At home with LOCAL SPACE

Report and financial statements

for the year ended 31 March 2024

Registered Co-operative and Community Benefit Society No 29840R

Registered Social Housing Provider No LH4454

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Corporate information

Board Members

Victor Da Cunha (Chair)

Martin Bellinger (to 30th November 2023)

Paul Edwards

Conor McAuley

Tim Mulvenna (to 31st March 2024)

Richard Stevens

Josephine Parsons

Alwyn Lewis

Pamela Leonce

Jane Freeman (from 1st April 2024)

Sheron Carter (Senior Independent Board Member)

Audit and Risk Committee

Richards Stevens (Chair)

Conor McAuley

Paul Edwards

Nilesh Patel (Independent)

Alwyn Lewis

Jane Freeman (Independent to 31st March 2024 then a full member)

Governance and Remuneration Committee

Tim Mulvenna (Chair to 31st March 2024)

Pamela Leonce (Chair from 1st April 2024)

Paul Edwards

Sheron Carter

Senior Management Team

Chief Executive
Josephine Parsons

Deputy Chief Executive
Mark Kent (from 9th May 2024)

Operations Director
Mark Kent (to 8th May 2024)

Finance Director
Kim Humberstone

Assistant Development Director
Kumraz Khan

Corporate Services Director
Catherine Diamond

Company Secretary/Head of Governance
Anna Keast (to 19th March 2024)

Company Secretary
Sara Thomson (from March 19th to 7th June 2024)

Head of Governance
Marianne Wyles (from 7th June 2024)

Company Secretary
Josephine Parsons (from 7th June 2024)

Bankers

Lloyds Bank plc

Funders

Lloyds Bank plc
Barclays Bank plc
Santander plc
MorHomes plc
MetLife
M&G
Abrdn plc

Solicitors

Devonshires Solicitors LLP
30 Finsbury Circus
London EC2M 7DT

Auditor

Beever and Struthers
150 Minories
London EC3N 1LS

Chair's message

Report and financial statements 31 March 2024

I am pleased to report that during the last 12 months, Local Space has made considerable progress in consolidating the foundations upon which our future growth will be built. We have partnered with the London Borough of Newham to deliver new homes for the homeless and have also completed our plan to take back the management of the portfolio previously managed by them too. In addition to this consolidation, we have also purchased new highly efficient homes as part of our Hackney reprovisioning programme, and we have also continued to support existing customers affected by the cost-of-living crisis. Very pleasing for us, the Regulator of Social Housing also re-graded us to the strongest 'viability' judgement and we secured additional long-term funding to cover our plans for the next 3 years. Despite the increases in Bank of England interest rates, which peaked at 5.25% last August, our business model has remained resilient, and whilst lower than previous years due to the increased interest costs, our financial outturn for the core business came in better than we had planned.

As part of our long-term partnership with the LB Newham, we also secured several short-term leases on properties that have been acquired in East London, to help provide a further much needed 201 homes for homeless families. Having taken back responsibility for the maintenance of properties which were managed by the LB Newham last year, at the end of this year we also finally and successfully took back responsibility for tenancy management and rent collection. Our focus this coming year will now be on the remaining stock that is leased to Newham. In so doing, we will have achieved a critical part of our plan, which was to consolidate all of the management and maintenance of homes we own and provide those services direct to our customers.

In anticipation of higher borrowing costs during 2023/24, we scaled back our property acquisition programme, delivering 14 homes as part of the Hackney reprovisioning programme, including 9 newly built EPC B homes in Rainham. Inflation peaked during the year putting pressure on many of our customers and we have continued to provide support to help them maintain their tenancies, including through a hardship fund, which will continue in 2024/25, despite the welcome reduction in headline inflation figures.

I am pleased to report that following the submission of our annual financial plan, and the work we have done to provide a clear line of sight on our funding requirements, the Regulator of Social Housing regraded their assessment of Local Space's viability back to V1 from V2. Our G1 grading for governance was also reconfirmed. As part of our long-term funding plans, we agreed with MetLife £120m of loans, the first £40m instalment of which was received in March. This has reduced our reliance on expensive variable rate debt and provided a stable footing for future growth.

In conclusion, the steady progress we have made on delivering our strategy, growing our portfolio, securing new funding and delivering solid financial and operational performance, puts us in a good position as we start to consider the direction of our new Corporate Strategy for the next 5 years.

Services that our customers are happy with

Overall satisfaction improved from 70% to 73% in 2023/24. 67% of customers who receive all services directly from Local Space told us they were satisfied with services we provide (down from 71% in 2022/23) and 77% of customers whose tenancies are managed by Newham (on our behalf) and whose repairs are now managed by Local Space told us they were satisfied with services provided (up from 70% in 2022/23). Overall satisfaction remains below our target of 75%. Improving customer satisfaction is a key focus for us in 2024/25.

Other key activities planned include:

- Completing the return of the Growth Partnership (GPA) properties from the London Borough of Newham and starting to focus on our remaining stock with Newham.
- Embedding our new Tenant Engagement Strategy.
- Further developing and rolling out customer digital self-service channels
- Reshaping our Tenants Panel scrutiny activity.

Homes that people want to live in

Our second area of priority is to have homes that people want to live in. We have continued investing in our planned works programme whilst also allocating additional funding during the year to our responsive urgent repairs and landlord safety servicing.

During the last year our portfolio grew in line with our plans, which had been scaled back, due to anticipated increases to the cost of finance. We delivered 14 new homes, which were allocated to the Hackney reprovision arrangement. During the year we switched our focus from refurbishing acquired homes to purchasing new EPC B properties from developers. Our customer satisfaction, increased from 95.7% to 96.6% compared to our target of 93%.

Our strategic partner, the London Borough of Newham, have also been active purchasing new properties from developers at various locations in east London. These properties have been given to us, initially on 5-year short leases, with Newham retaining the nomination rights for their homeless list and with Local Space responsible for all aspects of the tenancy and home. During 2023/24, 201 properties came across to us, with more expected in 2024/25.

Overall Customer satisfaction with the quality of Local Space's properties increased from 73% to 75%, compared to our target of 80%.

Being a successful, well managed business

Our third priority is to be a well-managed and successful business. Whilst our net surplus dropped to £1.95m (2022/23: £6.4m), largely due to increased finance charges, the core business performed better than we had expected. Our asset base remained at a similar level as the previous year to £615m (2022/23: £615m). Our operating margin was a healthy 47% (before the contracted Newham Sum), consistent to our previously reported position.

Our performance has allowed Local Space to improve its immensely proud sector leading AA- rating with Standard & Poor's from a negative to positive outlook. We have progressed our funding strategy, securing £120m of loans from MetLife Investment Management, one of our existing lenders. We received £40m just before year end and will receive further tranches of £40m in February 2025 and £40m in February 2026. This has enabled us to increase our level of fixed rate borrowings to over 90% and in so doing, remove most of our interest rate risk. Work continues on optimising our shorter-term funding requirements.

Beyond Bricks

Our fourth and final priority is 'Beyond Bricks'. We know that many of our customers are struggling financially following a period of high inflation crippling interest rates on personal loans and credit cards. We have established a hardship fund that supported 69 customers during the year. In addition, we have a subscription with StepChange, a debt advice charity, that enables our customers to get support whenever that is needed, and we actively signpost this resource to customers that we know are struggling. We also actively support new customers to sustain their tenancies, through assistance with Benefit claims, and where required, Furniture Packages. During the year 58 customers benefited from these packages.

As we look forward, I want to thank all of the staff and members of the management team for all of the tremendous efforts they have made in helping our customers feel at home and in helping more homeless families find a place to call home. Equally I want to recognise and thank our local authority partners, the Greater London Authority and other strategic partners for supporting us to deliver our mission of '*Working together to provide safe and quality homes for those in need*'. You are important to us and, as always, we look forward to working with you in the coming year ahead.

Two of our Board members reached the end of their terms, and I would like to thank them for their contribution to Local Space over many years. I would also like to thank my fellow Board members and the members of our Tenants' Panel who have kindly given their time and wisdom to support our work. It would be remiss of me not to extend my gratitude to the chair of the panel, Bill Page, who has also stepped down after many years support at the helm.

Victor da Cunha
Chair

Board report

The Board of Local Space is pleased to present its report and the audited financial statements for the year ended 31 March 2024.

Objectives and Strategy to achieve objectives

Local Space is a specialist provider of social housing. Its focus is on the provision of settled accommodation to those on local authorities' homelessness lists and key worker homes in partnership with four key local authorities. Local Space works in East London and Essex, and partners with local authorities through contracts and nominations agreements which govern the way in which the homes are allocated. In general, the focus is to provide homes for families and individuals from local authority homeless waiting lists.

The homes Local Space provides offer our partners a more cost-effective alternative to renting properties on the open market, in which to house homeless families and individuals. They also enable local authorities to discharge their homeless duty. In addition, key worker accommodation offers a way to house workers in key public services who would not be able to afford accommodation on the open market, but who might not otherwise qualify for social housing.

