

Housing
Executive

48TH ANNUAL REPORT

1 APRIL 2018 - 31 MARCH 2019



**Northern Ireland Housing Executive Annual Report & Accounts
For the year ended 31 March 2019**

Laid before the Northern Ireland Assembly
Under Articles 12(2) and 21(5)
Of the Housing (Northern Ireland) Order 1981
By the Department for Communities

on

Date: 5 July 2019

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Performance Report

Non-Executive's Report by the Chair, Professor Peter Roberts

This annual report covers the year 1st April 2018 to 31st March 2019 and it offers some insights into the exceptional work that the Housing Executive has carried out over the past year.

Our core obligations to the citizens of Northern Ireland are to provide excellent housing services, tailored support and good quality homes. I never fail to be impressed by how our staff undertake these obligations each and every day, often in very difficult circumstances. On behalf of the Board I wish to thank all of my colleagues for their support and work during the year.

This year saw many achievements in our key areas of activity, with the vast majority of our targets being met or exceeded. As one of the largest social landlords in the UK we continue to match and outperform other providers in terms of rent collection, tenant involvement and customer feedback. We continue to support tenants beyond their front doors through our provision of financial advice, tackling anti-social behaviour, encouraging community involvement and cohesion, promoting social enterprise and enabling neighbourhood development. We also continue to invest in our homes through our programme of improvements and maintenance, with health and safety being a key aspect of this work. We continue to administer over £600m in Housing Benefit to tenants in the social and private sectors, as well as assisting tenants affected by the Social Sector Size Criteria and those who are now claiming Universal Credit.

In our role as the housing authority for Northern Ireland we deliver a wide range of functions alongside the Department for Communities, housing associations, the voluntary sector and other organisations. These functions have a positive impact on many households and communities. During the year almost 20,000 vulnerable people were assisted through Supporting People funding. Last year we oversaw the new build programme complete 1,682 new social homes, meaning we have now enabled 15,000 homes to be built over the last 10 years. We offered support and guidance to tenants, as well as providing a range of housing options to an increasing number of households who are homeless or in housing stress. We provided grants to the private sector to assist with adaptations and energy efficiency. We also supported the delivery of community planning in each of the council areas and assisted all 11 councils to prepare their Local Development Plans. The research we carried out during the year not only helped to inform plans at local level, but was also used to inform housing policy and practice in Northern Ireland and beyond.

I would like to take this opportunity to thank all of our partner organisations, including the Housing Community Network, who have helped us provide much needed services and guidance throughout the year. I would also like to thank the Department for Communities and its staff and Permanent Secretaries, Leo O'Reilly and Tracey Meharg, for their support for housing and the Housing Executive throughout the year.

In addition, I want to thank my fellow Board Members for all their work over the year. In particular I want to thank Greg Lomax, who left the Board in April, and Alderman Bill Keery and Councillors Philip Brett, Catherine Elattar, and Hazel Legge, who stood down from the Board prior to the local council elections.

One of the key functions of the Board of the Housing Executive is to ensure that the organisation achieves its targets, provides value for money and meets the governance requirements expected of a large public body. During the course of the year, the Board agenda covered a range of significant and challenging matters including: our plans for tower blocks; chronic homelessness; the impact of Welfare Reform on our tenants; the review of allocations; an interim Supporting People Strategy; cavity wall insulation research; and the consequences of the collapse of planned maintenance contracts. The Board strives to ensure that the Housing

Executive has the right approaches in place to deal with these and other emerging matters, and they will remain subjects of focus over the next 12 months. On a more proactive note the Board commissioned a piece of research from Business Consultancy Services to identify the best way to achieve value for money in the future provision of maintenance services. This review will support our future direction and also aims to inform the debate on how best to provide public services through private companies and other organisations as this study has attracted the attention of many other social housing organisations and is seen as both necessary and timely.

These are some of the key issues which the Housing Executive and the housing sector face immediately, and I believe we are well placed to deal with the majority of them. However, there are other wider, crucial issues for housing in Northern Ireland which need to be addressed as soon as possible. Decisions need to be made to ensure that we are equipped to provide decent housing and sustainable communities for future generations, and this long-term strategic objective is central to much of our work.

We must continue to work alongside the Department for Communities to make progress with the implementation of the Social Housing Reform Programme. The most immediate requirement is to secure £7billion of funding over the next 30 years to ensure that the Housing Executive's homes remain fit to live in. The alternative would be that the Housing Executive would have to begin to disinvest in its homes, and, therefore, some of our stock would become uninhabitable. Aligned to this, is the need to make urgent decisions on the future of our tower blocks. The Board's position is that many of the blocks should be decommissioned over a period of time and that a comprehensive programme to re-provision housing, together with a wider regeneration plan for each neighbourhood, should be put in place. These programmes and plans should be prepared in a way that allows the local community to help shape its own future.

It is our view that Social Housing Reform will help to unlock investment that will benefit our existing and future tenants. With power to build homes again, the Housing Executive can be even more ambitious than it is now in shaping and managing the places and communities that we serve. In order to do this we need the resources that can be obtained through borrowing, we need to train and recruit additional staff with appropriate skills, and we need the support and active engagement of local communities.

We are now seeing the highest levels of homeless households and those in housing stress in Northern Ireland since the formation of the Housing Executive in 1971. Our local teams and our colleagues across the housing sector, local representatives and community groups are dealing with an increasing number of people in poverty, who are not only struggling to pay housing costs, but also find it difficult to afford other essentials. We are also dealing with increasing numbers of individuals with physical and mental health problems, including those with addictions, who require long-term housing and associated support.

The need for a strong, strategic housing authority is as necessary as ever. We are reaching a point when many of the successes in housing provided by the Housing Executive and our colleagues in housing associations and the wider housing community, could end or be eroded. We need to work in partnership with housing associations, councils, other community organisations, and local people in order to ensure that we do all we can to enhance the lives of everyone. There is a pressing need to reform how social and other housing is delivered in Northern Ireland in order to build on the success of the past five decades and to ensure that our communities are sustainable, now and in the future.



Professor Peter Roberts
Chair

Date: 24 June 2019

Overview

The Northern Ireland Housing Executive was established by the Housing Executive Act (Northern Ireland) 1971.

From 1 April 2014, following a review by the Office for National Statistics, the budgetary classification of the Housing Executive changed from solely being a Public Corporation. It now operates under two regimes. Landlord Services (Housing Services and Asset Management Divisions) and functions are now classified as a Quasi-Public Corporation (which is similar to the previous designation for the entire organisation), while Regional Services and functions are categorised as a NDPB.

Landlord Services is one of the largest social landlords in the UK, managing around 85,162 homes across urban and rural areas throughout Northern Ireland. Many aspects of our performance are in the top quartile as measured by Housemark. Housemark provides a service that benchmarks our costs and performance across a range of core housing activities against other large social landlords. In addition, we manage a commercial property portfolio of just over 400 units. The main functions delivered within Landlord Services are tenancy and estate management; improving our properties; income collection; involving and listening to our residents; and our Community Safety, Cohesion, and Involvement Strategies.

Regional Services is the strategic enabling and delivery side of the Housing Executive, providing services ranging from assessing housing need, managing the Social Housing Development Programme for new social homes with our housing association partners, Supporting People and Homelessness Services. Alongside this we undertake an on-going research programme to produce a comprehensive body of housing market intelligence to help us identify and determine how best to shape our services and the places where people want to live in Northern Ireland. In addition, we are the Home Energy Conservation Authority for Northern Ireland. We administer the Affordable Warmth and Boiler Replacement schemes on behalf of the Department for Communities, referred to as 'the Department' throughout the remainder of this report.

Support Services provide the necessary support to underpin Landlord Services and Regional Services. Support Services includes Finance, IT, Human Resources, Internal Audit, Risk and Governance and Corporate Services which includes Legal Services, Communications, Secretariat, Equality Unit and Corporate Business Planning & Performance. During 2018/19 we appointed a new Director of Corporate Services who took up post in May 2019. Support Services also includes our Direct Labour Organisation (DLO) and Housing Benefit (which we administer on behalf of the Department).

Our Vision and Core Values

The vision of the Housing Executive is:

“Everyone is able to live in an affordable and decent home, appropriate to their needs, in a safe and attractive place”

In aspiring to our vision, we are guided by our core values of making a difference through fairness, passion and expertise.

Making a difference:

- We strive to make people's lives better;
- We put our customers first and deliver right, first time;
- We build strong partnerships and share great ideas.

Fairness:

- We treat our customers, staff and partners fairly;
- We respect diversity;

- We work in an open and transparent way.

Passion:

- We are professional in all that we do;
- We strive for excellence;
- We look for new, creative, better ways to do things.

Expertise:




- We believe in our people;
- We are constantly learning and developing;
- We provide strong, confident housing leadership.

Business Objectives

Our business objectives are influenced and shaped by a number of factors including the Programme for Government, Ministerial priorities, the Department strategy, trends in the local housing market, the level of identified housing need for Northern Ireland and our duty to our tenants as a responsible and engaged social housing landlord.

The Housing Executive’s Corporate Plan 2017/18 – 2020/21, covering a four year period, was published in December 2018. In this Annual Report we present our performance against an agreed one year business plan for 2018/19 which is based on three overarching themes: people, property, place. All of the key performance indicators (KPIs) in the business plan (for Landlord Services, Regional Services and Support Services) are appended to this management commentary (see page 47).

The three overarching themes are shown below, each with its own purpose statement.

PEOPLE	PROPERTY	PLACES
		
<p>Purpose: To provide housing solutions, services and support to the people of Northern Ireland.</p>	<p>Purpose: To ensure everyone has access to a quality home which is safe, affordable, warm and appropriate to their needs.</p>	<p>Purpose: To work with others to develop, maintain and sustain attractive, connected, healthy and economically active places.</p>

The Housing Executive was established in 1971 to provide homes and services for all the people of Northern Ireland, and we are determined to meet our responsibilities to the best of our ability. As the regional housing authority, and one of the largest social landlords in the United Kingdom, we have a wide range of strategic functions which address broader housing issues across all tenures.

Our Commitment

This annual report gives account of the Housing Executive activities over the last 12 months. It looks at the range of responsibilities that cover our strategic role across the wider housing

market and our operational role which delivers services and support to customers across all tenures. You will see in this report many examples of how the Housing Executive continues to make a difference to many people and communities across Northern Ireland.

Our excellent performance during the year has been possible by the dedication of my colleagues throughout the organisation. It is very satisfying that their work was recognised when we were recredited with a Silver Investors in People (IIP) accreditation, demonstrating our commitment to high performance through good people management. The organisational assessment took place against the new Generation 6 Framework, which is considerably more robust and challenging than the previous standard. In April 2018 we became the first large public sector organisation in Northern Ireland to be recredited using the new framework.

During the year we worked hard to address a number of key issues impacting on the housing sector and in many instances we work collaboratively with many organisations in the public, voluntary and community sectors to deliver housing and housing services. Some of these have been raised as Corporate Risks. Further detail can be seen on these on page 45 of this Annual Report and in my Governance Statement. We continue to see the rise in demand for social housing and homeless provision; we have been working for our customers and alongside the Department and housing associations on the roll out of Welfare Reform and Universal Credit; and we are, like other public sector organisations, facing tough decisions as we attempt to maintain services while funding remains under strain with budget reductions and a continuing rent freeze.

Following our work with fire safety in our tower blocks over the two years, following the Grenfell Tower fire, we have continued to focus on health and safety across all our business and the expansion of our compliance, health and safety team. This section covers fire safety, asbestos, legionella, construction, technical inspections, gas safety and oil remediation, and is in place to provide assurance and protect staff, contractors and tenants across our building and homes.

Our key obligation as a social housing landlord is to maintain and improve our homes so they are safe and comfortable for our tenants. Unfortunately in early in 2019, the Housing Executive was issued a legal challenge within the procurement of our new planned maintenance contracts. The Housing Executive collapsed these contracts in order to reduce delays in the programmes and avoid a protracted legal process. To mitigate against the current impasse, smaller contracts commenced on an interim basis whilst we consider our longer term options. The Housing Executive is currently considering how best to put in place contracts for the longer term and we will continue to engage with stakeholders, including representatives from the industry.

My colleagues should be extremely proud of the impact of the work that they carry out across Northern Ireland. I would like to thank them for their hard work and dedication over the past 12 months.



Clark Bailie
Chief Executive
Date: 24 June 2019

Scale of our Business

Regional Services

37,859

Applicants were on the housing waiting list at 31 March 2019 (36,198 at 31 March 2018)

26,387

Of these were classified as being in housing stress (24,148 at 31 March 2018)

12,512

Housing applicants were deemed to be homeless after investigation

8,753

Measures were completed across 5,895 homes at 31 March 2019 for the Affordable Warmth Scheme and Boiler Replacement Scheme, costing £16.4m

1,786

New homes were started through the Housing Executive's Social Housing Development Programme Group

19,000+

Housing support places were provided to assist the most vulnerable citizens in our local community

944

Disabled Facilities Grants were approved to the value of £10.4 million

383

Mandatory Repair Grants were approved

Landlord Services

85,162

Homes managed by the Housing Executive

380,000+

Response maintenance repairs were carried out at a budgetary cost of £54.2m, which equates to approximately four repairs per dwelling

£636

The average amount we spent on each dwelling for repairs

7,696

Social homes were allocated last year

£335m

We collected 98.7% of rent and rates charges on our homes and unattached garages

500

Community groups worked in partnership with us through the Housing Community Network

99.7% of our housing stock is occupied, with our lettable voids remaining low - only 0.3% of our stock is vacant

£128m programme of maintenance schemes and housing stock improvements delivered, including 28,223 elemental replacements to Housing Executive dwellings, 148 major adaptations and 5,271 minor/shower adaptations

£617.2m paid out in Housing Benefit (excludes Discretionary Housing Payments)

40,704

The number of new claims for HB assessed and 416,219 changes made to existing claims

£500k awarded through our Social Housing Enterprise Strategy

Performance Analysis- Landlord Services

Landlord services focuses on the delivery of services to the tenants of our 85,162 properties. Landlord Services comprises of both our Housing Services and Asset Management functions and includes the management and maintenance of our housing stock, tenancy issues including rent collection, management of arrears, allocations, managing voids and building stronger communities. Housing Services also delivers a number of functions on behalf of Regional Services including homelessness.

Landlord Services covers the work of both the Housing Services and Asset Management Divisions.

Budgetary Management

Landlord Services spent a total of £370m in 2018/19 as summarised in the table below.

Landlord Services Expenditure 2018/19	£m
Dwelling Related Costs made up of:	
- Housing Stock Improvements	34.4
- Planned and Reactive Maintenance	143.3
Capital IT, Accommodation and Vehicles	1.8
Salaries and Administration	78.1
Loan Charges	58.8
Corporation Tax	4.6
Other Expenditure (including Rates £38.7m)	49.0
Total Expenditure	370

Delivery of our programmes and services was mostly funded through our rental income, which was supplemented by government grants and the sale of assets (land and house sales, shown as capital receipts in the accounts).

While there is an acknowledged funding gap between funds available and funds required to carry out all the stock improvement work, the existence of a reserves facility means that unspent rental income can be reprogrammed in future years.

Rental income was the largest single element at £295.8m, with a further £43.0 being attributed to the collection of rates. Housing Executive rents were frozen for a third year in succession following directions issued by HM Treasury.

Under our People theme, Housing Services provides the following services:

Social Housing Need

Whilst Regional Services is responsible for assessing need, the information is used by both colleagues in our Housing Service Division, and by housing associations to allocate social homes.

At 31 March 2019, 37,859 households were on the waiting list for social housing (36,198 at 31 March 2018), of whom 26,387 (24,148 at 31 March 2018) are considered to be in housing stress (applicants awarded with 30 or more points as per the Housing Selection Scheme are deemed to be in housing stress). Of those in housing stress, 19,629 are Homeless Full Duty Applicants, households that meet the statutory definition of homelessness (17,520 at 31 March 2018).

We have statutory duties under the Housing (NI) Order 1981, planning legislation and regional planning policy to identify housing need. During the year we presented our Housing Investment Plans to all 11 councils. These plans set out housing need and our plans, programmes and investment, within our remit, for housing. New build social housing will be discussed under the delivering better homes section.

Homelessness

In 2018/19 the number of households presenting as homeless increased from 18,180 to 18,202. Those accepted as having Full Duty Applicant (FDA) increased from 11,877 to 12,512 over the year representing an increase of 5%. Single people, at 49.8% of the total awarded FDA remain the highest overall presenter household category grouping.

The top three reasons for homeless presentations continue to be sharing breakdown/family dispute, accommodation not reasonable, and loss of rented accommodation. Overall, 61.8% of presenters are in these categories.

In 2018/19 6,949 homeless full duty applicants (FDA) were rehoused of which 3,651 were rehoused in Housing Executive properties and 3,298 FDA's were rehoused by housing associations. Of the 3,651 FDA's rehoused in Housing Executive properties, 1,809 (50%) of these were to single households, 1,026 (28%) were to small families and 289 (8%) were to elderly households.

Over the course of the past year we have provided total funding of approximately £36.3m for homeless services across Northern Ireland, as listed below:

- £5.8m on temporary accommodation, including Dispersed Intensively Managed Emergency (DIME);
- £1.8m for storage of personal belongings;
- £2.3m on outside agencies in the voluntary sector;
- £0.4m on private sector access schemes;
- £26.0m on Supporting People funding of homelessness services.

The Homelessness Strategy 2017-22 was published in April 2017 and over the course of 2018/19 there has been significant work to achieve the Year 2 actions within the Strategy. The Housing Executive is solely responsible for 16 of the 18 actions included in the Strategy which were completed in line with the milestones set out in April 2018. Key achievements over the course of 2018/19 included:

- The development of a Chronic Homelessness Action Plan which was approved by the Housing Executive Board in February 2019. It is expected that this document will be released for public consultation by late May 2019;
- The development of an e-learning package which aims to increase awareness of the trigger signs of homelessness and ensures that our staff can identify early signs and provide appropriate support, advice and assistance with the aim of preventing homelessness;
- An increase in the range of homelessness data published as part of our work with the Department for Communities' Analytical Services Unit. The first publication of this data was published in March 2018 and this document will remain as an experimental document for a further two years to ensure that improvements can be made in light of any feedback received;
- The launch of an Annual Progress Report on the delivery of the Homelessness Strategy during 2018/19. This document is part of the Housing Executive's commitment to provide yearly updates on our work to address homelessness in Northern Ireland.

In addition to work carried out on the delivery of the Homelessness Strategy additional achievements included:

- The procurement of a new furniture storage contract in line with our duties to provide assistance to those who are statutorily homeless;
- Maintaining funding for a range of homelessness services despite increasing budgetary pressures;
- Continuing to work with the Department in achieving the recommendations outlined in the Northern Ireland Audit Office report 'Homelessness in Northern Ireland' which examined the scale and nature of homelessness in Northern Ireland;
- Commissioning research on a 'Strategic Review of Temporary Accommodation' and the 'Regional Variation in Acceptances and increase in Accommodation Not Reasonable';
- The development and publication of a Homelessness Guidance Manual which provides policy guidance to all staff involved in the delivery of homelessness advice and assistance. The Homelessness Guidance Manual will continue to be updated as and when required.

While we have made significant progress in the delivery of homelessness services it is necessary to note the challenging environment that we and our statutory and voluntary partners are working in. The vision of the Homelessness Strategy 2017-22 is 'Ending Homelessness Together' and the progress outlined has only been possible with the commitment of a wide range of organisations. The challenging environment will continue in 2019/20 with the increasing number and complexity of households requiring assistance and a difficult funding situation remaining. Despite the challenges that will be faced the continued partnership working that has been evident in 2018/19 is something we will seek to build on during 2019/20.

Sustaining Tenancies

We actively aim to help people sustain tenancies and we want to ensure that the support needs of customers are clearly identified at presentation stage. By taking these needs into consideration at this early stage, we are able to determine the most appropriate housing support and solutions for each customer, which in turn will result in a more sustainable tenancy from the outset. Our Customer Support and Tenancy Sustainment Strategy 2016-19 has now concluded and in the 2019/20 year we will continue to build upon the success of this by renewing our strategy and action plan for the next five years. As part of the new Customer Support and Tenancy Sustainment Strategy between 2019 and 2024 we want to focus our efforts on:

- further building the capacity of our front line staff to meet the demands of an increasingly complex customer base;
- identifying the challenges which face social housing communities over the coming years, and providing support and giving resource to tenancy sustainment solutions which are both preventative (through early intervention) and responsive (can be mobilised quickly) in order to combat those threats;
- supporting research and innovation at local and organisational level which aims to ensure customers have the right skills, tools and/or services available to them to maintain successful tenancies;
- improving our data standards and analysing this information intelligently to target our resources towards those most at risk of tenancy breakdown;
- closely monitoring the success of our action plan, and use built in check-points to evaluate and amend actions where necessary.

In the 12 months prior to 31st March 2019, 86% of new tenancies were sustained which met the agreed target of 86%.

Housing Allocations, Choice Based Lettings

The Housing Executive and housing associations allocated 7,696 homes in 2018/19. Throughout the year a pilot 'Choice Based Lettings' approach has continued in a small number of areas designated as difficult-to-let. This allows applicants to register an interest for a specific home advertised online. This not only speeds up the lettings process but should also lead to the

creation of a more sustainable tenancy by allowing the applicant to register an interest in a specific property in an area of their choice. Any extension of this pilot approach is subject to the outcome of the Department-led Fundamental Review of Allocations.

Home Swapper

The financial year 2018/19 was the sixth year of providing a free 24/7 self-service online mutual exchange service for Housing Executive and housing association social sector tenants in Northern Ireland. This service allows tenants to register interest and obtain information on potential exchanges of properties with other social tenants both within Northern Ireland and in Great Britain. There are approximately 2,200 social tenants (both Housing Executive and housing association) registered for this service in Northern Ireland who are actively searching for an exchange. It is particularly useful for tenants who need to downsize providing more choice in regards to the location and type of property they would like to move to.

Housing Selection Scheme, Fundamental Review of Allocations

Following the public consultation on the Fundamental Review of Social Housing Allocations Policy, the Housing Executive continues to assist the Department in developing a way forward to build on the strengths of our current allocations scheme, to enable it to work better for people in need.

Benchmarking

Housing Services carries out a yearly benchmarking exercise of its costs and performance across a range of core housing activities. This allows us to test and ensure service levels are consistently high and, where appropriate, consider how we can improve and maintain performance. The main aim is to ensure that we are providing the best possible service to customers, and highlight any areas for improvement. The results are compared against a range of other UK social housing organisations.

Results over the past number of years are extremely encouraging and demonstrate high performance with positive trends. Rent collection rates have been consistently high, whilst tenants report high levels of satisfaction with service, their homes and neighbourhoods. The target to keep vacant property levels below 1% (thus minimising associated lost rental income) has been met and progressively exceeded over the past number of years with lettable stock occupation rising from 99.6% at the end of March 2018 to 99.7% at the end of March 2019. Re-let times remain lower than comparative organisations and tenancy turnover continues to decrease. This demonstrates that we are making best use of the housing stock which we own and manage.

Performance comparisons across our activities for the year, using 25 different measures, showed that Housing Executive performance was ranked in the top 25% for 15 of these (60%) and above average for a further 6.

This benchmarking exercise compared the Housing Executive to similar large scale social housing landlords (with a minimum stock size of 20,000 units) from across the UK, and covered six main areas of activity:

- rent arrears and collection;
- repairs;
- void works and lettings;
- tenancy management;
- resident involvement;
- estate services.

A number of follow up actions have been identified for the incoming year to maintain or improve performance as well as targeting better cost efficiency and use of resources.

Universal Credit

Our Welfare Reform Project Team has worked closely with colleagues in the Department to support the introduction of Universal Credit for working age claimants. We also worked with the Department of Finance's Land & Property Services to promote uptake of the Rates Rebate Scheme.

A number of processes were introduced to minimise disruption for our tenants and customers in receipt of Universal Credit. These included the introduction of a verification process for Housing Executive tenants and the facility to directly source directly information from Universal Credit in the administration of Discretionary Housing Payments for private tenants.

Prior to roll-out of Universal Credit, we visited each local office to raise staff awareness of Universal Credit and its potential impacts for the Housing Executive. A range of training and communications materials were also developed to assist staff in appropriately advising and signposting customers as Universal Credit was launched in each area.

Following the introduction of Universal Credit, new central business processes and working practices in local offices have been implemented. Training has been delivered to over 400 frontline staff across all thirteen of our housing Area Offices and Income Collection Units. We delivered a central support function within our Housing Services division in relation to welfare reform to assist staff with welfare reform related queries and issues to ensure that we provide the best service possible to our tenants. We highlighted business impacts of welfare reform to relevant business units to ensure that the implications across the business are understood and mitigated where appropriate.

Throughout 2018/19, we have continued to work with tenant representatives via the Central Housing Forum and its Welfare Reform Working Group to identify issues, review process and develop communications for tenants. We have also worked closely with the advice sector and housing association colleagues to share learning and best practice.

By 31 March 2019, 5,944 Housing Executive tenants had made a claim for Universal Credit and 3,417 Housing Executive tenants had made claims for Rates Rebate. As Universal Credit continues to roll out and the managed migration phase commences in 2020, it will have a profound impact on us and our tenants with approximately 45,000 customers likely to be affected by the end of 2023.

We carried out initial research to understand our tenants' experience of Universal Credit and will continue to gather evidence into this. This will allow us to better allocate resources and plan to ensure we provide the best service possible to tenants and to maximise income.

The managed migration of working age Housing Benefit caseload to Universal Credit was changed this year and is now due to commence in 2020 with the completion also deferred until the end of 2023.

Income Collection

We believe it is important to provide assistance to those tenants experiencing difficulty paying their rent by implementing a range of intervention activities, with particular emphasis on early and ongoing personal contact. We continue to refer our most serious arrears cases, primarily tenants with multiple debts, for specialist advice and assistance.

It is essential that we collect all rental income as this provides the financial resources required to deliver services to our tenants, including repairs and improvements to their homes. During 2018/19 we collected 98.7% of rent and rates due which is a reduction of 0.9% compared to last year and 0.7% less than our agreed target. Total rent and rates arrears increased by £2.1m to

£14.4m. Current tenant arrears increased by £2.1m to £12.2m and former tenant arrears reduced by £15k to £2.2m.

The arrears increase during 2018/19 was largely as a consequence of Universal Credit, Rate Rebates and the other Welfare Reform changes implemented in Northern Ireland. These changes created both additional technical and recoverable arrears totalling £2.2m. The impact of Welfare Reform on income collection and arrears had previously been identified as a significant risk in our Corporate Risk Register. It is anticipated current arrears will continue to rise significantly during 2019/20 and beyond due to the ongoing impact of Welfare Reform. We have an Arrears Action Plan that includes activities which will help us to mitigate against factors impacting on income collection and arrears recovery.

Rental Income Maximisation Strategy

In September 2018 the Housing Executive Board approved a two year extension to our Rental Income Maximisation Strategy and Action Plan until 2021. This was to enable the full impact of Welfare Reform and the implementation of the redesign of frontline line Housing Services Programme to be addressed.

The overall aim of the Strategy is to ensure we have suitable and robust arrangements in place to maximise rental income and minimise arrears. Implementation of the Strategy and Action Plan continued throughout 2018/19. Addressing the impact of Welfare Reform continues to be our greatest challenge and activities have been prioritised accordingly. In particular, new arrangements were implemented during the year to ensure our tenants can obtain maximum assistance from our Universal Credit and Rate Rebate support services.

Financial Inclusion

Our Financial Inclusion Strategy has also been extended to 2021. Its primary aim is to provide our tenants and other customers with the ability to access the right financial help, support and services when needed to help them manage their money better.

During 2018/19 we continued to implement the initiatives and activities within our Action Plan. In particular, we completed our "Supporting Tenants Initiative" and will be using the key findings and lessons learnt from this exercise to implement service enhancements that will help to improve the financial wellbeing of our tenants and other customers. We continued to promote the Department's 'Make the Call' service and conducted financial capability assessments with tenants and other customers to provide them with household budgeting information, advice to reduce household overheads and arrears and signposted to advice organisations where deemed appropriate. Through conducting financial capability assessments, we are able to identify if the customer has vulnerabilities and if required, refer for floating support.

Tenancy Fraud

We recognise that social housing is a valuable resource in Northern Ireland and that every house that is fraudulently occupied, denies a genuine applicant a home. We tackle tenancy fraud vigorously through our Tenancy Fraud Action Plan. The plan sets out a range of measures aimed at preventing, detecting and tackling tenancy fraud.

Housing Services staff worked closely with colleagues in our Counter Fraud and Security Unit to resolve complex fraud cases. Measures introduced throughout 2018/19 include:

- the continuation of tenancy fraud training for staff;
- the review of our general tenancy fraud policies and guidance, including a review of working practices in the investigation of complex cases;

- Participation in the National Fraud Initiative, a U.K wide data matching exercise, resulting in 186 legal changes in tenancy (of 284 cases in total identified for further investigation by our Local Office staff).

A total of 1,021 cases of suspected tenancy fraud were investigated throughout the year resulting in the recovery of 321 properties, of which 314 were attributed to tenancy fraud. These properties were then made available to customers on the waiting list. 223 cases opened throughout the 2018/19 year remain under investigation as at 1 April 2019.

Customer Service Excellence Accreditation

Customer Service Excellence (CSE) accreditation is a crucial part of the Housing Executive's Excellence Framework as it is awarded to organisations that meet challenging standards to be efficient, effective, enabling and empowering. In 2018, Housing Services obtained 22 Compliance Plus or best practice elements in this accreditation.

The CSE 2018 Assessment Report stated that "The Northern Ireland Housing Executive has the best and most collaborative working relationship with its customers of any organisation that the assessor has experienced. It is involved in multiple projects, both large and small that are designed to help communities move forward not only in relation to housing issues, but across many areas such as health and education. Much of this effort also relates to the needs of the most vulnerable in society."

Graduate Trainee & GEM Programme

In 2018/19, 18 new trainees were recruited to Housing Services bringing the total number of trainees to 74 placed in our frontline offices. This contributes to our succession planning and ensures continuity of professional service delivery to customers.

We continued to run the Graduate Employment Mentoring (GEM) Programme, a twelve month learning programme for graduates run by the housing group Central Partnership, which is supported by Incommunities (an English housing association) and includes a Chartered Institute of Housing qualification. In 2018/19 we recruited a further three GEM trainees who are working in our three regional offices

Housing Services Awards Successes

Our Housing Services Directorate continued to demonstrate excellence in the services we provided to our tenants and customers, but also through our investment in our staff. In 2018/19 this was recognised through a number of awards to both our staff and the programmes we manage and deliver for our customers.

Our innovative Social Enterprise Programme won three awards in 2018/19:

- The CIH Best Housing Story was awarded in recognition for the impact the programme has made in our communities through the development of new and existing social enterprises and through both creating new, and supporting existing jobs, training and volunteering opportunities;
- The CIH Working in Partnership award recognised the partnership the Housing Executive established with Hive Studios (a social enterprise, focused on digital technology, based within a Housing Executive estate) and The Occupational Health Team;
- The Social Enterprise Programme was also recognised as Stakeholder of the Year at the Social Enterprise NI Awards. This award recognised the achievements we and our Social Housing Enterprise Programme as a key stakeholder in the sector.

Two of our Graduate Trainees were also shortlisted for the 'Young Professional of the Year' at the 2019 CIH ceremony, with one of them, John Lewis, winning the prestigious award.

Another staff member, Paula Keenan was recognised with CIH 'Excellence in Housing Innovation' award. Paula played a key role in the development of a Dementia Friendly Project in the South Down Area. We worked with a range of stakeholders including charities, the health trust, the local council and our staff. The aim of the pilot project was to make a difference for people with dementia to enable them to feel supported in their local community, encourage independence, choice and control over their lives and help them to sustain their tenancies.

Under our Place theme, Housing Services provide the following services:

Community Cohesion

Our Community Cohesion Strategy seeks to use our experience to get the best outcomes for our communities in keeping with the overall aims of the Government's 'Together Building a United Community' (TBUC) Strategy, published in May 2013. The Strategy reflects our ongoing commitment to improving community relations and continuing the journey towards a more united and shared society.

The Strategy also represents a key building block in the implementation of the Programme for Government, outlining how Government, community and individuals will work together to build a united community and achieve change against the following key priorities:

- our people and young people;
- our shared community;
- our safe community;
- our cultural expression.

We continue to make a significant contribution to building peace through housing via our policies, partnerships, investment and resource allocation to support the development of a more cohesive society.

Along with the Department for Communities, housing associations, and community and voluntary partners, we are currently working collaboratively and nearing completion of the 10 shared new build schemes through the TBUC Strategy to assist with delivering the key priorities of shared and safe communities (Programme for Government target).

Community Safety

While the majority of our estates are safe and popular places to live, we recognise that nuisance and anti-social behaviour are real issues which can have a significant impact on individuals and communities. We are committed to ensuring anti-social behaviour, in all its forms, is tackled appropriately. The local Housing Executive office is usually the first point of contact for those wishing to report anti-social behaviour. During 2018/19 we received and actioned 1,953 reports of alleged anti-social behaviour.

We use an incremental and proportionate approach and most reports of anti-social behaviour are resolved through the use of interventions such as warning letters and follow up visits by local office staff. We can organise support for victims and witnesses by making referrals to specialist organisations. In an attempt to address the unacceptable behaviour of perpetrators and keep them in their homes, we will issue warning letters, mediation, offer support for underlying issues and seek injunctions.

We work with our partner agencies across the statutory, voluntary and community sectors to address issues of anti-social behaviour where it occurs in our estates. We will not hesitate to use our legal powers to end unacceptable behaviour. During 2018/19 seven decrees for possession were obtained on the grounds of anti-social behaviour and a further 11 properties were returned to us following action. Possession continues to be a last resort, after we have exhausted all other interventions as a means of resolving anti-social behaviour.

In addition to addressing anti-social behaviour head on, we also use mediation and restorative practices. Throughout the year our procured Mediation Service Provider has worked on 53 neighbour disputes. With funding from the Housing Executive and the PSNI, our community based restorative partners, Northern Ireland Alternatives and Community Restorative Justice Ireland also provided mediation and community support in over 312 cases of neighbour disputes.

On an annual basis, funding is made available from the Community Safety budget to a range of community based groups and Policing and Community Safety Partnerships (PCSPs) to enable the development of local solutions to address anti-social behaviour in Housing Executive estates. Some examples include Community Safety Warden Schemes, an independent and confidential professional mediation service, good morning services, home safety schemes, detached youth work, diversionary activities for young people, intergenerational programmes, a scheme to support victims of hate crime. In 2018/19 £444k was awarded to address community safety in our estates.

Community Involvement

Our Housing Community Network (HCN) comprises of approximately 500 community groups and various community and village champions across Northern Ireland and is a key, participative and consultative mechanism for ensuring our services meet our customers' requirements.

It is our desire to engage, enable and empower our communities to make social, environmental or economic improvements to their estates. In the past year we have been working with the Housing Community Network, Supporting Communities and other stakeholders to develop a new strategy which was launched on the 12th December 2018. Our new strategy will provide us with the framework to give our tenants, residents and leaseholders a real say in the decision making process, shaping our services and making their neighbourhoods better places to live. It will also equip our communities with the tools and mechanism to challenge and lobby us. We recognise the positive contribution that involving our customers has in informing us and help shape our business.

We currently invest approx. £1.8 million per annum in community involvement activities ranging from the provision of direct support to community groups through our service level agreement with Supporting Communities, Rural Community Network, Disability Action NI, Northern Ireland Youth Forum, the provision of community lets, our community grants programme, the sponsoring of our annual community conference and supporting the various tiers of our Housing Community Network. Through these initiatives we aim to reach out to our most hard to reach and often most disadvantaged customers to ensure their voices are heard.

Service Improvement Plans (SIP's) - Scrutinised local services and informing policy

As part of the new Community Involvement Strategy, the Service Improvement Plans (formerly tenant scrutiny panels) will be a sub set of the Housing Community Networks across all regions and areas and our staff and community participants have received training to allow them to scrutinise our business. They are a key lynchpin in the delivery of how we shape our business planning process for the future. They have the responsibility for holding us to account in the delivery of housing services and work closely with the local offices to improve the delivery of customer services and provide business benefits to the organisation.

Central Housing Forum

The Central Housing Forum (CHF) is made up of representatives from all our areas across Northern Ireland with further representation from our hard to reach groups or easy to ignore groups including the disability sector, the rural sector and the youth sector and more recently the BME sector. All major policies and strategies across the business are consulted on with the

CHF. They continue to challenge us, lobby us, hold us to account and meet twice a year with our Board, and provide a much needed community proofing of everything we do.

Community Grants

Each of our 13 Area Managers has an annual budget of £20k, which they can award to community groups to support and encourage community activity, including health and wellbeing projects, digital engagement, young people's projects and projects affecting the environment. Last year over 100 community groups were supported through this funding, which helps our tenants, residents and leaseholders to develop and implement creative and innovative projects that meet local needs in our estates.

Social Housing Enterprise Strategy

The Housing Executive's Social Housing Enterprise Programme was launched in September 2015 with the primary objective to invest in new or already existing social enterprises within Housing Executive communities. Its aim is to create new and develop existing services, jobs and training opportunities.

In 2018/19 our Social Enterprise Programme achieved a number of awards including:

- Chartered Institute of Housing (CIH) – Best Housing Story;
- Chartered Institute of Housing (CIH) – Working in Partnership
- Social Enterprise Northern Ireland Awards – Stakeholder of the Year

In 2018/19 we also:

- Launched Tranche 3 with an investment and awarded £500k making 53 awards to individuals and social enterprises
- Created our Directory of Social Enterprises, advertising the services of the social enterprises supported

While an independent external evaluation of the financial return on investments of Tranches 1 and 2 of the Social Enterprise Awards Scheme has been completed and presented to the Housing Executive Board, a final evaluation of Tranche 3 has been commissioned. This will also incorporate an assessment of the Social Return on Investment of the entire three year Awards Scheme

A new draft Social Enterprise Strategy is currently being developed with a view to being launched in Autumn 2019.

Social Lettings

The Housing Executive currently has a stock of 393 commercial units with a yearly rent roll of just over £2m. The commercial property units are spread throughout our estates and provide facilities for a variety of commercial outlets which provide significant services to our tenants. The Commercial property team aim to collect a minimum of 95% of rent roll and reduce arrears to a maximum of 3% of rent roll in 2019/20. Last year commercial property income contributed £423k to the Housing Executive Social Enterprise Awards Programme. In addition we will progress commercial property compliance works programme and complete a minimum of 130 dilapidation surveys.

Performance Analysis- Asset Management

Under our People theme, Asset Management provide the following services:

Adaptations to Homes

In 2018/19 through carrying out adaptations, we continued to provide considerable assistance to allow many of our tenants to maintain their independence and live more comfortably in their own homes. We commenced 148 major adaptation extensions and also commenced other supporting works, including 249 lift installations, 1,166 showers installed and 4,105 other minor adaptations.

Asset Management Graduate Trainees

The award winning Asset Management Graduate Trainee Programme has now recruited 4 tranches of trainees: 11 in 2015, 10 in 2016, 8 in 2017 and 9 in 2018, all of whom are employed within the Asset Management Division. Our recruitment process and advertising campaign proactively encourages women to apply and, of 38 graduates recruited, 20% are female.

Our programme contributes to effective succession planning to ensure we continue to have appropriately experienced and qualified staff and management resources to continue to a high quality customer focused and cost effective maintenance service to tenants living in our 85,162 homes. The programme develops both new and existing skills and competencies of each trainee and drives continuous service improvement through on-the-job learning with mentoring and coaching. Monthly group training sessions are key to the success programme, with particular emphasis on contract management best practice, providing the skills and tools the trainees require in delivering their job.

Importantly, the programme is underpinned by a Project Management Post Graduate Diploma facilitated through Ulster University. The trainees benefit through attaining recognised qualifications and improving their career prospects for promotion, both within the organisation and beyond.

In 2018/19 the Asset Management Graduate Trainee Programme won three prestigious awards. At the 2019 National Housing Maintenance Forum the Asset Management Graduate Trainee Programme won two awards.

- Best Apprentice Scheme was in recognition of our training programme including the Graduate Trainee Programme, School Leavers Scheme, students' placement opportunities and establishing a Training Partnership with the Chartered Institute of Building (CIOB). This affords all staff within the division the opportunity to become Chartered Members of CIOB/ Royal Institution of Chartered Surveyors (RICS) through a supported learning environment to gain Chartered Membership status, fulfilling the objective of divisional 'professionalisation'.
- We also collected the Delegates Choice Award, where our submission was voted on, and selected by the delegates attending the event, as overall winner of all award categories.

At the 2019 Chartered Institute of Housing awards, along with our housing colleagues, we won the 'Working in Partnership' award for the Assisted Living Technology Pilot project which was an interdepartmental and multi-organisational project that installed a range of assistive smart technology equipment into a number of tenant's homes in the North West Area to support tenants with disabilities or mobility issues.

Procurement

A number of procurement legal challenges were issued in 2018, significantly delaying the delivery of services for major planned schemes and door and window replacements. These matters have been satisfactorily resolved and new plans and strategies have been formulated, in conjunction with our external legal advisors. This has created two separate approaches: one being an interim arrangement for the 2019/20 period and the other covering a longer term arrangement from 2020 for a period of 7 years. Various procurement vehicles will be utilised in order to minimise further unnecessary delay to work to our tenants' homes and allow us to release work to the local construction industry. Further detail on this issue is provided in our Governance Statement on page 103.

Under our Property theme, Asset Management provides the following services:

Asset Management Strategy and Investment Plan

We continued to deliver our Strategy and Plan in line with the interim approach approved by the Department in October 2017 in which funding for stock investment is prioritised on compliance activities, response maintenance, adaptations, External Cyclical Maintenance and addressing the backlogs in major component upgrading. While a significant body of work was undertaken in 2018/19, unfortunately we were not able to procure a new long term planned maintenance contract with which to deliver the bulk of our future investment programme. Consequently, going forward into 2019/20, we will be aiming to deliver much of our planned works through a series of short term work stream contracts while we recommence procuring a new major contract.

As importantly as having the means in place to deliver investment is the level of certainty on the funding that will be available to support this investment. Given the ongoing rent freeze we continue to project a significant shortfall in the funding required to meet investment needs in our stock, and the imperative remains to develop a long term sustainable solution as to how a modern quality of housing can be achieved and maintained in our stock. Our current approach is aimed at maximising the level of stock available for letting at a time of rising housing need but is only in place until October 2020. Over the coming year we will be developing a range of potential courses of action in the event that such a long term solution is not developed by then.

During the year a major research project that we commissioned on Cavity Wall Insulation in both our stock and privately-owned properties was completed by the British Board of Agrément's Consultancy Investigation and Training subsidiary (BBA CIT). The research report was published in May 2019 and indicated a significant issue with cavity wall insulation installations that are not compliant with current standards. We are now considering the report's findings and recommendations with the intention of bringing forward an action plan later this year.

Investment Programme

In 2018/19 we carried out a significant investment programme, completing External Cyclical Maintenance works for 11,239 dwellings, new heating installations for 5,232 dwellings and 9,676 element replacements which includes individual kitchen and bathroom replacements and combined bathroom, kitchen rewires. We completed the schemes to deliver replacement double glazing to 2,461 homes.

Response Maintenance

Our response maintenance service continued to be delivered to our housing stock of over 85,162 properties through the contractual arrangements in place since September 2016.

There are nine contract lots, three managed by our in-house Direct Labour Organisation (DLO) and six by four external contractors. During 2018/19 there were more than 380,000 repair requests undertaken at a total budgetary cost of £54.2M.

Contractor performance is monitored through the Key Performance Indicators (KPIs) set out as contract requirements. These measure the contractors' performance to meet targets in terms of cost, time and quality.

Tenant satisfaction with our response maintenance service is measured against the KPI target of 96%. In 14 of our 15 areas response maintenance contractors achieved a satisfaction rating of 96% or higher. The remaining area saw a score of 92%. We continually work with our contractors to address any drops in performance.

A new heating contract was introduced in November 2017 and is managed by three contractors divided into six contract lots. This delivers periodic servicing and maintenance to our housing stock.

The contracts provide for service availability between 8.00 am to 8.00 pm each week day and from 8.00 am to 2.00 pm on Saturdays. Emergency provision remains 24 hours a day, every day of the year. The contractors, as part of the contract, must make a triage phone call to the tenant within 15 minutes of receiving an emergency order, and arrive on site to make safe within two hours.

These contracts introduced requirements for additional social reinvestment in our communities. We are working with various stakeholders, including the Housing Community Network Social Enterprise/Clauses Working Group, to consider developing these further alongside a training initiative being developed with the Contractors to support investment in Maintenance as a career.

Relet Times

A Departmental Priority for 2018/19 was to maintain relet times to an average of within 21 days. We surpassed this target with an average relet time of 18 days.

Tower Block Strategy

Following an extensive consultation exercise that was carried out on draft proposals, we prepared in May 2018, a final Tower Blocks Action Plan which was approved by our Board in March 2019. Our aim is to eventually remove the tower blocks from our ownership via a programme of demolitions, new housing and disposals. However, the pace of delivering the Action Plan will primarily be driven by local re-housing opportunities and we acknowledge that the variation in these across the localities means that in many instances this will be a long term process. The Action Plan has now been referred to the Department for its consideration.

Following approval of the Action Plan in May 2018, a subsequent consultation exercise commenced in June 2018 that included a briefing for the Department, two briefing sessions for interested elected representatives and a letter to all tenants and leaseholders informing them of the proposals for their block and the upcoming local consultation exercise. Local consultation with residents ran from August-December 2018, during which tenants and leaseholders were provided with a leaflet setting out more detailed information on the specific proposals for their block and the implications for them.

This was followed by door-to-door visits and a survey to ascertain their views on the proposals and first thoughts on their rehousing preferences as well as public meetings or 'drop-in' sessions in some areas.

Stock Transfer

Following the rejection by tenants of a second proposed transfer of Housing Executive properties (in Ballee estate in Ballymena) to a nominated housing association, the Department decided to suspend the Stock Transfer Programme until such times as it can be reviewed by a new Minister. We have consequently programmed overdue works for those estates that were placed in the programme.

Compliance & Health & Safety

The Compliance Health and Safety Department (CHSP) provides the organisation with the assurance that compliance/health and safety requirements are being co-ordinated and centrally monitored. The Department consists of three teams:

- Compliance - Gas Safety, Electrical Safety, Oil Remediation, Fire Safety, Asbestos and Legionella;
- Health and Safety - Corporate Health and Safety, Construction Health and Safety, and Emergency Planning;
- Inspection and Risk – Technical Inspection Unit and Risk and Governance.

During 2018/2019 the CHSP demonstrated compliance with statutory requirements and promoted and communicated best practice by:

- Developing a Compliance/Health and Safety work plan which prioritised issues for completion per quarter for the Team;
- Revising a range of existing and developed new organisational Compliance/Health and Safety policies, including organisation policies on Alcohol and Drugs and Mental Health and Wellbeing;
- Continuing to meet with representatives of the Department on a quarterly basis in relation to reporting progress on implementing the May 2015 Savills' recommendations on compliance processes;
- Regularly inspected Travellers' sites to support the implementation of the Human Rights' Commission recommendations in relation to compliance/health and safety matters;
- Participated in Internal Audit Advisory Review on the role of the Construction Health and Safety Team, in reviewing and monitoring Contractors for planned schemes; and the implementation of the Savills' Report, and commissioned a review of the internal processes to manage Legionella risks within our property portfolio.

In 2018/19 the Fire Safety Team received a commendation at our Internal Staff Awards for Excellence in Customer Service Category in recognition of their work in relation to Tower Blocks.

We reduced the number of non-domestic Housing Executive properties with a substantial classification from 13 to 7 due to the internal review of Fire Risk Assessment and delivery of the required works by the Fire Safety Team.

The team launched a new monthly Health & Safety Bulletin, and a twice yearly Safety Matters publication. We also contributed articles for the tenants 'Streets Ahead' magazine. A new Construction Health & Safety Team reviews and monitors construction activities involving excavations, including those required for extensions/adaptations to domestic properties.

In 2018/19 we also appointed three Graduate Trainees with key competencies and qualifications to be attained as part of their on-going professional development.

Direct Labour Organisation

The in-house Direct Labour Organisation (DLO) continues to deliver a response maintenance service to almost 26,000 homes in North and West Belfast, and Portadown and Coleraine.

The current DLO business consists of 480 staff (including agency staff). Alongside the response maintenance service, staff are engaged in the delivery of a grounds maintenance service, the motor vehicle workshop and electrical health and safety inspections.

The DLO delivers the response repairs services from depots located in each of the current three contract areas with depots located in Belfast, at Stockman's Way, in Portadown from Annagh Hill and in Coleraine from Hillmans Way.

Performance and service delivery are measured against both organisational and contract KPIs similar to external suppliers.

The DLO aims to meet challenging targets on repair quality and repair completion, provide continual training to develop a highly skilled and committed workforce, and develop best in class and best value models.

Under our Place theme, Asset Management provides the following services:

Accommodation Strategy

In order to both maximise efficiencies and make best use of our estate, the Housing Executive Board approved a significant accommodation change in 2018/19 by approving the withdrawal of Belfast Regional Office from the building in Great Victoria Street. This move has initially involved moving approximately 350 staff from within the Housing Centre to a new Department of Finance Building at 9 Lanyon Place, Belfast. This move created the space necessary to transfer our Great Victoria Street Regional Office operations to the Housing Centre at 2 Adelaide Street. Work has now begun to reconfigure the ground floor of the Housing Centre to allow for a full counter service for current and future customers of the organisation.

As we enter the new financial year, work will commence on completion of a province wide accommodation strategy which will outline the requirements for the office estate for the future.

Performance Analysis- Regional Services

Regional Services role is to work strategically in housing across Northern Ireland in supporting a range of stakeholders to create successful places and communities. We carry out significant research and intelligence and an assessment of housing need and this informs into the local authority community planning framework it delivers in conjunction with our housing association partners, the new build programme as well as supporting people across the spectrum of health, housing and justice to live as independently as possible and for as long as possible in their own homes.

