



47th Annual Report

1 April 2017 - 31 March 2018

Housing
Executive

**Northern Ireland Housing Executive Annual
Report & Accounts
For the year ended 31 March 2018**

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

on

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PERFORMANCE REPORT



Professor Peter Roberts, Interim Chair

CHAIR'S FOREWORD

I am delighted to present the annual report of the Housing Executive for 2017/18. The report details the excellent work that we have carried out in partnership with other organisations in order to provide great places in which to live. The report not only highlights the breadth and scale of our work, but also illustrates the positive impact that we have had across the localities of Northern Ireland over the last year.

As well as providing details of our many areas of activity and the management of resources, the report also highlights the challenges we have faced during the past year.

As I write this foreword, the first anniversary of the tragic fire at Grenfell Tower draws near, and we continue to mourn for the victims. The Grenfell fire was a truly horrific event, and since then there has been considerable attention on the other social landlords who manage tower blocks across the UK and the fire safety measures they have in place.

In the aftermath of the Grenfell fire our staff and partners worked quickly to conduct an initial check of our fire safety measures and to reassure the residents of the tower blocks that their safety was our primary concern. Alongside this immediate action, I approached the Department for Communities to suggest that we should establish an Independent Reference Group to review the fire safety of our tower blocks. This group was established in order to provide reassurance to residents and the wider public that the right safety measures were in place and that we understood what issues needed to be addressed.

The Independent Reference Group was created because we could not wait for the Grenfell inquiry to be completed, neither could we wait to be told what faults existed in our tower blocks or in our safety systems. We took the view that it was essential to make sure that we understand the nature of any risks in any of our buildings, how best to manage them and how best to deal with any immediate issues.

The Independent Reference Group was chaired by Professor Alastair Adair, Deputy Vice Chancellor of Ulster University, and comprised representatives from the Northern Ireland Fire & Rescue Service, Building Control, the Department for Communities, the Department of Finance and the Northern Ireland Federation of Housing Associations.

The Group reviewed the condition and operational features of all of our 33 tower blocks and also investigated and assessed our actions following the Grenfell fire. Most importantly, the Group produced a series of important conclusions and recommendations, a number of which we have already acted on.

Prior to the Grenfell fire we were at an advanced stage in the development of a tower block strategy in order to plan what investment was required in the future. This initiative was put on hold pending the findings from the Independent Reference Group. Since the publication of the group's report, we have developed a more comprehensive strategy to deal with the tower blocks in our ownership. Our overall view is that our tower blocks should be decommissioned over a period of time and that a comprehensive bespoke plan for each block and neighbourhood should be produced. We will now engage with political representatives, tenants and the wider community in order to agree solutions that represent the best overall outcome for each tower block as part of a neighbourhood regeneration programme.

All of this is set in the context of the need for extensive investment in our homes, and we have been working with the Department for Communities to see if progress can be made with the implementation of the social housing reform programme.

It is our view that reform will help to unlock investment that will benefit our tenants. In addition, reform will enable the Housing Executive to be even more ambitious in shaping and managing the places and communities that we serve.

While we reacted well to the events of Grenfell and started to learn lessons immediately, in November we had to respond to a fire in one of our own tower blocks, Coolmoyn House in Dunmurry. Thankfully, there were no serious injuries, and damage to the property was restricted.

The co-ordinated response from our staff, alongside the various emergency and support services, particularly the Northern Ireland Fire and Rescue Service (NIFRS), was outstanding. It was reassuring to know that our fire safety plans that were developed in conjunction with our fire expert colleagues at NIFRS, worked as anticipated. I spent some time at Coolmoyn House in the days after the fire and had the opportunity to witness at first-hand the professionalism and dedication of colleagues working tirelessly to deal with the direct and indirect consequences of the fire.

A second major event demonstrated the resilience and capability of the Housing Executive. Our staff showed their ability to cope in an emergency situation and to provide help and assistance to customers when flooding hit the North West. This was the worst flooding incident that the Housing Executive had to deal with in many years. Our local teams were at the forefront of a multi-agency approach and they provided emergency accommodation and assistance for households affected by the flooding. We also had to deal with extensive damage to 30 of our houses.

Over the past year we have also had to deal with the consequences of the liquidation of Carillion. This was an extremely sensitive and complex situation that required careful management, and we were also challenged to continue to deliver vital maintenance services during a period of very cold weather. Building on our experience of managing large contracts and of resilience planning, we had robust systems in place, but even so it required tough negotiation, teamwork and cool heads to agree temporary, short term and long term solutions. We worked along with our colleagues in the Department for Communities as well as consultants and, most importantly, neighbouring contractors who assisted us through the period.

Although it is important to measure how we react and respond to difficult situations, the real value of an organisation can be seen in how it delivers on a regular basis for its customers and how it works with others.

This year saw many achievements against our key performance areas, with the vast majority of our targets being met or exceeded. We managed our rental income successfully, collecting 99.8 percent of the rent and rates charges on our homes, whilst 99.6 per cent of our homes

were occupied. Some 7,373 social homes were allocated last year, and the number of applicants on the housing waiting list fell by over 1,400. The number of applicants deemed to be homeless has also fallen very slightly. As ever we remain committed to delivering our wide range of services to all of the citizens of Northern Ireland and we continue to strive to improve our services.

During the year over £73 million of Supporting People funding was distributed to providers to assist almost 20,000 vulnerable people to live in accommodation which meets their needs.

The introduction of Welfare Reform across Northern Ireland is well underway, with residents facing challenging times managing their finances. Our staff are putting in a huge effort alongside the Department for Communities, housing associations and the voluntary sector to minimise any difficulties encountered by anyone who receives benefits.

This year also saw our staff awarded the Silver Standard for Investors in People, a recognised accreditation for organisations that provide a high standard of people management. The Housing Executive is the largest public sector organisation in Northern Ireland to have achieved the silver standard.

I would like to take this opportunity to thank the Permanent Secretary, Leo O'Reilly, and his officials in the Department for Communities for their invaluable support. In the present uncertain political climate it is more important than ever to be aware of the sensitivities and needs of the various communities of Northern Ireland, and to appreciate the key role that the Housing Executive continues to play in wider society. I would also like to thank the Northern Ireland Housing Council, other political and community representatives, the voluntary sector, district councils and the housing associations for their commitment to our common cause. Equally, can I thank all of our tenants and other customers for their help and understanding of what has been a difficult and testing year; your support has been appreciated. Finally, I would like to thank my fellow Board members and especially the staff of the Housing Executive for their support and hard work during the year.



Professor Peter Roberts
Interim Chair



Clark Bailie, Chief Executive

OVERVIEW

The Northern Ireland Housing Executive was established by the Housing Executive Act (Northern Ireland) 1971. For accounting purposes, it is a Non Departmental Public Body (NDPB), sponsored by the Department for Communities.

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

Our sponsoring body, the Department for Social Development (DSD), was renamed the Department for Communities (DfC) following the amalgamation of the former DSD with the Department of Culture, Arts and Leisure and some of the functions of other departments. This change was effective from 9 May 2016. It is referred to as 'the Department' throughout this report.

Landlord Services are the largest social landlord in the UK managing around 85,500 homes in urban and rural areas throughout Northern Ireland. Many aspects of our performance are in the top quartile as measured by Housemark. In addition, we manage a commercial property portfolio of just over 400 units. Our main functions are tenancy and estate management; improving our properties; income collection; involving and listening to our residents; and our Community Safety, Cohesion, and Involvement Strategies.

Regional Services is the strategic enabling and delivery side of the business, providing services ranging from assessing housing need, managing the Social Housing Development Programme for new social homes with our Housing Association partners, Supporting People Services and Homelessness Services. Alongside this we undertake an on-going research programme to

produce a comprehensive body of housing market intelligence to help us identify and determine how best to shape our services and the places where people want to live in Northern Ireland. In addition, we are the Home Energy Conservation Authority for Northern Ireland. We administer the Affordable Warmth and Boiler Replacement schemes on behalf of the Department for Communities.

Support Services provide the necessary support to underpin Landlord Services and Regional Services. Support Services is comprised of the Finance, Audit and Assurance Division and the Chief Executive's Office. Finance, Audit and Assurance Division provides Corporate Accounting, Financial Support, Internal Audit, Counter Fraud and Security, and Housing Benefit (administered on behalf of DfC). As an interim measure, Human Resources and IT also report to the Director of Finance, Audit and Assurance. The Chief Executive's office includes Communications, Secretariat, Legal, Corporate Strategy and Planning and Direct Labour Organisation (DLO).

Our Vision and Core Values

The vision of the Housing Executive is:

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

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

Business Objectives

Our business objectives are influenced and shaped by a number of factors including the draft Programme for Government, Ministerial priorities, the Department's Facing the Future: The Housing Strategy for Northern Ireland 2012-2017, trends in the local housing market, the level of identified housing need for Northern Ireland and our duty to

MAKING A DIFFERENCE

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

FAIRNESS	PASSION	EXPERTISE
<ul style="list-style-type: none"> • We treat our customers, staff and partners fairly; • We respect diversity; • We work in an open and transparent way. 	<ul style="list-style-type: none"> • We are professional in all that we do; • We strive for excellence; • We look for new, creative, better ways to do things. 	<ul style="list-style-type: none"> • We believe in our people; • We are constantly learning and developing; • We provide strong, confident housing leadership.

our tenants as a responsible and engaged social housing landlord.

The Housing Executive's draft Corporate Plan, covering a four year period is shortly to be released for consultation. In this Annual Report we present our performance against an agreed one year business plan for 2017/18 which is based on three overarching themes: people, property, place. All of the key performance indicators (KPIs) in the business plan (for Landlord Services, Regional Services and Support Services) are appended to this management commentary (see page 43).

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

The Housing Executive was established to provide homes and services for all the people of Northern Ireland, and we are determined to meet our responsibilities to the best of our ability. As the regional housing authority, and one of the largest

social landlords in the United Kingdom, we have a wide range of strategic functions which address broader housing issues across all tenures.

2017/18 proved a challenging year for the organisation: we continue to see the rise in demand for social housing and homeless provision; we have been working for our customers and alongside the Department and housing associations on the roll out of Welfare Reform and Universal Credit; and we are, like other public sector organisations, facing tough decisions as we attempt to maintain services while funding remains under strain with budget reductions and a continuing rent freeze.

During the year, we also faced a number of unforeseen circumstances which tested our planning and resilience as well our ability to respond and, at the same time, continue to provide services to our customers. I was greatly impressed by the professionalism and dedication of my



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

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

colleagues during these challenging incidents, once again demonstrating, in a highly practical way, their underlying character and strong public service ethos. I am very proud of them.

Last year's annual report was written in the weeks following the dreadful tragedy in Grenfell. Our immediate response was to visit all our own tower blocks to reassure residents about fire safety measures in place, and to discuss any concerns. We also conducted inspections of all our tower blocks and carried out joint inspections with the Northern Ireland Fire and Rescue Service (NIFRS) and Building Control. We then began the process of carrying out fire risk assessments for all our tower blocks and drawing up action plans for each block. To provide maximum transparency, all the fire assessment reports are easily accessed on our website.

The Independent Tower Block Reference Group which was set up in July under the Chairmanship of Professor Alistair Adair of Ulster University was extremely useful in testing and assessing our actions following the Grenfell fire. The Group made a number of important conclusions and recommendations in its report which is also available on our website. The work of the Group deserves the highest commendation.

In August 2017 our Derry/Londonderry teams were at the forefront of a multi-agency approach and provided emergency accommodation and assistance for households affected by flooding in Eglinton and other areas in the North West. It was the largest number of households we have had to deal with in such an incident in recent memory. Since August we have been carrying out repairs on over 30 of our own properties which were damaged in the floods. Our contractor provided invaluable support.

In November 2017 we responded to a fire in a flat in Coolmoyne House in Dunmurry, one of our own tower blocks. Thankfully, none of the residents had serious injuries. Colleagues from our Lisburn & Castlereagh local office worked tirelessly around the clock to deal with the consequences of the fire and to support residents. The immediate response of the emergency services deserves particular recognition and I am grateful to them as well as our contractor who was on site that night.

In January of this year we were faced with a difficult and complex situation when Carillion, one of our maintenance and heating contractors, went into liquidation. Due to our experience with large contracts and resilience planning, we had robust systems in place to respond quickly. Again, there was a strong team effort to deal with an urgent and significant problem and we also were grateful for the support willingly provided by colleagues in the Department, neighbouring contractors and Carillion staff who assisted through the period. Our own Direct Labour Organisation (DLO) provided sterling support.

Our Commitment

We will continue to work collaboratively, and with ambition, to ensure we are meeting the needs of all the citizens of Northern Ireland. Throughout the year we have worked with many organisations in the public, voluntary and community sectors to deliver housing and housing services, in order to improve people's lives, provide decent homes and build sustainable communities. I would like to take this opportunity to thank them for their contributions.

You will see from this year's annual report the scope, scale and impact of the work that we do across Northern Ireland. My colleagues should be extremely proud of their contribution to the organisation's performance and achievements over the year. Thank you for your efforts and dedication.



Clark Bailie
Chief Executive

Date: 29 June 2018

SCALE OF OUR BUSINESS

REGIONAL SERVICES

36,198

applicants were on the housing waiting list at 31 March 2018 (37,611 at 31 March 2017)

19,000+

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

24,148

of these were classified as being in housing stress (23,694 at 31 March 2017)

507

mandatory Repair Grants were approved

11,877

housing applicants were deemed to be homeless after investigation

1,098

disabled Facilities Grants were approved to the value of approximately £11.9 million

4,148

approvals were issued to private households to assist with insulation and heating measures through the Affordable Warmth Scheme, costing £17.4m

1,759

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

LANDLORD SERVICES

85,534

homes managed by the Housing Executive

£336m

we collected 99.8% of rent and rates charges on our homes and unattached garages

366,950

repairs were carried out at a cost of £44m, which equates to approximately four repairs per dwelling

540

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

£514

the average amount we spent on each dwelling for repairs

99.6%

of our housing stock is occupied, with our lettable voids remaining low - only 0.32% of our stock is vacant

£118.4m

programme of maintenance schemes and housing stock improvements delivered, such as improvement works to over 19,000 dwellings, investment and cladding works to two tower blocks, environmental improvement schemes and almost 4,093 major/minor adaptations

£631.8m

paid out in Housing Benefit payments

£516k

awarded through our Social Housing Enterprise Strategy, with 40 social enterprise initiatives/individuals supported

54,135

the number of new claims for HB assessed and 475,298 changes made to existing claims

7,373

social homes were allocated last year



PERFORMANCE ANALYSIS

LANDLORD SERVICES

PERFORMANCE ANALYSIS

LANDLORD SERVICES

Landlord Services focuses on the delivery of services to our 85,534 tenants and includes the management and maintenance of our housing stock, tenancy issues including rent collection, management of rent arrears, allocations, managing voids and building stronger communities.

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

Budgetary Management

Landlord Services spent a total of £361.9m in 2017/18, as summarised in the table below.

Landlord Services Expenditure 2017/18	£m
Dwelling Related Costs made up of:	
Housing Stock Improvements	35.9
Planned and Reactive Maintenance	126.7
Capital IT, Accommodation and Vehicles	0.7
Salaries and Administration	70.3
Loan Charges	70.8
Corporation Tax	11.6
Other expenditure (including Rates £37.5m)	45.9
Total Expenditure	£361.9

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

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

Rental income was the largest single element at £298.5 million, with a further £42m being attributed to the collection of rates. Housing Executive rents were frozen for a second year in succession, following directions issued by HM Treasury.

Listening to our Customers

The Continuous Tenant Omnibus Survey (CTOS) is the main way we collect information about what our tenants think about their tenancy, their home, the service they receive and the neighbourhood in which they live. The CTOS has been providing feedback from tenants for more than twenty years and CTOS results consistently show high levels of satisfaction in many key areas. As well as providing valuable customer insight which we can use to prioritise and target our service delivery the CTOS helps us remain focused on continual improvement.

In recent years, we have invited members from the Housing Community Network to join the project advisory group to set the questions for the CTOS, thus ensuring that we continue to be challenged by our customers to provide relevant, timely and quality services across the board.

This year 89% of respondents were satisfied with the overall service provided by the Housing Executive, up from 87% the previous year and exceeding the target of 88%.

Benchmarking

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

Results over the past three years are extremely encouraging and demonstrate high performance with positive trends. Rent collection rates have been consistently high, whilst tenants report high levels of satisfaction with service, their homes and neighbourhoods. The aim to ensure that vacant property levels remain below 1% (and thus minimising associated lost rental income) has been met and progressively exceeded over the past number of years with lettable stock occupation rising from 99.5% at the end of March 2017 to 99.6% at the end of March 2018. Re-let times and tenancy turnover have also shown continuous improvement, with the average year

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Housing Services Division has held the Customer Service Excellence (CSE) accreditation since 2008

end re-let time dropping from 21 days to 17 days over the past financial year - outperforming the KPI target of 21 and falling within Housemark's top quartile re-let times. This demonstrates that we are making best use of the housing stock which we own and manage.

Performance comparisons across our activities for the year, using 28 different measures, showed that Housing Executive performance was ranked in the top 25% for 17 of these (60%) and above average for a further 8.

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

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

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

Customer Service Excellence Accreditation

Housing Services Division has held the Customer Service Excellence (CSE) accreditation since it started in 2008. This is a UK-wide national assessment of customer service delivery which sets challenging standards and demands continuous improvement in service delivery. The accreditation is awarded to organisations that meet the challenging standards to be efficient, effective, enabling and empowering.

The assessment process entails a five day assessment of front line services where staff, partner agencies and, most particularly, customers talk to the independent assessor, giving their own views on the service they have received.

Housing Services currently holds 22 Compliance Plus or best practice elements in the accreditation. The CSE Assessor stated last year that Housing Services was without doubt one of the most customer focused services in Northern Ireland. The Assessor and the tenants spoken to as part of this year's assessment

reiterated this view with the 2018 CSE Report noting that Housing Services is 'an exceptional organisation that continues to surpass its previous performance year after year' (CSE Report 2018).

