%
Percentage of tenants satisfied with repairs	90.50%	90.22%
Average time taken to complete repairs (calendar days)	12 days	15.93 days
Building and Acquiring Sustainable Homes		
Number of new units developed and acquired	150	99
Percentage of units secured against Business Plan targets over a three-year period	85.00%	92.59%
New supply delivered (development and acquisitions) - Social housing (VfM Metric 2)	1.84%	1.27%
Total stock number	8,769	8,736
Number of new build homes developed and acquired, cumulative over 3 years	150	99
Average SAP rating of land led homes completed	85	83.38
Average SAP rating of acquisitions completed	83	83.74
Percentage of new homes approved which are suitable for older persons and/or disabled people	20.00%	11.31%
Financial Metrics		
EBITDA MRI as a % of turnover	10.83%	13.3%
Accuracy of Interest Cover forecasts	90.0%	83.6%
Average vfm score	2.0	2.1

During this challenging period our performance highlighted seven high level indicators being outside our tolerance levels.

The total number of tenants securing employment failed to meet target but remained top quartile when compared to our peer group. Staff turnover was a key issue which was rectified in quarter four, but meant we were unable to reach the high target we set.

Total arrears were a significant challenge during the year due to cost-of-living pressures, with high energy costs and increasing food bills impacting on tenants. However, by using detailed analysis, focusing on treatable arrears, and ongoing effective case management, we have seen performance stabilise.

Financial inclusion offers have focused on targeted interventions to provide personalised support working alongside key partners who deliver specialist debt advice and money management advice services.

The time taken to complete repairs was also below target due to the substantial number of repairs raised as a result of damp and mould inspections. We actively encouraged our customers to report issues and increased the number of proactive inspections of homes. Additional employees were recruited to help to address this issue. Our contractor, Mears plc, also allocated additional resources to help eliminate the backlog of works.

Four measures relating to building and acquiring new homes did not meet target. These were; number of units developed and acquired; new supply delivered (vfm metric); number of new build homes developed and acquired, cumulative over three years; and percentage of new homes approved which are suitable for older persons and/or disabled people.

Our main development contractor went into administration during the year, and we responded quickly to minimise the impact. This resulted in two schemes being delayed by several weeks and pushed the completion of 51 homes into the next financial year.

This shortfall also impacted on the number of new build homes developed and acquired over 3 years, although is not expected to impact future performance as this measure is cumulative with the shortfall expected to be recovered in 2023/24.

The percentage of new homes approved suitable for older and/or disabled people did not meet target as an opportunity arose to purchase general needs homes in a popular location. Future targets have been increased to ensure that the commitment to reach the target of 20% over the three years of Plan A is maintained.

Six measures were below target but within tolerance. Total CO_2 emissions per property were 2.79 tonnes, 0.09 tonnes worse than target, due to poor weather conditions which slightly delayed the completion of planned energy efficiency improvements.

The improvement score of sustainable communities' indicators was 14 against a target of 18. This measure underperformed throughout the year, due to fluctuations within the key indicators of rent arrears, tenancy turnover and re-let times within the place making communities of Western and Jubilee Fields Estate (JFE).

The 'number of properties achieving SAP Band C' measure achieved 6,633 which fell slightly below the year-end target of 6,980 but is within tolerance. This was a result of delays in our main energy efficiency programme which was hampered by poor weather conditions. More tenants than expected also refused energy efficiency improvements to their homes. A new communications strategy for demonstrating the benefits of energy efficiency measures to tenants is now being developed to reduce the number of refusals moving forward.

The 'average SAP rating of land led homes completed' achieved 83.38 and did not meet the target of 85. During the year only 13 land-led homes were completed and all were constructed under the 2012 Building Regulations rather than the current, higher design standards.

The accuracy of interest cover also failed to meet target but was due to a planned increase in expenditure which maximised the number of properties receiving energy efficiency measures to their homes under the Social Housing Decarbonisation Fund.

Average vfm score was 2.1 and failed to meet the target of 2.0, this is covered in more detail in the Value for Money Performance – Regulators Metrics section below.

In addition to the above metrics three sustainability performance measures are reported for loan agreement purposes. The "Total customers supported in employment" (included above) is one of the three sustainability measures. The other two measures are:

Performance Measure	Target	Result
Percentage of existing housing properties at 1 April 2022 with EPC rating C or above	79.0%	70.7%
Completed new build properties with EPC B and above (cumulative from 1 April 2022)	150	99

We have developed a series of additional customer satisfaction measures which will be reported alongside the new tenant satisfaction measures from April 2023. This will enable us to directly compare the perception measures and the transactional measures and will enhance customer insight to inform service improvements as part of our improved approach to customer engagement.

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 %	19.1%	14.5%
2a	New Supply Delivered % (Social Housing Units)	1.8%	1.3%
2b	New Supply Delivered % (Non- Social Housing Units)	0%	0%
3	Gearing %	57.0%	53.8%
4	EBITDA MRI Interest Cover %	152.9%	88.8%
5	Headline Social Housing cost per unit	£3,870	£4,158
6a	Operating Margin % (Social Housing Lettings only)	17.9%	18.4%
6b	Operating Margin % (overall)	21.3%	22.2%
7	Return on Capital Employed %	3.9%	4.6%

Our Reinvestment target of 19% consisted of 14% (£30.4m) new development expenditure and 5% (£10.5m) for works to existing properties. Delays in the completion of new build homes resulted in £13.4m less than budget being spent on new developments. This did however have a favourable impact on cash flows. We increased our expenditure on major improvement works as we carried out more energy efficiency measures, with grant funding, but this additional £2.1m of expenditure did not prevent us from failing to meet the target.

New supply delivered failed to meet target due to delays on land-led development sites and developers slowing down their build programme, due to reduced demand caused by rising interest rates and mortgage availability for their market sales customers.

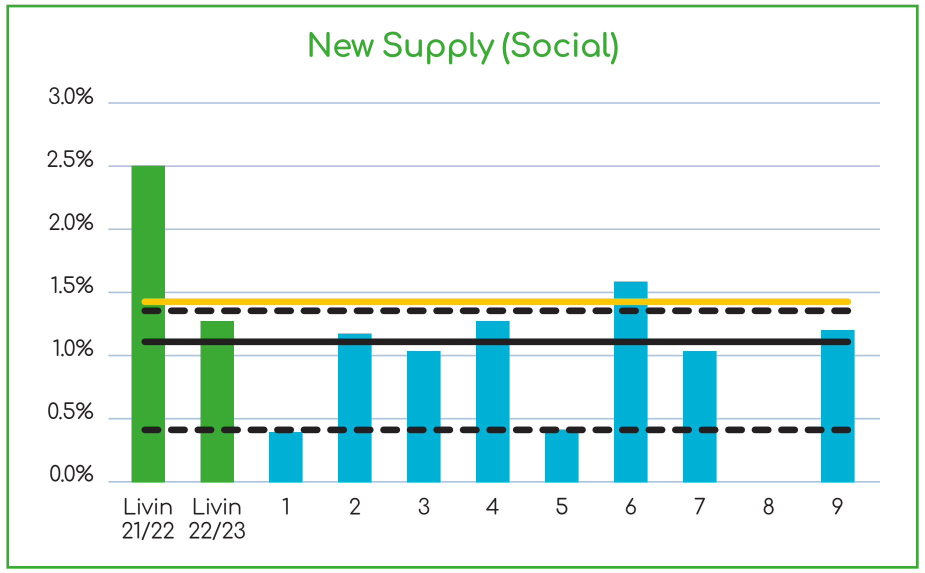
EBITDA MRI Interest cover failed to meet the target for two primary reasons. Additional major repairs expenditure was incurred during the year on energy efficiency works. This was a deliberate decision made during the year to utilise social housing decarbonisation fund grant to help customers as heating costs continued to rise, and to assist in meeting our SAP banding target. However, the grant received for this work is specifically excluded from this VfM metric.

