Alliance homes

Group annual report and financial statements

2020/21

Contents

We're set to deliver an increasing number of much needed affordable homes...

Chair and Chief Executive's statement

As the global pandemic has continued throughout the last year, Alliance has met this challenge by adapting and responding. We've focused strongly on our vision of 'improving lives and benefitting communities'. We've found new ways of working and set priorities that have ensured we can continue to keep our services running to a high standard for customers, as well as pushing forward with our plans to build more, much needed affordable homes.

We're proud of our teams across the organisation, each of which have faced unique challenges. Colleagues have stepped up to these, sustaining high service levels while keeping themselves and our customers safe.

Social distancing measures have meant that our Homes Repairs Service spent much of the year focusing on delivering emergency and urgent repairs, meaning the team was able to put more emphasis on external repairs and improvements.

The resilience and dedication of our Alliance Living Care team has been inspiring. They've been on the frontline, providing vital care for those most at risk. The team has changed their working methods during the most difficult circumstances. What's most impressive is that they did all this while delivering the same level of service.

We're grateful for everything all our colleagues have done to ensure we continue to provide service for our customers. We're also grateful for the patience and support of our customers who have at times had to wait for services or have them delivered in a different way - they too have had to adapt at pace.

Our resolution to build 2,000 homes over the next 10 years has not wavered. Despite the pandemic posing significant challenges to the construction sector, we have still made significant progress. The strong relationships we've built with developers and the launch of our partnership agreement with North Somerset Council mean that our pipeline of new homes has grown considerably. We're set to deliver an increasing number of much needed affordable homes year-on-year and are looking to see if we can deliver even more than the 2,000 set.

We want to deliver a great customer experience. During the last year we launched our new empty homes standard, which ensures all new homes are let to a consistently good benchmark. We streamlined the letting process so customers can sign their agreement digitally. We have also changed our approach and invested more in dealing with issues of anti-social behaviour, with the focus on swift early resolution. All of this was done in consultation with customers based on their experiences.

During the year we set up a specialist Community Services team to oversee all of our care and support work. This approach will allow us to make the most of opportunities to provide community-based services that support our purpose of improving lives and benefitting communities.

Our investment in digital transformation to improve our services and the way we work is a key priority. We've also been driving forward with our project to improve the way we maintain data as well as preparing for the launch of our new housing management system Civica CX. This new system brings together all our customer data into one system which will mean a better experience for customers when they contact us.

It also provides the cornerstone of our digital future and will enable more customers to self-serve when we introduce a customer portal in the coming year.

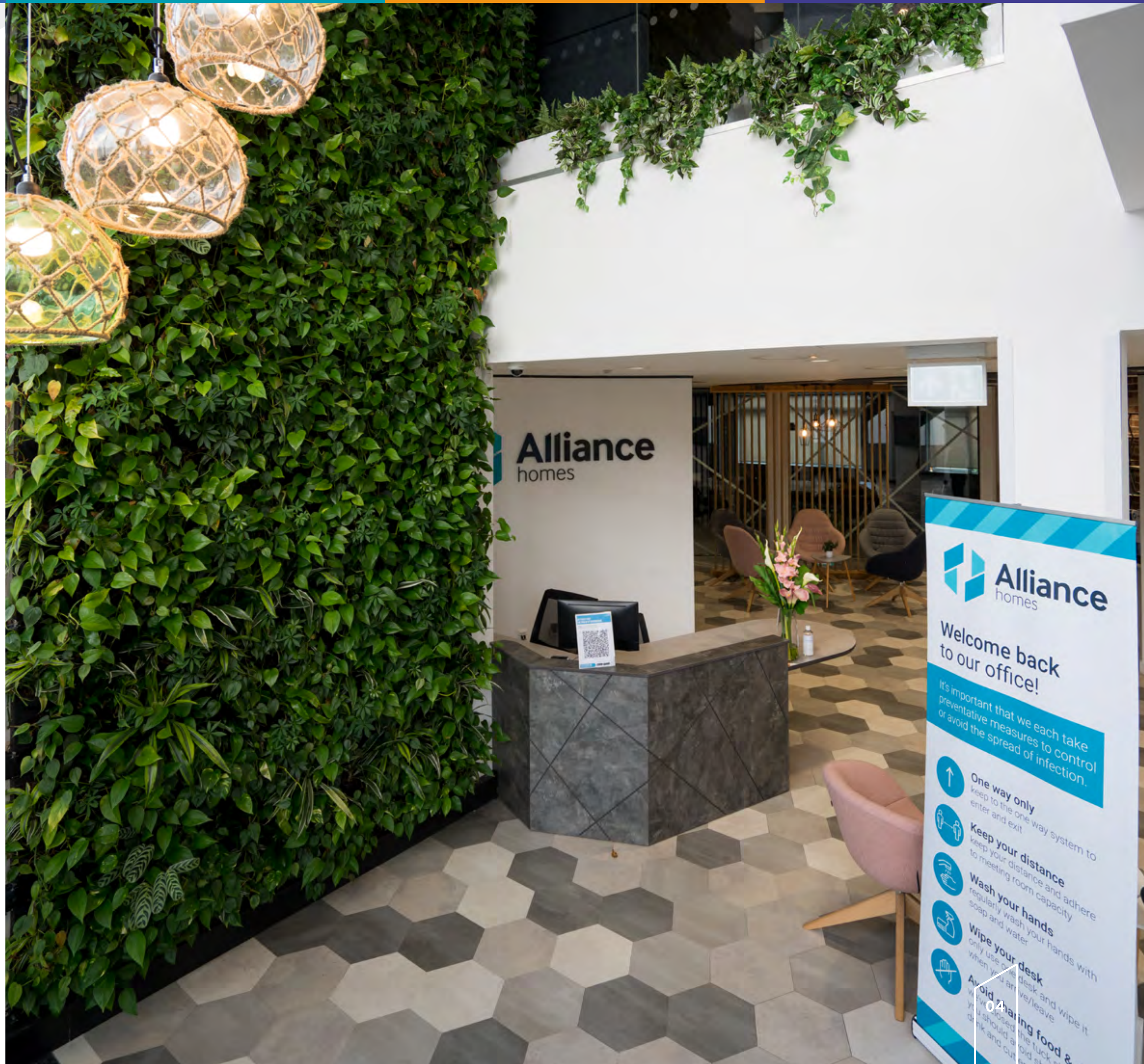
We want to say a huge thank you to all our customers for bearing with us during these times. We know that many of them have experienced financial hardship during the pandemic, which is why we set up our Springboard Fund to provide one-off grants for those who have been hardest hit.

With the rollout of vaccinations gathering pace, we're planning for a more positive future. We want to get back to some level of normality while bringing the best of our new ways of working with us, and we're confident that by doing this Alliance can emerge even stronger.

Andy Willis
Chair of the Board

Louise Swain
Chief Executive

We're grateful for everything all our colleagues have done to ensure we continue to provide service for our customers.



Board Members, Advisors and Bankers

Andrew Willis	Chair
Richard Gaunt	Chair of Audit and Risk Committee
Claire Feehily	Chair of Alliance Living Care Board
Carol Rosati OBE	Chair of Remuneration, People and Change Committee Appointed September 2020
Paul Foster	Chair of Investment Committee, Appointed May 2020
Maddie McIsaac Dunne	Chair of Customer Insight Committee
Louise Swain	Chief Executive
Sarah Frost	Board Member
Huw James	Board Member
Sameer Rahman	Board Member, Appointed May 2020
Jenny Field	Retired September 2020

Maddie McIsaac-Dunne is also a customer of NSAH (Alliance Homes) Limited.

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) Appointed July 2020
Elizabeth Griffiths	(Director of Customer Services)
Jane Carne	(Director of People and Change) Resigned December 2020

Registered office	40 Martingale Way Portishead BS20 7AW

Group members	NSAH (Alliance Homes) Limited
	Alliance Living Care Ltd
	Alliance Homes (Ventures) Ltd
	Alliance Homes Partnerships Limited
	Alliance Homes Sales Limited (dormant entity)
	Alliance Homes Design and Build Company Limited (dormant entity)

Independent auditor	KPMG LLP Chartered Accountants 66 Queen Square Bristol BS1 4BE

Banker

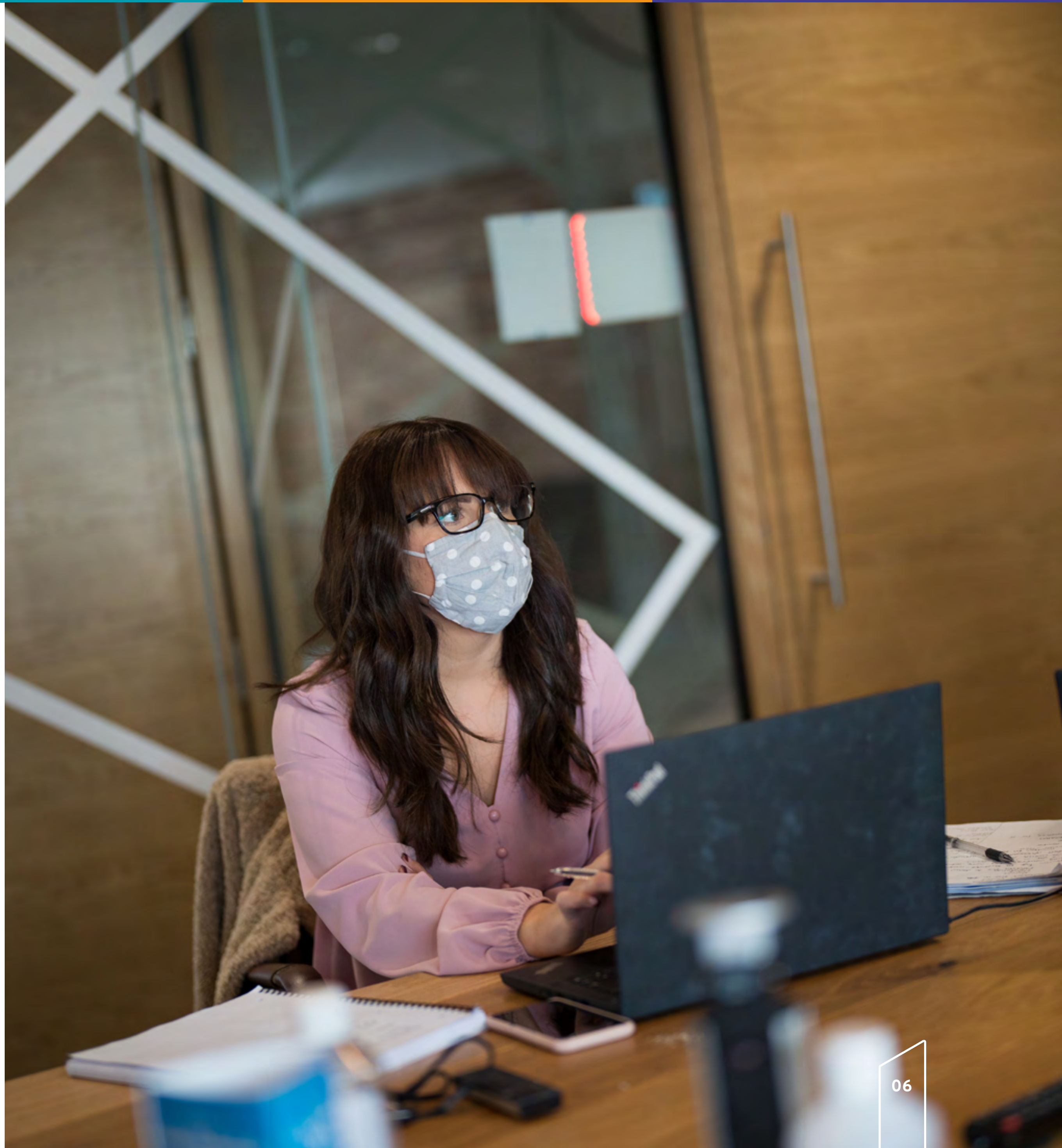
Barclays Bank Plc
PO Box 1015
3rd Floor Windsor Court
3 Windsor Place
Cardiff CF10 3ZL

Legal advisors

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

We also work with Clarke Wilmott LLP, Carbon Law Partners 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 for Social Housing (RSH) registration number L4459.



Strategic report

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 also provide a range of care and support services on behalf of North Somerset Council and to some private customers.

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 **6,495 homes**, which includes **134 shared ownership homes** and 3 **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.

Our operational performance 2020/21

Number of **colleagues**
478
2019/20: **493**

Number of **homes owned**
6,495
2019/20: **6,468**

Average **rent arrears**
2.00%
2019/20: **1.88%**

Operating margin
22.7%
2019/20: **23.7%**

Average **re-let period**
88 days*
2019/20: **29 days**

Meeting our **customers' needs**
77%
2019/20: **73%**

Number of **customers**
8,376
2019/20: **8,646**

Number of **new homes**
43
2019/20: **78**

Number of **hours of care delivered**
99,922
2019/20: **118,251**

Number of **complaints**
549
2019/20: **652**

Number of new **windows**
209
2019/20: **284**

Number of **repairs**
15,489
2019/20: **18,655**

Number of new **heaters & boilers**
126
2019/20: **153**

Number of **compliments**
183
2019/20: **196**

*This figure is higher than normal due to the pandemic restrictions.

Delivering our strategic plan

Plan A: Our five-year strategy 2017-22

Purpose	We're a **dynamic, fair** and **community minded** housing association delivering new homes and trusted landlord, care and support services.
Vision	To **improve lives** and **benefit communities**.
What we want to be known for	• Increasing the supply of housing • A great customer experience.
We will achieve this by	• Being a great **proactive** and **trusted** partner • Being **commercially adept,** competing and excelling in everything we do • Investing in our people, creating an **agile and trusting** organisation culture • Innovation, embracing change and technology to **constantly improve** and **maximise** efficiency.

Values

Ambitious for all

Genuine

Awake to challenge and opportunity

Make the difference

Effective

Corporate priorities for 2020/21

Priority projects

The focus for 2020/21 will be to enable the business to become fully operational and recover from Covid-19. We'll also be reviewing strategies to support our plans to build more homes and to deliver great customer service.

Progress Civica Cx Phase 1	Replacement of Northgate and The Hub with Civica Cx which will transform the way we manage our customer and asset information. This will enable the introduction of a customer portal, allowing greater customer self-service.
Management and use of data	Review the way we hold and manage data – this will also lead to clarity on ownership, our process and data quality and ensures GDPR compliance.
KPIs & reporting	Development of a Performance Management Framework which demonstrates Key Performance Indicators (KPIs), Performance Indicators (PIs) and Management Information (MIs) which links to strategy and risk.

Strategic performance for 2020/21

Deliver Civica CX Phase 1	● (orange)
Data cleanse and ownership	● (orange)
KPIs and reporting	● (green)

A number of 'business as usual' initiatives also sat alongside these priority projects. We built efficiency targets into our plans to take account of the delivery of these. As the global pandemic was announced in March 2020, and like other housing associations, our focus moved to providing essential services only, while ensuring the safety of our customers and colleagues. We took the decision not to undertake any intrusive major works, such as replacement of kitchens and bathrooms.

Deliver Civica CX Phase 1

Civica CX is our new housing management system. This will replace an aging system and will integrate with our other key business systems to provide a single source of the truth to all areas of the business. We took the decision to postpone the implementation of Civica CX until July 2021 due to the challenges of the pandemic. This means that we have been unable to realise the efficiency savings which we expected in 2020/21 as a result.

Data review and ownership

As part of the implementation of CX, we undertook to review, and where necessary, cleanse all of our data and to introduce data management principles to ensure that all data has an owner who is responsible for ensuring that it remains up to date and correct. This will allow us to increase the effectiveness of our services. Alongside the decision to postpone the implementation of Civica CX, we have expanded the length of time over which we will be carrying out the data project which has progressed into an organisation-wide data management transformation programme.

The aims are to build our internal capacity, capability and understanding to become a data focused and data literate organisation, allowing us to make effective data-led decisions throughout the Association. A Data Delivery Group has been established who will play a key role in driving the required process and data handling improvements and delivering cultural change. We have identified the 'interim' and 'target' levels of data maturity that we wish to achieve. We are adopting an agile methodology to deliver incremental improvements into business operations as soon as reasonably possible.

KPIs (Key Performance Indicators) and reporting

This project has been completed and improved monthly KPI reporting is now provided to management and the Board. KPIs are supported by a suite of PI (Performance Indicators) and MI (Management Information). This allows us to drill down from the KPI results to assess where performance can be improved. This means we can more effectively manage the business, receiving information which alerts us to areas where performance may be declining in order that we can put in place mitigation to reverse this position.

Homes

2,000 homes development programme

The last year was a challenging operating environment. The impacts of COVID-19 were felt across our delivery programme, but we were still able to build 36 new homes and sell a further seven for shared ownership.

Whilst our delivery has fallen, our pipeline has grown. This means we've secured new contracts to continue our journey towards 2,000 new home completions over the next ten years. Creating opportunities over the last year now means we're forecasting to deliver 500 new affordable homes within the next two years.

These new affordable homes will be a combination of both physical build completions and shared ownership sales completions. The growth in delivery outperforms previous years significantly. We have a diverse and agile programme, meaning that the completion projections comprise Section 106 acquisitions from developers, direct land-led delivery on sites we have purchased, land-led package deals with developers and contractors, as well as off-the-shelf purchases for affordable 'additionality' where available.

Our success rate in securing new schemes and building our pipeline has now led to new partnerships built on reputation. We are committed to maintaining this progress.

Demand for all types of housing across our operating area hasn't slowed. House price growth and supply issues have continued to contribute to the housing crisis and therefore the need for more new homes to be developed at pace and scale.

Our approach has, and continues to be, to provide the right new homes in the right places. We're proud of our local connection to the communities in which we operate, and this enables us to play a place-shaping role by investing for the long term. A new Asset Strategy approved in November 2020 demonstrates that point, by harmonising our investments in new and existing homes to deliver added value and better outcomes.

Completion profile

Our completion profile for the year shows that we continue to play an important role in North Somerset. Our development ambitions remain grounded in the West of England.

	Social Rent	Affordable Rent	Shared Ownership	Total
Homes built				
By tenure	21	15	-	**36**
Build completions by local authority				
North Somerset	21	5	-	**26**
South Gloucestershire	-	-	-	**-**
Bristol	-	10	-	**10**
Shared ownership sales				
Sales by local authority				
Total	-	-	7	**7**
North Somerset	-	-	2	**2**
South Gloucestershire	-	-	5	**5**
Bristol	-	-	-	**-**

At the beginning of the year, the completion of ten apartments for affordable rent in Shirehampton marked the completion of a complex new build and refurbishment project. The conversion of former commercial property to new homes has made a positive contribution to the local neighbourhood, leading to a shortlist at the Bristol Property Awards under the 'transformation' category.

We completed the construction of nine homes for social rent at Cobthorne Way in Congresbury. These add to our growing supply of new homes in the area, following completions at Venus Street in 2018 and the start on site this year of 21 new homes at Homefields. A further 25 homes are coming to Congresbury over the next year.

During 2020/21 we undertook extensive due diligence to explore the potential of purchasing the Marina Gardens scheme in Portishead. This completed development of 127 flats has been unoccupied since 2019 and, given its proximity to our head office, repurposing for affordable housing was considered a viable alternative use. A change of use planning application was submitted to North Somerset Council in March 2021 and the outcome is expected in the summer. This scheme represents a game-changing opportunity for mixed affordable housing.