Our corporate objectives for 2023/24 are set out below and performance against these objectives is reported on Pages 10 to 12 of these statements:

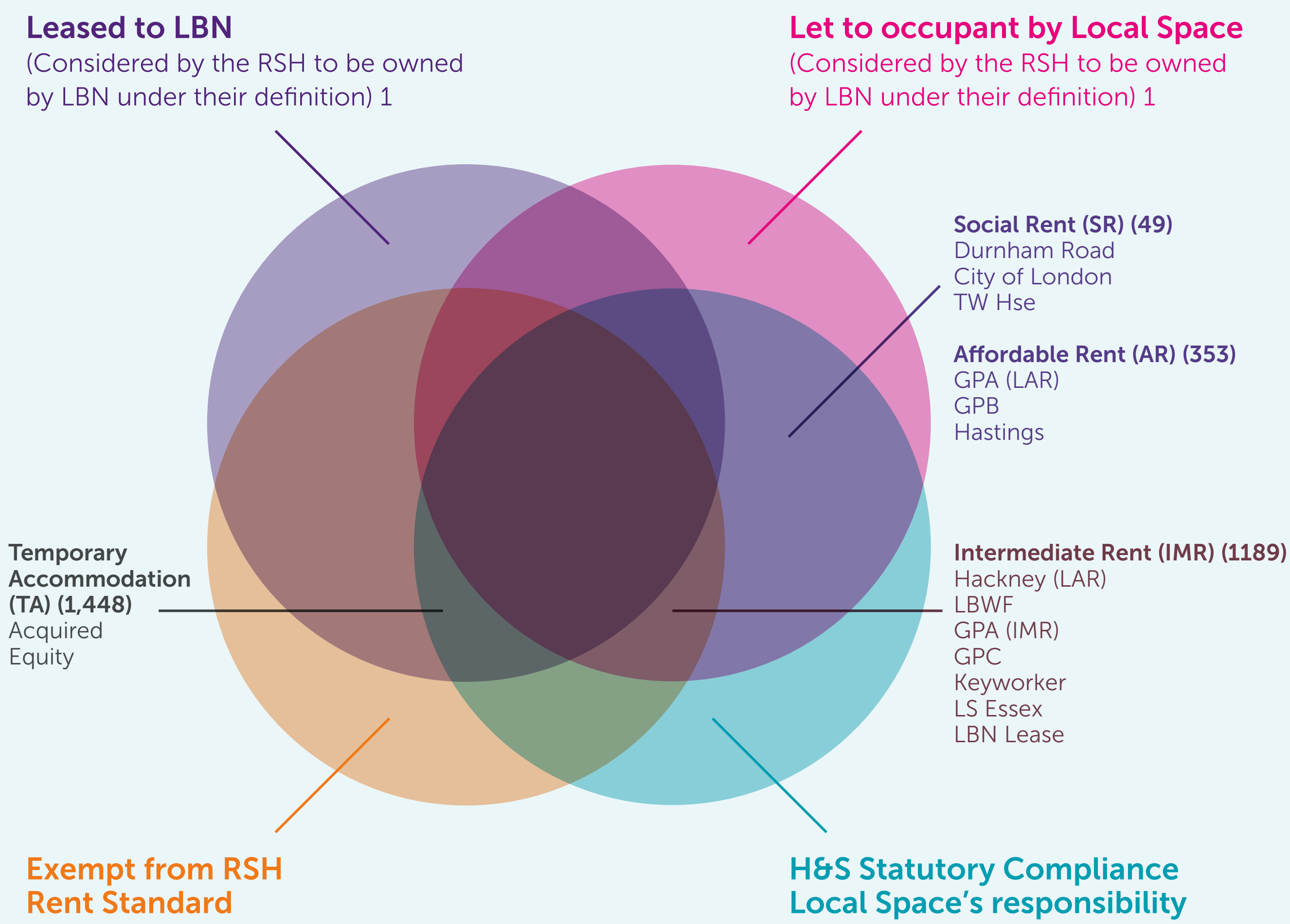
Strategic Objectives	Primary Performance Goals:
Homes that people want to live in	• Deliver the last part of the London Borough of Newham growth programme • Deliver additional homes for the London Borough of Waltham Forest • Start delivery of the London Borough of Tower Hamlets programme • Start delivery of the London Borough of Hackney reprovision programme • Deliver year 4 of our 7-year stock investment programme • Customer satisfaction with new product 93% or better • Customer satisfaction with condition of home 77% or better
Services that our customers are happy with	• Our relaunched customer complaints service will be working well • Satisfaction with our approach to complaints is 60% or better • We will develop our digital offer and improve our ICT infrastructure ready for growth • We will have no notifiable data breaches in the year • Customer satisfaction with services is 80% or better across all our homes
Being a successful business	• Maintain our S&P AA- credit rating • Regain G1V1 regulatory ratings • Demonstrate full covenant compliance with all covenants and regulatory standards • Keep our operating margin in line with our plans and deliver on budget
Being a well-managed organisation	• Staff satisfaction will increase compared to 2021/22 • We will tell our distinctive story in our local area, and in our sector • We will complete an options appraisal for managing GPA homes
Beyond Bricks	• We will plan our network of support including identifying suitable partners to work with • We will plan delivery of our carbon neutral programme to include improved fuel efficiency in homes • We will work with our residents panel to design and plan our revised resident involvement programme

Local Space Business Model

The business model balances the rent received from the occupation of our homes with the costs to manage the properties and tenancies, as well as service the debt accumulated during the acquisition and development of our property portfolio.

The diagram below summarises our stock in terms of ownership and regulatory obligations.

Understanding the Regulator for Social Housing's definition of "ownership" [1] is key to understanding the regulatory implications for Local Space stock. The definition and its implications are set out on the next page.



TA Temporary Accommodation
Housing those who are owed a statutory homelessness duty by the Local Authority and exempt from the Rent Standard.

SR Social Rent
Typical general needs Housing Association tenure, rents are set in accordance with the regulator's standard using the target rent formula.

LAR London Affordable Rent
Not a tenure in its own right, LAR is a set of pan-London benchmark rent levels published by the GLA and increased annual by CPI+1%. At Local Space where we set rents aligned with LAR benchmark rates, we calculate a rent level that represents LAR plus any service charge we pay to a superior landlord (this occurs where we lease a flat in a building owned by a third party).

IMR Intermediate Market Rent
Divided into 3 sub-categories (Non-grant funded, grant funded & keyworker) all IMR are exempt from the Rent Standard and must have rents below market rent. Grant Funded IMR further caps rents at no more 80% of market rent. Keyworker IMR also includes restrictions on who can live in the homes.

AR Affordable Rent
Is a rent-type introduced by Government in 2010 enabling registered providers to charge Social Housing rents at higher levels than formula rents. Affordable Rent properties are let at gross rents of up to 80% of market rent (inclusive of service charges).

TW Hse Terry Waite House (Supporting Housing)
Sits under the Social Rent heading and is also supported housing. Consequently, we are allowed to charge up to 10% above the formula rent usually used to set social rents at these properties.

[1]Ownership, RSH Definition
Our Equity (450) & Acquired (998) homes are leased to LBN. LBN sub-let these homes as temporary accommodation to households to whom LBN owe a statutory homeless duty. The RSH considers these homes to be owned by LBN, not Local Space, by virtue of the fact that LBN have the direct legal relationship with the occupants of these homes. Consequently, LBN and not Local Space include these homes on their returns to the Regulator and LBN, not Local Space are subject to the Regulator's Consumer Standards for these homes. The following two related factors are worthy of note:

1. Governance, Financial Viability and Value For Money Standards – These economic regulatory standards apply to our governance and financial management of the business as a whole, this includes any impact that homes "owned" by LBN (as per the RSH definition) have on our business.

2. GPA Management – GPA Homes were managed by LBN on our behalf, but they are not leased to LBN or sub-let by LBN. The customers in GPA homes sign a tenancy agreement with Local Space as their landlord, not LBN. Whilst this arrangement sometimes appears similar to our Acquired & Equity stock, GPA properties are "owned" by Local Space (as per the RSH definition) and our decision to appoint LBN as managing agent does not change our regulatory responsibilities in relation to these homes. Local Space include these homes on their returns to the Regulator and Local Space are subject to the Regulator's Consumer Standards for these homes. From the 1st April 2024 the majority of these homes reverted to Local Space management.

87% of our rental income is guaranteed through our local authority partnerships (80% by London Borough of Newham and 7% by London Borough of Waltham Forest). This means that there is a very stable income stream, which contributes to our high credit rating (AA- Stable – S&P Global) and allows our lenders to offer us the best possible rates for our debt finance. Our debt finance is secured on the value of the property portfolio which further protects our funders and allows them to offer us finance at competitive rates.

Our business model has some differences when compared to most registered providers of social housing. We tend to achieve higher operating margins than most other providers, 2023/24: 41% (2022/23: 48%) as calculated after deducting the Newham Sum compared with median operating margins of 18.2% (England) and 14.1% (London) in our sector (2022/23). Our net margin in 2023/24 was 5% (2022/23: 16%). Our credit rating with S&P Global has been maintained at AA- and outlook affirmed at Stable, which reflects the current economic conditions impacting the sector as a whole. Our rating is still strong, and our financial plan is prudently robust and able to withstand any future significant adverse changes in economic conditions going forward. We remain fully compliant with the Regulator of Social Housing's standards with a G1/V1 Rating.

Future Prospects

The growth programme for 2024/25 assumes a total of 38 acquisitions for our local authority partners, 18 homes for the Hackney reprovision programme and a further 20 homes under the Single Homelessness Accommodation Programme (SHAP) for our partners the London Boroughs of Newham and Hackney. Our acquisitions originally planned for 2023/24 has been extended into 2024/25 to enable refinancing work to conclude.

We have successfully completed 5 years of our 7-year accelerated reinvestment programme. During 2024/25 we will conduct a comprehensive Housing Stock condition survey after which we will develop a new Stock reinvestment programme. We will also continue to prioritise the health and safety of our customers particularly in relation to combating damp and mould. We are delivering investment plans to help make our homes more energy efficient to improve affordability to our customers and meet carbon neutrality targets, utilising funding from the Social Housing Decarbonisation Scheme.

We acquired 14 new homes during 2023/24 and a total of 40 homes were refurbished and handed over for letting during the year to provide much needed new homes for families in housing need. The average time taken during the year from acquisition to let was 14 weeks compared to our target of 16 weeks.

The legacy of the Covid 19 pandemic on the UK economy in the form of disrupted supply chains, high rates of inflation and increased costs of borrowing continue to impact our operations. As a consequence, we reduced our growth assumptions going forward in line with our corporate priorities. Local Space's unique business model means that we do not currently expect any major adverse impact on our future financial plans, but we will continue to monitor and stress test in response to any further changes in the operating environment.

