



The illustration features a large yellow scroll with a blue border, held by two yellow rings at the top. The scroll is the central focus, displaying the title and year. Below the scroll, three stylized human figures in pink, green, and orange stand on a dark purple oval shadow. The green figure holds a magnifying glass over the year '2025' on the scroll. The background is a solid purple color with faint silhouettes of two people wearing headsets at computers, and two square frames containing a bar chart and a pie chart.

# Report and financial statements

For the year  
ended 31 March

2025



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# Corporate information

## Board Members

Victor Da Cunha (Chair)  
Alwyn Lewis  
Paul Edwards  
Conor McAuley (until 26 March 2025)  
Richard Stevens  
Josephine Parsons  
Pamela Leonce (until 11 November 2024)  
Jane Freeman  
Sheron Carter (Senior Independent Board Member)  
Sue Bunt (from 25 November 2024)  
Sarah Beckwith (from 25 November 2024)  
Marie Li Mow Ching (from 25 November 2024)

## Customer Services Committee (newly formed on 1 March 2025)

Alwyn Lewis (Chair)  
Jane Freeman  
Shaun Carr (Independent)  
Celia Wilson (Customer Independent)  
Elizabeth Leach (Customer Independent)

## Audit and Risk Committee

Richards Stevens (Chair)  
Conor McAuley (until 26 March 2025)  
Paul Edwards  
Nilesh Patel (until 25 March 2025)  
Alwyn Lewis (until 5 February 2025)  
Jane Freeman (until 5 February 2025)  
Graham Duncan (from 5 February 2025)  
Nicholas Cooper (from 5 February 2025)  
Marie Li Mow Ching (from 25 November 2024)

## Governance and Remuneration Committee

Pamela Leonce (Chair to 11 November 2024)  
Sue Bunt (Chair from 25 November 2024)  
Sarah Beckwith (from 25 November 2024)  
Sheron Carter  
Alwyn Lewis

## Senior Management Team

### Chief Executive

Josephine Parsons

### Deputy Chief Executive

Mark Kent (from 9 May 2024)

### Operations Director

Mark Kent (to 8 May 2024)

### Finance Director

Kim Humberstone

### Assistant Development Director

Kumraz Khan

### Corporate Services Director

Catherine Diamond (to 31 December 2024)

### Company Secretary

Sara Thomson (from 19 March to 7 June 2024)

### Head of Governance

Marianne Wyles (from 7 June to 3 September 2024)

### Company Secretary

Josephine Parsons (from 7 June to 3 September 2024)

### Company Secretary/Assistant Director of Governance

Anna Keast (from 3 September 2024 to date)

## Bankers

Lloyds Bank plc

## Funders

Lloyds Bank plc  
Barclays Bank plc  
NatWest Bank plc  
MorHomes plc  
MetLife  
M&G  
Aberdeen Group plc

## Solicitors

Devonshires Solicitors LLP  
30 Finsbury Circus  
London  
EC2M 7DT

## Auditor

Beever and Struthers  
150 Minorities  
London  
EC3N 1LS

# Chair's message

**The past 12 months have been a period of renewal and completion. As we look forward to delivering our new Corporate Strategy which will guide us to 2030, we have continued to build our organisational foundations, including starting the process of refreshing the Board and establishing a Customer Services Committee.**

We have completed our Hackney reprovizion programme and with the support of the Greater London Authority (GLA), we have delivered the Single Homelessness Accommodation Programme (SHAP). At the end of the year, we took back the last of our properties that the London Borough of Newham were managing for us. Our finances and governance have remained strong, enabling us to retain the highest possible G1/V1 regulatory rating.

As we approach Local Space's 20th anniversary, the Board has put significant effort into developing our new **Corporate Strategy 2025-30: Foundations for Successful Lives**. We have set ourselves the mission of helping solve the homelessness crisis for families by delivering high-quality settled homes that build foundations for successful lives. Our 'unit of currency' is one settled home for a homeless family, and this is how we will measure our success. Our strategic anchors will help us to assess the decisions we make, in order to deliver our objectives:

- More high-quality homes: we will deliver 20% more settled homes in Greater London locations.
- Customer-focused services: we will use trusted data and insight to shape our services.
- Better capability: we will invest in integrated systems to deliver better services.
- High-performing culture: we will build a strong values-based culture.

To help inform our customers' needs and to monitor our Tenant Satisfaction Measures (TSM), the Board have established a Customer Services Committee, comprised of Board members, including our Customer Champion, two of our customers and an independent member with considerable experience in this area.

We have committed to become an anti-racist organisation as we signed up to the Social Housing Anti-Racism Pledge (SHARP), and we have begun work towards this accreditation as part of our wider

equality, diversity and inclusion (EDI) work. We have started a refresh of our wider EDI plan which will ensure our team culture is inclusive and represents the communities we serve.

We have used all the funding we set aside for property acquisitions this year. We bought a further 12 energy-efficient properties from a developer in the London Borough of Havering, which together with five other properties, two of which were purchased in early April, completed phase one of the reprovizion agreement that we have with the London Borough of Hackney. We also purchased 18 properties, providing 19 bedspaces, for the Single Homelessness Accommodation Programme (SHAP). This is being delivered in partnership with Support When it Matters (SWIM) to tackle barriers to successful reintegration release from custody, discharge from prisons, secure health settings or a spell of homelessness or rough sleeping among African Caribbean and Dual Heritage (ACHD) men.

We have continued to work in partnership with the London Borough of Newham to take on short-term leases of properties they acquire to provide settled homes for their nominations. During the year, we entered into agreements for 27 new properties, and we will be continuing this partnership in 2025-26.

Our financial outturn is similar to the previous year. We had planned for a higher surplus, but cost pressures across our base made that too difficult. While headline inflation dropped to 1.7% in September, it had increased to 2.6% by the end of the year. Moreover, we experienced a lag effect of higher inflation from previous periods coming through in some costs like service charges.

We secured funding from NatWest Bank and this, together with the receipt of the second tranche of £40 million from MetLife, facilitated the repayment of some of our near to medium-term debt, including the closure of our facilities with Santander and clearing all our borrowings on revolving credit facilities. The scheduled receipt of the final tranche of £40 million in the next financial year will enable us to continue this progress.

For the final time, we are reporting on our objectives from our Corporate Strategy 2020-25.

## Services that our customers are happy with

We are proud that overall customer satisfaction improved from 73% in 2023/24 to 75% in 2024/25, in line with our target of 75%. Continuing to deliver a great customer experience remains a key focus for us in 2025/26, with these key activities planned:

- Exploring the transition to a new repairs delivery model, taking more direct control over how the service is delivered by using our own call handlers and schedulers and relying on small to medium sized contractors that share our standards.
- Continuing the delivery of our Customer Engagement Plan 2023-27.
- Collating customer profiling data to enable tailored services based on their needs.
- Breaking down performance and customer feedback to function, team and individual officer level so that targeted customer feedback and performance information can more closely inform improvements.

## Homes that people want to live in

Our second objective is to have homes that people want to live in. We have continued investing in our planned works programme while also allocating additional funding to our responsive urgent repairs and landlord safety servicing.

During the last year, our portfolio grew in line with our ambition to invest £7 million of our own capital, supported by grant funding. We delivered 12 newly constructed EPC B homes, which were allocated to the Hackney reprovion programme. We also acquired three existing properties at the very end of the financial year, which together with two acquired properties in early April, have enabled us to complete phase one of the reprovion agreement. We worked with the London Boroughs of Newham and Hackney to deliver SHAP, providing 18 homes and 19 bedspaces for rough sleepers in those boroughs.