Welfare Reform

During the year we worked closely with the Department for Communities and housing associations to implement the changes resulting from Welfare Reform.

The introduction of Benefit Cap, an upper limit on the amount of income from benefits a household can receive, has meant households receiving Housing Benefit whose income is in excess of the agreed cap amounts had their Housing Benefit reduced to meet these limits. During 2017-18 it impacted approximately 1,600 claimants and by 31 March 2018 this included 353 of our own Housing Executive tenants.

Social Sector Size Criteria (SSSC), also referred to as "Bedroom Tax", took effect in February 2017. It affects Housing Executive and housing association tenants of working age who receive Housing Benefit or the housing element of Universal Credit (UC). It means the amount of Housing Benefit, or the housing element of UC, paid is adjusted on the basis of the number of bedrooms the household is deemed to require under the regulations compared to the number of bedrooms in the property in which they live.

Approximately 33,000 households were confirmed initially as being affected by SSSC of which some 27,000 households were our tenants.

After a change in legislation in April 2017 we identified and contacted tenants who have a spare bedroom which is used by a carer (or team of carers) who does not actually live in their home but provides overnight care for either a disabled child or a disabled adult who lives with them. We also contacted tenants who were one of a couple that cannot share a bedroom because of a disability or medical condition to establish if they were no longer under-occupying or if their under-occupation was less than initially identified. As a result of this work, about 700 households are now deemed to have a lower level of under-occupation or are no longer being considered as under-occupying. This has a positive impact on the amount of housing benefit paid to them.

The Northern Ireland Executive confirmed that financial support (Welfare Supplementary Payment) to mitigate Welfare Reform changes would be in place until 31 March 2020, with a review by the Department in 2018/19.

We informed all tenants identified as affected by SSSC that a Welfare Supplementary Payment (mitigation) would be available. The Department has responsibility for administering this scheme and contacts those affected with details of any mitigation to which they are entitled.

We have worked closely with Departmental colleagues to help develop processes to ensure the housing related elements of Welfare Reform run as smoothly as possible.

We also believe that our tenants should be kept fully informed about Welfare Reform and how the various changes and new regulations could affect them, particularly if the mitigation measures are not continued after 31 March 2020.

Universal Credit

Universal Credit is the biggest change to the benefit system since its inception and was introduced in Northern Ireland in September 2017.

We have worked closely with colleagues in the Department for Communities to support the smooth introduction of Universal Credit and the Department of Finance's Land & Property Services to promote uptake of the Rates Rebate Scheme. Changes to working practices in Housing Benefit and local offices have been agreed, introduced and communicated to members of staff affected who have readily adopted them.

By 31 March 2018, 468 Housing Executive tenants had made a claim for Universal Credit. As it continues to roll out and managed migration between July 2019 and March 2022 takes effect, Universal Credit will have a profound impact on us and our tenants.

Income Collection

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

It is essential that we collect all rental income as this provides the financial resources required to deliver services to our tenants, including repairs and improvements to their homes.

During 2017/18 we collected 99.8% of rent and rates due. Total rent and rates arrears increased by £0.1m to £12.3m. Current tenant arrears increased by £0.2m to £10.1m and former tenant arrears reduced by £0.1m to £2.2m.

Universal Credit and Rates Benefits were implemented in a number of locations in Northern Ireland during the year and roll out will continue during 2018/19. This has created an additional number of both technical arrears (whereby payments are owed to the Housing Executive from the Department for Communities but which have not yet been received) and actionable arrears (arrears that are left on the rent account after Universal Credit payments and any other monies due have been credited). Work is underway to mitigate the impact on arrears recovery as far as possible. However, the potential impact of the various welfare changes could have an adverse impact on our ability to collect rent, both in terms of cash flow and overall debt levels. This has been identified as a significant risk in our corporate risk register.

Rental Income Maximisation Strategy

The Rental Income Maximisation Strategy and Action Plan for 2016-19 replaced our previous Arrears Strategy. 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 during 2017/18, bringing together and building on all rental income maximisation initiatives and activities currently in place or planned, including our Financial Inclusion Strategy. It also takes into account the significant challenges to income collection created by Welfare Reform changes. The key themes and associated activities within the Strategy will be delivered via a dedicated Steering Group, which will periodically update the Board.

Financial Inclusion

Financial inclusion is the ability to access the right financial help, support and services when needed to help people to manage their money better. As a responsible landlord, we aim to identify and help overcome the barriers to financial inclusion which our tenants may face.

During 2017/18 we collected 99.8% of rent and rates due

The Housing Executive and Housing Associations allocated 7,373 homes in 2017/18

During 2017/18 we continued to implement the initiatives and activities within our Financial Inclusion strategy and give our tenants access to a range of services which will help them improve their financial situation and help develop financial resilience. We also implemented our “Supporting Tenants Initiative” during 2017/18, which provides tenants with the opportunity to provide us with their feedback about the various products and services available via our Financial Inclusion Strategy. We will use the feedback obtained from tenants to determine our service priorities moving forward.

Tenancy Fraud

We continue to implement our annual Tenancy Fraud Action Plan in recognition that every house fraudulently occupied denies a genuine applicant a home. The plan sets out a range of measures aimed at preventing, detecting and tackling tenancy fraud. It also incorporates a number of recommendations made by the Northern Ireland Audit Office and the Northern Ireland Assembly’s Public Accounts Committee.

Housing Services staff also work closely with colleagues in our Counter Fraud and Security Unit to resolve complex fraud cases. Measures introduced throughout the year included:

- the undertaking of a Social Housing Sector Tenancy Fraud Key Amnesty in conjunction with the Northern Ireland Federation of Housing Associations, and resulting in the recovery of six properties (three Housing Executive and three Housing Association);
- participation in the National Fraud Initiative;
- liaising with the Department regarding specific tenancy fraud legislation;
- the continuation of tenancy fraud training for staff;
- the review of our general tenancy fraud policies and guidance, including the review of our Housing Application form and declaration to strengthen our Tenancy Fraud prevention procedures.

Of a total of 1,138 cases of suspected tenancy fraud we have been able to recover 419 properties throughout the year, of which 399 were attributed to tenancy fraud. These properties were then made available to customers on the waiting list. 290 cases opened throughout the year remain under investigation as at 1 April 2018.

Sustaining Tenancies

The main elements of the Customer Support and Tenancy Sustainment Strategy 2016-19 have now been implemented. The Housing Executive now operates a Housing Solutions and Support Service in all our offices. This service enables our customers to be in a better position to solve their housing issues and sustain their Housing Executive tenancy, or alternative current accommodation.

Housing Allocations, Choice Based Lettings

The Housing Executive and Housing Associations allocated 7,373 homes in 2017/18. During the year we continued to operate a pilot ‘Choice Based Lettings’ approach (CBL) for properties in designated low demand areas. Homes which are currently available for rent within these locations are advertised online, and applicants can then register an interest in the specific home advertised. This approach enables people on the waiting list to search for their own home, rather than waiting for an offer to be made to them.

It also speeds up the lettings process, thereby improving relet times for our customers, and voids management and building stronger communities. Customers select the areas in which they wish to be rehoused, thereby creating more sustainable tenancies in difficult to let areas. The outcomes of this pilot have helped inform the wider application of a CBL approach and have been referred for further consideration as part of the Department-led Fundamental Review of Allocations. We continue to operate CBL in the pilot areas until such times that the fundamental review concludes.

HomeSwapper

2017/18 was the fifth year of providing a free 24/7 self-service online mutual exchange service for Housing Executive and Housing Association social sector tenants in Northern Ireland. This service allows tenants to register interest and obtain information on potential exchanges of properties with other social tenants both within Northern Ireland and in Great Britain. A proposal to facilitate the greater use of a mutual exchange service is included in the Department-led Fundamental Review of Allocations.

There are approximately 3,000 social tenants (both Housing Executive and Housing Association)

There are approximately 3,000 social tenants registered for the HomeSwapper service

registered for this service in Northern Ireland who are actively searching for an exchange. Since the commencement of the HomeSwapper service there have been a total of 166 social sector tenants recorded as having exchanged through the site. The service provides tenants with more choice in regards to the location and type of property they would like to move to, potentially improving mobility across the pool of social housing and creating more sustainable tenancies whilst enhancing tenant satisfaction.

This service is particularly useful for tenants who:

- Need to downsize, particularly in light of Social Sector Size Criteria; or
- Who are currently overcrowded and need to move to a larger property; or
- Are interested in moving to a new area; or
- Want to find a more suitable home; or
- Want to avoid a lengthy wait for a transfer.

Housing Selection Scheme, Fundamental Review of Allocations

The Department for Communities carried out a public consultation on the Fundamental Review of Social Housing Allocations Policy between September and December 2017. The Housing Executive will continue to assist the Department in developing a way forward to build on the strengths of our current allocations scheme, to enable it to work better for people in need.

Graduate Trainee & GEMs Programme

A programme of graduate trainee recruitment has taken place during the last two years. In 2017/18, 28 new trainees were recruited to Housing Services bringing the total number of trainees to 56 placed in our frontline offices. This is part of our succession planning and ensures continuity of professional service delivery to customers.

We continued to run the Graduate Employment Mentoring (GEM) Programme, a twelve month learning programme for graduates run by the housing group Central Partnership, which is supported by Incommunities (an English housing association) and includes a Chartered Institute of Housing qualification. In 2017/18 we recruited a further four graduates, and the trainees are working in our Communities and Income Collection Units.

Community Involvement

At the heart of our community involvement work is our desire to engage, enable and empower our communities to make social, environmental or economic improvements to their estates. Over the past year we have been working with the Housing Community Network, Supporting Communities and other stakeholders to develop a new strategy to replace our outgoing strategy. The draft strategy will provide us with the framework to give our tenants, residents and leaseholders a real say in the decision making process, shaping our services and making their neighbourhoods better places to live. It will also equip our communities with the tools and mechanism to challenge and lobby us.

We currently invest approximately £2.1 million per annum in community involvement activities ranging from the provision of direct support to community groups through our service level agreement with Supporting Communities, the provision of community lets, our small grants programme, the sponsoring of our annual community conference and supporting the various tiers of our Housing Community Network. Through these initiatives we aim to reach out to our most hard to reach and often most disadvantaged customers.

Scrutiny Forums

The Scrutiny Forum framework has been established across all areas and our staff and community participants have received training to allow them to scrutinise our business. They are a key lynchpin in the delivery of how we shape our business planning process for the future. They have the responsibility for holding us to account in the delivery of housing services and work closely with the local offices to improve the delivery of customer services.

We currently invest approximately £2.1 million per annum in community involvement activities

We continue to support and work with over 500 community groups across Northern Ireland

Interagency

Our local offices continue to work with resident and inter-agency working groups to improve the cohesion, community safety, social enterprise, health and environmental wellbeing in the estates in which our tenants live, thus instilling a sense of pride in their area. In partnership with the Rural Residents Forum, NI Disability Forum, NI Youth Forum and Supporting Communities (SC), we continue to support and work with over 500 community groups across Northern Ireland.

Central Housing Forum

The Central Housing Forum (CHF) is made up of representatives from all our areas across Northern Ireland with further representation from our hard to reach groups or easy to ignore groups including the disability sector, the rural sector and the youth sector. All major policies and strategies across the business are consulted on with the CHF. They continue to challenge us, lobby us, hold us to account and meet twice a year with our Board, community proofing everything we do.

Community Grants

Each of our Area Managers has an annual budget of £20k, which they can award to community groups throughout the year to support and encourage community activity, including health and wellbeing projects, community safety, young people's projects and projects affecting the environment. Last year 100 groups were supported through this funding, which helps client groups who do not normally engage with statutory agencies respond to specific, locally identified needs.

Social Lettings

We have provided local community and other organisations with opportunities to access residential and, more recently, commercial properties for community development purposes.

These lettings provide a significant investment within the voluntary, community and social enterprise sectors equivalent to in excess of £1.1m annually.

The policy of social lettings continues to be developed further and now sits as an integral element of the social value agenda. These

properties may also be utilised for other socially and economically beneficial outcomes, including the development of social economy and social enterprise initiatives at the local community level.

Community Cohesion

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

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

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

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

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

Community Safety

In our Community Safety Strategy, "Safer Together" 2014-17, we set out our strategic direction and action plan across three main thematic areas: Building Community Confidence, Ensuring Local Solutions and Working Together. This strategy expired at the end of 2017. Given the current political impasse this strategy has been extended for 12 months so that we can take note of and complement the direction of travel set out in the Department of Justice (DOJ) strategy, which has been delayed for the same reason.

Over the past 12 months we have received and processed 1,853 reports of alleged anti-social behaviour (ASB)

We continue to respond to all reports of anti-social behaviour in a speedy and effective manner, through a range of housing management services which are delivered through our network of local offices. Over the past 12 months we have received and processed 1,853 reports of alleged anti-social behaviour (ASB). Reports of ASB are addressed using an incremental and proportionate approach and most of these reports have been resolved through the use of intervention which includes warning letters and follow up visits by local office staff.

We have established a number of partnerships with a wide range of statutory, voluntary and community sector agencies to ensure that our responses not only stop the ASB from recurring, but also put in place measures to address many of the underlying issues which lead to such behaviour. However, where such interventions fail or are deemed inappropriate, we will not hesitate to use our legal powers to end unacceptable behaviour. For example, during the year four decrees for possession were obtained on the grounds of ASB and a further six properties have been returned to us following action. Possession continues to be a last resort, after we have exhausted all other interventions as a means of resolving problems of ASB.

In addition to addressing ASB head on, we also use mediation and restorative practices. Throughout the year our Mediation Service Provider has worked on 41 neighbour disputes. Our community based restorative partners, Northern Ireland Alternatives and Community Restorative Justice Ireland also provided mediation and community support in over 294 cases of neighbour disputes, with the work funded by the Housing Executive and the PSNI.

Social Housing Enterprise Strategy 2015-18

Introduced in September 2015, the Social Housing Enterprise Strategy is an important platform which we continue to develop across a wide range of initiatives. The aim is to provide support to our local social housing communities and individual residents to develop the skills

140 social enterprise initiatives/individuals supported

necessary to create social enterprises and social entrepreneurship in response to the social and economic disadvantage experienced by them.

Over its first two years, the strategy increasingly developed its reference to the creation of social value and its role in delivering sustainable outcomes of lasting social and economic benefit to our local communities. This emphasis will continue to be central to the strategy's future purposes and direction.

Social Housing Enterprise Awards Programme

The Social Housing Enterprise Awards Programme released its third tranche of funding in 2017/18. 108 applications were received against which 49 awards were made.

These awards brought the total commitments in tranches 1, 2 & 3 to £1.5million, with 140 social enterprise initiatives/individuals supported.

An external review of the Social Housing Enterprise Awards programme identified the following outcomes in relation to tranches 1 & 2 of the awards programme;

- 27 new social enterprises created
- 27 existing social enterprises supported
- 51 new part time jobs created
- 61 part time jobs supported
- 19 full time jobs created
- 76 existing full time jobs supported
- 429 volunteer opportunities made possible
- 774 training opportunities made possible

Gifting Protocol

The protocol was introduced in the latter part of 2017 and details how those household and other materials diverted from landfill within our 'clear and clean' service are to be processed and managed for "gifting" to economically vulnerable new and existing social housing tenants.

The gifting is offered free of charge and is, in the first instance, to help sustain those vulnerable tenants in their homes, with more than 50 tenants and their families having already benefitted from it.

In the event that the upcycled goods are not taken up by individual tenants, they are being processed into voluntary, community and social enterprise sectors to support local organisations delivering services within communities to sustain their services.

ASSET MANAGEMENT

Fire Safety

One of our priorities this year has been fire safety in our tower blocks, following the tragic events in Grenfell Tower, London in June 2017. We immediately visited all our own tower blocks to reassure residents about fire safety measures in place, and to discuss any concerns. We also began inspecting each of our tower blocks along with the Northern Ireland Fire and Rescue Service to check for any immediate issues.

We then began the process of carrying out fire risk assessments for all our tower blocks. These are not required in Northern Ireland, but provided us with a comprehensive view of individual blocks and any risks. We have developed an action plan for each block and these, along with the fire risk assessments, are available on our website.

We met with contractors and suppliers regarding the four buildings which had already been clad, or were in the process of cladding, to ensure that the materials used were not the same as that used in Grenfell Tower. In July we decided to put a temporary hold on the two remaining schemes to double-check the safety of the products being used. The work re-started in August.

An Independent Reference Group, chaired by Professor Alistair Adair from Ulster University, was established by the Board to test and assess our actions following the fire and it also produced a number of important conclusions and recommendations, a number of which we have already acted on.

In November 2017 we responded to an incident in Coolmoyn House in Dunmurry, one of our own tower blocks. Thankfully, none of the residents had serious injuries. Colleagues from our Lisburn and Castlereagh local office worked tirelessly around the clock to deal with the consequences of the fire and to support residents.

Following the fire in Coolmoyn House and the publication of the Independent Reference Group's report we revisited all tower blocks to speak to residents to offer advice, to give them details of the fire risk assessment of their block and outline each evacuation plan in the event of a fire.

In addition, we wanted to encourage and strengthen our engagement with the people who live in our tower blocks, private owners and renters as well as Housing Executive tenants. One of the actions we have taken was the funding of a dedicated post within Supporting Communities for a Tenant Liaison Officer with specific responsibility for tower blocks. The Tenant Liaison Officer will engage with tower block residents on key issues, especially fire safety.

Investment Programme

In 2017/18 we carried out a significant investment programme, completing External Cyclical Maintenance works for 9,460 dwellings, new heating installations for 3,684 dwellings and revenue replacements for 3,877 dwellings. We completed the schemes to deliver full double glazing to 2,133 homes.