The second reason was the impact high inflation had on our cost base with increased costs for repairs.

These two factors also impacted on the Headline Social Housing Cost per unit measure preventing that metric from meeting its target.

Value for Money Performance – Peer Group Comparison

The tables below compare our performance in 2022/23 against the 9 other members of the North East Peer Group as defined in the Regulator's Global Accounts 2022 (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 2022.



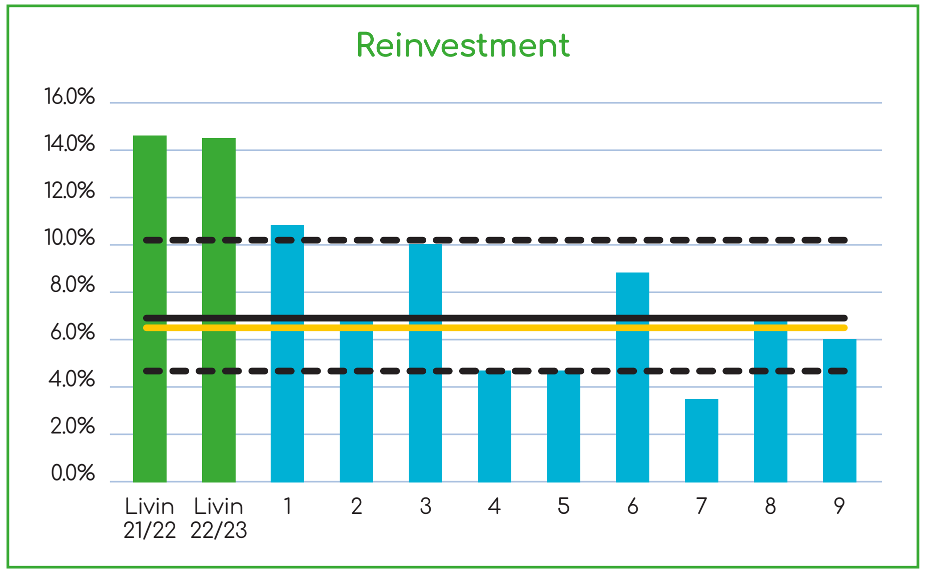
New supply delivered (Social Housing) – is an area where our performance reduced placing us in the upper median quartile when compared to our peer group and lower median compared to the sector as a whole. This is a reflection of our area of activity with top quartile performance in the North East being below the median for the sector as a whole but was also a result of minor delays to development schemes which resulted in the completion of 51 homes being pushed back beyond yearend. We continue to build or acquire 2 to 4 bedroom properties for affordable rent while looking to increase the number of homes suitable for elderly or disabled persons.

Whilst our performance was below target for the year we aim to catch this up in 2023/24 with a target of 239 completions. Our ambitious development programme aims to deliver 894 new homes over the next 7 years with 427 of these being delivered within the next 2 years. At the end of the financial year, we had already secured 93% of our next three year's development target.

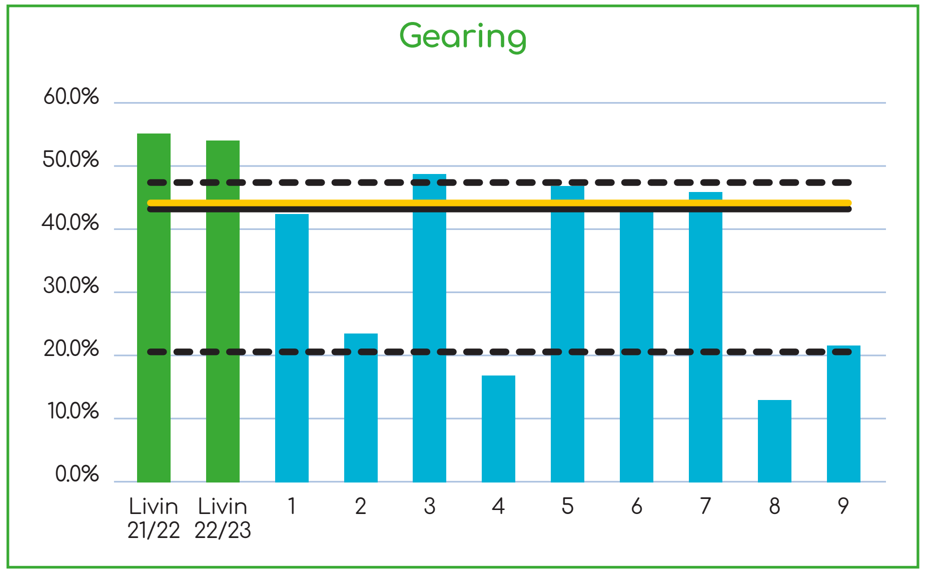
New supply delivered (Non-Social Housing) - Is an area in which only 4 of the peer group delivered properties. Our strategy focuses on delivering new much needed Affordable Housing or Low Cost Home Ownership properties therefore we do not expect this metric to increase in future years.

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 111 additions to our housing stock. Our plans are ambitious with a target of reaching 9,000 homes by March 2025.

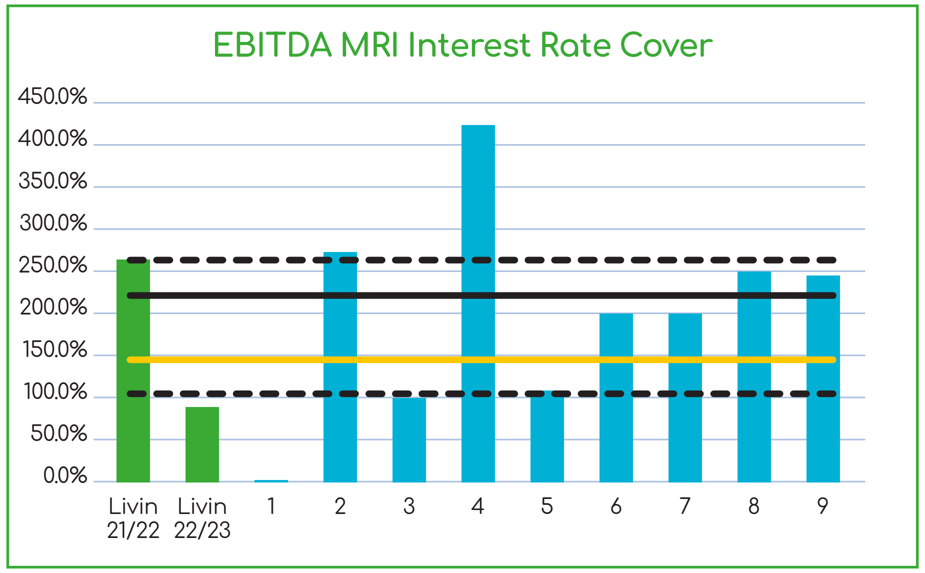
Our plans include delivering increased volumes of major works, including decarbonisation works, to improve energy efficiency and assist with reducing customer's heating costs.