Local Space Performance in 2023/24

Financial performance has been satisfactory in the year with an operating surplus of £20.1m before the Newham Sum (2022/23: £21.5m), and a net surplus of £1.95m (2022/23: £6.4m).

Planned performance for future years and a comparison of actual performance against the plan for 2023/24 is provided below.

Key financial and non-financial indicators

Our key performance indicators are set out below and include the VFM indicators set by the Regulator for Social Housing.

Value for Money metrics and Performance measures	2022/23 Actual	2023/24[4] Plan	2023/24 Actual	2024/25[5] Plan	Median for sector 2022/23[6]
Reinvestment %	3.2%	1.6%	1.2%	2%	4.8%
New supply delivered[1]	3.3%	1.3%	15%	13.9%	0.7%
Gearing	60.5%	60.3%	60.0%	55.1%	44.6%
EBITDA-MRI Interest cover	189.7%	131.8%	154.2%	157.1%	80.3%
Headline social housing cost per unit[2]	£5,884	£6,005	£7,684	£7,267	£7,220
Operating Margin (overall)	54.3%	41.9%	48.5%	44.5%	14.1%
Return on capital employed (ROCE)	3.6%	2.9%	3.3%	3.5%	1.9%
Weighted Average Cost of Capital	3.53%	4.09%	4.02%	4.06%	N/A
Liquidity[3]	108.6%	84.1%	48.3%	59.2%	N/A
Total number of homes	2,798	2,800	3,036	3,193	N/A
Number of new homes acquired	45	2	245	157	N/A
Number of new homes let	41	N/A	N/A	N/A	N/A
Investment in existing homes	£3.3m	£3.9m	£3.7m	£4.1m	N/A
Investment in new homes	£18m	£6m	£4.8m	£9m	N/A
Rent losses (void and bad debts as % rent and service charges receivable)	0.4%	1.1%	1.4%	1.3%	N/A
Rent arrears (gross arrears as % rent and service charges receivable)	2.28%	2.0%	3.13%	2.8%	N/A
Operating margin(social housing)	35.3%	31.6%	24.5%	36.3%	15.3%
Net surplus	£6.4m	£5.1m	£1.95m	£3.4m	N/A
Surplus for the year (as % income from lettings)	16.5%	12%	4.86%	8%	N/A

[1]New Supply Delivered has increased significantly due the volume of LB Newham leased schemes acquired in the year.

[2]Headline social housing cost per unit is based on all management and repair costs (including capitalised major works) before Newham Sum payment, divided by total number of social housing units owned.

[3]Liquidity is calculated as current assets divided by current liabilities (excluding loan repayments)

[4]2023/24 based on plan agreed by Board in May 2023.

[5]2024/25 based on plan agreed by Board in May 2024.

[6]Median based on Value for money report annex to Global Accounts 2023 for Providers owning/managing more than 1,000 homes in London region.

The variance between actual and planned results for 2023/24 is largely due to:

(i) Fewer properties purchased and handed over due to residual impact of the pandemic's effect on the property market.

(ii) The headline social housing cost per unit is higher due to higher repairs and maintenance mainly to tackle damp and mould issues.

(iii) The plan shows reduced EBITDA (MRI) Interest Cover going forward due to increased investment set aside in plan for asset management consistent with our corporate strategy objective.

Key results for 2023/24 are as follows:

Homes That People Want to Live In

- We acquired 14 new homes with 40 new homes from our development pipeline in addition to 201 leased units from LB Newham being made available to house families in need.
- Satisfaction with our new homes was 96.6%. All but 2 of our homes met the Decent Homes Standard at the end of 2023/24. The two non-decent homes mean our decency percentage is 99.87%.
- Our portfolio grew slightly less than we had initially envisaged due to high acquisition attrition rate, slowed GPB/LBWF acquisitions and lender covenant constraints.

Services that Our Customers Are Happy With

- Our new complaints handling approach is working well with 80% of complaints being resolved by early resolution or a Stage 1 investigation.
- 41% of customers were satisfied with our approach to complaints handling which is below our target of 70% and above the sector median of 36%. This is an area of focus for us in 24/25.
- In 2023/24 we progressed our ICT infrastructure development in readiness for delivering an improved digital offer to customers in 2024. Improvements included the reconfiguration and launch of housing management data base modules for Customer Relationship Management, Customer Account Management, Voids & Allocations and Feedback (complaints handling). We also implemented an interface between our main contractor and our own system which has increased the efficiency of our reactive repairs service and will, in future, support enhanced self-service channel functionality for customers wishing to report or track progress of repairs.
- We have had no notifiable breaches of data protection this year (23/24).
- Overall customer satisfaction remained at 73% in 23/24. This result is 2% below our target.
- We invested £3m in improvements and planned maintenance on our existing homes (including energy performance improvements).

Being A Successful Business

- Overall arrears were 3% of turnover at the end of 2023/24.
- Void losses remain low at 0.09% of rent receivable.
- Net margin dropped to 5% compared to 14% in 2022/23.
- Operating margin after Newham Sum payment was 41%.

Being A Well Managed Business

- The pay and benefits framework continues to be competitive. Staff under Heads of Service level were provided additional support for one year, April 2023 to March 2024. This is because of the rising cost of energy and the overall increase in everyday living expenses.
- The regulator commenced its In-Depth Assessment (IDA) of Local Space in February 2022 and an additional review of our IDA position was undertaken in 2023, our G1/V1 status was validated.
- We undertake a twice-yearly review on our compliance with the regulatory standards and report on this to the Board. We maintained full compliance during the year. We ask lead staff to provide certifications of this, along with a schedule of evidence to support this.
- Six-monthly staff surveys are undertaken. The outcome of these surveys is an average of 85%.

- Local Space has further strengthened cyber security during 2023/2024, including administration accounts, Penetration testing and the continuation of up-to-dating anti-virus software on our hardware devices. The Local Space cyber security audit actions were completed in 2023.
- Investment continues to be made to improve the functionality of our housing and asset management software in order to provide a better service to our customers. For example, we continued development of the arrears' software which is now completed; this has helped our customers by providing them with a clear picture of their rent accounts so that Local Space can support them more efficiently. A new digital telephone system was successfully installed in January 2024. We continued to work closely with Civica, our software providers, on developing the various modules for example the Management Information module which support our GDPR compliance. In 2023/24 we have also invested in internal resources to improve our knowledge base and ensure staff stakeholder involvement.
- People First programme for new colleagues was successfully delivered in 2023/24. In 2023/24 staff focus groups were held to deepen our understanding of staff satisfaction in preparation for IIP assessment in 2024. We actioned the outcomes of the focus groups such as hybrid working training and improving communications with monthly feedback given to all staff relating to the Senior Management Team meetings. Preparations have begun in 2023/24 for our IIP assessment at the end of 2024, we currently hold IIP silver status.

We let 215 homes in the year with an average turnaround time of 31 days. 1% of our annual rent roll was lost due to empty properties, primarily as a result of us holding a number of homes vacant pending their disposal. The decision to dispose of these homes was reversed later in the year and the homes were relet owing to a downturn in the open sale market. Our arrears concluded the year at 3% of our annual rent roll, the majority of our homes were let to or managed by a Local Authority who bore the bad debt risk in 23/24. We invested £3.4m in improvements and planned maintenance on our existing homes (including energy performance improvements) in the year. Health and Safety has remained a key focus in the business, both in terms of compliance and investment in our homes, we have maintained good performance on statutory compliance throughout the year.

Value for Money

Local Space demonstrates significant investment in the supply of new temporary accommodation compared with the sector median. This is the result of the growth programme which has been underway since 2016 and leased properties from our main partner (LB Newham).

The amount of funds invested in 2023/24 was £6m (2022/23: £18.0m).

One of the consequences of our investment programme in new homes is that gearing levels in the business remain relatively high at 60% (2022/23: 60.5%). However, this is well within our tightest lender's covenant for gearing which is 75% and was planned for as part of the growth strategy. Sector median levels of gearing are lower at 44.6% (London) demonstrating both differing loan covenants and also the lower investment levels in many other registered providers. In future years our gearing is planned to reduce, as we consolidate and repay debt after the conclusion of our growth programme.

Headline social housing costs per unit were higher in 2023/24 at £7,684 (2021/22: £5,884). This is slightly higher than the sector median for providers in the London region of £7,220 per unit.

This outturn is consistent with our corporate strategy of investing more in our existing customers and their homes. Future investment includes £10m which has been factored into our financial plan for the ten years from 2022, to improve the energy efficiency of our homes to a minimum Energy Performance Certificate C.

This investment will help improve the affordability of our homes by reducing energy costs incurred by our customers and will help us also meet carbon neutrality targets.

Our Interest cover in 2023/24 was 154.2% (2022/23: 190%) the reduction in cover is due to increased borrowing costs following the sustained base rate raises by Bank of England throughout most of last year. The sector (London) median is 80.3%. Looking ahead we are confident that we will continue to be able to secure further funding at competitive rates.

In 2020 Local Space reviewed and updated its Value for Money Strategy for 2020-25 linked to our 5 Year Corporate Strategy and the Regulatory Value for Money Standard 2018. This sets out our approach to how we will further develop targets and measures especially with regard to ESG (Environmental, Social, Governance) targets.

Our future financial plan does not factor in net cost reductions as efficiency savings. It is our intention that savings achieved from ongoing efficiencies derived from process improvement, economies of scale, and reduced financing costs will all be reinvested into further improving the quality of our homes and the services we provide to our customers. This is consistent with our corporate strategy.