Regional Services delivers a range of grant initiatives to address fuel poverty and housing disability adaptations in the private sector and it is leading out through its land portfolio on a range of projects which are developing mixed use, mixed developments of housing. In addition, we are the Home Energy Conservation Authority for Northern Ireland and lead out on advice and guidance on best practice to the public.

Budgetary Management

Regional Services spent a total of £289.6 in 2018/19, as summarised in the table below.

Regional Services Expenditure 2018/19	£m
Capital	
Land & Property	0.1
Social Housing Development Programme (including TBUC)	121.6
Private Sector Grants	14.5
Energy Efficiency	16.4
SPED Purchases	0.7
Other Expenditure	0.9
Total Capital Expenditure	154.2
Revenue	
Supporting People	71.9
Salaries & Administration	45.3
Homelessness & Asylum Seekers	14.2
Research	0.6
Payments to Councils (Affordable Warmth)	0.8
Other Expenditure	2.6
Total Revenue Expenditure	135.4
Total Regional Services Expenditure	289.6

Delivery of our programmes and services was funded almost entirely through grant aid from the Department. Other income of £7.9m was received, the largest element of this for the cost of housing services for Asylum Seekers (£4.8m)

Under our People theme, Regional Services provides the following services:

Supporting People

The financial year 2018/19 marked the 15th year of the Supporting People (SP) Programme. Since the programme began in 2003, approximately £1 billion of grant funding has been distributed by the Housing Executive to support the delivery of housing related support services. During 2018/19 we distributed approximately £72.18m (excluding recoupments of £315k) to over 850 housing support schemes, with the capacity to support over 19,000 vulnerable

We continued to progress the remaining recommendations from the 2015 Departmental Review of the SP Programme, embedding them into the SP Programme at an operational level.

A new Strategic Advisory Board (SAB) was set up this year to oversee strategic decision making in relation to the SP programme. The SAB is supported in its decision making by four new Regional Thematic Groups (RTGs) for services relating to Homelessness, Older People, Younger People and those with a disability.

These new structures are all multi-agency involving partners from the Health and Justice Sectors, as well as the independent service provider sector, represented by the Committee Representing Independent Supporting People Providers (CRISPP). These new multi-agency groups are tasked with identifying, assessing and prioritising the housing support needs of a range of vulnerable client groups and translating these into strategic plans going forward.

As the strategic planning lead for the SP programme, we developed a Strategic Plan and Intent, an interim plan for 2019/20 which set out the activities planned for the coming year as well as the tasks relating to the development of a three year SP Strategy for 2020-23.

Significant levels of engagement were undertaken in 2018/19 allowing us to gain vital feedback from key stakeholders. This was then used to inform the development of a number of important pieces of work including the introduction of:

- a new, more streamlined Quality Monitoring Tool for SP services;
- a new Termination of Funding Framework, developed in conjunction with providers;
- a new Major Adverse Incident Reporting Framework to ensure effective communication relating to reporting of major incidents;
- a new Outcomes Framework which will be used to monitor and evaluate the outcomes that the Supporting People programme delivers for service users.

Work continued to develop Standardised Regional Payment Rates for SP services and we have been keen to engage with both service providers and our statutory partners on the development of rates through a collaborative approach which prioritises the needs of service users. This work will continue during 2019/20 and we are grateful to our partners for their ongoing support and engagement with all of the changes that have been introduced over the past year. We believe that these new frameworks and collaboration with our partners will form the essential foundations that we will build on when developing the strategic changes ahead.

New Social and Affordable Housing

During 2018/19, in partnership with housing associations, we invested £121.6m to enable work to be started on a total of 1,786 units of accommodation. This level of investment was supplemented by £104.7m of private finance levered in by our housing association partners.

The high quality new homes currently under construction will help to meet a range of applicants' needs for social housing, including those with general housing requirements, housing for active older people and housing for applicants with complex needs. We also recorded completions on 1,682 new homes during 2018/19, exceeding our target of 1,450 completions.

Some of the key schemes from the 2018/19 new build programme were:

- As part of Apex Housing's on-going development at Galliagh, Derry-Londonderry, work commenced on Phase 4, which will deliver a total of 146 new homes over the next three years. A further 263 new homes will also be delivered at a nearby location on the Beragh Hill Road by Apex – this is the largest individual scheme approved by the Housing Executive as part of the Social Housing Development Programme since 2007. Apex has also secured land in Newry which has the potential to deliver 261 new homes over the coming years.
- Choice Housing started work on a number of new housing schemes in the Belfast area – including 53 units on Upper Dunmurry Lane, 48 units at the former St Mark's Primary School on the Gardenmore Road and 42 units at 163 Ormeau Road.

- Triangle Housing successfully managed a number of Design & Build competitions in 2018/19, bringing forward new homes in Ballymena, East Belfast and Derry-Londonderry.
- Clanmil is rejuvenating existing housing stock through a number of rehabilitation schemes, including 30 former MoD homes at Mountview and Skyline Drive, Lisburn, and 36 homes at Glenwhirry/Glendun, Whiteabbey.
- Radius Housing is continuing to support delivery across a number of locations, including a total of 61 new homes across two sites in Newry. Combined with Apex's proposals for Newry, this represents a major boost for an area in which it has been traditionally difficult for associations to secure new development;
- Work started on 59 new homes to full Wheelchair Standard in 2018/19 and over 250 new homes which are planned for active older people. There were also two Supported Housing schemes started during the past year, which have improved provision for people with mental health issues in Newtownards and West Belfast.

Identifying and acquiring suitable sites for development remains a challenge in some areas of acute social housing need. We continue to support housing associations in this role through the utilisation of our lands and other public sector surplus lands for development. Our Land Asset Site Identification (LASI) (which is part of the Land Asset Development Project) and our new Commissioning Prospectus further supports this activity.

Each year, we support the social new build programme by transferring land in Housing Executive ownership to housing associations to facilitate new developments. In 2018/19, we transferred five sites to support the construction of 75 new homes:

- Choice Housing continued its regeneration of Ballybeen Square with a further phase of 28 units. Choice also provided further phases of development at Killynure Road, Carryduff (24 units) and Stanhope Street, Belfast (10 units).
- Apex Housing is delivering 8 units in Moygashel and 5 units at Gray's Lane, Belfast.

Adaptations to Homes

During 2018/19 we approved 944 Disabled Facilities Grants in the private sector, which enables people with disabilities to live comfortably in their own homes. During the year, we spent over £29.6m on completed adaptations across all sectors.

Stock tenure	Expenditure (£m)
Housing Executive homes	15.1
Private sector homes	11.2
Housing association homes	3.3
Total	29.6

We have reviewed our Disabled Facilities Grant processes and developed a new IT system. These new processes will be implemented across all grants offices during 2019/20.

Accessible Housing Register (AHR)

The Accessible Housing Register (AHR) is a Northern Ireland Executive signature project within their Active Ageing Strategy 2016-21; the Department's Facing the Future Housing Strategy 2012-17, and the Inter-Departmental Review of Adaptations Report & Action Plan 2016-17.

The key drivers for the development of the AHR are legislation, government policy and objectives, demographics and economics. The Accessible Housing Register has evolved from an information tool and also as an allocation, information, and planning.

Accessible housing is a key enabler for people with disabilities helping to promote better social inclusion and independent living. It supports people with disabilities by assisting them to live within their own homes and giving access to more informed housing choices.

We have an interim AHR in place and during 2018/19 we worked with the Northern Ireland Federation of Housing Associations (NIFHA) to progress the development of an In-house Accessible Housing Register solution for implementation in 2019/20.

Working with the Traveller Community

We continue to progress accommodation options for Travellers in areas of identified need. The Northern Ireland Human Rights' Commission (NIHRC) report into Travellers' Accommodation was released on 6th March 2018. Since the NIHRC publication we have been carrying out a review of our Travellers' Strategy, including any associated policies and procedures. Work will be ongoing in 2019/20 and the forthcoming Accommodation Needs Assessment will form a major part of our Strategy.

Housing Research and Equality

Our Research and Equality Unit continues to play a key role in supporting the development of housing policy and strategy within and beyond the Housing Executive. Under the Housing (NI) Order 1981, as previously stated, we have a statutory duty to regularly examine housing conditions and need and may also conduct or promote research into any matter relating to any of our functions. Our annual research programme is formulated in consultation with a range of stakeholders, including the Department, with the aim of providing evidence to help inform planning and decision-making across the housing sector.

In 2018/19, we completed a number of projects, while others continued to provide evidence on an ongoing basis.

As well as the full report on the 2016 House Condition Survey, we published a number of shorter, supplementary reports based on the 2016 data; these provided specific analysis on:

- Estimated carbon dioxide emissions from the occupied housing stock in Northern Ireland, to help us and other stakeholders assess progress against targets for emissions reduction;
- A fuel price ready reckoner, which aims to provide insights on how various price scenarios would alter the number of households in fuel poverty;
- Estimates on the cost of poor housing in Northern Ireland, which indicated that if serious hazards in homes (as measured by the Housing Health and Safety Rating System) were mitigated, there would be an estimated benefit of £39.5 million per year to the National Health Service;
- The potential cost of applying a range of improvement scenarios to bring dwellings above a specified level of energy efficiency; and
- Updated SAP energy efficiency calculations from the 2001, 2006, 2009 and 2011 surveys to enable comparability with the 2016 figures.

During 2018/19, we also continued to produce a range of data and research to provide intelligence and insights on the dynamics of the housing market. One of the key outputs was an analysis of the functional housing market areas (HMAs) in Northern Ireland, which used more recent data to update a study initially carried out in 2009. As well as supporting our own analyses of local housing systems, the findings should assist other stakeholders in understanding the housing market areas within the region.

The views and experiences of our customers remains an important focus of our research. The full report and a supporting tenant-focused summary report on the 2017 Continuous Tenant Omnibus Survey (CTOS) were also produced during the year, while fieldwork for the 2018 and 2019 calendar years continued. The 2017 findings once again indicated generally high levels of

satisfaction with services and also helped us to identify areas where improvements can be made.

We are very mindful of the current and potential impacts of Welfare Reform as mentioned in other parts of this report. Having published a scoping study in 2018, we have commenced a number of research projects that aim to help us gain greater insight into how welfare reform is likely to affect both our tenants and our business. The findings will help us plan how best to communicate with and support tenants, and prepare for potential impacts on our income streams and housing and tenancy management functions.

During 2018/19, we hosted two 'Insight' Housing Market Intelligence Exchange events, at which we shared findings from research carried out by or for the Housing Executive and heard about related research and policy from the wider housing sector. These events continue to provide a valuable opportunity to engage with key stakeholders and decision makers, share and sense check our findings, and ensure that our research meets the needs of the sector.

We publish all our reports on our website. www.nihe.gov.uk

Equality and Human Rights

Section 75 and Schedule 9 of the Northern Ireland Act 1998 place a statutory obligation on us, and all other Public Authorities, to promote equality of opportunity and good relations when carrying out any of our functions. To make sure this happens, we produced an Equality Scheme which was approved by the Equality Commission in 2013. The Equality Scheme sets out a plan to ensure that consideration of equality issues is central to housing policy formulation and decision-making, and we report on the implementation of our equality scheme on a quarterly basis. We are also committed to equality of opportunity for all our tenants, customers and staff – a commitment that is rooted in the principles upon which the Housing Executive was founded in 1971.

Our Equality Awareness training is mandatory for all staff and all policies and strategies are supported by equality screening reports, which ensures consideration of human rights issues in the development of and delivery of housing policies and services. Our Equality Unit is responsible for a number of key functions including:

- **Implementing the Housing Executive's Equality Scheme** - The Housing Executive's Equality Scheme commits us to embedding equality principles and challenging inequalities in every aspect of our work. We work closely with our Corporate and Business planning colleagues to ensure this is mainstreamed within the Corporate Plan and is reflected in the key performance areas of our business. The Equality Unit supports this approach through delivering training to all staff, including Directors and Board members, advising on the development of policy and conducting equality screening exercises, overseeing and guiding formal consultation on policy, managing communication support to remove barriers to information and policy and developing equality monitoring systems to constantly measure the impact of our policies. In 2018/2019, 22 Equality Awareness training sessions were completed covering 372 staff. 20 new or amended policies were subject to equality screening.
- **Equality Monitoring** - Measuring equality of opportunity and monitoring equality performance are vital aspects of housing policy. This information is in demand from the community and voluntary sector, government departments and other statutory bodies and public representatives at all levels. During 2018/19 we responded to 40 often detailed and complex separate requests.
- **Consultation** - The Equality Unit has developed a consultation toolkit based on best practice which ensures a consistent high quality approach when the Housing Executive consults customers on policy issues. This approach was used to consult on the Housing Executive's Draft Corporate Plan 2017/18-2020/21 and Community Involvement Strategy 2018-2023 in 2018/2019.

- **Communication Support** – The Equality Unit manages the communication support services which provides language support in over 40 languages and provides communication support for people with sensory disabilities that includes Sign Language interpreting, having documents converted into Large Print, Audio and Braille as well as providing other alternative formats when needed. This service is available across all office locations and provided to customers in their homes when required. In 2018/2019, telephone interpreting was delivered on 3,417 occasions, face to face interpretation on 95 occasions (including 25 Sign Language sessions) and 298 documents were translated.
- **Safeguarding Children and Vulnerable People** - Commitment to safeguarding is significant and over 300 training sessions have been held from the introduction of the policies 8 years ago. In 2018/2019 10 training sessions were held covering 160 staff. In addition three sessions were held for third party organisations providing services for the Housing Executive. The Director of Regional Services is the Housing Executive's Safeguarding Champion.
- **Managing Suicide Risk** - In 2018/2019 the Equality Unit introduced a referral system for staff who encounters threats of suicide from customers in the course of their work.
- **Human Rights** - During the 2018/19 year Housing Executive senior staff met with the Human Rights Commission in response to their recent investigation into Traveller Accommodation. This was a rigorous assessment of Traveller Accommodation standards against Human Rights laws and covenants.

Under our Property theme Regional Services provides the following services:

Sustainable Development – Energy Efficiency and Environmental

Under the Home Energy Conservation Act (1995), the Housing Executive is Northern Ireland's sole Home Energy Conservation Authority (HECA), and is mandated to:

- report on energy efficiency progress across all residential sectors;
- identify measures that it considers to be practicable, cost-effective and likely to result in a significant improvement in the energy efficiency of residential accommodation; and
- promote energy efficiency awareness across all residential households in Northern Ireland.

The Housing Executive invested £20.0m to complete 5,232 heating conversions in its own properties and invested £4.3 million to provide 2,461 double glazing installations during 2018/19. Work was also carried out in the private sector through approval of Grants (See Grants section).

With ongoing substantial investment each year across public and private sector dwellings (from the Housing Executive, the Department, housing associations, the Utility Regulator, and homeowners), reducing fuel poverty and energy efficiency still remain a priority in Northern Ireland.

As part of the Housing Executive's role as Home Energy Conservation Authority (HECA), we commissioned the Building Research Establishment (BRE) to utilise the data from the 2016 House Condition Survey to produce an progress report on energy efficiency improvement against the original HECA baseline statistics, identified in 1996. The report was published in May 2018 and identified an improvement in energy efficiency of 29.1% since 1996 in the (occupied) pre-1996 housing stock.

Fuel Poverty levels have reduced from 42% in 2011 to 21% in 2018, reflecting the levels of investment in cross-tenure energy efficiency measures across the province

The Housing Executive's 27 Oil Buying Club network is continuing to serve over 4,900 households across Northern Ireland and has delivered over 3 million litres of home heating oil at a saving of 7% below the average price in the previous year.

Through the Northern Ireland Energy Advice Line we continue to fund Northern Ireland's only local, impartial energy advice line which offers an array of services including energy efficiency, switch and save of energy suppliers, energy grant opportunities and benefits check delivered by Bryson Energy on our behalf. In 2018/19 over 7,000 calls were successfully dealt with, including over 2,166 referrals to grants and/or benefits.

Our expertise, as the Home Energy Conservation Authority (HECA) for Northern Ireland, has been recognised internationally with the successful award of €2 million of European funding over a three year period. As lead partner, we will work with a number of organisations in other EU member states to research and test innovative solutions into energy efficiency within rural areas, assisting in the alleviation of fuel poverty and high dependency on home heating oil. This programme provides us with the opportunity for intellectual exchange, creativity and relationship building with energy efficiency professionals throughout Europe.

Home Improvement Grants

We assist independent living through financial support for Disabled Facilities Grants, and we will continue to market the grants scheme in 2019/20 to help those with a disability to continue to live in their home. Repair Grants are also available to landlords, agents and certain tenants towards the costs of repairing homes when a statutory notice has been served by the local council.

Funding for discretionary grants (renovation, replacement and home repair assistance grants) for improvement and repair is limited, and these grants are available only where exceptional circumstances are deemed to exist.

Across the private sector, our Grants Department colleagues managed around £14.5m of work to 3,205 homes through the Department's Affordable Warmth Scheme. An additional £1.9m was invested in 2,690 privately owned homes to install new energy efficient boilers through the Department for Communities' Boiler Replacement Scheme.

The Affordable Warmth Scheme offers a range of energy efficiency measures to private sector households.

The Boiler Replacement Scheme can help owner occupiers replace an old central heating boiler.

A summary of the number and value of all grants approved under the 'Home Improvement Grants' heading is detailed below.

Type of Grant	No. Approved	Value of grants approved (£m)
Disabled Facilities Grants	944	10.4
Repairs Grants	383	0.6
Discretionary Grants	231	2.7
Total	1,558	13.7

Houses in Multiple Occupation (HMO)

In 2018/19 the Housing Executive continued to have statutory responsibility to protect the health, safety and wellbeing of the occupants in HMOs by enforcing appropriate standards

(including fire standards) through the implementation of the HMO Statutory Registration Scheme.

Following the completion of a fundamental review of HMO provisions by the Department, the Northern Ireland Legislative Assembly passed the Houses in Multiple Occupation Act (Northern Ireland) 2016. The new legislation introduced considerable new and enhanced powers, including the introduction of mandatory HMO Licensing, and facilitated the transfer of the HMO function to district councils.

On 01 April 2019 the legal responsibility for Houses in Multiple Occupation (HMO) regulation transferred from the Housing Executive to local Councils. This means the Houses in Multiple Occupation Registration Scheme that was administered by the Housing Executive has been replaced by a Licensing Scheme which is being administered by the Councils. Therefore, from 01 April 2019 the Housing Executive no longer has responsibility for regulating HMOs.

Environmental Policy

The environmental management system in the Housing Centre is certified to ISO 14001:2015 and specifies the requirements for Housing Executive's Environmental Policy regarding waste, water and energy.

The environmental management system is embedded in our operational activities and helps us to manage our environmental responsibilities in a systematic way that contributes to sustainability. In 2018/19 we reduced our gas consumption in Headquarters by 159,000 kw hrs and following the installation of a Building Management System to manage heating zones in the building and, coupled with warmer daily temperatures, we reduced our electricity consumption by 47,000 kw hrs for the same period. The overall CO² saving for 2018/19 was 54.017 metric ton.

In January 2019 we launched 'Environment Matters' - an e-learning course for all staff to raise awareness and we continued our environmental campaigns through various CSR and environmental initiatives and campaigns. In 2018 we launched a School's Energy Poster Competition for P7 pupils across NI to raise energy awareness and funded a rural sustainability award in recognition of environmental projects in rural communities.

Under our Places theme Regional Services provides the following services:

Place Shaping

We continue to support the delivery of Community Planning in each of the council areas. This year we delivered 11 Housing Investment Plans and ensured the Housing Executive is actively represented in the community planning partnerships, raising the profile of housing issues with our partners, and identifying opportunities for collaborating with partners where potential exists. Our aim is to create sustainable neighbourhoods and balanced communities, ensuring the community continue to have a say and an influence over their neighbourhood.

We are currently assisting councils preparing Local Development Plans by carrying out local housing needs assessments and housing market analysis which advise on all aspects of the housing sector, ranging from social housing needs through to the private market. This will be an important cornerstone of our work in the coming years.

The Place Shaping teams work with housing associations to identify and investigate potential sites for development. This includes Housing Executive ownership suitable for transfer to housing associations and the Social Housing Development Programme. During 2018/19 we managed 5 transfer schemes which will deliver 75 new homes. We continue to work with housing associations, public sector bodies and local councils to identify and secure new build proposals and regeneration opportunities.

We continue to support the Northern Ireland Executive's Together Building United Communities (TBUC) Programme by facilitating ten shared community schemes. Eight of these schemes are now completed and tenanted, and the remaining two are due to complete in 2019/20.

Urban Regeneration

The Housing Executive's Land Asset Management Strategy identified two flagship 'mixed use/mixed tenure' schemes, Hope Street and Posnett Street in Belfast. During the last year we progressed both sites as public sector managed developments. Radius Housing and Clanmil Housing Association have been appointed as the developing partner for social and affordable homes at Hope Street and Posnett Street respectively. Both sites will have significant impact for the regeneration of Belfast city centre.

We continue to work with other partners to support mixed use schemes on publicly owned land. A masterplan for the development of the strategically significant site St Patrick's Barracks in Ballymena includes provision of a mixed tenure scheme of 170 homes by Radius Housing Association. Outline planning for the Regeneration Scheme was approved in March 2019.

Clanmil Housing Association have been nominated to deliver 30 new social homes (through the SHDP) for older people as part of the housing led regeneration Strategy at Galliagh Linear Park in Derry/Londonderry.

Building Successful Communities (BSC)

The Building Successful Communities (BSC) Programme is one strand of the "Facing the Future - Housing Strategy for Northern Ireland" and aims to use housing interventions as one of the main catalysts for local regeneration. The Building Successful Community Programme objectives are to:

- improve current housing and infrastructure;
- deliver new social and affordable homes;
- deliver environmental upgrading works;
- improve access to amenities, and
- improve access to economic and social activity.

Six pilot areas were selected based on their level of deprivation. The BSC areas selected within Belfast are Lower Shankill/Brown Square, Lenadoon and Glencolin, Lower Falls, Lower Oldpark and Hillview, Tigers Bay and, in Ballymena, the Doury Road area. The Department established six forums which include government departments and community representatives.

Work is progressing in the BSC Areas, and the initiative is now in its fifth year. Work continues on the catalyst projects. In the Tiger's Bay/Mountcollyer area 20 social homes are under construction and 6 units were completed. Land was sold at Gainsborough for the construction of around 70 new private homes.

In the Lower Oldpark and Hillview BSC work continues to transfer land to Apex Housing Association for provision of affordable housing and there are major proposals for restructuring the courtyard areas.

In Lenadoon Environmental Improvement Work to Carrigart flats continues and the Department's approval has been received to demolish Corrib Flats.

In Lower Falls consideration of the future of Ross Street Flats is well advanced, and the Housing Executive is to transfer land at Maureen Sheehan Centre for a car park and provision of 2 new social homes. Vacant land at Westlink Back path is to be developed into a multi-use park area, including multi-use games areas (MUGA) and running track.

In Lower Shankill work continues on proposed development of 22 units of social housing at Hopewell, while affordable housing is being investigated for Brown's Square.

In Doury Road, Ballymena the demolition of a derelict terrace of housing was completed with the area now currently being transformed into allotments for use by residents as a shared communal space. In March 2019 Triangle Housing Association received planning permission for 11 new social homes on a proposed Housing Executive transfer site. A steering group has also been set up to explore the regeneration of part of the estate.

Sustainable Rural Communities

The Housing Executive has long recognised that a specific rural approach is needed if we are to ensure that we meet the needs of our rural customers in an equitable way. We have embraced his responsibility since 1991, and have now completed the third year of our 2016-20 Rural Strategy and Action Plan 'Sustainable Rural Communities.'

A key action delivered through the Strategy this year was ensuring our readiness for the introduction of the Rural Needs Act (NI) 2016 (the Act) on 1st June. The Act places a statutory duty on Public Authorities to have due regard to the needs of people in rural areas when developing, adopting, implementing or revising our policies, strategies, plans and services. We have taken the introduction of the Act as a positive opportunity to reconfirm our commitment to rural communities. A substantial training programme was delivered during 2018/19.

We recognise the importance of delivering new housing in rural communities in order to support their sustainability in the long term. In 2018/19 the overall target for new social housing was 1,850 units, of which 11.5% (213 units) was to be delivered in rural areas however, 129 new units (7.0%) were delivered in rural areas which fell below the target. Some of the highlights from rural delivery in 2018/19 include:

- South Ulster Housing Association secured the delivery of 23 new homes in rural locations in Glenavy through the Competitive Design & Build procurement route;
- A further 37 of the new homes in rural areas were delivered by Rural Housing and Choice Housing in Sion Mills, Kells and Ahoghill;
- A number of associations continue to make a significant contribution to meeting rural need through the acquisition of existing properties, with 69 properties being acquired on either an Existing Satisfactory or Off-the-Shelf basis.

We acknowledge the ongoing challenges in delivering housing in rural areas and it is our priority to work with housing associations to overcome these challenges and identify opportunities which will address rural housing need. In 2018/19 we carried out nine Housing Need Tests to uncover hidden rural need. So far these tests have led to support being given to three housing proposals.

A further key mechanism to support the future delivery of rural housing is our ongoing engagement on the development of the new Local Development Plans. Through this process we have worked with Councils to develop housing policies that will support the needs of rural communities.

It is also essential that existing rural properties are maintained and improved. In 2018/19 approximately 28% of our planned maintenance programme was delivered to our rural properties. In an effort to address fuel poverty and improve the energy efficiency of rural properties, approximately 45% of Affordable Warmth installations, 30% of boiler replacements and 45% of private sector improvement grants were approved in rural areas. The Handiheat project, which was launched this year, is an exciting opportunity to learn more about how sustainable energy solutions can be used to support rural communities and reduce their reliance on fossil fuels.

We recognise the vital contribution of community groups in creating and supporting vibrant rural communities. Our annual Rural Community Awards competition seeks to reward groups who have gone the extra mile to make their neighbourhoods a better place to live. The 2018 winners – Boho, Donaghmore, Magheralin, Moneyreagh and Moneydig - were presented with their awards in October 2018 at our Fermanagh and Omagh Community Networking Event. The

event was a valuable opportunity for groups to share experiences and learning and to hear more about how the Housing Executive can provide support in the important work they do.

In order to further support rural communities we offer Rural Development Programme match funding for projects under the Basic Services and Village Renewal measures. In 2018/19 we supported 8 projects to a total value of £133k

The Rural Needs Act NI 2016

The Rural Needs Act (NI) 2016 (The Act) was introduced for Public Authorities named in the Schedule to the Act on 1st June 2018. The Act places a statutory duty on the Housing Executive to have due regard to the needs of people in rural areas when developing, adopting, implementing or revising our policies, strategies and plans and when designing and delivering our public services.

In 2018/19 the Housing Executive considered 33 policies, strategies, plans or services to ensure that due regard was given to meeting the needs of people in rural areas in a fair and equitable way. There were 26 policies determined to have no differential impact on people in rural areas. For the further seven policies, mitigating actions were put in place as shown below:

Description of the activity undertaken by the public authority.	The rural policy area which the activity relates to	How the public authority has had due regard to rural needs when developing, adopting, implementing or revising the policy, strategy or plan or when designing or delivering the public service.
Reduction in the office opening hours for the Banbridge Housing Executive office	Housing	<p>Reducing the hours that the Banbridge office is open to customers may have a differential impact on rural customers due to reduced levels of broadband and mobile phone connectivity in some rural areas, which could limit customers' ability to engage with our services through other channels.</p> <p>In order to mitigate this impact a 'buzzer system' has been implemented which can be used by any member of the public on a day the office is closed. Staff will be available to deal with queries and will also accommodate home visits as and when required.</p>
Local Development Plan Housing Need Assessment	Housing	<p>The Housing Executive is required to provide a housing evidence base, including a 15 year Housing Need Assessment (HNA) for affordable housing as part of the Local Development Plan process. There is a potential barrier to the delivery of a fair outcome for people in rural areas when producing a 15 year HNA because housing need in rural areas can sometimes be hidden.</p> <p>To have due regard to rural needs during the preparation of the 15-year HNAs, the Stage 2 sensitivity analysis will be used to mitigate for hidden rural housing need. The 15-year HNA procedure specifically highlights the need to consider rural housing need as part of this analysis and requires that those preparing the HNA detail how rural needs have been accounted for in arriving at the result. The Rural and Regeneration Unit will be included in discussions and meetings/reviews with Place Shapers, Central Planning and Policy Unit and the Housing Analytics Team in order to ensure that rural issues have been robustly considered.</p>
Management of Lone Working	Employment	The majority of the lone working controls apply equally irrespective of the geographical location of staff.

Policy		<p>However some lone working devices rely upon mobile signal and would be less effective or indeed ineffective in rural areas where mobile signal is poor/none. Therefore, as mitigation, the policy allows for the requisition of satellite technology devices for those staff who will be lone working in such areas.</p>
Conacre and Agistment Agreements	Agriculture	<p>The policy will have a positive differential impact on people in rural areas as it provides an opportunity for people to make use of suitable Housing Executive land for agricultural/livestock grazing purposes, and the majority of suitable sites are located within rural areas.</p> <p>No amendments or mitigating actions are required because the policy already has a positive impact on people in rural areas.</p>
Reduction in the office opening hours for the Larne Housing Executive office	Housing	<p>Reducing the hours that the Larne office is open to customers may have a differential impact on rural customers due to reduced levels of broadband and mobile phone connectivity in some rural areas, which could limit customers' ability to engage with our services through other channels.</p> <p>In order to mitigate this impact a 'buzzer system' has been implemented which can be used by any member of the public on a day the office is closed. Staff will be available to deal with queries and will also accommodate home visits as and when required.</p>
Housing Executive Fundraising and Volunteering Policy	Internal	<p>This policy sets out the organisation's approach to volunteering and fundraising at work and for staff. It is recognised that the availability of volunteering opportunities and fundraising events may be more prevalent in urban locations.</p> <p>The policy acknowledges that special effort will be made to identify rural fundraising and volunteering opportunities. It also allows for staff to make suggestions for corporate events in rural areas and to be supported when undertaking their own fundraising and volunteering work wherever they choose, including rural locations. Further the fundraising and volunteering committee that is to be established will seek staff representation from rural areas.</p>
Chronic Homelessness Action Plan	Housing	<p>Some potential differential rural impacts were highlighted around the availability of housing solutions and support services within rural areas. A number of mitigations and approaches have been included within the Action Plan to address this:</p> <p>Innovative approaches to preventing homelessness will be encouraged and explored, including awareness campaigns and targeted campaigns to identify households at risk of homelessness and ensure appropriate tailored advice, assistance and support is available. All interventions will be rigorously evaluated so that successful approaches can be extended.</p> <p>A focus on prevention work will seek to keep people in their current accommodation. Relevant floating support, the provision of debt advice, mediation services and better cooperation between agencies will assist this.</p>

	<p>The action plan will seek to widen the choices available to clients by looking at all tenures of accommodation including private rented sector, owner occupation, etc. and the possibility of new approaches, for example, shared solutions. Outcomes will be measured on an urban/rural basis to inform future actions.</p> <p>The action plan supports a person centred approach which includes improving emergency accommodation provision for those that need it in appropriate locations (near family support or strong connections). This can be achieved through the Review of Single Let Provision and Strategic Review of Temporary Accommodation. It will examine new, innovative ways to ensure adequate provision across Northern Ireland.</p>
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Small Pockets of Deprivation

The Small Pockets of Deprivation Programme (SPOD) is part of the Department's Neighbourhood Renewal Strategy for Northern Ireland, and has been managed by the Housing Executive on behalf of the Department since it commenced in April 2006. The SPOD Programme was introduced to direct regeneration funding to a number of areas, which, although targeted for action, were too small to be constituted as full scale Neighbourhood Renewal Areas (NRAs). SPOD projects must contribute to at least one of the four Neighbourhood Renewal Strategic Objectives i.e. Community, Social, Economic or Physical Renewal.

In 2018/19, £402k was paid to 14 delivery organisations in SPOD areas across Northern Ireland. Projects funded included community office maintenance and running costs; programme costs for parent & toddler classes, youth clubs, men and women's groups, senior citizen groups, BME groups; environmental work including a wildlife garden and community allotment; health fairs and health related classes and initiatives; training courses; and community events including summer fun days and Christmas events.

House and Land Sales

We continued to implement the House Sales Scheme, which provides an opportunity for tenants to own their home. During the year we sold 449 homes under the scheme compared to 436 the previous year, realising net capital receipts of £19.9m. In line with overall market conditions, the average valuation of sold houses increased slightly on the previous year, from £60.7k to £64.2k. However, with the benefit of discount entitlement, 'right to buy' sales remain one of the most affordable routes into home ownership currently available to our tenants.

Under the Scheme for the Purchase of Evacuated Dwellings (SPED) we acquired five dwellings at a cost of £0.7m and disposed of eight dwellings, realising £1.0m. We also disposed of surplus land realising £1.2m net of expenses, including the sale of development land to the value of £0.6m.

Performance Analysis- Support Services

Support Services includes the Finance, Audit & Assurance Division and the Chief Executive's Office. These provide the necessary support services to underpin Regional Services and Landlord Services (Housing and Asset Management).

Finance, Audit & Assurance Division provides Corporate Accounting, Financial Support, Internal Audit, Corporate Assurance, Counter Fraud and Security, Housing Benefit Services and IT. As an interim measure during the 2018/19 year, Human Resources (HR) reported to the Director of Finance, Audit & Assurance.

During 2018/19, the Chief Executive's Office included Corporate Business Planning & Performance, Corporate Communications, Secretariat, Legal Services and Data Protection and Direct Labour Organisation (DLO).

In 2018/19 we appointed a Director of Corporate Services who took up post in May 2019 and will be responsible for Legal Services and Data Protection, Corporate Communications and Secretariat, Equality Unit and Corporate Business Planning and Performance.

Budgetary Management

Support Services (including Facilities & Accommodation) spent a total of £37,531k funded through a mixture of government grant and rental income in 2018/19. The total spend of £37,531k was across both Capital and Revenue expenditure blocks and was apportioned to both Landlord Services and Regional Services in the following manner.

Capital Expenditure consists of IT and Accommodation Improvements totalling £2,020k, of which £1,167k was charged to Landlord Services including DLO (58%) and £853k was charged to Regional Services (42%).

Revenue Expenditure consists of salary and payroll expenses totalling £13,217k and operational running costs including Accommodation, IT and Training totalling £22,294k, resulting in an overall total revenue spend of £35,511k. Of the total £35,511k spend, £25,390k was charged to Landlord Services including DLO (71%) and £10,121k was charged to Regional Services (29%).

Under our People theme, Support Services provide the following services:

Tackling Fraud

The Corporate Investigation and Security Unit are responsible for investigating:

- Fraud and other financial crime;
- Whistleblowing;
- Tenancy Fraud;
- Technical Investigations.

The unit is composed of three teams of investigators all of whom hold professional investigation accreditation. During 2018/19 the Corporate and Technical Investigation teams have investigated six complex fraud cases and 11 whistleblowing allegations.

The Tenancy Fraud investigation team have dealt with 284 cases and they have recovered 44 properties contributing to a total of 314 properties recovered by the Housing Executive during 2018/19 for re-allocation to those in need of social housing. Four false housing applications were withdrawn as a result of the team's investigations and four fraudulent succession\ assignment\ joint tenancy requests were withdrawn, denied or recovered. Two false 'Right to Buy' applications were withdrawn as a result of a tenancy fraud investigation.

The units have delivered training to staff throughout the organisation on fraud awareness, tenancy fraud, whistleblowing and digital investigations.

Our Tenancy Fraud Investigations team also worked closely with colleagues in our Housing Services policy team including a recent review of working practices in the investigation of complex cases.

The new Housing Executive website that was launched in March 2019 now contains a “report a fraud” facility that provides a simple and effective way for customers and members of the public to submit allegations directly to the team.

The team have worked hard this year to ensure that the Housing Executive’s resources are protected from fraud and other risks to public money. This involves the regular assessment of fraud and money laundering risks, as well as informing the organisation of new and emerging threats. Counter-fraud briefings delivered to staff involved in the accounts department and we continued to work closely with our IT department to minimise opportunities for phishing attacks using the Housing Executive’s email systems.

Anti-corruption and Fraud

The Board of the Housing Executive expects the highest standards of ethical behaviour and financial probity from all its staff, contractors, suppliers and business partners. Accordingly, the Board has determined that it will comply with the principles of all applicable anti-bribery laws and will not tolerate any form of bribery or corruption.

Bribery or any form of corruption by a member of staff of the Housing Executive will be considered gross misconduct and the member of staff may face dismissal.

Contractors, suppliers and business partners who work with or on behalf of the Housing Executive must also act with integrity and behave ethically. The Housing Executive may terminate agreements with such contractors, suppliers and business partners in the event of any breach of anti-bribery law, corruption or unethical behaviour.

The Housing Executive has communicated its anti-bribery policy and relevant guidance to all staff who have received training appropriate to their role. The anti-bribery policy has also been communicated to contractors, suppliers and business partners.

Housing Benefit Administration

At the end of March 2019 there were 142,869 customers claiming Housing Benefit (HB) broken down as follows:

Housing Executive tenants	59,494
Housing association tenants	29,389
Hostel claims	1,602
Private rented sector tenants	52,384

Over the course of the year we paid out £617.2m in HB (excludes Discretionary Housing Payments), assessing 40,704 new claims for HB and dealing with 416,219 changes to existing claims notified by claimants and 3,627,929 changes notified via the Department for Work and Pensions (an information system that informs local authorities of any change to other social security benefits or tax credits). New claims were processed, on average, within 13 days of receipt of the claim, with 60.78% of these being processed in under 10 days, while changes were made, on average, in 2.9 days of our being notified of the change. This is an improvement on our performance from last year.

Additional financial assistance was delivered to 13,262 claimants through the Discretionary Housing Payment Scheme, with awards totalling £3.83m being made over the course of the

year. Distribution under Housing Benefit and Discretionary Housing Payment scheme for the financial year totalled £621.1m, compared with £647.8m for 2017/18.

Further help with rates charges was also provided through the Rates Relief and Lone Pensioner Allowance (LPA) Schemes. During 2018/19 a total of £2.73m was paid in Rates Relief to Housing Executive and housing association tenants with a caseload of 18,886 at the end of March 2019. A further £170k in LPA was paid to Housing Executive and Housing Association tenants with a caseload of 6,470 at the end of March 2019. Additional awards of Rates Relief and LPA totalling £1.7m for private sector tenants were made as a credit direct to the LPS rate account, and are therefore not reflected in expenditure on Housing Executive accounts.

We have also maintained our focus on the prevention and detection of fraud and error in the HB system. During 2018/19 sanctions were taken against 161 claimants for benefit fraud, and we recovered around £15.5m of overpaid HB, of which £0.7m was recovered directly from Housing Executive tenants through Housing Benefit payments in year.

Welfare Reform

During the 2018/19 year the Housing Executive has continued to implement and administer welfare reform changes, including the three policies that significantly impact on our tenants and customers; Social Sector Size Criteria (also known as the 'bedroom tax'), Benefit Cap and Universal Credit.

Social Sector Size Criteria continues to impact on approximately 30,000 Housing Benefit (HB) claimants. Approximately 22,600 are Housing Executive tenants and 7,600 are Housing Association tenants. Welfare Supplementary Payment are paid in respect of the vast majority of these cases although 109 HB claimants have lost their Welfare Supplementary Payment to date. This was as a result of tenants transferring tenancy outside of the 'Management Transfer' criteria.

The Housing Executive also works in conjunction with the Department to repay any mitigation overpayments made by the Welfare Supplementary Payments team. To date £1.65m of mitigation overpayments have been identified and £884k has been repaid to the Department. The remaining sum is currently being reviewed and processed and will be repaid going forward.

Welfare Supplementary Payments for Social Sector Size Criteria are due to end in March 2020 and to date there is no provision within legislation to make alternative payment arrangements. As at 31 March 2019 there were 281 Housing Benefit claims impacted by Benefit Cap with the Housing Executive receiving around £40k every 4 weeks in respect of mitigation for these claims.

While Welfare Supplementary Payments for Benefit Cap are also due to end in March 2020, current legislation would allow mitigation for Benefit Cap cases to be paid through Discretionary Housing Payment. However, the budget is limited and therefore no guarantee can be given that all shortfall's will be mitigated in terms of monetary value and or duration of the award.

The Welfare Reform Team continues to communicate with staff to ensure they are kept updated on any changes or new legislation which may impact on our tenants and customers. Regular contact is also maintained with the Universal Credit Project and operational teams, Land & Property Services management, Northern Ireland Federation of Housing Associations and other internal and external stakeholders.

We have worked closely with our research department to deliver a number of research projects aimed at understanding the impacts of welfare reform on our tenants and the wider implications for housing, including research into the potential impacts of the loss of mitigation for Social Sector Size Criteria with tenants known to be affected.

The Housing Executive-led meetings of the Welfare Reform Research Working Group consisting of internal colleagues, the Department, Northern Ireland Federation of Housing Associations and the advice sector, work collaboratively on gathering evidence and understanding the impacts of welfare reform across all sectors. Working with colleagues in Income Collection Policy and Finance, we have also carried out financial modelling of the potential impacts of welfare reform to understand the implications for rent arrears and organisational income.

This work enables us to better understand the impacts and facilitate more effective planning for the future. Research to date has highlighted that there is still a lack of knowledge and understanding amongst tenants about the impacts of welfare reform. We believe that our tenants should be kept fully informed about welfare changes and how they are likely to be affected, particularly if the mitigation measures implemented for Social Sector Size Criteria and Bedroom Tax are not continued after 31 March 2020.

Complaints

We are committed to providing a high quality customer service and have a formal complaints scheme for any customer unhappy with the service they have received. Details of our complaints procedure are on our website and complaints may be made by telephone, by email, in writing, online and in person.

During the year we dealt with 313 formal complaints. The Regional Manager investigated 260 complaints under the first stage of our complaints process, and 53 were dealt with at second stage by our Chief Executive, carrying out detailed investigations and addressing any issues raised. A further 15 cases were preliminarily investigated by the Commissioner for Complaints. Performance on complaints is reported to our Business Committee bi-annually, and annually to the Board, and we examine all cases to deliver service improvement.

Customer Service

The Housing Executive is committed to the online delivery of advice and services for our customers who prefer to make use of digital services. Following consultation with tenant and community representatives the Housing Executive launched a new smartphone and tablet friendly website in March 2019 with a strong focus on customer advice and online services. Website visitors can register with us online and subscribe for email and SMS updates on Housing Executive news and selected topics of interest.

The initial range of online services will be enhanced during the 2019/20 year with the planned addition of Web Chat facility and a new Tenant Portal to allow website users to communicate more directly with us, check their rent statements online and carry out a wider range of online transactions.

Web pages can feature personalised information tailored to the needs of the individual with tenant-related information promoted to tenants, while landlords see content promoted to landlords etc. The website includes a feedback facility on every page and the website will be improved continuously in line with suggestions from our customers and their representatives.

In February 2019 our Assisted Living Pilot Project, undertaken by a cross-divisional Housing Executive team working in partnership with the Occupational Therapy Service and a locally based community social enterprise supported by the Housing Executive, won a Chartered Institute of Housing (CIH) Award for Working in Partnership, as noted earlier.

This project was designed to improve the lives of a limited number of tenants with disabilities through the use of a range of smart technologies including Amazon Alexa devices, smart switches, lighting, door entry and security systems. An interim assessment of the impact on the tenants supported to date has shown measureable positive benefits in every household involved.

We continue to deploy new smartphone and tablet technology to our frontline staff to improve mobile service delivery and support digital inclusion for those customers yet to make use of our online services.

The opportunities arising from the new website and our growing social media audience will allow us to make more services available online while we work to promote digital inclusion for all tenants and customers.

Human Resources

Resourcing

During 2018/19 there were 186 recruitment exercises undertaken. While some of these were to fill vacant positions as a result of natural turnover, others focused on filling new posts within redesigned structures, particularly in Asset Management and Housing Services.

Recruitment in other areas has been focused on stabilising existing structures and reducing the reliance on temporary agency workers, particularly in front line operational roles within our DLO and Housing Benefit. The DLO currently has 480 staff, of which approximately 27% of the operational staff are agency workers. Further progress was made this year towards reducing the reliance on temporary workers. Several recruitment exercises were held to fill those roles that are critical to the successful operation of the DLO, on a permanent basis. During 2018/19 the DLO offered a total of 15 recognised apprentice placements, while a further 13 staff are entering the second year of their apprenticeship during 2018/19.

Implementing our Early Careers Programme supported organisational succession planning through the recruitment of a range of trainees and apprentices at both school-leaver and graduate level, including the apprentice positions filled within DLO. As part of our Affirmative Action measures a number of outreach measures were taken in relation to Graduate positions including advertising at train stations and university locations in addition to circulating details of these vacancies to Job Clubs, Libraries and Social Security Agency Offices.

We also relied on funding from the Public Sector Transformation fund to facilitate voluntary releases for a total of 55 officers under the Voluntary Early Severance (VES) Scheme. This programme has continued through this year to assist with movement to new structures and new ways of working in certain areas of the organisations, particularly within Housing Benefit.

In 2018/19 our HR Business Partners continued to support and facilitate our front-line services, policy units and industrial relations.

Attendance Management

Total absence for the 2018/19 year was 7.02%. This is similar to last year's absence figure of 7.04%. We provide support in the management of attendance by advising on absence triggers, and supporting managers through the organisation's attendance management and review process. The team also delivers absence training programmes for managers, providing guidance on all aspects of the absence management process including recording and reporting on absences. Action Mental Health has rolled out Mental Health first aid training and there are a significant number of trained mental health first aiders across the organisation.

For our staff, free and confidential Employee Assistance Programmes, health screening and counselling, are available to help employees deal with personal and work problems that might adversely impact attendance at work, work performance, health and well-being. Online e-learning programmes have been developed for staff to help address personal stress and action mental health issues. The absence management team ensure employees are aware of the support available and are at hand to provide assistance to employees who wish to avail of these services.

Learning & Development

We are an organisation that invests in our people to ensure they are high performing, skilled and motivated. Our talented, passionate and dedicated workforce is our greatest asset. The 2018/19 year was busy for learning and development activity as we continued to focus on building a learning culture as shown below:

- In conjunction with our HR Support Team we facilitated the delivery of almost 5,000 learners across a wide range of corporate and functional learning activities;
- The development of workforce skills, knowledge and behaviours is aligned to organisational needs, as well as supporting the personal and professional development of our people. The Learning and Development Team continued to develop and deliver our GROW Programme in 2018-19 which consists of the corporate learning activity delivered on an annual basis. The GROW programme includes strands on growing core skills and capabilities for all staff, growing our managers with the core essentials of people management and leadership and growing peoples potential through a range of initiatives aimed at driving career development;
- We are committed to supporting our people at all stages of their learning journey. We continued to invest in the lifelong learning of our people by providing financial and study support for 160 staff undertaking formal qualifications and programmes of study. Almost 170 staff benefited from the scheme to pay professional membership fees.
- The Learning & Development Team continued to deliver the corporate elements of the roll-in programme to newly appointed frontline staff following the redesign of our housing services which completed in 2018/19.

In 2018/19 our Learning & Development Team realised a number of achievements including:

- To celebrate Learning at Work Week and Mental Health Awareness Week 2018 we launched the first Building Resilience and Mindful Manager sessions which are delivered in partnership with Action Mental Health. These sessions are part of a wider organisational focus on the promotion of positive mental health, building personal resilience and providing a supportive working environment for all staff;
- We marked World Mental Health Day on 10 October 2018 by delivering the Housing Executive's inaugural Mental Health First Aider (MHFA) course. Twenty three staff successfully gained certification as a mental health first aider through accredited MHFA provider Action Mental Health;
- As part of the wider IT Futures Project the Learning and Development and HR Support Services Managers worked jointly to successfully implement a new learning management system (LMS) which aims to strengthen the link between, learning, development and performance;
- The in-house mentoring programme continued to grow, with the second of two intakes this year taking place in October 2018. The programme has now supported over 50 mentoring relationships since its relaunch in June 2017;
- We developed a new organisational Learning & Development Strategy and supporting implementation plan, which was approved by the senior leadership team. The strategy seeks to put learning at the heart of strategic capability, with two core objectives, aligning learning to the current and future needs of the business and creating the organisational conditions to embed a learning culture. The implementation of the strategy will form the basis of our learning and development action plan for 2019/20.

Social Clauses

In addition to our core business which has a positive impact on communities across Northern Ireland the Housing Executive also strongly encourages employee volunteering and fundraising in line with our Corporate Social Responsibility Policy.

Volunteering and Fundraising is actively promoted as an opportunity to give back to worthwhile causes and the community, whilst also highlighting the personal and skills development that volunteering can deliver. Our current Corporate Social Responsibility Policy (which is currently under review) offers a maximum of two days for corporate volunteering (including team events) and up to five days paid leave which must be matched, by the volunteer, with the equivalent amount of flexi or annual leave for individual volunteering.

Risk Management

We are committed to the management of risk in order to achieve its corporate goals and objectives.

During 2018/19 we continued to enhance and develop our Risk Management framework. Extensive work has been undertaken to ensure that the Corporate Risk Register is reflective of the current operating environment and our Board took time to consider the risk appetite of the organisation.

A suite of Risk Management documents are available to support staff in executing their duties including a risk management strategy, policy and process document.

A key focus going forward will be further developing a risk aware culture and developing 'risk maturity' within the organisation through education and increased risk awareness.

Our full report on Risk Management is detailed in our Governance Statement in the Directors' Report of our Annual Account on page 85.

The current corporate risks for the Housing Executive, as at 31 March 2019, are as follows:

Risk Ref	Risk Description
CRR-1	Failure to maintain Financial Stability and manage within allocated funding.
CRR-2	Failure to prevent an intentional act whether by employees, third parties, or tenants involving the use of deception to obtain an unjust or illegal advantage, leading to financial or reputational loss to the Housing Executive.
CRR-3	Failure to protect the Health and Safety of tenants, employees and others and ensure compliance with Health and Safety regulations leads to death or serious injury.
CRR-4	Failure to attract and retain sufficient staffing resources to enable the Housing Executive to meet its objectives due to remuneration, resource management and workload demands.
CRR-5	Lack of effective governance arrangements within the Housing Executive leading to the Housing Executive not fulfilling its statutory duties.
CRR-6	Housing Executive IT systems are not fit for purpose to deliver organisational objectives.
CRR-7	Failure to collect rental income owed to the Housing Executive particularly in light of the effects of Welfare Reform.