Our strategic partner, the London Borough of Newham, has continued purchasing new properties from the open market at various locations in East

London. These properties are given to us, initially on five-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 2024/25, 27 properties came across to us, with an increased programme expected in 2025/26.

76% of customers surveyed feel satisfied that Local Space provides them with a home in a safe condition, a 1% increase compared to 2023/24.

## Being a successful, well-managed business

Our third priority is to be a well-managed and successful business. Our net surplus increased slightly to £2.25 million (2023/24: £1.95 million). At the budget planning stage, we had anticipated a higher surplus, but this did not materialise due to a combination of lower rents on one of our portfolios, fewer new short-lease properties coming on stream and higher operating costs driven by inflationary pressures, rather than increases in volumes. Our asset base remained at a similar level to the previous year at £618 million (2023/24: £615 million). Our operating margin was a healthy 44% (before the contracted Newham Sum), consistent to our previously reported position.

Our funding position remains in line with our Treasury Plan. During the year, we repaid and closed our facilities with Santander, repaid a revolving credit facility (RCF) that was due to expire in 2026, replacing it with a new facility that will run until 2029. We received a second tranche of £40 million from MetLife in February 2025 and used this to clear our RCFs. This has enabled us to increase our level of fixed rate borrowings to 100% and in so doing, remove most of our interest rate risk. The work of creating a new Treasury Plan to cover the period of the new Corporate Strategy has commenced.

## Beyond Bricks

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Our fourth and final objective is 'Beyond Bricks'. We know that many of our customers are struggling financially following a period of high inflation and crippling interest rates on personal loans and credit cards. We have established a hardship fund that supported 74 customers in 2024-25. In addition, we partner with StepChange, a debt advice charity, that enables our customers to get support whenever they need it, and we actively signpost customers who are struggling. We also support new customers to sustain their tenancies, through assistance with benefit claims, and where required, furniture packages. During the year, 56 customers benefited from these packages.

I was pleased to be able to attend the staff conference in April and hear first-hand the buzz and excitement around our new Corporate Strategy. I would like to extend my gratitude to all staff at Local Space for their tireless efforts to ensure that we continue to deliver high-quality settled homes that give our customers the best chance to live successful lives. I would also like to thank our local authority partners, the Greater London Authority and other strategic partners for supporting us on this journey and as we enter our twentieth year in 2026.

One of our Board members, Pamela Leonce, stepped down during the year, while Connor McAuley reached the end of his term. I would like to thank them both for their contribution to Local Space over many years. Finally, I would like to welcome the new members of our Board and the customer and independent members of our committees. I wish you every success as you take up the baton of helping to shape the future of our organisation.

**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 2025.

## Strategy and 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 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 2024/25 are set out below and performance against these objectives is reported on pages 10 and 11 of these statements:

Strategic objectives	Primary performance goals
Homes that people want to live in	<ul style="list-style-type: none"><li>• We will continue delivery of a revised agreement with the London Borough of Waltham Forest, delivering as many more homes for them as are affordable within our plan.</li><li>• We will continue delivery of the replacement programme with the London Borough of Newham and the London Borough of Tower Hamlets.</li><li>• We will explore and deliver new ways of working with the London Borough of Newham and our other partners.</li><li>• We will deliver year five of our seven-year stock investment programme.</li><li>• Customer satisfaction with our existing homes is 75% or better.</li></ul>
Services that our customers are happy with	<ul style="list-style-type: none"><li>• Our relaunched customer complaints service will be working well.</li><li>• 90% (or more) of complaints are resolved on time.</li><li>• We will develop our digital offer and improve our IT infrastructure ready for growth.</li><li>• We will have no notifiable data breaches in the year.</li><li>• Customer satisfaction with our repairs service is 75% or better across all our homes.</li><li>• Customer satisfaction relating to how we listen to their views and act on them is 65% or better.</li></ul>
Being a successful business	<ul style="list-style-type: none"><li>• We will maintain our S&amp;P AA- credit rating.</li><li>• We will regain G1/V1 regulatory ratings.</li><li>• We will demonstrate full covenant compliance with all covenants and regulatory standards.</li><li>• We will keep our operating margin in line with our plans and deliver on budget.</li></ul>
Being a well-managed organisation	<ul style="list-style-type: none"><li>• Staff satisfaction will increase compared to 2023/24.</li><li>• We will tell our distinctive story in our local area, and in our sector.</li><li>• We will complete an options appraisal for managing Growth Portfolio A (GPA) homes.</li></ul>
Beyond Bricks	<ul style="list-style-type: none"><li>• We will deliver our network of support with our partners.</li><li>• We will continue delivering our carbon neutral programme including improving fuel efficiency in homes.</li><li>• We will deliver our revised resident involvement programme.</li></ul>

## 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.

We provide local authorities' homeless prevention teams with nomination rights to intermediate and affordable rented homes with rents typically set between 60%-70% of the equivalent market rent. Facilitating local authorities' discharge of their emergency homeless prevention duty (under Part VII of the Housing Act 1996) is one of the factors that sets us apart from other registered providers of social housing (who typically offer social rent/general needs tenancies and accept nominations from local authorities under Part VI of the Housing Act 1996, which requires them to provide subsidised rental housing fairly to those who more generally cannot afford to meet their needs on the open market, but are not at imminent risk of homelessness).

While we do provide some affordable and social rented homes, most of our homes are intermediate rent products and consequently they are exempt from the regulator's rent and tenancy standards. This means we have more direct control over how we set and increase rents. It also means we can issue tenancy agreements that are similar to those found in the private rental sector in terms of rights and security.

Additionally, Local Space leases around 1,400 homes to the London Borough of Newham under long leases (typically 15 years, many now holding over). These are leases between two organisations, Local Space and the London Borough of Newham, therefore they fall outside the definition of social housing. As a result, the consumer standards regulated by the Regulator of Social Housing, including the rent standard, do not apply to these homes.

However, the economic standards, such as governance and financial viability, value for money, and asset and liabilities, continue to apply to Local Space as an organisation. These standards cover our overall financial performance and management, including our leasing arrangements with Newham, because they affect the financial strength and risks of the business.

In addition, although these homes are not regulated as social housing, Local Space retains certain landlord obligations under the lease agreement, such as providing

gas safety, electrical safety, and fire safety certificates at the point of leasing and throughout the lease term.

**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 by 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. In 2024/25, it was 43% (2023/24: 41%), as calculated after deducting the Newham Sum compared with median operating margins of 18% (England) and 14.2% (London) in our sector (2023/24). Our net margin in 2024/25 was 5% (2023/24: 5%). 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. 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 2025/26 assumes a total of 30 acquisitions for our local authority partners. The plan is to focus and prioritise acquisitions in 2025/26 which attract grant funding to supplement our budget for acquisitions.

During 2024/25, we conducted a comprehensive housing stock condition survey on just under 600 properties and in 2025/26, we will complete the programme for all our directly managed properties. This will feed into a new 30-year 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 for our customers and meet carbon neutrality targets, utilising funding from Wave 2 and Wave 3 of the Social Housing Decarbonisation Scheme, now known as the 'Warm Homes: Social Housing Fund'.