Principal risks and uncertainties

During 2023/24 Local Space monitored its strategic risks through formal risk management processes reporting to the Audit & Risk Committee and the Senior Management Team. Following year-end the strategic risks were refreshed and the principal risks we are monitoring within the business are shown in table below:

Main mitigating actions

Risk: Health & Safety neglect adversely impacting customers

- Fire Risk Assessments
- Gas Safety – dedicated officer, monthly reviews with contractors, use of court procedures where required.
- Health & Safety Policy
- CDM Regulation compliance for repair and refurbishment projects
- Internal Audits
- Regular Health & Safety Reporting to the Board and Senior Management Team with KPIs (Key Performance Indicators).
- Team and Board with KPIs (Key Performance Indicators)

Risk: Exposing staff and contractors to health and safety risks.

- Updated alerts on housing management system and liaison with Local Authorities to flag higher risk customers/properties
- Health & Safety Policy
- Health & Safety Risk Assessments reworking at office, working from home, and lone working and subsequent updates of guidance for staff
- Regular staff surveys and consequent action plans where necessary

Risk: Ineffective governance arrangements that compromise ability to achieve objectives.

- Annual Report to Board on legal and regulatory compliance with interim reports as required
- Board member appraisals, inductions, training, and succession planning
- Board work programme maintained and reviewed at Board meetings
- Code compliance review
- Compliance checklist maintained against regulatory standards
- Regular Senior Management Team review of outstanding Internal Audit actions reported to Board in KPI reports
- Fraud prevention – Governance procedures, delegated authorities, anti-fraud policy, cyber fraud awareness training, financial controls and regulations.
- Governance review every 3 years
- HALA (Housing Association's Legal Alliance) framework
- NHF (National Housing Federation) Code of Governance 2020 adopted for compliance
- Policies and procedures framework
- All Board papers subject to peer review by Head of Governance and Chief Executive

Risk: Data/information being lost and/or inaccurate.

- Additional IT controls including Microsoft Intune for mobile devices and 2 factor authentication for key systems.

- Achieve cyber essential accreditation for three consecutive years, including running an annual deep dive review to identify any attempted cyber threats to our systems
- Biannual departmental compliance statements
- Housing Management System (Civica CX) improvement programme
- Data retention policies, schedules and sharing agreements.
- GDPR (General Data Protection Regulation) compliant Data Protection Policy
- Internal Audit of Cyber Resilience in 2023
- IT Policies & Procedures
- Ongoing staff and Board training

Risk: Inadequate customer service, customer engagement and communication resulting in customers' needs not being heard.

- Regular customer surveys and focus groups
- Appointment of Board Champion for complaints handling
- Stock surveys and update of asset replacement programme
- Complaints monitoring and follow up
- Customer First Training programme for all managers with leadership roles and subsequent roll out for all staff. Other tailored training as required.
- Ring Central implemented and digital services for customers Quarterly reporting to Board on key KPIs. Monthly reporting to Senior Management Team
- Recruitment and retention of good quality staff
- Review of responsive repairs and contract management of our repairs provider
- Tenant Engagement Strategy in place and embedded

Risk: Unable to meet strategic growth objectives.

- Daily cash flow forecasting to ensure liquidity in place to fund short term commitments
- Development and Finance liaison meetings to plan timings of cash requirements
- Development Strategy
- Stress testing of financial plan to assess impact of inflation and interest rates
- Treasury reporting with medium to long term cash flow forecasts to facilitate liquidity in place to enable growth programme to be financed without undue delay

Risk: Unable to meet Beyond Bricks Corporate Objective.

- Asset Management strategy incorporates plan to improve EPC ratings to reduce costs for customers
- Tenant engagement strategy
- Monitoring of KPIs by Board and Senior Management Team

Risk: Rents set incorrectly and/or failure to evidence where regulatory guidance does not apply.

- Annual Report to Board that sets out basis of rent setting for each control group with legal advice updates as required
- Internal Audit in June 2023
- Legal advice received when new rent arrangements are put in place

Risk: Unable to recruit/retain quality staff.

- Local Space job evaluation and pay structure that provides a competitive, open and transparent framework to help further attract and retain staff
- Leadership & Management training delivered to managers as part of the People First programme
- Regular staff surveys including staff deep dive focus groups
- Staff benefits package enhanced
- Wellbeing and mental health training and support offered to all staff

Risk: Unable to maintain key services at required standard due to over reliance on a single officer.

- Ensure that all key procedures can be covered by a minimum of 2 officers
- Regularly updated Policies & Procedures
- Ensure all staff take annual leave to minimise fraud risk

Risk: Inadequate and or Inefficient Financial Control

- Annual Budget setting and Quarterly forecasts to Board
- Asset & Liability Register detailing key assets and liabilities updated monthly

- Independent external audit of annual financial statements
- Independent review of Financial Plan with stress testing by Financial Advisors
- Internal Audit Programme based on Key Risks
- Monthly financial reporting to Senior Management Team
- Monthly reconciliation of balance sheet control accounts reviewed by Head of Finance
- Quarterly Management Accounts and Treasury Reporting

Governance

Local Space has maintained its high standards of governance. During the year the Regulator of Social Housing (RSH) confirmed a G1 grading and revised the viability rating back to V1. To recognise the importance of strong governance the Nominations and Remuneration Committee has been renamed the Governance and Remuneration Committee and it now monitors the delivery of the Governance Continual Improvement Plan.

The Board continues to meet both virtually and in person and during 23/24 it held two in-person strategy days. The Board continues to review and refresh its skills make-up in order to ensure that Local Space has the right combination of people with the necessary skills and competencies to maintain an effective board working towards the achievement of Local Space's strategic objectives. A priority for 2024/25 is selecting new Board and Committee members to replace those who have reached the end of their tenure.

Local Space continue to work to the NHF Code of Governance 2020 and reviews its compliance with its Code annually; it continues to be compliant with the 2020 Code. It also reviews its compliance with the UK Corporate Governance Code and will be taking steps to implement the recommendations in the recently published revision to that Code. The Board is satisfied that Local Space is compliant with the applicable principles contained in this Code. Local Space reviews its compliance with all the relevant RSH standards twice a year. We can certify that there has been full compliance with the RSH's Economic and Consumer Regulatory Standards.

The RSH has announced that it will be publishing a Consumer Grading, in addition to the Governance and Financial Viability gradings. Local Space has a plan that it is working towards and this will be a particular focus for 2024/25.

Local Space follows and is compliant with the Housing Ombudsman Service Complaint Handling Code 2024.

Review of internal controls

The Board acknowledges its overall responsibility for establishing and maintaining the 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, and not absolute, assurance against material misstatement or loss. The Board periodically reviews the scheme of delegations to ensure that they are in line with changes in the organisation and the operating environment.

Board approved committee terms of reference and delegated authorities comprise the following:

- Management responsibilities for the identification, evaluation, and control of significant risks and regular reviews by external specialists.
- Risk register reviewed by Audit and Risk Committee & Board.
- Asset and Liability Register maintained and updated every month with regular reporting to Audit and Risk Committee and Board.
- Strategic and business planning processes, with detailed financial budgets and forecasts.
- Formal recruitment, retention, learning and development policies for all staff.
- Established authorisation and appraisal procedures for all significant new initiatives and commitments.
- Treasury management which is subject to external review as required.
- Regular reporting to the Board on key business objectives, targets and outcomes, and
- Board Assurance Framework in place.
- Board approved anti-fraud and corruption policy and whistle-blowing policy.

- Training plans and skills matrix for the Board approved by the Governance and Remuneration Committee.
- Governance & Remuneration Committee approves annual payments to the CEO and agrees the annual objectives of the CEO.

A comprehensive programme of independent internal audit assessment took place in the year.

The overall opinion of the Head of Internal Audit was that *'the organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.'*

The audit programme was developed to assess key risk areas within the business and included:

Area:	**Key Findings:**
Value for Money (VFM)	Reasonable Assurance
Rent Setting & Service Charges	Partial Assurance
Complaints	Partial Assurance
Key Financial Controls	Reasonable Assurance
Repairs and Maintenance, including contract management	Partial Assurance
Performance Management – Tenant Satisfaction Measures (TSMs)	Partial Assurance

Management have responded on a positive basis to the recommendations and agreed them with the Audit & Risk Committee. Implementation of all audit recommendations is verified on a regular basis by the Internal Auditors who have confirmed that *'Reasonable Progress'* has been made. The internal auditors have indicated in their annual report an overall positive opinion having concluded that Local Space has an adequate and effective framework for risk management, governance and internal control.

The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the Audit and Risk Committee to regularly review the effectiveness of the system of internal control. The Board receives regular reports from the Audit and Risk Committee including an annual report on the assurance framework in place and on the effectiveness of the systems of internal control.

During the year, following best practice and the incumbent Internal Auditors having reached the end of their term of office, the Audit & Risk Committee conducted a procurement exercise and appointed TIAA Limited as internal auditors for 2024/25 onwards.

Victor Da Cunha
Chair

Josephine Parsons
Chief Executive

Statement of responsibilities of the Board

Statement of 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 these financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the 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 Society Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It has general responsibility for taking reasonable steps to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The Board are 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.

Disclosure of Information to The Auditors

We, the members of the Board who held office at the date of approval of these Financial Statements as set out above, confirm so far as we are aware, that there is no relevant audit information of which the Association's auditors are unaware; and we have taken all the steps that we ought to have taken as Board members to make ourselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Board Report was approved on 30th July 2024 and signed on its behalf by:

Victor Da Cunha

Report of the independent auditors to the members of Local Space

Opinion

We have audited the financial statements of Local Space "the Association" for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies in notes 1 and 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 2024 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 properly prepared in accordance 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.