Gearing – was top quartile when comparing to both our peer group and the sector as a whole. During the year we secured an additional £50m of revolving credit facilities, over a 10 year term. Our previously agreed deferred debt facility of £30m has the final £6m to be drawn in September 2023. This liquidity, will enable 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.



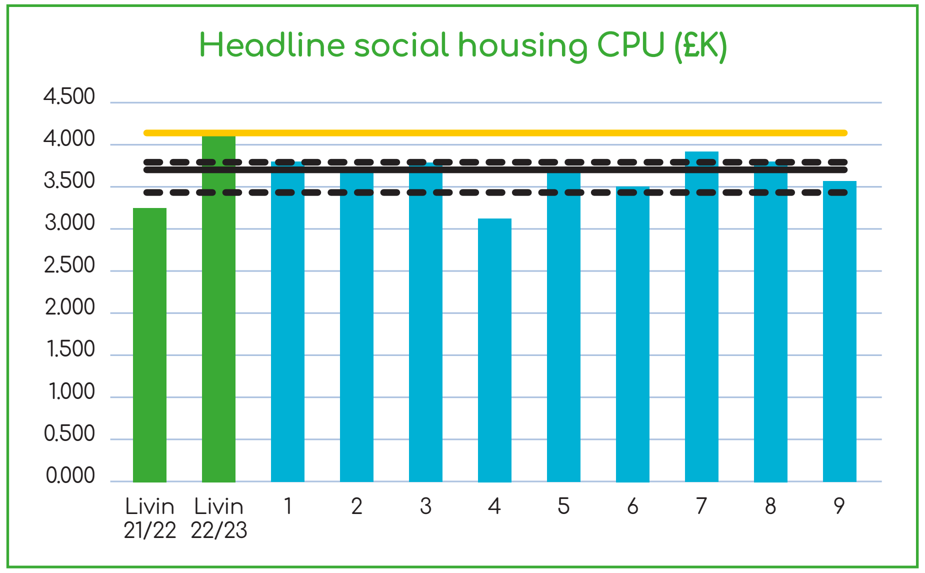
EBITDA MRI Interest cover - has fallen to lower quartile when compared to our peer group and the sector as a whole. Major repairs expenditure (MRI) increased during the year as we undertook more energy efficiency works to help customers with their rising heating costs and utilised the Social Housing Decarbonisation Fund grant we received. This grant totalled £1.18m and partially offset the capital expenditure incurred on the energy efficiency works but is specifically excluded from the calculation of this VfM metric. The exclusion of the Social Housing Decarbonisation Fund grant from this VfM metric caused it to reduce by an additional 31%.



We use an alternative EBITDA MRI interest cover metric as a golden rule to monitor financial performance. This alterative metric is based upon historic loan agreement definitions and allows for the inclusion of Social Housing Decarbonisation Fund grant and the deduction of non-cash pension charges. Based upon this metric performance for the financial year was 138% compared to a target set by the Board of 140%.

We expect this metric to remain lower in the short-term as we have secured additional Social Housing Decarbonisation Fund grant to support further energy efficiency measures being installed in our homes and as we see the impact of higher interest costs and increased debt to support our development programme.

Headline Social Housing Cost per Unit – performance was lower quartile compared to our regional peer group and lower median compared to the sector as a whole. As shown in the table below, this is a result of a combination of factors: Management costs have increased slightly by £23 per property; Repairs costs have increased by £134 per property as a result of inflationary cost pressures; and Major works costs have increased by £711 per property as a result of £3.23m of expenditure on The Courts regeneration scheme and £2.76m of expenditure on energy efficiency measures to existing homes.

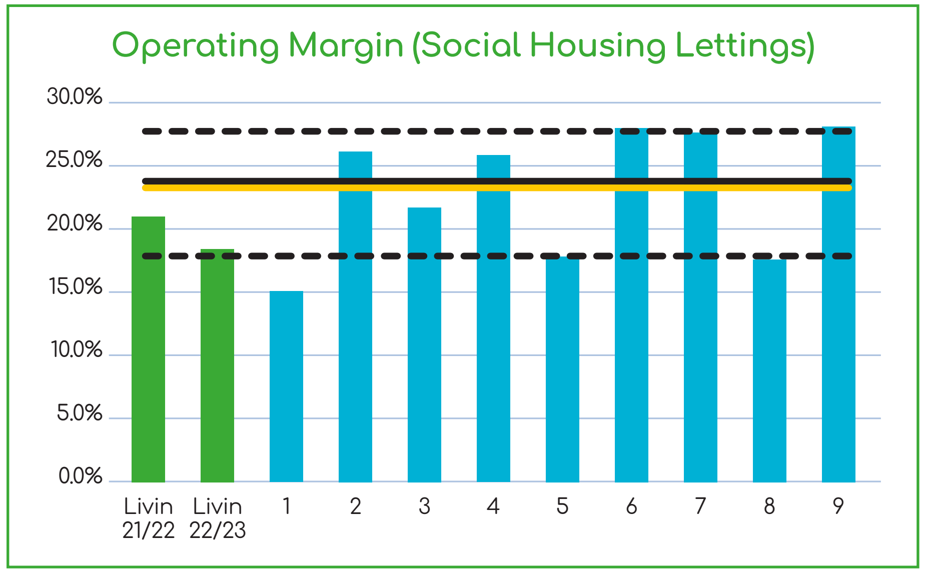


Understanding our Social Housing Cost per Unit

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.

	2022/23	2021/22	Change
Management costs	£1,242	£1,219	£23
Repairs	£1,216	£1,082	£134
Major works	£1,568	£857	£711
Service charges	£21	£10	£11
Other	£111	£83	£28
Total	**£4,158**	**£3,251**	**£907**

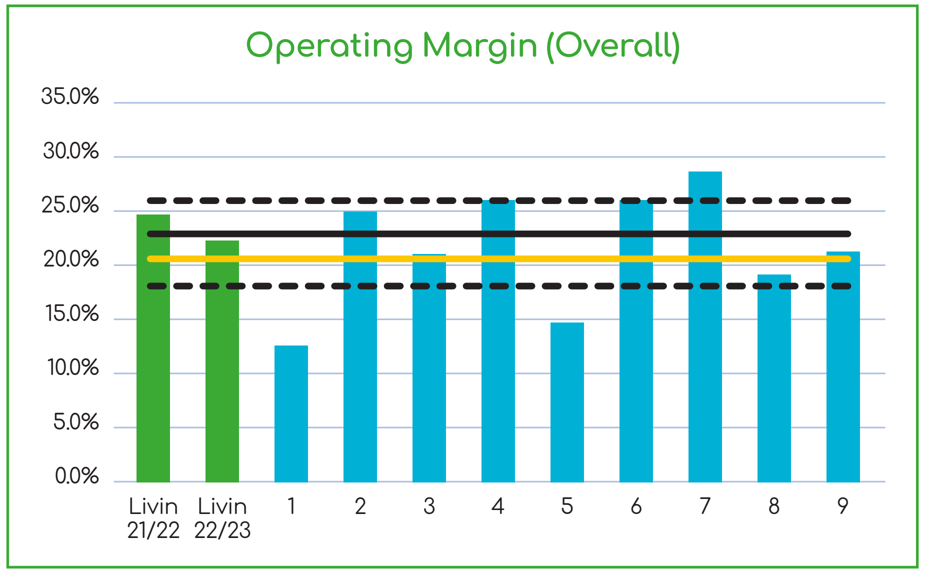
Operating Margin Social Housing Lettings - performance declined from 21.0% to 18.4%. This metric saw a reduction in performance across the sector as a whole, resulting in our performance moving from lower quartile to lower median quartile when compared to both peer groups. The completion of new developments and increased major expenditure on existing homes increased our depreciation charge for the year. This, combined with repair costs which rose by a higher rate than our rental income resulted in a lower margin.