During the year we continued to deliver the Interim Investment Programme (IIP) which we developed and agreed with the Department in early 2015. The programme was finished by the 31 December 2017 with a total of 128 schemes completed (76 schemes in the 2017/18 financial year). With an end of year spend of £15.4m, investment was primarily in internal upgrading, roofs and external works, health and safety upgrades (part of IIP is included in the planned maintenance programme spend), thermal efficiency works and environmental improvements.

Response Maintenance

Our response maintenance service continued to be delivered to our housing stock of over 85,500 properties through the contractual arrangements in place since September 2016.

There are nine contract lots, three managed by our in-house Direct Labour Organisation (DLO) and six by four external contractors. During 2017/18 there were more than 366,950 repair requests undertaken at a total cost of £44.0m.

Tenant satisfaction with our response maintenance service is measured against the KPI target of 94%. 14 of our 15 response maintenance contractors achieved a satisfaction

External Cyclical Maintenance works for 9,460 dwellings, new heating installations for 3,684 dwellings and revenue replacements for 3,877 dwellings. We completed the schemes to deliver full double glazing to 2,133 homes

A Departmental priority for 2017/18 was the reduction of relet times from an average of 23 days to an average of within 21 days. We surpassed this target with an average year end relet time of 17 days

rating of 94% or higher. The remaining contractor achieved a score of 93.68%. We continually work with our contractors to ensure that performance is maintained throughout the duration of the contract.

A new heating contract was introduced in November 2017 and is managed by three contractors to three contract lots, delivering a response heating repairs service to our housing stock.

The contract provides for improvements to our service provided to tenants, including extended working hours from 8.00 am to 8.00 pm each week day and from 8.00 am to 2.00 pm on Saturdays. Emergency provision remains 24 hours a day, every day of the year. The contractors, as part of the contract, must make a triage phone call to the tenant within 15 minutes of receiving an emergency order, and arrive on site within two hours.

These contracts require significant investment by the external contractors in social enterprise. Workshops and meetings are ongoing to establish how these will be delivered.

Contractor performance is monitored through the Key Performance Indicators (KPIs) developed for this contract, with progressive improvement year on year set on the response repairs (excluding heating), with the first increment to apply in the 2018/19 year. Key Performance Indicators (KPIs) for the new heating contract will not be applied until May 2018 due to information technology (IT) interfacing issues.

Relet Times

A Departmental priority for 2017/18 was the reduction of relet times from an average of 23 days to an average of within 21 days. We surpassed this target with an average year end relet time of 17 days.

Asset Management Strategy and Investment Plan

Our Asset Management Strategy was approved by the Board of the Housing Executive in September 2015 and by the (then) Minister for Social Development in February 2016. Its aim

is to establish a portfolio of housing stock that matches social housing needs, provides a quality of housing that meets residents' requirements and aspirations, and both supports and is supported by a robust business plan.

However, delivery of the Strategy was predicated on the necessary funding being made available through continuing rent increases and an improvement in the future financial position of the Housing Executive, potentially via the out-workings of the Social Housing Reform Programme. Unfortunately, a second successive year of a rent freeze, continued uncertainty over capital funding allocations, and the lack of an alternative funding solution have challenged our ability to deliver the Strategy.

Indeed, Savills' 2015 projection of stock investment needs - on which our Strategy was largely based - was updated in late 2017 and indicated an increased 30 year requirement amounting to £7.1 billion and a continued £1 billion shortfall in funding for our proposed 10 Year Investment Plan.

Consequently, following extensive discussions with the Department for Communities, a revised strategic approach was approved in October 2017 for three years during which time work will continue with the Department on developing a long term funding solution for our future stock investment needs. This temporary approach will see our Investment Plan focused on ensuring the optimum availability of our dwellings in order to help address rising housing need. As a result, our programme is being targeted on compliance activities, External Cyclical Maintenance and a programme of major component upgrading in order to address both our maintenance backlogs and our tenants' priorities. The reserves facility means that unspent rental income in 2017/18 will be reprogrammed in future years as a contribution towards our stock investment needs.

A review of our tower blocks was presented to the Board in November 2016 and, based on significant concerns over the blocks' long term financial sustainability, the Board asked for an action plan to be developed by August 2017 on if, how and when the blocks could be decommissioned. A draft action plan was prepared in May for consultation, but was put on

We carried out 178 major adaptation extensions, including 277 lift installations, 1,137 showers installed and 4,093 other minor adaptations

hold following the Grenfell Tower fire pending consideration of the potential implications of the incident for our blocks.

The report of the Independent Tower Block Reference Group (see above) was published in January 2018 and the draft action plan for the tower blocks is being reviewed in light of this. It is anticipated that the plan will be consulted on with residents and their representatives during 2018/19.

We have also initiated a proactive programme of appraisals for other stock whose future sustainability is uncertain. It may be that some of these appraisals will result in recommendations for demolition and redevelopment. Although social housing has been built only by housing associations since the phased transfer of our new build programme in the late 1990s, we are now investigating with the Department the viability of the Housing Executive resuming a new build programme based on Modern Methods of Construction. We believe this could provide a valuable delivery model to improve and extend social housing supply.

Stock Transfer

Following the issue of a transfer brief and the submission of bids by housing associations, Choice Housing was appointed as the prospective new landlord for Grange estate in Ballyclare. However, after an extensive consultation exercise undertaken with tenants, leaseholders and their representatives, the transfer proposal was rejected in the tenant ballot held in August 2017, and, therefore, did not proceed.

Following a similar bidding process and due diligence activities, Triangle Housing Association was confirmed in August 2017 as our partner in taking forward the transfer proposal for Ballee estate in Ballymena. Tenant and leaseholder consultation commenced in March 2018 and will continue through to the summer. Subject to tenant support for the proposals and approval from the Housing Executive's Board and the Department for Communities, the intention is that Ballee estate would be transferred by the end of 2018/19, with Triangle's investment programme beginning shortly thereafter.

The implementation of the remainder of the Stock Transfer Programme is currently on hold pending further direction from the Department for Communities. However, the transfer proposal for Doury Road estate in Ballymena has been shelved and work in the estate will be taken forward via the Department for Communities' Building Successful Communities initiative.

Gas Safety in Our Homes

At the end of March 2018, 43,810 of our properties required a valid gas certificate. Of these 855, properties did not have a valid certificate as we were unable to get access to the properties. These properties were going through our no access procedure which involves using a variety of methods to make contact with the tenants and arrange access. The KPI, which requires that all occupied properties have a valid gas safety certificate, is met as measurement includes the number of properties with a valid certificate and the number of properties with no access procedures in place.

Adaptations to Homes

In 2017/18 we continued to provide considerable assistance to allow many of our tenants to maintain their independence and live more comfortably in their own homes. We carried out 178 major adaptation extensions surpassing the target of 175. We also carried out other supporting works, including 277 lift installations, 1,137 showers installed and 4,093 other minor adaptations.

Direct Labour Organisation

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

The current DLO business consists of 440 staff (including agency staff). Alongside the response maintenance service, staff are also engaged in the delivery of a grounds maintenance service, the motor vehicle workshop and electrical health and safety inspections.

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

Performance and service delivery are measured against both organisational and contract KPIs similar to external suppliers. Performance is reported and monitored by senior management on a monthly basis and, in addition, quarterly by the DLO Performance and Development Committee which consists of three Housing Executive Board members and two independent members.

The DLO aims to meet challenging targets on repair quality and repair completion, provide continual training to develop a highly skilled and committed workforce, and develop best in class and best value models. It also aims to achieve customer satisfaction targets and support the Housing Executive on its Journey to Excellence.

Procurement and Compliance

A new Asset Management database, Keystone, which has compliance management functionality, has been introduced to manage and maintain our assets more effectively. It interfaces with other key Housing Executive systems and is being used to record the organisation's Asbestos Register, Legionella Surveys, Fire Risk Assessments and Statutory Equipment Inspections e.g. lifts.

To strengthen our existing arrangements, a revised staffing and management structure has been introduced for Compliance and Health & Safety, reporting to a new Assistant Director within the Asset Management Division. This Team includes Compliance, Fire Safety, Legionella, Building Services, Asbestos, Technical Inspections, Health & Safety (Corporate & Construction) and Emergency Planning.

The Compliance and Health & Safety functions produce a monthly report on organisational performance in relation to statutory compliance which provides assurance to senior management, the Board and the Department.

Social Clauses

The inclusion of social clauses within public procurement contracts is a statutory requirement on all public authorities and agencies. The clauses require those public bodies to ensure that successful private contractors deliver on specific targets relating to work experience, training, apprenticeships and, more recently, job creation within their contract period. The targets are proportionate to a contract's value.

In 2016, we introduced additional social clauses to its construction-related contracts. These supplementary social clauses require each successful contractor to engage with local communities and to support social enterprise development within their respective contract lot areas, along with delivering the key services for which they were appointed.

A series of measurable social value indicators were agreed with the individual contractors to deliver on job creation, traineeships, social enterprise development, social investments (monetary and in-kind), and in reducing the volume of materials going to landfill: all for the benefit of the local communities within which they work.



PERFORMANCE ANALYSIS

REGIONAL SERVICES

PERFORMANCE ANALYSIS

REGIONAL SERVICES

The Regional Services Division's mission is 'to ensure the provision of all forms of housing in sustainable neighbourhoods across Northern Ireland'. It is focused on informing planning and housing policy through its market intelligence, influencing and shaping the strategic direction of housing, influencing as a statutory partner on community planning and place shaping housing-led regeneration within Northern Ireland.

It carries out strategic housing needs analysis and assessment to help stakeholders make informed decisions in the context of key trends and developments in the housing market. It also leads on the new Social Housing Development Programme (SHDP).

It tackles fuel poverty, disability and home improvements through the provision of grants to properties and it advises on best practice in its Home Energy Conservation Authority (HECA) role and ensures the rural needs are considered in the delivery of strategy and services. It supports the most vulnerable in society through its Supporting People grant funding programme.

Budgetary Management

Regional Services spent a total of £280.9m in 2017/18, as summarised in the table below.

Regional Services Expenditure 2017/18	£m
<i>Capital</i>	
Land and Property	0.1
Social Housing Development Programme (including TBUC)	109.1
Private Sector Grants	14.0
Energy Efficiency	20.2
SPED Purchases	1.7
Other expenditure	0.3
Total Capital expenditure	145.4
<i>Revenue</i>	
Supporting People	73.8
Salaries and Administration	45.5
Homelessness and Asylum Seekers	13.5
Research	0.6
Payments to Councils (Affordable Warmth)	0.8
Other expenditure	1.3
Total Revenue expenditure	135.5
Total Regional Services Expenditure	280.9

Delivery of our programmes and services was funded almost entirely through grant aid from the Department for Communities. Other income of £7.2m was received, the largest element of this for the cost of housing services for Asylum Seekers (£4.0m).

1,759 new social housing starts were delivered

Housing Investment

We aim to plan, enable and invest in homes across all tenures to ensure affordable, high quality, sustainable housing and neighbourhoods are provided across Northern Ireland.

During 2017/18, in partnership with housing associations, 1,759 new social housing starts were delivered (against a target of 1,750). A total of 1,507 new social homes were recorded as completions during this period, exceeding our anticipated figure of 1,200 units.

Additionally, we continue to address a number of important issues impacting on the lives of many citizens across Northern Ireland:

- fuel poverty: we carried out more than 8,200 interventions to homes, improving their fuel efficiency;
- dwelling unfitness: 191 grants approved to address unacceptable conditions in privately owned properties;
- independent living: there are a number of activities in this broad objective including helping those most vulnerable in society, assessing an individual's need for housing, as well as providing Supporting People and homelessness services.

We will support urban and rural regeneration, create the environment to explore new delivery models and provide a strategic overview of the opportunities available for neighbourhood and other regeneration initiatives.

8,200 interventions to homes, improving fuel efficiency

New Social and Affordable Housing

During 2017/18, in partnership with housing associations, we exceeded the target of 1,750 new social housing starts, with an investment of £110m enabling work to be started on a total of 1,759 units of accommodation. This level of investment was supplemented by £95m of private finance levered in by our housing association partners.

191 grants approved to address unacceptable conditions in privately owned properties

The high quality new homes currently under construction will help to meet a range of applicants' needs for social housing, including those with general housing requirements, housing for active older people and housing for applicants with complex needs. We also recorded completions on 1,507 new homes during 2017/18, exceeding our target of 1,200 completions.

Some of the key schemes from the 2017/18 new build programme were:

- As part of Apex Housing's on-going development at Galliagh, Derry/Londonderry, work commenced on phases two and three, which will deliver a total of 332 new homes over the next three years;
- Clanmil Housing started work on 48 new homes at the site of the former Tesco on Carnmoney Road, Glengormley and 37 new homes at the former Downe Hospital site in Downpatrick;
- Radius Housing started work on 196 new homes at the former Visteon Factory Site in west Belfast, including 10 homes to full wheelchair standard. This will be a major mixed-use, mixed-tenure development, with Radius also developing affordable homes for sale and commercial units which will provide significant employment opportunities in west Belfast;
- Work commenced on almost 100 new homes in Newry at Carnagat Road (44 new homes by Habinteg) and Drumalane Road (52 new homes by Radius), a major boost for an area in which it has been traditionally difficult for associations to secure new development;
- Work started on 69 new homes to full Wheelchair Standard in 2017/18, the highest annual delivery in the past 5 years, although just short of the target number.

Each year, we support the social new build programme by transferring land in Housing Executive ownership to housing associations to facilitate new developments. In 2017/18, we transferred sites to support the construction of 194 new homes, over 10% of the overall units delivered. This included:

We distributed approximately £73.8m to over 850 housing support schemes

- Choice Housing providing 51 new homes in a third phase of development at Nelson Drive, Derry/Londonderry;
- Triangle Housing extending its existing stock at Ardmore Road, Armagh with a further phase of 23 units.

We are also supporting the Northern Ireland Executive's Together Building United Communities (TBUC) Programme by facilitating ten shared community schemes. Five of these schemes are now completed and tenanted, and the remaining five are due to complete at various stages over the next year. We have also worked closely with DfC and housing associations to progress a further eight Shared Housing schemes under the Department's on-going Housing for All/ Shared Housing programme, which will deliver a further 159 units of shared housing in a variety of locations across the province.

We also monitor the delivery of homes in rural locations to ensure that housing need is being met in some of Northern Ireland's smaller/more isolated settlements. 144 of the new social homes started in 2017/18 are in rural locations, and we continue to encourage housing associations to deliver in line with our assessment that around 10% of the programme should be delivered in rural areas. Apex Housing secured the delivery of new homes in rural locations through the competitive design & build procurement route, providing 14 new homes in Eglinton and 34 new homes in Castlewellan. Almost 50 of the new homes in rural areas were delivered by Rural Housing and Triangle Housing - these associations continue to make a significant contribution to meeting rural need through the acquisition of existing properties.

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

Social Housing Need

At 31 March 2018, 36,198 households were on the waiting list for social housing (37,611 at 31 March 2017), of whom 24,148 (23,694 at 31 March 2017) 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, 17,520 are Homeless Full Duty Applicants - households that meet the statutory definition of homelessness (16,356 at 31 March 2017).

Supporting People

During 2017/18 we distributed approximately £73.8m to over 850 housing support schemes, with the capacity to support over 19,000 vulnerable people. This funding allocation included the development of both new and existing support services for a range of vulnerable client groups.

We continued to deliver the recommendations arising from the 2015 Departmental Review of Supporting People Programme, working in partnership with key stakeholders including the Department, Supporting People (SP) providers and partners in health and probation. The timetable for delivery has been challenging, reflecting the complexity and scale of the SP programme and the recommendations arising from the review.

Following on from a mid-point review, we agreed with the Department to refresh the project governance structures and establish a Department-led Programme Board to oversee delivery of the remaining recommendations from the 2015 review, and provide assurance through appropriate strategic management and oversight of the SP programme. Key priorities for 2018/19 will be to progress the remaining recommendations and embed the out-workings into the SP programme at an operational level.

We undertook a number of key engagement events with the sector during 2017/18 which included a presentation, in collaboration with the Department, on the 2018/19 financial position and the implications aligned to change moving forward. An SP provider engagement workshop, following initial sector engagement in 2017, was also held to inform continued work to develop standardised regional payment rates for the SP programme. This engagement will continue through a further workshop with engagement

We have provided total funding of approximately £37.3m for homeless services across Northern Ireland

providers in 2018/19.

Work in respect of floating support has focused on mapping exercises for this type of provision, and we continue to review existing models of provision to establish opportunities to further utilise the floating support model.

An outcomes framework has been piloted and was further developed during 2017/18 in order to ensure benefits to service users are captured effectively. Outcomes monitoring will be implemented in 2018/19.

Homelessness

In 2017/18 the number of households presenting as homeless fell from 18,573 to 18,180, representing a marginal decrease of 2%. Those accepted as having Full Duty Applicant status fell from 11,889 to 11,877 over the year. Single people, at 50%, remain the highest overall presenter household category grouping.

The top three reasons for homeless presentations continue to be sharing breakdown/family dispute, accommodation not reasonable, and loss of rented accommodation. Overall, 57.8% of presenters are in these categories.

Over the course of the past year we have provided total funding of approximately £37.3m for homeless services across Northern Ireland, with figures listed below:

- £5.0m on temporary accommodation, including Dispersed Intensively Managed Emergency (DIME);
- £1.8m for storage of personal belongings;
- £2.4m on outside agencies in the voluntary sector;
- £0.5m on private sector access schemes;
- £27.6m on Supporting People funding of homelessness services.

The Homelessness Strategy 2017-22 was published in April 2017 and over the course of 2017/18 work has been ongoing to achieve the Year 1 actions within the Strategy. The new Strategy sets out our vision of 'Ending Homelessness Together' and identifies a number of aims and objectives to achieve this. The Strategy aims to ensure a cross-departmental and inter agency approach to ending homeless. The objectives within the strategy are:

- To prioritise homelessness prevention;
- To secure sustainable accommodation and appropriate support solutions for homeless households;
- To further understand and address the complexities of chronic homelessness;
- To measure and monitor existing and emerging need to inform the ongoing development of appropriate services.