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 company 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 Board 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, except to the extent otherwise explicitly stated in our report, 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 where the Co-operative and Community Benefit Societies Act 2014 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 proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board for the financial statements

As explained more fully in the Statement of Responsibilities of the Board for the Report and Financial Statements set out on page 17, 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 determine 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 intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

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

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

- We obtained an understanding of laws and regulations 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 and regulations that we identified included the Co-operative and Community Benefit Societies Act, 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 and fraud 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 nature of the Association's activities and the regulated nature of the Association's activities.
- We reviewed financial statements disclosures and tested to 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 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 for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

Beever and Struthers

Statutory Auditor, Chartered Accountants
150 Minories
London EC3N 1LS
Date: 4 September 2024

Statement of comprehensive income

	Note	2024 £'000	2023 £'000
Turnover	3	42,464	39,604
Operating expenditure	3	(21,883)	(18,051)
Gain / (Loss) on disposal of property, plant and equipment fixed assets	6	(490)	-
Unrealised (loss) / surplus on revaluation of investment properties	16	(5)	(50)
Operating surplus	8	**20,086**	**21,503**
Newham Sum	32	(2,680)	(2,654)
		17,406	**18,849**
Interest receivable	7	140	-
Interest and financing costs	7	(15,477)	(12,988)
Movement in fair value of financial derivatives	31	-	611
Surplus / (deficit) before taxation		**2,069**	**6,472**
Taxation	9	-	-
Surplus / (deficit) after taxation		**2,069**	**6,472**
Other Comprehensive Income			
Actuarial (loss) / gain in respect of pension schemes	12	(119)	(96)
Total Comprehensive Income for the Year		1,950	6,376

The financial statements and accompanying notes on pages 21 to 45 were approved and authorised for issue by the Board on 30th July 2024 and signed on its behalf by

Victor Da Cunha
Chair

Josephine Parsons
Chief Executive and Board Member

Richard Stevens
Board member and ARC Chair

The Statement of Comprehensive Income relates wholly to continuing activities and the notes on pages 25 to 45 form an integral part of these financial statements.

Statement of financial position

	Note	2024 £'000	2023 £'000
Tangible Fixed assets			
Housing properties	14	610,637	610,859
Other fixed assets	15	2,480	2,058
Investment properties	16	990	995
Investments	18	855	855
		614,962	**614,767**
Current assets			
Trade and other debtors	17	3,030	2,815
Cash and cash equivalents		3,060	7,059
		6,090	**9,874**
Creditors: amounts falling due within one year	19	(13,437)	(30,200)
Net current liabilities[1]		**(7,347)**	**(20,326)**
Total assets less current liabilities		**607,615**	**594,441**
Creditors: amounts falling due after more than one year	20	(397,876)	(386,698)
Provisions for liabilities			
Pension – defined benefit liability	12	(469)	(423)
		209,270	**207,320**
Total net assets			
Reserves			
Income and expenditure reserve		87,133	84,266
Revaluation reserve		122,137	123,054
Called-up share capital	25	-	-
Total reserves		**209,270**	**207,320**

The financial statements and accompanying notes on pages 21 to 45 were approved and authorised for issue by the Board on 30th July 2024 and signed on its behalf by

Victor Da Cunha
Chair

Josephine Parsons
Chief Executive and Board Member

Richard Stevens
Board member and ARC Chair

The notes on pages 25 to 45 form an integral part of these financial statements.

[1] As required by the Regulator of Social Housing, Local Space have facilities in place to repay long term loans as they mature in the next 12 months.

Statement of changes in reserves

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Balance as at 1 April 2022	76,519	124,425	200,944
Total Comprehensive Income for the year	6,376	-	6,376
Unrealised surplus / (deficit) on revaluation of investment properties	50	(50)	-
Released on disposal of properties	1,321	(1,321) -	(3,734)
Balance at 31 March 2023	**84,266**	**123,054**	**207,320**
Total Comprehensive Income for the year	1,950	-	1,950
Unrealised surplus / (deficit) on revaluation of investment properties	5	(5)	-
Released on disposal of properties	912	(912)	-
Balance at 31 March 2024	**87,133**	**122,137**	**209,270**

The notes on pages 25 to 45 form an integral part of these financial statements.

Statement of cash flows

	2022	2023
	£'000	**£'000**
Net cash generated from operating activities	24,102	25,488
Cash flow from investing activities		
Purchase of tangible fixed assets	(7,944)	(19,754)
Sale Proceeds	490	-
Grants received	1,266	2,786
Interest received	140	-
	18,054	(16,968)
Cash flow from financing activities		
Interest paid	(14,549)	(12,564)
Lloyds Swap break cost	-	(797)
Loan arrangement fee	(397)	(714)
Loan drawn down	60,000	77,000
Loan repayment	(67,107)	(70,043)
	(22,053)	(7,118)
Net change in cash and cash equivalents	(3,999)	1,402
Cash and cash equivalents at beginning of the year	7,059	5,657
Cash and cash equivalents at end of the year	**3,060**	**7,059**

Cash flow from operating activities	**2024**	**2023**
	£'000	**£'000**
Total Comprehensive Income for the year	1,950	6,376
Adjustments for non-cash & non-operating activity items:		
Depreciation of tangible fixed assets	7,587	7,286
(Increase)/decrease in trade and other debtors	(215)	168
Increase/(decrease) in trade and other creditors	1,430	62
Pension Provision	46	(5)
Surplus on fixed asset disposals	(490)	-
Movement in fair value of financial derivatives	-	(611)
Amortisation of loan arrangement fee	263	424
Grant amortisation	(883)	(826)
Unrealised deficit on revaluation of investment properties	5	50
Interest payable	14,549	12,564
Interest receivable	(140)	-
Net cash generated from operating activities	**24,102**	**25,488**

The notes on pages 25 to 45 form an integral part of these financial statements.

Notes to the financial statements

1. Legal status

Local Space (the association) is registered under the Co-operative and Community Benefit Society Act 2014 and is a registered provider of social housing. It is an exempt charity.

2. Accounting policies

Basis of accounting

The financial statements of the association are prepared in accordance with UK Generally Accepted Accounting Practice (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. Local Space is a public benefit entity for the purposes of reporting under FRS 102.

The financial statements are presented in Sterling (£).

The financial statements have been prepared under the historic cost convention as modified by investment properties and financial derivatives held at fair value or deemed cost for assets held at date of transition to FRS 102.

The association is not a qualifying entity, so no disclosure exemptions are available.

Going concern

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

The board's assessment of going concern involves a number of subjective judgements including, but not limited to; increased rent arrears, delayed rent collections, increased voids, reduction in property prices and delays in property sales. In making their assessment the board have also considered the potential mitigations available to manage the potential impact on its cashflows and liquidity.

A wide-ranging multivariate stress test has been run on the business plan including the normal suite of scenarios that are tested regularly. The multivariate stress test includes the impact of sensitivities on the association's cash flow requirements, compliance with debt facilities, as well as covenant compliance. Mitigating actions, for instance, delays in non-essential expenditure, staff reductions or government support, have been identified for all scenarios. This stress testing found that the business plan is robust and does not affect the association's ability to meet its obligations.

On this basis, the board has a reasonable expectation that the association has adequate resources to continue in 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. The items in the financial statements where these judgments and estimates have been made include valuation of property plant and equipment (tangible fixed assets), recoverable amount of trade debtors and other trade receivables.

Significant management judgements

The following are the significant management judgements made in applying the accounting policies of the association that have the most significant effect on the financial statements.

- Replacement of components
- Depreciation rates

Turnover

Turnover compromises rental income receivable in the year, amortised capital grant, income from investment properties, other services included at the invoiced value of goods and services supplied in the year. Rental income is recognised from the point when the properties under development reach legal practical completion or otherwise become available for letting, net of any voids. Turnover is recognised on an accruals basis.

Sale of Housing Properties

Outright sales of properties are treated as sales of fixed assets and not as properties developed for sale.

Interest Payable

The Interest payable is charged to the Statement of Comprehensive Income in the year it is incurred. Current and Deferred Taxation.

By virtue of s.478 Corporation Tax Act 2010, the Association has charitable status and is not subject to corporation tax on surpluses as a result of, or earned in furtherance of, its charitable objectives.

Current and Deferred Taxation

By virtue of s.478 Corporation Tax Act 2010, the Association has charitable status and is not subject to corporation tax on surpluses as a result of, or earned in furtherance of, its charitable objectives.

Housing Properties

Housing properties are properties held for the provision of social housing or to otherwise provide a social benefit. The association has adopted the Deemed Cost transition relief option and recorded all its pre-March 2014 housing properties at Deemed Cost less depreciation and impairment losses and post-March 2014 housing properties at costs less depreciation and impairment losses.

Cost includes the cost of acquiring land and buildings, development costs and expenditure incurred in respect of improvements.

Work 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, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

The association separately identifies the major components which comprise its housing properties, and charges depreciation, so as to write-down the cost of each component to its estimated residual value, on a straight-line basis, over its estimated useful economic life.

Completed properties and properties under construction are recognised at the lower of cost and net realisable value. Costs comprise of materials and direct overheads attributable to the development. Net realisable value is assessed using publicly available information and internal forecasts on future sales price after allowing for all further costs of completion and disposal.

The association depreciates the major components of its housing properties at the following annual rates:

Structure	100 Years
Roofs	60 Years
Kitchens	15 Years
Bathrooms	15 Years
Gas and boilers	15 Years
Windows and doors	30 Years
Electrics	30 Years

Freehold land is not depreciated.

Leasehold properties are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

Investment Properties

Investment properties consist of commercial properties not held for 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.

Investment properties were valued at market value as at 31st March 2024. The association's investment properties have been valued by Savills LLP, Chartered Surveyors, and professional external valuers.

The full valuation of properties was undertaken in accordance with Royal Institution of Chartered Surveyors'("RICS") Valuation – Global Standards (the Red Book).

In arriving at their opinion of Market Value the valuers have adopted the following assumptions:

Gross Annual Rent (Current)	£82,000
Management Costs	4.1% of Rent Debit pa
Maintenance	2.4% of Rent Debit pa
Net Yield Applied	7.85% – 8.29%

Other Fixed Assets

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land.

The principal annual rates used for other assets are:

Freehold buildings	2% on cost
Long leasehold property	Over life of lease or their estimated useful economic lives if shorter
Furniture, fixtures and fittings	Straight-line over 3 years
Computers and office equipment	Straight-line over 3 years
Furniture in properties	Straight-line over 5 years

Gains or losses arising on the disposal of other tangible fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the surplus/deficit for the year.