We acquired 12 new-build homes during 2024/25 for the Hackney reprovion programme. These homes have had fixtures and fittings installed, in readiness for occupation and are now undergoing the final stage of compliance checks. We also acquired three existing market properties (under the same programme) which are currently being refurbished. We acquired 18 homes (19 bedspaces) for the Single Homelessness Accommodation Programme (SHAP). 12 of the 18 acquired homes were refurbished and handed over for let by the year end. SHAP was grant funded by the Greater London Authority (GLA).

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 2024/25

Financial performance has been satisfactory in the year with an operating surplus of £20.8 million before the Newham Sum (2023/24: £20.1 million), and a net surplus of £2.25 million (2023/24: £1.95 million).

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 value for money indicators set by the Regulator of Social Housing.

Value for money metrics and performance measures	2023/24 actual	2024/25 <sup>4</sup> plan	2024/25 actual	2025/26 <sup>5</sup> plan	Median for sector 2023/24 <sup>6</sup>
Reinvestment %	1.2%	2%	1.8%	2%	5.0%
New supply delivered (social housing) <sup>1</sup>	15%	13.9%	1.9%	10.2%	0.6%
Gearing	60%	55.1%	59.8%	60.2%	42.3%
EBITDA-MRI interest cover	154.2%	157.1%	153.3%	170.8%	70.1%
Headline social housing cost per unit <sup>2</sup>	£7,684	£7,267	£9,064	£9,506	£8,207
Operating margin (overall)	48.5%	44.5%	43%	42.8%	14.2%
Return on capital employed (ROCE)	3.3%	3.5%	3.5%	3.4%	2.0%
Weighted average cost of capital	4.02%	4.06%	4.24%	4.43%	N/A
Liquidity <sup>3</sup>	48.3%	59.2%	48.3%	67%	N/A
Total number of homes	3,036	3,193	3,093	3,223	N/A
Number of new homes acquired	245	157	57	130	N/A
Number of new homes let	41	N/A	N/A	N/A	N/A
Investment in existing homes	£3.7m	£4.1m	£2.6m	£3.6m	N/A
Investment in new homes	£4.8m	£9m	£8.4m	£10.1m	N/A
Rent losses (void and bad debts as % rent and service charges receivable)	1.4%	1.3%	1.8%	1.9%	N/A
Rent arrears (gross arrears as % rent and service charges receivable)	3.13%	2.8%	3.43%	3.36%	N/A
Operating margin (social housing)	24.5%	36.3%	23.8%	26%	16.2%
Net surplus	£1.95m	£3.4m	£2.25m	£1.96m	N/A
Surplus for the year (as % income from lettings)	4.86%	8%	4.8%	3.96%	N/A

<sup>1</sup> New supply delivered for 2023/24 used the net increase in units for the calculation.

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

<sup>3</sup> Liquidity is calculated as current assets divided by current liabilities (excluding loan repayments).

<sup>4</sup> 2024/25 based on plan agreed by Board in May 2024.

<sup>5</sup> 2025/26 based on plan agreed by Board in May 2025.

<sup>6</sup> Median based on value for money report, annex to Global Accounts 2024 for Providers owning/managing more than 1,000 homes in the London region.

The variance between actual and planned results for 2024/25 is largely due to the following:

- There were fewer homes than planned due to a lower than anticipated transfer of homes under the lease partnership arrangement with the London Borough of Newham.
- The headline social housing cost per unit is higher due to an increase in service charges on our leased properties, together with a general increase in repairs and maintenance costs.
- The plan shows increased EBITDA (MRI) interest cover going forward due to the switching of the majority of our debt to fixed loans.

Key results for 2024/25 are as follows:

#### Homes that people want to live in

- We acquired 33 new homes in addition to 27 leased units from the London Borough of Newham being made available to house families in need.
- Our portfolio grew slightly less than we had initially envisaged due to a lower than anticipated transfer of leased homes from the London Borough of Newham.
- We delivered £2.6 million of our budgeted £3 million stock investment programme.
- 76% of customers surveyed feel satisfied that Local Space provides them with a home in a safe condition, a 1% increase compared to 2023/24.

#### Services that our customers are happy with

- Our new complaints handling approach is working well with 95% of stage one complaints being resolved on time.
- 48% of customers surveyed were satisfied with our approach to complaints handling which is above the sector median. This is a continued area of focus for us.
- 2024/25 was the first full year of our RingCentral telephone system. This enabled us to use data to identify areas of improvement within our telephone interaction with our customers.
- We are striving to replace paper forms and the requirement for signatures with electronic forms that customers can sign on a mobile device. The aim is to reduce the administrative burden on our customers and staff and ensure there is a failsafe

paper trail of documentation.

- We had no notifiable breaches of data protection this year.
- Overall customer satisfaction rose by 2% from 73% to 75% in 2024/25. This result meets our 75% target.
- We invested £2.6 million in improvements and planned maintenance on our existing homes (including energy performance improvements).

#### Being a successful business

- Overall arrears were 4.7% of turnover at the end of 2024/25.
- Void losses remain low at 1% of rent receivable.
- Net margin remained at 5% which is same level as in 2023/24.
- Operating margin after Newham Sum payment was 38.3%.

#### Being a well-managed business

- Salary benchmarking was conducted in January 2025. The results showed that Local Space salaries are competitive for the sector and geographical location and likely contribute to positive recruitment and retention outcomes.
- In the annual stability check undertaken by the Regulator of Social Housing, Local Space retained its G1/V1 rating.
- We undertake an annual review on our compliance with the regulatory standards and report on this to the Board. We maintained full compliance during the year. We ask each Director to confirm annually that the key controls within their directorate are robust and to report on any control weaknesses including associated action plans for mitigation.
- During 2024/25, Local Space started a commercial contract with UK1Tech as their IT service provider. Cyber security is within the contract, including platforms and devices, and includes an annual penetration test from an external provider.
- Investment in our housing and asset management software remains a priority with a focus on configuring our asset management system to be able to accept the stock condition survey outcomes directly from the external surveyor. This will ensure we have up-to-date data on the condition of our assets and components, which in turn, will enable longer term repair and replacement planning.

- Our people shape our business and our operational effectiveness. During 2024/25, Investors in People (IIP) conducted two surveys and held focus groups with our people. The outcome was that Local Space retained its silver accreditation. Some highlights include: 94% of our people believe Local Space has a positive impact on society and 78% of our people say that Local Space is a great place to work. That said, we are not complacent and recognise that we have more work to do in acknowledging high performance and in delivering appropriate and relevant training to our teams.

1% of our annual rent roll was lost due to empty properties. Our arrears concluded the year at 4.7% of our annual rent roll, with half of our homes leased to a local authority who bore the bad debt risk in 2024/25 and a quarter of our homes contracted with local authorities who underwrite these arrears.

We invested £2.6 million in improvements and planned maintenance on our existing homes (including energy performance improvements) in the year. Health and safety have 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 leased properties from our main partner, the London Borough of Newham and the growth programme which has been underway since 2016. The amount of funds invested in 2024/25 was £7 million (2023/24: £6 million).

One of the consequences of our investment in new homes is that gearing levels in the business remain relatively high at 59.8% (2023/24: 60%). 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 42.3% (London) demonstrating both differing loan covenants and 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 2024/25 at £9,064 (2023/24: £7,684). This is higher than the sector median for providers in the London region of £8,207 per unit. The lease arrangement with the London Borough of Newham is a unique activity in our operational model and is the primary driver for the variance.

This outturn is consistent with our Corporate Strategy of investing more in our existing customers and their homes. Future investment includes £10 million 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 meet carbon neutrality targets.

