Group annual report and financial statements

2021/22

Alliance homes


home
repairs
service

Contents

Chair and Chief Executive's statement

Despite the ever-changing COVID-19 restrictions, our focus continued to be on delivering services and ensuring the safety of colleagues and customers. We're grateful to our colleagues for their work and to our customers for their understanding as we transitioned back to pre-pandemic life.

2021/22 was the final year of our five-year corporate strategy, Plan A. When it launched in 2017, we set out our ambitions to modernise the business, build 1,000 new affordable homes and deliver great services for our customers. We've made some real progress during this time and put some strong foundations in place to becoming a modern, resilient and most importantly customer focussed business. Our ambition to build more homes to help tackle the housing crisis saw us increase our ambition to building 2,000 new homes over 10 years and we are well on the way to delivering this ambition.

Taking stock of what we've achieved as well as taking insight and our external operating environment into account, the Board has defined the strategy for the next five years.

Plan A 2.0 is an evolution of the original Plan A and sharpens our focus on where we can make the greatest impact. Which is managing and improving our existing homes as well as building new ones.

We engaged our colleagues, customers and stakeholders in its development and formally launched it at the start of the 2022/23 financial year. The strategy sets out the five areas we want to focus on — our Focused Five — and we address what is one of the biggest challenges for our generation, decarbonisation.

As a result of this refocus, the Board decided that we should no longer provide domiciliary care under Alliance Living Care. This was a difficult decision as we're incredibly proud of the service and everything we achieved since we began to offer this in 2014. The service was seamlessly transferred to another provider in November with no impact on our customers.

Our development programme had its busiest year, delivering 234 homes that included 33 shared ownership sales. Over the next three years, we are planning to build over 600 new affordable homes across our region. We completed the purchase of Marina Gardens in Portishead in September which will see us bring 127 affordable apartments to the town.

We're progressing plans to introduce a customer portal, which will mean customers will be able to pay rent and book repairs online. To enable this, we replaced our housing management system last summer and brought all our customer information into one source.

Over the last few years, we've done a lot of research to understand what matters most to our customers. We launched our online community HIVE and can carry out research through this platform. We've been considering more ways for customers to get involved with us and in designing services, so in April launched our Customer Feedback Panel. The panel is made up of a representative group of customers who will scrutinise and help shape our services, they will report directly to Alliance's Board.

We linked our strategy to our financing arrangements when we secured a £75m revolving credit facility loan from Lloyds Bank. We'll use this funding to build more homes and invest in our communities by improving the energy performance of our existing homes. We'll then receive a discount on the loan if we achieve certain sustainability Key Performance Indicators.

The current cost of living crisis and increasing inflation means that we're beginning to see customers who were previously managing starting to need more financial support. To help with this, we've increased the amount of financial support and aid we can provide for our customers through our Springboard Fund.

The sector is facing some real challenges as we look ahead. But we're confident that through our refreshed strategic focus we'll be able to continue our journey of creating great places to live.

Andy Willis
Chair of the Board

Louise Swain
Chief Executive

Board members, advisors and bankers

Board members

Andrew Willis	Chair
Carol Rosati OBE	Senior Independent Director Chair of Remuneration, People and Change Committee
Richard Gaunt	Chair of Audit and Risk Committee
Paul Foster	Chair of Investment Committee
Louise Swain	Chief Executive
Sarah Frost	Board Member
Sameer Rahman	Board Member
Claire Feehily	Chair of Alliance Living Care Board Retired September 2021
Maddie McIsaac-Dunne	Chair of Customer Insight Committee Retired September 2021
Huw James	Board Member Retired May 2022

Maddie McIsaac-Dunne is also a customer of NSAH (Alliance Homes) Limited. The committee's remit was taken back under the Board's oversight.

Strategic Leadership Team

Louise Swain	Chief Executive Officer
Katrina Michael	Chief Finance Officer
Philippa Armstrong-Owen	Director of Business Services
Iain Lock	Director of Investment
Elizabeth Griffiths	Director of Customer Services
Helen Grantham	Director of People Appointed August 2021
Matt Bingham	Director of Digital & Change Appointed August 2021

Registered office

40 Martingale Way
Portishead
BS20 7AW

Group members

NSAH (Alliance Homes) Limited
Alliance Homes (Ventures) Ltd
Alliance Homes Partnerships Limited
Alliance Living Care Ltd (no longer trading)
Alliance Homes Sales Limited (dormant entity)
Alliance Homes Design and Build Company Limited (dormant entity)

Independent auditors

KPMG LLP
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

Banker

Barclays Bank Plc
P.O. Box 1015
3rd Floor Windsor Court
3 Windsor Place
Cardiff
CF10 3ZL

Legal advisors

Towers and Hamlins Solicitors LLP
3 Bunhill Row
London
EC1Y 8YZ

We also work with Clarke Wilmott LLP, Forresters IP LLP, Tozers LLP and Devonshires Solicitors LLP for specialist advice as required.

NSAH (Alliance Homes) Limited is a Community Benefit Society incorporated under the Co-operative and Community Benefit Societies Act 2014, registered with the FCA with registration number 29804R. Regulator of Social Housing (RSH) registration number L4459.

Who we are

We're a dynamic, fair and community-minded housing association delivering new homes and landlord services. Our properties support borrowing which we use to build more new homes, the borrowing charges being covered by our rental income.

We want to make housing accessible for everyone, create thriving communities and support independent living.

Operating in five local authority areas, we own and manage 6,721 homes, which includes 208 shared ownership homes and three homes for market rent, but excludes 511 Right to Buy leasehold properties where the freehold is retained, and we provide services to thousands of people each year.

> *We want to make housing accessible for everyone…*

Corporate priorities for 2021/22

Strategy	Strategic themes	Priorities
Customer	• Be known for great customer service • To make every house a home • To make best use of technology to maximise the opportunities for self service	**Successfully implement the new Civica Cx housing management system and self-service customer portal, whilst also progressing HRS transformation.** • Go live with Civica Cx in July 2021 • Embed Civica Cx and continue delivery of the roadmap • Scope and procure a customer portal solution • Continue to improve HRS culture, operational efficiency, and customer service
Asset	• Managing our assets effectively • Providing safe homes that meet customer needs • Planning for a greener future • Placemaking in our communities • Building the right new homes in the right places	**Create the right conditions for our future asset investments and to progress strategically significant development projects.** • Evaluate our baseline asset data • Respond to national changes in policy • Recruit and upskill our teams • Analyse future investment costs and the business plan impacts
Resource	• Well-led • Value for money • Financial viability • A future ready business	**Embed data management improvements to enable robust and reliable reporting of performance and improving our control environment.** • Ensure data and infrastructure platforms and secured to industry standards • Develop an information management strategy and programmes • Develop architectures for data standards and processes • Adopt a 'data protection by design and default' approach • Implement integrated HR payroll system
People	• Talent management • Wellbeing and work life balance • Innovation/ continuous improvement • Inclusion and involvement • Empowerment accountability, values, and ethics	**Build the foundations of a trusting culture using Great Places to Work as a roadmap for change.** • Strengthen our leadership culture • Review and extend our well-being offer • Embed customer centricity by rolling out the Customer Academy • Evolve our AGAME values

The corporate priorities for 2021/22 have been reported within the highlights shown in the following section of this report.

Our operational performance 2021/22

Number of colleagues
349*
Previous year 478

Number of homes owned
6,721**
Previous year 6,495

Average rent arrears
2.3%
Previous year 2%

Number of repairs
22,124
Previous year 15,489

Meeting our customers needs (UKCSI)
75%
Previous year 77%

Number of people supported
3,976
Previous year 4,263

Number of complaints
607
Previous year 549

Number of compliments
116
Previous year 183

Operating margin
22.5%
Previous year 22.7%

Number of new homes delivered
234
Previous year 43

Number of customers
8,968
Previous year 8,376

Customers who believe rent provides value for money
80%
Previous year 84%

* The reduction in the number of colleagues in 2021/22 is a result of the transfer of the domiciliary care activities from Alliance Living Care to an alternative provider during the year

** This figure includes the units as reported per the 2022 SDR submission, adjusted for units which were owned as at the year-end, but which had not yet been brought into management.

Plan A 2.0 2022-27

Plan A was launched in 2017 and set a new direction for Alliance Homes. The strategy set out the organisation's ambition to build more homes and deliver a great service for our customers.

Plan A 2.0 is an evolution of this strategy, and this review of the year has been structured around our new strategic areas of focus.

Who we are

We're a housing association that exists to make a positive difference to people's lives.

Why we exist

To create great places to live that our customers are proud to call home.

Our focused five strategic priorities

- Delivering a great customer experience
- Building more affordable homes
- Being a green and ethical business
- Investing in existing homes and neighbourhoods
- Being a great place to work

Our values

- Ambitious for all
- Genuine
- Awake to opportunity
- Make the difference
- Effective

Our principles

- Leading with our values
- Putting customers at the centre of everything we do
- Being a trusted partner
- Embracing innovation, change, technology
- Being commercially adept and financially resilient


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Delivering a great customer experience

Letting homes

We're continuing to improve the way we let our homes, building on the work we've done over the last year to make the process easier for customers. We've combined the Tenancy Services Team, who let our homes, with the HRS Empty Homes team, who work on the homes. This merger has improved communication and made for more effective working. We've seen improvements in the quality of our empty homes while maintaining efficient turnaround times.

We're continuing to make improvements to the experience of moving into a new home. We're working with our Customer Feedback Panel to improve our welcome booklet to ensure new customers have all the information they need when they move in. We're starting a full review of our approach to empty homes, examining all our processes to ensure we're as efficient as possible in terms of how the service is managed while delivering a high-quality new home for every customer when they move in.

Empty homes standard

Building on our work to embed our empty homes standard, we're looking to review it again as part of our Customer Improvement Project. We're continuing to develop our quality assurance process to ensure each home meets the standard and is ready for a customer to move in.

We're currently looking at the possibility of adding carpets in some of our empty homes. We're also ensuring we undertake a thorough survey at the point a home becomes empty and checking ventilation as part of our new proactive approach to addressing issues of disrepair, damp and mould. We'll also be extending our empty homes standard to look at the standards of our blocks of flats, with a focus on the communal areas.

"We're continuing to make improvements to the experience of moving into a new home."

Home repairs service

Despite the ongoing demands and challenges following the pandemic, our Home Repairs Service (HRS) and major works programme were able to recommence a full service in June 2021. During much of the pandemic, restrictions meant that repairs were limited to urgent and emergency repairs only. As a consequence, the team have been striving to work through the repairs that accumulated during that period. We're pleased to say that in the past year they attended 22,124 home repairs.

In the last year we've also been able to increase the number of home improvements. We fitted 358 kitchens, 603 external doors, 43 bathrooms, 81 kitchens and externally decorated 603 homes.

During the year we began a major refurbishment programme for the nine apartment blocks on Cherry Avenue in Clevedon. Works have included replacing all communal windows, internal handrails and balustrading, and repairing concrete.

Our environmental team have completed their numerous ground maintenance activities which includes over 270,000 sq.m worth of grass management as well as dealing with storm damage, carrying out tree works to 153 trees in our neighbourhoods.

In conjunction with the Procurement Team, we've successfully tendered and awarded new contracts to deliver the kitchen and bathroom programme, window replacement programme and roof replacements, as well as frameworks to deliver general building works, disability adaptations and wet room replacements.

We've worked to enhance the culture within HRS. Members of the team have joined the 'Your Voice' forum to discuss key topics with other colleagues and provide feedback for HRS. Team building opportunities have been highlighted to the team, including the Make a Difference leave which some have taken as a team, volunteering together to make a community improvement.

We've created a first-class induction programme for all our new starters. This is embedding a customer-first approach and driving performance right from the outset.

We've worked with our repairs materials supplier to improve and enhance performance. Most repairs teams have appreciated and recognised these improvements and we're now working with our supplier on the remaining areas for improvement.

Customer satisfaction is always our top priority and we're continually working to provide the very best customer service. At year end, the percentage of customers who were satisfied with their repair stood at 86% and the percentage of customers who said we treated their home with respect was at 90%.

> *“In the last year we've also been able to increase the number of home improvements.”*

Managing anti-social behaviour

This year we've implemented and embedded ways of working which put our customers first. We focus on solutions and implement them in a consistent and fair manner while keeping our customers fully informed every step of the way.

We play a key role in partnerships that focus on anti-social behaviour and community safety. We currently chair the North Somerset Multi Agency Risk Assessment Conference (MARAC) group that shares information on high-risk domestic abuse cases.

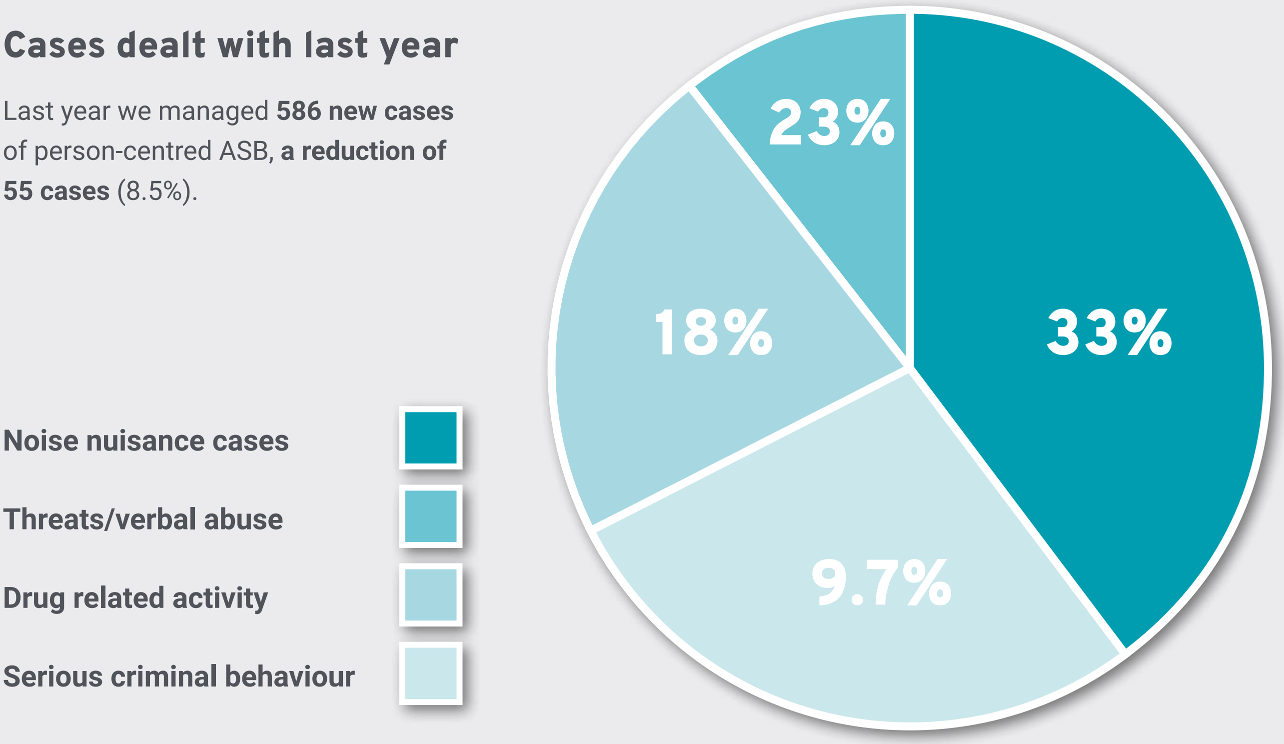
We engage with customers we've supported on anti-social behaviour (ASB) issues, to gain insights that we're using to improve and develop our service. Our customers have told us that they highly regard the way our team manage cases and they particularly appreciate their attitude and approach. Further work is needed to manage customer expectations around what is possible at the outset of a case as well as around the frequency of communication. Both issues will be key focus points for the coming year as well as a plan to increase the amount of customer insight we have on ASB issues.

Last year we managed 586 new cases of person-centred ASB, a reduction of 55 cases (8.5%). Noise nuisance cases were the highest at 33%, threats/verbal abuse remain second at 23%, with drug related activity the third highest at 18%. Serious criminal behaviour accounted for 9.7% of the cases we dealt with last year.

> *Our customers have told us that they highly regard the way our team manage cases and they particularly appreciate their attitude and approach.*

Cases dealt with last year

Last year we managed **586 new cases** of person-centred ASB, **a reduction of 55 cases** (8.5%).



What customers say

In the last year we received 116 compliments, 67 comments and 607 complaints from our customers. We're always looking to improve our service and during the year we undertook a full review of our complaints process in line with the Housing Ombudsman's Code on Complaint Handling, which was set out as part of the customer charter in the Government's Social Housing White Paper.

We then used the results of our review to refresh our policy and complaint handling procedure with a view to improving our customers' experience of making a complaint. We're pleased to say we've improved the time it takes us to resolve complaints, from 33 days at the start of the year down to 19 by the end of the year.

We've also implemented quarterly customer insight surveys for customers who have been through our complaints process. The results of these indicate that 54% of our customers are satisfied with the way their complaint was handled. The focus of the coming year will be to improve that figure. To do this, we intend to improve communications with our customers throughout the complaints process and embed a process that ensures learning points are fed through into service improvements.

We intend to refresh our policy and process again in the coming year in line with further guidance from the Housing Ombudsman. We'll do this together with our Customer Feedback Panel and wider customer input via our HIVE engagement platform.

> *"We're pleased to say we've improved the time it takes us to resolve complaints, from 33 days at the start of the year down to 19 by the end of the year."*

Listening to customers

We're committed to listening and acting on customer feedback to ensure we're improving and developing services to meet the needs of our customers. We bring the customer voice into the organisation through a range of approaches including our online community platform HIVE, our transactional surveys, our bi-annual customer experience key performance indicator survey and the new addition of our Customer Feedback Panel.

Through HIVE we frequently reach out to hear the opinions of customers on a wide range of areas. Some examples this year include:

- hearing feedback on our new Customer Promise, which outlines our commitment to our customers
- listening to customers' experiences of our service when they've reported damp and mould issues so that we can improve our approach in this area
- understanding the key concerns of our customers as we headed into the winter months to help shape the support we offer
- feedback on our annual gas servicing letters to ensure the key information is easy to comprehend
- exploring the idea of an online customer portal and whether this would be of benefit to customers and, if so, what services and features they would like to see included.

Our transactional surveys are designed to measure the customer experience at specific touchpoints. These include:

- the experience of new customers who have just moved into their home
- feedback on our Home Repairs Service via our SMS day-after-repair survey
- feedback on our major works programme
- our support and adult carers services
- our contact centre and how we handle complaints and ASB cases.

Results are used to understand the current customer experience and the learnings we can take forward to drive improvements.

We measure our overall performance twice a year with our customer experience key performance indicator (KPIs) survey. To ensure transparency around how we're performing, we publish the results of these KPIs in our Customer Annual Review.

> *"Through HIVE we frequently reach out to hear the opinions of customers on a wide range of areas."*

Customer engagement

We're enhancing the ways in which we engage with our customers, by making it easier for them to get involved and shape our services. This year we launched our new Customer Feedback Panel. The panel is a way for us to create a great service by collaborating with our customers, inviting scrutiny and building solutions together.