Lease

Rentals payable under operating leases and any lease incentives are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

We have analysed all our current debtors and did not identify any debtor adjustments.

Bad and Doubtful Debts

The provision for bad and doubtful debts is based upon the age of arrears. Percentages are applied on a specific basis to the relevant age of arrears based upon our experience in collecting similar balances. All outstanding arrears balances are reviewed on an individual basis with the relevant provision applied if required.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Creditors

Short term trade creditors are measured at the transaction price.

The association recognises an accrual for untaken annual leave for employees as a result of contracted services rendered in the current period, which employees are entitled to carry forward and use within the next 12 months. The accrual is measured at the salary cost payable for the period of absence.

Government Grants

Government grants include grants receivable from the Homes England, Greater London Authority, local authorities, and other government organisations. Government grants received for housing properties were written off to the reserves account on the transition date by adopting Deemed Cost transition relief.

The association took advantage of the transition relief and used the performance model of grant recognition up to the date of transition. Therefore, there were no grant accruals recognised on the books of the association at transition. Local Space has subsequently applied the accrual method of grant recognition from April 2018 for new grant received from London Borough of Waltham Forest.

Where individual components are disposed of, this does not create a relevant event for recycling purposes.

Employee Benefits

Short term employee benefits are recognised as an expense in the period in which they are incurred.

Retirement benefits

The cost of providing retirement pensions and related benefits is charged to management expenses over periods benefiting from the employees' services.

The association participates in the Social Housing Pension Scheme (SHPS) Defined Contribution (DC) Scheme administered by TPT Retirement Solutions (TPT). Previously it participated in a SHPS Defined Benefit (DB) Scheme. In accordance with FRS 102 paragraphs 28.11 and 28.11A and Housing SORP 2018 paragraphs 15.9 to 15.12, SHPS had been accounted for as a defined contribution scheme and a liability recognised for the present value of the landlord's deficit funding agreement.

Following changes made to systems and processes by TPT however, sufficient information is now available for SHPS. The association has been able to identify its share of the scheme assets and scheme liabilities and has applied defined benefit accounting from 2019. In May 2019, the Financial Reporting Council (FRC) issued amendments to FRS 102: Multi-employer defined benefit plans. The amendments require that the impact of transition from defined contribution accounting to defined benefit accounting be presented in other comprehensive income.

Consistent with the amendment to FRS 102 paragraph 28.11B, the difference between the deficit funding liability and the net defined benefit deficit for SHPS has been recognised in Other Comprehensive Income. Further disclosures in this area are included in Note 12.

Revaluation Reserve

The association has chosen to take advantage of the Deemed Cost transitional relief, applying the historical cost basis prospectively whilst using the previous GAAP revaluation as Deemed Cost at 1st April 2014. Therefore, applying the depreciation model prospectively and freezing the revaluation reserve until disposal.

Financial Instruments

Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through the Statement of Comprehensive Income for transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial Instruments held by the Association are as follows:

- Financial assets such as receivables are classified as loans and receivables and held at amortised cost using the effective interest rate method.
- Cash is classified as a financial asset and is held in the financial statements at cost.
- Derivatives such as interest rate swaps are classified as financial assets or financial liabilities at fair value.

Financial instrument liabilities such as bonds and loans are held at amortised cost using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. Where there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

The association has identified four external loans from Lloyds, Barclays, Santander, MORhomes and two private placement bonds with M&G and Metlife to be financial instruments. All loans and bonds have been analysed according to Sections 11 & 12 of the Financial Reporting Standard 102 and concluded to be basic financial instruments.

Impairment of Financial Assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income immediately.

The following financial instruments are assessed individually for impairment:

a) All equity instruments regardless of significance; and

b) Other financial assets that are individually significant.

Other financial instruments are assessed for impairment either individually or grouped on the basis of similar credit risk characteristics. An impairment loss is measured as follows on the following instruments measured at cost or amortised cost:

(c) For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

(d) For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal cannot result in a carrying amount (net of any allowance account) which exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of the reversal is recognised in the Statement of Comprehensive Income immediately.

Impairment of Non-financial Assets

Annually housing properties are assessed 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 its 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 expenditure in the Statement of Comprehensive Income. 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.

The fair value less costs to sell calculation is based on available data from sales transactions in an arm's length transaction on a similar cash generating unit (properties) or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated cost model or a discounted cash flow model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Association as the existing property.

The association has reviewed the carrying value of all assets and the appropriate levels of assessment for impairment based on the cash generating units and concluded that there are no indicators of impairment.

The association considers individual schemes to be separate Cash Generating Units (CGU's) when assessing for impairment, in accordance with the requirements of Financial Reporting 102 and the Housing SORP 2018.

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

		2024	
	Turnover £'000	Operating expenditure £'000	Operating Surplus £'000
Social housing letting	19,966	(15,069)	4,897
Non-social housing activities	22,498	(6,814)	15,684
	42,464	**(21,883)**	**20,581**

Gain / (Loss) on disposal of property, plant and equipment fixed assets	(490)
Unrealised (Loss) / Surplus on revaluation of investment properties	(5)
Total	**21,503**

		2023	
	Turnover £'000	Operating expenditure £'000	Operating Surplus £'000
Social housing letting	17,310	(11,204)	6,106
Non-social housing activities	22,294	(6,847)	15,447
	39,604	**18,051**	**21,553**

Gain / (Loss) on disposal of property, plant and equipment fixed assets	-
Unrealised (Loss) / (Surplus) on revaluation of investment properties	(50)
Total	**21,503**

Particulars of income and expenditure from social housing lettings

	Temporary Social housing £'000	Key worker housing £'000	2024 Total £'000	2023 Total £'000
Rent receivable net of identifiable service charges	17,431	1,640	19,071	16,472
Service charge income	-	12	12	12
Grant amortisation	881	2	883	826
Turnover from social housing lettings	**18,312**	**1,654**	**19,966**	**17,310**
Management	(3,096)	(272)	(3,368)	(2,829)
Service charge costs	(1,771)	(78)	(1,849)	(1,573)
Routine maintenance	(3,989)	(190)	(4,179)	(2,074)
Planned maintenance	(704)	(61)	(765)	(364)
Major repairs expenditure	-	-	-	-
Bad debts	(201)	(23)	(224)	(131)
Depreciation of housing properties	(4,207)	(341)	(4,548)	(4,097)
Other costs	(113)	(23)	(136)	(136)
Operating costs on social housing lettings	**(14,081)**	**(988)**	**(15,069)**	**(11,204)**
Operating surplus on social housing lettings	**4,231**	**666**	**4,897**	**6,106**
Void losses	(362)	(7)	(369)	(39)

Particulars of income and expenditure from non-social housing lettings

	2024 Total £'000	2023 Total £'000
Rent receivable net of identifiable service charges	22,413	22,193
Service charge income	-	-
Grant amortisation	-	-
Turnover from non-social housing lettings	**22,413**	**22,193**
Management	(2,673)	(2,473)
Service charge costs	(554)	(684)
Routine maintenance	(596)	(252)
Planned maintenance	(31)	(419)
Major repairs expenditure	-	-
Bad debts	-	-
Depreciation of housing properties	(2,850)	(2,900)
Other costs	(110)	(119)
Operating costs on non-social housing lettings	**(6,814)**	**(6,847)**
Operating surplus on non-social housing lettings	**15,599**	**15,346**
Void losses	-	-

Particulars of turnover from commercial lettings and non-letting activities

	2024 £'000	2023 £'000
Investment Property Income	83	83
Other Income	2	18
Total	**85**	**101**

4. Accommodation in management and development

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

	2024 No of Properties	2023 No of Properties
Social housing		
Temporary social housing	1453	1,214
Key worker housing	135	136
Total social housing	**1,588**	**1,350**
Non-social housing		
Investment properties	3	3
Acquired and equity	1448	1,448
Total non-social housing	**1,451**	**1,451**
Total owned	**3,039**	**2,801**

5. Accommodation managed by others

The association owns property managed by other bodies:

	2023 No of Properties	2022 No of Properties
Acquired	998	998
Equity	450	450
GPA	715[1]	712[1]
Total	**2,163**	**2,160**

[1]Growth Plan A (GPA) units count as owned and managed for purposes of regulatory returns as Local Space is the landlord.

6. Gain / (Loss) on disposal of fixed assets

	2024 £'000	2023 £'000
Disposal proceeds	1,425	-
Cost of Disposals	(12)	-
Carrying value of fixed assets	(1,903)	-
Surplus / (Deficit)	**(490)**	**-**
Capital Grant recyclable/repayable (Note 22)	**365**	**-**
Disposals proceeds fund (Note 23)	**-**	**-**

7. Net Interest

	2024 £'000	2023 £'000
Interest Receivable and similar income **On financial assets measured at cost:**		
Interest receivable from current accounts	140	-
Interest receivable from short term deposits	-	-
Interest on fixed asset investments	-	-
	140	**-**
On financial assets measured at fair value:		
Fair value gain on derivative financial instruments	-	-
Total Interest Receivable	**140**	**-**
Interest Payable and financing costs **On financial liabilities measured at amortised cost:**		
On loans repayable within 5 years	8,285	4,307
On loans wholly or partly repayable in more than 5 years	6,876	8,218
Interest on Pension scheme liabilities	18	11
Costs associated with financing	298	452
	15,477	**12,988**
On financial liabilities measured at fair value:		
Movement in fair value of financial derivatives	-	(611)
Total Interest Payable and Financing Costs	**15,477**	**12,377**
Net Interest Payable	**15,337**	**12,377**

8. Operating surplus

The operating surplus is arrived at after charging/ (crediting):	2024 £'000	2023 £'000
Depreciation of housing properties	7,380	6,998
Depreciation of other tangible fixed assets	366	287
Operating lease rentals – office equipment and computers	4	4
Auditors' remuneration (excluding VAT)		
– Fees payable to the association's auditors for the audit of the financial statements	44	34
– Fees payable to the association's auditors for other services:	2	1
Total audit services	**46**	**35**
All other services	-	-
Total non-audit services	**-**	**-**

9. Tax on Surplus on ordinary activities

Local Space is exempt from tax due to its charitable status so has not incurred any tax liability in 2023/24.