The sale of seven shared ownership properties last year generated £865k income for the business. Five of these were at the Charlton Hayes site in South Gloucestershire and the remaining two were at the Cobthorne Way scheme in Congresbury.

Asset management

Similarly, to our new build programme, the COVID-19 pandemic significantly impacted our ability to progress with our existing home investment programmes. A suspension of operations during the year, in order to keep our customers and colleagues safe, resulted in a reduction in delivery. However, a recovery plan was put in place in March 2021 to enable the ongoing and 'catch up' investment in our existing homes.

The new Asset Strategy was developed and approved during the year. 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

The coming years will see the strategy move into implementation stage. This means we'll be developing our approach to asset value for money, net carbon zero and other policy objectives. We'll also be extending our customer segmentation and insight to ensure the homes we provide remain fit for purpose in the long term.

Empty homes standard

Following on from the work we did on the Alliance Homes+ standard we've now developed a new empty homes standard. This includes a contemporary decorative finish, which our customers have consistently told us is important to them.

We've also introduced a quality assurance process that means we check every new home before we let it to a new customer to ensure it's clean and ready for the day they move in. Following customer feedback, we'll also examine trialling the addition of carpets to our homes.

Changing the way we let homes

We're building on the work we've done over the last year to streamline the process of letting our homes. Customers can now sign their tenancy agreement digitally, and our new team of Tenancy Officers are all in place with their own geographical patch so that customers will speak to the same person whenever they need to contact us.

We're continuing to make the experience of moving into a new home even easier by showing customers how their home works – using the boiler, locating the stopcock etc. We'll be creating a full inventory of the home at the point of moving in and introducing customers to all our services when they become an Alliance Homes customer.

Keeping our customers safe

Customer safety has continued to be one of our highest priorities during the pandemic. Where programmes have been critical to customer safety, we've continued to provide full services throughout the year. When providing those services, we put in place additional health and safety controls to ensure our working practices were COVID-19 safe for both our customers and colleagues. We worked with customers to help accommodate those who were shielding, symptomatic or otherwise at risk.

We were quick to respond to the pandemic and introduced additional monitoring through our full suite of compliance measures. Even when restrictions were at their tightest, we made sure that policy and legislative requirements were always maintained to their fullest extent possible, and we reported on these additional monitoring elements to our regulator.

Before the pandemic, we made big strides to improve various elements of health and safety and they have been prioritised and maintained throughout. Other planned improvements such as the reduction of the electrical safety test cycle from seven years to five years had to be paused, but we're pleased to say that this and other improvements are now moving forward.

Home repairs service

Despite the demands and challenges posed by the pandemic, our repairs service has responded by adjusting and adapting. Although restrictions meant that at times our service was limited, we still delivered 13,433 emergency and urgent repairs to a high standard.

We've continued our programme of external home improvements and we're proud to say that we installed 225 new external doors, externally decorated 711 properties, and replaced 70 roofs through our planned works programmes.

The continuous improvement of our core working practices has been a big focus of the past year. One example of this was the large-scale procurement exercise for our materials supply contract.

Our approach this year has meant that we've maintained our previous levels of positive customer feedback. For instance, satisfaction with repairs was at 89% for both Q4 2020/21 and a year previously - Q4 2019/20. Similarly, the percentage of customers who said we treated their home with respect was at 91% for Q4 2019/20 and also a year previously, at 91% for Q4 2020/21.

Communities and neighbourhoods

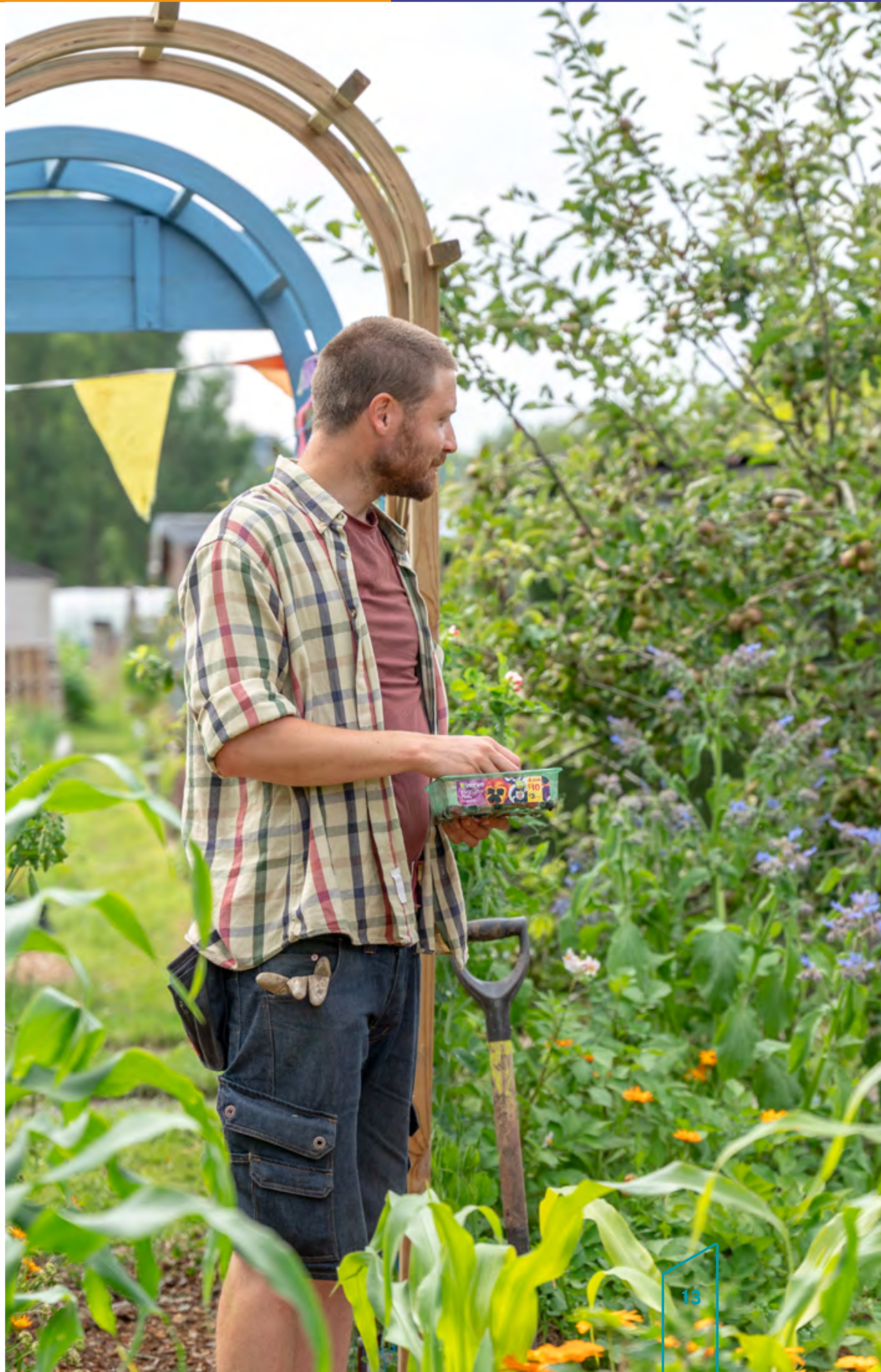
Managing anti-social behaviour

We want to make sure that our anti-social behaviour (ASB) provision is right for our customers. During the last year we undertook a review of this service to ensure it continued to put the customer at the heart of our decision making.

The review examined customer insight data and customer research through the HIVE, our online engagement community. Colleagues were involved through workshops and consultations.

The review concluded that a new service offer should put the customer first, focus on solutions, be consistent and fair, provide accessible communications and represent a clear partnership.

A new policy has now been written and has been reviewed by customers. 79% found it easy to understand, 78% said there was no jargon and so was easy to understand and 93% thought it was fair.



The new team are up and running with customers now able to speak to an ASB specialist as the first point of contact when they call us. All cases of ASB are managed within the service, which ensures that ownership and accountability remain in one place. Customers now have a case officer for the life of their case. This enables them to build a consistent relationship that helps them work together to agree actions that will bring the matter to resolution.

Last year we managed 641 cases of person-centred ASB. 43% of cases reported were around noise nuisance, an increase on 11% from last year. This increase didn't come as a surprise as the pandemic has led to more of us being at home.

Threats and verbal abuse accounted for 32% of cases and drug related activity was the third highest case type at 20%. As we move into the new year with the new service offer becoming embedded, we hope to see a reduction in the number of cases. We will monitor this closely as well as continuing to monitor customer feedback.

The new team are up and running with customers able to speak to an ASB specialist as the first point of contact when they call...

Our neighbourhoods and communities

We want to continue to create attractive, vibrant neighbourhoods and support customers to lead independent lives. As part of our placemaking strategy when delivering our new homes, we'll ensure our communities have the appropriate infrastructure available to support sustainable growth.

During these unprecedented times, our community support teams have pulled out the stops to ensure the service can continue with minimal disruption.

Community investment

In 2020, we reformed our Employment Service to create our new Community Investment offer. This approach has enabled us to add value to communities by supporting our customers in delivering the changes they want to see in their neighbourhoods. We want to create and support long-term sustainable communities by providing homes people want to live in and by improving the prospects and opportunities of our customers living in those communities.

We have adapted and innovated to rise to the challenges of the pandemic. Our Neighbourhood Network has continued to support the people who live and work in Oldmixon, Coronation and Bournville neighbourhoods in Weston-super-Mare.

Our Neighbourhood Network has focused on working with the community to better utilise outdoor spaces. Through a new project called Patchwork of Prosperity we work with local residents to cultivate pockets of green space in our neighbourhoods. The project's aims are to enhance the environmental quality of our neighbourhoods, improve the wellbeing of communities and promote biodiversity.

We were very pleased when the collaboration between a community-led group and Our Neighbourhood Network helped to secure funding for an open-air gym in Weston-super-Mare. The gym has been designed to be fully accessible for all with multiple abilities in mind. There will be 11 items of equipment and it will significantly enhance the green space on Coleridge Road.

Over the course of the year, we have strengthened our relationship with Big Worle. This community organisation based in Worle was awarded £1m by Big Local. During the year we've brought our resources and skills to help the local residents take positive action on priorities that matter to them. During the pandemic Big Worle's activities in the community have included supporting Feed Weston to deliver food parcels, providing business coaching to local businesses and helping residents through the winter months with a seasonal affective disorder course.

In the past year we were pleased to work with Citizens Advice North Somerset and Pier Health to further develop our Social Prescribing Team. Recognising that people's health is determined by a range of social, economic and environmental factors, social prescribing allows GPs, nurses and other primary care professionals to refer patients to a range of clinical and non-clinical services that will help those people better manage their own health.

Social value

During the year we've firmly embedded social value into all our procurement processes and now have more 70 contractors who want to help our communities. These contributions to Alliance Homes' Community Investment activity will help to create vibrant, sustainable communities. Examples of contributions include apprenticeships, work placements, school visits, community labour and cash donations. To get the best value from this process we launched our social value working group which will match our projects with the most appropriate contribution.

We received significant contributions from two key suppliers. This will mean that we are able to progress more substantial projects such as Patchwork of Prosperity. This scheme will help to transform a patchwork of underused green spaces across North Somerset into publicly accessible food-producing gardens. We hope to encourage community growth by helping local people with resources and skills development. Our first patchwork outside Weston-super-Mare is planned for Westhill, Portishead.

Our most recent investment project, supported by our contractor commitments, has seen the creation of a 'thinking bench'. This is a community place that will provide a talking point for those who promotes support during a crisis or who are feeling isolated. The bench includes crisis numbers, conversational points of interest and promote future local mental health events and support in the area.

Delivering support services

On behalf of North Somerset Council, we provide an extensive range of support services to our customers and the wider community. Our services include housing-related support and Home from Hospital as well as both our Young Carers and Adult Carers programmes.

Over the course of the year our community support and carers service helped 4,263 customers. The team supported them in a variety of ways including activities such as helping our customers make informed choices about housing options, providing support on sustaining independence, dealing with debt and financial management and the provision of opportunities for employment, training and volunteering.

We've achieved great outcomes for our customers despite the challenges of the pandemic. We've adapted and made swift changes to the way in which we deliver support. We took on new responsibilities, such as the administration of the emergency assistance fund from North Somerset Council to support customers with additional needs. The youth and adult services teams began providing their support remotely. They established and delivered online book clubs, arts and crafts sessions and provided mental health support.

Our relationship with our local communities and businesses has strengthened during the year. Our carers teams received over £10,000 in cash donations as well as IT equipment and other services from local contributors. Our Carers Employment service has also increased its offering by finding more than 50 businesses that are willing to help unpaid carers get into employment.

The importance of our Home from Hospital service has never been greater. During the year our team supported 326 patients to return home safely and helped to free up NHS beds. We also grew and improved the service by making the hospital discharge process smoother by providing aids and adaptations for those receiving care.

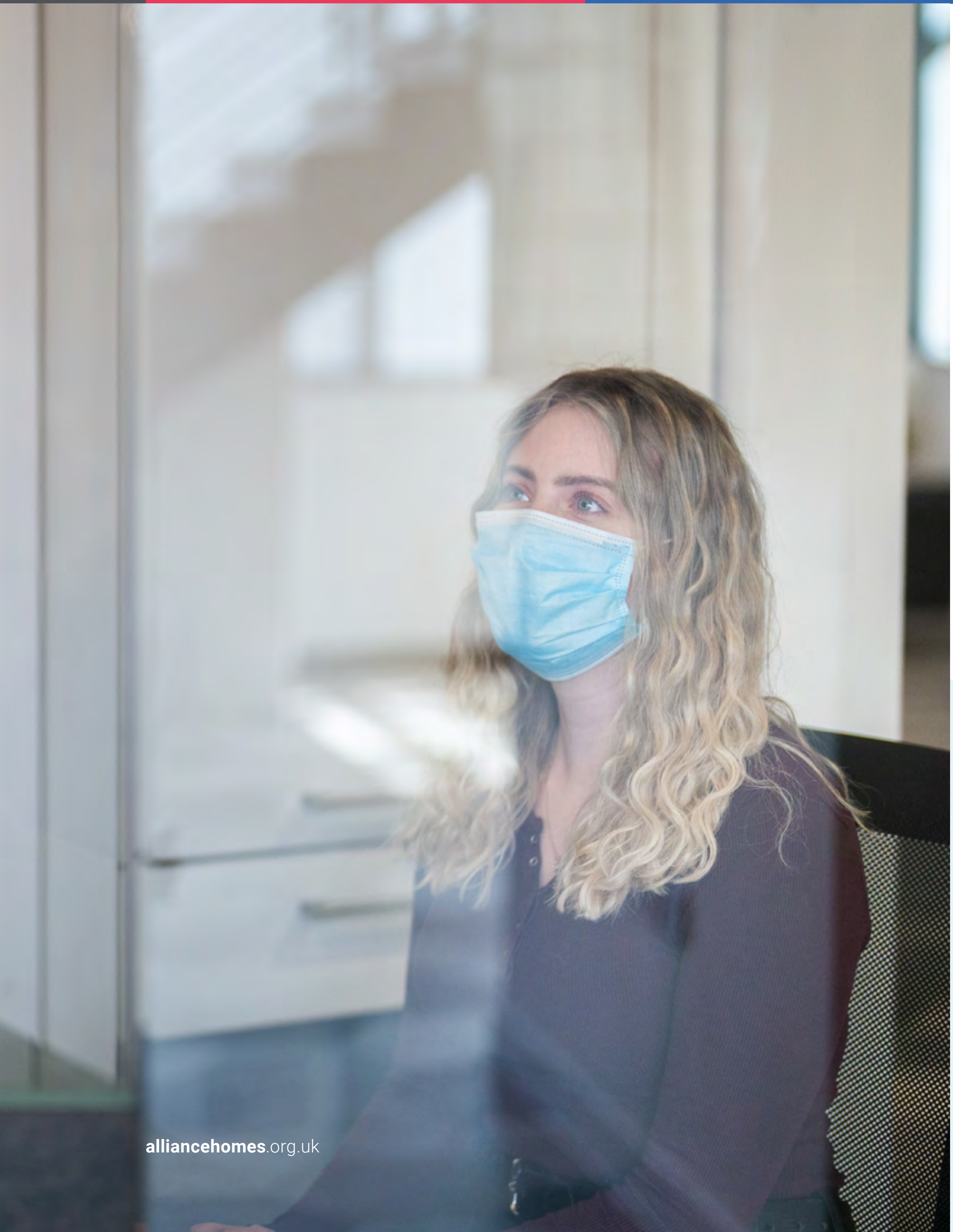
Alliance Living Care

Alliance Living Care has risen to the ongoing challenges of the pandemic. Our team members provided vital care and helped customers feel less isolated during lockdown.

Alliance Living Care colleagues adapted quickly to the new PPE requirements and guidelines. The team's resilience and determination made sure that throughout the pandemic we delivered the same level of care, even during the busiest periods.

At the start of the year, we welcomed our new Day Services team based in Tamar Court, which has quickly become integral to our service. During the height of the pandemic, the team showed innovation and developed a range of digital day services. This offering helped us engage customers who were unable to get to a day centre.

We've refined the way we use technology across the whole team to find new ways to continue with our recruitment, induction and training programmes. Keeping colleagues informed and trained with new health guidance has never been more important. Adapting our work has helped us to keep in touch and find new ways of staying motivated.



Business transformation

Listening to customers

HIVE, our online community engagement platform, continues to bring the customer voice into the organisation to help shape our services and drive decision making. With over 540 customers now signed up, HIVE gives customers the opportunity to share their opinions and experiences at whatever time suits them. It's a safe space for customers to share honest feedback with the confidence that responses are anonymous.

In the past year, 84% of HIVE members told us they feel HIVE gives them the opportunity to provide feedback on matters that are important to them. Customers also told us they feel they belong to a community that's ready to take their views into account and that HIVE is somewhere they can share their experiences and know that their contributions will help improve the everyday lives of others.

Throughout the year, customers have used HIVE to give us their opinions on a range of topics, including repairs appointment times, automated payment lines, our revised debt recovery policy and our anti-social behaviour (ASB) policy. During the pandemic, HIVE helped us understand our customers' key concerns and how we could best support them.

In addition to HIVE, this year we've incorporated feedback methods into more of our customer touch points. We've launched several transactional customer experience surveys to help us better understand our service quality. One example is the text message survey customers receive after a repair.

What customers say

In the last year we received 183 compliments, 91 comments and 549 complaints from our customers. We want exceptional customer service to be the norm and to achieve this we'll always listen to positive and negative feedback. We'll endeavour to find a swift resolution to customer complaints while capturing learning opportunities so we can develop and improve all our services.

In the last year our complaints management procedure became fully embedded. We now contact customers within one working day of a complaint and look to resolve the issue within 10 working days, whilst keeping the customer updated. In the last year we resolved 98.2% of our complaints.

Our approach emphasises verbal contact and relationship building with customers. We invest the time to identify vulnerable individuals and understand their needs. Our customers told us that because of the effects of lockdown they were feeling more anxious, and they really appreciated this kind of communication.

In November 2020, a new customer charter was set out in the Government's Housing White Paper. We're committed to this charter and we'll ensure that we continue to strive for effective, fair and robust management of complaints as a vital part of this.

Keeping customers up to date

During the pandemic we've kept our customers informed about any changes in service through mailings and emails as well as through InTouch, our quarterly email magazine. InTouch keeps customers up to date on all the latest news and developments on a wide variety of topics. It signposts them to our website where they can find further useful information and advice.

