

Value for Money Statement

2021-22

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.'

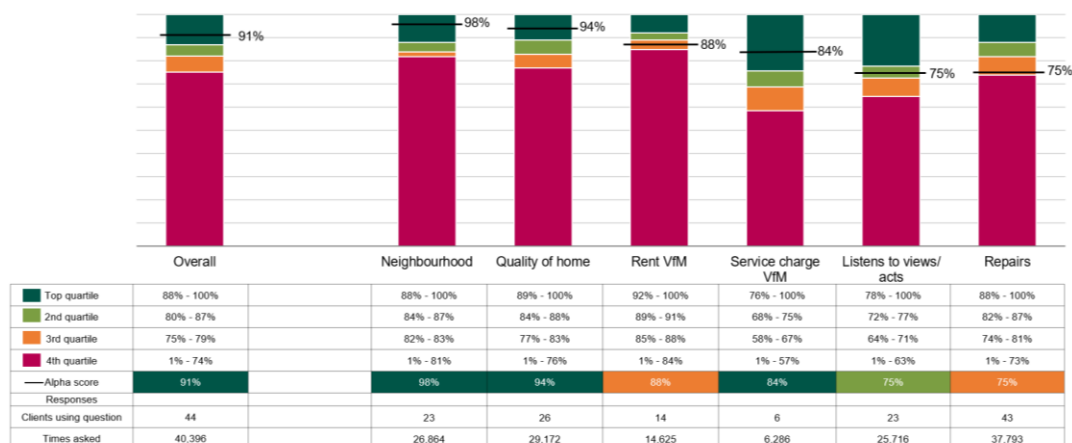
We believe this mission has been fulfilled in 2021-22, including in relation to value for money.

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 2020/21



Comparable CSAT/Perception questions used by clients between 1/1/2021 and 31/3/2021

Alpha's second independent, random sample 'STAR' survey of customer satisfaction, completed by 275 tenants over the phone in March 2021, found that 91% of Alpha Housing customers were satisfied with the service they receive from their landlord. Also, for the seven core 'STAR' questions, Alpha has achieved top quartile performance in four areas [within IFF Research's diverse peer group of UK social landlords].

In line with Housemark requirements, our next 'STAR' survey will be completed in March 2023.

Although Alpha is pleased with such positive feedback from our customers in last year's STAR survey, we have not been complacent. Important areas were identified where we needed to do better.

Improving day-to-day repairs

Response repairs is perhaps the main area in which we have been prioritising improvements. After tenants raised repeated concerns about the incumbent, in 2020-21 we appointed Refresh Services as our new plumbing contractor. Although this entailed some additional costs, we believed this investment was necessary to achieve a better, more reliable service. During 2021-22 tenants have continued to be very pleased with the resulting improvements in the quality and reliability of service.

Throughout 2021-22, Refresh took on a broader range of day-to-day repairs, with resident feedback continuing to be excellent. In 2022-23 Refresh has now been appointed through a direct award our new multi-trades MTC contractor, for an initial one-year period. (This followed the collapse of two response maintenance procurement exercises led by Clanmil and Habinteg which we had hoped to benefit from.) Independent experts Rand Associates have confirmed that this was a reasonable procurement option in the circumstances, and that the rates agreed represent value for money in the current Northern Ireland market.

Benchmarking our performance

Alpha benefits from full participation in the UK-wide Housemark benchmarking exercise, including the annual 'Sector Scorecard' exercise and monthly 'Pulse' surveys. This provides useful cost and performance comparisons with other NI and UK social landlords. (However, Alpha's primary peer group comprising other NI housing associations compares us to mainly bigger landlords with predominantly general needs housing which is both much cheaper to maintain and generates markedly larger surpluses than specialist and supported housing.)

The latest full analysis we have is for the business year 2020-21, the first full year of the COVID-19 pandemic. (The analysis for 2021-22 is unlikely to be available until early 2023.) This was obviously a highly atypical year. Alpha took some tough decisions, such as to suspend new lettings during lockdowns, to help protect tenants, which compromised our 'rent loss due to voids' performance, as we knew it would. However, in 2021-22 the resulting much increased number of vacant homes has been almost completely reversed, with voids returning to close to pre-Covid levels.