Risk Ref	Risk Description
CRR-8	Unable to meet our investment requirements and to deliver an effective and timely Planned Maintenance programme in line with the Housing Executive's Asset Management Strategy.
CRR-9	Failure to provide an effective response maintenance service which is reliable, timely and value for money.
CRR-10	Lack of housing supply restricting our ability to address housing need.
CRR-11	Failure to provide an effective Homeless Service.

For each of the risks identified there are a range of controls and actions in place which assist in mitigating the risk and the actions aim to reduce the score to a tolerable level. The actions are monitored regularly by the Risk and Governance team.

Assurance Reporting

The Department's Management Board requires assurance that its arm's length bodies are operating effectively, have business planning processes in place, are achieving desired outcomes while stringently monitoring budgets, and are meeting their strategic objectives through effective risk management in a manner that is in accordance with all statutory requirements.

To ensure this, the Housing Executive has in place an assurance process whereby quarterly assurance statements are signed off by Assistant Directors and Directors for their areas of responsibility. These are underpinned by the Housing Executive's risk management process and are used to support the production of the Organisation's Quarterly Assurance Statement.

The Housing Executive is engaged in an Accountability Framework, with the Department, which includes monthly performance and accountability meetings.

IT Digital Strategy

We have put in place new arrangements for the provision of high quality and resilient IT Services through the migration of our IT systems to Government Shared Services (IT Assist) for core 'commodity' services. We have also set up new contractual and support arrangements through a number of other suppliers for the line of business systems for example, the Housing Management System used predominantly by staff in our frontline offices. This includes enhanced digital services which will be integrated with the recently upgraded Telephony/Contact Centre technology and with the new Website which was launched in March 2019.

The new IT platform provides a key enabling building block for the continued growth of enhanced Digital Services in the forthcoming 2019/20 business year.

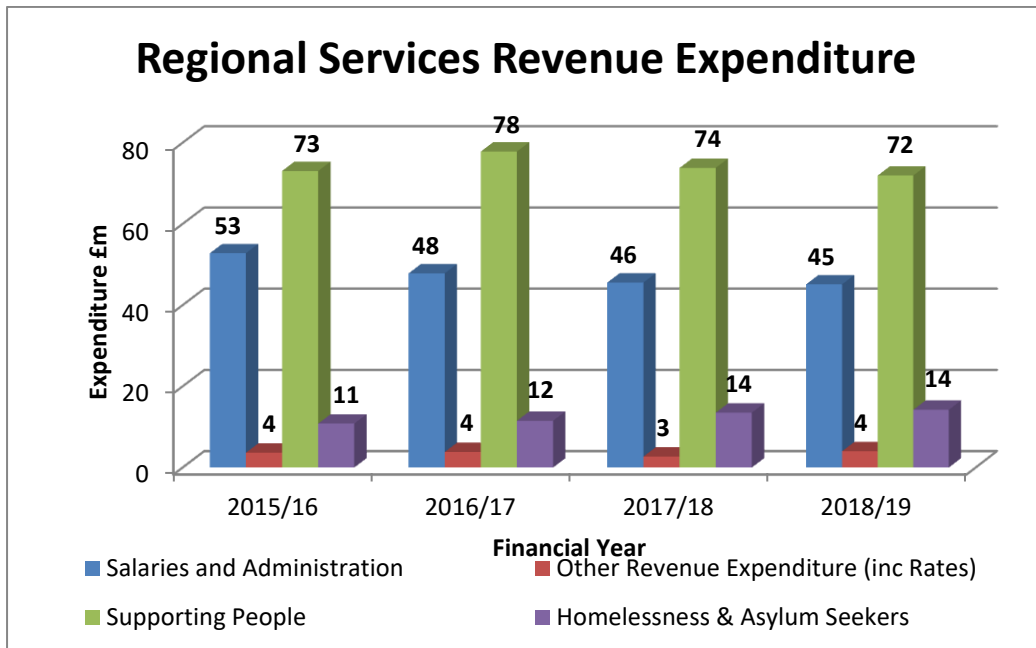
Financial Challenges

The overall funding environment remains very challenging across the organisation.

Regional Services, which is funded by Government grant, continues to experience significant increasing demands and costs in the delivery of its statutory homelessness services. Given current funding constraints, this has required a more targeted funding approach to be adopted in relation to the delivery of non-statutory, yet important, services. The aim remains to protect and invest in key frontline services delivered to our customers.

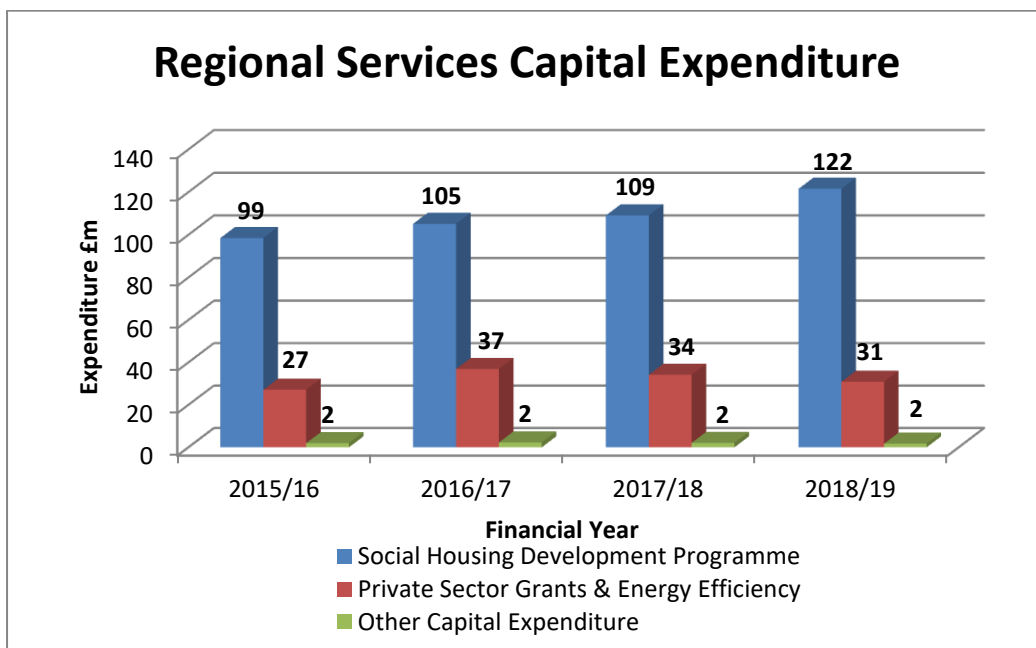
Landlord Services, which is mostly funded by rental income, is faced with a significant stock investment requirement of circa £3bn during the next 10 years in order to improve and maintain its housing stock. A continuing rent-freeze, which first came into effect during the 2016/17 financial year and remains in place for 2019/20, has significantly reduced stock investment capability into future years resulting in a 10 year projected funding gap of £1bn. Additional

funding was received by Government grant during 2018/19 to help with stock investment, however given the scale of stock investment requirements this is not considered a sustainable solution for the medium term.

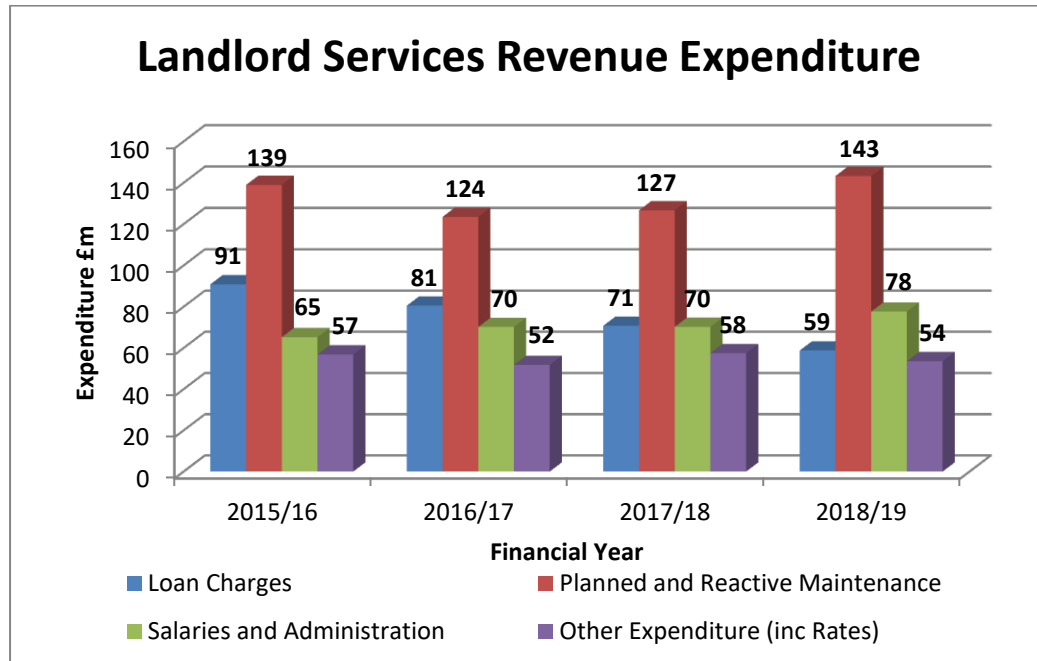


In overall terms Regional Services revenue funding has been subject to year-on-year reductions since 2015/16 that have presented significant challenges in the delivery of both statutory and non-statutory functions. Key trends that have resulted include:

- Supporting People funding has been largely protected during the past 4 years reflecting sector pressures in the provision of supported accommodation
- Salaries and Administration costs have reduced significantly in real terms mirroring a reduction in staffing levels
- Homeless service demands continue to increase year-on-year reflecting an increased level of homelessness acceptances from presenting customers

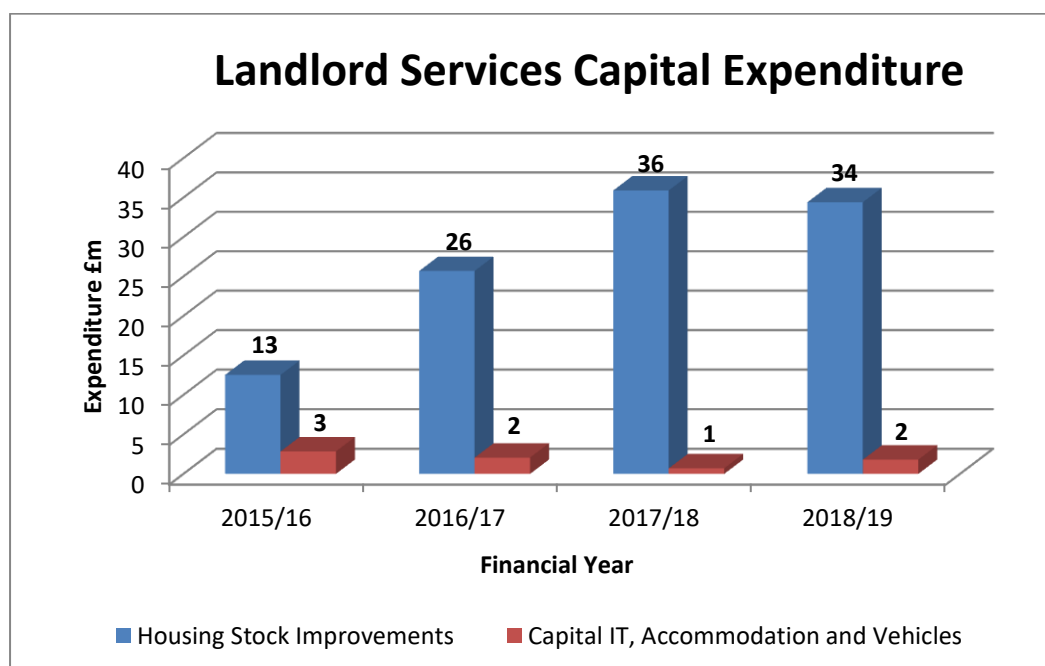


Regional Services capital expenditure illustrates increasing investment in the Social Housing Development Programme. Separately investment in Private Sector Grants & Energy Efficiency has largely sustained over the period, with an increasing focus on Affordable Warmth grants since 2016/17.



In overall terms Landlord Services revenue expenditure has largely sustained over the 4 year period, despite the absence of a rent increase. Key trends to note include:

- Investment in dwelling related costs from year to year reflects a combination of funding availability, contractor capacity and procurement challenges
- Historic loan charges have reduced year-on-year, and will continue to do so in future years
- Salaries and administration costs reflect an increasing focus on health & safety and compliance activities post Grenfell, alongside normal inflationary pressures



The profile of Landlord Services capital expenditure demonstrates an increased focus on stock investment primarily in relation to the Interim Investment Programme (IIP) strategy.

Efficiencies

The delivery of efficiencies within Support Services and the wider organisation remains vital given funding constraints in recent years.

Our internal and external customers rightfully expect high quality services that are reliable and accessible. Support Services will therefore continue to focus on automating key back-office processes within Finance and Human Resources that support front-line delivery during the next 12 months.

Additionally, Support Services will continue to provide specialist support to Landlord Services and Regional Services functions, as they too seek to reduce overhead costs and maximise front-line service delivery within a challenging budgetary environment.

Key Performance Indicator Tables

PEOPLE	
Outcome 1 – Helping people find housing support and solutions	
Performance 2017/18	Performance 2018/19
Homelessness Services	
<p>RSKPI 4.8 (PfG) Measure 2: Develop the Housing Executive Homelessness Action Plan by 30 June 2017 and implement Year 1 actions by 31 March 2018.</p>	<p>LLHS KPI 7.8 (PfG) Implement year 2 actions from the Homelessness Action Plan by 31st March 2019 to agreed milestones.</p>
<p>The Housing Executive led Action Plan was developed with five key objectives. The Housing Executive is solely responsible for 16 of the 18 actions in the Homelessness Action Plan. 13 out of the 16 actions were completed in Year 1. This means that three actions were not completed in Year1. The three actions that were not completed in Year 1 were carried forward into the 2018/19 business year.</p>	<p>NIHE are solely responsible for 16 out of the 18 actions. Work has been completed on 14 of the 16 Housing Executive led actions for year 2 and two are showing slippage. These are: Action 4 milestone to: Develop a Common Assessment Framework in both areas and identify measures that can gauge the effectiveness of the Methodology'. Delay is due to difficulties in sharing information within General Data Protection Regulations (GDPR). The delay on this action will be brought forward in to the Year 3 Implementation Plan. Action 6 - Ensure ongoing support for clients to access the private rented sector based on evaluation of current scheme and learning from Housing Solutions and Support Teams. This action was delayed due to budgetary pressures and will be brought forward into year 3.</p>
<p>RSKPI 4.9 (PfG) By 30 June 2018 to produce an annual assessment on progress on Homelessness Strategy Action Plan.</p>	<p>LLHS KPI 7.9 (PfG) By 30th of June 2018 to produce an annual assessment on progress on the Homelessness Strategy – year 1 Action Plan.</p>
<p>An assessment on year 1 of the implementation of the Homelessness Strategy Action Plan is expected to be produced by the 30 June 2018.</p>	<p>An assessment on year 1 of the implementation of the Homelessness Strategy Action Plan was passed at Board in May 2018. The launch took place in October 2018 in Newry.</p>
<p>RS KPI 4.3 Reduce the number of homeless presenters (Statutory Article 6A Housing) from end of March 2017 outturn figure of 18,573</p>	<p>LLHS KPI 7.3 Reduce the number of Homelessness presenters (Statutory Article 6A Housing) from the end of March 2018 outturn figure of 18,180.</p>
<p>There were 18,180 homeless presenters which represents a decrease of 393 cases (2%) on the 2017 target of 18,573.</p>	<p>The number of households presenting as homeless increased by 22 cases, from 18,180 to 18,202.</p>
<p>RSKPI 4.4 Reduce the average length of time in temporary accommodation – from the end of March 2017 outturn figure of 40.7 weeks.</p>	<p>LLHS KPI 7.4 Reduce average length of time in temporary accommodation from the end of March 2018 outturn figure (40.3 weeks)</p>
<p>The target of reducing the average length of time in temporary accommodation from the end of March 2017 outturn figure, while</p>	<p>Target achieved. Average length of time for all sectors was 40.1 weeks at the end of March 2019.</p>

PEOPLE

Outcome 1 – Helping people find housing support and solutions

Performance 2017/18	Performance 2018/19
challenging, has been achieved with the average length of time in temporary accommodation reduced to 40.3 weeks in March 2018, from 40.7 weeks at the end of March 2017.	
Deliver the Supporting People Programme (SP)	
RSKPI 4.10 (PfG) By 31 March 2018 ensure a minimum spend of SP Programme funding delivered through Floating Support at 15%, or spend of £10m whichever is the greater value	RSKPI 4.10 (PfG) By 31st March 2019 ensure a minimum spend of SP Programme funding delivered through Floating Support at 15%, or spend of £10m whichever is the greater value.
Year to date expenditure at 31 March 2018 for Supporting People is £73.8m. £11.4m or 15.5% of this relates to funding Floating Support schemes.	Year-end figures are £11.4m expenditure on Floating Support and £71.9m for total SP (15.9% of expenditure on Floating Support).
	RSKPI 4.10.1 By 31st March 2019 to have agreed proportion of SP Programme funding delivered through Floating Support for 19/20 and 20/21
Not a KPI in 2017/18	It is proposed to set a target of 15.5% of the SP programme for floating support for 2019/20. Further evaluation will be carried out in year to propose a 2020/21 target. Proposed targets for 19/20 and 20/21 are subject to Departmental approval.
RSKPI 4.5 (PfG) Implement those parts of the Departmental SP Review Implementation Plan (Year 2) which fall to the Housing Executive by 31 March 2018	Remaining three actions from 2017/18 in relation to the Review have been carried forward into 2018/19 and are reported under three separate KPI numbers which are detailed below. RSKPI 4.5.1 (PfG) Department for Communities (DfC's) Supporting People Review Implementation Plan Recommendation 1 – To introduce a new strategic, intelligence-led approach to needs assessment across all client groups, which takes proper account of demographic trends and other social factors to identify current and future patterns of need.
There are eight parts of the two year Supporting People Implementation Plan that fall to the Housing Executive. We have been working closely with the Department in relation to the action plan and while substantial work has been carried out to date with one action complete and 4 actions will complete just outside the financial year. The remaining actions will continue into	The actions for this financial year in relation to this recommendation have been marked as complete, subject to approval at the next DfC Programme Board in May. A draft Strategic Needs Assessment Delivery Plan has been submitted to DfC. The plan will be subject to review and endorsement by the inter-Departmental SP Project Board and Programme Board.

PEOPLE

Outcome 1 – Helping people find housing support and solutions

Performance 2017/18	Performance 2018/19
2018/19.	
	<p>RSKPI 4.5.4 (PfG) DfC's Supporting People Review Implementation Plan Recommendation Plan Recommendation 4.</p> <p>To develop a decommissioning framework for services which fall below the required standard, or which are no longer strategically relevant.</p> <p>This should be developed in consultation with service providers, and include agreed standards and definitions.</p>
Not a KPI in 2017/18	<p>Work has progressed on this action with agreed milestones for the year having been actioned. The framework will be noted as being in place, subject to formal sign off at DfC's May Programme Board.</p>
	<p>RSKPI 4.5.5 (PfG) DfC's Supporting People Review Implementation Plan Recommendation 5.</p> <p>Standardised regional payment rates should be developed for Supporting People services, based on the existing project banding system, and in consultation with service providers. The new rates should ensure all schemes ensure value for money.</p>
Not a KPI in 2017/18	<p>While work has progressed, this action was not complete at the year-end. Full sector consultation events were held in March and May 2018, with representatives from each SP primary client group. A jointly agreed approach was required from the three key stakeholder departments; DfC, DoH and DoJ. A consensus was reached on 21 February to proceed to wider engagement with SP delivery partners.</p> <p>At the April 2019 Inter-Departmental SP Review Project Board, it was noted that remaining milestones for this recommendation will be subject to re-baselining.</p>
Streamline the adaptations and disabled grants processes to reduce waiting times for housing adaptations and increase the provision of accessible homes.	
<p>RSKPI 3.9 (PfG) Disabled Facilities Grants – review processes by 31 March 2018.</p>	<p>RSKPI 3.9 (PfG) Disabled Facilities Grants NEW Measure 1: Implement new Disabled Facilities Grants Process (DFG) and ICT System NEW Measure 2: During 2018/19 a baseline is to be agreed and future targets for improvement</p>

PEOPLE

Outcome 1 – Helping people find housing support and solutions

Performance 2017/18	Performance 2018/19
The review of Disabled Facilities Grants processes is complete. The impact of the Construction Design Management regulations on grant processes is being tested and should not prevent the Housing Executive from implementing the reviewed processes during 2018/19.	This work was not completed in-year however, substantial progress has been made. The Day One IT System (Minimum Viable Product) has been implemented in West Grants, and training is about to begin in South Grants. A baseline for the new DFG process cannot be established until the system is operational in all outlets and there is sufficient throughput of applications to measure performance improvements. This work will be carried forward into the new financial year.
	RSKPI 3.16 Measure 3: Establish a baseline for pilot in West Area Office for March 2019
Not a KPI in 2017/18	This work was completed and a baseline was established for the current methodology in the pilot area to enable a comparison to be made once new processes are operational.
RSKPI 3.2 Approve 900 Disabled Facilities Grants	RSKPI 3.2 Approve 900 Disabled Facilities Grants
There were 1,098 Disabled Facilities Grants approved in 2017/18, exceeding the target.	The target was exceeded with 944 approvals by the end of March 2019.
LLAM KPI 4.1 (PfG) Major Adaptation Process Improvements – by 31 March 2018 review and baseline how long it takes to complete major adaptations.	LLAM KPI 4.1 (PfG) Major Adaptations Process Improvements – Streamline the length of time tenants wait to have a major adaptation completed and by year 4 to be 52 weeks or less. For 2018/19 a target of 100 weeks has been set.
A review of major adaptations is running to project timescales and a baseline has been established.	The project was formally closed by the Project Board on 29th October 2018 with the End Project Report being approved. At the end of the first 52 weeks the initial statistics' provided for the pilot scheme at the end of quarter 4 show that there were 45 starts: <ul style="list-style-type: none"> • One completed in 47 weeks; • 38 are on target to complete within 100 weeks. • Three schemes were cancelled. • Three schemes have been delayed, two due to OT reassessment and one scheme due to Contractor capacity. However, it is assessed that they will all complete within the 100 weeks.
LLAM KPI 4.2 Start 175 adaptations for people with a disability.	LLAM KPI 4.2 Start 175 adaptations for people with a disability.
Performance was above target with 178 starts.	This target was not met with 148 starts being achieved by the end of March 2019. An overall shortfall exists primarily due to a consultant going into administration in-year.

PEOPLE

Outcome 1 – Helping people find housing support and solutions

Performance 2017/18

Performance 2018/19

Sustaining Tenancies

LLHS KPI 1.3.2

Set baseline and report on the number of tenancies sustained over a 12 month period.

LLHS KPI 1.3.2

Report on the number of tenancies sustained over a 12 month period against the baseline of 86%.

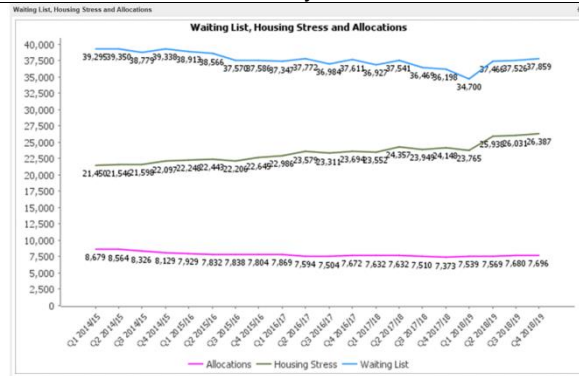
A baseline was set at 86% for tenancy sustainment.
Data analysed from April 2017 – March 2018 has established that 13% of monthly terminations were ended within the first 12 months of tenancy resulting in 87% of tenancies sustained over a 12 month period.

The figures are for a rolling 12 months. This month, 58 (figure excluding 'tenant deceased') of 365 terminations were of tenancies lasting <12months. Therefore 86% of tenancies were sustained beyond 1 year. (This is based on new tenancies only).

Social Housing Waiting List

Combined Chart
Measure: Waiting List, Housing Stress and Allocations for trend analysis.

Not a KPI in 2017/18



Note figures at Quarter 1 (2019) were not for a full quarter.

PEOPLE	
Outcome 4 – Delivering quality public services	
Provide an efficient and effective Landlord Service	
LLHS KPI 1.3.1 (Departmental Priority) Reduce relet times from an average of 23 days to an average of within 21 days and remain within the Housemark top quartile relet times of an average of 21 days.	LLHS KPI 1.3.1 (Departmental Priority) Customer Service target – Maintain relet times to an average of within 21 days and remain within the Housemark top performing quartile relet times.
This target was exceeded with an average year end relet time of 17 days which is within top quartile Housemark relet time.	This target was exceeded with an average year end relet time of 18 days which is within top quartile Housemark relet time.
LLHS KPI 2.9 (Departmental Priority) Customer Service Target – Maintain Tenants' satisfaction with overall service at 88% or above and achieve Housemark top quartile status.	LLHS KPI 2.9 (Departmental Priority) Customer Service Target – Maintain Tenants' satisfaction with overall service at 88% or above and achieve Housemark top quartile status.
This is measured on a calendar year (January – December 2017).	This is measured on a calendar year (January – December 2018).
Tenants' satisfaction with the overall service from January to December 2017 was 89%, exceeding the target of 88%.	Tenants' satisfaction with the overall service from January to December 2018 was 86%, just outside the target of 88%.
LLHS KPI 1.1 Maximise Income Collection - Collect 99.6% of rent due.	LLHS KPI 1.1 Maximise Income Collection – Collect 99.6% of rent due.
At the year-end 99.8% of collectable income had been collected.	98.7% of rental income was collected during 2018/19 which is 0.9% below the agreed target. The factors impacting on rent arrears have also contributed to a reduction in rental income collected (see comments provided below).
LLHS KPI 1.2 Maintain March 2017 current arrears level, including technical arrears.	LLHS KPI 1.2 Maintain March 2018 current arrears level, including technical arrears.
March 2017 outturn was £9.1m excluding technical arrears. The 2017/18 target included technical arrears (payments owed to the Housing Executive not yet received), which was £9.9m. This was not achieved, with arrears ending the financial year at £10.1m, £176k outside target.	March 2018 outturn was £10.1m. Current arrears at the end of March 2019 are £12.2m which is £2.1m above the agreed target. There has been a month on month increase since April 2018. Factors affecting income collection and arrears recovery are primarily associated with Welfare Reform changes including a significant element of technical arrears.
An arrears action plan has been implemented and work is ongoing to determine the impact of Welfare Reform.	
LLHS KPI 3.5 Deliver the Financial Inclusion Strategy 2016-2019	LLHS KPI 3.5 Deliver the Financial Inclusion Strategy 2016-2019
The Financial Inclusion Strategy was approved by the Housing Executive's Board in February 2016 and continues to promote a range of services and initiatives including advice, guidance and signposting to other partner organisations.	In September 2018 the Board approved a two year extension of the Strategy until 2021. We continued to promote a range of services and initiatives including advice, guidance and signposting to other partner organisations.
The main services tenants are interested in are	Tenant account information is provided to the Rental Exchange to assist with helping our

PEOPLE	
Outcome 4 – Delivering quality public services	
referral to Citizens Advice, 'Make the Call' and checking Housing Benefit entitlement. As a result of 'Make the Call', a small number of tenants ended up with additional benefits such as Personal Independence Payment (PIP). In addition, a number of tenants are financially better off after receiving assistance with the Housing Benefit application process.	tenants build/improve their credit scores. We are in discussions about how we can use their data to assist with promotion of this important service. We continue to promote DfC's 'Make the Call' service and are identifying further opportunities to ensure Housing Executive customers get maximum benefit from this excellent service.
LLHS KPI 2.8 To achieve Customer Service Excellence (CSE) reaccreditation by August 2017.	LLHS KPI 2.8 To achieve Customer Service Excellence (CSE) reaccreditation by August 2018.
Re-accreditation was received in July 2017 with more than 20 compliances, our best result to date.	The CSE 2018 assessment was completed on 4 May 2018. Housing Services Division achieved two additional 'Compliance Plus' in the accreditation and with more than 22 compliances, our best result to date. Our new best-ever total of 22 Compliance Plus elements indicates that the assessor deemed these elements to be areas of best practice and/or outstanding work.
Ensure our financial resources are effectively managed.	
SSKPI 1.1RC Regional Capital spend – Finance – Ensure that Regional financial resources are managed	SSKPI 1.1 RS Manage NIHE Regional Capital & Revenue spend
Regional Capital resources have been managed throughout the year and were managed within 1% tolerance. Details are set out in other sections of the Annual Report.	Capital and Revenue now reported under a single KPI. Financial resources are closely managed throughout the year. Details are set out in other sections of the Annual Report.
SSKPI 1.1RR Regional Revenue spend – Finance – Ensure that Regional financial resources are managed	
Regional Revenue resources have been managed throughout the year and were managed within 1% tolerance. Details are set out in other sections of the Annual Report.	Regional Capital and Revenue now reported under a single KPI see SSKPI 1.1 RS above.
SSKPI 1.1LC Landlord Capital spend – Finance – Ensure that Landlord financial resources are managed	SSKPI 1.1 LL Manage NIHE Landlord Capital & Revenue spend
Financial resources are closely managed throughout the year with any unspent monies transferred to reserves for re-programming. Details are set out in other sections of the Annual Report.	Landlord Capital and Revenue now reported under a single KPI. Financial resources are closely managed throughout the year with any unspent monies transferred to reserves for re-programming. Details are set out in other sections of the Annual Report.
SSKPI 1.1LR Landlord Revenue spend – Finance – Ensure that Landlord financial resources are managed	
Financial resources are closely managed throughout the year with any unspent monies transferred to reserves for re-programming. Details are set out in other sections of the	Landlord Capital and Revenue now reported under a single KPI. See SSKPI 1.1 LL above.

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Annual Report.					
LLAM KPI 2.2.7 Procurement of new planned maintenance contracts – to be awarded by 30 April 2018			LLAM KPI 2.2.7 Procurement of the new planned maintenance contracts – to be awarded by 30 th April 2018 and implementation to have started by September 2018.		
The Housing Executive's Board approved the award on 25 April 2018.			The Housing Executive's Board approved the award of contracts during April 2018 however, the contracts were not awarded due to legal challenges. This work is being carried forward into the 2019/20 financial year.		
Deliver an efficient Housing Benefit service and manage the transition to universal Credit to project timescales.					
SSKPI 5.1 Process new Housing Benefit claims within 22 days			SSKPI 5.1 Process new HB claims within an average of 22 days.		
	Target	Actual		Target	Actual
Overall end of year average – measured in days.	22	16.8	Overall end of year average – measured in days.	22	13.1
SSKPI 5.2 Process changes of circumstances claims within an average of 7 days			SSKPI 5.2 Process changes of circumstances claims within an average of 7 days		
	Target	Actual		Target	Actual
Overall end of year average – measured in days.	7	3.8	Overall end of year average – measured in days.	7	2.9
SSKPI 5.3 Housing Benefit: Ensure an accuracy rate of 100% for Housing Benefit assessments (3% tolerance).			SSKPI 5.3 Ensure an accuracy rate of 97% for HB award assessments.		
The accuracy rate at the year-end was 98.7%, exceeding the target.			Accuracy figures recorded as 98.6% at year-end, exceeding the target.		
SSKPI 5.4 Recover Housing Benefit overpayments to the value of 80% of the total raised in 2017/18.			SSKPI 5.4 Recover Overpayments to the value of £13 million.		
This target has been met with 81% of overpayments recovered during the year. This equates to £15.1m recovered during the year.			We recovered £15.5m against the target of £13m.		
SSKPI 5.7 Maximum percentage of new claims registered more than 50 days (Target 2%)			SSKPI 5.7 Maximum 2% of new claims registered more than 50 days.		
The target has been met with 0.6% of new claims registered outside of the 50 day period.			The target has been met with 99.4% of cases completed in 50 days during April-Mar 2018/19.		
SSKPI 5.8 97% of new claims decided within 14 days of having all information.			SSKPI 5.8 97% of new claims decided within 14 days of having all information.		
This KPI has been met with 98.6% of new			This KPI has been met with 99.34% of new		

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claims decided within 14 days.	claims decided within 14 days during April-Mar 2018/19.
Carry out Research to facilitate programmes and plans.	
RSKPI 1.1 Deliver the existing annual client-led Research Programme	RSKPI 1.1 Carry out our Annual Research Programme and publish the results.
<p>The target of delivering the existing annual client-led Research Programme has been achieved.</p> <p>Progress on the 2017/18 research programme was reported to the Research Committee under the following headings;</p> <p>Projects with Contractual/Statutory Commitments</p> <p>-Of the six projects, two had reached final milestone stage and three were progressing in line with agreed timetables. The House Condition Survey is reported under RSKPI 1.4</p> <p>Essential Projects</p> <p>-Of a total of six projects four had reached final milestone stage and two were progressing in line with agreed timetables</p> <p>Additional projects to meet business needs</p> <p>Of the four projects, one added in year, two had reached final milestone stage and a further two had commenced following procurement in early 2018. Details of the research programme and completed research can be found on the Housing Executive's website.</p>	<p>The research department has progressed the programme within the confines of its brief.</p> <p>Of 22 projects that were due to commence during the year, all have started except:</p> <ul style="list-style-type: none"> - One (no bids received); - One has been delayed but progressed to draft specification for procurement (client is satisfied with the programming to allow phasing of other projects); <p>and</p> <ul style="list-style-type: none"> - Two have been held to 2019/20, with the agreement of respective clients. <p>Details of the research programme and completed research can be found on the Housing Executive's website.</p>
RS KPI 1.2 Lead 2 Housing Market Intelligence Exchange Forums (HMIE)	RSKPI 1.2 Lead 2 Housing Market Intelligence Exchange Forums.
<p>This target was achieved. Two forums were held during the year. The first, 'Research and policy in the housing sector; making the links' was held in October 2017 and the second, 'Evidence and Policy on the Private Rented Sector' was held in March 2018.</p> <p>Insight briefings were also published on the Housing Executive's website.</p>	<p>Two events were held during the year. The first took place on the 18/10/18 at the Hilton hotel. The theme was – Northern Ireland's Housing Stock. The second event was held on the 21/03/19 at the Stormont Hotel. The theme was Future-proofing our housing.</p> <p>Each event had over 80 attendees and the Insight briefing was circulated to all invitees and attendees. Details can be found about these events on the Housing Executive's website.</p>
RS KPI 1.4 Publish the House Condition Survey Final Report by 31 March 2018	RSKPI 1.4 Publish the 2016 House Condition Survey Final Report by June 2018.
<p>The final House Condition Survey Final Report is due to be published in May 2018.</p> <p>The government released a new version of the</p>	<p>The main report and appendix tables were published on the Housing Executive's website, with National Statistics accreditation on the 31 May 2018.</p>

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SAP2012 energy efficiency measure in November 2017. In order to provide robust, comparable and up-to-date figures, it was necessary to use this measure, but this unforeseen change means that full analysis and quality assurance of all modelled data (some of which has had to be remodelled in light of this change) has delayed publication.

Provide opportunities for customers to engage with us in a number of ways.

SS KPI 3.1

Deliver new Housing Executive website and digital services of our Digital Transformation – by March 2018.

Whilst there has been significant work carried out to date on this KPI, the year-end target date has not been met.

Implementation of the new Housing Executive website has slipped to September 2018 (from March 2018) following enhancements in line with Housing Executive requirements.

A number of reviews and pilots around social media have been completed and a Staff Engagement site for feedback/discussion on service improvements was completed.

SS KPI 3.1

Deliver new NIHE website by October 2018

The new website was implemented on 24 March 2019.

The website has been designed to have a much stronger customer focus with a range of new capabilities including:

- Online visitor registration with email subscriptions & alerts;
- Personalised content and adverts;
- A new website accessibility tool (Recite Me);
- Improved website analytics;
- Potential to distribute e-zines to registered users.

In addition, all NIHE web content has been rewritten to adhere to best practice readability standards.

SS KPI 3.2

Get as many of our customers as possible online and digitally included by 2020.

Work is continuing on the development of the KPI to get as many of our customers online and digitally included by 2020.

-Work has progressed to explore potential for low cost Broadband opportunities for tenants.

-A review of Phase 1 of the Digital for Communities pilot project for key lessons learned has taken place with Phase 2 taking place across a number of locations.

A number of work strands due to be completed this financial year were unable to be progressed until further work on our customer service provision for the future has been undertaken.

SSKPI 3.2

Define targets to increase the number of digital services that we offer our customers

This KPI was being progressed through the Digital Inclusion project. However, this project was closed as there were overlaps with other IT projects.

A new Customer First Service Channels Project was approved which will include the tenant Broadband initiative. A project plan will need to be approved. Discussions are currently being undertaken with a Broadband supplier regarding the provision of low cost Broadband and other digital inclusion initiatives for tenants.

SSKPI 3.6

Implement Year 2 of the Customer Excellence Strategy

Not a KPI in 2017/18

The Year 1 Update of the Customer Excellence Strategy was approved by the Board in November 2018 and was published both on Gateway and our external website.

Year 2 work is being progressed with 5 of the 6 milestones complete. The outstanding milestone relating to a revised Corporate

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	Customer Charter, while substantially developed, will slip into 2019/20 for completion.
IT Strategy	
	SSKPI 3.3 By the end of September 2018 to have substantially implemented IT Futures
Not a KPI in 2017/18	The IT futures Project was 'substantially delivered' by the end of September with a number of residual activities for completion by the end of December.

PROPERTY	
Outcome 2 – Delivering Better Homes	
Performance 2017/18	Performance 2018/19
Maintaining our stock to the Decent Homes Standard through our Planned, Cyclical, and Response Maintenance Programme.	
Planned maintenance of our stock LLAM KPI 2.5.1, 2.5.2, 2.5.3 and 2.5.4 External Cyclical maintenance – Complete 10,500 Revenue Replacements – Complete 3,700 Heating Installations – Complete 4,000 Double Glazing – Complete 3,800	Planned maintenance of our stock LLAM KPI 2.5.1, 2.5.2, 2.5.3 and 2.5.4 External Cyclical Maintenance – Complete 10,500 Revenue Replacements – Complete 11,800 Internal Elemental Replacements Heating Installations – Complete 5,000 Heating Installations Double Glazing – Complete 2,000 Double Glazing installations.
External Cyclical Maintenance 9,460 Revenue Replacements 3,877 Heating Installations 3,684 Double Glazing 2,133 KPI 2.5.1 and 2.5.4 were not met due to contractual issues that disrupted the progress of these schemes. KPI 2.5.3 was not met due to a contractor going into liquidation.	External Cyclical Maintenance 11,239 Revenue Replacements 9,676 Heating Installations 5,232 Double Glazing 2,461 KPI 2.5.2 was not met and is linked to the letting of contracts.
LLAM KPI 4.1 – 4.9	LLAM KPI 4.1 – 4.9
Response Maintenance	Response Maintenance
New contracts were commenced during September and October 2016. It should be noted that there are currently 15 contracts with 11 KPIs for each contract. There is no Northern Ireland figure as the KPIs are measured by contract. There has been a gradual improvement in the number of targets achieved since the start of the financial year, however, a contractor went into administration during the year and this had an effect on performance. One contractor had initial difficulties interfacing with the computer system and is showing an underperformance from December to February. However, manual records show that the KPIs have largely been met for this contractor, and it is anticipated that the end of March figures from the system will show an improvement. Management continue to monitor performance, taking action as required. Note that all maintenance contract figures are at the end of February 2018, one month behind. See below for performance for each contract.	There are currently nine contract lots including 3 serviced by in-house Direct Labour Organisation and the remainder serviced by 4 external contractors across 15 areas, each contract having 12 KPIs. One is an annual KPI, and 11 are monthly. Annual KPI 4.6 is reported at end August and all contractors met the target. The remaining KPIs are shown in the chart below for the month of February 2019. Of the 5 contractors (DLO plus 4 external), three contractors have performed consistently well and two contractors have improved performance over the year. Note that there is no Northern Ireland figure as the KPIs are measured by contract.

KPI Number	Description	2017/18 Target	Target from 01/04/18 – 31/08/18	Target from Sept 2018
LLHS KPI 4.1	Customer Satisfaction – Overall – Response Maintenance.	94%	94%	96%
LLHS KPI 4.2	Employers Post Inspections –Pass Rate Response Maintenance.	91%	91%	92%
LLHS KPI 4.2Q	Cost Employers Post Inspections - Pass Rate Response Maintenance.	91%	91%	92%
LLHS KPI 4.3E	Time – Response Maintenance Completed on Time Emergencies.	92%	92%	94%
LLHS KPI 4.3U	Time – Response Maintenance Completed on Time Urgent	90%	90%	92%
LLHS KPI 4.3R	Time – Response Maintenance Completed on Time Routine.	90%	90%	92%
LLHS KPI 4.4	Time – Voids completed on Time.	95%	96%	97.5%
LLHS KPI 4.5	Time – Adaptations completed on Time.	96%	95%	96%
LLHS KPI 4.6	Safety – Contractors Accident Rate, Response and Planned.	-	500+	500+
LLHS KPI 4.7	First Time Fix (Responsive Maintenance).	85%	85%	87%
LLHS KPI 4.8	Recalls to Defects in the Defects Liability Period – Response.	95%	95%	95%
LLHS KPI 4.9	Time – Response Maintenance Appointments Kept.	90%	90%	94%

Results for Feb 2019	KPI 4.1 %	KPI 4.2 %	KPI 4.2Q %	KPI 4.3E %	KPI 4.3U %	KPI 4.3R %	KPI 4.4 %	KPI 4.5 %	KPI 4.7 %	KPI 4.8 %	KPI 4.9 %
Contract 1	100.00	92.67	92.66	98.18	95.91	93.65	99.16	97.83	89.90	97.09	94.32
Contract 2	100.00	92.06	94.05	95.12	93.21	96.65	98.53	97.05	91.04	95.23	93.01
Contract 3	100.00	85.80	91.48	85.81	80.47	93.14	97.26	97.56	88.24	95.14	91.63
Contract 4	100.00	87.19	92.22	90.31	87.23	90.71	97.96	92.86	87.87	94.33	94.03
Contract 5	100.00	92.41	92.41	94.97	94.18	92.60	100.00	88.89	93.61	95.58	79.98
Contract 6	100.00	92.56	90.29	94.89	96.46	92.20	96.67	75.68	92.57	95.89	90.46
Contract 7	100.00	97.44	93.29	96.14	97.98	98.31	100.00	100.00	88.08	96.79	97.98
Contract 8	100.00	92.94	92.35	97.48	97.29	94.82	100.00	96.00	90.91	96.56	97.47
Contract 9	100.00	92.45	92.45	96.43	95.57	94.16	100.00	52.86	90.48	95.86	96.93
Contract 10	100.00	92.68	92.07	97.22	96.25	94.65	97.87	96.15	87.33	95.56	95.45
Contract 11	97.37	94.23	92.95	98.98	97.59	93.19	100.00	100.00	87.70	95.22	97.38
Contract 12	98.92	93.41	92.58	96.78	97.01	93.03	100.00	96.61	91.78	96.66	96.62
Contract 13	97.26	97.22	97.22	92.35	91.11	91.36	100.00	100.00	89.33	95.19	98.14
Contract 14	97.89	85.76	92.55	96.69	92.99	84.17	100.00	69.23	87.20	95.00	95.68
Contract 15	93.26	82.18	92.02	95.50	93.04	92.22	97.44	100.00	95.29	96.30	94.03

Outcome 2 – Delivering Better Homes	
Performance 2017/18	Performance 2018/19
Maintaining our stock to the Decent Homes Standard through our Planned, Cyclical, and Response Maintenance Programme.	
LLAM KPI 2.7 Health and Safety Compliance – Ensure all occupied homes have a valid gas safety certificate	LLAM KPI 2.7 Health and Safety Compliance – Ensure all occupied homes have a valid gas safety certificate
At the end of March 2018 43,810 properties required a valid gas certificate. Of these 855 did not have a valid certificate and all 855 were going through the Housing Executive's no access procedure. The KPI is met, as measurement includes the number of properties with a valid certificate and the number of properties with no access procedures in place. Of the 855: Stage 2 procedures were in place for 515 homes with, contractors having contacted tenants and arranged a visit date; Stage 4a was in place for a further 180 where our Customer Service Units had made contact with the tenants and visits arranged; and Stage 5 for a further 160 with legal letters issued.	At the end of March 2019, 278 (287 in January) properties did not have a valid Landlords gas safety certificate. These properties are going through the NIHE's no access procedure. The KPI is met, as measurement includes the number of properties with a valid certificate and the number of properties with no access procedures in place. Stage 2 – Contractor has contacted tenant and arranged a visit for 94 of the properties; Stage 4a- Customer service unit has made contact with tenants and arranged a visit for 97 of the properties; and Stage 5 – legal letter have been issued to the remaining 87 properties.
LLAM KPI 2.8.1, Set baselines for Legionella	LLAM KPI 2.8.1 Health and Safety Compliance Legionella – Manage the process to set the baseline – by May 2019
The survey and risk assessment programme for Legionella identified for the year 2017/18 has been achieved overall. The process to set the baseline is being managed. Due to procurement issues the surveys, carried out over a 2 year period, were delayed and are due to complete by May 2019.	All outstanding surveys for Legionella have been commissioned. The year-end target was met. Reporting commenced and the target for 3,144 surveys by the end of March 2019 was met. A target of 4,750 was set for the end of May 2019.
LLAM KPI 2.8.2 Health and Safety Compliance – Set baseline for Asbestos	LLAM KPI 2.8.2 Asbestos: The Survey Strategy outlines a baseline of 10,000 properties per year for reporting purposes.
The Survey Strategy outlines a baseline of 10,000 properties per year. The process to set the baseline is being managed. Due to procurement issues the commencement of the survey and risk assessment programme for Asbestos was delayed and will now complete by June 2018. This will determine the future baseline for reporting on performance.	The target for asbestos monitoring was 10,850 surveys at 1 per property to be completed and this was met with 14,580 surveys having been completed.
LLAM KPI 2.8.3 Health and Safety Compliance – Set baseline for Fire Safety	LLAM KPI 2.8.3 Health and Safety Compliance Fire Safety – Manage the process to set the baseline by December 2018.
The Action Plans emanating from the risk assessment programme for Fire Safety and will determine the baseline for reporting on performance. Fire Risk Assessments have been completed and remedial works are now	Fire Risk Assessments finished ahead of year-end target. 260 Assessments were achieved against a target of 179. Action plans for remedial works are being implemented.

Outcome 2 – Delivering Better Homes	
Performance 2017/18	Performance 2018/19
ongoing and are due to complete by December 2018. Some Fire Risk assessments to be reviewed.	
	LLAM KPI 4.5 Put a new Action Plan in place by 31 March 2019 for the Tower Block Strategy.
Not a KPI in 2017/18	The proposed final Action Plan was approved by the Board on 27th March 2019. The Action Plan will now be referred to the Department for Communities.
	LLAM KPI 4.7 Complete and Publish BBA's research into Cavity Wall insulation by March 2019.
Not a KPI in 2017/18	The survey phase is completed but publication has been delayed to April 2019 due to factors outside the Housing Executive's control.
Small Scale Voluntary Stock Transfer Programme	
LLAM KPI 2.4.1 (Departmental Priority), 2.4.2 (Departmental Priority), and 2.4.3 (Departmental Priority), 2.4.1 - Grange and Ballee estates to transfer to housing associations, subject to positive tenant votes and Departmental approval by 31 March 2018. 2.4.2 - Transfer Briefs for Mourneview-Grey and Lord Street to be issued by 31 March 2018. 2.4.3 - To obtain Housing Executive Board approval for the transfer of Rossville and Killicomaine estates to housing associations, subject to positive tenant votes, by 31 March 2018.	LLAM KPI 2.4.1 (Departmental Priority) Small Scale Voluntary Transfer Programme – Ballee estate to transfer to housing associations, subject to positive tenant votes and DfC approval, by 31 March 2019.
There are three distinct actions linked to this performance indicator and it should be noted that new targets were agreed with the Department on 24 November 17, shown below: LLAM KPI 2.4.1 Small Scale Voluntary Stock Transfer Programme - To have commenced public consultation in Ballee, with a view to carrying out the tenant vote in 2018/19. This target was achieved, with formal consultation started week commencing 26 March 2018. LLAM KPI 2.4.2 Small Scale Voluntary Stock Transfer Programme - To have transfer briefs prepared for Mourneview/Grey and Lord Street/Avoniel pending Departmental approval of the outline business cases for these estates. Target achieved - briefs prepared. LLAM KPI 2.4.3 Small Scale Voluntary Stock Transfer Programme - To have transfer briefs prepared for Rossville and Killicomaine pending Departmental approval of the outline business cases for these estates. Target achieved - briefs prepared.	The formal consultation exercise ended on 14th September. The tenants rejected the transfer proposal and consequently it will not proceed any further. A report was made to the Board in September 2018 and subsequently to the Department. The Department for communities has suspended the Stock Transfer Programme as per letter received 17th October 2018.