The panel comprises a group of tenants who are a representative sample of our customers and who can give us their independent views. They will review different elements of Alliance Homes' services before meeting with Alliance Homes colleagues to discuss findings, provide their independent views and make recommendations.

This is an evolving journey and while we have a great range of opportunities for customers to get involved, we hope to continue to develop more ways in which customers can work with us in the future.

Digital transformation

Over the course of the year, we've made great progress in laying the foundations of a more digital future, with the implementation of our new housing management system, Civica Cx, which launched in July 2021.

Civica Cx has provided benefits for both our colleagues and customers, delivering a holistic view of customer information and interactions with colleagues. This has provided one version of the truth for both customer resolution and management information reporting as well as allowing us to make decisions more quickly for customers.

Civica Cx has also provided us with the ability to move forward with a digital offering for customers and progress with initiating a self-service customer portal.

A customer portal will open new channels of communication and provide customers with alternative ways to access Alliance's services. Customers will be able to request repairs, report incidents and pay rent online whenever it's convenient for them. Our aim is to launch the portal towards the end of 2022/23 financial year.

"A customer portal will open new channels of communication and provide customers with alternative ways to access Alliance's services. Customers will be able to request repairs, report incidents and pay rent online whenever it's convenient for them."

During the year we've worked to embed data management improvements to enable robust and reliable reporting of performance and improving our control environment.

Significant steps have been taken to enhance our data governance and management polices throughout 2021/22, giving enhanced confidence in data quality and allowing improvements in our operational performance.

Alongside policy and governance enhancements a review of our information and technology security has taken place to ensure all systems and data remains as secure as possible.

Alongside data and security policy and governance enhancements a full review of our information and technology cyber security has taken place. We have invested in a Security Operations Centre service providing continuous security monitoring of all our technology infrastructure and systems. Additionally, several systems and infrastructure components have been upgraded to enhance security and we've implemented cyber security incident detection software to allow instant response to security issues.

We'll continue to enhance our information management strategy through 2022/23 with a view to further strengthening our performance and operational controls.

Customer satisfaction

Earlier this year 1,048 customers took part in our bi-annual customer experience survey and rated Alliance Homes on a number of areas, including overall customer satisfaction.

82% of customers told us they're satisfied with Alliance Homes and 75% feel we meet their needs.

The areas we need to focus on include speed of repairs; wait times to get through to our contact centre; neighbourhood anti-social behaviour; the condition of our homes and listening to customers.

> *82% of customers told us they're satisfied with Alliance Homes ...*

Following this feedback, we've taken the following actions:

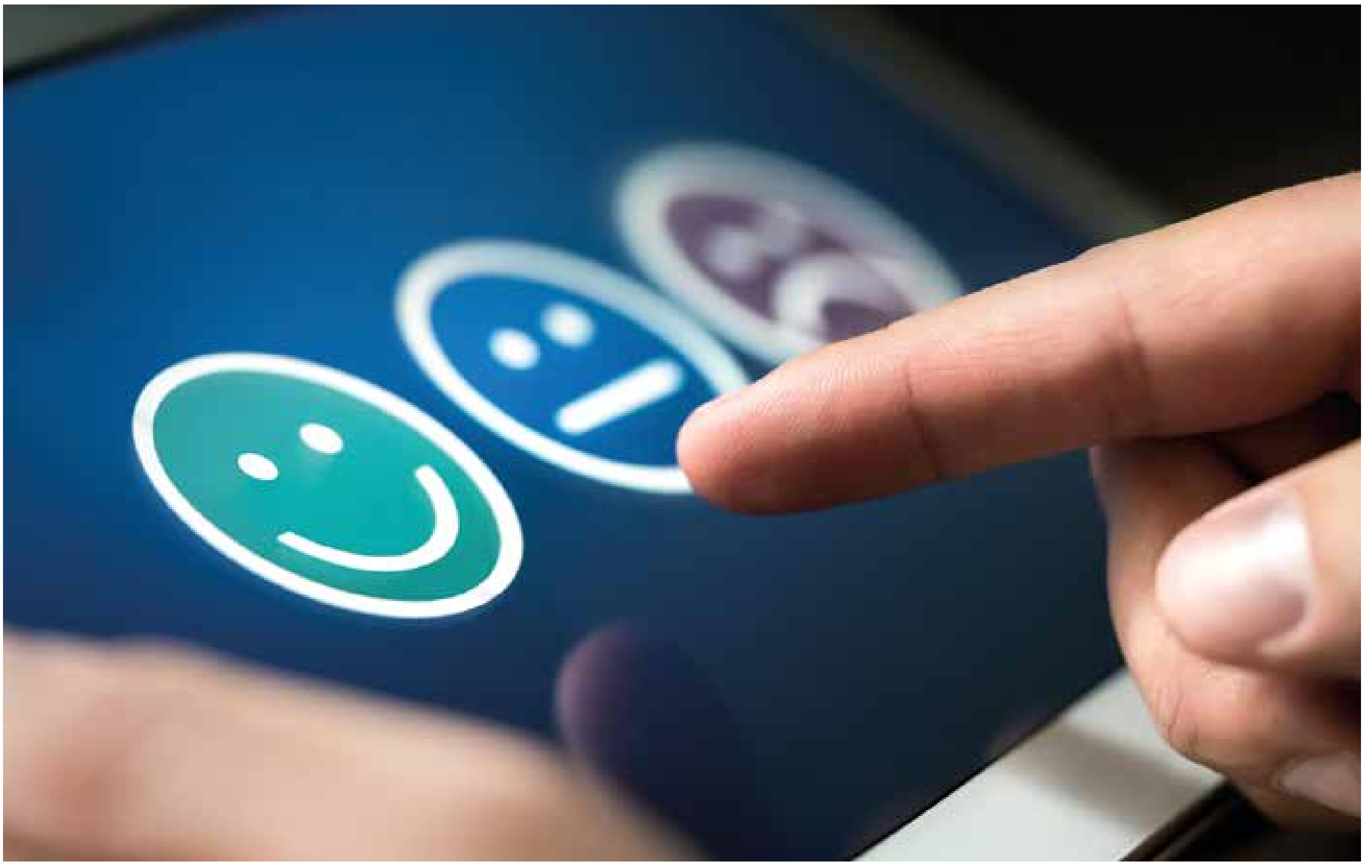
Speed of repairs: added new property inspectors to assess larger or more complex repairs

Getting through to us: strengthened our contact team so customers can get through more quickly

Neighbourhood anti-social behaviour: created a dedicated process for reporting anti-social behaviour that's robust and responsive

Condition of homes: regularly inspecting our homes to keep customers safe

Listening to customers: launched our new Customer Feedback Panel to find out where we can make further improvements



Supporting our customers

As a result of the pandemic and the current cost of living crisis, we know that things are changing financially for some of our customers. Core to our beliefs is that people must share responsibility for success, but that we can play an important role in providing opportunities – a hand up.

Building on the Springboard Fund that was launched last year to help those financially impacted by COVID-19, we've reviewed and enhanced the financial support we can offer to customers.

In addition to this, we've introduced the Essential Living Fund, which provides one-off payments to help cover the costs of practical items such as energy, white goods, carpets, etc.

We're also working with an external supplier to offer mental health and wellbeing support to our customers.

Building more affordable homes

2,000 homes development programme

During 2021/22 we delivered the biggest number of new homes in our history. Despite challenges in the operating environment (compounded by COVID-19 and supply chain difficulties) we built 234 new affordable homes for rent and for shared ownership. This represents growth of over 3.5%.

Build completion
234
homes

Sales completion
33
1st tranche

Sales income
£4.2m
receipts

Sales Surplus
28.9%
average

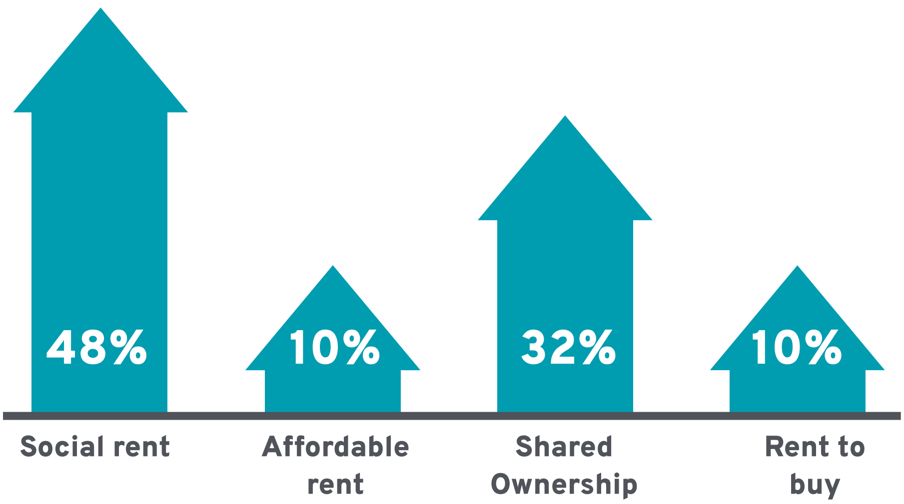
The demand for housing continues to outstrip supply, with affordability more acute than ever. During 2021/22 the housing market across our operating area has remained stable and house prices have increased from 2020/21. In the West of England, the average house price is now £291,581 – well above the national average of £226,838.

2021/22 Completion profile

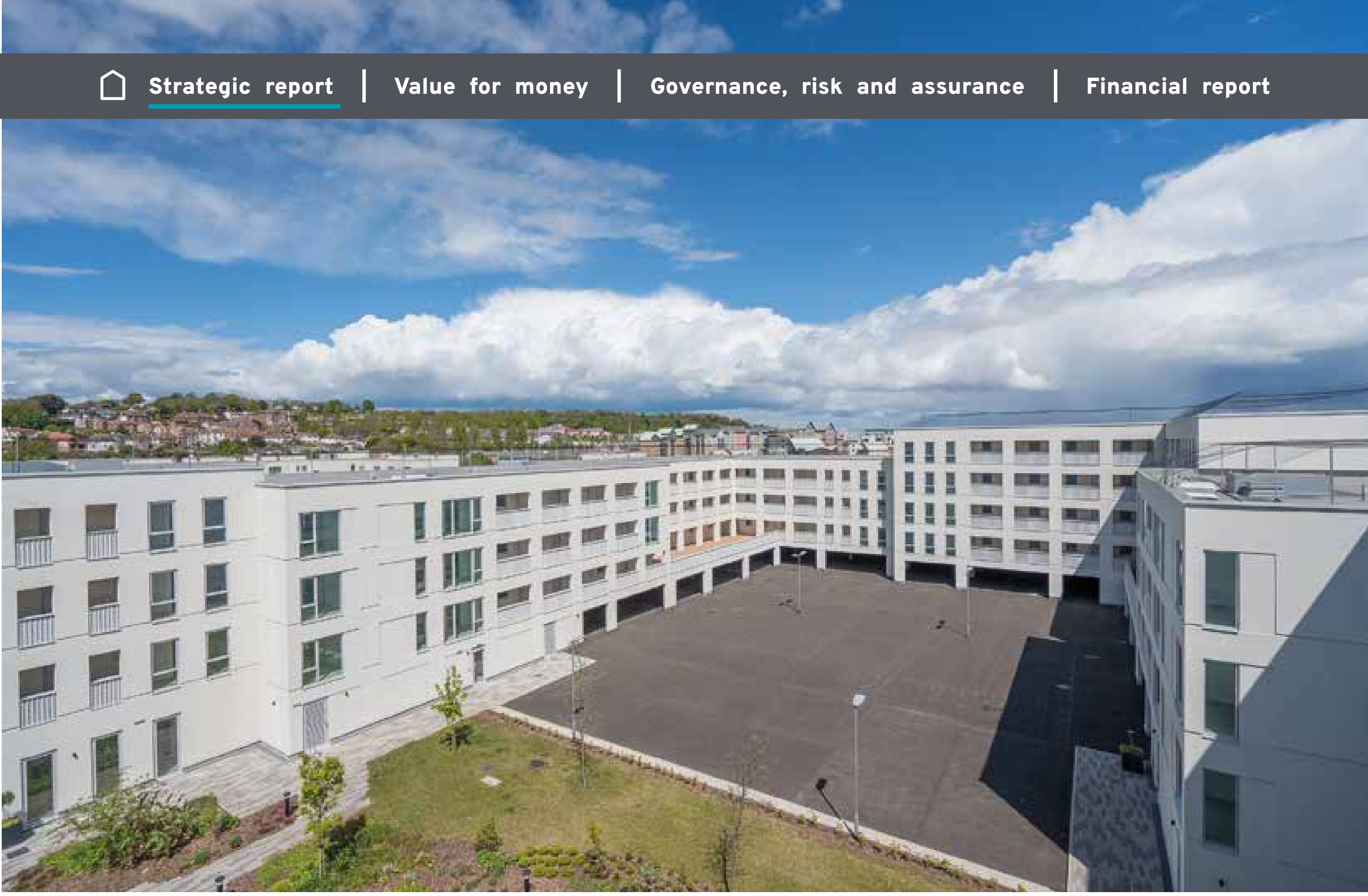
Our completion profile for the year shows that we continue to play an important role in North Somerset. Going forward, our development ambitions remain grounded in the wider West of England and in Sedgemoor.

Local Authority	Social Rent	Affordable Rent	Shared Ownership	Rent to Buy	Total
North Somerset	106	24	73	23	226
Bristol	6		2		8
TOTAL	**112**	**24**	**75**	**23**	**234**

Types of homes by percentage



Our output in 2021/22 is dominated by rented tenures – representing 68% of our total delivery. We know that providing homes that are affordable in the long term is important to sustaining tenancies and we are committed to continuing that focus. 32% of our delivery provided new homes for shared ownership sale.



Notable schemes include the purchase of 126 homes at Marina Gardens in Portishead, a strategic acquisition of a completed (but unoccupied) property originally built for the private retirement living market. During 2022 this scheme will see the creation of a new mixed affordable tenure community adjacent to our head office, on the edge of the popular marina area.

We also completed the construction of 21 homes at Homefield in Congresbury, bringing much needed affordable homes for rent and shared ownership to the semi-rural village.

In additional to construction completions, we have maintained strong shared ownership sales performance. A total of 33 first tranche sale completions were achieved by 31 March 2022, representing total income of £4.2m generating an average surplus of 28.9%.

Pipeline

At our core, increasing the supply of new affordable housing drives our growth in homes and services. During 2021/22 we have continued to expand our development pipeline, securing approvals and contracts for a range of projects that will deliver in future years.

We are well on our way to meeting our target of 2,000 homes by 2030. Over the next three years, we are planning to build over 600 new affordable homes, which will contribute to meeting housing need in our communities.

Our approach to grant funding to support our delivery evolved in 2021/22, with the extension of our partnership with Curo and Magna. Through this funding partnership we have secured £19.6m of Government affordable housing grant, enabling us to deliver more of the right new affordable homes, in the right places.

Our commitment to partnership working and collaboration will underpin our approach to new business for the coming year, and beyond.

Investing in existing homes and neighbourhoods

Asset management

The COVID-19 pandemic continued to significantly impact on our ability to progress with our existing home investment programmes. This was further compounded by supply chain and labour market difficulties. However, a plan has been put in place to enable the ongoing and 'catch up' investment in our existing homes.

During the year we've continued to implement our Asset Strategy. This sets the framework for our future focus on improving the quality of our existing homes and neighbourhoods, particularly responding to the external environment concerning net zero carbon and building safety.

The underpinning objectives of the strategy are:

1. **Managing our assets effectively**
2. **Providing safe homes that meet customer needs**
3. **Planning for a greener future**
4. **Placemaking in our communities**
5. **Building the right new homes in the right places.**

Over the coming years we'll be developing our approach to asset value for money, net carbon zero and other policy objectives. A key focus will be on improving the energy efficiency of our existing homes by achieving EPC C on all homes by 2030, although we're aiming to achieve our stretch target of delivering this by 2028. We'll also be extending our customer segmentation and insight to ensure the homes we provide remain fit for purpose in the long term.

Community investment

We're continuing to invest in our communities and engage with them to understand what matters most. We've created opportunities to grow our communities by increasing our partnerships, as well as developing a micro grant programme that's awarded over £10,000 in grants to grassroots community projects.

Our Neighbourhood Network (ONN) is a community movement based in the Bournville, Coronation and Oldmixon areas of Weston-super-Mare. The network has seen a healthy level of growth in response to the increased availability of community spaces where people can meet, organise and socialise.

The work that ONN and the 'Patchwork of Prosperity' project have been doing to create green spaces in their neighbourhoods has also thrived. ONN supported a small group of community members over a three-year period, helping them work with North Somerset Council and local voluntary organisations to secure £45,000. This was used to install a green gym in St John's Park, Weston-super-Mare.

The ONN team have also created and supported a range of community gardening and outdoor hubs, as well as bricks and mortar community hubs in the Bournville and Coronation areas of Weston-super-Mare. These hubs enable creative arts sessions, yoga classes, community food clubs, coffee mornings, table-top sales, toddler groups and other drop-in sessions.

As we build on this recent momentum, we also anticipate continued growth in engagement numbers from a number of sources. The opening of a new community hub in Oldmixon in Spring 2022 is expected to create a further increase, as will the completion of the Patchwork of Prosperity community gardens at Coleridge Road, Weston-super-Mare and at our new housing development on West Hill in Portishead.

Recognising that people's health is determined by a range of social, economic and environmental factors, we've increased our commitment to support our customers and communities with social prescribing services. We do this on behalf on North Somerset Council and in partnership with Citizens Advice North Somerset and Pier Health. Together we provide a social prescribing service where patients can be referred to a range of non-clinical services that will help them better manage their own health.

Over the last year we've continued to work in partnership with Big Worle as their 'local trusted organisation'. Awarded £1m by Big Local, this Worle-based community organisation has gone from strength to strength. They've appointed a new Chair of the Board and increased resident engagement with new volunteers to their steering group. Big Worle have put on a wide range of well attended events, workshops, and activities for residents.

One of Big Worle's highlights was working with Theatre Orchard and helping to host part of the 'Lullaby' route, a sound and light public artwork by internationally acclaimed artist Luke Jerram. This installation saw the streets of Weston-super-Mare and Worle serenaded by a flotilla of illuminated bikes filled with serene, ambient music.

> *"Recognising that people's health is determined by a range of social, economic and environmental factors, we've increased our commitment to support our customers and communities with social prescribing services."*

Delivering support services

Working closely with North Somerset Council, we continue to provide a range of support services to our customers and the wider community. We help them navigate housing options, provide support on sustaining independence and deal with debt and financial management. This year has seen the range of our support options grow. We've introduced a series of new initiatives, which includes the introduction of new support colleagues who are there to help customers settle into their new home, help them sustain their tenancies and support those customers who have more complex housing needs.

In the last year we recruited a New Fundraising and Activities Coordinator who has been successful in sourcing income that will increase the reach of our carers services and expand the range of activities. The new adult carers service has really thrived over the course of the year. A variety of new groups have been developed that assist in connecting carers, reducing isolation and providing much-needed respite.