Our social media accounts on Facebook and Twitter have also seen a growth in the number of followers as well as the number of interactions. Customers are increasingly choosing to engage with us online and through webchat and we expect this trend to continue.

During the pandemic our agile working systems have proven to be invaluable in enabling our colleagues to work from home.

Digital transformation

We've made big strides in our digital transformation. The key step is the implementation of our new housing management system Civica CX, which launched in July 2021. This will deliver a comprehensive view of customer information and interactions with colleagues, enabling us to make fully informed decisions quickly.

With the foundational information in place, we'll soon be able to provide an online customer portal. This will create a self-service option for our customers, who'll be able to log in to the system to request repairs, report incidents and pay rent online whenever it is convenient for them. Our aim is to launch the portal towards the end of the 2021/22 financial year.

During the pandemic our agile working systems have proven to be invaluable in enabling our colleagues to work from home. We've built on this success by implementing more agile working systems into our infrastructure including DocuSign, MS Teams, MailaDoc and Zoom.

Our data is one of the most important assets we hold and needs to be managed securely, efficiently and effectively. We have a data management project underway that will change our culture, enabling us to become a more data-focused and data-literate organisation, allowing us to make data led decisions throughout the organisation. It will enable colleagues to pass accurate data and information seamlessly between business systems and manage data centrally to consolidate and improve our performance reporting, whilst continuing to meet GDPR regulations.

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

Project / Initiative	RAG Status	Time	Cost	Scope
Cx Implementation Project	Amber	Amber <>	Amber <>	Green <>
Data Management Project	Amber	Amber <>	Green <>	Green ^
Transforming Lettings / Alliance Homes +Standard	Green	Red v	Green <>	Green <>
Redefine Tenancy Services	Green	Green <>	Green <>	Green <>
Purchasing and Payment Transformation Plan	Amber	Amber <>	Green <>	Green <>
VFM: Cost Per Unit Initiative	Green	Green <>	Green <>	Green <>
KPIs and Reporting Project	Green	Green <>	Green <>	Green <>
Marina Gardens	Amber	Amber <>	Green <>	Green <>
Customer Segmentation Implementation Project	○	○	○	○
Customer Portal	○	○	○	○

Key: Stable <> Worsening v Improving ^

During 2020/21, the pandemic impacted on delivery of the portfolio of projects and other business efficiency initiatives. This included the decision to postpone the go-live date on the implementation of our new housing management system, Civica CX from May 2020 to July 2021. This also impacted our Data Management Project. We have delivered the Data Management Strategy and Policy and set up a Data Delivery Group which has been expanded to include all data held by us.

There were four initiatives which were successfully completed during the year – Alliance Homes + Standard, Redefine Tenancy Services, VFM Cost Per Unit initiative and KPIs and Reporting Project. These are all now part of business as usual. The Customer Portal and Customer Segmentation Implementation initiatives remain within the "define and plan" stage, in order to identify workstreams, resources and timelines.

In 2021/22, we will be undertaking a review of our HRS service. We will be approaching the HRS Transformation as the pilot for developing a change framework for continuous improvement. The aim is to create a culture of continuous improvement to support business transformation and achieve strategic aims. The framework will build capacity and capability in continuous improvement from general awareness across all colleagues to bespoke training for operational leads to drive change in teams. Mindset change driven by the customer academy underpinned by principles in developing behaviours will help us to become more customer centric, thinking digital first with a segmentation lens and improving data quality.

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.

Building 2,000 new homes

Metric	Alliance performance 2019-20	Sector Scorecard Performance 2019/20 (median)	Alliance target 2020/21 (pre-COVID-19)	Alliance revised COVID-19 forecast 2020/21	Alliance performance 2020/21	Alliance target 2021/22
New homes into management	73	N/A	67	31	43	236

When the pandemic was announced, we reforecast the number of new homes likely to come into management during the year. Our original, pre-COVID-19 ambition was 67 units, and this was reforecast through the year to 31 at Q3, largely in response to the potential risks identified in relation to shared ownership sales in an uncertain market. We completed the year ahead of the forecast at 43 homes.

Our pipeline has been developed throughout the year and we have a target 236 homes into management in 2021/22 which includes 127 homes at Marina Gardens, Portishead. We are confident that our pipeline is secure for the next two years.

Improving customer satisfaction

Metric	Alliance performance 2019/20	Sector Scorecard Performance 2019/20 (median)	Alliance target 2020/21 (pre-COVID-19)	Alliance revised COVID-19 forecast 2020/21	Alliance performance 2020/21	Alliance target 2021/22
Customer satisfaction - Alliance meets my needs	73%	N/A	85%	85%	77%	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 77% on our core measure of 'Alliance Homes meets my needs', an increase from the 2019/20 score but not yet meeting our target of 85%.

During the pandemic, the restrictions placed upon us were challenging and will have impacted on the customer experience, with emergency home repairs only and delays to our planned and major works programmes.

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.

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.

To help us drive improvements in the customer experience we have launched 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.

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

Financial resilience

Metric	Alliance performance 2019/20	Sector Scorecard Performance 2019/20 (median)	Alliance target 2020/21 (pre-COVID-19)	Alliance revised COVID-19 forecast 2020/21	Alliance performance 2020/21	Alliance target 2021/22
Operating margin	23.7%	N/A	25.7%	22.4%	22.7%	22.6%

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 2020/21 was 22.7% against a pre-COVID-19 target of 25.7% and a forecast of 22.4%

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, we planned to undertake a full review of our service provision to be focussed on the following:

Homes Repairs Service

At the beginning of April 2020 our new structure for our Home Repairs Service (HRS) came into being. It has been difficult to assess the progress for this during the pandemic year as it has not been 'business as usual'. The focus instead turned to accurate data and reporting of live repairs jobs and managing those jobs that are reported as 'work in progress'. This work enabled HRS to be in a good position to start 2021/22 and to lead into its transformation programme.

Tenancy services

Tenancy Services was restructured during 2020/21 and this came into effect in January 2021. The primary aim of this restructure was to deliver a better customer experience. It saw the creation of a dedicated tenancy offer; from a new customer getting an Alliance property, through to them moving elsewhere. It removed silo working between departments and enabled specialisms such as ASB and income management to be coordinated by expert colleagues. This approach will support in ensuring robust income management alongside colleagues building better working relationships with customers whilst they live in our homes.

Community services

The creation of the Community Services directorate was established late in 2019/20 and came into full effect in 2020/21. The purpose of this arm of the business is to align and ensure greater coordination of non-tenancy related services that are provided by us. The team have worked hard to share experience, contacts and align service offerings to ensure a more streamlined approach to non-tenancy related activities.

The establishment of the Community Investment team has enabled us to clearly show how we are adding value to local communities, both financial and time commitment. We have been able to work on linking community initiatives to areas where we can provide the greatest support and benefit. We are now linking these with our development programme.

Value for money (VFM) metrics

In April 2018, the Regulator for 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.

Our process of peer group selection for VFM comparison started 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 as follows:

- **Operating region**

  The RSH information consists of a total of 217 RPs. 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 RPs 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.

We use external benchmarking to assess how we are delivering value for money. Using the Housemark Sector Scorecard analysis 2020 and the Regulator for Social Housing's Global Accounts 2020 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, right, together with benchmarking results.

Value for money metrics

Metric	Alliance performance 2019/20	Housemark Sector Scorecard performance 2019/20 (median)	Peer group performance 2019/20 (mean)	RSH global accounts performance 2019/20 (median)	Alliance target 2020/21 (pre-COVID-19)	Alliance revised COVID-19 forecast 2020/21	Alliance performance 2020/21	Alliance target 2021/22
Reinvestment %	16.1%	6.1%	7.6%	7.2%	26.4%	8.8%	10.0%	46.6%

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 at 10.0% is lower than our original target as this included the delivery of an additional 24 units as well as a full programme of capitalised major works. However, our performance remains above our peers and significantly above the groups against which we benchmark.

For 2021/22, we are expecting 236 units to be received into management, of which 127 are in respect of Marina Gardens, Portishead. In addition, we have planned for additional expenditure to meet the backlog of major repairs which have arisen as a result of Government restrictions during the pandemic.

Metric	Alliance performance 2019/20	Housemark Sector Scorecard performance 2019/20 (median)	Peer group performance 2019/20 (mean)	RSH global accounts performance 2019/20 (median)	Alliance target 2020/21 (pre-COVID-19)	Alliance revised COVID-19 forecast 2020/21	Alliance performance 2020/21	Alliance target 2021/22
New supply (social housing) delivered %	1.1%	1.3%	2.2%	1.5%	1.0%	0.6%	0.5%	3.5%

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.

Our new supply of social housing was lower than our budgeted expectations. We brought 43 units into management during the year compared to the target of 67 originally planned for 2020/21. Our pipeline has been developed throughout the year and we have a target of bringing 236 homes into management for 2021/22, which includes 127 homes at Marina Gardens, Portishead.

Metric	Alliance performance 2019/20	Housemark Sector Scorecard performance 2019/20 (median)	Peer group performance 2019/20 (mean)	RSH global accounts performance 2019/20 (median)	Alliance target 2020/21 (pre-COVID-19)	Alliance revised COVID-19 forecast 2020/21	Alliance performance 2020/21	Alliance target 2021/22
New supply (non-social housing) delivered %	0.0%	0.0%	0.1%	0.0%	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.

N/A for the Alliance Homes Group.

Metric	Alliance performance 2019/20	Housemark Sector Scorecard performance 2019/20 (median)	Peer group performance 2019/20 (mean)	RSH global accounts performance 2019/20 (median)	Alliance target 2020/21 (pre-COVID-19)	Alliance revised COVID-19 forecast 2020/21	Alliance performance 2020/21	Alliance target 2021/22
Gearing %	43.1%	33.8%	52.8%	44.0%	42.1%	41.7%	40.3%	46.9%

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

Our gearing is lower than planned as we have not incurred expenditure – and therefore borrowings – at the levels planned at the beginning of the year, prior to the COVID-19 pandemic. Our gearing level is within the range of groups against which we benchmark, and is significantly lower than our funders' covenants.

In 2021/22, we plan to bring 236 homes into management and fund the backlog of repairs, therefore we plan to increase our borrowings as a result and our gearing ratio will increase accordingly.

Value for money metrics (continued)

Metric	Alliance performance 2019/20	Housemark Sector Scorecard performance 2019/20 (median)	Peer group performance 2019/20 (mean)	RSH global accounts performance 2019/20 (median)	Alliance target 2020/21 (pre-COVID-19)	Alliance revised COVID-19 forecast 2020/21	Alliance performance 2020/21	Alliance target 2021/22
EBITDA-MRI	248.9%	196.1%	169.6%	170.3%	255.3%	339.3%	331.1%	240.0%

EBITDA MRI is 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 underlying operating surplus for the year is 7.6% lower than the prior year as the Government restrictions from the pandemic resulted in lower staff, office and other costs. In addition, there was a material reduction in the cost of capital major works carried out in the year. As a result, our EBITDA MRI is significantly higher in what continues to be a low interest rate environment and is well within our funders' covenants.

For 2021/22, we have budgeted for £6.3m of capitalised major works in respect of catch-up works along with existing programmes, which in turn reduces our EBITDA MRI to 240.0%.

Metric	Alliance performance 2019/20	Housemark Sector Scorecard performance 2019/20 (median)	Peer group performance 2019/20 (mean)	RSH global accounts performance 2019/20 (median)	Alliance target 2020/21 (pre-COVID-19)	Alliance revised COVID-19 forecast 2020/21	Alliance performance 2020/21	Alliance target 2021/22
Headline social housing cost per unit (£)	£4,268	£4,023	£3,674	£3,835	£4,168	£3,500	£3,702	£4,400

This cost metric assesses the headline social housing cost per unit, as defined by the Regulator for 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.

During the year, Government restrictions due to COVID-19 resulted in lower staff, office and other costs. More significantly, restricted access to our properties in the year temporarily prevented progress on our capital major works programme, resulting in a £2.8m underspend overall on repairs and maintenance costs. We have planned to undertake this catch-up work during the next three years, with a budgeted capital major works spend of £6.3m for 2021/22 which will mean our CPU will increase in 2021/22.

Whilst historically our cost per unit is slightly higher than our peers and benchmark groups, we recognise that we invest more in repairs and maintenance each year. However, we have worked to drive efficiencies which has meant our costs have risen at a lower rate than our peers.

...we have worked to drive efficiencies which has meant our costs have risen at a lower rate than our peers

Value for money metrics (continued)

Metric	Alliance performance 2019/20	Housemark Sector Scorecard performance 2019/20 (median)	Peer group performance 2019/20 (mean)	RSH global accounts performance 2019/20 (median)	Alliance target 2020/21 (pre-COVID-19)	Alliance revised COVID-19 forecast 2020/21	Alliance performance 2020/21	Alliance target 2021/22
Operating margin – social housing lettings (%)	21.7%	23.6%	29.9%	25.7%	25.3%	27.1%	25.8%	24.7%

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

Although our void rates and new units delivered were adversely affected in the year COVID-19 operating conditions, the business managed adequate savings in the year to offset this effect on our margin which resulted in a performance consistent with our target, and considerably ahead of our prior year performance.

The original pre-COVID-19 budget for 2020/21 was reforecast to include a reduced cost of repairs and maintenance due to Government restrictions. However, the actual performance included a much higher cost of repairs and maintenance as we were able to increase levels of service provision earlier than anticipated and we employed subcontractors to help us clear the backlog of outstanding works.

Our target for 2021/22 includes a reduced operating margin which reflects higher repairs and maintenance costs as we undertake work on catch-up repairs. In addition, we have included costs for planning our journey towards meeting net-zero carbon targets set by the Government, and other strategic objectives.

Metric	Alliance performance 2019/20	Housemark Sector Scorecard performance 2019/20 (median)	Peer group performance 2019/20 (mean)	RSH global accounts performance 2019/20 (median)	Alliance target 2020/21 (pre-COVID-19)	Alliance revised COVID-19 forecast 2020/21	Alliance performance 2020/21	Alliance target 2021/22
Operating margin – overall (%)	21.6%	21.5%	28.6%	23.1%	25.3%	23.0%	22.7%	21.3%

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

Our adjusted overall surplus for the year was £0.1m higher than the previous year, whilst our turnover was £1.6m lower for the same period. This was primarily driven by reduced shared ownership income of £0.8m and a reduction in turnover from non-social housing activities of £0.9m as a result of the COVID-19 operating environment, thereby increasing the overall operating margin to 22.7% compared to the prior year.

The cost savings experienced as a result of the Government restrictions are not anticipated in 2021/22, whilst increased costs are expected as a result of the catch-up programme in respect of repairs and maintenance works. In addition, we have included costs for planning our journey towards meeting net-zero carbon targets set by the Government, and other strategic objectives.

Metric	Alliance performance 2019/20	Housemark Sector Scorecard performance 2019/20 (median)	Peer group performance 2019/20 (mean)	RSH global accounts performance 2019/20 (median)	Alliance target 2020/21 (pre-COVID-19)	Alliance revised COVID-19 forecast 2020/21	Alliance performance 2020/21	Alliance target 2021/22
Return on capital employed (ROCE) (%)	5.4%	2.8%	3.3%	3.4%	5.9%	5.0%	4.8%	4.7%

The ROCE compares the operating surplus against total assets less current liabilities and is a common measure in assessing our efficient investment of capital resources.

Our net assets increased during the year by £8.2m, however due to the operating environment our operating surplus was lower than budgeted, but in line with our forecast. This means our ROCE is lower than planned and lower than the previous year, although it remains higher than our peers and the groups against which we benchmark.

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 performance 2019/20	Housemark Sector Scorecard performance 2019/20 (quartile 1)	Housemark Sector Scorecard performance 2019/20 (median)	Housemark Sector Scorecard performance 2019/20 (quartile 3)	Peer group performance 2019/20 (mean)	RSH global accounts performance 2019/20 (median)	Alliance performance 2020/21
Management costs	£1,101	£839	£1,080	£1,384	£1,096	£1,068	£935
Service charge costs	£379	£211	£397	£717	£321	£416	£474
Maintenance costs	£1,463	£852	£1,064	£1,296	£1,110	£968	£1,370
Major repairs costs	£966	£489	£766	£1,056	£947	£720	£632
Other social housing costs	£387	£80	£205	£601	£200	£44	£292

Apart from service charge costs, our costs per unit have reduced in 2020/21 compared to the previous year. The Government restrictions due to the COVID-19 pandemic led to reduced levels of service at various points in the year.

Management cost savings were realised in the year, reflecting the successful completion of labour-intensive transformation projects in the prior year which were supported by contract staff and a reduction in staff related costs including travel and training which occurred as a result of the Government restrictions.

Our service charge cost per unit saw an increase on the prior year due to the cyclical nature of major service chargeable activities and to the renewal of various service chargeable contracts during the year.

We incurred consistent maintenance costs year-on-year due to reduced productivity being offset by sub-contractor spend to help us catch up on non-emergency repairs held as a consequence of the lockdown restrictions caused by the pandemic. We also experienced a reduction in major repairs expenditure, where progress in this area was prevented due to restricted access to our properties.

Our ambition continues to be driving efficiencies and savings to help improve our cost per unit measures whilst delivering high-quality services to our customers. We expect our costs to rise again in 2021/22 as we return to normal levels of service and as we undertake our catch-up major repairs programmes.

Comparisons to our peer group and benchmark groups results for 2019/20 is also limited by the effects of the operating environment over the past year as we expect our peers and wider benchmark groups to also show reduced costs in 2021/21.

For 2020/21, we also included in our plans some specific VFM efficiencies, as detailed below:

VFM efficiency	2020/21 target saving (£'000)	Alliance performance 2020/21	2020/21 saving/ (over-spend) (£'000)	2021/22 target saving
Reduction in sub-contractor spend for Home Repairs Services	£467.0	(£668.7)	(£1,135.7)	£467.0

Comments

Prior to the pandemic, our plan was to reduce our reliance on sub-contractors for certain types of work and we set ourselves a target in line with this. During the year, the COVID-19 restrictions meant that we were unable to carry out all but essential repairs at some points and we took the decision to use sub-contractors alongside our own operatives to work on the catch-up repairs when the restrictions were lifted. As a result, we have not met our target in this area.

VFM efficiency	2020/21 target saving (£'000)	Alliance performance 2020/21	2020/21 saving/ (over-spend) (£'000)	2021/22 target saving
Saving in implementation of Housing Management System	£76.0	£nil	(£76.3)	£348.0

Comments

We were planning to implement our new housing management system in May 2020. Due to the pandemic, we took the decision to postpone the implementation until July 2021. This means that we were not able to achieve the efficiencies in 2020/21 that we planned.