Outcome 2 – Delivering Better Homes	
Performance 2017/18	Performance 2018/19
Housing Services	
LLHS KPI 1.3 Ensure 99% of lettable stock is occupied (not void).	LLHS KPI 1.3 Ensure 99.3% of lettable stock is occupied (not void).
The target was met with 99.6% of stock occupied. There were 377 lettable voids at the end of March 2018 against a stock of 85,534. This is our best performance in recent years.	The target was met with 99.7% of stock occupied. There were 250 lettable voids at the end of March 2019, against a stock of 85,162. Performance improved again this year.
Energy Conservation	
RSKPI 3.5 (PfG) By 31 March 2018 to improve a minimum of 6,350 homes through energy efficiency measures (incorporates work to deliver energy efficiency measures to Housing Executive homes). Subject to final budget.	RSKPI 3.5 (PfG) By 31 March 2019 deliver approximately 7,047 fuel poverty measures to approximately 5,269 homes.
The target of improving 6,350 homes through energy efficiency measures has been exceeded with 7,636 homes being improved through these measures. 4,148 homes have been improved through Affordable Warmth Scheme, 3,061 have been improved through the Boiler Replacement Scheme and 427 homes have been improved through the Interim Investment Programme.	This KPI is an amalgamation of RSKPI 3.5.1 Affordable Warmth and RSKPI 3.6 Boiler Replacement. The end year target has been achieved. A total of 5,895 homes have had 8,753 measures completed at 31 March 2019 for the Affordable Warmth and Boiler Replacement Schemes
RSKPI 3.5.1 (PfG) Affordable Warmth Scheme: deliver affordable warmth measures to approximately 3,800 homes (with 5,700 intervention measures). Subject to final budget	RSKPI 3.5.1 (PfG) By 31 March 2019 deliver 5,333 affordable warmth measures to approximately 3,555 homes.
The annual target has been exceeded by 348. 4,148 homes were improved through the Affordable Warmth scheme with 8,232 intervention measures installed.	The Year End target has not been met, impacted by the 6 month delay in issuing approvals, and the limited scope of the interim business case approved in September 2018. To the end of August, 2018/19 referrals were held awaiting DfC's authorisation to proceed. While applications were processed, approvals were not released, which impacted on the number of homes helped during 2018/19. A total of 6,063 measures were completed at 31 March 2019 for the Affordable Warmth Scheme.
RSKPI 3.6 (PfG) Complete 2,250 boiler replacements (subject to final budget)	RSKPI 3.6 (PfG) By March 2019 Complete 1,714 boiler replacements.
3,061 boiler replacements were completed exceeding the target by 811.	2,690 boiler replacements were completed exceeding the target by 976.
RSKPI 3.14 (PfG) Develop with the Department a method for estimating the increase in SAP ratings in the private sector following completion of Energy Efficiency Measures by 31 March 2018.	RSKPI 3.14 (PfG) Using information from the agreed SAP ratings methodology, a baseline is to be set and measures are to be agreed for improved performance for years 2, 3 and 4.
This KPI is now complete with the methodology in place and agreed with the Department.	An agreed SAP baseline of achieving an average increase of 8 SAP points for homes

Outcome 2 – Delivering Better Homes	
Performance 2017/18	Performance 2018/19
Further work is proceeding on procuring a service provider.	which have had Affordable Warmth measures, has been agreed with the DfC. A methodology for measurement will be agreed with the DfC.
RSKPI 3.7 Produce the Annual Home Energy Conservation Authority Progress Report	RSKPI 3.7 Produce the Annual Home Energy Conservation Authority Progress Report by 31 January 2019.
The HECA Report was submitted to the Department in November 2017. The findings of this report are available on the Housing Executive website.	The Annual HECA Progress Report was approved at the Housing Executive Board Meeting on 23rd January 2019 and published on 7th March 2019.
Grants for the Private Sector	
RS KPI 3.3 Register 120 new Houses in Multiple Occupation (HMO's)	RSKPI 3.3 Register 120 new HMO's
There were 161 HMO's registered in 2017/18 exceeding the target.	There were 496 HMOs registered in 2018/19 exceeding the target by 376.
RS KPI 3.4 Inspect 1,000 Houses in Multiple Occupation living standards	RSKPI 3.4 Inspect 1,000 HMO living standards, Housing Executive will work alongside Councils to achieve this target.
1,208 Houses in Multiple Occupation living standards were inspected exceeding the target.	There were 2,062 HMO living standards inspected exceeding the target by 1,062.
RSKPI 3.1 Approve 700 Repair Grants	RSKPI 3.1 Approve 350 Repair Grants
507 approvals were granted which is below target. Repair Grant applications are dependent on the serving of a Public Health Notice by local councils and on landlords submitting applications.	There were 383 approvals made which exceeded the target by 33 at the year-end.
Increase the number of new social homes being built	
RS KPI 2.1 (PfG) Start 1,750 new social homes by 31 March 2018 (Subject to final budget)	RSKPI 2.1 (PfG) Start 1,850 new social homes by 31 March 2019, subject to budget and Housing Association capacity.
1,759 new social homes were started, exceeding the target of 1,750.	At year-end 2018/19, starts were secured on a total of 1,786 units of accommodation, 64 units or 3.4% short of the 1,850 unit starts target. A number of factors prevented the target being achieved, such as unresolvable planning issues and housing associations were unable to secure contracts for two competitive design and build schemes.
RS KPI 2.5 (PfG) By 31 March 2018 achieve 6% of New Build starts to be Wheelchair Accessible housing standard	RSKPI 2.5 (PfG) By 31 March 2019, increase from 6% to 7% (an increase of 1%) of New Build starts to be wheelchair accessible housing standard.
A total of 1,759 starts were secured during the 2017/18 year, however it should be noted that the total figure includes all scheme types i.e.	Of the 1,786 units which started during the 2018/19 year, 1,288 units were New Build units, of which 59 (5%) are being built to

Outcome 2 – Delivering Better Homes	
Performance 2017/18	Performance 2018/19
new build; Off the Shelf properties and Existing Satisfactory Purchases. The target for the provision of Wheelchair accessible accommodation relates solely to the New Build element. A total of 1,417 new build units were started during the 2017/18 year, of which 69 units (or 5%) were recorded as being of wheelchair accessible standard. Although this is just below target it should be noted that this is the highest annual number of wheelchair starts delivered through the Social Housing Development Programme during the past five years.	Wheelchair Standard. We will continue to maximise support for the inclusion of additional Wheelchair Standard units (where it is practical to do so), in schemes programmed to start during the 2019/20 year.
RS KPI 2.2 Complete 1,200 new social homes	RSKPI 2.2 Complete 1,450 new social homes.
1,507 new social homes were completed in 2017/18. This exceeded the target by 307 homes.	At year-end 2018/19, starts were secured on a total of 1,682 units of accommodation. The year-end target was exceeded by 232 starts.
	LLAM KPI 4.6 Submit to the Department by 31 March 2019, a business case for Modern Methods of Construction (MMC).
Not a KPI in 2017/18	In light of recently published desktop research on this topic, the Housing Executive proposed to the Department for Communities that the scope of the pilot new build project (and business case) is extended to encompass a Research Project on low energy housing. The intention is that this would represent an exemplar scheme for future new social housing schemes and also potentially inform the updating of Building Regulations with regard to thermal performance.
Release more public sector land for housing development.	
RS KPI 2.6 (PfG) By 31 December 2017 to have scrutinised the Housing Executive's Undeveloped Land Schedule (ULS) to identify sites suitable for housing development (of all tenures)	RSKPI 2.6 (PfG) Identify NIHE development lands for release to develop 150 social homes.
This action is complete.	At 1st April 2018, there were 19 NIHE Transfer schemes with the potential to deliver a maximum of 258 new social housing units as part of the 2018/19 SHDP. However, due to schemes which slipped or were abandoned, at the year-end, starts had been secured to deliver 75 units of accommodation. Eleven schemes for 156 units slipped into 2019/20 for various reasons such as planning issues relating to drainage, turning circles, and costs.

PROPERTY

Outcome 4 – Delivering quality public services

Housing in Multiple Occupation to transfer to Councils

RSKPI 3.8 (Departmental Priority)

RSKPI 3.8 (Departmental Priority)

PROPERTY

Outcome 4 – Delivering quality public services

By 31 March 2019 continue to work with the Department to have in place the transfer of HMO responsibilities to councils on 1 April 2019 (dependent on third party)

By December 2018, a process will be in place for the HMO function to be transfer ready for March 2019.

Preparatory work is on-going, to meet the transfer timescale, through specific project work streams.

This function transferred and all Housing Executive HMO staff transferred to Councils through the DfC Staff Transfer Scheme on 31 March 2019.

Energy advice

RSKPI 3.15 (Departmental Priority)

By 31 March 2018 to work with Bryson Energy to educate householders on preventative interventions and provide 7,000 pieces of advice on energy efficiency.

RSKPI 3.15 (PfG)

NEW work with stakeholders to:
MEASURE 1: Work with stakeholders to educate householders on preventative interventions for 7,000 customer enquiries and;

RSKPI 3.17 (PfG)

MEASURE 2: Work with stakeholders to educate householders on preventative interventions and provide 1,000 onward referrals.

The target to work with Bryson Energy to educate householders on preventative interventions and provide 7,000 pieces of advice on energy efficiency has been exceeded with 7,008 pieces of advice provided.

Measure 1- The target number of 7,000 customer enquiries was achieved by end March 2019.

Measure 2 – There were 2,166 onward referrals exceeding the target.

PLACES	
Outcome 3 – Fostering vibrant sustainable communities	
Performance 2017/18	Performance 2018/19
<p>LLHS KPI 3.1 Continue to provide a responsive, effective, professional Community Safety service</p> <p>The Housing Executive's Community Safety Strategy expired in December 2017 however, the Chief Executive's Business Committee met on 05.12.17 and approved an extension of up to 12 months on the current Strategy. The Strategy Action Plan and its main themes of prevention, intervention and enforcement, with associated objectives, will be carried forward into 2018 pending the introduction of a new Departmental Community Safety Strategy.</p> <p>Comprehensive Community Safety policies and procedures are in place which provides guidance to Housing Executive staff on dealing with Community Safety and anti-social behaviour (ASB) issues.</p> <p>Over 80% of customers surveyed between April 2017 and March 2018 indicated that they would be willing to report ASB to the Housing Executive in the future.</p> <p>The Hate Incident Practical Action (HIPA) scheme continues to be available to support victims of hate harassment and where there is damage to property. The Community Safety budget for 2017/18 was allocated to a range of community based groups and Policing and Community Safety Partnerships who had submitted applications.</p>	<p>LLHS KPI 3.1 Continue to provide a responsive, effective, professional Community Safety service</p> <p>A draft Community Safety Strategy 2019/23 is nearing completion and will be subject to a 12 week consultation period. The themes of preventions, intervention and enforcement have been carried forward in the new strategy. It will be launched in the second half of 2019/20 and it is anticipated it will be accompanied by annual action plans.</p> <p>Comprehensive Community Safety policies and procedures are in place providing guidance to Housing Executive staff dealing with Community Safety and anti-social behaviour (ASB) issues.</p> <p>As in the previous year over 80% of customers surveyed between April 2018 and March 2019 indicated they would be willing to report ASB to the Housing Executive in the future.</p> <p>The Hate Incident Practical Action (HIPA) scheme continues to be available to support victims of hate harassment where there is damage to property. During 2018/19 there were 14 referrals to the scheme.</p> <p>Between April 18 and March 19 a cumulative total of 34 Community Safety funding applications have been received. Offers totalling £444k have been made to these 34 groups and all money has been paid.</p>
<p>LLHS KPI 3.2 Implement the Community Cohesion Strategy 2015-20</p> <p>The Community Cohesion Strategy 2015-20 continued to be implemented throughout 2017/18. Phase 1 and phase 2 of the BRIC2 Programme have been implemented. Good Relations Officers have signed up groups for phase 3 and the Terms of Reference and are supporting them to develop bespoke good relation plans.</p> <p>A programme of 10 Together Building United Communities (TBUC) shared neighbourhood schemes in social housing is being supported by the Executive Office. Five of the ten developments are completed, with a further five onsite. Work continues to identify schemes to take forward for 'Housing for all' which will have an annual target of 200 units of shared social housing.</p> <p>Work is also ongoing to remodel the interface at Woodvale/Crumlin Road.</p>	<p>LLHS KPI 3.2 Implement the Community Cohesion Strategy 2015-2020</p> <p>The Community Cohesion Action Plan 2018/19 has five high level themes with work progressing on all 5 themes including:</p> <ul style="list-style-type: none"> -Eight of the 10 Together Building United Communities (TBUC) developments are completed; - Work continues to deliver 13 Race Relation Projects across the 3 Regions. This year 20 Race relations projects were delivered across all three regions; – the BRIC2 programme completed on the 30 June; - This year there were 164 Good Relations projects delivered across all three regions; - Reimaging of the Peacewall on the Woodvale side of the Crumlin Road commenced in January including environmental works and the installation of Artwork. This project is due completion by July 2019.

PLACES	
Outcome 3 – Fostering vibrant sustainable communities	
Performance 2017/18	Performance 2018/19
<p>LLHS KPI 3.3 Develop and implement the 2017-2023 Community Involvement Strategy and Action Plan by 31 March 2018.</p> <p>Consultation with staff and community has taken place in relation to the refreshed Community Involvement Strategy and associated action plan. The draft strategy will be presented to the Housing Executive Board in April 2018, just outside the target date. Service Level Agreements have been agreed and signed by all organisations including Northern Ireland Youth Forum (NIYF), Rural Community Network and the NI Disability Forum.</p> <p>The Digital Inclusion Demonstration project will be carried out over a number of phases over a two year period.</p> <p>This year's Community Conference '#FIT4Future' took place in November 2017 and focused on digital inclusion, the impact of Welfare Reform and how our tenants interact with us as a landlord. This was attended by over 300 delegates.</p> <p>A number of fora have been established and met bi-monthly.</p>	<p>LLHS KPI 3.3 Implement Year 1 of the 2018-23 Community Involvement Strategy Action Plan by 31 March 2019.</p> <p>After an extensive public consultation over 2018. The public consultation process closed on the 18th October 2018 and the new Community Involvement Strategy was officially launched on the 12th December 2018.</p> <p>Work has taken place to reintroduce the four tier approach to the Housing Community Network (HCN) which includes - Local, Area, Regional and Central HCN's. Belfast Region has an established Regional tier and the reintroduction of the Regional HCN's in South has taken place. Discussions are underway to establish similar in North Region just outside the financial year.</p>
<p>LLHS KPI 3.4 Implement the Social Housing Enterprise Strategy 2015-18.</p> <p>The Social Housing Enterprise Strategy continued to be implemented. Applications to tranche three of the awards scheme involving an investment of £516k have been assessed. Notification of awards was made during October and November 2017.</p> <p>An independent evaluation of tranches one and two of the Awards Scheme has been completed - the outcomes and recommendations were presented to the Housing Executive's senior management team in January 2018.</p> <p>The Housing Executive Board were updated on the Social Housing Investment Awards in March 2018, by way of a presentation and the impact the awards have made on our communities.</p> <p>Ongoing monitoring and evaluation of all applications for tranches two and three are currently underway</p>	<p>LLHS KPI 3.4 Implement the Social Housing Enterprise Strategy and measure Supplementary Social Value outcome.</p> <p>Tranche 3 of awards were allocated during 2018, given these were made on a phased basis some of these payments were made in early 2019. Some payments remain to be made, it is envisaged this will be complete by July 2019. Some projects continue to require additional monitoring due to a later project start date, this will also require spend to be released beyond April 2019 in a small number of projects.</p> <p>A final evaluation of Tranche 3 has been commissioned which will also incorporate an assessment of the Social Return on Investment of the entire 3 year Awards Scheme.</p> <p>A new draft Social Enterprise Strategy is currently being developed with a view to being launched in Autumn 2019.</p> <p>Social Clauses are currently being reviewed with potential for reshaping the delivery and reporting arrangements, related to social enterprises within Housing Executive</p>

PLACES	
Outcome 3 – Fostering vibrant sustainable communities	
Performance 2017/18	Performance 2018/19
	Communities.
RSKPI 5.6 (PfG) (TBUC) Together: Building a United Community – Complete and allocate two of the five remaining shared neighbourhoods by March 2018	RSKPI 5.6 (PfG) (TBUC) Together Building a United Community – Complete and allocate the final 5 shared neighbourhoods by March 2019.
The Ballynahinch scheme was completed in year, however the TBUC element was unable to be completed by the year-end. The target, therefore, has not been met and these will complete in 2018/19.	There were 5 schemes to be delivered. - Works completed and Landlord Services Sign-off was secured on 3 schemes; - Works completed, but Landlord Services Sign-off still awaited on 1 scheme; -Works completion and Landlord Services Sign-off slipped to 2019/20 on 1 scheme.
Place shaping	
RSKPI 1.3 Develop 11 updated Housing Investment Plans and present them to Councils.	RSKPI 1.3 Develop 11 updated Housing Investment Plans and present them to Councils by 30 November 2018.
All 11 Housing Investment Plans were presented to Councils by December 2017.	All 11 HIPs developed and presented to Councils on target.
RS KPI 5.3 Implement Housing Executive actions from Building Successful Communities Action Plans	RSKPI 5.3 Implement those actions that the Housing Executive is responsible for delivering from the Building Successful Communities Action Plans.
Each forum developed an action plan and a 'Masterplan' for each of the six areas. These are in the process of being delivered.	The Housing Executive has progressed the work in the Department's Building successful Communities action plans. It should be noted that Doury Road site transfer has slipped to 2019/20 and is outside of the Housing Executive's control.
Rural Strategy	
	RSKPI 2.8 Deliver Year 3 of the Rural Strategy Action Plan.
Not a KPI in 2017/18	A year 3 Rural Action Plan was developed by the 30/06/18. Implementation of the 44 actions within the Action Plan are progressing. A half year progress report outlining work to date. 43 actions were on target to complete by March 2019 and 1 action relating to SV Panels is likely to slip into 2019/20. The results of Year 3 Rural Action Plan will be published on the Housing Executive's website during Summer 2019.



Clark Bailie
Chief Executive
Date: 24 June 2019

Key Performance Validation Certificate

Under Managing Public Money Northern Ireland (MPMNI) rules, the Chief Executive has prime responsibility for the achievement of performance targets agreed with the Department for Communities, and that suitable systems are in place to provide reliable information on performance against those targets.

Our Internal Audit Department is responsible for assessing the adequacy and effectiveness of controls within these systems and validating actual performance.

Opinion

Based on the sample validation testing carried out, our Internal Audit Department is content to conclude that the 2018/19 KPIs have been calculated on a reasonable basis with appropriate supporting evidence.



Lee Campbell
Assistant Director, Internal Audit

Date: 24 June 2019

ACCOUNTABILITY REPORT: CORPORATE GOVERNANCE REPORT

Overview

The Accountability Report has three sections:

1) Corporate Governance Report:

The purpose of the Corporate Governance report is to explain the composition and organisation of the Housing Executive's governance structures and how they support the achievement of its objectives.

The Corporate Governance report includes the Directors' Report, the statement of Northern Ireland Housing Executive's and Chief Executive's responsibilities and the Governance Statement.

2) Remuneration and Staff Report:

The purpose of the Remuneration and Staff Report is to set out the Housing Executive's remuneration policy for directors. Further it also includes the remuneration due to the director, pension information and details of any benefits in kind if applicable. A Staff Report is also included which provides detail of staff numbers and costs, staff composition, sickness absence data, off-payroll engagements in accordance with Treasury guidance and staff policies adopted during the year by the Housing Executive.

3) Assembly Accountability and Audit Report:

The Assembly Accountability and Audit Report brings together the key accountability documents within the annual report and accounts. These key documents include the Losses and Special Payments, details of any remote contingent liabilities and the Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly.

ACCOUNTABILITY REPORT

CONTINUED:

DIRECTORS' REPORT:

This part of the Annual Report sets out the Accounts of the Northern Ireland Housing Executive for the financial year ended 31 March 2019.

Statutory basis

The Northern Ireland Housing Executive (the Housing Executive) is a Non-Departmental Public Body (NDPB) for accounting purposes, which was originally established by the Housing Executive Act (Northern Ireland) 1971 (since repealed and superseded by the Housing (Northern Ireland) Order 1981). Under the terms of the 1971 Act, the Housing Executive took over the housing responsibilities of some 65 separate authorities and became Northern Ireland's single comprehensive regional housing authority. The Housing Executive's main functions, duties and powers are primarily contained in a series of housing orders spanning from 1981 to 2006, amended and supplemented by the Housing Amendment Acts of 2010, 2011 and 2016.

Primary responsibilities

As a comprehensive regional housing authority, under existing legislation the Housing Executive's responsibilities consist of a range of duties, powers and functions which include the following:

- to regularly examine housing conditions and housing requirements;
- to draw up wide ranging programmes to meet these needs;
- to effect the closure, demolition and clearance of unfit houses;
- to effect the improvement of the condition of the housing stock;
- to encourage the provision of new houses;
- to establish housing information and advisory services;
- to consult with district councils and the Northern Ireland Housing Council in respect of drawing up draft programmes meeting housing need;
- to manage its own housing stock in Northern Ireland;
- the preparation and drafting of the statutory Housing Selection Scheme and any modifications for departmental approval;
- to support, or aid in the support of, charitable or benevolent associations or institutions connected with the provision of housing accommodation, or with objects ancillary to such provision;
- to provide grant payments to improve private sector homes;
- to provide disabled facility grants for the adaptation of private sector homes to enable disabled residents to continue to live in their homes;

- to formulate and implement a Homelessness Strategy;
- to carry out homelessness assessments and in certain circumstances to secure housing for the homeless;
- to provide caravan sites for the Irish Traveller Community as appears appropriate;
- to prepare and comply with a registration scheme for Houses in Multiple Occupation (HMOs) (function transferred to Councils on 1 April 2019);
- the giving of assistance by way of grant or loan to a voluntary organisation concerned with homelessness, or with matters relating to homelessness.

The Housing Executive has additional functions under other legislation which include that of the Home Energy Conservation Authority for Northern Ireland and the administrator for the Supporting People programme and Housing Benefit. We are also responsible for management of the Social Housing Development Programme and the administration of the Affordable Warmth Scheme. In addition, the Housing Executive also provides services in connection with the provision of support for asylum seekers, refugees and their dependents under powers conferred on it by various immigration related legislation.

Board Members

The role of the Board is to provide effective strategic leadership, direction, challenge, support and guidance to the organisation. The Board supports the delivery of the Programme for Government targets (PfG), Ministerial Priorities, the Department's Housing Strategies, Government Reforms and promotion of the core values of the organisation.

The Housing Executive is subject to the Department for Communities' right to issue a direction in connection with the exercise of any of its functions. It is referred to as "the Department" throughout this report.

Following Ministerial approval, all ten Board Members are appointed by the Permanent Secretary of the Department for Communities. Four of these ten members are nominated from the Northern Ireland Housing Council Membership and the remainder are nominated via an independent recruitment exercise conducted by the Commissioner of Public Appointments Northern Ireland.

A formal recruitment exercise for both Chair and Vice Chair of the Housing Executive Board was conducted by the Department for Communities via the Commissioner for Public Appointments in May 2017. These appointments required Ministerial approval and no official appointments were progressed due to current position of the Northern Ireland Assembly. Under these circumstances and, as a result of the Executive Formation and Exercise of Functions Act 2018, both appointments were progressed by the Secretary of State for Northern Ireland (Rt. Hon Karen Bradley MP), and the appointments of Chair and Vice Chair were announced by the Northern Ireland Office on 1 April 2019. Details of these appointments are below. A brief one month extension to three of the Housing Council Board Memberships terms of appointment was also granted by the Secretary of State to cover the period leading up to the local elections.

The Housing Executive is governed by a ten member Board, although during the period 1 April 2018 to 31 March 2019 operated with nine members and one vacancy (as a result of the retirement of the former Chair, Donald Hoodless, who resigned from his post on 31 December 2016).

During 2018/2019 the Housing Executive Board met on a monthly basis (usually the last Wednesday of each month), held two Board Away Days and three Regional Visits. There was no monthly meetings held in July or December, however, a Special Meeting of the Board occurred on 4 December 2018.

Board Members for the period 1 April 2018 - 31 March 2019

Chair - Professor Peter Roberts, BA, MA, DLitt, MRTPI, FIED, AcSS, FRSA, OBE (1 April 2019 to 31 March 2021).

- Professor Roberts was originally appointed to the role of Vice-Chair of the Board by the Department for Communities on 5 November 2012 for a 5 year term, and subsequently appointed Interim Chair of the Board from 1 January 2017 (following the retirement of the previous Chair Donald Hoodless). Professor Roberts was formally appointed to the role of Chair by the Secretary of State on 1 April 2019 for a two year period.

Vice Chair - John McMullan (1 April 2019 - 31 March 2024).

- John McMullan was appointed to the role of Vice Chair of the Housing Executive Board by the Secretary of State on 1 April 2019 for a 5 year term.

Former Interim Vice Chair - Greg Lomax (1 February 2017 to 31 March 2019).

- Greg Lomax was originally appointed to the Board by the Department for Communities on 15 April 2013 for a 5 year term, and subsequently appointed to the role of Interim Vice Chair from 1 February 2017 until 31 March 2019. Mr Lomax resigned from the Board on 1 April 2019.

Other Board Members:

- Ken Millar BA (Re-appointed from 1 June 2015 to 31 May 2020 for a second term).
- Jim McCall (Appointed from 1 June 2015 to 31 May 2020).
- Derek Wilson (Appointed from 1 June 2015 to 31 May 2020).
- Vacant position (from 1 January 2017 as a result of the retirement of the former Chair Donald Hoodless)
- Councillor Phillip Brett (Appointed from 1 June 2015 to 31 March 2019; extended for one month to 1 May 2019).
- Councillor Catherine Elattar (Appointed from 1 June 2015 to 31 March 2019; extended one month to 1 May 2019).
- Alderman Bill Keery (Appointed from 1 June 2015 to 31 March 2019; extended one month to 1 May 2019).
- Councillor Hazel Legge (Appointed from 1 June 2015 to 31 March 2019).

At 31 March 2019, the gender breakdown of the Board was:

Female: 2

Male: 7

Register of interests

In accordance with the Code of Practice for Board Members, a Register of Interests is maintained to record Members' declarations of personal or business interests which may conflict with their responsibilities as Board Members.

Members of the public have access to the Register, upon prior written notice.

Financial accounts

The accounts are presented in accordance with the Accounts Direction given by the Department with the approval of the Department of Finance, in accordance with article 21(2) of the Housing (Northern Ireland) Order 1981.

Results for the year

The Housing Executive operates separate budgetary control and reporting requirements for Landlord Services and Regional Services. This results from Landlord Services being categorised as a Quasi Public Body and Regional Services being categorised as a Non Departmental Public Body (NDPB).

Landlord Services is mainly funded by rental income from tenants, supplemented by grant funding from the Department and a small amount of miscellaneous income. Landlord Services are able to utilise unspent rental income to fund expenditure in future years.

Regional Services is almost entirely funded by Government Grant from the Department and, includes both:

- DEL Capital and Resource funding;
- Annually Managed Expenditure funding.

Details regarding budgetary performance for the year in respect of Landlord Services and Regional Services are included in the Performance Report.

For the Year Ending 31 March 2019, the Housing Executive continues to prepare its annual report and accounts in accordance with International Financial Reporting Standards.

The Statement of Comprehensive Net Expenditure within the annual accounts shows Net Expenditure after tax for the year of **£302.1 million** (2017/18: £272.8 million).

During the year, a revaluation of the Housing Executive's land and housing stock and other property assets portfolio was undertaken by independent external valuers. More detail is provided in Note 10 and in the section below titled "Property, Plant & Equipment".

The Housing Executive continues to undertake a programme of restructuring which incurs early departure costs as a result of reducing the number of posts required within the organisation. In-year costs of **£2.3m** (2017/18:£2.5m) have been included in the Statement of Comprehensive Net Expenditure, in accordance with "International Accounting Standard 1", Presentation of Financial Statements. More details regarding the restructuring can be found in the Staff Report within the Accountability Report.

The annual pension report, which is provided by the appointed independent actuary, continues to show a deficit in the pension fund. The deficit has decreased from £135.4 million in 2017/18 to £102.5 million in 2018/19. The actuary explained that the decrease in the deficit is mainly due to a higher than expected return on assets as well as updated future mortality improvement assumptions, with these factors being partly offset by changes to financial assumptions, in particular the discount rate and inflation rate, as well as a rise in the short term salary increase expectations. Note 23 provides further pension disclosures.

Property, plant & equipment

For year ending 31 March 2019 annual accounts, the Housing Executive's land and housing stock have been revalued by an independent external valuer as at 31 March 2019. The Land was valued by McKibbin Commercial Property Consultants and the Housing Stock was valued by Land and Property Services, an executive agency within the Department of Finance for Northern Ireland. The remainder of the Housing Executive's property was revalued using appropriate indices supplied by Land & Property Services. The 'Other Assets' category was revalued using appropriate March 2019 indices.

Housing Stock continues to be valued at 'Existing Use Value for Social Housing' based on the guidance issued by the Department of Communities & Local Government: 'Stock Valuation for Resource Accounting – Guidance for Valuers 2016'. Valuations were made in accordance with the Royal Institution of Chartered Surveyors' Red Book.

Existing Use Value for Social Housing is obtained by adjusting the market value for each property archetype by a factor (adjustment factor) which reflects the valuation for the properties if they were to be sold with sitting tenants enjoying tenant's rights. The Adjustment Factor measures the difference between private open market rented property and socially rented property at a regional level and has been calculated in accordance with the guidance.

A revaluation of the Housing Executive's property portfolio as at 31 March 2019 resulted in an increase in value of £156.4 million which has been transferred to the Revaluation Reserve Account. Of this amount, £147.8 million represented an increase in the housing stock valuation, which is reflective of a general improvement in property prices in Northern Ireland.

Land, Commercial Properties and Offices are valued at open market value for existing use. Hostels and Travellers' sites are considered to be specialised assets and are valued at Depreciated Replacement Cost.

There was a £6.4 million increase in the value of land as a result of the revaluation exercise undertaken by McKibbin Commercial Property Consultants. During the current financial year, land which was previously identified as 'Amenity' has been reclassified as 'Undeveloped Land' with a value of £1.6 million (see Note 10(a) Land – Reclassification uplift) and is accounted for as a revaluation movement. Land classified as Amenity Land has no value and is reflected within the social housing values.

The realised revaluation surplus on the disposal of houses and land of £15.6 million has been transferred to the Revenue Reserve Account from the Revaluation

Reserve Account. During the financial year, the Housing Executive sold 451 dwellings.

Charitable donations

The Housing Executive made no charitable donations during the year.

Open Government

The Housing Executive complies with the Freedom of Information Act 2000.

Data Protection Breaches

During the 2018/19 year seven suspected GDPR breaches were referred to the Information Commissioners Office (ICO). Details regarding these breaches can be found on page 101 in the Governance Statement.

Payment to creditors

The Housing Executive is committed to the prompt payment of bills for goods and services. We aim to pay valid invoices within 10 working days in line with the Government Prompt Payment Target and within 30 days at the latest in line with our standard terms and conditions, unless otherwise stated in the contract. In 2018 -19, a total of **417,664** (2017/2018: 405,701) payments were processed with **415,616 (99.51%)** (2017/2018: 397,927 (98.08%)) being paid within 30 days of the invoice date. In relation to the 10 day payment target which relates to goods and services invoices only, a total of **409,583 (98.07%)** (2017/2018:353,030 (87.02%)) were paid within 10 days of the invoice date.

Pensions

The Housing Executive participates in the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) pension scheme for the majority of its employees. This is a defined benefit pension scheme. The assets are accumulated in the scheme, which is multi-employer, and are held separately from the assets of the Housing Executive. The Housing Executive Accounting Policy 1p) provides additional information on pensions.

Financial instruments

IFRS 7, "Financial Instruments: Disclosures", requires the Housing Executive to disclose the significance of financial instruments for the Housing Executive's financial position and performance, the nature and extent of risks arising from financial instruments and how those risks are managed. The Housing Executive is not exposed to the same financial risks as that faced by commercial businesses as it is in receipt of subvention from the Department, however full disclosure is given in Note 21.

EU Referendum

On 23 June 2016, the UK held a Referendum to determine whether the country would remain in or leave the EU. The Housing Executive is currently assessing the implications of the majority leave result on the organisation, but do not consider that it will result in any material impact on its future activities.

Going Concern

In the absence of the Northern Ireland Assembly, budget allocations to the Northern Ireland Departments for 2019/20 (the block grant) were provided by the Secretary of State for Northern Ireland in a written Statement to Parliament on 28 February 2019. The Permanent Secretary for the Department for Communities then subsequently confirmed the allocation to the Northern Ireland Housing Executive in a letter dated 20th March 2019. As a result, the financing of the Housing Executive's liabilities will be met by future grants from the Department and the application of future income. There is no reason to believe that future approvals will not be forthcoming. It has therefore been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Auditor

The Comptroller and Auditor General (C&AG) was appointed as the Statutory Auditor of the Housing Executive from 1 April 2003 following the Audit and Accountability (Northern Ireland) Order 2003. The C&AG is the Head of the Northern Ireland Audit Office and he and his staff are wholly independent of the Northern Ireland Housing Executive. He reports his findings to the Northern Ireland Assembly.

During 2018/19, the Northern Ireland Audit Office carried out additional non-audit services relating to costs associated with the Housing Executive participating in the National Fraud Initiative. The cost of this exercise is disclosed in Note 6 to the financial statements. No additional non-audit services were provided by the Northern Ireland Audit Office during the year end 31 March 2019.

Committees of the Board

Audit and Risk Assurance Committee (ARAC)

The Audit and Risk Assurance Committee (ARAC) is an advisory and scrutiny body with no executive powers. The Audit and Risk Assurance Committee supports the Accounting Officer and the Board by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report. The ARAC operates in accordance with the Audit Risk and Assurance Committee Handbook NI as specified in DAO (DoF) 03/18.

The Committee, chaired by the Board Vice Chair, currently comprises three Board Members and two Independent Members and meets quarterly with the Housing Executive Chief Executive, Directors, Head of Internal Audit and Head of Technical Inspections. Ad hoc and Special Meetings are also arranged as required.

Direct Labour Organisation (DLO) Performance and Development Committee

The DLO Performance and Development Committee is an advisory and scrutiny body with no executive powers and is responsible for providing assurance to the Board on the effectiveness and efficiency of DLO management, performance, governance, and compliance control.

The Committee, chaired by Ken Millar, currently comprises three Board members and two Independent members and meets quarterly with the Housing Executive

Chief Executive, relevant Directors, Head of DLO and DLO management team, including Finance/HR business partners.

STATEMENT OF NORTHERN IRELAND HOUSING EXECUTIVE'S AND CHIEF EXECUTIVE'S RESPONSIBILITIES:

Under Article 21(2) of the Housing (Northern Ireland) Order 1981, the Department has directed the Northern Ireland Housing Executive to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Northern Ireland Housing Executive and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Department, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departure in the financial statements;
- prepare the financial statements on a going concern basis; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Accounting Officer of the Department has designated the Chief Executive of the Northern Ireland Housing Executive as Accounting Officer for the Housing Executive. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Housing Executive's assets, are set out in the Accounting Officers' Memorandum issued by the Department of Finance and Personnel (renamed the Department of Finance in May 2016) and published in Managing Public Money Northern Ireland.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Housing Executive's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 MARCH 2019:

The Chief Executive, as the Accounting Officer Northern Ireland Housing Executive (the Housing Executive) is required to have in place adequate and effective arrangements for the management of risk and to produce an Annual Governance Statement. This Annual Governance Statement has been approved by the Housing Executive Board and forms part of the Annual Report and Accounts.

The Governance Statement refers to an annual accounting period, in this case 1 April 2018 to 31 March 2019.

This Annual Governance Statement has been produced in line with guidance issued by the then Department of Finance and Personnel (DFP) in Dear Accounting Officer letter DAO 10/12 and Annex 3.1 of Managing Public Money Northern Ireland (MPMNI). It comprises the following sections:

1. Scope of responsibility;
2. The Housing Executive's Governance Framework;
3. Overview of significant reports (3a External Reports & 3b Internal Reports);
4. Declaration of significant governance issues;
5. Other significant issues; and
6. Conclusion.

1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Housing Executive's aims and objectives, whilst safeguarding public funds and the Housing Executive's assets, for which I am personally responsible, in accordance with the responsibilities assigned in Managing Public Money Northern Ireland (MPMNI).

The Management Statement and Financial Memorandum (MSFM) issued to the Housing Executive by the Department for Communities sets out the controls to be exercised over the different areas of the Housing Executive's activities by the Department.

The MSFM, MPMNI and relevant Dear Accounting Officer letters set out the controls to be exercised over the different areas of activity, either by the Department directly, or by the Housing Executive, through its Board under delegated authority.

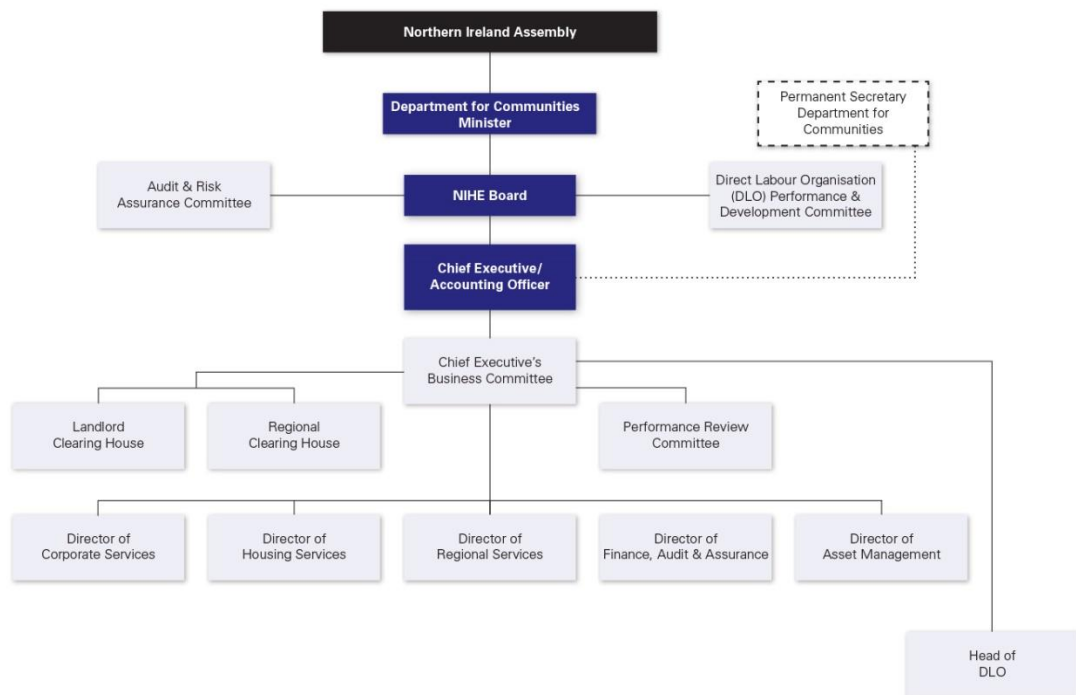
2. The Housing Executive's Governance Framework

The Housing Executive operates a Governance Framework that brings together legislative requirements, governance principles and management processes. This includes the system of internal controls, standing orders and the assurance process which is regularly reviewed.

The Housing Executive maintained a system of Internal Control for the year ended 31 March 2019 in accordance with Department of Finance (DoF) guidance.

The Housing Executive's Head of Internal Audit's Annual Audit Opinion for the 2018/2019 financial year provides a formal opinion on the governance, risk management and control arrangements in place within the Housing Executive.

The current governance structure diagram detailed below shows the relationship between the Housing Executive and its sponsoring Department; and between the Board, its Committees, the Chief Executive and the Senior Management Team.



Note: The Director of Corporate Services position was vacant throughout the 2018/19 financial year. The duties were distributed within the other 4 divisions. An appointment was made and the new Director took up their position on 1st May 2019.

The Board

The Housing Executive is normally governed by a ten Member Board, although during the period 1 January 2017 to 31 March 2019 the Board has operated with nine Members. The one vacancy was a result of the retirement of the former Chair, Donald Hoodless, who left his post on 31 December 2016. Whilst an interim chair was appointed, an additional Board Member was not appointed to bring the Board up to its full complement.

The role of the Board is to provide effective strategic leadership, direction, challenge, support and guidance to the organisation. The Board supports the delivery of the Programme for Government targets, Ministerial priorities, the Department's housing strategies, government reforms and promotion of the core values of the organisation.

In April 2013 the 'Corporate Governance in Central Government Departments: Code of Good Practice NI 2013' was published. Annex A of the Code sets out a model Board operating framework to document a Board's roles and responsibilities. The Housing Executive Board implemented its own Board Operating Framework, based on the Code of Good Practice, which is reviewed in line with best practice to reflect updated organisational structures and the operating environment.

Professor Peter Roberts (formerly holding the role of Interim Chair) was appointed Chair of the Housing Executive Board from 1 April 2019. Mr John McMullan was appointed to the role of Vice Chair on 1 April 2019. These appointments were made by the Secretary of State for Northern Ireland following the formal recruitment exercise for both roles conducted in May 2017. The appointments process is regulated by the Office of the Commissioner for Public Appointments NI (CPANI) and appointments are made in accordance with the CPANI Code of Practice.

The Department is currently progressing the public appointment of the four Housing Council Board Members and a non-executive Board Member to mitigate any potential risk associated with the Board's quorum. However this is subject to an appointments process and requires Ministerial / Secretary of State approval. The potential Governance risk associated with Board Membership as a result of the local Government Election in May 2019 has been added to the Corporate Risk Register.

During April 2018 to March 2019 the Housing Executive Board met eleven times (*incorporating a Special Meeting which took place on 4 December 2018*). The meeting dates and attendance for each member is outlined overleaf.

Member Name	25/04/18	30/05/18	29/06/18	29/08/18	26/09/18	31/10/18	28/11/18	04/12/18	23/01/19	27/02/19	27/03/19	Comments
Prof Peter Roberts	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Appointed Board Chair as of 1 April 2019, following a period as Interim Chair
Greg Lomax	✓	✓	-	✓	✓	✓	✓	-	✓	✓	✓	Appointed Board Interim Vice-Chair & ARAC Committee Chair as of 1 February 2017. Resigned 1 April 2019.
Phillip Brett	✓	✓	-	✓	✓	-	✓	✓	✓	✓	✓	
Catherine Elattar	✓	✓	✓	-	-	-	-	-	✓	✓	✓	
Bill Keery	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Hazel Legge	✓	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	
Jim McCall	✓	-	✓	-	-	✓	✓	✓	✓	✓	✓	
Ken Millar	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Appointed DLO Committee Chair during March 2017
Derek Wilson	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Vacant												

The Audit and Risk Assurance Committee (ARAC)

The ARAC is an advisory and scrutiny body with no executive powers. The Committee supports the Accounting Officer and Board by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report. The ARAC operates in accordance with the Audit Risk and Assurance Committee Handbook (NI) as specified in DAO (DOF) 03/18.

The Committee, currently comprising three Board Members and two Independent Members, meets on a quarterly basis with ad hoc Special Meetings as required. The ARAC Chair presents the draft Committee Minutes to the next available Board meeting and also produces an annual report for the Board, outlining the effectiveness of the Committee and the scope of work undertaken during the year. The 2018/2019 annual update is scheduled to be presented to Board in June 2019.

The Committee routinely reviews and updates its Terms of Reference in collaboration with the Department for Communities.

During April 2018 to March 2019, the ARAC Committee met five times. The meeting dates and attendance for each Committee Member are detailed in the table below.

Member Name	26/06/18	25/06/18*	13/09/18	03/12/18	12/03/19	Comments
Greg Lomax (Chair)	✓	✓	✓	✓	✓	Committee Chair / Board Member <i>(Appointed Board Interim Vice-Chair & ARAC Committee Chair in February 2017) Resigned 1 April 2019.</i>
Derek Wilson	✓	✓	✓	✓	✓	Board Member
Jim McCall	✓	✓	✓	✓	✓	Board Member
JP Irvine	✓	-	✓	✓	✓	Independent Member
Sharon Hetherington	✓	✓	✓	✓	✓	Independent Member

** Monday 25 June 2018 was a Special ARAC Meeting to consider the submission of the 2017/2018 Annual report and Accounts.*

Following the appointment of the permanent Chair and Vice-Chair positions, with effect from 1 April 2019, the Committee positions will be considered in conjunction with Board members.

Direct Labour Organisation (DLO) Performance and Development Committee

The DLO Performance and Development Committee is an advisory and scrutiny body with no executive powers and is responsible for providing assurance to the Board on the effectiveness and efficiency of DLO management, performance, governance, and compliance control.

The Committee, currently comprising three Board Members and two Independent Members, meets quarterly with the Chief Executive, relevant Directors and DLO management in attendance.

The draft Committee Minutes are presented by the Committee Chair to the Board at the next available meeting. An annual report is also produced and presented to the Board outlining the effectiveness of the Committee and the scope of work undertaken during the year. The 2018/2019 annual update was presented to the Board in February 2019. Any emerging risks identified will continue to be brought to the Board and the ARAC as appropriate.

The Committee also routinely reviews and updates its Terms of Reference.

During April 2018 to March 2019 the DLO Performance and Development Committee met four times. The date and attendance of each Member is below

Member Name	08/05/18	21/08/18	13/11/18	05/02/19	Comments
Ken Millar (Chair)	✓	✓	✓	✓	Committee Chair / Board Member <i>(appointed to Committee Chair of DLO on 1 February 2017)</i>
Catherine Elattar	✓	-	-	✓	Board Member
Bill Keery	✓	✓	✓	✓	Board Member
Billy Graham	✓	-	✓	✓	Independent Member
Christopher Welch	✓	✓	✓	-	Independent Member

Standing Orders & Board Scheme of Delegations

The Housing Executive Standing Orders are the key governance document for the organisation and are in place to ensure transparent and effective decision making throughout the Housing Executive. Standing Orders are used to regulate the proceedings and business of the Housing Executive and its Committees.

In line with good governance, the Housing Executive periodically reviews its Standing Orders and Board Scheme of Delegations, including expedition of any updates to the Board in between. An organisational review of the document, to align with the current review of the Department for Communities' MSFM & Dossier of Controls, is underway. Amendments may include changes to the powers reserved to

the Board, residual matters to be decided by the Chief Executive's Business Committee and powers delegated to specific posts.

The Standing Orders and Board Scheme of Delegations are constantly kept under review and aligned to the Board Operating Framework.

Assessment of Compliance with the 2013 Corporate Governance Code of Good Practice

NI Departments, Agencies, Non-Departmental Public Bodies and other Arm's Length Bodies are required to compile their Governance Statements for the 2018/2019 reporting period in line with the 2013 Code principles (where these are relevant).

The Housing Executive, as an Arm's Length Body of the Department, is compliant with all relevant aspects of the 2013 Code.

Performance of the Housing Executive Board 2018/2019

In line with best practice, the Board periodically undertakes a self-effectiveness evaluation. Following the appointment of a new Secretariat Manager in January 2017, an internal self-effectiveness exercise was undertaken in March/April with the findings considered by the Board immediately thereafter. The Board have agreed that the next self-effectiveness assessment should be facilitated externally and should be conducted during 2019 – the Chairman is currently considering the most suitable date.

Overall results from the internal self-effectiveness exercise during 2017 indicated responses within both the 'excellent' and 'very good' categories. Any areas identified for review and/or improvement were and continue to be addressed via the comprehensive Board Forward Work Plan.

The Interim Chair completed the annual appraisal of Board Members' performance and contribution during May/June 2018 and the results were submitted to the Department for Communities. This appraisal exercise incorporates responsibilities for the nominated Board Committees any Member serves on. Training sessions / workshops to enhance Board Members' knowledge and skills are arranged as necessary and any individual training needs identified will continue to be assessed as part of the continuing measurement of Board effectiveness.

The two Board Committees also undertake annual self-effectiveness assessments. Both exercises have just recently been completed and their findings will be reported to each Committee in due course.

Annual 'Independent Member' performance appraisals are conducted by the respective Committee Chair. These were completed during June 2018 and any actions arising, or training needs identified, were taken forward by each Committee Chair accordingly.

In addition, as part of the Board's annual programme, regional / area visits are organised during the year to see projects being undertaken by the Housing Executive at a local level. The Board also holds two away days comprising cross-organisational external and internal presentations, including combining various topics enhancing governance and internal policy matters.

Quality of information used by the Board

The Interim Chair continues to review and restructure Board business to ensure that the Board's time is focused on strategic matters and reflects updated internal organisational structures, roles and responsibilities. The Senior Management Team, in conjunction with the Board, also review the Board's work plan and further actions will be undertaken in future to ensure that the needs of the Board are met.

Board papers continue to be subject to review in order to give the Board assurance that the data and information provided in them can support effective decision making.

On this basis, the Chair has confirmed to me that both he and the Board are content that papers are of a satisfactory quality to facilitate the Board in conducting their duties.

Declaration of Interests and Conflicts of Interest

A process for declaration of interests by both Board Members and Officers is well established within the Housing Executive and is a standing agenda item at the start of every meeting of the Board, its Sub-Committees and Senior Management Committees.

Under the Code of Conduct all Housing Executive employees are required to maintain their staff declaration register on an annual and on-going basis, including declarations of conflicts of interest and gifts/hospitality. This process is co-ordinated by Human Resources and line managers are required to sign off any declared interests.

Board and Committee Members are required to advise the Secretariat Team of any gifts/hospitality received and these are logged and presented to quarterly ARAC meetings.

Board Member conflicts of interest continue to be dealt with in compliance with the established processes and are also recorded in the Board Minutes. An electronic register of interests has also been established to record all outside interests and conflicts of interest. This database is reviewed and updated as declarations are made.

Fraud Risk & the National Fraud Initiative (NFI)

The Comptroller and Auditor General (C&AG) for Northern Ireland has been given statutory powers to conduct data matching exercises for the purposes of assisting in the prevention and detection of fraud.

The Housing Executive is a mandatory participant in this process which analyses data submitted by a wide range of participating public sector bodies. The Housing Executive submits a range of data sets which are matched against the data sets uploaded from, for example, all UK local authorities, some housing associations, student loans company, payroll, taxi licencing and deaths records. Data matches from the 2018/2019 NFI exercise were received in February 2019. There is a total of approximately 13,000 matches of which the majority relate to Housing Benefit. Through a combination of risk assessment and prioritisation of higher quality

matches, over the next 12 months these matches will be processed and outcomes reported accordingly.