The young carers team have provided a wealth of activities with over 20 trips and activities. These have included farm trips, go carting, air hop, assault courses, cinema, paddleboarding, quiz nights and even a residential weekend for senior young carers.

Some amazing achievements have been realised by our young carers, with one being offered a private education place and another one winning Bristol Young Hero's Caring Award. Our team nominated and supported the carers in both instances. Finally, this year has seen the carers team securing over £20,000 funding as well as hampers, trips and goodies from several charitable sources.

In 2020/21, the Board took the decision to exit the domiciliary care market, and the transfer of the trade, assets, employees and the associated defined benefit pension obligations in relation to these activities delivered by Alliance Living Care Ltd were transferred to another care provider on 9 November 2021.

Additionally, Alliance Living Care previously had a contract to deliver day care services in a number of locations across North Somerset for customers living with dementia or mental health conditions. These services are now delivered by Alliance Homes directly, following the transfer of these activities, employees and associated defined benefit pension obligations on 27 October 2021.

"Some amazing achievements have been realised by our young carers, with one being offered a private education place and another one winning Bristol Young Hero's Caring Award."

Being a green and ethical business

Our journey

Alliance Homes has already invested heavily in reducing our environmental impact, including measures such as installing solar panels on 2,500 homes, harvesting water at Martingale Way and procuring a sustainability-linked loan from Lloyds.

But we recognise the need to do more and that's why we've made it one of our five key strategic focus areas for the next five years.

Over the next five years, we will invest in a range of initiatives to reduce our environmental impact and carbon footprint. We will embed green principles and develop ways to evolve our culture of sustainability.

As a social purpose organisation, operating ethically is key to our success. We'll continue to embed ethical practices through our supply chain, compliance with regulatory codes and underpinned by our AGAME values.

We will:

- develop our environmental sustainability roadmap
- explore ways to reduce the carbon footprint of our office facilities
- reduce the carbon emissions from our vehicle fleet
- ensure our purchasing and supply chain arrangements meet high ethical standards.

This will be achieved by implementing a range of measures including the following:

- we will achieve SHIFT Environment Sustainability Standard 'Gold'
- all existing homes shall meet EPC C by 2030 with a stretch target of 2028
- all land-led new builds shall achieve EPC A
- we will introduce electrically powered vehicles to deliver repairs service
- we will introduce sustainable sourcing within our procurement activities.

“*Over the next five years, we will invest in a range of initiatives to reduce our environmental impact and carbon footprint. We will embed green principles and develop ways to evolve our culture of sustainability.*”

Regulatory review

We underwent our second In-Depth Assessment during the 2022/23 financial year and on 27 July 2022, Alliance Homes was again awarded a G1/V1 rating from the Regulator. This is the highest grading a housing association can achieve and confirms the Regulator's confidence in our strategy, financial viability, and the way we govern the organisation.

The credit rating agency Moody's reaffirmed our A1 credit rating following its annual review of our operating and financial performance.

Social value

We continue to obtain social value from our suppliers through our procurement processes. In the last year, our contractors have contributed over £18,775 in donations, material supplies and volunteering hours to support a wide range of community projects.

One of the many highlights includes working together with Bell Contracting on a raised bed dementia garden at the Tamar Wellness Centre. Bell provided the funding for us to build the garden and provide plants, benches and tools for the dementia day centre attendees to enjoy it to the full. The garden has not only created a welcoming space but the charity ALIVE will also be providing gardening classes so our visitors can get even more out of it.

A further highlight was the creation of a talking point bench in Nailsea's Millennium Park. The bench is the second bench that has come about through our relationship with mental health charity We Are Aware. The bench was provided thanks to the social value element in our contract with Jones Building Group. It's been designed to help people deal with loneliness and isolation, and its location in the park was chosen so it can deliver a direct improvement to the community.

Safety first culture

All landlord safety programmes continue to be delivered as one of our top priorities. These programmes are designed to provide the highest levels of safety while minimising disruption to customers.

To ensure that our quality of work is maintained and matches, or exceeds, the very best industry standards, we've implemented a regime of third-party independent audits in addition to our internal audit programme. The first area to be subject to this additional scrutiny is the work of our gas team. We're delighted that their work is consistently rated in the top quartile by our auditors and that they've been rated as best performing nationally on several occasions.

Our drive to move our cyclical electrical programme from a seven to five-year period was paused during the pandemic, but this is now progressing at pace. We're on course to bring all customers into this improved process as of 2022/23.

Being a great place to work

A great place to work

We want to build the foundations of a trusting culture and we're using Great Place to Work as a roadmap for change.

In October 2021, we took part in the Great Place to Work survey. We were pleased to obtain a score of 64% of staff who consider that Alliance Homes is a great place to work, and this has increased from 63% last year.

The survey told us where we're doing well. For instance, our colleagues think they're treated fairly, they continue to have great relationships with line managers, and they love the flexibility and freedom of agile working. However, colleagues told us that we need to be clearer around strategies and objectives and they wanted more input into decisions that affect working at Alliance. We therefore continue to regularly listen and work with our colleagues through a number of forums to continue our journey of delivering our strategy and being a great place to work.

Throughout the pandemic we strengthened our wellbeing resources for colleagues, enabling us to ensure they felt supported and connected through an unprecedented time. As well as our mental health first aiders, we implemented time to talk sessions and phone a friend schemes as well as virtual social activities to stay connected and combat isolation. We also offered e-learning to help colleagues support each other's wellbeing when working more remotely.

After taking feedback from colleagues, we continue to offer remote working. We've updated our agile working framework to allow colleagues to make choices on the best place to work to suit their working day, whether this is at home, one of our office hubs or a hotspot within our communities. We'll continue to evolve our wellbeing and colleague connection strategies in ways that ensure we consider the needs of our customers.

Following feedback in the Great Place to Work survey, we reviewed the support we offered colleagues in managing their financial wellbeing. We changed our pension provider and offered financial wellbeing workshops to colleagues to help them manage their finances now and into the future.

The customer academy is our new customer first development programme for colleagues. Focusing on being a truly customer-centric organisation, the academy broadens our colleagues' understanding of how to connect the organisation, our customers and each other. June 2022 will see a full roll-out programme start for all colleagues.

Team Alliance

We've continued in the right direction on our journey to become a great place to work and our leadership and AGAME values play a pivotal role within that.

Work was undertaken to strengthen our leadership culture and the success of this was reflected in our Great Place to Work survey results. This year we also took the opportunity to review and evolve our AGAME values. Our values are important to us as they underpin how we deliver our strategies and objectives. Following colleague feedback, we've taken time to simplify the language and give them a fresh new look. This work has enabled us to continue to embed our values and ensure they're the golden thread through our colleague journey and people plans.

We've taken time to review our people plans this year. Our main focuses moving into 2022/23 will be how we attract and retain colleagues who align with our values, how we ensure our colleagues can belong and contribute, and how we can continue to invest in our colleagues to be great for today and for tomorrow.

Value for money

We are committed to driving efficiency within our business operations as well as providing value for money services to our customers, in order that we can invest more in our existing homes and in building new homes. We recognise that our operating environment presents opportunities and risks to this, and we are driving a culture to meet those challenges by understanding and responding to our cost and quality indicators.

Our approach to value for money focuses on the distribution of efficiency gains into reinvestment in our core services. Value for money is implicit in everything we do. It is a cross-cutting theme and overarching priority, intricately balancing cost and quality to drive optimum business and customer service decisions.

We're a long term, customer and asset driven business, so decisions we make will reflect this. We will ensure that all decisions consider overall cost effectiveness, e.g., installing components that will last rather than the cheapest and our aim is to deliver a broadly consistent quality of home for customers, whether they are living in an existing or new property.

We're fundamentally shifting our resources to investing in digital services and new and existing homes. To achieve this, we will drive out cost from other parts of our business. Our service offering will meet legal, contractual and regulatory requirements, and we will only provide services above this level where they can demonstrably contribute to the achievement of our objectives, or if a customer pays for these services. The same principle applies to our business support services. Overheads, including business support services, are actively managed and flex in size to reflect the scale, complexity and requirements of our business activities.

We will achieve quality, flexibility and business efficacy within our colleague team by using a mixed economy of permanent, fixed term and contracted employees. We will apply a colleague offer that is tailored to each sector or employment market.

Our principles

Value for Money is at the cornerstone of everything we do, and our approach is a holistic one which places our customers at the centre of every decision we make, ensuring that five principles are considered:

Principle 1: Doing things economically

This principle considers effective and efficient ways to provide services and being innovative and using digital technology and research to design better ways to work.

Principle 2: Doing things right

This principle ensures that we have clear strategies, policies and processes in order to deliver the vision of the business.

Principle 3: Maximising the return on our assets

This principle sets out the way we will manage our existing assets and how we will create new assets to achieve maximum value from our assets for us and for our customers.

Principle 4: Maximising the return from our colleagues

This principle ensures that we invest in our colleagues to promote high performance and to support a culture of development and innovation. It addresses how we will work with our colleagues to train, support and retain them as they deliver high-quality services in an agile way for our business.

Principle 5: Achieving the right outcomes

This principle sets out how we will self-assess our business effectiveness and measure how successful we have been in achieving our corporate plan objectives, and what value has been delivered.

Plan A

Plan A sets out three key corporate priorities and performance against these are reported for the year.

Delivering 2,000 new homes

Metric	Alliance performance 2020/21	Sector Scorecard Performance 2019/20 (median)	Alliance target 2021/22	Alliance performance 2021/22	Alliance target 2022/23
New homes into management	43	N/A	236	234	198

During 2021/22, we delivered the largest number of new homes in our history. Despite challenges in the operating environment (compounded by COVID-19 and supply chain difficulties) we built 234 new affordable homes for rent and for shared ownership. This represents growth of over 3.5%. This includes 126 homes at Marina Gardens, Portishead, which we originally planned for 2020/21.

Our pipeline is strong, and we plan to build 600 new homes over the next thee years, including 198 homes in 2022/23.

Improving customer satisfaction

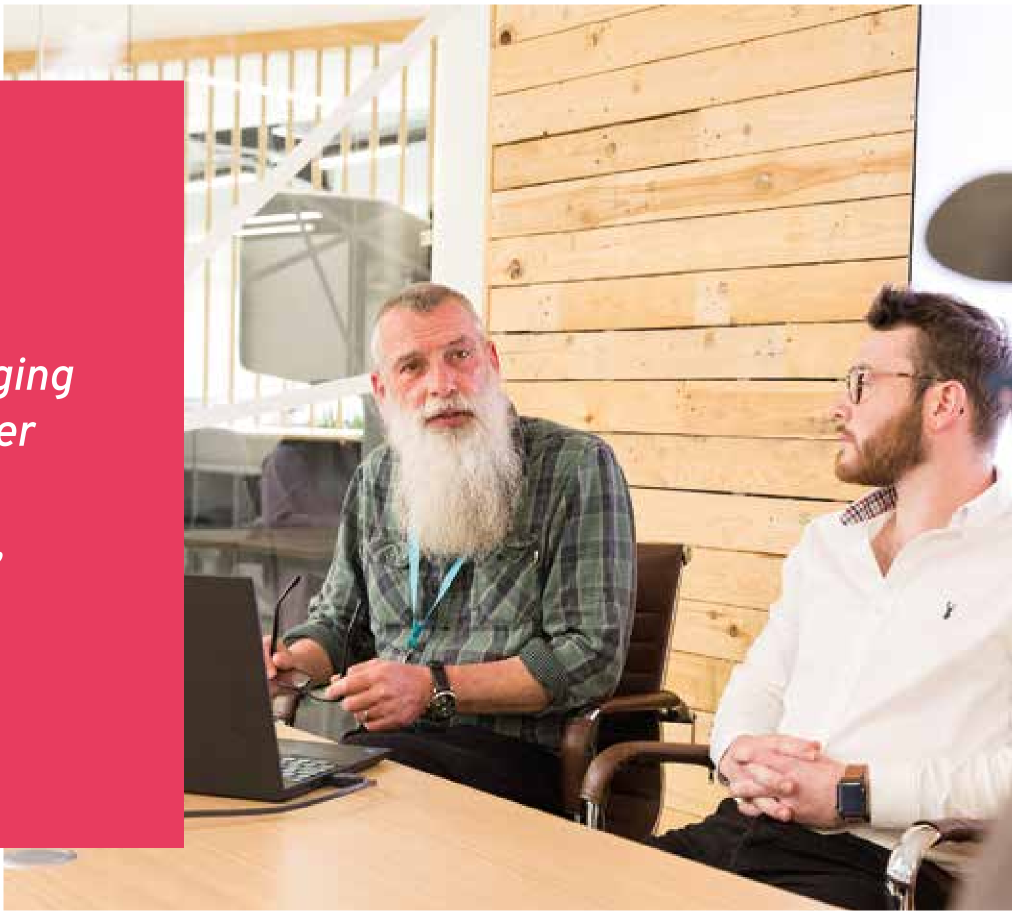
Metric	Alliance performance 2020/21	Sector Scorecard Performance 2019/20 (median)	Alliance target 2021/22	Alliance performance 2021/22	Alliance target 2022/23
Customer satisfaction – Alliance meets my needs	77%	N/A	85%	75%	85%

In 2019 we moved from a single measure of 'satisfaction' to a suite of 13 customer experience KPIs with a core measure of 'meets my needs'. As a result of the 2019 segmentation work, we are also capturing a more representative view of the customer experience, with previously under-represented groups now being heard.

We achieved an overall score of 75% on our core measure of 'Alliance Homes meets my needs', when measured in January 2022. Although this is a decrease from 2020/21, it is an increase from the 73% measured in July 2021, following a year of disrupted service due to the pandemic which impacted on the customer experience. Our Customer Improvement Programme is designed to improve this rating in the future.

The pandemic also delayed the launch of Civica Cx, and the subsequent introduction of a customer portal. The portal will help improve the customer experience for many by enabling customers to self-serve at a time that suits them, and we plan to implement this by April 2023.

We are also working to improve other aspects of the customer experience, for example our new empty homes standard will ensure that customers have a positive experience from the day they move in, with greater quality assurance in place to ensure homes are repaired, clean and ready for the customer.



Through HIVE we run a series of surveys and discussion forums, bringing the voice of the customer into the organisation to inform decision making, shape our services and drive improvements.

To help us drive improvements in the customer experience we continue to run a number of transactional surveys. Following key interactions, we send customers a short survey to understand how we can improve our service and better meet their needs. These surveys span many areas of our organisation, including Home Repairs Service, New Customer Experience, Major Works and our Support Service.

HIVE, our online engagement community, enables customers to provide anonymous feedback at a time that suits them. Through HIVE we run a series of surveys and discussion forums, bringing the voice of the customer into the organisation to inform decision making, shape our services and drive improvements.

Financial resilience

Metric	Alliance performance 2020/21	Sector Scorecard Performance 2019/20 (median)	Alliance target 2021/22	Alliance performance 2021/22	Alliance target 2022/23
Operating margin	22.7%	N/A	22.5%	22.5%	22.5%

We measure our business financially by setting a golden rule for our operating margin of a minimum of 20%. This is calculated by taking the overall surplus as a percentage of total turnover. Our performance in 2021/22 came in as per our original target, which remains the same for the next financial year.

Our 2020/21 Value for money plan

The first three years of Plan A were focussed on investing in and delivering the structure that is required to support Plan A. For 2020/21 and 2021/22, we planned to undertake a full review of our service provision. During the year, the Board has approved four new strategies which support Plan A. Over the last few months, we have undertaken our second Great Place to Work (GPTW) survey. An action plan has been drawn up in response to this and this work has also been included in our plans, to be focussed on the following:

Customer service strategy

Successfully implement the new Civica Cx housing management system and self-service customer portal, whilst also progressing our Homes Repairs Service (HRS) transformation.

Asset strategy

Create the right conditions for our future asset investments and to progress strategically significant development projects.

Resource strategy

Embed data management improvements to enable robust and reliable reporting of performance and improving our control environment.

People strategy

Building the foundations of a trusting culture using the Great Place to Work as a roadmap to change.

For 2021/22 our approach to Value for Money includes a number of objectives in the form of strategic projects and other business efficiency initiatives:

Summary		Action/RAG status
Customer	• Be known for great customer service • To make every house a home • To make best use of technology to maximise the opportunities for self service	Go live with Civica Cx - complete (August 2021) Embed Civica Cx and continue delivery of the roadmap Scope and procure a customer portal solution Continue to improve HRS culture, operational efficiency, and customer service
Asset	• Managing our assets effectively • Providing safe homes that meet customer needs • Planning for a greener future • Placemaking in our communities • Building the right new homes in the right places	Evaluate our baseline asset data Respond to national changes in policy Recruit and upskill our teams Analyse future investment costs and the business plan impacts
Resource	• Well-led • Value for money • Financial viability • A future ready business	Ensure data and infrastructure platforms and secured to industry standards Develop an information management strategy and programmes Develop architectures for data standards and processes Adopt a ‘data protection by design and default’ approach Implement integrated HR payroll system
People	• Talent management • Wellbeing and work life balance • Innovation/ continuous improvement • Inclusion and involvement • Empowerment accountability, values, and ethics	Strengthen our leadership culture Review and extend our well-being offer Embed customer centricity by rolling out the Customer Academy Evolve our AGAME values

During 2021/22, like other businesses, we set out to recover from the effects of COVID-19 in 2020/21. After postponing the implementation of our new housing management system, Civica Cx in May 2020, it went live in July 2021 and was embedded within the organisation. Following this, we prepared for the implementation of a customer portal which allow our customers to self-serve a number of transactions with Alliance. The next key steps are to embed our customer service culture across all touchpoints.

Pivotal to this is our Customer Improvement Programme which includes the improvement of the Home Repairs Service culture and operational efficiency. In addition, we will continue to review any complaints received and use customer segmentation data to support that process.

During the year we have evaluated our baseline asset data. Net Present Value (NPV) assessments have been updated and energy costs have been refined. We have appointed Shift Environmental to support quality assurance of our data. In recognition of our target to meet Net Zero Carbon by 2050, we have included the costs of meeting EPC C by 2030 within our business plan, together with fire safety cost assumptions. We have also recruited and upskilled our asset team in preparation for the work ahead.

We recognise the importance of accurate data within our organisation. During 2021/22, our Data Management Project has been completed with governance in place to ensure adherence. We are in the process of implementing a new disaster recovery infrastructure to improve resilience. The initial work has been completed and tested. Some final technical work and a retest of this will be completed in May 2022 to finalise the project.

Cyber security is one of the highest rated risks on our corporate risk register. We have appointed Waterston's Security Operations Centre to monitor and resolve any cyber security issues which arise. This is in place and is operating well. The wider Cyber Security Strategy will inform the development of the Information Management strategy.

We get things done through our people and during the year we have strengthened our leadership culture, extended our wellbeing offer, worked to embed a culture of customer centricity and we have reviewed and evolved our business values – our AGAME. We have also commenced the procurement and implementation of a new integrated HR system.

During the year, we commenced a review of our corporate plan – Plan A. This was published in April 2022 and set out our strategic priorities for the next five years.

"We get things done through our people..."

