



50TH ANNUAL REPORT

1 April 2020 - 31 March 2021

**Northern Ireland Housing Executive Annual Report & Accounts
For the year ended 31 March 2021**

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

5th November 2021

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Contents Table

Performance Report	4
Non-Executive Report by the Chair.....	4
Overview.....	7
Performance Analysis – Housing Services.....	23
Performance Analysis – Asset Management.....	43
Performance Analysis – Regional Services.....	53
Performance Analysis – Finance, Audit and Assurance.....	86
Performance Analysis – Corporate Services.....	92
Key Performance Indicators (KPIs) Validation Certificate.....	98
Accountability Report	99
Corporate Governance Report.....	99
Overview.....	99
Directors’ Report.....	100
Statement of Northern Ireland Housing Executive’s and Chief Executive’s Responsibilities.....	110
Governance Statement for the year ended 31 March 2021.....	111
Remuneration and Staff Report	
• Remuneration Report.....	141
• Staff Report.....	156
Assembly Accountability and Audit Report	
• Assembly Accountability Report.....	166
• The Certificate of the Comptroller and Auditor General to the Northern Ireland Assembly.....	167
Financial Statements	172
Annex to Financial Statements	241
Report of the Comptroller and Auditor General to the Northern Ireland Assembly	245

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

This annual report covers the year 1st April 2020 to 31st March 2021.

Despite the testing circumstances of the past year the Housing Executive continues to deliver excellent housing services, tailored support and good quality homes. During the COVID-19 pandemic, our staff have displayed a high level of commitment, care, resilience and professionalism in the delivery of our services. My colleagues and our many partners have worked tirelessly to deal with the issues brought about by COVID-19, and the Board is very grateful to both our staff and all our external partners for their willingness and dedication that has allowed us to maintain services and support for our tenants and other customers.

During the past year, despite the direct effects and consequences of COVID-19, the majority of our statutory and non-statutory targets were met or exceeded. In some areas of activity the restrictions brought about by COVID-19 meant that we had to suspend, temporarily, a number of non-essential services in order to protect our tenants, customers, staff, contractors and the employees of other service providers.

In our role as the strategic housing authority for Northern Ireland we deliver a wide range of functions alongside the Department for Communities, housing associations, businesses, the statutory and voluntary sectors and many other organisations. These functions and the associated services have a positive impact on individual households and the wider community. During the past year, almost 20,000 vulnerable people were assisted through Supporting People funding and, despite the impact of COVID-19 on the construction industry, we managed the Social Housing Development Programme that completed 1,304 new social homes. During 2020/21, 776 Disabled Facilities Grants were approved to the value of £9.3 million, while 4,347 projects were completed across 3,372 homes under the Affordable Warmth and Boiler Replacement Schemes, costing £7.9 million.

We continue to offer 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. Last year, 5,844 social homes were allocated, a £68.5 million programme of maintenance schemes and housing stock improvements was delivered and over 325,000 repairs were carried out. We also completed 121 major adaptations and 2,273 minor adaptations to support independent living.

As one of the largest social landlords in the UK, we continue to match and outperform many other providers in terms of rent collection, tenant involvement and customer feedback. We 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 support tenants 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 administer over £500 million in Housing Benefit to tenants in the social housing and private rented sectors.

Fifty years ago, the Housing Executive was established as Northern Ireland's strategic housing authority, bringing equality, fairness and transparency to the allocation of social housing in Northern Ireland. Since its formation in 1971, the Housing Executive has assisted countless households who are in need of housing and support, built and improved hundreds of thousands of properties, and regenerated many neighbourhoods across Northern Ireland. Most importantly, we have won widespread support from the communities we serve and are recognised locally, nationally and internationally for the positive social impact of our work. We have met and exceeded the objective set by our first Chair, Sir Desmond Lorimer, that we should "be more than an agency for the physical task of building houses; we must build with an awareness of all the problems that go with housing, and the social implications of our task".

This has been achieved through hard work, a capacity and desire for innovation, a multitude of partnerships with tenants and residents, the professionalism of our staff and countless others, and by adhering to the objectives set out by the first Housing Executive Board: to deliver local, accountable and quality housing services; to build and maintain decent homes and to support thriving communities. Vital to all these activities has been an absolute commitment to fairness, equality, honesty and accountability in everything that we do.

This anniversary marks an important time for the Housing Executive, and for housing in Northern Ireland. It comes as we are now seeing a pathway out of the COVID-19 pandemic and attempting to build back better. However, we face a period of economic and social uncertainty, and we believe that housing will play a key role in assisting individuals, households, communities and the economy, as a whole, to recover from the pandemic.

Additionally, and growing in recognition and urgency, is the question of how best to combat climate change. This is an existential threat to us all, and the Housing Executive is dedicated to playing a major role in moving to a more sustainable model for the provision of housing and, indeed, for the future of our communities. We are already doing what we have always done in the face of a challenge – identify what needs to be done, assess, innovate and implement – and this can be seen in new projects such as HANDIHEAT and our work on boosting the thermal efficiency of properties.


I would like to thank Deirdre Hargey and Carál Ní Chuilín, our Ministers for Communities during 2020/21, and our Permanent Secretary, Tracy Meharg, for their support for housing and the Housing Executive throughout the year. At this time, there is a pressing need to reform how social housing is delivered, managed and maintained in Northern Ireland so that we can build on the successes of the past 50 years. The Minister's statement of November 2020 on the revitalisation of our organisation offers the key to a future that will deliver additional, better, more energy efficient and more appropriate homes to those in need and, as a bonus, it also provides the prospect of creating new economic activities, additional jobs and skills training that will boost the economy and provide much needed income to individuals and households.

I would also like to thank the Housing Community Network, all the community and neighbourhood groups we work with, all the Supporting People providers, our many contractors and, especially, all the local voluntary organisations who do so much to support people in their communities.

In addition, I want to thank my fellow Board Members, all our staff and other colleagues for their work over the year. One of the key functions of the Board of the Housing Executive is to work alongside colleagues in order to ensure that the organisation achieves its targets, provides value for money and meets the governance requirements expected of a large public body. As Board Members we have the privilege of experiencing the work of our staff colleagues at first hand, and we understand and appreciate many of the difficulties that they encounter. Our colleagues represent the very best of public service and we owe them a substantial debt of gratitude.

Finally, as we celebrate our half century of work and our contribution to the wellbeing of the people and communities of Northern Ireland, I would like to reflect on the words of my predecessor, Sir Desmond Lorimer, and offer an extension to the task he set us in 1971. Over the coming years we need to go beyond the building and maintenance of homes; we must strive to create and support sustainable communities that are just, welcoming and, above all else, able to face and surmount the challenges of climate change.

Helping to write the future history of the communities of Northern Ireland has been and remains challenging, but this is a task that we welcome and are prepared for. We will be here to serve you and to deliver our mission for people, property, places and the planet.

A handwritten signature in black ink, appearing to read 'Peter', with a stylized flourish above the name.

Professor Peter Roberts
Chair

Date: 29 October 2021

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, for budgetary purposes, under two different regimes. Landlord Services (Housing Services and Asset Management Divisions) is now classified as a Quasi-Public Corporation (which is similar to the previous designation for the entire organisation), while Strategic Housing Authority/Regional Services is categorised as a Non-Departmental Public Body (NDPB).

The Housing Executive is one of the largest social landlords in the UK, managing just under 85,000 homes across urban and rural areas throughout all of Northern Ireland. In addition, we manage a commercial property portfolio of 394 units and 686 leasehold properties. The main functions delivered within Landlord Services are tenancy and estate management; improving our properties; income collection; involving and listening to our residents; and striving to create vibrant and sustainable communities through our Community Safety, Cohesion, Involvement and Social Enterprise Strategies. Many aspects of our performance are assessed as in the top quartile as measured by Housemark, a service that benchmarks our costs and performance across a range of core housing activities against other large social landlords in the UK.

Regional Services is the strategic housing authority, providing services ranging from assessing housing need, managing the Social Housing Development Programme for new social homes with our housing association partners, the Supporting People Programme 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 (HECA) for Northern Ireland. We administer the Affordable Warmth and Boiler Replacement schemes on behalf of the Department for Communities (DfC), 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 is made up of our Corporate Services and Finance, Audit and Assurance Divisions. Key services delivered across this division includes; Performance, Planning, Risk and Governance, Communications, Legal Services, Information Governance, Equality and Safeguarding and Human Resources. Finance, Audit and Assurance Division provides Corporate Accounting, Financial Support, IT, Housing Benefit (which we administer on behalf of the Department), Internal Audit, and Counter Fraud and Security.

Our Vision and Core Values

OUR VISION:
Everyone is able to live in an affordable and decent home, appropriate to their needs, in a safe and attractive place.

We have **3** overarching strategic themes, each with its own purpose statement.

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

We have **4** high level outcomes:

1. Helping people find housing support and solutions;
2. Delivering better homes;
3. Fostering vibrant sustainable communities; and
4. Delivering quality public services.

We have **1** set of values:

- Making a difference;
- Fairness;
- Passion;
- Expertise.

OUR MAIN ACTIVITIES UNDER ONE ROOF



Our Role and Purpose

The Housing Executive was established in 1971 to provide homes and housing related services for all of the people of Northern Ireland, and we remain determined to meet our responsibilities to the best of our ability. As the Strategic 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

The Housing Executive was set up 50 years ago as the strategic housing authority for Northern Ireland to ensure social housing was administered in a fair and impartial manner and to address the chronic housing supply and quality issues at that time across Northern Ireland. The Housing Executive has developed the scope of its business: it is one of the largest social landlords in the UK - managing 85,000 homes – and, as a strategic housing authority, it has the responsibility for homelessness, assessing housing need, social housing allocations, private sector grants, Housing Benefit and the distribution of development grants to housing associations. It is also the Home Energy Conservation Authority for the region and administers the Supporting People Fund.

Over its 50 year history, the Housing Executive built over 80,000 homes, set up an allocation system and methods of identifying housing need, oversaw housing unfitness levels drop from 20% to 2% and, through this work, has transformed many communities across Northern Ireland. We have assisted countless households in need of housing and of support, built and improved hundreds of thousands of properties, and regenerated many neighbourhoods across Northern Ireland.

This annual report gives an account of our activities over the last 12 months. In my first months since taking up the post of Chief Executive in April 2021, I have seen first-hand the many examples, highlighted in this report, of how the Housing Executive continues to make a real difference to people and communities across Northern Ireland.

The importance of this has never been more evident than in our response to events over the last 20 months. The COVID-19 pandemic affected how we could deliver our key services to those who needed them most. Colleagues across the organisation continued to provide vital services to our customers in the most challenging and unique circumstances. This was not an easy task, and the health and safety of our customers, staff and contractors was our priority at all times.

The number of households presenting as homeless decreased from 16,802 in March 2020 to 15,907 in March 2021, representing a reduction of almost 5%. Those accepted as having Full Duty Applicant (FDA) status decreased from 11,323 to 9,507 over the year, representing a reduction of almost 13%. While these decreases are welcomed, there is still a significant challenge ahead in reducing these numbers further. We also need to address the high levels of temporary accommodation that are used while those who are homeless are waiting on a permanent housing solution.

Recently, we launched our Homelessness Reset Plan, a response to the impacts of COVID-19 on homelessness. The actions taken since early March 2020 have mirrored much of our existing strategic commitments, but the pandemic has forced faster progress on key fronts. We need to protect this progress, while also considering the wider strategic impacts.

The approach to the Reset Plan will help to inform the Housing Executive's future Homelessness Strategy, which is currently in development to be delivered for 2022. As Northern Ireland recovers from the impact of COVID-19, the Housing Executive will have a vital role to play as the economy seeks to recover from the impact of the pandemic.

During 2019/20, the Social Housing Development Programme (SHDP) was severely disrupted by the impact of the COVID-19 pandemic with only 761 units started during the year. For 2020/21, a budget of around £136.2m was allocated to deliver the target of 1,850 new social housing starts and our housing association partners rebounded from the impact of COVID-19 to successfully deliver against our KPIs. We exceeded the target of 1,850 new social home starts, achieving 2,403 starts and we also exceeded the target of completing 1,200 new social homes with 1,304 new social homes completed. It is real a testament to the hard work of all those involved, in particular, our local housing associations, that they have delivered homes at scale during a global pandemic. The new homes built by housing associations will undoubtedly contribute to the alleviation of housing need across Northern Ireland.

In 2020/21, we spent £72.4m on the Supporting People Programme which funded 19,908 housing support places to the most vulnerable in society. 84 Supporting People providers provided 857 services across four key thematic groups: young people; older people; disability and mental health and homelessness.

The challenges faced by Supporting People providers due to the emergence of COVID-19 were unprecedented but they responded quickly and worked effectively in partnership to ensure services continued to be provided. An additional £11.56m was spent specifically on COVID-19 pressures including staffing, cleaning and PPE.

Work on a new three year Supporting People Strategy is ongoing and this will include a public consultation exercise due in 2021/22 to ensure that the views of key stakeholders are included in the new strategy.

The Housing Executive saw a significant increase in the number of tenants making a new claim for Universal Credit during March and April 2020 due to the economic impact of the COVID-19 pandemic. However, the subsequent announcement of Government income support schemes to protect the income of those people impacted by business closures meant that many of those new claims did not result in entitlement to Universal Credit. Following the initial spike, the rate of migration of tenants to Universal Credit returned to pre-COVID-19 levels of approximately 550 new claims per month and remained largely consistent throughout the rest of 2020/21.

Our Tower Blocks Action Plan made good progress during the year. The Action Plan was approved by the Housing Executive Board in March 2019 and by the Department for

Communities in August 2019. The Action Plan is a long term programme that will see many of our tower blocks replaced by modern housing, more suited to the needs of tenants, applicants and communities. A demolition scheme has been prepared for Monkscoole House and will be on site later this year. Latharna House was approved for demolition, while the business cases for Rathmoynne and Coolmoynne are progressing. Approval to demolish Kilbroney and Clarawood Houses was granted by DfC in September 2021. We will also be installing sprinkler systems in most of the blocks and are currently procuring the refurbishment programme for those blocks that will be retained.

The scale of the economic impact of the Housing Executive is substantial. We invested almost £70m on stock improvements during 2020/21 which benefits not only our tenants but will have a positive impact on jobs and supply chains, locally. Our maintenance programme for the next seven years will see us investing millions of pounds in our stock with those benefits being seen by both tenants and the wider economy.

We must also be aware of the environmental impact that an organisation of our size can have. The Northern Ireland Executive has set a target to reach net-zero carbon by 2050, or before. Moving to a zero carbon future is essential to avert the climate crisis. Housing has a critical role to play. With the correct action, the housing sector could help reduce these emissions by over 2 million tonnes every year, bringing us much closer to unlocking net zero.

A positive dividend of moving to net-zero would also be produced in terms of tackling fuel poverty and providing significant savings to local families from their household budgets. In addition, by investing in the decarbonisation of buildings, it could trigger a once in a generation opportunity to improve housing standards, reduce energy costs of households and create jobs.

I am pleased to report that a range of innovative schemes are already underway which will help move the local housing sector towards a zero carbon future. One example is the Rulet Project in Omagh, where ten properties are participating in a pilot programme focused on twinning renewable technology and energy efficiency measures with agile tariffs to flat-line carbon consumption in the home.

Central to our vision for the future is the November 2020 statement from the Minister for Communities, Deirdre Hargey. She intends to reform Northern Ireland's housing system and revitalise the Housing Executive.

We welcome the Minister's ambition which identified problems in housing supply and included the need for transformative measures. Revitalising the Housing Executive and giving us the ability to borrow is critical to our ambitions to be able to reinvest in our stock and decrease the gap between the level of social housing supply and those waiting for homes.

The Housing Executive is currently working in partnership with the Department for Communities to deliver an outline business case by March 2022, which will include a range of options on how finance can be raised and an outline of what those funds will be spent on.

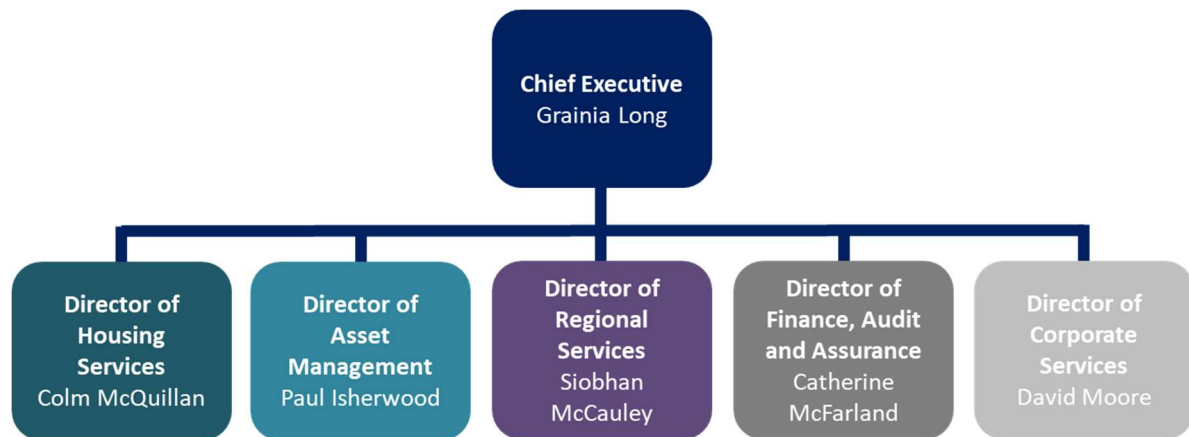
While the last 20 months have been extremely challenging, the Housing Executive and all of our partners have continued to deliver key services across Northern Ireland. I would like to thank all of my colleagues and everyone that the Housing Executive works with for their dedication and compassion during a very difficult time. We look forward to continuing our work to serve communities in the coming year.

A handwritten signature in black ink that reads "Grainia Long". The signature is written in a cursive, flowing style.

Grainia Long
Chief Executive

Date: 29 October 2021

Organisational Structure



The Scale of our Business - Landlord Services

LANDLORD SERVICES

2020/21



84,692

homes managed by the Housing Executive
(84,690 at 31 March 2020)



171,536

tenants

41,053 younger than 16 years old
84,043 older than 60 years old



99.4%

of housing stock is occupied

(99.7% of stock occupied at 31 March 2020)

5,844 social homes allocated last year

3,156 by the Housing Executive

(6,654 social homes allocated during 2019/20, of which 3,695 allocated by the Housing Executive)

£68.5m programmes of maintenance schemes and housing stock improvements



325,000+ response maintenance repairs carried out at a cost of

£61.8m

(320,000+ repairs at a cost of £54.2m during 2019/20)

15,805 elemental replacements to Housing Executive dwellings

£730 average spent on each dwelling
(£622 during 2019/20)

equating to almost **4** response and cyclical maintenance jobs per property

2,273 minor/shower adaptations



121 major adaptations

(£103.5m programme of maintenance scheme included 23,488 elemental replacements, 161 major adaptations and 5,121 minor/shower adaptations during 2019/20.)

Almost **400,000** phone calls to our offices



293 confirmed Housing Community Network community groups (500 at 31 March 2020)

£337m collected in rent and rates equating to

99.2% income collected

(£337.9m, which is 98.7% of rent and rates collected during 2019/20)

£

£

The Scale of our Business - Regional Services

REGIONAL SERVICES

2020/21



43,971

applicants
on the **waiting list**
(38,745 at 31 March 2020)



30,288

in housing stress
(27,745 at 31 March 2020)



9,507

deemed to be homeless
(11,323 at 31 March 2020)



776
disabled facilities grants
delivered to the value of
£9.3m

(1,119 grants approved to the value of £12m during 2019/20)

19,908
housing support places provided to the most **vulnerable** through the **Supporting People Programme** across

857 schemes

(19,000+ at 31 March 2020)



1,304 new **social homes** completed



2,403 new social homes started as part of the **Social Housing Development Programme**

(1,626 new homes completed and 761 new homes started during 2019/20)



4,347 measures completed against

3,372

homes for the **Affordable Warmth** and **Boiler Replacement Schemes** to the value of

£7.9m

(we delivered 6,796 measures, across 4,755 homes, costing £13.8m during 2019/20)



11 rural housing need tests carried out

(13 rural housing needs tests during

£532.7m

paid out in **Housing Benefit**
(£559m paid out during 2019/20)



Business Objectives

Our business objectives are influenced and shaped by a number of factors including the Draft Programme for Government (PfG), Departmental priorities, 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.

Draft Programme for Government (PfG) 2016-2021

The Draft Programme for Government (PfG) 2016-21 provides the highest level strategic document of the Executive Office in Northern Ireland. The draft Framework contains 12 strategic outcomes and 49 indicators which set a clear direction of travel and enable continuous improvement on essential components of societal wellbeing. Good quality housing and housing services have a key role to play in the successful delivery of some of these outcomes.

The Housing Executive directly contributes to Outcome 8, “We care for others and help those in need”, and Outcome 11, “We connect people and opportunities through our infrastructure”. We also have the opportunity to influence Outcome 2, “We live and work sustainably – protecting the environment” and Outcome 7, “We have a safe community where we respect the law and each other”.

In January 2021, The Executive Office launched an eight week consultation period on a new Programme for Government Draft Outcomes Framework. The consultation period ended in March 2021 and the out workings of this is expected to be published in 2021/22.

Housing Executive Corporate Plan 2017/18 – 2020/21

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 2020/21 which is based on three overarching themes: People, Property and Places. All of the key performance indicators (KPIs) in the 2020/21 business plan (for Landlord Services, Regional Services and Support Services) can be found at <https://www.nihe.gov.uk/Documents/Corporate/Business-plan-2020-2021>

Following Board and DfC approval, a one year approach for a 2021/22 Corporate Plan was agreed. This was to allow time to consider the Minister for Communities statement on the future of the Housing Executive (3rd November 2020) and to align to the new Programme for Government, once published. Once approved, this will be published on our website.

Performance Analysis

The purpose of the Performance Analysis section below is to provide an accurate reflection on KPIs for the 2020/21 business year as well as reporting on other key non-KPI activities undertaken across the various departments of the Housing Executive.

Performance against the 2020/21 business year is detailed in the sections that follow. These are reported on in by each of the divisions listed below:

- Landlord Services (comprising of Housing Services and Asset Management);
- Regional Services;
- Finance, Audit and Assurance; and
- Corporate Services.

Overall Performance

In 2020/21, Corporate Performance was reported on a monthly basis (some KPIs are reported quarterly) to our Performance Review Committee which comprises of our Chief Executive, Directors, Head of Internal Audit and Head of Performance, Planning, Risk and Governance. This information is reported to the Housing Executive Board and regularly to the Department for Communities (DfC).

For the 2020/21 Business Year, the Housing Executive reported corporate performance for 92 Key Performance Indicators (KPIs) using a Red, Amber or Green (RAG) status. Of these 92 KPIs, 33 contributed to the draft Programme for Government 2016-21 outcomes.

There are two types of KPIs in our 2020/21 Business Plan: Data and milestone KPI reporting. The default position for the RAG (Red, Amber, Green) scoring is as follows:

- Green - 100% performance against target;
- Amber – between 99.9% - 90% performance against target; and
- Red - less than 90%.

There are some exceptions to the above scoring for those KPIs which have contractual KPI scores or, where 90% is not sensitive enough to give a meaningful performance score. Also, for milestone KPI reporting it is critical to ensure that the scoring is sensitive to the scale and complexity of tasks/number of tasks completed during the year to progress the KPI.

Our overall performance for the 2020/21 year against all our KPIs was:

Total KPIs	Green	Amber	Red	Data only
92	55	11	20	6

Performance against the 2020/21 Business Plan was strong, despite the significant challenges faced, particularly with COVID-19. Notable achievements included:

- Carrying out a Strategic Needs Assessment for housing support services to inform future planning for the Supporting People Programme (RSKPI 4.5.1);
- Exceeding our target of 16%, by achieving 16.7% spend of Supporting People programme funding delivered through Floating Support (RSKPI 4.10);
- Establishing a baseline for new and improved service delivery times for Disabled Facilities Grants (RSKPI 3.9);
- Starting 2,403 new social homes, exceeding our target of 1,850 (RSKPI 2.1) and completing 1,304 new social homes against a target of 1,200 (RSKPI 2.2);
- Producing the Annual Home Energy Conservation Authority (HECA) Progress Report (RSKPI 3.7);
- Developing and presenting all 11 Housing Investment Plans (HIPs) to 11 Councils with clear data and evidence of Housing need, supply and investment (RSKPI 1.3);
- Delivering Year 5 of the Rural Strategy Action Plan (RSKPI 2.8);
- Publishing an Older People's Housing Strategy and Action Plan (SSKPI 3.7);
- Achieving all six of our Housing Benefit KPIs (SSKPI 5.1 – 5.4, SSKPI 5.8 and SSKPI 5.9);
- Exceeding our target of 86% of tenancies sustained over a 12 month period (LLHS KPI 1.3.2);
- Publishing and implementing a new Community Safety Strategy and Action Plan (LLHS KPI 3.1) and implementing Year 3 of the 2018-2023 Community Involvement Strategy (LLHS KPI 3.3);
- Producing our annual update on the Homelessness Strategy Implementation Plan (LLHS KPI 7.09);
- Exceeding our target of collecting 98.7% of rent due, collecting 99.2% of rent due (LLHS KPI 1.1);
- Starting 121 Major Adaptations for people with a disability against a target of 102 (LLAM KPI 4.2);
- Ensuring that the Housing Executive met its Statutory Health and Safety requirements (LLAM KPI 3.3);
- Implementing the Tower Block Strategy (LLAM KPI 4.5); and
- Carrying out 15,805 elemental improvements to Housing Executive stock, exceeding our target of 13,341.

There were 20 KPIs that were reported as 'Red' at year end are listed below. Further details relating to these KPIs can be found in the relevant sections of the document.

- RSKPI 4.13 - Publish a 3 year SP strategy and implementation plan;
- RSKPI 3.5 - By 31 March 2021 deliver approximately 6,900 fuel poverty measures to approximately 5,400 homes (subject to budget);
- RSKPI 2.5 - 10% of new build starts to be wheelchair standard;
- RSKPI 3.5.1 - By 31 March 2021 deliver 4,500 affordable warmth measures to approximately 3,000 homes (subject to budget);
- RSKPI 3.6 - By 31 March 2021 Complete 2,400 boiler replacements, subject to budget;

- RSKPI - 5.4 - Heritage in Housing – To support the restoration of empty properties within selected Conservation Areas to provide affordable rental accommodation;
- LLHS KPI 7.05 - To undertake an evaluation of the housing solutions and support service;
- LLHS KPI 7.08 - Implement year 4 of the Homelessness Strategy Action Plan;
- LLHS KPI 7.02 - Reduce the number of placements in non-standard temporary accommodation (National target);
- LLHS KPI 1.3.1 - Customer Service target – Maintain relet times to an average of within 21 days and remain within the Housemark top performing quartile;
- LLHS KPI 9.1 - Commence & implement local office accommodation strategy and develop an Action Plan;
- LLAM KPI 4.1 - Major Adaptations Process Improvements - Streamline the length of time to have a major adaptation completed and by year 4 be 52 weeks or less;
- LLAM KPI 4.9 - Streamline the adaptations and DFG processes - Work with other Departments (DfC & DOH) to review and look for ways to reduce processing times;
- LLAM KPI 5.4 - Introduce and Implement year 1 of the new Construction Skills Learning partnership;
- LLAM KPI 1.3 - Deliver an Environmental Management Plan;
- LLAM KPI 2.2.7 - Commence tender for the new planned maintenance contracts and award contracts by Quarter 3 of 2020;
- LLAM KPI 4.6 - Implement a pilot MMC project, subject to business case approval;
- LLAM KPI 4.7 - Consult with wider stakeholders on the draft cavity wall insulation Action Plan. Finalise the Action Plan and implement year 1;
- LLAM KPI 5.1 - Implement Procurement Strategy; procure phases 2 & 3 of ERDF Project for insulation to non-standard stock (subject to funding);
- LLAM KPI 5.3.1 - Commence central Belfast Accommodation Strategy 2020 – 2023 and produce a draft Strategy by end of March 2021.

Landlord Services

Landlord Services - Funding Context

Landlord Services covers the work of the Housing Services and Asset Management Divisions in addition to the management of our internal Direct Labour Organisation (DLO).

Its primary responsibilities include the management and delivery of our housing stock investment programme (approximately 84,500 properties as at March 2021), housing allocations, tenancy and void management, rent collection and arrears management, and fostering safe communities for tenants. The Housing Services Division also delivers a number of functions on behalf of Regional Services including homelessness and waiting list management services. These services are fully costed and charged to Regional Services and are thus reported against in Regional Services section of this update.

Landlord Services operates on a largely self-financing basis with the majority of its available funding determined by the level of rental income generated from its stock, supplemented by government grants and the sale of assets (land and house sales, shown as capital receipts in the accounts).

In instances where income generated is not fully expended within an individual financial year, unspent funds can be transferred to a Rental Income Reserve for retention and stock investment use in subsequent years.

Landlord Services - Financial Challenges

As weekly rent charges remain amongst the lowest within the UK social housing sector (Housing Executive rent is an average of £68.32 per week as at the 31st March 2021), this constrains the amount of funding that can be directed towards stock investment activities.

Current forecasts indicate a significant stock investment requirement of circa £3bn is required during the next 10 years in order to improve and maintain its housing stock to modern day standards. However given the present low level of rents charged to tenants, investment capacity is limited to circa £2bn, resulting in an estimated shortfall in funding of £1bn during the next 10 years. A funding shortfall of this nature would have a very damaging impact in terms of our ability to provide safe and healthy homes for our tenants, and could ultimately lead to a reduction in social housing provision at a time when there are circa 40k people on the social housing waiting list.

Accordingly, in November 2020, the Minister for Communities commissioned a review of NIHE structures in order to examine alternative delivery and financing models for a reconstituted Landlord Services, enabling it to achieve greater financial stability and maintain its housing stock to the required standard in the medium to long term. This work will be undertaken jointly by DfC and NIHE, with recommendations to be provided to the Minister for Communities before the end of 2021/22.

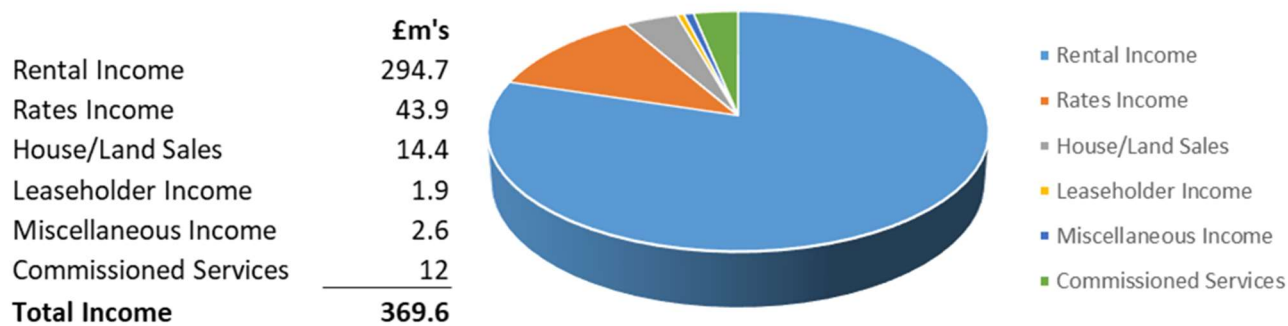
Landlord Services - Financial Performance

The charts below illustrate key areas of income and expenditure for the 2020/21 financial year.

Income & Funding Received

Landlord Services is financed mostly via self-generated income, which is then supplemented by DfC funding for specific initiatives. A breakdown of income generated and funding received is provided below.

Chart 1: Breakdown of Landlord Services Income (Capital & Revenue combined)



*See Note 3 in Part 2 of Accounts

Key points to note are as follows:

- **Rental income** - This reflects the deferred implementation of the 2020/21 rent increase of 2.7% (deferred from April to October 2021) due to the COVID-19 pandemic;
- **Rates Income** – NIHE is required to collect rates on its properties on behalf of Land & Property Services. A sum equivalent to 10% of rates charges is retained by NIHE to fund associated administration costs;
- **Commissioned Service Income** – This relates to services provided by Landlord Services on behalf of Regional Services, the cost of which is charged to Regional Services.

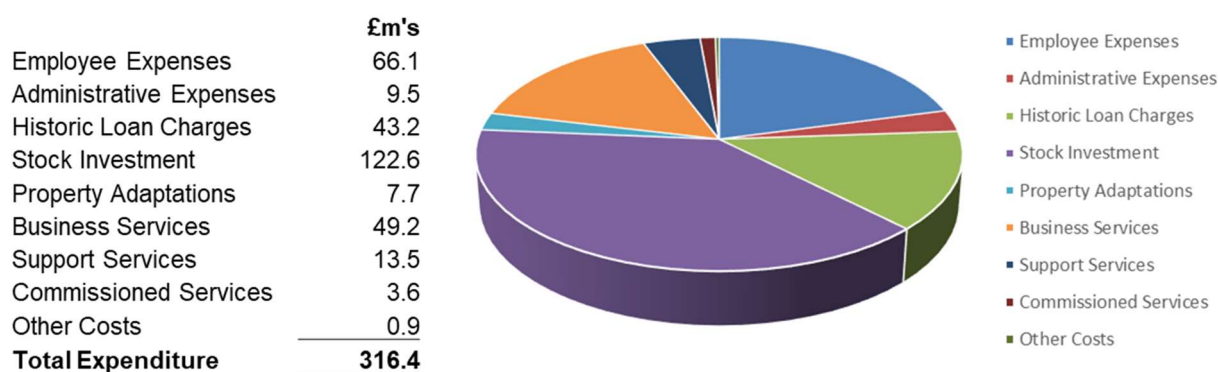
In addition to the above, DfC Funding of circa **£74.3m** was received from DfC for:

- Stock investment activities (£62.1m);
- The installation of Disabled Adaptations to address tenant needs (£6.1m);
- Funding for additional COVID-19 related activities (£6.1m)

Expenditure Programme

The Landlord Services expenditure programme largely includes business running costs in the form of administration expenses and ongoing investment in its property stock in order to maintain it to modern day housing standards.

Chart 2: Breakdown of Landlord Services Expenditure (Capital & Revenue combined)



*See Note 3 in Part 2 of Accounts

Key points to note are as follows:

- **Stock investment** - Activities were largely suppressed during 2020/21 due to the impact of the COVID-19 pandemic. Works were stopped during the first part of the financial year as a result of restrictions imposed during the lockdown with only urgent and emergency jobs being carried out during that period;
- **Historic Loans** - Annual costs associated with the repayment of historic loans continue to decrease year-on-year. As at the end of 2020/21 financial year the amount of loan principle outstanding was circa £158m;
- **Business Services** – This includes the payment of 90% of rates charged on NIHE properties to Land & Property Services (approx. £40.2m).

As a consequence of COVID-19 restrictions impacting of stock investment activities, the Landlord Services **Rental Income Reserve** increased to circa £234m by the end of the 2020/21 financial year. This is made up of unspent rental income from previous years and this funding will remain available to Landlord Services in future years for stock investment purposes.

Separately on the 3rd March 2021, it was announced by the UK Chancellor that NIHE is now exempt from paying **Corporation Tax** (effective from 1st April 2020). This brings NIHE in line with other public sector bodies and social housing providers. See page 207 for more details. During 2020/21 Landlord Services faced a Corporation Tax liability of circa £0.25m in relation to prior year liabilities.

Landlord Services COVID-19 Response

During 2020/21 the main COVID-19 priority for Landlord Services was to ensure the ongoing financial stability of contractors in line with Government guidance issued under PGN 01-03/20. Accordingly Contractor Relief Payments were issued to a variety of contractors to ensure vital services were protected during lockdown periods. Similar funding was also provided to those leasing Housing Executive commercial premises.

Funding was also provided to Community Groups to extend tenant support measures, with additional expenditure also incurred on both PPE and IT devices in order to facilitate remote staff working.

A summary of Landlord Services COVID-19 expenditure for 2020/21 is as per below.

Contractor Relief Payments	1,635
Community Funding	274
Commercial Property Abatements	300
PPE Stock Issues	334
IT & Office Expenditure	72
Total COVID-19 costs	2,615

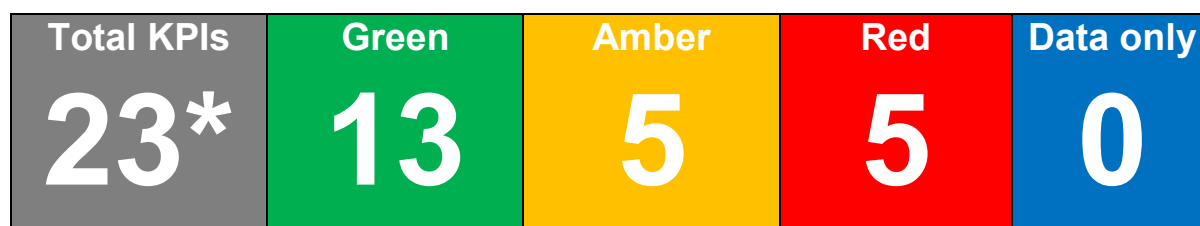
Separately, the onset of COVID-19 resulted in a decision to defer the 2020/21 rent increase until mid-year (Oct 2020). Landlord Services was compensated for the resultant loss in rental income during the period April September (£3.9m).

Housing Services

The KPI count below (a sub-set of the overall KPI totals) is a summary of Housing Services 2020/21 KPI performance across all three themes of People, Property and Places. COVID-19 restrictions have, in some instances, been a major contributory factor in not meeting year-end targets.

We are the largest social landlord in Northern Ireland and one of the largest in the UK with approximately just under 85,000 properties. Last year, out of the 5,844 allocations made to all applicants within the social sector in Northern Ireland, 3,156 were allocated by the Housing Executive with the remaining 2,688 allocated by Housing Associations. In addition to this, we manage approximately 6,100 leasehold properties including the administration and delivery of a range of works and services where our leasehold properties are located.

Housing Services KPI Performance 2020/21



*Total number of KPIs also includes Homelessness KPIs that are detailed within the Regional Services Section on Page 53.

Under our People theme, Housing Services carried out the following activities.

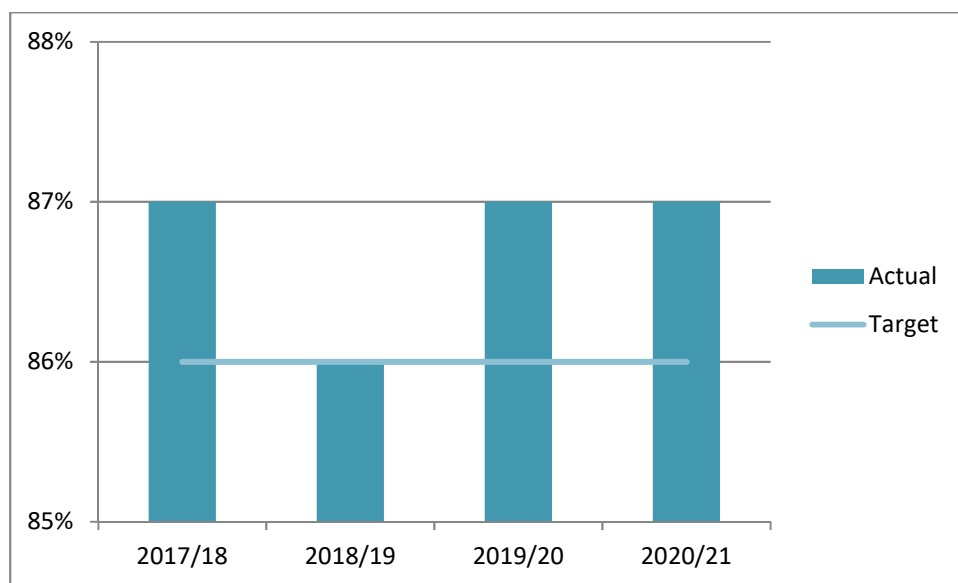
Sustaining Tenancies

We are committed to helping our customers sustain tenancies by identifying their needs early on and providing the advice, care and support required to help minimise tenancy

breakdown, prevent homelessness and promote stable and thriving communities. The COVID-19 pandemic and the associated health protection measures of lockdown and social distancing, has resulted in unprecedented challenges in delivering our Customer Support and Tenancy Sustainment Strategy (CSTSS) 2019-22, however this has also highlighted opportunities.

Our Corporate KPI (LLHS KPI 1.3.2) to sustain at least 86% of tenancies beyond their first year was exceeded, achieving an 87% sustainment rate and also contributed to PfG Outcome 11 Indicator 48 (Helping people access affordable housing).

Chart 3 Percentage of tenancies sustained beyond their first year – 2017/18 – 2020/21



Although the pandemic hampered progress on a number of our planned actions for Year 2 of the Customer Support and Tenancy Sustainment Strategy, over £120,000 was allocated to fund pilot projects of voluntary and community groups, with whom we are partnering, to develop solutions to address the issues our tenants face including; social and digital isolation, mental health resources, and one-to-one support for our tenants with highly complex circumstances, and development of educational and awareness resources on social tenancy preparedness.

We have also maintained the momentum of our multi-award winning and innovative 'Dementia Friendly Homes' initiative by adapting the Dementia Friendly Communities workshops to suit online delivery. In 2020/21, we created a further 97 'Dementia Friends'. A Dementia Friend is somebody that learns about dementia so they can help their community and they help people living with dementia by directly helping them, volunteering, campaigning or raising awareness. In addition to safely delivering 130 Dementia Packs across all of our offices in Northern Ireland - which will help support our customers to remain living independently in their home.

As a result of the pandemic we have, in general, been making more use of web based meeting technologies which has enabled us to facilitate a number of awareness sessions for staff on reporting crime and domestic abuse, and local drug and alcohol services. With our

external partners, we plan to deliver more sessions on the issues affecting our tenants in the coming year. We are hoping to extend the grant funding programme further through the extension of the strategy lifecycle.

In 2020/21 we had made plans to deliver an intensive face-to-face course on Mental Health Awareness for Social Housing Professionals to over 1,000 frontline staff however, due to COVID-19 restrictions this was not possible. At the same time, the pandemic and predicted long-term fall out has underscored the urgency of such a provision, and we are working with colleagues to adapt the course procurement and delivery strategy to enable this to be rolled out this year to our frontline staff.

A number of other projects which were developed and planned for Year 2 of our CSTSS have been delayed, but we plan to bring these forward in 2021/22 including a Decoration Voucher Pilot (also with online contingencies), new Sign-Up Advice Pack, and a Tenancy Sustainment Research programme.

In the coming year it is also our intention to seek approval to extend the lifespan of the CSTSS. We want to do this for two key reasons - to make sure that the actions we planned to achieve for the benefit of our customers are realised irrespective of the pandemic, and because the pandemic has put new focus on some of the areas we need to direct support for tenancy sustainment. Key areas to be focussed on include mental health, support for digital resources and literacy.

Tenancy Fraud

The primary challenge of the last year has been to maintain our customary focus on tenancy fraud amid the various other competing priorities and new procedures imposed upon the organisation as a result of the COVID-19 pandemic. There has been a decrease in the number of reported cases of tenancy fraud, and in remedial action taken, in comparison with previous years.

Public health guidance and wider governmental restrictions had a direct impact on our ability to take action in relation to tenancy fraud. The 'work from home' instructions in place for the large majority of the year meant that both Housing Services staff, and their colleagues from the Tenancy Fraud Unit, were limited in the extent to which they could identify, investigate, and act upon allegations of fraud. In addition, DfC guidelines prohibiting action that might make individuals homeless during the pandemic prevented recovery action in all but exceptional circumstances.

For the year 2020/21 the tenancy fraud figures are as follows -

- 480 (664 in 2019/20) new cases of suspected tenancy fraud were recorded across all areas (of which 69 were referred to the Tenancy Fraud Unit for investigation);
- 181 (213 in 2019/20) properties subject to tenancy fraud were recovered (18 of these directly following investigation by the Tenancy Fraud Unit).

Against the backdrop of COVID-19, much of the Housing Services policy/guidance output over the year was by necessity reactive, constituting the provision of case-specific assistance to frontline offices as well as issuing revised guidance in response to changing public health regulations. We would however note that the 2019/20 audit actions of updating

the guidance on recording of cases (including those of 'sensitive' nature) and tenancy verification visits was completed as agreed.

In regards to assurance, all quarterly reporting obligations to the Department for Communities were honoured across the year. The policy mandate that all allegations of tenancy fraud should be recorded was not rescinded at any point. Instructions were issued to frontline offices that any allegations of fraud should be recorded/kept open until such times as they can be appropriately investigated.

Income Collection

In recognition of the potentially detrimental and severe impact of COVID-19 on our tenants finances and our income collection, we adjusted our target for income collection (see graph 2). Despite the financial challenges many of our tenants faced during the pandemic, our KPI to collect 98.7% of rent due (LLHS KPI 1.1) was achieved, with 99.2% of income collected against a target of 98.7%.

Our target for arrears not to exceed £14,527k (LLHS KPI 1.2) was narrowly missed with arrears increasing to £14,784k missing our target by £221k. Gross arrears finished £2.07m higher than they were at the start of the year, of which we estimate £1.75m of the increase is very likely to be as a direct consequence of COVID-19.

During 2020/21 movement in rental income collection and current arrears was broadly in line with the implementation and subsequent relaxation of the measures introduced to curb the spread of the pandemic. Rental income fell due to a combination of the suspension of arrears recovery activities implemented at the beginning of the pandemic and the impact of COVID-19 on many of our tenant's financial circumstances.