VFM efficiency	2020/21 target saving (£'000)	Alliance performance 2020/21	2020/21 saving/ (over-spend) (£'000)	2021/22 target saving
Reduction in legal and consultancy spend	£90.0	£246.6	£156.6	£90.0

Comments

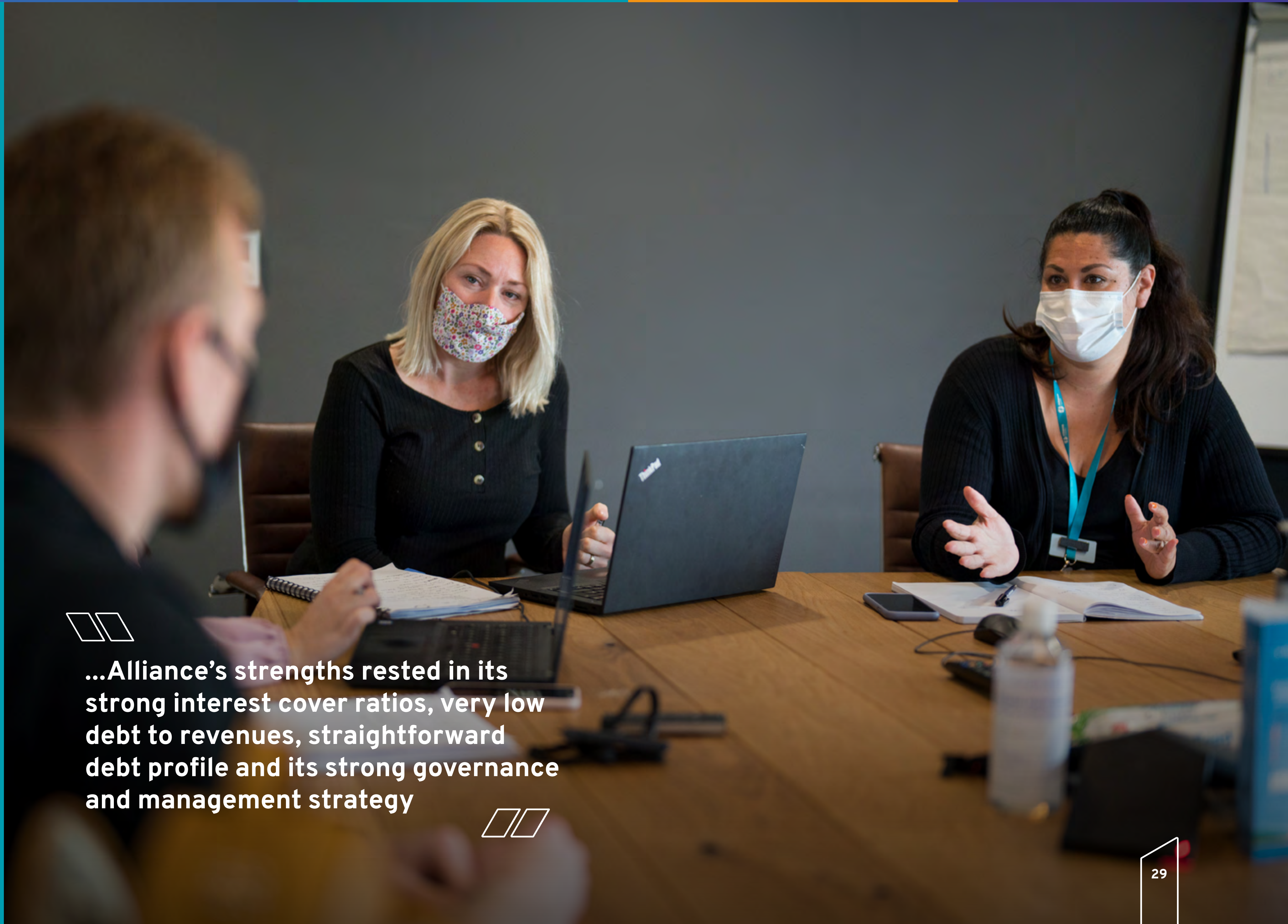
We achieved a saving of £156.6k in this area against a target saving of £90k.

Regulatory review

The Regulator of Social Housing reconfirmed our top rating of G1 (governance), V1 (financial viability) in the annual Stability Assessment.

We were also again awarded the highest rating by Moody's. The credit rating agency awarded a score of A1, following the agency's annual review of operating and financial performance. We are one of four associations in the UK to receive this rating.

The Moody's report stated that Alliance's strengths rested in its strong interest cover ratios, very low debt to revenues, straightforward debt profile and its strong governance and management strategy for a housing provider of its size.



...Alliance's strengths rested in its strong interest cover ratios, very low debt to revenues, straightforward debt profile and its strong governance and management strategy

Team Alliance

Supporting colleagues through the pandemic has been an important focus of the past year. We didn't try to implement a "one-size-fits-all solution", but instead encouraged managers and colleagues to take a person-centred approach to discuss concerns, be flexible and adaptable, and to find what works for each colleague and team. In support of this we made even more equipment available for colleagues to work effectively from home.

Throughout the year we took steps to understand and manage colleague wellbeing. We took regular 'pulse' surveys to see how colleagues were feeling and encouraged colleagues to talk to openly with their managers. We enabled colleagues to take personal time during their working week and teams were encouraged to maintain contact through online social activities.

Great places to Work

In October 2020, we took part in the Great Places to Work survey. We were pleased to obtain a score of 63%, which is above the national average of 55%, though we did not hit our target of 70%.

The findings lead us to focus on the following four priorities which we have started to address:

The survey told us where we're doing well, for instance our colleagues think they are treated fairly, they 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 whilst colleagues are feeling very busy, they told us they would like clearer career routes.

The issues identified had already been recognised by us; the survey has allowed us to understand those issues better and develop a focused and specific four-point plan to work on them.

...our colleagues think they are treated fairly, they have great relationships with line managers, and they love the flexibility and freedom of agile working.

Regulation and corporate governance

Risks and uncertainties

The Group is committed to effective risk management.

We ensure that we continuously monitor our operating environment so that risks and their drivers are assessed and that we respond accordingly. This helps us to proactively identify and address the key risks that threaten the attainment of our Plan A Objectives.

The risks that would prevent us achieving our objectives are managed by our operational leads, considered and reviewed quarterly by the Strategic Leadership Team, the Audit and Risk Committee, and the Board in line with our Risk Management Policy.

In particular, the Audit and Risk Committee plays a key role in risk management by monitoring and reviewing 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 ensures detailed scrutiny of risks on behalf of the Board, assisting the Board in the regular review of the individual and combined material risks faced by the organisation and its plans and strategies to mitigate and manage them effectively.

An annual review of our management of risk is carried out by an independent advisor.

All our risks are assessed in terms of their inherent impact and probability, as well as their current state and the target position. 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 top risks to the successful achievement of the Group's objectives and their key controls are described below. In addition to identifying controls for threats to our business, we are aware that risks continuously evolve and change. We ensure that where control weaknesses are identified we take action to close the gaps and strengthen our risk response.

The Committee ensures detailed scrutiny of risks on behalf of the Board, assisting the Board in the regular review of the individual and combined material risks...

Key risk

A cyber-crime incident which affects IT systems, impacting on service delivery

Key controls

- ICT Specialist within the business
- Anti-virus software on all company laptops and servers
- Web filtering on laptops
- Email filtering for all inbound emails
- Firewalls with intrusion prevention capabilities which are regularly reviewed
- System permissions in place
- Multi-factor authentication deployed to all users
- ICT security policy
- Password policy in line with industry best practice
- Vulnerability scanning software to locate unpatched vulnerabilities in the ICT environment
- Regular patch testing of systems and third-party software
- Monitoring rules implemented
- Routine cyber security penetration testing
- Cyber security action plan

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
- Budget assumptions include pension contributions

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 and leadership programmes
- Routine reporting of key issues to the Board

Key risk

Failure of domiciliary care business (Alliance Living Care (ALC))

Key controls

- Board approved business plan
- Monthly management accounts
- Scanning of external environment
- Annual budget process
- Quarterly Board reporting
- Contract requirement monitoring
- Internal audit review
- Strong governance processes
- Annual and quarterly reporting to the Commissioner

Key risk

Limited visibility of an accurate Alliance Homes Group financial position as a result of inadequate internal financial controls

Key controls

- Accounts scrutinised through governance channels
- Management of financial position at Group level
- Scrutiny by the Audit and Risk Committee
- Monitoring of VFM metrics to mitigate risk to operating surplus
- Internal audit programme
- External audit
- A risk-based approach to the completion of monthly reconciliations has been defined
- Inclusion within Internal Audit programme

Key risk

Failure to recover from the impact of COVID-19 resulting in significant disruption to service delivery and/or financial loss

Key control

- COVID-19 working group
- Employment sub-group of above for colleague help and support
- Business continuity plan invoked and action monitoring
- Insurances in place
- ALC services RAG (red/amber/green) rated
- Key roles identified
- Stress testing taking COVID-19 into consideration
- Redeployment pool for colleague support throughout the Group
- Emergency repairs programme
- Increased cleaning in communal spaces at sheltered schemes
- Office closures and agile working implemented for all colleagues where appropriate
- Regular communications with colleagues and customers
- Monitoring of external environment
- Regular internal and external communications to all stakeholders and customers
- External guidance
- Regular reporting to Board

Key risk

Failure of HRS to deliver a service that achieves high levels of customer satisfaction within agreed resources

Key controls

- Budget spend monitored by Finance Business Partners, and reported through appropriate governance channels
- KPI monitoring
- Regular satisfaction monitoring of customers
- Quality analysis of ACT calls to ensure processes are followed
- PIs reported including expenditure against budget profile
- Working group to monitor levels
- Internal audit undertaken in responsive repairs
- COVID-19 related actions monitored and reported through COVID-19 working group
- Board oversight and scrutiny

Key risk

Failure to record and maintain accurate business records

Key controls

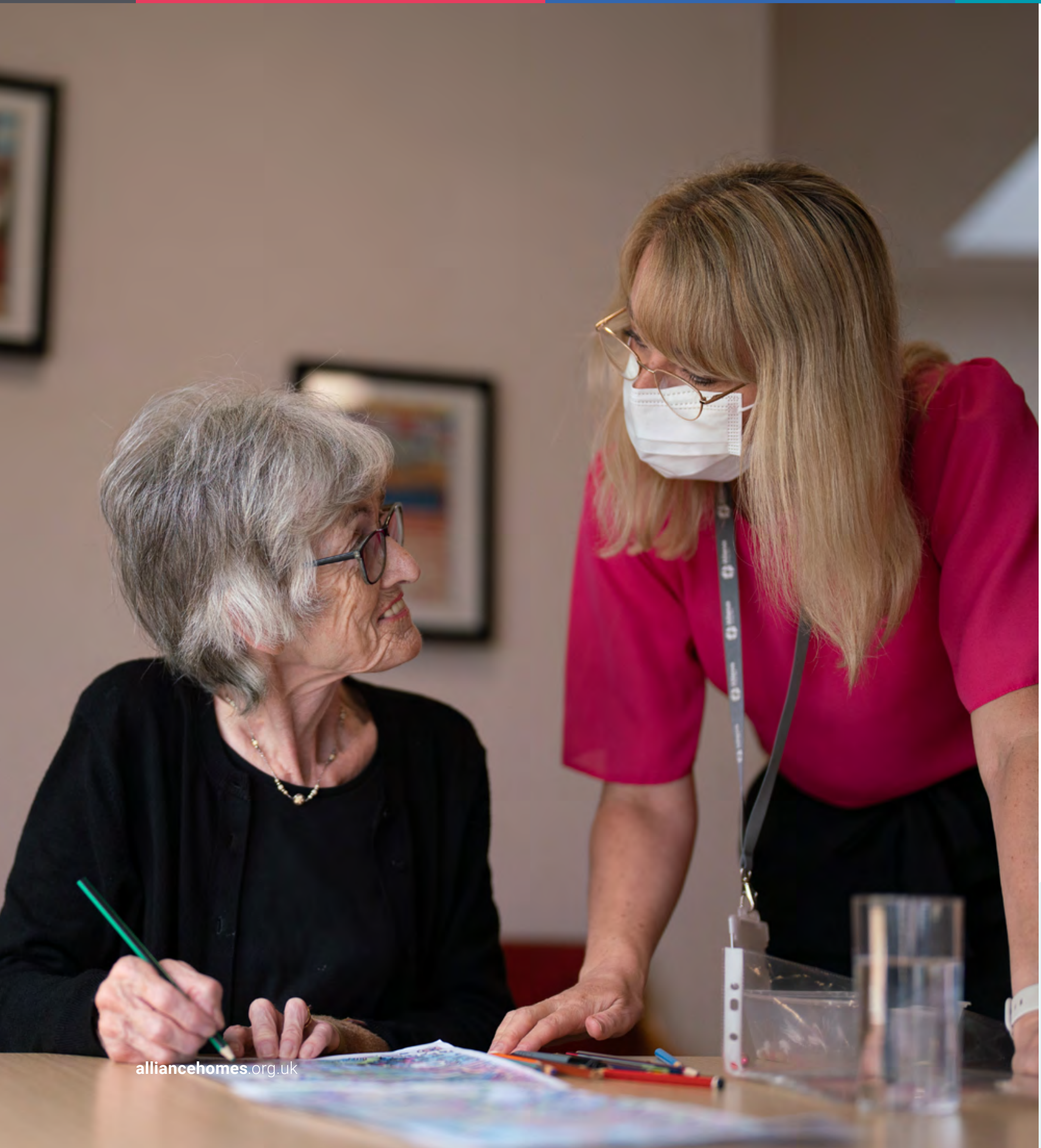
- Data cleanse activity and ongoing improvement activity to ensure customer data is accurate and up to date
- Quality analysis for data
- Specialist consultancy review provided assurance regarding compliance data
- Data governance project
- Organisation-wide engagement in data requirements
- Clear owners of data

Key risk

Civica CX implementation project is not successfully delivered within agreed timescales and resources

Key controls

- Project governance
- Organisation engagement
- RAG rating
- Resource plan
- Budget plan/management
- Change Agents group established
- Cut-over plan
- Decommissioning plan
- Change management plan in place
- Project re-baselined
- Board scrutiny and oversight
- Project escalation points
- Operational readiness with IT embedded into the project management process
- Embedding phase for post go-live



Our Board

Board remuneration

Fees paid to Board members are periodically reviewed against market levels. They were last reviewed in January 2021 and a market median pay level was adopted. The level of remuneration was agreed by the Board, having regard to the size of the Group, complexity, resources, and benchmarking information on Board member pay in comparable organisations. However, the resulting increase to Board pay was diverted to a customer springboard fund for COVID-19 hardship for the 2021/22 financial year. Full year equivalent remuneration levels are therefore set as follows:

Role	Number of Board members paid	Payment
Chair	1	£13,255
Vice Chair	0	Vacant
Committee Chair/ALC Board Chair	5	£7,500
Board Member	4	£5,000
Board Member (CEO)	1	Unpaid for board appointment
Total	**11**	

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.

Internal controls assurance

The Board has overall responsibility for establishing and maintaining the system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable, and not absolute, assurance against material misstatements or loss.

The Board retains responsibility 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 2015, which promotes excellence for Federation members in governing their organisations and remaining accountable, independent and diverse.

  The Board has conducted a review of its performance against this Code and can confirm compliance with this and with the Regulatory Standards issued by the Regulator of Social Housing. A gap-analysis is being undertaken against the National Housing Federation Code of Governance 2020 in anticipation of adopting this updated version of the code in future.

- 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 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, Co-optees, 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 V1/G1.

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.

Our governance

The supervision of 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.

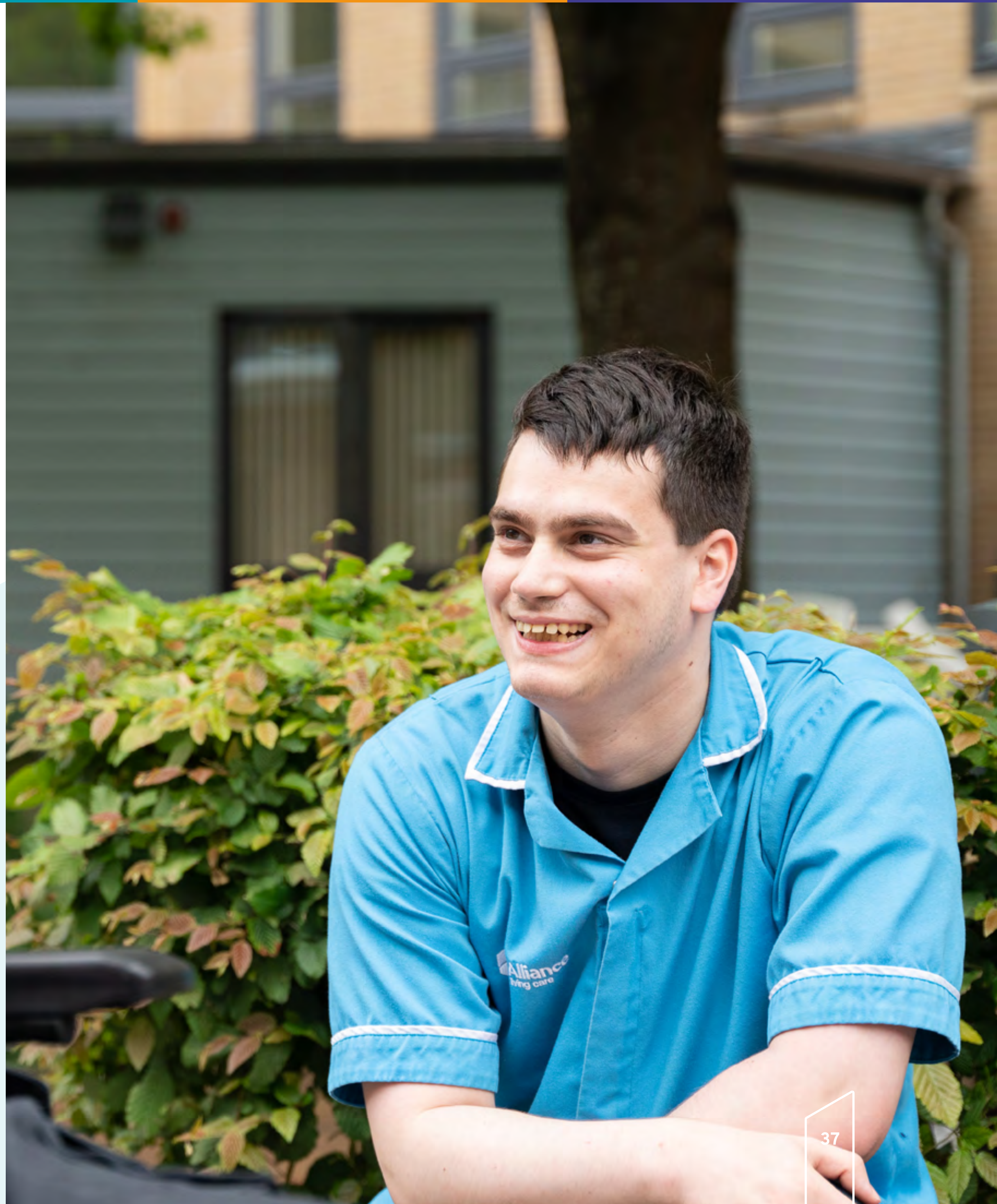
Alliance is supportive of the White Paper published in May 2020 regarding the standardisation of the sector's approach to Environmental, Social and Governance (ESG) reporting and have become an early adopter of the Sustainability Reporting Standard for Social Housing Alliance published its first ESG report for 2019/20 which provided the basis to develop our sustainability journey.

Company membership

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

The Alliance Group includes the following:

- NSAH (Alliance Homes) Limited – our parent company and Social Landlord. It is a Community Benefit Society and owns circa 6,500 properties.
- Alliance Living Care Ltd – our domiciliary care company. It is a company limited by shares.
- 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 Homes Sales Limited and Alliance Homes Design and Build Company Limited are dormant companies that have not yet traded.