Value for money (VFM) metrics

In April 2018, the Regulator of Social Housing (RSH) introduced a new Value for Money Standard, which included a requirement for registered providers to publish performance against a series of common metrics with which to measure economy, efficiency and effectiveness as set by the Regulator. The Regulator defined these metrics as the most appropriate set of measures to evaluate and capture performance across the sector, in a fair and comparable way.

We also identify a peer group of housing associations that are most similar to ourselves. We review this peer group every three years to ensure that it is still relevant and appropriate. Our process of peer group selection for VFM comparison starts with a review of the Statistical Data Return (SDR) information and Sector Global Accounts as issued by the RSH, regional price information from the Office of National Statistics and the published group financial statements of the registered providers (RPs) who were subsequently identified as our peers.

We used a “filter” based approach to work through three key parameters that would reduce the size of the initial group of registered providers for inclusion within our peer group. This methodology is described below:

Operating region

The RSH information consists of a total of 209 registered providers. Those providers who are located in cost regions within the UK that are significantly higher or lower than the region in which we operate are excluded from the process. This is due to many of those providers operating in multiple regions, and because different regions have similar price levels.

Property types

The parameter aims to exclude those provided who own a significantly higher or lower proportion of units for older people or supported housing units compared to us. These types of properties tend to incur higher operating costs, therefore were excluded from the process to allow better cost comparability.

Organisation size

The remaining filter identified registered providers on the basis of the number of units owned/managed. This parameter was used to effectively place Alliance Homes as the median provider within a normal distribution for the total number of units owned.

Registered providers with an internal repairs and maintenance service

We filter those organisations which, like us, manage their own internal repairs and maintenance service.

We use external benchmarking to assess how we are delivering value for money. Using the Housemark Sector Scorecard analysis 2021 and the Regulator of Social Housing’s Global Accounts 2021 we can compare our cost per unit against other social housing providers. In addition, we compare ourselves to a group of statistically similar associations – our peer group as described above.

Our results are shown overleaf, together with benchmarking results.

Metric	Alliance Homes performance 2020/21	Housemark Sector Scorecard performance 2020/21 (median)	Peer group performance 2020/21 (mean)	RSH global accounts performance 2020/21 (median)	Alliance Homes target 2021/22	Alliance Homes performance 2021/22	Alliance Homes target 2022/23
Reinvestment (%)	10.0%	5.1%	6.6%	5.8%	46.6%	27.7%	13.7%

The reinvestment metric looks at the investment in properties (of existing stock as well as new supply), as a percentage of the value of total properties held.

Our performance is lower than target but is slightly higher than forecast and significantly ahead of our peers and the groups against which we benchmark. Our investment in Marina Gardens completed according to our plans however, our investment in existing homes was £1.9m lower than planned.

New supply (social housing) delivered (%)	0.5%	0.9%	1.9%	1.3%	3.5%	3.2%	2.5%

The new supply metric sets out the number of new social housing units we have acquired or developed in the year, as a proportion of total social housing units we owned at the end of the year.

We delivered 234 new homes during 2021/22 against a target of 236. Of these, 126 units within Marina Gardens were acquired as at the year-end, but which had not yet been brought into management.

New supply (non-social housing) delivered (%)	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%

The new supply metric sets out the number of new non-social housing units we have acquired or developed in the year, as a proportion of total non-social housing units we owned at the end of the year.

Not applicable for Alliance Homes.

Gearing (%)	40.3%	33.8%	53.3%	43.9%	46.9%	45.5%	47.0%

The gearing metric assesses how much of our adjusted assets are funded by debt, and our capacity for growth.

Our gearing result for the year has come in lower than our target and forecast. Although our borrowings and capital additions were both lower than target and forecast, we utilised our borrowings more efficiently in the year, resulting in an improved closing gearing position.

Metric	Alliance Homes performance 2020/21	Housemark Sector Scorecard performance 2020/21 (median)	Peer group performance 2020/21 (mean)	RSH global accounts performance 2020/21 (median)	Alliance Homes target 2021/22	Alliance Homes performance 2021/22	Alliance Homes target 2022/23
EBITDA-MRI interest cover (%)	331.1%	216.0%	209.5%	182.5%	240.0%	280.1%	171.7%

EBITDA MRI is the abbreviation for "earnings before interest, tax, depreciation and amortisation, major repairs included". This metric measures our liquidity and investment capacity and seeks to measure the level of surplus we generate compared to interest payable.

Our actual result is higher than our original target, but lower than our forecast, due to making disproportionate progress on our programme to invest in existing homes. This was a direct result of previous COVID-19 regulations, meaning we were unable to progress earlier in the year. However, we are still performing higher than our peers and the groups against which we benchmark.

Headline social housing cost per unit (£)	£3,702	£3,891	£3,589	£3,731	£4,400	£4,235	£4,878

This cost metric assesses the headline social housing cost per unit, as defined by the Regulator of Social Housing. We take all of our social housing related costs (including capitalised major repairs costs) and divide this by the number of social housing units we own or manage at the end of the year.

Our results for the year were ahead of our original target. Our forecast during the year was reflective of the difficulty in delivering capital major works during the first eight months of the year. However, in the last four months of the year we invested 51% of the total annual budget.

When we compare our results for the year with our peers and benchmarking groups, we are comparing against a reduced expenditure due to the impacts of the COVID-19 regulations which meant that most organisations within the sector were unable to deliver a full range of services throughout that year.

> *"Our ROCE result is higher than our peers and benchmarking groups, and is higher than our weighted average cost of capital …"*

Metric	Alliance Homes performance 2020/21	Housemark Sector Scorecard performance 2020/21 (median)	Peer group performance 2020/21 (mean)	RSH global accounts performance 2020/21 (median)	Alliance Homes target 2021/22	Alliance Homes performance 2021/22	Alliance Homes target 2022/23
Operating margin – social housing lettings (%)	25.8%	25.5%	31.0%	26.3%	24.7%	21.4%	26.6%

This metric demonstrates our social housing lettings profitability before taking into account net interest payable costs and taxation.

Our performance for our operating margin social housing lettings is lower than our target and forecast for the year, as we had a backlog of property maintenance demand following the COVID-19 restrictions, and our commitment to delivering against that demand as soon as we were able to required additional investment both internally and with external contractors.

The increase in this investment is offset by the capital major works underspend in our social housing cost per unit metric, which is not included within the calculation for this metric.

Operating margin – overall (%)	22.7%	23.5%	28.7%	23.9%	21.3%	22.1%	22.2%

This metric demonstrates our overall profitability before taking into account net interest payable costs and taxation.

Our operating margin overall is higher than our target, in part, due to the surplus profile of the Marina Gardens scheme. Initial shared ownership disposals are estimated to generate margins lower than our target however, delays on the delivery of the scheme into management mean that the temporary dilution of margin will happen within the 2022/23 financial year instead.

Return on capital employed (ROCE) (%)	4.8%	3.1%	4.2%	3.3%	4.7%	4.5%	4.6%

This metric compares the operating surplus to total assets less current liabilities, and is a common measure in assessing our efficient investment of capital resources.

Our ROCE result is consistent with our target and forecast. Our total assets less current liabilities increased during the year by £25.9m. The result is higher than our peers and benchmarking groups, and is higher than our weighted average cost of capital (WACC) of 3.16%, indicating that we are making healthy returns on our investments back into the business.

Driving efficiency and value for money

The cost per unit has a direct relationship to our operating margins and other metrics. Below we set out how our cost per unit is arrived at and compare this to others:

Cost per unit measure	Alliance Homes performance 2020/21	Housemark Sector Scorecard performance 2020/21 (quartile 1)	Housemark Sector Scorecard performance 2020/21 (median)	Housemark Sector Scorecard performance 2020/21 (quartile 3)	Peer group performance 2020/21 (mean)	RSH global accounts performance 2020/21 (median)	Alliance Homes performance 2021/22
Management costs	£935	£810	£1,069	£1,352	£1,179	£1,075	£1,057
Service charge costs	£474	£224	£426	£714	£279	£678	£497
Maintenance costs	£1,370	£834	£1,070	£1,257	£1,064	£1,169	£1,337
Major repairs costs	£632	£423	£656	£900	£808	£758	£1,018
Other social housing costs	£292	£107	£223	£664	£258	£471	£326

Management costs, although higher than 2020/21 (which was artificially low due to reduced services during the COVID-19 pandemic), was lower than 2019/20, our peer group and the groups against which we benchmark.

Our service charge costs increased from 2020/21 to 2021/22 due to inflation levels being above that initially budgeted.

During the year, we undertook to review maintenance spend and overhead spend and maintenance costs in line with our plan for this financial year. This resulted in a reassessment of the cost apportionment of the routine, planned and major works categories, therefore these categories should be considered in aggregate.

Our commitment to delivering the backlog of works that accrued as a result of the COVID-19 restrictions - though not complete in 2021/22 - nevertheless show the return of our maintenance costs to within 3% of 2019/20 levels, with an expectation that these will increase in 2022/23 and beyond.

In addition to the above, we reviewed the costs and capitalisation of development which resulted in a more accurate apportionment of these costs.

Governance, risk and assurance

Our governance

How an organisation is run and how it manages the risks to its business is generally referred to by the term 'corporate governance'. This includes regulation, corporate structure and the function of the Board.

In the year the Board and Shareholders took steps to modernisation the Governance of Alliance and agreed three key steps:

1. Adopt the National Housing Federation (NHF) 2020 Code of Governance.
2. Revise our Board and Committee Structure.
3. Modernise the Board composition:
    - move to a single status board
    - confirm and appoint to the role of the Senior Independent Director
    - reduce size of the Board to eight
    - create the ability to appoint an additional exec to the Board.

Alliance was early to adopt and report on Environmental, Social and Governance (ESG) and now routinely report against the Sustainability Reporting Standard for Social Housing.

Alliance Homes is governed by a Board of eight people. Currently it is made up of six non-executive Board members and the Chief Executive Officer. The Board members who served during the year and up to the date of signing the financial statements are listed on page 7.

The Board has established a Competency and Skills Framework that sets out what the Board will require in order to meet the challenges of delivering on our ambitions.

It is not expected that all Board members will have all the attributes, but in order to achieve a balanced Board containing an appropriate range of skills, experiences and qualities, every effort is made to ensure the Board as a collective achieves an optimum fit.

Competencies	Examples
Personal qualities	• Commitment to vision and values • Ability to put Alliance Homes before personal interests • Integrity • High ethical standards • Confidence • Sense of responsibility
Behavioural competencies	• Leadership • Interpersonal/team skills • Sound judgement • Critical thinking and constructive challenge • Conflict management • Strategic thinking • Continuous improvement

Delegation

The Board of Alliance Homes is responsible for setting strategy for the Group as well as overseeing its performance. Specific responsibilities have been delegated to committees which have their own approved terms of reference. Day-to-day performance is delegated to the Strategic Leadership Team.

Having made changes in the year there are now three committees supporting the Board and governance arrangements during the year. These were:

Audit and Risk Committee

Responsible for bringing independent scrutiny and challenge to provide the parent and subsidiary Boards with assurance as it exercises oversight of:

- annual financial reporting
- external audit
- internal audit
- risk and control framework
- internal control
- fraud and bribery
- insurances
- disaster recovery/business continuity

The Committee also acts as a direct access point under the Group's whistleblowing policy.

Remuneration, People and Change Committee

Responsible for ensuring that appropriate policies and arrangements are in place and keep the effectiveness of those policies and arrangements under review for:

- the remuneration of Board and Committee members and colleagues
- significant or material changes to the colleague structure
- Board member expenses
- the development of leaders
- organisational change and culture
- revisions of standing orders
- appraisal methods
- pensions.

Investment Committee

Responsible for ensuring independent scrutiny and oversight of investment decisions across Development and Asset Management and making recommendations that ensure the balance between building new homes and maintaining existing assets.

During the year the Board decided to bring responsibility for Customer Insight back directly under its control.

Board remuneration

Fees paid to Board members are periodically reviewed against market levels, with a median pay level being adopted. The level of remuneration is agreed by the Board, having regard to the size of the Group, complexity, resources, and benchmarking information on Board member pay in comparable organisations. The increase to Board pay was instead diverted to our Customer Springboard Fund for COVID-19 hardship for the 2021/22 financial year. Full year equivalent remuneration levels are therefore set as follows:

Role	Payment
Chair	£13,255
Senior Independent Director	£8,032
Committee Chair	£7,500
Alliance Living Care Board Chair	£7,500
Board Member	£5,000
Board Member (CEO)	Unpaid for board appointment

The Board sets the pay and benefits of the Chief Executive Officer and determines the terms on which the Chief Executive Officer can agree other colleagues' salaries.

The Chief Executive Officer and all members of the Strategic Leadership Team are members of the Association's defined contribution pension scheme and participate on the same terms as all other eligible colleagues.

The Group

The Alliance Homes Group includes the following:

- NSAH (Alliance Homes) Limited – our parent company and Social Landlord. It is a Community Benefit Society and owns circa 6,700 properties.
- Alliance Homes Partnerships Limited t/a Home Repairs Service – a cost sharing group (CSG) providing services for Alliance Homes, Brighter Places (formerly known as United Communities) and Bristol Community Land Trust. It is a company limited by shares and commenced trading in April 2018.
- Alliance Homes (Ventures) Ltd - a photovoltaic panels business and a company limited by shares.
- Alliance Living Care Ltd – our former domiciliary care company which ceased trading in the year. It is a company limited by shares.
- Alliance Homes Sales Limited and Alliance Homes Design and Build Company Limited are dormant companies that have not yet traded.

Company membership

Alliance operates a Company Membership Application Policy. This sets out the criteria by which the Board considers applications for shareholding membership of NSAH (Alliance Homes) Limited.

Statement of Board's responsibilities

Our Board members' obligations and responsibilities are set out in Alliance's Board member role profile which states that Board members are collectively responsible for the direction and control of the Alliance Homes Group. Each member is required to carry out their responsibilities in accordance with the constitution, law and regulatory requirements and shares the same legal status and responsibility for decisions taken.

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

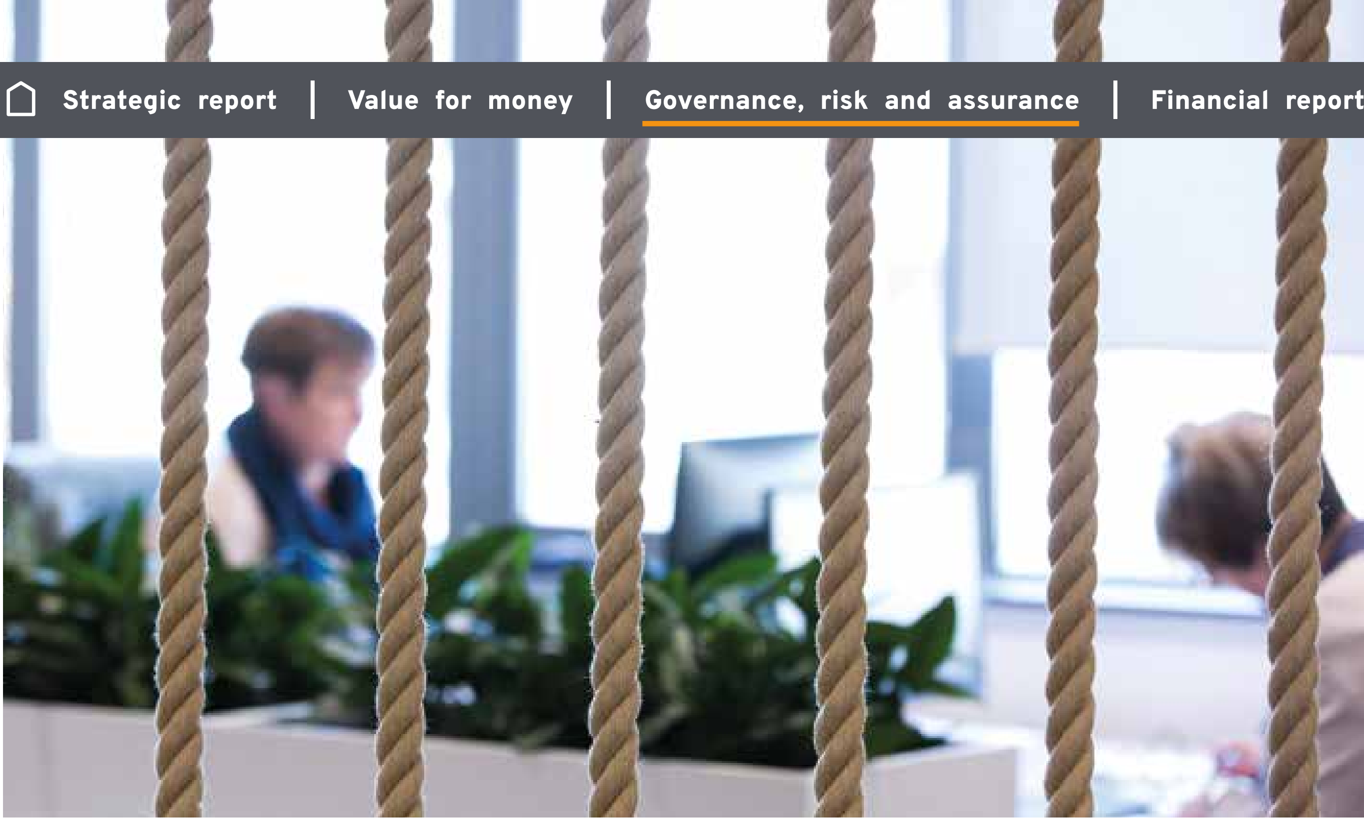
The financial statements are required by law to give a true and fair view of the state of affairs of the Group and the Association and of the income and expenditure of the Group and the Association for that period.

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 UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements
- assess the Group and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the Group or the Association or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply 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 2019.



It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Risks and uncertainties

At Alliance Homes we are committed to effective risk management and to identifying and addressing risks that threaten our achievement of Plan A 2.0.

We make sure we monitor our operating environment as this helps us to proactively identify and address key threats to our strategic objectives.

Risks are actively managed throughout our business in line with our Risk Management Policy; by our operational leads, our Strategic Leadership Team, specialist committees, the Audit and Risk Committee, and the Board.

Our Audit and Risk Committee plays a key role in risk management. They monitor and review the risk and control framework, including the assessment and management of the risk system, ensuring there is a rigorous process for the identification and evaluation of risks. The Committee gives detailed scrutiny to our key risks on behalf of the Board. This helps the Board in the regular review of the individual and combined material risks faced by the organisation and its plans and strategies to helps mitigate and manage them effectively.

We ensure there is third party assurance of our management of risk and our independent risk advisors carry out a review annually.

We assess all our risks in terms of their inherent impact and probability, as well as their current state and the target position. In addition to identifying controls for threats to our business, we are aware that risks continuously evolve and change. We ensure that where mitigations can be strengthened, we take action to close the gaps in our risk response.

Amendments to risks, including the identification of new risks are proposed as part of decision making, which are then considered by the Board or Audit and Risk Committee. In addition, reports presented to our Boards and Committees outline the risks involved in the matter under consideration.

The current key risks to the successful achievement of our objectives and their key controls are described overleaf.