Our interest cover in 2024/25 was 153.3% (2023/24: 154.2%). The decrease in cover is due to the fixing of higher proportion of our borrowings and thereby avoiding fluctuations in interest rates. The sector median in London is 70.1%. Looking ahead, we are confident that we will continue to be able to secure further funding at competitive rates.

The Board has approved a new Value for Money Framework for 2024-27. This sets out five areas where we will focus our work: business improvement, resource allocation, performance, benchmarking and embedding value for money throughout Local Space. Resource allocation has been a focus of our budget setting this year and our Service Improvement & Customer Voice team are developing a set of performance metrics and will be benchmarking these.

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 2024/25, 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:

**Risk** Health and safety neglect adversely impacting customers.

### Main mitigating actions

- We undertake regular fire risk assessments.
- To ensure gas safety in our homes, we have a dedicated officer, monthly reviews with contractors, and use of court procedures where required.
- Our people receive mandatory training and follow our Health and Safety Policy.
- We follow construction, design and management (CDM) regulation compliance for repair and refurbishment projects.
- We carry out six internal audits per year.
- There is regular health and safety reporting to the Board and Senior Management Team with key performance indicators (KPIs).

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

### Main mitigating actions

- We identify higher risk customers/properties by collecting data in our housing management system. We share relevant information with our contractors.
- Our people receive mandatory training and follow our Health and Safety Policy.
- We undertake health and safety risk assessments and regularly update guidance on working in the office, working from home and lone working.
- We regularly survey our people and put action plans in place, where necessary.

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

### Main mitigating actions

- We publish this annual report and financial statements, with the Board's input, to ensure legal and regulatory compliance with interim reports as required.
- Board members receive appraisals, inductions, training, and succession planning.

- We maintain and review a Board work programme at Board meetings.
- We review our compliance with the National Housing Federation (NHF) Code of Governance 2020.
- We maintain a compliance checklist to ensure we are meeting the regulatory standards.
- There are regular Senior Management Team reviews of outstanding internal audit actions reported to the Board in KPI reports.
- To prevent fraud, our people receive mandatory training and follow our Anti-fraud Policy. Additionally, we have delegated authorities, governance procedures in place and financial controls and regulations.
- We carry out a governance review every three years. The last review took place in March and April 2025.
- We adopt the Housing Association's Legal Alliance (HALA) framework to ensure compliance.
- We follow the National Housing Federation (NHF) Code of Governance 2020 to ensure compliance.
- Our policies and procedures framework is adopted for compliance.
- All Board papers are subject to peer review by the Assistant Director of Governance and the Chief Executive.

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

### Main mitigating actions

- There are additional IT controls including Microsoft Intune for mobile devices and two-factor authentication for key systems.
- We have achieved cyber-essential accreditation for three consecutive years, including running an annual deep dive review to identify any attempted cyber threats to our systems.
- We publish biannual departmental compliance statements internally.
- We are running a housing management system (Civica and CX) improvement programme.
- We follow data retention policies, schedules and sharing agreements.
- Our staff and Board receive mandatory training and follow the General Data Protection Regulation (GDPR) compliant Data Protection Policy and IT policies and procedures.
- We undertook an internal audit of cyber-resilience in 2023.

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

**Main mitigating actions**

- We carry out regular customer surveys and focus groups.
- We have appointed a Board Champion for complaints handling.
- We have created a Customer Services Committee, chaired by the Board's Customer Champion for complaints which includes representation from Local Space customers and Board members.
- We carry out stock condition surveys and an asset replacement programme.
- Complaints are monitored and responded to within the timeline set out in our Complaints Policy, in line with the Housing Ombudsman Complaint Handling code.
- All managers in leadership roles receive a loyalty training programme and we will be rolling this out to all staff. We offer other tailored training as required.
- There is quarterly reporting to Board on key KPIs and regular reporting to the Senior Management Team.
- We recruit and retain good quality people.
- We review responsive repairs and contract management of our repairs provider.
- A Customer Engagement Plan is in place and embedded in our ways of working.

**Risk** Unable to meet strategic growth objectives.

- There is daily cash flow forecasting to ensure liquidity is in place to fund short-term commitments.
- The Development and Finance team attend meetings to plan timings of cash requirements.
- Our Development Strategy is in place and embedded in our ways of working.
- We stress test the financial plan to assess the impact of inflation and interest rates.
- We carry out treasury reporting with medium- to long-term cash flow forecasts to facilitate liquidity and enable our growth programme to be financed without delay.

**Risk** Unable to meet 'Beyond Bricks' corporate objective.

**Main mitigating actions**

- Our Asset Management Plan aims to improve energy performance certificate (EPC) ratings and reduce costs for customers.
- A Customer Engagement Plan is in place and embedded in our ways of working.
- The Board and Senior Management Team regularly monitors our KPIs.

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

**Main mitigating actions**

- This Annual Report is shared with the Board which sets out the basis of rent setting for each control group with legal advice updates as required.
- Legal advice is received when new rent arrangements are put in place.

**Risk** Unable to recruit/retain quality staff.

**Main mitigating actions**

- We carry out job evaluations and refresh our pay structure to provide a competitive, open and transparent framework to help further attract and retain staff.
- Leadership and management training is delivered to managers as part of the People First programme.
- We carry out regular staff surveys including deep dive focus groups on specific topics.
- We aim to enhance our staff rewards and benefits package.
- Wellbeing and mental health training and support is offered to all staff.

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

**Main mitigating actions**

- We ensure that all key procedures can be covered by a minimum of two officers.
- Policies and procedures are regularly updated.
- We ensure all staff take annual leave to minimise fraud risk.

### Risk Inadequate and/or inefficient financial control.

#### Main mitigating actions

- We set annual budgets and quarterly forecasts which is shared with the Board.
- Our Asset and Liability Register details key assets and liabilities and it is updated monthly.
- We ensure there is an independent external audit of our annual report and financial statements.
- We ensure there is an independent review of the financial plan with stress testing by financial advisors.
- Our internal audit programme is based on key risks.
- Monthly financial reporting is shared with the Senior Management Team.
- Monthly reconciliation of our balance sheet control accounts is reviewed by the Head of Finance.
- We publish quarterly management accounts and treasury reporting internally.

## Governance

Local Space has maintained its high standards of governance. During the year, the Regulator of Social Housing (RSH) confirmed a G1 grading and viability rating of V1.

The Board continues to meet both virtually and in person and in 2024/25, it held two in-person strategy days. The Board continues to review and refresh its skills to ensure that Local Space has the right combination of people with the necessary skills and competencies to maintain an effective Board that works towards achieving Local Space's strategic objectives. New Board and Committee members have been onboarded to replace those who have reached the end of their tenure.

Local Space continue to work to the National Housing Federation Code of Governance 2020 and reviews its compliance with its code annually. Local Space continues to be compliant with the 2020 code. We review our compliance with all the relevant RSH standards annually. We can certify that there has been full compliance with the RSH's economic and regulatory standards and that there is an action plan in place to monitor our compliance with the RSH's consumer standards.

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

## 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 and the Board.
- Asset and Liability Register maintained and updated every month with regular reporting to the Audit and Risk Committee and the 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 Whistleblowing Policy.
- Training plans and skills matrix for the Board, approved by the Governance and Remuneration Committee.
- Governance and 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 TIAA is satisfied that, for the areas reviewed during the year, Local Space has reasonable and effective risk management, control and governance processes in place. This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year. It does not reflect all elements of the risk management, control and governance processes or the ongoing financial viability or ability to meet financial obligations, which must be obtained by Local Space from its various sources of assurance.