Chart 4 – Percentage of Income Collected 2016/17 – 2020/21

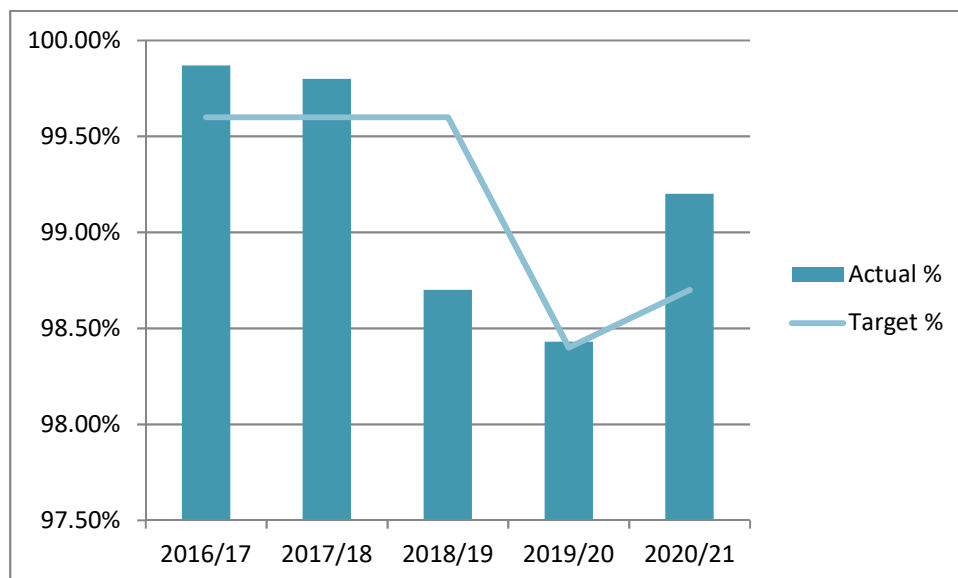
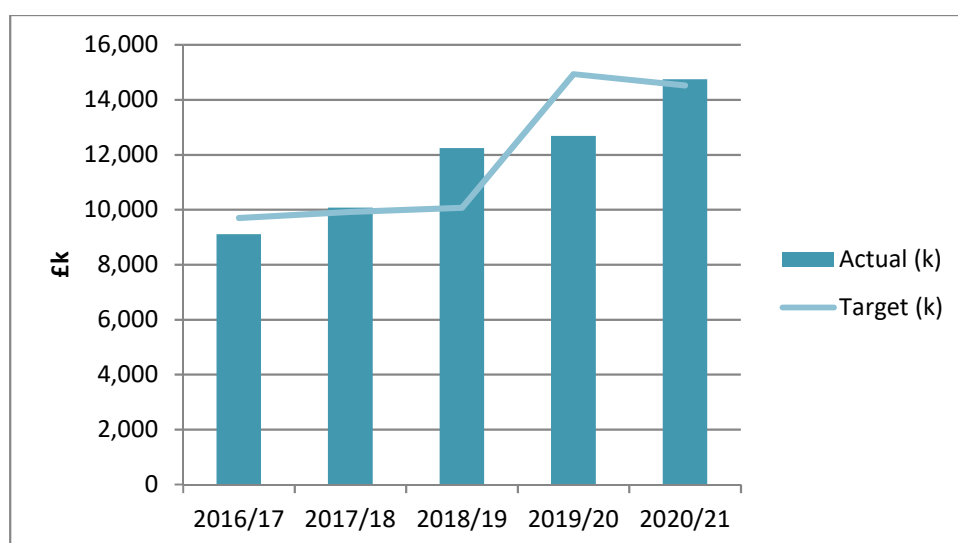


Chart 5 – Arrears Collection 2016/17 – 2020/21



A key initial response to the pandemic was to focus on providing our tenants with all appropriate advice and assistance to ensure they received the financial support available to them. We subsequently recommenced Direct Payments from benefits. This was later followed by resumption of County Court proceedings specifically for tenants with arrears not connected to the impact of COVID-19 on their income. All other arrears activities remain suspended. Staff are in regular telephone contact with tenants to provide advice and assistance about the repayment of arrears.

Rental Income Maximisation Strategy 2016-21

The Rental Income Maximisation Strategy & Action Plan, scheduled to run until 2021 was further extended by one year to provide additional time to complete outstanding activities and respond to new issues created by the COVID-19 pandemic.

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 2020/21. In particular, we continued working to ensure our tenants got maximum entitlement from Universal Credit and Rate Rebate and that our arrears management policies and processes were as efficient and effective as possible. It should be noted that progress with some of the activities in the Action Plan was impacted by the additional work priorities created by COVID-19.

Financial Inclusion

Our Financial Inclusion Strategy is a key component of the Rental Income Maximisation Strategy. Its primary objective is to improve the financial wellbeing of our tenants and other customers. Through our 'Making Your Money Work' service we continued to deliver:

- Advice and assistance with simple household budgeting including the recent introduction of the budget & benefits calculator app for staff and customers;
- Referrals for independent specialist debt advice and floating support services for tenants with perceived vulnerabilities; and

- Advice and assistance with the 'Make the Call' service operated by Dept. for Communities.

We are developing a range of other services, which, when complete can be offered to our customers. This includes providing advice and assistance about bank account options, credit unions, energy supplier options, media packages / employment opportunities.

Three Financial Inclusion Managers (FIMs) were appointed at the beginning of 2020 to help tenants improve their financial wellbeing and assist with the ongoing development of our Financial Inclusion Strategy. In 2020/21, the financial inclusion managers assisted more than 2,000 tenants through completing benefit checks and 'better off' calculations to ensure tenants are receiving everything they are entitled to and fully understand how changes in circumstances will affect their income so they can make informed decisions. In addition to this our FIMs:

- Assisted tenants whose income has been impacted by COVID-19 to understand their entitlement to benefits and/or Government employment support schemes and grants;
- Helped to resolve complex benefits related problems and issues; and
- Helped to address debts through the provision of budgeting and money advice.

The Welfare Benefits Unit also recently procured and implemented a Benefits and Budgeting Calculator. This tool helps to embed financial inclusion in service delivery through facilitating frontline staff to assist tenants to complete benefits checks, understand how changes in circumstances will impact their income and to make a realistic household budget to help make the most of their income at key points in their tenancy journey. The calculator also highlights where the tenant may have entitlement to other benefits and where they may be paying more than the average for their household size for utilities. Almost 600 frontline staff (Patch Managers, Income Collection Officers and Housing Advisors) have access to, and have been trained in using, the calculator.

During the restrictions implemented due to COVID-19 we continued to provide our financial inclusion services remotely via telephone.

Universal Credit

The Welfare Benefits Unit within Housing Services is responsible for managing the impacts of welfare changes on the Housing Executive and its tenants. The Unit also has an operational role in managing the tenancy verification processes for both Universal Credit (UC) and Rate Rebate, ensuring that tenants receive the correct entitlement to help with their housing costs and mitigating any impact on organisational income.

During 2020/21, a total of 6,527 Housing Executive tenants made a claim for Universal Credit, bringing the total number of tenants who have migrated to Universal Credit since its introduction in September 2017 to 19,546 at the end of March 2021. It is anticipated that 45,000 tenants will eventually move on to Universal Credit by the time it is fully implemented.

The Housing Executive saw a significant increase in the number of tenants making a new claim for Universal Credit during March and April 2020 due to the economic impact of the COVID-19 pandemic. However, the subsequent announcement of Government income

support schemes to protect the income of those people impacted by business closures meant that many of those new claims did not result in entitlement to UC. Following the initial spike, the rate of migration of tenants to Universal Credit returned to pre-COVID-19 levels of approximately 550 new claims per month and remained largely consistent throughout the rest of 2020/21.

The next phase of the rollout of Universal Credit will involve those claimants still in receipt of the legacy benefits which are being replaced (i.e. Housing Benefit Income Support, Job Seekers Allowance Income Based), Employment and Support Allowance (Income Related), Working Tax Credit and Child Tax Credit) being invited to claim UC. This phase is called Managed Migration; also known as 'Move 2 UC'. The Department for Work and Pensions had indicated their intention to commence the Managed Migration phase of Universal Credit in early 2021, however, this has been delayed due to the pandemic. A date for commencement in Northern Ireland has not been confirmed but is unlikely to happen within the 2021/22 year.

We have continued with a programme of research into the impact of welfare changes, completing a qualitative survey of the customer journey of tenants moving on to Universal Credit and commencing a follow-up quantitative study. Findings will be used to continue to inform service development to ensure we are supporting tenants appropriately and effectively during the process of moving on to Universal Credit.

Customer Service Excellence Accreditation

Customer Service Excellence (CSE) accreditation is an acclaimed UK national standard of excellence in service delivery. In 2020 Housing Services was assessed as fully complaint across the 57 rigorous criteria and achieved "Compliance Plus" (best practice standard) in 23 of these 57. This reflected an organisational best performance with the assessor reiterating the view that we provided:

"Without doubt one of the most customer focused services in Northern Ireland".

This reflects our commitment to put the customer at the heart of everything we do and this year's achievement was particularly satisfying given the unique operating environment of 2020 as service delivery was radically altered by the COVID-19 Pandemic. This required substantial additional effort by all our staff to keep services running as well as bringing unique new challenges. As the assessment report stated:

"The whole organisation has very quickly risen to the challenge of COVID-19.....The excellent levels of service that your staff delivered in previous years has been superseded this year with their efforts to continue to provide services in the midst of the pandemic. COVID-19 specific plans and policies such as the Homelessness COVID-19 Response Plan were quickly implemented."

Service Channels

We have 33 local offices and five Customer Service Units, spread geographically across Northern Ireland, many of these situated in the heart of local communities. These offer a range of services such as housing and tenancy management, maintenance, income

collection and through our office network we engage on a variety of community based, and led, initiatives. Our local presence is further complemented by a range of other communication and engagement channels including through our website and social media channels and on the phone which includes 24/7 support for emergency repairs and homelessness services. In 2020/21 we also launched a new Customer Portal allowing tenants who sign up to report and track a repair, check their rent balance and statements, make payments and request a range of services.

Throughout 2020/21, our local offices were at the forefront in mobilising quickly, working with stakeholders and the local communities to best understand the challenges facing our customers and communities and providing and supporting local solutions. This extended beyond our core landlord duties including communicating key messages and helping to combat loneliness and social isolation for some of our most vulnerable tenants.

Footfall across our network of local offices was drastically reduced due to pandemic restrictions with less than 5,000 office visits, many of these by appointment. The primary reasons for visits were for general housing and tenancy management issues.

Our Customer Service Unit (CSU) teams played a critical role in mobilising immediately and adapting with competence and flexibility to new working practices as a result of the pandemic. Throughout the pandemic the CSU teams adapted to changed working hours, places of work and provided expert advice to staff, tenants and customers. As a result business continuity was maintained and customers received a full service. Of almost 400,000 calls in 2020/21 received by the CSU Telephony Teams, almost 90% were answered within 20 seconds.

We did not fully achieve our tenant satisfaction (LLHS KPI 2.9) with overall service in 2020/21 achieving 83% against a target of 88%. Reasons for dissatisfaction with our service included reports of a poorer repair service, likely due to pandemic restrictions.

Fundamental Review of Social Housing Allocations

The Consultation Outcome Report for the Fundamental Review of Social Housing Allocations was published by the Department for Communities (DfC) in December 2020. Eighteen of the twenty proposals for change will proceed as per the original 2017 consultation. Two of the proposals (Proposal 7: the removal of intimidation points and Proposal 9: the removal of interim accommodation points from the Housing Selection Scheme) will not proceed as per the 2017 consultation and, instead, options will be explored for alternative approaches for each.

For intimidation points this will investigate how to strengthen the verification process and also consideration of how to address other households facing trauma or violence for example, victims of domestic abuse, who do not currently receive intimidation points. For interim accommodation points, this will involve the need to consider the additional stress associated with being in any form of temporary accommodation.

The Outcome report also sets out next steps and likely timescales for implementation of each proposal by the Housing Executive in three Phases. The additional work required for the new approach to Proposal 7 will mean that implementation is likely to be in Phase 3. The

Housing Executive is currently working on the establishment of a project team and implementation plan to deliver the changes. As per the Ministers request, a stakeholder advisory group that will represent, landlord, tenant and the wider housing sector will be established.

In June 2019 the Housing Executive commissioned independent modelling and analysis of Waiting List data, particularly on potential impacts of a number of the proposals for change. The analysis, which was carried out by 'Economic Research and Evaluation', will inform the implementation approach. The full report was published on the Housing Executive's website in April 2021.

Graduate Trainees

In 2020/21 there were 16 Housing Services Graduate Trainees who successfully completed their development programme and took up roles throughout the Housing Services Division. A further 15 Graduate Trainees who commenced their development scheme in January 2020 continued to develop through their experiential placements, qualifications and learning programme in 2020/21.

The restrictions as a result of COVID-19 significantly impacted on the delivery of the Graduate Trainee Programme throughout 2020/21 with qualification delivery moving to online platforms and creative solutions being required to support new trainees in roles. This aspect was successful in maintaining the quality of educational provision. The remote working environment created an opportunity to try alternative models for involving trainees in innovative solutions for Business Improvement and the usual conference was replaced with virtual "Dragon's Den" events at which Trainees pitched their ideas and creative solutions to managers. It is expected that some of these will be taken forward leading to tangible improvements to our services.

GEM Programme Talent In House

The Graduate Empowerment Mentoring (GEM) Programme is a training scheme, supported by 'Incommunities Group' seeking to build careers in housing. The GEM Programme lasts 12 months and during this time GEMs attend experiential learning events, build their network across the sector and complete the Chartered Institute of Housing level 4 qualification. Housing Services Division has participated as a partner in the GEM Programme since 2016 and in 2019 piloted a "Talent In House" GEM programme which involved two Housing Services staff joining the GEM Programme as a learning and development opportunity.

Whilst COVID-19 restrictions prohibited the annual Belfast GEM Shack Conference taking place in person, the Housing Services GEMs worked with a GEM from Clanmill Housing Association to deliver an online conference for GEMs across the UK in February 2021. In January 2021 three further existing Housing Services staff joined the GEM Programme Talent In House which will be delivered in 2021/22 primarily through online platforms and learning events.

The full benefits of a GEM Talent In House Programme will be evaluated in 2021/22 but it is evident to date that the GEM Programme Talent In House continues to perform as a beneficial learning and development opportunity for Housing Services staff and networking opportunity for the Housing Executive with Housing providers across the UK, promoting shared learning and best practice.

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 results are compared against a range of other UK social housing organisations.

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; and
- Estate services.

Results over the past number of years have, in the main, been extremely encouraging and demonstrate high performance with positive trends. During 2019/20 (most recent data available) rent collection rates were impacted by technical arrears built up during the Universal Credit and Rates Relief application and assessment processes. Further initiatives are ongoing which aim to improve rent collection and arrears reduction.

Tenants continue to report high levels of satisfaction with service, their homes and neighbourhoods and void properties remain consistently low (thus minimising associated lost rental income).

In 2019/20, relet times remained lower than comparative organisations and tenancy turnover continued to decrease.

Performance comparisons across our activities for the year, using 25 different measures, showed that Housing Executive performance was ranked in the top 25% for 14 of these (54%) and above average for a further 7.

Under our Property theme, Housing Services carried out the following services:

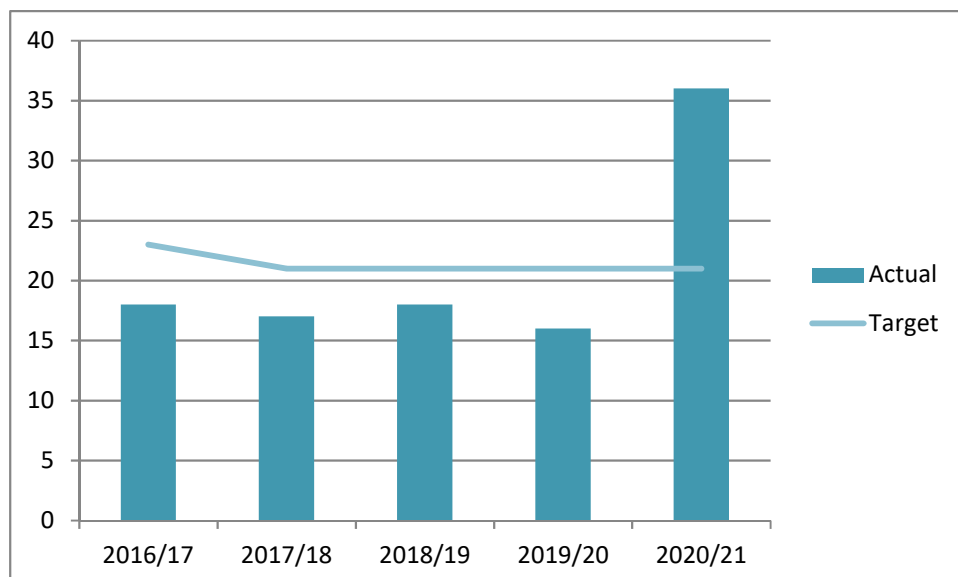
Relets and Voids

The management of both the re-letting of our housing stock in a timely manner and managing lettable empty properties (voids) has been significantly impacted by the pandemic. Our relet target (LLHS KPI 1.3.1) has not been met this year with an average of 36 days against the target of 21 days.

Housing Executive Re-Let times have been heavily impacted as a result of Public Health Authority restrictions that have been put in place in the past year. Regulation 5 of the 2020 Regulations covered the period from March up until 15th June 2020 and provided that no person should leave their home without reasonable excuse. At the time, these restrictions coupled with our contractors being unable to carry out non-emergency repairs (including Change of Tenancy repairs) had a significant impact on our frontline housing functions.

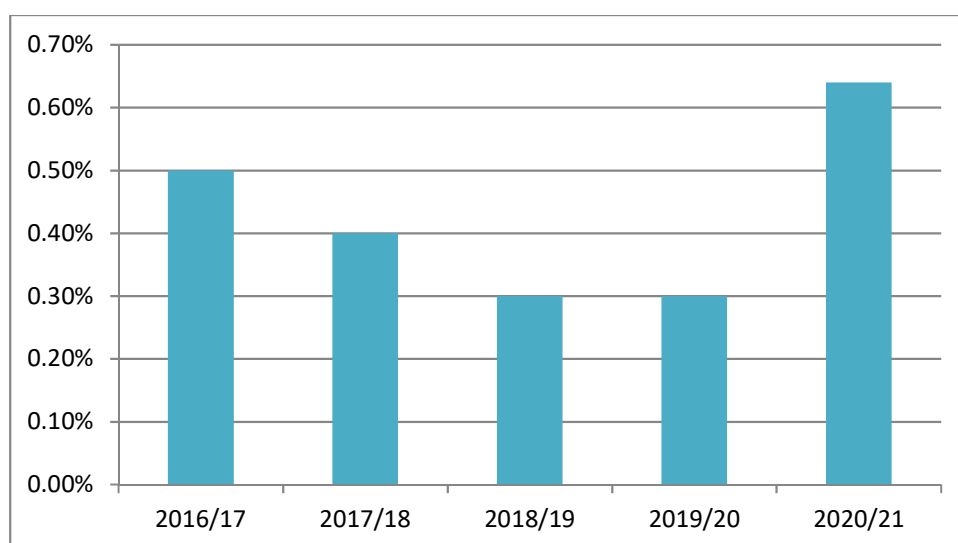
Since the removal of Regulation 5, lesser restrictions have been in place to date which have continued to result in timescales for property viewings to be elongated with some applicants being unable to view properties due to restrictions in movement or self-isolation which results in properties being held for longer periods of time. The lockdown of non-essential businesses has led to applicants' continuing inability to access services to aid with moving e.g. furniture removal or purchasing household items thereby impacting commencement of tenancy dates. While our contractors continue to make large reductions in the backlog created during the early COVID-19 restrictions, they continue to be impacted with multiple trades not being able to be on site at the same time for commencement of tenancy repairs and self-isolation for contractor staff. The situation was further complicated by new maintenance contracts which started on 1st September 2020. Although the knock-on effects of the pandemic restrictions and cost and supply of materials will likely result in the issues detailed above continuing, the numbers are likely to remain high into the next reporting period, however the ongoing deficit reduction in work should continue to drive re-let times on a downward trend towards pre-pandemic levels.

Chart 6 – Average relet times (days) 2016/17 – 2020/21



Our KPI to ensure that 99.3% of our stock (84,692 homes) was occupied (LLHS KPI 1.3) was comfortably met with 539 voids at March 2020 representing 0.30% overall. (See Chart 7)

Chart 7 – Void properties as a percentage of total stock 2016/17 – 2020/21



Leasehold

During the 2020/21 we continued to carry out works and services to approximately 6,100 leasehold properties. Despite the pandemic, key services continued to be delivered to customers including works and services, preparation of charges and billing and the collection of the general service charges and planned scheme improvement works.

The estimated yearly charges applied to the General Service Charge accounts for the 2020/21 year totalled £1.56m with a further £372k of planned scheme costs billed for payment. General service charge arrears increased by £67.5k and planned scheme works increased by £104.5k.

In advance of planned scheme works being carried out at the blocks where sold flats (leaseholders) are situated, 686 leasehold flats were advised of planned works to be carried out and the estimated costs for payment when works were completed. These leasehold flats are to have the following works complete; External cyclical Maintenance (601); Replacement roofing works (37) and Double Glazing (48).

Throughout the year the Leasehold unit also provided pre-sale conveyancing information and completed the necessary tasks to 242 leasehold properties where resales/change of ownership took place. To support the House Sales applications for flats, 99 estimated service charges were prepared for inclusion with the offers.

Commercial Property

The impact of COVID-19 and the associated government restrictions on commercial outlets have had a significant impact on collectable income and arrears over the financial year. Under challenging conditions Collectable Income for 2020/21 was 74.2% and Arrears at year end were £0.41m. Rent abatements were applied to Commercial Units that were forced to close to offset any wholesale termination of tenancies. No tenancies were terminated as a result of the pandemic and void levels were maintained at 37 at the end of March 2021.

Under our Places theme, Housing Services provided the following services:

Communities

In addition to our core functions as a landlord such as allocating homes, collecting rent and maintaining properties, we invest heavily in the communities we serve to help create vibrant, safe and sustainable communities. We aim to achieve this through the work of our Community Safety, Community Involvement, Community Cohesion, Estate Services, Social Enterprise and Customer Excellence teams. Last year we had six KPIs directly linked to the work of our 'Communities' teams. Information on our performance last year is detailed below.

Communities' response to COVID-19

A COVID-19 Community Response Fund was established to meet the emerging needs of our communities and to promote the welfare and comfort of Housing Executive tenants and occupants of our properties. The fund went live on 21st April 2020 and it was open to constituted groups including Housing Community Network groups, organisations and social enterprises working within Housing Executive communities. Groups could apply for funding up to a maximum of £1,500 to provide support and assistance to those considered vulnerable within our communities, assist in helping the most vulnerable within our communities stay connected and reduce isolation. The response was extraordinary and we engaged with established community groups, who previously we had no knowledge of. Awards totalling almost £280K were made to 205 groups to provide a range of activities and assistance in line with Government COVID guidelines.

Community Safety 2020/21

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, and we will work with a range of statutory and partner agencies to, address all forms of anti-social behaviour where it occurs in our estates. During 2020/21 we responded to 1,912 reports of alleged anti-social behaviour. The work of our Community Safety Team specifically helps work towards Draft PfG Outcome 7 - We have a safe community where we respect the law, and each other.

We successfully published and implemented Year 1 actions for our new community safety strategy (LLHS KPI 3.1) 'Working Together for Safer Communities 2020 – 2023' which spans three main themes - Building Community Confidence, Ensuring Local Solutions and Working Together. The strategy will be supported by annual actions plans and we will continue to work with a range of partners across statutory, voluntary and community sectors.

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 we will issue warning letters, mediation, offer support for underlying issues and seek injunctions. Given the importance of addressing unacceptable behaviour during the pandemic, all these approaches continued to be available, albeit using different methods given COVID-19 restrictions.

Where appropriate, we used legal powers to end unacceptable behaviour and during 2020/21 three decrees for possession were obtained on the grounds of anti-social behaviour and a further six 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. During 2020/21 court proceedings were impacted by COVID-19 restrictions, with regular changes in guidance issued by the Lord Chief Justice's office continuing throughout the pandemic, and the changing situation with the Enforcement of Judgements Office there was a decrease in legal action that could be taken.

We also use mediation and restorative practices. Throughout the 2020/21 year our procured Mediation Service Provider worked on 42 neighbour disputes. This service continued despite COVID-19 restrictions by using video and phone calls. 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 388 cases of neighbour disputes, an increase of nearly 100 since last year. Both these grassroots community organisations have been at the centre of responding to emerging community needs throughout the pandemic as part of their community support role.

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 and schemes to support victims of hate crime. In 2020/21 £403k was awarded to address community safety in our estates. This is a decrease on last year as many of the planned programmes, workshops and services were adversely affected by COVID-19 restrictions.

Overall 89% of those surveyed reported they would be willing to report ASB to us in the future and 92% of those surveyed found staff courteous, sensitive, responsive and knowledgeable when dealing with their complaint.

Community Involvement

The Community Involvement Strategy 2018-2023 provides a framework for the Housing Executive and tenants, residents and leaseholder's to work together towards mutually agreed outcomes and how communities along with their local community associations and residents associations, can get involved in developing their local services to improve their quality of life.

Our Community Involvement strategy has been developed via a co-design process with the Housing Community Network (HCN), so that the actions contained within it reflect our communities' aspirations. It sets out opportunities for involvement, emerging issues along with an agreed Action Plan outlining our key themes and priorities. In 2020/21 we

successfully implemented Year 3 of the Community Involvement Strategy Action Plan (KPI LLHS KPI 3.3).

Despite the numerous challenges presented by the pandemic, we continued to create opportunities for tenants, leaseholders and those living within our estates to obtain their 'digital wings' (digital training to develop digital capacity and capability). This enhanced our existing communication channels and digitally enabled and engaged our communities to continue to challenge and lobby is on issues that impact and affect them.

As the Coronavirus lockdown forced office closures and working from home, we fast-tracked the procurement of online 'Housing Executive Forums' to allow facilitate collaborative working with community and voluntary partners. This has enabled us to progress collaborative activities during the lockdown period. The forum allows secure file storage, email exchanges, file sharing, discussion forums and news and announcements.

In 2019/20 we supported 124 local community groups across Northern Ireland supplying them with much needed laptops to get on line and help stay connected. We also supported the Central Housing Forum (CHF) and the Rural Residents Forum members in terms of digitally enabling them to engage with us via a digital platform by funding a number enabled tables and also provided them with training from Supporting Communities. These digital platforms have helped us to engage with our community involvement framework and continue to work and meet with communities through this year's challenging circumstances. Despite the pandemic we continued to work with 'hard to reach' groups and a range of partners to continue to deliver, support and enable local communities.

Central Housing Forum (CHF)

The forum has continued to meet and challenge us throughout the pandemic via online meeting, working through business as normal work programme. CHF have had presentations such as our Older People's Housing Strategy, Community Safety and Social Enterprise Strategies to enable them to give feedback on our work. They have also met with the Housing Executive's Chair and a number of Board Members and Directors to discuss issues relevant to the community they serve.

Youth Forum

We have been working with the youth Forum to develop a succession planning process to enable young people to join and engage with our Housing Community Networks in the future. The forums have been meeting virtually during pandemic and received a number of presentations from Housing Executive staff and colleagues in Department for Communities (DfC) regarding the draft Tenant Participation Strategy.

Disability Forum

The forum continued to meet throughout the pandemic via Zoom facilitated by Disability Action Northern Ireland. The forum also met with the 'All Party Working Group on Disability' in February 2021 to discuss issues impacting people with disabilities.

Rural Residents Forum

The Rural Resident's Forum (RRF) continued to meet on a regular basis with housing executive staff. RRF has continued to follow their work programme and receive

presentations from internal and external departments. RRF met regarding 'Draft Programme for Government Framework for consultation and feedback and have also presented to the Social Housing Committee in Stormont on issues that relate to people in rural areas.

We have also invested £216k in our communities through our area based community grants programme focusing on emergency COVID funding and equipping our communities with digital equipment in order to engage with us at a local level.

We have continued to work with our colleagues in Supporting Communities to develop new community groups in under-represented areas. As a result, there were 23 new community groups established and have also maintained 23 community champions during the pandemic. In addition to this, we have engaged with the Rainbow Project to ensure LGBTQ+ representation on the Central Housing Forum and as a result we are in the process of setting up a LGBTQ+ Forum.

In 2020/2021 we have enhanced the role of the Central Housing Forum by adding new working groups on key areas including Welfare Reform, Planned Maintenance, Mystery Shopping and Digital Inclusion and LGBT+Q forum. Supporting Communities has also provided training sessions on topics such as good governance, social enterprise, committee skills, and impact awareness training.

Community Cohesion

Community Cohesion is all about joined up thinking and collaborative working between and within our communities, agencies and individuals to create a common vision and sense of belonging that values and appreciates people from different backgrounds and develops and provides positive relationships between people from different backgrounds in the workplace, schools and between groups and communities.

The Housing Executive invested over £364k into our communities during 2020/21. Our 13 Good Relations Officers, Race Relations Officer, Interface Officer and Shared Housing Officer, work in partnership in local communities to translate our Community Cohesion Strategy into practical and tangible outcomes for our local communities.

The Housing Executive is continuously moving forward to build a greater understanding, confidence, trust and safety in order to promote good community relations for our tenants, residents and leaseholders within our estates across Northern Ireland.

The Strategic Cohesion Forum (SCF) continues to scrutinise our community cohesion strategy and policies to ensure they are fit for purpose and easily implemented on the ground.

The Community Cohesion Strategy 2015-2020 outlines five themes:

- Segregation/Integration;
- Race Relations;
- Communities in Transition;
- Interfaces; and
- Flags and Emblems.

During 2020/21 we made good progress across many strands of Year 5 of the Community Cohesion Strategy (LLHS KPI 3.2.1), however due to pandemic restrictions, progress has been affected particularly in relation to work that relies on engagement at a local level and therefore we achieved an amber rating for our KPI at year end. In October 2020 the Housing Executive's Board approved the extension of the current Strategy to March 2022. Thereafter a new three year strategy will be developed.

In 2020/21 we funded 78 estate based projects, nine race relations projects and nine reimagining projects of contentious murals on our estates. We also supported seven projects under our External Funding Areas at Risk Programme, five Major Programmes under SEUPB Peace IV Programme, and one under the INTERREG funding programme.

Under the 2020/2021 action plan, the Housing Executive's Community Cohesion team also supported the delivery of the Department for Justice (DOJ) programme to remove all interface barriers by 2023. We will work with local communities at their pace to achieve these outcomes. This activity contributes to the draft Programme for Government Outcome 4: Building a Strong and Shared Community. To date we have completed 14 interface locations and have invested £1,808k.

Overview of Social Enterprise 2020/21

Housing Executive funded social enterprises deliver outcomes related to disadvantage, deprivation, reducing economic inactivity and delivering greater innovation as well as working towards a more equal society outlined in the draft Programme for Government. Apart from paid employment, many of our Social Enterprises offer work experience, volunteering opportunities and training geared to an appropriate level to help people, many of whom are our tenants, prepare for work or a return to work and fulfil their full potential.

Building on the success of the previous strategy, the Board approved a new Social Enterprise Plus Strategy 2020-2024 which had three key objectives.

- To strengthen our communities;
- To improve our customer's economic circumstances;
- To find new ways to work in partnership.

The KPI (LLHS KPI 3.4) to implement the Social Enterprise Plus Strategy and Year 1 Action Plan was achieved despite delays associated with COVID-19. A 2020/21 budget totalling £190k was set. As the effects of the pandemic and lockdown were felt across Northern Ireland, many of social enterprises were well placed to rapidly respond to emerging community needs and were among the first to step up to deliver meaningful outcomes for

them. In some cases they diversified to provide or enhance a broad range of services to those who needed them at a time of great uncertainty.

In June 2020, senior managers explored a range of options. Given the need at community level, they agreed that Social Enterprise Plus 2021/22 budget, should be brought forward, thereby doubling the available budget for 2020/21. The funding programme launched successfully. In total over £330k was awarded to 23 groups and 4 individuals.

Recipients of the funding include groups which offer opportunities to develop and train local people to help improve life-skills and provide important services in Housing Executive communities. Five applications with the potential to provide future partnerships were among those funded this year. Four individual awards went to business development initiatives which could lead to additional employment in areas of high deprivation and unemployment.

Although the funding distribution was delayed until January 2021, some groups have been able to demonstrate the value of their award already. A social enterprise which provides services for children and young people with complex needs has recruited two additional full time support workers, both of whom live in social housing Communities and four existing staff members have been able to embark on training for an accredited qualification which has potential to increase their employability and future earning capacity. Three of these staff live in social housing communities.

Going forward, additional 2021/22 budget has been agreed for the Social Enterprise Plus funding programme, and it is hoped that the application window will open later in the year. In the interim, the Housing Executive Social Enterprise team will continue to engage with successful and unsuccessful groups, providing advice, offering sign-posting, introductions, advice based on the lessons learned by others and best practice visits as well as ongoing connection and support.

Estate Services

The Estate Services team work closely with Asset Management and both central and operational Housing Services staff on the delivery of the Response, Planned (including Major Welfare Adaptations) and Grounds Maintenance Contracts to ensure that staff are supported and our customers' needs are represented. This work contributes to the following outcomes as set out in the draft Programme for Government (PfG) 2016-2021. 'We have created a place where people want to live and work, to visit and invest.'

During 2020-2021 staff were involved in the procurement of the new Response Maintenance contract for five areas. Despite the interruption of the tender process in March 2020 the contract commenced on 1st September 2020 without incident against the backdrop of delivering a maintenance service during a pandemic. The new contract has enhanced customer service provision included; revised Contract Management arrangements, revised Public Liability Claims and Complaints clauses and an improved appointments system. The aim is to deliver an improved customer service and we continue to report on business related activities for the Areas.

Our Response Maintenance contract delivers physical measures to support those customers who have been a victim of Hate Crime (Hate Incident Practical Action – HIPA scheme), who may need the provision of a welfare adaptation(s), a safe room made possible through the

Sanctuary Scheme or who require assistance in living with Dementia which may help them remain in their home for as long as they require. This contributes to the outcome as set out in the draft Programme for Government (PfG) 2016-2021. 'We care for others and we help those in need.'

Preparation for the new Planned Maintenance Contract began during 2020/21 and as part of this process Estates Services staff reviewed and revised the standards for tenant consultation and a decant policy which incorporates a new payment to customers for particular circumstances. Social Value clauses are also included in these contracts which are anticipated to commence in the near future.

Underpinning this new contract is the development of a new Planned Maintenance IT system (PMITS) which it is anticipated will provide improved visibility of scheme activity ultimately enhancing the customer service delivered locally thus in addition to the Social Clauses, contribute to the outcome 'We have high quality public services'.

Over the year 2020-2021 some business as usual activities which had been a priority were overshadowed by the pandemic as focus was on Response Maintenance service delivery which had to be tailored in line with government advice ultimately changing the way we delivered the service. Working closely with Asset Management colleagues and the Central Housing Forum (CHF) the evolving situation was regularly and consistently monitored and steps were taken to ensure that our customers received the service as much as possible in the way they preferred.

During 2021-2022 we will deliver a pilot training package on the new Planned Maintenance Contract (Scheme Delivery Process) to area staff and we will continue to work with Asset colleagues on the provision of training and guidance material.

Next year we will also encourage staff to avail of our services and will continue to engage with local via the various forums across Housing services to provide support as and when required for this key service.

Grounds Maintenance

Grounds Maintenance plays a key role in improving and protecting the physical environment of local communities and estates. At the outbreak of the pandemic, which coincided with the growing season, there was an initial break in delivering services for approximately one month. However, in line with Government restrictions work was soon able to recommence and we were able to address excess growth, weeds and littering on our estates and to bring them back to a high standard.

Across all three regions, we delivered a number of community initiatives including:

North Region

- Barra Drive, Ballykeel - in consultation with local residents, a former bonfire site was developed into a community garden. The positive impact of this scheme has resulted in further requests in this area to develop other bonfire sites;
- Glenbane Avenue, Rathcoole - we consulted with a local residents group and developed a community growing space where local residents are able to grow their own produce.

South Region

- Kilcooley Square, Bangor – In partnership our local office, community groups and an external design team, redesigned the Kilcooley Square area radically improving the design, landscaping, layout and infrastructure of this area. This was completed at the end of 2020 and received very positive feedback from a range of political and community representatives.

Belfast Region

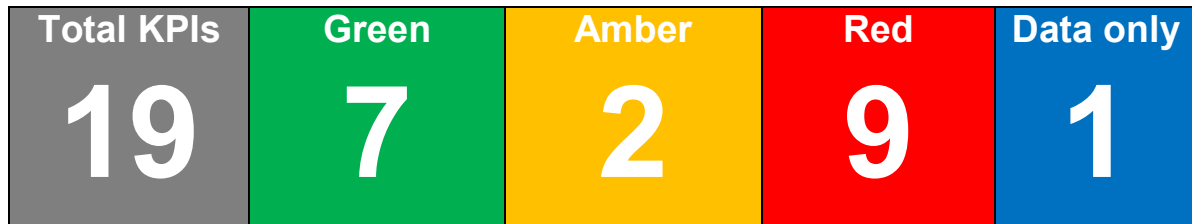
- There were 73 Landscaping projects carried out in Belfast Region in 2020/21, ranging from landscaping of complete estates removing hard surfaces, creating woodlands and large scale tree planting of 3,790 trees. All of these schemes involved working alongside residents groups and public representatives to achieve sustainability for our residents.

A new bespoke Grounds Maintenance IT system that is compatible with our Geographical Information Systems (GIS) and Customer Service Units (CSUs) is currently in development and expected to be launched in 2022. The new system is expected to improve process and maximise efficiency.

Asset Management

The KPI count below (a sub-set of the overall KPI totals) is a summary of Asset Management 2020/21 KPI performance across all three themes of People, Property and Places. COVID-19 restrictions have, in some instances, been a major contributory factor in not meeting year-end targets. The KPIs where it is assessed that these factors contributed to the final outcome are indicated in the report.

Asset Management KPI Performance 2020/21



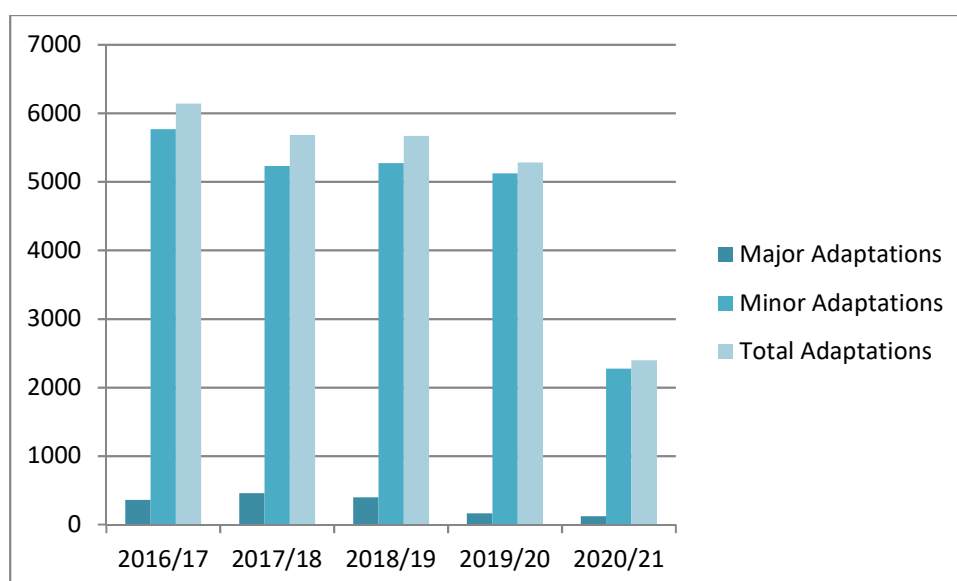
Under our People theme, Asset Management provided the following services:

Adaptations to Homes

For some of our tenants, where appropriate, we undertake bespoke adaptations to our own stock. These adaptations can either be minor or major. A minor adaptation may be installing grab rails or replacing a bath with a shower, whereas a major adaptation is more complex and could include bespoke adaptations to properties such as internal reconfigurations, single and double storey extensions and adding access ramps. Our commitment to assisting our tenants with maintaining their independence to allow them to live comfortably in their own homes also contributes to Programme for Government Outcome 8: We care for others and we help those in need. In 2020/21 we have:

- Commenced 121 major adaptations;
- Installed 183 lifts;
- Installed 449 adaptation showers; and
- Completed 1,824 other minor adaptation works.

Chart 8 – Major, Minor and total adaptations to homes 2016/17 – 2020/21



We have been working to streamline the length of time tenants wait to have a major adaptation completed (LLAM KPI 4.1). The target for 2019/20 was 88 weeks and by Year 4 (2020/2021) to be 52 weeks or less (measured from agreed Occupational Therapist recommendation). The majority of live schemes are experiencing risks to delay due to challenges experienced including issues with gaining assess, delayed surveys, shielding and resourcing issues, all as a direct result of the COVID-19 pandemic and therefore the KPI was not met. We did however make good progress over the duration of the four year Corporate Plan against challenging targets. We also exceeded our target of starting 102 Major Adaptations for people with a disability (LLAM KPI 4.2) achieving 121 starts in 2020/21.

Asset Management Divisional Training & Development

Providing staff with the required training to ensure that they have the necessary skills to deliver their job role continues to be a key focus, with particular emphasis on contract management training and best practice.

Over the course of the last year, following the drafting, development and tender of the CT055 Planned Maintenance Contract, training has been provided to over 90 Asset Management Project Delivery staff, in preparation for mobilisation and management of this new contract once awarded.

Training has also been delivered to over 25 Project Delivery staff responsible for the management of the Major Adaptations for Persons with Disabilities (MAPD) contract, prior to mobilisation and in preparation for delivery.

Due to the current circumstances of the COVID-19 pandemic, training has been delivered to staff via web based software in some cases across multiple sessions, and has proved successful.

A continued focus for 2021/22 will be the Central Contract and Performance team providing support, advice and any additional training required/ requested to operational colleagues

regarding all new and upcoming contracts through the Asset Management and Housing Services Directorates.

Graduate Trainee Programme

Our award winning Asset Management Graduate Trainee Programme, the division's succession planning model, has successfully delivered graduates from key technical disciplines to meet our staffing requirements.

Since the programme commenced in 2015, we have recruited 38 and retained 35 Graduate trainees who have successfully completed the programme and are placed within job roles across key divisional departments such as Asset Strategy, Project Delivery and Compliance Health & Safety.

Almost all graduate trainees are currently fully embedded in their job roles within the staffing structure, including the fourth tranche of graduate trainees who all completed the programme during Summer 2020. The programme aims to develop staff and provide them with multi-purpose skillsets which can be utilised on projects across the division, resulting in a well-informed, flexible and motivated staff resource, who understand our business. A number of staff, who have come through the programme, have been successful in securing promotion within the organisation to management positions.

A key focus of our recruitment process and advertising campaign continues to proactively encourage female applicants, aiming to change the profile of the male dominated construction industry. Currently 20% of our graduates are female. Due to the success of the programme we anticipated recruiting a further tranche of graduate trainees in 2020 from key technical disciplines, primarily for roles within the Project Delivery department, which was put on hold due to the circumstances of the COVID-19 pandemic. However, this recruitment exercise is expected to progress in 2021.

Procurement

The actions of the Corporate Procurement Unit (CPU) contribute to the creation of a strong, competitive, regionally balanced economy by ensuring that an annual contract spend of approximately £200 million is managed effectively by the Centre of Procurement Expertise (CoPE) for the housing sector. Many procurement strategies implemented by the CPU result in more people in better jobs. The primary objective of a significant number of the contracts we procure is to help those in need and ensure that our tenants can live in a decent home, appropriate to their needs, in a safe and attractive place.

In the 2020/21 financial period, CPU awarded over 119 contracts worth approximately £230 million. This included the second tranche of an External Wall thermal improvement tender, valued at £23.4m and part funded by the European Regional Development Fund (ERDF). The third tranche will be tendered in due course.

The Housing Executive published the Planned Maintenance Tender in late September 2020. This tender is worth £446m over 7 years. Due to the complex nature and high value of the contract the CPU is currently finalising the award process and is aiming to issue contracts in early 2021/22. This programme of work is covered by our KPI LLAM 2.2.7 which requires CPU to commence tender for the new Planned Maintenance contracts and award contracts by Quarter 3 of 2020. While this has not been met we are aiming for a Q1 2021/22 completion.

Our KPI to award Response Maintenance contracts by the end of Quarter One (LLAM KPI 2.3) was successfully achieved. The Housing Executive awarded the Major Response Maintenance Programme worth approx. £69m in time for the existing contracts expiry on 1st September 2020.

The Housing Executive has awarded the second tranche of the European Regional Development Fund (ERDF) External Wall Insulation Scheme. This has partially satisfied KPI LLAM 5.1 meeting the requirement to award Phase 2. We are currently examining our Lessons Learnt from Phase 1 and 2 prior to commencing the tender process for Phase 3.

As part of the long term Tower Block Action Plan the CPU is working with Asset Management and Programme Delivery to carry out procurement processes for the Demolition of Monkscoole Tower Block and Latharna Tower Block. Monkscoole Demolition is currently being tendered and following the successful contract award the Housing Executive will follow up with the tender process for the Demolition of the Latharna Tower Block.

