

Report of the Board of Management for the year ended 31 March 2024

The Board presents its report and the audited financial statements for the year ended 31 March 2024.

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 has a housing stock of 985 homes, with 982 currently lettable across 40 locations in 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 2023-24, the Department for Communities issued its fifth annual formal regulatory judgements under the revised regulatory framework. This confirmed that for 2022-23, 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.

The Board regularly reviews its effectiveness, including through a robust annual appraisal process. A training programme is provided for Board members, which in 2023-24 encompassed good governance, new-build development and sector finance.

Through the delivery of the 2023-24 Business Plan and approval of the 2024-25 Business Plan, the Board continues to progress the implementation of the triennial Corporate Strategy approved by the Board during 2021-22. (A new multi-year Corporate Strategy will be formulated by the Board in the second half of 2024 in consultation with tenants and staff.)

Statement of Compliance with Code of Governance

During 2023-24 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 2023-24.

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

During 2023-24, the Audit and Governance Committee continued to be chaired by Stephen Kearney, a Partner in Fitzpatrick and Kearney Chartered Accountants. 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 Accounts Payable; Payroll; Tenant Safety; Planned Maintenance; and Cyber Security. All resulted in the highest 'Satisfactory' rating, with auditors making fewer recommendations overall to Alpha than is typical for Wylie & Bisset's housing association internal audits in these areas. Much good practice was recorded, and helpful recommendations were made. In their 2023-24 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. Non-technical arrears have been very low at 0.9% of rental income due for 2023-24. Only £2,759 of past tenant arrears had to be written off during 2023-24, equating to less than 0.1% of rent due.

We continue to re-let our homes in a good time with a total of 100 re-lets completed during 2023-24. This high number equates to 10% of our total stock, due to the increased rate of turnover of homes in sheltered housing. Void levels were kept at a relatively low level throughout the year to 17 homes at year-end, with associated rent losses equating to 1.7% of rent due for the year.

Scheme Co-ordinators provide a vital support service to our sheltered housing tenants across Northern Ireland. This includes running regular coffee mornings, lunch clubs and other scheme activities; as well as providing low-level individual support to residents. During 2023-24, the Housing Executive's Supporting People team, who fund this service, inspected Agherton Grange in Portstewart and Crosby Court in Bangor. Both schemes passed these inspections, that acknowledged much positive feedback from tenants in these schemes.

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.

Annual 'Time for Tenants' meetings in our sheltered schemes remain popular and well-attended. They allow senior staff 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.

Our Tenants Committee met on a quarterly basis during 2023-24 at various sheltered schemes across NI. The Chief Executive and other members of the Senior Leadership Team prioritise attending these meetings to present on and discuss key matters. Over the last year these have included priorities for the new response maintenance Measured Term Contract (MTC), challenges around grounds maintenance, and the financial pressures facing the organisation and the need for a significant rent increase for 2024-25. The

Tenants Committee also continues to meet periodically with the Board, to help strengthen resident input to our governance.

The wider Tenants Forum, to which all residents are invited, met twice during the year at well-attended meetings at The Europa Hotel in Belfast. New MTC contractor H&A Group presented to the February 2024 Tenants Forum meeting. This gave tenants an opportunity to hear directly from the contractor before the commencement of the MTC in March 2024, and to quiz them on issues of concern.

During 2023-24 the Tenants Committee contributed significantly to the drafting of a new Customer Promise. This is intended to summarise the service standards tenants should expect and hold us to account in delivering. Having been refined through several iterations, the resulting Customer Promise will be launched at a Tenant Forum meeting in autumn 2024.

A further way in which the resident voice is heard is through the inclusion of two tenant representatives in our Customer Services Committee, to which the Board delegates oversight of day-to-day service delivery.

Value for money

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

For 2023-24, a rent increase of 10% was applied to decontrolled rents. Following careful analysis, this was considered necessary given ongoing significant increases in maintenance, salary and energy costs. This rent increase tracked the rate of CPI inflation, which was 10.1% for September 2022. Also, given the UK Government's maintenance of the 'Triple Lock', the rent increase also aligned with the 10.1% increase in state pensions applied in April 2023.

To help keep the overall weekly charge affordable for our sheltered housing tenants, the Board decided to cap increases in scheme service charges at 10% for 2023-24. As this would not fully recoup steep post-pandemic increases in communal energy and other costs, the Board decided to incur a manageable deficit in scheme services for three years to help tenants experiencing cost-of-living pressures. The services account would be returned to a credit position in 2025-26.

With support charges, which cover most of the costs of scheme co-ordinators' salaries, frozen due to constrained Supporting People funding, the deficit on our support services maintained at approximately £74k during 2023-24. Whilst recognising the vital role that scheme co-ordinators fulfil in supporting tenants, the Board remains committed to reducing these unsustainable deficits on support services over the next few years.