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

Area	Key findings
Risk management	Reasonable
Core compliance x 2	Reasonable/ Good outcome
Budgetary control and financial planning	Substantial
Landlord health and safety	Substantial
IT (GDPR compliance)	Reasonable
Recruitment and retention	Substantial

Management have responded positively 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 good progress has been made.

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.



**Victor Da Cunha**  
Chair



**Josephine Parsons**  
Chief Executive

# Statement of responsibilities of the Board

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.
- 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 29 July 2025 and signed on its behalf by:



**Victor Da Cunha**  
Chair

# 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 2025 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 2025 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 16, 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](http://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.

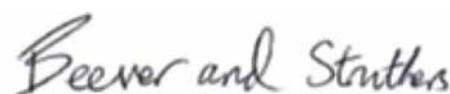
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have 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**

Statutory Auditor, Chartered Accountants  
150 Minorities  
London EC3N 1LS

Date: 3 September 2025

# Statement of comprehensive income

	Note	2025 £'000	2024 £'000
Turnover	3	47,303	42,464
Operating expenditure	3	(26,984)	(21,883)
Gain/(loss) on disposal of property, plant and equipment fixed assets	6	480	(490)
Unrealised gain/(loss) on revaluation of investment properties	16	10	(5)
<b>Operating surplus</b>	8	<b>20,809</b>	<b>20,086</b>
Newham Sum	32	(2,707)	(2,680)
		<b>18,102</b>	<b>17,406</b>
Interest receivable	7	131	140
Interest and financing costs	7	(16,081)	(15,477)
<b>Surplus before taxation</b>		<b>2,152</b>	<b>2,069</b>
Taxation	9	-	-
<b>Surplus after taxation</b>		<b>2,152</b>	<b>2,069</b>
<b>Other comprehensive income</b>			
Actuarial gain/(loss) in respect of pension schemes	12	101	(119)
<b>Total comprehensive income for the year</b>		<b>2,253</b>	<b>1,950</b>

The financial statements and accompanying notes on pages 24 to 44 were approved and authorised for issue by the Board on 29 July 2025 and signed on its behalf by



**Victor Da Cunha**  
Chair



**Josephine Parsons**  
Chief Executive and Board Member



**Anna Keast**  
Secretary

The statement of comprehensive income relates wholly to continuing activities and the notes on pages 24 to 44 form an integral part of these financial statements.

# Statement of financial position

	Note	2025 £'000	2024 £'000
<b>Tangible fixed assets</b>			
Housing properties	14	613,056	610,637
Other fixed assets	15	2,880	2,480
Investment properties	16	1,000	990
Investments	18	855	855
		<b>617,791</b>	<b>614,962</b>
<b>Current assets</b>			
Trade and other debtors	17	3,965	3,030
Cash and cash equivalents		4,200	3,060
		<b>8,165</b>	<b>6,090</b>
<b>Creditors: amounts falling due within one year</b>	19	(30,001)	(13,437)
<b>Net current liabilities<sup>1</sup></b>		<b>(21,836)</b>	<b>(7,347)</b>
<b>Total assets less current liabilities</b>		<b>595,955</b>	<b>607,615</b>
<b>Creditors: amounts falling due after more than one year</b>			
	20	(384,131)	(397,876)
<b>Provisions for liabilities</b>			
Pension – defined benefit liability	12	(301)	(469)
		<b>211,523</b>	<b>209,270</b>
<b>Total net assets</b>			
<b>Reserves</b>			
Income and expenditure reserve		89,750	87,133
Revaluation reserve		121,773	122,137
Called-up share capital	25	-	-
<b>Total reserves</b>		<b>211,523</b>	<b>209,270</b>

The financial statements and accompanying notes on pages 24 to 44 were approved and authorised for issue by the Board on 29 July 2025 and signed on its behalf by:

**Victor Da Cunha**  
Chair

**Josephine Parsons**  
Chief Executive and Board Member

**Anna Keast**  
Secretary

The notes on pages 24 to 44 form an integral part of these financial statements.

<sup>1</sup>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 2023	84,266	123,054	207,320
Total comprehensive income for the year	1,950	-	1,950
Unrealised gain on revaluation of investment properties	5	(5)	-
Released on disposal of properties	912	(912)	-
<b>Balance at 31 March 2024</b>	<b>87,133</b>	<b>122,137</b>	<b>209,270</b>
Total comprehensive income for the year	2,253	-	2,253
Unrealised (loss) on revaluation of investment properties	(10)	10	-
Released on disposal of properties	374	(374)	-
<b>Balance at 31 March 2025</b>	<b>89,750</b>	<b>121,773</b>	<b>211,523</b>

The notes on pages 24 to 44 form an integral part of these financial statements.

# Statement of cash flows

	2025	2024
	£'000	£'000
<b>Net cash generated from operating activities</b>	27,408	24,102
<b>Cash flow from investing activities</b>		
Purchase of tangible fixed assets	(11,898)	(7,944)
Sale proceeds	2,046	490
Grants received	2,039	1,266
Grant repaid	(3,009)	-
Interest received	131	140
	<u>16,717</u>	<u>18,054</u>
<b>Cash flow from financing activities</b>		
Interest paid	(16,081)	(14,549)
Break cost and loan arrangement fee	(670)	(397)
Loan drawn down	63,000	60,000
Loan repayment	(61,826)	(67,107)
	<u>(16,182)</u>	<u>(22,053)</u>
<b>Net change in cash and cash equivalents</b>	1,140	(3,999)
<b>Cash and cash equivalents at beginning of the year</b>	3,060	7,059
<b>Cash and cash equivalents at end of the year</b>	<u>4,200</u>	<u>3,060</u>

	2025	2024
	£'000	£'000
<b>Cash flow from operating activities</b>		
Total comprehensive income for the year	2,253	1,950
Adjustments for non-cash & non-operating activity items:		
Depreciation of tangible fixed assets	8,215	7,587
(Increase)/decrease in trade and other debtors	(935)	(215)
Increase/(decrease) in trade and other creditors	1,804	1,430
Pension provision	(168)	46
Surplus on fixed asset disposals	480	(490)
Amortisation of loan arrangement fee	728	263
Grant amortisation	(909)	(883)
Unrealised deficit on revaluation of investment properties	(10)	5
Interest payable	16,081	14,549
Interest receivable	(131)	(140)
<b>Net cash generated from operating activities</b>	<u>27,408</u>	<u>24,102</u>

The notes on pages 24 to 44 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 comprises 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 accrual 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.

## 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 31 March 2025. 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)	£89,000
Management Costs	4.3% of Rent Debit pa
Maintenance	2.8% of Rent Debit pa
Net Yield Applied	6.79% - 8.83%

## 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 grants received.

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 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.

The scheme assets are measured at fair value and scheme liabilities are measured on an actuarial basis. The liabilities are compared, at the relevant accounting date, with the fair share of the Scheme's total assets to calculate the net deficit or surplus. This has been recognised within the defined benefit pension liability in the statement of financial position.

Consistent with FRS 102 28.11B, the difference between the deficit funding liability and the net

defined benefit deficit for SHPS has been recognised in Other Comprehensive Income

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

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period within the income and expenditure account.