The strategy contains 18 actions, which includes 16 led by the Housing Executive and a further two actions led by the Department for Communities. Notable highlights over 2017/18 include the development of 10 Homelessness Local Area Groups across Northern Ireland. These groups are tasked with ensuring that the objectives of the Strategy are delivered at a local level and include statutory/voluntary representations with a view to achieving our vision of 'Ending Homelessness Together'. A training pack and communication strategy has also been developed, with a view to ensuring households who are threatened with homelessness are aware of the support and assistance available at the earliest possible opportunity.

In 2017/18 we have sought to develop the data we gather and publish it, with a view to providing an improved insight into factors relevant to homelessness. Examples of new measures developed with a view to publication for 2018/19 include a further breakdown of accommodation not reasonable, historically one of the main reasons for homelessness.

While the Strategy contains actions that are focused on housing issues, it is supported by an inter-departmental action plan that will address non-housing services, such as health and education, which have the potential to impact on those who are homeless or most at risk of homelessness. We will publish a report in September 2018 to outline our progress against the 18 actions within the first year of the Strategy.

In November 2017 the Northern Ireland Audit Office published a report 'Homelessness in Northern Ireland' which examined the scale and nature of homelessness in Northern Ireland and focused on how effective the Housing Executive's Homelessness Strategy 2012-17 had been in addressing this issue. The report provided nine recommendations and we have commenced work, alongside the Department for Communities, on addressing these recommendations.

We spent over £23m on completed adaptations

Adaptations to Homes

We have supported adaptations across all sectors of the housing market, including the provision of grants to the private sector, which enables people with disabilities to live comfortably in their own homes. During the year, we spent over £23m on completed adaptations.

Stock tenure	Expenditure (£m)
Housing Executive homes	10.8
Private sector homes	10.5
Housing association homes	2.3
Total	23.6

Disabled Facilities grant processes are currently being reviewed to ensure applications are processed as efficiently as possible. Revised processes will be implemented across all grants offices during 2018/19.

Accessible Housing Register (AHR)

Work is currently underway to develop an in-house AHR system. This will include both Housing Executive and housing association stock information which we aim to implement during 2018. Work on the private sector interface will commence in autumn 2018.

Working with the Traveller Community

We continue to progress accommodation options for Travellers in areas of identified need. The Northern Ireland Human Rights Commission (NIHRC) report into Travellers' Accommodation was released on 6th March 2018. An action plan on any agreed Housing Executive actions arising from the report was to be developed by 31st March 2018. While many of the NIHRC recommendations are being progressed across the organisation an action plan is still pending and this work will be taken forward into 2018/19.

Housing Research and Equality

Our Research and Equality Unit plays an important role in supporting and informing the development of housing policy and strategy both within and beyond the Housing Executive. Research findings continue to guide the intervention of the Housing Executive and the Department for Communities in Northern Ireland's housing market. The 1981 Housing Order (Article 6) places a statutory duty on the Housing Executive to "regularly examine

housing conditions and need" and also stipulates that it "may, with the consent of the Department, conduct or promote research into any matter relating to any of its functions".

In addition, Section 75 and Schedule 9 of the Northern Ireland Act 1998 places a statutory obligation on us, and all other Public Authorities, to promote equality of opportunity and good relations when carrying out any of our functions. To make sure this happens we produced an Equality Scheme which was approved by the Equality Commission in 2013.

The Equality Scheme outlines a plan for ensuring that consideration of equality issues is central to housing policy formulation and decision-making and we report on the implementation of our equality scheme on a quarterly basis. We are also committed to equality of opportunity for all our tenants, customers and staff. Our commitment to equality is rooted in the principles upon which the Housing Executive was founded in 1971.

Research

In fulfilling our research role, we commission and carry out a wide range of projects to meet the needs of both internal and external clients. In 2017/18 the planned research programme comprised a total of 18 projects, several of which were carried forward, already under way, from the previous year.

Following on from the publication of key preliminary findings in 2016/17, work continued during 2017/18 to enable publication of the full 2016 House Condition Survey report. This included production of household profiles and a range of modelled data, providing findings on disrepair and repair costs, the Decent Homes Standard, the Housing Health and Safety Rating System, energy efficiency (Standard Assessment Procedure [SAP] ratings) and fuel poverty. The Research Unit has collated and analysed the findings, which were published, in line with National Statistics protocols, on 31 May 2018. The figures will provide an important update on the condition of the housing stock across all tenures in Northern Ireland, helping to inform housing policy and strategy development.

During 2017/18, we continued to produce a range of data and research to help provide intelligence and insights on the dynamics of the housing market in Northern Ireland. Completed by Ulster University, this research tracks the average prices of properties sold on the open market and also

The average price of houses sold during 2017 was £155k

provides an indication of the health of the market, reflected through the number of transactions. In addition, the University team uses the data to produce an annual overview of the affordability of housing in Northern Ireland. The research showed that at £155k, the average price of houses sold during 2017 showed a marginal increase from the previous year's average of £154k. However, the rate of transactions remained buoyant; at around 8,700, the total captured by the survey in 2017 was the highest in more than a decade.

The most recently-published affordability analysis, for 2016, showed that:

- on the basis of repayment indicators, affordability improved between 2015 and 2016;
- on the basis of deposit indicators, affordability deteriorated between 2015 and 2016; and
- taking account of both repayment and deposit indicators, affordability improved in some parts of Northern Ireland and deteriorated in others, highlighting the complexity of affordability issues and regional variation.

Our housing market intelligence work also provides information on trends in the private rented sector. Two half-yearly reports on the Performance of the Private Rental Market in Northern Ireland were published during 2017/18, setting out findings on trends in the number of lettings and average monthly rents by property type and size at regional and sub-regional level. The Office for National Statistics (ONS) has now incorporated this rental market data into the measurement of a number of national statistics, including the Consumer Price Index.

The quantitative rental data was complemented by the findings of our Private Tenants Survey, which was carried out as a follow-up to the 2016 House Condition Survey. The Private Tenants Survey provided a valuable insight into the views and experiences of private tenants, covering areas including affordability, the landlord-tenant relationship, security of tenure and regulation within the sector. The findings were published in March 2018 and showed generally high levels of satisfaction with both accommodation and landlords/letting agents, but that there is more work to be done to ensure that both landlords and tenants are aware of their rights and responsibilities. Along with the data on transactions and rent levels, this research will help inform on-going policy development by the Department for Communities in relation to the private rented sector.

Other one-off projects completed during the year included a two-part project on the hospital resettlement programme in Northern Ireland after The Bamford Review. These reports gave a balanced overview of the learning disabled resettlement programme from our perspective, as well as reporting on the experiences of people who had been resettled, looking at the effectiveness of the process from their perspective, in terms of satisfaction with the outcome and the impact on their lives of living in the community.

The annual Continuous Tenant Omnibus Survey (CTOS) continues to provide a wealth of tenants' views on how well we are delivering key services. The 2017 survey once again indicated generally high levels of satisfaction with services, but also a number of issues and areas where improvements could be made. The survey findings help us to measure progress against our key performance indicators, benchmark against other landlords, and plan our response to policy changes such as welfare reform.

The Insight Housing Market Intelligence Exchanges continue to be a success, providing the opportunity to engage with key stakeholders and decision makers, sense check recent findings emerging from research studies undertaken or commissioned by us, and ensure that our Research Unit is meeting the needs of the sector. Two further meetings were held this year with "Insight Briefings" circulated to a wide audience after each of the events. The first focused on the links between research and policy, while the second looked at data and research on the private rented sector.

As well as producing the House Condition Survey findings with National Statistics accreditation and contributing to other Official Statistics, the Research Unit is also now a member of the Market Research Society.

Equality and Human Rights

The Housing Executive fully embraces both the equality and human rights agenda. Our Equality Awareness training programme is mandatory for all staff and includes a section on human rights. Training is provided to staff, and all policies and strategies are supported by equality screening reports which include statements on the European Convention (Human Rights Act 1998) articles and the wider human rights conventions, including the conventions on disability and

We conducted equality awareness training for 259 staff

children. This ensures consideration of human rights issues in the development of and delivery of housing policies and services. Human rights bulletins have been prepared and circulated to staff with a further bulletin prepared for senior decision makers advising them of the importance of human rights law and the wider conventions which the UK Government has committed to.

The Equality Unit is responsible for five main areas of work.

1. Implementing the Housing Executive's Equality Scheme

As part of implementing the Equality Scheme we conduct equality awareness training for all staff, including staff employed through agencies. During the year we conducted 15 courses for a total of 259 staff, covering areas such as understanding Section 75, disability awareness, attitudes, behaviour and respect and human rights. We also contribute to integrating equality in our work by ensuring all policies have been subject to equality analysis. In 2017/18 we conducted equality policy screenings on 12 policies.

2. Equality Monitoring

Measuring equality of opportunity and monitoring equality performance are vital aspects of housing policy. We continue to develop our approach to monitoring as well as using this information to inform planning and strategy. This information is in demand from the community and voluntary sector, the Department for Communities, other statutory bodies and public representatives at local and Assembly level. Over the year 2017/18 we responded to 40 separate requests, often having to provide very detailed and complex data. The 11th Black and Minority Ethnic and Migrant Worker Mapping Update, which is an annual analysis of data relating to black and minority ethnic people, was published in October 2017

3. Consultation

The value of effective consultation cannot be understated. The Equality Unit offers a bespoke service using a best practice toolkit to the organisation where it needs to consult generally on a policy. This approach was used to consult on the Homelessness Strategy 2017 'Ending Homelessness Together' and the organisation's 5 year review of its Equality Scheme.

4. Communication Support

With the rapid changes in society over the past number of years the Housing Executive has constantly reviewed and amended its communication services. Managed by the Equality Unit, this service provided language, sensory disability and communication support in 49 languages, including sign language. Three communication support awareness training sessions were held with Housing Executive staff and a presentation was given to Derry City & Strabane District Council's advice workers on the Housing Executive's Communication Support Service. This service provided telephone based interpretation support on 4,059 occasions, face to face interpretation on 78 occasions (including 13 sign language sessions) and translated 214 documents.

5. Safeguarding Children and Vulnerable People

The Equality Unit also manages the Child and Adult Safeguarding Policies for the organisation. This involves the development and maintenance of processes for the referral of concerns to Social Services and PSNI, and the training of staff in the operation of the policies. During 2017/18, 10 safeguarding training sessions have been held with 111 staff attending.

Home Improvement Grants

We assist independent living through financial support for Disabled Facilities Grants, and we will continue to market the grants scheme in 2018/19 to help those with a disability to continue to live in their home. Repairs grants are also available to landlords, agents and certain tenants towards the costs of repairing homes when a statutory notice has been served by the local council.

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

As part of the Department's review of support for repair and improvement in the private sector, we are committed to working with the Department towards creating a new and more flexible approach to improving stock in the private sector.

1,098 Disabled Facilities Grants approved

In 2017/18, we spent £18.2m helping to improve 4,148 homes through the Affordable Warmth Scheme

Grants Approved during 2017/18

Type of Grant	No. Approved	Value (£m)
Disabled Facilities Grants	1,098	11.9
Repairs Grants	507	0.7
Discretionary Grants	314	3.3
Total	1,919	15.9

Energy Efficiency Schemes

We also deliver the Affordable Warmth and Boiler Replacement Schemes on behalf of the Department. These schemes are designed to help private sector households improve the energy efficiency of their homes. The Affordable Warmth Scheme offers a range of energy efficiency measures to private sector households; the Boiler Replacement Scheme can help owner occupiers replace an old central heating boiler.

In 2017/18, we spent £18.2m helping to improve 4,148 homes through the Affordable Warmth Scheme. We also spent £2.0m helping 3,061 owner occupiers to upgrade their central heating boilers.

Houses in Multiple Occupation (HMO)

We have a statutory responsibility to protect the health, safety and wellbeing of the occupants in HMOs by enforcing appropriate standards (including fire standards) through the implementation of the HMO Statutory Registration Scheme.

During the year we registered 161 HMOs against a target of 120 and carried out 1,208 inspections of HMOs, exceeding the target of 1,000. The current total of registered HMOs is 5,881.

Our comprehensive strategy for HMOs, published in April 2009, included a list of recommendations for changes to legislation, which would help with enforcement of the registration scheme and improve the management of HMOs.

Following the completion of a fundamental review of HMO provisions by the Department, the Northern Ireland Legislative Assembly passed the Houses in Multiple Occupation Act (Northern Ireland) 2016. The new legislation introduces considerable new and enhanced powers, including

the introduction of mandatory HMO Licensing, and facilitates the transfer of the HMO function to district councils. A tentative date of 1 April 2019 has been set for implementation of the licensing scheme and the transfer of power to councils.

Place Shaping

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

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

The Place Shaping teams work with housing associations to identify and investigate potential sites for development. This includes Housing Executive ownership suitable for transfer to Housing Associations and the Social Housing Development Programme. During 2017/18 we managed 14 transfer schemes which will deliver 194 new homes. We continue to work with housing associations, public sector bodies and local councils to identify and secure new build proposals and regeneration opportunities.

Urban Regeneration

The Housing Executive's Land Asset Management Strategy identified two flagship 'mixed use/mixed tenure' schemes: Hope Street and Posnett Street in Belfast. During the last year we progressed both sites as public sector managed developments. Radius Housing and Clanmil Housing Association have been appointed

We carried out 208 inspections of HMOs

436 homes sold to tenants

as the developing partner for social and affordable homes at Hope Street and Posnett Street respectively. Both sites will have significant impact for the regeneration of Belfast city.

We continue to work with other partners to support mixed use schemes on publicly owned land. Radius Housing Association has been appointed to develop a mixed tenure scheme of 170 homes at St Patrick's Barracks, Ballymena and are progressing the Regeneration Strategy at Galliagh Linear Park, including 30 new social homes for older persons.

House and Land Sales

We continued to implement the House Sales Scheme, which provides an opportunity for tenants to own their home. During the year we sold 436 homes under the scheme compared to 402 the previous year, realising capital receipts of £18.3m. In line with overall market conditions, the average valuation of sold houses increased slightly on the previous year, from £58.7k to £60.7k. 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 nine dwellings at a cost of £1.7m and disposed of nine dwellings, realising £1.4m. We also disposed of surplus land realising £0.4m, including the sale of development land to the value of £0.2m.

Small Pockets of Deprivation

The Small Pockets of Deprivation Programme (SPOD) is part of the Department's Neighbourhood Renewal Strategy for Northern Ireland, and has been managed by the Housing Executive on behalf of the Department since it commenced in April 2006. The SPOD Programme was introduced to direct regeneration funding to a number of areas which, although targeted for action, were too small to be constituted as full-scale Neighbourhood Renewal Areas (NRAs).

In 2017/18, £402,000 was paid to 14 SPOD delivery organisations across Northern Ireland.

Projects funded included programmes for men and women's groups, youth clubs, environmental groups, senior citizen groups, contributions to community office running costs, one-off community events including health fairs, community fun days, Christmas events, education and training courses, after schools clubs, signposting services and drop in centres.

Building Successful Communities (BSC)

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

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

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

Each forum developed an action plan and masterplan for the areas which were brought forward by consultants. The priorities for the action plan are in the process of being delivered, which involves the delivery of 'catalyst projects'. During 2016/17 the construction of six new social homes commenced on vacant land at Hallidays Road, Tigers Bay, Belfast. A planning application has also been submitted to build a further 20 new social homes on vacant land at Hogarth Street, Tigers Bay, Belfast.

In the Lower Oldpark and Hillview areas of Belfast eight new social homes, including a wheelchair suitable bungalow, were completed and occupied during the last year.

In 2017/18, £402,000 was paid to 14 SPOD delivery organisations across Northern Ireland

The Heritage in Housing Scheme delivered 27 units of affordable town centre accommodation

Feasibility work on the long term viability of Corrib Avenue flats, West Belfast and environmental improvements to Carrigart flats in Lenadoon and Glencolin, West Belfast, has commenced.

In the Lower Shankill and Brown Square areas of Belfast feasibility work to deliver social and affordable homes at North Boundary Street and Hopewell Crescent has commenced. Derelict land which had been used as a bonfire site at Hopewell Crescent, Belfast has been landscaped to provide a community garden.

The focus in the Lower Falls BSC, Belfast has been on environmental improvements. Plans to externally improve the Maureen Sheehan Centre include upgrading the car parking, and plans to develop derelict land for new social homes have been progressing. In addition, vacant land at Divis Street, Belfast has been released as a 'community asset transfer' to allow the development of a community radio station, Radio Failte.

In Doury Road BSC, Ballymena we have completed the buyback of two vacant dwellings to facilitate selective demolition, and Triangle Housing Association are progressing plans for 10 new social homes.

Empty Homes

The Empty Homes Strategy and Action Plan was launched by the Department in September 2013. It aimed to bring empty homes back into use, address and reduce the negative impact of blight, property deterioration, anti-social behaviour and vandalism.

In January 2016, the Department commenced a review of the Empty Homes Strategy, and our activity since then has been focused on maintaining the Empty Homes database. Out of the 1,379 properties reported as empty homes at 31 March 2018, 377 of these cases have been closed after investigation found that the properties were either occupied, for sale, for letting or under renovation. 406 properties reported are considered to be abandoned or blocked up, leaving 596 properties still considered as empty homes.

Arrangements have now been agreed between the Housing Executive and the Department for Communities to transfer responsibility for the management and administration of the Empty Homes database to the Department.

Heritage in Housing

The Townscape Heritage Initiative (THI) is the Heritage Lottery Fund's grant programme for the repair and regeneration of the historic environment in towns and cities. It provides grants to help communities regenerate conservation areas that display particular social and economic need.

THI has provided an opportunity for us to address empty homes within such designated areas, through our 'Heritage in Housing' Scheme, a three year investment programme introduced in April 2015 aimed at assisting in bringing long-term empty properties back into use, and encouraging the creation of private rented living units.