CPU is also working with our colleagues in Asset Management to develop the tender documents for the Sprinkler System Contract which will seek to upgrade and install sprinklers in all Tower Blocks throughout the Housing Executive stock.

The longer term Tower Block Refurbishment Programme is under development with the tendering of the Professional Services Contract commencing. This is the first phase in the design and specification for all Tower Blocks within Housing Executive ownership.

In line with the continued COVID-19 situation the Housing Executive Supplies and Services team has put in place a PPE Framework for four years. This Framework has ensured that all PPE requirements are secured for both the Housing Executive itself and the singly funded Supporting People schemes to ensure the bodies are fully equipped. This ongoing procurement service has provided the levels of equipment required to protect both our staff and vulnerable groups that Supporting People provides assistance to.

As a result of the UK's exit from the EU, the Public Procurement regulations have been amended to reflect the new situation i.e. all references to the Official Journal of the EU have been omitted and replaced with UK government references.

In addition this has resulted in the UK Public Sector being required to advertise all above threshold tender processes on the new 'Find a Tender' service. This requirement is being facilitated by 'etendersNI' which is now automatically directing the advertisements to this portal from the 1st January 2021. The CPU is also amending the tender documentation to ensure that it falls in line with the post Brexit requirements.

At this time there is still uncertainty regarding the implementation of the Northern Ireland Protocol. Presently the UK Government has extended the grace period for stricter border checks on the Irish Sea to October 2021. This extended period will provide the Housing Executive with additional time to assess our supply chain but may not ease risks relating to contracts for certain types of supplies. The risks being an increase in prices, delay in provision of orders and possible termination of contracts. The CPU will monitor this situation closely in the coming weeks and months.

The Minister for Communities announced on 3rd November 2020 that the Housing Executive would play a vital part in increasing the supply of social housing and reduce housing stress. The subsequent “revitalisation” of the Housing Executive will require the CPU to engage with our internal clients to ensure that the relevant resources and key expertise are utilised to implement this strategically important process. In the longer term with a requirement for increased investment in the current stock and ultimately increase the provision of housing stock there will be a greater emphasis on procurement services for this important addition to the Housing Executive’s portfolio.

Accommodation

The impact of the COVID-19 Pandemic has required the Facilities and Accommodation Department to effectively reprioritise its operations in order to ensure the safety and security of our buildings to allow essential staff to work from our offices.

This has involved ensuring that Personal Protective Equipment (PPE) is readily available for staff, a task made more difficult by the huge demand for these items. This work also included the measuring of all our public facing offices to allow for the erection of Perspex screens in readiness for a return of customers to our buildings. In addition, the Accommodation department has and continues to carry out audits of the estate to ensure all Covid19 related measures remain in place.

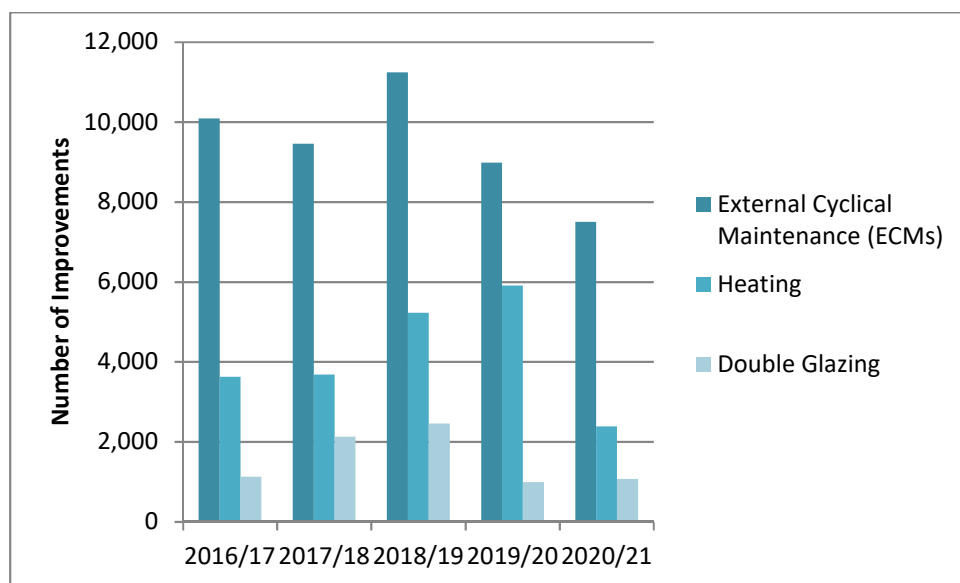
Under our Property theme, Asset Management provided the following services:

Investment Programme

In 2020/21 we carried out a significant investment programme despite the significant challenges faced. This investment included replacing various elements of tenant’s homes such as kitchens, bathrooms, roofs, doors, heating installations and External Cyclical Maintenance schemes. Under KPI LLAM KPI 6.9 we aimed to carry out 13,341 of these improvements through our planned maintenance programme of work. At year end we achieved 15,805 elemental improvements (a small number of which took place during the change of tenancy process).

The investment programme did not meet all its targets for the year. Targets were amended to reflect the challenges due to the pandemic. Whilst we achieved elemental improvement targets for External Cyclical Maintenance works, Heating Installations, Bathrooms and Kitchens. We did not meet the targets for, Bathroom, Kitchen and Rewire schemes (BKR), window replacements, fence painting works and roof replacements. Despite this shortfall we have improved the fabric and quality of a significant proportion of our housing stock which will benefit our tenants now and in the future.

Chart 9 – External Cyclical Maintenance, Heating and Double Glazing improvements 2016/17 – 2020/21



Asset Strategy & Investment Plan

Following the Minister for Communities statement on 3rd November 2020 on the future of the Housing Executive the Department for Communities approved an extension for a further three years of the temporary revised strategic investment approach that has been in place since October 2017. This is to allow the Department the necessary time to develop a model for our Landlord side that will deliver a sustainable funding solution to meet our future stock investment needs.

Consequently the review of our Asset Management Strategy planned for 2020/21 (LLAM KPI 2.1) was suspended, and our investment programme, therefore, continues to be focused on compliance and health and safety activities, adaptations, External Cyclical Maintenance (ECMs) and a programme of major component upgrading (e.g. bathrooms, kitchens, wiring, doors, windows, heating etc.).

Looking to the future our Energy Efficiency Strategy for our stock is now being prepared under the umbrella of the organisation’s Climate Change Strategy that will be developed in 2021/22. The significant funding that will be required for this investment is not yet available to us and consequently until this dilemma is resolved via the Minister’s initiative we will be preparing programmes and are already undertaking research and pilot schemes to test new technology. We issued our Draft Cavity Wall Insulation Action Plan for public and industry consultation in December 2020 and will be finalising this plan in summer 2021.

The business case for a pilot Modern Methods of Construction (MMC)/Low Energy re-provision scheme for a site at Sunningdale in north Belfast was board approved in March 2021 and by DfC on 31st March 2021. The KPI (LLAM KPI 4.6) was not achieved as approval was not granted until the last day of the financial year. We are currently developing a rural scheme and are testing the applicability of MMC for delivering major adaptations in our stock.

Tower Blocks Action Plan

Our Tower Blocks Action Plan (LLAM KPI 4.5) made good progress during the year. A demolition scheme has been prepared for Monkscoole House and will be on site later this year. Latharna House was approved for demolition and is currently being cleared, while the business cases for Rathmoyne/Coolmoyne, Kilbroney and Clarawood Houses have been submitted for approval. We will be installing sprinklers in most of the blocks and are currently procuring the refurbishment contract for the first tranche of long term retained blocks.

Direct Labour Organisation

Our 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 consists of approximately 460 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.

Performance and service delivery through the pandemic have been challenging and DLO have been instrumental throughout the pandemic in supporting staff and tenants alike with critical services that extend beyond their core responsibilities DLO operatives continued to access tenant properties to carry out repairs and complete maintenance throughout the period. Significant changes in working practise and use of PPE were swiftly embraced.

Further recent challenges have manifested via the availability and provision of some materials due to Brexit, again the team has risen to the challenge with effective thinking and changes in processes while continuing to deliver a first class service.

Early on in the pandemic the DLO staff provided 24/7 emergency 'make safe' call outs and delivered furniture and installed white goods to accommodate homeless need. They delivered furniture to staff to enable them to work from home and maintain business continuity for a range of our services and also assisted in the requisition of PPE for staff and Supporting People providers. As a result, the DLO team were joint winners in the 'Delivering through Adversity' staff award in 2020.

European Regional Development Fund Update

In September 2019, the Housing Executive announced the Energy Efficiency in Social Housing project to improve the energy performance of almost 1,900 of its homes across Northern Ireland. The six year €43.8(eligible costs) million programme is expected to be completed by the end of 2023, and a number of schemes addressing thermal efficiency of aluminium bungalows have already been completed or are currently on site across South Antrim, Causeway, Magherafelt and Omagh.

Improvements to the thermal efficiency of these homes include cladding, new double glazing and insulation. Due to the significant challenges experienced in the last year particularly due to the pandemic and the cost of and supply issues with materials; a 30% reduction to programme has been requested resulting in delivery of works to almost 1,900 properties by September 2023. The remaining thermal improvements works is programmed to be completed after that date.

For the first tranche of nearly 700 'no-fines' dwellings¹, most schemes are progressing through the relevant approvals process, with some already on site. The contracts awarded in November 2020 to deliver the second tranche of schemes to address over 1,000 'no-fines' dwellings through our Regional Offices across the province are currently at survey stage of the delivery process.

Supplier Relief due to COVID-19

From the end of March 2020 the Housing Executive ceased all non-essential works including Planned Works (for example, bathrooms, kitchens, doors and window replacements, etc.) This cessation of planned works continued through to June when works began to return slowly to business as usual as much as possible given the circumstances.

The Housing Executive categorised their suppliers into two tiers in relation to COVID relief:

- Tier 1 refers to suppliers that continue to deliver the majority of their services and are considered business critical to the Housing Executive during lockdown periods; and
- Tier 2 refers to suppliers that provide services that ceased during the first lockdown as they were classified as non-business critical.

The Housing Executive has provided a number of Supplier Relief Measures (consistent with Government procurement guidance notes released in relation to COVID-19) which included:

- Relaxation of the measurement of Key Performance Indicators and associated damages;
- Contract extensions of time where applicable and appropriate;
- Application for Payment Dates taken ahead of scheduled expected times during late March and early April 2020, where services have been disrupted and works ceased due to COVID-19 related issues;
- The assessment of Compensation Events for proposed costs for overheads for Tier 1 suppliers who continue to provide a full or partial service in many aspects of their existing contracts; and
- The assessment of Compensation Events for actual costs incurred due to COVID-19 for Tier 2 suppliers specific to Housing Executive contracts.

Any financial relief sought from Housing Executive suppliers was based on actual costs with evidence required to justify each claim, following Government procurement guidance, which emphasises the importance of value for money and the requirement of the Housing Executive to conduct appropriate and proportionate due diligence when evaluating and agreeing any claims made.

Response Maintenance

In 2020/21 we carried out over 325,000 response maintenance repairs to our tenants across our stock of just under 85,000 properties.

Contractor performance is monitored through Key Performance Indicators (KPIs) set out as contract requirement. These measure the contractor's performance to meet targets in terms

¹ A 'No-Fines' property refers to a construction method of homes and "no-fine" refers to the type of concrete used – concrete with no fine aggregates.

of cost, time, quality and customer satisfaction. During 2020/21 we successfully awarded new response maintenance contracts (LLAM KPI 2.3) that commenced in September 2020. Therefore we will not be able to report against these contracts until we have a full year of data.

MIS 2016 contract has 12 KPIs: one is an annual KPI (KPI 6), and 11 are monthly. Against KPI 6, which is reported at the end of August, six Contract Lots achieved the target, three Contract Lots did not achieve the target. On the rest of the monthly KPIs per lot, we have seen performance slip over the past 12 months due to COVID-19 which has had an unprecedented effect on contractors' performance across all contracts. MIS 2020 contract has 11 monthly KPIs these are pass/fail targets there is no amber scorecard unlike MIS 2016.

There is no Northern Ireland figure as the KPIs are measured by contract.

Compliance and Health and Safety

The Compliance Health and Safety Department, consisting of three teams provides the organisation with the assurance that compliance/health and safety requirements are being centrally co-ordinated and monitored in relation to the following aspects:

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

The Compliance/Health & Safety Department adapted to a working at/from home based arrangement to continue to provide their statutory function.

The Department provided a significant contribution to the organisation's COVID-19 response. This included their role on the COVID-19 sub-group, associated Task Teams, liaising with Contractors providing statutory functions, developing and updating organisational COVID-19 risk assessments and providing advice and training to line managers in relation risk assessments, home display screen equipment work stations, first-aid and fire safety provision; this together with the additional resources required to organise the remotely delivery of internal and external training programmes resulted in delays to the planned 2020/21 programme; these will be addressed in 2021/22 work plans for each team.

Despite these unprecedented challenges, the Compliance Health and Safety Department were responsible for successfully delivering against LLAM KPI 3.3 Health & Safety Compliance: Ensure the Housing Executive meets its Statutory Health & Safety requirements and ensure compliance with policies and procedures. This KPI was demonstrated through key targets implemented throughout 2020/21 including:

- 99.48% of annual landlord gas safety inspections were completed with the remaining properties being managed through the "no access" procedure;
- Fire safety risk assessments were unable to commence until August 2020, due to COVID-19 restrictions and 72% have been completed. The remaining 28% of

properties related largely to the Commercial portfolio, many of which were closed due to the lockdown restrictions;

- 97.5% of remaining asbestos surveys for bespoke domestic property archetypes, communal areas and garages were completed;
- 100% of Legionella Inspections in relation to the completion of log books and outstanding remedial works;
- 98.08% of reported incidents were investigated within 6 weeks;
- 100% of each Principal Contractor working on planned schemes per region received a Health, Safety and Welfare Inspection from the Construction Health & Safety Team; and
- 98% of Principal Contractor working on response maintenance projects per contract area, received a Health, Safety and Welfare Inspection from the Construction Health & Safety Team.

In February 2021 the Health and Safety Team significantly contributed and presented to a Contractor Health and Safety Awareness event to over 100 delegates. This event focused on current issues in the Construction Industry and the Health and Safety Executive for Northern Ireland (HSENI) future work plan. This was of particular relevance to the Health and Safety Team as we manage projects from concept to completion, non-conformance and serious and imminent dangers identified during Health, Safety and Welfare and including asbestos management arrangements.

At the same event, we launched a new 'Contractor of the Year Award' which is designed to promote safe working practices and effective health and safety management by our Contractors on Housing Executive sites. It will be presented to the three contractors who achieve the highest average score in Health, Safety and Welfare Inspection Reports over the next 12 months.

During the year we also published several Health and Safety Bulletins on key topics such as personal health and wellbeing, guidance on home workstations, driving for work and workplace transport policy and personal protective equipment for staff providing first aid and the use of defibrillators.

Regional Services

The Housing Executive is the Strategic Regional Housing Authority for Northern Ireland. Regional Services work encapsulates this strategic role. We work strategically on housing matters across Northern Ireland, supporting a range of stakeholders to create sustainable places and communities where people want to live. Many of our Key Performance Indicators (KPIs) help to deliver Programme for Government Outcomes.

We carry out significant customer-led research and market intelligence. This ranges from customer surveys, housing market analysis, house condition surveys, through to assessing housing need. The latter informs local authority community planning frameworks as well as the basis for the new build programme which is delivered in conjunction with our housing association partners 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.

In addition, we deliver a range of grant initiatives to address fuel poverty and housing disability adaptations in the private sector and are leading out through our land portfolio on a range of projects which are developing mixed use, mixed developments of housing.

As the Home Energy Conservation Authority for Northern Ireland, our role is to consider best practice and seeks to support improvements in home energy efficiency across the entire housing stock in the region. This is an important role which has gained strategic importance in recent years as climate change issues move up local and national governments' agendas.

The following section will outline our progress on achieving these important areas of work.

Regional Services - Funding Context

Regional Services is substantively funded by Government grant received from DfC, with a smaller proportion of funding provided by other bodies in relation to specific services that the Housing Executive delivers on their behalf.

Given the austerity funding constraints introduced across the wider public sector in recent years, there has been a continued requirement to seek efficiencies in order to deliver services within a reduced year-on-year opening revenue budget allocation.

Whilst funding for the Regional Services capital programme has been largely protected, significant funding reductions have been applied to the Regional Services revenue programme, equating to a real terms reduction of circa 20% since 2015/16. This has made programme planning very difficult with reliance placed on receiving additional funding via Monitoring Rounds in order to fund and stabilise service delivery given increasing costs and demands.

Regional Services – Financial Challenges

Programmes continue to experience significant increasing demands and costs, particularly in relation to the statutory homelessness programme. Whilst our aim will always be to protect operational frontline statutory services this is becoming increasingly difficult.

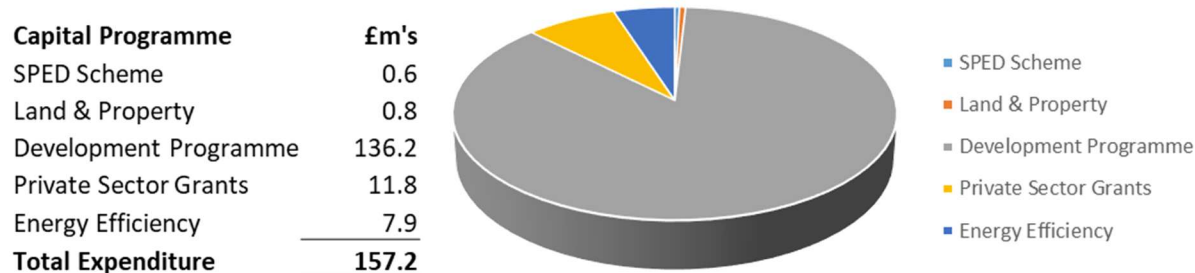
Accordingly, there remain major financial challenges going forward as the present level of funding is insufficient to redesign services to meet escalating level of customer demand and need. If additional funding is not forthcoming, this has the potential to significantly destabilise our ability to meet our statutory responsibilities in the future.

Regional Services - Financial Performance

Capital Expenditure Programme

The capital expenditure programme in 2020/21 delivered approximately £157.2m of services, with £136.2m (86.6%) of this provided to Housing Associations to support the delivery of the social housing development programme. A summary breakdown of the key elements of the capital programme is provided below:

Chart 10: Breakdown of Regional Services Capital Programme



*See Note 3 in Part 2 of Accounts

Key points to note are as follows:

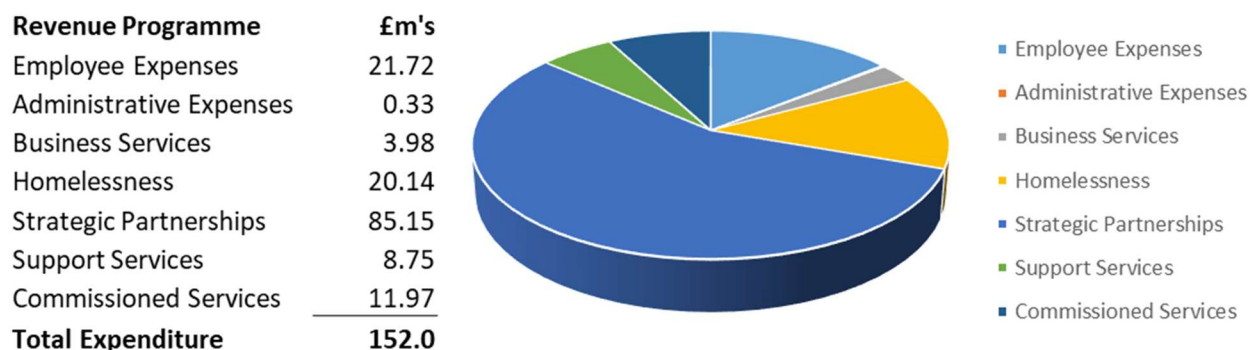
- **Development Programme** – The programme delivered a total of 2,403 new social housing starts during the 2020/21 year with a programme budget of £136.2m;
- **Private Sector Grants** – This programme includes expenditure of £9.3m for Disabled Facility Grants to help customers maintain a better degree of independence in their own home;
- **Energy Efficiency** – This programme includes expenditure of £6.7m in Affordable Warmth grant measures which includes cavity wall insulation heating, double glazing etc, and approx. £1.2m in grants to implement new more thermally efficient heating boilers.

Revenue Expenditure Programme

Meanwhile services provided as part of the revenue programme were extended during 2020/21 to provide a range of additional Covid-19 response services (£18.0m). This included £6.4m for homeless services and £11.6m for supporting people services. These

services were separately funded by DfC and are included in the summary revenue programme details below.

Chart 11: Breakdown of Regional Services Revenue Programme



*See Note 3 in Part 2 of Accounts

Key points to note are as follows:

- **Employee Expenses** – Salary costs continue to reduce in real terms, mirroring a year-on-year reduction in staffing levels. Note that Employee Expenses includes the staffing cost associated with the delivery of the Housing Benefit administration team;
- **Homelessness** - Homeless accommodation service demands continue to grow year-on-year, necessitating increased use of temporary accommodation in the form of single lets and, as a last resort, non-standard accommodation such as hotels and bed and breakfast accommodation. Costs in relation to temporary accommodation have increased by 65% during the past 3 years to the current level of £8.0m;
- **Strategic Partnerships** – This includes Supporting People programme funding of £72.8m which has been protected during the past 5 years. Despite this, pressures remain within the sector in the provision of supported accommodation.

Regional Services COVID-19 Response

Regional Services secured ring-fenced COVID-19 funding of £17.8m to introduce a variety of COVID-19 response measures, principally across the Homeless (£7.1m) and Supporting People (£10.7m) programmes.

The Homeless measures introduced included a significant expansion of temporary accommodation and wide range of support initiatives in order to deal with a rapidly increasing number of homeless presenters.

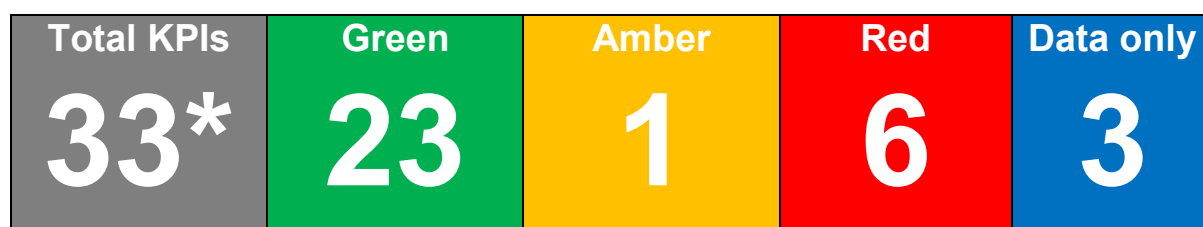
The Supporting People response sought to provide financial assistance to sector providers who experienced a reduction in funding income resulting from the need to reduce levels of occupancy in order to provide clients from risk of infection spread. The priority being to ensure that these vital services remained open.

Other elements COVID-19 related expenditure were incurred in relation to the Social Housing Development Programme and PPE/IT costs. These costs were funded from within existing baseline funding allocations.

A summary of the Regional Services COVID-19 expenditure for 2020/21 is detailed in the table below.

Homeless COVID-19 Response	7,101
SP - Provider Financial Support	9,596
SP - Provider PPE	774
SP - Health	1,194
PPE & IT costs	83
Social Housing Development Programme	2,517
Total Covid-19 costs	22,265

The KPI count below (a sub-set of the overall KPI totals) is a summary of 2020/21 KPI performance across all three themes of People, Property and Place. COVID-19 restrictions have, in some instances, been a major contributory factor in not meeting year-end targets. The KPIs where it is assessed that these factors contributed to the final outcome are indicated in the report.



*Does not include Homelessness Services and Housing Benefit KPIs that are operationally delivered by Housing Services and Finance, Audit and Assurance Divisions respectively.

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

Supporting People

The Housing Executive, as the strategic housing authority for Northern Ireland has the responsibility for securing the provision of housing-related support services and takes administrative responsibility for delivering the Supporting People (SP) Programme (introduced in April 2003) in partnership with Health and Social Care (HSC) and the Probation Board for Northern Ireland (PBNI), on behalf of the Department for Communities (DfC). The role includes awarding grant-funding to Provider Organisations, in order to enable them to deliver services that provide housing-related support and assistance to service users, thus assisting them to live more independently. Housing-related support enables vulnerable people to develop and/or maintain the skills necessary to live as independently as possible in their own home.

In 2020/21, there were 84 providers providing 857 services (of which 662 are Long-Term and 195 are Short-Term) to 19,908 Service Users within 15 Primary Client Groups and across four key thematic groups:

- Young People;
- Older People;

- Disability and Mental Health; and
- Homelessness.

The principles of the SP Programme are in line with the Draft PfG 2016-2021, and the work of the SP Programme contributes to several outcomes.

The PfG Outcomes inform 5 high level SP Programme Outcomes, which in turn links into the 11 SP Outcome Indicators (SPOIs) at service level. In 2020/21 we developed an Outcomes Front-End system, which has streamlined the process of submission of outcomes information both for Providers and SP staff. The new Outcomes system is an outline system for collecting, reporting, measuring and analysing Outcomes data across SP-funded housing support Providers in NI. In the 2020/21 year, the following Outcomes were reported against the 11 SPOIs for the four key thematic groups:

- Disability & Mental Health Thematic Group – average 94% overall success rate against the indicators across 35 Providers, delivering 286 Services;
- Older People Thematic Group – average 84% overall success rate against the indicators across 27 Providers, delivering 423 Services;
- Young People Thematic Group – average 87% overall success rate against the indicators across 11 Providers, delivering 31 Services; and
- Homelessness Thematic Group – average 86% overall success rate against the indicators across 39 Providers, delivering 113 Services.

Actual 2020/21 SP Programme spend was £72.4m, an easement of £0.43m. This may be considered in conjunction with an allocation of £0.52m which was initially made to the Provider Innovation Fund (PIF), a competitive fund that aims to support improvements to the delivery of the SP Programme. PIF actual spend was £1.21m, £0.69m above budget.

The PIF funded 21 innovative projects that will help to improve the support that Providers give to their service users. Some examples included:

- Providing training to service providers to help work with potentially violent service users;
- Delivering initiatives aiming to reduce social isolation for service user;
- Funding an intensive prison resettlement pilot for young people to reduce the risk of reoffending, loneliness and isolation upon release from prison; and
- Ensuring service providers technology infrastructure is fit for purpose to support and address the needs of service users remotely, due to the pandemic.

The challenges faced by SP due to the emergence of COVID-19 were unprecedented. SP funded providers experienced various challenges; however, the Providers adapted quickly to the change in circumstances and worked effectively in partnership across the sector. SP responded to COVID-19 by temporarily suspended contract management and introduced flexibility across contracts. A Supporting People COVID-19 Contingency Plan was then developed outlining the arrangements to support Providers to continue to deliver services during COVID-19, this was continually updated in line with any changes and updates, including Public Health and Central Government COVID-19 guidance. The SP Team had weekly telephone engagement with Providers through 2020/21, in order to deliver support

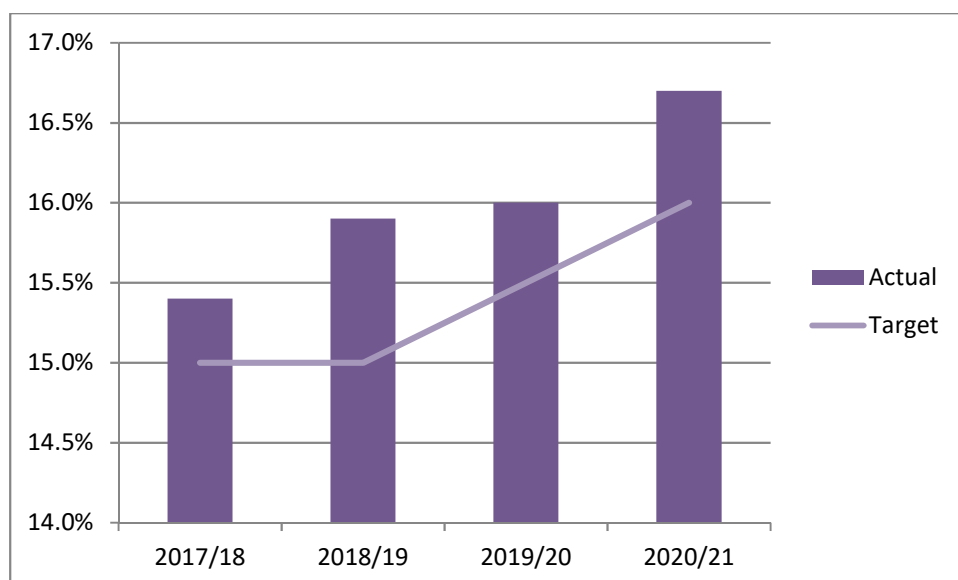
and share information throughout the pandemic. Some of services experienced reduced eligible occupancy due to COVID-19, as there were voids driven by Public Health Agency (PHA) guidelines in terms of social distancing and reduced capacity.

With approval from the Department for Communities (DfC), SP responded to COVID-19 by temporarily allowing Providers to spend previously frozen SP reserves on COVID-related expenditure. SP spent an additional £11.56m specifically on COVID-19 pressures including staffing, cleaning and PPE. Overall in 2020/21, £85.15m was distributed to Providers (including an additional £1.1m from the Provider Innovation Fund).

Despite a challenging environment Supporting People continued to perform well against KPIS and achieved or exceeded the following KPIs:

- Developed options for Ministerial agreement for the implementation of Standardised Regional Payment Rates in Supporting People (RSKPI 4.5.6)
- Exceeded a minimum spend of SP Programme funding delivered through Floating Support at 16% and achieved 16.7% (RSKPI 4.10);
- Developed and submitted a Strategic Needs Assessment to the DfC SP Programme Board (RSKPI 4.5.1). This evidence base will help to inform decisions on how SP services can be best delivered, to support future planning and decision making in the future; and
- Developed a procedure for standardised regional payment rates (RSKPI 4.5.5)

Chart 12 – Percentage of total Supporting People budget spent on Floating Support against target 2017/18 – 2020/21



Whilst we drafted, engaged on, received board approval and in 2019/20 formally submitted to DfC a three year Supporting People Strategy this KPI was not fully met. DfC requested further engagement and co-design. Therefore the strategy was not published in 2020/21. Work to publish this strategy will continue throughout 2021/22 including a public consultation exercise.

The Contract Management Teams (CMTs) are the main contact for Providers, delivering guidance and support on an ongoing basis as well as monitoring performance and quality of SP providers at scheme level.

In the 2020/21 year, 16 Quality Assessments and 64 contract management meetings were carried out. A significant number of other provider meetings were also managed remotely. Through contract management approximately 20 reconfigurations of services were carried out, composite contracts amalgamating the Funding Agreements for 18 services into one was carried out and four services were terminated. Two Housing family services were remodelled from accommodation to floating support in the Greater Belfast area.

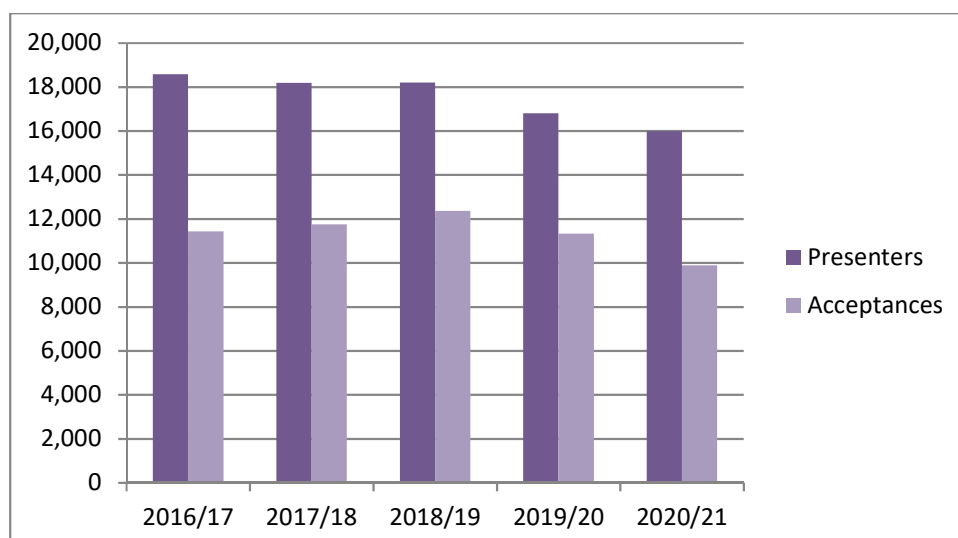
Providers inform SP of incidents arising within the parameters of the Major Adverse Incident Framework (MAI). Where necessary the SP Team will undertake follow up actions and report to DfC. In 2020/21, Providers reported a total of 266 (149 2019/20) MAIs across the four themes. The rise can largely be attributed to the COVID-19 pandemic. The effects of isolating, social distancing and the lockdown has also led to a decline in many service users' mental health, which can be attributed to the rise in MAI figures in this year compared to last. Despite the rise in MAI figures, SP continue to support Provider staff in their effort to keep service users safe.

Homelessness Services

The Housing Services Division delivers the homelessness function on behalf of Regional Services. In 2020/21 the number of households presenting as homeless decreased from a target of 16,802 (March 2020 outturn figure) to 15,907, representing a reduction of almost 5%. Those accepted as having Full Duty Applicant (FDA) decreased from 11,323 to 9,507 over the year representing a reduction of almost 13%. Single people, at 47% of the total awarded FDA, remain the highest overall presenter household category grouping.

The figures for presentations and acceptances ensured that both LLHS KPI 7.03 and LLHS KPI 7.04 were achieved but the significant impact of the pandemic on a number of homelessness trends should be noted in any analysis of the data for 2020/21.

Chart 13 – Numbers of Homeless Presenters and Acceptances 2016/17 – 2020/21



The top three reasons for homeless presentations in 2020/21 were sharing breakdown/family dispute, accommodation not reasonable and marital/relationship breakdown. Overall, 59% of presenters are in these categories.

In 2020/21 there was a total of 5,844 allocations for properties in social rented properties with 5,295 of these being to Full Duty Applicants. Allocations to Full Duty Applicants represented a total of 96.5% of all allocations in 2019/20. Over the course of the past year we have provided total funding of approximately £47.35m for homeless services across Northern Ireland. This includes £6.4m (including £267k for Persons from Abroad) to fund the Homeless response to the COVID-19 pandemic.

The overall funding of £47.35m (including the Supporting People element) helped provide the following key programmes:

- £12.9m on temporary accommodation, including Dispersed Intensively Managed Emergency (DIME);
- £1.6m for storage of personal belongings;
- £4.6m on outside agencies in the voluntary sector; and
- £27.2m on Supporting People funding of homelessness services.

Homelessness Services were responsible for a number of KPIs in 2020/21. KPIs were set at the beginning of the reporting period before the full extent or implications of the pandemic were known. While KPIs were not achieved, this was due to reallocation of staff, pandemic related challenges and a shift in focus to ensure core homelessness services, ours and our partners were delivered safely and promptly throughout the pandemic.

The Homelessness Strategy 2017-22 was published in April 2017 and over the course of 2020/21 there has been significant work to achieve the Year 4 actions within the Strategy. During 2020/21 additional actions were added to the Strategy to reflect the Housing Executive's homelessness response to COVID-19 and the ongoing development of the Homelessness Strategy 2022-27. The KPI (LLHS KPI 7.08) for the delivery of the Year 4 Implementation Plan was not achieved as a number of milestones were subject to delay as a result of pandemic related challenges. As with previous years delayed milestones have been brought forward and have been included in the Year 5 Implementation Plan. Key achievements over the course of 2020/21 included:

- Delivery of a Homelessness Prevention Fund which assisted organisations across Northern Ireland in the delivery of over 30 projects which aimed to assist households in sustaining their current tenancies;
- The continued implementation of a Chronic Homelessness Action Plan which was published in February 2020. This KPI was recorded as amber as a number of milestones were subject to delay as a result of challenges arising from the pandemic. (LLHS KPI 7.11);
- The Annual Progress Report of Year 3 of the Homelessness Strategy Action Plan was produced and available on the Housing Executive's website thus meeting the associated KPI. (LLHS KPI 7.09);
- Achieved our KPI (LLHS KPI 7.01) of maintaining the average length of time in temporary accommodation from March 2020 outturn figure from 39.3 weeks to 25 weeks. It should be noted that this KPI was significantly impacted by the additional

demand on temporary accommodation and, in particular, the number of short-term placements provided in non-standard accommodation. The KPI for placements in non-standard (LLHS 7.02) was not achieved as placements in non-standard accommodation increased from 1,648 in 2019/20 to 5,458 in 2020/21 with this increase attributed to significant additional demand arising from the pandemic;

- While arrangements were in place for a Peer Review of our Housing Solutions and Support approach to take place in 2020/21 this KPI (LLHS KPI 7.05) was not achieved as it was not possible to complete the review while lockdown restrictions were in place. Additionally, the company appointed has since ceased operating; and
- The continued delivery of Homelessness Local Area Groups which ensure that partner agencies at a local level and service users are involved in the delivery of the Homelessness Strategy.

Impact of COVID-19 on Homelessness Services

During 2020/21 the Housing Executive, in conjunction with our partners, adopted a co-ordinated response to address the impacts of COVID-19 in terms of homelessness in Northern Ireland.

The actions taken mirrored many of our existing strategic commitments, but the pandemic forced faster progress on key fronts. The pandemic does not pose equal risks to us all. People experiencing homelessness are at an increased risk of infection due to the shared nature of homeless accommodation settings and barriers to preventive behaviours such as regular handwashing and avoiding contact with others. Our aims from the outset were to safeguard as many homeless people as possible and ensure the continued operation of homelessness services in an effective and safe way and these have been achieved.

Our response has included:

- Lockdown of Night Shelters and restricted services in Day Centres in order to reduce the risk of transmission of COVID;
- Increased supply of temporary accommodation by more than 20% or over 650 units;
- Provision of additional support to vulnerable people and a shift from in-reach to assertive outreach. We are currently funding the provision of 130 units of dispersed support and 20 additional units of Housing First in Belfast;
- 'Everyone In' approach to identify and accommodate rough sleepers including those with no recourse to public funds;
- New arrangements for multi-agency consultation and collaboration;
- Joint working with Public Health, Department of Health and Department for Communities to produce cross sectoral guidance for homeless providers, testing and vaccination arrangements for staff and service users, and operating protocols to respond to COVID-19 outbreaks in homeless settings;
- Development of Reset Plan to deal with the longer term impacts of COVID-19.

The Impacts of COVID-19 will likely be long lasting - there has been a continued new flow of people experiencing homelessness for the first time since the start of the pandemic. We believe this will continue even when the public health risk diminishes. The pressures in relation to homelessness which existed before the pandemic, including a reliance on non-

standard accommodation in hotels and B&Bs, a lack of housing supply and a need to address the underlying causes of homelessness which are often not housing related, have all been exacerbated during the pandemic.

In considering our plans for 2021/22, our assumptions are that the crisis response will need to continue while we plan our response to the longer term impacts of COVID-19. Our focus remains on maintaining services and protecting the homeless, but our attention has also begun to shift to Post COVID-19 planning and transition to “new normal”. The Reset Plan was developed as a framework to do so. The Reset Plan identifies five priority areas for action and considers, what needs to be in place in order to continue to respond to the ongoing emergency, what needs to be done in the longer term to both reflect the lessons learned from the COVID-19 response and minimise its longer term impacts and what contingency arrangements need to be in place to deal with events which may or may not happen.

Disabled Facilities Grants (DFGs)

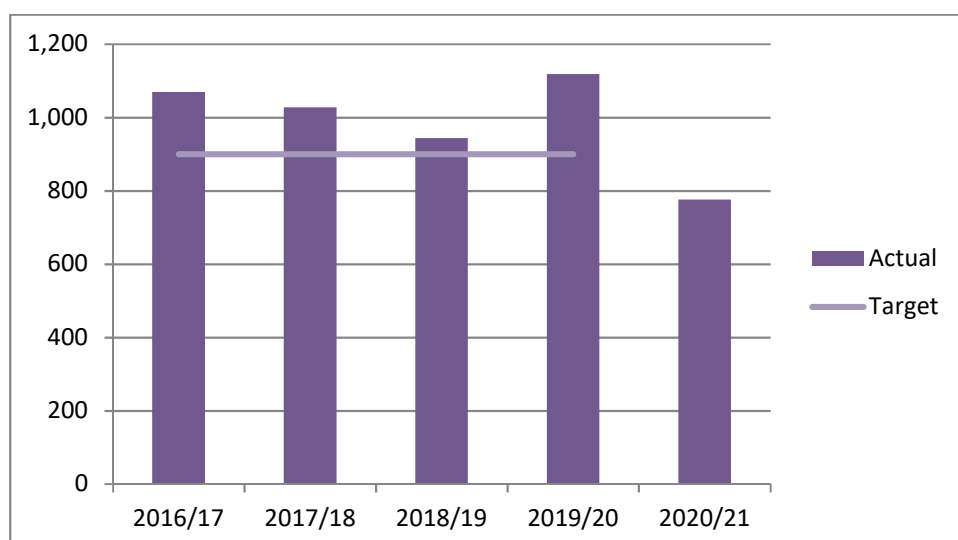
Disabled Facilities Grants (adaptations) is one of two mandatory grants offered by the Housing Executive. They are delivered in partnership with Health Trusts and Occupational Therapists. This work helps people to remain living independently for as long as possible.

Our work contributes to the draft PfG Outcome 8: We care for others and we help those in need.

Following the introduction of a new management system for Home Improvement Grants in 2019, we have agreed a new processing baseline for Disabled Facilities Grants for 2021/22 achieving the associated KPI (RSKPI 3.9).

During 2020/21 a total of £11.6m was approved through our Grants services with 776 Disabled Facilities Grants delivered at a cost of £9.3m (RSKPI 3.2). Please note that this KPI is demand-led and therefore there is no target since 2020/21.

Chart 14 – Disabled Facilities Grants Delivered 2016/17 – 2020/21



Accessible Housing Register (AHR)

The Accessible Housing Register (AHR) is a signature project, the importance of which is acknowledged within the Executive Office's Active Ageing Strategy 2016-22; as well as the Department for Communities' Facing the Future Housing Strategy 2012-17; and the Inter-Departmental Review of Adaptations Report & Action Plan 2016-17.

Accessible housing is a key enabler for people with disabilities, as it helps to promote better social inclusion and facilitates independent living. The AHR has evolved from being intended for use solely as an information tool, to the point where it will also serve to assist frontline staff offering housing advice and assistance and as a forward planning and allocations tool.

The Housing Executive in conjunction with the Northern Ireland Federation of Housing Associations (NIFHA) has developed an In-House Accessible Housing Register (AHR) Software Solution for Social Housing in Northern Ireland which completed in March 2021. The AHR survey form was developed in conjunction with key stakeholders including the Health & Social Care Trusts Occupational Therapy Service, Disability Action and disabled service users.

As a result we now have facilities to capture accessible data via an electronic version of the AHR survey form and an electronic calculation engine which will classify stock based upon the specific features of the property and match them against specific design standards such as wheelchair, lifetime homes, mobility standard etc. and assign the appropriate AHR classification which links in with National Register of Social Housing (NROSH) design standards.

The Housing Executive's AHR data collection will be included within the Asset Management Stock Condition Survey which aimed to survey over 66,000 Housing Executive properties on a rolling basis. This was set to complete in 2023 however COVID-19 has impacted upon the survey timeline.

Irish Traveller Accommodation Strategy

We published the Irish Traveller Accommodation Survey in May 2020. This surveyed 540 households comprising of 1,628 individuals and aimed to help better understand the accommodation needs of the Irish Traveller community in Northern Ireland.

Following publication on 3rd July 2020 on the draft Irish Traveller Accommodation Strategy 2020-2025 (RSKPI 2.11), there was a 12-week period external consultation. This was further extended for eight weeks.

The Strategy aims to "provide Irish Travellers with access to good quality, culturally appropriate housing accommodation which fosters a sustainable, vibrant Traveller community and promotes inclusion, a sense of belonging and security". The strategy was updated to reflect feedback received during the consultation process and was presented to the Board of the Housing Executive in March where it was approved for publication, thus successfully achieving the KPI.

Housing Research

Our Research Unit continues to play a key role in supporting the development of housing

policy and strategy within and beyond the Housing Executive. Our annual research programme (RSKPI 1.1) is formulated in consultation with a range of stakeholders, including the Department for Communities, with the aim of providing evidence to help inform planning and decision-making and ultimately the fulfilment of relevant Programme for Government objectives by the housing sector as a whole in Northern Ireland.

We began 2020/21 with a programme of nearly 40 projects under way or due to commence, in addition to other ongoing support and analysis activities. In line with public health guidelines and government restrictions, face-to-face survey work was suspended, but the use of telephone and online methodologies ensured that key projects, such as the Continuous Tenant Omnibus Survey (CTOS), were able to continue. Three new projects were also added to the Research Programme as a response to COVID-19, with the aim of providing insights on the initial impacts of the pandemic on our tenants, the housing market and our staff. A small number of projects were unable to be completed, were delayed or had been postponed due to COVID-19 and social distancing restrictions and therefore this KPI was scored as amber.

