

Report of the Board of Management for the year ended 31 March 2023

The Board presents its report and the audited financial statements for the year ended 31 March 2023.

Mission, Vision and Values

Alpha Housing's mission is 'To provide homes and services that help people flourish.'

Our vision to 2025 is to 'Be recognised as a leading provider of exemplary homes and support.'

All of Alpha Housing's activities are underpinned by our core values – 'We Care; We Serve; and We Build'.

Status

Alpha Housing came into operation on 1 July 2009. We were registered by Companies Registry as an Industrial and Provident Society on 23 March 2009 (number IP394) and by the Department for Social Development on 29 April 2009 (number R54). Alpha Housing also has charitable status (number NIC 105339) and is a member of the Northern Ireland Federation of Housing Associations. We are regulated by the Department for Communities as a registered housing association.

Principal activities

Alpha Housing provides 975 homes in 40 locations across Northern Ireland.

Our Strategic Priorities to 2025 are to:

- Maintain our homes to a high standard;
- Provide exemplary housing and support services;
- Build beautiful homes;
- Deliver social and environmental change; and
- Run our business effectively.

Governance

Alpha is committed to the highest standards in governance.

During 2022-23, the Department for Communities issued its fourth annual formal regulatory judgements under the revised regulatory framework. This confirmed that for 2021-22, Alpha achieved the highest level of compliance (Level 1) in all areas encompassing governance, financial viability, and service standards.

Under the leadership of the Chair, John Glass, Director of Infrastructure & Projects Delivery at Translink, Alpha is effectively governed and led by an experienced and professional Board.

During 2022-23 four new Board members were appointed: Lorna Hagan, Glynis Hobson, Elizabeth McKernon, and David Simpson. New Board members' expertise encompasses construction; human resources; organisational development; customer service; and social housing management. Board members are benefitting from a wide-ranging training programme and induction visits.

The Board regularly reviews its effectiveness, including through a thorough annual appraisal process, which for this year was supported by Joy Allen and her Leading Governance consultancy.

Through the delivery of the 2022-23 Business Plan and approval of the 2023-24 Business Plan, the refreshed Board continues to progress the implementation of the triennial Corporate Strategy approved by the Board during 2021-22.

Statement of Compliance with Code of Governance

During 2022-23 Alpha continued to comply with the National Housing Federation's Code of Governance (2015) and Code of Conduct (2012). These are widely used by housing associations across the UK and reflect good practice in our sector.

Risk management

Alpha Housing continued to effectively manage and mitigate risk during 2022-23.

Corporate and departmental risk registers are systematically used by the Board, committees, and senior management to effectively identify and manage risks.

In September 2022, the Board appointed Stephen Kearney, a Partner in Fitzpatrick and Kearney Chartered Accountants, as Chair of the Audit and Governance Committee. During the financial year the Committee met three times to consider and advise the Senior Management Team and Board on key strategic risks, audit strategy and audit reports.

Five internal audits were carried out by Wylie & Bisset during the year covering Corporate Governance; Housing Allocations; COVID-19: Return to Office; Overall Financial Controls; and Responsive Repairs Procedures. All resulted in the highest 'Satisfactory' rating, with auditors making fewer recommendations to Alpha than is typical for their housing association internal audits in these areas. Much good practice was recorded, and helpful

recommendations were made. In their 2022-23 Annual Report, Wylie & Bisset reported that Alpha has adequate and effective risk management, control and governance processes to manage the achievement of its objectives and has proper arrangements to promote and secure value for money. Overall, the internal auditor reported that a 'Satisfactory' level of assurance is in place.

The Audit & Governance Committee continues to be pleased with the performance of internal auditors Wylie & Bisset, a Scottish firm with extensive social housing experience across the UK. This is helping to maximise the contribution of internal audit to ongoing business improvement.

Delivering high-quality housing and support

Alpha strives to provide exemplary homes and support to tenants in our sheltered housing schemes. We are indebted to the scheme co-ordinators and cleaners who consistently excel themselves in providing high-quality services to residents. Support provided ranges from practical assistance arranging repairs or accessing healthcare, to organising social activities, helping to reduce isolation and loneliness.