Risks and uncertainties continued

Key risk	Failure to meet energy efficiency requirements, including impact of the Climate Change Act targets for net zero carbon
Key controls	• Stock survey data completed, and 30-year projection developed
	• Energy performance data collected to identify poorly performing properties for future investment
	• Programme of PV installation to over 1100 properties
	• Business strategy plan
	• Asset Management change group
	• Asset Management database and stock condition surveys
	• Appointed Head of Asset & Sustainability – December 2021

Key risk	Cost of maintaining LGPS (Local Government Pension Scheme) becomes unaffordable
Key controls	• Current assumptions based on the latest triennial review
	• Rates adjusted in line with any actuarial valuation recommendations
	• Final salary pension closed; defined contribution pension introduced
	• Board considers the issues of LGPS pension on a regular basis
	• Monthly monitoring by the Executive Team
	• Quarterly monitoring by the Board
	• Regular monitoring of external environment for deterioration

Key risk	Poor performance of contractors including maintenance contractor resulting in service failure and low customer satisfaction
Key controls	• Monthly monitoring of KPIs for each contract
	• Performance indicators (PIs) are reported on a quarterly basis including contractor expenditure against budget profile, tenant satisfaction and meeting programmes.
	• % post inspection of works before payment
	• Appointment system in place
	• Regular satisfaction monitoring of customers
	• Tenants are involved in contractor selection
	• Contract management meetings regularly undertaken

Key risk	Failure of the management team to demonstrate strong and effective leadership and management of the organisation
Key controls	• Governance framework
	• Performance management framework
	• Management development & leadership programmes.
	• Management team reports to the Board regularly
	• Chief Executive Report to the Board

Key risk	Failure to deliver a strong customer voice within the organisation to allow us to provide tenant scrutiny in line with current and anticipated regulatory requirements
Key controls	• Inclusive tenant participation process with different degrees of involvement
	• Resident involvement structure embedded within organisation
	• Customer involvement strategy
	• Customer complaints process
	• Customer feedback panel in place

Key risk	A cyber-crime incident which affects IT systems impacting on service delivery
Key controls	• ICT service desk
	• Anti-virus software on all company laptops and servers
	• Web filtering on laptops
	• Email filtering for all inbound emails
	• Firewalls with intrusion prevention capabilities reviewed 6-monthly
	• Multi-faction authentication deployed to all users
	• ICT security policy
	• Vulnerability scanning software
	• Regular patch testing of systems and third-party software
	• Annual cyber security penetration testing
	• Password policy in line with industry best practice

Risks and uncertainties continued

Key risk	Failure to comply with health and safety obligations as a landlord, employer, and provider of support services
Key controls	• Monitoring of compliance KPIs through Governance channels
	• Registration with Gas Safe
	• Compliance with the requirements of the NHF Code of Governance
	• Communication reminders to colleagues of the requirement to report accidents
	• Landlord safety compliance group
	• Health & Safety Committee
	• Planned works programme
	• Training
	• Checks made to ensure colleagues have appropriate qualifications/training
	• Lone Worker devices issued to colleagues with training on use

Key risk	Service charges are not appropriately set/recovered
Key controls	• Service charges reviewed in consultation with tenants and variable service charges are in place for new tenants and where individual agreement is obtained
	• Detailed consultation for sheltered schemes.
	• Contracts with customers and, where required, service providers ensuring clarity of roles and responsibilities
	• Monthly monitoring of costs against budget
	• Clear targets for service charge collection rate

Key risk	Failure of HRS to deliver a service that achieves high levels of customer satisfaction within agreed resources
Key controls	• Budget spend monitored with Finance Business Partners and reported through appropriate Governance Channels
	• Monitoring of KPIs through Governance Channels
	• Monitoring systems (KPIs) for each individual contract reported on monthly programme
	• Regular satisfaction monitoring of customers
	• Quality analysis of act calls to ensure processes are followed
	• PIs are reported on, including expenditure against budget profile, customer satisfaction and meeting programmes
	• Work in progress (WIP) is centrally verified

Key risk	Failure to comply with fire safety requirements for all assets
Key controls	• Fire safety programme and performance monitoring
	• Fire detection and alarm systems
	• Persimmon checks - current and new assets
	• Contract due diligence
	• Home for SW fire stop group

Key risk	Failure to record and maintain accurate business records
Key controls	• Centralised reporting to ensure consistency
	• System reconciliation
	• Data management strategy
	• Data RACI

Internal controls assurance

Our systems of internal control are designed to manage, rather than eliminate, the risk of failure to achieve our business objectives. Our Internal Control system is intended to provide reasonable, and not absolute, assurance against material misstatements or loss.

The Board has overall responsibility for establishing and maintaining the system of internal control and for reviewing its effectiveness. They are responsible for a range of issues covering strategic and operational matters with key elements of the control framework including:

- adoption of the National Housing Federation Code of Governance 2020, which sets out the standards an organisation should achieve if it is to be well governed.

The Board now assesses its performance against the new 2020 Code and can confirm compliance with this and with the Regulatory Standards issued by the Regulator of Social Housing. Alliance has:

- the Rules of the Association, Standing Orders, Financial Regulations and policies and procedures which Board members and colleagues follow cover issues such as delegated authority, procurement, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.
- financial reporting procedures including annual budget setting and reporting on a quarterly basis to the Board. Long-term Strategic Financial Plans are created and reviewed and approved by the Board. These are revised during the year if necessary and have been continuously monitored through the pandemic
- the Risk Management Strategy and annual external validation of this which enables the Board to confirm that there is an on-going process for identifying, evaluating and managing the significant risks faced by the Group. This process has been in place throughout the year under review and is up to date as at the date of the annual report. This has included specific monitoring through the pandemic of specific threats and challenges this has posed to the business
- external audit reports, including presentation of management letters
- internal audit strategy and programme of independent internal audits in accordance with recognised professional standards
- quarterly review by the Board of key performance indicators to assure progress towards the achievement of objectives
- quarterly review by the Audit and Risk Committee of internal control and risk at each of its meetings during the year, with the risk registers being reviewed by the Boards
- a fraud policy and associated register are maintained, and fraud controls and awareness form a regular part of the internal audit programme. The fraud register is made available to the Audit and Risk Committee
- reports from the Committees and subsidiary companies and their minutes are made available to each Board at subsequent Board meetings
- all Board members, Committee members and colleagues are covered by Directors and Officers Liability insurance to protect them from claims made against them in their capacity as representatives of the organisation.
- the Board has received the annual assurance reports of the Audit and Risk Committee and the Strategic Leadership Team which includes evidence to support the review of the effectiveness of the systems of internal control. This process involves the Directors and Heads of Service reviewing and confirming to the Strategic Leadership Team that throughout the year there were adequate systems of internal control in place.

The Strategic Leadership Team provides their assurance to the Audit and Risk Committee whose chair provides a report for the Board. This system is supported by evidence to provide the required level of assurance including details of the key policies and internal control systems together with external evidence from internal and external auditors and other key external stakeholders.

- the Board has reviewed the Audit and Risk Committee's annual report on the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of the risk management and control process. Where issues have been identified, action plans are in place and will be enacted
- the Regulator of Social Housing (RSH) has confirmed Alliance's regulatory gradings via its stability checks in the period stating that we are compliant with the Governance and Viability Standard with a Regulatory Judgement of G1/V1.

The Board cannot delegate responsibility for the system of internal control, but it can, and has, delegated to the Audit and Risk Committee responsibility for reviewing the effectiveness of the system of internal control.

Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Board, after reviewing the long-term financial plans for the Group and Association is of the opinion that, taking account of severe but plausible downsides, the Group and Association have adequate resources to continue to meet their liabilities over the period of 12 months from the date of approval of the financial statements. Further information can be found in note 1 to these financial statements.

The Board believe that the Group and Association have sufficient funding in place and expect the Group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Directors are confident that the Group and Association will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Annual General Meeting

The Annual General Meeting will be held on 27 September 2022.

Disclosure of information to auditors

At the date of making this report each of the Group's Directors, as set out on page 7, confirm the following:

- so far as each director is aware, there is no relevant information needed by the Group's auditors in connection with preparing their report of which the Group's auditors are unaware, and
- each director has taken all the steps that he/she ought to have taken as a director in order to make him/herself aware of any relevant information needed by the Group's auditors in connection with preparing their report and to establish that the Group's auditors are aware of that information.

Auditors

A resolution to re-appoint KPMG LLP will be proposed at the forthcoming Annual General Meeting.

Approval

The report of the Board of Directors was approved by the Board on 24 August 2022 and signed on its behalf by:

Andrew Willis
Chair

40 Martingale Way
Portishead
BS20 7AW

Independent Auditor's report to the members of Alliance Homes

Opinion

We have audited the financial statements of NSAH (Alliance Homes) Limited ("the association") for the year ended 31 March 2022 which comprise the Consolidated Statement of Comprehensive Income, the Association Statement of Comprehensive Income, the Statement of Financial Position, the Consolidated Statement of Changes in Reserves, the Association Statement of Changes in Reserves, the Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of affairs of the group and the association as at 31 March 2022 and of the income and expenditure of the group and the association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group and the association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Association's Board has prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the association or to cease their operations, and as they have concluded that the group's and the association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Board's conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group's and the association's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Board's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group's and the association's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the association will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of the Board, the audit and risk committee and inspection of policy documentation as to the group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud
- reading Board, and audit and risk committee minutes.
- using analytical procedures to identify any unusual or unexpected relationships
- obtaining a copy of the group's fraud register.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet loan covenants and regulatory performance targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income from property sales and non-social housing income is recorded in the wrong period and the risk that Group management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the group-wide fraud risk management controls.

We also performed procedures including:

- identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journal entries posted to revenue unrelated accounts and unexpected journals posted to cash at bank and in hand
- assessing whether the judgements made in the accounting estimates are indicative of potential bias including assessing the assumptions used in pension valuations and the value of housing stock held in current assets
- inspecting transactions in the period prior to 31 March 2022 to verify that first tranche property sales had been recognised in the correct accounting period.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related co-operative & community benefit society legislation), pensions legislation, specific disclosures required by housing legislation, and requirements imposed by the Regulator for Social Housing and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the group and association are subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws and legislation recognising the regulated nature of the Group and association's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing 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, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Association's Board is responsible for the other information, which comprises the Strategic Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- the association has not kept proper books of account; or
- the association has not maintained a satisfactory system of control over its transactions; or
- the financial statements are not in agreement with the association's books of account; or
- we have not received all the information and explanations we need for our audit.

We have nothing to report in these respects.

Board's responsibilities

As explained more fully in their statement set out on pages 52-53 the association's Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and 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 it either intends to liquidate the group or the association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at **www.frc.org.uk/auditorsresponsibilities**.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the association 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 it 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 for our audit work, for this report, or for the opinions we have formed.

Rees Batley
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

Date:

Consolidated statement of comprehensive income

For the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Turnover	2	46,305	42,764
Cost of sales	2	(3,016)	(680)
Operating expenditure	2	(33,163)	(32,246)
Gain on disposal of property, plant and equipment	5	155	39
Movement in fair value of investment properties		120	(150)
Operating surplus	6	**10,401**	**9,727**
Interest receivable and similar income	7	17	22
Interest payable and financing charges	7	(3,327)	(3,543)
Surplus before tax		**7,091**	**6,206**
Taxation	10	-	-
Surplus for the year after tax		**7,091**	**6,206**
Movement in fair value of contract asset		(40)	132
Actuarial gain/(loss) in respect of pension schemes	23	3,041	(2,239)
Total comprehensive income for the year		**10,092**	**4,099**

The accompanying notes form part of these financial statements. The financial statements on pages 60 to 111 were approved by the Board and authorised for issue on 24 August 2022 and signed on its behalf by:

Andrew Willis
Chair

Richard Gaunt
Board Member

Philippa Armstrong-Owen
Company Secretary

Association statement of comprehensive income

For the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Turnover	2	42,655	37,647
Cost of sales	2	(3,016)	(680)
Operating expenditure	2	(29,416)	(27,052)
Gain on disposal of property, plant and equipment	5	155	39
Movement in fair value of investment properties		120	(150)
Operating surplus	6	**10,498**	**9,804**
Interest receivable and similar income	7	64	80
Interest payable and financing charges	7	(3,319)	(3,532)
Surplus for the year		7,243	6,352
Movement in fair value of contract asset		(66)	-
Actuarial gain/(loss) in respect of pension schemes	23	3,043	(2,137)
Total comprehensive income for the year		**10,220**	**4,215**

The accompanying notes form part of these financial statements. The financial statements on pages 60 to 111 were approved by the Board and authorised for issue on 24 August 2022 and signed on its behalf by:

Andrew Willis
Chair

Richard Gaunt
Board Member

Philippa Armstrong-Owen
Company Secretary

Statement of financial position

As at 31 March 2022

	Note	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Fixed assets					
Tangible fixed assets – housing properties	11	197,248	153,270	197,248	153,270
Tangible fixed assets – other	12	19,958	21,478	12,734	13,634
Investment properties	13	2,660	2,540	2,660	2,540
Fixed asset investments	14	-	-	5,070	5,070
		219,866	**177,288**	**217,712**	**174,514**
Current assets					
Stocks and work in progress	15	3,564	180	3,553	-
Debtors: amounts falling due within one year	16	5,645	3,321	5,930	3,102
Debtors: amounts falling due after more than one year	16	219	638	219	5,000
Cash and cash equivalents	17	11,084	30,563	8,972	24,454
		20,512	**34,702**	**18,674**	**32,556**
Creditors: amounts falling due within one year	18	**(11,063)**	**(8,580)**	**(10,414)**	**(7,762)**
Net current assets		9,449	26,122	8,260	24,794
Total assets less current liabilities		**229,315**	**203,410**	**225,972**	**199,308**
Creditors: amounts falling due after more than one year	19	(119,375)	(100,777)	(119,434)	(100,839)
Provisions for liabilities:					
Pension provision	23	(12,482)	(15,267)	(12,482)	(14,633)
Total net assets		**97,458**	**87,366**	**94,056**	**83,836**
Reserves					
Income and expenditure reserve		97,458	87,366	94,056	83,836
Total reserves		**97,458**	**87,366**	**94,056**	**83,836**

The accompanying notes form part of these financial statements. The financial statements on pages 60 to 111 were approved by the Board and authorised for issue on 24 August 2022 and signed on its behalf by:

Andrew Willis
Chair

Richard Gaunt
Board Member

Philippa Armstrong-Owen
Company Secretary

Consolidated statement of changes in reserves

For the year ended 31 March 2022

	Income and expenditure reserve £'000
At 1 April 2020	83,267
Total comprehensive income for the year	
Surplus for the year	6,206
Movement in fair value of contract asset	132
Actuarial loss in respect of pension schemes	(2,239)
Balance as at 31 March 2021	**87,366**
Total comprehensive income for the year	
Surplus for the year	7,091
Movement in fair value of contract asset	(40)
Actuarial gain in respect of pension schemes	3,041
Balance as at 31 March 2022	**97,458**

The accompanying notes form part of these financial statements.

Association statement of changes in reserves

For the year ended 31 March 2022

	Income and expenditure reserve £'000
At 1 April 2020	79,621
Total comprehensive income for the year	
Surplus for the year before pension movement	6,352
Actuarial loss on pension scheme	(2,137)
At 31 March 2021	**83,836**
Total comprehensive income for the year	
Surplus for the year before pension movement	7,243
Movement in fair value of contract asset	(66)
Actuarial gain on pension scheme	3,043
At 31 March 2022	**94,056**

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Net cash generated from operating activities	25	13,600	19,007
Cash flows from investing activities			
Purchase of tangible fixed assets		(48,885)	(16,196)
Disposal of tangible fixed assets		-	(49)
Proceeds from the sale of tangible fixed assets		155	39
Grants received		8,460	1,765
Interest received		17	22
		(40,253)	(14,419)
Cash flows from financing activities			
Interest and finance costs paid		(3,012)	(3,248)
Interest element of finance lease rental payments		(46)	(91)
New secured loans		11,000	-
Capital element of finance lease repayments		(502)	(484)
Loan issue fees		(266)	-
		7,174	(3,823)
Net change in cash and cash equivalents		(19,479)	765
Cash and cash equivalents at beginning of year		30,563	29,798
Cash and cash equivalents at end of year	17	**11,084**	**30,563**

The accompanying notes form part of these financial statements.

Notes to the financial statements for the year ended 31 march 2022

Legal status

NSAH (Alliance Homes) is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a provider of social housing. The registered office is 40 Martingale Way, Portishead, BS20 7AW.

The Association is a public benefit entity whose primary purpose is to provide services for the general public, community or social benefit and where any equity is provided with a view to supporting this objective rather than with a view to providing financial return.

1. Principal accounting policies

Basis of preparation

These financial statements are prepared in accordance with Financial Reporting Standard 102, the applicable financial reporting standard in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice (SORP): Accounting 2018, and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: investment properties, non-basic financial instruments and the pension provision.

Basis of consolidation

The Association is required to produce Group accounts. These financial statements are Group statements and have been prepared by consolidating the results of Alliance Homes with its active subsidiaries who are controlled by the Group, comprising:

- Alliance Homes (Ventures) Ltd
- Alliance Living Care Ltd
- Alliance Homes Partnerships Limited

Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the exemption available in FRS 102 not to prepare a Statement of Cash Flows.

No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as per the exemption available under FRS 102, as their remuneration is included within the totals for the Group.

Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate.

The Board, after reviewing the long-term financial plans for the Group and Association, is of the opinion that, taking account of severe but plausible downsides, the Group and Association have adequate resources to continue to meet their liabilities over the period of 12 months from the date of approval of the financial statements.

In order to reach this conclusion, the Board has considered the following factors:

- **Housing demand and impairment:** although the pandemic and Government restrictions presented various challenges throughout the year, demand for social housing remains high within our operational areas. The wider housing needs assessment shows the requirement for affordable homes across the west of England, which includes our operating areas.

  The impairment assessment conducted shows that the carrying values of our diverse asset base are commensurate with the age, condition and construction type of each property, and hence we have concluded there are no indicators of impairment to be considered.

- **Voids:** we had higher voids in 2021/22 than we had initially budgeted, at 1.77% compared to 1.4% budget. This was due to the Government restrictions imposed as a result of the pandemic and meant that we could not access customers' homes for some types of work during some parts of the year. In addition, we took the view that the safety of our customers and colleagues was paramount during this time, so we worked around the challenges of self-isolation of our colleagues and customers.

  We are working to ensure that our voids process is as smooth as possible in the future. Although a handful of our smaller, sheltered properties are more difficult to let (approximately 10 flats per year), an analysis of our voids does not show a lack of demand for any of our schemes.

- **Bad debts:** as a result of the pandemic, our current tenant arrears have increased from 2020/21 to 2021/22. We also recognise the effect that the cost-of-living crisis is having and will have on our tenants over the coming years, and the Government will be completing the roll out of Universal Credit to all tenants who currently receive housing benefit.

  We therefore expect the rent arrears to continue to increase, therefore we have not only increased our bad debt provision for 2022/23 to 3.0% and in 2023/24 to 2.5% in line with a review of actual debt profiles, but we have also increased the Customer Support Package to a total of £215k in each of the next three financial years. This will support one-off costs for those tenants in the greatest financial need to help sustain their tenancies.