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:

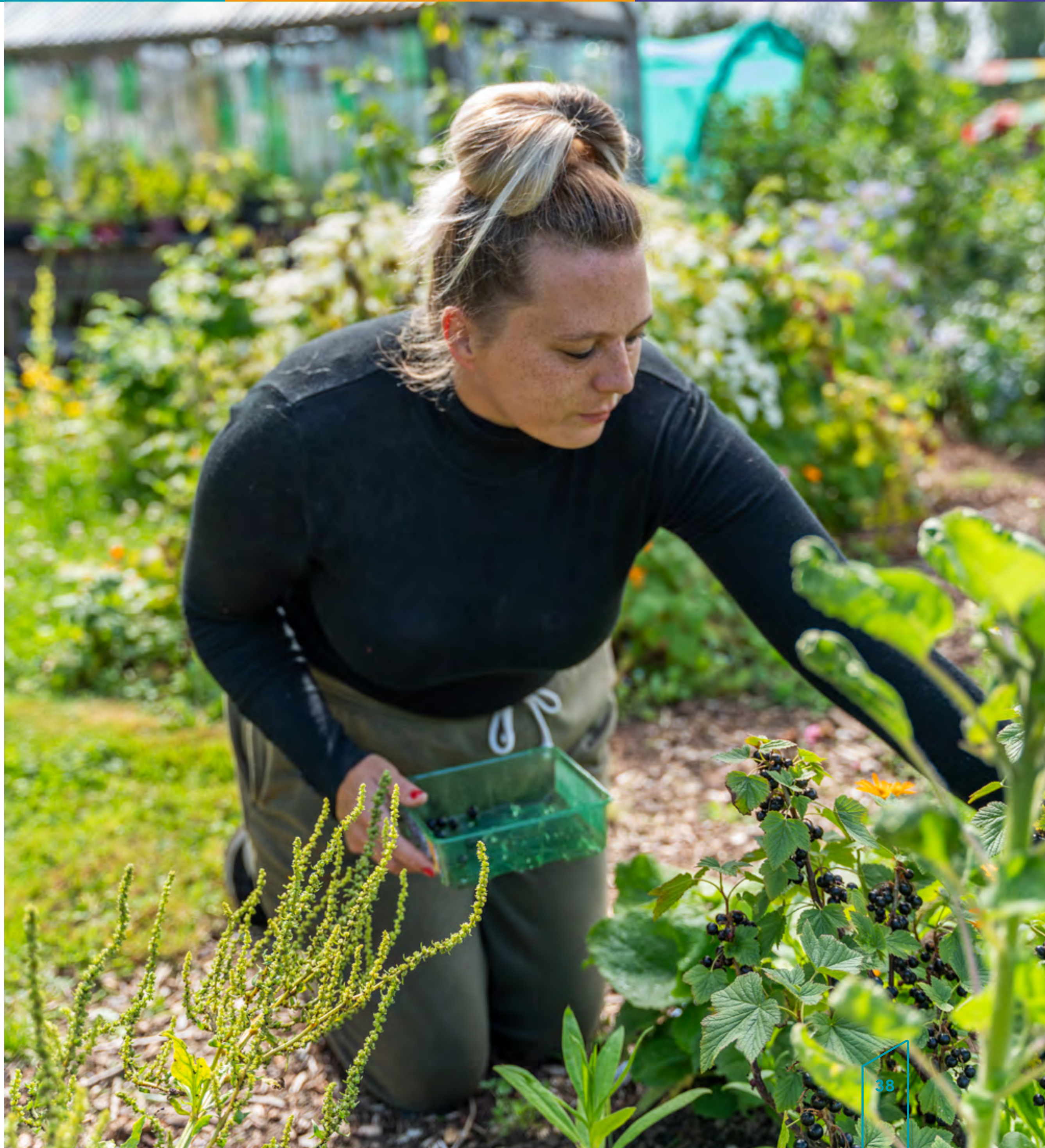
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained 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.



Statement of Compliance

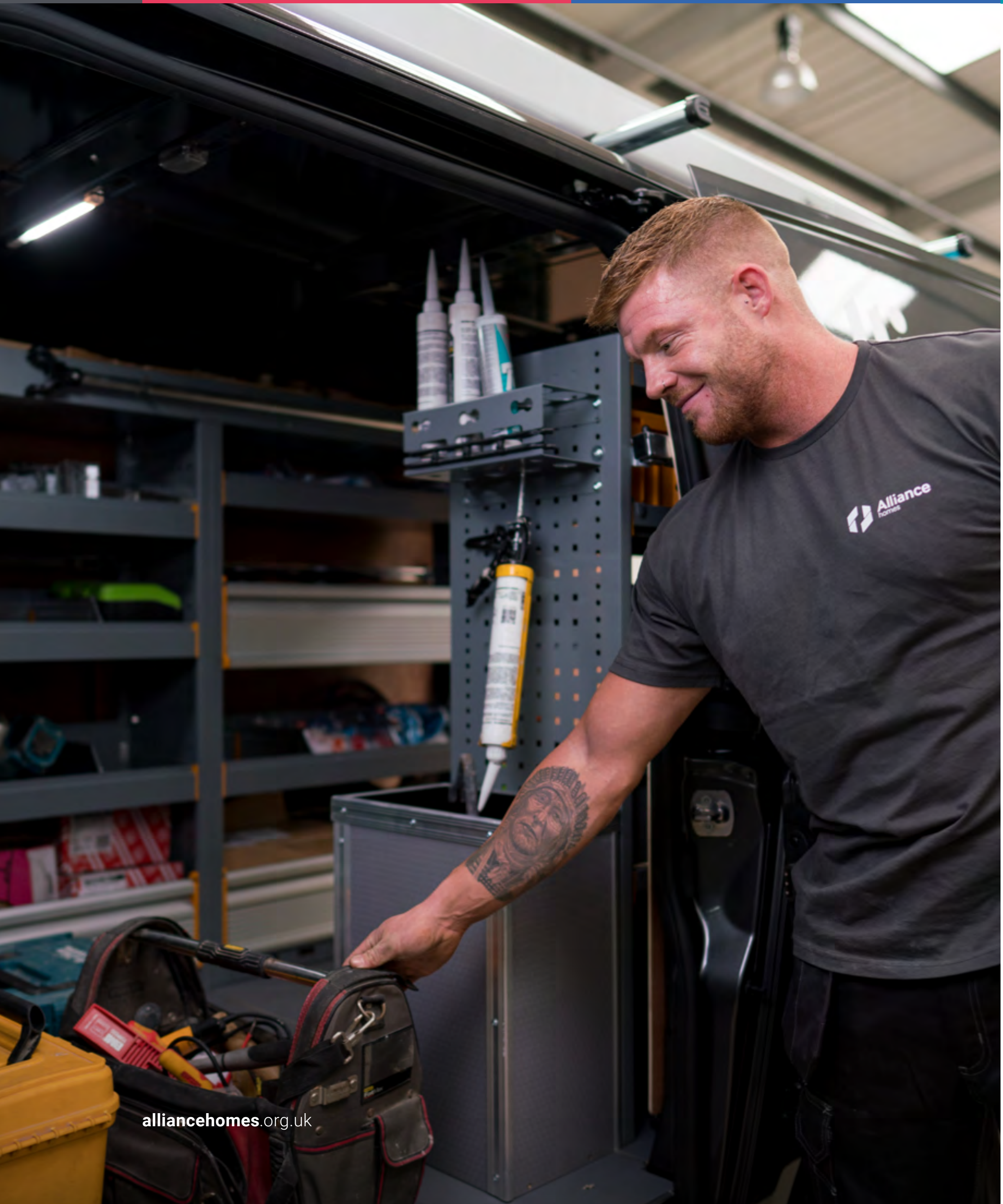
The Board

Alliance Homes is governed by a Board made up of nine 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 5.

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 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.

The four committees supporting the Board and governance arrangements during the year 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.

Customer Insight Committee

Responsible for ensuring customer insight is used to review and inform strategies relating to all customers (including Care). To ensure that appropriate policies and arrangements are in place and keep the effectiveness of those policies and arrangements under review for:

- Rents and service charges
- Consumer regulation
- Performance metrics (customer)
- Customer experience and insights

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 28 September 2021.

Disclosure of information to auditors

At the date of making this report each of the Group's Directors, as set out on page 5, 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

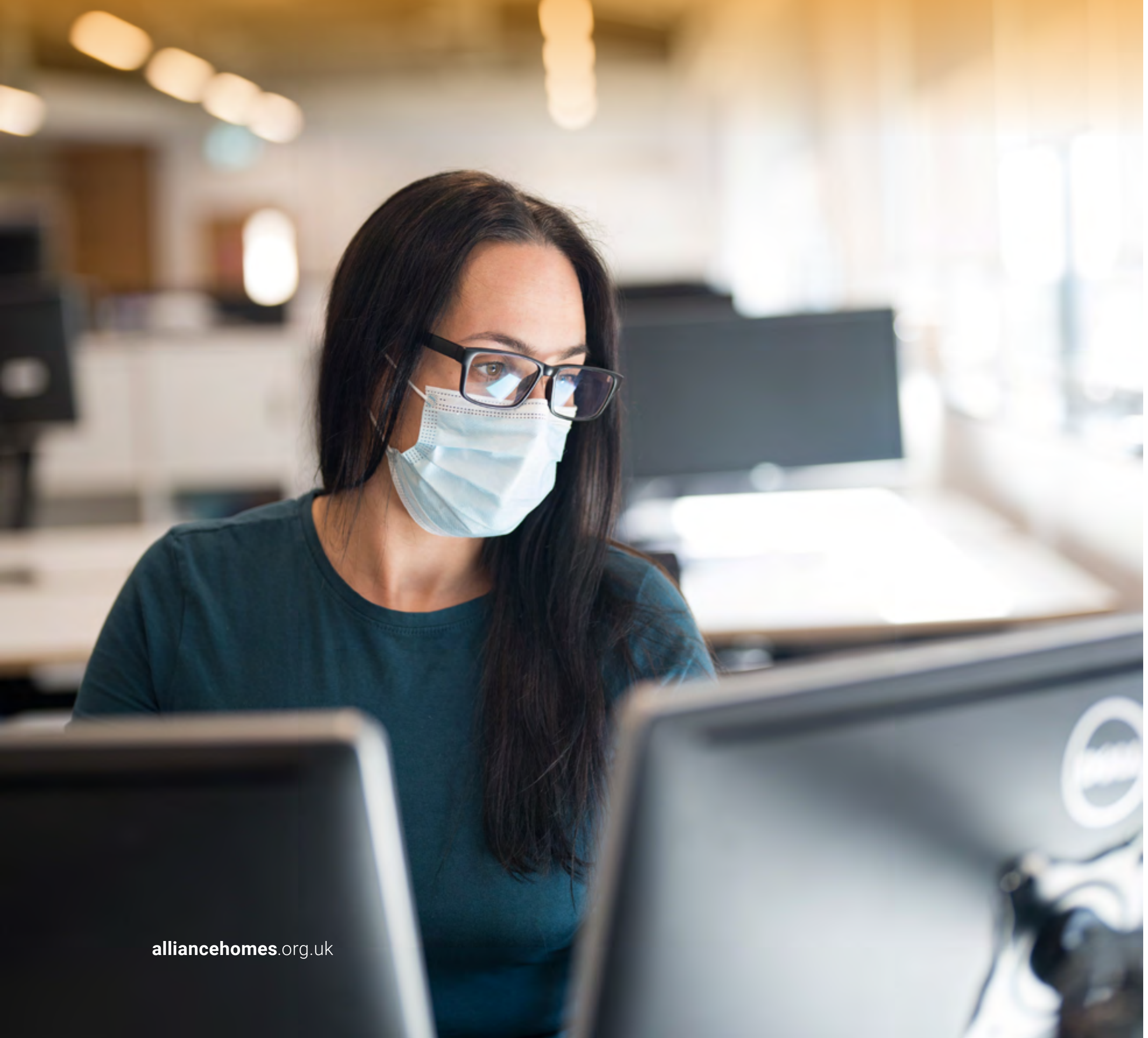
The report of the Board of Directors was approved by the Board on 17 August 2021 and signed on its behalf by:

Andrew Willis
Chair

40 Martingale Way
Portishead
BS20 7AW


Alliance
homes
alliancehomes.org.uk
Alliance
homes

Independent Auditor's report



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 2021 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 2021 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 properly 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 Directors and the Audit and Risk Committee and inspection of policy documentation as to the entities high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the entities channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud Reading Board 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, 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, revenue grants 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 some 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 those posted to unusual accounts.
- Assessing significant accounting estimates for bias.

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.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

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), and taxation legislation, pensions legislation and specific disclosures required by housing legislation 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 is 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 or the need to include significant provisions, anti-bribery and anti-money laundering, GDPR legislation, health and safety and employment law recognising the regulated nature of the Association's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other 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.

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.

We have nothing to report in these respects.

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 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 more fully explained in their statement set out on p38, 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.**

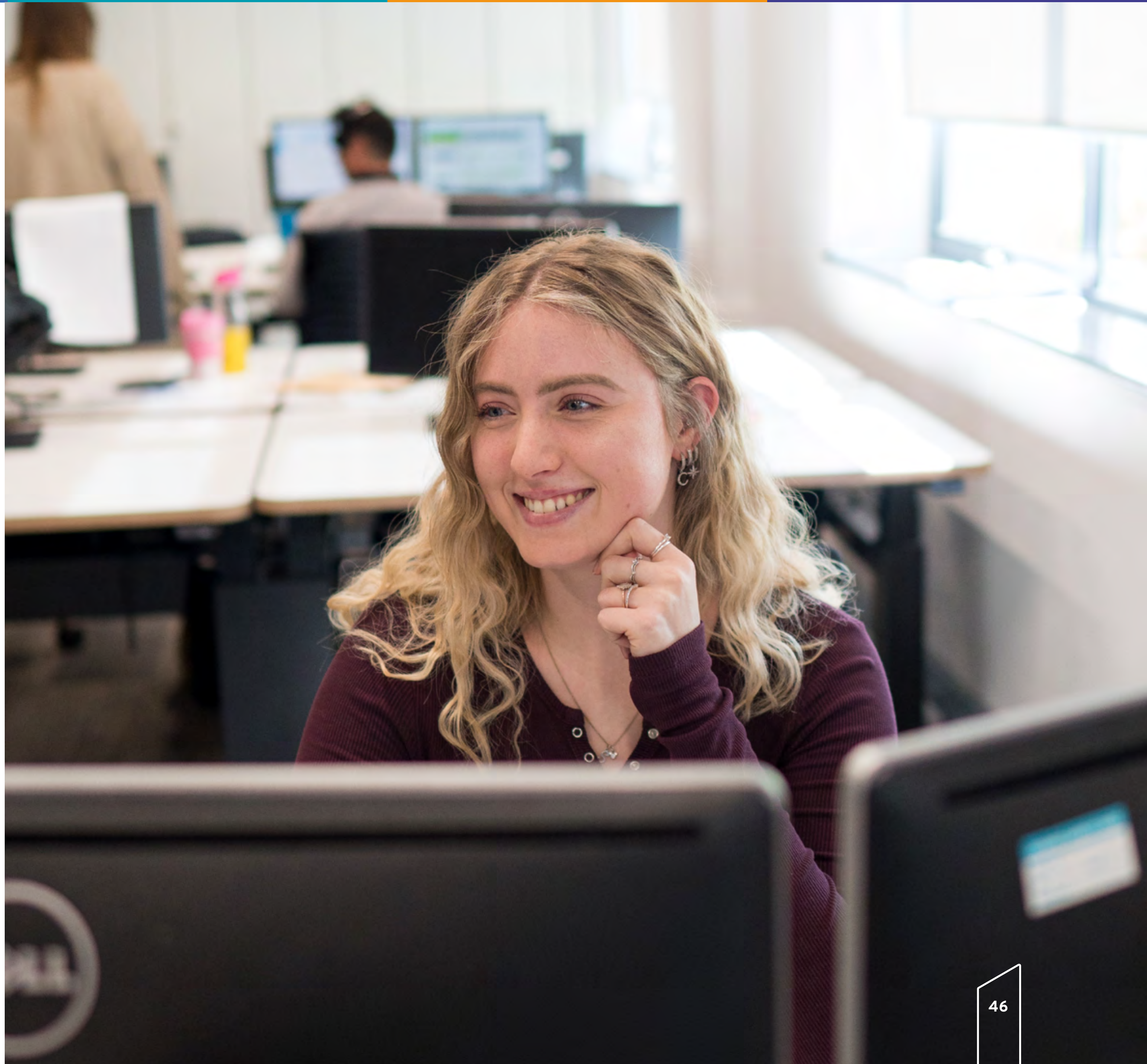
The purpose of our audit work and to whom we owe our responsibilities

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

Rees Batley

Date: 20 August 2021



Consolidated statement of comprehensive income for the year ended 31 March 2021

	Note	2020 £'000	2019 £'000
Turnover	2	42,764	44,364
Cost of sales	2	(680)	(1,312)
Operating expenditure	2	(32,246)	(33,521)
Gain on disposal of property, plant and equipment	5	39	964
Movement in fair value of investment properties		(150)	31
Operating surplus	6	**9,727**	**10,526**
Interest receivable and similar income	7	22	182
Interest payable and financing charges	7	(3,543)	(3,517)
Surplus before tax		**6,206**	**7,191**
Taxation	10	-	-
Surplus for the year after tax		**6,206**	**7,191**
Movement in fair value of contract asset		132	(88)
Actuarial (loss)/gain in respect of pension schemes	24	(2,239)	1,184
Total comprehensive income for the year		**4,099**	**8,287**

The accompanying notes form part of these financial statements. The financial statements on pages 47 to 93 were approved by the Board and authorised for issue on 17th August 2021 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 2021

	Note	2021 £'000	2020 £'000
Turnover	2	37,647	39,539
Cost of sales	2	(680)	(1,312)
Operating expenditure	2	(27,052)	(28,757)
Gain on disposal of property, plant and equipment	5	39	975
Movement in fair value of investment properties		(150)	31
Operating surplus	6	**9,804**	**10,476**
Interest receivable and similar income	7	80	260
Interest payable and financing charges	7	(3,532)	(3,508)
Surplus for the year		**6,352**	**7,228**
Actuarial (loss)/gain in respect of pension schemes	24	(2,137)	1,072
Total comprehensive income for the year		**4,215**	**8,300**

The accompanying notes form part of these financial statements. The financial statements on pages 47 to 93 were approved by the Board and authorised for issue on 17th August 2021 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 2021

	Note	Group 2021 £000	Group 2020 £000	Association 2021 £000	Association 2020 £000
Fixed assets					
Tangible fixed assets – housing properties	11	153,270	141,933	153,270	141,933
Tangible fixed assets – other	12	21,478	22,857	13,634	14,393
Investment properties	13	2,540	2,690	2,540	2,690
Fixed asset investments	14	-	-	5,070	5,070
		177,288	**167,480**	**174,514**	**164,086**
Current assets					
Stocks and work in progress	15	180	870	-	626
Debtors: amounts falling due within one year	16	3,321	3,862	3,102	3,842
Debtors: amounts falling due after more than one year	16	638	313	5,000	5,000
Cash and cash equivalents	17	30,563	29,798	24,454	24,572
		34,702	**34,843**	**32,556**	**34,040**
Creditors: amounts falling due within one year	18	**(8,580)**	**(7,161)**	**(7,762)**	**(6,857)**
Net current assets		26,122	27,682	24,794	27,183
Total assets less current liabilities		**203,410**	**195,162**	**199,308**	**191,269**
Creditors: amounts falling due after more than one year	19	(100,777)	(99,552)	(100,839)	(99,618)
Provisions for liabilities:					
Pension provision	24	(15,267)	(12,343)	(14,633)	(12,030)
Total net assets		**87,366**	**83,267**	**83,836**	**79,621**
Reserves					
Income and expenditure reserve Restated		87,366	83,267	83,836	79,621
Total reserves		**87,366**	**83,267**	**83,836**	**79,621**

The accompanying notes form part of these financial statements. The financial statements on pages 47 to 93 were approved by the Board and authorised for issue on 17th August 2021 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 2021

	Income and expenditure reserve £'000
At 1 April 2019	74,980
Total comprehensive income for the year	
Surplus for the year	7,191
Movement in fair value of contract asset	(88)
Actuarial gain in respect of pension schemes	1,184
Balance as at 31 March 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**

The accompanying notes form part of these financial statements.