Over the last year, housing management performance has continued to be strong. Arrears have been very low, with tenant arrears at 31 March 2023 totalling 0.7% of rental income. Only £504 of past tenant arrears had to be written off during 2022-23, equating to less than 0.1% of rent due.

We continue to re-let our homes in a good time with a total of 140 re-lets completed during 2022-23. This high number equates to 14% of our total stock, due to the increased rate of turnover of homes in sheltered housing. Importantly, emerging further from the pandemic, void levels continued to fall throughout the year to 22 homes, or 2.6% in rental income at 31st March 2023.

Tenant participation

Alpha is committed to ensuring that our tenants have a full opportunity to help shape the services they receive and hold us to account for our performance.

From August 2022 we were able to re-introduce the annual 'Time for Tenants' meetings in many of our sheltered schemes, providing scope for us to update residents on general and scheme-specific matters, for maintenance and housing management concerns to be raised, enabling staff to gain a wider understand of the needs of tenants.

From June 2022, the Tenants Committee was able to meet in person for the first time since the pandemic, including the opportunity to meet with the Senior Management Team and Board. During the year, the Tenants Committee agreed a new Terms of Reference to replace the constitution to bring the structure and business of the Tenants Committee in line with best practice. The wider Tenants Forum met in person during February 2023 and was well attended with approximately 50 tenants at the meeting. The Tenants Committee Chair, Chris Craig, presented to the Tenants Forum outlining the Committee's activities during the previous year and summarising tenants' priorities.

During the extensive planned maintenance projects undertaken throughout 2022-23, we sought to fully consult with tenants in the relevant schemes on our intentions and respond to their feedback. For example, tenants were given a choice of colours and finishes for new kitchens when these were being installed.

During January 2023, Alpha completed our third Survey of Tenants and Residents (STAR Survey) capturing tenant satisfaction with the services provided and updating on findings reported during 2019 and 2021. 87% of tenants reported satisfaction with the service provided by Alpha. This was the highest level of satisfaction in 31 social landlords recently surveyed across the UK by leading housing consultancy IFF Research.

Notwithstanding this high level of overall satisfaction, the survey highlighted tenants' continued desire to see further improvements in the day-to-day repairs service and general responsiveness to residents' views and concerns. Alpha continues to monitor these trends and to identify actions to improve tenant experience. A new Measured Term Contract (MTC) became fully operational during 2022-23 and it is expected to help ensure continued improvements in our repairs services.

Tenants have also expressed a desire to see further enhancements of outdoor spaces at our sheltered schemes. This was strongly supported in 2022-23, including through funding for tenant-led gardening initiatives; ad hoc projects to remedy specific problem areas; and larger scale landscaping initiatives. Investment in garden furniture is just one of the ways we are encouraging and supporting residents to get outside, which is increasingly recognised as vital for health and wellbeing. Tenant feedback on these efforts has been very positive.

Value for money

Alpha is striving to provide good quality homes and support services for a reasonable cost.

For 2022-23, a rent increase of 4.8% was applied to decontrolled rents. As a result of the temporary suspension in the 'triple lock' during 2022 this was greater than the 3.1% increase to the state pension applied in April 2022. However, after careful consideration the Board, it was felt that the increase was necessary, given that inflation had risen to 7.0% by March 2022. Also, the previous year's state pension increase had been greater than the rise in rents for that year. The increase was needed to maintain our homes to a high standard for the benefit of current and future tenants.

As a provider of mainly sheltered housing, a major ongoing challenge for Alpha is the sustainability of funding for support services, given the ongoing squeeze on Supporting People funding, which funds most of the costs of our vital scheme co-ordinator and telecare services. The modest cumulative increase in Supporting People funding applied in November 2021 and then April 2022, equating to around 5%, was welcome. However, as the increased funding remained well below the high rate of inflation, overall the Supporting People programme continued to be cut in real terms. Consequently, given the need to retain our vital scheme co-ordinators, the deficit on our support services increased once again to £78K during 2022-23.