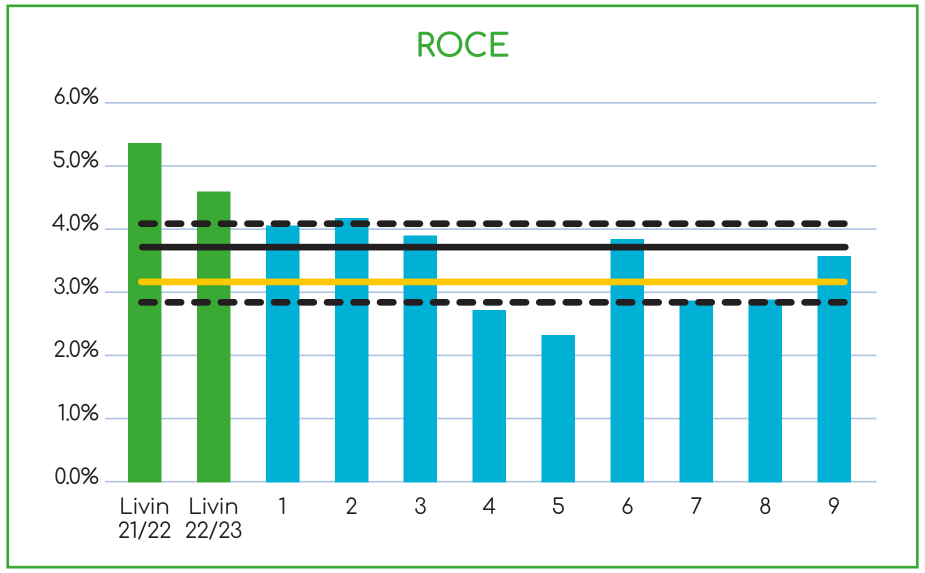
We continue to operate in areas where our average weekly rent charge is relatively low compared to the majority of our peer group. These lower than average rental charges mean our social housing lettings margin is relatively low.

This metric is, however, forecast to improve over the next three years as increased costs and housing depreciation are more than offset by the increased rental income received from new affordable rent properties and the inflationary increases applied to existing social housing rents.

Operating Margin Overall - performance remained at 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 22.2% assisted by strong margins on commercial lets and other turnover. Our performance is expected to fall in the next year to 21.4% before recovering to 23.2%. 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) % - performance remains in the top quartile when compared to the sector as a whole and has returned to top quartile when compared to our North East peer group. ROCE is expected to fall next year, as further capital is employed to deliver our ambitious development programme and as we invest in energy efficiency measures to deliver our strategic objective of 97% of properties achieving EPC band C or above by 2025.



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 2022 Global Accounts):

Metric	2021/22		2022/23		2023/24 forecast		2024/25 forecast		2025/26 forecast	
	Performance	Quartile	Performance	Quartile	Performance	Quartile	Performance	Quartile	Performance	Quartile
Reinvestment %	14.7%	1	14.5%	1	19.7%	1	13.4%	1	8.2%	2
New supply delivered – social housing (%)	2.5%	1	1.3%	3	2.76%	1	2.1%	2	1.0%	3
Gearing (%)	55.0%	1	53.8%	1	57.0%	1	57.5%	1	56.9%	1
EBITDA MRI Interest Cover (%)	262.2%	1	88.8%	4	106%	4	132%	3	141%	3
Headline Social Housing Cost per Unit (£)	£3,251	2	£4,158	3	£4,053	2	£4,046	2	£3,861	2
Operating Margin (Overall)	24.6%	2	22.2%	2	21.4%	2	23.2%	2	22.7%	2
Return on Capital Employed	5.4%	1	4.6%	1	4.1%	1	4.4%	1	4.3%	1
Average for all metrics		1.3		2.1		1.7		1.6		2.0

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 2023/24 there is one metric where performance is expected to be below the sector median; this is EBITDA MRI Interest Cover.

EBITDA MRI Interest Cover % is forecast to remain below the median.

Board has established its own golden rule for EBITDA MRI interest cover which is calculated differently to the Regulator's VfM Metric. This allows Social Housing Decarbonisation Fund grant to be included, and non-cash pension charges to be excluded from its calculation. The Board has set a minimum performance level against this golden rule and ensures that all financial plans can achieve this minimum level of performance.

Having considered the calculation of both interest cover metrics, the Board has concluded that their own golden rule provides a superior indicator for them to use in balancing the delivery of their social objectives while ensuring financial viability is maintained.

The new loan agreements secured during the year have also created significant, additional financial headroom between the Board's own interest cover metric and the tightest loan covenant which provides further comfort to them when choosing to adopt their own metric.

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 2022/23 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 an area where there is under performance in comparison to other providers, defined as performance which is below median against the sector as a whole, and have explained the reasoning behind this.

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 Development 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 he spends his time since retiring assisting as a Chair of Governors as well as his work with Livin.

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
Board Member

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 the chair of the Housing and Communities and a member of the HR and Remuneration Committee.

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.

Oliver Colling
Board Member

Oliver has been a Board member with us since 2015 and is a member of the Audit and Risk Committee and the 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
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
Board Member

Charlotte has been a Board member since February 2017. She is currently on the Housing and Communities and the 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
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 Finance and Investment Committee and Housing and Communities Committee.

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.

Stephen Watson
Board Member

Stephen joined the Board in May 2023 bringing a wealth of knowledge and experience in audit and risk from his 30-year career working with organisations such as the Chartered Institute of Internal Auditors, Home Office, DEFRA (RPA), Baker Tilly, RSM, Northumberland County Council, and Durham University.

He is a Fellow member of the Chartered Institute of Internal Auditors (CFIIA), holds an MSc in Audit and Consulting, and has Platinum accreditation as a Certified Information Systems Auditor (CISA)

Stephen is dedicated to using his personal experience to add value to the work local organisations deliver. He believes strong leadership and governance are vital to building safer, more cohesive communities. He is the chair of the Audit and Risk Committee and a member of the Housing and Communities Committee.

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.

Board member appointments during the year:

Board Member	Date of appointment
Natalie Wilkinson	1 April 2022

Board member retirements during the year:

Board Member	Date of retirement
Adele Barnett	31 March 2023

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 & Risk	Finance & Investment	Housing & Communities	HR & Remuneration
Dennis Bradley	12/12	4/4	2/2	4/4		2/3
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		
Charlotte Harrison	11/12	3/4		3/4		3/3
Norman Rollo	12/12	4/4	3/4		2/2	3/3
Hannah Underwood	8/9	3/3	4/4	4/4		
Alan Boddy	12/12					
Sean Brodie	12/12					

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 November 2022 and concluded in the following regulatory judgements on Livin:

Viability (V2) – Compliant - The provider meets our viability requirements. It has the financial capacity to deal with a reasonable range of adverse scenarios but needs to manage material risks to ensure continued compliance.