Association statement of changes in reserves for the year ended 31 March 2021

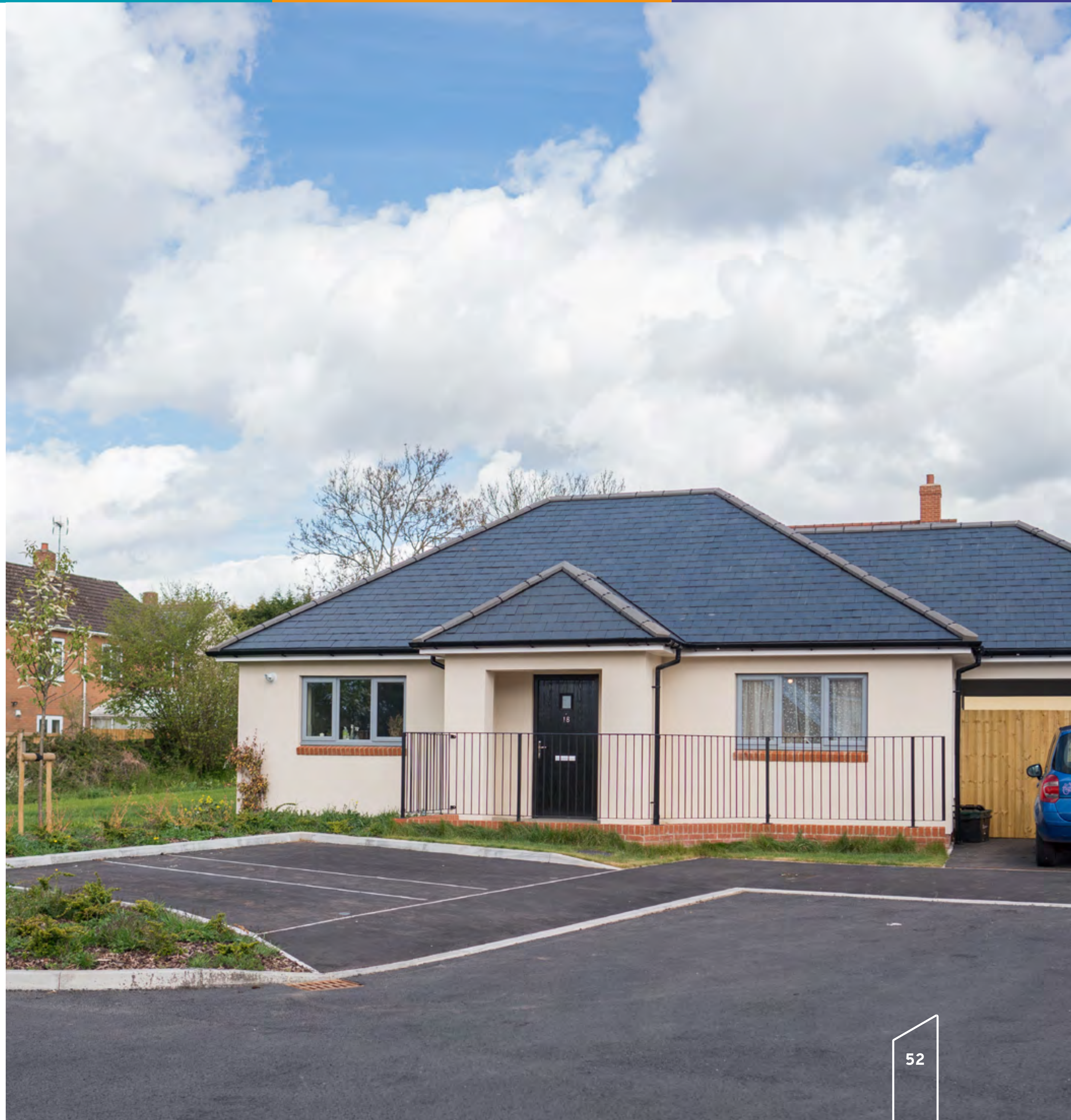
	Income and expenditure reserve £'000
At 1 April 2019	71,321
Total comprehensive income for the year	
Surplus for the year before pension movement	7,228
Actuarial loss on pension scheme	1,072
At 31 March 2020	**79,621**
Total comprehensive income for the year	
Surplus for the year before pension movement	6,352
Actuarial gain on pension scheme	(2,137)
At 31 March 2021	**83,836**

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows for the year ended 31 March 2021

	Note	2020 £'000	2019 £'000
Net cash generated from operating activities	26	19,007	16,074
Cash flows from investing activities			
Purchase of tangible fixed assets		(16,196)	(23,877)
Disposal of tangible fixed assets		(49)	-
Proceeds from the sale of tangible fixed assets		39	964
Grants received		1,765	1,464
Interest received		22	182
		(14,419)	(21,267)
Cash flows from financing activities			
Interest and finance costs paid		(3,248)	(3,190)
Interest element of finance lease rental payments		(91)	(10)
Capital element of finance lease repayments		(484)	(331)
Loan issue fees		-	(430)
		(3,823)	(3,961)
Net change in cash and cash equivalents		765	(9,154)
Cash and cash equivalents at beginning of year		29,798	38,952
Cash and cash equivalents at end of year	17	**30,563**	**29,798**

The accompanying notes form part of these financial statements.



Notes to the financial statements for the year ended 31 March 2021

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: 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 property, 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:

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

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the exemption available in FRS102 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 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 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 2020/21 than we had initially budgeted. This was due to the Government restrictions imposed as a result of the pandemic and meant that our customers could not move homes for a number of weeks within the year. Additionally, we had to work around the challenges concerning self-isolation of our colleagues and customers.
- Bad debts: due to current customer arrears having increased from 2019/20 to 2020/21, we have increased our bad debt provision for 2021/22 to 1.8% in line with a review of actual debt profiles. In addition, this is supported by the establishment of the Tenant Springboard Fund of £100k which will support one-off costs for those customers in the greatest financial need to help sustain their tenancies.

  It is envisaged that this percentage provision will see a stepped reduction over the coming years to previous levels of 1.2%, in line with the Government's forecasted economic recovery from the pandemic.
- Liquidity: the current available cash position and unutilised loan facilities of £45m 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.

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 judgement (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.

- **Revaluation of investment properties**

The Group carries its investment properties at fair value, with changes in fair value being recognised in the Statement of Comprehensive Income. The Group engaged independent valuation specialists to determine the fair value at the reporting date. The valuer used a valuation technique based on a discounted cash flow model. The determined fair value of the commercial investment properties is most sensitive to the estimated yield as well as the long-term vacancy rate. The discounted cashflow of market rent investment properties is most sensitive to, discount rate, annual inflation rate and long-term rent increases. The key assumptions used to determine the fair value of investment property are further explained in note 13.

Impairment

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.

Pension and other post-employment benefits

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

Turnover and revenue recognition

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

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

Rental and service charge income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Income from shared ownership first tranche sales is recognised at the point of legal completion of the sale. Other income is recognised as and when services are delivered.

Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

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.

Service charges

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.

Loan interest costs

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:

a. Interest on borrowings specifically financing the development programme after deduction of interest on social housing grants (SHGs) in advance; or

b. 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 is charged to the Statement of Comprehensive Income in the year.

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, No.: 29804R. Alliance Homes (Ventures) Ltd, Alliance Living Care Ltd and Alliance Homes Partnerships Limited are not charitable.

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 the taxable gain will probably 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.

Alliance Homes Partnerships Limited has been approved by HMRC as a Cost Sharing Group. This means that the company is able to charge partners for work carried out without the addition of VAT.

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. 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.

Depreciation of housing properties

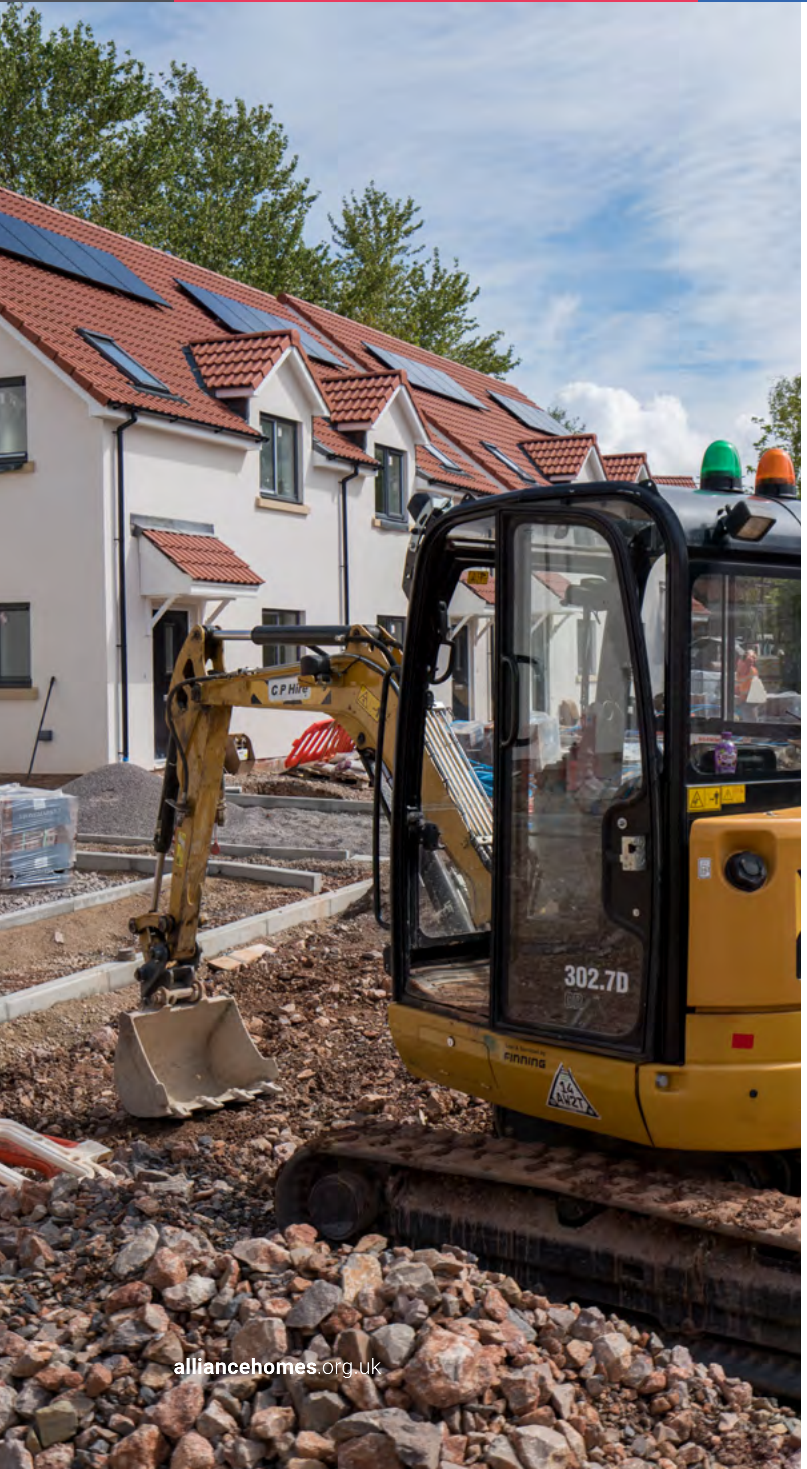
The Group separately identifies the major components which comprise its housing properties, and charges depreciation, so as to write-down the cost of each component to its estimated residual value, on a straight-line basis, over its estimated useful economic life.

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 and external wall insulation	3.3%
Central heating systems	6.7%
Boilers	8.3%
Electrical re-wiring	4.0%
Windows	3.3%
Doors	4.0%

Freehold land is not depreciated.

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's financial management system) was capitalised on "Go Live" in April 2018 in line with the contract life of five years expiring on 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.

Leasing and hire purchase

Assets held under finance leases are included in the Statement of Financial Position and depreciated over the life of the lease or their estimated useful economic lives in the business, if shorter. The present value of future rentals is shown as a liability.

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.

Rentals paid under operating leases are charged to the Statement of Comprehensive Income account as incurred.

Stock and properties held for sale

Stock is stated at the lower of cost and net realisable value less 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 estimated sales price after allowing for all further costs of completion and disposal.

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.

Grants

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

Social Housing Grant

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.

Bad debt provision

The bad debt provision is in line with our underlying understanding of these 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 – £1000	75%
Above £1000	95%

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.

Financial instruments

Financial assets and liabilities are all stated at amortised cost with the exception of the contract asset which is measured at fair value.

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 Living Care LGPS Pension Scheme with 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 are 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. Any movements on the contract asset are recognised in other comprehensive income in the period to which they relate.

Investments and business combinations

Fixed asset investments reflect the purchase of ordinary share capital in subsidiary undertakings and are recognised at cost. The amount is recognised at cost net of impairments recognised. The balance is reviewed for indicators of impairment annually.

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

	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 £12k 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)

	2020					
	Turnover £'000	**Cost of sales £'000**	**Operating expenditure £'000**	**Surplus on disposal £'000**	**Valuation £'000**	**Operating Surplus £'000**
Social housing lettings (note 3)	**33,164**	**-**	**(25,969)**	**-**	**-**	**7,195**
Other social housing activities						
First tranche low-cost home ownership sales	1,755	(1,312)	-	-	-	**443**
Charges for support services	1,216	-	(1,114)	-	-	**102**
Development services	-	-	(760)	-	-	**(760)**
Management services	55	-	(47)	-	-	**8**
Abortive scheme costs*	-	-	(184)	-	-	**(184)**
Gain on valuation of investment properties	-	-	-	-	31	**31**
Gain on disposal of property, plant and equipment	-	-	-	964	-	**964**
	3,026	**(1,312)**	**(2,105)**	**964**	**31**	**604**
Non-social housing activities						
Commercial lettings	839	-	(307)	-	-	**532**
Community development**	882	-	(450)	-	-	**432**
Electricity generation	1,737	-	(911)	-	-	**826**
Domiciliary care provision	2,630	-	(2,648)	-	-	**(18)**
Home repairs service	1,206	-	(1,131)	-	-	**75**
Other	880	-	-	-	-	**880**
	44,364	**(1,312)**	**(33,521)**	**964**	**31**	**10,526**

*Abortive scheme costs have been separately disclosed above, to allow comparability with the 2021/21 equivalents.

**Community Development includes restricted grant income of £12k and expenditure of £12k 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)	**33,433**	**-**	**(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)**
Gain on valuation	-	-	-	-	(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 £12k 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 (continuing)

	2020					
	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Surplus on disposal £'000	Valuation £'000	Operating Surplus £'000
Social housing lettings (note 3)	**33,164**	**-**	**(25,894)**	**-**	**-**	**7,270**
Other social housing activities						
First tranche low-cost home ownership sales	1,755	(1,312)	-	-	-	**443**
Charges for support services	1,216	-	(1,114)	-	-	**102**
Development services	-	-	(760)	-	-	**(760)**
Management services	55	-	(47)	-	-	**8**
Abortive scheme costs*	-	-	(184)	-	-	**(184)**
Gain on valuation	-	-	-	-	31	**31**
Gain on disposal of property, plant and equipment	-	-	-	975	-	**975**
	3,026	**(1,312)**	**(2,105)**	**975**	**31**	**615**
Non-social housing activities						
Commercial lettings	839	-	(307)	-	-	**532**
Community development**	882	-	(451)	-	-	**431**
Gift Aid	748	-	-	-	-	**748**
Other	880	-	-	-	-	**880**
	39,539	**(1,312)**	**(28,757)**	**975**	**31**	**10,476**

*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 £12k 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 2021 £'000	Total 2020 £'000
Rent receivable, net of identifiable service charges and net of voids	31,093	442	31,535	30,878
Service charge income	1,697	84	1,781	2,217
Amortised government grants	91	-	91	69
Turnover from social housing lettings	**32,881**	**526**	**33,407**	**33,164**
Expenditure on social housing lettings				
Management	(6,160)	(93)	(6,253)	(7,331)
Service charge costs	(3,064)	(104)	(3,168)	(2,522)
Routine maintenance	(5,812)	(47)	(5,859)	(6,144)
Planned maintenance	(3,275)	(26)	(3,301)	(3,601)
Major repairs expenditure	(2,010)	(16)	(2,026)	(2,485)
Bad debts	(373)	(3)	(376)	(270)
Depreciation of housing properties	(3,776)	(29)	(3,805)	(3,616)
Operating expenditure on social housing lettings	**(24,470)**	**(318)**	**(24,788)**	**(25,969)**
Operating surplus on social housing lettings	**8,411**	**208**	**8,619**	**7,195**
Void losses	**(675)**	**(36)**	**(711)**	**(506)**

* 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 2021 £'000	Total 2020 £'000
Rent receivable, net of identifiable service charges and net of voids	31,096	442	31,538	30,878
Service charge income	1,720	84	1,804	2,217
Amortised government grants	91	-	91	69
Turnover from social housing lettings	**32,907**	**526**	**33,433**	**33,164**
Expenditure on social housing lettings				
Management	(6,160)	(93)	(6,253)	(7,331)
Service charge costs	(3,064)	(104)	(3,168)	(2,522)
Routine maintenance	(5,743)	(47)	(5,790)	(6,069)
Planned maintenance	(3,275)	(26)	(3,301)	(3,601)
Major repairs expenditure	(2,010)	(16)	(2,026)	(2,485)
Bad debts	(373)	(3)	(376)	(270)
Depreciation of housing properties	(3,776)	(29)	(3,805)	(3,616)
Operating expenditure on social housing lettings	**(24,401)**	**(318)**	**(24,719)**	**(25,894)**
Operating surplus on social housing lettings	**8,506**	**208**	**8,714**	**7,270**
Void losses	**(675)**	**(36)**	**(711)**	**(506)**

* 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	
	2021 No.	**2020 No.**	**2021 No.**	**2020 No.**
Social housing				
General housing:				
- Social rent	5,730	5,691	5,730	5,691
- Affordable rent	576	562	576	562
Supported housing and housing for older people	52	78	52	78
Shared ownership	134	134	134	134
Market rented	3	3	3	3
Total owned	**6,495**	**6,468**	**6,495**	**6,468**
Accommodation managed for others				
Low-cost home ownership	194	194	194	194
Total owned and managed	**6,689**	**6,662**	**6,689**	**6,662**

The Group also owns 1,637 (2020: 1,686) garages and manages 511 (2020: 508) Right to Buy leasehold flats where the freehold is retained.

The Group owns 53 (2020: 53) shops, of which 19 (2020: 19) are held as housing properties and 34 (2020: 34) are held as investment properties.