Overall, the 4.8% rise in rents, increases in most schemes' service charges, and below inflation increases in support charges, meant that most sheltered tenants' weekly charges increased by an average of 6% in 2022-23. However, given the increase in state pensions applied in April 2022, below inflation rent increases in previous years, and the rise of inflation to 7.0% by March 2022, this rent increase was considered reasonable and necessary by the Board. Also, despite these increases, benchmarking indicated that Alpha's overall weekly charges were comparable to other sheltered housing providers in Northern Ireland.

Of course, value for money is as much about the quality as the cost of services. As already highlighted, there is clearly still scope for improvements in service delivery. However, a range of data, from the recent STAR survey to Supporting People inspection reports and benchmarking, provides persuasive evidence that most tenants are receiving good housing and support services. Nonetheless, Alpha is determined to further improve services, notwithstanding significant concerns about the viability of support services. Alpha continues to fully engage in Housemark benchmarking to better understand the strengths and weaknesses of our business and to identify potential areas for improvement. Over 2022-23, we continued to participate in the monthly 'Pulse' Housemark benchmarking, to help assess our relative performance in relation to sector trends in much closer to 'real time'.

More detail on Alpha's work in this area will be included in the value-for-money statement which, in line with regulatory requirements, will be published alongside our Annual Regulatory Return to DfC for 2022-23.

Maintaining our homes

At Alpha, we pride ourselves on the quality of the homes provided. High standards are upheld through the work of staff and contractors, and significant ongoing investment in response, cyclical and major repairs. Alpha continued to invest significantly in our homes during 2022-23.

In response maintenance, 5,038 repair orders were completed during 2022-23, equating to 5.1 response repairs per home. Expenditure increased from £647K in 2021-22 to £698k (including repairs relating to services and support), reflecting rises in construction and building costs. Response time performance was reasonably good: 90% of emergency repairs were completed in 24 hours, versus an Alpha target of 90%; and 89% of urgent repairs were completed in 4 working days, versus an Alpha target of 80%. Furthermore, 92% of routine repairs were completed in 20 working days, versus an Alpha target of 80%.

A major programme of planned maintenance was delivered in 2022-23 valued at £1.85M, equivalent to £1,873 per home. Windows and kitchens were replaced at Weir Court, Comber; One Irish Gate, Carrickfergus; Crosby Court, Bangor; Alexander Court, North Belfast; Greenmount, Bangor and Taylor Court; South Belfast. Meanwhile, major redecoration works were completed at Johnson Close and Mooreland Close in Ballymena. Other planned maintenance included extensive fire safety works.

Building new homes

During the year, Alpha's second development of recent years was completed – Clarke House in Broughshane. Delighted new residents moved in from November 2022, and the scheme was opened by former Alpha Chair John Clarke and former Irish rugby international David Humphreys. Developed by Ballymena-based Martin & Hamilton, this exemplar scheme provides 14 apartments built to the HAPPI principles, a blueprint for high-quality housing for older people. The development has since been shortlisted for the Social Housing Project of the Year category of the Construction Employers Federation Awards.

During 2022-23, the construction of fourteen much-needed new homes at Parkhead, Newry, achieved a 'start on site'.

Many potential development opportunities continue to be explored by Alpha's Development Director, James Wright, with several other projects expected to commence during 2023-24 as our newbuild activity steadily grows.

2022-23 financial performance

Responsibility for Alpha's finances is reserved to the Board, which includes senior finance professionals and many others with experience of managing significant budgets.

The results for the year were:

Turnover	£6,600,858
Operating costs	£6,072,461
Operating Surplus	£528,397
Total comprehensive income for the year	£496,356

Turnover increased by 7.4% during 2022-23. With operating costs having increased significantly from 2021-22, the operating surplus decreased to £528,397 from £679,859. This is the result of pressures emerging during 2022-23, including the effects of inflation on the cost of energy, construction costs and salaries. Proactive financial management and monitoring ensured that despite these challenges, high-quality services continued to be delivered to tenants while maintaining a robust Operating Surplus.

The Board believes this was a satisfactory financial performance during a challenging year.