Findings published during the year included:

- a timely report on work undertaken to provide updated evidence on some of the impacts and outcomes of the Housing Executive's House Sales Scheme over a period of almost four decades;
- the findings of our 2018/19 Irish Traveller Accommodation Survey; and
- detailed reports on the Housing Executive's temporary accommodation portfolio and trends in homeless presentations and acceptances.

Each of the reports has informed, or will inform, the development of policy and strategy by the Housing Executive and partners across the housing sector as they work towards fulfilment of the wider objectives of the Programme for Government.

In line with our statutory responsibility and the five-year intervals between previous surveys, we spent much of 2020/21 planning for House Condition Survey fieldwork to be undertaken in 2021. However, following engagement with data users, stakeholders and other research bodies, a recommendation to postpone fieldwork until 2022 was approved in February 2021. Our House Condition Survey team has consulted with users to establish key statistics that can be modelled from the 2016 data as an interim measure, to meet data needs.

While the House Condition Survey was the project most impacted by the pandemic, some of our other research work was also subject to delays for a variety of reasons relating to the COVID-19 response, including a temporary suspension of organisational procurement activity in March 2020 and the necessary focus of many clients and stakeholders – who are an integral part of the research process – on maintaining and reconfiguring front line service delivery during the initial lockdown period.

This resulted in some slippage in the planned timelines for a number of projects, which was largely beyond the control of both the Research Unit and its clients. While we were also unable to facilitate the two Insight research engagement events (RSKPI 1.2) that would ordinarily provide an important opportunity to share and sense check our key research

findings, we produced and published two Insight Briefing summaries, providing an overview of recent outputs.

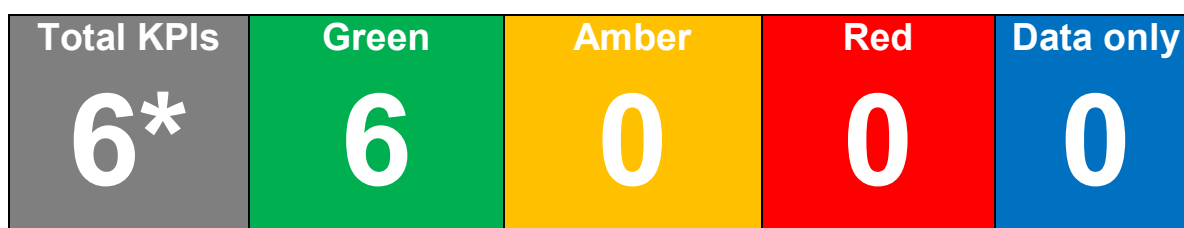
During 2020/21, work commenced or progressed on a range of projects including research on homelessness service user journeys and outcomes; an online private tenants survey; research on day services provision and its impacts on chronic homelessness; an evaluation of the Housing Executive’s solar Photovoltaic (PV) scheme; and a survey to help gain an improved understanding of the circumstances, needs and aspirations of social housing applicants. Findings from projects are made available on our website:

www.nihe.gov.uk/Working-With-Us/Research

Housing Benefit Administration

The Finance, Audit and Assurance Division is operationally responsible for the management and delivery of the Housing Benefit function. However as Housing Benefit is a statutory responsibility funded from the Regional Services budget, for consistency its performance is reported against Regional Services.

Housing Benefit KPI Performance for 2020/21 is shown below:



*These KPIs are included as part of the Finance KPI summary on Page 86.

At the end of March 2021 there were 117,676 customers claiming Housing Benefit (HB) broken down as follows:

Table 1: Breakdown of Customers Claiming Housing Benefit 2020/21

Housing Executive tenants	50,044
Housing association tenants	26,250
Hostel claims	1,944
Private rented sector tenants	39,438

Over the course of the year we paid out £532.7m in HB (excludes Discretionary Housing Payments), assessing 18,023 new claims for HB and dealing with 241,449 changes to existing claims notified by claimants and 4,110,561 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).

There were six KPIs for Housing Benefit in 2020/21. Housing Benefit demonstrated strong performance in exceeding their targets for all KPIs. This has been an excellent outturn given the challenges encountered dealing with COVID-19 and new working arrangements with the

majority of staff now working from home. Overall KPI performance for 2020/21 is shown in Table 2 below.

Table 2: Housing Benefit KPI Target and Performance 2020/21

KPI Title and Code	2020/21 Target	2020/21 Performance
SSKPI 5.1 - Process new HB claims within an average of 15 days.	15 days (average)	6.3 days (average)
SSKPI 5.2 - Process change of circumstances claims within an average of 5 days.	5 days (average)	2 days (average)
SSKPI 5.3 - Ensure an accuracy rate of 97% for HB award assessments.	97%	99%
SSKPI 5.4 - Recover Overpayments to the value of £9.5 million*.	£9.97million ²	£9.56 million
SSKPI 5.8 - 97% of new claims decided within 14 days of having all information.	97%	99.7%
SSKPI 5.9 - Process 60% of new claims within 10 days of receipt of the claim.	60%	85%

*In November 2020, DfC officials wrote to the Housing Executive to confirm that, due to the impact of the COVID-19 pandemic, the target of £13m for the recovery of overpayments is not achievable and therefore the target was reduced to £9.5m for the 2020/21 year.

Additional financial assistance was delivered to 18,025 claimants through the Discretionary Housing Payment Scheme, with awards totalling £4.2m being made over the course of the year. Distribution under Housing Benefit and Discretionary Housing Payment scheme for the financial year totalled £536.8m, compared with £563.7m for 2019/20.

Further help with rates charges was also provided through the Rates Relief and Lone Pensioner Allowance (LPA) Schemes. During 2020/21 a total of £2.2m was paid in Rates Relief to Housing Executive and Housing Association tenants. Total Caseload including Private Rented Sector is recorded as 14,366 at the end of March 2021. A further £162k in LPA was paid to Housing Executive and Housing Association tenants. Total Caseload including Private Rented Sector is recorded as 5,721 at the end of March 2021. Additional awards of Rates Relief and LPA totalling £1.24m 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 2020/21 sanctions were taken against 91 claimants for benefit fraud, and we recovered around £9.97million² of overpaid HB, of which £0.5m was recovered directly from Housing Executive tenants through Housing Benefit payments in year.

Response to COVID-19

During the COVID-19 pandemic our key objectives were to maintain the Housing Benefit and

² £9.97m overpayments refers to the period from 6th April 2020 to 4th April 2021

associated financial support services for over 126,000 customers to help secure their tenancies and reduce the risk of homelessness. We continued to provide a telephony service throughout and dealt with all change of circumstances reported to ensure the correct financial support was paid and paid on time. This was especially important to those customers who experienced a loss or reduction in their income due to COVID-19. We also maximised Discretionary Housing Payments (DHP) during the year through the introduction of a new 13 week protection scheme for Universal Credit claimants who could previously afford to pay their rent. This resulted in an additional 321 claims being processed and over £108k paid out in additional DHP awards.

At the start of the pandemic, before the furlough and self-employed income schemes were launched, we encountered a 400% increase in Universal Credit Stop Notices which were prioritised to ensure that there was no delay in Universal Credit payments.

In terms of Governance throughout the pandemic and subsequent lockdown we regularly reviewed the Housing Benefit controls and adjusted them, on a number of occasions, according to the prevailing situation and priorities at any given time. In addition our record of excellent performance against all of the Housing Benefit key performance indicators was maintained and all internal audit exercises carried out across all the Housing Benefit operational units were found to be 'satisfactory'.

At the outset we initially had approximately 80% of Housing Benefit staff working on a rotation basis however thanks to the efforts of our IT colleagues we were able to increase this to approximately 85% with approximately 80% of those working from home.

During the period we also completed/introduced a number of new initiatives to improve customer service and assist staff working remotely. These included:

- The implementation of 'Enterprise' a new Document Management System which provides greater flexibility to move work among staff and helps facilitate home working. Enterprise also helps us meet data protection rules in relation to security of documents and customer information and greatly assists the management and control of workload;
- The introduction of an online Benefits Directory Service which provides easy access to the latest Housing Benefit Regulations and associated information. This service has helped to improve assessment accuracy especially for those staff working remotely and without access to the usual office networking and coaching availability;
- New Low Income Rate Relief functionality which is now integrated with the existing HB system making it simpler for staff to work with and enabling them to provide a better customer service;
- Ongoing Digital Inclusion initiatives such as more online access to HB services by providing 24 hour electronic online application facilities, a review of customer notification letters and improved website information and signposting; and
- Preparation work for the forthcoming transfer of Rates for Owner Occupiers project due to commence in April 2021.

Transfer of Housing Benefit and Low Income Rate Relief (LIRR) for rates for owner occupiers

A cross departmental project, which included representation from Department of Finance

(DoF), Department for Communities (DfC) and the Housing Executive, was established with the aim of identifying the most appropriate delivery arrangements of DfC HB (rates) and DoF LIRR for Owner Occupiers; one which provides the highest possible level of customer service in the most cost effective and sustainable manner, while leveraging the opportunities for joined up Government.

Following consideration of the feasibility of the options for going forward, the Housing Executive has been identified as the preferred option to administer HB (rates) and LIRR for Owner Occupiers.

Senior officials in DfC, DoF and the Housing Executive are all in agreement in principle to the potential way forward. This agreement is based on the recognition of the significant potential for capitalising on the Housing Executive's extensive expertise in delivering financial support for housing and the improved service to customers which this would provide. It would also no longer require DoF Land and Property Services (LPS) to commit significant IT costs associated with LPS retaining this function and would allow LPS to focus on the core business of rate collection.

Implementation date of April 2022 for the transfer of claims from LPS to NIHE has been agreed. A project will commence from April 2021 to deliver the transfer of an anticipated 54k claims from LPS to the Housing Executive.

Welfare Reform and Housing Benefit Projects

The Finance, Audit and Assurance Division administer the Welfare Reform function on behalf of Regional Services. The Welfare Reform Project was officially closed in December 2020 as the vast majority of Welfare Reform changes had been successfully completed at that stage. The ongoing impacts of Welfare Reform in terms of Social Sector Size Criteria (SSSC) (also known as the 'bedroom tax'), Benefit Cap and Universal Credit have been incorporated into 'business as usual' processes within Housing Benefit and Housing Services teams. A new Housing Benefit Projects team has been established to oversee the remaining Welfare Reform changes and bring forward a number of new initiatives as follows:

- **Continuation of mitigation payments for those impacted by SSSC and Benefit Cap:** The Housing Executive continued to work with the Welfare Supplementary Payments team within the Department for Communities to ensure that mitigation payments continued for eligible customers impacted by SSSC and Benefit Cap;
- **Move to UC:** The natural transition of Housing Benefit claimants to Universal Credit (UC) continued throughout the year albeit at a slower pace than previously anticipated. The managed migration of legacy Housing Benefit caseload 'Move to UC' has been further delayed and will not commence until at least January 2022. The completion of this process is still programmed for September 2024;
- **Low Income Rate Relief and Rates for Owner Occupiers:** The Housing Executive has been working with the Department of Finance and Land & Property Services to establish a project to introduce a new low income Rates Relief system and to transfer

the administration of Rates for approximately 54,000 claims for owner occupiers. The project is due commence in April 2021 and it will become operational in April 2022;

- **The Digital Transformation Programme:** This programme incorporates a number of projects which will increase digital inclusion and improve customer awareness and accessibility to available financial support within Housing Benefit;
- **Further development of the Discretionary Housing Payments scheme:** A DHP working group has been set up by DfC and discussions are ongoing to expand the existing scheme. Proposals include paying rent in advance, tenancy deposits and helping tenants with arrears; however, any changes would require a legislative change and an increase in the budget from DfC. The new Project team will take forward any proposals, including a greater emphasis on DHP to alleviate homelessness and help sustain tenancies.

Under our Property Theme, Regional Services provided the following services:

New Social and Affordable Housing

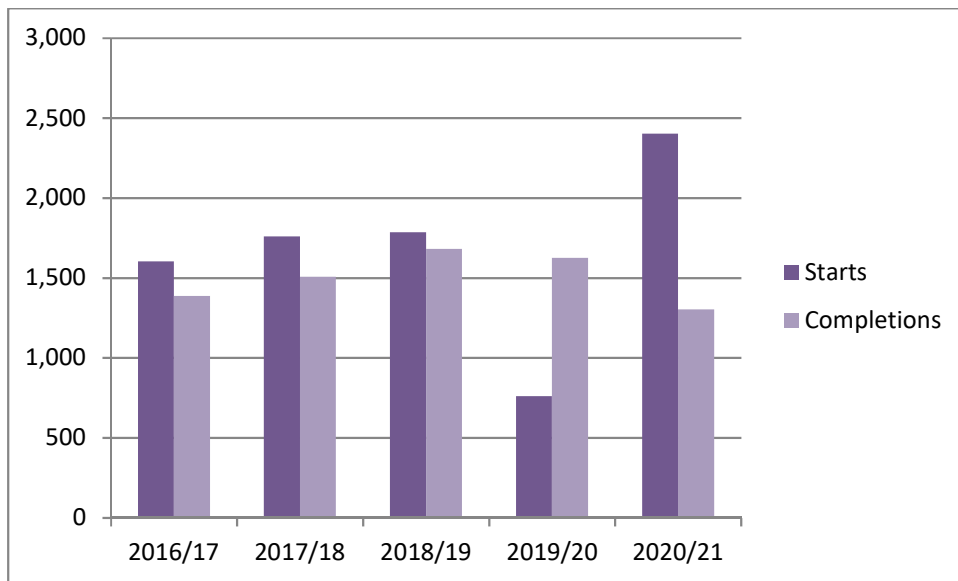
The Housing Executive's Development Programme Group (DPG) manages the Social Housing Development Programme (SHDP) on behalf of the Department for Communities. This work contributes to the draft Programme for Government Outcome 11: We connect people and opportunities through our infrastructure.

The SHDP is managed on a rolling 3-year basis, with each iteration subject to approval from both the Housing Executive's Board and the Minister for Communities. For the 2020/21 year, a budget of around £136m was in place to deliver on key headline targets of 1,850 new social housing starts (RSKPI 2.1) and 1,200 social housing completions (RSKPI 2.2), as well as a number of ancillary targets.

All new social housing is developed by housing associations. DPG manages the SHDP through close working relationships with these associations, and a range of internal parties (including the three Regional Place Shaping teams, Land & Housing Analytics and Supporting People) and external stakeholders (including DfC, Council Planning Departments and Land & Property Services). DPG is responsible for both SHDP Programme Management and individual Project Approval (calculation of Housing Association Grant; and assessment of each new social housing scheme in terms of Value for Money against DfC benchmark costs, and design compliance with DfC's Housing Association Guide). DPG also works with DfC staff to secure Departmental Approvals for schemes when the level of Housing Association Grant funding is above Delegated Approval Limits.

In 2020/21, housing associations rebounded from the impact of the COVID-19 pandemic on the 2019/20 programme to successfully deliver against our KPIs. We exceeded the target of 1,850 new social home starts, (RSKPI 2.1) achieving 2,403 (121 schemes) and exceeding the target of completing 1,200 new social homes, (RSKPI 2.2) with 1,304 new social home completions (103 schemes).

Chart 15 – Social Housing Development Programme Starts and Completions 2016/17 – 2020/21



In relation to other KPIs:

- Of the 2,403 Starts confirmed in 2020/21, 2,111 units are New Build. Of these 2,111 units, 179 units have been designed to Wheelchair-Accessible standards. This represents 8.5% against the target of 10%. Whilst this target (RSKPI 2.5) has not been fully achieved, 8.5% represents a significant improvement on delivery compared to previous programme years, with 179 units being the highest-ever level of annual Wheelchair-Accessible new social housing delivery;
- The target to transfer sufficient Housing Executive development sites to housing associations to enable starts on 50 social homes was exceeded (RSKPI 2.6). Of the 2,403 Starts confirmed in 2020/21, 178 units are being delivered on 14 sites formerly owned by the Housing Executive;
- The DfC target of 200 one-bed units-as part of the overall Starts target was exceeded. Of the 2,403 Starts confirmed in 20/21, 408 units are one-bed properties;
- The Rural SHDP Starts target for 20/21 was 11.4% of the overall Starts. Discounting the 521-unit Urban scheme at Glenmona, 11.4% of the 1,882 Starts represents a Rural Starts target of 215 units. A total of 98 Starts (5.2%) were confirmed in Rural areas in 20/21. Therefore this element of the delivery target has only been partially achieved.

There were many positive stories from the schemes that were confirmed as Starts. These included:

- Apex Housing starting work on the largest new social housing scheme in the history of the SHDP, with 521 new social homes planned at Glenmona in West Belfast; as part of a wider mixed-use, mixed-tenure development. Apex Housing also started work on 255 much-needed new social homes in Newry (Craigmore Way);
- Choice Housing made a significant contribution to new Wheelchair-Accessible housing stock, with work starting on 10 accessible homes as part of a 26-unit

development on former Housing Executive-owned land at Cairnmartin, Belfast; and a dedicated 5-unit accessible housing scheme at Drumellan, Craigavon;

- Rural Housing has started work on two new build social housing schemes in rural areas (6 units in Strathfoyle, 6 units in Doagh);
- Work has commenced on a total of 395 new social homes for active older people, including dedicated older persons accommodation in Broughshane (Alpha Housing – 14 units) and Ballycastle (Apex – 28 units);
- A number of housing associations were also able to make progress on the delivery of new or refurbished homes for applicants with Complex Needs; and
- A total of 283 of the confirmed starts were via the acquisition of either existing satisfactory or rehab properties, and off-the-shelf units from the private market.

Funding has also been secured for both Radius and Choice for their joint acquisition of lands at Hannahstown/Glen Road (West Belfast), which is expected to enable over 250 new social homes to be delivered in 2022/23.

As well as enabling delivery of new social housing across Northern Ireland, the Housing Executive's Development Programme Group also provides grant assistance to housing associations to carry out vital adaptations to their properties for tenants with disabilities. In 2020/21, a total of 619 adaptation claims were assessed, resulting in spend of £3.366m to housing associations for the works, including 17 major adaptations.

Sustainable Development and Our Planet

The key outputs of the Sustainable Development Unit are aligned to the Housing Executive's statutory responsibility as Northern Ireland's regional Home Energy Conservation Authority, with a continued focus on reducing greenhouse gases (GHG) and improving energy efficiency across NI's housing sector. The key highlights of this year has been the launch of a refreshed Northern Ireland Energy Advice Service, relaunching our Northern Ireland Schools Energy Efficiency Awareness Programme, growing the Northern Ireland Oil Buying Club Network, reporting the annual progress of reducing Green House Gases and improving domestic energy efficiency as well as continuing to lead on the transnational EU funded HANDIHEAT project with seven partners across five EU countries.

The Housing Executive invested over £19.3 million in energy efficiency measures in both public and private housing through its landlord commitments and private grant funds managed on behalf of the Department for Communities, namely the Affordable Warmth and Boiler Replacement Scheme.

At a virtual event in August 2020 the Sustainable Development Unit launched a refreshed NI Energy Advice Service in as NI's only dedicated 'one stop shop' for energy advice and grant signposting to householders. The service will provide local and impartial energy advice service offering energy efficiency advice, switch and save of energy suppliers, and signposting energy grant opportunities. We successfully achieved our KPI of providing over 3,700 queries were successfully dealt with, including onward referrals to grants and/or benefits, where applicable (RSKPI 3.17).

The Housing Executive currently holds Silver status for the Business in the Community Environmental Benchmarking Survey. This benchmarking survey allows the organisation to identify environmental impacts, measure progress, drive improvement, and raise awareness

of the environment as an important, strategic, and competitive issue at Board level. The Unit continues to successfully maintain the Environmental Management System to the international environmental management standard ISO 14001:2015 for our environmental operations at the Housing Centre.

In October 2018, the Housing Executive was appointed Lead Partner to coordinate and manage a three-year energy efficiency transnational project called HANDIHEAT. This €2 million EU Northern Periphery and Arctic Programme (NPA) project originated from a concept to provide renewable energy for a community scheme in Irvinestown, Co Fermanagh. The Housing Executive as Lead Partner is responsible for managing the six partners across five EU countries as well as managing the installation and progress of a pilot demonstration site of six houses, located at a sparsely rural settlement in Lisnaskea, Co Fermanagh.

These six houses will have value for money refurbishment works including low carbon heating systems fitted with data being collected over a one-year period. The installation was delayed last year by a number of months due to the restrictions imposed by the COVID-19 pandemic. Data from the pilot will be analysed to assess the suitability of low carbon and hybrid options as alternatives to oil-fired boilers, which are still the predominant fuel source currently being installed in Northern Ireland. In the past year, the outreach of HANDIHEAT has transitioned to virtual platforms, with a series of webinars covering fuel poverty, community energy and decarbonisation of rural communities across the two jurisdictions of Ireland.

Now in the final year, HANDIHEAT partners are continuing to progress their activities and outputs with a focus on:

- policy review of fuel poverty and health/housing;
- benchmark existing best practice across partner countries;
- demonstration pilots in Finland and Northern Ireland; and
- development of a toolkit of sustainable solutions for retrofit within rural communities.

The Housing Executive will engage with the Department for the Economy and Department for Communities to ensure that going forward, best practice and future technological innovations are reflected in the Northern Ireland Energy Strategy and the Fuel Poverty Strategy for Northern Ireland respectively. A final conference is scheduled to be held in Belfast during September 2021 as a means of drawing the HANDIHEAT Project to its formal conclusion.

The Sustainable Development Unit is the Housing Executive lead in the GIRONA project. The purpose of the GIRONA Project is to demonstrate that household energy bills can be significantly reduced through the utilisation of renewables technology. The GIRONA Project involves fitting solar photovoltaic renewable technology and battery storage equipment in up to 40 Housing Executive houses. The GIRONA Project will help customers to understand their patterns of usage and in turn enable them to better manage their consumption, leading to reduced energy bills. There will also be the potential for un-utilised “battery-stored” energy to be re-exported to the wider electricity grid. This project, a Northern Ireland first, aims to establish a working business model to benefit householders, landlords and the system providers through renewable energy generation and storage options.

Over the past year, the Housing Executive in partnership with Ulster University has carried out detailed planning into the feasibility of future demonstration pilots in areas of electric network constraint, particularly in the West of Northern Ireland. In collaboration with a range of stakeholders across the energy system the aim is to assess heat electrification options with improved energy efficiency measures and how tariff changes could provide greater benefit to householders. Another focus is to utilise the current significant levels of wind curtailment to provide heating or hot water opportunities to social householders.

The Sustainable Development Unit is the focal point for climate change and energy transition across the Housing Executive and represents the Housing Executive in all major climate change initiatives across central government.

Private Sector Improvement Services

Our Grants Team administers grant-aid on behalf of the Department for Communities for properties in the private sector. The Team's work in 2020/21 saw nearly £19.6m directly invested in Northern Ireland's economy which resulted in:

- People being able to live independently in their homes for longer;
- Improved property fitness;
- Fuel poverty being robustly addressed; and
- Promotion of good health and well-being.

During the pandemic our Grants Team successfully adapted to new ways of working. This included streamlining procedures to accelerate emergency applications, processing more applications electronically and adapting technical inspections to ensure our customers felt safe.

Inspections were suspended and working at home implemented from 23 March 2020. Our inspections were reinstated when it proved safe to do so but the pause did create a build-up of cases. Our team has worked hard to successfully review and inspect cases affected by the suspension. They were also able to maintain a high level of processing and inspection for new cases as the year continued.

Home Improvement Grants

Under normal circumstances we will only pay for work based on an inspection by a Technical Officer. In line with Government guidelines we had to suspend these visits, however to help support the local economy we made arrangements to make payments for work completed during the COVID-19 pandemic. Up to a maximum of 75% of the cost of the eligible works, if a case was partially completed, was eligible for payment. Meanwhile for cases with fully completed eligible works up to 90% payment was available.

We ensured that applicants and their contractors adhered to a strict set of criteria and provided the agreed evidence before payment was made. Once technical inspections were allowed we inspected all cases for which any payment had been made without prior inspection.

By adapting our systems we were able to support local contractors and help the economy whilst maintaining good governance and managing public monies appropriately.

Through Home Improvement Grants we approved 1,273 grant applications and paid £11.7m for work completed in 2020/21.

Currently discretionary grants - renovation, replacement and home repair assistance - are only available in exceptional circumstances. However, in 2020/21 we paid £1.98m in grant-aid for completed work and have approved work to start in 174 properties which will improve the health and well-being of households as well as support the local economy.

We also paid out £465k for mandatory Repair Grants on the issue of certain statutory notices from local councils. This resulted in vital improvements to 323 properties in the private rented sector.

Table 3: Private Sector Improvement Services

Type of Grant	KPI (No of Properties)	Investment Value (£m)	Investment Value (£m)	
	Target	Achieved	Approvals Value	Actual Spend
Disabled Facilities Grants	950	776	£11.6m	£9.3m
Repairs Grants	350	323	£0.57m	£0.5m
Discretionary Grants	n/a	174	£2.1m	£1.9m
Affordable Warmth Scheme	Completed 3,000	1,599	£9.7m	£6.7m
Boiler Replacement Scheme	Completed 2,400	1,773	£1.6m	£1.2m
Total Investment				£19.6m

Energy Efficiency Grants

In line with Government guidelines, visits to households were suspended in March 2020. This affected both Boiler Replacement Scheme applications and referrals from Councils for the Affordable Warmth Scheme. However, we put in place systems so emergency heating cases, where heating was not operating, could still be processed for both schemes.

The Affordable Warmth Scheme (RSKPI 3.5.1) is targeted at those areas where levels of fuel poverty are highest. It is directed to low income households who experience the effects of fuel poverty and energy inefficiency. We work in partnership with local Councils to deliver the scheme to households in need. This work helps to deliver PfG Outcome 2: We live and work sustainably protecting the environment.

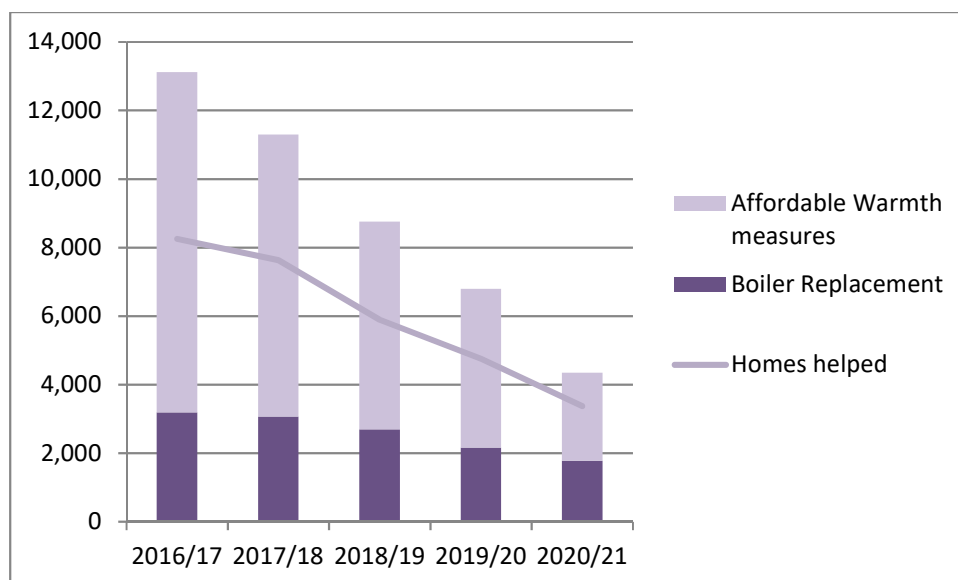
Despite the restrictions we experienced in 2020/21, we approved 2,315 of the referrals made at a value of £9.8m. During the year 1,599 homes completed work and benefited

from 2,574 energy efficiency measures against a target of 4,500 including insulation, ventilation, draught-proofing, heating, window replacement and solid wall insulation. Overall, this work resulted in reduced fuel costs for householders and £6.7m invested into the economy.

Through the Boiler Replacement Scheme (RSKPI 3.6) we approved 2,255 applications to the scheme in 2020/21 with a value of £1.5m. Meanwhile 1,773 owner occupiers replaced central heating boilers which were over 15 years old with a new high efficiency 'A' rated condensing type boiler. We made £1.2m worth of payments to contractors for work completed which was a considerable support to the local economy.

We were asked to deliver fuel poverty measures (affordable warmth and boiler replacement) to 5,400 homes (RSKPI 3.5). Despite the restrictions imposed on our work during the year, we still managed to help 3,372 households across Northern Ireland. Both schemes are contributing positively to combatting fuel poverty in Northern Ireland as well as reducing the carbon footprint and improving the energy efficiency of people's homes.

Chart 16 - Fuel Poverty Measures Delivered 2016/17 – 2020/21



Group Repair Scheme

Through the Group Repair scheme the Housing Executive carry out external repairs on older terrace properties which will improve their habitability and support an area's regeneration.

Most recently we have been working in areas located in North and South Belfast. The areas in Northwood and Donegall Road are part of long-term regeneration initiatives by the Department for Communities. The Group Repair programme in these areas has seen an investment of just over £1m in nearly 80 properties. The properties, and as a result their residents, have benefitted from roof replacement, new guttering and downpipes, new PVC double-glazed windows and external doors and improvement in the property's curtilage. Work has also included new improved insulation for the roof-space area, the water tanks and associated pipework where feasible. Both of these schemes were near completion in March 2020 but due to Covid-19 work was suspended. Consequently completion was

Autumn 2020. When work was finished the two areas had benefitted in an investment of almost £1.1m.

Under our Places theme, Regional Services provided the following services:

Social Housing Need

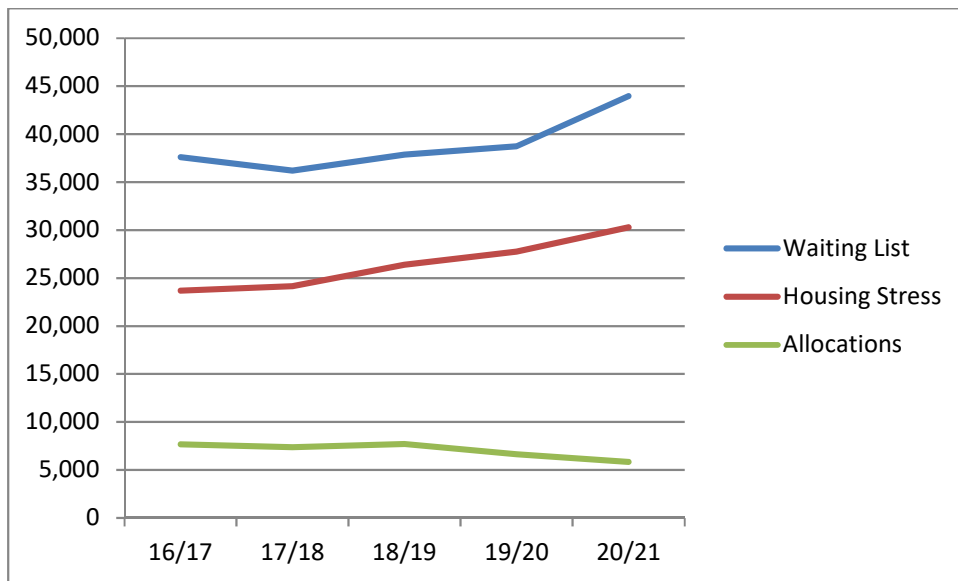
The Housing Executive has statutory duties under the Housing (NI) Order 1981, planning legislation and regional planning policy to identify housing need. Regional Services is responsible for assessing need and the information is used to inform the Social Housing Development Programme and determine where best to develop/acquire new accommodation.

The assessment of Housing Need contributes to wider Programme for Government (PfG) indicators – no. 8: Number of households in housing stress and no. 48: Gap between the number of houses we need and the number of houses we have, which in turn enables the effective monitoring of the PfG outcomes no. 8: to care for others and help those in need and no. 11: to connect people and opportunities through infrastructure.

During the year, we presented our Housing Investment Plans to all 11 councils (RSKPI 1.3). These plans set out housing need and our plans, programmes and investment, within our remit, for housing. These plans will help Councils in the preparation of their Local Development Plans and will inform decisions on land use and development over the next 15 years in the context of meeting social housing need and delivering appropriate future housing solutions that contribute to balanced and sustainable communities and neighbourhoods.

At 31 March 2021, 43,971 households were on the waiting list for social housing (38,745 at 31 March 2020) of whom 30,288 (27,745 at 31 March 2020) are considered to be in Housing Stress (applicants awarded with 30 or more points as per the Housing Selection Scheme). Of those in Housing Stress, 22,217 are Full Duty Applicants, households that meet the statutory definition of homelessness (20,951 at 31 March 2020).

Chart 17 - Social Housing Waiting List, Housing Stress, Allocations 2016/17 – 2020/21



New and Affordable Housing

A key barrier to housing development is a lack of access to land. The planning system is crucial for providing access to land and to ensure that sustainable development is achieved, that social, economic and environmental benefits are balanced in an appropriate way. Planning promotes good quality residential development that is designed to a high standard, is close to service and facilities, supports health and wellbeing and is important for the delivery of sustainable communities.

The Local Development Plan (LDP) process is an increasingly important way to provide land for affordable housing. Currently, our Land and Regeneration Department is actively working with all 11 Councils to aid the preparation of new Local Development Plans (LDPs).

These new LDPs will provide a 15-year framework to guide development and growth within the Council area. As a statutory consultee in the LDP process, we are providing an evidence base and advising Councils on the formulation of the Plan Strategy housing policies, including a requirement to meet affordable housing need (social and intermediate housing).

The Housing Executive has now responded to the 11 Councils' Preferred Option Papers and seven draft Plan Strategies (dPS) and we are assisting the remaining four Councils (Ards and North Down, Armagh, Banbridge and Craigavon, Causeway Coast and Glens and Newry, Mourne and Down) to develop housing policy options for their dPS. In addition, in January and February 2021, we have attended the first LDP Independent Examination held for Belfast City Council's dPS. We acted as a witness, on behalf of Belfast City Council to help defend their housing policies, in particular their affordable housing policy (HOU 5), their housing mix policy (HOU 6) and their Adaptable and Accessible Accommodation policy (HOU 7).

Land and Regeneration is also working with Department for Communities (DfC), Department for Infrastructure and Councils to promote mixed tenure development as a housing and

planning policy, which is included in LDPs. We have been successful in achieving the inclusion of affordable housing policies that support mixed tenure development in published dPS and we will continue to influence remaining councils to include similar policies. By promoting the delivery of social and intermediate housing alongside market housing, affordable housing policies will help to ensure that the housing needs of a range of different households are met; including households on the waiting list in Housing Stress, those on low incomes and prospective first time buyers who wish to gain access to home ownership.

Over this year and next year, work will continue on the development of an intermediate rent product to provide an affordable, high quality rental property, with longer-term tenancies, for those who may not be able to access social housing, but wish to rent. Increased affordable housing as an integral element, within residential developments, will support a place-making approach, as mixed tenure development allows people from different backgrounds and with different incomes to live together and share access to services and facilities, thereby encouraging the creation of inclusive, balanced, and sustainable communities.

As a statutory consultee (RSKPI 2.9) in both the development plan and development management systems, we have increased the potential to provide additional social housing schemes to the Social Housing Development Programme, especially in areas with a high need. The full ability of the role of planning will not be realised until the adoption of the LDPs, however, some of the most advanced Plans are scheduled to reach Public Inquiry this year and next, allowing some councils to enact policies to deliver affordable housing through a planning requirement.

The work of Land and Regeneration Department within the planning system, by the identification of land and the facilitation of affordable housing development, including social housing, contributes to the 2016 draft Programme for Government's aim to "turn the curve" in relation to addressing housing stress and increasing waiting lists. It also helps to "ensure everyone has access to good-quality, affordable housing and in promoting an integrated, shared society", a Key Priority Area for housing contained within the January 2021 draft PfG outcomes framework, which proposes the outcome "People want to live, work and visit here".

Future plans

DfC are proposing a new definition of affordable housing which will expand the range of intermediate housing products, including introducing intermediate rent. Our Social Housing Market Analysis (SHMA) identifies intermediate housing need and demand at a Council level, however, as new products and eligibility criteria are established we will investigate the potential to develop assessments to determine the need for specific intermediate housing models.

This will enable us to support a mix of numbers of social and intermediate units, and the size and type of units to meet different household needs, for planning applications, as we are a consultee in the development management process. This allows an affordable housing requirement as part of the planning application process, meaning social housing units can be registered as part of the SHDP and both social and intermediate housing can be delivered to help address affordable housing need.

COVID-19

As much of our work is partnership work with Councils and other stakeholders, our ability to progress work has depended on others capacity. In the planning process, there have been delays in the determination of planning applications and in the development plan programme. This is due in part to some councils having to furlough planning staff. Lower staff numbers has meant that LDPs have been delayed to varying degrees but by approximately six to eight months on average. However, our collaboration with Councils, DfI and DfC as well as other stakeholders has not been suspended and extensive work continued and is ongoing, through remote working and virtual meetings.

Place Shaping

Staff across the Place Shaping Teams continued to successfully represent the Housing Executive's interest across all 11 Community Planning Partnerships (RSKPI 2.12) through acting as organisational leads for Community Planning, and in doing so, providing vital links between the operational and strategic sides of the business. During 2020/21, there was a significant impact on Community Planning through the COVID-19 pandemic which has resulted in a move from face-to-face partnership work to online. As necessary we engaged with councils on COVID-19 specific Community Recovery Action Plans. Reviews of Community Planning themes and outcomes have been completed, or are nearing completion across all council areas.

In North Region, the New Mossley Place Shaping Pilot resulted in the successful planning approval during 20/21 for 49 units on zoned open space lands and bonfire site, with lands transferred to Connswater Homes Housing Association and housing is currently under construction.

Two pilot Place Shaping plans are currently underway within the South Region, Armagh City and Dungannon. The Armagh City plan will set out a vision for Armagh around culture, creativity, innovation, young people and stars and stories. Within the plan there are six Place Shaping principles including; active city, liveable city, inclusive city, experiential city, resourceful city and collaborative city. The Dungannon Place Shaping pilot plan will focus on mapping potential housing sites, understanding the housing supply and demand numbers in more detail, and identifying case studies that are of relevance for Dungannon.

Staff across Place Shaping Teams have continued to prioritise Housing Association land transfers, council /community group applications, vacant sales and buybacks associated with the Tower Block Strategy. We continue to work with Housing Associations and public sector bodies and local councils to identify and secure new build proposals and regeneration opportunities. In addition, we have been negotiating and agreeing Data Sharing Agreements for the sharing of GIS information on our assets with councils and other partners to develop relationships and promote collaboration to address community planning outcomes.

Urban Regeneration

The Housing Executive is working with the Department for Communities and Newry, Mourne and Down Council to facilitate the development of social Housing at the lower end of the former North Street flats site. Following the demolition of Clare House, this part of the site will transfer to the Department for Communities to form part of the North Street Development

site. The site is listed within the Belfast Region Investment Guide which is part of the City Deal and links to a number of council areas across Northern Ireland.

The Housing Executive has supported the development of 42 new social homes as part of a mixed tenure scheme within Armagh City centre. Ark Housing Association has been engaged with the developer to provide the new social homes at Ogle Street which will include housing for singles, families and those requiring wheelchair accessible accommodation and will be promoted as a “Housing for All” scheme.

Belfast Region Place Shaping continues to promote housing led regeneration and is currently working with Belfast City Council and Department for Communities on the release of three city centre sites. Progress continues on the City Centre Waiting List (RSKPI 5.8) and we achieved our related KPI in 2020/21. A latent demand exercise suggests a strong support from all household types for city centre living. The Sirocco/ Waterside development continues to progress.

During 2020/21 Place Shaping North has been working on the housing led regeneration proposal on a proposed Housing Executive land transfer to Habinteg Housing Association in Dhu-Varren Estate in Portrush following an Estate Appraisal.

It is hoped that this proposal will act as a catalyst to aid the sustainable growth and regeneration of the estate. Work continues on the delivery of 170 homes by Radius Housing Association on the St Patricks Barracks site in Ballymena. We continued to work with all stakeholders and attended online meetings throughout 2020/21 to ensure the delivery of the housing element on this strategically significant site.

Demolitions are now at an advanced stage and the planning application has been lodged by Radius for the housing element on this site with a decision and commencement of construction of the housing element expected in the 2021/22 financial year. We are working in partnership with Urban Villages, DfC Regeneration Team and Derry City & Strabane District Council on key regeneration projects including the Clooney masterplan, the redevelopment of the Meenan shops in the Bogside and the Galliagh Linear Park area of the city.

Building Successful Communities (BSC)

The Building Successful Communities (BSC) initiative was introduced as part of the Facing the Future - Housing Strategy for Northern Ireland and aims to use housing intervention as one of the main catalysts for local regeneration. The Housing Executive successfully contributed to the Department for Communities BSC Programme Action Plan for six areas which are set out below (RSKPI 5.3).

The Building Successful Community Programme strategic aims are to:

- improve current housing and infrastructure;
- deliver new social and affordable homes and bring empty homes into use;
- deliver environmental improvement programmes;
- improve access to services and amenities; and
- encourage physical, economic and social regeneration.

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. Six Regeneration Forums representing key statutory agencies and community representatives were established in each of the pilot areas to take the work forward.

In the Tiger's Bay/Mountcollyer area planning has been submitted for development of new private homes for sale on lands at Gainsborough. Grove Housing Association has received support for 25 social housing units on the former Grove primary school, to be constructed by Choice Housing.

In the Lower Oldpark and Hillview area Apex Housing has completed and sold five new affordable homes.

In Lenadoon, work continues on the development of 23 new social homes by Choice housing.

In Lower Falls, Radius Housing is progressing a Design Brief for the construction of 22 new social homes. The Housing Executive will also make land available for the provision of 2 new social homes at Roumania Rise.

In Lower Shankill, Radius Housing has commenced the development of 18 new social homes at Hopewell Avenue and is considering a design scheme for social and affordable housing at Brown Square.

At Doury Road, work has started on the delivery of 11 new social housing units by Triangle Housing Association with expected completion in May 2021. At the top part of the estate the Housing Executive has started the phased reinstatement of void properties and has agreed the sale of four vacant properties in Victoria Park which will allow these properties to be refurbished and brought back into residential use. In addition other regeneration works at the top part of the estate completed during 2020 which included environmental/landscaping improvements, improved pedestrian linkages, new street lighting, resurfacing works to roadways and paths with formalised parking bays.

Sustainable Rural Communities

We have long recognised the important role that our housing and housing services play in supporting and sustaining rural communities. The Rural Strategy & Action Plan sets out our commitment to tailor our programmes and services to ensure that we meet the needs of people living in rural areas in an equitable way.

Successfully delivering Year 5 of our Rural Strategy (RSKPI 2.8) contributed to Outcome 8 of the draft Programme for Government, 'We care for others and help those in need' and also contributes in many ways to Outcome 3, 'We have a more equal society'. A key priority from the 2016-2020 Strategy was to ensure our readiness for the introduction of the Rural Needs Act (NI) 2016 and systems are now in place to help us meet our statutory duty whilst reaffirming our commitment to rural communities.

In 2020/21, we focused on preparing the next Rural Strategy (2021-2025) which we aim to publish in draft form for consultation in Spring 2021. We also developed a one year Rural Action Plan for 2020/21 which summarised our priorities for the year and how we adapted

our services to reflect Covid-19 restrictions. The Rural Action Plan was based around three focused objectives which encompassed the tailored approach we developed to ensure the support of rural communities with an equitable share of our resources. Some of the key achievements include:

Objective 1: Identify, assess and address rural housing need.

- In 2020/21, 98 new social housing unit starts in rural areas supporting the sustainability of these communities. This included 59 new build units, 15 Existing Satisfactory and Off-the-shelf schemes and 4 rehabilitations. This represented 5.2% of the overall target for the SHDP (1850 units) against a strategic rural target of 11.4%. The partial achievement of this delivery target was mainly down to the large number of rural schemes which slipped into the 2021/22 programme (19 schemes -159 units) and it is therefore anticipated that the strategic rural target will be met in 2021/22;
- In 2020/21 we carried out 11 Housing Need Tests to uncover hidden housing need in rural areas. The testing process focused on reaching out to those in need of housing support through social media and local press. The response to each of the tests has so far been encouraging and we are currently assessing the impact on local waiting lists;
- In February 2021, the Housing Executive was invited to take part in a Rural Housing Summit with Rural Housing Scotland and other rural housing stakeholders across the UK. This was a welcome opportunity to engage with other jurisdictions and learn, in particular, of how housing shortages have been addressed in rural areas through partnership working, innovative thinking and a community-led approach. It is anticipated that this learning will be reflected in the actions stemming out of the next Rural Strategy.

Objective 2: Work in partnership with others to invest in, support and sustain our rural communities.

- Progress has been made in engaging Community Planning partners on identifying rural housing need within their council areas and examining how tests can be delivered in partnership to maximise the response. In 2020/21, a joint test has commenced in Gortnahey in the Causeway, Coast & Glens council area. We will monitor the outcome with a view to implementing this approach in other council areas;
- As previously set out under the sustainable section of the report, as part of the HANDIHEAT project launched in 2018, six of our homes in Lisnaskea have been provided with new heating systems, energy efficiency measures and systems to monitor fuel use and temperature of thermostats for one year. The aim of this partnership initiative is to determine through a number of demonstration projects, how sustainable energy solutions can be used to support rural communities and reduce their reliance on fossil fuels. It is hoped that the outcomes of this pilot initiative will inform future investment into the energy efficient and carbon reduction of rural homes;
- In 2020/21 we also completed the Rural Development Programme (RDP) Match Funding initiative with funding support to four final projects in the Fermanagh and

Omagh Council area (Carrickmore, Magheraveely, Lisnaskea and Tempo). The 2014-2020 NI RDP was led by the Department of Agriculture, Environment and Rural Affairs (DAERA) and delivered through Local Action Groups. The Housing Executive’s contribution of up to 15% towards Village Renewal and Basic Service projects has facilitated the delivery of a total of 55 projects across Northern Ireland ranging from environmental improvement schemes to the construction of multi-functional community hub buildings.