Fraud risk is continually assessed within each business area of the organisation and reported quarterly to the Audit and Risk Assurance Committee. The Head of Counter Fraud and Security has achieved CIPFA Accreditation in Fraud Risk Management and the Fraud and Anti Money Laundering Risk Assessment process will now be more effectively integrated to the overall Corporate and Operational Risk Assessment process by utilising the same risk management IT system.

Risk Management Overview

The Housing Executive is committed to the management of risk in order to achieve its corporate goals and objectives. The Board continue to be briefed at least quarterly on risk matters.

Over the last 12 months the Housing Executive continued to enhance and develop its Risk Management framework. A key focus going forward will be developing risk maturity within the organisation through education and increased risk awareness.

Managing Risk within the Housing Executive

The Board have overall responsibility for ensuring risk management within the Housing Executive is effective. However, as Accounting Officer, along with my senior management team, I have responsibility for identifying and managing strategic risks in conjunction with Board and ARAC. I also have oversight and scrutiny of the operational effectiveness of the risk and assurance frameworks.

Within the Housing Executive, there is a dedicated risk management function, which is supported by divisional risk champions in maintaining the risk registers, identifying new and emerging risks, and managing identified risks.

In terms of the governance around risk, the Housing Executive has adopted the "Three Lines of Defence model" which recognises the roles played by all staff, the assurance function and internal audit. Furthermore we have adopted a 5 stage approach to identifying and managing risk which is in line with NIAO best practice.

Risk Appetite

In 2018/2019 the Housing Executive reviewed the risk appetite and risk themes for the organisation to ensure that they were suited to the current operating environment.

The risk appetite categories were reduced to three which better reflect the organisation's attitude to risk appetite.

Risk Appetite Categories & Definitions	
Adverse/Cautious	Avoidance of risk and uncertainty: we will select safe options that have a low degree of inherent risk.
Measured	Preference for safe delivery options; with limited appetite for risk.
Open	Willing to consider all options and choose the one that is most likely to result in successful delivery but may have a higher degree of inherent risk.

Our overall risk appetite for the organisation is **measured**, which recognises the environment in which the Housing Executive operates and is cognisant of our role as an Arm's Length Body and the obligations that come with spending public money.

Regardless of which category of appetite the Housing Executive chose we are eager to foster an innovative and dynamic workplace which places innovation and efficient practices at the heart of our processes.

We recognise that, on occasion, risk taking may lead to failure or set-backs, despite careful planning and robust management. On those occasions where calculated risk taking does not lead to positive outcomes, we are committed to supporting officers in their pursuit of success but will seek to establish areas for learning.

The Housing Executive has also identified 12 risk themes and for each has identified an individual risk appetite which reflects the diversity of our business and the environments in which it operates.

The Corporate Risk Register

The Corporate Risk Register includes those strategic risks which the Board and I feel could have significant impact should they materialise. At an operational level divisional risk registers are also maintained.

The Corporate Risk Register is under continuous review throughout the year and is updated to reflect the current operating environment. However, in line with best practice, an in-depth annual review was conducted in March 2019 and as part of this review a new and enhanced Corporate Risk Register was created which included new risks such as the challenges to income collection as a consequence of Welfare Reform and delivering a planned maintenance programme in line with our Asset Management Strategy.

The current corporate risk register captures the most significant risks which the organisation is currently facing. At present, there are 12 "red" risks (detailed below). A red risk is where the Housing Executive has little or no appetite to embrace the risk associated with that risk theme or where the likelihood and impact are deemed to be significant. Other risks which are within appetite or less significant are managed divisionally.

Risk Ref	Score (max 16)	Risk Description
CRR-1	8	Failure to maintain Financial Stability and manage within allocated funding.
CRR-2	12	Failure to prevent an intentional act whether by employees, third parties, or tenants involving the use of deception to obtain an unjust or illegal advantage, leading to financial or reputational loss to NIHE.
CRR-3	12	Failure to protect the Health and Safety of tenants, employees and others and ensure compliance with Health and Safety regulations leads to death or serious injury.
CRR-4	12	Failure to attract and retain sufficient staffing resources to enable NIHE to meet its objectives due to remuneration, resource management and workload demands.
CRR-5	9	Lack of effective governance arrangements within the NIHE leading to NIHE not fulfilling its statutory duties.
CRR-6	8	NIHE IT systems are not fit for purpose to deliver organisational objectives.
CRR-7	12	Failure to collect rental income owed to NIHE particularly in light of the effects of Welfare Reform, restricting our ability to invest in our stock.
CRR-8	16	Unable to meet our Investment requirements and to deliver an effective and timely Planned Maintenance programme in line with NIHE Asset Management Strategy.
CRR-9	12	Failure to provide an effective response maintenance service which is reliable, timely, value for money and stable.
CRR-10	12	Lack of Housing Supply restricting our ability to address housing need.
CRR-11	12	Failure to provide a Homeless Service which addresses the problems identified.
CRR-12	12	Insufficient budget / resource available to provide an effective supporting people programme leading to reputational damage for the NIHE.

It should also be acknowledged that there are potentially significant unknown risks associated with Brexit and the potential impacts of Brexit have been captured, where identifiable, throughout the Corporate Risk Register. There is also significant engagement with Departmental working groups and ongoing internal planning to deal with the transition.

The Housing Executive continues to engage with the Department with regards to the Social Housing Reform Programme and we are currently awaiting further direction.

Information Technology (IT) Futures Project

The primary aim of this project was to review the strategic way forward for Housing Executive Information Communication technology (ICT) services and complete the transition to new arrangements to replace the long-term strategic ICT partnership contract with BT. This expired at the end of September 2018 and the transition to IT Assist was managed effectively with minimum disruption to Housing Executive ICT services and business operations.

Given the size, scale and complexity of this project additional assistance was provided through the appointment of Deloitte which was awarded the contract for external consultancy services in January 2017. They used the Deloitte Technology Strategy Framework to develop a Housing Executive IT Strategy and Technology Roadmap for 2017-2021 to inform the strategic direction and approach for the new arrangements to replace the BT contract.

Whilst we have successfully moved from BT to IT Assist, the new arrangements will be subject to ongoing review and refinement as part of the new Service and Contract Management Governance arrangements with IT Assist and other third party IT Suppliers.

Assurance Reporting

The Department's Management Board requires assurance that all Arm's Length Bodies are operating effectively, have business planning processes in place, are achieving desired outcomes while stringently monitoring budgets and are meeting their strategic objectives through effective risk management in a manner that is in accordance with all statutory requirements. These statements are reviewed and approved by the Housing Executive ARAC and Board before being signed by the Chairman and Chief Executive and presented to the Department in line with an agreed timetable.

Departmental - Accountability Meetings

Since the Governance Review in 2010, the Department has held a number of forums to ensure there is sufficient oversight of the Housing Executive.

In 2015/2016 the Department and the Housing Executive agreed a new engagement framework for future meetings. The framework included monthly performance meetings and quarterly accountability meetings.

In the absence of a Minister, the Department Permanent Secretary has held bi-annual meetings with the Housing Executive Chairman and Chief Executive.

Centre of Procurement Excellence (CoPE Status)

Since being awarded CoPE accreditation in March 2018 the Housing Executive has satisfactorily put in place separate procurements for all work in excess of £30k. Internal Audit has provided ongoing assurance of the performance of the Housing Executive as a CoPE.

A number of procurement challenges were issued in 2018 resulting in the collapse of contracts which caused significantly delay to the delivery of services for Major Planned schemes and Door and Window replacements.

We are currently addressing these issues by looking at alternative approaches in delivery models for Planned Maintenance as well as putting in place contingency plans in the interim. It is anticipated that this approach will minimise any further delays to work in our tenant's homes as well as releasing work to the local industry. Further detail on this issue can be seen in Section 5.

3. Overview of Significant Reports/Issues

3a. External Reports

Departmental Inspections

There were six departmental inspections carried out during the last financial year. Five of these have been issued as final with a satisfactory opinion and findings presented to the Housing Executive Board. Details of the inspections are included below:

- Grounds Maintenance;
- Fire Safety arrangements in low rise properties;
- Fire Safety in high rise properties;
- Debt prevention and recovery; and
- NIHE Community Involvement Strategy.

The following report has been issued in draft:

- Planned Maintenance.

3b. Internal Reports

Head of Internal Audit Opinion

Throughout the 2018/2019 year Internal Audit delivered an ARAC approved programme of work to enable the Head of Internal Audit to provide an annual opinion on the overall adequacy and effectiveness of the Housing Executive's framework of risk management, control and governance.

The Head of Internal Audit, on the basis of work carried out in 2018/2019 and cumulative assurances derived from internal audit activity during the previous two years provided an overall Limited opinion regarding the adequacy and effectiveness of the Housing Executives internal control environment.

This Head of Internal Audit opinion that the control framework is not operating effectively to mitigate key risks is due to significant numbers of critical risk issues being identified during the year and concerns regarding managements approach to resolving identified issues.

In addition to an overall Head of Internal Audit opinion in relation to the Housing Executive's control environment, the Head of Internal Audit provided a separate satisfactory assurance opinion on the system of internal control over Housing Benefit (HB). (See Housing Benefit Opinion section).

Internal Audit Reports

During the 12 months to 31 March 2019, Internal Audit delivered 35 internal audit assignments. This total included 19 assurance assignments (3 of which related to Housing Benefit and 1 assignment in relation to compliance with the GDPR framework which carried no opinion), 10 advisory assignments, 4 assignments in

relation to the quarterly monitoring of recommendations and 2 follow up reports, against a planned programme of 44 Internal Audit Assignments.

Five assurance assignments were removed at the request of management including cybersecurity, land acquisition, corporate strategy and planning, communications and secretariat and counter fraud and security unit, 2 advisory assignments were added tower-block strategy and small pockets of deprivation (SPOD) assignments and the following five assurance assignments: Grants, Housing Services Allocations, Project Management, rent freeze and Keystone have been carried forward into 2019/20. All amendments to the annual audit plan were reported to ARAC.

As detailed below 5 of the 19 assurance assignments were issued with an overall Limited Assurance opinion the definition of which is: 'There are significant weaknesses within the governance, risk management and control framework which, if not addressed, could lead to the system objectives not being achieved'.

- Human Resources Function review;
- Contract Management – Planned Maintenance;
- Housing Services – Homeless Assessments;
- Financial Management - Payroll; and
- Financial Management – Construction Industry Scheme (CIS).

In addition to this Internal audit identified a number of critical/high risk issues in 7 of the 10 advisory reports, these 7 reports were in areas identified as high risk areas by management.

During 2018/19 Internal Audit made 24 priority 1 recommendations in addition to 13 priority 1 recommendations carried forward from previous years. Priority 1 recommendations are made where Internal Audit determine: 'Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds'. All priority 1 recommendations were accepted by management.

Head of Internal Audit Opinion (Housing Benefit)

During the 12 months to 31 March 2019, Internal Audit carried out 3 audit assignments on Housing Benefit and all 3 reports were issued with a satisfactory opinion.

The Head of Internal Audit, on the basis of work carried out in 2018/2019 and cumulative assurances derived from internal audit activity during the previous two years provided an overall Satisfactory assurance opinion. In forming the overall opinion, the Head of Internal Audit has taken account of the Housing Executive's risk management, control and governance arrangements.

Where internal control weaknesses have been identified these have been reported to senior management and to the ARAC, together with the recommendations for improvement.

Monitoring of Recommendations

Internal Audit monitors the implementation of internal and external recommendations through the Recommendations Monitor process. Progress on implementing recommendations is reported on a monthly basis to the Performance Review Committee and quarterly to the ARAC.

There were 94 internal recommendations and 16 recommendations from external (NIAO/DfC) reports carried forward into 2018/2019. During 2018/2019 74 recommendations were added from new reports. Of these 74, 24 related to priority 1. During 2018/19 62 recommendations were verified by Internal Audit as complete. The balance of 106 recommendations from internal reports (37 of which are priority 1) and 11 external recommendations (4 of which are priority 1) have been carried forward into 2019/2020.

The Head of Internal Audit on a monthly basis validates the reported status of all recommendations. No recommendations reported as complete will be removed from the monitor unless the Head of Internal Audit has signed off the status based on evidence provided. This status will be reported to ARAC on a quarterly basis. In addition recommendations made on external reports require the external body to validate the reported status.

Technical Inspection Unit (TIU) Reports

TIU moved to Asset Management Division with effect from 1st April 2017. Since April 2018 to date, TIU reported on:

7 Response Maintenance (RM) Inspections (3 carried forward from 2017/18 – West, North Belfast, South Antrim). One of these received a Limited classification.

- All Trade Response Maintenance – West.

11 Planned Maintenance (PM) Inspections (one carried forward from 2017/18 – Major Adaptations for Persons with Disabilities (MAPD) Follow Up). 3 of these received an overall Limited Assurance opinion:

- M&E Facilities Management North.
- MAPD Belfast; and
- External Cyclical Maintenance Belfast.

There were 23 inspection reviews on the 2018/19 approved TIU Plan. One was deemed to be no longer required, per discussions with Director of Housing Services in February 2019 (Response Maintenance Customer Satisfaction).

Of the 22 remaining, 10 issued as Final Reports, 5 issued in Draft (68% as of 22 May 2019). 6 are work in progress and 1 has been carried forward to the 2019/2020 plan.

Update on Internal Investigations including potential Fraud Investigations reported in 2017/2018 Annual Governance Statement

During the 2017/2018 year six new cases were referred to the CFSU:

- There were concerns surrounding possible duplication in payments of grants under two different schemes for funding heating systems – this was closed as there was no supporting evidence.
- An insurance claim regarding a road traffic collision was referred by the Housing Executive's insurers. This matter resulted in the resignation of the staff member involved and the matter was concluded between the insurance companies involved. There was no fraud discovered.
- A replacement dwelling grant payment was referred following concerns by an external third party. This case was subsequently referred to PSNI. The matter remains under investigation by the PSNI.
- A member of staff was referred following concerns surrounding overtime payments. This matter resulted in a disciplinary investigation and sanction. There was no fraud substantiated.
- A boiler replacement grant was referred following concerns of a lack of disclosure of full financial circumstances on the part of the applicant. There was no evidence of fraud uncovered and the case has been closed.

In the 2016/2017 Annual Governance Statement a case was highlighted concerning a maintenance contractor being systematically overpaid for works not carried out. The CFSU concluded their investigations on this matter in 2018/2019 and a draft report was prepared. Overpayments totalling £408k were identified for the period May 2016 to September 2018 and work is ongoing to seek to recover these monies. No evidence of fraud was identified during this investigation. Updated procedures are under discussion and will be approved by the relevant business area within the next three months. The data contained within the IT systems involved in this case have now been aligned to more accurately state the area and type of land holdings in question

Internal Investigations 2018/2019 (including Potential Fraud)

During the 2018/2019 year five cases were referred to the Counter Fraud Security Unit (CFSU):

- One case involving a member of maintenance staff who had misrepresented their qualifications required to carry out their role was referred following a whistleblowing concern. The member of staff resigned and the matter was referred to the PSNI. The PSNI did not take forward the investigation. The case is now closed and remedial inspection work has been completed.
- One case involving the submission of a compensation event by a contractor remains under investigation. There is a parallel ongoing civil process of adjudication relating to the original compensation event.
- One case concerns the theft of a cash lodgement from a safe where it had been left overnight due to banking holiday hours. The theft was reported to the PSNI and enquires are ongoing. Procedures for cash handling have been amended.
- One case involving an allegation that low performance damages have not been applied to an unnamed contractor remains under preliminary investigation. Further information will be required to progress this matter.
- One case involving weaknesses in the internal controls and the continuing wage payments to an employee who had left the organisation is in the preliminary stages of investigation. The retention of these monies may form part of a PSNI referral if there is sufficient evidence to do so.

Tenancy Fraud Investigations (TFU)

From 1st April 2018 – 25th February 2019 192 tenancy fraud cases were referred to the TFU for investigation. This resulted in:

- 36 dwellings being recovered;
- 3 dwellings are pending recovery as a consequence of investigations;
- 3 fraudulent housing applications were withdrawn or cancelled;
- 1 fraudulent Housing Selection Scheme points removed; and
- 3 fraudulent Succession\Assignments denied.

There have been 234 properties recovered from 1st April 2018 – 31st December 2018, including those from general housing management activities. 44 of these recoveries are from cases that were carried over from 2017/2018 and, in keeping with our agreed arrangements with the Department, are included in the 2018/2019 totals

Whistle-blowing Cases

During the 2018/2019 year 10 new whistle-blowing cases were referred to the Counter Fraud and Security Advisor (CFSA):

- 3 cases have been closed and removed from the whistle-blowing register, having been found to be unsubstantiated.
- 1 case was closed and removed from the whistleblowing register as the allegations formed part of an ongoing enquiry into the organisation by a regulatory body.
- 6 cases remain open and are undergoing investigation.

The agreed whistleblowing protocol with the Department in relation to concerns raised about Supporting People Schemes has been utilised in three of the investigations referenced above.

Ministerial instructions

There were no Ministerial instructions in the financial year 2018/2019.

Protective security breaches

During the 2018/2019 year seven suspected GDPR breaches were referred to the Information Commissioners Office (ICO). Of these cases four have been subsequently closed with no further action and three are still currently under review.

A breakdown of the breaches is as follows:

- Three cases related to incorrect addresses on correspondences sent (1 case still under investigation);
- Two cases related to missing information / files (1 case still under investigation);and
- Two cases related to the disclosure of information (1 case still under investigation).

4. Declaration of Significant Governance Issues for 2018/2019

I can confirm that the significant governance issues raised in the Governance Statement for the year 2018/2019 were highlighted in the appropriate risk registers, risk owners were allocated and actions put in place to address them.

Progress in terms of managing these issues was monitored by the Performance Review Committee and through the risk reporting process, including appropriate reporting to the ARAC and the Board. It is important to note that many of these continue to be issues for the Housing Executive and therefore management actions are still continuing.

As part of this year's Governance Statement and taking account of the views of internal and external assurance providers, I wish to declare the following as areas at risk of a potential significant governance issues.

Direct Award Contracts (DACs)

Discussions are ongoing with the Department as to our derogation of duties as CoPE and the approvals of DACs. As a consequence of the move to IT Assist a number of small DACs were awarded and papers have been produced in relation to these. Additionally a paper for a DAC is being prepared for approval in regard to NIHE catering contracts.

The Housing Executive is also currently reviewing the awarding of legacy contracts, which have been migrated across to IT Assist, to ensure that guidance in relation to the direct award of contracts has been adhered to.

General Data Protection Regulations (GDPR)

The GDPR came into effect on the 25 May 2018. This represented a fundamental change in focus from the current Data Protection Act 1998 in requiring the ability to demonstrate accountability and transparency in the processing of personal data. The Housing Executive has established a GDPR central team led by the Data Protection Officer to ensure we meet our obligations under the new legislation.

All Housing Executive staff are required to complete GDPR training to ensure compliance with the new legislation with each division appointing a GDPR champion to oversee any issues that may occur and liaise with the GDPR central team.

An audit of GDPR was undertaken by the Housing Executive's Internal Audit Unit. An overall audit opinion on compliance with GDPR was not provided given the scope of the audit, which focused on the framework required for GDPR. A final report has been issued and the priority rated recommendations will be actioned accordingly.

Health and Safety Executive Investigation

Following a Health and Safety Executive investigation into the circumstances surrounding the tragic death of a tenant at a property, the Housing Executive faced criminal prosecution on two health and safety offences.

On 5 June 2019 the criminal charges brought against the Housing Executive by the Public Prosecution Service (PPS) / Health and Safety Executive (HSE) regarding works being carried out at one of its properties in Rathfriland and the circumstances of a fatality did not proceed to trial.

The NIHE agreed to accept a caution for a simple breach of the Article 5(1) general employer's charge relating to failure to take all reasonably practicable steps to prevent the exposure of non-employees to risk. The caution was received by the NIHE on the 17 June 2019.

5. Other Significant Issues

Contract Management (Planned Maintenance)

Following an extensive procurement exercise, the Housing Executive looked to enter into long term Planned Maintenance contracts, in May 2018. During the mandated standstill period, following contract award, a number of unsuccessful contractors issued legal challenges against the awarding of these contracts, which halted the process. After a number of months reviewing the position it was felt in the public interest, and because of the risk and costs of ongoing litigation, we decided that it would be more expedient to collapse those particular procurement exercises and instead consider alternative approaches. To mitigate the current impasse, smaller contracts will proceed on an interim basis whilst we consider our longer term options.

As a consequence of the agreed collapse of the contracts a full lessons learned document was produced by the Housing Executive and its legal advisors. The lessons identified are currently being embedded into all future contracts.

Contract Management (Response Maintenance)

The current Response Maintenance contract is shortly approaching the 3rd year of an initial 4 year contract. Initial discussions have taken place with Contractors to decide if we wish to take the option of extending the contracts. If some or all of the extension is not taken a new procurement exercise will be initiated within the agreed timeframes.

Cavity Wall Insulation

As a consequence of UK wide issues with cavity wall insulation the Housing Executive commissioned a research project which was undertaken by Consultancy, Investigation and Training (CIT) a subsidiary of the British Board of Agrément (BBA).

The report was published on the 9 May 2019. The report deemed that 63% of Housing Executive properties were non-compliant with current industry standards and 1% required immediate action to be taken.

The Housing Executive is currently considering the findings in the report and will produce an action plan to address all areas of concern.

Rent Freeze – Impact on future maintenance programme

The Asset Management Strategy that was approved by the Minister in January 2016 was predicated on the Housing Executive's funding position for investment in its stock being significantly improved. However, the decision to freeze rents for the fourth successive year means that there has again been a significant loss of potential funding that could have been used to invest in our stock. This situation combined with the continuing uncertainty over the SHRP and future capital funding is

frustrating the development of plans and procurements to invest in and modernise our stock.

Our projected 30 year investment requirement was updated last year to £7.1 billion and, given conservative assumptions about future rent increases, we are continuing to estimate a £1 billion shortfall in required funding to improve and maintain our properties over the coming 10 year period.

In 2017 the Department approved a revised approach to investing in our stock over the following three years in order to ensure that our investment plan is directed at optimising the level of lettable stock available to help address rising housing need, and we have realigned our plans and priorities for stock investment accordingly.

However, this is essentially a short term measure and the imperative remains to bring forward a long term solution to funding the significant investment needs of our stock. Without access to significant and sufficient investment funding there is a considerable risk that the physical condition of our stock is deteriorating, ultimately to the point where properties may become unsuitable for use. With the end in 2020 of the three year period of the revised approach we are now developing a range of strategic options for discussion with the Department should our future funding dilemma remain unresolved.

Affordable Warmth Scheme - Expenditure

The Housing Executive and District Councils deliver the Affordable Warmth Scheme on behalf of the Department. The Housing Executive deliver the scheme through an annual key performance indicator (KPI) target agreed with the Department, and in line with the allocated annual budget for the scheme. The Housing Executive has been advised that the Department should have notified the Department of Finance (DoF), and sought retrospective approval, for changes to the scheme from the original Business Case approved by the DoF in September 2014. DoF will therefore consider any expenditure on the Affordable Warmth Scheme outside the original business case to be irregular.

The table below details the figures that DoF currently consider to be irregular.

Period	Affordable Warmth Expenditure £'000
2015/16	11,955
2016/17	20,413
2017/18	18,246
2018/19	6,047
Total	56,661

Welfare Reform – Impact on Housing Benefit

All Welfare Reform proposals have been implemented including the 3 main changes impacting on Housing Benefit Universal Credit, Social Sector Size Criteria & Benefit Cap.

Universal Credit (UC) was fully rolled out across Northern Ireland, on a phased approach, by 5 December 2018 for new working age claimants - excluding those in Supported and Temporary accommodation.

The Housing Executive have worked closely with the Department's UC project team during 2018/2019 and a number of bespoke processes were developed to ensure the smooth roll-out of UC. These include:

- Verification process for Housing Executive tenants to ensure rent and property details are accurately captured for UC housing cost assessment;
- Process to exchange information to enable the Housing Executive to assess Discretionary Housing Payment for UC claimants;
- Stopping HB process including the creation of a database to manage the transition for customers moving from HB to UC; and
- Payment operation in respect of legislative changes to UC which entitle the HB claimant to an additional 2 weeks HB paid to their landlord.

Managed migration of legacy Housing Benefit caseload to UC was changed this year and is now due to commence in January 2020 with the completion of this process also deferred until the end of 2023.

The Social Sector Size Criteria (SSSC) impacts on around 30,000 HB claimants, i.e. 23,000 Housing Executive tenants and 7,000 Housing Association tenants. Welfare Supplementary Payment (WSP) continues to be paid in respect of the vast majority of these cases although about 100 HB claimants have lost their WSP to date. A number of UC claimants, estimated to be around 2,000, are also impacted by SSSC and are in receipt of WSPs.

The Housing Executive is working with the Department to repay any mitigation overpayments made by the WSP team. To date £1.26m of mitigation overpayments have been identified and payments to the value of £509k have been made by the Housing Executive to the Department.

Welfare Supplementary Payments, are due to end in March 2020 and to date there is no provision within legislation to make alternative payment arrangements, either through Discretionary Housing Payments (DHP) or continue with the existing mitigation arrangements.

There are 281 Housing Benefit claims impacted by Benefit Cap with the Housing Executive receiving around £40k every 4 weeks in respect of mitigation for these claims.

While Welfare Supplementary Payments are due to end to end in March 2020 current legislation would allow mitigation for Benefit Cap cases to be paid through DHP however the budget would be limited and therefore no guarantee could be

given that all shortfall would be mitigated in terms of monetary value and or duration of the award.

Welfare Reform Impact on Income Collection

Over the last financial year arrears on rent and rates accounts increased by approximately £2.2m, a 21% increase on the outturn at March 2018. The increase is largely attributable to a number of factors including:

- Technical arrears attributable to the Universal Credit monthly payment cycle. Payments are made monthly in arrears and arrears accrue at the outset of new claims due to the existing payment schedule;
- Arrears have accrued as a result of Social Sector Size Criteria overpayments as claimant circumstances change;
- Universal Credit housing cost payments being made direct to claimants in error have contributed to increased arrears; and
- Other factors would include the separate application process for rates assistance, changes to direct payment regulations and the general increased complexity in managing rent accounts.

A “Test and Learn” approach was adopted to identify the key issues for organisational processes culminating in revised procedures for managing rent accounts impacted by Universal Credit being issued to all staff in December last year. A full training programme based on the new procedures on managing Universal Credit rent accounts has been delivered to all front line staff. Additional resources are currently being recruited including the appointment of additional Patch Managers and regional “Financial Inclusion Officers” in an effort to mitigate the worst impacts of Welfare Reform changes.

Income collection has also been added to the Corporate Risk Register.

Housing Benefit Fraud and Error

Housing Benefit overpayments arise from a combination of customer fraud and error, as well as official error.

The following note sets out the activities and outcomes of work undertaken under the HB Fraud and Error and HB Overpayment strategies. As part of the review of the delivery of Housing Benefit service responsibility for Fraud and Error in respect of Housing Benefit transferred to the Department from 1 April 2017 and is managed by the Benefit Security Division (BSD formerly known as SIS) within the Department. Future reporting in respect of HB Fraud and Error will be reported by the Department who will provide a combined report covering all social security benefits

Assessing the Level of Fraud and Error

Standards Assurance Unit has produced their estimates for calendar year 2018 and table below shows comparisons with 2017.

% of Annual Expenditure	Customer Fraud	Customer Error	Official Error	Total Error
Jan 2018 - Dec 2018	2.8%	1.3%	0.6%	4.7%
Jan 2017- Dec 2017	2.5%	1.0%	0.9%	4.4%

The monetary value of the customer fraud estimate of 2.8% comes to £17.5m while the total estimate of fraud and error of 4.7% amounts to £29.3m. of which £4.6m is underpaid HB due to customer error. These results represent an increase of £1.66m on the 2017 figures recorded as £27.7m.

The Housing Executive remains committed to minimising error and maximizing detection of fraud and will continue to work with the Department and carry out a range of Data Match and compliance exercises

Means of Addressing Fraud and Error

Real Time Information

The Real Time Information (RTI) system provided around 500 referrals per month where HB data matched against earnings and occupational pension data held by HMRC, reveals a significant discrepancy. As undeclared earnings and pensions are acknowledged as being the largest sources of fraud and error, work on RTI referrals were prioritised for action by HB Units. However a new initiative called Verification of Earnings and Pension (VEP) Alerts, using the recently introduced VEP facility which provides details of earned income held by HMRC, superseded the RTI referrals from October 2018. Claimant's income is monitored by the RTI system and VEP Alerts is provided to the Housing Executive when their income varies. The VEP Alerts are generated on a daily basis, whereas RTI referrals were sent to the Housing Executive monthly, and will provide more timely information to prevent HB overpayments arising.

Invest to Save: Earned Income Review.

The Department has secured funding to carry out a range of "Invest to Save" initiatives across all social security benefits during year 2018/2019. The Housing Executive have been asked to carry out a review of 5000 claims where claimants have not declared a change to their earned income. Work on this exercise commenced in May 2018 using the VEP facility and findings will be reported quarterly.

In preparation for the migration of Housing Benefit to Universal Credit a number of categories of HB claims were identified to data cleanse to ensure that the information for all benefits and incomes on the claim was correct. The resultant Forward Savings when the Housing Benefit was amended are also included in the summary.

Other Compliance counter-fraud activities are continuing including data matching through Housing Benefit Matching Service and a small number of Housing Executive Compliance cases not suitable for referral to BSD. The results of all Compliance activity are summarised below.

Apr 2018- Mar 2019	Claims Reviewed	Error/Cases Identified	%with O/P	Overpayments Raised value	Forward Savings
RTI	2950	1330	45%	£1.3m	£5.5m
VEP Alerts	2043	714	35%	£310k	£2.3m
Invest to Save Review of Earned Income Sample Cases	54216	3631	67%	£2.6m	£8.5m
HBMS Data Match	1581	128	8%	£176k	£800k
NIHE Compliance	20	6	30%	£2.3K	£46k
Data Cleanse	2339	686	30%	£1.8m	£3.9m
Total Compliance	14389	6495	45%	£8.5m	£21m

While the figures for the Compliance Programme above identify the amount of overpayments raised, it should be noted that the work undertaken also prevents future losses. In keeping with the principles used by the Department, these are estimated from the date the benefit is adjusted. In the Compliance cases above these Forward Savings amounted to £21m.

Partnership with Benefit Security Division

Since 1 April 2017 under new arrangements agreed with BSD (the Benefit Security Division) within the Department, the Housing Executive are no longer responsible for reporting outcomes of allegations of Housing Benefit fraud that are received by the Housing Executive and referred for investigation. However we will continue to monitor the numbers of cases referred to them.

Cases referred to Benefit Security Division BSD for Fraud Investigation	Cases sent to BSD	Cases returned as unsuitable for Fraud Investigation
Apr 2018- Mar 2019	436	0

As well as investigating the allegations of Housing Benefit fraud referred by the Housing Executive, SIS is responsible for investigating fraud across all other benefits. When as a result of their investigations an adjustment to Housing Benefit is required, the Housing Executive are sent a QB2A form to complete and return detailing any overpayment. A number of these cases will also result in the claimant being prosecuted or receiving an Administrative Penalty.

Cases investigated by BSD resulting in a HB overpayment	Number of cases	Value of Overpayments raised	Prosecutions	Admin Penalties
Apr 2018- Mar 2019	534	£2.3m	87	74

HB Overpayment Recovery

A KPI had been agreed with the Department in respect of the recovery of HB overpayments whereby the Housing Executive will recover £13m. At the end of March 2019 a total of £15.51m was recovered. The total raised for the period 1st April 2018 to March 2019 was £21.71m. Of the £21.71m in overpayments raised, £10.8m have come through the work carried out by counter fraud and error described above by the BSD and the Housing Executive.

HB Overpayments	B/F from start of year (exc court costs)	Value of Overpayments raised	Value of overpayments recovered	Written Off	Outstanding at end of period (exc court costs)
Apr 2018 Mar 2019	£40.9m	£21.71m	£15.51m	£1.2m	£45.9m

Overpayments of Housing Benefit have increased over the year by £5m with the increase attributable to the increased activities around fraud detection and the “Invest to save exercise”. A significant proportion of the outstanding debt £8.9m can be categorised as bad debt with debt being over 6 years old and no method of recovery available. The write-off criteria for HB overpayments are very restrictive with overpayments over the value of £300 only considered for write-off after 20 years.

The main causes for overpayments are attributed to claimants not reporting changes of circumstances including changes to income and household. A number of initiatives are in place to minimise the occurrences of overpayments including the automated transfer of changes of circumstances via ATLAS files in respect of Tax Credits and Social Security Benefits. The Housing Executive has processed 3.6m ATLAS transactions between 1 April 2018 and 31 March 2019. The VEP alerts received from HMRC provides details of claimants that have had a significant change in their earned income or occupational pensions. The Housing Executive currently reviews approximately 500 of these alerts each month.

During 2018/2019 the estimated level of cumulative overpayments increased from £40.9m to £45.9m, an increase of £5m. HB expenditure for 2018/2019 is recorded as £617.2m with a total of £15.51m recovered during the same period. A large part of the increase in overpayments stems from successful detection activity undertaken under the auspices of the Housing Executive’s HB Fraud and Error Strategy. During 2018/2019 approximately £10.8m was raised in overpayments arising from this counter-fraud activity made up of £8.5m from activities carried out by the Housing Executive and £2.3m from activities carried out by BSD.

Social Housing Reform Programme (SHRP)

The next stage of the SHRP is currently awaiting political consideration.

Resourcing

The Housing Executive is utilising a Voluntary Early Severance (VES) Scheme to support the transition to new structures. All staff who accepted offers of release under Tranche 1, 2 and 3 of the scheme have left the organisation. All Staff due for

release under Tranche 4 of the scheme have been approved and staff have now left the organisation.

Further funding for Tranche 5 has been received in 2018/2019. Discussions regarding which positions can be suppressed are ongoing, with a view to staff leaving post largely during the 2019/2020 financial year.

In light of the significant budgetary pressures facing the Housing Executive, continuing action has been taken to manage the staffing complement within all divisions. Staff numbers, including agency, are regularly reviewed by senior management and a new approval process for all new posts is in place. This ensures there is adequate internal control of staff numbers and associated budgets.

Whilst the Housing Executive has been able to manage reductions without adversely affecting the service we offer to our tenants, there is a risk that further reductions in the budget could have a negative impact on service delivery. Budgets are being monitored on a regular basis in order to manage the risk of this occurring.

6. Conclusion

As presented at Section 3b, "Internal Reports", of this Annual Governance Statement, the Housing Executive's Head of Internal Audit has given an overall 'Limited' opinion for the 2018/19 financial year.

The work carried out by Internal Audit during the year is a vital element in the system of internal control developed and implemented by management to ensure there is effective stewardship of public funds and proper accountability for decisions and actions taken throughout the Housing Executive. The annual opinion provided by the Head of Internal Audit is one of a number of indicators that these arrangements are adequate and are being applied correctly and consistently. It gives confidence and assurance to the Board, Department and other stakeholders.

It is therefore disappointing that the Head of Internal Audit has decided to give an overall Limited opinion. However, as Accounting Officer for the Housing Executive, I accept that the Head of Internal Audit has highlighted a number of areas where the control environment must be improved, particularly in our human resources processes and procedures.

Therefore, management efforts will be focussed on ensuring that internal audit recommendations are implemented without any undue delay and improvements to the control environment are introduced when and where appropriate. This is an ongoing process and one which our Board and Senior Management Team continue to take seriously. Indeed, we have already strengthened our senior team with the recent appointment of our new Director of Corporate Services who brings specialist professional HR knowledge and expertise to a redesigned post; as a first priority, he will lead the change programme already started within the HR service to address the key areas identified by Internal Audit.

At the same time, management attention will not be deflected from the many business areas across the broader organisation and operational environment where the governance, risk management and control framework is being applied effectively.

The Annual Governance Statement identifies a range of significant governance issues that the organisation is facing during a period of significant change. I can confirm that actions are in place to manage these issues and that the Housing Executive management are committed to ensuring that these are appropriately addressed without undue delay. Progress in relation to these will be reported to the ARAC and the Board throughout 2019/2020.

Remuneration and Staff Report:

REMUNERATION REPORT

Remuneration policy

The remuneration of senior staff employed by the Housing Executive is determined by results of the national negotiations by the Joint Negotiating Committee for Chief Officers (for Directors) and Joint Negotiating Committee for Chief Executives (for the Chief Executive). Appointments to the Board are the responsibility of the Minister and are conducted in accordance with the Code of Practice of the Commissioner for Public Appointments.

The pay remit for senior Housing Executive staff is approved by the Department of Finance. The pay awards for 2016/17 and 2017/18 were approved during the year ended 31 March 2019. The pay awards for 2018/19 have not yet been finalised.

Service contracts

Senior appointments are made in line with the organisation's Appointments and Promotions Procedure which requires appointments to be made on merit and on the basis of fair and open competition. Twelve weeks' notice is required in relation to termination of contract. Separate procedures are in place for short term or temporary arrangements.

Chairman and Directors' Emoluments – Audited Information

Included in the forthcoming tables are pay and pension details for all members of the Senior Management Team who were employed as staff for the Housing Executive during the Year Ended 31 March 2019. Pension benefits disclosed represents the value of pension benefits accrued during the year and is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

REMUNERATION REPORT (continued)

Chairman and Directors' Emoluments – Audited Information

Name and Title	Date of Contract	2019	2019	2019	2019	2019	2018	2018	2018	2018	2018
		Salary	Bonus Payments	Benefits In Kind*	Pension Benefits**	Total	Salary	Bonus Payments	Benefits In Kind*	Pension Benefits**	Total
		£'000	£'000	£	£'000	£'000	£'000	£'000	£	£'000	£'000
Professor P. Roberts Chair (from 1 April 2019) Interim Chair (from 1 Jan 2017 until 31 March 2019)	1 Jan 2017	30-35	-	£14,200 (to the nearest £100)	-	45 - 50	30 - 35	-	5,200 (to nearest £100)	-	35 - 40

REMUNERATION REPORT (continued)

Chairman and Directors' Emoluments continued – Audited Information

Name and Title	Date of Contract	2019 Salary	2019 Bonus Payments	2019 Benefits In Kind	2019 Pension Benefits**	2019 Total	2018 Salary *** Restated	2018 Bonus Payments	2018 Benefits In Kind	2018 Pension Benefits**	2018 Total *** Restated
		£'000	£'000	£	£'000	£'000	£'000	£'000	£	£'000	£'000
C. Bailie Chief Executive	1 Sept 2015	130-135	-	-	200	330 - 335	120-125	-	-	(29)	90 - 95
C. McQuillan Director of Housing Services (from 1 April 2017)	1 April 2017	85 - 90	-	-	50	135 - 140	75 - 80	-	-	162	235 - 240

REMUNERATION REPORT (continued)

Chairman and Directors' Emoluments continued – Audited Information

Name and Title	Date of Contract	2019 Salary	2019 Bonus Payments	2019 Benefits In Kind*	2019 Pension Benefits**	2019 Total	2018 Salary *** Restated	2018 Bonus Payments	2018 Benefits In Kind*	2018 Pension Benefits**	2018 Total *** Restated
		£'000	£'000	£	£'000	£'000	£'000	£'000	£	£'000	£'000
S. McCauley Director of Regional Services	1 April 2012	80-85	-	-	87	165-170	85 - 90	-	-	10	100 - 105
P. Isherwood Director of Asset Management	1 June 2015	75-80	-	-	98	175-180	85 - 90	-	-	8	95 - 100

REMUNERATION REPORT (continued)

Chairman and Directors' Emoluments continued – Audited Information

Name and Title	Date of Contract	2019 Salary	2019 Bonus Payments	2019 Benefits In Kind*	2019 Pension Benefits**	2019 Total	2018 Salary *** Restated	2018 Bonus Payments	2018 Benefits In Kind*	2018 Pension Benefits **	2018 Total *** Restated
		£'000	£'000	£	£'000	£'000	£'000	£'000	£	£'000	£'000
C. McFarland Director of Finance, Audit and Assurance	1 July 2016	90 - 95	-	-	132	220-225	85 - 90	-	-	3	90-95

* The monetary value of Benefits in Kind relate to the travel and accommodation costs of the Chair / Interim Chair paid by the Housing Executive and treated by HMRC as a taxable emolument, together with the income tax borne by the Housing Executive on their behalf.

** Pension Benefits disclosed for each director represents the value of pension benefits accrued during the year and is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase/decrease due to a transfer of pension rights.

*** All of the 2017-18 salary figures for senior staff have been restated after an error in the prior year accrual calculations was noted.

REMUNERATION REPORT (continued)

Chairman and Directors' Emoluments continued – Audited Information

Total remuneration includes salary, non-consolidated performance-related pay, Benefits in Kind and severance payments (if applicable). It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Fair Pay Disclosures – Audited Information

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in its organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in the Housing Executive in the financial year 2018/19 was £130k - £135k (2017/18: £120k - £125k). This was 5.55 times (2017/18 (restated): 5.24 times) the median remuneration of the workforce, which was £23,866 (2017/18 (restated): £23,398). The remuneration for the lowest paid staff member was £16.3k (2017/18 (restated): £10.3k). The restatement of the prior year has resulted from a change to the methodology which is now in accordance with issued guidance and a revision to the prior year remuneration for the senior staff disclosed in the Remuneration Report as a result of an error in the prior year closing accrual.

No employee received remuneration in excess of the highest paid director in 2018-19 or 2017-18. Remuneration ranged from £16,394 to £130,820 (2017/18 (restated): £10,329 to £123,251). The change in the pay multiple ratio between 2017-18 and 2018-19 is due to the increase in the total remuneration for the highest paid director.

	2019	2018 restated
Band of highest paid Director's total remuneration	£130K-£135K	£120K-£125K
Median Total Remuneration	£23,866	£23,398
Ratio	5.55	5.24

REMUNERATION REPORT (continued)

Directors' Pensions – Audited Information

Name and Title	Total Accrued Pension at Pension Age as at 31 Mar 2019 & Related Lump Sum	Real Incr. (Decr) In Pension & Related Lump Sum At Pension Age	CETV at 31 Mar 2018 (or date of joining) Restated	CETV at 31 Mar 2019 (or date of leaving)	Real Incr. (Decr) in CETV after adj.
	£'000	£'000	£'000	£'000	£'000
C. Bailie Chief Executive	65 – 70 Plus 135 – 140 Lump Sum	7.5 – 10 Plus 15 – 17.5 Lump Sum	978 *	1,201	186
S. McCauley Director of Regional Services	25 - 30 Plus 35 - 40 Lump Sum	2.5 – 5 Plus 2.5 – 5 Lump Sum	353*	434	66

REMUNERATION REPORT (continued)

Directors' Pensions – Audited Information

Name and Title	Total Accrued Pension at Pension Age as at 31 Mar 2018 & Related Lump Sum	Real Incr. (Decr) In Pension & Related Lump Sum At Pension Age	CETV at 31 Mar 2018 (or date of joining) Restated	CETV at 31 Mar 2019 (or date of leaving)	Real Incr. (Decr) in CETV after adj.
	£'000	£'000	£'000	£'000	£'000
P. Isherwood Director of Asset Management	30 – 35 Plus 50 – 55 Lump Sum	2.5 - 5 Plus 5 - 7.5 Lump Sum	377 *	384	(10)
C. McQuillan Director of Housing Services (from 1 Apr 2017)	35 - 40 Plus 75 - 80 Lump Sum	2.5 – 5.0 Plus 2.5 - 5 Lump Sum	711*	799	64
C. McFarland Director of Finance, Audit and Assurance (from 1 July 2016)	45 - 50 Plus 85 – 90 Lump Sum	5 - 7.5 Plus 10 - 12.5 Lump Sum	725 *	876	125

* Restated from 2017/18 Annual Report and Accounts as per revised figures obtained from Northern Ireland Local Government Pension Scheme due to new transfer factors being released in 2018/19 which are used to calculate the CETV. Restating the 2017/18 CETV figures, using the new transfer factors, ensured the 'Real Increase' in CETV is reported.

REMUNERATION REPORT (continued)

Northern Ireland Housing Executive Pension Arrangements

The Housing Executive participates in the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) pension scheme for the majority of its employees. The Chairman is not a member of the NILGOSC Scheme. The scheme was established by the Government in April 1950 to operate a pension scheme for the local councils and other similar bodies in Northern Ireland. The pension scheme is known as the Local Government Pension Scheme Northern Ireland (the Scheme) and is a defined benefit pension scheme. NILGOSC is the corporate body responsible for the administration of the Scheme and is a non-departmental public body, sponsored by the Department for Communities from May 2016. From April 2015, the Scheme is a defined benefit career average revalued earnings (CARE) scheme, meaning that future pension benefits will be calculated on career average earnings rather than final salary.

Up until 31 March 2015, the Pension scheme provided benefits for each year of service on a 'Final Salary' basis with a significant change to the scheme in 2009.

Prior to 1 April 2009, benefits accrued at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to 3/80ths of pensionable salary for each year of service, prior to 1 April 2009, is payable on retirement. Post April 2009, as part of a general review of public sector pension schemes, the Government introduced changes to the pension scheme. Benefits from this date accrue at the rate of 1/60th of pensionable salary for each year of service. The lump sum payment was removed. Also instead of employees paying a standard contribution rate of 6%, which was applicable up to 1 April 2009 (5% for non-administrative employees prior to 1 January 2003, and 6% thereafter of their pensionable pay), different contribution rates were applied for different pay bands. The new rates were between 5.5% and 7.5% of pensionable pay. The Scheme's professionally qualified actuaries recommend the rates of employer's contribution to be paid.

The CARE scheme was introduced on 1st April 2015. This operates using a defined benefit career average revalued earnings (CARE) scheme, which results in future pension benefits calculated on career average earnings rather than final salary. The 2015 change also results in contribution rates being calculated on actual pay received rather than full time equivalent pay which was the case in the 2009 Scheme. Contribution rates now range from 5.5% to 10.5%.

Employees may have accrued benefits under all of the above schemes variants depending on when they joined the scheme.

From April 2011, pensions payable are increased annually in line with changes in the Consumer Price Index (CPI).

REMUNERATION REPORT (continued)

Northern Ireland Housing Executive Pension Arrangements (cont'd)

Prior to April 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). The Scheme's professionally qualified actuaries recommend the rates of employer's contribution to be paid.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NILGOSC arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with "The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations" and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The actuarial factors that are used in the CETV calculation were changed during 2010, due to changes in demographic assumptions and the move from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI) as the measure used to uprate Housing Executive pensions.

Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

REMUNERATION REPORT (continued)

Board Members' Emoluments – Audited Information

Name and Title	Date of contract	Length of Contract (yrs)	2019 Salary £'000	2019 Benefits in Kind £ (to nearest £100)	2018 Salary £'000	2018 Benefits in Kind £ (to nearest £100)
Professor P. Roberts, * Chair (from 1 April 2019) Interim Chairman (from 1 Jan 2017)	5 Nov 2012	5	30 - 35	14,200	30 - 35	5,200
G. Lomax, Interim Vice-Chairman (from 1 Feb 2017)	15 Apr 2013	5	15 - 20	9,300	15-20	6,500
K. Millar	1 June 2015	5	5 - 10	-	5-10	-
P. Brett	1 June 2015	5	5 – 10	-	5-10	-
W. Keery	1 June 2015	5	5 – 10	-	5-10	-
H. Legge	1 June 2015	5	5 – 10	-	0-5	-

REMUNERATION REPORT (continued)

Board Members' Emoluments – Audited Information

Name and Title	Date of contract	Length of Contract (yrs)	2019 Salary £'000	2019 Benefits in Kind £ (to nearest £100)	2018 Salary £'000	2018 Benefits in Kind £ (to nearest £100)
J. McCall	1 June 2015	5	5 – 10	-	5-10	-
D. Wilson	1 June 2015	5	5 – 10	-	5-10	-
C. Elattar	1 June 2015	5	5 -10	-	5-10	-

* Emoluments for Professor P. Roberts disclosed above reflect his position as Chair / Acting Chair for the Housing Executive during this period.

The Benefits in Kind relate to travel and accommodation costs paid by the Housing Executive and treated by HM Revenue & Customs as a taxable emolument, together with the income tax borne on behalf of the Board Members.

Staff Report

The following sections in the Staff Report are subject to audit:

Staff Numbers and Costs - Audited Information

	2019			2018	
	Permanent Staff £'000	Others £'000	Board Members £'000	Total £'000	Total £'000
(a) Staff costs comprise					
Wages and Salaries	73,512		97	73,609	68,040
Social Security Costs	7,138		4	7,142	6,702
Seconded-in Staff	-	214	-	214	192
Agency Costs	-	12,909	-	12,909	11,660
Total Staff costs					
excluding Pension Costs	80,650	13,123	101	93,874	86,594
Other Pension Costs				25,390	19,010
				119,264	105,604
Less staff costs capitalised - IT Software				(88)	(16)
				119,176	105,588

Social security costs include £349k of apprenticeship levy costs borne by the Housing Executive.

The costs of staff seconded to other public sector bodies and other organisations have been netted off the Total Salaries Costs.

	2019 £'000	2018 £'000
Wages and Salaries	140	154
Social Security Costs	15	16
Other Pension Costs	26	28
	180	198

(b) Average number of persons employed

The average number of whole-time equivalent persons employed during the year is shown in the table below.

	2019			2018	
	Permanent Staff Number	Others Number	Board Members Number	Total Number	Total Number Restated
Landlord Services	1,852	-	6	1,858	1,754
Regional Services	804	-	3	807	819
Agency Staff	-	579	-	579	613
Seconded In Staff	-	4	-	4	4
	2,656	583	9	3,248	3,190

Staff Report continued

Staff numbers and related costs (continued)

(b) Average number of persons employed continued

Due to the Housing Executive classification as Landlord Services and Regional Services, the staff numbers note has been revised to allocate staff accordingly across these functions. As a result, the 2017/18 figures have been restated to reflect staff numbers split between Landlord Services and Regional Services.