5. Gain on disposal of property, plant and equipment

	Group		Association	
	2021 £'000	**2020 £'000**	**2021 £'000**	**2020 £'000**
Disposal proceeds to North Somerset District Council)	114	1,292	114	1,292
Carrying value of fixed assets	(75)	(328)	(75)	(317)
	39	**964**	**39**	**975**

6. Operating surplus

The operating surplus is stated after charging:

	Group		Association	
	2021 £'000	**2020 £'000**	**2021 £'000**	**2020 £'000**
Audit of the Group financial statements (excl. VAT)	25	31	25	31
Audit of subsidiaries' financial statements (excl. VAT)	23	23	-	-
Operating lease rentals - land and buildings	8	8	8	8
Operating lease rentals – equipment	12	-	12	-
Depreciation of housing properties	3,805	3,616	3,805	3,616
Depreciation of other fixed assets	2,164	2,023	1,544	1,390
Amortisation of loan issue costs	124	83	120	83

7. Net Interest

	Group		Association	
	2021 £'000	**2020 £'000**	**2021 £'000**	**2020 £'000**
Interest receivable and similar income				
Interest receivable	22	182	20	169
Income from other investments	-	-	60	91
	22	**182**	**80**	**260**
Interest payable and financing costs				
Finance leases	91	10	91	10
Loans	3,337	3,368	3,337	3,368
Interest on defined benefit pension	295	317	284	308
	3,723	**3,695**	**3,712**	**3,686**
Interest payable and financing costs				
Interest capitalised on housing properties under construction	(180)	(178)	(180)	(178)
	3,543	**3,517**	**3,532**	**3,508**

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

8. Employee information

	Group		Association	
	2021 No.	**2020 No.**	**2021 No.**	**2020 No.**
Average monthly number of employees (full time equivalents based on 37 hours a week) were as follows:				
Administration	74	76	74	76
Development	7	9	7	9
Housing, support and care	230	296	153	148
Maintenance operatives	73	79	73	79
	384	**460**	**307**	**312**

	Group		Association	
	2021 £'000	**2020 £'000**	**2021 £'000**	**2020 £'000**
Employee costs for the year were as follows:				
Wages and salaries	12,277	12,034	10,244	9,844
Social security costs	1,173	1,118	1,035	990
Other pension costs	1,188	1,644	1,076	1,561
	14,638	**14,796**	**12,355**	**12,395**

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 are members of the Avon Pension Scheme or NEST (a defined contribution scheme). Further information on the Avon Pension Scheme is included in note 24.

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 £703k (2020: £639k). The emoluments of the highest paid director, the Chief Executive Officer, excluding pension contributions, were £147k (2020: £142k). The aggregate amount of compensation paid to executive officers or former executive officers during the year was £9k (2020: £21k).

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 (2020: £12k).

The aggregate emoluments paid to Board members were £66k (2020: £64k). Expenses paid during the year to Board and Committee members amounted to £1k (2020: £5k).

The total payments made to Board members were as follows:

		2021	2020
		£	£
Chair *Appointed September 2019*	A. Willis	12,527	8,142
Chair *Resigned September 2019*	S. Sweetinburgh	-	5,923
Audit Committee – Chair	R. Gaunt	6,816	6,105
Audit Committee – Chair *Resigned September 2019*	A. Martyn-Jones	-	3,451
Remuneration Committee – Chair	J. Field	3,408	6,816
Remuneration, People and Change Committee – Chair *Co-opted May 2020; appointed September 2020*	C. Rosati	5,811	-
Investment Committee – Chair	P. Foster	5,788	-
Alliance Living Care Ltd Board – Chair	C. Feehily	6,816	6,850
Customer Insight Committee – Chair	M. McIsaac Dunne	6,816	5,870
Board Member *Resigned August 2019*	D. Poole	-	1,898
Board Member *Deceased January 2020*	A. Lane	-	5,718
Board Member	S. Frost	5,031	5,950
Board Member *Appointed September 2019*	H. James	4,520	2,483
Board member *Appointed May 2020*	S. Rahman	3,846	-
Co-optee *Resigned May 2019*	I. Watkins*	4,556	4,556
		65,935	**63,762**

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

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

	2021	2020
£60,001 - £70,000	-	-
£70,001 - £80,000	-	-
£80,001 - £90,000	2	1
£90,001 - £100,000	-	-
£100,001 - £110,000	1	1
£110,001 - £120,000	-	-
£120,001 - £130,000	-	2
£130,001 - £140,000	2	-
£140,001 - £150,000	-	-
£150,001 - £160,000	-	1
£160,001 - £170,000	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 (2020: lower) than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2021 £'000	2020 £'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:

	2021 £'000	2020 £'000
Surplus on ordinary activities – continuing operations	6,206	7,191
Tax on surplus at the standard rate of corporation tax in the UK of 19% (2020: 19%)	1,179	1,366
Effects of:		
Surplus of charitable entity not subject to corporation tax	(1,024)	(1,226)
Other non-deductible expenditure	1	-
Gift Aid payment to parent	(191)	(185)
Movement in deferred tax not recognised	35	45
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

	Social housing properties held for letting £'000	Shared ownership properties held for letting £'000	Housing properties under construction £'000	Total £'000
Group and Association				
Cost				
At 1 April 2020	152,668	8,577	6,778	168,023
Additions to properties	-	-	13,072	13,072
Works to existing properties	2,197	-	-	2,197
Schemes completed	6,112	-	(6,112)	-
Transfer to assets held for sale	-	(53)	-	(53)
Disposals	(185)	(21)	-	(206)
At 31 March 2021	**160,792**	**8,503**	**13,738**	**183,033**
Depreciation				
At 1 April 2020	(25,083)	(1,007)	-	(26,090)
Charge for the year	(3,805)	-	-	(3,805)
Released on disposal	131	1	-	132
At 31 March 2021	**(28,757)**	**(1,006)**	**-**	**(29,763)**
Net book value				
At 31 March 2021	**132,035**	**7,497**	**13,738**	**153,270**
At 31 March 2020	127,585	7,570	6,778	141,933

Included within housing properties is £170k (2020: £174k) in respect of a community hall.

Additions to housing properties during the year include capitalised interest of £180k (2020: £178k).

Housing properties comprise:

	Group		Association	
	2021 £'000	**2020 £'000**	**2021 £'000**	**2021 £'000**
Housing property net book value in respect of freeholds	152,722	141,374	152,722	141,374
Housing property net book value in respect of long leaseholds	548	559	548	559
	153,270	**141,933**	**153,270**	**141,933**

Expenditure on works to existing properties:

	Group		Association	
	2021 £'000	**2020 £'000**	**2021 £'000**	**2020 £'000**
Components capitalised	2,197	3,948	2,197	3,948
Amounts charged to income and expenditure	2,026	2,485	2,026	2,485
	4,223	**6,433**	**4,223**	**6,433**

12. Tangible fixed assets – other

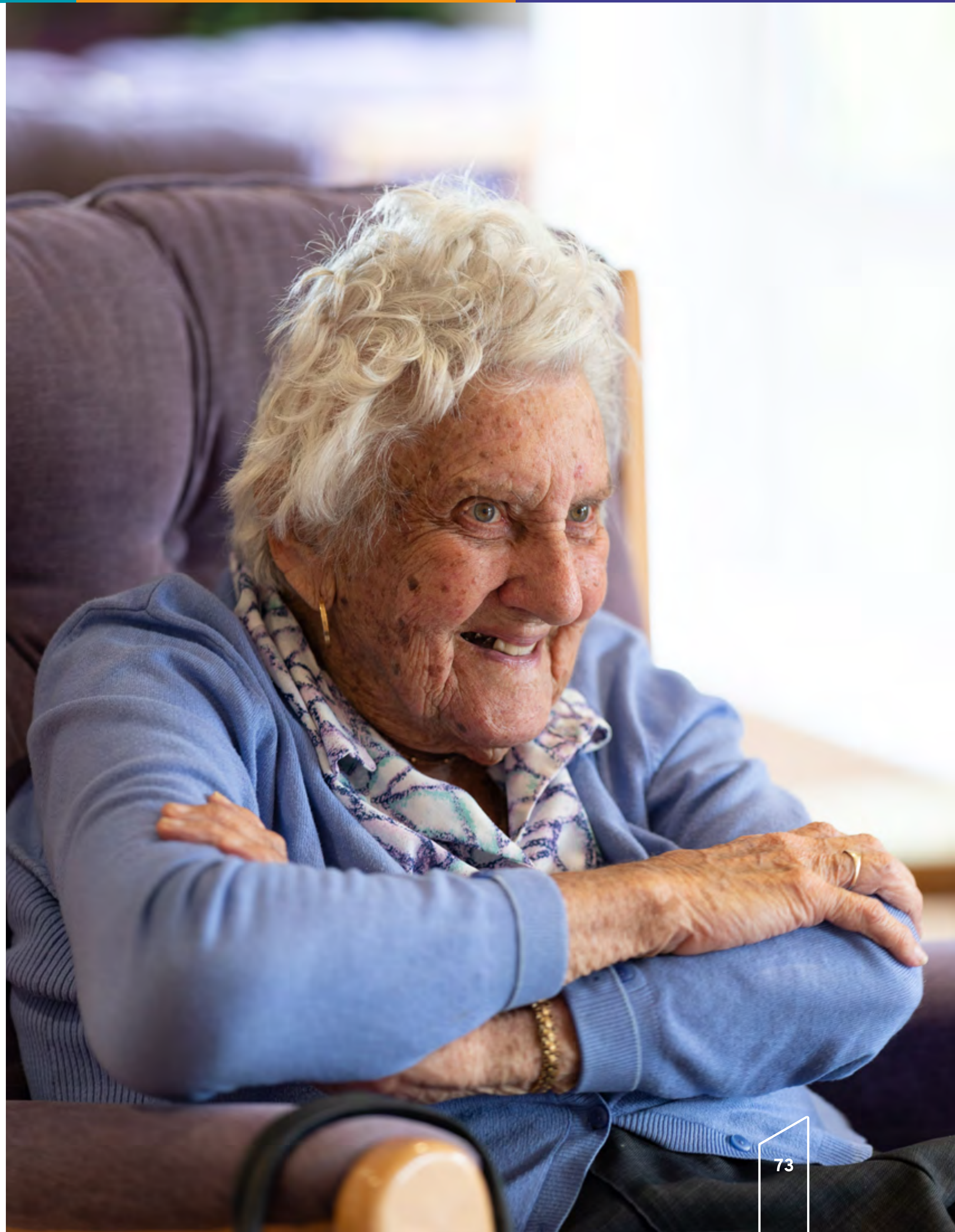
	Freehold offices £'000	Office and other equipment £'000	Motor vehicles £'000	IT £'000	Photovoltaic panels £'000	Total £'000
Group						
Cost						
At 1 April 2020	13,336	265	2,579	6,397	12,993	35,570
Additions	112	-	-	812	-	924
Disposals	-	(19)	(209)	(1,270)	-	(1,498)
At 31 March 2021	**13,448**	**246**	**2,370**	**5,939**	**12,993**	**34,996**
Depreciation						
At 1 April 2020	(3,093)	(154)	(648)	(4,289)	(4,529)	(12,713)
Charge for the year	(443)	(18)	(553)	(530)	(620)	(2,164)
Released on disposal	-	19	70	1,270	-	1,359
At 31 March 2021	**(3,536)**	**(153)**	**(1,131)**	**(3,549)**	**(5,149)**	**(13,518)**
Net book value at 31 March 2020	**9,912**	**93**	**1,239**	**2,390**	**7,844**	**21,478**
At 31 March 2020	10,243	111	1,931	2,108	8,464	22,857

The net book value of assets held under finance leases amounted to £1,239k (2020: £1,930k).

12. Tangible fixed assets – other

	Freehold offices £'000	Office and other equipment £'000	Motor vehicles £'000	IT £'000	Total £'000
Association					
Cost					
At 1 April 2020	13,336	265	2,579	6,399	22,579
Additions	112	-	-	812	924
Disposals	-	(19)	(209)	(1,270)	(1,498)
At 31 March 2021	**13,448**	**246**	**2,370**	**5,941**	**22,005**
Depreciation					
At 1 April 2020	(3,094)	(154)	(650)	(4,288)	(8,186)
Charge for the year	(442)	(18)	(551)	(533)	(1,544)
Released on disposal	-	19	70	1,270	1,359
At 31 March 2021	**(3,536)**	**(153)**	**(1,131)**	**(3,551)**	**(8,371)**
Net book value 31 March 2021	**9,912**	**93**	**1,239**	**2,390**	**13,634**
At 31 March 2020	10,242	111	1,929	2,111	14,393

The net book value of assets held under finance leases amounted to £1,239k (2020: £1,930k).



13. Investment properties

	Group and Association	
	2021 £'000	**2020 £'000**
At beginning of year	2,690	2,665
Gain/(loss) from investment value	(150)	31
Transfer in from housing properties	-	(6)
At end of year	**2,540**	**2,690**

Investment properties (commercial and market rent) were valued at 31 March 2021 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

Group companies

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 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 £'000	AHP £'000	AHD&B £'000	AHS £'000	Total £'000
Cost							
At 1 April 2020 and 31 March 2021	-	70	5,000	-	-	-	**5,070**
Share of retained profits							
At 1 April 2020 and 31 March 2021	-	-	-	-	-	-	-
Net book value At 31 March 2021	**-**	**70**	**5,000**	**-**	**-**	**-**	**5,070**
At 31 March 2020	-	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 the United Communities Housing Association 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 32.

15. Stocks and work in progress

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Properties held for sale	-	626	-	626
Work in progress	9	17	-	-
Materials stocks	171	227	-	-
	180	**870**	**-**	**626**

Materials stocks are stated after provisions for impairment of £35k (2020: £nil).

16. Debtors

	Group		Association	
	2021 £'000	**2020 £'000**	**2021 £'000**	**2020 £'000**
Amounts falling due within one year				
Rent and service charges receivable	2,031	2,270	2,031	2,198
Less: provision for bad and doubtful debts	(1,139)	(1,173)	(1,113)	(1,146)
	892	1,097	918	1,052
Amounts due from North Somerset Council	102	113	-	-
Amounts due from subsidiary undertakings	-	-	882	1,301
Other debtors	885	646	273	410
Prepayments and accrued income	1,442	2,006	1,029	1,079
	3,321	**3,862**	**3,102**	**3,842**
Amounts falling due after more than one year				
Loan to subsidiary undertaking	-	-	5,000	5,000
Contract asset	638	313	-	-
	638	**313**	**5,000**	**5,000**
	3,959	**4,175**	**8,102**	**8,842**

17. Cash and cash equivalents

	Group		Association	
	2021 £'000	**2020 £'000**	**2021 £'000**	**2020 £'000**
Money market investments	1,869	1,869	1,869	1,869
Cash at bank and in hand	28,694	27,929	22,585	22,703
	30,563	**29,798**	**24,454**	**24,572**

18. Creditors: amounts falling due within one year

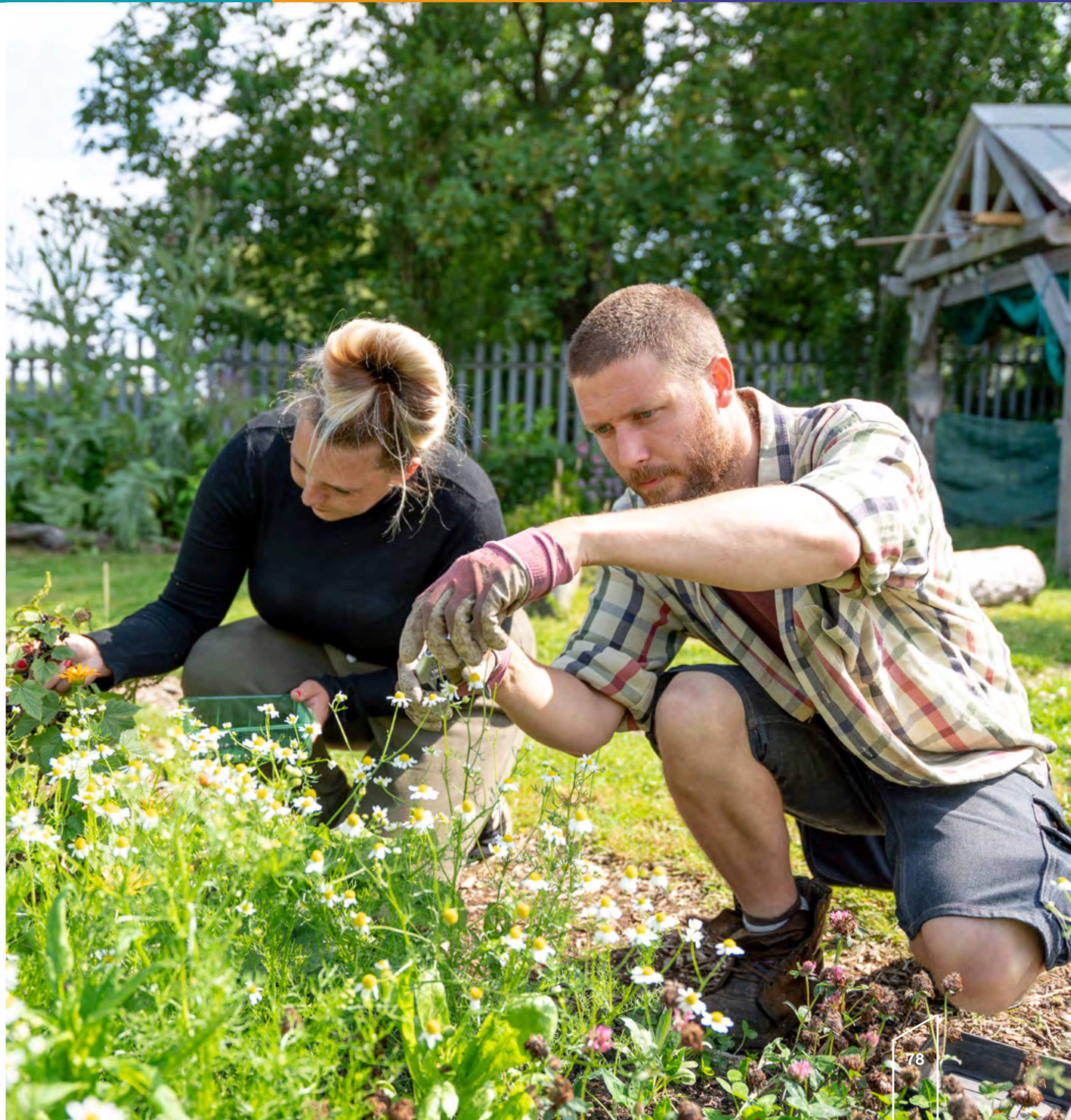
	Group		Association	
	2021 £'000	Restated 2020 £'000	2021 £'000	Restated 2020 £'000
Trade creditors	1,841	1,140	1,464	1,103
Rent and service charges paid in advance	687	595	687	595
Amounts owed to North Somerset Council	565	1,626	565	1,626
Other taxation and social security	44	38	-	-
Other creditors	30	11	23	11
Accruals and deferred income	4,803	3,090	4,413	2,861
Deferred capital grants (note 20)	112	70	112	70
Obligations under finance leases (note 29)	498	591	498	591
	8,580	**7,161**	**7,762**	**6,857**

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

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2019 £'000
Bank and other loans (note 23)	90,000	90,000	90,000	90,000
Less: issue costs	(813)	(937)	(751)	(871)
Deferred capital grants (note 20)	10,834	9,202	10,834	9,202
Recycled capital grant fund (note 21)	-	-	-	-
Disposal proceeds und (note 22)	-	1	-	1
Obligations under finance leases (note 29)	756	1,286	756	1,286
	100,777	**99,552**	**100,839**	**99,618**

20. Deferred capital grants

	Group and Association	
	2021 £'000	**2020 £'000**
At 1 April	9,272	7,904
Grants received during the year	1,765	1,464
Grants repaid during the year	-	(27)
Released to income in the year	(91)	(69)
At 31 March	**10,946**	**9,272**
Falling due within one year (note 18)	112	70
Falling due after more than one year (note 19)	10,834	9,202
	10,946	**9,272**
Total grants received	11,840	10,075
Total grants repaid	(323)	(323)
Total grants transferred to recycled capital grant fund	(16)	(16)
Total grants amortised	(555)	(464)
	10,946	**9,272**



21. Recycled capital grant fund

Group and Association

	2021 £'000	2020 £'000
At 1 April	-	16
Allocation of funds	-	(16)
At 31 March	**-**	**-**

22. Disposal proceeds fund

Group and Association

	2021 £'000	2020 £'000
At 1 April	1	153
Allocation of funds	(1)	(152)
At 31 March	**-**	**1**

23. Debt analysis

	Group		Association	
	2021 £'000	**2020 £'000**	**2021 £'000**	**2020 £'000**
Amounts falling due after more than one year				
Bank loans	90,000	90,000	90,000	90,000
Less: issue costs	(813)	(937)	(751)	(871)
Total loans	**89,187**	**89,063**	**89,249**	**89,129**
Based on lenders' earliest repayment date, borrowings are repayable as follows:				
In five years or more	89,187	89,063	89,249	89,129
Undrawn facilities	**45,000**	**45,000**	**45,000**	**45,000**

£70m of the loan outstanding is at a fixed rate of 3.745% for the full duration of the loan term. £20m of the loan outstanding is at variable rate interest.