Objective 3: Engage with our rural communities and monitor and promote all of the services we provide.

- In August 2020, we partnered with Northern Ireland Federation of Housing Associations (NIFHA) and Rural Community Network (RCN) to deliver a two week digital campaign aimed at raising awareness of the importance of new housing in sustaining and enhancing our rural communities. During this time, we also published our first online edition of Rural Matters and received positive feedback on the relevance of the information provided for both tenants and stakeholders in rural areas;
- 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. In 2019/20 we amended the format of the competition in response to the restrictions and also to recognise the community work undertaken to help isolated and vulnerable community members through periods of lockdown. Plaques and monetary awards were presented to community groups in Cullybackey, Portaferry, Lisnaskea, Moneydig, Kesh, Ballykinler and we also awarded highly commended prizes to Magheralin, Donaghmore, Park, Glenravel, Annsborough and Castlewellan.

The Rural Needs Act (NI) 2016

The Rural Needs Act (NI) 2016 (The Act) 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 when designing and delivering our public services.

In 2020/21 the Housing Executive considered 27 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 25 policies determined to have no differential impact on people in rural areas. For the further two 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.
Community Safety Strategy	Rural Crime and	The majority of actions and approaches in this strategy will have a positive impact irrespective of geographical location and enable fair and equitable treatment for all. However, we recognise there are issues with digital connectivity in some

	Community Safety	rural areas which could make some of the communication approaches in the new strategy less effective in rural areas. In addition to new communication channels developed, traditional communication channels will be maintained with our tenants so they aren't detrimentally affected by not having internet access e.g. local press, leaflets etc.
Organisational Change	Internal	The policy discusses relocation as a possible outcome of redeployment. For someone living in a rural area and working in their nearest local office, relocation to another office may have a greater impact than for someone living and working close to an area or regional office. In order to mitigate the impact of this, staff are entitled to excess mileage costs i.e. an allowance to cover the increased cost of travelling to work. Officers who live outside a 25 mile radius of their new permanent work location may be advised to move home within twelve months of their new appointment. Officers who agree to move home are eligible for relocation allowances. If an officer does not agree to move home they can continue to claim excess mileage costs. There is also an appeals process if an officer is dissatisfied with the Housing Executive's decision as to whether it is necessary for them to move home.

Small Pockets of Deprivation

The Small Pockets of Deprivation (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).

The Department selected the Housing Executive to oversee the implementation of the SPOD programme given its existing knowledge and expertise and connections with local communities and partners. The Housing Executive in turn determined that SPOD could be best met by local community organisations and partners based within our local estates.

In 2020/21, £402k was paid to 13 delivery organisations in SPOD areas across Northern Ireland to deliver projects which met the Neighbourhood Renewal Strategic Objectives of Community, Economic, Social or Physical renewal.

Additional activities and initiatives were also considered in line with the delivery of DfC's COVID-19 priorities (Support for financial difficulties, connectivity and accessing essential food, sanitary and Personal Protective Equipment).

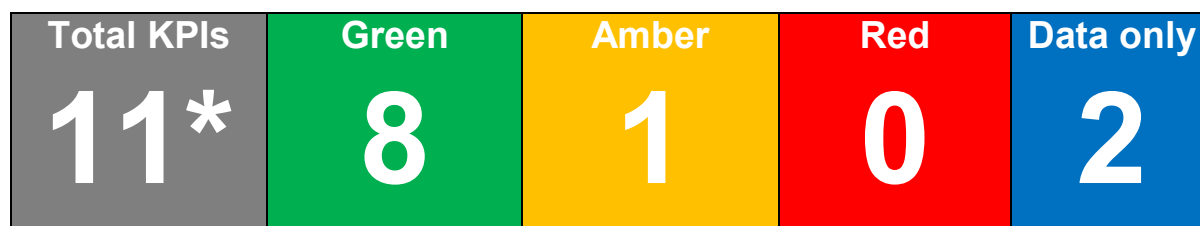
Some of the projects that received funding support during 2020/21 included essential running costs for community premises, enhanced cleaning and maintenance, adaptations for Personal Protective Equipment and salaries; programmes and activities such as socially distanced or online training courses, health and wellbeing sessions, signposting services and advice. Food hampers, activity packs and other items were also delivered to members of the community to help alleviate issues relating to food or fuel poverty, social isolation and to improve connectivity.

House and Land Sales

We continued to implement the House Sales Scheme (RSKPI 4.4.3), which provides an opportunity for tenants to own their home. During the year we sold 249 homes, which includes 4 properties purchased through equity sharing (448 in 2019/20) under the scheme (including vacant sales), realising net capital receipts of £12.7m. In line with overall market conditions, the average valuation of sold houses increased slightly on the previous year, from £67.7k to £72.4k. 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 one dwelling, realising £0.14m. We also disposed of surplus land realising £1.864m (before expenses), including the sale of development land to the value of £1.03m.

Finance, Audit and Assurance



*Includes six Housing Benefit KPIs reported on page 65.

Finance, Audit and Assurance Division Response to COVID-19 Crisis

The 2020/21 year was an extremely challenging year for the whole directorate, primarily due to the essential nature of the services being delivered for the Division as a whole. This includes a range of essential external and internal services. The whole Division responded positively and professionally to the challenge ensuring that the Housing Executive mobilised quickly and effectively to ensure business continuity and prioritisation of essential services.

All teams mobilised to deliver essential services during COVID-19. All essential services delivered by payments, payroll, income, budgeting, IT and Housing Benefit services were delivered to the same pre-COVID-19 levels ensuring business continuity. These teams were essential to ensuring that all other services across the Housing Executive could continue to be delivered, particularly those that needed to be prioritised such as homelessness. For our staff, this included the roll-out of approximately 2,500 devices with support services and infrastructure work and no additional resources to carry out this task.

Below is a summary of some of the key activities that took place in response to COVID-19, with further information provided in the relevant sections that follow:

- Despite the challenges associated with COVID-19, performance was very strong and across the whole division with all but one KPI achieving target. . For the annual IT work programme under the IT Strategy (SSKPI 3.3) a substantial part of the IT strategy was progressed however, due to the pandemic restrictions and resulting increased workload for the IT department, management decisions were taken on what could be achieved in-year. These were planned slippages to IT Strategy timelines and work will be carried forward into the new financial year for completion;
- Internal Audit, Economists and Counter Fraud continued to ensure that our governance framework was robust and services continued to be delivered. The Audit Plan targets were met, the economists supported all business cases to ensure the organisation continued to achieve our overall objectives throughout the crisis and Counter Fraud continued to investigate our tenancy fraud, whistleblowing and fraud cases whilst responding to the crisis, for example, delivering training across the organisation on the areas of fraud that increased due to COVID-19;
- Our Budgeting and Accounting teams worked as a trusted partner with our internal services, Board and DfC to ensure that our budget was agreed and all bids were made during the year both in relation to COVID-19 and mainstream budgets. This extremely challenging year ended with minimal easements on our Regional Capital and Revenue budgets. All transactions were processed on a timely basis to support

front-line service delivery. Payments, Income and Payroll teams in particular played a critical role in ensuring continuity of payments to suppliers and providers;

- Our IT team, with no additional staff, we undertook a proactive and comprehensive approach to the new arrangements to facilitate home working. They rolled out approximately 2,500 devices whilst remaining focussed on 'business as usual activities' so that our priorities and objectives as an organisation continue to be met e.g. IT futures Phase 2 (see below for detailed measures undertaken during the pandemic); and
- Housing Benefit teams focussed on service continuity and put new working arrangements in place across a single team of approximately 400 staff. No applications were dropped, all KPIs were exceeded and in addition to responding to challenges during the pandemic, we continued to deliver innovative service improvements including implementing a new document management system and Low Income Rates Relief System during the last year. We restructured our offices and teams and have attracted new work from Land and Property Services (LPS).

Corporate Investigation and Security

The Housing Executive's Corporate Investigation and Security Unit are responsible for investigating:

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

The unit is composed of three teams of investigators all of whom hold professional investigation accreditation. In 2020/21 the Corporate and Technical Investigation teams have investigated eight complex fraud cases and 14 whistleblowing allegations.

Two of these fraud investigations were exacerbated by the COVID-19 crisis and involved opportunistic socially engineered phishing attacks on the organisation. The unit was able to continue to provide an investigative response on behalf of the organisation despite the move to home working. Whilst some working practices had to be changed due to COVID-19, the team continued to carry out investigations as far as possible and responded immediately to issues such as alleged supplier fraud. Training was also delivered to teams with a higher risk of fraud and the Counter Fraud and Security Team.

The Tenancy Fraud team have dealt with 164 cases and 18 recovered dwellings for re-allocation to those in need of social housing. Due to the ongoing national COVID-19 crisis the amount of investigative work that could be carried out by the team was greatly diminished by the inability to conduct visits to dwellings or carry out interviews. The team continued to work hard carrying out investigations remotely, gathering evidence and providing reports to Local Office housing staff in order for further action to be taken. The team continue to investigate referrals made via the Housing Executive website "report a fraud" function which has seen a huge increase in fraud reports during the pandemic.

These referrals have resulted in a number of successful outcomes, not all of which relate solely to tenancy fraud.

The team have continued to manage and record the fraud and money laundering risks to the organisation and have adapted these to take into account threats posed by the COVID-19 pandemic. This risk management process involves the regular assessment of fraud and money laundering risks through engagement with the organisational risk champions, as well as continuing raise awareness across the organisation of a range of fraud and scams emerging as a result of COVID-19. Informing the organisation of new and emerging threats. The team continue to participate in several Northern Ireland Civil Service counter fraud groups and regularly share best practice and information with other Departmental or Arms-Length Bodies counter fraud and investigative units.

IT

During the COVID-19 crisis, the IT Department enabled home working for significant numbers of staff through the provision of approximately 2,500 IT devices and a secure remote working solution.

Video conferencing facilities have been rolled out and are currently enabling over 13,000 virtual meetings per month to be delivered. A secure remote access telephony solution including over 800 softphones has also been implemented to enable the organisation to handle up to 90,000 customer calls per month. The team worked collaboratively with the suppliers of our IT services to successfully handle over 25,000 service requests and over 20,000 incidents in 2020/21.

The IT team were recognised for their significant contribution at the 2020 staff awards where they were joint winners of the 'Delivering through Adversity' that recognised how we responded to COVID-19.

In addition to a new digital tenant portal, 'My Housing Executive' we also developed and enhanced a number of IT applications to facilitate the work of the Supporting People and Homelessness teams during the COVID-19 crisis. These include Homelessness demand and Homelessness tracker applications and a Supporting People COVID-19 funding application. We have also successfully implemented a mobile working application for Maintenance Inspectors and implemented a remote assistance support tool which uses video diagnostic technology to reduce the number of unnecessary site visits.

We have leveraged the power of the Data Analytics and Geographical Information Systems (GIS) tools to provide key management information in an easy-to-use online format to enable more effective and timely decision making during the current pandemic.

Despite the immense additional challenges presented by the COVID-19 pandemic the IT Team continued to work alongside other teams to continue to deliver innovative solutions in 'business as usual' activities, including two major system development projects for Planned Maintenance and Grounds Maintenance due to be completed in 2021/22 and significant contribution to the HR and Payroll Systems Review for the procurement and implementation of a fully integrated system.

We will be undertaking a review of the IT Strategy in the forthcoming 2021/22 business year as the organisation continues to develop the further growth in Digital Services.

Financial Support Services

The delivery of our key services by Financial Support Services continued despite the impact of COVID-19 with minimal impact on our customers. As a support department, we provide services that support our customer facing colleagues, contributing to the draft Programme for Government (PfG) 2016-2021 Outcome 11 – We have high quality public services.

Payments

- Total payments of £580m were processed by the team. Approximately 374,000 invoices were paid totalling £409m to suppliers, service providers and contractors, 89% were paid within 10 days and 97% within 30 days. Additionally approximately 76,000 grants, allowances and other payments were paid; and
- Project work continues to replace paper-based transactions and reduce manual keying in order to streamline processing. Progress was impacted by the reduced availability of staff due to difficulties in managing residual paper based processes with many staff working from home to enable social distancing in the offices.

Income

- 1.7m payments totalling £647m were collected and accounted for. This includes payments from tenants, leaseholders and Housing Benefit claimants in addition to invoiced accounts receivable;
- A wide variety of payment methods are offered to provide convenient alternatives to the customer and work continues to extend the range of methods across all payment types;
- The Income Management System was replaced during the year to a new Cloud based system easing access from any location and offering a platform to improve customer payments by increasing the payment methods available; and
- Housing Benefit of £527m was paid to tenants in both the public and private sectors, in addition to Rates Relief and Lone Pensioner Allowances, funded by the Department for Communities and Land and Property Services respectively.

Payroll

- Payroll Services were provided to 3,076 employees. The team participated in preparations for HR and Payroll Systems procurement exercise. Again, advances in technology will offer opportunities to streamline processes and improve service to our internal customers.

Finance Systems Development & Compliance

The Finance Systems Development team maintain and support the key finance systems and reporting tools, manage our systems projects and support of end users. Service was maintained even with all staff working from home. A new Expenses Systems was implemented in year by the team and assistance and input was given to a range of organisation system projects that will generate interfaces into the Accounts Payable system.

The Compliance team supported the divisional risk management processes, progression of audit recommendations and compliance activities for the wider Finance, Audit and Assurance Division. Progress on development of compliance dashboards was paused as resources were diverted to key customer supporting activities.

Insurance & Claims

In 2020/21 we received our lowest number of Public Liability Insurance Claims since 2004 with 602 claims received, down from 989 in 2019/20. The reduced volume of claims, is largely attributed as a result of reduced maintenance activity which can give rise to property damage claims. Live claims were also reduced to 384 at year end from 427 at 2019/20 year end.

Internal Audit

In response to the changing risk environment in respect of COVID-19 our Internal Audit department worked at speed, alongside key stakeholders, to revise and update the Internal Audit programme. The Internal Audit department also embraced new technologies, adapted audit testing methodologies and reimagined their audit approach to enable the assurance needs of the organisation to be met remotely. The revised plan, along with innovative delivery approaches, ensured the Head of Internal Audit could provide assurance over critical risk areas, whilst providing contingency and flexibility to allow the provision of advice and support in the management of emerging risks.

The Internal Audit department has completed 31 audit assignments from the 2020/21 audit plan, this total includes 21 assurance assignments, 7 advisory assignments and 4 assignments in relation to the recommendations monitor process.

The implementation of all Priority 1 and 2 recommendations is tracked on a rolling basis throughout the year. During 2020/21, 20 (Priority 1 and 2) recommendations were added to the monitor and 80% of these 20 recommendations were on target for completion or were fully implemented at year end. The organisation closed a total of 34 recommendations during 2020/21 demonstrating a high level of commitment to the implementation of audit recommendations.

During COVID-19 the Internal Audit team ensured that the delivery of the Audit Plan was achieved. Internal Audit also acted proactively and liaised with stakeholders on issues such as COVID-19 spend in relation to homelessness which would be scrutinised at a later date. Internal Audit also played a key role in ensuring that new working arrangements that required new procedures were satisfactorily governed, for example, Housing Benefit. Both Homelessness spend and Housing Benefit were audited during the pandemic and received 'satisfactory' audits.

Economics Services

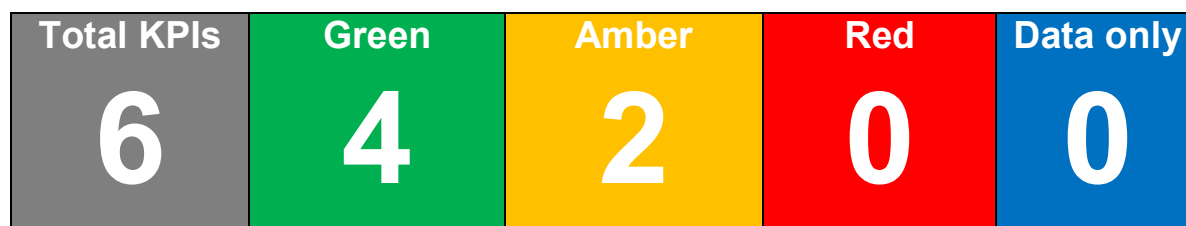
During the year the Economics Services team contributed to good investment decisions across the organisation and assisted clients meet their obligations regarding expenditure approval on almost one hundred proposals, including capital investments for maintenance, regeneration and new build schemes helping to meet the Social Housing Development Programme target.

The team led on the introduction of new business case processes involving a change in the way business cases are developed, advised on and signed-off whilst working remotely as a result of the pandemic. This major piece of work involved discussions with a range of internal stakeholders and colleagues in the Departments of Finance and Communities in particular. As part of this, the team developed a suite of guidance and tools for use in the Housing Executive, ensuring it had these in place for the Department of Finance launch

date, and also rolled out new training during the year. The economists also undertook a number of strategic economic briefings and assessments for senior management during the year.

During the year, the economists mobilised quickly to ensure all business cases were robust and ultimately approved, particularly those that enabled the delivery of key services or strategic priorities. For example, the delivery of the social housing development programme and associated business cases. The economists also implemented the new Department of Finance, 'Better Business Cases NI' guidance and rolled out training across the organisation.

Corporate Services



Risk & Governance

The Housing Executive regards risk and governance as an integral part of how we do business and believes that its effective operation helps us to make better business decisions. The identification and monitoring of risk is completed at all levels of the Organisation and contribute to our ability to meet our objectives.

The 2020/2021 year was challenging and busy both due to external factors such as the impact of COVID-19 and also due to the development of a new Planning, Performance, Risk and Governance (PPRG) structure. This new structure provides an opportunity for synergies and the ability to further embed risk management.

The Corporate Risk Register was kept under continuous review and extensive engagement took place throughout the Organisation to ensure that where possible, risks were mitigated and action taken to reduce scores. Extensive work has been undertaken with Audit and Risk Committee Members to enhance the risk reporting mechanisms to enable members to focus on the key areas of concern and to streamline reports.

Going forward we will continue to drive risk maturity with a particular focus on supporting the Organisation in undertaking a Corporate Assurance Mapping Exercise. Furthermore we will progress a new corporate approach to policy development. The embedding of the new PPRG structure will also present opportunities to review and enhance our processes.

The risk and governance team continue to work collaboratively with our colleagues in the Department for Communities and work is ongoing to introduce a new Arms-Length Body Partnership agreement which will help shape our future relationship and responsibilities.

Further information on key issues and risks facing the Housing Executive can be found in the Governance Statement later in this document.

Corporate Business Planning & Performance

Corporate Business Planning and Performance Unit is responsible for a wide range of functions including the development of and reporting against the Corporate Plan and associated annual business plans to the Department for Communities, the Housing Executive's Board and our Senior Management Team. The team also provides support, assistance and training on the risk and performance system used across the organisation for a range of functions including corporate reporting, risk, audit recommendations and recording data breaches.

In 2020/21, as part of the wider Corporate Services restructuring, Risk and Governance moved to Corporate Services and amalgamated with Business Planning and Performance, as well as information Governance.

In 2020/21 the unit had three KPIs and all were achieved. The Annual Report and Accounts was successfully developed and laid before the Northern Ireland Assembly (SSKPI 6.1) and we published an Older Peoples Housing Strategy 2021/22 – 2025/26 (SSKPI 3.7) following a 14 week consultation period. The strategy and Year 1 Action Plan was published on our website in March 2021.

Following Board and DfC approval, a one year approach for 2021/22 for the Corporate Plan (SSKPI 4.3) was agreed. This is to allow time to consider the Minister’s statement on the future of the Housing Executive and to align to the new Programme for Government, once published. Work will commence in 2021/22 to develop a new five year corporate strategy.

Throughout the year the team also successfully launched a new corporate customer charter and published 2019/20 performance against the agreed service standards.

Human Resources

Our Human Resources Team is based within the Corporate Services Directorate and provides people orientated services for employees and agency staff across the Housing Executive. The Corporate Services Division is currently at various stages of review or implementation of new structures. The HR structure was recently reviewed by the Director of Corporate Services and the approved structure is based on the following two distinct strands:

HR Advisory	Employee Resourcing Employee Relations (including Policy) Business Partnering Health & Wellbeing Employee Services
Organisational Development	Learning and Organisational Development Equality and Inclusion Programme Management Office

The Assistant Director of Advisory services commenced in January 2021 and the post of Assistant Director for Organisational Development is currently vacant. Divisional restructuring is ongoing and is expected to continue throughout 2021/22.

A new People Strategy for 2021-2026 received Board approval in March 2020 and this will drive people and organisational development for the next 5 years.

The new HR Advisory structure places a strong emphasis on Health & Wellbeing and a new team will be established as the structure progresses. This year we drafted a new Health &

Wellbeing Strategy (SSKPI 4.2) which will facilitate the implementation of a holistic approach to wellbeing which will impact on attendance levels. We will continue this work in 2021/22.

Further information on Health and Wellbeing and Absence Management can be found in the Remuneration and Staff Report in the Accountability Report.

COVID-19

COVID-19 significantly impacted our people and the delivery of our HR services this year. We worked in partnership with our colleagues across the organisation to ensure that we responded quickly to the virus and that we kept our people safe while balancing the need to deliver our services. We liaised closely with our Compliance, Health & Safety Division to ensure that risk assessments were developed and adhered to and we communicated regularly with our people as government guidance evolved.

A COVID-19 subgroup was quickly established, meeting fortnightly, to help co-ordinate our response and to implement specific actions including escalating items to our Executive Team for decisions as needed. The sub-group focused on four key areas, with specific task teams meeting in relation to each area as and when required:

- Ensuring that our workplaces are safe and that we comply with social distancing guidance;
- Ensuring that we continue to support our colleagues in terms of their health and wellbeing;
- Preparing for increased customer interaction; and
- Monitor the on-going situation in terms of positive cases and self-isolations (with a primary focus on positive cases).

We will continue to act in line with government guidance to ensure we facilitate a safe return to the workplace at the appropriate time for those who have been working at home during the COVID-19 pandemic.

Due to the impact of the pandemic recruitment activity significantly reduced in 2020/21. There were 96 recruitment exercises undertaken this year, representing a 55% reduction from the previous year, and 67 appointments were made (an 80% reduction on last year).

COVID-19 significantly impacted resourcing activity and workforce planning across the Housing Executive. In order to ensure the safety of our panels and applicants for posts, we were unable to progress some of the recruitment exercises which had been planned and we concentrated on urgent, priority and small scale recruitment activity, using on line facilities where possible to minimise face to face meetings.

The reduction in resourcing activity due to COVID-19 also impacted our ability to further stabilise the workforce this year. Just over 30% of our people are in temporary arrangements and agency workers represent 17% of the workforce. During the year we worked closely with each Directorate to develop and implement interim Workforce Plans which prioritised urgent lower volume recruitment activity. Plans included a focus on stabilising existing structures, particularly in areas such as Housing Services, Direct Labour Organisation and Housing Benefit where there are a number of temporary working arrangements. During the year, we

were able to stabilise some of our structures such as Housing Benefit where 40 fixed term contracts were confirmed as permanent in March 2021.

A new workforce plan for 2021/22 is currently being finalised in conjunction with Directorates and we will return to larger scale recruitment as COVID-19 restrictions ease.

Pay and Grading

An external specialist was appointed this year to conduct an organisational wide Pay and Grading Review. Work commenced in January 2021 and the design phase of the review is almost complete. The external specialist will present a report with a proposed new pay and grading structure to Board for approval in 2021/22. The aim is to ensure that we have a fit for purpose pay and grading structure which aligns with national terms and conditions and ensures equality.

Business Partnering

Our Human Resources Business Partners (HRBPs) continued to provide professional advice and support to Directors and Managers on a wide range of employee relations issues this year including disciplinary, performance, dignity at work, grievance and attendance management.

They also provided professional HR support and advice regarding implementation of key HR projects such as structural changes, changes to terms and conditions and introducing new ways of working which were required in response to COVID-19 this year.

HRBPs also support managers to ensure that structural changes are implemented in line with our new Organisational Change Policy and this included ensuring job descriptions were developed for new posts in line with the new Resourcing Policy. HRBPs also supported job consultations to match employees to new posts in our structures.

Our Employee Services Team continued to provide a professional, customer orientated service this year, adapting quickly and effectively to the challenges presented during COVID-19.

The team ensured that timely and meaningful management information and reports were provided and that advice was available to our people on HR related policies and terms and conditions of employment in line with national and local agreements.

We also worked closely with our colleagues in Finance and IT to make significant progress on a major new payroll system project. This year was concentrated on ensuring the business case was developed and that we maximised the use of our existing systems. An important element of this work has also been ensuring that our systems are continually updated to reflect changes to our organisational structures.

Learning and Organisational Development

The Learning and Organisational Development (L&D) team supports the development of our people capability and organisational change.

Learning and development was heavily impacted by COVID-19 this year. We successfully moved towards hybrid approaches to ensure we could continue to develop our people and this included e-learning, online resources and virtual classroom delivery.

The L&D team also manage the implementation of the performance management process during the year. Compliance rates have continued to improve as we seek to engage people in the benefits of the process both for staff and managers.

We currently hold the Investors in People Silver Level Award and our re-accreditation process commenced during the year. The recommendations arising from this will be integrated into our people strategy action plan for the coming years.

Equality and Safeguarding

In 2020/21 the Equality Unit and Safeguarding unit continued to deliver the full range of functions, however, as a result of the pandemic a number of the functions moved to online delivery. Eleven sessions of Safeguarding training, Equality Awareness and Suicide Awareness training were all delivered to staff online. The Consultative Forum on Equality also met online. This Forum meets twice per year to discuss key equality issues and to facilitate equality groups in bringing important sectoral issues to the Housing Executive.

Communication Support services continued and were further enhanced with the launch of a Video Relay Service for Deaf customers in September 2020 allowing deaf clients to ring the Housing Executive and communicate with staff via a Sign Language interpreter in both British and Irish Sign Language.

The Equality Unit also launched the organisations updated Disability Action Plan in June 2020 and presented the new plan to the Housing Executive's Disability Forum. In January 2021 the Equality Unit distributed an Equality Bulletin on Tackling Modern Slavery & Human Trafficking to all staff and presented a series of awareness sessions at the Local Homelessness Action Groups throughout January and February 2021.

The Equality Unit also helped other organisations distribute important information about the COVID-19 pandemic through its Consultative Forum for example, the Royal National Institute for Blind People and Belfast City Council's Migrant Forum.

In relation to safeguarding, Equality Unit staff continued to respond to safeguarding concerns from staff and strengthen relationships with Social Services through representation at Local Area Adult Safeguarding Partnership meetings. The Unit also provided consultation support on a total of 3 consultations (Irish Travellers Accommodation Strategy, Older People's Strategy and the Cavity Wall Insulation Action Plan) and provided a monthly update to key staff on government consultations.

During the year, two monitoring reports were produced looking at equality issues in the performance of waiting lists and allocations. The first report was the subject of a presentation to the Chief Executive's Business Committee and the Housing Executive Leadership Forum. Other Key Achievements included:

- 3,399 Communications Support functions delivered (mainly telephone interpreting);
- 122 Safeguarding Cases received/advised on;
- 118 Suicide Risk Reports received/advised on;
- 27 policies screened.

We work closely with our Corporate Business Planning and Performance colleagues to ensure that inequalities are targeted within the Corporate Plan and reflected in the key performance areas of our business.

A handwritten signature in black ink that reads "Grainia Long". The signature is written in a cursive, flowing style.

Grainia Long
Chief Executive

Date: 29 October 2021

Key Performance Indicators (KPIs) 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 2020/21 KPIs have been calculated on a reasonable basis with appropriate supporting evidence.

A handwritten signature in black ink, appearing to read 'AR' followed by a long horizontal stroke.

Adele Reilly
Assistant Director, Internal Audit

Date: 29 October 2021

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 2021.

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;
- 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.

Board Members

The role of the Board is to provide effective strategic leadership, direction, performance, 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 directives from the Department for Communities (DfC) in connection with the exercise of any of its functions. It is referred to as "the Department" throughout this report.

The Housing Executive is governed by a ten member Board. All ten Board Members are appointed by the Minister for Communities (or the Secretary of State in the absence of a Minister). Four of these ten members are nominated from the Northern Ireland Housing Council Membership and the remainder are nominated via a public appointments exercise conducted via the Commissioner of Public Appointments Northern Ireland.

During 2020/2021 the Housing Executive Board met on a monthly basis (*usually the last Wednesday of each month*), and a Special Meeting of the Board was also held on 16 December 2020. There was no monthly meeting held in July 2020, and no Board Away Days or Regional Visits were scheduled during 2020 due to the COVID-19 Pandemic.

The 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. An Internal Audit 'advisory review' of Management Information provided to the Board was completed in March 2020. Improvements or enhancements were considered by the Chair and Vice Chair and this was reflected in the proposed new Committee structure to support the strategic role of the Board, which operated in shadow form during February / March 2021.

Board Appointments

Board Members for the period 1 April 2020 - 31 March 2021

Chair - Professor Peter Roberts (1 April 2019 to 4 November 2022).

- Professor Roberts was originally appointed to the role of Vice-Chair of the Housing Executive Board by the Minister for Department for Social Development 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.

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.

Other Board Members:

- Jim McCall (re-appointed for a second term from 1 June 2020 to 31 May 2025).
- Derek Wilson (re-appointed for a second term from 1 June 2020 to 31 May 2025).
- Pauline Leeson (appointed for a first term from 1 November 2020 to 31 October 2025).
- Chris Welch (appointed for a first term from 1 November 2020 to 31 October 2025; temporarily appointed by the Secretary of State, in the absence of a Minister, to fill the vacant position from 1 August 2019 to 30 January 2020 and subsequently extended by the Minister from 1 February 2020 to 30 June 2020).
- Alderman Allan Bresland (appointed from 1 January 2020 until the date of the next Local Government Election).
- Councillor Catherine Elattar (re-appointed for a second term from 1 January 2020 until the date of the next Local Government Election).
- Alderman Amanda Grehan (appointed from 1 January 2020 until the date of the next Local Government Election).
- Councillor Michael Ruane (appointed from 1 January 2020 until the date of the next Local Government Election).

- Ken Millar (the temporary six month extension to his second term of office expired on 31 October 2020 when a permanent replacement was appointed; re-appointed for a second term from 1 June 2015 to 31 May 2020).

No Board membership changes are expected during the 2021/22 financial year.

At 31 March 2021, the gender breakdown of the Board was:

Female: 3

Male: 7

Register of Interests

In accordance with the Code of Practice for Board Members, a Register of Interests is maintained to record Board and Independent Members' declarations of personal and/or business interests which may conflict with their responsibilities as Members. These are dealt with in line with best practice and the register is available on the Housing Executive's website. In addition, any declarations during meetings are also captured within their respective Minutes.

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 2021, 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 **£282.1 million** (2019/20: £284.8 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".

In 2018/19 the Housing Executive approved its final tranche of staff to leave under a programme of restructuring through VES. Due to residual costs from staff leaving during 2020/21 and who were approved in previous years, costs of **£210k** (2019/20: (£81k)) 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 increased from £230.6 million in 2019/20 to **£236.1 million** in 2020/21. Note 22 provides further pension disclosures.

Property, plant & equipment

For year ending 31 March 2021 annual accounts, the Housing Executive's land and housing stock have been revalued by an independent external valuer as at 31 March 2021. 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 also revalued during 2020/21 using indices by Land and Property Services. These properties were revalued during 2019/20 by Land & Property Services when it was the first year of a five year valuation exercise.

The 'Other Assets' category was revalued using appropriate March 2021 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 2021 resulted in an increase in value of £69.6 million which has been transferred to the Revaluation Reserve Account. Of this amount, £65.2 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 £4.4 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 £1.0 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 £13.1 million has been transferred to the Revenue Reserve Account from the Revaluation Reserve Account. During the financial year, the Housing Executive sold 249 dwellings, which includes 4 properties purchased through equity sharing.

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 2020/21 year, two personal data breaches were referred to the Information Commissioners Office (ICO). The ICO confirmed no further action was required. Details regarding these breaches can be found on page 125 in the Governance Statement.

Complaints Handling

The Housing Executive is committed to providing a high quality customer service and has a formal complaints procedure for any customer unhappy with the service they

have received. Details of the complaints procedure are available on the Housing Executive website and in local offices. Complaints may be made via telephone, in writing, email, online or in person.

During the year, the Housing Executive dealt with 231 formal complaints across all Divisions. There were 199 First Stage complaints and 32 complaints were then dealt with by the Chief Executive, carrying out detailed investigation and addressing any issues raised. The Northern Ireland Public Services Ombudsman investigated 9 complaints raised against the Housing Executive at assessment stage.

Performance on complaints is available on the website and is reported to the Business Committee bi-annually and to Board annually. All cases are examined for lessons learned and service improvement.

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 2020/21, a total of 373,686 (2019/20: 421,372) payments were processed with 360,915 (96.58%) (2019/20 : 414,707 (98.42%)) 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 331,647 (88.75%) (2019/2020: 383,918 (91.11%)) 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 1(o) 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 20.

Going Concern

The Northern Ireland Assembly has authority for approving the annual budget, including the 2021/22 budget allocation to the Northern Ireland Departments. The

Permanent Secretary for the Department for Communities subsequently confirms the allocation to the Northern Ireland Housing Executive. As a result, the financing of the Housing Executive's liabilities will be met by future grants from the Department, approved annually by the Assembly, and the application of self-generating rental income, and funding received from other bodies for the purposes of delivering specific services. 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 2020/21, 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.

Committees of the Board

The Board of the Housing Executive wishes to prioritise and strengthen further its strategic role to enable more time to focus on issues which are high level and of fundamental importance to the current and future direction of the organisation.

In January 2020, the Board approved the proposed implementation of a new Committee Structure, which was introduced in shadow form early in 2021. This involved the establishment of a new Resources and Performance Committee and the expansion of the remit of the DLO Performance & Development Committee to include Asset Management and Maintenance. Both Committees operated in shadow form during February and March 2021 and their respective Terms of Reference and delegated authorities were formally approved by the Board on 28 April 2021.

As of 1 May 2021 the new Committee Structure will comprise of three Board Committees to facilitate the Board in robustly executing its duties. Each Committee operates under its own Terms of Reference and has a number of Independent Members to enhance the oversight it provides.

Audit and Risk Assurance Committee (ARAC)

The Audit and Risk Assurance Committee (ARAC) is an advisory and scrutiny body with no executive powers. ARAC supports the Accounting Officer and the Board by reviewing the comprehensiveness and reliability of assurances on internal audit findings, governance, risk management, the control environment and the integrity of financial statements and the annual report.

ARAC operates in accordance with the Audit Risk and Assurance Committee Handbook NI as specified in DAO (DoF) 03/18.

The Committee, which is chaired by the Board Vice-Chair, currently comprises three Board Members and two Independent Members, and meets quarterly with the Executive Team, Head of Internal Audit, Technical Inspection & Risk Manager, Head of Planning, Performance, Risk and Governance and also the Data Protection Manager. Representatives from the Northern Ireland Audit Office and an observer from the Department for Communities also attend Committee Meetings. Other officers address the Committee for specific items of business as required.

A representative from the Department for Communities' Benefit Security Division also addresses the Committee regularly to provide an update on Housing Benefit Fraud and Errors.

Ad hoc and Special Committee Meetings and/or workshops are also arranged as required.

Direct Labour Organisation [DLO] Performance and Development Committee (now renamed to Asset Management and Maintenance Committee)

The primary function of the Asset Management and Maintenance Committee is to support the Board in carrying out its constructive challenge and oversight function and, as such, the Board has delegated executive powers to the Committee to make decisions in line with the scheme of delegations as outlined in the Committee Terms of Reference.

The Committee comprises four Board Members and two Independent Members.

Committee Meetings will alternate with Board Meetings and will be attended by the Executive Team and a number of other officials and/or Business Partners as required.

Resources and Performance Committee

The primary function of the Resources & Performance Committee is to support the Board in carrying out its constructive challenge and oversight function and, as such, the Board has delegated authority for the Committee to approve and authorise spend in line with the agreed scheme of delegations as outlined in the Committee Terms of Reference.

The Committee comprises three Board Members and a recruitment exercise for an Independent Member is imminent. Committee Meetings will alternate with Board Meetings and will be attended by the Executive Team and a number of other officials and/or Business Partners as required.

Board Task and Finish Groups

Details of the Board's Task and Finish Groups operating during 2020/21 are outlined below. These groups were initially established to provide the Board with enhanced assurance around significant matters and, where appropriate, and to facilitate access to specialist outside expertise.

- Supporting People Progress & Scrutiny Group.
- New Build Task and Finish Group.
- Independent Reference Group (Fire Safety in Housing Executive Tower Blocks).
- Environmental Working Group.

During 2020/21 two of the above groups dissolved, having fulfilled their function, namely - the Independent Reference Group (Fire Safety in Housing Executive Tower Blocks) and also the Environmental Working Group.

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 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 2021:

The Chief Executive, as the Accounting Officer of the 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.

This Annual Governance Statement refers to the accounting period 1 April 2020 to 31 March 2021.

It 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, good governance principles and robust management processes. This includes the system of internal controls, standing orders and the assurance process. The Governance Framework is regularly reviewed.

The Housing Executive maintained an effective system of internal control for the year ended 31 March 2021 in accordance with Department of Finance (DoF) guidance.

The Housing Executive's Head of Internal Audit's Annual Audit Opinion for the 2020/21 financial year provides a formal opinion on the governance, risk management and control arrangements in place within the Housing Executive. (See Section 3B for opinion)

The governance structure, as shown in the diagram below, reflects the relationship between the Housing Executive and its sponsoring Department; and between the Board, its Committees, the Chief Executive and the Senior Management Team as at 31 March 2021.

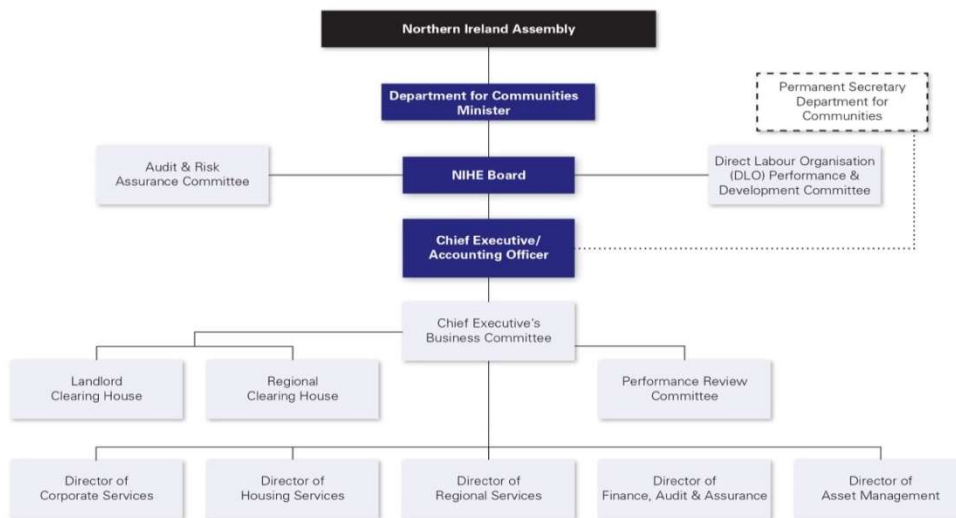


Figure 1 The Housing Executive's Governance Structure as at 31 March 2021

During the 2020/21 financial year, the Housing Executive Board reviewed its committee arrangements, as set out above, to ensure more time is available at Board meetings to allow a greater focus on strategic issues. Details of the new committee structures are provided in the Board Committees section below.

The Board

The strategic direction, performance and supervision of the Housing Executive is overseen by a ten member Board. 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 line with best practice, the Board have established a Board Operating Framework and Standing Orders. These regulate the proceedings and business of the Housing Executive and its Committees and are periodically reviewed. The Department for Communities initiated a project to introduce new partnership agreements across its arm's length bodies, including the Housing Executive. Timescales for the approval and implementation of the partnership agreement remain to be determined by DfC. It is anticipated that significant work may be required as a consequence to review the Standing Orders to realign them with any changes arising from any new departmental partnership agreement.

Board Membership / Appointments

Appointments made by the Minister for Communities during the 2020/21 financial year include:

- Professor Peter Roberts' (Chair) second term was extended until 4 November 2022.
- Mr Jim McCall and Mr Derek Wilson were each re-appointed by the Minister for a second five year term effective from 1 June 2020 to 31 May 2025.
- Mr Ken Millar's extension from 1 June 2020 for a further temporary period of 6 months (or until a permanent replacement was made) expired on 31 October 2020.
- Mr Chris Welch was appointed for his first five year term from 1 November 2020 to 31 October 2025 (having served as an interim Board Member for a period of 9 months from 1 August 2019 to 30 June 2020).
- Mrs Pauline Leeson was appointed for her first five year term from 1 November 2020 to 31 October 2025.

Independent Committee Membership

A joint recruitment exercise for two Independent Committee Members (Audit and Risk Assurance Committee (ARAC) and the Direct Labour Organisation (DLO) Performance and Development Committee) was undertaken in September / October 2020 with successful appointments made effective from 1 November 2020. A further recruitment exercise to appoint independent members to the new Committee structures (as detailed within the relevant sections below) concluded in September 2021 with the appointment of three independent committee members.

During April 2020 to March 2021 the Housing Executive Board met twelve times including two Special Meetings which took place on 5 August and the 16 December 2020. Board membership and attendance is outlined as follows:

Member Name	29/04/2020	27/05/2020	29/06/2020	05/08/2020	26/08/2020	30/09/2020	28/10/2020	25/11/2020	16/12/2020	27/01/2021	24/02/2021	31/03/2021	Comments
Prof Peter Roberts	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Professor Roberts second term of office was extended 4 November 2022
John McMullan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Ken Millar	✓	✓	✓	✓	✓	✓	✓						Mr Millar's extension expired on 31 October 2020
Derek Wilson	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Mr Wilson was re-appointed for a second five year term from 1 June 2020
Jim McCall	✓	✓	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	Mr McCall was re-appointed for a second five year term from 1 June 2020
Chris Welch	✓	✓	✓					✓	✓	✓	✓	✓	Mr Welch's temporary appointment finished on 30 June 2020; New Appointee from 1 November 2020
Catherine Elattar	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Michael Ruane	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Allan Bresland	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Amanda Grehan	✓	✓	✓	✓	✓	✓	✓	-	✓	✓	✓	✓	
Pauline Leeson								✓	✓	✓	✓	✓	New Appointee from 1 November 2020

Board Committees

During the 2020/21 financial year the Housing Executive Board had two Board Committees in place to facilitate it robustly executing its duties. Each Committee operates under its own Terms of Reference, meets quarterly, and each has two independent members to enhance the oversight it provides.

The Chair of each Committee provides a verbal update to the proceeding Board meeting and a copy of the minutes are also shared with all Board Members to ensure full disclosure. An annual report is produced for each Committee and is presented to the Board, outlining the effectiveness of the Committee and the scope of work undertaken during the year. Committee Members are also appraised by the Committee Chair, and each Committee also undertakes an annual self-effectiveness assessment.

Audit and Risk Assurance Committee (ARAC)

The ARAC operate in accordance with the Audit Risk and Assurance Committee Handbook (NI) as specified in DAO (DOF) 03/18. The Committee supports the Accounting Officer and Board by reviewing the comprehensiveness and reliability of assurances on internal audit findings, governance, risk management and the integrity of financial statements and the annual report.

As part of the newly purposed Committee structure the Board reviewed membership of its Committees. At the special Board meeting on the 16th December 2020 the ARAC membership was changed from six members to five (three Board Members and two Independent Committee Members) with Derek Wilson appointed Chair of the new Resources and Performance Committee.

During April 2020 to March 2021, the Committee met five times, the membership and attendance is outlined below:

Member Name	20/06/2020	28/09/2020	13/10/2020	08/12/2020	09/03/2021	Comments
John McMullan (Chair)	✓	✓	✓	✓	✓	Board Vice Chair
Derek Wilson	✓	✓	✓	✓		Board Member Withdrew from ARAC Membership in November 2020 to take up the role of Committee Chair I Resources and Performance Committee
Jim McCall	-	✓	✓	✓	-	Board Member
Amanda Grehan	✓	✓	✓	✓	✓	Board Member
Sharon Hetherington	✓	✓	✓	✓	✓	Independent Member
David Peacock	-	-	-	✓	✓	Independent Member Appointed for five year term effective from 1 November 2020 to 31 October 2025

Direct Labour Organisation [DLO] Performance and Development Committee (now renamed to Asset Management and Maintenance Committee)

The DLO Performance and Development Committee was responsible for providing assurance to the Board on the effectiveness and efficiency of DLO management, performance, governance, and compliance control. The Committee comprises three Board Members and two Independent Members.