- **Liquidity:** the current available cash position and unutilised loan facilities of £64m give significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period. The business plan for the next 10 years shows that Alliance Homes will continue to meet its liabilities as they fall due over the same period. This has been stress tested to identify under what circumstances we would not meet our funders' covenants, and mitigations have been identified.

The Board believe that the Group and Association have sufficient funding in place and expect the Group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Directors are confident that the Group and Association will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the Statement of Financial Position and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Development expenditure

The Group capitalises development expenditure in accordance with the accounting policy described. Initial capitalisation of costs is based on management's judgement that the development scheme is confirmed, usually when Board approval has taken place including access to appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

Pension provision

The Group participates in a Local Government Pension Scheme. The financial statements include a liability in respect of a deficit funding arrangement. The latter is based upon calculations made by actuaries using assumptions in respect of mortality rates, discount rates, inflation rates, future salary costs and future pension costs. These assumptions may vary from actual outcomes.

Turnover and revenue recognition

Turnover comprises rental and service charge income receivable in the year, income from shared ownership first tranche sales, other income (including goods and services supplied in the year and garages income) and revenue grants receivable in the year.

Rental and service charge income is stated net of losses from voids.

Rental income

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Rental income is deferred to a future period where it does not relate to the current period.

Service charge income

Service charge income is recognised when service charge expenditure is incurred, as this is the point at which the services have been performed.

Shared ownership first tranche sales

Income from shared ownership first tranche sales is recognised at the point of legal completion of the sale.

Proceeds from first tranche disposals are recognised as turnover in the period in which disposal occurs, with the related cost of sale transferred from current assets to cost of sales.

Subsequent tranche/staircasing sales are recognised as a gain or loss on disposal in the Statement of Comprehensive Income, and are comprised of the sale proceeds less the carrying value of the property disposed from fixed assets.

Support income and costs including Supporting People income and costs

Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Grants

Revenue grants are recognised under the performance model and are receivable when the conditions for receipt of agreed grant funding have been met. Grants received in advance of meeting the agreed criteria are recognised as deferred income in the Statement of Financial Position.

Other grants are receivable from local authorities and other organisations. Grants in respect of revenue expenditure are credited to income in the Statement of Comprehensive Income in the same period as the expenditure to which they relate.

Other income

Other income is recognised as and when services are delivered.

Gift Aid income

Donations received under the Gift Aid scheme to the parent company from its subsidiaries are recognised as turnover as it relates to the principal activities of the parent company, and is eliminated on consolidation.

Service charge costs

Alliance Homes operates both fixed and variable service charges on a property-by-property basis in full consultation with residents. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, which increases or decreases the charges in the year.

Where periodic expenditure is required, a provision may be built up over the years, in consultation with the residents and when it is required under the terms of the lease. Until these costs are incurred, this liability is held in the Statement of Financial Position within creditors.

Interest payable and interest receivable

Interest payable and similar charges includes loan interest costs and loan financial issue costs.

Loan interest costs are calculated using the effective interest rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument and is determined based on the carrying amounts of the financial liability at initial recognition.

Loan interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development if it represents either:

- Interest on borrowings specifically financing the development programme after deduction of interest on social housing grants (SHGs) in advance; or
- Interest on borrowings of the Association as a whole after deduction of interest on SHGs in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable and interest income are charged to the Statement of Comprehensive Income in the year as they accrue, using the effective interest rate method.

Loan finance issue costs

Arrangement fees, agency fees and related legal fees payable when entering new loans are capitalised, then charged to the Statement of Comprehensive Income over the life of the loan via the effective interest rate method.

Taxation

The Association has charitable status as it is registered as a charitable social landlord under the Co-operative and Community Benefit Societies Act (registration no. 29804R) and by virtue of section 505 of the Income and Corporation Taxes Act 1988 is exempt from UK corporation tax due to its charitable status.

Alliance Homes (Ventures) Ltd, Alliance Living Care Ltd and Alliance Homes Partnerships Limited do not have charitable statuses.

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Except as noted below, full provision for deferred taxation is made under the liability method to the extent it is liable to crystallise within the foreseeable future. In accordance with FRS 102, deferred tax is not provided for gains on the sale of non-monetary assets if it is probable that the taxable gain will be rolled over.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the Statement of Financial Position date. Deferred tax assets and liabilities are not discounted.

Value Added Tax

The Association charges value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Association and not recoverable from HM Revenue and Customs (HMRC). The balance of VAT payable or recoverable at the year-end is included as a current liability or asset. Irrecoverable VAT is accounted for in the Statement of Comprehensive Income.

Alliance Homes Partnerships was previously approved by HMRC as a Cost Sharing Group, which meant that the company was able to charge partners for work carried out without the addition of VAT. During the year, this approval was rescinded by HMRC, and the partnership now charges VAT on work carried out for its partners.

Housing properties

Housing properties are principally dwellings available for rent and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings (including legal fees) and expenditure incurred in respect of improvements.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works which result in an increase in the net rental income stream over the life of the property, thereby enhancing the economic benefits of the assets, are capitalised as improvements. Expenditure incurred to fulfil legal, regulatory, building and/or safety requirements are also capitalised. Existing components which are subsequently replaced are derecognised at the point or replacement and removal.

An increase in the net rental stream may arise through an increase in the rental income, a reduction in future maintenance costs, or a significant extension to the life of the property. Only the direct overhead costs associated with new developments or improvements are capitalised.

Housing properties under the course of construction are held at cost and are not depreciated. They are transferred to completed properties when they are available for letting or sale.

Depreciation of housing properties

The Group 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.

The Group depreciates the major components of its housing properties at the following annual rates:

Structure	1.0%
Roofs	2.0%
Kitchens	5.0%
Bathrooms, wall/loft insulation and energy improvements	3.3%
Central heating systems	6.7%
Boilers	8.3%
Electrical rewiring	4.0%
Windows	3.3%
Doors	4.0%

Freehold land is not depreciated and is separately recognised from buildings, even if they were acquired together. Properties held on finance leases are depreciated over the life of the lease or their estimated useful economic lives in the business, if shorter.

Other tangible fixed assets and depreciation

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. The cost of all such items, exceeding £1,000, is capitalised and the principal annual rates used are:

Freehold land	nil
Freehold offices	a range of 2% to 4%
Office refurbishment	over a period of 7 years
Furniture, fixtures and fittings	33%
Computers and office equipment	33%
Operatives' vans*	25%
Photo-voltaic panels	4%
Photo-voltaic panel convertors	10%

* In line with the lease term. If the term is extended, depreciation is charged in line with extended term.

Business World On! (Alliance Homes' financial management system) was capitalised on "Go Live" in April 2018 in line with the contract life of five years expiring in September 2022.

Capitalised salaries

Direct salaries will be capitalised over the useful life of the asset. Indirect salaries will not be capitalised unless additional costs are incurred by backfilling roles. The additional costs will be capitalised over the useful life of the asset. All capitalised salaries will be based on an assessment of time spent on the project.

Impairment of fixed assets

Housing properties are subject to impairment reviews when a trigger has occurred in accordance with the SORP. A review of impairment indicators is undertaken each year covering all fixed assets in line with FRS 102. Where there is evidence of impairment, fixed assets are written down to the recoverable amount, being the higher of the net realisable value or the value of the use to the Group. Any such write down is recognised by a charge to operating expenditure in the Statement of Comprehensive Income.

Donated land

Land donated by local authorities and others is added to cost at the market value of the land at the time of the donation. Where the land is not related to a specific development and is donated by a public body an amount equivalent to the increase in value between market value and cost is added to other grants. Where the donation is from a non-public source, the value of the donation is included as income.

Investment properties

Investment properties consist of commercial and other properties held for reasons other than for social benefit. Investment properties are initially recognised at cost (including any directly attributable costs) and are revalued at fair value at each reporting date, with any movements recorded in the Statement of Comprehensive Income in the period that they arise.

Investments and business combinations

Fixed asset investments reflect the purchase of ordinary share capital in subsidiary undertakings and are recognised at cost less impairment in the parent company's individual financial statements. The balance is reviewed for indicators of impairment annually.

Leasing and hire purchase

Leases and hire purchase arrangements are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised in the Statement of Financial Position at the fair value of the leased asset or, if lower, the present value of minimum lease payments and depreciated over the life of the lease or their estimated useful economic lives in the business, if shorter. The corresponding liability to the lessor is shown in the Statement of Financial position as a finance lease obligation.

The interest element of rental obligations is charged to the Statement of Comprehensive Income over the period of the lease in proportion to the balance of capital repayments outstanding. The capital element reduces the finance lease obligation.

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Stocks and properties held for sale

With effect from 1 April 2021, the Group has an arrangement with the supplier of its materials stocks held for property maintenance and repairs, where the costs of these stocks are incurred at the point of consumption as this is the point at which legal title has passed to the Group.

The Group physically holds the materials stocks on its fleet of vehicles, is responsible for their safekeeping and for insurance of the stocks. The supplier remains the legal owner of the materials stocks until title is transferred to the Group.

In assessing the commercial substance of transactions involving materials stocks, the Group has identified that the supplier retains the risk of reasonable levels of stock obsolescence and stocks can be returned to the supplier without penalty, if not consumed.

On this basis, the Group does not recognise materials stocks in the Statement of Financial Position. Cost incurred are expensed to cost of sales in the Statement of Comprehensive Income at the point of consumption.

Prior to 1 April 2021, stocks were stated at the lower of cost and net realisable value less the estimated cost of sale.

Shared ownership first tranche sales are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on the estimated selling price after allowing for all further costs of completion and disposal.

Work in progress represents the cost of jobs incurred which have yet to be completed.

Social Housing Grants

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. Social Housing Grants (SHGs) received for items of cost written off in the Statement of Comprehensive Income is included as part of turnover.

When SHGs in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHGs must be recycled by the Group under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHGs can be used for projects approved by Homes England. However, SHGs may have to be repaid if certain conditions are not met. If the grant is not required to be recycled or repaid, any unamortised grant is recognised as turnover. In certain circumstances, SHGs may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Pension and other post-employment benefits

The Group participates as an admitted body in the Local Government Pension Scheme (LGPS) administered by Avon Pension Fund, a multi-employer defined benefit final salary scheme. Pension costs are assessed in accordance with the advice of an independent qualified actuary.

Scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted based on the rates of high-quality corporate bonds. Remeasurements are recognised immediately in other comprehensive income.

The operating costs of providing retirement benefits to participating employees are recognised in operating expenditure in the Statement of Comprehensive Income, in the accounting periods in which the benefits are earned. The related finance costs and expected return on assets are recognised net in interest payable and similar charges in the accounting period to which they relate. Any movements in the fair value of the assets and liabilities, are recognised in other comprehensive income in the accounting period in which they arise.

The Avon Pension Fund scheme is closed to new members. The Group operates a defined contribution scheme to provide retirement benefits for all new employees. Contributions to the scheme are calculated as a percentage of pensionable salary and are charged to operating expenditure in the Statement of Comprehensive Income in the period to which they relate. Monthly contributions from each member are invested in the scheme in accordance with the wishes of each member.

Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. Financial instruments are recognised when the Group becomes party to the contractual provisions of the instrument.

Financial assets

Basic financial assets include rent and service charges receivable, trade and other debtors, amounts owed by subsidiary undertakings and cash and cash equivalents.

Such assets are initially recognised at transaction price. Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method, less impairment. Impairment losses are recognised within operating expenditure in the Statement of Comprehensive Income.

Cash and cash equivalents comprise cash balances and short-term money market investments with a maturity of less than three months. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Non-basic financial assets comprise a pension contract asset, which is measured at fair value and is further discussed below.

Financial assets are derecognised when contractual rights to the cash flows expire, or when substantially all of the risks and rewards or ownership of the financial asset is transferred.

Financial liabilities

Basic financial liabilities include trade and other creditors, and interest-bearing borrowings.

Trade and other creditors are initially recognised at transaction price, and subsequently measured at amortised cost. Interest-bearing borrowings are initially recognised at fair value less attributable transaction costs and are subsequently measured at amortised cost using the effective interest method.

Bad debt provision

The bad debt provision is in line with our underlying understanding of rent and service charge receivable balances and provides for debt as follows:

	Provision made
Former rent debt	95%
Current rent debt	
Amounts between:	
£100 - £250	10%
£250 - £500	25%
£500 - £750	50%
£750 - £1,000	75%
Above £1,000	95%

Contract asset

The Group recognises a non-basic financial asset in relation to the contract with North Somerset Council, under which the Group is able to recover pension costs incurred within the Alliance Homes – Ebdon Court LGPS Pension Scheme with the Avon Pension Fund.

The contract entitles the Group to receive cash from North Somerset Council if contributions increase over a set amount (17% - 23% cap and collar) or at the expiry of the contract. Management is comfortable that because of the cap and collar arrangement, the value of the contract asset will not be materially different from that of the pension liability.

The contract asset is included in the Statement of Financial Position at fair value, and is revalued at each reporting date. Any movements on the contract asset are recognised in other comprehensive income in the period to which they relate.

Categorisation of debt

The Group's debt has been treated as "basic" in accordance with paragraphs 11.8 and 11.9 of FRS 102. The Group has some fixed rate loans which have a two-way break clause (i.e., in addition to compensation being payable by a borrower to a lender if a loan is prepaid where the prevailing fixed rate is lower than the existing loan's fixed rate, compensation could be payable by the lender to the borrower in the event that a loan is prepaid, and the prevailing fixed rate is higher than the existing loan's fixed rate).

The Financial Reporting Council (FRC) issued a statement on 2 June 2016 in respect of such loans with no prescriptive direction as to whether they should be classified as "basic" or "non basic". On the grounds that the Group believes the recognition of each debt liability at cost provides a more transparent and understandable position of the Group's financial position and that each loan still satisfies the requirements of paragraphs 11.8 and 11.9 of FRS 102, the Group has retained its "basic" treatment of its debt following the FRC announcement.

2. Particulars of turnover, cost of sales, operating expenditure and operating surplus - Group - continuing activities

	2022					
	Turnover	**Cost of sales**	**Operating expenditure**	**Surplus on disposal**	**Valuation**	**Operating Surplus**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Social housing lettings (note 3)	**34,159**	**-**	**(26,847)**	**-**	**-**	**7,312**
Other social housing activities						
First tranche low-cost home ownership sales	4,243	(3,016)	-	-	-	1,227
Charges for support services	1,251	-	(1,173)	-	-	78
Community development*	287	-	(458)	-	-	(171)
Development services	-	-	(524)	-	-	(524)
Management services	310	-	(35)	-	-	275
Abortive scheme costs	-	-	(62)	-	-	(62)
Gain on valuation of investment properties	-	-	-	-	120	120
Gain on disposal of property, plant and equipment	-	-	-	155	-	155
	6,091	**(3,016)**	**(2,252)**	**155**	**120**	**1,098**
Non-social housing activities						
Commercial lettings	813	-	(297)	-	-	516
Electricity generation	1,992	-	(852)	-	-	1,140
Domiciliary care provision	1,662	-	(1,596)	-	-	66
Home repairs service	1,299	-	(1,244)	-	-	55
Other	289	-	(75)	-	-	214
	46,305	**(3,016)**	**(33,163)**	**155**	**120**	**10,401**

*Community Development includes restricted grant income of £129k and expenditure of £54k in relation to the Big Local Trust for the Worle Big Local Plan.

2. Particulars of turnover, cost of sales, operating expenditure and operating surplus - Group - continuing activities (continued)

	2021					
	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Surplus on disposal £'000	Valuation £'000	Operating Surplus £'000
Social housing lettings (note 3)	**33,407**	**-**	**(24,788)**	**-**	**-**	**8,619**
Other social housing activities						
First tranche low-cost home ownership sales	865	(680)	-	-	-	185
Second tranche low-cost home ownership sales	36	-	-	-	-	36
Charges for support services*	701	-	(1,018)	-	-	(317)
Community development**	285	-	(351)	-	-	(66)
Development services	-	-	(412)	-	-	(412)
Management services	65	-	(55)	-	-	10
Abortive scheme costs	-	-	(117)	-	-	(117)
Loss on valuation of investment properties	-	-	-	-	(150)	(150)
Gain on disposal of property, plant and equipment	-	-	-	39	-	39
	1,952	**(680)**	**(1,953)**	**39**	**(150)**	**(792)**
Non-social housing activities						
Commercial lettings	804	-	(230)	-	-	574
Electricity generation	2,011	-	(948)	-	-	1,063
Domiciliary care provision	2,757	-	(2,654)	-	-	103
Home repairs service	1,594	-	(1,524)	-	-	70
Other	239	-	(149)	-	-	90
	42,764	**(680)**	**(32,246)**	**39**	**(150)**	**9,727**

*Charges for Support Services income includes an adjustment of £243k in respect of income relating to the prior year.

**Community Development includes restricted grant income of £102k and expenditure of £51k in relation to the Big Local Trust for the Worle Big Local Plan.

2. Particulars of turnover, cost of sales, operating expenditure and operating surplus - Association - continuing activities

	2022					
	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Surplus on disposal £'000	Valuation £'000	Operating Surplus £'000
Social housing lettings (note 3)	**34,182**	**-**	**(26,791)**	**-**	**-**	**7,391**
Other social housing activities						
First tranche low-cost home ownership sales	4,243	(3,016)	-	-	-	1,227
Charges for support services	1,251	-	(1,173)	-	-	78
Community development*	518	-	(458)	-	-	60
Development services	-	-	(524)	-	-	(524)
Management services	310	-	(35)	-	-	275
Abortive scheme costs	-	-	(62)	-	-	(62)
Gain on valuation of investment properties	-	-	-	-	120	120
Gain on disposal of property, plant and equipment	-	-	-	155	-	155
	6,322	**(3,016)**	**(2,252)**	**155**	**120**	**1,329**
Non-social housing activities						
Commercial lettings	813	-	(297)	-	-	516
Gift Aid	1,001	-	-	-	-	1,001
Other	337	-	(76)	-	-	261
	42,655	**(3,016)**	**(29,416)**	**155**	**120**	**10,498**

*Community Development includes restricted grant income of £129k and expenditure of £54k in relation to the Big Local Trust for the Worle Big Local Plan.

2. Particulars of turnover, cost of sales, operating expenditure and operating surplus - Association - continuing activities (continued)

	2021					
	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Surplus on disposal £'000	Valuation £'000	Operating Surplus £'000
Social housing lettings (note 3)	**33,433**	**-**	**(24,719)**	**-**	**-**	**8,714**
Other social housing activities						
First tranche low-cost home ownership sales	865	(680)	-	-	-	185
Second tranche low-cost home ownership sales	36	-	-	-	-	36
Charges for support services*	701	-	(1,018)	-	-	(317)
Community development**	516	-	(351)	-	-	165
Development services	-	-	(412)	-	-	(412)
Management services	65	-	(55)	-	-	10
Abortive scheme costs	-	-	(117)	-	-	(117)
Loss on valuation of investment properties	-	-	-	-	(150)	(150)
Gain on disposal of property, plant and equipment	-	-	-	39	-	39
	2,183	**(680)**	**(1,953)**	**39**	**(150)**	**(561)**
Non-social housing activities						
Commercial lettings	804	-	(230)	-	-	574
Gift Aid	976	-	-	-	-	976
Other	251	-	(150)	-	-	101
	37,647	**(680)**	**(27,052)**	**39**	**(150)**	**9,804**

*Charges for Support Services income includes an adjustment of £243k in respect of income relating to the prior year.