£45m of undrawn debt that completed on 5th July 2019 is a Revolving Credit Facility at variable rate interest. The final repayment date is 5 July 2024.

Loans are secured on the assets of the Association.

24. Pension provision

The Group has 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.

NSAH (Alliance Homes) Limited

Total contributions to the scheme by the Association for the year ended 31 March 2021 were £382k (2020: £591k), of which employer contributions totalled £287k (2020: £478k) at a contribution rate of 21.7% (2020: 20.3%) of pensionable salaries. The contribution rate for 2021/22 is projected to be 21.7%.

Estimated employer contributions to the scheme during the accounting period commencing on 1 April 2021 are projected to be £273k including a deficit gain of £15k.

Alliance Living Care

On 1 April 2020, the Company transferred in 7 employees from North Somerset Council in relation to the day care centre at Tamar Court (formerly named Ebdon Court). These employees transferred on the same terms as the existing employees.

Total contributions to the scheme by the company for the year ended 31 March 2021 were £58k (2020: £23k), of which employer contributions totalled £47k (2020: £18k) at a contribution rate of 23.4% (2020: 22.3%) of pensionable salaries. The contribution rate for 2021/22 is projected to be 23.4%.

Estimated employer contributions to the scheme during the accounting period commencing on 1 April 2021 are projected to be £50k including a deficit recovery of £4k.

Principal actuarial assumptions

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

	NSAH (Alliance Homes)		Alliance Living Care	
	2021 % per annum	2020 % per annum	2021 % per annum	2020 % per annum
Rate of increase in salaries	4.2	3.6	4.2	3.6
Rate of increase in pensions in payment	2.8	2.2	2.8	2.2
Discount rate	2.1	2.4	2.1	2.4
Inflation assumption (CPI)	2.7	2.1	2.7	2.1

24. Pension provision (continued)

Post retirement mortality assumptions:

NSAH (Alliance Homes)

	2021	2020
Non-retired members (retiring in the future in normal health)	S3PA CMI_2018 (1.75%) (98% males)	94% S2PA CMI_2015 (1.75%) (males)
	S3PA CMI_2018 (1.75%) (88% females)	81% S2PA CMI_2015 (1.50%) (females)
Current members (retired in normal health)	S3PA CMI_2018 (1.75%) (92% males)	93% S2PA CMI_2015 (1.75%) (males)
	S3PA CMI_2018 (1.75%) (87% females)	85% S2PA CMI_2015 (1.50%) (males)

Life expectancy (in years):

	2021	2020
Of a male (female) future pensioner aged 65 in 20 years' time	24.8 (27.4)	24.7 (27.3)
Of a male (female) current pensioner aged 65	23.3 (25.4)	23.2 (25.3)
Commutation of pension for lump sum at retirement:		50% take maximum cash, 50% take 3/80ths cash

Alliance Living Care

	2021	2020
		Restated
Non-retired members (retiring in the future in normal health)	S3PA CMI_2018 (1.75%) (98% males)	94% S2PA CMI_2015 (1.75%) (males)
	S3PA CMI_2018 (1.75%) (88% females)	81% S2PA CMI_2015 (1.50%) (females)
Current members (retired in normal health)	S3PA CMI_2018 (1.75%) (92% males)	93% S2PA CMI_2015 (1.75%) (males)
	S3PA CMI_2018 (1.75%) (87% females)	85% S2PA CMI_2015 (1.50%) (males)

Life expectancy (in years):

	2021	2020
Of a male (female) future pensioner aged 65 in 20 years' time	24.8 (27.4)	24.7 (27.3)
Of a male (female) current pensioner aged 65	23.3 (25.4)	23.2 (25.3)
Commutation of pension for lump sum at retirement:		50% take maximum cash, 50% take 3/80ths cash

24. Pension provision (continued)

	Group		Association	
	2021 £'000	**2020 £'000**	**2021 £'000**	**2020 £'000**
Analysis of the amount charged to operating costs in the Statement of Comprehensive Income				
Amounts charged to operating costs				
Current service cost	521	606	461	577
Past service cost	-	375	-	371
Administration costs	10	10	8	10
Effect of curtailments or settlements	-	31	-	31
Total Operating Charge	**531**	**1,022**	**469**	**989**
Amounts charged to finance costs				
Expected return on pension scheme assets	613	684	590	664
Interest on pension liabilities	(908)	(1,001)	(874)	(972)
Interest payable and financing charge	**(295)**	**(317)**	**(284)**	**(308)**
Analysis of the gains and losses recognised in the Statement of Comprehensive Income				
Amount of gains and losses recognised in the Statement of Comprehensive Income				
Actuarial gains/(losses) on pension scheme assets	3,810	(2,848)	3,662	(2,511)
Actuarial (losses)/gains on scheme liabilities	(6,049)	4,032	(5,799)	3,583
Actuarial (loss)/gain recognised	**(2,239)**	**1,184**	**(2,137)**	**1,072**

24. Pension provision (continued)

	Group		Association	
	31 Mar 21 £'000 Fair value	31 Mar 20 £'000 Fair value	31 Mar 21 £'000 Fair value	31 Mar 20 £'000 Fair value
Fair value of assets				
Equities	11,207	10,965	10,762	10,746
Government bonds	4,215	1,411	4,047	1,383
Other bonds	2,541	2,294	2,440	2,248
Property	2,151	2,496	2,066	2,446
Cash/liquidity	867	554	832	543
Other	8,908	7,486	8,554	7,337
	29,889	**25,206**	**28,701**	**24,703**

	2021 £'000	2020 £'000 Restated	2021 £'000	2020 £'000
Changes in present value of defined benefit obligations				
Opening defined benefit obligation	(37,549)	(40,043)	(36,733)	(38,812)
Transfer in	(656)	-	-	-
Service cost	(521)	(606)	(461)	(577)
Interest cost	(908)	(1,001)	(874)	(972)
Past service cost	-	(375)	-	(371)
Member contributions	(106)	(118)	(95)	(113)
Remeasurements	(6,049)	4,032	(5,799)	3,583
Benefits/transfers paid	633	593	628	560
Curtailments	-	(31)	-	(31)
	(45,156)	**(37,549)**	**(43,334)**	**(36,733)**

24. Pension provision (continued)

	Group		Association	
	2021 £'000	**2020 £'000**	**2021 £'000**	**2020 £'000**
Changes in fair value of plan assets				
Opening fair value of plan assets	25,206	27,359	24,703	26,529
Transfer in	463	-	-	
Interest on plan assets	613	684	590	664
Administration costs	(10)	(10)	(8)	(10)
Remeasurements	3,810	(2,848)	3,662	(2,511)
Employer contributions	334	496	287	478
Member contributions	106	118	95	113
Benefits/transfers paid	(633)	(593)	(628)	(560)
	29,889	**25,206**	**28,701**	**24,703**

	NSAH (Alliance Homes)		Alliance Living Care	
	2021 %	**2020 %**	**2021 %**	**2020 %**
Major categories of plan assets as a percentage of total plan assets				
Equities	37.5	43.5	37.5	43.5
Government bonds	14.1	5.6	14.1	5.6
Other bonds	8.5	9.1	8.5	9.1
Property	7.2	9.9	7.2	9.9
Cash/liquidity	2.9	2.2	2.9	2.2
Other	29.8	29.7	29.8	29.7
	100.0	**100.0**	**100.0**	**100.0**

24. Pension provision (continued)

	Group		Association	
	2021 £'000	**2020 £'000**	**2021 £'000**	**2020 £'000**
Actual return on plan assets				
Actual (loss) / return on plan assets	4,424	(1,739)	4,252	(1,687)
Actual (loss) / return on plan assets	**4,424**	**(1,739)**	**4,252**	**(1,687)**

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

	2021 £'000	**2020 £'000**	**2019 £'000**	**2018 £'000**
Group				
Present value of defined benefit obligation	(45,156)	(37,549)	(40,043)	(36,253)
Fair value of scheme assets	29,889	25,206	27,359	25,504
Deficit on scheme	**(15,267)**	**(12,343)**	**(12,684)**	**(10,749)**
Association				
Present value of defined benefit obligation	(43,334)	(36,733)	(38,812)	(35,124)
Fair value of scheme assets	28,701	24,703	26,529	24,717
Deficit on scheme	**(14,633)**	**(12,030)**	**(12,283)**	**(10,407)**

25. Non-equity share capital

	2021 No.	2020 No.
Group and Association		
Number of members		
At 1 April	31	32
Joining during the year	3	-
Leaving during the year	(10)	(1)
At 31 March	**24**	**31**

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.

26. Cash flow from operating activities

	2021 £'000	2020 £'000
Net surplus	6,206	7,191
Adjustment for non-cash items		
Depreciation of tangible fixed assets	5,969	5,639
Amortisation of grants and fees	(91)	(69)
Decrease in stock	690	65
Decrease in trade and other debtors	541	1,743
Increase/(decrease) in trade and other creditors	1,467	(935)
Decrease in provisions	-	(1,934)
Pension costs less contributions payable	200	526
Carrying amount of tangible fixed asset disposals	216	328
	15,198	**12,554**
Adjustments for investing or financing activities		
Decrease/(increase) in fair value of investment properties	150	(25)
Proceeds from the sale of tangible fixed assets	(39)	(964)
Grants repaid	-	(27)
Transfers to housing properties	53	1,118
Interest and financing costs	3,543	3,517
Interest received	(22)	(182)
Amortisation of loan arrangement fees	124	83
Net cash generated from operating activities	**19,007**	**16,074**

27. Analysis of changes in net debt

	At 1 April 2020 £'000	Cash flows £'000	Movement in creditors due within one year £'000	Termination of finance leases £'000	Amortisation of loan fees £'000	At 31 March 2021 £'000
Cash at bank and equivalents	29,798	765	-	-	-	30,563
	29,798	**765**	**-**	**-**	**-**	**30,563**
Borrowings						
Loans	(89,063)	-	-	-	(124)	(89,187)
	(89,063)	**-**	**-**	**-**	**(124)**	**(89,187)**
Finance leases						
Amounts due in less than one year	(591)	-	93	-	-	(498)
Amounts due after more than one year	(1,286)	574	(93)	49	-	(756)
	(1,877)	**574**	**-**	**49**	**-**	**(1,254)**
Changes in net debt	**(61,142)**	**1,339**	**-**	**49**	**(124)**	**(59,878)**

28. Financial instruments and risk management

	Group		Association	
	2021 £'000	**2020 £'000**	**2021 £'000**	**2020 £'000**
Financial assets				
Financial assets measured at amortised cost:				
Rent and service charges receivable	2,031	2,270	2,031	2,198
Amounts due from North Somerset Council	102	113	-	-
Amounts due from subsidiary undertakings	-	-	882	1,301
Other debtors	885	646	273	410
Loan to subsidiary undertaking	-	-	5,000	5,000
Cash and cash equivalents	30,563	29,798	24,454	24,572
	33,581	**32,827**	**32,640**	**33,481**
Financial assets measured at fair value:				
Contract asset	638	313	-	-
	638	**313**	**-**	**-**
Financial liabilities				
Financial liabilities measured at amortised cost:				
Loans payable	89,187	89,063	89,249	89,129
Trade creditors	1,841	1,140	1,464	1,103
Rent and service charges paid in advance	687	595	687	595
Amounts owed to North Somerset Council	565	1,626	565	1,626
Other taxation and social security	44	38	-	-
Other creditors	30	11	23	11
Deferred capital grants	10,946	9,272	10,946	9,272
Obligations under finance leases	1,254	1,877	1,254	1,877
	104,554	**103,622**	**104,188**	**103,613**

29. 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:

	2021 £'000	2020 £'000
Within one year	498	591
Between one and five years	756	1,286
	1,254	**1,877**

30. 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:

	2021 £'000	2020 £'000
Within one year	20	8
Between one and five years	34	32
After more than five years	50	56
	104	**96**

31. Capital commitments

Capital expenditure commitments were as follows:

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Expenditure contracted for, but not provided in the financial statements	21,749	15,541	21,749	15,541
Expenditure authorised by the Board but not contracted	55,422	13,421	55,422	13,421

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

32. 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:

		2021 £'000	2020 £'000
Alliance Homes (Ventures) Ltd	**Allocation Basis**		
Management services	Time spent	12	12
Gift Aid	Taxable profits	976	748
Roof lease payments	Legal agreement	231	226
Loan interest	Legal agreement	60	91
		1,279	**1,077**
Alliance Living Care Limited	**Allocation Basis**		
Overhead recharge	Agreed management fee	225	250
Day centre charges	Actual costs	26	-
		251	**250**
Alliance Homes Partnerships Limited	**Allocation Basis**		
Provision of maintenance repairs and services	Actual costs	8,359	8,625
Management services	Percentage of overheads	625	613
		8,984	**9,238**

Directors who are customers of the Group are listed per page 5. 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 £5k (2020: £5k), and there were £nil (2020: £nil) amounts outstanding as at the date of the Statement of Financial Position.

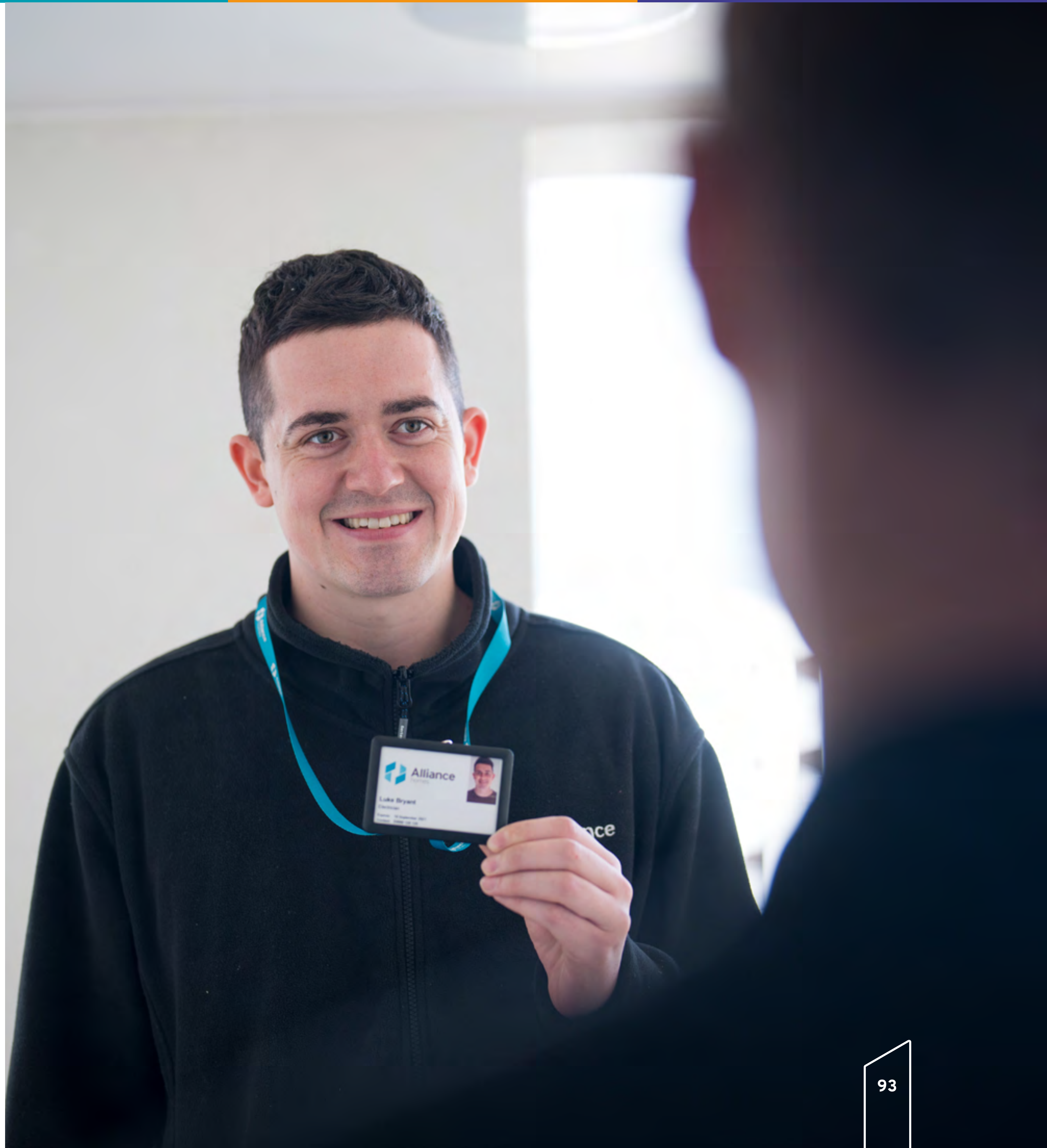
The Avon Pension Fund is considered a related party under section 33 of FRS 102, as a provider of defined benefit pensions. Details of the pension related transactions are disclosed in note 24.

33. Post balance sheet events

On 20 April 2021, the Board took the decision to exit the domiciliary care market, and work has been progressing to novate the contracts with North Somerset Council to another care provider. The transfer of the trade and assets in relation to these activities is expected to occur on 30 September 2021. With effect from 1 October 2021, Alliance Living Care Ltd will continue as a dormant, non-trading entity.

The Board of Alliance Homes Partnerships Limited has received correspondence from HMRC, questioning the validity of its original decision to award the entity status as a cost sharing group (CSG). We have appealed the decision in line with the timescales provided, and we expect to receive an outcome of this appeal by 24 August 2021. If the appeal were to fail, the HMRC guidance states that a period of a year is allowable for the implementation of the outcome.

Therefore, 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.



All photography was taken in accordance with the COVID-19 safe practices which were applicable at that time.

40 Martingale Way, Portishead, BS20 7AW
03000 120 120
alliancehomes.org.uk