Governance (G1) – Compliant - 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 11 May 2023 are set out in the table below.

Key risk	Key controls in place, and actions being undertaken
Failure to identify and effectively manage damp and mould cases	We seek to mitigate this risk through: • Visiting customers biennially to proactively identify any issues • Undertaking stock condition surveys • Training all front-line staff to identify damp and mould in properties • Encouraging customers to report instances of damp or mould including conducting a customer damp and mould survey with all customers • Undertaking an annual review of all reports of damp or mould to identify trends or properties at an increased likelihood of risk
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 • Live dashboards on customer experience and satisfaction • Feedback reports • Performance framework
Failure to maintain data integrity	We are working to improve our data quality through: • Data integrity controls including in built system validations • Focusing on meaningful data collection • Data usage in accordance with data protection requirements We monitor this through: • Data quality audits • Internal audit reviews

Key risk	Key controls in place, and actions being undertaken
Failure to deliver core housing services to tenants	We develop our service offer ensuring we: • Monitor and respond to demand, satisfaction and turnover data • Visit tenants biennially • Offer financial inclusion support to help tenants reduce household costs and manage their own finances • Offer personalised property and support offers particularly for older and vulnerable customers • Aligning 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 • Monitor through the performance framework
Failure to manage rent collection and arrears	We seek to mitigate this risk through: • Analysing arrears data and payment patterns • Rent advisers focussing on arrears recovery activity • Financial inclusion team providing tailored interventions to sustain tenancies • Livin futures offer supporting customers into employment
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 • Ongoing financial monitoring of credit worthiness
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 • Asset solutions and investment programmes • Engage tenants in investment plans
Failure to identify and effectively manage property condition cases	We seek to mitigate this risk through: • Case management approach to properties identified as in a poor condition • Support offers for older and vulnerable customers • Maintenance programme • Targeted risk based inspection programme • Biennial tenancy visits

Key risk	Key controls in place, and actions being undertaken
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 and the Audit & Risk Committee • Internal audit reviews and other external reviews of Health and Safety processes
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 • Regular meetings with development partners to review performance and quality
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 and talent management
Failure to manage costs and inflation	Key controls include: • Robust budgetary and cash flow management processes • Stress testing undertaken linked to strategic risks 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 deliver Value for Money	We continue to embed VfM across the organisation, through: • Annual Value for Money reporting in financial statements • Quarterly review of VfM metrics through the performance management framework • Embedding VfM considerations in our budgeting, business planning, procurement and performance management processes
Failure to set rents correctly	We seek to mitigate this risk through: • Board approval of annual rent setting process • 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
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 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

Key risk	Key controls in place, and actions being undertaken
Failure to demonstrate compliance with/breach of RoSH requirements, including regulatory standards	We seek to mitigate this risk through: • Policy and strategy framework in place to achieve compliance with individual standards • VfM and risk management strategies approved by Board • Monitoring and approval process for regulatory returns • Annual self-assessments against Governance and financial viability standards and Consumer standards • Business Plan stress testing • Triennial review of governance undertaken by independent third party
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 £76 million of undrawn facilities at 31 March 2023 and an additional £6m on deferred draw down in 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 2022 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 procedures 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

Livin has 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, Livin has adopted the National Housing Federation's Code of Conduct 2012 and this Code was operational during 2022/23. In July 2022, Livin adopted the Federation's Code of Conduct 2022, which is operational from 1 April 2023. Livin considers compliance against its adopted Code of Conduct on an annual basis.

One area of non-compliance with the Code of Governance during 2022/23 was identified within the annual compliance review.

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, Livin's 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 Livin has access to the right balance of skills, knowledge and experience whilst recruiting a replacement. This extension took the Board member slightly over the maximum term of nine years, and they subsequently retired on 31 March 2023.

As an adopter of the 2020 Code, Livin has 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 December 2022, the Board approved a rolling, medium-term succession plan based on this principle to ensure that Livin continues 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 20 July 2023 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 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, and
- 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

At their meeting on 20 July 2023 shareholders reviewed changes recommended by the Board to the governing rules of the association which are based on the National Housing Federation's model rules 2015. Approval was given to remove the requirement to hold an annual general meeting in line with the association's closed shareholding arrangements, with the financial statements being presented to the Board in their capacity as shareholders at their meeting held on 21 September 2023.

Disclosure of information to auditors

At the date of making this report each of the Association's Board members, as set out on page 5, 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; and
- 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 re-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 21 September 2023 and signed on its behalf by:

D. M. Bradley

Dennis Bradley
Chair

Independent Auditor's Report

Independent Auditors 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 2023 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 2023 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 going 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; or
- the Association has not kept adequate accounting records; or
- the Association's financial statements are not in agreement with books of account; or
- 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 pages 48 to 49, 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.

Independent Auditor's Report

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 web site 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 fraudandnon-compliancewithlawsandregulations, 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's members, as a body, 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's members those matters we are required to state to them 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 and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers.

Beever and Struthers
Statutory Auditor
One Express
1 George Leigh Street
Manchester
M4 5DL

Date: 27 September 2023

Statement of Comprehensive Income
Year ended 31 March 2023

	Note	2023	2022
		£'000	£'000
Turnover	3	**39,313**	**36,979**
Operating costs	3	(31,336)	(28,356)
Operating surplus (before housing sales and other income)		**7,977**	**8,623**
Gain on disposal of property, plant and equipment	6	1,288	1,291
Other Income	3	737	458
Operating surplus		**10,002**	**10,372**
Interest receivable and Other Income	7	66	5
Interest payable and similar charges	8	(3,813)	(3,343)
Unrealised (loss) on the revaluation of investment properties	14	(316)	(451)
Surplus on ordinary activities before taxation		**5,939**	**6,583**
Tax on ordinary activities		-	-
Surplus for the year		**5,939**	**6,583**
Actuarial (loss) in respect of pension schemes	9	8,230	6,550
Total comprehensive income for the financial year		**14,169**	**13,133**

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 21 September 2023 and were signed on its behalf by:

D. M. Bradley

Dennis Bradley
Chair

K. Thompson

Kevin Thompson
Vice chair

P. Stephens

Paul Stephens
Secretary

Statement of Changes in Reserves
Year ended 31 March 2023

	Income and expenditure reserve	Revaluation reserve	Total
	£'000	£'000	£'000
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/(Deficit) for the year	6,663	(80)	6,583
Balance as at 31 March 2022	51,279	5,608	56,887
Transfer between reserves	316	(316)	-
Actuarial gain on pension scheme	8,230	-	8,230
Surplus/(Deficit) for the year	5,947	(8)	5,939
Balance as at 31 March 2023	65,772	5,284	71,056

The accompanying notes form part of these financial statements.