**Community Development includes restricted grant income of £102k and expenditure of £51k in relation to the Big Local Trust for the Worle Big Local Plan.

3. Particulars of turnover and operating expenditure from social housing lettings - Group

	General housing* £'000	Supported housing £'000	Total 2022 £'000	Total 2021 £'000
Rent receivable, net of identifiable service charges and net of voids	31,913	547	32,460	31,535
Service charge income	1,190	360	1,550	1,781
Amortised government grants	149	-	149	91
Turnover from social housing lettings	**33,252**	**907**	**34,159**	**33,407**
Expenditure on social housing lettings				
Management	(7,255)	(51)	(7,306)	(6,253)
Service charge costs	(3,324)	(108)	(3,432)	(3,168)
Routine maintenance	(7,156)	(50)	(7,206)	(5,859)
Planned maintenance	(2,020)	(14)	(2,034)	(3,301)
Major repairs expenditure	(2,543)	(18)	(2,561)	(2,026)
Bad debts	(258)	(2)	(260)	(376)
Depreciation of housing properties	(4,020)	(28)	(4,048)	(3,805)
Operating expenditure on social housing lettings	**(26,576)**	**(271)**	**(26,847)**	**(24,788)**
Operating surplus on social housing lettings	**6,676**	**636**	**7,312**	**8,619**
Void losses	**(607)**	**(60)**	**(667)**	**(711)**

*Included in General Housing is an immaterial level of income and expenditure attributable to shared ownership properties.

3. Particulars of turnover and operating expenditure from social housing lettings - Association

	General housing* £'000	Supported housing £'000	Total 2022 £'000	Total 2021 £'000
Rent receivable, net of identifiable service charges and net of voids	31,916	547	32,463	31,538
Service charge income	1,209	361	1,570	1,804
Amortised government grants	149	-	149	91
Turnover from social housing lettings	**33,274**	**908**	**34,182**	**33,433**
Expenditure on social housing lettings				
Management	(7,255)	(51)	(7,306)	(6,253)
Service charge costs	(3,324)	(108)	(3,432)	(3,168)
Routine maintenance	(7,100)	(50)	(7,150)	(5,790)
Planned maintenance	(2,020)	(14)	(2,034)	(3,301)
Major repairs expenditure	(2,543)	(18)	(2,561)	(2,026)
Bad debts	(258)	(2)	(260)	(376)
Depreciation of housing properties	(4,020)	(28)	(4,048)	(3,805)
Operating expenditure on social housing lettings	**(26,520)**	**(271)**	**(26,791)**	**(24,719)**
Operating surplus on social housing lettings	**6,754**	**637**	**7,391**	**8,714**
Void losses	**(607)**	**(60)**	**(667)**	**(711)**

*Included in General Housing is an immaterial level of income and expenditure attributable to shared ownership properties.

4. Accommodation owned, managed and in development

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

	Group		Association	
	2022 No.	2021 No.	2022 No.	2021 No.
Social housing				
General housing:				
• Social rent	5,840	5,730	5,840	5,730
• Affordable rent	623	576	623	576
Supported housing and housing for older people	47	52	47	52
Shared ownership	208	134	208	134
Market rented	3	3	3	3
Total owned	**6,721**	**6,495**	**6,721**	**6,495**
Accommodation managed for others				
Low-cost home ownership	194	194	194	194
Total owned and managed	**6,915**	**6,689**	**6,915**	**6,689**

The Group also owns 1,605 (2021: 1,637) garages and manages 511 (2021: 511) Right to Buy leasehold flats where the freehold is retained.

The Group owns 47 (2021: 53) shops, of which 13 (2021: 19) are held as housing properties and 34 (2021: 34) are held as investment properties.

5. Gain on disposal of property, plant and equipment

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Disposal proceeds (net of sums payable to North Somerset Council)	265	114	265	114
Carrying value of fixed assets	(110)	(75)	(110)	(75)
	155	**39**	**155**	**39**

6. Operating surplus

The operating surplus is stated after charging:

	Group		Association	
	2022 £'000	**2021 £'000**	**2022 £'000**	**2021 £'000**
Audit of the Group financial statements (excl. VAT)	29	25	29	25
Audit of subsidiaries' financial statements (excl. VAT)	24	23	-	-
Operating lease rentals - land and buildings	8	8	8	8
Operating lease rentals – equipment	6	12	6	12
Depreciation of housing properties	4,048	3,805	4,048	3,805
Depreciation of other fixed assets	2,345	2,164	1,723	1,544
Amortisation of loan issue costs	111	124	107	120

7. Net interest

	Group		Association	
	2022 £'000	**2021 £'000**	**2022 £'000**	**2021 £'000**
Interest receivable and similar income				
Interest receivable	17	22	15	20
Income from other investments	-	-	49	60
	17	**22**	**64**	**80**
Interest payable and financing costs				
Finance leases	46	91	46	91
Loans	3,360	3,337	3,360	3,337
Interest on defined benefit pension	313	295	305	284
	3,719	**3,723**	**3,711**	**3,712**
On financial liabilities measured at fair value				
Interest capitalised on housing properties under construction	(392)	(180)	(392)	(180)
	3,327	**3,543**	**3,319**	**3,532**

Finance leases are secured on the assets to which they relate.

8. Employee information

The average monthly number of employees (full-time equivalents based on 37 hours per week) were as follows:

	Group		Association	
	2022 No.	2021 No.	2022 No.	2021 No.
Administration	74	74	74	74
Development	11	7	11	7
Housing, support and care	213	230	158	153
Maintenance operatives	69	73	69	73
	367	**384**	**312**	**307**

Employee costs for the year were as follows:

	Group		Association	
	2022 No.	2021 No.	2022 No.	2021 No.
Wages and salaries	11,528	12,277	10,477	10,244
Social security costs	1,117	1,173	1,046	1,035
Other pension costs	1,349	1,188	1,281	1,076
	13,994	**14,638**	**12,804**	**12,355**

The Association's employees are members of the Avon Pension Scheme (a defined benefit scheme) or the Royal London Pension Fund (formerly the Scottish Life Pension Fund, a defined contribution scheme). The employees of other Group members were members of the Avon Pension Scheme or NEST (a defined contribution scheme). Further information on the Avon Pension Scheme is included in note 23.

9. Key management personnel remuneration

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. The key management personnel of the Alliance Homes Group consist of the Board and the Strategic Leadership Team (SLT).

The aggregate emoluments paid to the SLT Members during the year, including the Chief Executive Officer, were £755k (2021: £703k). The emoluments of the highest paid director, the Chief Executive Officer, excluding pension contributions, were £147k (2021: £147k). The aggregate amount of compensation paid to executive officers or former executive officers during the year was £nil (2021: £9k).

The SLT Members, including the Chief Executive Officer, participate in the defined contribution pension scheme at the same contribution levels as all eligible staff. They do not participate in the Avon Pension Scheme. The employer's pension contribution paid on behalf of the Chief Executive Officer amounted to £15k (2021: £15k).

The aggregate emoluments paid to Board members were £57k (2021: £66k). Expenses paid during the year to Board and Committee members amounted to £2k (2021: £1k).

The total payments made to Board members were as follows:

			2022 £	2021 £
Chair		A. Willis	12,850	12,527
Audit Committee – Chair		R. Gaunt	6,857	6,816
Remuneration Committee – Chair	Retired September 2020	J. Field	-	3,408
Remuneration, People and Change Committee – Chair	Co-opted May 2020; appointed September 2020	C. Rosati	7,783	5,811
Investment Committee – Chair	Appointed May 2020	P. Foster	6,816	5,788
Alliance Living Care Ltd Board – Chair	Retired September 2021	C. Feehily	3,356	6,816
Customer Insight Committee – Chair	Retired September 2021	M. McIsaac Dunne	3,356	6,816
Board Member		S. Frost	5,072	5,031
Board Member	Retired May 2022	H. James	4,520	4,520
Board member	Appointed May 2020	S. Rahman	4,529	3,846
Co-optee	Resigned August 2021	I. Watkins*	1,898	4,556
			57,037	**65,935**

*I. Watkins was a member of the Alliance Living Care Ltd Board, but not a member of the NSAH (Alliance Homes) Limited Group Board.

9. Key management personnel remuneration (continued)

The number of full-time equivalent colleagues whose remuneration payable fell within the following bands were:

	2022	2021
£60,001 - £70,000	-	-
£70,001 - £80,000	-	-
£80,001 - £90,000	-	2
£90,001 - £100,000	2	-
£100,001 - £110,000	2	1
£110,001 - £120,000	-	-
£120,001 - £130,000	-	-
£130,001 - £140,000	-	2
£140,001 - £150,000	1	-
£150,001 - £160,000	-	-
£160,001 - £170,000	1	1

The key management personnel of the Group consist of the Strategic Leadership Team and the Board. The banding disclosure above considers the Strategic Leadership Team only.

10. Tax on surplus on ordinary activities

Group

Factors affecting the tax charge for the period

The tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2022 £'000	2021 £'000
Current tax	-	-
Current tax on profit for the year	-	-

The charge for the year can be reconciled to the Statement of Comprehensive Income as follows:

	2022 £'000	2021 £'000
Surplus on ordinary activities – continuing operations	7,091	6,206
Tax on surplus at the standard rate of corporation tax in the UK of 19% (2021: 19%)	1,348	1,179
Effects of:		
Surplus of charitable entity not subject to corporation tax	(1,186)	(1,024)
Other non-deductible expenditure	15	1
Gift Aid payment to parent	(206)	(191)
Capital allowances super-deduction	(1)	-
Movement in deferred tax not recognised	30	35
Tax charge for the year	**-**	**-**

Association

As a charity, the Association is exempt from UK corporation tax under section 505 of the Income and Corporation Taxes Act 1988.

11. Tangible fixed assets – housing properties

Group and Association

	Social housing properties held for letting	Shared ownership properties held for letting	Housing properties under construction	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2021	160,792	8,503	13,738	183,033
Additions to properties	-	-	50,226	50,226
Works to existing properties	4,478	-	-	4,478
Schemes completed	10,331	5,179	(15,510)	-
Transfer to assets held for sale	-	-	(6,569)	(6,569)
Disposals	(389)	(2)	-	(391)
At 31 March 2022	**175,212**	**13,680**	**41,885**	**230,777**
Depreciation				
At 1 April 2021	(28,757)	(1,006)	-	(29,763)
Charge for the year	(4,048)	-	-	(4,048)
Released on disposal	282	-	-	282
At 31 March 2022	**(32,523)**	**(1,006)**	**-**	**(33,529)**
Net book value				
At 31 March 2022	**142,689**	**12,674**	**41,885**	**197,248**
At 31 March 2021	132,035	7,497	13,738	153,270

Included within housing properties is £168k (2021: £170k) in respect of a community hall.

Additions to housing properties during the year include capitalised interest of £392k (2021: £180k).

11. Tangible fixed assets – housing properties (continued)

Housing properties comprise:

	Group		Association	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Housing property net book value in respect of freeholds	196,715	152,722	196,715	152,722
Housing property net book value in respect of long leaseholds	533	548	533	548
	197,248	153,270	197,248	153,270

Expenditure on works to existing properties:

	Group		Association	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Components capitalised	4,478	2,197	4,478	2,197
Amounts charged to income and expenditure	2,561	2,026	2,561	2,026
	7,039	**4,223**	**7,039**	**4,223**

12. Tangible fixed assets – other

Group

	Free-hold offices	Office and other equipment	Motor vehicles	IT equipment	Photo-voltaic panels	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2021	13,448	246	2,370	5,939	12,993	34,996
Additions	9	28	29	758	-	824
Transfers	(3)	3	-	-	-	-
Disposals	-	(44)	(375)	-	-	(419)
At 31 March 2022	**13,454**	**233**	**2,024**	**6,697**	**12,993**	**35,401**
Depreciation						
At 1 April 2021	(3,536)	(153)	(1,131)	(3,549)	(5,149)	(13,518)
Charge for the year	(441)	(21)	(503)	(760)	(620)	(2,345)
Transfers	1	(1)	-	-	-	-
Released on disposal	-	44	376	-	-	420
At 31 March 2022	**(3,976)**	**(131)**	**(1,258)**	**(4,309)**	**(5,769)**	**(15,443)**
Net book value						
At 31 March 2022	**9,478**	**102**	**766**	**2,388**	**7,224**	**19,958**
At 31 March 2021	9,912	93	1,239	2,390	7,844	21,478

The net book value of assets held under finance leases amounted to £766k (2021: £1,239k).

12. Tangible fixed assets – other (continued)

Association

	Free-hold offices	Office and other equipment	Motor vehicles	IT equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2021	13,448	246	2,370	5,941	22,005
Additions	9	28	29	756	822
Transfers	(3)	3	-	-	-
Disposals	-	(44)	(375)	-	(419)
At 31 March 2022	**13,454**	**233**	**2,024**	**6,697**	**22,408**
Depreciation					
At 1 April 2021	(3,536)	(153)	(1,131)	(3,551)	(8,371)
Charge for the year	(441)	(21)	(503)	(758)	(1,723)
Transfers	1	(1)	-	-	-
Released on disposal	-	44	376	-	420
At 31 March 2022	**(3,976)**	**(131)**	**(1,258)**	**(4,309)**	**(9,674)**
Net book value At 31 March 2022	9,478	102	766	2,388	12,734
At 31 March 2021	9,912	93	1,239	2,390	13,634

The net book value of assets held under finance leases amounted to £766k (2021: £1,239k).

13. Investment properties

Group and Association

	2022 £'000	2021 £'000
At 1 April	2,540	2,690
Gain/(loss) from investment value	120	(150)
At 31 March	**2,660**	**2,540**

Investment properties (commercial and market rent) were valued at 31 March 2022 by professional qualified external valuers. These valuations were undertaken by Jones Lang LaSalle and were carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation – Global Standards.

14. Fixed asset investments

The Group comprises the following entities, all of whom are registered in England:

Name	Incorporation and ownership	Regulated/ non-regulated	Nature of business
NSAH (Alliance Homes) Limited (AHL)	Company 100%	Regulated by the Regulator of Social Housing	Registered provider
Alliance Living Care Ltd (ALC)	Company 100%	Regulated by the Care Quality Commission	Domiciliary care
Alliance Homes (Ventures) Ltd (AHV)	Company 100%	Non-regulated	Electricity generation
Alliance Homes Partnerships Limited (AHP)	Company 98%	Non-regulated	Repairs and maintenance
Alliance Homes Design & Build Company Limited (AHD&B)	Company 100%	Non-regulated	Design and build
Alliance Homes Sales Limited (AHS)	Company 100%	Non-regulated	Non-regulated property sales

14. Fixed asset investments (continued)

	AHL £'000	ALC £'000	AHV £'0 00	AHP £'000	AHD&B £'000	AHS £'000	Total £'000
Cost							
At 1 April 2021 and 31 March 2022	-	70	5,000	-	-	-	5,070
Share of retained profits							
At 1 April 2021 and 31 March 2022	-	-	-	-	-	-	-
Net book value							
At 31 March 2022	**-**	**70**	**5,000**	**-**	**-**	**-**	**5,070**
At 31 March 2021	-	70	5,000	-	-	-	5,070

NSAH (Alliance Homes) Limited holds 98 Ordinary £1 shares in Alliance Homes Partnerships Limited, with the remaining 2 Ordinary £1 shares held by Brighter Places and the Bristol Communities Land Trust.

Alliance Homes Partnerships Limited is a non-profit making cost sharing group, providing repairs, maintenance and services solutions. Details of the intra-group transactions relating to the cost sharing group are disclosed per note 31.

15. Stocks and work in progress

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Properties held for sale	3,553	-	3,553	-
Work in progress	11	9	-	-
Materials stocks	-	171	-	-
	3,564	**180**	**3,553**	**-**

Materials stocks are stated after provisions for impairment of £nil (2021: £35k).

16. Debtors

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Amounts falling due within one year				
Rent and service charges receivable	1,773	2,031	1,773	2,031
Less: provision for bad and doubtful debts	(1,224)	(1,139)	(1,224)	(1,113)
	549	**892**	**549**	**918**
Amounts due from North Somerset Council	1,931	102	1,931	-
Amounts due from subsidiary undertakings	-	-	-	882
Loan to subsidiary undertaking	-	-	1,000	-
Other debtors	755	885	669	273
Prepayments and accrued income	2,410	1,442	1,781	1,029
	5,645	**3,321**	**5,930**	**3,102**
Amounts falling due after more than one year				
Loan to subsidiary undertaking	-	-	-	5,000
Contract asset	219	638	219	-
	219	**638**	**219**	**5,000**
	5,864	**3,959**	**6,149**	**8,102**

17. Cash and cash equivalents

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Money market investments	-	1,869	-	1,869
Cash at bank and in hand	11,084	28,694	8,972	22,585
	11,084	**30,563**	**8,972**	**24,454**

Our cash holdings significantly reduced during the year due to our planned investment in 126 homes at Marina Gardens, Portishead, in addition to our general new homes development programme. This was funded by a combination of existing cash reserves and by drawing new loans from existing borrowing facilities, as well as securing grant funding from Hones England

18. Creditors: amounts falling due within one year

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade creditors	3,419	1,841	2,521	1,464
Rent and service charges paid in advance	833	687	833	687
Amounts owed to North Somerset Council	1,075	565	1,075	565
Amounts due to subsidiary undertakings	-	-	370	-
Other taxation and social security	-	44	-	-
Other creditors	740	30	682	23
Accruals and deferred income	4,302	4,803	4,239	4,413
Deferred capital grants (note 20)	196	112	196	112
Obligations under finance leases (note 28)	498	498	498	498
	11,063	**8,580**	**10,414**	**7,762**

19. Creditors: amounts falling due after more than one year

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Bank and other loans (note 22)	101,000	90,000	101,000	90,000
Less: issue costs	(968)	(813)	(909)	(751)
Deferred capital grants (note 20)	19,060	10,834	19,060	10,834
Obligations under finance leases (note 28)	283	756	283	756
	119,375	**100,777**	**119,434**	**100,839**

20. Deferred capital grants

Group and Association

	2022 £'000	2021 £'000
At 1 April	10,946	9,272
Grants received during the year	8,460	1,765
Released to income in the year	(150)	(91)
At 31 March	**19,256**	**10,946**
Falling due within one year (note 18)	196	112
Falling due after more than one year (note 19)	19,060	10,834
	19,256	**10,946**
Total grants received	20,300	11,840
Total grants repaid	(323)	(323)
Total grants transferred to recycled capital grant fund	(16)	(16)
Total grants amortised	(705)	(555)
	19,256	**10,946**

21. Disposal proceeds fund

Group and Association

	2022 £'000	2021 £'000
At 1 April	-	1
Allocation of funds	-	(1)
At 31 March	**-**	**-**

22. Debt analysis

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Amounts falling due after more than one year				
Bank loans	101,000	90,000	101,000	90,000
Less: issue costs	(968)	(813)	(909)	(751)
Total loans	**100,032**	**89,187**	**100,091**	**89,249**

Based on lenders' earliest repayment date, borrowings are repayable as follows:

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
In five years or more	100,032	89,187	100,091	89,249
Undrawn facilities	**64,000**	**45,000**	**64,000**	**45,000**

£70m of the loan outstanding is at a fixed rate of 3.745% for the full duration of the loan term. £31m of the loan outstanding is at variable rate interest.