10. Employees

Average number of employees expressed as full-time equivalents (calculated based on a standard working week of 35hrs):

	2024 No	2023 No
Administration	20	18
Development	5	4
Housing, support and care	24	18
	49	**40**

The full-time equivalent number of staff who received remuneration in excess of £60,000 was as follows:

Key Management Personnel consist of:

Key Management Personnel consist of:	2024 No	2023 No
£60,001 to £70,000	7	3
£70,001 to £80,000	3	3
£80,001 to £90,000	3	1
£90,001 to £100,000	1	-
£100,001 to £110,000	-	-
£110,001 to £120,000	-	2
£120,001 to £130,000	1	-
£130,001 to £140,000	2	1
£140,001 to £150,000	-	-
£150,001 to £160,000	-	1
£160,001 to £170,000	1	-

Employee costs:	2024 £'000	2023 £'000
Wages and salaries	2,764	2,330
Social security costs	321	281
Other pension costs	268	126
	3,353	**2,737**

The association's employees are members of the Social Housing Pension Scheme (SHPS).
Further information on the scheme is given in Note 12.

11. Board members, committee members and executive directors

Executive directors

	Basic Salary £'000	Employer's NIC £'000	Pension contributions £'000	2024 Total £'000	2023 Total £'000
Chief Executive					
Josephine Parsons	168	21	17	206	202
Key Management personnel	556	69	53	678	658
	724	**90**	**70**	**884**	**860**

Deputy Chief Executive: **Mark Kent**
Finance Director: **Kim Humberstone**
Assistant Development Director: **Kumraz Khan**
Corporate Services Director: **Catherine Diamond**
Company Secretary: **Josephine Parsons** (from 7th June 2024)
Company Secretary/Head of Governance: **Anna Keast** (to 19th March 2024)
Head of Governance: **Sara Thomson** (from March 19th to 7th June 2024) **Marianne Wyles** (from 7th June 2024)

The Chief Executive is a member of Social Housing Pension Scheme. The association does not make any further contribution to an individual pension arrangement for the Chief Executive.

The emoluments of the highest paid executive director, Josephine Parsons, excluding pension contributions were £167,622 from 1st April 2023 to 31st March 2024 (2022/23: £181,588).

Board and committee members

The association had 12 serving Board and committee members in 2023/24 (2022/23:12). 11 of these Board and Committee members received emoluments of £50,667 during the year (2022/23: £52,000). One member who was not entitled to receive emoluments is the Chief Executive whose details are shown above.

	2022 £	2023 £
Victor Da Cunha	10,000	10,000
Martin Bellinger (to November 2023)	2,667	4,000
Richard Stevens	6,000	6,000
Paul Edwards	4,000	4,000
Tim Mulvenna	6,000	6,000
Conor McAuley	4,000	4,000
Nilesh Patel	2,000	2,000
Pamela Leonce	4,000	4,000
Sheron Sadie Carter	6,000	6,000
Alwyn Lewis	4,000	4,000
Jane Freeman	2,000	2,000
	50,667	**52,000**

Transparency Information

The remuneration payable to the highest paid Director, relative to the size of the landlord was £106 per Social Housing Unit[1].

The aggregate amount of remuneration paid to Directors, relative to the size of the landlord was £557 per Social Housing Unit[1].

The Management costs attributable to social lettings, relative to the size of the landlord was £1,950 per Social Housing Unit.

[1]At the year-end 47.7% of Local Space housing stock was classed as 'Non-Social' due to the lease back arrangement with the London Borough of Newham, see note 4, and is excluded from this calculation.

12. Social Housing Pension Scheme

The association participates in the Social Housing Pension Scheme (SHPS) Defined Contribution (DC) Scheme. Previously it participated in a SHPS Defined Benefit (DB) Scheme. The accounting policies in relation to SHPS DC and DB schemes are set out on Page 27.

Following consultations with staff, the Board of Local Space decided to close the CARE 80th section of SHPS DB with effect from 1st July 2022 and transfer all members to the SHPS DC scheme. Under these changes, benefits built up to 30th June 2022 in the CARE 80th scheme will be unaffected. Members will remain entitled to these benefits at retirement in respect of their service up to 30th June 2022.

During the period to 30th June 2022, the association paid DB contributions at the rate of 20% (2021/22: 11.8%). Member contributions were 4.9% (2021/22: 4.9%).

As at the Statement of Financial Position date, there were Nil (2022: 31) active members of the scheme employed by the association. The total pensionable payroll in respect of all members on the scheme during the period to June 2022 was £455k (2021/22: £1,818k).

The TPT valuation at 31st March 2024 shows the fair value of plan assets to be £1,899k (2022/23: £1,896k). The defined benefit obligation valuation at 31st March 2024 was £2,358k (2022/23: £2,319k). The overall deficit recognised in the financial statements is £469k at 31st March 2024 (2022/23: £423k).

Where the scheme is in deficit and where the association has agreed to a deficit funding arrangement, the association recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

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

Principle Actuarial Assumptions

	2024	2023
Rate of increase in Salaries	3.79%	3.80%
Discount Rate	4.92%	4.84%
Inflation Assumptions CPI	2.79%	2.80%
Allowance for commutation of pension for cash at retirement (% of max allowance)	75%	75%

The current mortality rates assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectancies on retirement age 65 are:

	2023 Years	2023 Years
Retiring in 2024		
Males	20.5	21.0
Females	23.0	23.4
Retiring in 2044		
Males	21.8	22.2
Females	24.4	24.9

Analysis of Amount Charged to Operating Expenditure

	2024 £'000	2023 £'000
Statement of Comprehensive Income (SOCI)		
Employer's Costs net of Employees Contributions	-	83
Scheme Expenses	6	7
Interest	18	11
Total SOCI	**24**	**101**
Other Comprehensive Income (OCI)		
Actuarial (losses)/gains	(119)	(96)
Total OCI	**(119)**	**(96)**

Movement in surplus/deficit during year

Scheme Deficit at start of period	423	428
Employer's Service Costs	-	83
Employer's Contributions	(97)	(202)
Expenses	6	7
Net interest	18	11
Remeasurements	119	96
Scheme Deficit at end of period	**469**	**423**

Asset & Liability Reconciliation

Reconciliation of Liabilities	2024 £'000	2023 £'000
Liabilities at start of period	2,319	3,521
Service Costs	-	83
Expenses	6	7
Interest Costs	111	99
Employee Contributions	-	29
Remeasurements	(27)	(1,372)
Benefits Paid	(51)	(48)
Liabilities at end of period	**2,358**	**2,319**

Reconciliation of Assets		
Fair value at start of period	1,896	3,093
Employer contributions	97	202
Employee Contributions	-	29
Interest	93	88
Remeasurements	(146)	(1,468)
Benefits Paid	(51)	(48)
Assets at end of Period	**1,889**	**1,896**

The assets at the end of the period are as follows: -

	2024 £'000	2023 £'000
Global Equity	188	35
Absolute Return	74	21
Distressed Opportunities	67	57
Credit Relative Value	62	72
Alternative Risk Premia	60	4
Emerging Markets Debt	24	10
Risk Sharing	111	139
Insurance-Linked Securities	10	48
Property	76	82
Infrastructure	191	216
Private Equity	2	-
Private Debt	74	84
Opportunistic Illiquid Credit	74	81
High Yield	-	7
Opportunistic Credit	-	-
Cash	37	14
Corporate Bond Fund	-	-
Liquid Credit	-	-
Long Lease Property	12	57
Secured Income	56	87
Liability Driven Investment	769	873
Currency Hedging	(1)	4
Net Current Assets	3	5
Total assets	1,896	1,896

13. Intangible Assets & Goodwill

The association did not have any intangible assets at 31st March 2024 (2022/23: Nil)

14. Fixed assets – Housing Properties

	Housing Properties held for Letting £'000	Housing properties for letting under construction £'000	Total housing properties £'000
Cost			
At 1 April 2023	619,449	28,619	648,068
Additions	3,721	-	3,721
Properties acquired	-	3,437	3,437
Schemes Completed	31,828	(31,828)	-
Aborted Costs	-	-	-
Disposals	(1,670)	-	(1,670)
At 31 March 2024	**653,328**	**228**	**653,556**
Depreciation and impairment			
At 1 April 2023	37,209	-	37,209
Depreciation charged in year	7,380	-	7,380
Disposals	(1,670)	-	(1,670)
At 31 March 2024	**42,919**	**-**	**42,919**
Net book value			
At 31 March 2024	**610,409**	**228**	**610,637**
At 31 March 2023	**582,240**	**28,619**	**610,859**

Housing Properties held on a short-lease from the London Borough of Newham are treated as Operating Leases, in accordance with FRS 102, and are not capitalised in the amounts above. This treatment will change in 2026, when the next version of FRS 102, which incorporates IFRS 16 – Leases, comes into effect.

Expenditure on works to existing properties

	2024 £'000	2023 £'000
Components Capitalised	3,721	3,328
Amounts charged to Income & Expenditure	-	-
	3,721	**3,328**

The Net Book Value of assets charged as security on loans was £533,073k at 31st March 2024.

Impairment

The association considers individual schemes to be separate Cash Generating Units (CGU's) when assessing for impairment, in accordance with the requirements of Financial Reporting 102 and SORP 2018.

During the current year, the association has not recognised any impairment loss in respect of housing stock.