We have now completed the final year of the 'Heritage in Housing' Scheme, which in 2017/18 resulted in the completion of a further nine properties, delivering 27 units of affordable town centre accommodation for private letting. The aim of the three year scheme was to restore 15 empty properties and at the end of 2018 we have exceeded that target, contributing to the restoration of 16 properties and the creation of 36 units of affordable accommodation.

Rural Homes and People

We have now completed the second year of the Housing Executive's Rural Strategy and Action Plan 2016-20 'Sustainable Rural Communities.. The Strategy embraces the wider reforms of social housing, local government and the emergence of community planning. Through the Action Plan we have set out to ensure that rural areas (those with a population below 5,000) receive an equitable share of all our services, based on analysis of need and monitoring of our activities.

The Rural Needs Act will come into effect for the Housing Executive in June 2018 and we embrace this opportunity to reaffirm our commitment to rural communities by ensuring that rural needs are considered in the development and delivery of all our programmes and services.

In terms of increasing the supply of rural social housing stock, 144 new units were delivered in rural areas in 2017/18 against a target of 199 units. Seven new build social schemes commenced, providing 96 units and an additional 48 units were purchased by housing associations in rural villages and small settlements, helping

144 of the new social homes started in rural locations

to house those in need and sustain rural communities. Whilst 8.2% of all social new build starts were in rural areas, this fell slightly below our strategic target of 11.4%. However, this was a significant increase of 71% on 2016/17 rural new build starts. A further five schemes (50 units) originally programmed to start in 2017/18, which would have exceeded the target, did not commence for a variety of reasons and will now move into the 2018/19 programme.

In 2018/19 we will continue to focus our efforts on engaging with housing associations and rural communities to identify housing opportunities which will address rural need.

In an effort to address fuel poverty and improve the energy efficiency of our properties, approximately 45% of Affordable Warmth installations, 24% of boiler replacements and 39% of private sector improvement grants were approved in rural areas.

Our fourth annual Rural Community Awards competition was launched in spring 2017. The competition rewards community groups who have involved their neighbours in taking pride and ownership of their village, and have taken steps to improve the environment and/or services and facilities for community members. This year we introduced a new, overarching award, the 'Sustainable Village of the Year' award. The competition generated huge interest with a total of 22 applications received this year. The winners - Millisle, Castlecaulfield, Sion Mills, Cairns and Cullybackey - were presented with their awards in November by BBC Radio Ulster 'Your Place and Mine' presenter Anne Marie McAleese. At this community networking event, the groups had an opportunity to showcase their wide range of projects, including initiatives which support sustainable living and services which are accessible to the most vulnerable community members.

Environmental Policy

This past year has been marked by the transition of our Environmental Management System to ISO 14001:2015 for our operations at the Housing Centre, Belfast. We grasped the opportunity to accelerate the transition to the new standard, giving further consideration to resource-efficiency, supplier engagement, value chain analysis, monitoring and measurement, analysis and evaluation of compliance on an operational scale.

Our environmental policy has been the key driver for continuing and improving our environmental performance and our organisation's contribution to sustainable development. In accordance with our policy, we will continue to support initiatives which develop local and sustainable communities together with continued participation and involvement with stakeholder groups, volunteer groups, non-governmental and third sector organisations such as the Royal Society for the Protection of Birds (RSPB).

A five year Urban Biodiversity Action Plan, formulated in 2015 with the RSPB, has been tailored to meet specific biodiversity objectives and targets across our land holdings, carried out via our Grounds Maintenance teams. Actions are being implemented from the plan and will continue to be executed up to 2020.

Reporting our environmental performance has helped the organisation to engage our stakeholders more effectively, demonstrated through our participation in the NI Environmental Benchmarking Survey. This year we achieved Silver in the General Services category.



PERFORMANCE ANALYSIS

SUPPORT SERVICES

PERFORMANCE ANALYSIS

SUPPORT SERVICES

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

Finance, Audit and Assurance Division provides corporate accounting, financial support, Internal Audit, Corporate Assurance, counter fraud and security, and Housing Benefit services. As an interim measure, Human Resources and IT also report to the Director of Finance, Audit and Assurance.

Facilities Management is now part of Asset Management.

The Chief Executive's office includes Communications, Secretariat, Legal, Corporate Strategy and Planning and Direct labour Organisation (DLO).

Budgetary Management

Support Services (excluding DLO) spent a total of £37.4m funded through a mixture of government grant and rental income. Spend consisted of salaries and payroll expenses (£14.1m), overheads and operational running costs including accommodation and IT (£22.3m), capital IT and accommodation improvement costs (£1.0m). These costs are apportioned to Landlord Services (£25.9m - 7.2% of total Landlord spend) and Regional Services (£11.5m - 4.1% of total Regional spend).

Journey to Excellence

In June 2014 the Board approved the Excellence Strategic Statements 2014-17 for Business, Customer, People and Technology. The aim was to deliver a more customer focused and efficient approach to service delivery, with improved performance. The majority of work under the strategic themes has now been completed.

Business Excellence

At the end of the 2017/18 business year the majority of elements, with the exception of the Accommodation Strategy and the specification of a Customer Relationship Management (CRM) technology solution, have been completed. Work on a Corporate Accommodation Strategy is ongoing and the CRM aspect will be taken forward as part of a new 'IT Futures' Strategy.

We have been using, and further deployed a 'Systems Thinking' methodology, which help us to understand what matters to our customers, across our frontline Housing Services and our Grants service on the Regional side of our business. More details can be found under the Customer Excellence Strand.

People

The People Strategy has largely been met and as a result this strategy was closed in January 2017. The People Strategy aimed to resource the Housing Executive with people equipped to provide excellent services to a variety of customers.

Technology

The majority of items under the three year technology strategy have been completed. However, the remaining item from this strategic statement, our telephony refresh, will now complete just outside the financial year.

Tackling Fraud

The Counter Fraud and Security Unit (CFSU) investigates all allegations of fraud or related offences within the Housing Executive, with the exception of Housing Benefit claimant fraud and error. Since April 2017 this responsibility has moved from the Housing Executive to the Department. In late 2016 CFSU assumed responsibility for the management of all whistleblowing allegations within the organisation. In addition to investigative work, CFSU manages the quarterly reporting of the fraud and money laundering risk register, engages in the preparation of both e-learning and training packages for staff, manages all law enforcement court orders and information requests and provides expert advice and assistance to other investigative units within the organisation.

In the last financial year CFSU investigated 6 cases of suspected fraud. One involved the duplicate payment of a grant for a renewable heat incentive scheme. This case was closed with no fraud having been found and the matter was dealt with by repayment of the duplicate grant. Two cases were referred that were found not to have any fraud element present after preliminary investigation – these were a boiler replacement grant that ultimately had not been paid, and a vehicle insurance claim involving a Housing Executive vehicle where the insurers were taking forward the investigation instead. Three cases are ongoing, two of which have now been found to have evidence of fraud and therefore will be

We paid out £631.8m in Housign Benefit assessing 54,135 new claims and dealing with 475,298 changes to existing claims

passed to the PSNI for further investigation. One final case is ongoing that relates to a staff disciplinary matter involving an abuse of flexi-time.

In addition to fraud investigation CFSU has managed 24 whistleblowing investigations. The vast majority of these investigations have been undertaken either by the Corporate Fraud team or the Technical Investigation team (formerly the Repairs Inspection Unit).

CFSU will be undertaking training relating to the impact of General Data Protection Regulation (GDPR) on investigations undertaken by the unit. This training took place in early May 2018 in order that all investigative staff will be carrying out their duties in a manner compliant with the new regulations.

The Housing Executive also has in place a comprehensive anti-bribery policy. The risk of bribery is considered within the overall risk assessment framework within the organisation and where there are areas that are considered to be of higher risk, training and awareness is provided to staff members and senior managers.

Housing Benefit Administration

At the end of March 2018 there were 158,389 customers claiming Housing Benefit (HB) broken down as follows:

Housing Executive tenants	64,206
Housing association tenants	30,419
Hostel claims	1,523
Private rented sector tenants	62,241

Over the course of the year we paid out £631.8m in HB, assessing 54,135 new claims for HB and dealing with 475,298 changes to existing claims notified by claimants and 3,695,098 changes notified via the Department for Work and Pensions (an information system that informs local authorities of any change to other social security benefits or tax credits). New claims were processed, on average, within 16.8 days of receipt of the claim, with 47.2% of these being processed in under 10 days, while changes were made, on average, in 3.8 days of our being notified of the change.

Additional financial assistance was also delivered to 15,060 claimants through the Discretionary

Housing Payment Scheme, with awards totalling £3.6m being made over the course of the year. Distribution under Housing Benefit and Discretionary Housing Payment scheme for the financial year totalled £647.8m, compared with £674.5 for 2016/17.

Further help with rates charges was also provided through the Rates Relief and Lone Pensioner Allowance (LPA) Schemes. During 2017/18 a total of £2.46m was paid in Rates Relief to Housing Executive and housing association tenants with a caseload of 20,439 at the end of March 2018. A further £152k in LPA was also paid to Housing Executive and Housing Association tenants with a caseload of 5,471 at the end of March 2018. Additional awards of Rates Relief and LPA totalling £2.37m 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 2017/18 sanctions were taken against more than 254 claimants for benefit fraud, and we recovered over £15.1m of overpaid HB, of which £0.7m was recovered directly from Housing Executive tenants through Housing Benefit payments in year.

Complaints

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

During the year we dealt with 241 formal complaints. 194 complaints were investigated by the Regional Manager under the first stage of our complaints process, and 47 were dealt with at second stage by our Chief Executive, carrying out detailed investigations and addressing any issues raised. A further eight cases were preliminarily investigated by the Commissioner for Complaints. Performance on complaints is reported to our Business Committee bi-annually, and annually to the Board, and we examine all cases to deliver service improvement.

We recovered over £15.1m of overpaid Housing Benefit

Customer Service

We recognise that it is crucial for our tenants to get the most from being online. We consider digital innovation to be integral to engaging better with our tenants, and improving our customer service, however, we understand there may be obstacles preventing individuals from accessing online services. Consequently we are committed to identifying any barriers to digital inclusion our tenants may face and, working with our key partners, determining how to best to overcome them. In pursuit of this, we are working with internet service providers and other key stakeholders to provide access to broadband internet access at reduced cost, to ensure our tenants are offered the opportunity to enjoy all of the benefits of digital connectivity.

This year, our Digital Engagement Manager worked with a cross-divisional team to design and develop an assistive living initiative to support a limited number of tenants with disabilities to continue to live independently in their Housing Executive homes. We partnered with the Occupational Therapy Service and a locally based community social enterprise to install a range of smart home technologies (including Amazon Echo) through support packages tailored for each of the participating households.

Working with Supporting Communities, we saw the completion of phase one of our Digital for Change (D4C) pilot project, and implemented a second phase, which saw local residents - who were provided with free digital tablets - participating in workshops to help improve all aspects of their digital literacy. Our front line response maintenance and housing staff are also being equipped with smartphones and tablet devices to allow them to work more effectively out of the office, offering an improved customer experience for our tenants.

Additionally, we continue to encourage greater online usage, with our website enabling tenants to pay rent, apply for housing benefit, discretionary housing payments, report fraud, make a complaint or give feedback on our services. We also engage with users through our social media channels, with our audience increasing to 6,000 Facebook and 5,600 Twitter followers.

Human Resources

Sickness Absence

Total absence for the year was 7.04% which is an increase on last year's absence figure of 5.65%. The HR attendance management team provides support in the management of attendance by advising on absence triggers, and supporting

managers through the organisation's attendance management and review process.

The team also delivers absence awareness training for newly recruited team leaders and line managers, covering relevant procedures, roles and responsibilities. On-line e-learning programmes have been developed for staff to help address personal stress and action mental health issues. Absence training programmes are currently being developed with planned roll out to all managers later in the year. This training will provide guidance on all aspects of the absence management process and will include how best to utilise the Time Management system (TMS) system for recording and reporting on the absences.

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

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

Resourcing

Considerable progress was made this year with the implementation of revised staffing structures across the organisation. This included 226 recruitment exercises. Several of these exercises attracted large numbers of applicants, the most notable being the Housing Benefit Level 3 and 4's, Housing Services Patch Manager and Housing Advisor posts, which attracted over 600 applications.

In the Direct Labour Organisation (DLO) there was a pressing need to stabilise the structure and reduce the reliance on temporary agency workers, particularly in front line operational roles. Therefore, a series of recruitment exercises were carried out leading to permanent appointments across the full range of the DLO trades roles. DLO were then able to respond, at short notice, to complete work for Housing Executive customers when some contractors went into liquidation.

Implementing our Early Careers Programme has supported organisational succession planning through the recruitment of a range of trainees and apprentices.

To assist with the progress to the new structures and new ways of working, the Voluntary Early

Severance (VES) Scheme facilitated the voluntary release of staff from the organisation.

Learning and Development

We continue to recognise and invest in the wealth of talent we have across our organisation. In 2017/18 we continued to support the development and delivery of innovative learning initiatives which are aimed at identifying, leveraging and supporting this talent, and to equip the organisation to meet current and future needs.

In total 7,679 learning events were delivered to just over 6,800 delegates, covering corporate, functional and generic training. This equates to 8,080 learning days delivered in 2017/18. This high level of activity reflects the importance of learning and development in ensuring that best-in-class housing services are delivered by a highly skilled, motivated and engaged workforce.

We continued to focus on the development of effective leadership and management capability through the delivery of a senior leadership team development programme, alongside our Leadership, Trust and Confidence, Leader as Coach and People Management Programmes.

A key aspect of our Learning and Development Programme for 2017/18 was the continued delivery of the corporate elements of the Transformation Roll-In Induction Plan for newly appointed staff. This included aspects of leadership, performance management, customer engagement and personal resilience. We agreed a programme of training to be delivered by Action Mental Health to assist the organisation in promoting positive mental health, building personal resilience and providing a supportive working environment for all staff (delivery to commence mid 2018).

The number of staff undertaking formal qualifications and programmes of study under the Post Entry Training Facility continued to rise, reaching a five year high of 162 staff supported in 2017/18. In addition we paid professional membership fees for 193 staff in 2017/18.

We implemented phase two of the Professional Mentor Scheme, reflecting participant feedback from a review of phase one. This included the delivery of two mentee on boarding sessions to prospective mentees and upskilling a further intake of mentors. We supported a further two mentee intakes in June and November 2017, as well as two mentor networking/CPD events. We currently have 33 mentees and 43 mentors. Feedback from those who participated in the scheme indicates the top three learning outcomes:

- Career development and planning;
- Building confidence, and
- Relationship management.

The Learning and Development Team also undertook significant personal and professional development to ensure we are equipped to deliver a high quality, comprehensive service and add value to our business.

The Team attended the Chartered Institute of Personnel and Development (CIPD) Learning & Development Show, and individual team members successfully completed a range of formal qualifications including CIPD Level 3 Diploma in Learning and Development, CIPD Progressive Strategies for Talent Management Programme and Disability Positive Training and Accreditation (Employer for Disability NI).

The work of the Learning & Development Team continues to be recognised by our peers, with two shortlisted nominations for Best Disability Initiative (Legal Island Equality & Diversity Awards) and Best Disability and Inclusion Initiative (CIPD Northern Ireland).

Workforce Planning

A target for 2017/18 was to develop a Workforce Planning Framework by 31 March 2018. The appointment of a Workforce planning team is still pending and this work will be taken forward into 2018/19.

Risk Management

The Housing Executive embarked on a review of risk management in the latter half of 2016, the review enhanced and improved our risk management framework and began the process of embedding a risk aware culture.

The most recent Risk Management Strategy and Policy and Process documents were approved by our Board in January 2018. An e-learning programme has been developed, and a schedule of risk and governance talks is underway to improve staff knowledge.

In June 2017 a new Corporate Risk Register was developed and this has been monitored throughout the year with a number of additions to reflect the current operating environment. A number of actions closed out for key corporate risks and new risks added. Our full report on Risk Management is detailed in our Governance Statement in the Directors' Report of our Annual Accounts.

The key corporate risks were identified and monitored through the Corporate Risk Register in 2017/18 are as follows:

1	Failure to maintain Financial Stability, manage within allocated funding and meet targeted efficiencies - impacting our ability to invest in our stock and provide the required public services.
2	Failure to prevent an intentional act whether by employees, third parties, or tenants involving the use of deception to obtain an unjust or illegal advantage, leading to financial or reputational loss to the Housing Executive.
3	Failure to effectively manage the impact of Welfare Reform leading to: financial loss, tenant distress, reduction in the quality of service and reputational damage.
4	Failure to protect the Health and Safety of tenants, employees and others and ensure compliance with Health and Safety regulations leads to death or serious injury.
5	Failure to adequately meet assessed housing needs and deliver social housing development programme in line with budget and targets
6	Failure to provide an effective Homeless Service to meet the Housing need as part of a wider stakeholder group, leading to customer distress and poor service delivery.
7	Contract Management (Response /Planned) Failure to effectively manage NIHE contracts leading to: a. Poor value for money (VFM); b. Poor quality work; c. Overpayments.
8	Change Management - Failure to effectively manage change leading to reputational damage and poor service delivery.
9	Housing Executive IT systems are not fit for purpose compromising data integrity and security and/or non-availability of core systems, etc. leading to reputational damage and poor service delivery.
10	Complexity of arrangements for two-strand approach to IT Futures project (Commodity & line of business split) could result in slippage to either strand, and result in inability to provide continuous service in the transition.
11	The Housing Executive is unable to fulfil its statutory duties due to lack of decision on the future direction and delivery model of the Housing Executive leading to reputational damage, service disruption and customer distress.
12	Failure to maintain equitable remuneration to secure the key skills and talent to maintain service delivery

Assurance Reporting

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

To ensure this, the Housing Executive has in place an assurance process whereby quarterly assurance statements are signed off by Assistant Directors and Directors for their areas of responsibility. These are underpinned by the Housing Executive's risk management process and are used to support the Chief Executive's quarterly Stewardship Statement, which is submitted to the Department to provide the required assurance. The quarterly statements are considered in the production of the Annual Governance Statement for the year end.