With the 10% increases in rent and service charge, and support charges frozen, the overall average increase in sheltered tenants' weekly charges for 2023-24 was 8.2%.

This weekly charge increase, whilst significant, was needed to maintain our homes to a high standard for the benefit of current and future tenants. £2.04M was invested in

planned and cyclical maintenance in 2023-24. Given that most of our sheltered housing schemes are now 30-40 years old, almost all now require substantial investment, including in component replacements, cyclical redecoration and fire safety.

Also, despite the weekly charge increase, NIFHA benchmarking indicates that Alpha's overall weekly charges were comparable to other sheltered housing providers in Northern Ireland. For 2023-24, NIFHA data indicated that the average rent and service charge NI housing associations were charging for a typical 1 person, 1 bedroom apartment was £96.92. The equivalent figure for Alpha's sheltered housing apartments was £98.22 – just £1.30 higher.

Of course, value for money is as much about the quality as the cost of services. Given the comparably good levels of scheme staffing, investment in planned maintenance and quality response repairs service, the Board believes Alpha's weekly charges still represent good value for money.

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 2023-24, 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 2023-24.

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 2023-24.

In response maintenance, 5,744 repair orders were completed during 2023-24, equating to an average of 5.8 per home. Expenditure increased from a total of £963k in 2022-23 to £1.05m for 2023-24 (including repairs relating to services and support), equating to £1,069 spent on response repairs per home, and 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 90% of urgent repairs were completed in 4 working days, versus an Alpha target of 80%. Furthermore, 94% of routine repairs were completed in 20 working days, versus an Alpha target of 80%.

A major programme of planned maintenance was delivered in 2023-24, valued at £2.04M (including associated administrative costs), equivalent to £2,080 per home. In pursuing improved fire safety across our schemes, communal fire doors, flat entrance doors and the fire alarm were upgraded at Lowry Court, Belfast as well as cyclical redecoration and kitchen replacements at this scheme. Kitchen replacements were also completed at McManus Court, Newry. Loft insulation was upgraded in over 200

bungalows across our schemes, to improve energy efficiency and help lower energy bills for tenants. Solar photovoltaic panels were installed at the Whins, Crumlin to reduce tenants' service charges for communal heat and light, and in pursuance of a corporate commitment to reduce carbon emissions by 30% by 2030. Taylor Court, Belfast and Cross Street, Killyleagh were also both redecorated to contemporary standards.

Building new homes

Alpha Housing's newbuild programme gained significant momentum during 2023-24. 'Starts on site' for 71 new homes were achieved, across seven sites in Ballymoney, Belfast, Carryduff, Cullybackey, Glengormley and Rathfriland. These schemes comprised a mix of general needs; 'Category 1' homes for independent elderly; and wheelchair adapted bungalows.

Beyond these projects, good progress continued in the construction of a ten-house general needs scheme in Parkhead, Newry; and a five-house development in the Carnany Estate, Ballymoney. These would be ready for handover during 2024-25.

Many potential development opportunities continued to be explored by Alpha's Development Director, James Wright. Notwithstanding limitations around capital grant funding constraints and the well-publicised issues with NI's wastewater infrastructure, Alpha expects our development activity to steadily grow over the next few years, with support in loan finance from Danske Bank.

2023-24 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	£7,246,763
Operating Costs	£6,268,518
Operating Surplus	£978,245
Total Comprehensive Income for the Year	£906,011

Turnover increased by 9.8% during 2023-24 and the operating surplus increased to £978,245 from £528,397. Proactive financial management and monitoring ensured that high-quality services were delivered to tenants while maintaining a robust Operating Surplus. The Board believes this was a satisfactory financial performance.

Expected performance in Year Ending 31 March 2025

Turnover is expected to grow by 6% to £7.7M due to new schemes, lower void levels and rent increases. Expenditure is budgeted to increase by 15% to £7.2M, 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 £448K was included in the budget for 2024-25 approved by the Board in February 2024. 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 Leadership 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 2024-25 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 £2.1M.

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 2024 Alpha had Department for Communities loans outstanding of £6K and cash reserves of £1.8M.

To support Alpha's growth ambitions, a bank loan facility for up to £10M is in place with Danske Bank. At 31 March 2024, Alpha had drawn down £3m, with £517k prepaid during the year, through the revolving credit facility. This had been repaid in full and on time at the date of when the Board of Management Report was signed.

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.

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 2024. 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

A resolution concerning the reappointment of Sumer AuditCo Ltd. will be proposed at the Annual General Meeting.

By Order of the Board



John Glass

Chair
26 September 2024