Staff numbers are distributed accordingly across the Landlord Services and Regional Services directorates. A recharge is reallocated for direct staff who work specifically in each of these directorates but whose work results in commissioned services elements being performed for the other directorate.

Support Services staff are allocated to the Landlord Services and Regional Services directorates on the basis of the apportionment methodology (see accounting policy 1(v)).

(c) Employee Gender

At 31 March 2019 there were 2,913 staff employed within the Housing Executive (including Board Members). Below is a gender breakdown by Directorate:

	Male Number	Female Number	Total Number
Executive	3	2	5
Board Members	7	2	9
Landlord Services	1,168	847	2,015
Regional Services	391	493	884
	<u>1,569</u>	<u>1,344</u>	<u>2,913</u>

Staff Report continued

Early Departure Costs - Audited Information

	2019		2018	
	Nos.	£'000	Nos.	£'000
The cost of early departure decisions taken this year and in previous years are shown in the table below:				
(a) Actuarial compensation paid by the Housing Executive for the early payment of pension benefits provided by NILGOSC to officers who retired early;	43	801	58	1,169
(b) Restructuring compensation paid and accrued by the Housing Executive for the early retirement of staff;	41	1,545	58	1,362
		<u>2,346</u>		<u>2,531</u>

Pension Liability

(c) Annual cost of added years pension granted by the Housing Executive to officers retiring early which is paid by NILGOSC on the Housing Executive's behalf;	466	<u>936</u>	485	<u>928</u>
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During the year ending 31 March 2019, the Housing Executive continued to implement the rollout of the voluntary early severance scheme (VES), introduced in 2014/15, which would facilitate the voluntary release of staff from the Housing Executive. Costs of staff leaving under this scheme are shown below. This is the final year of the VES scheme.

All staff costs are shown on the face of the Statement of Comprehensive Net Expenditure Account in accordance with IAS 1, 'Presentation of Financial Statements.'

Payments in respect of added years granted to individual employees who retired early in previous years are paid annually to NILGOSC and will continue to be paid until those employees cease to be recipients from the scheme. These costs are accounted for in accordance with IAS 19 and are charged to the Net Pension Liability in the Statement of Financial Position.

**Reporting of Compensation and Exit Packages for all Staff 2018-19
- Audited Information**

Exit Package Cost Band	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages by cost band
< £10,000	-	8	8
£10,000 - £25,000	-	10	10
£25,000 - £50,000	-	10	10
£50,000 - £100,000	-	24	24
£100,000 - £150,000	-	-	-

Total Number of Exit Packages

2018-19	<u>-</u>	<u>52</u>	<u>52</u>
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2017-18	<u>-</u>	<u>69</u>	<u>69</u>
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Total Cost £'000

2018-19	<u>-</u>	<u>2,346</u>	<u>2,346</u>
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2017-18	<u>-</u>	<u>2,531</u>	<u>2,531</u>
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Compensation payments for early departure costs have been paid in accordance with discretions allowed under the provisions of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (NI) as approved by the Housing Executive's Board on 30th April 2008 and amended in September 2011 and August 2012. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Employee involvement

The Housing Executive is extremely aware of the important role staff play in delivering life changing services to the public. Staff engagement is therefore a central component of the organisation's success. Among other benefits, having an engaged workforce means staff are more enthusiastic and passionate about their sense of purpose in work, and are more motivated to provide a better service for our customers.

This is why we have developed a Staff Engagement Strategy, and an action plan, to help bring extra focus to the work that we are doing to improve levels of engagement across a range of areas including communications, health and wellbeing and training. Work will be ongoing across the year in the departments that help to deliver these particular pieces of work, but all staff and stakeholders have a role in owning and implementing the aims of the strategy.

The Housing Executive holds Investors in People Silver and 4-Star EFQM accreditations, in recognition of our approach to the management and development of our people.

In April 2018, the Housing Executive was reaccredited with a Silver Investors in People (IIP) accreditation, demonstrating our commitment to high performance through good people management. The Housing Executive became the first large public sector organisation in Northern Ireland to be reaccredited using the new framework. The organisational assessment took place against the new Generation 6 Framework, which is considerably more robust and challenging than the previous standard, and included an online survey which was issued to all staff to help gather the views of as many of our people as possible.

As an organisation, we also recognise that the health and wellbeing of our staff is vital to the achievement of our goals and ambitions. Healthy, stress-free and motivated employees contribute to continued high levels of performance. We have a strong focus on facilitating work-life balance and ensuring the health and wellbeing of our staff through a range of initiatives including Fitech health assessments, smoking cessation clinics, health awareness promotion, corporate gym memberships, a cycle to work scheme, healthy eating initiatives, flexible working patterns, childcare vouchers. Counselling services are available to provide welfare and assistance to Housing Executive employees on a wide range of issues whether they are connected to work or home life. .

We are committed to promoting positive mental health in the workplace, and to providing a supportive working environment for staff experiencing mental ill health, delivering a range of training and support initiatives delivered in conjunction with Action Mental Health.

In May 2018, as part of Learning at Work Week and Mental Health Awareness Week 2018 we launched the first Building Resilience and Mindful Manager sessions delivered in partnership with Action Mental Health. As part of our commitment to supporting workplace health and wellbeing we marked World Mental Health Day on 10 October 2018 by delivering the Housing Executive's inaugural Mental Health First Aider course. Twenty three staff successfully gained certification as a mental health first aider through accredited MHFA provider Action Mental Health.

In addition, a system of internal communication channels provide the framework for managers to update staff on a monthly basis on Board decisions, organisational topics and local issues, including progress against objectives.

Staff News is our email service which combines news on job trawls, staff bulletins, corporate news, office relocations, CSR events and opportunities for training or advancement. Gateway is our intranet which hosts news, bulletins and key messages.

The Housing Executive Annual Conference is a key opportunity for two way communication involving all of our people. It allows our Board and senior management team to keep staff up to date on what is happening across the organisation and it also provides staff with an opportunity to share their views. It also provides an opportunity for us to recognise and reward the contribution of our people in front of their peers, by incorporating the annual Staff Awards. Other channels include team briefings, office visits by the Chairman and senior management team, the Board Bulletin, staff performance setting and a staff magazine. Our People Excellence and Learning and Development Strategies illustrate our commitment to the development of staff. We invest in staff through a broad range of internal and external training programmes and qualifications, supporting them in both their day-to-day work and in the development of new skills.

In January 2019 we developed a new organisational Learning & Development Strategy and supporting implementation plan, which was approved by the senior leadership team. The strategy seeks to put learning at the heart of strategic capability, with two core objectives:

- aligning learning to the current and future needs of the business;
- creating the organisational conditions to embed a learning culture, characterised by a shared responsibility for learning by leaders, teams and individuals.

We continue to deliver in-house leadership development programmes including professional mentoring and coaching schemes, and encouraged lifelong learning through our financial and study support schemes, uptake of which is at a five year high in 2018/19. Our web-based training programmes and supported online courses meet the needs of individual learning styles and our personal development plans are individually tailored to identify the specific learning and development needs of every staff member

Human Capital Management

The Housing Executive recognises that its employees are its most valuable resource, and has a comprehensive set of practices for recruiting, managing and developing the workforce. These practices aim to ensure that staff have the skills, capabilities and knowledge to deliver best in class services to our customers. For example, the Early Careers Programme draws together all different strands of graduate and trainee programmes, apprenticeships, work experience and placement opportunities provided by the Housing Executive. We recruit graduates, trainees and apprentices who are skilled, ambitious and motivated, and who have the potential to take on challenging responsibilities and to make a significant contribution to the

business. We provide excellent opportunities for career development as well as on the job training, further education, coaching and mentoring.

In addition to the Early Careers Programme, the Mentor Program is available across the organisation. A mentee is assigned to a more experienced mentor. This relationship allows mentors to pass on valuable knowledge, and experience gathered throughout their careers, to the benefit of the mentees personal and professional development.

The Learning and Development Strategy aims to create an inspirational and innovative learning organisation and continuous development culture which encourages knowledge sharing among staff and promotes the exchange of information in order to create a more knowledge work force. Career development is further supported through our financial study and support schemes, which enables employees to develop their career by providing an opportunity to apply for sponsorship and support to obtain qualifications that are relevant to their current job or career plan.

Sickness Absence

Total absence for the year was 7.02%. The HR attendance management team provide support in the management of attendance by advising on absence triggers, and supporting managers through the organisation's attendance management and review process. The team manage all Occupational health appointments, referrals and recommendations and support all efforts to help employees return to work after periods of absence and facilitate meetings between employees and line managers.

The team also delivers absence awareness training for newly recruited team leaders and line managers, covering relevant procedures, roles and responsibilities. On-line e-learning programmes have been developed for staff to help address personal stress and action mental health issues.

Mandatory absence training programmes are currently being developed for Line Managers with role out planned for June 2019. This training will provide guidance on all aspects of the absence management process and will include how best to utilise the TMS system for recording and reporting on the absences.

By way of offering support to employees, free and confidential Employee Assistance Programmes, health screening and counselling, are available to help employees deal with personal and work problems that might adversely impact attendance at work, work performance, health and well-being. The absence management team ensure employees are aware of the support available and are at hand to provide assistance to employees who wish to avail of these services.

IT systems are currently undergoing an upgrade, with a view to providing managers with prompt information regarding absence triggers and actions required.

Staffing Policies:

a) Employees with a disability

It is the Housing Executive's policy to ensure that equality of opportunity is provided to all employees and those seeking employment and to provide opportunities and

make all reasonable adjustments to support the employment, training and development and retention of those with a disability.

3.8% of our staff consider themselves to have a disability under the DDA definition.

b) Equality of opportunity (employment)

The Housing Executive is an Equal Opportunities Employer and has a range of policies and procedures in place to ensure fair representation and participation in the workforce, irrespective of religious belief, political opinion, race or ethnic origin, gender, marital status, disability, age, sexual orientation or those with or without dependents. An Affirmative Action policy is in place to provide a mechanism to address any under-representation arising in these groups.

The impact of all employment policies on the composition of the workforce is monitored on an ongoing basis.

c) Equality of opportunity (general)

The Housing Executive is committed to effective compliance with its obligations under Section 75 of the Northern Ireland Act 1998 and aims to ensure that, in practice, issues of equality of opportunity are given due prominence in all appropriate spheres of Housing Executive activity.

Trade Union Relationships

The Housing Executive recognises two Trade Unions for collective bargaining purposes – NIPSA and Unite. Meetings, both formal and informal, are held at a local, regional and central level to discuss and resolve industrial relations issues. The formal negotiating body is the Joint Consultative and Negotiating Committee (JCNC). Membership of the JCNC includes Directors, the Head of HR and full time Trade Union officials. The primary objective of the JCNC is to promote good industrial relations through a process of engagement and communications.

Off-Payroll Engagements

Off-payroll engagements to be disclosed refer to agency staff engaged to the Housing Executive, at a cost (including on-costs) of over £245 a day for greater than 6 months, The Northern Ireland Housing Executive does not currently have any Agency Workers engaged at a cost of over £245 a day for greater than 6 months.

There were no off-payroll engagements of board members and / or senior officials with significant financial responsibility during the financial year.

Health & Safety

The Housing Executive is committed to adhering to all existing legislation on health and safety at work to ensure that staff and customers enjoy the benefits of a safe environment.

Expenditure on Consultancy

The Housing Executive spent £38k (2017/18: £205k) on consultancy projects during the year.

Assembly Accountability and Audit Report

ASSEMBLY ACCOUNTABILITY REPORT

Statement of Losses and Special Payments - Audited Information

	2019		2018	
	Number	£'000	Number	£'000
Claims Waived (Amounts Written Off):				
Rent & Rates	2,494	981	2,189	874
Recoverable Charges - Damages	516	228	203	86
Recoverable Charges - Legal	334	147	265	112
Hostels	81	45	60	12
Travellers	6	4	-	-
Group Heating	-	-	1	1
Housing Benefits Overpayments	4,197	1,202	4,244	1,199
	7,628	2,607	6,962	2,284
Special Payments over £250,000	1	550	-	-
Ex Gratia Payments	28	325	14	18
Public Liability Claims	193	1,177	212	1,061
Contractual Claims	1	299	3	62
Other Write Offs and Cash losses - numerous	503	347	679	-
	8,354	5,305	7,870	3,425

Losses and Special Payments are included in Note 6 of the Financial Statements with the exception of Housing Benefit overpayments which are accounted for in Housing Benefit Expenditure in the Statement of Comprehensive Net Expenditure.

Both the special payment and contractual claim disclosures above relate to payments > £250k. Both are procurement related and arose after challenges / claims were brought against NIHE. The amounts above include the compensation / ex gratia payments and associated legal fees.

Remote Contingent Liabilities - Audited Information

The Housing Executive has no significant liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. Contingent liabilities are disclosed in Note 25 of the financial statements.

Clark Baillie

Clark Baillie

Chief Executive

Date: 24 June 2019

CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

Opinion on financial statements

I certify that I have audited the financial statements of the Northern Ireland Housing Executive for the year ended 31 March 2019 under the Housing (Northern Ireland) Order 1981. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Northern Ireland Housing Executive's affairs as at 31 March 2019 and of the Northern Ireland Housing Executive's net expenditure for the year then ended; and

Qualified Opinion on regularity

In my opinion, except for the issues relating to £24.8 million of housing benefit payments attributable to estimated levels of fraud and error as described below, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for qualified opinion on regularity arising from erroneous housing benefit awards and payment of fraudulent claims

The total amount paid by the Northern Ireland Housing Executive in housing benefit is £621 million. The level of estimated fraud and error as reported in note 29 to the accounts resulted in overpayments of £22.4 million and underpayments due to official error of £2.4 million. The housing benefit overpayments are irregular as the expenditure has not been applied in accordance with the purposes intended by the Northern Ireland Assembly and also because fraudulent transactions are by definition irregular since they are without proper authority. In addition both over and underpayments arising because of official error are irregular because the Northern Ireland Housing Executive is required to calculate benefits in accordance with the regulations which specifies the entitlement criteria for housing benefit and the method used to calculate the amount of benefit to be paid.

I have therefore qualified my opinion on the regularity of housing benefit expenditure because of the level of:

- overpayments attributable to fraud and error where payments have not been applied to the purposes intended by the Northern Ireland Assembly; and

- overpayments and underpayments due in such benefit expenditure which are not in conformity with the relevant authorities.

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of the Northern Ireland Housing Executive in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Other Information

The Northern Ireland Housing Executive and the Chief Executive are responsible for the other information included in the annual report. The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in the report as having been audited, and my audit certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Department for Communities directions made under the Housing (Northern Ireland) Order 1981; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities of the Northern Ireland Housing Executive and Chief Executive for the financial statements

As explained more fully in the Statement of Northern Ireland Housing Executive's and Chief Executive's Responsibilities, the Northern Ireland Housing Executive and Chief Executive are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Housing (Northern Ireland) Order 1981.

My objectives are to obtain evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

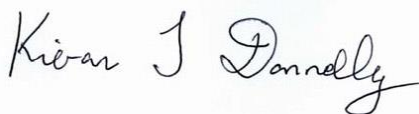
Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

Report

My detailed observations are included in my Report on pages 210 to 225 of the financial statements.



Kieran J Donnelly

Comptroller and Auditor General

Northern Ireland Audit Office

106 University Street

Belfast

BT7 1EU

2 July 2019

Northern Ireland Housing Executive

Statement of Comprehensive Net Expenditure for the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Income			
Rental Income	4	296,527	298,560
EU Income	4	404	97
Other Income	4	56,093	53,010
Total Housing Benefit Income	7	<u>605,519</u>	<u>631,820</u>
Total Income		<u>958,543</u>	<u>983,487</u>
Expenditure			
Staff Costs	5	119,176	105,588
Other Expenditures	6	474,797	445,323
Total Housing Benefit Costs	7	605,519	631,820
Depreciation, Amortisation, Write Offs & Write Down	10(a)	<u>32,592</u>	<u>33,384</u>
Total Expenditure		<u>1,232,084</u>	<u>1,216,115</u>
Net Expenditure before Interest		(273,541)	(232,628)
Interest Receivable and Similar Income	9(b)	1,133	358
Financing Charges	8	(21,213)	(24,736)
Pension Financing Charges	23(d)	(3,807)	(4,185)
Net Expenditure before taxation (C/Fwd)		<u>(297,428)</u>	<u>(261,191)</u>

Northern Ireland Housing Executive

Statement of Comprehensive Net Expenditure (Continued) for the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Net Expenditure before taxation (B/Fwd)		(297,428)	(261,191)
Tax on ordinary activities	9(a)	(4,675)	(11,580)
Net Expenditure after taxation		(302,103)	(272,771)
<u>Other Comprehensive Net Expenditure</u>			
Items that will not be reclassified to net operating costs:			
Net (loss)/gain on revaluation of Property, Plant & Equipment and Intangible Assets		156,422	103,738
Net (loss)/gain on revaluation of Pension Actuarial Gains & Losses	23(e)	46,858	31,899
Other Comprehensive Net Expenditure		203,280	135,637
Total Comprehensive Net Expenditure for the year ended 31 March 2019		(98,823)	(137,134)

All amounts in the Statement of Comprehensive Net Expenditure relate to the continuing operations of the Northern Ireland Housing Executive.

The notes on pages 142 to 205 form part of the accounts.

Northern Ireland Housing Executive

Statement of Financial Position as at 31 March 2019

	Note	2019 £'000	2018 £'000 Restated
Non-current assets			
Property, Plant & Equipment - Operational	10(a)	2,459,078	2,338,149
Property, Plant & Equipment - Non Operational	10(b)	744	287
Intangible Assets	10(c)	1,708	1,852
Trade and other receivables	14 & 15	18,131	16,432
Total non-current assets		2,479,661	2,356,720
Current Assets			
Short Term Investments	11	46,009	16,000
Assets Classified as Held for Sale	12	3,879	5,907
Inventories	13	2,446	2,480
Trade and other receivables	14 & 15	54,569	43,814
Cash and cash equivalents	16	97,021	129,520
Total current assets		203,924	197,721
Total assets		2,683,585	2,554,441
Current Liabilities			
Trade and other payables	17	(214,026)	(231,797)
Provisions	22	(1,094)	(1,760)
Total current liabilities		(215,120)	(233,557)
Net Current Liabilities		(11,196)	(19,404)
Non-current assets less net current liabilities		2,468,465	2,320,884
Non-current liabilities			
Trade and other payables	17	(27,765)	(13,034)
Loans Outstanding	19	(185,102)	(217,570)
Provisions	22	(569)	(526)
Pension Liability	23(d)	(102,507)	(135,425)
Total Non-current liabilities		(315,943)	(366,555)
Assets less Liabilities (C/Fwd)		2,152,522	1,954,329

Northern Ireland Housing Executive

Statement of Financial Position (Continued) as at 31 March 2019

	Note	2019 £'000	2018 £'000
Assets less Liabilities (B/Fwd)		2,152,522	1,954,329
Taxpayers' Equity			
Statement of Comprehensive Net Expenditure Reserve		1,182,158	1,124,764
Revaluation Reserve		970,364	829,565
		2,152,522	1,954,329

The financial statements on pages 136 to 205 were approved by the Board Members of the Northern Ireland Housing Executive and signed on their behalf by:



Professor Peter Roberts
Chair



Mr Clark Bailie
Chief Executive

Date: 24 June 2019

The notes on pages 142 to 205 form part of the accounts.

Northern Ireland Housing Executive

Statement of Cash Flows for the year ended 31 March 2019

		2019	2018
	Note	£'000	£'000
Net Cash Outflow from Operating Activities	24(a)	(253,546)	(202,803)
Cashflow from Investing Activities	24(b)	(84,250)	(85,408)
Cashflow from Financing Activities	24(c)	297,016	307,253
		<hr/>	<hr/>
Increase/(Decrease) in Cash & Cash Equivalents in the period		(40,780)	19,042
		<hr/>	<hr/>
Cash and Cash Equivalents at beginning of period		122,680	103,638
		<hr/>	<hr/>
Cash and Cash Equivalents at end of period	24(d)	81,900	122,680
		<hr/>	<hr/>

The notes on pages 142 to 205 form part of the accounts.

Northern Ireland Housing Executive
Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2019

	SOCNE Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 31 March 2017	1,044,147	740,063	1,784,210
Changes in reserves 2017/18			
Comprehensive Net Expenditure for year	(240,872)	103,738	(137,134)
Grant from Sponsoring Department	307,253	-	307,253
Transfers between reserves	14,236	(14,236)	-
Balance at 31 March 2018	1,124,764	829,565	1,954,329
Changes in reserves 2018/19			
Comprehensive Net Expenditure for year	(255,245)	156,422	(98,823)
Grant from Sponsoring Department	297,016	-	297,016
Transfers between reserves	15,623	(15,623)	-
Balance at 31 March 2019	1,182,158	970,364	2,152,522

The notes on pages 142 to 205 form part of the accounts.

NOTES TO THE ACCOUNTS

Note 1

Accounting Policies

Introduction

These financial statements have been prepared in accordance with the Government Financial Reporting Manual (FRoM) issued by the Department of Finance (previously named as the Department of Finance and Personnel until 9 May 2016). The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Housing Executive for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by the Housing Executive are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The accounting policies which have a material impact on the accounts are as follows:

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories.

The policies which have a material impact on the accounts are as follows:

a) Accounting Conventions

- The revenue and capital accounts are maintained on an accruals basis. This means that expenditure and income are recognised in the accounts in the period in which they are incurred or earned, not as money is paid or received.
- Income is matched with associated costs and expenses in so far as their relationship can be established or justifiably assumed.
- Income has only been disclosed in the accounts where there is reasonable certainty, and proper allowances have been made for all foreseeable losses and liabilities.
- Consistent accounting policies have been applied both within the year and between years. Where accounting policies are changed, the reason and effect have been separately disclosed.
- The accounts have been prepared on a going concern basis.
- Where estimating techniques are required to enable the accounting practices adopted to be applied, then the techniques which have been used are, in the Housing Executive's view, appropriate and consistently applied. Where the effect of a change to an estimation technique is material, a description of the change

and, if practicable, the effect on the results for the current year is separately disclosed. Note 2 provides detail of material changes to estimating techniques for the current reporting year. There were none to report for 2018/19.

- The Housing Executive has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts. IFRS 16 Leases replaces IAS 17 leases and is effective with EU adoption from 1 Jan 2019. In line with the requirements of the FReM, IFRS 16 will be implemented as interpreted and adopted by the public sector with effect from 1 April 2020. The Housing Executive considers that this is unlikely to have a significant impact on the accounts in the period of initial application.

b) Rents

Rental Income shown in the Statement of Comprehensive Net Expenditure is the gross rent collectable less rents collectable on voids (vacated dwellings) and abatements for housing stock and commercial properties. All arrears and advances are reported in the receivables and payables due within one year and after one year.

Rates Income Received, which is shown in Other Income within the Statement of Comprehensive Net Expenditure, refers to Rates collectable on Housing Stock and garages.

c) Insurance

It is the Housing Executive's policy to self insure and expense immediately against Public Liability Claims below £350k (£500k from 1 April 2019) for any one incident (limit of indemnity £20m), damage to Housing Stock (with the exception of multi storey flats and hostels) and Professional Indemnity Insurance.

d) Housing Benefit

Means tested Housing Benefit is administered by the Housing Executive on behalf of the Department. All claimant payments and the majority of the administrative costs are funded by the Department.

Funding recovered from the Department is not treated as a grant but is included as income in the Statement of Comprehensive Net Expenditure.

Housing Benefit overpayments are accounted for in the Housing Executive's books as a debtor due from the overpaid claimant and a creditor due to the Department when the debt has been recovered. The Department's books will include as a debtor the amount of Housing Benefit recoverable by the Housing Executive.

e) Service Concession Arrangement (strategic partnership with an IT Service provider)

In March 2005, the Housing Executive entered into a contract with an IT Service provider for the development, implementation and support of current and future Information and Communications Technology (ICT) systems and services up to September 2015. The contract was extended for a further three years and has now ceased in September 2018.

Under the terms of the contract, the provider was contractually obliged to provide IT services to the Housing Executive. The IT Service delivered by the provider was specified by NIHE through service element components at the outset of the contract.

IFRIC (International Financial Reporting Interpretations Committee) 12, "Service Concession Arrangements", covers the accounting treatment of Public Private Partnership (PPP) arrangements, Private Finance Initiative (PFI) contracts or other similar contracts that meet the definition of service concession arrangements. The Housing Executive contract with the IT provider, although not a PFI contract, was within the scope of IFRIC 12 as the Housing Executive controlled the ICT services that the IT provider must provide. Furthermore, the Housing Executive had the right to the residual interest at the end of the contract when ownership of all assets pertinent to the contract reverted to the Housing Executive.

In accordance with IFRIC 12, the Housing Executive recognised hardware and software as a non-current asset when it met the recognition criteria for other non-current assets of that generic type. Hardware costs, recognised under IAS 16 as non-current assets, were accounted for as Property, Plant & Equipment within Note 10(a). Software costs, recognised under International Accounting Standard (IAS) 38 as non-current assets, were accounted for as Intangible Assets within note 10(c). An asset was only recognised as a non-current asset when the asset came into use by the Housing Executive. Any payments in advance of the asset coming into use were treated as prepayments.

The Housing Executive measured non-current assets initially at cost. This represented the costs incurred by the provider in bringing the asset into use for each service element. Following initial recognition, non-current assets acquired under this contract were re-valued each year by reference to appropriate Treasury approved indices. The accounting was in accordance with other non-current assets of that generic type as outlined below for hardware in 'Property, Plant & Equipment' and software in 'Intangible Assets'.

After a service element was brought into use, the Housing Executive started to make unitary charge payments to the provider. The unitary charge payment incorporated payments for the service element of the contract, a finance charge and payments for the capital element of the contract. Payments for the capital element of the contract were offset against the liability recognised for the capital value of assets brought into use. The service element and the finance charge were expensed annually to the Statement of Comprehensive Net Expenditure.

All assets bought within this contract, which have not be disposed off by 31 March 2019, are now disclosed as assets owned by the Housing Executive.

f) Intangible Assets

IAS 38, "Intangible Assets", covers accounting for the recognition, measurement and amortisation of Intangible assets, in particular Computer Software.

Computer software is defined as an Intangible Asset under IAS 38. It is measured on initial recognition at cost. Following initial recognition, computer software is re-valued each year by reference to appropriate Treasury approved indices. Computer software is carried at valuation less any accumulated amortisation and any accumulated impairment losses.

Computer software is amortised over its useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for computer software with a finite useful life is reviewed at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method of amortisation as appropriate. Any adjustments are treated as changes in accounting estimates. The amortisation expense on computer software is recognised in the Statement of Comprehensive Net Expenditure within Depreciation, Write Offs and Write Down.

Gains or losses arising from de-recognition of computer software are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Comprehensive Net Expenditure Accounts when the asset is de-recognised.

Amortisation

It is policy to provide a full year's amortisation in the year of purchase. Computer Software is amortised on a straight line basis with no residual value. The principal terms used are:

Computer Software purchased outside of the IT service concession arrangement contract	4-10 years
Computer Software purchased within the IT service concession arrangement contract	4-10 years

g) Property, Plant & Equipment

IAS 16, "Property, Plant & Equipment", covers accounting for the recognition, measurement, valuation and depreciation of non-current assets. IAS 16 allows for revaluation of such assets and states that it will be sufficient to perform a full valuation by a qualified external valuer at least every five years, an interim valuation in year three, and an interim valuation in other years where there has been a material change in value. In interpreting IAS 16 for the public sector, the FReM permits a full valuation of assets every five years with annual indexation in the intervening years and no interim professional valuation. The Housing Executive has adopted this latter approach for all non-current assets other than Housing Stock and Land, which will continue to be revalued annually.

Operational Assets

Housing Stock

Operational housing stock is revalued each year on the basis of open market value for existing use (Existing Use Value for Social Housing), in accordance with guidance issued by the Department of Communities & Local Government in England titled 'Stock valuation for resource accounting 2016: guidance for valuers'.

To determine the open market value, the "Beacon approach" to valuation is adopted for valuing the housing stock. Under the Beacon approach, the Housing Executive's

total housing stock is split into property archetypes, through uniting characteristics material to the valuation. The value of a property archetype is determined by valuing a sample dwelling, representative of the property archetype, and using this value as the average value for the group. Internal inspections of each sample dwelling will be carried out every five years, in line with FReM. A full valuation was carried out by Land & Property Services at 31 March 2019, where valuers carried out an internal inspection of each sample dwelling. The next full valuation is due to be carried out at 31 March 2024.

Between 31 March 2019 and 31 March 2024, the housing stock will be subject to an annual 'desk-top' revaluation by Land & Property Services to reflect changes in stock numbers and market values. The valuation process will be based on the beacon approach adopted in year one of the five year valuation cycle with the revised open market value being adjusted by the adjustment factors. The adjustment factors will be updated in intervening years in accordance with changes to market conditions. This follows the guidance issued by the Department of Communities & Local Government.

To obtain Existing Use Value for Social Housing, the market value for each property archetype is adjusted by a factor which reflects the valuation for the properties if they were to be sold with sitting tenants enjoying tenant's rights. This method of valuation is carried out using guidance issued by the Department of Communities & Local Government in England titled 'Stock Valuation for Resource Accounting 2016 : Guidance for Valuers'. The Adjustment Factor measures the difference between private open market rented and socially rented property at a regional level. During 2018/19, the University of Ulster calculated adjustment factors reflecting the private/public sector yield relationship.

Voids which will be lettable are valued in line with normal stock valuations. Non-lettable voids are valued at Open Market Value, in line with the guidance issued by the Department of Communities & Local Government.

Land

Land is revalued each year on the basis of open market value. Additions to the land bank have been valued by external qualified valuers. Amenity land is recorded at Nil value as its value is considered to be reflected within the social house values. Where there is a reclassification of such land to development use, a revised valuation will be undertaken. Departmental approval provides for the transfer of land to Housing Associations (HA) at Nil value. Such a transfer is recorded in the Housing Executive accounts as a Loss on Disposal-Housing Association (see note 10(a)). The Housing Executive on behalf of the Department recoups the market value of these by deducting from the grant paid to Housing Associations.

Other Property

Commercial Properties, Hostels, Offices and Stores, and Travellers' Sites are valued in accordance with the FReM. They are revalued and relifed every five years by external professional valuers and in the intervening years appropriate indices are applied. Commercial Properties, Offices and Stores are valued on the basis of fair value for existing use. Hostels and Travellers' sites are valued at depreciated replacement cost.

Other assets

Short life assets, which includes Motor Vehicles, Plant and Machinery, Estate Management Equipment and Computer Equipment, are revalued each year by reference to appropriate Treasury approved indices.

De minimis rule

Non housing and housing stock related expenditure valued at £2,000 or less is charged to the Statement of Comprehensive Net Expenditure, except for expenditure incurred in the initial capital costs of a new asset e.g. fitting out of a new hostel. Items of computer network and ancillary equipment are excluded from the de minimis rule. Expenditure on housing stock in excess of the de minimis rule which does not add financial value to the stock will be treated as revenue.

Non Operational Assets

Redevelopment Expenditure

Redevelopment (Urban Regeneration) Expenditure is classified as non operational assets. Expenditure is incurred in the purchase of properties zoned for redevelopment, demolition of properties and in site clearance. Expenditure is accrued for land that has been vested and where a claim has been made, with legal title confirmed. A provision is made for claims submitted and where legal title has yet to be confirmed.

Impairment results from the costs associated with land acquisition and development costs exceeding their brownfield site value.

Other property

Other properties noted as surplus to requirements are also classified as non-operational assets and valued at fair value.

h) Depreciation

It is the Housing Executive's policy to provide a full year's depreciation in the year of purchase. Assets are depreciated on a straight line basis with no residual value. The principal rates used are:

Land	Not depreciated
Housing Stock (Building element)	50 year life
Other Buildings – Built or Purchased (Building element)	As directed by valuer
Office Premises Adaptations – Leased	Over Lease Period
Plant and Machinery	7 year life

Estate Management Equipment	7 year life
Motor Vehicles	7 year life
Office Furniture	7 year life
Specialised Equipment	5 year life
Furniture and Fittings – Hostels	7 year life
Computer Hardware purchased outside of the IT service concession arrangement contract	5 Year life
Computer Hardware purchased within the IT service concession arrangement contract	3-10 Year life

i) Short Term Investments

Interest-bearing fixed term deposits held with financial institutions or other public sector bodies are included as Short Term Investments where they have a maturity of more than three months (or 94 days), but not exceeding one year, from the settlement date. Short Term Investments are held at fair value.

j) Assets held for Sale

Assets classified as held for sale are measured at the lower of carrying value and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and expected to be completed within one year from classification and the asset is available for sale in its present condition. Housing Stock classified as held for sale is based on actual post year end house sales in April and estimated post year end house sales for May and June.

k) Inventories

The valuation of inventory held by the Housing Executive's Direct Labour Organisation is stated at the lower of cost and net realisable value.

Houses purchased under the Special Purchase of Evacuated Dwellings (SPED) Scheme are considered to be current assets as it is anticipated that such houses will be sold within 12 months of purchase. SPED inventory is valued at the lower of cost and net realisable value.

l) Cash & Cash Equivalents

Cash and Cash equivalents comprise cash on hand and deposits and other short-term liquid investments that are readily convertible to a known amount of cash and

are subject to an insignificant risk of changes in value. Interest-bearing fixed term deposits held with financial institutions or other public sector bodies are included as cash equivalents only where they have a short maturity, not exceeding three months (or 94 days) from the settlement date.

m) Financial Instruments

Financial Assets

Financial Assets are classified as subsequently measured at:

- Amortised cost – where the contractual terms give rise to principal and interest payments on specified dates and the assets are held solely to collect these contractual cash flows;
- Fair value through other comprehensive income – where the contractual terms give rise to principal and interest payments on specified dates and the assets are held within a business model involving both selling the assets and collecting contractual cash flows; or
- Fair value through profit or loss – for all other financial assets.

Annual credits to the Statement of Comprehensive Net Expenditure for interest receivable are based on the gross carrying amount of the asset multiplied by the effective rate of interest for the instrument. This results in the amount presented in the Statement of Financial Position as the outstanding principal receivable and interest credited to the Statement of Comprehensive Net Expenditure Account as the amount receivable in the loan agreement.

Investments in money market funds are held at fair value through profit or loss and dividends received from these funds are credited to “Interest Receivable and Similar Income” in the Statement of Comprehensive Net Expenditure. Any gain or loss on an asset measured at fair value through profit or loss is recognised in the Statement of Comprehensive Net Expenditure.

Expected credit losses on financial assets are considered at the year-end date in accordance with IFRS 9. For loans and investments, the loss allowance is equal to 12-month expected credit losses with only default events occurring in the next 12 months being considered, unless credit risk has increased significantly in which case the loss allowance is equal to lifetime expected credit losses. For lease receivables and trade receivables, the loss allowance is always equal to lifetime expected credit losses. No loss allowances are made in respect of balances receivable from central government.

In respect of financial assets held at amortised cost, such as fixed term deposits held with financial institutions, any material impairment loss is accounted for by a charge to the Statement of Comprehensive Net Expenditure and a credit to the loss allowance within the investment/receivable balance. Financial assets are shown on the balance sheet net of their impairment loss allowances.

Financial Liabilities

Financial liabilities are classified as subsequently measured at amortised cost, unless one of the IFRS 9 exceptions applies.

Annual charges to the Statement of Comprehensive Net Expenditure for Interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

As required by IFRS 7, the fair value of the financial instruments, i.e. the loans inherited from former local authorities and loan advances received from the Department, is disclosed in Note 21.

n) Government Grants

Capital and Revenue Grants & Grant In Aid from the Department

A Non Departmental Public Body (NDPB) must treat general grants and grant in aid received for revenue and capital purposes as financing because they are regarded as contributions from a controlling party which gives rise to a financial interest in the residual interest of the NDPBs.

Any general revenue and capital grants received from the Housing Executive's sponsoring body, the Department, to assist the Housing Executive in carrying out its statutory function, must be accounted for through the Revenue Reserve Account on the Statement of Financial Position.

The Housing Executive receives general grants from the Department to support its operational activities and to enable it to administer the functions of Supporting People, Private Sector Grants, Affordable Warmth, Boiler Replacement Scheme and Social Housing Development Programme.

Capital and Revenue grants

Capital and Revenue grants received for specific operational assets and revenue purposes are accounted for in line with IAS 20.

Capital Grants receivable for specific operational assets are recognised in the Statement of Comprehensive Net Expenditure immediately unless there are conditions stipulated by the Grant Paying body on their use which, if not met, would mean the grant is repayable. In such cases, the income will be deferred and released when the obligations are met. Where the capital grant has no conditions attached to it, the income is recognised immediately.

Grants receivable for revenue purposes are also recognised in the Statement of Comprehensive Net Expenditure so as to match them with the expenditure towards which they are intended to contribute.

Grants Payable

The Housing Executive pays grants in accordance with the terms and conditions inherent within the respective funding agreement, letter of offer or grant approval scheme. Grants payable are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs. Grants related to activity occurring over a specific time period, usually a financial year, are recorded as expenditure for that period. Any unspent grant paid to a housing association under the Social Housing Development Programme is recouped by the Housing Executive who in turn pay it to the Department. This is accounted for as a reduction in Social Housing Development Programme in Note 6.

o) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date. The leases the Housing Executive currently holds are all regarded as operating leases and the rentals are charged to the Statement of Comprehensive Net Expenditure on a straight line basis over the lease term.

Housing Executive as a lessee

Finance leases

Finance leases, which transfer to the Housing Executive substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Statement of Comprehensive Net Expenditure.

Operating leases

Operating lease payments are recognised as an expense in the Statement of Comprehensive Net Expenditure on a straight line basis over the lease term.

Housing Executive as a lessor

Finance leases

Where the Housing Executive acts as lessor in a finance lease arrangement, the relevant asset is written out of Property, Plant & Equipment as a disposal.

At the commencement of the lease, an assessment is made against the requirements of IAS 17. In the majority of cases, the carrying amount of the asset in Property, Plant & Equipment is written off to the Statement of Comprehensive Net Expenditure. This is then offset by the net investment in the lease, which results in a gain or loss on disposal. A lease asset is matched in the Statement of Financial Position within Trade & Other Receivables, split between due within and due after more than one year.

At the end of the lease, if the asset is to be sold, the carrying amount of the asset is accounted for in the first instance as a capital addition and thereafter immediately disposed off.

Operating leases

Where the Housing Executive acts as lessor in an operating lease arrangement, rental income from operating leases is accounted for on a straight-line basis over the period of the lease. Lease incentives provided are recognised over the lease term on a straight-line basis.

p) Pensions

The Housing Executive participates in the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) pension scheme for the majority of

its employees. The Scheme's professionally qualified actuaries recommend the rates of contribution to be paid. The Housing Executive has accounted for its pension costs arising from the NILGOSC scheme, and for all unfunded discretionary benefits which it has granted, as defined benefit schemes.

NILGOSC pension scheme

For the NILGOSC defined benefit scheme, the Housing Executive has recognised its share of the pension fund assets and liabilities in its Statement of Financial Position as a pension liability, as well as recognising the full cost of providing for future retirement benefits in the Statement of Comprehensive Net Expenditure.

Measurement of Scheme Assets

The pension fund asset is accounted for at fair value.

Measurement of Scheme Liabilities

Pension liabilities are measured on an actuarial basis using the projected unit method. The scheme liabilities at the valuation date relate to:

- i) the benefits for pensioners and deferred pensioners and their dependants, allowing where appropriate for future increases; and
- ii) the accrued benefits for members in service on the valuation date.

Recognition of Net Pensions Liability

The Housing Executive has recognised a liability in its Statement of Financial Position for the shortfall in value of its share of pensions fund assets and liabilities at the Statement of Financial Position date. This shortfall is recoverable wholly from increases in future contributions made by the Housing Executive to the pension fund.

The movement in the pension liability is analysed across the following components:

- Current Service Cost - represents the increase in the present value of the scheme liabilities expected to arise from employee service in the current period. The current service cost is included in Employee Costs within the Statement of Comprehensive Net Expenditure.
- Interest on Service Cost – this is accounted for in Employee Costs and the Net Interest Cost within the Statement of Comprehensive Net Expenditure.
- Administration Expenses – an allowance for administration expenses and insurance premiums is included in the pension expense as part of the current service cost within the Statement of Comprehensive Net Expenditure.
- Past Service Cost - represents the increase in liabilities arising from decisions made during the year which affect years of service earned in earlier years, such as the award of early retirement with added years of service. The past service cost is included in Employee Costs within the Statement of Comprehensive Net Expenditure.

- Net Interest Cost – reflects the change during the period in the net defined benefit liability/(asset). The Net Interest Cost is included in financing costs within the Statement of Comprehensive Net Expenditure.
- Actuarial Gains and Losses – arise from differences because events have not coincided with the actuarial assumptions made for the last valuation or changes in the actuarial assumptions and due to experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred). Actuarial Gains and Losses are reflected in the Statement of Changes in Taxpayers' Equity.
- Gains and losses on settlements and curtailments – settlements are actions that relieve the employer of the primary responsibility for a pension obligation. A curtailment reduces the expected years of future service or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Gains and losses on settlements and curtailments are included in employee costs within the Statement of Comprehensive Net Expenditure.

Added Years Discretionary Benefits

The Housing Executive recognises the actuarial liability from added years granted in respect of past employees who have retired early. Given projected life spans, this liability will be payable over a number of years. The Housing Executive makes a provision each year based on the projected liability. Payments in respect of individual employees who have retired early are paid annually to NILGOSC and will continue to be paid until these employees cease to be recipients of the scheme.

- q) Taxation (including Value Added Tax)

Corporation Tax

As the Housing Executive does not have Crown exemption, it is liable to corporation tax on certain sources of income (in this case, interest receivable, chargeable gains on sale of Housing Stock and net rental income in the landlord activities) earned in any year. A tax charge is recognised and shown on the face of the Statement of Comprehensive Expenditure. More details can be found in Note 9.

Value Added Tax

All revenues, expenses and assets are shown net of Value Added Tax (VAT) unless it is irrecoverable. The net amount of VAT recoverable from, or payable to, HMRC is included as part of receivables or payables in the Statement of Financial Position.

- r) Provisions

Provisions are recognised when either a legal or constructive obligation, as a result of a past event, exists at the Statement of Financial Position date and where the amount of the obligation can be reasonably estimated.

Provisions not required and written back during the year are disclosed separately in Note 22 with the exception of the provisions for Public Liability Claims, for which this information is not available. The amount disclosed as provided in the year in respect of these items includes the impact of any provisions not required from the prior year-

end, since the amount of this impact cannot be readily ascertained in order to be disclosed separately.

s) Contingent Liabilities

A contingent liability is disclosed in Note 25 if an obligation cannot be accurately estimated or if an outflow of economic benefit to settle the obligation is more than remote.

Remote contingent liabilities, as required under Managing Public Money Northern Ireland if applicable, are disclosed in the Assembly Accountability Report.

It is the Housing Executive's policy to challenge all public liability claims made against the organisation.

Payments in respect of settled claims are included in the Statement of Comprehensive Net Expenditure in the year in which they are made and a note of the possible liability is included in the supporting notes to the accounts.

t) Related Party Transactions

Details of transactions and outstanding balances at the year-end between the Housing Executive and related parties are disclosed in Note 27 in accordance with IAS 24.

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

A related party is a person or entity that is related to the Housing Executive. The following are classed as related parties for the Housing Executive:

- (a) A Director or Board Member (or a close member of that person's family);
- (b) An entity if any of the following conditions applies:
 - (i) The entity and the Housing Executive are members of the same group i.e. other Government body;
 - (ii) The entity is controlled or jointly controlled by a person identified in (a).

u) Estimation Techniques

The Housing Executive makes estimates and assumptions concerning the future, which by definition, will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(1) Provisions

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Statement of Financial Position date, taking into account the risks and uncertainties surrounding the obligation. Please see note 22 for further details of the carrying amounts.

(2) Pension Liability

An asset or liability in respect of the NILGOSC scheme is recognized on the Statement of Financial Position in accordance with the accounting policy p). The present value of a defined benefit obligation is dependent upon a number of factors that are determined on an actuarial basis. The Housing Executive determines the appropriate discount rate to be used at the end of each year. Please see note 23 for further details of the carrying amounts.

(3) Assessing the need for and measurement of impairment losses

Impairment losses on receivables, particularly Housing Benefit receivable and Tenant Arrears, is dependent upon NIHE deriving the best estimate of probable losses inherent in the portfolio. Such estimate requires consideration of historical loss experience, adjusted for current conditions, and judgments about the probable effects of relevant observable data. Please see note 15 for further details of the impairment losses.

(4) Useful lives of Property, Plant and Equipment and Intangible assets

The estimation technique employed in determining the useful lives of Intangible assets and Property, Plant and Equipment is enclosed in accounting policy f) and g) respectively. Please see note 10 for further details of the carrying amounts.

(5) Valuation of Housing Stock

The estimation technique employed in selection of the beacon property and calculation of the adjustment factor is carried out using Guidance issued by the Department of Communities & Local Government in Great Britain titled 'Stock Valuation for Resource Accounting 2010 : Guidance for Valuers'. More information is enclosed in accounting policy g). Please see note 10 for further details of the carrying amount.

(6) Accruals and Prepayments for Social Housing Development Programme

Grants are paid by the Housing Executive to Housing Associations to fund social housing development schemes. A model has been developed to allow the Housing Executive to recognise the cost of these grants in line with the average pattern in which the Housing Associations incur the expenditure being covered by the funding. The objective is that the Housing Executive recognises the grant costs only to the extent that the development being funded has been completed. At the year-end, a prepayment or accrual is recognised for every scheme where the grant funding paid to the Housing Association either exceeds or falls short of the development costs incurred. However, the model used to estimate the development costs incurred at year-end is based on average expenditure patterns from historical experience and applies judgments to provide a reasonable approximation of expenditure across all the schemes.

v) Apportionment Methodology – used for annex

Accommodation and Support Service Department costs borne by the Housing Executive are apportioned to Landlord Services and Regional Services in

order to establish the full cost of service delivery for each entity. Costs are apportioned as follows:

- Accommodation – apportioned on the basis of building utilisation
- IT Programme Costs – based on system specific utilisation where identifiable, otherwise apportioned on basis of Full Time Equivalent (FTE)
- All other Support Service functions – apportioned on the basis of FTE

The same basis as described above is used to apportion support service department costs within Trade and Other Receivables and Trade and Other Payables in the Statement of Financial Position.

w) Commissioned Services

Commissioned Services are those services that Landlord Services delivers on behalf of Regional Services, and vice-versa. The quantum of staffing resources applied to the delivery of Commissioned Services was confirmed by various local managers across the organisation using staff activity templates. In each instance the full cost of a Commissioned Service is quantified and a charge levied to reflect the full cost of service delivery.

Commissioned Services delivered by Landlord Services on behalf of Regional Services are:

- Homelessness and Waiting List Management
- Housing Benefit
- Travellers
- Corporate Procurement
- Together Building United Communities programme
- Transformation

Commissioned Services delivered by Regional Services on behalf of Landlord Services are:

- House / Land Sales
- Research
- Adaptations
- Equality
- Land & Housing Analytics
- Sustainable Development

Note

2 Changes in Accounting Policy / Estimate

There were no material changes in accounting policies or accounting estimates which require separate disclosure in the accounts. However there has been a change to the disclosure of Trade and Other receivables – amounts due after more than one year which is documented below:

Trade and Other Receivables - Amounts due after more than one year

Up to 31 March 2018, the Housing Executive disclosed all trade and other receivables (due within one year and due after more than one year) within current assets on the Statement of Financial Position and the split between one year and greater than one year was provided.

In accordance with the 2018/19 Government Financial Reporting Manual, trade and other receivables due after more than one year are now however disclosed within Non-Current Assets. The 2017/18 comparatives have also been amended to reflect the removal of £16,432k from Trade & Other Receivables within Current Assets to Non-Current Assets.

The effect on the financial statements is as follows:

Summary of impact of change on the results for the previous year:

	At 31 March 2018 £'000	Impact of adopting the new disclosure £'000	At 31 March 2018 Restated (after adopting new disclosure) £'000
Statement of Financial Position			
Non-Current Assets	2,340,288	16,432	2,356,720
Current Assets	214,153	(16,432)	197,721

Summary of impact of change on the results for the current year:

	At 31 March 2019 (without adopting new disclosure) £'000	Impact of adopting the new disclosure £'000	At 31 March 2019 (after adopting new disclosure) £'000
Statement of Financial Position			
Non-Current Assets	2,461,530	18,131	2,479,661
Current Assets	222,055	(18,131)	203,924

Notes to the Accounts

Note

3(a) Analysis of Net Expenditure by Segment

IFRS 8, 'Operating Segments', requires disclosure of financial information about an organisation's reportable segments, based on the format and structure of internal reporting arrangements as evaluated regularly by the 'Chief Operating Decision Maker.' IFRS 8 defines an operating segment as a component of an entity that engages in business activities from which it may earn revenues and incur expenses and whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The 'Chief Operating Decision Maker' for the Housing Executive is deemed to be the Board as it has the authority and responsibility for directing the major activities of the Housing Executive at a corporate level during the year. In particular, the Housing Executive Board approves the annual budget and scrutinises financial performance against this on an ongoing basis.

The Housing Executive's objectives and programmes reflect its role as the regional strategic housing authority for Northern Ireland. It is fully committed to working with others to ensure everyone has access to a decent affordable home in a safe and healthy community. The Housing Executive aim to achieve this through the following objectives:

- Delivering the Decent Homes Standard;
- Promoting independent living;
- Urban and rural regeneration;
- Promoting affordable housing;
- Building a stronger community;
- Better public services.

The Board of the Housing Executive determines a comprehensive set of objectives and targets to ensure it meets its responsibilities across this wide range of programmes and services. This Board approved framework is then used to allocate resources, monitor performance (both financial and non-financial) and thereby control the activities of the organisation at corporate level.