The Housing Executive also is engaged in monthly performance and accountability meetings with department. These meetings discuss performance and allow forum issues to be raised and addressed in a timely manner.

2017/18 BUSINESS PLAN KEY PERFORMANCE INDICATORS (KPIs)

PEOPLE	
Outcome 1 - Helping people find housing support and solutions	
Performance 2016/17	Performance 2017/18
<p>Supporting People and Homeless services <i>Regional Services</i> (RS) KPI 4.1 Assist at least 18,500 vulnerable individuals to live independently.</p>	<p><i>Regional Services</i> (RS) KPI 4.10 (PfG) By 31 March 2018 ensure a minimum spend of SP Programme funding delivered through Floating Support at 15%, or spend of £10m whichever is the greater value.</p>
<p>There are 19,060 housing support places, providing support to 14,026 accommodation based and 5,034 floating support schemes.</p>	<p>Year to date expenditure at 31 March 2018 for Supporting People is £73.8m. £11.4m or 15.5% of this relates to funding Floating Support schemes.</p>
<p>RS KPI 4.5 Implement those parts of the Supporting People (SP) review implementation plan which fall to the Housing Executive.</p>	<p>RS KPI 4.5 (PfG) Implement those parts of the Departmental SP Review Implementation Plan (Year 2) which fall to the Housing Executive by 31 March 2018.</p>
<p>There are eight parts of the two year Supporting People Implementation Plan that fall to the Housing Executive. In year one of the Action Plan five actions are now complete; two actions have been re-baselined to Q1 2017/18 by agreement and the final action, which is a joint working arrangement and therefore out of our control, has slipped past the year end. Department for Communities (DfC) is currently undertaking a mid-point review of milestones relating to the implementation of the DfC review of Supporting People.</p>	<p>There are eight parts of the two year Supporting People Implementation Plan that fall to the Housing Executive. We have been working closely with the Department in relation to the action plan and while substantial work has been carried out to date with one action complete, and 4 actions will complete just outside the financial year. The remaining actions will continue into 2018/19.</p>
<p>RS KPI 4.6 Draft and publish (by April 2017) a new Homelessness Strategy 2017-20 (as per statutory requirement).</p>	<p>RS KPI 4.6 (PfG) Measure 1: By 30 April 2017 to produce a Homelessness Strategy.</p>
<p>The draft Homelessness Strategy is complete and was submitted to the Board on 29 March 2017. The new strategy was published in April 2017.</p>	<p>This target has now been met. A new homelessness strategy was launched in April 2017 and is published on the Housing Executive website. All homelessness KPIs were transferred from Regional Services to Landlord Services on 19 January 2018.</p>
	<p>RS KPI 4.8 (PfG) Measure 2: Develop the Housing Executive Homelessness Action Plan by 30 June 2017 and implement Year 1 actions by 31 March 2018.</p>
<p>Not a KPI in 2016/17.</p>	<p>The Housing Executive led Action Plan was developed with five key objectives. The Housing Executive is solely responsible for 16 out of the 18 actions in the Homelessness Action Plan. 13 out of 16 actions were completed in Year 1. This means that three actions were not completed in Year 1. The three actions that were not completed in Year 1 were carried forward into the 2018/19 business year.</p>

Performance 2016/17	Performance 2017/18
<p>Landlord Housing Services (LLHS) KPI 6.1 (PfG) Roll-in the Housing Options service (Housing Support & Solutions service) aimed at preventing homelessness by 31st March 2018.</p> <p>Not a KPI in 2016/17.</p>	<p>Landlord Housing Services (LLHS) KPI 6.1 (PfG) Roll-in the Housing Options service (Housing Support & Solutions service) aimed at preventing homelessness by 31 March 2018.</p> <p>A Housing Solutions training programme was undertaken and completed at end March 2018. The Housing Support and Solutions Service is operating in all offices.</p>
<p>Not a KPI in 2016/17.</p>	<p>RS KPI 4.9 (PfG) By 30 June 2018 to produce an annual assessment on progress on Homelessness Strategy Action Plan.</p> <p>An assessment on year 1 of the implementation of the Homelessness Strategy Action Plan is expected to be produced by the 30 June 2018.</p>
<p>Not a KPI in 2016/17.</p>	<p>RS KPI 3.9 (PfG) Disabled Facilities Grants - review processes by 31 March 2018.</p> <p>The review of Disabled Facilities Grants processes is complete. The impact of the Construction Design Management regulations on grant processes is being tested and should not prevent the Housing Executive from implementing the reviewed processes during 2018/19.</p>
<p>Not a KPI in 2016/17.</p>	<p>Landlord Asset Management (LLAM) KPI 4.1 (PfG) Major Adaptation Process Improvements - by 31 March 2018 review and baseline how long it takes to complete major adaptations.</p> <p>A review of major adaptations is running to project timescales and a baseline has been established.</p>
<p>Not a KPI in 2016/17.</p>	<p>LLHS KPI 1.3.2 Set baseline and report on the number of tenancies sustained over a 12 month period.</p> <p>A baseline was set at 86% for tenancy sustainment. Data analysed from April 2017 - March 2018 has established that 13% of monthly terminations were ended within the first 12 months of tenancy resulting in 87% of tenancies were sustained over a 12 month period.</p>
<p>Not a KPI in 2016/17.</p>	<p>LLAM KPI 4.2 Start 175 adaptations for people with a disability.</p> <p>Performance was above target with 178 starts.</p>
<p>Grants for the Private Sector RS KPI 3.2 Approve 900 Disabled Facilities Grants.</p> <p>There were 1,070 Disabled Facilities Grants approved, exceeding the target.</p>	<p>RS KPI 3.2 Approve 900 Disabled Facilities Grants.</p> <p>There were 1,098 Disabled Facilities Grants approved in 2017/18, exceeding the target.</p>
<p>RS KPI 4.3 Reduce the number of homeless presenters from the end of March 2016 outturn figure (18,628).</p> <p>Homeless presenters (18,573) decreased by 0.3% (55) from the March 2016 outturn figure.</p>	<p>RS KPI 4.3 Reduce the number of homeless presenters (Statutory Article 6A Housing) from end of March 2017 outturn figure of 18,573.</p> <p>There were 18,180 homeless presenters which represents a decrease of 393 cases (2%) on the 2017 target of 18,573.</p>

Performance 2016/17	Performance 2017/18
<p>RS KPI 4.4 Reduce the average length of time in temporary accommodation from the end of March 2016 outturn figure.</p> <p>The aim of the 2012-2017 Homeless Strategy is to reduce the length of stay in temporary accommodation to 40 weeks. The challenging target of 37.7 weeks was set for 2016/17, based on the March 2016 outturn figure.</p> <p>The year-end target has not been met with the March 2017 figure 40.7 weeks. It should be noted that performance has not improved, and analysis would suggest that this could continue based on a number of factors for example, lower turnover of stock, less availability in the private sector.</p>	<p>RS KPI 4.4 Reduce the average length of time in temporary accommodation - from the end of March 2017 outturn figure of 40.7 weeks.</p> <p>The target of reducing the average length of time in temporary accommodation from the end of March 2017 outturn figure, while challenging, has been achieved with the average length of time in temporary accommodation reduced to 40.3 weeks in March 2018, from 40.7 weeks at the end of March 2017.</p>
<p>Not a KPI in 2016/17.</p>	<p>RS KPI 4.11 By 31 March 2018 to develop an action plan on any agreed Housing Executive actions arising from the NI Human Rights Commission investigation into Travellers' accommodation.</p> <p>The NI Human Rights Commission (NIHRC) report was released near the end of the financial year, (6 March 2018). While many of the NIHRC recommendations are already being progressed across the organisation, we will develop an action plan on agreed actions arising from the Report; however this will complete in the 2018/19 financial year.</p>
<p>PEOPLE Outcome 4 - Delivering quality public services</p>	
<p>Not a KPI in 2016/17.</p>	<p>RS KPI 3.10 (PfG) Carry out a Grants & Energy Efficiency customer satisfaction survey by March 2018 (part of the 2017/18 research programme).</p> <p>Both a Grants and an Energy Efficiency customer satisfaction survey were carried out in -year and the findings of these surveys are available on the Housing Executive website.</p>
<p>Managing our Stock Landlord (LL) KPI 1.3.1 Reduce relet times from an average of 25 days to an average of 23 days.</p> <p>The average relet time is 18 days and the target has been met.</p>	<p>LLHS KPI 1.3.1 (Departmental Priority) Reduce relet times from an average of 23 days to an average of within 21 days and remain within the Housemark top quartile relet times of an average of 21 days.</p> <p>This target was exceeded with an average year end relet time of 17 days which is within top quartile Housemark relet time.</p>
<p>LL KPI 2.9 Customer Service Target - Maintain Tenants' satisfaction with overall service at 88% or above.</p> <p>This is measured on a calendar year (January - December 2016). Performance has improved to 87% from 82% in 2015/16. Performance has continued to improve 88% was recorded for the 2016/17 year end.</p>	<p>LLHS KPI 2.9 (Departmental Priority) Customer Service Target - Maintain Tenants' satisfaction with overall service at 88% or above and achieve Housemark top quartile status.</p> <p>This is measured on a calendar year (January - December 2017). Tenants' satisfaction with the overall service from January to December 2017 was 89%, exceeding the target of 88%.</p>

Performance 2016/17	Performance 2017/18
	<p>Support Services (SS) KPI 5.6 (Departmental Priority) Develop a joint, Housing Executive and Departmental working group to develop a model and track the impacts of Welfare Reform on Housing.</p>
Not a KPI in 2016/17.	<p>The Housing Executive is represented on a number of Departmental project boards in relation to Welfare Reform. In addition, we also chair the Welfare Reform Research Group which includes a representative from the Department.</p> <p>The impacts of Welfare Reform are also discussed at an internal Welfare Reform Project Board.</p>
<p>Managing Rental Income LL KPI 1.1 Collect 99.6% of rent due.</p>	<p>LLHS KPI 1.1 Maximise Income Collection - Collect 99.6% of rent due.</p>
Current year-end income collected was 99.87%.	At the year-end 99.8% of collectable income had been collected.
<p>LL KPI 1.2 Maintain March 2016 current arrears level.</p>	<p>LLHS KPI 1.2 Maintain March 2017 current arrears level, including technical arrears.</p>
The target of £9,700k has been met with arrears reduced to £9,110k.	<p>March 2017 outturn was £9.1m excluding technical arrears. The 2017/18 target included technical arrears (payments owed to the Housing Executive not yet received), which was £9.9m. This was not achieved, with arrears ending the financial year at £10.1m, £176k outside target.</p> <p>An arrears action plan has been implemented and work is ongoing to determine the impact of Welfare Reform.</p>
	<p>LLHS KPI 3.5 Deliver the Financial Inclusion Strategy 2016-2019.</p>
Not a KPI in 2016/17.	<p>The Financial Inclusion Strategy was approved by the Housing Executive Board in February 2016 and continues to promote a range of services and initiatives including advice, guidance and signposting to other partner organisations.</p> <p>The main services tenants are interested in are referral to Citizens Advice, "Make the Call" and checking Housing Benefit entitlement. As a result of "Make the Call", a small number of tenants ended up with additional benefits such as Personal Independence Payment (PIP). In addition, a number of tenants are financially better off after receiving assistance with the Housing Benefit application process.</p>

Performance 2016/17	Performance 2017/18
<p>SS KPI 1.1R Ensure that Regional financial resources are managed effectively.</p> <p>Capital: There is now a minor easement of £0.155m reported. A pressure of £1.8m has emerged against Affordable Warmth and £0.15m against private sector grants. This was offset in part by the easement of £0.9m against boiler replacement. The remainder of this pressure was offset against an easement of £0.8m which was reported against the Social Housing Development Plan (SHDP). There was an easement of £0.62m forecast against Special Purchase of Evacuated Dwellings (SPED) purchases, with a further easement of £0.09m against capital accommodation costs. This was offset by a pressure of £0.35m against SPED Sales. This leaves the year-end position within a reasonable tolerance level.</p> <p>Revenue: The pressure of £1.57m was due to the Department permitted pressure of £2m against Supporting People being offset against small easements. Financial resources are closely managed throughout the year and, excluding the £2m permitted overspend against Supporting People, leaves the year-end position within a reasonable tolerance level.</p>	<p>SSKPI 1.1RC Regional Capital spend - Finance - Ensure that Regional financial resources are managed.</p> <p>Regional Capital resources have been managed throughout the year and were managed within 1% tolerance. Details are set out in other sections of the Annual Report.</p>
<p>See SS KPI 1.1R above.</p>	<p>SS KPI 1.1RR Regional Revenue spend - Finance - Ensure that Regional financial resources are managed.</p> <p>Regional Revenue resources have been managed throughout the year and were managed within 1% tolerance. Details are set out in other sections of the Annual Report.</p>
<p>Financial Management SS KPI 1.1L Ensure that Landlord financial resources are managed effectively.</p> <p>Capital: Financial resources are closely managed throughout the year with any unspent monies transferred to reserves for re-programming. An easement of £11.4m was reported, of which £9.04m was due to slippage on housing stock improvements. An additional £2.198m budget was allocated for stock improvements at January Monitoring. The Interim Investment Plan (IIP) target of £21m to end of March was met. The total capital budget includes an amount of approximately £7m transferred from reserves.</p> <p>Revenue: Financial resources are closely managed throughout the year with any unspent monies transferred to reserves for reprogramming. The easement of £23m was largely in relation to planned maintenance and was offset by a pressure in relation to Corporation Tax of £5.8m.</p>	<p>SS KPI 1.1LC Landlord Capital spend - Finance - Ensure that Landlord financial resources are managed.</p> <p>Financial resources are closely managed throughout the year with any unspent monies transferred to reserves for re-programming. Details are set out in other sections of the Annual Report.</p>

Performance 2016/17	Performance 2017/18
	SS KPI 1.1LR Landlord Revenue spend - Finance - Ensure that Landlord financial resources are managed.
See SSKPI 1.1L above.	Financial resources are closely managed throughout the year with any unspent monies transferred to reserves for re-programming. Details are set out in other sections of the Annual Report.
	LLAM KPI 2.2.7 Procurement of new planned maintenance contracts - to be awarded by 30 April 2018
Not a KPI in 2016/17.	The Housing Executive's Board approved the award on 25 April 2018.
	LLHS KPI 2.8 To achieve Customer Service Excellence (CSE) reaccreditation by August 2017.
Not a KPI in 2016/17.	Re-accreditation was received in July 2017 with more than 20 compliances, our best result to date.
	RS KPI 3.11 Continue to work with the Department in relation to the review of Private Sector Grants and respond to the consultation document (subject to Ministerial approval)
Not a KPI in 2016/17.	The Housing Executive continues to work with the department in relation to the review of Private Sector Grants and as of March 2018, is awaiting the publication of the review.
Market Intelligence RS KPI 1.1 Deliver the existing annual client-led Research Programme.	RS KPI 1.1 Deliver the existing annual client-led Research Programme.
Progress was reported at the quarterly Research Committees throughout 2016/17. At year end: Nine projects were complete; three projects were not due to complete within the financial year but were on target; and one project had slipped. The slipped project is now expected to have the draft report in place by the third quarter of 2017/18.	The target of delivering the existing annual client-led Research Programme has been achieved. Progress on the 2017/18 research programme was reported to the Research Committee under the following headings; <i>Projects with Contractual/Statutory Commitments</i> Of the six projects, two had reached final milestone stage and three were progressing in line with agreed timetables. The House Condition Survey is reported under RSKPI 1.4. <i>Essential Projects</i> Of a total of six projects four had reached final milestone stage and two were progressing in line with agreed timetables. Additional projects to meet business needs Of the four projects, one added in year, two had reached final milestone stage and a further two had commenced following procurement in early 2018. Details of the research programme and completed research can be found on the Housing Executive's website.

Performance 2016/17			Performance 2017/18		
RS KPI 1.2 Lead 2 Housing Market Intelligence Exchange Forums (HMIE).			RS KPI 1.2 Lead 2 Housing Market Intelligence Exchange Forums (HMIE).		
Two forums were held during the year on 20 October 2016 and 14 March 2017. The Insight briefings were published on the Housing Executive's website and links emailed to delegates and those invited to the event. http://www.nihe.gov.uk/index/corporate/housing_research/housing-market-intelligence-exchange.htm The first HMIE forum of 2017/18 is scheduled to take place late 2017.			This target was achieved. Two forums were held during the year. The first, 'Research and policy in the housing sector; making the links' was held in October 2017 and the second, 'Evidence and Policy on the Private Rented Sector' was held in March 2018. Insight briefings were also published on the Housing Executive's website.		
Housing Benefit SS KPI 5.1 Process new Housing Benefit claims within 22 days.			SS KPI 5.1 Process new Housing Benefit claims within 22 days.		
	Target	Actual		Target	Actual
Overall end of year average - measured in days.	22	16.0	Overall end of year average - measured in days.	22	16.8
SS KPI 5.2 Process changes of circumstances claims within an average of 7 days.			SS KPI 5.2 Process changes of circumstances claims within an average of 7 days.		
	Target	Actual		Target	Actual
Overall end of year average - measured in days.	7	3.7	Overall end of year average - measured in days.	7	3.8
SS KPI 5.3 Ensure an accuracy rate of 97% for Housing Benefit assessments.			SS KPI 5.3 Housing Benefit: Ensure an accuracy rate of 100% for Housing Benefit assessments (3% tolerance).		
The accuracy rate at the year-end was 98.9%, exceeding the target.			The accuracy rate at the year-end was 98.7%, exceeding the target.		
SS KPI 5.4 Recover at least £14m of overpayments.			SS KPI 5.4 Recover Housing Benefit overpayments to the value of 80% of the total raised in 2017/18.		
The target was not met with £13,717,834 being recovered during the year.			This target has been met with 81% of overpayments recovered during the year. This equates to £15.1m recovered during the year.		
SS KPI 5.5 Reduce the level of fraud and error to 3.35% of Housing Benefit expenditure.			SS KPI 5.5 Maintain the level of fraud and error to 3.35% of Housing Benefit expenditure.		
This is measured on a calendar year (January-December 2016). Findings show an increase to 5.2% fraud and error. At the 2016/17 year end the level of fraud & error was at 5.7% (this covers the period 01/04/16 to 31/03/17).			At the end of 2017/18 the level of fraud and error was 4.4%. Whilst the target was not met performance has improved.		
SS KPI 5.7 Maximum percentage of new claims registered more than 50 days (Target 2%).			SS KPI 5.7 Maximum percentage of new claims registered more than 50 days (Target 2%).		
0.5% of new claims were registered outside the 50 days.			This target has been met with 0.6% of new claims registered outside of the 50 day period.		
SS KPI 5.8 97% of new claims decided within 14 days of having all information.			SS KPI 5.8 97% of new claims decided within 14 days of having all information.		
98.6% were decided within 14 days.			This KPI has been met with 98.6% of new claims decided within 14 days.		

