

Value for Money Statement

2022-23

Introduction

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.'

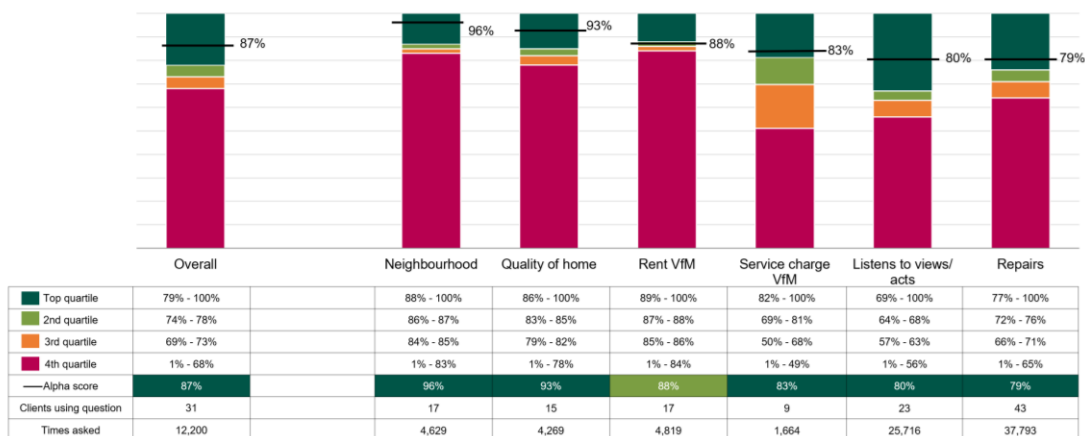
We believe this mission has been fulfilled in 2022-23, including in relation to value for money.

Alpha is committed to taking an increasingly strategic approach to delivering Value for Money (VFM) for our tenants. According to sector benchmarking organisation Housemark, VFM 'is the balancing act of achieving the ideal relationship between the value that is created for the money and resources available. It is achieved through adherence to the three 'E's - economy, efficiency and effectiveness.'

High-Quality Services

Although assessments of value for money often start with considerations of cost, Alpha prefers to start with the quality of services and tenant satisfaction.

Benchmark data 2022/23: Alpha Housing scores in the top quartile in 6 of the 7 measures



Comparable CSAT/Perception questions used by clients between 1/10/2023 and 31/12/2023

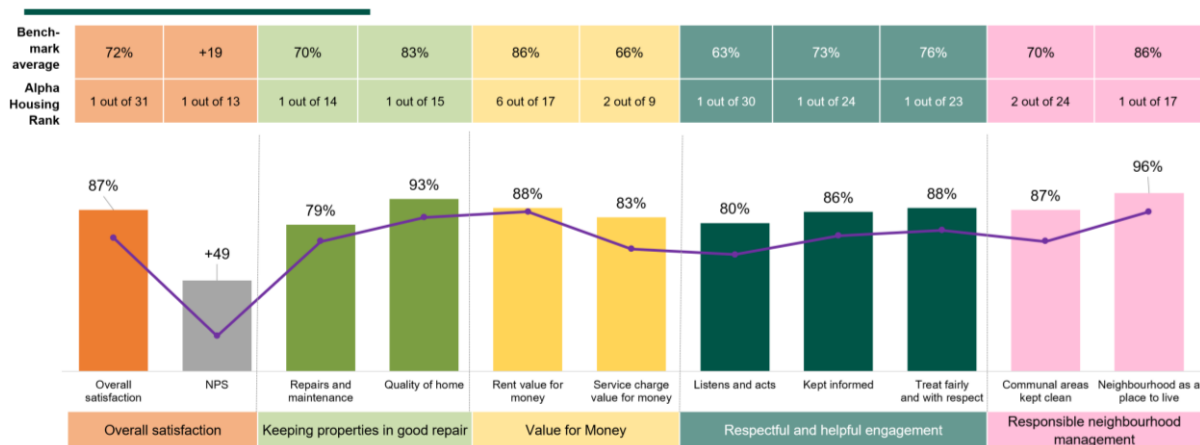
Alpha's third independent, random sample 'STAR' (Survey of Tenants and Residents) survey of customer satisfaction, was completed by 275 tenants being interviewed over the phone in January 2023. Since 2011, STAR has become the standard for tenants and residents surveys across the UK social housing sector. Alpha has used leading London-based agency IFF Research for our last three surveys, in 2019, 2021 and 2023.

Sector researchers have noted a marked decline in the overall satisfaction of social tenants across the UK in recent years. IFF Research has observed a dip of 8% between 2018-19 and 2022-23.

The January 2023 STAR survey found that overall satisfaction among Alpha Housing tenants has reduced slightly from 91% to 87% over the last two years. However, this is still the highest level among all 31 UK social landlords recently surveyed by IFF Research.