Expected performance in Year Ending 31 March 2023

Turnover is expected to grow by 8.4% to £7.0M due to new schemes, lower voids and rent increases. Expenditure is budgeted to increase by 10% to £6.7M, due to projected increases in response and planned maintenance costs, largely driven by market conditions, property costs, salaries and increased depreciation associated with new scheme development. An operating surplus of £281,192 was included in the budget for 2023-24 approved by the Board in February 2023. Alpha is planning for the risks to our financial

performance from continued inflation and wider financial uncertainties. These are monitored on an ongoing basis by the Senior Management Team, with financial forecasts reviewed and adjusted for each month and reported formally to the Board at each meeting.

Alpha will pursue new development opportunities in 2023-24 and is ensuring that the appropriate funds are available as required. Planned and cyclical maintenance programmes will continue and expenditure on these is expected to be in the region of £1.9M.

Treasury

Responsibility for Treasury Management is reserved to the Board. The Association's Treasury Management Policy facilitates the effective management of cash flows, borrowings, investments and the risks associated with these activities. At 31 March 2023, Alpha had Department for Communities loans outstanding of £22K and cash reserves of £1.9M.

To support Alpha's growth ambitions, a bank loan facility for up to £10M is in place with Danske Bank. However, this has not yet been needed as we have continued to fund our initial new developments through cash reserves.

Throughout the year, the Association has continued to be supported by Jonathan Boggs on Treasury and financial management. This has included the updating of our longer-term financial plan (LTFP) and associated stress testing.

Statement of the Board of Management responsibilities

The relevant legislation requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of the Association's affairs and of its surplus or deficit for that period. In preparing these financial statements the Board is required to:

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

The Board is responsible for keeping proper accounting records which (i) disclose with reasonable accuracy at any time the financial position of the Association and (ii) enable it to ensure that the financial statements comply with the Credit Unions and Co-operative and Community Benefit Societies Act (Northern Ireland) 2016 and the Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and detect fraud and other irregularities.

Statement of disclosure of information to auditors

So far as each of the members of the Board at the date of approval of these financial statements is aware:

- There is no relevant audit information of which the Association's auditors are unaware; and
- They have taken all the steps that they ought to have taken as members of the Board in order to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

Statement on internal financial control

The Board acknowledges that it has ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable reassurance about:

- The reliability of any financial information that is published, or is used within the Association;
- The maintenance of proper accounting records; and,
- The protection of the Association's assets against their unauthorised use or disposition.

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable (and not absolute) assurance against material financial misstatement or loss. The key elements of these systems include ensuring that:

- There are formal policies and procedures (including the documentation of key systems and rules relating to the delegation of authorities) which allow the monitoring of controls and which seek to prevent the unauthorised use of the Association's assets;
- Experienced staff, suitably qualified, are responsible for the key functions within the organisation;
- Forecasts and budgets are prepared so that the Board and management can monitor both key business risks and financial objectives and also the progress towards financial plans set for the year and the medium term;
- Regular management financial statements are prepared which provide relevant, reliable and up-to-date financial information; and
- Significant variances from budgets are investigated as appropriate.

All significant initiatives, major commitments and investment projects are subject to formal authorisation procedures through relevant committees which are controlled by Board members.

Alpha Housing (Northern Ireland) Ltd
Year Ended 31 March 2023

The Board reviews reports (from management and from the internal auditors) in order to provide reasonable assurance that the control procedures are in place and are being followed. The work of the external auditors also provides some assurance through the year-end audit and the provision of an internal control report.

The Board has reviewed the system of internal financial control in existence in the Association for the year ended 31 March 2022. No weaknesses were found in internal financial controls which resulted in any material losses, contingencies or uncertainties which would require disclosure, in these financial statements, or in the auditor's report.

Independent Auditors

The Audit and Governance recommended to the Board that ASM Chartered Accountants be reappointed as the Association's external auditors and ASM Chartered Accountants have indicated a willingness to continue in office. A resolution concerning their reappointment will be proposed at the Annual General Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to be 'J. Glass', written in a cursive style.

John Glass

Chair

21 September 2023