Statement of Financial Position
As at 31 March 2023

	Note	2023	2022
		£'000	£'000
Tangible fixed assets			
Housing properties	11	204,298	182,716
Other tangible fixed assets	12	5,042	4,402
Investments	13	4	4
Investment Properties	14	6,665	6,861
		216,009	193,983
Current assets			
Stock	15	105	-
Debtors	16	4,796	3,755
Cash at bank and in hand	17	6,678	4,654
		11,579	8,409
Creditors: Amounts falling due within one year	18	(9,486)	(9,027)
Net current assets/(liabilities)		2,093	(618)
Total assets less current liabilities		**218,102**	**193,365**
Creditors:			
Amounts falling due after more than one year	21	147,046	129,258
Provisions for liabilities			
Defined benefit pension liability	9	-	7,220
		147,046	136,478
Capital and reserves			
Income and expenditure reserve		65,772	51,279
Revaluation reserve		5,284	5,608
Total Reserves		71,056	56,887
		218,102	**193,365**

The financial statements were approved and authorised for issue by the Board of Directors on 21 September 2023 and were signed on its behalf by:

D. M. Bradley

Dennis Bradley
Chair

R. Thompson

Kevin Thompson
Vice chair

P. Stephens

Paul Stephens
Secretary

The accompanying notes form part of these financial statements.

Statement of Cash Flows
For the year ended 31 March 2023

	Note	2023	2022
		£'000	£'000
Net cash generated from operating activities	25	15,711	19,499
Cash flow from investing activities			
Purchase and refurbishment of tangible fixed assets		(30,880)	(27,801)
Proceeds from sale of tangible fixed assets		1,861	2,052
Grants received		6,746	3,523
Interest received		57	3
		(22,216)	(22,223)
Cash flow from financing activities			
Interest paid		(3,471)	(2,994)
New secured loans		12,000	7 ,000
Repayments of borrowings		-	-
		8,529	4,006
Net change in cash and cash equivalents		2,024	1,282
Cash and cash equivalents at beginning of the year		4,654	3,372
Cash and cash equivalents at end of the year		6,678	4,654

The accompanying notes form part of these financial statements.

Notes to the report and financial statements
For the year ended 31 March 2023

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 2023.

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 £316,000 in fair value during the year.

Notes to the report and financial statements
For the year ended 31 March 2023

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 the RSH. 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.

Notes to the report and financial statements
For the year ended 31 March 2023

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 either through reduced contributions in the future or through refunds from the plan.

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)

Notes to the report and financial statements
For the year ended 31 March 2023

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 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.

Notes to the report and financial statements
For the year ended 31 March 2023

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

	2023 Turnover	Operating costs	Operating surplus
	£'000	£'000	£'000
Social housing lettings	37,850	(30,906)	6,944
Other social housing activities			
Garage lettings	639	(166)	473
Non-social housing activities			
Lettings	247	(264)	(17)
Other Income	577	-	577
Total	**39,313**	**(31,336)**	**7,977**

	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**

Other Operating Income

Included in the statement of comprehensive income under other income is VAT shelter income of £736,702 (2022 £458,179).

Notes to the report and financial statements
For the year ended 31 March 2023

Particulars of income and expenditure from social housing lettings

	General needs housing	Housing for elderly	Low cost home ownership	2023 Total	2022 Total
	£'000	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	25,557	11,625	40	37,222	35,054
Service income	73	9	-	82	81
Net rental income	**25,630**	**11,634**	**40**	**37,304**	**35,135**
Other income (grant amortisation)	363	183	-	546	426
Turnover from social housing lettings	**25,993**	**11,817**	**40**	**37,850**	**35,561**
Management and support services	(7,161)	(3,605)	-	(10,766)	(10,537)
Service charge cost	(156)	(26)	-	(182)	(85)
Routine maintenance	(6,642)	(3,104)	-	(9,746)	(8,532)
Planned maintenance	(533)	(268)	-	(801)	(817)
Major repairs expenditure	(630)	(317)	-	(947)	(798)
Bad debts	(199)	(100)	-	(299)	(187)
Depreciation of housing properties	(4,880)	(2,457)	(32)	(7,369)	(6,532)
Impairment	-	-	-	-	(107)
Payment to Durham County Council (VAT sharing agreement)	(480)	(242)	-	(722)	(453)
Other costs	(48)	(24)	(2)	(74)	(51)
Operating costs on social housing lettings	**(20,729)**	**(10,143)**	**(34)**	**(30,906)**	**(28,099)**
Operating surplus on social housing lettings	**5,264**	**1,674**	**6**	**6,944**	**7,462**
Void losses	**398**	**132**	**-**	**530**	**686**

Particulars of turnover from non-social housing lettings

	2023	2022
	£'000	£'000
Commercial properties	201	199
Other	46	47
	247	**246**

Notes to the report and financial statements
For the year ended 31 March 2023

4. Accommodation in management and development

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

	2022	Additions	Disposals	Other	2023
	No.	No.	No.	No.	No.
Social housing					
General housing					
- social rent	7,032	7	(37)	(14)	6,988
- affordable rent	1,570	91	(5)	(26)	1,630
- shared ownership	15	-	-	-	15
- intermediate rent	24	13	-	-	37
Total owned and managed	8,641	111	(42)	(40)	8,670
Units under construction					
General needs affordable rent	15				89
General needs housing social rent	34				-
Low cost home ownership	-				21
Intermediate rent	-				-
Total units under construction	49				110

Notes to the report and financial statements
For the year ended 31 March 2023

5. Operating surplus

The operating surplus is arrived at after charging:

	2023	2022
	£ '000	£ '000
Depreciation of housing properties	7,386	6,532
Depreciation of other tangible fixed assets	421	180
Impairment of social housing assets	-	107
Gain on disposal of property, plant and equipment	1,288	1,291
Operating lease rentals		
- land and buildings	14	7
- office equipment and computers	48	46
- motor vehicles	13	17
Auditors' remuneration (excluding VAT)		
- for audit services	21	20
- tax compliance services	-	-
- other services	1	2
Total non-audit services	1	2

6. Gain on disposal of property, plant and equipment

			2023	2022
	RTB/RTA	Other Disposals	Total	Total
	£ '000	£ '000	£ '000	£ '000
Disposal proceeds	1,852	94	1,946	2,484
Less administration charges	46	-	46	(95)
Less amount payable to Durham County Council	(131)	-	(131)	(337)
Net disposal proceeds	1,767	94	1,861	2,052
Carrying value of fixed assets	(372)	(201)	(573)	(748)
Grant attributable to disposal	-	-	-	91
	1,395	(107)	1,288	1,395
Recycled Capital Grant Fund	-	-	-	(104)
	1,395	(107)	1,288	1,291

Notes to the report and financial statements
For the year ended 31 March 2023

7. Interest receivable and other operating income

	2023	2022
	£ '000	£ '000
Interest receivable	57	3
Other Income	9	2
	66	5

8. Interest payable and similar charges

	2023	2022
	£ '000	£ '000
Loans and bank overdrafts	3,623	3,093
Interest costs for pension scheme	190	250
	3,813	3,343

9. Employees

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

	2023	2022
	No.	No.
Administration	51	56
Property and Development	24	26
Housing and Communities	60	53
	135	135

Employee costs:	2023	2022
	£ '000	£ '000
Wages and salaries	5,204	5,032
Social security costs	522	482
Other pension costs	951	912
	6,677	6,426

Included in Employee costs are early retirement and voluntary redundancy costs totalling £100,584 (2022 £127,481).

Notes to the report and financial statements
For the year ended 31 March 2023

9. Employees (continued)

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 2012 and rolled forward, allowing for different financial assumptions required under FRS 17, to 31 March 2023 by a qualified independent actuary.