Performance 2016/17	Performance 2017/18
<p>RS KPI 1.4 Commence the House Condition Survey.</p> <p>The preliminary report was published on 30 March 2017, meeting the year-end target.</p>	<p>RS KPI 1.4 Publish the House Condition Survey Final Report by 31 March 2018.</p> <p>The final House Condition Survey Final Report is due to be published in May 2018. The government released a new version of the SAP2012 energy efficiency measure in November 2017. In order to provide robust, comparable and up-to-date figures, it was necessary to use this measure, but this unforeseen change means that full analysis and quality assurance of all modelled data (some of which has had to be remodelled in light of this change) has delayed publication.</p>
<p>Not a KPI in 2016/17.</p>	<p>SS KPI 2.1 Further develop our business reporting structures maximising information from all Housing Executive systems - by March 2018.</p> <p>This KPI has not been met. Whilst preliminary work was commenced, it was agreed at the Programme Board that this project would not be taken forward in 2017/18.</p>
<p>Not a KPI 2016/17.</p>	<p>SS KPI 3.1 Deliver new Housing Executive website and digital services of our Digital Transformation - by March 2018</p> <p>Whilst there has been significant work carried out to date on this KPI, the year-end target date has not been met. Implementation of the new Housing Executive website has slipped to September 2018 (from March 2018) following enhancements in line with Housing Executive requirements. A number of reviews and pilots around social media have been completed and a Staff Engagement site for feedback/discussion on service improvements was complete.</p>
<p>Not a KPI in 2016/17.</p>	<p>SS KPI 3.2 Get as many of our customers as possible online and digitally included by 2020.</p> <p>Work is continuing on the development of the KPI to get as many of our customers online and digitally included by 2020.</p> <ul style="list-style-type: none"> - Work has progressed to explore potential for low cost Broadband opportunities for tenants. - A review of Phase 1 of the Digital for Communities pilot project for key lessons learned has taken place with Phase 2 taking place across a number of locations. <p>A number of work strands due to be completed this financial year were unable to be progressed until further work on our customer service provision for the future has been undertaken.</p>
<p>Not a KPI in 2016/17.</p>	<p>SS KPI 4.1 A Workforce Planning Framework will be developed by 31 March 2018</p> <p>Appointment of a Workforce Planning team is still pending and the Workforce Planning Framework has not been produced. This work will be taken forward in 2018/19.</p>

PROPERTY	
Outcome 2 - Delivering Better Homes	
Performance 2016/17	Performance 2017/18
<p>Asset Management <i>LL KPI 2.2</i> Complete the commitments in the Interim Investment Plan (IIP) covering 2016/17.</p> <p>All IIP projects had commenced at the year-end. 52 projects have completed over the term of the plan to March 2017, with the remaining to be completed by the extended date of 31 December 2017.</p>	<p><i>LLAM KPI 2.2 (PfG)</i> Complete the commitments in the Interim Investment Plan by 31 December 2017.</p> <p>All work funded by the Interim Investment Plan was completed by 31 December 2017.</p>
<p>Planned maintenance of our stock <i>LL KPI 2.5</i> To complete planned External Cyclical Maintenance work on 10,000 dwellings, complete 4,280 revenue replacements, complete 3,620 heating installations and complete 2,410 double glazing starts.</p> <p>External Cyclical Maintenance - 10,091 Revenue replacement - 4,297 Heating installation - 3,627 Double glazing - 1,133</p>	<p>Planned maintenance of our stock <i>LLAM KPI 2.5.1, 2.5.2, 2.5.3 and 2.5.4</i> External Cyclical maintenance - Complete 10,500 Revenue Replacements - Complete 3,700 Heating Installations - Complete 4,000 Double Glazing - Complete 3,800</p> <p>External Cyclical Maintenance - 9,460 Revenue replacement - 3,877 Heating installation - 3,684 Double glazing - 2,133 KPI 2.5.1 and 2.5.4 were not met due to contractual issues that disrupted the progress of these schemes. KPI 2.5.3 was not met due to a contractor going into liquidation.</p>
<p><i>LL KPI 2.7</i> Ensure all occupied homes have a valid annual gas safety certificate.</p> <p>99.9% of occupied homes had a valid gas certificate and 35 properties (11 of which have internal meters) did not have a valid gas safety certificate. These properties are going through our no access procedure to ensure there is a valid gas safety certificate.</p>	<p><i>LLAM KPI 2.7</i> Health and Safety Compliance - Ensure all occupied homes have a valid gas safety certificate.</p> <p>At the end of March 2018 43,810 properties required a valid gas certificate. Of these 855 did not have a valid certificate and all 855 were going through the Housing Executive's no access procedure. The KPI is met, as measurement includes the number of properties with a valid certificate and the number of properties with no access procedures in place. Of the 855: Stage 2 procedures were in place for 515 homes with, contractors having contacted tenants and arranged a visit date; Stage 4a was in place for a further 180 where our Customer Service Units had made contact with the tenants and visits arranged; and Stage 5 for a further 160 with legal letters issued.</p>

Performance 2016/17	Performance 2017/18
<p>LL KPI 2.7.1 Monitor Compliance Action Plan.</p> <p>The Compliance Action Plan has been developed and policies received Board approval in September 2016. Procedures are being implemented in line with awarding of contracts following new procurements and continue to be reviewed during the implementation of the new Asset Management system.</p>	<p>LLAM KPI 2.8.1, 2.8.2 and 2.8.3 Health and Safety Compliance - Set baselines for Legionella, Asbestos and Fire Safety.</p> <p>The survey and risk assessment programme for Legionella identified for the year 2017/18 has been achieved overall. The process to set the baseline is being managed. Due to procurement issues the surveys, carried out over a 2 year period, were delayed and are due to complete by May 2019. The Survey Strategy outlines a baseline of 10,000 properties per year. The process to set the baseline is being managed. Due to procurement issues the commencement of the survey and risk assessment programme for Asbestos was delayed and will now complete by June 2018. This will determine the future baseline for reporting on performance. The Action Plans emanating from the risk assessment programme for Fire Safety and will determine the baseline for reporting on performance. Fire Risk Assessments have been completed and remedial works are now ongoing and are due to complete by December 2018. Some Fire Risk assessments have to be reviewed.</p>
<p>Response Maintenance to our stock LLKPI 2.6 Carry out 90% of requests within the following parameters Emergency within 24 hours; Urgent within 4 days; Routine within 4 weeks; Change of tenancy within 25 working days.</p>	<p>LLAM KPI 4.1, 4.2 Quality, 4.2 Cost, 4.3E, 4.3U, 4.3R, 4.4, 4.5, 4.6, 4.7, 4.8 and 4.9. Response Maintenance 4.1 Customer Satisfaction - Overall - Responsive Maintenance - Target 94% 4.2 Quality Employers Post Inspections - Pass Rate Responsive Maintenance - Target 91% (Quality) 4.2 Cost Employers Post Inspections - Pass Rate Responsive Maintenance - Target 91% (Cost) 4.3 Emergency Time - Responsive Maintenance Completed on Time Emergency - Target 92% 4.3 Urgent Time - Responsive Maintenance Completed on Time Urgent - Target 90% 4.3 Routine Time - Responsive Maintenance Completed on Time Routine Target - 90% 4.4 Time - Voids completed on Time - Target 95% 4.5 Time - Adaptations completed on Time - Target 96% 4.7 First Time Fix (Responsive Maintenance) Target - 85% 4.8 Recalls to Defects in the Defects Liability Period - Responsive - Target 95% 4.9 Time - Responsive Maintenance Appointments Kept - Target 90%</p>

Performance 2016/17	Performance 2017/18
Emergency - 98.82% Urgent - 98.07% Routine - 97.50% COTs - 98.63%	<p>New contracts were commenced during September and October 2016. It should be noted that there are currently 15 contracts with 11 KPIs for each contract. There is no Northern Ireland figure as the KPIs are measured by contract. There has been a gradual improvement in the number of targets achieved since the start of the financial year, however, a contractor went into administration during the year and this had an effect on performance. One contractor had initial difficulties interfacing with the computer system and is showing an underperformance from December to February. However, manual records show that KPIs have largely been met for this contractor, and it is anticipated that the end of March figures from the system will show an improvement. Management continue to monitor performance, taking action as required.</p> <p>Note that all maintenance contract figures are at the end of February 2018, one month behind. See below for performance for each KPI by contract.</p>

Contractor	%	KPI 4.1	KPI 4.2 Quality	KPI 4.2 Cost	KPI 4.3E Emergency	KPI 4.3U Urgent	KPI 4.3R Routine	KPI 4.4	KPI 4.5	KPI 4.7	KPI 4.8	KPI 4.9
	1	93.68	83.67	90.48	75.99	75.25	60.92	69.33	79.31	88.64	94.87	72.12
2	94.57	91.51	91.03	93.17	91.42	90.83	100	72.34	88.83	95.85	85.55	
3	95.83	83.78	91.35	78.55	71.36	69.21	64.21	62.16	78.82	96.21	72.11	
4	96.00	89.39	91.62	80.90	74.59	72.27	74.68	65.91	79.06	95.78	79.51	
5	90.00	78.28	90.35	73.94	77.01	45.91	87.10	60.42	92.92	95.36	55.71	
6	100	79.43	91.49	70.57	61.43	24.30	50.00	40.00	87.61	96.30	46.74	
7	100	98.48	92.42	74.30	78.45	82.93	98.57	95.45	87.06	98.54	57.16	
8	100	92.07	91.46	96.57	96.10	93.68	96.83	95.65	90.70	96.30	91.60	
9	100	91.24	99.27	92.61	90.33	93.53	97.62	100	94.64	95.72	91.74	
10	97.56	91.23	85.97	93.14	94.69	91.82	98.04	100	86.57	95.45	92.78	
11	97.62	91.58	90.00	96.48	95.64	92.27	97.30	100	89.74	96.07	92.59	
12	100	95.97	91.59	96.95	96.64	91.66	98.91	100	85.71	97.25	91.00	
13	100	100	100	76.84	61.09	76.53	100	100	64.66	97.94	52.03	
14	97.10	93.49	95.02	95.85	94.70	92.80	96.67	97.14	80.25	96.43	94.31	
15	94.83	91.74	92.05	94.16	92.07	93.56	99.30	96.23	84.69	96.73	93.10	

LL KPI 1.3	LLHS KPI 1.3
Managing our Stock Ensure 99% of lettable stock is occupied (not void). Lettable stock at the end of March 2017 was 86,069.	Ensure 99% of lettable stock is occupied (not void).
There were only 418 lettable voids at the end of March 2017 against a stock of 86,069. The target was met with 99.5% of stock occupied.	The target was met with 99.6% of stock occupied. There were 377 lettable voids at the end of March 2018 against a stock of 85,534. This is our best performance in recent years.

Performance 2016/17	Performance 2017/18
<p>LL KPI 2.4 Deliver the Small Scale Stock Transfer Programme.</p>	<p>LLAM KPI 2.4.1 (Departmental Priority), 2.4.2 (Departmental Priority), and 2.4.3 (Departmental Priority), 2.4.1 - Grange and Ballee estates to transfer to housing associations, subject to positive tenant votes and Departmental approval by 31 March 2018. 2.4.2 - Transfer Briefs for Mournview-Grey and Lord Street to be issued by 31 March 2018. 2.4.3 - To obtain Housing Executive Board approval for the transfer of Rossville and Killicomaine estates to housing associations, subject to positive tenant votes, by 31 March 2018.</p>
<p>A new target for 2016/17 was agreed by the Department on 9 August 2016. Measure 1(LL KPI 2.4.1) is to secure Board approval by March 2017 for the transfer of 559 properties in two estates to housing associations. This target was not achieved due to a number of issues that affected the development and consultation timescales for the proposals, but these have now been resolved and a position paper was submitted to August Board. Measure 2 (LL KPI 2.4.2) is to have briefs for the remaining estates in Tranches 1 and 2 issued to housing associations by the end of March 2017. This has met the agreed target criteria.</p>	<p>There are three distinct actions linked to this performance indicator and it should be noted that new targets were agreed with the Department on 24 November 17, shown below: LLAM KPI 2.4.1 Small Scale Voluntary Stock Transfer Programme - To have commenced public consultation in Ballee, with a view to carrying out the tenant vote in 2018/19. This target was achieved, with formal consultation started week commencing 26 March 2018. LLAM KPI 2.4.2 Small Scale Voluntary Stock Transfer Programme - To have transfer briefs prepared for Mournview/Grey and Lord Street/Avoniel pending Departmental approval of the outline business cases for these estates. Target achieved - briefs prepared. LLAM KPI 2.4.3 Small Scale Voluntary Stock Transfer Programme - To have transfer briefs prepared for Rossville and Killicomaine pending Departmental approval of the outline business cases for these estates. Target achieved - briefs prepared.</p>
	<p>LLAM KPI 4.3 (PfG) Develop a 10 Year Energy Efficiency Strategy for Housing Executive Stock</p>
<p>Not a KPI in 16/17 - See LL KPI 2.3 below.</p>	<p>A draft 10 year Energy Efficiency Strategy for Housing Executive stock was prepared, however further work is required and is dependent on budget clarification.</p>
<p>RS KPI 3.7 Produce the annual Home Energy Conservation Authority (HECA) Progress Report.</p> <p>The annual HECA Progress Report was issued to the Department on 17/11/16.</p>	<p>RS KPI 3.7 Produce the Annual Home Energy Conservation Authority Progress Report.</p> <p>The HECA Report was submitted to the Department in November 2017. The findings of this report are available on the Housing Executive website.</p>
	<p>LLAM KPI 4.4 Establish a baseline for Standard Assessment Procedure (SAP) rating in Housing Executive stock by 31 March 2018.</p>
<p>Not a KPI in 2016/17.</p>	<p>This target was achieved. An indicative baseline for SAP rating in Housing Executive stock has been developed using a sample exercise. A full Housing Executive Energy Performance Certificate (EPC) dataset has been requested and will be used to prepare a final baseline. This KPI is also linked to LLAM KPI 4.3 'Develop a 10 year Energy Efficiency Strategy for Housing Executive stock'.</p>

Performance 2016/17	Performance 2017/18
	RS KPI 3.12 (PfG) Implement the recommendations of the Affordable Warmth Review by 31 March 2018 (subject to Ministerial appointment).
Not a KPI in 2016/17.	A public consultation document was issued on 13 November 2017 on 'Changes to the Affordable Warmth Scheme', with the consultation period ending on 16 February 2018. Therefore recommendations were not able to be implemented prior to 31 March 2018.
RS KPI 3.5 Affordable Warmth Scheme (completions): Approximately 3,800 homes helped (with 5,700 intervention measures).	RS KPI 3.5 (PfG) By 31 March 2018 to improve a minimum of 6,350 homes through energy efficiency measures (incorporates work to deliver energy efficiency measures to Housing Executive homes). Subject to final budget.
5,069 homes were improved through the Affordable Warmth Scheme, exceeding the target. These were made up of 9,963 intervention measures. Please note that affordable warmth, boiler replacement and energy efficiency measures contribute to the Programme for Government target of 9,000 homes. Through a combination of these measures 9,579 homes were helped during 2016/17.	The target of improving 6,350 homes through energy efficiency measures has been exceeded with 7,636 homes being improved through these measures. 4,148 homes have been improved through the Affordable Warmth Scheme, 3,061 have been improved through the Boiler Replacement Scheme and 427 homes have been improved through the Interim Investment Programme.
Energy Efficiency RS KPI 3.5 Affordable Warmth Scheme (completions): Approximately 3,800 homes helped (with 5,700 intervention measures).	RS KPI 3.5.1 (PfG) Affordable Warmth Scheme: deliver affordable warmth measures to approximately 3,800 homes (with 5,700 intervention measures). Subject to final budget.
5,069 homes were improved through the Affordable Warmth Scheme, exceeding the target. These were made up of 9,963 intervention measures. Please note that affordable warmth, boiler replacement and energy efficiency measures contribute to the Programme for Government target of 9,000 homes. Through a combination of these measures 9,579 homes were helped during 2016/17.	The annual target has been exceeded by 348. 4,148 homes were improved through the Affordable Warmth scheme with 8,232 intervention measures installed.
	RS KPI 3.5.2 (PfG) To improve 300 Housing Executive homes through energy efficiency measures.
See above, figures were included in the energy efficiency total for RS KPI 3.5.	The target of improving 300 homes through energy efficiency measures has been exceeded by 127. 427 dwellings have been improved with 607 energy efficiency measures carried out including cavity wall insulation, external cladding, roof space insulation, window/door replacement and concrete base insulation.
RS KPI 3.6 Complete 4,000 boiler replacements.	RS KPI 3.6 (PfG) Complete 2,250 boiler replacements (subject to final budget).
3,184 boiler replacements were completed in 2016/17. The target was not met.	3,061 boiler replacements were completed exceeding the target by 811.