A directive to reclassify the Housing Executive between Landlord Services (Quasi Public Body) and Regional Services (N.D.P.B), became operational from 1 April 2014. Prior to 1 April 2014, the Housing Executive was classified as a Public Corporation. As a result, from this date, there are separate budgetary control and reporting requirements for Landlord Services and Regional Services, with the Board monitoring performance for each of these services individually.

Regional Services also meet additional budgetary requirements for both DEL non-cash' and 'AME (Annually Managed Expenditure - non voted)' budgets.

Notes to the Accounts

Note

3(a) Analysis of Net Expenditure by Segment (continued)

Operating segments are therefore readily identified for both Landlord Services and Regional Services using the performance and resource framework already established by the Board and provide compliance with the reporting requirements of International Financial Reporting Standard (IFRS) 8.

The following operating segments have been identified for the Housing Executive:

Landlord Services

- **Loan Charges** - this relates to the principal and interest loan repayments in connection with loans raised by the Housing Executive or transferred to the Housing Executive upon its creation.
- **Dwelling Related Costs** - this relates to capital improvements (primarily Disability Adaptation extensions and Decent Homes improvements such as replacement kitchens), revenue maintenance & upkeep of the Housing Executive's housing units and associated grounds maintenance costs.
- **Miscellaneous Expenditure** - the majority of costs reported in this category relates to payment of rates for housing stock. Other expenditure areas included are public liability claims, write-offs and special payments, expenditure incurred for the upkeep of hostels and contributions to outside agencies.
- **Employee and Administration Expenses** - this includes salary costs, travel & subsistence, Office expenses and IT programme costs for Landlord Services.
- **Commissioned Services Net Income** - this represents charging for services performed by Landlord Services on behalf of Regional Services and vice versa (see accounting policy note (w) for more detail).
- **Corporation Tax** - relates to Corporation Tax charged on tradable activities.
- **Rental & Miscellaneous Income** - includes all Rental Income on the Housing Executive's homes, commercial property, hostels and land.
- **Capital Receipts** - relates to proceeds received from sale of housing stock and land.
- **Other** - the 'other' category is comprised of capital expenditure on IT and Office Accommodation and expenditure relating to the purchase of land and vested housing stock. For income it relates mainly to rates income collected.

Regional Services

- **Supporting People** - Regional Services manages this Government Scheme which is aimed at providing housing based assistance to allow eligible individuals to obtain the benefits of independent living;
- **Employee and Administration Expenses** - this includes salary costs, travel & subsistence, Office expenses and IT programme costs for Regional Services.
- **Commissioned Services Net Expenditure** - this represents charging for services performed by Landlord Services on behalf of Regional Services and vice versa (see accounting policy note (w) for more detail).

Notes to the Accounts

Note

3(a) Analysis of Net Expenditure by Segment (continued)

Regional Services (continued)

- **Private Sector Grants & Energy Efficiency** - this scheme provides means tested grants to private home owners to fund repairs, improvements and adaptations and thereby improve the overall stock of housing within the region;
- **Misc Public & Private Programme** - the expenditure covers payments in respect of managing the Homeless service and asylum seekers.
- **Social Housing Development Programme** - sometimes described as the 'New Build' programme, this is mainly concerned with the grant support provided to Housing Associations for building of social housing;
- **Rental & Miscellaneous Income** - includes Rental Income on Travellers sites and Income received from the sale of Special Purchase of Evacuated Dwellings (SPED) properties.
- **Other** - the 'other' category is the purchase of Special Purchase Evacuated Dwellings (SPED) properties, capital improvements within traveller's sites and AME expenditure lines which are demand led e.g. pension revaluations.

Information on Capital and Revenue spend is provided to the Board monthly. No information is provided in respect of assets and liabilities regularly to the Board for Landlord Services and Regional Services. This information is therefore not disclosed in Note 3 separately.

Notes to the Accounts
Note

3(b) Analysis of Net Expenditure by Segment (continued)

The following table summarises the outturn spend for each of the operating segments for Landlord Services and Regional Services.

Segment	Note	2019			2018		
		Capital £'000	Revenue £'000	Net Expenditure £'000	Capital £'000	Revenue £'000	Net Expenditure £'000
Landlord Services							
Total Net expenditure reported for Operating Segments:							
Loan Charges		-	58,825	58,825	-	70,837	70,837
Dwelling Related Costs		34,359	143,334	177,693	35,913	126,687	162,600
Misc. Expenditure			48,942	48,942	-	45,600	45,600
Employee and Admin Expenses		-	86,533	86,533	-	78,248	78,248
Commissioned Services Net Income		-	(8,432)	(8,432)	-	(7,939)	(7,939)
Corporation Tax		-	4,643	4,643	-	11,567	11,567
Other		1,778	-	1,778	1,024	-	1,024
		36,137	333,845	369,982	36,937	325,000	361,937
Less Rental & Miscellaneous income			(343,209)	(343,209)	-	(343,202)	(343,202)
Less Capital Receipts		(21,329)		(21,329)	(18,662)	-	(18,662)
Total Expenditure		14,808	(9,364)	5,444	18,275	(18,202)	73
Regional Services							
Total Net expenditure reported for Operating Segments:							
Supporting People			71,863	71,863	-	73,764	73,764
Employee and Admin Expenses			36,886	36,886	-	37,597	37,597
Commissioned Serv Net Expenditure			8,432	8,432	-	7,939	7,939
Private Sector Grants, & Energy Efficiency		30,914		30,914	34,165	-	34,165
Misc. Public / Private Programme			18,190	18,190	-	16,249	16,249
Social Housing Development Programme		121,601		121,601	109,097	-	109,097
Other		1,673	4,415	6,088	2,097	2,822	4,919
		154,188	139,786	293,974	145,359	138,371	283,730
Less Rental & Miscellaneous income		(990)	(6,896)	(7,886)	(1,419)	(5,788)	(7,207)
Total Expenditure		153,198	132,890	286,088	143,940	132,583	276,523

Included in reportable segments above are:

- 1) 'Other' segment within Regional Services (Revenue) - £72k relating to impairment of non-operational property as disclosed in Note 10 (b).
- 2) 'Loan Charges' segment within Landlord Services (Revenue) - £21.9m relating to interest payable on loans outstanding from the Government Loans Fund and Former Local Authorities.

Notes to the Accounts

Note

3(b) Analysis of Net Expenditure by Segment (continued)

<u>Reconciliation to Statutory Accounts</u>	2019	2018
	£'000	£'000

The table on the previous page reflects information provided monthly to the Board on outturn against budget.

A reconciliation is provided below to reconcile the outturn to the Financial Statements.

Total Net expenditure reported for Operating Segments:

Landlord Services	5,444	73
Regional Services	286,088	276,523
	<u>291,532</u>	<u>276,596</u>

Adjustments in the Budgeted Outturn and not in the Statement of Comprehensive Net Expenditure:

Travellers Sites Additions	-	(51)
Redevelopment Land Additions	(72)	(94)
Operational Assets Additions	(16,629)	(16,792)
Receipts (net of expenses) for Sale of Land & Property	21,441	18,722
Loans Principal Repayments	(37,612)	(46,101)
	<u>(32,872)</u>	<u>(44,316)</u>

Adjustments in the Statement of Comprehensive Net Expenditure and not through Budgeted Outturn for Landlord Services:

Depreciation, Amortisation, Write Offs & Write Down	32,476	33,266
Provisions for Liabilities and Charges movement	171	16
IAS 19 Pension Adjustment - Landlord Services	10,222	6,929
Other adjustments	574	280
	<u>43,443</u>	<u>40,491</u>

Total net expenditure per the Statement of Comprehensive Net Expenditure

	<u>302,103</u>	<u>272,771</u>
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Notes to the Accounts

Note

4 Income

The Housing Executive's core business activity is the provision of a public sector housing service and the rental income from this service is a principal source of income.

	2019	2018
	£'000	£'000
Rental Income		
Dwellings & Garages	298,348	299,880
Redevelopment	-	-
Commercial Properties	2,234	2,227
Lands	(31)	84
Travellers, Hostels and Req. Properties	613	692
Miscellaneous	207	254
	<u>301,371</u>	<u>303,137</u>
Less: Abatements		
Dwellings & Garages	(821)	(897)
Commercial Properties	(187)	(208)
	<u>(1,008)</u>	<u>(1,105)</u>
Less: Voids		
Dwellings & Garages	(3,390)	(3,122)
Redevelopment	(1)	(1)
Commercial Properties	(164)	(117)
Hostels	(245)	(201)
Traveller Sites	(36)	(31)
	<u>(3,836)</u>	<u>(3,472)</u>
Total Rental Income (C/Fwd)	<u>296,527</u>	<u>298,560</u>

Notes to the Accounts

Note	Note	2019 £'000	2018 £'000
4	Income (Continued)		
	Total Rental Income (B/Fwd)	296,527	298,560
	EU Income	404	97
	Other Operating Income		
	Income from Housing Associations	(143)	(60)
	Revenue grants	129	133
	Capital Grant	384	21
	Rates Income from properties	27 38,733	37,907
	Income from Land & Property Services:		
	Rates Collection	27 4,287	4,164
	Rates Relief Income	27 2,733	2,455
	Lone Pensioner Allowance	27 170	152
	Legal Expenses Recovered	288	249
	Other Recoverable Charges	249	112
	Ground Rents Receivable	20	65
	HMO Multiple Occupancy		
	- Registration Fees	510	522
	Group Repairs Income	3	3
	SPED Income	1,006	1,435
	Income from Hostels	978	943
	Income for Asylum Seekers	4,836	3,974
	Income from sold flats	1,266	606
	Income from Service Enhancement Fund	-	138
	Income recoverable on maintenance contracts	405	17
	Income from insurance claims	46	-
	Income recovered from investigations	158	-
	Miscellaneous Income	35	174
		56,093	53,010
	Total Income (excluding Housing Benefit Income)	353,024	351,667

Notes to the Accounts

Note	Permanent Staff £'000	2019		Total £'000	2018
		Others £'000	Board Members £'000		Total £'000
5 Staff costs					
Staff costs comprise					
Wages and Salaries	73,512	-	97	73,609	68,040
Social Security Costs	7,138	-	4	7,142	6,702
Seconded-in Staff	-	214	-	214	192
Agency Costs	-	12,909	-	12,909	11,660
Total Staff costs excluding Pension Costs	<u>80,650</u>	<u>13,123</u>	<u>101</u>	<u>93,874</u>	<u>86,594</u>
Other Pension Costs				<u>25,390</u>	<u>19,010</u>
				<u>119,264</u>	<u>105,604</u>
Less staff costs capitalised - IT Software				<u>(88)</u>	<u>(16)</u>
				<u>119,176</u>	<u>105,588</u>

Social security costs include £349k of apprenticeship levy costs borne by the Housing Executive.

The costs of the staff seconded to other public sector bodies and other organisations have been netted off the Total Salaries Costs and are noted below.

	2019 £'000	2018 £'000
Wages and Salaries	140	154
Social Security Costs	15	16
Other Pension Costs	26	28
	<u>180</u>	<u>198</u>

Further details on the staff costs can be found in the Staff Report within the Remuneration and Staff Report.

Notes to the Accounts

Note	Note	2019 £'000	2018 £'000
6	Other Expenditure		
	Direct Employees Costs	973	1,120
	Transport Related Costs	2,330	2,453
	Premises Related Costs (a)	10,148	9,274
	Supplies, Services, Write - Offs & Other Costs	23,549	20,885
	External Audit		
	Auditor's Remuneration	165	165
	Other Services (b)	12	-
	Bank Charges	308	338
	Dwelling Related Costs (c)	164,845	146,889
	Public Sector Expenditure	938	1,197
	Rates Relief Expenditure	2,733	2,455
	Lone Pensioner Allowance (LPA)	170	152
	Private Sector Expenditure (d)	18,313	16,882
	Private Sector Grants (e)	31,831	35,121
	Rates paid on properties	38,683	37,547
	Supporting People	71,617	73,764
	Public Liability Charges	1,643	1,252
	Social Housing Development		
	Programme (f)	121,601	109,097
	Impairment (g)	253	260
	Restructuring Costs	2,346	2,531
		492,458	461,382
	Less:		
	Recharges - salaries & overheads of Housing Executive staff providing professional services in the delivery of its core business. (h)	(17,661)	(16,059)
		474,797	445,323

Notes to the Accounts

Note

6 Other Expenditure (Continued)

- (a) Premises related costs includes £2,085k lease charges for the rental of properties occupied by the Housing Executive during 2018/19.
- (b) For 2018/19, there was an additional service provided by External Audit at a cost of £12k in respect of the National Fraud Initiative. There were no other services provided by External Audit during 2017/18
- (c) The major element of Dwelling Related Costs is the maintenance of the Housing Executive's housing stock including grounds and general maintenance costs. For 2018/19, £115.2m was spent on a planned maintenance programme and £49.6m was spent on response maintenance.

(d) Private Sector Expenditure is analysed as follows:

	£
Special Purchase of Evacuated Dwellings (SPED)	1,149
Allowance for gain in Fair Value on SPED	34
Homelessness	11,102
Asylum Seekers	3,903
Other	2,125
	<u>18,313</u>

SPED costs include £117k which relate to loss on sale of SPED stock sold during the 2018/19 year.

- (e) This includes Affordable Warmth Grants of £14,542k, Disabled Facilities Grants of £11,181k, Boiler Replacement Grants of £1,864k, Other Grants of £3,356k and Group Repairs of £18k. There are also administration costs included in this category for the running of these schemes which have not been separately disclosed.

Notes to the Accounts

Note

6 Other Expenditure (Continued)

- (f) Social Housing Development Programme includes payments to Housing Associations for the following:

	£'000
New Build	104,944
Advance Land Purchase Grant	1,714
Voluntary Purchase Grant	1,120
Small Adaptations Grant	3,256
Shared Housing Incentives	1,293
Shared Housing	9,274
Recoupment of SHDP grant	223
Grant recouped & paid to Department	<u>(223)</u>
	<u><u>121,601</u></u>

A further £91k was recouped from Housing Associations which has not been repaid to the Department. This has been offset against 2018/19 Social Housing Development Programme expenditure.

- (g) Impairment relates to the write down of Assets.
(See Note 10(a) & 10(b)).

- (h) Recharges include salaries and overhead costs for the following functions:

	£'000
Direct Labour Organisation	15,840
Rates Relief & Lone Pensioner Allowance	784
Other Programme Cost delivery	<u>1,037</u>
	<u><u>17,661</u></u>

- (i) Provision for liabilities and charges movements are included in the following lines:

	£'000
Public Liability Charges	1,092
Dwelling Related Costs	(289)
Property Plant & Equipment - Housing Stock additions	<u>(50)</u>
	<u><u>753</u></u>

Notes to the Accounts

Note

7 Housing Benefit Expenditure

Under the Social Security Administration (NI) Act 1992, the Housing Executive has responsibility for administering Housing Benefit on behalf of the Department. The accounts of the Housing Executive include overpayments of Housing Benefit, shown as a debtor due from the overpaid claimant, and a creditor due to the Department upon recovery by the Housing Executive. Such overpayments are also accounted for in the Department's accounts.

Housing Benefit payments in the year are as follows:

	2019 £'000	2018 £'000
Housing Benefit - Public & Private	621,130	647,795
Housing Benefit - Overpayment recoveries	(15,474)	(14,373)
Net Funding from the Department	<u>605,656</u>	<u>633,422</u>
Transfer of Housing Benefit overpayment movement to overpayment debtor account	(4,983)	(2,444)
Increase in HB Overpayment Provision	4,846	842
Total Housing Benefit Costs / Income	<u><u>605,519</u></u>	<u><u>631,820</u></u>

8 Financing Charges

	2019 £'000	2018 £'000
Loan Interest Charges	21,213	24,736
	<u>21,213</u>	<u>24,736</u>

Notes to the Accounts

Note	2019 £'000	2018 £'000
9 Taxation		
(a) Taxation charge in the year		
Analysis of charge in the year (estimate)		
Current tax:		
UK Corporation tax on taxable income for the current year	5,961	11,588
Adjustments to the tax charge in respect of previous periods	(1,286)	(8)
Interest & penalties	-	-
	<u>4,675</u>	<u>11,580</u>

Tradable activities, which are subject to Corporation Tax, include Rental Income, Disposal of Capital Assets and Interest Receivable.

(b) Factors affecting the tax charge

	2019 £'000	2018 £'000
Interest Receivable - current year	1,133	358
Chargeable / Net Rental Income	30,072	57,580
Chargeable Gains	-	-
	<u>31,205</u>	<u>57,938</u>
Net Rental Income before taxation multiplied by the effective rate of Corporation Tax in the UK for the current year of approx. 19% (2018: 19%)	5,961	11,588
Adjustments to the tax charge in respect of previous periods	(1,286)	(8)
Interest & penalties	-	-
Current tax charge	<u>4,675</u>	<u>11,580</u>

A Corporation Tax charge of £4.7 million has been recognised in the accounts (see note 9a above for calculation). There is also an overpayment of Corporation Tax paid at the year end of £3.78 million (see note 14). The Housing Executive does not have Crown exemption status in relation to Corporation Tax.

(c) Deferred tax

No provision for deferred tax has been made as at 31 March 2019 and for previous financial years.

Notes to the Accounts

Note

10 (a) Property, Plant & Equipment

Operational	Housing Stock £'000	Land £'000	Commercial Property £'000	Office Premises £'000	Hostels £'000	Travellers Sites £'000	Other Assets £'000	Total £'000
Cost or Valuation								
At 31 March 2018	2,231,486	38,839	16,553	32,503	16,283	3,837	28,094	2,367,595
Additions	14,129	2	155	394			1,588	16,268
Reclassification Uplift		1,589	140					1,729
Disposals	(9,152)	(1,259)					(14,451)	(24,862)
Demolitions	(59)							(59)
Write off Adapt to Leased Offices				(67)				(67)
Transfer from Housing Stock	(104)						104	-
Transfer to Housing Stock								-
Transfer from Non-Operational Assets								-
Transfer to Non-Operational Assets				(25)	(325)	(170)		(520)
Transfer to Land from Commercial Property								-
Transfer to Non Current Assets Held for Sale	(3,919)	(100)						(4,019)
Transfer from Non Current Assets Held for Sale								-
Impairment						(71)	(241)	(312)
Write down in valuation		95						95
Revaluation Adjustments	114,938	6,432			424	(89)	119	121,824
At 31 March 2019	2,347,319	45,598	16,848	32,805	16,382	3,507	15,213	2,477,672

Notes to the Accounts

Note

10 (a) Property, Plant & Equipment (continued)
Operational (Continued)

	Housing Stock £'000	Land £'000	Commercial Property £'000	Office Premises £'000	Hostels £'000	Travellers Sites £'000	Other Assets £'000	Total £'000
Depreciation								
At 31 March 2018	-	-	(1,362)	(2,499)	(1,364)	(298)	(23,923)	(29,446)
Charged in year	(32,844)		(454)	(831)	(455)	(108)	(1,062)	(35,754)
Written back on Revaluation	32,844					19		32,863
Backlog Depreciation					(38)	(8)	(59)	(105)
Disposals							13,679	13,679
Depreciation on transfer to Housing Stock								-
Depreciation on transfer to Non Operational Assets				3	36			39
Written back on Impairment							130	130
At 31 March 2019	-	-	(1,816)	(3,327)	(1,821)	(395)	(11,235)	(18,594)
Carrying amount at 31 March 2018	2,231,486	38,839	15,191	30,004	14,919	3,539	4,171	2,338,149
Carrying amount at 31 March 2019	2,347,319	45,598	15,032	29,478	14,561	3,112	3,978	2,459,078
Asset financing:								
Owned	2,347,319	45,598	15,032	29,478	14,561	3,112	3,978	2,459,078
Finance Leased	-	-	-	-	-	-	-	-
On-balance sheet Service Concession contracts	-	-	-	-	-	-	-	-
Carrying amount at 31 March 2019	2,347,319	45,598	15,032	29,478	14,561	3,112	3,978	2,459,078

Notes to the Accounts

Note

10 (a) Property, Plant & Equipment

Operational	Housing Stock £'000	Land £'000	Commercial Property £'000	Office Premises £'000	Hostels £'000	Travellers Sites £'000	Other Assets £'000	Total £'000
Cost or Valuation								
At 31 March 2017	2,162,158	39,431	16,579	32,482	15,222	3,545	29,652	2,299,069
Additions	15,610	2	4	93		51	648	16,408
Reclassification Uplift		987						987
Disposals	(8,323)	(2,058)					(2,493)	(12,874)
Demolitions								-
Write off Adapt to Leased Offices				(72)				(72)
Transfer from Housing Stock	(159)	159						-
Transfer to Housing Stock	29		(30)					(1)
Transfer from Non-Operational Assets								-
Transfer to Non-Operational Assets								-
Transfer to Land from Commercial Property								-
Transfer to Non Current Assets Held for Sale	(5,446)	(789)						(6,235)
Transfer from Non Current Assets Held for Sale								-
Impairment	(166)							(166)
Write down in valuation		(1,325)						(1,325)
Revaluation Adjustments	67,783	2,432			1,061	241	287	71,804
At 31 March 2018	2,231,486	38,839	16,553	32,503	16,283	3,837	28,094	2,367,595

Notes to the Accounts

Note

10 (a) Property, Plant & Equipment (continued)
Operational (Continued)

	Housing Stock £'000	Land £'000	Commercial Property £'000	Office Premises £'000	Hostels £'000	Travellers Sites £'000	Other Assets £'000	Total £'000
Depreciation								
At 31 March 2017	-	-	(909)	(1,666)	(844)	(179)	(24,462)	(28,060)
Charged in year	(31,216)		(454)	(834)	(455)	(105)	(1,819)	(34,883)
Written back on Revaluation	31,216						4	31,220
Backlog Depreciation					(65)	(14)	(132)	(211)
Disposals							2,486	2,486
Depreciation on transfer to Housing Stock				1				1
Depreciation on transfer to Non Operational Assets					1			1
At 31 March 2018	-	-	(1,362)	(2,499)	(1,364)	(298)	(23,923)	(29,446)
Carrying amount at 31 March 2017	2,162,158	39,431	15,670	30,816	14,378	3,366	5,190	2,271,009
Carrying amount at 31 March 2018	2,231,486	38,839	15,191	30,004	14,919	3,539	4,171	2,338,149
Asset financing:								
Owned	2,231,486	38,839	15,191	30,004	14,919	3,539	2,368	2,336,346
Finance Leased								
On-balance sheet Service								
Concession contracts	-	-	-	-	-	-	1,803	1,803
Carrying amount at 31 March 2018	2,231,486	38,839	15,191	30,004	14,919	3,539	4,171	2,338,149

Notes to the Accounts

Note

10 (a) Property, Plant & Equipment (continued)

Valuation Methodology

Housing Stock

Operational Housing Stock has been valued on the basis of Open Market Value for Existing Use (Existing Use Value for Social Housing), in accordance with guidance issued by the Department of Communities & Local Government in England titled 'Stock valuation for resource accounting 2016: guidance for valuers'. Land and Other Buildings includes Land, Commercial Properties, Offices, Hostels and Travellers' Sites.

Details of the valuation methodology, using the beacon approach can be found in accounting policy (g)

Land

Land was revalued at 31 March 2019 on the basis of open market value by McKibbin Commercial Property Consultants. The valuation is in accordance with the Royal Institution of Chartered Surveyors appraisal and valuation manual. This land is revalued every year through physical inspection.

During the current financial year, a number of sites which were previously identified as amenity have been reclassified as Undeveloped Land and revalued at £1.6m on the basis that the sites may have development potential. Land classified as amenity land has no value and is reflected within the social house values.

Other Buildings

Offices, Commercial Properties, Travellers' Sites and Hostels were revalued and relifed at 31 March 2015 by professional valuers of Land and Property Services. Offices and Commercial Properties were revalued at 31 March 2015 at open market value based on Existing Use. Hostels and Travellers' Sites were revalued at 31 March 2015 using Depreciated Replacement Cost as they are considered specialised assets. Indices provided by Land and Property Services have been used to revalue these properties at 31 March 2019.

The building element of all of the above properties has been depreciated over the remaining useful life as directed by the valuer. Included within the Net Book Value of Offices is £154k for adaptations relating to Offices rented on short leases. Adaptations are written off over the life of the leases.

The FReM permits a full external valuation of assets once every five years with the use of appropriate indices in intervening years. Land & Property Services provide appropriate indices in the intervening financial years in order to revalue Offices, Commerical Properties, Travellers' Sites and Hostels.

Notes to the Accounts

Note

10 (a) Property, Plant & Equipment (continued)

Other Assets

Other Assets includes Motor Vehicles, Plant and Machinery, Estate Management Equipment, Furniture, Equipment & Fittings and Computer Equipment which have been revalued by reference to appropriate Treasury approved indices.

Asset Net Book Value (NBV)	At 31 March 2019 £'000	At 31 March 2018 £'000
Motor Vehicles	1,614	1,456
Plant and Machinery	107	122
Estate Management Equipment	170	228
Office Furniture	642	327
Office Equipment	3	-
Hostels Furniture & Fittings	-	-
Computer Hardware	1,173	1,941
Community Centre	269	97
	<u>3,978</u>	<u>4,171</u>

Depreciation, Amortisation, Write Offs and Write downs charged to the Statement of Comprehensive Net Expenditure consisted of the following:

	At 31 March 2019 £'000	At 31 March 2018 £'000
Depreciation adj for Backlog Depreciation	35,860	35,093
Amortisation - IT Software	621	857
Revaluation Adjustments - Other Assets	-	(393)
Revaluation Adjustments - Land	(95)	1,325
Writedown in Assets Held for Sale	285	-
Losses on Sale of Surplus Land	112	334
(Profit)/Loss on Sale of Housing Stock	(5,836)	(5,272)
(Profit)/Loss on Sale of Other Assets	1,018	(53)
Losses on Demolished Property	59	-
Write off Adaptations to Leased Offices	68	72
Loss on Disposal - Housing Association	485	1,421
Loss on Disposal - Community Asset Transfe	15	-
	<u>32,592</u>	<u>33,384</u>

Notes to the Accounts

Note

10(b) Property, Plant & Equipment

Non Operational Assets

	Redevelopmen t Land £'000	Commercial Properties £'000	Offices £'000	Travellers Sites £'000	Hostels £'000	Total £'000
At 31 March 2017	-	5	270	12	-	287
Expenditure in year	94	-	-	-	-	94
Transfer of Property (to)/from Operational Assets	-	-	-	-	-	-
Transfer to Assets Held for Sale	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Revaluation Adjustment	-	-	-	-	-	-
Revaluation - SOCNE	-	-	-	-	-	-
Impairment	(94)	-	-	-	-	(94)
At 31 March 2018	-	5	270	12	-	287
Expenditure in year	72	-	-	-	-	72
Transfer of Property (to)/from Operational Assets	-	-	22	170	289	481
Transfer to Assets Held for Sale]	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Revaluation Adjustment	-	-	43	2	(69)	(24)
Revaluation - SOCNE	-	-	-	-	-	-
Impairment	(72)	-	-	-	-	(72)
At 31 March 2019	-	5	335	184	220	744

Non Operational Assets comprises Redevelopment Land, Commercial Properties, Offices and Travellers Sites.

The £72k write down in the value of Redevelopment Land results from land acquisition and development costs for land previously vested, which has previously been transferred to operational land for ongoing transfer to Housing Association.

All residual Redevelopment Land sites were converted to brownfield sites and transferred to operational land prior to 2018/19. These sites, previously transferred, were then usually transferred to Housing Associations at nil value.

This transfer is accounted for as a Loss on Disposal to Housing Associations and is included in Depreciation, Amortisation, Write-offs and Write-downs in note 10(a).

The Housing Executive, on behalf of the Department, recoups the market value of these sites by deducting this value off the Social Housing Development Grant paid to Housing Associations.

Commercial Properties, included within Non-Operational Assets, reflect buildings which are due to be demolished. Offices and Travellers Sites reflect buildings and land sites which are currently not in use by the Housing Executive.

Notes to the Accounts

Note

10 (c) Intangible Assets	IT Software £'000	Total £'000
Cost or valuation		
At 1 April 2018	14,877	14,877
Additions	738	738
Reclassification Uplift	-	-
Disposals	(4,204)	(4,204)
Revaluation Adjustments	30	30
At 31 March 2019	<u>11,441</u>	<u>11,441</u>
Amortisation		
At 1 April 2018	(13,025)	(13,025)
Charged in year	(601)	(601)
Backlog Amortisation	(20)	(20)
Disposals	3,913	3,913
At 31 March 2019	<u>(9,733)</u>	<u>(9,733)</u>
Carrying amount at 31 March 2018	<u>1,852</u>	<u>1,852</u>
Carrying amount at 31 March 2019	<u>1,708</u>	<u>1,708</u>
Asset Financing:		
Owned	1,708	1,708
On-balance sheet Service		
Concession contracts	-	-
Carrying amount at 31 March 2019	<u>1,708</u>	<u>1,708</u>
Cost or valuation		
At 1 April 2017	16,547	16,547
Additions	374	374
Reclassification Uplift	-	-
Disposals	(2,164)	(2,164)
Revaluation Adjustments	120	120
At 31 March 2018	<u>14,877</u>	<u>14,877</u>
Amortisation		
At 1 April 2017	(14,332)	(14,332)
Charged in year	(782)	(782)
Backlog Amortisation	(75)	(75)
Disposals	2,164	2,164
At 31 March 2018	<u>(13,025)</u>	<u>(13,025)</u>
Carrying amount at 31 March 2017	<u>2,215</u>	<u>2,215</u>
Carrying amount at 31 March 2018	<u>1,852</u>	<u>1,852</u>
Asset Financing:		
Owned	308	308
On-balance sheet Service		
Concession contracts	1,544	1,544
Carrying amount at 31 March 2018	<u>1,852</u>	<u>1,852</u>

Notes to the Accounts

Note

	2019	2018
	£'000	£'000
11 Short Term Investments		
Fixed Term Deposits (greater than 3 months)	46,009	16,000
	<u>46,009</u>	<u>16,000</u>

12 Assets classified as held for sale

	Land	Housing	Office	Total
	£'000	Stock	Premises	£'000
	£'000	£'000	£'000	£'000
At 1 April 2018	1,252	4,635	20	5,907
Transfer from Operational Assets	100	3,919	-	4,019
Transfer to Operational Assets	-	-	-	-
Transfer from Non-operational Assets	-	-	-	-
Disposals	(578)	(5,185)	(20)	(5,783)
Revaluation Decrease	(264)	-	-	(264)
At 31 March 2019	<u>510</u>	<u>3,369</u>	<u>-</u>	<u>3,879</u>

IFRS 5 details that non-current assets classified as held for sale must be disclosed separately from other assets in the Statement of Financial Position.

£0.51m of land classified as held for sale relates to surplus land which is available for immediate sale and where an active programme to locate a buyer is initiated.

Due to the continued uncertainty in market conditions it is unclear whether the sale will occur within 12 months, however, the delay in the sale is due to circumstances which are beyond the Housing Executive's control.

The revaluation decrease of £264k, representing a fall in value of certain land sites classified as Land Held for Sale, is accounted for in the Statement of Comprehensive Net Expenditure.

£3.4m of Housing Stock which has been reclassified as held for sale is based on sales completed in April and estimated sales in May and June 2019.

	2019	2018
	£'000	£'000
13 Inventories		
Consumable Stores	1,184	800
SPED (Net of the Allowances at Note 15)	1,262	1,680
Total	<u>2,446</u>	<u>2,480</u>

Consumable Stores at 31 March 2018 included £138k of stock which was sold during 2018/19 for £2k, resulting in a loss on sale of £136k. The £136k is disclosed in Losses and Write-off within Note 6 'Supplies, Services, Write-offs & Other Costs'.

Notes to the Accounts

Note

	2019 £'000	2018 £'000
14 Trade and Other Receivables		
Amounts falling due within one year:		
Trade Receivables (Net of the Allowances at Note 15)	25,382	23,328
Other receivables	99	134
Corporation Tax	3,780	-
VAT	7,139	3,699
Prepayments and accrued income	18,169	16,653
	<u>54,569</u>	<u>43,814</u>
Amounts falling due after more than one year:		
Trade Receivables (Net of the Allowances at Note 15)	17,811	16,432
Prepayments and accrued income	320	-
	<u>18,131</u>	<u>16,432</u>
Total	<u>72,700</u>	<u>60,246</u>

	Tenants Debt £'000	Housing Benefit Over- payments £'000	Other Debts £'000	Special Purchase Evacuated Dwellings £'000	Total £'000
Opening Balance					
At 31 March 2017	7,482	19,179	1,011	281	27,953
Movement in allowance in year	277	730	(162)	(50)	795
Movement in long term debt discount	3	112	3	-	118
At 31 March 2018	7,762	20,021	852	231	28,866
Movement in allowance in year	552	4,121	620	33	5,326
Movement in long term debt discount	24	726	(6)	-	744
At 31 March 2019	<u>8,338</u>	<u>24,868</u>	<u>1,466</u>	<u>264</u>	<u>34,936</u>

IAS 39 Financial Instruments: Recognition and Measurement requires long term debtors to be measured at amortised cost. This involves a review of debtors for impairment, forecasting the cash flows expected from the recoverable debts and discounting the cashflows to present day value using a discount rate of 3.7%.

Notes to the Accounts

Note

16 Cash & Cash Equivalents	2019	2018
	£'000	£'000
Balance at 1 April	129,520	113,808
Net Change in Cash & Cash Equivalent Balances	(32,499)	15,712
Balance at 31 March	<u>97,021</u>	<u>129,520</u>

The following balances at 31 March were held at:

	2019	2018
	£'000	£'000
Commercial Banks and Cash in Hand	7	8
Investments in Money Market Funds	16,414	28,512
Short Term Deposits (less than 3 months)	80,600	101,000
Balance at 31 March	<u>97,021</u>	<u>129,520</u>

17 Trade and Other Payables

	2019	2018
	£'000	£'000
Amounts falling due within one year:		
Bank Overdraft	(15,121)	(6,840)
Trade Payables	(4,199)	(3,881)
Taxation and social security	(1,702)	(1,671)
Corporation tax payable	-	(3,294)
Other Payables	(10,882)	(9,926)
Accruals and deferred income	(149,654)	(168,465)
Loan Repayments	(32,468)	(37,720)
	<u>(214,026)</u>	<u>(231,797)</u>
Amounts falling due after more than one year:		
Other Payables	(13,899)	(13,034)
Accruals and deferred income	(13,866)	-
	<u>(27,765)</u>	<u>(13,034)</u>
Total	<u>(241,791)</u>	<u>(244,831)</u>

18 Commitments under Service Concession Arrangement

	2019	2018
	£'000	£'000
Not later than one year	-	(2,339)
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>(2,339)</u>

The service concession arrangement between the Housing Executive and the service provider ended on 30 September 2018. There was therefore no further services provided after this date in relation to this contract.

Notes to the Accounts

Note	2019 £'000	2018 £'000
19 Loans Outstanding		
Loans from the Government Loans Fund & Former Local Authorities maturing: Later than one year and not later than five years	(76,825)	(96,838)
Later than five years	(108,277)	(120,732)
Total	<u>(185,102)</u>	<u>(217,570)</u>

- (a) All Government Loans are repayable by Annuity and Local Authority Loans are repayable using an average Loans Pool rate.
- (b) Interest rates on the Government Loans are those current at time of borrowing.
- (c) The Government Loans are repayable to the Department of Finance (previously referred to as the Department of Finance and Personnel prior to 9 May 2016).

20 Commitments under leases

Operating Leases - Premises

Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

	2019 £'000	2018 £'000
Obligations under operating leases comprise:		
Property		
Not later than one year	411	531
Later than one year and not later than five years	857	1,268
Later than five years	111	184
	<u>1,379</u>	<u>1,983</u>

Notes to the Accounts

Note

21 Financial Instruments

The Government FReM requires financial statements to comply with the accounting standards on Financial Instruments, namely IAS 32, IFRS 7 and IFRS 9. The objective of these standards is to establish principles for presenting, recognising, measuring and disclosing Financial Instruments.

A Financial Instrument is "any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity". Financial Assets include, amongst others, cash, trade receivables and loans to other entities. Financial liabilities include, amongst others, trade payables, loans from other entities and accruals. Equity instruments include, amongst others, types of preference shares, and are unlikely to occur within the Housing Executive's financial statements.

(a) Significance of Financial Instruments for Financial Position and Performance

The financial assets and liabilities disclosed in the Statement of Financial Position are made up of the following categories of financial instruments:

	Long Term		Short Term	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
				Restated
Financial assets at amortised cost	17,811	16,432	163,016	144,169
Financial assets at fair value through profit or loss	-	-	16,414	28,512
Total Financial Assets	17,811	16,432	179,430	172,681

The 2017/18 figures in respect of financial assets have been restated following the adoption of IFRS 9 in 2018/19 in order to reflect the new classification categories introduced by IFRS 9.

Notes to the Accounts

Note

21 Financial Instruments (continued)

	Long Term		Short Term	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Financial Liabilities at amortised cost	212,867	230,604	214,026	231,797
Total Borrowings	212,867	230,604	214,026	231,797

The table above includes long term debtors, trade payables and receivables and cash balances held for working capital purposes.

(b) Financial Instruments Gains and Losses

The gains and losses recognised in the Statement of Comprehensive Net Expenditure for the year ended 31 March 2019 in relation to financial instruments are made up as follows:

Financial Liabilities	Liabilities measured at fair value through profit or loss £'000	Liabilities measured at amortised cost £'000
Interest Expense	-	21,213
Interest payable and similar charges	-	21,213

Notes to the Accounts

Note

21 Financial Instruments (continued)

Financial Assets

	Assets at Amortised Cost £'000	Assets at Fair Value through Profit or Loss £'000
Impairment Loss	6,037	-
Interest payable and similar charges	6,037	-
Interest and Investment Income	847	286
Interest and other income and gains	847	286

(c) Fair Value of Assets and Liabilities Carried at Amortised Cost

In relation to financial assets, IFRS 9 stipulates that where the contractual terms give rise to principal and interest payments on specified dates and the assets are held solely to collect those contractual cash flows, such assets are to be carried on the Statement of Financial Position at amortised cost less any impairment losses. In accordance with IFRS 9, the financial liabilities held by the Housing Executive are also held at amortised cost. This includes the Housing Executive's Government loans and Local Authority loans. The majority of Housing Executive loans are repayable by fixed rate annuities. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

Notes to the Accounts

Note

21 Financial Instruments (continued)

Assumptions:

- 1) For loans from the Consolidated Loans Fund and other loans payable, the real discount rate of 3.7%, as set by HM Treasury, has been applied to provide fair value;
- 2) No early repayment or impairment is recognised; and
- 3) Where an instrument has a maturity of less than 12 months or is a trade or other receivable, the fair value is taken to be the principal outstanding or the billed amount.

The fair values calculated are as follows:

	2019	Fair	2018	Fair
	Carrying	Value	Carrying	Value
	Amount	£'000	Amount	Value
	£'000		£'000	£'000
				Restated
Financial Liabilities				
Consolidated Loans Fund	212,453	286,211	249,656	333,245
Non Consolidated Loans Fund	5,117	6,004	5,634	6,547
Total Debt	217,570	292,215	255,290	339,792
Loans and receivables				
Long term Debtors	20,636	17,811	18,512	16,432
Total Investments	20,636	17,811	18,512	16,432

The 2018 fair values of loans debt have been restated to apply the HM Treasury discount rate of 3.7% to the projected future loans payments.

Long term trade debtors are stated at amortised cost using the effective interest rate of 3.7%. An assessment is made on the future collectability of the debtors based on historic trends which is profiled over future years. The cash flows are discounted using the effective interest rate of 3.7%. This is a method used to calculate the carrying value and the fair value.

Notes to the Accounts

Note

21 Financial Instruments (continued)

The fair values for trade payables and receivables and cash balances are not included in the table above as the fair value is taken to be the invoiced or billed amount, less any recognised impairment losses.

Nature and Extent of Risks arising from Financial Instruments

IFRS 7, "Financial Instruments: Disclosures", requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Due to the largely non trading nature of its activities and the way in which the entity is financed, the Housing Executive is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. As a result, the sensitivity analysis on market risk, as required by IFRS 7, has not been undertaken due to the majority of the Housing Executive loans carrying fixed rates of interest.

Details of financial risks which the Housing Executive's activities expose it to are noted below:

Credit Risk

Credit risk arises from deposits with banks, local authorities and Money Market Funds (MMFs), as well as credit exposure to the Housing Executive's customers, specifically tenant arrears and Housing Benefit overpayment debt. There is no historical experience of default in relation to deposits with banks used by the Housing Executive and deposits are placed only with banks holding robust credit ratings. Nonetheless, due to the risk of bank collapse, default or bail-in, the Housing Executive no longer holds the majority of its cash reserves in a small number of banks, instead achieving greater diversification and reduced exposure to any one bank through investment in MMFs with strong creditworthiness and by holding the majority of its cash reserves on deposit with local authorities or other UK government entities. UK government bodies are regarded as having lower credit risk than banks or other financial entities. The allowance for trade receivables reflects the Housing Executive's assessment of the risk of non-payment by trade debtors and, as such, there is no additional estimated exposure to default and inability to collect.

Notes to the Accounts

Note

21 Financial Instruments (continued)

Liquidity Risk

Regional Services expenditure is fully funded by the Department and subject to strict budgetary control, with funding being drawn down from the Department on a monthly basis to meet cash requirements. Landlord Services expenditure is largely financed by rental income generated from the Housing Executive's housing stock, which provides a regular and reliable income stream. Cash projections and daily monitoring of the liquidity position of the organisation are undertaken to ensure that funds are available to meet expenditure requirements as they fall due. Moreover, the Housing Executive maintains some of its cash reserves in Money Market Funds which provide same-day access to cash as it is required, and no funds are invested for periods of greater than six months.

Market Risk

Interest-Rate Risk

Approximately 98% of the Housing Executive's financial liabilities carry fixed rates of interest and the Housing Executive is not therefore exposed to significant interest rate risk with respect to loans.

The continued low bank interest rates have maintained the low level of interest receivable on short term cash investments held with banks. However, slightly higher interest rates have been achieved by increasing the range of counterparties in which the Housing Executive holds its cash reserves to include a number of different banks, MMFs and UK government bodies.

Foreign Currency Risk

The Housing Executive has only limited exposure to foreign currency risk, relating to funding received in Euros from the Special EU Programmes Body. The foreign currency risk is not deemed to be significant enough to warrant direct management. During 2018/19 the foreign currency losses incurred amounted to £nil (2017/18: £3k).

Fair Value

The fair value of loans outstanding after one year at 31 March 2019 for the Government Loans Funds is £237m (restated 2018: £276m), and the estimated fair value of Local Authority Loans is £5.2m (restated 2018: £5.8m).

Notes to the Accounts

Note

22 Provision for Liabilities and Charges

2018/19	Redevelopment Area Purchases £'000	Home Loss & Disturbance Payments £'000	Contractual Claims £'000	Public Liability Claims £'000	Managing Asbestos £'000	Legal Claims £'000	Total £'000
Opening Balance - At 31 March 2018	(134)	-	(50)	(1,096)	(821)	(185)	(2,286)
Provided in the year	-	-	(205)	(1,092)	-	(102)	(1,399)
Provisions not required written back	-	-	50	-	524	72	646
Provisions utilised in the year	-	-	-	1,141	207	28	1,376
At 31 March 2019	(134)	-	(205)	(1,047)	(90)	(187)	(1,663)
Amount due for settlement:							
Within 12 months	(134)	-	(205)	(520)	(90)	(145)	(1,094)
After 12 months	-	-	-	(527)	-	(42)	(569)
At 31 March 2019	(134)	-	(205)	(1,047)	(90)	(187)	(1,663)

- (a) An amount of £134k has been provided for in respect of amounts due to compensate previous owners in areas vested for redevelopment (Urban Renewal Areas). No provision is required in respect of houses vested by the Housing Executive and which are to be refurbished or demolished, but which fall outside of approved redevelopment areas.
- (b) No provision is required in respect of Home Loss and Disturbance compensation claims expected from those displaced as a result of properties vested in (a) above.

Notes to the Accounts

Note

22 Provision for Liabilities and Charges (continued)

- (c) An amount of £205k has been provided for in respect of 2 contractual claims issued against the Housing Executive.

- (d) Public Liability Claims see Note 25 (Contingent Liabilities).

- (e) The Housing Executive has undertaken to survey a sample of its housing stock, based on an archetypal beacon approach, to identify the presence of asbestos and the risk it presents. To manage asbestos, a full resurvey will be performed on the required properties to ensure current Health and Safety Executive regulations will be met.
A provision of £90k has been accounted for in respect of covering estimated costs of properties for managing asbestos where it is found.

- (f) An amount of £187k has been provided for in respect of three legal cases issued against the Housing Executive.

Notes to the Accounts

Note

22 Provision for Liabilities and Charges (continued)

2017/18	Redevelopment Area Purchases £'000	Home Loss & Disturbance Payments £'000	Contractual Claims £'000	Public Liability Claims £'000	Managing Asbestos £'000	Onerous Contracts £'000	Legal Claims £'000	Total £'000
Opening Balance - At 31 March 2017	(245)	-	(282)	(1,037)	(951)	(62)	-	(2,577)
Provided in the year	-	-	(3)	(1,282)	-	-	(185)	(1,470)
Provisions not required written back	67	-	207	-	130	-	-	404
Provisions utilised in the year	44	-	28	1,223	-	62	-	1,357
At 31 March 2018	(134)	-	(50)	(1,096)	(821)	-	(185)	(2,286)
Amount due for settlement:								
Within 12 months	(134)	-	-	(620)	(821)	-	(185)	(1,760)
After 12 months	-	-	(50)	(476)	-	-	-	(526)
At 31 March 2018	(134)	-	(50)	(1,096)	(821)	-	(185)	(2,286)

Notes to the Accounts

Note

23 (a) Pensions

The Housing Executive participates in the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) pension scheme for the majority of its employees. The Chairman is not a member of the NILGOSC Scheme. The scheme was established by the Government in April 1950 to operate a pension scheme for the local councils and other similar bodies in Northern Ireland. The pension scheme is known as the Local Government Pension Scheme Northern Ireland (the Scheme) and is a defined benefit pension scheme. NILGOSC is the corporate body responsible for the administration of the Scheme and is a non-departmental public body, sponsored by the Department for Environment (part of Department for Communities in May 2016). There were changes to the scheme in 2015. The 2015 Scheme is fundamentally different from the previous final salary based schemes. It is a defined benefit career average revalued earnings (CARE) scheme, meaning that future pension benefits will be calculated on career average earnings rather than final salary.

Up until 31 March 2015, the Pension scheme provided benefits for each year of service on a 'Final Salary' basis with a significant change to the scheme in 2009. Prior to 1 April 2009, benefits accrued at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to 3/80ths of pensionable salary for each year of service, prior to 1 April 2009, is payable on retirement. Post April 2009, as part of a general review of public sector pension schemes, the Government introduced changes to the pension scheme. Benefits from this date accrue at the rate of 1/60th of pensionable salary for each year of service. The lump sum payment was removed. Also instead of employees paying a standard contribution rate of 6%, which was applicable up to 1 April 2009 (5% for non-administrative employees prior to 1 January 2003, and 6% thereafter of their pensionable pay), different contribution rates were applied for different pay bands. The new rates were between 5.5% and 7.5% of pensionable pay. The Scheme's professionally qualified actuaries recommend the rates of employer's contribution to be paid.

From 1 April 2015, a change to the scheme was introduced. The scheme now operates using a defined benefit career average revalued earnings (CARE) scheme, which results in future pension benefits calculated on career average earnings rather than final salary. The 2015 change also results in contribution rates being calculated on actual pay received rather than full time equivalent pay which was the case in the 2009 Scheme. Contribution rates now range from 5.5% to 10.5%.

Employees may have accrued benefits under all of the above schemes variants depending on when they joined the scheme.

From April 2011, pensions payable are increased annually in line with changes in the Consumer Price Index (CPI). Prior to April 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). The Scheme's professionally qualified actuaries recommend the rates of employer's contribution to be paid.

Notes to the Accounts

Note

23 (a) Pensions (continued)

The last formal actuarial valuation of the fund was carried out as at 31 March 2016, the results of which were released during the 2016/17 financial year. The next formal valuation will be due as at 31 March 2019. The results from this valuation will be first used in the 2019/20 Annual Report. In calculating the Housing Executive's assets and liabilities the appointed actuaries have rolled forward the values calculated at the latest valuation (March 2016). Further, the appointed actuaries had to make a number of assumptions about events and circumstances in the future meaning that the results of actuarial calculations are subject to uncertainties within a range of possible values.

- (b) The following actuarial assumptions were agreed following receipt of advice from the actuary and following discussions within NIHE with the aim of ensuring the most appropriate assumptions were adopted.

Actuarial Assumptions used at:	31 March 2019	31 March 2018
Rate of Inflation (RPI)	3.20%	3.10%
Rate of Inflation (CPI)	2.20%	2.10%
Rate of Increase in Salaries	3.70%	3.60%
Rate of Increase in Pensions	2.20%	2.10%
Discount Rate	2.50%	2.70%

Breakdown of Life Expectancies

Life expectancy for mortality tables used to determine benefit obligations at:	31 March 2019	31 March 2018
Male member aged 65 (current life expectancy)	22.6	23.4
Female member aged 65 (current life expectancy)	24.9	26.0
Male member aged 45 (life expectancy at age 65)	24.3	25.6
Female member aged 45 (life expectancy at age 65)	26.8	28.3

Notes to the Accounts

Note

23 (b) Pensions (continued)

Future mortality is the single most significant demographic assumption. Recent studies have disclosed a faster increase in the rate of mortality improvement than had previously been expected.

The basic table used is Standard SAPS S2P tables (Year of Birth) with CMI 2017 core projections, and long-term improvement rates per year of 1.5% for both males and females. This means the mortality rates assumed for members of a particular age differ from those for members who will reach that age in future.

These assumptions should result in an appropriate allowance for future longevity, and are similar to assumptions used for many schemes in the UK. The assumptions will continue to be monitored in the light of general trends in mortality experience.