During April 2020 to March 2021 the Committee met four times, with the membership and attendance outlined below:

Member Name	11/05/2020	01/07/2020	14/09/2020	10/11/2020	Comments
Ken Millar (Chair)	✓	✓	✓		Committee Chair / Board Member. Extension to second term of office expired on 31 October 2020
Allan Bresland	✓	✓	✓	✓	Board Member - Appointed to the DLO Committee by the Board on 29 January 2020
Catherine Elattar	✓	✓	✓	-	Board Member. Reappointed to DLO Committee by the Board on 29 January 2020
Una Davey				✓	Independent Committee Member - Appointed for a first five year term from 1 November 2020 to 31 October 2025
Christopher Welch	✓	✓	✓	✓	Appointed as Independent Committee Member; served as Interim Board Member for 9 months from 1 August 2019 to 30 June 2020; reverted to Independent Committee Member from 1 July 2020; Appointed as Board Member from 1 November 2020 Chaired November Committee Meeting at request of Board Chair
Vacant					Independent Vacancy created in November 2020, following Mr Welch's appointment as a Board Member

Committee Structure Review

In January 2020, the Board approved the proposed implementation of a new Committee Structure for introduction in 2020/21. The Board of the Housing Executive wishes to prioritise and strengthen further its strategic role to enable more time to focus on issues which are high level and of fundamental importance to the current and future direction of the organisation.

This involved the establishment of new Resources and Performance Committee and the expansion of the remit of the DLO Performance & Development Committee to include Asset Management and Maintenance – which will be known as the Asset Management and Maintenance Committee.

The Board held a Special Meeting on 16 December 2020 to consider initial Terms of Reference in line with the new committee structure and agreed to operate both Committees in shadow form during February and March 2021, prior to formal implementation (from April 2021) to align with the new financial year. The Board approved the Terms of Reference and delegated authorities for each Committee in April 2021.

It should also be noted that Internal Audit intend to carry out an advisory review of the new committee structures in the final quarter of 2021/22 to inform the Board if the

committees are operating as intended and to identify areas for improvement during early adoption.

Asset Management and Maintenance Committee (initially in Shadow Form)

The Board has established an Asset Management and Maintenance Committee. Its primary function is to support the Board in carrying out its constructive challenge and oversight function and as such the Board has delegated executive powers to the Committee to make decisions up to the value of £10million.

The Asset Management and Maintenance Committee will comprise four Board Members and two Independent Members as outlined below. During 2021/21 the Committee met twice (in shadow form) as follows:

Member Name	08/02/2021	08/03/2021	Comments
Chris Welch (Chair)	✓	✓	Board Member - Appointed as Committee Chair by the Board on 16 December 2020
Pauline Leeson	✓	✓	Board Member - Appointed to the Committee by the Board on 16 December 2020
Allan Bresland	✓	✓	Board Member - Appointed to the DLO Committee by the Board on 29 January 2020
Catherine Elattar	-	✓	Board Member. Reappointed to DLO Committee by the Board on 29 January 2020
Una Davey	✓	✓	Independent Committee Member - Appointed for a first five year term from 1 November 2020 to 31 October 2025
Niall Sheridan			Independent Committee Member appointed on 1 st September 2021

Resources and Performance Committee (initially in Shadow Form)

The Board has established a Resources and Performance Committee and its primary function is to support the Board in carrying out its constructive challenge and oversight function and as such the Board has delegated authority for the Committee to approve and authorise spend in line with the agreed scheme of delegations.

The Resources and Performance Committee will comprise three Board Members and one/two Independent Members as outlined below. During 2020/21 the Committee met twice (in shadow form) as follows:

Member Name	10/02/2021	10/03/2021	Comments
Derek Wilson (Chair)	✓	✓	Board Member - Appointed Committee Chair by the Board on 16 December 2020
Pauline Leeson	✓	-	Board Member - Appointed to the Committee by the Board on 16 December 2020
Michael Ruane	✓	-	Board Member - Appointed to the Committee by the Board on 16 December 2020
Parvesh Paul Sood			Independent Committee Member appointed 1 st September 2021
Mark Lowry			Independent Committee Member appointed 1 st September 2021

Board Task and Finish Groups

The Board currently comprises the undernoted Task and Finish Groups, which provide the Board with enhanced assurance around significant matters and, where appropriate, facilitate access to specialist outside expertise:

- Independent Reference Group (Fire Safety in Housing Executive Tower Blocks) (Established 2017);
- Supporting People Progress & Scrutiny Group;
- Environmental Working Group; and
- New Build Task and Finish Group.

At the February 2021 Board Meeting, the cessation timeframes for the Independent Reference Group (March 2021) and Environmental Working Group (February 2021) were noted.

During the period 2020/21, the Board also designated/re-designated some of its Members to act as “Champions” for the following matters:

- Pauline Leeson - Human Rights Champion
- Peter Roberts - Equality & Diversity
- Catherine Elattar- Equality & Diversity

The Board held a Human Rights, Equalities and Diversity Workshop in April 2021.

Performance of the Housing Executive Board 2020/21

In line with best practice, the Board periodically undertakes an internal or external self-effectiveness evaluation. As a consequence of membership changes in June and November 2020 and the Board's participation in a Department led self-effectiveness pilot exercise in early 2021, the Board has agreed that the external exercise due in 2019 should be re-scheduled to late 2021.

In addition to the pilot, the Board also participated in a voluntary survey entitled 'the Culture of Public Sector Boards in Northern Ireland' conducted by Ulster University on behalf of the Executive Office. As agreed by the Board, the external self-effectiveness evaluation has been rescheduled to take place during 2021/22. Internal Audit intend to undertake an advisory review of the new committee structures during 2021/22.

The Chair completes annual appraisals for all Board Members during May/June for submission to the Department. These appraisals also include the special responsibilities for the Board Committees each Member serves on, and individual training needs or collective workshops to enhance Board Members' knowledge and skills are arranged as necessary.

Quality of information used by the Board

The Chair continues to emphasise the need for Board business to focus on strategic matters with appropriate reporting reflecting internal organisational structures, roles and responsibilities. This approach is reflected in the proposed changes to the Committee structure and the implementation of a number of Board Task and Finish Groups.

The style and format of papers submitted to Board are currently under review to give the Board assurance that the content is of sufficient quality to support effective, timely and informed decision making. It is anticipated that further procedural improvements will be introduced during 2021/22.

The Board's annual work programme also usually incorporates regular visits to see projects underway at a local level as well as two business away days to allow more detailed consideration of cross-organisational issues such as strategic priorities, best practice, governance topics and key policy matters. Independent Committee Members are invited to attend Board away days and workshops to ensure a broad awareness of key issues. It should be noted that due to the COVID-19 pandemic, regular visits to see projects at a local level and Board Away Days were unable to progress.

Declaration of Interests and Conflicts of Interest

Board Member conflicts of interest are dealt with in accordance with in line with best practice and are recorded in the relevant minutes. Furthermore, an electronic register of interests is maintained and updated as necessary. Should a conflict arise due to

declared interests the member may be asked to leave the meeting and not take part in any discussion or decision-making.

In this financial period 2020/21, there were two instances identified of potential conflict of interest during meetings, both of which were managed by the NIHE Chair. In both cases, it was agreed that there was not a conflict, and in one case, the member undertook to refrain from discussion of the item in question.

Board/Committee Members and the Senior Management Team are also required to advise the Secretariat Team of any gifts or hospitality received or offered, and these are recorded and presented at each ARAC meeting.

The NIHE policy on the declaration and management of interests in place for all staff is set out in the Housing Executive's Resourcing Policy, Procedures, and the Code of Conduct for Housing Executive Officers, published on the NIHE website.

The Code of Conduct requires all permanent staff, seconded staff and Agency workers who currently carry out work in the Housing Executive, regardless of grade or employment type, to complete the Staff Declaration Register on an annual basis and to keep it under review if any subsequent potential conflict of interest should arise.

The Code of Conduct also governs the handling of outside employment for Housing Executive Officers. Section 9 on Outside Commitments states that Officers must not engage in any external business, any external employment, or any external appointment, without the prior written consent of their Designated Manager.

The Staff code of conduct (section 18), sets out advice to managers on staff Leaving Housing Executive employment. Employees are required to complete the Staff Declaration Register when applying for or approached about, employment with any Housing Association, social landlord, current Housing Executive contractor, supplier or service provider, or a contractor, supplier or service provider tendering for Housing Executive business (subject to certain specified conditions).

The Designated Manager should then consider the declaration, identify any potential conflict and take any appropriate actions (e.g. conditions during notice, transfer, duty of confidentiality etc.).

To further reinforce this, the Housing Executive, as part of its review of relevant policies, is considering amending the leaver's process to specifically prompt consideration of outside appointments, which are covered under section 18 of the Code of Conduct.

Risk Management Overview

The Housing Executive is committed to the effective management of risk in order to achieve its corporate goals and objectives. As a public sector body, the Housing

Executive recognises that we must maintain the highest of standards. Our commitment to enhancing and improving our approach to risk management through developing our staff and maintaining awareness of best practice demonstrates this. We have a risk management strategy and policy and procedures in place which have been extensively communicated throughout the organisation via dedicated risk and governance training. The Board and ARAC continue to be briefed at least quarterly on risk matters.

Managing Risk within the Housing Executive

The Board have overall responsibility for ensuring that risk management within the Housing Executive is effective. As Accounting Officer, along with my senior management team, I have responsibility for ensuring that an effective system of risk management is maintained to inform decisions on financial and operational planning, and to assist in achieving objectives and targets.

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 any identified actions. This is done on an ongoing basis and regularly reported at the appropriate Committees. Risk is also a regular topic at management meetings to facilitate identification of new, emerging or changing risks so that appropriate action is taken. The Risk Management Team also works closely with the Internal Audit function to shape future audit plans and ensure learning from audit findings. During 2020/21 the Risk Management function was transferred to Corporate Services Division as part of a wider organisational restructuring, and now forms part of the wider Planning, Performance Risk and Governance team which presents opportunities for further synergies and enhancements.

By developing a risk appetite, the Board are able to focus on those risks which present the greatest threat to the Housing Executive. This proportionate approach ensures that adequate oversight of significant risks is in place. In 2020/21 the organisation's overall risk appetite was assessed as "measured". The measured appetite reflects our preference for safe delivery options that have a low degree of residual risk with a strong control framework in place and is cognisant of our role as an Arm's Length Body and the obligations that come with spending public money. A review of the organisational risk appetite is planned to be undertaken with the Board during 2021/22.

Corporate Risks

The Corporate Risk Register includes those strategic risks which the Board and I, as Accounting Officer, consider could have significant impact should they materialise. This is kept under continuous review throughout the year and is updated to reflect the current operating environment.

Over the last year the Housing Executive has undergone an extensive review of the Corporate Risk Register and considered the potential risks associated with significant

external events, including the COVID-19 outbreak and EU-Exit, as well as those risks more unique to the Housing Executive. All significant risks have been proactively managed and monitored during the reporting period in accordance with the strategic risk management framework.

The Corporate Risk Register currently identifies 12 corporate risks, both strategic risks relating to the organisation's context as the strategic housing authority for Northern Ireland, and organisational risks common to other public sector bodies, such as health and safety, resourcing, finance, fraud and error, governance and technology. The Housing Executive-specific strategic risks are:

- **Income Collection:** 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.
- **Housing Supply:** Lack of Housing Supply restricting our ability to address housing need.
- **Planned Maintenance:** Unable to meet our investment requirements and to deliver an effective and timely Planned Maintenance programme in line with NIHE Asset Management Strategy.
- **Response Maintenance:** Failure to provide an effective response maintenance service which is reliable, timely and value for money.
- **Homelessness:** Failure to provide a Homeless Service which addresses the problems identified.
- **Supporting People:** Insufficient budget / resource available to provide an effective Supporting People programme.

The Audit Risk and Assurance Committee (ARAC) and Board are regularly briefed on all risks identified and action plans are in place to reduce current risk scores where they are higher than the Head of Risk deemed to be acceptable. The Housing Executive continues to be proactive in its management of risk and is constantly seeking new and innovative ways to mitigate risks, even where the genesis of the risk is beyond the organisation's control. In the spirit of collaborative working and continuous improvement extensive work on risk reporting commenced in 2020/21, with the guidance and support of ARAC members to ensure that the information submitted to Board and Committees is value added and supports the members in carrying out their role.

EU-Exit and Risk Management

The Risk and Assurance team continue to monitor the potential implications of EU-Exit and whilst the full out workings remain unknown there has been proactive engagement wherever possible to ensure that there is a level of readiness both internally and with our contractors. Since the start of the calendar year, the Housing Executive has been actively monitoring the increased costs of materials and potential implications for delivery of maintenance priorities. We are currently monitoring all other workstreams. This is an ongoing emerging risk which will continue to be closely monitored and managed.

The risk register was reviewed and each risk was reassessed with consideration given to EU-Exit associated risks and these were reflected in the register. We continue to horizon scan for new and emerging risks to ensure we continue to meet our statutory duties.

Coronavirus / COVID-19 Crisis and Risk Management

The COVID-19 crisis has been monitored closely from the outset in March 2020 by the Risk and Assurance function. As a consequence of the outbreak, the Housing Executive has in place a range of groups to coordinate our response. The maximisation of home working enabled the organisation to meet government requirements around social distancing and significantly changed the Housing Executive's working practices, allowing us to protect both our staff and the wider community, and to continue delivering key essential services.

We have been closely monitoring the risks and consequences associated with COVID-19, keeping the Board fully briefed on the steps taken to mitigate the impact. Whilst the situation continues to develop, our approach may change. However, our priorities will remain:

- a) protecting our staff and the community;
- b) maintaining our essential services; and
- c) meeting, where possible, our statutory and regulatory obligations.

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 the 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 licensing and deaths records.

Data matches from the 2020/21 NFI exercise were received in February 2021. The Housing Executive is now prioritising the matches for investigation and putting the relevant resources in place to process the matches. Fraud risk is continually assessed within each business area of the organisation and reported quarterly to the Audit and Risk Assurance Committee.

Ministerial Directions

There have been no Ministerial directions issued in the last year.

Protective Security Breaches

During 2020/21 two personal data breaches were notified to the Information Commissioner's Office (ICO). Both related to the incorrect disclosure of information. The ICO has subsequently closed both cases with no further action required.

3. Overview of Significant Reports/Issues

3a. External Reports

Departmental Inspections

DfC Internal Audit department completed a review of the Affordable Warmth scheme as part of the Department's 2019/2020 Internal Audit Plan. The audit examined the internal controls and governance arrangements in operation in the Housing Executive to ensure the delivery of the administration of the Affordable Warmth Scheme in accordance with its objectives. The final report was issued on 19th April 2021 with a limited assurance opinion and contained 2 Priority 1 recommendations and 6 Priority 2 recommendations; all recommendations have been accepted by the Housing Executive and are currently being progressed. Progress on implementing these recommendations will be monitored by ARAC.

3b. Internal Reports

Head of Internal Audit Opinion

To reflect the changing risk environment in respect of COVID-19 a revised Internal Audit plan was approved by ARAC in June 2020. The revised plan ensured the Head

of Internal Audit could provide assurance over critical risk areas, whilst providing contingency and flexibility to allow the provision of advice and support in the management of emerging risks. Throughout the year this audit plan has been progressed, ensuring the Housing Executive's Internal Audit has undertaken sufficient audit reviews to facilitate the provision of an opinion.

The Head of Internal Audit, on the basis of work carried out in 2020/21 has provided an overall **Satisfactory** opinion regarding the adequacy and effectiveness of the Housing Executive's internal control environment.

This means that in the opinion of the Head of Internal Audit, overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified, this should not significantly impact the achievement of organisational objectives.

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 2021, Internal Audit progressed 31 internal audit assignments from the 20/21 Internal Audit Plan against a planned programme of 32. This total includes 21 assurance assignments, 7 advisory assignments and 4 assignments in respect of the recommendations monitor process. 1 assignment an Assurance Mapping advisory review has been carried forward to 2021/2022.

As detailed below 2 of the 21 assurance assignments from the 20/21 plan and 1 assignment from the 21/22 plan have been issued with a 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'.

- Supporting People Governance (carried forward from 2019/2020)
- Homeless Assessments
- Affordable Warmth Scheme (Other Measures)

Head of Internal Audit Opinion (Housing Benefit)

Due to the Covid-19 working restrictions Internal Audit was unable to carry out onsite detailed testing of the Housing Benefit service. The testing approach was adapted to ensure the Head of Internal Audit could provide NIHE with the necessary assurance over the delivery of the Housing Benefit service. Internal Audit reviewed the changes made to the HB control framework and through the use of 154 detailed walkthroughs confirmed the operation of the controls.

Internal Audit identified that the Housing Benefit management team had kept the governance and control framework under frequent review; ensuring risks to delivery of the service were effectively managed.

The Head of Internal Audit, on the basis of work carried out in 2021/22 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

In order for the Housing Executive to derive maximum benefit from Internal Audit it is important that agreed audit recommendations are implemented. Internal Audit monitors the implementation of internal and external priority 1 and 2 recommendations through the recommendations monitor process. Progress on implementing Priority 1 and 2 recommendations is reported on a monthly basis to the Performance Review Committee and quarterly to the ARAC.

Over the past 12 months Internal Audit has made 20 recommendations and 34 recommendations were implemented by management, leaving a closing balance of 1 Priority 1 recommendation and 15 Priority 2 recommendations. The Housing Executive fully implemented 6 NIAO recommendations during 20/21, the remaining 5 external NIAO recommendations will be carried forward to 21/22.

Technical Inspection Unit (TIU) Reports

Since April 2020, TIU reported on 30 inspections finalised:

- 19 Compliant: 10 of these reports were from 2019/2020 Plan but were finalised in 2020/21.
- 8 Partially Compliant: 2 of these reports were from 2019/2020 Plan but were finalised in 2020/21
- 3 Health check (no opinion)

The Partially Compliant reports were as follows:

- All Trades Response Maintenance (ATRM) South & East Belfast Area (2019/2020):

Approvals for additional costs were not sought from the Quantity Surveyor until the work was complete. This is contrary to procedure. When it was discovered that the Area had not adhered to the correct day work procedures, a training session was held with all staff to explain the process.

- Heating Lot 5 (North Region) (2019/2020):
Building Control applications had not been made for 12 planned heating schemes reviewed.

Senior Project Manager has discussed TIU findings with Heating Inspectors and reaffirmed the need to check to ensure that Building Control has been applied for by Contractor before passing the job for payment. Region has facilitated a meeting between Contractor and Building Control and Contractor has applied for retrospective Building Control approval, and required certificates now received.

- ATRM South West Area:
Building Control applications had not been made for 10 out of the sample of 12 jobs where Building Control approval was required. In relation to Fire Door Appendices, out of a sample of 6 task orders where fire doors were replaced, none of the sampled jobs had fully completed fire door appendices uploaded onto HMS.

Management has discussed TIU findings with Maintenance Officers and reaffirmed the need to check to ensure that Building Control has been applied for by Contractor before passing the job for payment. Contractor has applied for retrospective Building Control approval and some certificates are still awaited.

In relation to Fire Door appendices, management has discussed specification requirement and required documentation with contractor and maintenance staff.

- ATRM North Belfast:
For a sample of 3 jobs where Building Control approval was required, the Building control application had not been made.

Area Maintenance Manager has discussed TIU findings with Maintenance Officers and reaffirmed the need to check to ensure that Building Control has been applied for by Contractor before passing the job for payment. Contractor has applied for retrospective Building Control approval and certificates are awaited.

- Heating Lot 6 (North Region):
Work was carried out in 3 properties before ensuring recommended asbestos surveys had been completed, as stated in Scheme Design Report (SDR).

BKR (Bathroom Kitchen Rewiring) Belfast

Asbestos statement requirements were not effectively managed/monitored to ensure that the necessary asbestos surveys are completed prior to work progressing in properties.

Enhanced monitoring and communication has now been implemented between the Regional Heating team and Contractors. At commencement of a scheme, a spreadsheet is shared with the Contractor listing all properties and highlighting those that require asbestos survey's before work commences. Standard items in the Monthly Progress Meeting with Contractors include:

- Reminder to Contractor that no dwelling is to be started without the necessary asbestos survey;
- Confirmation from Contractor that they are complying with Asbestos Policy; and
- Update on Contractor's operatives accreditation re. Asbestos awareness.

ECM (External Cyclic Maintenance) North

Building Control completion certificates outstanding were not retained in some instances. The Region has informed parties that is a requirement and important part of the process.

There were 19 inspection reviews on the 2020/21 approved TIU plan. One was deferred to the 2021/22 plan. Of the 18 remaining, details on their status as at 23rd Sept 2021 is set out below:

- 18 issued as final reports

Update on Internal Investigations including potential Fraud Investigations reported in 2019/2020 Annual Governance Statement

Of the cases reported in 2019/2020, one case relating to a maintenance contractor still remains under investigation. This has resulted in ongoing civil proceedings. The remainder of the cases have all been closed.

Internal Investigations 2020/2021 (including Potential Fraud)

During 2020/2021, seven new cases were referred to the Corporate Investigation and Security Unit. One case concerned with an attempted fraud was closed as the allegation was not substantiated; however, it was reported to the PSNI in relation to email harassment of Housing Executive staff. Two cases were closed with the allegations substantiated and referred to Action Fraud. One of these cases was an

attempt with no loss of monies, the second was a successful phishing style fraud and a portion of the monies was recovered by the bank on behalf of the Housing Executive. Of the remaining four cases, one is on hold due to a resource issue, one is in the initial enquiry stage and two are under active investigation.

An investigation is currently underway regarding the recent discovery of a significant Housing Benefit fraud perpetrated by an individual employee within NIHE – this is an emerging issue for which there is a live investigation.

Tenancy Fraud Unit Investigations (TFU)

From 01st April 2020 – 31st March 2021, 176 tenancy fraud cases were referred to the TFU for investigation:

- 18 dwellings have been recovered;
- 3 Fraudulent tenancies recovered
- 10 fraudulent housing applications were withdrawn or cancelled;
- 2 fraudulent housing selection scheme points removed;
- 11 fraudulent succession\assignments denied;
- 1 fraudulent Joint Tenancy application denied; and
- 1 fraudulent right to buy application withdrawn.

The remaining cases are currently awaiting the outcome of their investigations.

Whistle-blowing Cases

During the 2020/2021 year, twelve new whistle-blowing cases were referred to the Head of Corporate Investigation and Security. Of these, seven have been closed, in four of which the allegations were not substantiated and no further action is being taken, a further two of which were sent to an external statutory body for inclusion in an ongoing enquiry and a further one case that has been passed to the relevant authorities for investigation. Of the remaining five cases, four relate to staff matters that are under active investigation and one is in the preliminary stage of investigation.

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

4. Declaration of Significant Governance Issues for 2020/2021

I can confirm that the significant governance issues raised in the Governance Statement for the year 2020/2021 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 there were no significant governance issues not already addressed in the statement.

5. Other Significant Issues

Coronavirus (COVID-19) outbreak

The Housing Executive's primary focus throughout the COVID-19 crisis has been safeguarding the health and wellbeing of our staff and to maintain the delivery of our statutory responsibilities. We also put in place contingency arrangements to ensure that claimants, contractors, suppliers, and employees continued to receive payment as appropriate.

Throughout the crisis, we followed UK government and Public Health Agency advice. The Housing Executive put a range of measures in place to ensure that we could continue to support people in their housing needs. However, there was inevitably disruption to how we delivered business with front office functions closing to the public in March 2020 although we introduced a telephone replacement service. We took steps to support our staff, including facilitating social distancing and providing protective equipment and hygiene packs for front line staff. Whilst it was necessary to scale back our maintenance and general repairs, it is important to note that our staff and contractors continued to provide emergency repairs for our tenants. It is anticipated that this virus will continue to disrupt our working environment into 2021/2022 however we will continue to do all that is necessary to deliver our services.

Regular updates were provided to the Board and the ability of the Housing Executive to not only respond to the crisis but to quickly adapt and to introduce new ways of working provided a level of assurance to the Board that our governance framework was both robust and, where appropriate flexible.

Supporting People (SP) COVID -19 Response

In parallel with a number of Supporting People (SP) providers, administration required reductions aimed at releasing back office staff to help maintain services, the SP section facilitated a number of initiatives, financial and practical, in response to COVID-19.

The SP section made advance SP grant payments to providers in the first quarter of the 2020/2021 financial year to ensure adequate cash was available to cope with COVID-19 pressures.

The Department for Communities made £10m available to SP providers to meet additional COVID-19 related costs. These funds continue to be reimbursed by the SP team to providers to meet additional staff costs, extra cleaning costs and loss of income.

During the year the costs of PPE reduced and the provider returns demonstrated a need for lower level of staff cost and income losses. On the basis of this the Housing Executive in the second quarter of the year declared an easement of £1.6 million in October monitoring round to the Department.

Personal Protective Equipment (PPE)

The Supporting People team and Direct Labour Organisation created a new PPE supply chain for SP providers and homeless hostels during 2020/2021. This process removed the uncertainty of supply for providers and ensured PPE of a consistent and appropriate quality was available to help maintain housing support services.

Housing Executive Revitalisation

The then-Minister for Communities outlined her plans to tackle the Housing Executive maintenance backlog and investment challenge through a package of revitalisation measures in a statement to the NI Assembly on 3rd November 2020. The Minister intends to bring a recommendation on how to address the investment challenge facing the Housing Executive, to the NI Executive before the end of the mandate. Programme structures have been established within the Department to support this work and the Housing Executive form an important part of these structures. Work has commenced to update the financial analysis of the scale of the investment challenge and to develop options to address the issue. The Minister is committed to a co-design approach and will engage with tenants, staff and their representatives.

Future Stock Investment Strategy

The Asset Management Strategy that was approved by then-Minister Morrow in 2016 was predicated on the Housing Executive's funding position for investment in its stock being significantly improved. However, rent freezes over the last number of years have meant that there has been a significant loss of potential funding that could have been used to invest in our stock. A rent increase was approved by the Minister for 2020/2021 but this decision was subsequently deferred in recognition of the economic impact of COVID-19 on tenants. While the rescheduled rent increase in October 2020 will provide some additional funding, we continue to project a shortfall of £1 billion in the funding required to improve and maintain our properties over the coming 10 year period.

Given this funding issue, in 2017 the Department approved an interim revised approach to ensure that investment in our stock was directed at optimising the level of lettable stock available to help address rising housing need. Following the Minister's announcement in November 2020 and the initiation of the Department's *Housing Executive Revitalisation* project, this approach has been extended for a further three years (with a potential review after two years). Consequently our intended review of the Asset Management Strategy has been suspended.

We are currently preparing an updated 30 year projection of stock investment requirements to inform the *Housing Executive Revitalisation* project, and this will incorporate estimated costs for measures required to address the emerging climate change and building safety agendas.

Construction materials cost and supply issues

During 2021/22, increased global demand for building materials coupled with reduced production since the outset of the pandemic led to shortages and delays in the availability of some building materials and increased prices as a result of the impact of supply and demand. From the outset the Housing Executive actively monitored the situation and potential implications for delivery of our strategic objectives, notably around delivery of maintenance priorities and Social Housing Development Programme (SHDP) targets. A range of measures have been introduced to date to mitigate the risk to delivery, in line with the Procurement Advice Note (PAN) issued by Department of Finance in August 2021. However, there is still a certain volatility in the materials market affecting a range of products. The Housing Executive continues to actively monitor the situation and work with our contractors to mitigate as far as possible any risk to the delivery of our services.

Contract Management (Planned Maintenance)

Following the unsuccessful procurement exercise in 2018 to procure long-term planned maintenance contracts, the Housing Executive entered into small interim packages of work whilst we prepared a new offering to the market, taking into account lessons learnt from the previous exercise. The planned maintenance tender was issued in March 2020 and it was our intention to have, subject to a successful tender exercise and any potential legal challenges, the planned maintenance contracts commencing in December 2020. But, due to the uncertainty in the market caused by the COVID-19 outbreak, it was decided that all tenders that were advertised would be suspended until further notice.

The tender was withdrawn from the market and the delayed start was used as an opportunity to improve upon already existing documents. This tender document was completed and submitted for tender in the Autumn of 2020 with tenders returned and ready for marking in the December of 2020. The evaluation process was completed and the award of the contract was approved at June Board. Award of all lots were completed without challenge and the contract commenced on 1st September 2021. In the interim period the Housing Executive had continued to use other batched tenders and frameworks available.

Contract Management (Response Maintenance)

Following a review of the current response maintenance contracts which were coming up to their first natural break during 2020/2021, it was decided to offer extensions for four contract lot areas and end the current arrangements with the remaining contractors. However, one of the contractors offered a renewal declined the extension and therefore a total of three contract lots will be procured.

The Housing Executive embarked on a re-procurement exercise, taking into account lessons learnt from the previous exercise. The response maintenance tender was issued in February 2020 with the start of the new contract envisaged to commence, subject to a successful tender exercise and any potential legal challenges, in September 2020. Unfortunately, as with the planned maintenance, it was decided that all tenders would be suspended for an interim period. Contractors were offered an extension to their contracts but declined therefore a re-procurement exercise was required and recommenced with five new contracts let in September 2020.

Fire Safety Reports

Following the tragedy at Grenfell in 2017, there have been a number of Fire Safety Reports published. These will introduce a range of new considerations and safety measures with regards to Tower Blocks and High Rise buildings and may further extend to assessment of external facades (relative to fire spread) across Medium & Low Rise Blocks of Flats & Maisonettes. Central Government are introducing new

legislation in the form of two Bills, the Fire Safety Bill and the Building Safety Bill, which include these new fire safety measures and although primarily applicable to England and Wales they will soon be implemented in Northern Ireland. These Bills are progressing through parliamentary procedure and are currently being amended following the readings in the House of Commons and House of Lords. It is anticipated these will receive Royal Assent and pass into law by October 2021.

The Ministry of Housing, Communities & Local Government (MHCLG) Consolidated Guidance document published on 20 January 2020 amalgamated all MHCLG's advice notes issued to date in relation to fire safety. Although this was primarily a review of the regulations in England the recommendations within the guidance were that all building owners should actively ensure the safety of residents and not wait for regulatory reform. As a consequence the Housing Executive has reassessed all our Tower Blocks from a Fire Safety perspective to ensure we meet the proposed required standards.

The Housing Executive has taken the following action on our tower blocks:

- Commenced a procurement for the Installation of Fire Suppression Systems e.g. sprinklers to the 31 Tower Blocks ;
- Fire Risk Assessments in Tower Blocks now follow a new “whole building” approach based on recent Ministry of Housing, Communities & Local Government (MHCLG) guidance; and
- A full Facades Assessment and Hazard Identification exercise to NIHE Tower Blocks, in particular to those blocks with spandrel panels and/or coloured infill panels that are interspersed with the window array arrangement, is due to commence March 2021 with University of Ulster/Fire-SERT as a Research Project.

ALB Partnership Agreement

The Housing Executive continued to work with the Department during 2020/2021 on the development of a new partnership agreement, to replace the existing Management Statement and Financial Memorandum (MSFM) and Dossier of Controls (DoC). It is anticipated that the new partnership agreement will be introduced during 2021/2022.

Welfare Reform and Housing Benefit Projects

The Finance, Audit and Assurance Division administer the Welfare Reform function on behalf of Regional Services. The Welfare Reform Project was officially closed in December 2020 as the vast majority of Welfare Reform changes had been successfully completed at that stage. The ongoing impacts of Welfare Reform in terms of Social Sector Size Criteria (SSSC) (also known as the ‘bedroom tax’), Benefit Cap and Universal Credit have been incorporated into ‘business as usual’ processes within Housing Benefit and Housing Services teams. A new Housing Benefit Projects team has been established to oversee the remaining Welfare Reform changes and bring forward a number of new initiatives as follows:-

- Continuation of mitigation payments for those impacted by SSSC and Benefit Cap: The Housing Executive continued to work with the Welfare Supplementary Payments team within the Department for Communities to ensure that mitigation payments continued for eligible customers impacted by SSSC and Benefit Cap. Mitigation payments have continued under the Budget Act and it is anticipated that legislation will be forthcoming in 2021/22 to enable payments to continue in the future.
- Move to UC: The natural transition of Housing Benefit claimants to Universal Credit (UC) continued throughout the year albeit at a slower pace than previously anticipated. The managed migration of legacy Housing Benefit caseload 'Move to UC' has been further delayed and will not commence until at least January 2022. The completion of this process is still programmed for September 2024. The 'Move to UC' programme is not yet developed in Northern Ireland (or in UK as a whole) however consideration of a partner led approach involving the Housing Executive as a trusted partner to support claimants/tenants to move to UC is seen an endorsement of the work undertaken by the Housing Executive during the ongoing 'transition to UC'.
- Low Income Rate Relief and Rates for Owner Occupiers: The Housing Executive has been working with the Department of Finance and Land & Property Services to establish a project to introduce a new low income Rates Relief system and to transfer the administration of Rates for Owner Occupiers. The project is due commence in April 2021 and it will become operational in April 2022. The new Low Income Rates Relief (LIRR) system will also replace the current system for the rented sector and this part of the project has already gone live on 1st April 2021. The transfer of Rates for Owner Occupiers represents a major undertaking for the organisation which will increase the Housing Benefit caseload by 54,000 claims.
- The Digital Transformation Programme: This programme incorporates a number of projects which will increase digital inclusion and improve customer awareness and accessibility to available financial support within Housing Benefit. These projects include:
 - Online access to Housing Benefit services and financial support schemes;
 - Move from surface mail to email for Housing Benefit customers;
 - Greater use of social media to communicate with customers; and
 - Enhancements to the Housing Executive's website.

- Further development of the Discretionary Housing Payments scheme: A DHP working group has been set up by DfC and discussions are ongoing to expand the existing scheme. Proposals include paying rent in advance, tenancy deposits and helping tenants with arrears; however, any changes would require a legislative change and an increase in the budget from DfC. The new Project team will take forward any proposals, including a greater emphasis on DHP to alleviate homelessness and help sustain tenancies.

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 2020 and table below shows comparisons with 2019.

% of Annual Expenditure	Customer Fraud	Customer Error	Official Error	Total Error
Jan 2020- Dec 2020	2.7%	2.1%	0.8%	5.6%
Jan 2019 - Dec 2019	2.7%	2.1%	0.5%	5.3%

The monetary value of the customer fraud estimate of 2.7% comes to £14.5m while the total estimate of fraud and error of 5.6% amounts to £30.1m. of which £6.5m is underpaid HB due to customer error and official error. These results represent an increase of £300k on the 2019 figures recorded as £29.8m.

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)

Undeclared earnings and pensions are acknowledged as being the largest sources of fraud and error. The Housing Executive receives information from HMRC via Verification of Earnings and Pension (VEP) Alerts when a claimant's earnings or occupational pension varies. The VEP Alerts are generated on a daily basis and the Housing Executive review approximately 500 cases each month which ensures that the correct level of Housing Benefit is being awarded and reduces the likelihood of HB overpayments occurring.

Invest to Save: Earned Income Review

The Department secured funding to carry out a range of "Invest to Save" initiatives across all social security benefits during 2020/21. The Housing Executive has carried out a review of almost 8,000 claims where claimants have not declared a change to their earned income.

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 shown below.

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 considered suitable for referral to BSD. The results of all Compliance activity are summarised below.

Apr 2020- Mar 2021	Claims Reviewed	Error/Cases Identified	% with Overpayment	Overpayments Raised	Forward Savings
VEP Alerts	3,493	893	25%	£1,263,776	£2,074,559
Invest to Save Review of Earned Income Sample Cases	7,680	2,694	35%	£729,436	£1,706,086
Data Cleanse	649	47	7%	£24,536	£49,915
Total Compliance	11,822	3,634	31%	£2,017,748	£3,830,560

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 £3.8m.

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 to BSD for investigation. However, we will continue to monitor the numbers of cases referred to BSD.

Cases referred to Benefit Security Division BSD for Fraud Investigation	Cases sent to BSD	Cases returned as unsuitable for Fraud Investigation
Apr 2020- Mar 2021	182	0

As well as investigating the allegations of Housing Benefit fraud referred by the Housing Executive, BSD is responsible for investigating fraud across all other benefits. When, as a result of the BSD 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 2020- Mar 2021	91	£357,092	67	24

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 £9.5m. At the end of March 2021, a total of £9.97m (£9.97m overpayments refers to the period from 6th April 2020 to 4th April 2021) was recovered. The total raised for the period 1st April 2020 to March 2021 was £8.67m. Of the £8.67m in overpayments raised, £2.37m have come through the work carried out by counter fraud and error described above by the BSD and the Housing Executive.

Overpayments of Housing Benefit have reduced over the year by £2,2m, a decrease of 4.8%.

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 2020 Mar 2021	£46.8m	£8.67m	£9.97m	£1.12m	£44.5m

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 4.1million ATLAS transactions between 1 April 2020 and 31 March 2021. 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 2020/21, the estimated level of cumulative overpayments decreased from £46.8m to £44.5m, a decrease of £2.2m. HB expenditure for 2020/21 is recorded as £533m (excludes discretionary payments) with a total of £9.97m recovered during the same period. A large part of the reduction in overpayments stems from successful detection activity undertaken under the auspices of the Housing Executive's HB Fraud and Error Strategy. During 2020/21, approximately £2.37m was raised in overpayments arising from this counter-fraud activity, made up of £2.01m from activities carried out by the Housing Executive and £0.36m activities carried out by BSD.

A significant proportion of the outstanding debt, £10.7m (24%), which relates to HB sundry overpayment debts, can be categorised as old debt, which is deemed irrecoverable with 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.

6. Conclusion

I can confirm that actions are in place to manage any issues identified and that Housing Executive management are fully 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 2021/2022.

Remuneration and Staff Report:

REMUNERATION REPORT

Remuneration policy

The Executive Team within the Housing Executive is remunerated in line with decisions taken nationally 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.

Pay remits for senior Housing Executive staff are approved by the Department for Communities. The pay award for 2020/21 was approved during the year ended 31 March 2021.

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.

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 2021. 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 decrease due to a transfer of pension rights.

REMUNERATION REPORT (continued)

Directors' Emoluments continued – Audited Information

Name and Title	Date of Contract	2021	2021	2021	2021	2021	2020	2020	2020	2020	2020
		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
C. Bailie Chief Executive (retired 31 March 2021)	1 Sept 2015	140 -145	-	-	18	155 - 160	130 - 135	-	-	90	220 – 225
G. Long Chief Executive Designate (from 1 Feb 2021)	1 February 2021	20 - 25 *** 125-130	-	-	6	25 – 30 *** 130 - 135	-	-	-	-	
C. McQuillan Director of Housing Services	1 April 2017	85 - 90	-	-	50	140 – 145	80 - 85	-	-	81	165 – 170

REMUNERATION REPORT (continued)

Directors' Emoluments continued – Audited Information

Name and Title	Date of Contract	2021 Salary	2021 Bonus Payments	2021 Benefits In Kind*	2021 Pension Benefits**	2021 Total	2020 Salary	2020 Bonus Payments	2020 Benefits In Kind*	2020 Pension Benefits**	2020 Total
		£'000	£'000	£	£'000	£'000	£'000	£'000	£	£'000	£'000
S. McCauley Director of Regional Services	1 April 2012	90 - 95	-	-	53	140 – 145	85 - 90	-	-	61	145 - 150
P. Isherwood Director of Asset Management	1 June 2015	90 - 95	-	-	57	145 – 150	80 - 85	-	-	56	135 - 140
C. McFarland Director of Finance, Audit and Assurance	1 July 2016	95 - 100	-	-	50	145 – 150	90 - 95	-	-	4	95 - 100

REMUNERATION REPORT (continued)

Directors' Emoluments continued – Audited Information

Name and Title	Date of Contract	2021 Salary	2021 Bonus Payments	2021 Benefits In Kind*	2021 Pension Benefits**	2021 Total	2020 Salary	2020 Bonus Payments	2020 Benefits In Kind*	2020 Pension Benefits*	2020 Total
		£'000	£'000	£	£'000	£'000	£'000	£'000	£	£'000	£'000
D. Moore Director of Corporate Services	1 May 2019	85 – 90	-	-	49	135 - 140	75 - 80 *** 85 - 90	-	-	559	635 – 640 *** 640 - 645

** 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.

*** Full year equivalent salary

REMUNERATION REPORT (continued)

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 2020/21 was £135k - £140k (2019/20: £130k – £135k). This was 5.20 times (2019/20: 5.22 times) the median remuneration of the workforce, which was £26,400 (2019/20: £25,400). The remuneration for the lowest paid staff member was £15.9k (2019/20: £17.4k).

No employee received remuneration in excess of the highest paid director in 2020/21 or 2019/20. Remuneration ranged from £15,914 to £136,529 (2019/20: £17,364 to £132,875). The decrease in the pay multiple ratio between 2019-20 and 2020-21 is due to a larger percentage increase in the median remuneration of the workforce than the highest paid director. The amount reported in the Fair Pay disclosure for the highest paid director is calculated using the full-time equivalent of the salary paid at the 31 March 2021 on an annualised basis. This may differ from the reported amount in the directors' emoluments table.

	2021	2020
Band of highest paid Director's total remuneration	£135K-£140K	£130K-£135K
Median Total Remuneration	£26,400	£25,400
Ratio	5.20	5.22

REMUNERATION REPORT (continued)

Directors' Pensions – Audited Information

Name and Title	Total Accrued Pension at Pension Age as at 31 Mar 2021 & Related Lump Sum	Real Incr. (Decr) In Pension & Related Lump Sum At Pension Age	CETV at 31 Mar 2020 (or date of joining)	CETV at 31 Mar 2021 (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	0 – 2.5 Plus 2.5 – 5 Lump Sum	1,244	1,311	46
G. Long Chief Executive Designate	0 – 2.5 Plus 0 – 5 Lump Sum	0 – 2.5 Plus 0 – 2.5 Lump Sum	0	4	2

REMUNERATION REPORT (continued) *Directors' Pensions – Audited Information*

Name and Title	Total Accrued Pension at Pension Age as at 31 Mar 2021 & Related Lump Sum	Real Incr. (Decr) In Pension & Related Lump Sum At Pension Age	CETV at 31 Mar 2020 (or date of joining)	CETV at 31 Mar 2021 (or date of leaving)	Real Incr. (Decr) in CETV after adj.
	£'000	£'000	£'000	£'000	£'000
S. McCauley Director of Regional Services	30 – 35 Plus 40 – 45 Lump Sum	2.5 – 5 Plus 0 – 2.5 Lump Sum	441	516	65
P. Isherwood Director of Asset Management	35 – 40 Plus 50 – 55 Lump Sum	2.5 – 5 Plus 0 – 2.5 Lump Sum	399	448	39
C. McQuillan Director of Housing Services	40 – 45 Plus 85 – 90 Lump Sum	2.5 – 5 Plus 2.5 – 5 Lump Sum	862	938	65

REMUNERATION REPORT (continued)

Directors' Pensions – Audited Information

Name and Title	Total Accrued Pension at Pension Age as at 31 Mar 2021 & Related Lump Sum	Real Incr. (Decr) In Pension & Related Lump Sum At Pension Age	CETV at 31 Mar 2020 (or date of joining)	CETV at 31 Mar 2021 (or date of leaving)	Real Incr. (Decr) in CETV after adj.
	£'000	£'000	£'000	£'000	£'000
C. McFarland Director of Finance, Audit and Assurance	45 – 50 Plus 85 – 90 Lump Sum	2.5 – 5 Plus 0 – 2.5 Lump Sum	858	927	55
D. Moore Director of Corporate Services (from 1 May 2019)	30 – 35 Plus 0 – 5 Lump Sum	2.5 – 5 Plus 0 – 2.5 Lump Sum	346	389	34

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. This was a change where previously, 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. The major changes to the NILGOSC pension scheme are summarised below:

Prior to 1 April 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.

1 April 2009 – 31 March 2015

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 accrued at the rate of 1/60th of pensionable salary for each year of service and the lump sum payment was removed. Further, 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 revised rates introduced 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

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%.

REMUNERATION REPORT (continued)

Northern Ireland Housing Executive Pension Arrangements (cont'd)

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 this date, 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)

Northern Ireland Housing Executive Pension Arrangements (cont'd)

Pension scheme triennial valuations

Details regarding formal triennial valuations of the pension scheme are included in note 22.

The 2016 Scheme Valuation requires adjustment as a result of the 'McCloud remedy'. The Department of Finance also commissioned a consultation in relation to the Cost Cap element of Scheme Valuations, which closed on 25 June 2021. The Cost Cap mechanism is a measure of scheme costs and determines whether member costs or scheme benefits require adjustment to maintain costs within a set corridor. By taking into account the increased value of public service pensions, as a result of the 'McCloud remedy', scheme cost control valuation (Cost Cap) outcomes will show greater costs than otherwise would have been expected. On completion of the consultation process the 2016 Valuation will be completed and the final cost cap results will be determined.

A case for approval of a Legislative Consent Motion (LCM) has been laid in the Assembly to extend the Public Service Pensions and Judicial Offices Bill to Northern Ireland. An LCM allows the Assembly to consent to legislation for Northern Ireland being made by the UK Parliament for devolved matters. The UK Bill will legislate how the government will remove the discrimination identified in the McCloud judgment. The Bill also includes provisions that employees will not experience any detriment if the adjusted valuation costs breach the set cost cap ceiling but any breaches of the cost cap floor (positive employee impacts) in the completed valuations will be honoured.