Interest is calculated on the net defined benefit liability. 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 1 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, NatWest, 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

2025	Turnover	Operating expenditure	Operating Surplus
	£'000	£'000	£'000
Social housing letting	24,583	(18,733)	5,850
Non-social housing activities	22,720	(8,251)	14,469
	<b>47,303</b>	<b>(26,984)</b>	<b>20,319</b>
Gain/(loss) on disposal of property, plant and equipment fixed assets			480
Unrealised (loss)/surplus on revaluation of investment properties			10
<b>Total</b>			<b>20,809</b>

2024	Turnover	Operating expenditure	Operating Surplus
	£'000	£'000	£'000
Social housing letting	19,966	(15,069)	4,897
Non-social housing activities	22,498	(6,814)	15,684
	<b>42,464</b>	<b>(21,883)</b>	<b>20,581</b>
Gain/(loss) on disposal of property, plant and equipment fixed assets			(490)
Unrealised (loss)/surplus on revaluation of investment properties			(5)
<b>Total</b>			<b>20,086</b>

## Particulars of income and expenditure from social housing lettings

			2025	2024
	Temporary social housing £'000	Key worker housing £'000	Total £'000	Total £'000
Rent receivable net of identifiable service charges	21,561	1,779	23,340	19,071
Service charge income	-	-	-	12
Grant amortisation	906	3	909	883
Other income	334	-	334	-
<b>Turnover from social housing lettings</b>	<b>22,801</b>	<b>1,782</b>	<b>24,583</b>	<b>19,966</b>
Management	(4,429)	(350)	(4,779)	(3,368)
Service charge costs	(2,547)	(117)	(2,664)	(1,849)
Routine maintenance	(2,491)	(148)	(2,639)	(2,775)
Planned maintenance	(817)	(53)	(870)	(765)
Major repairs expenditure	-	-	-	-
Bad debts	(364)	-	(364)	(224)
Depreciation of housing properties	(4,261)	(277)	(4,538)	(4,548)
Lease costs	(2,696)	-	(2,696)	(1,404)
Other costs	(159)	(24)	(183)	(136)
<b>Operating costs on social housing lettings</b>	<b>(17,764)</b>	<b>(969)</b>	<b>(18,733)</b>	<b>(15,069)</b>
<b>Operating surplus on social housing lettings</b>	<b>5,037</b>	<b>813</b>	<b>5,850</b>	<b>4,897</b>
Void losses	(452)	(14)	(466)	(369)

## Particulars of income and expenditure from non-social housing lettings

	2025	2024
	Total £'000	Total £'000
Rent receivable net of identifiable service charges	22,631	22,413
Service charge income	-	-
Grant amortisation	-	-
<b>Turnover from non-social housing lettings</b>	<b>22,631</b>	<b>22,413</b>
Management	(3,156)	(2,673)
Service charge costs	(1,150)	(554)
Routine maintenance	(581)	(596)
Planned maintenance	(98)	(31)
Major repairs expenditure	-	-
Bad debts	-	-
Depreciation of housing properties	(3,164)	(2,850)
Other costs	(102)	(110)
<b>Operating costs on non-social housing lettings</b>	<b>(8,251)</b>	<b>(6,814)</b>
<b>Operating surplus on non-social housing lettings</b>	<b>14,380</b>	<b>15,599</b>
Void losses	-	-

## Particulars of turnover from commercial lettings and non-letting activities

	2025 £'000	2024 £'000
Investment property income	89	83
Other income	-	2
<b>Total</b>	<b>89</b>	<b>85</b>

## 4. Accommodation in management and development

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

	2025 No of properties	2024 No of properties
<b>Social housing</b>		
Temporary social housing	1,535	1453
Key worker housing	136	135
<b>Total social housing</b>	<b>1,671</b>	<b>1,588</b>
<b>Non-social housing</b>		
Investment properties	3	3
Acquired and equity	1,422	1,448
<b>Total non-social housing</b>	<b>1,425</b>	<b>1,451</b>
<b>Total owned</b>	<b>3,096</b>	<b>3,039</b>

## 5. Accommodation managed by others

The association owns property managed by other bodies:

	2025 No of properties	2024 No of properties
Acquired	983	998
Equity	439	450
GPA	106 <sup>1</sup>	715 <sup>1</sup>
<b>Total</b>	<b>1,528</b>	<b>2,163</b>

<sup>1</sup>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

	2025 £'000	2024 £'000
Disposal proceeds	1,356	1,425
Cost of disposals	(9)	(12)
Carrying value of fixed assets	(867)	(1,903)
Surplus/(deficit)	<b>480</b>	<b>(490)</b>
Capital grant recyclable/repayable (Note 22)	<b>(1,916)</b>	<b>365</b>
Disposals proceeds fund (Note 23)	-	-

## 7. Net interest

	2025 £'000	2024 £'000
<b>Interest receivable and similar income</b>		
<b>On financial assets measured at cost:</b>		
Interest receivable from current accounts	102	140
Interest receivable from short term deposits	-	-
Interest on fixed asset investments	29	-
<b>Total interest receivable</b>	<b>131</b>	<b>140</b>
<b>Interest payable and financing costs</b>		
<b>On financial liabilities measured at amortised cost:</b>		
On loans repayable within 5 years	7,069	8,285
On loans wholly or partly repayable in more than 5 years	8,228	6,876
Interest on pension scheme liabilities	21	18
Costs associated with financing	763	298
	<b>16,081</b>	<b>15,477</b>
<b>Net interest payable</b>	<b>15,950</b>	<b>15,477</b>

## 8. Operating surplus

The operating surplus is arrived at after charging/(crediting):	2025 £'000	2024 £'000
Depreciation of housing properties	7,707	7,380
Depreciation of other tangible fixed assets	508	366
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	38	37
– Fees payable to the association's auditors for other services:	1	1
<b>Total audit services</b>	<b>39</b>	<b>38</b>
All other services	-	-
<b>Total non-audit services</b>	<b>-</b>	<b>-</b>

## 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 2024/25.

## 10. Employees

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

	2025 No	2024 No
Administration	26	20
Development	5	5
Housing, support and care	34	24
	<b>65</b>	<b>49</b>

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

### Key management personnel consist of:

	2025 No	2024 No
£60,001 to £70,000	4	6
£70,001 to £80,000	7	2
£80,001 to £90,000	2	4
£90,001 to £100,000	3	3
£100,001 to £110,000	1	-
£110,001 to £120,000	-	-
£120,001 to £130,000	-	-
£130,001 to £140,000	-	1
£140,001 to £150,000	-	-
£150,001 to £160,000	-	2
£160,001 to £170,000	2	-
£170,001 to £180,000	-	-
£180,001 to £190,000	-	1
£190,001 to £200,000	1	-

Employee costs:	2025 £'000	2024 £'000
Wages and salaries	3,594	2,764
Social security costs	424	321
Other pension costs	445	268
	<b>4,463</b>	<b>3,353</b>

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	Employer's NIC	Pension contributions	2025 total	2024 total
	£'000	£'000	£'000	£'000	£'000
<b>Chief Executive</b>					
Josephine Parsons	178	22	18	218	206
Key management personnel	607	79	74	760	678
	<b>785</b>	<b>101</b>	<b>92</b>	<b>978</b>	<b>884</b>

During the year, the aggregate compensation for loss of office of key management personnel was £74k (2024: £nil).