Sensitivity Analysis

IAS 19 valuation results depend critically on the principal assumptions used in the calculations. The discount rate used to value the liabilities is prescribed under IAS 19 and the results are particularly sensitive to the discount rate. A reduction in the net discount rate will increase the liabilities as a higher value is placed on benefits in the future. Regarding mortality assumptions, if longevity improves at a faster rate than allowed for in the assumptions then, a higher value would be placed on the employer's liabilities. Further increases in pensionable pay, inflation and hence pension, more than allowed for in the assumptions will increase the value of the liabilities.

Below we have detailed the sensitivity of the benefit obligation to various key assumptions.

	Current Assumptions	Discount Rate	Salary Increase	Inflation	Life Expectancy
	£'000	-0.25% pa	+0.25%pa	+0.25%pa	+1 year
Liabilities	1,109,700	1,157,778	1,118,565	1,154,238	1,143,294
Assets	1,007,193	1,007,193	1,007,193	1,007,193	1,007,193
Total Scheme shortfall	102,507	150,585	111,372	147,045	136,101
Funding Level	91%	87%	90%	87%	88%
Increase in Liabilities	-	48,078	8,865	44,538	33,594

Notes to the Accounts

Note

23 (c) Pensions (continued)

The fair value of the assets held by the pension scheme attributable to the Housing Executive are analysed as follows:

Asset Class	Assets at 31 March 2019	Assets at 31 March 2018
	£'000	£'000
Equities	599,281	626,657
Bonds	236,688	116,048
Property	110,792	139,258
Cash	30,216	46,419
Other	30,216	-
	1,007,193	928,382

The above asset values as at 31 March 2019 are at bid value as required under IAS 19. The bid value of assets is the value which can be realised immediately upon a sale.

Statement of Financial Position

Year Ended	31-Mar-19	31-Mar-18
	£'000	£'000
Fair Value of Employer Assets	1,007,193	928,382
Present value of Funded Liabilities	(1,097,680)	(1,051,164)
Net Underfunding in Funded Plans	(90,487)	(122,782)
Present value of Unfunded Liabilities	(12,020)	(12,643)
Unrecognised Actuarial (Gain) / Loss	-	-
Unrecognised Transition (Asset) / Liability	-	-
Net Liability	(102,507)	(135,425)
Amounts in the Statement of Financial Position		
Liabilities	(102,507)	(135,425)
Assets	-	-
Net Asset / (Liability)	(102,507)	(135,425)

Funding Level

91%

Notes to the Accounts

Note

23 Pensions (continued)

(d) Notes to the Statement of Comprehensive Net Expenditure

	Year End 31 March 2019		Year End 31 March 2018	
	£'000	% of Payroll	£'000	% of Payroll
Amount Charged to Employee Costs				
Current Service Cost	(23,428)	(33.7%)	(17,476)	(26.8%)
Administration Expenses	(278)	(0.4%)	(261)	(0.4%)
Insurance premiums for risk benefits	(1,391)	(2.0%)	(1,306)	(2.0%)
Past Service Cost	-	-	-	-
Curtailment and Settlements **	(1,101)	(1.6%)	(1,161)	(1.8%)
Decrease in Irrecoverable Surplus	-	-	-	-
Total Operating Charge (A)	(26,198)	(37.7%)	(20,204)	(31.0%)

	Year End 31 March 2019		Year End 31 March 2018	
	£'000	% of Payroll	£'000	% of Payroll
Amount (Debited)/Credited to Other Financing costs				
Interest Income on Scheme Assets	24,912	35.8%	22,869	35.0%
Interest on Pension Scheme Liabilities	(28,719)	(41.3%)	(27,054)	(41.4%)
Net Return (B)	(3,807)	(5.5%)	(4,185)	(6.4%)

Net Revenue Account Cost (A) - (B)	(30,005)	(43.2%)	(24,389)	(37.4%)
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** Included within curtailment and settlements cost is the actuarial cost for employees who have been approved to leave early as part of the early departures scheme.

Notes to the Statement of Changes in Taxpayers Equity

	31 Mar 2019 £'000	31 Mar 2018 £'000
Actuarial Gains on Plan Assets	64,354	31,016
Actuarial (Losses) / Gains on Obligation	(17,498)	883
Actuarial (Loss) / Gain Recognised in Statement of Changes in Taxpayers Equity	46,856	31,899

Notes to the Accounts

Note

23 (d) Pensions (continued)

The attributable movement in the scheme liabilities during the period was as follows:

	Year End 31 March 2019	Year End 31 March 2018
Reconciliation of Defined Benefit Obligation	£'000	£'000
Opening Defined Benefit Obligation	(1,063,807)	(1,043,389)
Current Service Cost	(23,428)	(17,476)
Interest Expense	(28,719)	(27,054)
Members Contributions	(4,461)	(4,200)
Unfunded Benefits Paid by Employer	936	928
Benefit Payments from Plan	28,376	27,662
Plan Curtailment	(1,101)	(1,161)
<i>Actuarial movements:</i>		
Effect of changes in demographic assumptions	42,836	-
Effect of change in financial assumptions	(60,332)	883
Effect of experience adjustments	-	-
Closing Defined Benefit Obligation	(1,109,700)	(1,063,807)

The attributable movement in the scheme assets during the period was as follows:

	Year End 31 March 2019	Year End 31 March 2018
Reconciliation of Fair Value of Employer Assets	£'000	£'000
Opening Fair Value of Employer Assets	928,382	885,568
Employer Contributions	15,129	13,958
Members Contributions	4,461	4,200
Interest Income	24,912	22,869
Contributions in respect of Unfunded Benefits	936	928
Unfunded Benefits Paid	(936)	(928)
Benefits Paid from Plan	(28,376)	(27,662)
Administrative expenses paid from plan assets	(278)	(261)
Insurance premiums for risk benefits	(1,391)	(1,306)
<i>Actuarial movements:</i>		
Return on Plan Assets	64,354	31,016
Rebasing to 2016 valuation asset data	-	-
Closing Fair Value of Employer Assets	1,007,193	928,382
Net Pension Liability	(102,507)	(135,425)

Notes to the Accounts

Note

23 (d) Pensions (continued)

The liabilities show the underlying commitment that the Housing Executive has in the long term to pay retirement benefits. The total pension liability is £1,110m (2018: £1,064m) and results in a net overall deficit balance of £103m (2018: £135m) which is recorded on the Statement of Financial Position. The deficit on the NILGOSC scheme will be funded over a period of many years through employer contributions over the remaining working life of employees as assessed by the scheme actuary. Employer contribution rates were 19% for 2018/19 (2017/18 18%). Deficit recovery contributions were also payable in 2018/19.

- (e) Actuarial gains and losses represent the extent to which actual outcomes have differed from the assumptions which were used in calculating IAS 19 figures.

For assets, the gain or loss is normally the difference between the actual and expected return on assets, and, for liabilities, the gain/loss normally arises from the change in financial assumptions. These actuarial gains or losses are shown in the table below as Experience Gains and Losses. Actuarial gains and losses are recognised as movements in reserves with no impact on the Statement of Comprehensive Net Expenditure.

Notes to the Accounts

Note

23 (e) Pensions (continued)

Amounts for the current and previous accounting periods	Year End	Year End	Year End	Year End	Year End
	31 March	31 March	31 March	31 March	31 March
	2019	2018	2017	2016	2015
	£'000	£'000	£'000	£'000	£'000
Fair Value of Employer Assets	1,007,193	928,382	885,568	820,697	793,684
Present Value of Defined Benefit Liability	(1,109,700)	(1,063,807)	(1,043,389)	(878,862)	(902,241)
(Deficit)/Surplus	(102,507)	(135,425)	(157,821)	(58,165)	(108,557)

Experience Gains/(Losses) on Assets	64,354	31,016	101,546	5,374	64,286
Experience (losses)/Gains on Liabilities	-	-	50,949	-	-

Actuarial Gains/(Losses) on Employer Assets	64,354	31,016	101,546	5,374	64,286
Actuarial (Losses)/Gains on Obligation	(17,496)	883	(143,229)	50,106	(85,819)
Rebalancing due to Valuation	-	-	(56,408)	-	-
Actuarial (Losses)/Gains recognised in Statement of changes in Taxpayers' Equity	46,858	31,899	(98,091)	55,480	(21,533)

Notes to the Accounts

Note	2019	2018
24 Notes to the Statement of Cash Flows	£'000	£'000
24(a) Reconciliation of Net Expenditure before interest to Operating Cash Flows		
Net Expenditure before Interest	(273,541)	(232,628)
Taxation paid	(11,750)	(11,000)
Depreciation of Property, Plant & Equipment	35,859	35,093
Amortisation of Software	621	857
Impairment	253	260
(Increase)/Decrease in Inventories	34	(175)
(Increase)/Decrease in Receivables	(8,512)	3,655
Increase in Payables and Provisions	7,378	3,701
(Profit)/Loss on Disposals, Write Offs & Revaluation Movements	(3,888)	(2,566)
Net Cash Outflow from Operating Activities	(253,546)	(202,803)
24(b) Cashflow from Investing Activities	2019	2018
Payments to Acquire Non-Current Assets	£'000	£'000
Land and Buildings	(15,474)	(16,191)
Other Operational Assets	(764)	(443)
IT Hardware and Software	(1,203)	(679)
Non Operational Assets	(250)	(290)
Total Expenditure	(17,691)	(17,603)
Income from Sale of Non-Current Assets and Grants		
House Sales (Inc. Land & Buildings)	21,433	18,511
Offices and depots	43	-
Plant & Equipment	24	56
Total Income and Grants	21,500	18,567
Repayment of Loans		
Repayment of Loan Debt	(37,720)	(45,992)
Short Term Investments		
Investment in Fixed Term Deposits (greater than three months)	(30,009)	(16,000)
Financing Charges		
Loan Interest charges	(21,379)	(24,654)
Other Financing Charges	-	-
Total Financing Charges	(21,379)	(24,654)
Interest Receivable	1,049	274
Net Cash Outflow from Investing Activities	(84,250)	(85,408)

Notes to the Accounts

Notes to the Statement of Cash Flows	2019 £'000	2018 £'000
Note		
24(c) Cashflow from Financing Activities		
Grant from Sponsoring Department	<u>297,016</u>	<u>307,253</u>
	<u>297,016</u>	<u>307,253</u>

24(d) Analysis of Change in Cash and Cash Equivalents

	At 1 April 2018 £'000	Cash Flows £'000	Other Changes £'000	At 31 March 2019 £'000
Cash at Bank and in Hand	129,520	(32,499)	-	97,021
Overdrafts	<u>(6,840)</u>	<u>(8,281)</u>	<u>-</u>	<u>(15,121)</u>
Total	<u>122,680</u>	<u>(40,780)</u>	<u>-</u>	<u>81,900</u>

	At 1 April 2017 £'000	Cash Flows £'000	Other Changes £'000	At 31 March 2018 £'000
Cash at Bank and in Hand	113,808	15,712	-	129,520
Overdrafts	<u>(10,170)</u>	<u>3,330</u>	<u>-</u>	<u>(6,840)</u>
Total	<u>103,638</u>	<u>19,042</u>	<u>-</u>	<u>122,680</u>

Notes to the Accounts

Note

Notes to the Statement of Cash Flows (continued)

24(e) Reconciliation of Net Cash Flow to Movement in Cash

& Cash Equivalents	2019	2018
	£'000	£'000
Net increase/(decrease) in Cash & Cash Equivalents in Period	(40,780)	19,042
Cash & Cash Equivalents at 1 April 2018	<u>122,680</u>	<u>103,638</u>
Cash & Cash Equivalents at 31 March 2019	<u>81,900</u>	<u>122,680</u>

25 Contingent Liabilities and Assets

Liabilities

At 31 March 2019 public liability claims notified and not processed gave rise to a total estimated potential liability of £6.6m (2018: £6.2m) in respect of 559 claims (2018: 574). Of this balance, £1.0m (2018: £1.1m) has been accounted for as a provision, based on past payments history, and £1.0m (2018: £0.8m) has been accrued as at 31 March 2019. The remaining £4.6m (2018: £4.3m) has not been accounted for and represents a contingent liability to NIHE as it is not considered likely that a payment is probable.

At 31 March 2019 a provision of £0.13m (2018: £0.13m) has been accounted for in respect of redevelopment land vested and owned by the Housing Executive. A further estimated £0.7m (2018: £0.7m) has not been accounted for in respect of properties where no claims have yet been made by previous owners. No provision was required at 31 March 2019 or 31 March 2018 in respect of houses vested by the Housing Executive which are to be refurbished or demolished, but which fall outside of approved redevelopment areas.

At 31 March 2019 a provision of £0.21m (2018: £0.05m) has been accounted for in respect of contractual claims issued against the Housing Executive. A further estimated £0.1m (2018: £1.7m) has not been accounted for in respect of additional exposure to contractual claims issued against the Housing Executive, where the claim amount is known. There are a further two claims where the amounts are unable to be quantified. Two additional claims have been brought against the Housing Executive which cannot be disclosed for commercially sensitive reasons.

At 31 March 2019 a provision of £0.19m (2018: £0.19m) has been accounted for in respect of three legal claims issued against the Housing Executive. A further estimated £0.20m (2018: £0.12m) has not been accounted for in respect of additional exposure to legal claims issued against the Housing Executive.

A report was issued in May 2019 which detailed findings from research carried out on Cavity Wall Insulation in the Housing Executive's homes. The report noted that, of the 800 properties surveyed, there were issues of compliance with current industry standards. In particular severe issues which require urgent remedial work were identified in approximately 1% of the Housing Executive's Housing Stock. It is however difficult to quantify the cost for the urgent remedial work and therefore no provision has been recognised. However an initial estimate has noted the costs could be in the range between £1.8m to £2.7m.

Notes to the Accounts

Note

25 Contingent Liabilities and Assets (continued)

The Housing Executive launched a Voluntary Exit Scheme (VES) on 16 December 2014. Five tranches of departures have now been completed based on the applications received between 2014/15 up to and including 2018/19. All five tranches were approved by the Department for Communities. The fifth tranche has been accounted for in 2018/19, although some staff have not yet left. At 31 March 2019, there is no obligation on the Housing Executive in relation to potential future departures from VES as no further tranches have been approved by the Department.

On 17th June 2019, the Court of Appeal ruled in respect of Northern Ireland Industrial Tribunal's November 2018 decision on cases taken against the Police Service for Northern Ireland on backdated Holiday Pay. It is recognised that the final detail remains to be determined by the Industrial Tribunal who will be guided by the Court of Appeal's Judgement. This is an extremely rare and complex case with a significant number of issues that still need to be resolved, including further legal advice with regards to the Judgement; the scope; timescales; process of appeals and engagement with Trade Unions. The legal issues arising from this judgment and the implications for the Housing Executive will need further consideration. Until there is further clarity when this work has concluded, and based on the inherent uncertainties in the final decision that will be made, a reliable estimate cannot be provided at this stage for the total liability.

As detailed in Note 23, the Housing Executive has recognised a Pension liability of £102.5m (2018: £135.4m) for the NILGOSC defined benefit scheme. Recently, rulings from two legal cases brought against defined benefit scheme providers have led to the potential for additional liabilities. However, there is uncertainty if these will materialise.

In the first legal case, the court of appeal ruled in December 2018 against a case taken by the Government for the firefighters' and judges' pension schemes in which the transitional protection arrangements put in place, when the pension schemes were being reformed, were found to be age discriminatory. Due to this ruling, there are potential implications for all public sector schemes which were reformed with transitional protection arrangements, including the NILGOSC scheme which the Housing Executive participates in for the majority of its employees. The Government has applied to the Supreme Court for permission to appeal this judgement. If this appeal is unsuccessful, there would be implications for the Housing Executive's defined benefit obligation disclosed in Note 23(d) at £1,110m. The Government Actuary's Department has calculated a potential contingent liability between 0.5% to 1.0% approximately of the defined benefit obligation to reflect the additional liability.

In the second legal case, the NILGOSC actuaries, have noted that due to the High Court ruling regarding the Lloyds Bank case in October 2018 on equalisation for the effect of unequal Guaranteed Minimum Pensions (GMP), that trustees of Pension Schemes have a duty to equalise benefits for men and women. HM Treasury's view is that public sector schemes already equalise guaranteed minimum pension benefits through interim solutions and therefore there will be no impact on public sector schemes and any future change is likely to be immaterial. The actuary has however estimated that there could be a potential contingent liability of approximately 0.3% of the defined benefit obligation for full GMP indexation and equalisation for members reaching State pension age from December 2018.

Notes to the Accounts

Note

26 Commitments

The Housing Executive has to plan its Capital and Revenue in advance of work proceeding. At 31 March 2019 the Housing Executive has entered into contracts which will incur expenditure of £121.8m (2017/18: £124.3m) in future years. Of this, capital commitments represent £97.7m (2017/18: £100.6m) and revenue commitments represent £24.1m (2017/18: £23.7m). Capital commitments include private sector grant approvals up to 31 March 2019 of £18.4m (2017/18: £14.8m) which have been committed by the Housing Executive, but not yet paid.

27 Related Party Transactions

The Housing Executive is a Non Departmental Public Body (for accounting purposes) sponsored by the Department, who are regarded as a related party. The Statement of Changes in Taxpayers' Equity details the funding received from the Department. During the year, the Housing Executive has had various material transactions with the Department with respect to Housing Benefit. Note 7 provides a breakdown of that expenditure.

Further certain Social Housing Development Programme grants were also recouped from Housing Associations during the year and repaid to the Department, as disclosed in Note 6(f). Additionally, the Housing Executive paid rent, rates and service charges of £350k to the Department in respect of one office building, and also reimbursed the Department for the salary costs of three members of staff who were seconded to the Housing Executive during the year.

The Housing Executive also paid rent, rates and service charges of £1,446k to the Department of Finance in respect of two office buildings.

In addition, the Housing Executive has had a number of transactions with other Government Departments and Agencies, the most material of which related to repayment of loans to the Department of Finance (see Note 19).

The Housing Executive collects rates for its own properties, which are payable to Land & Property Services (LPS), for which it receives an allowance. Rates paid during 2018/19 to LPS amounted to £39m. An allowance of £4m is received from LPS which resulted in Rates collected during 2018/19 of £43m. Notes 6 and 4 show the expenditure incurred and income received in respect of Rates collected.

LPS also funded the Housing Executive for its part in administering the Rates Relief and Lone Pensioner Allowance systems for which the Housing Executive received £2.7m and £170k respectively.

None of the Board Members, members of the key management staff or other related parties has undertaken any material transactions with the Housing Executive during the year.

Notes to the Accounts

Note

28 Third Party Assets

The Housing Executive previously administered a number of schemes which were separately funded and not reflected in these accounts. The schemes related to the Home Energy Conservation Act and Energy Efficiency Schemes but all closed in 2018/19.

The aggregate cash transactions through the separate bank accounts in the year were as follows:

Opening Balance			Closing Balance
1 April 2018	Income	Expenditure	31 March 2019
£'000	£'000	£'000	£'000
<u>12</u>	<u>-</u>	<u>(12)</u>	<u>-</u>

29 Fraud and Error

The Housing Executive administers Housing Benefit on behalf of the Department. Estimates of the levels of fraud and error in Housing Benefit for tenants are reported by the Analytical Services Unit within the Department for Communities. To enable the Unit to provide an estimate of total fraud and error, the results from Financial Accuracy Monitoring, which provides a measure of Official Error, are combined with results from Benefits Reviews which provide a measure of Customer Fraud and Customer Error.

For the Calendar year 1 January 2018 to 31 December 2018, these reports highlighted an estimated amount of £22.4 m overpaid (customer fraud £17.5m, customer error £3.74m and official error of £1.16m) and £6.94m underpaid (customer error £4.56m and official error £2.38m) through fraud and error in Housing Benefit for tenants. This represents approximately 4.7% of the related expenditure for the calendar year.

Further information on the methodology used in estimating fraud and error can be found in the Department for Communities 2018-19 Resource Accounts (Note 23 - Payment Accuracy).

30 Events after the Reporting Date

There have been no significant events since the year end which would affect these accounts.

31 Authorisation Date

The financial statements were authorised for issue on 2 July 2019 by the Chairman and Chief Executive of the Housing Executive.

Northern Ireland Housing Executive

Annex: Statement of Comprehensive Net Expenditure - split by service for the year ended 31 March 2019 - Unaudited

	Landlord 2019 £'000	Regional 2019 £'000	Total 2019 £'000	Landlord 2018 £'000	Regional 2018 £'000	Total 2018 £'000
Income						
Rental Income	296,502	25	296,527	298,531	29	298,560
EU Income	350	54	404	97	-	97
Other Income	46,264	9,829	56,093	44,086	8,924	53,010
Total Housing Benefit Income	-	605,519	605,519	-	631,820	631,820
Capital Grant Income	853	500	1,353	243	1,421	1,664
Commissioned Services Income	11,786	3,354	15,140	11,146	3,207	14,353
Total Income	355,755	619,281	975,036	354,103	645,401	999,504
Expenditure						
Staff Costs	89,644	29,531	119,175	77,755	27,833	105,588
Other Expenditures	218,649	256,149	474,798	197,217	248,106	445,323
Total Housing Benefit Costs	-	605,519	605,519	-	631,820	631,820
Depreciation, Amortisation, Write Offs & Write Down	32,476	117	32,593	33,265	119	33,384
Commissioned Services Charge	3,354	11,786	15,140	3,207	11,146	14,353
Capital Grant Charge	-	853	853	-	243	243
Capital Grant in Kind	-	500	500	-	1,421	1,421
Total Expenditure	344,123	904,455	1,248,578	311,444	920,688	1,232,132
Net Expenditure before Interest (c/fwd)	11,632	(285,174)	(273,542)	42,659	(275,287)	(232,628)

Northern Ireland Housing Executive

Annex: Statement of Comprehensive Net Expenditure - split by service (cont'd) for the year ended 31 March 2019 - Unaudited

	Landlord 2019 £'000	Regional 2019 £'000	Total 2019 £'000	Landlord 2018 £'000	Regional 2018 £'000	Total 2018 £'000
Net Expenditure before Interest (b/fwd)	11,632	(285,174)	(273,542)	42,659	(275,287)	(232,628)
Interest Receivable	963	170	1,133	293	65	358
Financing Charges	(21,213)	-	(21,213)	(24,736)	-	(24,736)
Pension Financing Charges	(2,827)	(979)	(3,806)	(3,039)	(1,146)	(4,185)
Net Expenditure before taxation	(11,445)	(285,983)	(297,428)	15,177	(276,368)	(261,191)
Tax on ordinary activities	(4,643)	(32)	(4,675)	(11,567)	(13)	(11,580)
Net Expenditure after taxation	(16,088)	(286,015)	(302,103)	3,610	(276,381)	(272,771)

Northern Ireland Housing Executive

Statement of Financial Position split by service - Unaudited

as at 31 March 2019

	Landlord Services	Regional Services	Total	Landlord Services	Regional Services	Total
	2019	2019	2019	2018	2018	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets						
Property, Plant & Equipment						
- Operational	2,455,965	3,113	2,459,078	2,334,609	3,540	2,338,149
Property, Plant & Equipment						
- Non Operational	560	184	744	275	12	287
Intangible Assets	1,708	-	1,708	1,852		1,852
Trade and other receivables	3,867	14,264	18,131	3,332	13,100	16,432
Total non-current assets	2,462,100	17,561	2,479,661	2,340,068	16,652	2,356,720
Current Assets						
Short Term Investments	46,009		46,009	16,000	-	16,000
Assets Classified as Held for Sale	3,879		3,879	5,907	-	5,907
Inventories	1,184	1,262	2,446	800	1,680	2,480
Trade and other receivables	30,278	24,291	54,569	20,558	23,256	43,814
Cash and cash equivalents	97,021	9,575	106,596	129,520	-	129,520
Intercompany balance	9,407	6,810	16,217	5,013	11,128	16,141
Total current assets	187,778	41,938	229,716	177,798	36,064	213,862
Total assets	2,649,878	59,499	2,709,377	2,517,866	52,716	2,570,582
Current Liabilities						
Trade and other payables	(116,316)	(107,285)	(223,601)	(112,704)	(119,093)	(231,797)
Provisions	(947)	(147)	(1,094)	(1,608)	(152)	(1,760)
Intercompany balance	(6,810)	(9,407)	(16,217)	(11,128)	(5,013)	(16,141)
Total current liabilities	(124,073)	(116,839)	(240,912)	(125,440)	(124,258)	(249,698)
Net Current Liabilities	63,705	(74,901)	(11,196)	52,358	(88,194)	(35,836)
Non-current assets less net current liabilities						
	2,525,805	(57,340)	2,468,465	2,392,426	(71,542)	2,320,884
Non-current liabilities						
Trade & other payables	(155)	(27,610)	(27,765)	-	(13,034)	(13,034)
Loans Outstanding	(185,102)	-	(185,102)	(217,570)	-	(217,570)
Provisions	(569)	-	(569)	(519)	(7)	(526)
Pension Liability	(76,132)	(26,375)	(102,507)	(98,357)	(37,068)	(135,425)
Total Non-current liabilities	(261,958)	(53,985)	(315,943)	(316,446)	(50,109)	(366,555)
Assets less Liabilities (C/Fwd)	2,263,847	(111,325)	2,152,522	2,075,980	(121,651)	1,954,329

Northern Ireland Housing Executive

Statement of Financial Position split by service (Continued) - Unaudited
as at 31 March 2019

	Landlord Services	Regional Services	Total	Landlord Services	Regional Services	Total
	2019	2019	2019	2018	2018	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Assets less						
Liabilities (B/Fwd)	2,263,847	(111,325)	2,152,522	2,075,980	(121,651)	1,954,329
Taxpayers' Equity						
Statement of						
Comprehensive Net						
Expenditure Reserve	1,294,178	(112,020)	1,182,158	1,247,178	(122,414)	1,124,764
Revaluation Reserve	969,669	695	970,364	828,802	763	829,565
	2,263,847	(111,325)	2,152,522	2,075,980	(121,651)	1,954,329

Report of the Comptroller and Auditor General to the Northern Ireland Assembly

Introduction

1. The Northern Ireland Housing Executive (NIHE) is comprised of a Quasi-Public Corporation and a Non Departmental Public Body (NDPB)¹ and is sponsored by the Department for Communities (the Department). NIHE is the regional housing authority for Northern Ireland with a wide range of housing responsibilities including acting as landlord for housing stock of approximately 86,000 dwellings.
2. I am required to report my opinion as to whether the financial statements give a true and fair view. I am also required to report my opinion on regularity, that is, whether in all material respects the expenditure and income have been applied for the purposes intended by the Northern Ireland Assembly (the Assembly) and the financial transactions conform to the authorities which govern them.

Explanation for Qualified Audit Opinion

3. This report reviews the results of my 2018-19 audit of NIHE and sets out the reasons why I consider I do not have enough evidence to provide an unqualified regularity audit opinion.
4. NIHE spent £621.1million on housing benefit in 2018-19. The fraud and error within this expenditure has been estimated to be £24.8 million. As these levels are significant I have qualified my audit opinion on regularity. NIHE's accounts have received similar qualified audit opinions in previous years. Further detail is set out in Part 1 of this Report.

¹ From 1 April 2014, following a review by the Office for National Statistics, the accounting classification of the Housing Executive changed. The Housing Executive now comprises two accounting regimes. Landlord Services and functions have been re-classified as a Quasi-Public Corporation (which is similar to the previous designation for the entire organisation) while Regional Services and functions are now categorised as an NDPB. The main impact of the accounting reclassification is that the NDPB will, for accounting purposes, be more closely integrated with the sponsor department and budgetary management arrangements are now aligned to those already in place for the Department.

Other matters (Part 2)

5. In July 2015, I asked the Department to investigate anonymous allegations referred to me by an MLA. The Department's Internal Audit completed an investigation into this matter in August 2016. In my report on NIHE's 2016-17 financial statements I included details of Internal Audit's findings together with issues around NIHE's handling of the report. Following this it was agreed that NIHE Internal Audit would carry out a review of the NIHE Human Resources function in 2017-18. As this was given a limited² opinion NIHE Internal Audit carried out further work in 2018-19. Further details are set out in Part 2 of this Report.

6. In my 2016-17 report I also noted that NIHE was investigating whistle-blowing allegations in respect of grounds maintenance received in May 2015 and April 2016. As these allegations overlapped they were investigated together. This investigation has now concluded.

² Limited opinion- there are significant weaknesses within the governance, risk management and control framework which, if not addressed, could lead to the system objectives not being achieved.

Part 1: Housing Benefit Expenditure

Qualified opinion due to estimated levels of fraud and error in Housing Benefit expenditure

Key Points:

- The Housing Benefit overpayment rate due to fraud and error is 3.6 per cent in 2018-19 compared to 3.7 per cent in 2017-18.
- The Housing Benefit underpayment rate due to official error decreased to 0.4 per cent in 2018-19 from 0.6 per cent in 2017-18.
- My audit opinion continues to be qualified due to the material level of estimated fraud and error in Housing Benefit expenditure.

Background

- 1.1 Housing Benefit is a means-tested benefit to help people on low income pay rent. NIHE administers this benefit on behalf of the Department for Communities (DfC) which funds customer payments and the majority of administrative costs. Eligibility depends on several factors including: income and capital; household size; age; circumstances and rent levels. In 2018-19 NIHE spent £621.1 million (2017-18: £647.8 million) on Housing Benefit.
- 1.2 In 2013 the Westminster government introduced a wide range of changes to the social security (benefits) system known as 'Welfare Reform'. Legislation to enable this in Northern Ireland was introduced in November 2015 and the first benefit reforms began in 2016. The roll out of Universal Credit (UC) to new claimants, and claimants with a change in circumstances, began in September 2017 and was completed in December 2018. UC will replace six benefits, one of which is Housing Benefit. The planned migration of claimants from the six benefits to UC has been deferred and is now due to commence in late 2020. The decrease in Housing Benefit expenditure between 2017-18 and 2018-19 (see Figure 1) is due to the introduction of UC. As UC rolls out further, expenditure on Housing Benefit will continue to decrease. UC payments are made by the Department.

Figure 1: Decrease in Housing Benefit Expenditure 2014-15 to 2018-19

	2014-15	2015-16	2016-17	2017-18	2018-19
Total Housing Benefit Expenditure	£671m	£680m	£675m	£648m	£621m

Source: The Department

- 1.3 The Department is continuing to administer a Welfare Supplementary Payment scheme until 31 March 2020 to award mitigation payments for those claimants affected by the above welfare reform changes. To date there is no provision within legislation to make alternative arrangements or to continue with existing mitigation arrangements, after March 2020.

Arrangements for monitoring and reporting of fraud and error

- 1.4 The Department's Standards Assurance Unit (SAU) regularly monitors and provides estimates of the level of fraud and error within ongoing Housing Benefit claims. Fraud and error arises in different ways:
- **Customer fraud**, which arises when customers deliberately seek to mislead the Housing Executive;
 - **Customer error**, which arises when customers make inadvertent mistakes with no fraudulent intent; and
 - **Official error**, which arises when Housing Benefit, is paid incorrectly due to inaction, delay or a mistake by NIHE.
- 1.5 SAU reviews are based on a sample of benefit claims and are therefore subject to statistical sampling uncertainties. My staff examine the work undertaken by SAU and I am content that the results produced by them are a reliable estimate of the total fraud and error in the Housing Benefit system.

1.6 The criteria that are used to determine the entitlement to Housing Benefit, and the method to be used to calculate the amount due to be paid, is set out in legislation. Where fraud or error has resulted in an over or underpayment of benefit to an individual, who is either not entitled to Housing Benefit, or is paid at a rate which differs from that specified in the legislation, these payments have not been made in line with the governing legislation. Overpayments of Housing Benefit as a result of customer fraud, customer error or official error, and underpayments as a result of official error, are considered to be irregular. Underpayments due to customer error are not considered irregular as customers can decide not to claim benefits.

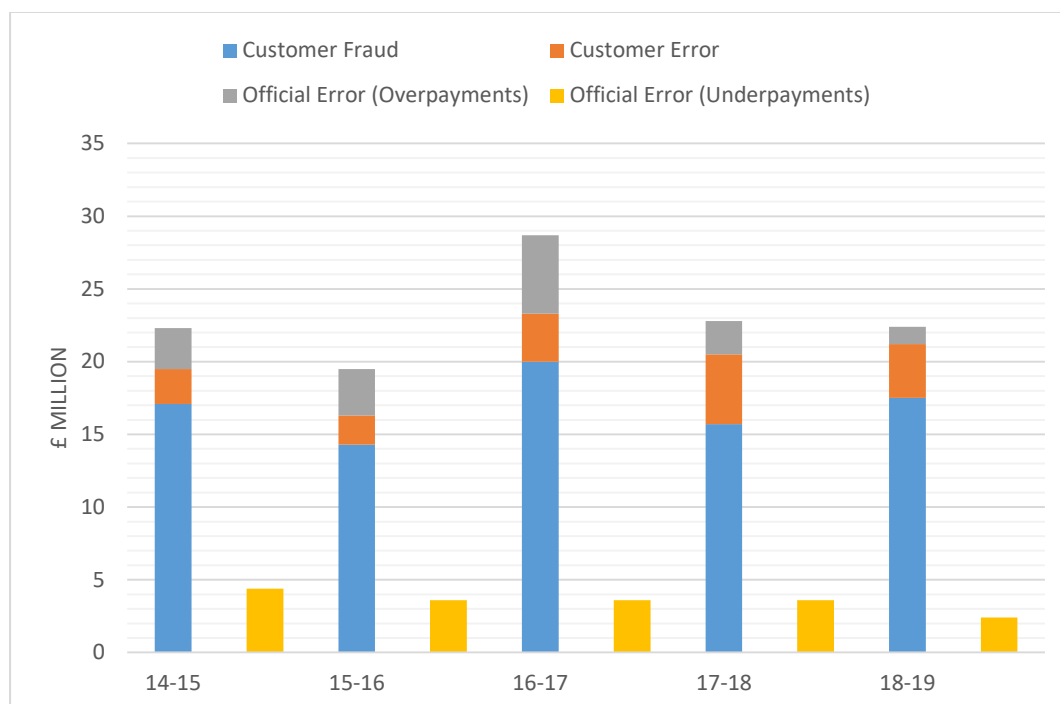
Results of the SAU's testing in 2018-19

1.7 The SAU reports the results of its testing on a calendar year basis to facilitate the timetable for the production of the financial statements. The amount of Housing Benefit expenditure paid in the 2018 calendar year was £616.4 million whereas the amount paid out in the financial year 2018-19 was £621.1 million, as disclosed in Note 7 to the accounts. I consider there are no underlying factors which mean the error rate for the 2018 calendar year cannot be applied to the financial year 2018-19.

1.8 Note 29 to the accounts (entitled 'Fraud and Error') details the estimated levels of fraud and error, based on the SAU's work, in 2018 (see Figure 2). This shows that the total amount of estimated irregular payments in 2018-19 was £24.78 million comprising:

- Overpayments due to customer fraud or error and official error of £22.40 million (3.6 per cent of Housing Benefit payments); and
- Underpayments due to official error of £2.38 million (0.4 per cent of Housing Benefit payments expenditure).

Figure 2: Breakdown of estimated levels of fraud and error by type, 2014-15 to 2018-19



	2014-15	2015-16	2016-17	2017-18	2018-19
	£m	£m	£m	£m	£m
Overpayments due to:					
Customer Fraud	17.1	14.3	20.0	15.7	17.5
Customer Error	2.4	2.0	3.3	4.8	3.7
Official Error	2.8	3.2	5.4	2.3	1.2
Total overpayments	22.3	19.5	28.7	22.8	22.4
	%	%	%	%	%
% of overpayments	3.4	2.9	4.3	3.7	3.6
	£m	£m	£m	£m	£m
Total underpayments due to Official error	4.4	3.6	3.4	3.6	2.4
	%	%	%	%	%
% of underpayments	0.7	0.5	0.5	0.6	0.4

Source: The Department

1.9 Figure 2 shows that the total estimated level of overpayments has decreased slightly from £22.8 million to £22.4 million (1.7 per cent) this year.

- 1.10 The largest element of Housing Benefit overpayments is customer fraud which has increased by £1.8 million to £17.5 million. NIHE told me the main reason for the increase in levels of customer fraud detected is attributed to claimants failing to declare increases in their earnings. This category accounted for almost half of customer frauds. As part of the “Invest to Save” exercise the NIHE is working with the Department and are reviewing 5,000 claims per year where there has not been any declaration of a change in earnings from the claimant. It is envisaged that this will reduce the levels of customer fraud. While it is disappointing that overpayments due to fraud have increased this year, I note the initiatives (described below) which the NIHE is undertaking to reduce the level of fraud and error.
- 1.11 Overpayments as a result of official error have decreased from £2.3 million in 2017-18 to £1.2 million in 2018-19. Underpayments due to official error have also decreased from £3.6 million in 2017-18 to £2.4 million in 2018-19. As official errors arise from mistakes by NIHE staff, reducing these errors are directly within NIHE’s control. NIHE has attributed official error over and underpayments to a high turnover of staff within HB units. However, significant investment in training has been made which has been targeted to areas where errors have been detected. Support Officers are in place in each of the six Housing Benefit Units to provide ongoing training to Housing Benefit Staff. The levels of errors have decreased during 2018 and the NIHE remains focused on continuing to reduce levels of official error.

Comparison with other GB jurisdictions

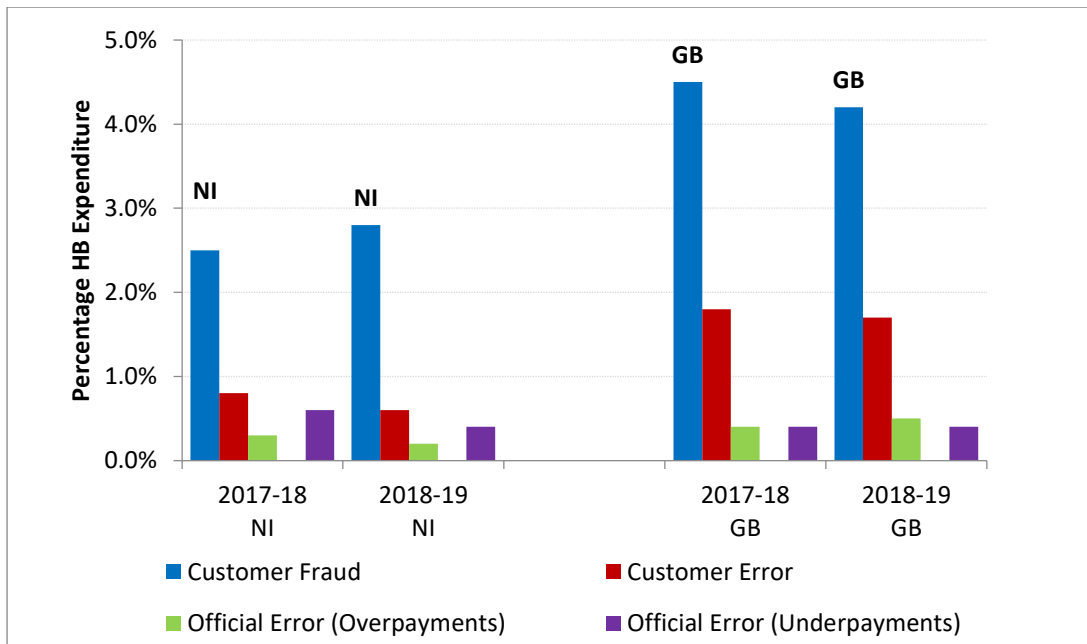
- 1.12 While welfare powers have been devolved to the Assembly they have not been devolved to the Scottish or Welsh governments. Accordingly, the Department of Work and Pensions (DWP) reports estimate fraud and error figures for Great Britain (GB) as a whole. Statistics for the individual jurisdictions, however, are not available. Figure 3 compares estimated fraud

and error rates for over and underpayment of Housing Benefit in Northern Ireland with those in GB. The latest projections show that NIHE continues to have Housing Benefit fraud and error overpayment rates below that of GB. In addition, in 2018-19, the official error underpayment rate in Northern Ireland has reduced and is now similar to that in GB. The main area of concern in GB is overpayments due to customer fraud and error as a result of failure to declare earnings and employment.

Figure 3: Comparison of the rate of estimated Housing Benefit fraud and error between Northern Ireland and GB for 2017-18 and 2018-19

	Northern Ireland		GB ³	
	2017-18	2018-19	2017-18	2018-19
Total Housing Benefit Expenditure	£0.6bn	£0.6bn	£22.3bn	£20.8bn
Overpayments due to:	%	%	%	%
Customer Fraud	2.5	2.8	4.5	4.2
Customer Error	0.8	0.6	1.8	1.7
Official Error	0.4	0.2	0.4	0.5
% of overpayments	3.7	3.6	6.7	6.4
Underpayments due to:				
Official Error				
% of underpayments	0.6	0.4	0.4	0.4

³ DWP, Fraud and Error in the Benefit System – 2018-19 Estimates, 9 May 2019.



Source: The Department and DWP

Developments by NIHE in uncovering and addressing Fraud and Error

1.13 NIHE has outlined in its Governance Statement various initiatives undertaken to uncover fraud or error which I welcome. These include:

- Continued use of Real Time Information (RTI) to match information on earnings and occupational pension data held by HMRC. These are the two areas acknowledged as the largest sources of fraud and error;
- From October 2018, NIHE introduced a new initiative – Verification of Earnings and Pensions Alerts (VEP). This provides details on earned income held by HMRC and supersedes the use of RTI. VEP Alerts are provided when claimant income varies. As VEP Alerts are generated on a daily basis, it will provide more timely information to prevent Housing Benefit overpayments arising;
- Earned Income Review – a review of 5,000 cases where claimants have not declared a changes to their earned income, using the VEP facility;

- Data cleansing of a number of categories of Housing Benefit claims, in preparation for the migration to UC to ensure the information for all benefits and incomes on the claim was correct; and
- Other data matching activities using the Housing Benefit Data Matching Service.

NIHE believe the overall impact of the above initiatives resulted in overpayment of £8.5 million being detected and when the impact of preventing future losses is taken into account, NIHE has estimated the savings made are £21 million.

Qualification of regularity opinion due to estimated level of fraud and error in housing benefit payments

- 1.14 In reaching the decision to qualify my audit opinion, I recognise that there is an inherent risk of fraud and error in the administration of a complex benefit system which makes it difficult for NIHE to reduce the estimated rate of fraud and error further from its current level.
- 1.15 Nevertheless, the estimated levels of fraud and error in Housing Benefit expenditure remain material at £24.78 million, and I consider this to be irregular as this expenditure has not been applied in accordance with the purposes intended by the Northern Ireland Assembly. Therefore, I have again qualified my regularity audit opinion for 2018-19 in this area.

Part 2: Other Matters

Internal Audit review of HR function

2. 1 In my 2016-17 and 2017-18 reports on NIHE's financial statements I highlighted concerns raised by the Department for Communities' Internal Audit (2016-17) and NIHE's Internal Audit (2017-18) regarding NIHE's Human Resources (HR) function. In 2017-18 NIHE Internal Audit provided a limited audit opinion on HR
2. 2 In 2018-19 Internal Audit reported on further areas of HR activity and once again issued a limited opinion. Significant issues noted included:
- Internal Audit reviewed the investigation processes for both harassment and grievance cases. It noted that whilst there were clearly defined policies in place, together with a code of conduct, there were serious weaknesses in the application of the policy when conducting investigations. Internal Audit concluded there was an increased risk to NIHE that investigations may be completed inconsistently, with a lack of supporting documentation, leading to a serious reputational risk for NIHE. This may also result in legal and financial risk for NIHE where investigations are challenged'.
 - Internal Audit made recommendations relating to the application of sick absence/leave (both flexi and time in lieu) policies. For example Internal Audit identified 74 staff with deficit balances of more than 100 hours with a further 32 having balances greater than 500 hours. These balances increase the risk of disrupting NIHE's business or may ultimately be a cost to NIHE, as this is time owed by staff. As part of its review of these policies

Internal Audit also concluded NIHE management needed to carry out quality assurance of the underpinning data on its HR systems.

- 2.3 Internal Audit also carried out a separate audit of payroll (given a limited opinion). This audit noted that a member of staff had left NIHE over 2 years ago. His line management had notified the HR Absence Management Team but that the individual continued to be paid. The total value of the overpayment is estimated to be in the region of £40,000 and covers the period October 2016 to January 2019. Internal Audit has recommended a joint investigation is carried out by HR and payroll to determine how this happened. NIHE is currently pursuing options to recover the overpayment including legal proceedings. NIHE has had a positive response from the individual.
- 2.4 As part of its routine follow up of recommendations previously raised, Internal Audit reviewed progress on the recommendations included in the earlier reviews of HR. In total there were 6 priority 1⁴ recommendations and 5 priority 2⁵. As of June 2019, none of the recommendations had been implemented. NIHE's Audit and Risk Assurance Committee (ARAC) June 2018 minutes record that ARAC
- 'expressed serious concerns regarding the number of priority 1 recommendations and the implications for the organisation. The Committee felt that the absence of controls around routine processes presented a risk to the organisation.'
- 2.5 ARAC had also endorsed the need for a peer review of the HR function. This has also not yet happened. NIHE told me that the expenditure for the peer review was approved in late 2018 at which stage the recruitment of a new Director of Corporate Services was imminent. Given the focus of the role on HR/Organisational Development, it was considered prudent to wait until the

⁴ Priority 1 is defined as 'failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds'

⁵ Priority 2 is defined as 'failure to implement the recommendation could result in the failure of an important organisational objective or could have some impact on a key organisational objective.'

new Director commenced employment with NIHE. The Director has now taken up post and is carrying out a full review which may negate the need for a peer review.

2. 6 A considerable period of time has elapsed since issues in NIHE's HR function were first raised in August 2016. However there is little evidence of progress on implementing the Internal Audit recommendations that addressed serious weaknesses in the application of HR procedures. I asked NIHE why this was the case and if this was representative of how NIHE responded to Internal Audit findings in other parts of NIHE. NIHE told me that key senior staff with responsibility for taking forward the recommendations had left NIHE during 2018/19. Given that the issues had been raised in 2016 and had therefore existed for some time, it was also recognised that the situation would take considerable time and work to address – this was borne out by the audit findings and recommendations. With regard to how NIHE responds to Internal Audit findings, NIHE confirmed that it takes audit recommendations seriously and provides a detailed response to each audit report. This includes the action(s) to be taken and completion dates. However, there has been slippage against agreed dates, which with hindsight and further consideration, now look to have been somewhat ambitious. In the specific case of Human Resources, it was recognised that more fundamental work was required in support of implementing the recommendations. During 2019/20, priority will be given to ensuring their outstanding recommendations are implemented in full.
2. 7 The head of IA has reflected her ongoing concerns on the implementation of Internal Audit's HR recommendations in an overall limited opinion for NIHE in respect of 2018-19. This matter has been reflected in the Governance Statement.

2.8 The Head of Internal Audit has stated her,

‘opinion that the control framework is not operating effectively to mitigate key risks is solely based on internal audit activity carried out during 2018-19 and the significant numbers of critical risk issues being identified from advisory and assurance reviews in additions to my concerns regarding management’s approach to resolving identified issues.’

2.9 Two years after first noting serious concerns with the HR function in NIHE I continue to note a lack of progress in addressing matters identified by NIAO and Internal Audit. During my audit I found that the Board has been pressing NIHE management for action on HR issues. This together with the Head of Internal Audit’s overall Limited Opinion and my reports (in 2016-17 and 2017-18), are clear indicators that urgent remedial action is needed within NIHE’s HR function. I will report on this matter for a fourth time in 2019-20. I expect the report to note the improvements in NIHE’s HR function which should have been evident in 2018-19.

Grounds Maintenance

2. 10 I noted in my report last year that NIHE continued to investigate whistle-blowing allegations received in May 2015 and April 2016. The whistle-blowers had concerns about payments being made to grounds' maintenance contractors for land that was no longer owned by NIHE or had a change of use.
2. 11 The investigation finished in November 2018 and concluded that information on land owned by NIHE had not been kept up to date. The IT system NIHE used for land records was also used to generate grounds maintenance payments to contractors. Land that had been disposed of by NIHE, or had a change of use, had not been recorded resulting in overpayments to grounds maintenance contractors.
2. 12 The current contract for grounds maintenance was let in April 2016 and runs to April 2024. Under this contract, work is provided by two contractors, one of which is the Direct Labour Organisation (DLO), part of NIHE. NIHE's Counter Fraud and Security Unit (CFSU) calculated over the period May 2016 to September 2018 that a total of £377,000 had been overpaid to the two grounds maintenance contractors over and above the total £9.4m which was due to be paid . Of the £377,000, DLO was overpaid £97,000 and the other contractor £280,000.
2. 13 NIHE is content that the grounds' maintenance overpayments do not indicate fraud on the part of the contractors involved. NIHE is considering its recovery options. As part of its investigation CFSU re-measured approximately 16,000 plots of land and IT systems were updated to reflect the appropriate NIHE land holding. Corresponding changes were made to contractor's payments at the same time.
2. 14 The current grounds maintenance contract runs to April 2024. I asked NIHE if it had assessed how much will have been saved between the point when

overpayments were stopped, and April 2024. NIHE told me that it could not provide a sufficiently accurate figure to include in this report. However I believe it can be inferred, from a very simple straight line extrapolation, which, if the level of overpayment on this contract had continued due to similar circumstances, it could have been at least £1.3m. It is appreciated this does not take into account the impact on payments arising from any future transfers/disposals of land.

2. 15 NIHE told me CFSU has made a number of recommendations to address the matters raised through its investigation to ensure this type of issue does not recur. This case clearly demonstrates the potential value to the public sector of information provided by whistle-blowers. Although I recognise the scale of the review undertaken by NIHE, I would ask NIHE to assess if every step possible was taken to conclude this matter at the earliest opportunity. An earlier conclusion to the CFSU investigation may have reduced the £377,000 loss recorded by NIHE. NIHE told me that the investigation took a significant amount of time due to the large amount of detailed work (e.g. surveying 16,000 individual plots of land) and resources required to complete it.



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2 July 2019

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