For Alpha and most other housing associations, response and planned maintenance costs have increased significantly during the pandemic. This is due to the increasing costs and scarcity of materials; labour shortages; and in Alpha's case, the 'Covid surcharge' Accord members including Alpha agreed to pay our MTC contractor to help keep it remain viable and trading through the pandemic. These increases in costs are reflected in being categorized as 'Quartile 4' for major works and cyclical maintenance and 'Quartile 3' for responsive repairs and void works during 2020-21.

However, this high level of investment in our homes through response and planned maintenance is probably a major factor why Alpha has 'Quartile 1' performance for tenant satisfaction, with levels significantly higher than most NI housing associations.

Emerging from the pandemic, it will be important for Alpha to understand whether our maintenance and other costs have settled at markedly increased levels in comparison with our NI peers, and to benchmark more systematically with similar smaller providers of specialist and supported housing across the UK, with whom comparisons may be more meaningful.

Reasonable Rent Levels

For 2021-22, a rent increase of 1.5% was applied to Alpha's decontrolled rents. This compares favourably to the 2.5% increase in state pensions most of our tenants received from 6 April 2021, and the fact that CPI inflation started the year at 1.6% in April 2021, steadily increasing to 6.2% by March 2022.

Most of our tenants are in sheltered housing and therefore pay a weekly charge comprising 'core' rent; service charge; support charge and rates. Changes were made to our service charge policy in 2019 to cover the costs of providing services more fully through service charges, therefore making services more sustainable and bringing our practice in to line with other housing associations. As in 2020-21, this meant that for 2021-22, most tenants' service charges increased by more than the increase in rents through the resulting adjustments.

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. Grants were again frozen for 2021-22, another significant real terms cut with the effect of inflation. This meant that tenants' support charges had to be frozen again, leading to a £70k deficit in this area (a £50k increase from 2020-21), given the need to sustain scheme co-ordinators hours to effectively support elderly tenants during the pandemic.

Overall, the 1.5% rent increase, above inflationary increases in most service charges, and continued freeze in support charges meant that most sheltered tenants' weekly charges increased by 1.7% to 2.3% for 2021-22. Given the 2.5% increase in state pensions applied in April 2021, this increase was considered reasonable and appropriate by the Board. Also, benchmarking indicates that Alpha's overall weekly charges to tenants continue to be at around median levels for sheltered housing in Northern Ireland.

Building New Homes

Having not developed for many years, Alpha recognises our obligation to help contribute towards meeting significant unmet housing needs in NI. In 2021-22, in formulating a new corporate strategy, the Board re-committed to a target of building 220 new social homes over the next five years. A competitively priced £10 million loan facility remains in place with Danske Bank to fund this development activity.

During 2021-22, construction works continued at Alpha's second development in recent years at Fir Park in Broughshane. Developed by Ballymena-based Martin & Hamilton, this exemplar scheme will provide 14 apartments built to the HAPPI principles, a blueprint for high-quality housing for older people. The project is expected to be completed in early autumn 2022.

New Development Director James Wright is scoping many potential development opportunities, most of which will come to fruition in 2023-24 and subsequent years.

2021-22 financial performance

Alpha's headline financial results for 2021-22 were:

Turnover	£6,143,818
Operating costs	£5,463,959
Operating Surplus	£679,859
Total comprehensive income for the year	£629,467

Turnover increased by 2.2% compared to 2020-21. With operating costs having increased significantly, as expected, from 2020-21, the operating surplus increased to £679,859 from £531,225. Total comprehensive income for the year increased accordingly to £629,467.

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

Conclusion

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

Overall, tenants remain highly satisfied. During the continued unprecedented pressures of a global pandemic in 2021-22, services continued to be delivered as effectively and safely as possible, with important improvements in response maintenance achieved.

Rental increases have aligned with increases in tenants' pension incomes, at a time when increases in maintenance and other costs have been far outstripping inflation. Benchmarking demonstrates that Alpha's sheltered rents are reasonable in comparison to those of other housing associations.

Management and overhead costs are being effectively controlled. Alpha continues to invest 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.

Although Alpha's development activity in 2021-22 was modest, the recruitment of an experienced Development Director; the Board re-committing to a stretching newbuild target; and the loan facility in place with Danske Bank, signals Alpha's commitment to leverage our largely unencumbered assets to help meet housing need in the years ahead.

We will 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.