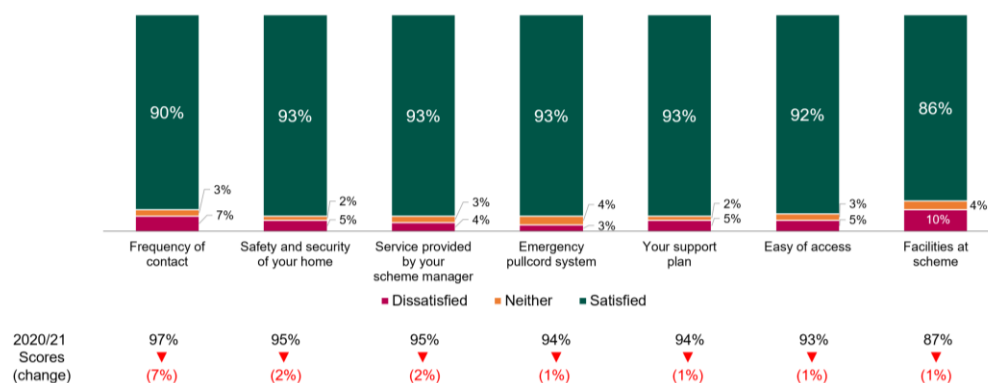
Furthermore, in 2023, of the seven core 'STAR' measures, Alpha achieved top quartile performance in six areas, up from four in 2021 – as shown in the graphic above. Additionally, Alpha Housing is ranked first among all landlords surveyed in 8 of 11 areas surveyed by IFF Research, as shown in the graphic below.

Benchmarking



As a specialist provider of housing for older people, Alpha is keen to understand how tenants rate the sheltered housing services we provide, so this was also surveyed by IFF Research in January 2023:

Sheltered homes



Overall, Alpha Housing tenants remain extremely satisfied with the sheltered housing services they receive. The one area where satisfaction had dropped significantly since 2021 is frequency of contact with scheme co-ordinators. We believe this may be due to a few extended absences during the pandemic (which are now resolved) and would expect this measure to improve in the next STAR survey. However, the ongoing terms cuts in Supporting People will make sustaining an adequate level of engagement between scheme co-ordinators and tenants much less achievable, thereby inhibiting delivery of the NI Executive's most recent Programme for Government Outcome 4: 'We enjoy healthy, active lives' and Outcome 8: 'We care for other and we help those in need'.

Improving day-to-day repairs

Although most of the results in our 2021 STAR survey were very positive, we were concerned that satisfaction with repairs and maintenance had dipped to 75%. Given the importance of day-to-day repairs to tenants, since then we have focused on improving this area for our residents.

It is therefore very pleasing to note that satisfaction with our repairs service has increased to 79% since 2021 (especially with the context of declining tenant satisfaction across the UK). Although committed to improving further, Alpha believes that this is on a par with the best performers in Northern Ireland. For context, we note that one of the 'big four' housing associations saw satisfaction with its repairs performance reduce to just 49% in 2022.

Aspects of our repairs service that Alpha has been improving include the making and keeping of appointments, and 'first time fix' – properly completing repairs in a single visit. Over the last two years, our main response repairs contractor, Refresh, has consistently demonstrated a customer focus and professionalism that our tenants really value.

By prioritising quality and social value in the selection process, we seek to build on this progress as we procure a new main repairs Measured Term Contract (MTC) to start in 2024-25.

Investing in our homes

Beyond all the response maintenance, a major programme of planned works was delivered in 2022-23 valued at £1.85M, equivalent to £1,873 per home. Cyclical redecoration was completed and fire doors fitted at Johnston Close and Mooreland Close, Ballymena, and Taylor Court, south Belfast. Meanwhile 122 tenants had their kitchens replaced at sheltered schemes across Bangor, Belfast, Carrickfergus and Comber, while all windows and doors were replaced at Weir Court in Comber.

This ongoing prioritisation of planned maintenance is yielding dividends for tenants, as confirmed by sector-expert chartered surveyors Moore Macdonald:

We have surveyed all of Alpha's sheltered housing schemes to inspect different elements and have found the internal and external building elements to be well maintained and generally in good condition. It is apparent that Alpha has a coherent approach to maintaining their stock, both for planned and response maintenance...

We believe that Alpha's properties are generally in better condition and maintained to a higher standard than other local housing associations and the Northern Ireland Housing Executive (NIHE), which is achieved through their effective maintenance regimes.