REMUNERATION REPORT (continued)

Board Members' Emoluments – Audited Information

Name and Title	Date of Appointment	Expiry of Term of Office	2021 Salary £'000	2021 Benefits in Kind £ (to nearest £100)	2020 Salary £'000	2020 Benefits in Kind £ (to nearest £100)
Professor P. Roberts, * Chair	1 April 2019	30 Nov 2022	30 - 35	14,200	30 - 35	16,400
J McMullan Vice-Chairman	1 April 2019	31 March 2024	15 - 20	-	15 - 20	-
K. Millar	1 June 2015	Until 31 October 2020 (extended from 1 June 2020 for a period of 6 months, or until a replacement is appointed. This extension concluded on 31 October 2020)	0 – 5 ** 5 - 10	-	5 - 10	-
P. Brett	1 June 2015	Until 30 April 2019	-	-	0 - 5	-
W. Keery	1 June 2015	Until 30 April 2019	-	-	0 - 5	-

REMUNERATION REPORT (continued)

Board Members' Emoluments – Audited Information

Name and Title	Date of Appointment	Expiry of Term of Office	2021 Salary £'000	2021 Benefits in Kind £ (to nearest £100)	2020 Salary £'000	2020 Benefits in Kind £ (to nearest £100)
J. McCall	1 June 2020	31 May 2025	5 - 10	-	5 - 10	-
D. Wilson	1 June 2020	31 May 2025	5 - 10	-	5 - 10	-
C. Elattar	1 January 2020	4 years or until the date of the next Local Government election	5 - 10	-	0 - 5	-
C. Welch ***	1 August 2019	31 October 2025	5 - 10	500	5 - 10 ** 5 - 10	1,500
A. Bresland	1 January 2020	4 years or until the date of the next Local Government election	5 - 10	-	0 - 5 ** 5 - 10	-
M. Ruane	1 January 2020	4 years or until the date of the next Local Government election	5 - 10	-	0 - 5 ** 5 - 10	-

REMUNERATION REPORT (continued)

Board Members' Emoluments – Audited Information

Name and Title	Date of Appointment	Expiry of Term of Office	2021 Salary £'000	2021 Benefits in Kind £ (to nearest £100)	2020 Salary £'000	2020 Benefits in Kind £ (to nearest £100)
A. Grehan	1 January 2020	4 years or until the date of the next Local Government election	5 - 10	-	0 - 5 ** 5 - 10	
P. Leeson	1 November	31 October 2025	0 - 5 *** 5 - 10	-	-	-

Independent Committee members

Name and Title	Date of Appointment	Expiry of Term of Office	2021 Salary £'000	2020 Salary £'000
S. Hetherington ***	1 December 2017	31 Nov 2022	0 - 5	0 - 5
J.P. Irvine ***	1 February 2014	Until 31 January 2020	-	0 - 5 ** 0 - 5
B. Graham ***	1 May 2014	Until 30 April 2020	0 - 5 ** 0 - 5	0 - 5 ** 0 - 5

REMUNERATION REPORT (continued)

Name and Title	Date of Appointment	Expiry of Term of Office	2021 Salary £'000		2020 Salary £'000
D. Peacock ***	1 November 2020	31 October 2025	0 – 5 ** 0 - 5		-
U. Davey ***	1 November 2020	31 October 2025	0 – 5 ** 0 - 5		-

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

** Full year equivalent salary

*** Committee member of Audit and Risk Assurance Committee (ARAC) or Asset Management and Maintenance Committee (formerly Direct Labour Organisation [DLO] Performance and Development Committee)

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

	2021			2020	
	Permanent Staff £'000	Others £'000	Board Members £'000	Total £'000	Total £'000
(a) Staff costs comprise					
Wages and Salaries	78,108	-	106	78,214	75,150
Social Security Costs	7,929	-	5	7,934	7,480
Seconded-in Staff	-	197	-	197	210
Agency Costs	-	12,934	-	12,934	12,545
Total Staff costs					
excluding Pension Costs	86,037	13,131	111	99,279	95,385
Other Pension Costs				28,613	36,112
				127,892	131,497

Social security costs include £375k (2019/20: £365k) 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.

	2021 £'000	2020 £'000
Wages and Salaries	111	111
Social Security Costs	11	12
Other Pension Costs	20	22
	142	145

(b) Average number of persons employed

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

	2021			2020	
	Permanent Staff Number	Others Number	Board Members Number	Total Number	Total Number
Landlord Services	1,956	-	8	1,964	1,951
Regional Services	720	-	3	723	745
Agency Staff	-	521	-	521	545
Seconded In Staff	-	4	-	4	4
	2,676	525	11	3,212	3,245

Staff Report continued

Staff numbers and related costs (continued)

(b) Average number of persons employed continued

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 2021 there were 2,842 staff employed within the Housing Executive (including Board Members). Below is a gender breakdown by Directorate:

	Male Number	Female Number	Total Number
Executive	4	3	7
Board Members	7	3	10
Landlord Services	1,181	852	2,033
Regional Services	363	429	792
	<u>1,555</u>	<u>1,287</u>	<u>2,842</u>

The gender disclosure above does not include agency staff or seconded in staff. As noted the gender disclosure numbers are based on staff employed as at 31 March. This disclosure will differ from staff numbers disclosed in part (b), which are based on average full time equivalent for the 2020/21 financial year.

(d) Staff Turnover

The Northern Ireland Housing Executive staff turnover percentage, based on the number of leavers divided by the average of staff in post over the period, for 2020-21 is 4.3%. The turnover percentage for agency staff has been calculated as 25.3%. The turnover figures have been calculated by the Housing Executive based on the Cabinet Office Guidance on calculations for turnover in the Civil Service.

Staff Report continued

Early Departure Costs - Audited Information

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;	19	196	6	9
(b) Restructuring compensation paid and accrued by the Housing Executive for the early retirement of staff;	2	14	(5)	(90)
		<u>210</u>		<u>(81)</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;	430	<u>885</u>	447	<u>911</u>

During the year ending 31 March 2021, residual voluntary early severance (VES) costs were incurred from staff leaving during the year who were previously approved under the VES scheme. The residual costs of staff leaving under this scheme are shown above.

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.

Staff Report continued

Early Departure Costs - Audited Information

Reporting of Compensation and Exit Packages for all Staff 2020-21 - 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	-	12	12
£10,000 - £25,000	-	7	7
£25,000 - £50,000	-	1	1
£50,000 - £100,000	-	-	=
£100,000 - £150,000	-	-	-
Total Number of Exit Packages			
2020-21	<u>-</u>	<u>20</u>	<u>20</u>
2019-20	<u>-</u>	<u>7</u>	<u>7</u>
Total Cost £'000			
2020-21	<u>-</u>	<u>210</u>	<u>210</u>
2019-20	<u>-</u>	<u>(81)</u>	<u>(81)</u>

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

Our Human Resources Team is based within the Corporate Services Directorate and provides people services for employees across the Housing Executive.

Employee Relations (including Policy)

A key area of work for our HR Advisory Team is supporting the organisation to maintain effective employee relations. We recognise that when employee relations are positive it can improve engagement, wellbeing and productivity.

Key to this is ensuring we have up to date policies and practices in line with legislation. Some of the core policies in this area include discipline, grievance, dignity at work and absence management but there are many others which will have an impact. A number of policies were progressed this year including a new suite of Resourcing Policies and a new Dignity at Work Policy. A review of lessons learnt from employee relations cases has been conducted and an action plan is in place to address issues identified. This includes the roll out of Investigation Training and Dignity at Work Training.

It is pleasing to report that we continue to have a relatively low number of formal employee relations cases across the organisation and the majority of our issues are resolved informally. We recently introduced improved practices and procedures to enhance case management and these will continue to be rolled out.

Key to effective employee relations is the relationship with our trade union colleagues in NIPSA and UNITE. We meet regularly, both formally and informally, to consult and negotiate on key people issues. The formal negotiating body is the Joint Consultative and Negotiating Committee (JCNC). Membership includes Directors, the Assistant Director of HR and full time Trade Union officials. The primary objective of the JCNC is to promote good employee relations through a process of engagement and communications.

Health & Well-Being (including Attendance Management)

The new HR Advisory structure places a strong emphasis on Health & Wellbeing and a new team will be established as the structure progresses.

This year we drafted a new Health & Wellbeing Strategy which will facilitate the implementation of a holistic approach to wellbeing which will impact on attendance levels.

We ensure the provision of appropriate and proactive occupational health and counselling services that protect and promote the physical and psychological wellbeing of our people. During COVID-19 we ensured that occupational health

consultations and counselling sessions continued to be held via telephone. Our Health Screening service was paused due to Covid-19 restrictions but will be resumed when it is safe to do so.

We reviewed our occupational health provision this year and a new contract has been procured with increased options to refer employees for specialist support and treatment.

Our employee assistance programme was also reviewed and other services in addition to counselling were added to support employees returning to work after period of long term illness and to focus on issues such as stress at work and resilience.

We continue to provide a range of initiatives to promote health and wellbeing including Fitech health assessments, health promotion, corporate gym memberships, a cycle to work scheme, healthy eating initiatives, flexible working patterns and childcare vouchers.

We are committed to promoting positive mental health in the workplace and we have a number of training Health First Aiders across the organisation. This will enable these us to recognise the signs and symptoms of common mental health illnesses and guide colleagues towards the right support.

Attendance Management.

Total absence for the year was 5.1% which represents a decrease from the previous year's figure of 7.2%. Stress related absences and musculoskeletal problems continue to be the top two most common causes of absence.

The HR attendance management team support line managers to promote good attendance and manage absence cases. They advise on absence triggers and support managers through the attendance management and review process. The team manage all occupational health referrals and advise on the implementation of recommendations to support employees to return to work after periods of absence. This includes ensuring reasonable adjustments are implemented and meetings are facilitated between employees and line managers. The attendance management team also ensure employees are aware of the support available and are at hand to provide assistance to employees who wish to avail of these services.

Engagement

We currently hold the Investors in People Silver Level Award and our reaccreditation process has recently completed. Our report shows improvements in a range of the areas and themes within the IIP framework. The survey response rate increased from 27% in 2018 to 33% in 2021. Our overall engagement score (the Investors in People Benchmark) has shown an increase of 50 points, rising from 603 in 2018 to 653 in 2021.

The IIP assessment provides us with a framework to evaluate our approaches to people management and development. Our report presents an analysis of current strengths and how the Housing Executive can build on these to grow organisational

capability, aligning strategy, structure, processes and people. This in turn will help us to prioritise people and culture action plans and provide a methodology to track performance and improvement over time. The recommendations arising from the report will therefore be integrated into our people strategy action plan for the coming years.

Engagement during COVID-19

The importance of engaging effectively with our people was critical to enabling us to manage during COVID-19. In November 2020, we undertook a survey of our employees to understand the impact that the outbreak of Covid-19 had on working lives. Approximately 3,228 employees were invited to participate in the survey and 1,612 employees responded. Overall, we received positive feedback from respondents about how they felt the Housing Executive handled the impacts of the pandemic. We plan to consider the results further during 21/22 as part of our new Health & Wellbeing Strategy and action plan as well as helping us as we plan our approach to returning to the workplace in line with government guidance.

Learning and Organisational Development

The Learning & Organisational Development (L&D) team supports the development of our people capability and organisational change.

Learning and development was heavily impacted by COVID-19 this year. We successfully moved towards hybrid approaches to ensure we could continue to develop our people and this included e-learning, online resources and virtual classroom delivery.

We launched a revised online corporate induction programme in February 2020. All new employees are automatically enrolled on the programme when they join the organisation and have three months within which to complete the required learning. A review of the programme content was carried out and we updated in-house modules and added new modules on Equality & Diversity and Data Protection.

The L&D team also manage the implementation of the performance management process during the year. Compliance rates have continued to improve as we seek to engage people in the benefits of the process.

Equality & Inclusion

Our Corporate Plan and our new People Strategy include clear objectives to have a workforce which is presentative of our community. We are committed to building a diverse and inclusive workforce and our People Strategy includes a range of actions that will help us to achieve this. Our strategic people objective is:

We will ensure a highly valued, engaged, performance and customer orientated workforce, which is representative of our community, and an environment of dignity and respect and health and well-being, where all employees are enabled to reach their potential and be recognised for their individual contributions;

We are an equal opportunities employer and we have 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. The impact of our employment policies on the composition of the workforce is monitored on an ongoing basis.

We currently hold a Bronze Certificate from Diversity Mark Northern Ireland, in recognition of the organisations commitment to equality and diversity and its ongoing work with regard to the introduction of a series of initiatives which will further embed the diversity culture within the organisation.

Our Equality & Inclusion (E&I) unit is responsible for ensuring compliance with the Equality Scheme and relevant legislation to ensure that NIHE discharges its statutory obligations e.g. Article 55, Section 75 and Safeguarding. The information arising from our statutory reporting is used to identify actions required to create a diverse and inclusive workforce. Action is taken to seek to address under representation for example, with regard to community background we include welcoming statements within recruitment advertisements and use a range of advertising mediums to reach and encourage applications from the currently under represented. We also ensure that we embed and mainstream equality and safeguarding into Housing Executive practice.

We recognise the importance that culture plays in creating an inclusive working environment and we reviewed our Dignity at Work Policy during 20/21 to ensure that diversity is truly valued in the Housing Executive. We are rolling out a training and awareness programme to support this during 21/22. Values and behaviours are also critical to building an inclusive workforce therefore we ensure that these are regularly discussed as part of our performance management process.

Equality considerations are key to the development of our employment policies generally and we ensure screening is appropriately carried out. The E&I units' work includes developing equality based policies; identifying housing inequalities; monitoring equality performance in housing; engagement and consultation with equality groups; screening policies and training staff. In addition the unit provides communication support (linguistic, sensory disability) to the organisation and is responsible for Safeguarding policy and procedures and engaging with Health Trusts and Local Safeguarding Partnerships. During 2020/21 the Equality Unit provided consultation support on a total of 3 consultations (***Irish Travellers Accommodation Strategy, Older People's Strategy and the Cavity Wall Insulation Action Plan***). 27 policies screened during the year and 25 information requests were processed using equality monitoring data.

In order to meet our strategic objectives we recognise that we need a proactive approach to address areas of under representation in our workforce. During the year

we have been developing a new affirmative action plan and this will be launched in 2021-22. The Plan includes measures to help us create a workplace culture where diversity and inclusion is respected and embedded within our day to day workplace activities.

We also plan to establish and develop an Organisational Diversity and Inclusion Steering Group and this will include our plans relating to diversity including disability.

Employment, training and advancement of disabled persons

During 20/21, we conducted a comprehensive review of our Resourcing Policies and Procedures. These policies ensure that all appointments and promotions are based on merit through fair and open competition. Recruitment panels are trained to ensure decisions are objective and that reasonable adjustments are accommodated as appropriate.

To maintain and promote a diverse and inclusive workforce, we ensure our policies and procedures support reasonable adjustments relating to disability. For example, our attendance management procedures ensure that we consider adjustments which will enable employees to remain in work or return to work following absence relating to a disability.

With respect to disability, we 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.

Our Equality & Inclusion (E&I) unit also launched the organisations updated Disability Action Plan in June 2020 and presented the new plan to the Housing Executive's Disability Forum.

3.6% of our employees consider themselves to have a disability under the DDA definition.

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 £71k (2019/20: £nil) on consultancy projects during the year.

Assembly Accountability and Audit Report

ASSEMBLY ACCOUNTABILITY REPORT

Statement of Losses and Special Payments - Audited Information

	2021		2020	
	Number	£'000	Number	£'000
Claims Waived (Amounts Written Off):				
Rent & Rates	1,727	707	2,496	1,107
Recoverable Charges - Damages	160	86	237	133
Recoverable Charges - Legal	160	66	313	128
Hostels	49	11	72	42
Travellers	2	-	6	0
Rent & Rates - Debt Relief Orders	96	308	88	210
Housing Benefits Overpayments	2,802	1,119	2,850	1,189
	4,996	2,297	6,062	2,809
Special Payments over £250,000	-	-	1	250
Ex Gratia Payments	57	94	15	18
Public Liability Claims	146	825	199	1,309
Contractual Claims	1	89	1	5
Other Write Offs and Cash losses - numerous	41	616	399	293
	5,241	3,921	6,677	4,684

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.

Fees and charges (Audited)


The Housing Executive does not have material income generated from fees and charges.

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 24 of the financial statements.

Notation of gifts

No notation of gifts over the limits prescribed in Managing Public Money Northern Ireland were made



Grainia Long

Chief Executive

Date: **29 October 2021**

THE 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 2021 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. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and interpreted by the Government Financial Reporting Manual.

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 2021 and of its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Housing (Northern Ireland) Order 1981 and Department for Communities directions issued thereunder.

Qualified opinion on regularity

In my opinion, except for the estimated levels of fraud and error in housing benefit expenditure as described in the basis of opinion section, 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 opinion

The total amount paid by the Northern Ireland Housing Executive in housing benefit is £537 million. The level of estimated fraud and error, reported in note 28 to the accounts, resulted in overpayments of £23.6 million and underpayments due to official error of £1.2 million. Housing benefit overpayments are irregular because the expenditure has not been applied to the purposes intended by the Northern Ireland Assembly. Fraudulent transactions are by their definition irregular since they are without proper authority. In addition, transactions containing both over and underpayments arising from official error are irregular because the Northern Ireland Housing Executive has not accurately calculated benefits in accordance with the regulations that specify entitlement criteria and the basis for calculating the amount of housing 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 in such benefit expenditure which are not in conformity with the relevant authorities.

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) 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 2019, 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.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Northern Ireland Housing Executive's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Northern Ireland Housing Executive's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for the Northern Ireland Housing Executive is adopted in consideration of the requirements set out in the Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

My responsibilities and the responsibilities of the Northern Ireland Housing Executive and Chief Executive with respect to going concern are described in the relevant sections of this report.

Other Information

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

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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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, based on the work undertaken in the course of the audit:

- 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.

Matters on which I report by exception

In the light of the knowledge and understanding of the Northern Ireland Housing Executive and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report.

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
- certain disclosures of remuneration specified by the Government Financial Reporting Manual are not made; 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.

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 in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Chief Executive, as Accounting Officer, determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing the Northern Ireland Housing Executive's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Executive, as Accounting Officer, anticipates that the services provided by Northern Ireland Housing Executive will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Northern Ireland Housing Executive through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Housing (Northern Ireland) Order 1981;
- making enquires of management and those charged with governance on the Northern Ireland Housing Executive's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of the Northern Ireland Housing Executive's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: expenditure recognition, additional payments relating to the COVID-19 pandemic and posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate and undertaking procedures to allow me to rely on the Northern Ireland Housing Executive's estimate of the level of fraud and error in housing benefit expenditure;
- addressing the risk of fraud as a result of management override of controls by:

- performing analytical procedures to identify unusual or unexpected relationships or movements;
- testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
- assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
- investigating significant or unusual transactions made outside of the normal course of business.

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.

My detailed observations on Housing Benefit are included in my report attached to these financial statements.

A handwritten signature in black ink that reads "K J Donnelly". The signature is written in a cursive style with a large, sweeping flourish at the end of the name.

KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
1 Bradford Court
Galwally
BELFAST
BT8 6RB

3 November 2021

Northern Ireland Housing Executive

Statement of Comprehensive Net Expenditure for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Income			
Rental Income	4	296,917	296,863
EU Income	4	1,318	963
Other Income	4	51,972	53,995
Total Housing Benefit Income	7	<u>528,593</u>	<u>550,047</u>
Total Income		<u>878,800</u>	<u>901,868</u>
Expenditure			
Staff Costs	5	(127,892)	(131,497)
Other Expenditures	6	(448,081)	(445,524)
Total Housing Benefit Costs	7	(528,593)	(550,047)
Depreciation, Amortisation, Write Offs & Write Down	10(a)	<u>(35,402)</u>	<u>(30,960)</u>
Total Expenditure		<u>(1,139,968)</u>	<u>(1,158,028)</u>
Net Expenditure before Interest		(261,168)	(256,160)
Interest Receivable and Similar Income		895	1,255
Financing Charges	8	(16,179)	(18,282)
Pension Financing Charges	22(d)	(5,441)	(2,696)
Net Expenditure before taxation (C/Fwd)		<u>(281,893)</u>	<u>(275,883)</u>

Northern Ireland Housing Executive

Statement of Comprehensive Net Expenditure (Continued) for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Net Expenditure before taxation (B/Fwd)		(281,893)	(275,883)
Tax on ordinary activities	9(a)	(248)	(8,898)
Net Expenditure after taxation		(282,141)	(284,781)
<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		70,565	150,620
Net (loss)/gain on revaluation of Pension Actuarial Gains & Losses	22(e)	12,605	(105,983)
Other Comprehensive Net Expenditure		83,170	44,637
Total Comprehensive Net Expenditure for the year ended 31 March 2021		(198,971)	(240,144)

All amounts in the Statement of Comprehensive Net Expenditure relate to the continuing operations of the Northern Ireland Housing Executive.

The notes on pages 178 to 240 form part of the accounts.

Northern Ireland Housing Executive

Statement of Financial Position as at 31 March 2021

	Note	2021 £'000	2020 £'000
Non-current assets			
Property, Plant & Equipment - Operational	10(a)	2,598,818	2,572,289
Property, Plant & Equipment - Non Operational	10(b)	1,033	852
Intangible Assets	10(c)	1,548	1,804
Trade and other receivables	14 & 15	39,280	18,301
Total non-current assets		2,640,679	2,593,246
Current Assets			
Short Term Investments	11	174,000	53,000
Assets Classified as Held for Sale	12	4,239	1,435
Inventories	13	2,421	1,476
Trade and other receivables	14 & 15	71,313	56,591
Cash and cash equivalents	16	108,280	111,707
Total current assets		360,253	224,209
Total assets		3,000,932	2,817,455
Current Liabilities			
Trade and other payables	17	(233,613)	(191,401)
Provisions	21	(1,661)	(1,543)
Total current liabilities		(235,274)	(192,944)
Net Current Liabilities		124,979	31,265
Non-current assets less net current liabilities		2,765,658	2,624,511
Non-current liabilities			
Trade and other payables	17	(33,851)	(26,411)
Loans Outstanding	18	(136,737)	(158,146)
Provisions	21	(767)	(1,242)
Pension Liability	22(c)	(236,077)	(230,590)
Total Non-current liabilities		(407,432)	(416,389)
Assets less Liabilities (C/Fwd)		2,358,226	2,208,122

Northern Ireland Housing Executive

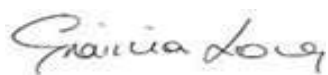
Statement of Financial Position (Continued) as at 31 March 2021

	Note	2021 £'000	2020 £'000
Assets less Liabilities (B/Fwd)		2,358,226	2,208,122
Taxpayers' Equity			
Statement of Comprehensive Net Expenditure Reserve		1,197,517	1,104,864
Revaluation Reserve		1,160,709	1,103,258
		2,358,226	2,208,122

The financial statements on pages 172 to 240 were approved by the Board Members of the Northern Ireland Housing Executive and signed on their behalf by:



Professor Peter Roberts
Chair



Ms Grainia Long
Chief Executive

Date: 29 October 2021

The notes on pages 178 to 240 form part of the accounts.

Northern Ireland Housing Executive

Statement of Cash Flows for the year ended 31 March 2021

		2021	2020
	Note	£'000	£'000
Net Cash Outflow from Operating Activities	23(a)	(210,945)	(247,319)
Cashflow from Investing Activities	23(b)	(159,234)	(48,933)
Cashflow from Financing Activities	23(c)	349,075	295,744
		<hr/>	<hr/>
Increase/(Decrease) in Cash & Cash Equivalents in the period		(21,104)	(508)
		<hr/> <hr/>	<hr/> <hr/>
Cash and Cash Equivalents at beginning of period		81,392	81,900
		<hr/> <hr/>	<hr/> <hr/>
Cash and Cash Equivalents at end of period	23(d)	60,288	81,392
		<hr/> <hr/>	<hr/> <hr/>
Cash and Cash Equivalents are represented by:			
Cash and Cash Equivalents	16	108,280	111,707
Bank Overdraft	17	(47,992)	(30,315)
Cash and Cash Equivalents at end of period	23(d)	60,288	81,392
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 178 to 240 form part of the accounts.

Northern Ireland Housing Executive
Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2021

	SOCNE Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 31 March 2019	1,182,158	970,364	2,152,522
Changes in reserves 2019/20			
Comprehensive Net Expenditure for year	(390,764)	150,620	(240,144)
Grant from Sponsoring Department	295,744	-	295,744
Transfers between reserves	17,726	(17,726)	-
Balance at 31 March 2020	1,104,864	1,103,258	2,208,122
Changes in reserves 2020/21			
Comprehensive Net Expenditure for year	(269,536)	70,565	(198,971)
Grant from Sponsoring Department	349,075		349,075
Transfers between reserves	13,114	(13,114)	-
Balance at 31 March 2021	1,197,517	1,160,709	2,358,226

The notes on pages 178 to 240 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 (FReM) issued by the Department of Finance. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM 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 2020/21.
- 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 2022. The Housing Executive considers that this is unlikely to have a significant impact on the accounts in the period of initial application. IFRS 16 represents a change in lessee accounting by largely removing the distinction between operating and finance leases and introducing a single lessee accounting model. A lessee is required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value on the Statement of Financial Position. There are corresponding changes to the disclosure requirements to show the effect that leases have on the financial position, financial performance and cash flows of the lessee.
 - **IFRS 17** Insurance Contracts will replace IFRS 4 Insurance Contracts and is effective for accounting periods beginning on or after 1 January 2023. In line with the requirements of the FReM, IFRS 17 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2023. It is not anticipated that this will have a significant impact on the Housing Executive's accounts.
 - **IFRS 10, IFRS 11 & IFRS 12**, new and amended standards, were issued by the IASB and affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards were effective with EU adoption from 1 January 2014.

Accounting boundary IFRS is currently adapted in the FReM so that the Westminster departmental accounting boundary is based on ONS control criteria, as designated by Treasury. A similar review in NI, which will bring NI departments under the same adaptation, has been carried out and the resulting recommendations were agreed by the Northern Ireland Executive in December 2016. With effect from 2022-23, the accounting boundary for departments and its arms length bodies (ALBs) will change, with an impact on departments around the disclosure requirements under IFRS 12. ALBs apply IFRS in full with its consolidation boundary also changing as a result of the new Standards.

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 £500k 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) 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	4-10 years
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f) 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 2020 and 31 March 2023, 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.

g) 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	10 year life
Motor Vehicles	10 year life
Office Furniture	7 year life
Specialised Equipment	5 year life
Furniture and Fittings – Hostels	7 year life
Computer Hardware	3 – 10 year life

h) 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.

i) 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 other house sales which are anticipated to complete post year-end.

j) 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.

k) 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.

l) 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 20.

m) Government Grants

Capital and Revenue Grants & Grant-In-Aid from the Department for Communities

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, including grants paid for COVID-19 related expenditure, 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. Further, grant unspent as part of the Supporting People programme, is recoverable from providers, where separate arrangements have not been made to fund other supporting people services.

n) 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 of.

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.

o) 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.

p) Taxation (including Value Added Tax)

Corporation Tax

Prior to 2020/21, the Housing Executive did not have Crown exemption and was liable to corporation tax on certain sources of income (interest receivable, chargeable gains on sale of Housing Stock and net rental income in the landlord activities) earned in any year. The Corporation Tax charge was recognised and shown on the face of the Statement of Comprehensive Expenditure.

In March 2021, it was announced, as part of the Government's Budget 2021, that NIHE is now exempt from Corporation Tax with effect from 1 April 2020. 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.

q) 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 21 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.

r) Contingent Liabilities

A contingent liability is disclosed in Note 24 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.

s) *Related Party Transactions*

Details of transactions and outstanding balances at the year-end between the Housing Executive and related parties are disclosed in Note 26 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).

t) *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 21 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 o). 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 22 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 f). 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.

u) 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.

v) 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

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 the Department for Communities' '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 (v) 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.

Notes to the Accounts

Note

3(a) Analysis of Net Expenditure by Segment (continued)

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 (v) for more detail).
- **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.
- **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	2021			2020		
	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	-	43,239	43,239	-	50,645	50,645
Dwelling Related Costs	19,625	110,671	130,296	21,595	134,601	156,197
Misc. Expenditure	-	48,986	48,986	- 0	49,699	49,699
Employee and Admin Expenses	-	89,110	89,110	-	88,943	88,943
Commissioned Services						
Expenditure	-	3,637	3,637	-	3,743	3,743
Corporation Tax	-	248	248	-	8,861	8,861
Other	911	-	911	2,023	-	2,023
	<u>20,536</u>	<u>295,891</u>	<u>316,427</u>	<u>23,618</u>	<u>336,492</u>	<u>360,111</u>
Less Rental & Miscellaneous income	-	(343,221)	(343,221)	-	(345,676)	(345,676)
Less Commissioned Services						
Income		(11,974)	(11,974)	-	(11,978)	(11,978)
Less Capital Receipts	(14,396)	-	(14,396)	(22,003)	-	(22,003)
Total Expenditure	6,140	(59,304)	(53,164)	1,615	(21,162)	(19,547)
Regional Services						
Total Net expenditure reported for Operating Segments:						
Supporting People	-	85,145	85,145	-	73,279	73,279
Employee and Admin Expenses	-	30,794	30,794	-	31,392	31,392
Commissioned Services						
Expenditure	-	11,974	11,974	-	11,978	11,978
Private Sector Grants, & Energy Efficiency	19,656	-	19,656	29,689	-	29,689
Misc. Public / Private Prog	-	3,982	3,982	-	5,370	5,370
Homelessness	-	20,143	20,143	-	12,656	12,656
Social Housing Development Programme	136,166	-	136,166	115,054	-	115,054
Other	1,504	4,849	6,353	1,082	6,375	7,457
	<u>157,326</u>	<u>156,887</u>	<u>314,213</u>	<u>145,825</u>	<u>141,050</u>	<u>286,875</u>
Less Rental & Miscellaneous income	(143)	(1,785)	(1,928)	(942)	(3,201)	(4,143)
Less Commissioned Services						
Income	-	(3,637)	(3,637)	-	(3,743)	(3,743)
Total Expenditure	157,183	151,465	308,648	144,882	134,106	278,988

Included in reportable segments above are:

- 1) 'Other' segment within Regional Services (Revenue) - £1,011k relating to impairment of non-operational property as disclosed in Note 10 (b).
- 2) 'Loan Charges' segment within Landlord Services (Revenue) - £16.57m relating to interest payable on loans outstanding from the Government Loans Fund and Former Local Authorities.
- 3) Regional Services 'Other' includes Annual Managed Expenditure (AME) lines

Notes to the Accounts

Note

3(b) Analysis of Net Expenditure by Segment (continued)

<u>Reconciliation to Statutory Accounts</u>	2021 £'000	2020 £'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	(53,164)	(19,547)
Regional Services	308,648	278,988
	<u>255,484</u>	<u>259,441</u>
<u>Adjustments in the Budgeted Outturn and not in the Statement of Comprehensive Net Expenditure:</u>		
Redevelopment Land Additions	(1,177)	(302)
Operational Assets Additions	(8,385)	(13,239)
Receipts (net of expenses) for Sale of Land & Property	14,396	22,003
Loans Principal Repayments	(27,061)	(32,363)
Other adjustments	(220)	-
	<u>(22,447)</u>	<u>(23,901)</u>
<u>Adjustments in the Statement of Comprehensive Net Expenditure and not through Budgeted Outturn for Landlord Services:</u>		
Depreciation, Amortisation, Write Offs & Write Down	35,313	30,861
Provisions for Liabilities and Charges movement	(898)	984
IAS 19 Pension Adjustment - Landlord Services	14,287	16,857
Other adjustments	402	539
	<u>49,104</u>	<u>49,241</u>
Total net expenditure per the Statement of Comprehensive Net Expenditure	<u><u>282,141</u></u>	<u><u>284,781</u></u>

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.

	2021 £'000	2020 £'000
Rental Income		
Dwellings & Garages	299,480	297,980
Redevelopment	-	-
Commercial Properties	2,252	2,261
Lands	36	32
Travellers, Hostels and Req. Properties	958	672
Miscellaneous	225	191
	<u>302,951</u>	<u>301,136</u>
Less: Abatements		
Dwellings & Garages	(757)	(874)
Commercial Properties	(482)	(171)
	<u>(1,239)</u>	<u>(1,045)</u>
Less: Voids		
Dwellings & Garages	(4,301)	(2,900)
Redevelopment	(1)	(1)
Commercial Properties	(244)	(207)
Hostels	(197)	(80)
Traveller Sites	(52)	(40)
	<u>(4,795)</u>	<u>(3,228)</u>
Total Rental Income (C/Fwd)	<u>296,917</u>	<u>296,863</u>

Notes to the Accounts

Note	2021 £'000	2020 £'000
4 Income (Continued)		
Total Rental Income (B/Fwd)	296,917	296,863
EU Income	1,318	963
Other Operating Income		
Income from Housing Associations	(4)	4
Revenue grants	46	88
Capital Grant	126	151
Rates Income from properties	26 39,470	40,232
Income from Land & Property Services:		
Rates Collection	26 4,460	4,425
Rates Relief Income	26 2,156	2,435
Lone Pensioner Allowance	26 162	179
Legal Expenses Recovered	(4)	308
Other Recoverable Charges	241	366
Ground Rents Receivable	20	20
SPED Income	150	954
Income from Hostels & Homelessness	2,934	1,050
Income for Asylum Seekers	1	1,665
Income from sold flats	1,908	1,646
Income recoverable on maintenance contracts	188	434
Income from insurance claims	-	(1)
Miscellaneous Income	118	39
	51,972	53,995
Total Income (excluding Housing Benefit Income)	350,207	351,821

Notes to the Accounts

Note	2021				2020
	Permanent Staff £'000	Others £'000	Board Members £'000	Total £'000	Total £'000

5 Staff costs

Staff costs comprise

Wages and Salaries	78,108	-	106	78,214	75,150
Social Security Costs	7,929	-	5	7,934	7,480
Seconded-in Staff	-	197	-	197	210
Agency Costs	-	12,934	-	12,934	12,545
Total Staff costs excluding Pension Costs	86,037	13,131	111	99,279	95,385
Other Pension Costs				28,613	36,112
				127,892	131,497

Social security costs include £365k (2019/20: £365k) of apprenticeship levy costs 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.

	2021 £'000	2020 £'000
Wages and Salaries	111	111
Social Security Costs	11	12
Other Pension Costs	20	22
	142	145

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	2021 £'000	2020 £'000
6	Other Expenditure		
	Direct Employees Costs	607	920
	Transport Related Costs	888	2,268
	Premises Related Costs		
	Leasing Costs	1,470	2,044
	Other Premises Related Costs	5,977	6,850
	Supplies, Services, Write - Offs & Other Costs	21,631	21,390
	External Audit		
	Auditor's Remuneration	172	165
	National Fraud Initiative	16	-
	Bank Charges	290	317
	Dwelling Related Costs	(a) 123,810	146,347
	Public Sector Expenditure	2,248	1,935
	Rates Relief Expenditure	2,156	2,435
	Lone Pensioner Allowance (LPA)	162	179
	Private Sector Expenditure	(b) 24,828	18,189
	Private Sector Grants	(c) 20,447	30,378
	Rates paid on properties	40,215	39,798
	Supporting People	84,910	73,279
	Public Liability Charges	99	2,737
	Social Housing Development Programme	(d) 136,166	115,054
	Impairment	10 1,011	225
	Restructuring Costs	210	(80)
		<u>467,313</u>	<u>464,430</u>
	Less:		
	Recharges - salaries & overheads	(e) (19,232)	(18,906)
		<u><u>448,081</u></u>	<u><u>445,524</u></u>

Notes to the Accounts

Note

6 Other Expenditure (Continued)

- (a) The major element of Dwelling Related Costs is the maintenance of the Housing Executive's housing stock including grounds and general maintenance costs. For 2020/21, Dwelling Relating Costs are analysed as follows:

	2021 £'000	2020 £'000
Planned Maintenance	77,182	94,381
Response Maintenance	46,628	51,966
	123,810	146,347

- (b) Private Sector Expenditure is analysed as follows:

	2021 £'000	2020 £'000
Special Purchase of Evacuated Dwellings (SPED)	195	1,294
Allowance for gain in Fair Value on SPED	1	(199)
Homelessness	21,434	12,656
Hostels	694	777
Asylum Seekers	-	1,424
Other	2,504	2,237
	24,828	18,189

SPED costs include £41k which relate to loss on sale of SPED stock sold during the 2020/21 year.

- (c) Private Sector Grants is analysed as follows:

	2021 £'000	2020 £'000
Affordable Warmth Grants	6,676	12,319
Disabled Facilities Grants	9,266	10,813
Boiler Replacement Grants	1,214	1,425
Other Grants	2,332	4,222
Group Repairs	129	1,009
Grant Administration Costs	830	590
	20,447	30,378

Notes to the Accounts

Note

6 Other Expenditure (Continued)

- (d) Social Housing Development Programme includes payments to Housing Associations for the following:

	2021 £'000	2020 £'000
HAG* - New Build	81,290	80,857
HAG - ESP	897	3,615
HAG - Off the Shelf	15,799	7,619
HAG - Rehabilitation	3,412	3,823
HAG - Re-Improvement	114	819
HAG - Offset Recoup	(180)	(8)
HAG - Covid 19	3,503	-
HAG - Adaptations	3,353	3,085
HAG - Covid 19 Adaptations	14	-
HAG - Voluntary Purchase Grant	1,612	1,798
HAG - Advance Land Purchase	6,042	3,054
Housing for all Incentives	3,907	1,875
HAG - Housing For All	16,403	8,517
Recoupment of SHDP grant	-	(110)
Grant recouped & paid to Department	-	110
	<u>136,166</u>	<u>115,054</u>

* HAG - Housing Association Grant

£Nil (2019/20: £8k) was recouped from Housing Associations to be repaid to the Department.

- (e) Recharges describes Salary and Administration costs incurred by the organisation that are then transferred to specific programme activities/functions (detailed below) in order to allow us to report the full cost of delivering same.

	2021 £'000	2020 £'000
Direct Labour Organisation	(16,139)	(16,769)
Rates Relief & Lone Pensioner Allowance	(739)	(754)
Other Programme Cost delivery	(2,354)	(1,383)
	<u>(19,232)</u>	<u>(18,906)</u>

Given the statutory reporting requirement to show Salary costs in Note 5 in gross terms (ie without deduction Recharges) it is necessary to reduce programme activity costs by the value of the Recharge in order to avoid reporting an overstatement (double count). This is achieved by the insertion of Recharges at the bottom of Note 6.

- (f) Provision for liabilities and charges movements are included in the following lines:

	2021 £'000	2020 £'000
Non Operational Assets	(413)	-
Public Liability Charges	73	(2,524)
Dwelling Related Costs	27	(32)
Rental Income	(66)	(221)
Supplies, Services & Other Costs	(110)	-
Public Sector Expenditure	(68)	(189)
	<u>(557)</u>	<u>(2,966)</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:

	2021 £'000	2020 £'000
Housing Benefit - Public & Private	536,833	563,737
Housing Benefit - Overpayment recoveries	(9,560)	(14,001)
Net Funding from the Department	<u>527,273</u>	<u>549,736</u>
Transfer of Housing Benefit overpayment movement to overpayment debtor account	2,279	(825)
Increase in HB Overpayment Provision	(959)	1,136
Total Housing Benefit Costs / Income	<u><u>528,593</u></u>	<u><u>550,047</u></u>

8 Financing Charges

	2021 £'000	2020 £'000
Loan Interest Charges	16,179	18,282
	<u><u>16,179</u></u>	<u><u>18,282</u></u>

Loan Interest charges are paid to the Department of Finance for historic loans from the Government Loans fund. Further details can be found in Note 18.

Notes to the Accounts

Note

9 Taxation

(a) Taxation charge in the year Analysis of charge in the year (estimate)

Current tax:

	2021 £'000	2020 £'000
UK Corporation tax on taxable income for the current year	-	9,344
Adjustments to the tax charge in respect of previous periods	248	(415)
Interest & penalties	-	(31)
	<u>248</u>	<u>8,898</u>

Prior to 1 April 2020, Tradable activities, which are subject to Corporation Tax, included Rental Income, Disposal of Capital Assets and Interest Receivable.

(b) Factors affecting the tax charge

	2021 £'000	2020 £'000
Interest Receivable - current year	-	1,255
Chargeable / Net Rental Income	-	47,924
Chargeable Gains	-	-
	<u>-</u>	<u>49,179</u>
Net Rental Income & Interest Receivable multiplied by the effective rate of Corporation Tax in the UK for the current year of approx. 19% (2020: 19%)	-	9,344
Adjustments to the tax charge in respect of previous periods	248	(415)
Interest & penalties	-	(31)
Current tax charge	<u>248</u>	<u>8,898</u>

With effect from the 1st April 2020, the Northern Ireland Housing Executive has been granted exemption from Corporation Tax. This measure was recently included in the UK Government's Budget announcements in March 2021. The measure is intended to ensure consistency of tax treatment for the provision of state funded housing across the whole of the UK. The Housing Executive did not previously have Crown exemption status in relation to Corporation Tax. As a result of the exemption, there is no Corporation Tax charge due on current year Income.

An undercharge of £248k is recognised in respect of the 2019/20 financial year. There is currently an overpayment of Corporation Tax paid at the year end of £15.6 million which the Housing Executive will seek to recover during 2021/22 (see note 14).

(c) Deferred tax

No provision for deferred tax has been made as at 31 March 2021 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 2020	2,440,896	49,631	18,113	40,945	15,973	3,193	13,160	2,581,911
Additions	7,701	-	5	-	-	-	404	8,110
Reclassification Uplift	-	989	-	-	-	-	-	989
Disposals	(7,185)	(3,397)	-	-	-	-	(424)	(11,006)
Demolitions	-	-	-	-	-	-	-	-
Write off Adapt to Leased Offices	-	-	-	(45)	-	-	-	(45)
Transfer from Housing Stock	-	-	-	-	-	-	-	-
Transfer to Housing Stock	-	-	-	-	-	-	-	-
Transfer from Non-Operational Assets	220	-	-	-	-	-	-	220
Transfer to Non-Operational Assets	-	-	-	(290)	-	-	-	(290)
Transfer to Land from Commercial Property	-	-	-	-	-	-	-	-
Transfer to Non Current Assets Held for Sale	(2,136)	(1,710)	-	-	-	-	-	(3,846)
Transfer from Non Current Assets Held for Sale	314	30	-	-	-	-	-	344
Impairment	-	-	-	-	-	-	-	-
Write down in valuation	(375)	34	-	-	-	-	-	(341)
Revaluation Adjustments	30,640	4,385	-	-	-	-	87	35,112
At 31 March 2021	2,470,075	49,962	18,118	40,610	15,973	3,193	13,227	2,611,158

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 2020	-	-	-	-	-	-	(9,622)	(9,622)
Charged in year	(34,513)	-	(574)	(1,099)	(585)	(89)	(750)	(37,610)
Written back on Revaluation	34,513	-	-	-	-	-	-	34,513
Backlog Depreciation	-	-	-	-	-	-	(45)	(45)
Disposals	-	-	-	-	-	-	424	424
Depreciation on transfer to Housing Stock	-	-	-	-	-	-	-	-
Depreciation on transfer to Non Operational Assets	-	-	-	-	-	-	-	-
Written back on Impairment	-	-	-	-	-	-	-	-
At 31 March 2021	-	-	(574)	(1,099)	(585)	(89)	(9,993)	(12,340)
Carrying amount at 31 March 2020	2,440,896	49,631	18,113	40,945	15,973	3,193	3,538	2,572,289
Carrying amount at 31 March 2021	2,470,075	49,962	17,544	39,511	15,388	3,104	3,234	2,598,818
Asset financing:								
Owned	2,470,075	49,962	17,544	39,511	15,388	3,104	3,234	2,598,818
Finance Leased	-	-	-	-	-	-	-	-
Carrying amount at 31 March 2021	2,470,075	49,962	17,544	39,511	15,388	3,104	3,234	2,598,818

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 2019	2,347,319	45,598	16,848	32,805	16,382	3,507	15,213	2,477,672
Additions	10,513	7	351	1,160	-	-	623	12,654
Reclassification Uplift	-	555	-	-	-	-	-	555
Disposals	(10,813)	(1,610)	-	-	-	-	(2,613)	(15,036)
Demolitions	-	-	-	-	-	-	-	-
Write off Adapt to Leased Offices	-	-	-	(60)	-	-	-	(60)
Transfer from Housing Stock	(218)	45	-	-	173	-	-	-
Transfer to Housing Stock	41	-	(41)	-	-	-	-	-
Transfer from Non-Operational Assets	-	5	-	-	-	-	-	5
Transfer to Non-Operational Assets	-	-	-	-	-	-	-	-
Transfer to Land from Commercial Property	-	-	-	-	-	-	-	-
Transfer to Non Current Assets Held for Sale	(726)	(294)	-	-	-	-	-	(1,020)
Transfer from Non Current Assets Held for Sale	638	10	-	-	-	-	-	648
Impairment	-	-	-	-	-	-	-	-
Write down in valuation	(169)	106	-	-	-	-	(88)	(151)
Revaluation Adjustments	94,311	5,209	955	7,040	(582)	(314)	25	106,644
At 31 March 2020	2,440,896	49,631	18,113	40,945	15,973	3,193	13,160	2,581,911

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 2019	-	-	(1,816)	(3,327)	(1,821)	(395)	(11,235)	(18,594)
Charged in year	(34,122)	-	(496)	(819)	(458)	(100)	(1,014)	(37,009)
Written back on Revaluation	34,129	-	2,305	4,146	2,279	495	26	43,380
Backlog Depreciation	-	-	-	-	-	-	(10)	(10)
Disposals	-	-	-	-	-	-	2,611	2,611
Depreciation on transfer to Housing Stock	(7)	-	7	-	-	-	-	-
Depreciation on transfer to Non Operational Assets	-	-	-	-	-	-	-	-
Written back on Impairment	-	-	-	-	-	-	-	-
At 31 March 2020	-	-	-	-	-	-	(9,622)	(9,622)
Carrying amount at 31 March 2019	2,347,319	45,598	15,032	29,478	14,561	3,112	3,978	2,459,078
Carrying amount at 31 March 2020	2,440,896	49,631	18,113	40,945	15,973	3,193	3,538	2,572,289
Asset financing:								
Owned	2,440,896	49,631	18,113	40,945	15,973	3,193	3,538	2,572,289
Finance Leased	-	-	-	-	-	-	-	-
Carrying amount at 31 March 2020	2,440,896	49,631	18,113	40,945	15,973	3,193	3,538	2,572,289

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 (f)

Land

Land was revalued at 31 March 2021 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 £0.99m 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 by professional valuers of Land and Property Services. Offices and Commercial Properties were revalued at 31 March 2020 at open market value based on Existing Use. Hostels and Travellers' Sites were revalued at 31 March 2020 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 2021.