	2025	2024
	£	£
Deputy Chief Executive: <b>Mark Kent</b>		
Finance Director: <b>Kim Humberstone</b>		
Assistant Development Director: <b>Kumraz Khan</b>		
Corporate Services Director: <b>Catherine Diamond</b> (to 31 December 2024)		
Company Secretary: <b>Josephine Parsons</b> (from 7 June – 3 September 2024)		
Company Secretary/Assistant Director of Governance <b>Anna Keast</b> (from 3 September 2024)		
Head of Governance/Company Secretary: <b>Sara Thomson</b> (from March 19th to 7th June 2024)		
Head of Governance: <b>Marianne Wyles</b> (from 7 June to 3 September 2024)		
Victor Da Cunha	10,800	10,000
Martin Bellinger (to November 2023)	-	2,667
Richard Stevens	6,500	6,000
Paul Edwards	4,500	4,000
Tim Mulvenna (to April 2024)	500	6,000
Conor McAuley	4,500	4,000
Nilesh Patel	2,500	2,000
Pamela Leonce (to November 2024)	4,333	4,000
Sheron Sadie Carter	6,500	6,000
Alwyn Lewis	5,667	4,000
Jane Freeman	4,500	2,000
Susan Bunt(from January 2025)	2,115	-
Sarah Beckwith (from January 2025)	1,587	-
Shaun Carr (from January 2025)	881	-
Marie Li Mow Ching (from January 2025)	1,587	-
Nicholas Cooper (from February 2025)	417	-
Graham Duncan (from February 2025)	417	-
	<b>57,304</b>	<b>50,667</b>

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 £177,723 from 1 April 2024 to 31 March 2025 (2023/24: £167,622).

### Board and committee members

The association had 13 serving Board and committee members in 2024/25 (2023/24:12). The Board and Committee members received emoluments of £57,304 during the year (2023/24: £50,667). One member who was not entitled to receive emoluments is the Chief Executive whose details are shown above.

### Transparency information

The remuneration payable to the highest paid Director, relative to the size of the landlord was £101 per Social Housing Unit<sup>1</sup>.

The aggregate amount of remuneration paid to Directors, relative to the size of the landlord was £347 per Social Housing Unit<sup>1</sup>.

The Management costs attributable to social lettings, relative to the size of the landlord was £2,859 per Social Housing Unit.

<sup>1</sup>At the year-end 46% 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), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK. The accounting policies in relation to SHPS DC and DB schemes are set out on page 27. As at the Statement of Financial Position date, there were 22 (2024: 23) active members of the scheme employed by the association.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, sets out the framework for funding defined benefit occupational pension schemes in the UK.

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2023. This valuation revealed a deficit of £693m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

The TPT valuation at 31 March 2025 shows the fair value of plan assets to be £1,873k (2023/24: £1,889k). The defined benefit obligation valuation at 31 March 2025 was £2,174k (2023/24: £2,358k). The overall deficit recognised in the financial statements is £301k at 31 March 2025 (2023/24: £469k).

The Scheme is classified as a 'last-man standing arrangement'. Therefore the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2024. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2025 to 28 February 2026 inclusive.

The liabilities are compared, at the relevant accounting date, with the Association's fair share of the Scheme's total assets to calculate the net deficit or surplus.

### Principle actuarial assumptions

	2025	2024
Rate of increase in Salaries	3.8%	3.79%
Discount Rate	5.90%	4.92%
Inflation Assumptions CPI	2.80%	2.79%
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:

	2025 Years	2024 Years
<b>Retiring in 2025</b>		
Males	20.5	20.5
Females	23.0	23.0
<b>Retiring in 2044</b>		
Males	21.7	21.8
Females	24.5	24.4

### Analysis of amount charged to operating expenditure

	2025 £'000	2024 £'000
<b>Statement of comprehensive income (SOCi)</b>		
	-	-
Employer's Costs net of employees contributions		
Scheme Expenses	6	6
Interest	21	18
<b>Total SOCi</b>	<b>27</b>	<b>24</b>
<b>Other comprehensive income (OCI)</b>		
Actuarial (losses)/gains	<b>101</b>	<b>(119)</b>

## Movement in surplus/deficit during year

	2025 £'000	2024 £'000
<b>Scheme deficit at start of period</b>	469	423
Employer's service costs	-	-
Employer's contributions	(94)	(97)
Expenses	6	6
Net interest	21	18
Remeasurements	(101)	119
<b>Scheme deficit at end of period</b>	<b>301</b>	<b>469</b>

## Asset & liability reconciliation

	2025 £'000	2024 £'000
Reconciliation of liabilities		
<b>Liabilities at start of period</b>	2,358	2,319
Service costs	-	-
Expenses	6	6
Interest costs	115	111
Employee contributions	-	-
Remeasurements	(267)	(27)
Benefits paid	(38)	(51)
<b>Liabilities at end of period</b>	<b>2,174</b>	<b>2,358</b>
Reconciliation of assets		
<b>Fair value at start of period</b>	1,889	1,896
Employer contributions	94	97
Employee contributions	-	-
Interest	94	93
Remeasurements	(166)	(146)
Benefits paid	(38)	(51)
<b>Assets at end of period</b>	<b>1,873</b>	<b>1,889</b>

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

	2025 £'000	2024 £'000
Global equity	210	188
Absolute return	-	74
Distressed opportunities	-	67
Credit relative value	-	62
Alternative risk premia	-	60
Liquid alternatives	347	-
Emerging markets debt	-	24
Risk sharing	-	111
Insurance-linked securities	6	10
Property	94	76
Infrastructure	-	191
Private equity	2	2
Real assets	224	-
Private debt	-	74
Opportunistic illiquid credit	-	74
Private credit	229	-
Credit	72	-
Investment grade credit	58	-
Cash	25	37
Long lease property	1	12
Secured income	31	56
Liability driven investment	567	769
Currency hedging	3	(1)
Net current assets	4	3
<b>Total assets</b>	<b>1,873</b>	<b>1,889</b>

## 13. Intangible assets & goodwill

The association did not have any intangible assets at 31 March 2025 (2023/24: Nil)

## 14. Fixed assets – housing properties

	Housing properties held for letting £'000	Housing properties for letting under construction £'000	Total housing properties £'000
<b>Cost</b>			
At 1 April 2024	653,328	228	653,556
Additions	2,592	-	2,592
Properties acquired	-	8,398	8,398
Schemes completed	1,853	(1,853)	-
Disposals	(1,973)	-	(1,973)
At 31 March 2025	<b>655,800</b>	<b>6,773</b>	<b>662,573</b>
<b>Depreciation and impairment</b>			
At 1 April 2024	42,919	-	42,919
Depreciation charged in year	7,707	-	7,707
Disposals	(1,109)	-	(1,109)
At 31 March 2025	<b>49,517</b>	<b>-</b>	<b>49,517</b>
<b>Net book value</b>			
At 31 March 2025	<b>606,283</b>	<b>6,773</b>	<b>613,056</b>
At 31 March 2024	<b>610,409</b>	<b>228</b>	<b>610,637</b>

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

	2025 £'000	2024 £'000
Components capitalised	2,592	3,721
Amounts charged to income & expenditure	-	-
	<b>2,592</b>	<b>3,721</b>

The Net Book Value of assets charged as security on loans was £525,020k at 31 March 2025.