15. Tangible fixed assets – other

	Freehold offices £'000	Computers and office equipment £'000	Furniture, fixtures and fittings £'000	Furniture in properties £'000	Total £'000
Cost					
At 1 April 2023	2,089	1,181	193	559	4,022
Additions	151	242	32	362	787
At 31 March 2024	**2,240**	**1,423**	**225**	**921**	**4,809**
Depreciation					
At 1 April 2023	639	795	109	420	1,963
Charged in the year	78	202	21	65	366
At 31 March 2024	**17**	**997**	**130**	**485**	**2,329**
Net book value					
At 31 March 2024	**1,523**	**426**	**95**	**436**	**2,480**
At 31 March 2023	**1,449**	**386**	**84**	**139**	**2,058**

16. Investment properties – non-social housing properties held for letting

	2023 £'000	2023 £'000
At 1 April	995	1,045
Additions	-	-
Disposal	-	-
Increase/(decrease) in value	(5)	(50)
At 31 March	**990**	**995**

The commercial units have been assessed on an investment basis by reference to their lease term, Valuation Office Agency floor areas, their current passing rent, their indicative market rent and rental and investment comparable evidence.

The full valuation basis and key assumptions for the investment properties is set out on Page 26.

17. Debtors

	2024 £'000	2023 £'000
Due within one year		
Rent and service charges receivable	1,649	786
Less: provision for bad and doubtful debts	(765)	(699)
	884	**87**
Other debtors	147	1,681
Prepayments and accrued income	1,999	1,047
	3,030	**2,815**

18. Investments

	2024 £'000	2023 £'000
MORhomes – Investment Equity	280	280
MORhomes – Contingent Convertible Loan	575	575
	855	**855**

19. Creditors: amounts falling due within one year

	2024 £'000	2023 £'000
Trade creditors	388	19
Rent and service charges received in advance	2,314	1,864
Key worker tenant deposit	95	91
Other taxation and social security	95	79
Amounts due to property providers	242	152
Grant (Notes 21 and 22)	3,025	956
Holiday Pay	50	35
Accrued loan interest	1,324	1,330
Bank loans[1]	826	21,107
Other creditors	2,295	2,673
Accruals and deferred income	2,783	1,895
	13,437	**30,201**

[1]Long term loans maturing in the next 12 months with facilities already in place to repay them as they fall due.

20. Creditors: amounts falling due after more than one year

	2024 £'000	2023 £'000
Debt (Note 31)	368,664	355,435
Grant (Notes 21 and 22)	29,212	31,263
Total	**397,876**	**386,698**

21. Grant

	2024 £'000	2023 £'000
At the start of the Year	30,091	28,131
Grants Received during the year:		
Housing properties	901	2,786
Grant Recyclable/Repayable on Disposals		
Disposal Proceeds Fund		-
Grants recycled during the year:		
Housing properties	(365)	-
Amortised Grant	(883)	(826)
At the end of the Year	**29,744**	**30,091**
Due within one year	898	885
Due in more than one year	28,846	29,206
	30,091	**30,091**

22. Recyclable/Repayable Capital Grant

	2024 £'000	2023 £'000
At the start of the Year	2,127	2,127
Inputs to fund:		
Grant repayable/recyclable on disposals	365	-
Grants recycled during the year:		
Housing purchases	-	-
Major Repairs	-	-
Transfers to other private Registered Providers	-	-
Repayment of Grant	-	-
At the end of the Year	**2,492**	**2,127**
Due within one year	2,127	71
Due in more than one year	**365**	**2,056**
	2,492	**2,127**

23. Obligations under finance leases

The association does not have any finance lease arrangements.

24. Analysis of Change in Debt

	At 31.03.2022 £'000	Cashflows £'000	Other Changes £'000	At 31.03.2024 £'000
Cash at bank and in hand	7,059	(3,999)	-	3,060
Overdrafts	-	-	-	-
Total	**7,059**	**(3,999)**	**-**	**3,060**
Debt due within one year	21,107	(21,107)	826	826
Debt due after one year	357,952	14,000	(826)	371,126
Current asset Investments	-	-	-	-
Total	**379,059**	**(7,107)**	**-**	**371,952**

25. Share capital

The association is a Registered Society under Co-operative and Community Benefit Society Act 2014.

	2024 No	2023 No
Shares of £1 each issued and fully paid		
At 1 April	9	9
Joining during the year	-	-
Leaving during the year	-	-
At 31 March	**9**	**9**

The shares provide all shareholders, with the exception of London Borough of Newham, with a right to vote at general meetings, but do not provide any rights to dividends or distributions on winding up.

26. Capital commitments

	2024 No	2023 No
Capital expenditure that has been contracted for but has not been provided for in the financial statements:		
Expenditure on property purchases where contract has been exchanged	-	-
Capital expenditure which has been authorised by the Board but has not yet been contracted for:		
Expenditure on property purchases where contracts not exchanged	-	-
	-	**-**

The above commitments will be financed primarily through internal funds. There are no commitments at 31st March 2024 for properties where contracts have been exchanged awaiting completion (31st March 2023 – Nil).

27. Contingent assets/liabilities

The association had no contingent assets or liabilities at 31 March 2024 (2023: Nil).

28. Operating leases

The association's future minimum operating lease payments are as follows:

	2024 £'000	2023 £'000
Within one year	4	4
Between one and five years	12	-
Five or more years	2	

The lease agreements relate to office equipment.

29. Grant and financial assistance

	2024 £'000	2023 £'000
Total accumulated Government Grant and financial assistance received or receivable at 31st March 2024	30,542	30,833
Held as deferred capital grant	29,744	30,091
Recognised as income in statement of Comprehensive Income in the current period	883	826

30. Related parties

Josephine Parsons, who is the Chief Executive, is also a member of the Board. Disclosures in relation to key management personnel are included in Note 11.

31. Financial Instruments and risk management

Analysis of debt repayable in more than one year

	2023 £'000	2023 £'000
Bank loans	145,126	171,952
Bond	75,000	75,000
MORhomes	50,000	50,000
Metlife	101,000	61,000
Fair value of the interest rate swap	-	-
Arrangement Fee	(2,462)	(2,517)
Total	**368,664**	**355,435**

Liquidity

The association actively maintains a mixture of long term and short-term debt finance as well as maintaining a minimum cash level amount of £3m that is designed to ensure it has sufficient available funds for operations and planned expansion. Local Space monitors its levels of working capital to ensure it can meet its operational liabilities and debt repayments as they fall due.

The association's financial liabilities comprise trade creditors and bank borrowings which are measured at amortised cost. The contractual maturity of the bank borrowings are shown below. The trade creditors are all payable within their credit terms.

Security

The bank loans are secured by a fixed charge over the properties owned by the association.

Terms of repayment

The final repayment date of the loans from Lloyds, which currently total £124m is 2027. The final repayment date of the loans from Santander, which at the year end totalled £5m was 2032, however, this was prepaid in June 2024. The final repayment date of the loans from Barclays (£57m) is 2032. The M&G Bond of £75m is repayable commencing 2048. The MORhomes (£50m) funding is repayable in 2038. The first tranche of the Metlife loan (£40m) is repayable in 2044. A further £40m is repayable in 2039, with the final £21m repayable in 2053.

At 31st March 2024 the association had undrawn loan facilities of £59m (2023: £33m). All debts are secured by a first charge over properties owned by the association.

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

	2024 £'000	2023 £'000
Within one year or on demand	826	21,107
Between one and two years	25,126	826
Two years or more but less than five years	115,000	159,126
Five years or more	231,000	198,000
	371,952	**379,059**

Financial Instruments

The association's financial instruments comprise cash and cash equivalents, bank borrowings and items such as trade creditors and trade debtors which arise from its operations. The main purpose of these financial instruments is to provide finance for Local Space's operations.

Local Space's operations expose it to a variety of financial risks, including credit risk, liquidity risk and interest rate rise risk.

Credit risk

The association's credit risk is primarily attributable to its rental arrears. The association has implemented policies that requires appropriate pre-tenancy checks on potential new tenants before a property is let. The carrying amount of financial assets represents the maximum credit exposure.

Interest rate risk

The association has both interest-bearing assets and interest-bearing liabilities. Interest bearing assets comprise only cash and cash equivalents which earn interest at a variable rate. Local Space has a policy of maintaining debt at fixed and floating rates to manage future interest costs effectively.

Categories of financial assets and financial liabilities

	2024 £'000	2023 £'000
Financial liabilities measured at amortised cost	371,952	379,059
Total	**371,952**	**379,059**

Financial assets

Other than short-term debtors, financial assets held are equity instruments, cash deposits placed on money markets at call, seven-day and monthly rates and cash at bank. They are sterling denominated and the interest rate profile at 31st March was:

	2024 £'000	2023 £'000
Floating rate on money market deposits	3,058	-
Financial assets on which no interest is earned	-	7,058
Total	**3,058**	**7,058**

The financial assets are floating rate, attracting interest at rates that vary with bank rates.

The association's cash and cash equivalents earned interest between 1.6% and 2.3% during the year 2023/24.

Financial liabilities excluding trade creditors – interest rate risk profile

The association's financial liabilities are sterling denominated. The interest rate profile of the association's financial liabilities at 31st March was:

	2024 £'000	2023 £'000
Fixed rate	338,952	317,143
Floating rate	33,000	61,916
	371,952	**379,059**

The weighted average cost of borrowing at 31st March 2024 was 4.02%

The association has undrawn agreed committed borrowing facilities of £59m. The repayment profile for undrawn facilities is shown as follows:

	2023 £'000	2023 £'000
Expiring in one year or less	-	-
Expiring in more than one year but not more than two years	-	-
Expiring in more than two years	59,000	33,000
	59,000	**33,000**

32. Newham Sum

The Newham Sum is calculated according to the Master Agreement between Local Space and the London Borough of Newham. The Newham Sum for 2023/24 is £2.680m (2022/23: £2.654m).

At home with
LOCAL SPACE

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Local Space is a charitable registered society
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Registered Social Landlord (Reg. Number: LH4454)

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