Pension assets are restricted to comply with FRS102 and recognise a plan's surplus as a defined benefit asset only to the extent that it is able to recover the surplus either through reduced contributions in the future, or through refunds from the plan. These criteria were not considered to be met at 31 March 2023 and an asset was therefore not recognised.

The employers' contributions to the DCCPF by the Association for the year ended 31 March 2023 were £950,611 (2022 £911,971) at a contribution rate of 21.3% of pensionable salaries.

Estimated Current service costs to the DCCPF during the accounting period commencing 1 April 2023 are £800,000.

Financial assumptions	31 March 2023	31 March 2022
	% per annum	% per annum
Discount rate	4.7%	2.7%
Future salary increases	3.7%	3.9%
Future pension increases	2.7%	2.9%
Pension accounts revaluation rate	2.7%	2.9%
Inflation assumption – CPI	2.7%	2.9%

Notes to the report and financial statements
For the year ended 31 March 2023

9. Employees (continued)

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:	2023	2022
	No. of years	No. of years
Retiring today:		
- Males	22.2	22.1
- Females	23.5	24.2
Retiring in 20 years:		
- Males	23.5	23.2
- Females	25.5	25.7
Analysis of the amount recognised in surplus or deficit:		
Year ended 31 March	2023	2022
	£'000	£'000
Current service cost	1,790	2,010
Past service cost	40	70
Amounts charged to operating costs	1,830	2,080
Year ended 31 March	2023	2022
	£'000	£'000
Net Interest	190	250
Amounts charged to other finance costs	190	250
Remeasurement gain/(loss) recognised on defined benefit pension scheme	8,230	6,550
Actual return on scheme assets	(2,160)	1,620

Notes to the report and financial statements
For the year ended 31 March 2023

9. Employees (continued)

Amounts recognised in the statement of financial position		
Net pension (liability) at 31 March	**2023**	**2022**
	£'000	**£'000**
Present value of funded obligation	(36,180)	(51,550)
Fair value of scheme assets (bid value)	42,750	44,330
Net asset / (liability)	6,570	(7,220)
Unrecognised asset	(6,570)	-
Value to be recognised in financial statements	-	**(7,220)**

Reconciliation of opening and closing balances of the present value of scheme liabilities		
Year ended 31 March	**2023**	**2022**
	£'000	**£'000**
Opening scheme liabilities	(51,550)	(54,630)
Current service cost	(1,790)	(2,010)
Past service cost	(40)	(70)
Interest cost	(1,390)	(1,140)
Contributions by scheme participants	(330)	(310)
Remeasurements	18,160	5,820
Benefits paid	760	790
Closing scheme liabilities	(36,180)	(51,550)

Notes to the report and financial statements
For the year ended 31 March 2023

9. Employees (continued)

Reconciliation of opening and closing balances of the fair value of scheme assets		
	2023	**2022**
	£'000	**£'000**
Opening fair value of scheme assets	44,330	42,190
Remeasurements	(3,360)	730
Interest income	1,200	890
Contributions by employer	1,010	1,000
Contributions by scheme participants	330	310
Benefits paid	(760)	(790)
Closing fair value of scheme assets	42,750	44,330

Major categories of plan assets as a percentage of total plan assets		
Equities	53.7%	55.3%
Gilts	12.7%	15.0%
Bonds	4.4%	5.9%
Property	7.8%	6.8%
Cash	1.8%	2.5%
Other	4.5%	14.5%

History of asset values, present value of liabilities and (deficit) / surplus		
	Year ended 31 March 2023	**Year ended 31 March 2022**
	£'000	**£'000**
Fair value of assets	42,750	44,330
Present value of liabilities	(36,180)	(51,550)
Surplus / Deficit	6,570	(7,220)
Unrecognised surplus	(6,570)	-
Liability to be recognised in financial statements	-	(7,220)

Notes to the report and financial statements
For the year ended 31 March 2023

10. Key management personnel

	Basic salary	Benefits in kind	Pension Contributions	Total 2023	Total 2022
	£'000	£'000	£'000	£'000	£'000
Board Members	59	-	-	59	60
Executive Directors	537	-	100	637	541

The full time equivalent number of employees, including Directors, who received remuneration payable, including pensions, car allowances and compensation for loss of office in relation to the period were as follows:

	2023 No. of employees	(Adjusted) 2022 No. of employees
£60,001 and £70,000	8	4
£70,001 and £80,000	2	6
£80,001 and £90,000	4	3
£90,001 and £100,000	-	1
£100,001 and £110,000	2	3
£110,001 and £120,000	1	-
£120,001 and £130,000	-	1
£130,001 and £140,000	1	-
£140,001 and £150,000	1	-
£150,001 and £160,000	-	1
£160,001 and £170,000	1	-
£170,001 and £180,000	-	1
£180,001 and £190,000	1	-
	21	20

2021/22 figures previously excluded additional remuneration payable such as pension and car allowances. This has been adjusted to show the correct comparatives.

Notes to the report and financial statements
For the year ended 31 March 2023

10. Key management personnel (continued)

Individual Board Members levels of remuneration	2023	2022
	£'000	£'000
Dennis Bradley (Chair)	14	10
Alan Fletcher until 23.09.2021	-	6
Kevin Thompson	7	7
Adele Barnett until 31.03.2023	7	7
Hannah Underwood	7	6
Gillian Stacey until 13.09.2021	-	3
Oliver Colling	7	7
Norman Rollo	7	7
Charlotte Harrison	5	5
Sheila Rooney from 01.01.2020 until 31.07.2021	-	2
Natalie Wilkinson from 01.04.2022	5	-
	59	60

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 £152,022 (2022 £144,307).

The Chief Executive is a member of the Durham County Council Pension Fund. The pension contributions made during the period were £29,580 (2022 £26,330).

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 2023 was 4 (2022: 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 0.1% (2022 0.2%).

Notes to the report and financial statements
For the year ended 31 March 2023

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 2022	228,300	918	8,693	1,085	238,996
Additions	9,827	-	7,148	45	17,020
Works to existing homes	11,984	664	-	-	12,648
Schemes completed	5,023	-	(5,023)	-	-
Disposals	(1,842)	(3)	-	-	(1,845)
Transfer between investment/ current assets	-	8	-	(105)	(97)
At 31 March 2023	253,292	1,587	10,818	1,025	266,722
Depreciation and impairment					
At 1 April 2022	56,039	109	-	132	56,280
Charged in year	7,337	17	-	32	7,386
On disposals	(1,242)	-	-	-	(1,242)
Impairment	-	-	-	-	-
At 31 March 2023	62,134	126	-	164	62,424
Net Book Value					
At 31 March 2023	191,158	1,461	10,818	861	204,298
At 31 March 2022	172,261	809	8,693	953	182,716

The carrying value of assets with restricted title or pledged as security is £175.4m (2022: £121.4m)

Notes to the report and financial statements
For the year ended 31 March 2023

11. Tangible fixed assets – properties (continued)

Expenditure on works to existing homes

	2023	2022
	£'000	£'000
Amounts capitalised as components	11,984	6,482
Amounts charged to the income and expenditure account	947	798
	12,931	7,280

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 £nil (2022: £107,191) 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 eceived or receivable at 31 March	2023	2022
	£'000	£'000
Capital grant	32,370	25,315
Recognised in the Statement of Comprehensive Income	2,177	1,631
Revenue grant	7	7
	34,554	26,953

Notes to the report and financial statements
For the year ended 31 March 2023

12. Tangible fixed assets – other

	Other Land & Buildings under construction	Offices	Computers and office equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2022	412	5,485	685	6,582
Additions	-	830	231	1,061
Schemes Complete	(412)	412	-	-
Disposals	-	-	(389)	(389)
At 31 March 2023	-	6,727	527	7,254
Depreciation				
At 1 April 2022	-	1,684	496	2,180
Charged in year	-	282	139	421
On disposals	-	-	(389)	(389)
At 31 March 2023	-	1,966	246	2,212
Net Book Value				
At 31 March 2023	-	4,761	281	5,042
At 31 March 2022	412	3,801	189	4,402

13. Investments

	2023	2022
	£'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 2023.