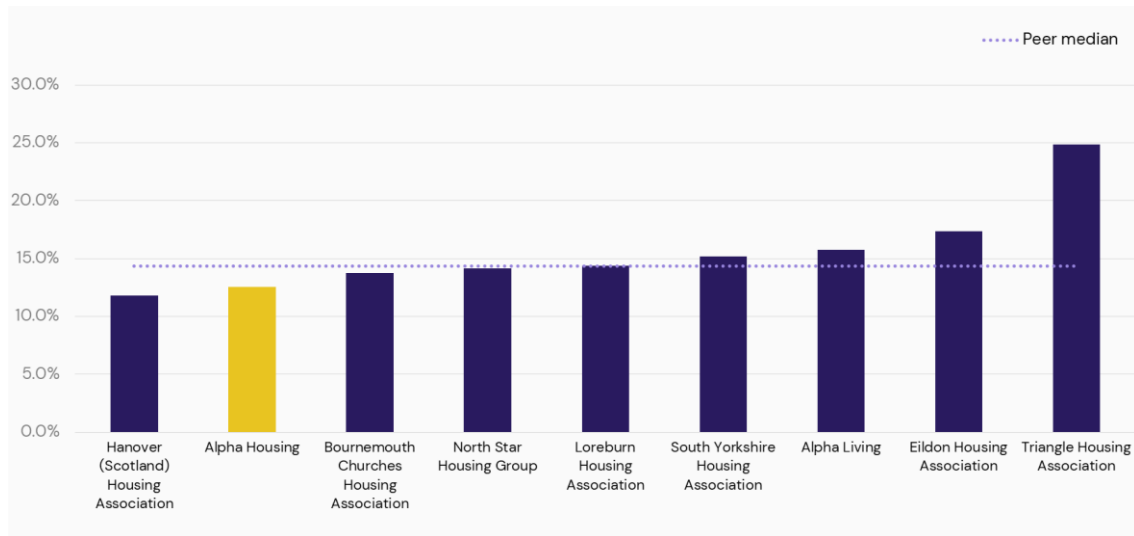
Running our Business Effectively and Efficiently

Running our business effectively and efficiently is a strategic priority for Alpha Housing.

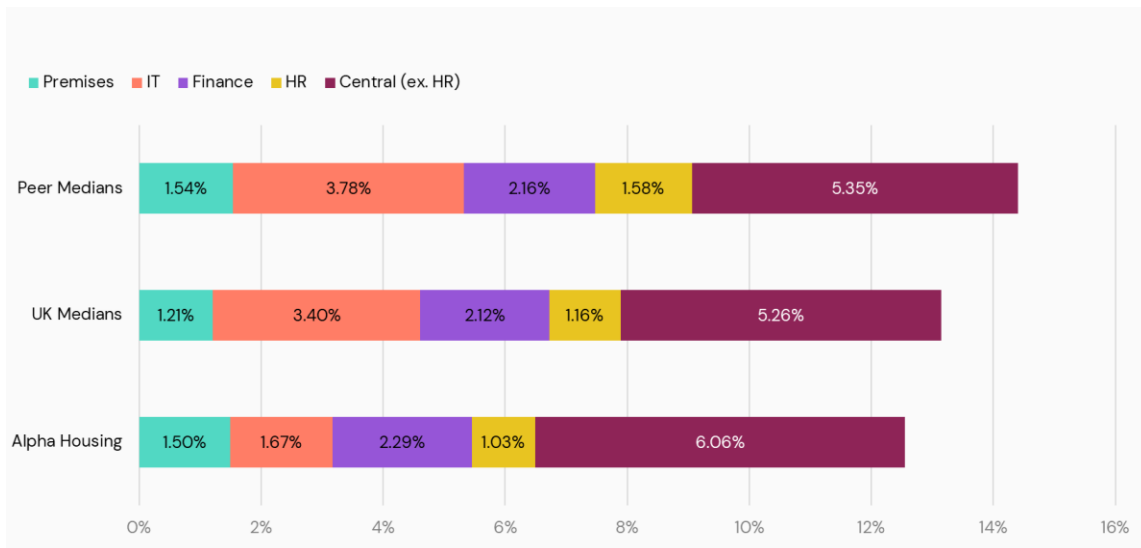
Full participation in UK-wide Housemark benchmarking helps us to achieve this. This provides useful cost and performance comparisons with other NI and UK social landlords. For 2021-22, the most recent year for which we have a data, a new peer group was agreed with Housemark comprising comparable housing associations, mainly specialist providers in NI and GB who also largely provide sheltered and supported housing.

The Housemark analysis shows that Alpha is a relatively lean organisation effectively controlling costs. Overheads are much lower than both our peer group and overall UK medians, as demonstrated in the charts below.