### 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
<b>Cost</b>					
At 1 April 2024	2,240	1,423	225	921	4,809
Additions	484	188	45	191	908
At 31 March 2025	<b>2,724</b>	<b>1,611</b>	<b>270</b>	<b>1,112</b>	<b>5,717</b>
<b>Depreciation</b>					
At 1 April 2024	717	997	130	485	2,329
Charged in the year	93	252	39	124	508
At 31 March 2025	<b>810</b>	<b>1,249</b>	<b>169</b>	<b>609</b>	<b>2,837</b>
<b>Net book value</b>					
At 31 March 2025	<b>1,914</b>	<b>362</b>	<b>101</b>	<b>503</b>	<b>2,880</b>
At 31 March 2024	<b>1,523</b>	<b>426</b>	<b>95</b>	<b>436</b>	<b>2,480</b>

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

	2025 £'000	2024 £'000
At 1 April	990	995
Additions	-	-
Disposal	-	-
Increase/(decrease) in value	10	(5)
At 31 March	<b>1,000</b>	<b>990</b>

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

	2025 £'000	2024 £'000
<b>Due within one year</b>		
Rent and service charges receivable	1,592	1,649
Less: provision for bad and doubtful debts	(1,081)	(765)
	<b>511</b>	<b>884</b>
Other debtors	1,070	147
Prepayments and accrued income	2,384	1,999
	<b>3,965</b>	<b>3,030</b>

## 18. Investments

	2025 £'000	2024 £'000
MORhomes – investment equity	280	280
MORhomes – contingent convertible loan	575	575
	<b>855</b>	<b>855</b>

## 19. Creditors: amounts falling due within one year

	2025 £'000	2024 £'000
Trade creditors	459	388
Rent and service charges received in advance	2,127	2,314
Key worker tenant deposit	95	95
Other taxation and social security	105	95
Amounts due to property providers	90	242
Grant (Notes 21 and 22)	1,517	3,025
Holiday pay	99	50
Accrued loan interest	1,454	1,324
Bank loans <sup>1</sup>	17,126	826
Other creditors	2,707	2,295
Accruals and deferred income	4,221	2,783
	<b>30,001</b>	<b>13,437</b>

<sup>1</sup>Long term loans maturing in the next 12 months with facilities already in place to repay as they fall due.

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

	2025 £'000	2024 £'000
Debt (Note 31)	353,638	368,664
Grant (Notes 21 and 22)	30,493	29,212
<b>Total</b>	<b>384,131</b>	<b>397,876</b>

## 21. Grant

	2025 £'000	2024 £'000
<b>At the start of the year</b>	29,744	30,091
<b>Grants received during the year:</b>		
Housing properties	4,515	901
Grant recyclable/repayable on disposals		
Disposal proceeds fund	-	-
<b>Grants recycled during the year:</b>		
Housing properties	(1,916)	(365)
<b>Amortised grant</b>	<b>(909)</b>	<b>(883)</b>
<b>At the end of the year</b>	<b>31,434</b>	<b>29,744</b>
Due within one year	941	898
Due in more than one year	30,493	28,846
	<b>31,434</b>	<b>29,744</b>

## 22. Recyclable/repayable capital grant

	2025 £'000	2024 £'000
<b>At the start of the year</b>	2,492	2,127
<b>Inputs to fund:</b>		
Grant repayable/recyclable on disposals	-	365
<b>Grants recycled during the year:</b>		
Housing purchases	-	-
Major repairs	-	-
Transfers to other private registered providers	-	-
<b>Repayment of grant</b>	<b>(1,916)</b>	<b>-</b>
<b>At the end of the year</b>	<b>576</b>	<b>2,492</b>
Due within one year	576	2,127
Due in more than one year	-	365
	<b>576</b>	<b>2,492</b>

## 23. Obligations under finance leases

The association does not have any finance lease arrangements.

## 24. Analysis of change in debt

	At 31 March 2024 £'000	Cashflows £'000	Other changes £'000	At 31 March 2025 £'000
Cash at bank and in hand	3,060	1,140	-	4,200
Overdrafts	-	-	-	-
<b>Total</b>	<b>3,060</b>	<b>1,140</b>	<b>-</b>	<b>4,200</b>
Debt due within one year	826	(5,826)	22,126	17,126
Debt due after one year	371,126	7,000	(22,126)	356,000
Current asset investments	-	-	-	-
<b>Total</b>	<b>371,952</b>	<b>1,174</b>	<b>-</b>	<b>373,126</b>

## 25. Share capital

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

	2025 No	2024 No
<b>Shares of £1 each issued and fully paid</b>		
At 1 April	9	9
Joining during the year	2	-
Leaving during the year	(2)	-
At 31 March	<b>9</b>	<b>9</b>

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

	2025 No	2024 No
<b>Capital expenditure that has been contracted for but has not been provided for in the financial statements:</b>		
Expenditure on property purchases where contract has been exchanged	-	-
<b>Capital expenditure which has been authorised by the Board but has not yet been contracted for:</b>		
Expenditure on property purchases where contracts not exchanged	501	-
	<b>501</b>	<b>-</b>

The above commitment will be financed primarily through internal funds. There was a commitment at 31 March 2025 for a property where a contract had been exchanged awaiting completion (31 March 2024 – Nil).

## 27. Contingent assets/liabilities

The association had no contingent assets or liabilities at 31 March 2025 (2024: Nil).

## 28. Operating leases

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

	2025 £'000	2024 £'000
Within one year	4	4
Between one and five years	10	12
Five or more years	-	2

The lease agreements relate to office equipment.

## 29. Grant and financial assistance

	2025 £'000	2024 £'000
Total accumulated government grant and financial assistance received or receivable at 31 March 2025	32,343	30,542
Held as deferred capital grant	31,433	29,744
Recognised as income in statement of comprehensive income in the current period	909	883

## 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

	2025 £'000	2024 £'000
Bank loans	90,000	145,126
Bond	75,000	75,000
MORhomes	50,000	50,000
Metlife	141,000	101,000
Arrangement fee	(2,362)	(2,462)
Total	<b>353,638</b>	<b>368,664</b>

### 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 £3 million 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

All 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 £77 million, is 2027. The final repayment date of the loans from Barclays (£30 million) is 2032. The M&G Bond of £75 million is repayable commencing 2048. The MORhomes (£50 million) funding is repayable in 2038. The Metlife loan notes are repayable:

- 2039 - £40 million.
- 2043 - £20 million.

- 2044 - £10.5 million.
- 2047 - £40 million.
- 2051 - £20 million.
- 2052 - £10.5 million.

At 31 March 2025 the association had undrawn loan facilities of £45 million (2024: £59 million). All loans 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:

	2025 £'000	2024 £'000
Within one year or on demand	17,126	826
Between one and two years	50,000	25,126
Two years or more but less than five years	40,000	115,000
Five years or more	266,000	231,000
	<b>373,126</b>	<b>371,952</b>

### 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

	2025 £'000	2024 £'000
Financial liabilities measured at amortised cost	373,126	371,952
<b>Total</b>	<b>373,126</b>	<b>371,952</b>

## 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 31 March was:

	2025 £'000	2024 £'000
Floating rate on money market deposits	4,198	3,058
Financial assets on which no interest is earned	-	-
<b>Total</b>	<b>4,198</b>	<b>3,058</b>

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

The association's cash and cash equivalents earned interest at 2.3% during the year 2024/25.

## 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 31 March was:

	2025 £'000	2024 £'000
Fixed rate	373,126	338,952
Floating rate	-	33,000
	<b>373,126</b>	<b>371,952</b>

The weighted average cost of borrowing at 31 March 2025 was 4.24%

The association has undrawn agreed committed borrowing facilities of £85m.

The repayment profile for undrawn facilities is shown as follows:

	2025 £'000	2024 £'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	85,000	59,000
	<b>85,000</b>	<b>59,000</b>

## 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 2024/25 is £2.707 million (2023/24: £2.680).



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Local Space is a charitable registered society

(Reg. Number: 29840R)

Registered Social Landlord (Reg. Number: LH4454)

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