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 £49k 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)

Valuation Methodology

Valuation uncertainty

As detailed in the Performance Report, a novel strain of coronavirus was detected and spread rapidly in November 2019, leading the World Health Organisation to declare a pandemic on 11 March 2020. The ongoing disruption caused by the pandemic has created significant economic uncertainty, which commenced just before the 2019/20 financial year-end. As a result and due to market activity being impacted in many sectors, the valuers noted the valuations provided as at 31 March 2020 for all Property assets (including all land, buildings and sites) were reported on the basis of 'material valuation uncertainty' as per the RICS Global Standards. For the 31 March 2021 year-end valuations, the valuation uncertainty has been lifted for the Housing Stock and Land categories only. This valuation uncertainty however continues at 31 March 2021 for Commercial Properties, Office Premises, Hostels and Travellers' Sites. The uncertainty, which remains for the categories noted, results from the lack of evidence of transactions taking place to assess how property markets are reacting over this period and what the full impact on local, national & global economies & property markets will be in the future. The figures reported are, therefore, more subjective than would be the case in a normal functioning market, however, the LPS valuers involved in the project have used their considerable knowledge, experience & expertise gathered over years of working within the local property market, together with other relevant economic based metrics, to arrive at a set of results that can be relied upon for the purpose for which they have been assessed. Due to the continued level of uncertainty for property markets and the potential for market volatility to continue over the next financial year, NIHE will review the evidence available to consider if a full revaluation of property assets, which are not valued annually, should be carried out more frequently than five years.

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 2021 £'000	At 31 March 2020 £'000
Motor Vehicles	1,615	1,624
Plant and Machinery	134	77
Estate Management Equipment	107	120
Office Furniture	427	536
Office Equipment	2	2
Hostels Furniture & Fittings	-	-
Computer Hardware	765	985
Community Centre	184	194
	3,234	3,538

Depreciation, Amortisation, Write Offs and Write downs charged to the Statement of Comprehensive Net Expenditure consisted of the following:

	At 31 March 2021 £'000	At 31 March 2020 £'000
Depreciation adj for Backlog Depreciation	37,655	37,017
Amortisation - IT Software	475	501
Revaluation Adjustments - Housing Stock	375	169
Revaluation Adjustments - Other Assets	-	62
Revaluation Adjustments - Land	(34)	(107)
Writeback / writedown in Assets Held for Sale	1	(29)
Losses on Sale of Surplus Land	282	322
(Profit)/Loss on Sale of Land held for sale	-	(160)
(Profit)/Loss on Sale of Housing Stock	(4,634)	(6,286)
(Profit)/Loss on Sale of Housing Stock HFS	(512)	(1,788)
(Profit)/Loss on Sale of Other Assets	(72)	(16)
Losses on Demolished Property	-	-
Write off Adaptations to Leased Offices	45	60
Loss on Disposal - Housing Association	1,821	1,215
	35,402	30,960

Notes to the Accounts

Note

10(b)

Non Operational Assets

	Redevelopment Land £'000	Commercial Properties £'000	Offices £'000	Travellers Sites £'000	Hostels £'000	Total £'000
At 31 March 2019	-	5	335	184	220	744
Expenditure in year	302	-	-	-	-	302
Transfer of Property (to)/from Operational Assets	-	240	(245)	-	-	(5)
Transfer to Assets Held for Sale	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Revaluation Adjustment	-	-	-	36	-	36
Revaluation - SOCNE	-	-	-	-	-	-
Impairment	-	225	-	-	-	(225)
At 31 March 2020	77	245	90	220	220	852
Expenditure in year	1,177	-	-	-	-	1,177
Transfer of Property (to)/from Operational Assets	-	-	290	-	(220)	70
Transfer to Assets Held for Sale]	-	-	-	-	-	-
Revaluation Adjustment	-	(5)	(50)	-	-	(55)
Revaluation - SOCNE	-	-	-	-	-	-
Impairment	(1,011)	-	-	-	-	(1,011)
At 31 March 2021	243	240	330	220	-	1,033

Non Operational Assets comprises Redevelopment Land, Commercial Properties, Offices and Travellers Sites.

£575k of the impairment write down in Redevelopment land relates to properties purchased to facilitate a Building Sustainable Communities Scheme. Nine properties were purchased during 2020/21 and the brownfield site was valued at market value at 31 March 2021 by professional valuers in Land and Property Services. The remaining £436k of the impairment write down in the value of Redevelopment Land results from residual land acquisition and development costs for land previously vested, which has previously been transferred to operational land for ongoing transfer to Housing Association. The remaining few residual Redevelopment Land sites were converted to brownfield sites and transferred to operational land prior to 2020/21. 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 Deprecation, Amortisation, Write-offs and Write-downs in note 10(a).

The Housing Executive, on behalf of the Department, recoups the market value of the redevelopment sites vested by deducting this value off the Social Housing Development Grant paid to Housing Associations.

Commercial Properties, Offices and Travellers Sites included within Non-Operational Assets, 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
Cost or valuation	
At 1 April 2020	9,204
Additions	213
Reclassification Uplift	-
Disposals	-
Revaluation Adjustments	6
At 31 March 2021	<u>9,423</u>
Amortisation	
At 1 April 2020	(7,400)
Charged in year	(472)
Backlog Amortisation	(3)
Disposals	-
At 31 March 2021	<u>(7,875)</u>
Carrying amount at 31 March 2020	<u>1,804</u>
Carrying amount at 31 March 2021	<u>1,548</u>
Asset Financing:	
Owned	1,548
Carrying amount at 31 March 2021	<u>1,548</u>
Cost or valuation	
At 1 April 2019	11,441
Additions	586
Reclassification Uplift	
Disposals	(2,854)
Revaluation Adjustments	31
At 31 March 2020	<u>9,204</u>
Amortisation	
At 1 April 2019	(9,733)
Charged in year	(486)
Backlog Amortisation	(14)
Disposals	2,833
At 31 March 2020	<u>(7,400)</u>
Carrying amount at 31 March 2019	<u>1,708</u>
Carrying amount at 31 March 2020	<u>1,804</u>
Asset Financing:	
Owned	1,804
Carrying amount at 31 March 2020	<u>1,804</u>

Notes to the Accounts

Note

	2021	2020
	£'000	£'000
11 Short Term Investments		
Fixed Term Deposits (greater than 3 months)	174,000	53,000
	<u>174,000</u>	<u>53,000</u>

12 Assets classified as held for sale

	Land	Housing	Total
	£'000	Stock	£'000
		£'000	
At 1 April 2020	708	727	1,435
Transfer from Operational Assets	1,710	2,136	3,846
Transfer to Operational Assets	(30)	(314)	(344)
Transfer from Non-operational Assets	-	-	-
Disposals	(284)	(413)	(697)
Revaluation Decrease	(1)	-	(1)
At 31 March 2021	<u>2,103</u>	<u>2,136</u>	<u>4,239</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.

£2.13m 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 £1k, representing the increase in value of fees for certain land sites classified as Land Held for Sale in previous years, is accounted for in the Statement of Comprehensive Net Expenditure.

£2.14m of Housing Stock which has been reclassified as held for sale is based on actual post year end house sales in April and other house sales which are anticipated to complete post year-end.

	2021	2020
	£'000	£'000
13 Inventories		
Consumable Stores	1,399	996
SPED (Net of the Allowances at Note 15)	1,022	480
Total	<u>2,421</u>	<u>1,476</u>

Notes to the Accounts

Note

	2021 £'000	2020 £'000
14 Trade and Other Receivables		
Amounts falling due within one year:		
Trade Receivables (Net of the Allowances at Note 15)	19,640	21,658
Other receivables	104	56
Corporation Tax	15,635	6,882
VAT	3,495	3,145
Prepayments and accrued income	32,439	24,850
	71,313	56,591
Amounts falling due after more than one year:		
Trade Receivables (Net of the Allowances at Note 15)	18,286	18,301
Prepayments and accrued income	20,994	-
	39,280	18,301
Total	110,593	74,892

15 Allowances for Trade receivables and Losses

	Tenants Debt £'000	Housing Benefit Over- payments £'000	Other Debts £'000	Special Purchase Evacuated Dwellings £'000	Total £'000
Opening Balance					
At 31 March 2019	8,338	24,868	1,466	264	34,936
Movement in allowance in year	556	934	42	(199)	1,333
Movement in long term debt discount	18	202	-	-	220
At 31 March 2020	8,912	26,004	1,508	65	36,489
Movement in allowance in year	1,802	(773)	(459)	1	571
Movement in long term debt discount	73	(185)	-	-	(112)
At 31 March 2021	10,787	25,046	1,049	66	36,948

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

	2021	2020
	£'000	£'000
Balance at 1 April	111,707	97,021
Net Change in Cash & Cash Equivalent Balances	(3,427)	14,686
Balance at 31 March	<u>108,280</u>	<u>111,707</u>

The following balances at 31 March were held at:

	2021	2020
	£'000	£'000
Commercial Banks and Cash in Hand	418	217
Investments in Money Market Funds	88,862	43,990
Short Term Deposits (less than 3 months)	19,000	67,500
Balance at 31 March	<u>108,280</u>	<u>111,707</u>

17 Trade and Other Payables

	2021	2020
	£'000	£'000
Amounts falling due within one year:		
Bank Overdraft	(47,992)	(30,315)
Trade Payables	(6,151)	(5,023)
Taxation and social security	(1,836)	(1,836)
Other Payables	(8,166)	(8,992)
Property, Plant & Equipment accruals	(1,415)	(1,983)
Accruals and deferred income	(146,643)	(116,191)
Loan Repayments	(21,410)	(27,061)
	<u>(233,613)</u>	<u>(191,401)</u>
Amounts falling due after more than one year:		
Other Payables	(13,688)	(14,215)
Accruals and deferred income	(20,163)	(12,196)
	<u>(33,851)</u>	<u>(26,411)</u>
Total	<u>(267,464)</u>	<u>(217,812)</u>

Notes to the Accounts

Note	2021 £'000	2020 £'000
18 Loans Outstanding		
At 31 March 2020	(185,207)	(217,570)
Loan Principal repayment	27,060	32,363
At 31 March 2021	<u>(158,147)</u>	<u>(185,207)</u>
Loans from the Government Loans Fund & Former Local Authorities maturing: <u>Due within one year</u>		
Due within one year (disclosed in note 17)	(21,410)	(27,061)
<u>Due greater than one year</u>		
Later than one year and not later than five years	(51,385)	(61,422)
Later than five years	(85,352)	(96,724)
	<u>(136,737)</u>	<u>(158,146)</u>
Total loans outstanding	<u>(158,147)</u>	<u>(185,207)</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).

19 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:

	2021 £'000	2020 £'000
Obligations under operating leases comprise:		
Property		
Not later than one year	(1,017)	(1,115)
Later than one year and not later than five years	(1,070)	(2,024)
Later than five years	(58)	(80)
	<u>(2,145)</u>	<u>(3,219)</u>

Notes to the Accounts

Note

20 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	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Financial assets at amortised cost	18,285	18,301	232,291	152,458
Financial assets at fair value through profit or loss	-	-	88,862	43,990
Total Financial Assets	18,285	18,301	321,153	196,448

	Long Term		Short Term	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Financial Liabilities at amortised cost	170,588	184,557	233,614	191,401

The table above includes long term debtors, trade payables and receivables and cash balances held for working capital purposes.

Notes to the Accounts

Note

20 Financial Instruments (continued)

(b) Financial Instruments Gains and Losses

The gains and losses recognised in the Statement of Comprehensive Net Expenditure for the year ended 31 March 2021 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	-	16,568
Interest payable and similar charges	-	16,568
Financial Assets		
	Assets at Amortised Cost £'000	Assets at Fair Value through Profit or Loss £'000
Impairment Loss - Interest payable and similar charges	457	-
Interest and Investment Income	840	55

(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

20 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:

	2021		2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value Restated
	£'000	£'000	£'000	£'000
Financial Liabilities				
Consolidated Loans Fund	153,914	211,392	180,419	245,565
Non Consolidated Loans Fund	4,233	4,690	4,788	5,347
Total Debt	158,147	216,082	185,207	250,912
Loans and receivables				
Total Investments - Long term Debtors	20,628	18,286	21,345	18,301

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

20 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

20 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 97% 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 2020/21 the foreign currency losses incurred amounted to £nil (2019/20: £nil).

Fair Value

The fair value of loans outstanding after one year at 31 March 2021 for the Government Loans Funds is £177m (2020 Restated: £204m) and the estimated fair value of Local Authority Loans is £4.0m (2020 Restated: £4.5m). The figures have been restated to reflect updated calculations.

Notes to the Accounts

Note

21 Provision for Liabilities and Charges

2020/21	Redevelopment Area Purchases £'000	Repayment of Lease Income £'000	Contractual Claims £'000	Public Liability Claims £'000	Managing Asbestos £'000	Legal Claims £'000	Total £'000
Opening Balance - At 31 March 2020	(134)	(221)	(164)	(2,058)	(19)	(189)	(2,785)
Provided in the year	(413)	(66)	-	-	-	(261)	(740)
Provisions not required written back	-	-	15	73	12	83	183
Provisions utilised in the year	-	-	89	825	-	-	914
At 31 March 2021	(547)	(287)	(60)	(1,160)	(7)	(367)	(2,428)
Amount due for settlement:							
Within 12 months	(547)	-	(60)	(680)	(7)	(367)	(1,661)
After 12 months	-	(287)	-	(480)	-	-	(767)
At 31 March 2021	(547)	(287)	(60)	(1,160)	(7)	(367)	(2,428)

- (a) An amount of £547k 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) An amount of £287k has been provided for in relation to ground rent received from land sites previously sold by the Housing Executive. This amount may be repayable by the Housing Executive should certain conditions be met by the purchaser, as outlined in the sale agreements.
- (c) An amount of £60k has been provided for in respect of 1 contractual claim issued against the Housing Executive.
- (d) Public Liability Claims see Note 24 (Contingent Liabilities).

Notes to the Accounts

Note

21 Provision for Liabilities and Charges (continued)

- (e) The Housing Executive has undertaken to survey a sample of its housing stock and other properties, 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 remaining required properties to ensure current Health and Safety Executive regulations will be met. A provision of £7k has been accounted for in respect of covering estimated costs of properties for managing asbestos where it is found.
- (f) An amount of £367k has been provided for in respect of legal cases issued against the Housing Executive.

2019/20	Redevelopment Area Purchases £'000	Repayment of Lease Income £'000	Contractual Claims £'000	Public Liability Claims £'000	Managing Asbestos £'000	Legal Claims £'000	Total £'000
Opening Balance - At 31 March 2019	(134)	-	(205)	(1,047)	(90)	(187)	(1,663)
Provided in the year	-	(221)	(104)	(2,524)	(255)	(189)	(3,293)
Provisions not required written back	-	-	140	-	-	187	327
Provisions utilised in the year	-	-	5	1,513	326	-	1,844
At 31 March 2020	(134)	(221)	(164)	(2,058)	(19)	(189)	(2,785)
Amount due for settlement:							
Within 12 months	(134)	-	(164)	(1,132)	(19)	(94)	(1,543)
After 12 months	-	(221)	-	(926)	-	(95)	(1,242)
At 31 March 2020	(134)	(221)	(164)	(2,058)	(19)	(189)	(2,785)

Notes to the Accounts

Note

22 (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 and Board Members are not members 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. 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

22 (a) Pensions (continued)

The last formal actuarial valuation of the fund was carried out as at 31 March 2019, the results of which were released during the 2019/20 financial year. The next formal valuation will be due as at 31 March 2022. In calculating the Housing Executive's assets and liabilities the appointed actuaries have rolled forward the values calculated at the latest valuation (March 2019). 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.

	31 March 2021	31 March 2020
Actuarial Assumptions used at:		
Rate of Inflation (RPI)	3.20%	2.50%
Rate of Inflation (CPI)	2.80%	2.10%
Rate of Increase in Salaries	4.30%	3.60%
Rate of Increase in Pensions	2.80%	2.10%
Discount Rate	2.20%	2.30%

Breakdown of Life Expectancies

	31 March 2021	31 March 2020
Life expectancy for mortality tables used to determine benefit obligations at:		
Male member aged 65 (current life expectancy)	21.9	21.9
Female member aged 65 (current life expectancy)	25.2	25.1
Male member aged 45 (life expectancy at age 65)	23.3	23.2
Female member aged 45 (life expectancy at age 65)	26.5	26.5

Notes to the Accounts

Note

22 (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 S2N tables (Year of Birth) with CMI 2018 core projections including a period smoothing parameter of 7.5, with an initial addition of zero and a long-term improvement rate of 1.5% per annum 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 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 £'000	Discount Rate -0.25% pa	Salary Increase +0.25%pa	Inflation +0.25%pa	Life Expectancy +1 year
Liabilities	1,265,724	1,320,513	1,276,523	1,306,512	1,310,970
Assets	1,029,648	1,029,648	1,029,648	1,029,648	1,029,648
Total Scheme shortfall	236,076	290,865	246,875	276,864	281,322
Funding Level	81%	78%	81%	79%	79%
Increase in Liabilities	-	54,789	10,799	40,788	45,246

Notes to the Accounts

Note

22 (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 2021	Assets at 31 March 2020
	£'000	£'000
Equities	475,698	372,933
Bonds	368,614	340,466
Property	91,639	87,749
Cash	54,571	41,242
Other	39,127	35,100
	1,029,649	877,490

The above asset values as at 31 March 2021 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 March 2021	31 March 2020
	£'000	£'000
Fair Value of Employer Assets	1,029,649	877,490
Present value of Funded Liabilities	(1,255,330)	(1,097,507)
Net Underfunding in Funded Plans	(225,681)	(220,017)
Present value of Unfunded Liabilities	(10,394)	(10,573)
Unrecognised Actuarial (Gain) / Loss	-	-
Unrecognised Transition (Asset) / Liability	-	-
Net Liability	(236,075)	(230,590)
Amounts in the Statement of Financial Position		
Liabilities	(236,075)	(230,590)
Assets	-	-
Net Asset / (Liability)	(236,075)	(230,590)
Funding Level	81%	79%

Notes to the Accounts

Note

22 Pensions (continued)

(d) Notes to the Statement of Comprehensive Net Expenditure

Amount Charged to Employee Costs	Year End 31 March 2021		Year End 31 March 2020	
	£'000	% of Payroll	£'000	% of Payroll
Current Service Cost	(26,427)	(35.0%)	(26,028)	(35.7%)
Past Service Cost	-	0.0%	(8,259)	(11.3%)
Administration Expenses	(377)	(0.5%)	(348)	(0.5%)
Insurance premiums for risk benefits	(1,510)	(2.0%)	(1,391)	(2.0%)
Curtailment and Settlements **	(137)	(0.18%)	(33)	(0.04%)
Decrease in Irrecoverable Surplus	-	-	-	-
Total Operating Charge (A)	(28,451)	(37.7%)	(36,059)	(49.5%)

Amount (Debited)/Credited to Other Financing costs	Year End 31 March 2021		Year End 31 March 2020	
	£'000	% of Payroll	£'000	% of Payroll
Interest Income on Scheme Assets	20,000	26.5%	24,993	34.3%
Interest on Pension Scheme Liabilities	(25,441)	(33.7%)	(27,689)	(38.0%)
Net Return (B)	(5,441)	(7.2%)	(2,696)	(3.7%)

Net Revenue Account Cost (A) - (B)	(33,892)	(44.9%)	(38,755)	(53.2%)
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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 2021 £'000	31 Mar 2020 £'000
Actuarial Gains / (Losses) on Plan Assets	147,162	(140,676)
Actuarial (Losses) / Gains on Obligation	(134,557)	34,693
Actuarial (Loss) / Gain Recognised in Statement of Changes in Taxpayers Equity	12,605	(105,983)

Notes to the Accounts

Note

22 (d) Pensions (continued)

The attributable movement in the scheme liabilities during the period was as follows:

Reconciliation of Defined Benefit Obligation	Year End	Year End
	31 March	31 March
	2021	2020
	£'000	£'000
Opening Defined Benefit Obligation	(1,108,080)	(1,109,700)
Current Service Cost	(26,427)	(26,028)
Past Service Cost	-	(8,259)
Interest Expense	(25,441)	(27,689)
Members Contributions	(4,849)	(4,660)
Unfunded Benefits Paid by Employer	885	911
Benefit Payments from Plan	32,880	32,685
Plan Curtailment	(137)	(33)
<i>Actuarial movements:</i>		
Effect of changes in demographic assumptions	-	52,852
Effect of change in financial assumptions	(134,557)	(19,897)
Effect of experience adjustments	-	1,738.00
Closing Defined Benefit Obligation	(1,265,726)	(1,108,080)

The attributable movement in the scheme assets during the period was as follows:

Reconciliation of Fair Value of Employer Assets	Year End	Year End
	31 March	31 March
	2021	2020
	£'000	£'000
Opening Fair Value of Employer Assets	877,490	1,007,193
Employer Contributions	14,915	15,744
Members Contributions	4,849	4,660
Interest Income	20,000	24,993
Contributions in respect of Unfunded Benefits	885	911
Unfunded Benefits Paid	(885)	(911)
Benefits Paid from Plan	(32,880)	(32,685)
Administrative expenses paid from plan assets	(377)	(348)
Insurance premiums for risk benefits	(1,510)	(1,391)
<i>Actuarial movements:</i>		
Return on Plan Assets	147,162	(55,550)
Rebasing to 2019 valuation asset data	-	(85,126)
Closing Fair Value of Employer Assets	1,029,649	877,490
Net Pension Liability	(236,077)	(230,590)

Notes to the Accounts

Note

22 (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 £1,266m (2020: £1,108m) and results in a net overall deficit balance of £236m (2020: £231m) 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 20% for 2020/21 (2019/20: 20%). Deficit recovery contributions were not due in 2020/21.

- (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.

Amounts for the current and previous accounting periods	Year End 31 March				
	2021	2020	2019	2018	2017
	£'000	£'000	£'000	£'000	£'000
Fair Value of Employer Assets	1,029,649	877,490	1,007,193	928,382	885,568
Present Value of Defined Benefit Liability	(1,265,726)	(1,108,080)	(1,109,700)	(1,063,807)	(1,043,389)
Net Pension Deficit	(236,077)	(230,590)	(102,507)	(135,425)	(157,821)
Experience Gains/(Losses) on Assets	147,162	(55,550)	64,354	31,016	101,546
Experience Gains on Liabilities	-	1,738	-	-	50,949
Actuarial Gains/(Losses) on Employer Assets	147,162	(55,550)	64,354	31,016	101,546
Actuarial (Losses)/Gains on Obligation	(134,557)	34,693	(17,496)	883	(143,229)
Rebalancing due to Valuation Actuarial (Losses)/Gains recognised in Statement of changes in Taxpayers' Equity	-	(85,126)	-	-	(56,408)
	12,605	(105,983)	46,858	31,899	(98,091)

Notes to the Accounts

Note	2021 £'000	2020 £'000
23 Notes to the Statement of Cash Flows		
23(a) Reconciliation of Net Expenditure before interest to Operating Cash Flows		
Net Expenditure before Interest	(261,168)	(256,160)
Taxation paid	(9,000)	(12,000)
Depreciation of Property, Plant & Equipment	37,655	37,017
Amortisation of Software	475	501
Impairment	1,011	225
(Increase)/Decrease in Inventories	(943)	971
(Increase)/Decrease in Receivables	(26,804)	934
Increase in Payables and Provisions	50,557	(12,249)
(Profit)/Loss on Disposals, Write Offs & Revaluation Movements	(2,728)	(6,558)
Net Cash Outflow from Operating Activities	<u>(210,945)</u>	<u>(247,319)</u>
23(b) Cashflow from Investing Activities	2021	2020
	£'000	£'000
Payments to Acquire Non-Current Assets		
Land and Buildings	(7,674)	(13,009)
Other Operational Assets	(356)	(868)
IT Hardware and Software	(631)	(344)
Non Operational Assets	(1,144)	(415)
Total Expenditure	<u>(9,805)</u>	<u>(14,636)</u>
Income from Sale of Non-Current Assets and Grants		
House Sales (Inc. Land & Buildings)	14,013	22,091
Offices and depots	-	-
Plant & Equipment	72	39
Total Income and Grants	<u>14,085</u>	<u>22,130</u>
Repayment of Loans		
Repayment of Loan Debt	<u>(27,061)</u>	<u>(32,363)</u>
Short Term Investments		
Investment in Fixed Term Deposits (greater than three months)	<u>(121,000)</u>	<u>(6,991)</u>
Financing Charges		
Loan Interest charges	<u>(16,319)</u>	<u>(18,235)</u>
Interest Receivable	<u>866</u>	<u>1,162</u>
Net Cash Outflow from Investing Activities	<u>(159,234)</u>	<u>(48,933)</u>

Notes to the Accounts

Notes to the Statement of Cash Flows

Note	2021 £'000	2020 £'000
23(c) Cashflow from Financing Activities		
Grant from Sponsoring Department	349,075	295,744
	<u>349,075</u>	<u>295,744</u>

23(d) Analysis of Change in Cash and Cash Equivalents

	At 1 April 2020 £'000	Cash Flows £'000	Other Changes £'000	At 31 March 2021 £'000
Cash at Bank and in Hand	111,707	(3,427)	-	108,280
Overdrafts	<u>(30,315)</u>	<u>(17,677)</u>	-	<u>(47,992)</u>
Total	<u>81,392</u>	<u>(21,104)</u>	-	<u>60,288</u>

	At 1 April 2019 £'000	Cash Flows £'000	Other Changes £'000	At 31 March 2020 £'000
Cash at Bank and in Hand	97,021	14,686	-	111,707
Overdrafts	<u>(15,121)</u>	<u>(15,194)</u>	-	<u>(30,315)</u>
Total	<u>81,900</u>	<u>(508)</u>	-	<u>81,392</u>

23(e) Reconciliation of Net Cash Flow to Movement in Cash & Cash Equivalents

	2021 £'000	2020 £'000
Net increase/(decrease) in Cash & Cash Equivalents in	(21,104)	(508)
Cash & Cash Equivalents at 1 April 2020	81,392	81,900
Cash & Cash Equivalents at 31 March 2021	<u>60,288</u>	<u>81,392</u>

Notes to the Accounts

Note

24 Contingent Liabilities and Assets

Liabilities

Holiday Pay Liability

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 (PSNI) on backdated Holiday Pay. It determined that claims for holiday pay due on overtime can be taken back to 1998. The PSNI has noted it will lodge an appeal to the Supreme Court against this judgment, due to the significant repercussions for all of the Public Sector. Due to delays in relation to the Covid-19 situation, it is expected that this case will not be heard until 2022 but could result in a decision which either reduces the period of liability or confirms the full period back to 1998. This remains an extremely rare and complex case with a significant number of issues to still be resolved, including further legal advice with regards to the Judgment; the scope; timescales; outcome of the appeal and engagement with Trade Unions. The legal issues arising from this judgment and the further appeal lodged by the PSNI will need further consideration by the Housing Executive. In recognition of negotiations which had taken place with Trade Unions prior to the Court of Appeal decision, holiday pay due on overtime relating to the period from 2013/14 up to 2019/20 has been previously accounted for in the Statement of Comprehensive Net Expenditure. Amounts due for 20/21 have been recognised in the Statement of Comprehensive Net Expenditure for this year. Payments relating to the 2018/19 and 2019/20 financial years have subsequently been paid with the remaining liability included within Accruals and Deferred Income and disclosed in Note 17 Trade and Other Payables. However, due to the lack of accessible data and inherent uncertainties in the Supreme Court's final decision, a reliable estimate cannot be provided at this stage for the liability relating to the financial years prior to 2013/14 and a contingent liability remains in respect of these financial years.

Cavity Wall Insulation

A research report on the condition of Cavity Wall Insulation (CWI) in the Housing Executive's dwellings was published in May 2019. The report noted that there was a considerable level of non-compliance (63%) with current industry installation standards. In particular, from the sample of 825 properties selected and surveyed, it was found that in 1% of cases this was having a significant detrimental impact on the internal structure and that urgent remedial work was required. It is difficult to quantify the costs for this as it will vary on a case-by-case basis, but it is estimated that it could be in the range of £2.4m to £3.15m (2020: range from £2.4m - £3.15m). The Housing Executive has published a Draft CWI Action Plan for its stock in response to the BBA's findings and recommendations. This was launched in December 2020 for public consultation requesting responses by 31st March 2021. The final version of CWI Action Plan will be finalised in the summer 2021 with the recommendations forming part of the Housing Executive's new Energy Strategy for its housing stock. The CWI works element will need to be assessed against other investment priorities, in light of insufficient funding for stock investment.

Contractual Claims

At 31 March 2021, a contractual claim has been issued against the Housing Executive where the amount is unable to be quantified. There are also 3 further claims which cannot be disclosed for commercially sensitive reasons.

Public Liability Claims

At 31 March 2021, there is a contingent liability of £4.2m (2020: £5.2m) for public liability claims, representing claims notified and not finalised and where it is considered a payment is probable.

Redevelopment Area Purchases

At 31 March 2021, a contingent liability of £0.7m (2020: £0.7m) exists for a small number of outstanding claims which have not been received for redevelopment land previously vested and owned by the Housing Executive.

Notes to the Accounts

Note

25 Commitments

The Housing Executive has to plan its Capital and Revenue in advance of work proceeding. At 31 March 2021 the Housing Executive has entered into contracts which will incur expenditure of £164.9m (2019/20: £179.8m) in future years. Of this, capital commitments represent £129.6m (2019/20: £146.7m) and revenue commitments represent £35.4m (2019/20: £33.2m). Capital commitments include private sector grant & energy efficiency grant approvals up to 31 March 2021 of £22.3m (2019/20: £17.9m) which have been committed by the Housing Executive, but not yet paid.

26 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 £545k 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 £1,480k 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 18).

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 2020/21 to LPS amounted to £40m. An allowance of £4m is received from LPS which resulted in Rates collected during 2020/21 of £44m. 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 £2.2m and £162k 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

27 Third Party Assets

The Housing Executive did not hold any Third Party Assets as at 31 March 2021 (2020: £Nil).

28 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 Professional Services Unit (previously known as the Analytical Services Unit) within the Department for Communities. The Professional Services Unit produces estimates of official error, customer error and customer fraud using the statistical analysis of data collected through Standards Assurance Unit Financial Accuracy (official error) and Benefit Review (customer fraud/error) sampling exercises.

To enable the Department 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. As a result of COVID-19, the Customer Fraud and Error is measured for 2020/21 based on the percentages calculated for 2019/20 against HB expenditure for 2020/21.

For the Calendar year 1 January 2021 to 31 December 2020, these reports highlighted an estimated amount of £23.6m overpaid (customer fraud £14.5m, customer error £6.0m and official error of £3.1m) and £6.5m underpaid (customer error £5.3m and official error £1.2m) through fraud and error in Housing Benefit for tenants. This represents approximately 5.7% of the related expenditure for the calendar year.

The following table shows the monetary value of error (MVE) and the MVE as a percentage of expenditure. The associated 'range' or 'lower' and 'upper' confidence intervals are also provided. Since the estimates are based on samples, they are subject to sampling error. The lower and upper confidence intervals associated with each estimate are based on a 95% confidence level. These define the range within which it is 95% certain that the true value lies. The percentage figures are calculated using the HB expenditure of £529m.

	Monetary value of error £m	Lower Confidence interval (£)	Upper Confidence Interval (£)	Monetary value of Error (%)	Upper confidence interval (%)
Overpayments					
Customer – fraud	14.5	0	32.8	2.7	6.2
Customer - error	6	0	17.6	1.1	3.3
Official	3.1	0.8	6.8	0.6	1.3
Underpayments					
Customer underpayments	5.3	0	14.6	1	2.8
Official Underpayments	1.2	0.5	2	0.2	0.4

Notes to the Accounts

Note

28 Fraud and Error continued

Use of Confidence Intervals

The Department reviews a sample of claims (using a sampling approach as it would be impractical to assess every case) and require a level of statistical certainty to underpin the estimates. This level of certainty is quantified with confidence intervals or tolerances within which the central estimates are produced. These give the range in which the Department has a confidence level of 95%. This means the Department can be 95% sure that the true value lies for each of the estimates presented. The results still maintain a 95% confidence level.

Use of Proxy

Due to the impact of COVID 19, the fraud and error rates were rolled forward from the previous measurements. The Department for Work and Pensions (DWP) undertook an exercise to assess if this approach was still valid for 2020 and determined the impact of benefit easements introduced as a result of the pandemic were not large enough (or in some cases not certain enough) to result in a change. The Professional Services Unit in the Department for Communities has analysed fraud and error figures over time for specific benefits and are content that the approach adopted by DWP can equally be applied in Northern Ireland.

Further information on the methodology used in estimating fraud and error can be found in the Department for Communities 2020-21 Resource Accounts (Note 23 - Payment Accuracy).

29 Events after the Reporting Date

There have been no significant events since the year end which would affect these accounts.

Authorisation Date

The financial statements were authorised for issue on 3 November 2021 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 2021 - Unaudited

	Landlord 2021 £'000	Regional 2021 £'000	Total 2021 £'000	Landlord 2020 £'000	Regional 2020 £'000	Total 2020 £'000
Income						
Rental Income	296,894	23	296,917	296,837	26	296,863
EU Income	1,093	225	1,318	687	276	963
Other Income	47,146	4,826	51,972	48,047	5,948	53,995
Total Housing Benefit Income	-	528,593	528,593	-	550,047	550,047
Capital Grant Income	137	1,821	1,958	627	1,215	1,843
Commissioned Services Income	11,974	3,637	15,611	11,978	3,743	15,721
Total Income	357,244	539,125	896,369	358,176	561,255	919,432
Expenditure						
Staff Costs	100,913	26,979	127,892	102,304	29,193	131,497
Other Expenditures	172,177	275,904	448,081	199,225	246,299	445,524
Total Housing Benefit Costs	-	528,593	528,593	-	550,047	550,047
Depreciation, Amortisation, Write Offs & Write Down	35,313	89	35,402	30,861	100	30,960
Commissioned Services Charge	3,637	11,974	15,611	3,743	11,978	15,721
Capital Grant Charge	-	137	137	-	627	627
Capital Grant in Kind	-	1,821	1,821	-	1,215	1,215
Total Expenditure	312,040	845,497	1,157,537	336,133	839,459	1,175,592
Net Expenditure before Interest (c/fwd)	45,204	(306,372)	(261,168)	22,044	(278,204)	(256,160)

Northern Ireland Housing Executive

Annex: Statement of Comprehensive Net Expenditure - split by service (cont'd) for the year ended 31 March 2021 - Unaudited

	Landlord	Regional	Total	Landlord	Regional	Total
	2021	2021	2021	2020	2020	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Net Expenditure before						
Interest (b/fwd)	45,204	(306,372)	(261,168)	22,044	(278,204)	(256,160)
Interest Receivable	722	173	895	1,060	195	1,255
Financing Charges	(16,179)	-	(16,179)	(18,282)	-	(18,282)
Pension Financing Charges	(4,283)	(1,158)	(5,441)	(2,057)	(639)	(2,696)
Net Expenditure before taxation	25,464	(307,357)	(281,893)	2,765	(278,648)	(275,883)
Tax on ordinary activities	(248)	-	(248)	(8,861)	(37)	(8,898)
Net Expenditure after taxation	25,216	(307,357)	(282,141)	(6,096)	(278,685)	(284,781)

Northern Ireland Housing Executive
Statement of Financial Position split by service - Unaudited
as at 31 March 2021

	Landlord Services	Regional Services	Total	Landlord Services	Regional Services	Total
	2021	2021	2021	2020	2020	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets						
Property, Plant & Equipment						
- Operational	2,595,714	3,104	2,598,818	2,569,096	3,193	2,572,289
Property, Plant & Equipment						
- Non Operational	570	463	1,033	555	297	852
Intangible Assets	1,548	-	1,548	1,804	-	1,804
Trade and other receivables	4,598	34,682	39,280	4,086	14,215	18,301
Total non-current assets	2,602,430	38,249	2,640,679	2,575,541	17,705	2,593,246
Current Assets						
Short Term Investments	174,000	-	174,000	53,000	-	53,000
Assets Classified as Held for Sale	4,239	-	4,239	1,435	-	1,435
Inventories	1,399	1,022	2,421	996	480	1,476
Trade and other receivables	34,871	36,442	71,313	26,074	30,517	56,591
Cash and cash equivalents	108,280	2,586	110,866	111,707	2,376	114,083
Intercompany balance	6,094	-	6,094	6,704	15	6,719
Total current assets	328,883	40,050	368,933	199,916	33,388	233,304
Total assets	2,931,313	78,299	3,009,612	2,775,457	51,093	2,826,550
Current Liabilities						
Trade and other payables	(125,204)	(110,995)	(236,199)	(118,224)	(75,553)	(193,777)
Provisions	(1,040)	(621)	(1,661)	(1,408)	(135)	(1,543)
Intercompany balance	-	(6,094)	(6,094)	(15)	(6,704)	(6,719)
Total current liabilities	(126,244)	(117,710)	(243,954)	(119,647)	(82,392)	(202,039)
Net Current Liabilities	202,639	(77,660)	124,979	80,269	(49,004)	31,265
Non-current assets less net current liabilities	2,805,069	(39,411)	2,765,658	2,655,810	(31,299)	2,624,511
Non-current liabilities						
Trade & other payables	-	(33,851)	(33,851)	-	(26,411)	(26,411)
Loans Outstanding	(136,737)	-	(136,737)	(158,146)	-	(158,146)
Provisions	(767)	-	(767)	(1,242)	-	(1,242)
Pension Liability	(185,818)	(50,259)	(236,077)	(175,941)	(54,649)	(230,590)
Total Non-current liabilities	(323,322)	(84,110)	(407,432)	(335,329)	(81,060)	(416,389)
Assets less Liabilities (C/Fwd)	2,481,747	(123,521)	2,358,226	2,320,481	(112,359)	2,208,122

Northern Ireland Housing Executive

Statement of Financial Position split by service (Continued) - Unaudited as at 31 March 2021

	Landlord Services	Regional Services	Total	Landlord Services	Regional Services	Total
	2021	2021	2021	2020	2020	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Assets less						
Liabilities (B/Fwd)	2,481,747	(123,521)	2,358,226	2,320,481	(112,359)	2,208,122
Taxpayers' Equity						
Statement of						
Comprehensive Net						
Expenditure Reserve	1,321,949	(124,432)	1,197,517	1,218,134	(113,270)	1,104,864
Revaluation Reserve	1,159,798	911	1,160,709	1,102,347	911	1,103,258
	2,481,747	(123,521)	2,358,226	2,320,481	(112,359)	2,208,122

Report of the Comptroller and Auditor General to the Northern Ireland Assembly.

Housing Benefit Expenditure

Introduction

1. The Northern Ireland Housing Executive (the Housing Executive) 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). The Housing Executive is the regional housing authority for Northern Ireland with a wide range of housing responsibilities including acting as landlord for just under 85,000 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 2020-21 audit of the Housing Executive and sets out the reasons why I consider I do not have enough evidence to provide an unqualified regularity audit opinion.
4. The Housing Executive spent £536.8 million on housing benefit in 2020-21. 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

¹ From 1 April 2014, following a review by the Office for National Statistics, the accounting classification of the Housing Executive changed. As a result the Housing Executive 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 is, for accounting and budgeting purposes, more closely integrated with the sponsor department.

regularity. The Housing Executive's accounts have received similar qualified audit opinions in previous years.

5. 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. Housing benefit is no longer open to new claimants. Instead people must apply to obtain Universal Credit (UC). As UC rolls out further, expenditure on Housing Benefit will continue to decrease as existing claimants gradually move on to it. Further details on UC can be found in the Annual Report and Accounts of the Department for Communities 2020-21.

Arrangements for monitoring and reporting of fraud and error

6. 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.
7. 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 2020-21

8. The SAU reports the results of its testing on a calendar year basis to facilitate the timetable for the production of the financial statements. I consider there are no underlying factors which mean the error rate for the 2020 calendar year cannot be applied to the financial year 2020-21.
9. SAU reviews are normally based on a sample of benefit claims and are therefore subject to a level of statistical sampling uncertainty which is expressed as confidence intervals within which the true value of fraud or error lies. In the 2020 year, range of the confidence intervals is larger than in previous years (as set out in note 28 to the accounts). This is because, due to COVID-19, a significant number of staff from SAU were reassigned to help the Department with a significant increase in UC claims which meant that SAU was unable to carry out its usual testing on NIHE HB claims. As a result, SAU based its calculations of customer fraud and error on a proxy value based on the level of fraud and error in the previous year. Work was undertaken by SAU to assure itself that this approach was valid for 2020 and having analysed fraud and error figures over time, it was content that this approach to estimating the fraud and error was still appropriate.
10. My staff examine the work undertaken by SAU and I am content that the results produced by them, based on the proxy information for this year only, remain a reasonable estimate of the total fraud and error in the Housing Benefit system. SAU have assured us that the normal degree of sample testing of HB claims as an estimate of fraud and error has already recommenced in 2021.
11. Note 28 to the accounts (entitled 'Fraud and Error') details the estimated levels of fraud and error, based on the SAU's work, in 2020 (see Table 1).

This shows that the total amount of estimated irregular payments in 2020-21 was £24.8 million comprising:

- Overpayments due to customer fraud or error and official error of £23.6 million (4.5 per cent of Housing Benefit payments); and
- Underpayments due to official error of £1.2 million (0.2 per cent of Housing Benefit payments expenditure).

Table 1

	2016	2017	2018	2019	2020
Overpayments due to:	£m	£m	£m	£m	£m
Calendar year spend	664.6	623.2	616.4	562.1	529.8
Customer Fraud	20.0	15.7	17.5	15.4	14.5
Customer Error	3.3	4.8	3.7	6.4	6.0
Official Error	5.4	2.3	1.2	1.5	3.1
Total overpayments	28.7	22.8	22.4	23.3	23.6
	%	%	%	%	
% of overpayments	4.3	3.7	3.6	4.1	4.5
	£m	£m	£m	£m	
Total underpayments due to Official Error	3.4	3.6	2.4	0.9	1.2
	%	%	%	%	%
% of underpayments	0.5	0.6	0.4	0.2	0.2

12. The table above shows that the total estimated level of overpayments has increased from £23.3 million to £23.6 million this year.
13. The largest element of Housing Benefit overpayments is customer fraud which has decreased from £15.4 million to £14.5 million. NIHE told me the main reason for overpayments in customer fraud is customers failing to report relevant changes of circumstances including;
 - changes to their earned income;
 - changes within their household; and
 - changes in savings/capital.

14. NIHE also told me in 2020-21 it had a range of measures in place to prevent fraud occurring which included;
- reviewing approximately 4 million transactions, in a report received from DWP. This report details changes to claimants benefits and tax credits which may impact on HB entitlement;
 - reviewing over 11,000 claims with an earned income included in the HB assessment. This included those in receipt of other legacy benefits or tax credits;
 - carrying out interventions on 60,000 claims where there had been an anticipated change in a claimant's circumstances. This was done through setting up reminders to check whether key events have taken place; and
 - carrying out a review of all claims with an occupational pension or self-employed income.
15. Overpayments as a result of official error have increased from £1.5 million in 2019-20 to £3.1 million in 2020-21. Underpayments due to official error have increased from £0.9 million in 2019-20 to £1.2 million in 2020-21. As official errors arise from mistakes by NIHE staff, reducing these errors is directly within NIHE's control. NIHE told me it was working through a significant transition period with the transfer of working age claimants to Universal Credit and in 2020-21 it had;
- put a dedicated Support Officer in each of the six HB operational units to provide a wide range of training and support for new, more inexperienced staff. In preparation for the impact of Welfare Reform and the move to Universal Credit, NIHE had lost a significant number of experienced assessment officers as a result of the Voluntary Early Retirement Scheme;
 - developed policy and system guidance;
 - established a focus group which includes staff from the HB Policy and Systems teams and is attended by support officers and compliance

officers from each of the HB operational teams. The objective of the focus group is to share knowledge and good practice; and

- during 2020/21, procured the services of an “On Line HB Directory”. This facility provided staff with immediate access to HB Policy and legislation with case studies. This tool has been particularly invaluable to assessors working from home.

NIHE confirmed it is fully dedicated to ensuring that levels of official error are reduced.

Qualification of regularity opinion due to estimated level of fraud and error in housing benefit payments

15. 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.
16. Nevertheless, the estimated levels of fraud and error in Housing Benefit expenditure remain material at £24.8 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 2020-21 in this area.



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3rd November 2021

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