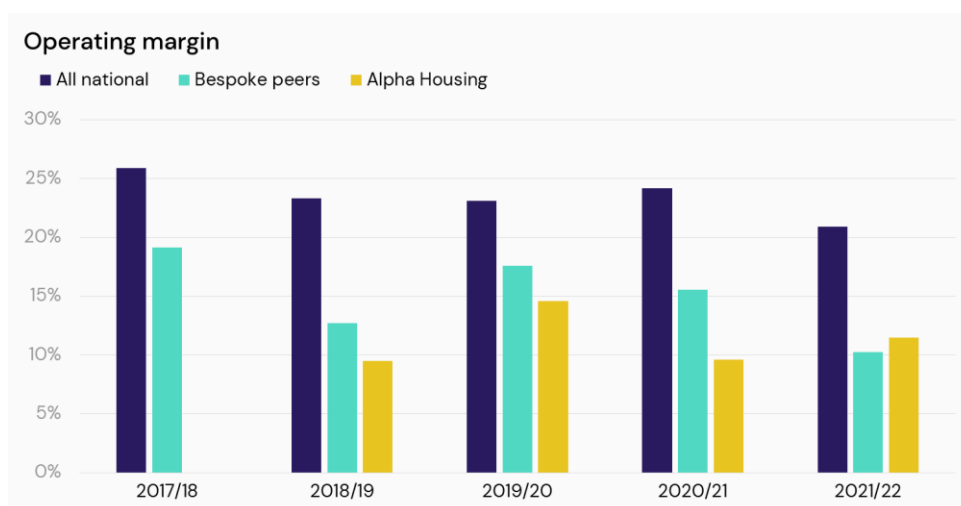
Total Overheads Against Peers



Overheads Detailed Comparison



For 2022-23, operating costs increased significantly from the previous year. As a result, the operating surplus decreased 22% to £528,397 from £679,859. This is due to pressures including the effects of inflation continued inexorable rises in the costs of energy, construction and salaries, and is consistent with overall UK trends as increases in costs bite for all social landlords.



Alpha’s operating surplus was on a par with comparable landlords for 2021-22, although obviously is less than bigger landlords with predominantly general needs housing, which is both much cheaper to maintain and generates markedly larger surpluses per home than specialist and supported housing.

Reasonable Rent Levels

Alpha strives 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 by 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. However, this has enabled Alpha tenants to continue to enjoy a comparably better service than the sheltered tenants of some other housing associations who have seen their scheme co-ordinator service cut further because of diminished Supporting People funding. This is an area the Board is keeping under scrutiny and we strive to balance provision of quality services with their viability and sustainability.

Overall, the 4.8% rise in rents in 2022-23, 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%. 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.

In previous years, Alpha has been able to benchmark our rents and weekly charges with other sheltered housing providers in Northern Ireland through NIFHA benchmarking. This has not been updated recently, which we hope will be rectified soon. However, in the meantime, our own market testing and high levels of occupancy suggest that Alpha's weekly charges are comparable to other sheltered housing providers and represent value for money.

Building New Homes

Having previously not developed for many years, Alpha recognises our obligation to help contribute towards meeting significant housing needs in NI.

During 2022-23, Alpha's second development of recent years was completed – Clarke House in Broughshane. This exemplar scheme provides 14 apartments for independent older people built to the HAPPI principles, a blueprint for high-quality housing for older people. New residents are delighted with their spacious, light, well-appointed homes. The development has since been shortlisted for the Social Housing Project of the Year category of the 2023 Construction Employers Federation Awards.

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

Alpha's development pipeline is now building up and we expect to make a progressively greater contribution to meeting housing need in the years ahead.

2022-23 financial performance

Alpha's headline results for 2022-23 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. As outlined above, operating costs continued to increase significantly, reducing our operating surplus. However 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 in the circumstances.

Conclusion

Alpha continues to make good progress in our mission to deliver value for money to tenants.

Overall, as recent robust independent research demonstrates, tenants are highly satisfied. Residents are very happy with the support services and other aspects of our sheltered housing, and greatly appreciate the ongoing improvements in response maintenance.

Rental increases have aligned as closely as possible with increases in tenants' pension incomes, as maintenance and other costs continue to outstrip inflation.

Management and overhead costs are demonstrably lean. This allows Alpha to continue investing at a high level in our stock, especially through strategic planned maintenance. Therefore, Alpha Housing's sheltered stock continues to be among the best maintained in NI, as confirmed by chartered surveyors Moore Macdonald, experts in the local social housing sector.

Alpha's development starts of ten in 2022-23 was modest. However, our relatively new Development Director continues to establish a pipeline of schemes, more of which will come to fruition in 2023-24. The Board remains committed to stretching newbuild targets and the loan facility in place with Danske Bank, which we expect to begin to be drawn-down imminently, signals Alpha's commitment to leverage our largely unencumbered assets to help meet housing need in the years ahead.

We continue to liaise closely with customers, especially through our Tenants Committee and Tenants Forum, in agreeing and monitoring the delivery of VFM priorities in the year ahead.

In summary, Alpha continues to perform well in delivering VFM services to our tenants through a comprehensive and strategic approach.