The £45m Revolving Credit Facility was amended to a £75m facility during the year. As at 31 March 2022, £11m was drawn leaving £64m undrawn. Interest under this facility is on variable rates with the final repayment date being 31 March 2027.

Loans are secured on the assets of the Association.

23. Pension provision

The Group has two (2021: three) admitted bodies in the Avon Pension Scheme ("the scheme"), which is a multi-employer, defined benefit scheme administered by the Avon Pension Fund under the regulations governing the Local Government Pension Scheme (LGPS). Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method. The most recent formal actuarial valuation was completed as at 31 March 2019.

On 20 April 2021, the Board took the decision to exit the domiciliary care market, and to novate the contracts with North Somerset Council to another provider. Alongside this, the employees providing these services were transferred from Alliance Living Care Limited to the alternative provider on 9 November 2021, including the related net defined benefit pension obligation for these employees.

Additionally, a contract to deliver day care services in a number of locations across North Somerset was transferred to NSAH (Alliance Homes) Limited on 27 October 2021, along with the related net defined benefit pension obligation. These employees were initially transferred into Alliance Living Care Limited on 1 April 2020, and on the same terms as the existing employees.

23. Pension provision (continued)

NSAH (Alliance Homes) Limited

Total contributions to the scheme by the Association for the year ended 31 March 2022 were £409k (2021: £382k), of which employer contributions totalled £316k (2021: £287k) at a contribution rate of 21.7% (2021: 21.7%) of pensionable salaries. The contribution rate for 2022/23 is projected to be 21.7%.

Estimated employer contributions to the scheme during the accounting period commencing on 1 April 2023 are projected to be £276k including a deficit gain of £16k.

Alliance Living Care

Total contributions to the scheme by the company for the year ended 31 March 2022 were £36k (2021: £58k), of which employer contributions totalled £29k (2021: £47k) at a contribution rate of 22.9% (2021: 23.4%) of pensionable salaries.

Principal actuarial assumptions:

The major assumptions used by the actuary in assessing scheme liabilities on an FRS 102 basis were:

	NSAH (Alliance Homes) Limited			Alliance Living Care Ltd		
	2022 % per annum		2021 % per annum	2022 % per annum		2021 % per annum
	Alliance Homes	Alliance Homes: Ebdon Court		Alliance Living Care	Alliance Living Care: Ebdon Court	
Rate of increase in salaries	4.7	4.8	4.2	4.4	4.3	4.2
Rate if increase in pensions in payment	3.2	3.4	2.8	3.0	2.9	2.8
Discount rate	2.6	2.8	2.1	1.8	1.8	2.1
Inflation assumption (CPI)	3.2	3.3	2.7	2.9	2.8	2.7

23. Pension provision (continued)

Post retirement mortality assumptions:

NSAH (Alliance Homes) Limited

	2022	2021
Non-retired members (retiring in the future in normal health)	S3PA CMI_2021 (1.75%) (98% males)	S3PA CMI_2018 (1.75%) (98% males)
	S3PA CMI_2021 (1.75%) (88% females)	S3PA CMI_2018 (1.75%) (88% females)
Current members (retired in normal health)	S3PA CMI_2021 (1.75%) (92% males)	S3PA CMI_2018 (1.75%) (92% males)
	S3PA CMI_2021 (1.75%) (87% females)	S3PA CMI_2018 (1.75%) (87% females)
Life expectancy in years: Of a male (female) future pensioner aged 65 in 20 years' time	24.6 (27.3)	24.8 (27.4)
Of a male (female) current pensioner aged 65	23.1 (25.3)	23.3 (25.4)
Commutation of pension for lump sum at retirement	50% take maximum cash 50% take 3/80ths cash	

Alliance Living Care Ltd

	2022		2021
	Alliance Living Care	**Alliance Living Care: Ebdon Court**	
Non-retired members (retiring in the future in normal health)	S3PA CMI_2021 (1.75%) (98% males)	S3PA CMI_2018 (1.75%) (98% males)	S3PA CMI_2018 (1.75%) (98% males)
	S3PA CMI_2021 (1.75%) (88% females)	S3PA CMI_2018 (1.75%) (88% females)	S3PA CMI_2018 (1.75%) (88% females)
Current members (retired in normal health)	S3PA CMI_2021 (1.75%) (92% males)	S3PA CMI_2018 (1.75%) (92% males)	S3PA CMI_2018 (1.75%) (92% males)
	S3PA CMI_2021 (1.75%) (87% females)	S3PA CMI_2018 (1.75%) (87% females)	S3PA CMI_2018 (1.75%) (87% females)
Life expectancy in years: Of a male (female) future pensioner aged 65 in 20 years' time	24.5 (27.2)	24.8 (27.4)	24.8 (27.4)
Of a male (female) current pensioner aged 65	23.0 (25.2)	23.3 (25.4)	23.3 (25.4)
Commutation of pension for lump sum at retirement	50% take maximum cash 50% take 3/80ths cash		

23. Pension provision (continued)

Changes in assumptions for the Alliance Homes scheme

For the current year-end, the Board of NSAH (Alliance Homes) Limited has decided to take advice from a third-party actuary (Isio) in setting the assumptions for the Alliance Homes scheme under FRS 102, as opposed to using the standard assumptions as proposed by the Pension Fund Actuary (Mercer). The ability to do this is within the responsibilities of the Board.

At 31 March 2022, the entity has updated the methodology used to set the discount rate, CPI inflation assumption and the rate of pension increase to be based on the Isio methodology.

Discount rate assumption

The discount rate assumption as at 31 March 2021 was set by Mercer based on the specific corporate bond universe and extrapolation model they have used. Although both assumptions at the current year-end and the previous year-end are required to be based on corporate bond yields, the methodology used to calculate this assumption differs between the Isio Core AA Yield Curve methodology and Mercer approach (in terms of which bonds are included in the yield and how the curve is derived at longer terms).

Mercer's standard discount rate for an 18-year duration would have been 2.80%, which is 0.2% higher than the Isio discount rate. Based on the sensitivities provided we estimate that this change increased the defined benefit obligation as at 31 March 2022 by c.£1,500k.

CPI assumption

At 31 March 2021, the CPI assumption was based on the Mercer Inflation Curve methodology. At 31 March 2022, the methodology used was updated to set the CPI assumption to be based on the Isio Inflation Spot Curve methodology.

Mercer's standard CPI assumption for an 18-year duration would have been 3.30%, which is 0.1% higher than the Isio CPI assumption. Based on the sensitivities provided we estimate that this change decreased the defined benefit obligation as at 31 March 2022 by c. £800k.

Pension increase assumption

At 31 March 2021, the pension increase assumption was set in line with the Fund Actuary's standard assumption i.e., CPI + 0.1%. At 31 March 2022, the methodology used was updated to set the pension increase assumption to be in line with the CPI inflation assumption (without adjustment).

23. Pension provision (continued)

Analysis of the amounts charged to the Statement of Comprehensive Income:

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Amounts charged to operating costs				
Current service cost	603	521	554	461
Administration costs	8	10	8	8
Effect of curtailments or settlements	(607)	-	57	-
Total operating charge	**4**	**531**	**619**	**469**
Amounts charged to finance costs				
Expected return on pension scheme assets	619	613	604	590
Interest on pension liabilities	(932)	(908)	(909)	(874)
Interest payable and financing charge	**(313)**	**(295)**	**(305)**	**(284)**

Analysis of the gains and losses recognised in the Statement of Comprehensive Income:

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Actuarial gains on pension scheme assets	2,368	3,810	2,225	3,662
Actuarial gains/(losses) on scheme liabilities	673	(6,049)	818	(5,799)
Actuarial gains/(losses) recognised	**3,041**	**(2,239)**	**3,043**	**(2,137)**

Fair value of assets:

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Equities	12,878	11,207	12,878	10,762
Government bonds	3,943	4,215	3,943	4,047
Other bonds	2,384	2,541	2,384	2,440
Property	2,130	2,151	2,130	2,066
Cash/liquidity	509	867	509	832
Other	9,952	8,908	9,952	8,554
	31,796	**29,889**	**31,796**	**28,701**

23. Pension provision (continued)

Changes in present value of defined benefit obligation:

	Group		Association	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Opening defined benefit obligation	(45,156)	(37,549)	(43,334)	(36,733)
Transfer in	(942)	(656)	(942)	-
Service cost	(603)	(521)	(554)	(461)
Interest cost	(932)	(908)	(909)	(874)
Member contributions	(100)	(106)	(93)	(95)
Remeasurements	673	(6,049)	818	(5,799)
Benefits/transfers paid	803	633	793	628
Curtailments	(57)	-	(57)	-
Settlements	2,036		-	
	(44,278)	**(45,156)**	**(44,278)**	**(43,334)**

Changes in fair value of plan assets:

	Group		Association	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Opening fair value of plan assets	29,889	25,206	28,701	24,703
Transfer in	658	463	658	-
Interest on plan assets	619	613	604	590
Administration costs	(8)	(10)	(8)	(8)
Remeasurements	2,368	3,810	2,225	3,662
Employer contributions	345	334	316	287
Member contributions	100	106	93	95
Benefits/transfers paid	(803)	(633)	(793)	(628)
Settlements	(1,372)	-	-	-
	31,796	**29,889**	**31,796**	**28,701**

23. Pension provision (continued)

Major categories of plan assets as a percentage of total plan assets:

	NSAH (Alliance Homes) Limited		Alliance Living Care Limited	
	2022	2021	2022	2021
	%	%	%	%
Equities	40.5	37.5	-	37.5
Government bonds	12.4	14.1	-	14.1
Other bonds	7.5	8.5	-	8.5
Property	6.7	7.2	-	7.2
Cash/liquidity	1.6	2.9	-	2.9
Other	31.3	29.8	-	29.8
	100.0	**100.0**	**-**	**100.0**

Actual return on plan assets:

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Actual return on plan assets	2,987	4,424	2,829	4,252
	2,987	**4,424**	**2,829**	**4,252**

Amounts for the current and previous three periods are as follows:

Group	2022	2021	2020	2019
	£'000	£'000	£'000	£'000
Present value of defined benefit obligation	(44,278)	(45,156)	(37,549)	(40,043)
Fair value of scheme assets	31,796	29,889	25,206	27,359
Deficit on scheme	**(12,482)**	**(15,267)**	**(12,343)**	**(12,684)**

Association	2022	2021	2020	2019
	£'000	£'000	£'000	£'000
Present value of defined benefit obligation	(44,278)	(43,334)	(36,733)	(38,812)
Fair value of scheme assets	31,796	28,701	24,703	26,529
Deficit on scheme	**(12,482)**	**(14,633)**	**(12,030)**	**(12,283)**

Group and Association

24. Non-equity share capital

	2022 No.	2021 No.
Number of members		
At 1 April	24	31
Joining during the year	-	3
Leaving during the year	(3)	(10)
At 31 March	**21**	**24**

The shares provide members with the right to vote at general meetings of the Association, but do not provide any rights to dividends or distributions upon winding up.

25. Cash flow from operating activities

	2022 £'000	2021 £'000
Net surplus	7,091	6,206
Adjustment for non-cash items		
Depreciation of tangible fixed assets	6,393	5,969
Amortisation of grants and fees	(149)	(91)
Decrease in stock	(3,384)	690
(Increase)/decrease in trade and other debtors	(2,324)	541
Increase in trade and other creditors	2,399	1,467
Pension costs less contributions payable	319	200
Carrying amount of tangible fixed asset disposals	109	216
	10,454	**15,198**
Adjustments for investing or financing activities		
(Increase)/decrease in fair value of investment properties	(120)	150
Proceeds from the sale of tangible fixed assets	(155)	(39)
Transfers to housing properties	-	53
Interest and financing costs	3,327	3,543
Interest received	(17)	(22)
Amortisation of loan arrangement fees	111	124
Net cash generated from operating activities	**13,600**	**19,007**

26. Analysis of changes in net debt

	At 1 April 2021 £'000	Cash flows £'000	Movements in creditors due within one year £'000	New finance leases £'000	New borrowings £'000	Amortisation of loan fees £'000	At 31 March 2022 £'000
Cash and cash equivalents	30,563	(19,479)	-	-	-	-	11,084
	30,563	**(19,479)**	**-**	**-**	**-**	**-**	**11,084**
Borrowings							
Loans	(89,187)	266	-	-	(11,000)	(111)	(100,032)
	(89,187)	**266**	**-**	**-**	**(11,000)**	**(111)**	**(100,032)**
Finance leases							
Amounts due in less than one year	(498)	502	(495)	(7)	-	-	(498)
Amounts due after more than one year	(756)	-	495	(22)	-	-	(283)
	(1,254)	**502**	**-**	**(29)**	**-**	**-**	**(781)**
Changes in net debt	**(59,878)**	**(18,711)**	**-**	**(29)**	**(11,000)**	**(111)**	**(89,729)**

27. Financial instruments

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Financial assets				
Financial assets measured at amortised cost:				
Rent and service charges receivable	1,773	2,031	1,773	2,031
Amounts due from North Somerset Council	1,931	102	1,931	-
Amounts due from subsidiary undertakings	-	-	-	882
Other debtors	755	885	669	273
Loan to subsidiary undertaking	-	-	1,000	5,000
Cash and cash equivalents	11,084	30,563	8,972	24,454
	15,543	**33,581**	**14,345**	**32,640**
Financial assets measured at fair value:				
Contract asset	219	638	219	-
	219	**638**	**219**	**-**

27. Financial instructions (continued)

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Financial liabilities				
Financial liabilities measured at amortised cost:				
Loans payable	100,032	89,187	100,091	89,249
Trade creditors	3,419	1,841	2,521	1,464
Rent and service charges paid in advance	833	687	833	687
Amounts owed to North Somerset Council	1,075	565	1,075	565
Amounts due to subsidiary undertakings	-	-	370	-
Other taxation and social security	-	44	-	-
Other creditors	740	30	682	23
Deferred capital grants	19,256	10,946	19,256	10,946
Obligations under finance leases	781	1,254	781	1,254
	126,136	**104,554**	**125,609**	**104,188**

28. Obligations under finance leases

Group and Association

The future minimum lease payments which the Group and Association is committed to making under finance leases are as follows:

	2022 £'000	2021 £'000
Within one year	498	498
Between one and five years	283	756
	781	**1,254**

29. Obligations under operating leases

Group and Association

The future minimum lease payments which the Group and Association is committed to making under non-cancellable operating leases are as follows:

	2022 £'000	2021 £'000
Within one year	15	20
Between one and five years	34	34
After more than five years	42	50
	91	**104**

30. Capital commitments

Capital expenditure commitments were as follows:

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Expenditure contracted for, but not provided for in the financial statements	40,657	21,749	40,657	21,749
Expenditure authorised by the Board, but not contracted	47,849	55,422	47,849	55,422

The above commitments will be financed primarily through borrowings which are available for draw-down under existing loan arrangements.

31. Related parties

As required by statute, the financial statements consolidate the results of Alliance Homes (Ventures) Ltd, Alliance Living Care Ltd and Alliance Homes Partnerships Limited, all of whom were subsidiaries at the end of the year.

The Association has the right to appoint members to the Boards of the three subsidiaries, and thereby exercises control over them. Alliance Living Care Ltd is registered with the Care Quality Commission, and Alliance Homes (Ventures) Ltd and Alliance Homes Partnerships Limited are non-regulated companies.

NSAH (Alliance Homes) Limited is the ultimate parent company of the Group.

During the year the Association had the following intra-group transactions:

		2022 £'000	2021 £'000
Alliance Homes (Ventures) Ltd	**Allocation basis**		
Management services	Time spent	49	12
Gift Aid	Taxable profits	1,001	976
Roof lease payments	Legal agreement	231	231
Loan interest	Legal agreement	49	60
		1,330	**1,279**

In accordance with the 2021/22 business plan, £4m (2021: £nil) of the loan to Alliance Homes (Ventures) Ltd was repaid during the year. The remainder of the loan is interest bearing, and will be repaid within the subsequent financial year.

		2022 £'000	2021 £'000
Alliance Living Care Ltd	**Allocation basis**		
Overhead recharge	Agreed management fee	167	225
Day centre charges	Actual costs	22	26
		189	**251**

31. Related parties (continued)

		2022 £'000	2021 £'000
Alliance Homes Partnerships Limited	**Allocation basis**		
Provision of maintenance repairs and services	Actual costs	8,991	8,359
Management services	Percentage of overheads	471	625
		9,462	**8,984**

The figures above include the value of transactions to all of the partners within AHP

Directors who are customers of the Group are listed per page 7. Their tenancy agreements with NSAH (Alliance Homes) Limited are under normal commercial terms, and they are not able to use their position to their advantage.

The total rent charge for the year in respect of customer Board members was £3k (2021: £5k), and there were £nil (2021: £nil) amounts outstanding as at the date of the Statement of Financial Position.

The Avon Pension Fund is considered a related party under section 33 of FRS 102, as a provider of defined benefit pensions. Details of the pension related transactions are disclosed in note 23.

On 20 April 2021, the Board took the decision to exit the domiciliary care market, with the transfer of the trade and assets of Alliance Living Care Ltd in relation to these activities being transferred to an alternative provider.

On 9 November 2021, the domiciliary care services provided by Alliance Living Care Ltd were novated out from the Alliance Homes Group. In February 2022, Alliance Homes (Ventures) Ltd provided a guarantee to Alliance Living Care Ltd to cover any indemnities arising as a result of this transfer. Alliance Living Care Ltd paid an amount of £20k (2021: £nil) to Alliance Homes (Ventures) Ltd during the year in this regard.

32. Post balance sheet events

Prior to the acquisition of the units at Marina Gardens by NSAH (Alliance Homes) Limited during the year, these units were initially constructed for the purposes of a retirement facility. In order to bring these up to a standard suitable to social housing purposes, the Company needs to achieve a change of use in planning which is subject to additional conditions which must be met before the units can be let or sold. Work to achieve this is due to be completed within the subsequent financial year.

In July 2022, the Board of NSAH (Alliance Homes) Limited took the decision to consult with staff on a proposal to cease active membership of the LGPS defined benefit pension scheme during the next 12 months. No decision has been taken by the Board to cease active LGPS membership. Any decision on whether or not to cease LGPS accrual would only be taken following the consultation process and further consideration by the Board. An estimation of the financial impact cannot be determined at this time and therefore the Board has agreed financial parameters which will be met in order that the business remains compliant with all funders covenants.

As at the date of approval of these financial statements, it is not currently considered that there are significant doubts over the Group and Association's ability to continue as a going concern for at least a year from the date of approval of these financial statements.

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