Notes to the report and financial statements
For the year ended 31 March 2023

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

	2023	2022
	£'000	£'000
At 1 April	6,861	7,305
Works to Investment Properties	151	77
Revaluation (loss)	(316)	(451)
Disposals	(8)	(80)
Transfer	(23)	10
At 31 March	6,665	6,861

Investment properties were valued as at 31 March 2023. 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 Institution of Chartered Surveyors. The full valuation was undertaken in accordance with the appraisal and valuation manual of the Royal Institution of Chartered Surveyors.

15. Stock

	2023	2022
	£'000	£'000
Shared ownership properties:		
Completed properties	105	-

Notes to the report and financial statements
For the year ended 31 March 2023

16. Debtors

	2023	2022
	£'000	£'000
Due within one year		
Rent and service charges receivable	2,909	2,717
Less: provision for bad and doubtful debts	(670)	(589)
	2,239	2,128
Trade debtors	264	299
Less: provision for bad and doubtful debts	(226)	(252)
Other debtors	410	213
Social housing grant receivable	309	264
Prepayments and accrued income	1,138	703
	4,134	3,355
Due after more than one year		
Other Debtors	662	400
	4,796	3,755

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

17. Cash and cash equivalents

	2023	2022
	£'000	£'000
Money Market Investments	4,810	3,324
Cash at bank	1,868	1,330
	6,678	4,654

Notes to the report and financial statements
For the year ended 31 March 2023

18. Creditors: amounts falling due within one year

	2023	2022
	£'000	£'000
Overdraft	-	-
Debt (note 22)	-	-
Trade creditors	3,232	2,714
Rent and service charges received in advance	595	648
Deferred Grant Income (note 19)	601	505
Recycled capital grant fund (note 20)	-	-
Other taxation and social security	118	118
Other creditors	833	798
Accruals and deferred income	4,107	4,244
	9,486	9,027

Included in Other creditors is £736,701 (2022 £458,179) owed to Durham County Council in respect of the VAT shelter.

Included in Accruals is £30,305 (2022 £63,148) 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

	2023	2022
	£'000	£'000
At 1 April	24,541	21,415
Grant received in the year	7,055	3,523
Recycled capital grant	75	133
Released to income in the year	(546)	(426)
Grants disposed during the year	(25)	-
Recycled in the year (note 20)	-	(104)
At 31 March	31,100	24,541

	2023	2022
	£'000	£'000
Amounts to be released within one year	601	505
Amounts to be released in more than one year	30,499	24,036
	31,100	24,541

Notes to the report and financial statements
For the year ended 31 March 2023

20. Recycled capital grant fund

	2023	2022
	£'000	£'000
At 1 April	137	166
Grants recycled	-	104
Other adjustments	-	-
Withdrawals	(75)	(133)
At 31 March	62	137
Amount 3 years or older where repayment may be required	-	-

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

	2023	2022
	£'000	£'000
Debt (note 22)	118,000	106,000
Less debt issue costs	(1,515)	(915)
	116,485	105,085
Deferred Grant (note 19)	30,499	24,036
Recycled capital grant fund (note 20)	62	137
	147,046	129,258

Notes to the report and financial statements
For the year ended 31 March 2023

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	4,654	2,024	-	6,678
Bank loans	-	-	-	-
Private placement	-	-	-	-
	4,654	2,024	-	6,678
Due after more than one year				
Cash and cash equivalents	-	-	-	-
Bank loans	(25,000)	(4,000)	-	(29,000)
Private placement	(81,000)	(8,000)	-	(89,000)
	(106,000)	(12,000)	-	(118,000)
Net Debt	**(101,346)**	**(9,976)**	**-**	**(111,322)**

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 2.570% and 5.028%. The percentage of loans at fixed rates of interest was 88% at the year end.

At 31 March 2023 the Association had available further bank loan facilities of £76m (2022 £30m). Based on the lender's earliest repayment date, borrowings are repayable as follows:

	2023	2022
	£'000	£'000
Within one year or on demand	-	-
Between two and five years	9,250	-
Five years or more	108,750	106,000
	118,000	106,000

Notes to the report and financial statements
For the year ended 31 March 2023

23. Non-equity share capital

	2023	2022
	£	£
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.

Notes to the report and financial statements
For the year ended 31 March 2023

25. Cash flow from operating activities

	2023	2022
	£'000	£'000
Surplus for the year	5,939	6,583
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	7,807	6,712
Impairment of tangible fixed assets	-	107
Unrealised loss on revaluation of investments	316	451
Defined benefit pension scheme operating charge	1,830	2,080
Defined benefit pension scheme contributions paid	(1,010)	(1,000)
Surplus on the sale of Social Housing	(1,288)	(1,291)
Loss on Non-Social Housing disposals	8	76
(Increase) in Debtors	(1,041)	(319)
Increase in Creditors	45	3,186
(Increase) in Stock	(105)	-
Adjustments for investing or financing activities:		
Interest receivable	(57)	(3)
Interest payable	3,813	3,343
Government grant amortised	(546)	(426)
Net cash inflow from operating activities	15,711	19,499

26. Capital commitments

	2023	2022
	£'000	£'000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	29,707	26,621
Expenditure authorised by the Board, but not contracted	24,476	23,881
	54,183	50,502

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

Notes to the report and financial statements
For the year ended 31 March 2023

27. Contingent assets / liabilities

The Association had no contingent assets or liabilities as at 31 March 2023 (2022 £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:

	2023		2022	
	Land and Buildings	Other Assets	Land and Buildings	Other Assets
	£'000	£'000	£'000	£'000
In one year or less	14	62	7	57
Between one and two years	-	26	-	27
Between two to five years	-	40	-	48
Over five years	-	11	-	16
	14	139	7	148

29. Related parties

During the year, the aggregate amount received in rent for Board Members was £nil (2022 £4,235). The arrears relating to tenant board members at the year end was £nil (2022 £nil).

During the year Livin made sponsorship payments of £13,000 to Shildon Association Football Club of which Alan Boddy held the position of a director until 30 March 2023.

New finance of £25,000,000 was provided by Clydesdale Bank Plc on the 3 March 2023. This is a revolving credit facility and there have been no withdrawals made during the year. Clydesdale Bank Plc is the only member of The Virgin Money Foundation, a charitable organisation that board member Hannah Underwood resides as a Director and Trustee.

Farrell House, Arlington Way
DurhamGate, Spennymoor
Co. Durham DL16 6NL

livin.co.uk
wearelivin
@weare_livin
0800 587 4538
contactus@livin.co.uk

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