Performance 2016/17	Performance 2017/18
	RS KPI 3.14 (PfG) Develop with the Department a method for estimating the increase in SAP ratings in the private sector following completion of Energy Efficiency Measures by 31 March 2018.
Not a KPI in 2016/17	This KPI is now complete with the methodology in place and agreed with the Department. Further work is proceeding on procuring a service provider.
Grants for the Private Sector RS KPI 3.1 Approve 700 applications for Repair Grants.	RS KPI 3.1 Approve 700 Repair Grants.
668 approvals were granted. The target of 700 Repair Grant approvals was not met however, it should be noted that this is demand led.	507 approvals were granted which is below target. Repair Grant applications are dependent on the serving of a Public Health Notice by local councils and on landlords submitting applications.
	RS KPI 3.13 Work towards service standards by March 2018 for the Affordable Warmth Scheme.
Not a KPI in 16/17.	Service standards for the Affordable Warmth Scheme have been agreed with the Department. The Housing Executive will continue to work alongside the Department to implement these throughout 2018/19.
RS KPI 3.3 Register 120 new Houses in Multiple Occupation.	RS KPI 3.3 Register 120 new Houses in Multiple Occupation (HMO's).
There were 235 new Houses in Multiple Occupation registered, exceeding the target.	There were 161 HMO's registered in 2017/18 exceeding the target.
RS KPI 3.4 Inspect 1,000 Houses in Multiple Occupation living standards.	RS KPI 3.4 Inspect 1,000 Houses in Multiple Occupation living standards.
The living standards in 1,354 Houses in Multiple Occupation were inspected, exceeding the target.	1,208 Houses in Multiple Occupation living standards were inspected exceeding the target.
New Homes RS KPI 2.1 (PfG 28) Administer grant aid to housing associations to start 1,600 new social homes.	RS KPI 2.1 Programme for Government (PfG) 28 Start 1,750 new social homes by 31 March 2018 (Subject to final budget).
1,604 new social homes were started, exceeding the target.	1,759 new social homes were started, exceeding the target of 1,750.
	RS KPI 2.5 (PfG) By 31 March 2018 achieve 6% of New Build starts to be Wheelchair Accessible housing standard
Not a KPI in 2016/17.	A total of 1,759 starts were secured during the 2017/18 year, however it should be noted that the total figure includes all scheme types i.e. new build; Off the Shelf properties and Existing Satisfactory Purchases. The target for the provision of Wheelchair accessible accommodation relates solely to the New Build element. A total of 1,417 new build units were started during the 2017/18 year, of which 69 units (or 5%) were recorded as being of wheelchair accessible standard. Although this is just below target it should be noted that this is the highest annual number of wheelchair starts delivered through the Social Housing Development Programme during the past five years.

Performance 2016/17	Performance 2017/18
<p>RS KPI 2.2 Administer grant aid to housing associations to complete 1,200 new social homes.</p> <p>1,387 new social homes were completed, exceeding the target.</p>	<p>RS KPI 2.2 Complete 1,200 new social homes.</p> <p>1,507 new social homes were completed in 2017/18. This exceeded the target by 307 homes.</p>
	<p>RS KPI 2.6 (PfG) By 31 December 2017 to have scrutinised the Housing Executive's Undeveloped Land Schedule (ULS) to identify sites suitable for housing development (of all tenures)</p> <p>This action is complete.</p>
	<p>RS KPI 2.7 (PfG) By 31 March 2018 to have agreed a schedule of disposals over the PfG period, for those sites identified as suitable for housing development.</p>
Not a KPI 2016/17.	This action has been completed. A Schedule of Disposals was completed and approved.
<p>PROPERTY Outcome 4 - Delivering quality public services</p>	
<p>RS KPI 3.8 Transfer of HMOs to councils during 2017/18.</p>	<p>RS KPI 3.8 (Departmental Priority) By 31 March 2019 continue to work with the Department to have in place the transfer of HMO responsibilities to councils on 1 April 2019 (dependent on third party).</p>
This action has been moved to 2017/18 business year.	Preparatory work is on-going, to meet the transfer timescale, through specific project work streams.
	<p>RS KPI 3.15 (Departmental Priority) By 31 March 2018 to work with Bryson Energy to educate householders on preventative interventions and provide 7,000 pieces of advice on energy efficiency.</p>
Not a KPI in 2016/17.	The target to work with Bryson Energy to educate householders on preventative interventions and provide 7,000 pieces of advice on energy efficiency has been exceeded with 7,008 pieces of advice provided.

PLACES**Outcome 3 - Fostering vibrant sustainable communities**

Performance 2016/17

Performance 2017/18

LL KPI 3.1 Community Safety

Implement the Community Safety Strategy 2015-17.

The Strategy Implementation and Community Safety Action Plan is based around three areas of work:

- Building Community Confidence;
- Ensuring Local Solutions; and
- Working Together.

The yearly update was submitted to the April 2016 Board detailing the success of the strategy. Customer feedback indicates that tenant confidence in staff dealing with anti-social behaviour continues to be at a high level.

LLHS KPI 3.1

Continue to provide a responsive, effective, professional Community Safety service

The Housing Executive's Community Safety Strategy expired in December 2017 however, the Chief Executive's Business Committee met on 05.12.17 and approved an extension of up to 12 months on the current Strategy. The Strategy Action Plan and its main themes of prevention, intervention and enforcement, with associated objectives, will be carried forward into 2018 pending the introduction of a new Departmental Community Safety Strategy.

Comprehensive Community Safety policies and procedures are in place which provides guidance to Housing Executive staff on dealing with Community Safety and anti-social behaviour (ASB) issues. Over 80% of customers surveyed between April 2017 and March 2018 indicated that they would be willing to report ASB to the Housing Executive in the future.

The Hate Incident Practical Action (HIPA) scheme continues to be available to support victims of hate harassment and where there is damage to property. The Community Safety budget for 2017/18 was allocated to a range of community based groups and Policing and Community Safety Partnerships who had submitted applications.

LL KPI 3.2 Community Cohesion

Implement the Community Cohesion Strategy 2015-20.

Phase 1 of the BRIC2 Programme has been implemented and Good Relations Officers continue to work across 26 locations. Good Relations Officers are signing up the groups to the terms of reference and supporting them to develop bespoke good relations plans.

LLHS KPI 3.2

Implement the Community Cohesion Strategy 2015-20.

The Community Cohesion Strategy 2015-20 continued to be implemented throughout 2017/18. Phase 1 and phase 2 of the BRIC2 Programme have been implemented. Good Relations Officers have signed up groups for phase 3 and the Terms of Reference and are supporting them to develop bespoke good relation plans.

A programme of 10 Together Building United Communities (TBUC) shared neighbourhood schemes in social housing is being supported by the Executive Office. Five of the ten developments are completed, with a further five onsite. Work continues to identify schemes to take forward for 'Housing for all' which will have an annual target of 200 units of shared social housing. Work is also ongoing to remodel the interface at Woodvale/Crumlin Road.

Performance 2016/17	Performance 2017/18
<p>LL KPI 3.3 Community Involvement Implement the Community Involvement Strategy 2014-17.</p> <p>A significant amount of work has been completed during the final year of the strategy and work is underway in the development of a new strategy for 2017-23. All Service Level Agreements are in place. The Central Housing Forum (CHF) received electronic devices and training during the year to prepare for a Digital Inclusion project. A number of forums met during the year, including regular scrutiny panel meetings at which recommendations are proposed regarding policy. This has increased options for tenants to become involved in a way that suits them. A Tenants register has been established; and Northern Ireland Youth Forum (NIYF) participates on the Central Housing Forum.</p>	<p>LLHS KPI 3.3 Develop and implement the 2017-2023 Community Involvement Strategy and Action Plan by 31 March 2018.</p> <p>Consultation with staff and community has taken place in relation to the refreshed Community Involvement Strategy and associated action plan. The draft strategy will be presented to the Housing Executive Board in April 2018, just outside the target date. Service Level Agreements have been agreed and signed by all organisations including Northern Ireland Youth Forum (NIYF), Rural Community Network and the NI Disability Forum. The Digital Inclusion Demonstration project will be carried out over a number of phases over a two year period. This year's Community Conference '#FIT4Future' took place in November 2017 and focused on digital inclusion, the impact of Welfare Reform and how our tenants interact with us as a landlord. This was attended by over 300 delegates. A number of fora have been established and met bi-monthly.</p>
<p>LL KPI 3.4 Implement the Social Enterprise Strategy 2015-2018.</p> <p>The Housing Executive's Social Housing Enterprise Strategy was launched in September 2015 and continues to be implemented. Details of the scheme numbers can be found on page 30 of last year's document.</p>	<p>LLHS KPI 3.4 Implement the Social Housing Enterprise Strategy 2015-18.</p> <p>The Social Housing Enterprise Strategy continued to be implemented. Applications to tranche three of the awards scheme involving an investment of £516k have been assessed. Notification of awards was made during October and November 2017. An independent evaluation of tranches one and two of the Awards Scheme has been completed - the outcomes and recommendations were presented to the Housing Executive's senior management team in January 2018. The Housing Executive Board were updated on the Social Housing Investment Awards in March 2018, by way of a presentation and the impact the awards have made on our communities. Ongoing monitoring and evaluation of all applications for tranches two and three are currently underway.</p>
<p>RS KPI 5.6 TBUC: Progress the remaining six new shared neighbourhoods by March 2017.</p> <p>Crossgar Road is completed and allocated. Schemes in the remaining five neighbourhoods are onsite.</p> <ul style="list-style-type: none"> - Banbridge - Dundrum - Ballymena - Ballynahinch - South Belfast 	<p>RS KPI 5.6 (PfG) (TBUC) Together: Building a United Community - Complete and allocate two of the five remaining shared neighbourhoods by March 2018.</p> <p>The Ballynahinch scheme was completed in year, however the TBUC element was unable to be completed by the year-end. The target, therefore, has not been met and these will complete in 2018/19.</p>

Performance 2016/17	Performance 2017/18
<p>RS KPI 5.2 Obtain Departmental approval of the business case, and implementation of acquisition of lands for social and affordable housing.</p> <p>The Housing Executive submitted the initial Land Acquisition Business Case to the Department, and is progressing this project.</p>	<p>RS KPI 5.7 (PfG) (TBUG) Together: Building a United Community - By 31 December 2017 to have completed a competitive process to select a Housing Association delivery partner that will develop the social and affordable housing at St Patrick's Barracks.</p> <p>This KPI is now complete with formal acceptance by the successful Housing Association on 18 December 2017.</p>
<p>RS KPI 5.4 Implement the Heritage in Housing (LOTS) Scheme</p> <p>The Heritage in Housing Scheme is a three year programme to bring 15 empty properties in conservation areas back in use for private rental. At the end of year two of the programme a further two properties were brought back into use for private letting. Year three of the programme was approved on 18.07.17.</p>	<p>RS KPI 5.4 Implement the Heritage in Housing Scheme (Year three).</p> <p>The Heritage in Housing Scheme aim was to bring 15 empty properties in conservation areas back in use for private rental over three years by March 2018. At the end of March 2018, 14 properties had been brought back into use with three additional properties due to be brought back into use in 2018/19. At the end of March 2018, 14 properties had been brought back into use with three additional properties due to be brought back into use in 2018/19.</p>
<p>RS KPI 1.3 Develop 11 updated Housing Investment Plans and present them to Councils.</p> <p>All 11 Housing Investments Plans were presented to Councils by November 2016.</p>	<p>RS KPI 1.3 All 11 Housing Investments Plans were presented to Councils by November 2016.</p> <p>All 11 Housing Investment Plans were presented to Councils by December 2017.</p>
<p>RS KPI 5.3 Support the Department on the implementation of key projects arising from action plans for the six Building Successful Communities (BSC) pilots</p> <p>We support the Department to bring forward actions relating to the Housing Executive responsibility within the six BSC areas.</p>	<p>RS KPI 5.3 Implement Housing Executive actions from Building Successful Communities Action Plans</p> <p>Each forum developed an action plan and a 'Masterplan' for each of the six areas. These are in the process of being delivered.</p>



Clark Bailie
Chief Executive

Date: 29 June 2018

KEY PERFORMANCE VALIDATION CERTIFICATE

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

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

Opinion

Based on the sample validation testing carried out, our Internal Audit Department is content to conclude that the 2017/18 KPIs have been calculated on a reasonable basis with appropriate supporting evidence.

A handwritten signature in black ink, consisting of the letters 'A' and 'R' followed by a long horizontal stroke.

Adele Reilly
Assistant Director (Acting), Internal Audit



ACCOUNTABILITY REPORT

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 2018.

Statutory basis

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

Primary responsibilities

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

- to regularly examine housing conditions and housing requirements;
- to draw up wide ranging programmes to meet these needs;
- to effect the closure, demolition and clearance of unfit houses;
- to effect the improvement of the condition of the housing stock;
- to encourage the provision of new houses;
- to establish housing information and advisory services;
- to consult with district councils and the Northern Ireland Housing Council in respect of drawing up draft programmes meeting housing need;
- to manage its own housing stock in Northern Ireland;
- the preparation and drafting of the statutory Housing Selection Scheme and any modifications for departmental approval;

- to support, or aid in the support of, charitable or benevolent associations or institutions connected with the provision of housing accommodation, or with objects ancillary to such provision;
- to provide grant payments to improve private sector homes;
- to provide disabled facility grants for the adaptation of private sector homes to enable disabled residents to continue to live in their homes;
- to formulate and implement a Homelessness Strategy;
- to carry out homelessness assessments and in certain circumstances to secure housing for the homeless;
- to provide caravan sites for the Irish Traveller Community as appears appropriate;
- to prepare and comply with a registration scheme for Houses in Multiple Occupation (HMOs);
- the giving of assistance by way of grant or loan to a voluntary organisation concerned with homelessness, or with matters relating to homelessness.

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

Board Members

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

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

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

The Housing Executive is governed by a ten member Board, although during the period 1 April 2017 to 30 March 2018 operated with nine members and one vacancy (as a result of the retirement of the former Chair, Donald Hoodless, who resigned from his post on 31 December 2016).

Professor Peter Roberts (formerly holding the role of Vice-Chair) was appointed Interim Chair of the Housing Executive Board from 1 January 2017. Expressions of interest were requested from Board Members for the vacant Interim Vice-Chair position and Mr Greg Lomax was appointed to this role on 1 February 2017.

A formal recruitment exercise for both Chair and Vice-Chair of the Housing Executive Board was conducted by the Department for Communities via the Commissioner for Public Appointments in May 2017. These appointments require Ministerial approval which is not available at present due to the current position of the Northern Ireland Assembly.

During the period May to October 2017 the Board operated with eight Members. Councillor Hazel Legge resigned her position as a Board Member on 11 May 2017 to run as a candidate in United Kingdom General Election held on the 8 June 2017. Following an unsuccessful candidacy, Councillor Legge was reinstated to the Board by the Permanent Secretary (in the absence of a Minister) on the 6 October 2017.

During 2017/2018 the Housing Executive Board met on a monthly basis (usually the last Wednesday of each month). No meetings were held in July or December 2017 and a Special Meeting of the Board occurred on 15 February 2018.

BOARD MEMBERS FOR THE PERIOD 1 APRIL 2017 - 31 MARCH 2018

Interim Chair

Professor Peter Roberts, BA, MA, DLitt, MRTPI, FIED, AcSS, FRSA, OBE (from 1 January 2017).

Professor Roberts was originally appointed Vice-Chair of the Board on 5 November 2012 for a 5 year term. His term was due to end on 4 November 2017 and has been extended by the Department until a permanent Vice-Chair appointment is made by an incoming Minister.

Previous Chair

Donald Hoodless BA, DPA, OBE (until 31 December 2016)

Interim Vice-Chair

Greg Lomax (from 1 February 2017). Greg Lomax was originally appointed to the Board on 15 April 2013 for a 5 year term. His term was due to end on 14 April 2018 and has been extended by the Department for a further six months until 14 October 2018.

Previous Vice-Chair

Professor Peter Roberts BA, MA, DLitt, MRTPI, FIED, AcSS, FRSA, OBE (until 31 December 2016)

Councillor Phillip Brett
(Appointed 1 June 2015 to 31 March 2019)

Councillor Catherine Elattar
(Appointed 1 June 2015 to 31 March 2019)

Alderman Bill Keery
(Appointed 1 June 2015 to 31 March 2019)

Councillor Hazel Legge
(Appointed 1 June 2015 to 31 March 2019). Hazel Legge resigned from the Board on 11 May 2017 and was subsequently reinstated on 6 October 2017.

Kenneth Millar BA
(Re-appointed 1 June 2015 to 31 May 2020)

Jim McCall
(Appointed 1 June 2015 to 31 May 2020)

Derek Wilson
(Appointed 1 June 2015 to 31 May 2020)

At 31 March 2018, the gender breakdown of the Board was:

Female	2
Male	7

Register of interests

In accordance with the Code of Practice for Board Members of the Northern Ireland Housing Executive, a Register of Interests is maintained to record Members' declarations of personal or business interests which may conflict with their responsibilities as Board Members. Members of the public have access to the Register, upon prior written notice.

Financial accounts

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

Results for the year

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

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

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

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

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

For the Year Ending 31 March 2018, 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 for the year of £272.8 million (2017: £261.4 million).

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

The Housing Executive continues to undertake a programme of restructuring which incurs early departure costs as a result of reducing the number of posts required within the organisation. In-year costs of £2.5m (2017:£7.2m) have been included in the Statement of Comprehensive Net Expenditure, in accordance with "International Accounting Standard 1", Presentation of Financial Statements. More details regarding the restructuring can be found in the Staff Report within the Accountability Report.

The annual pension report, which is provided by the appointed independent actuary, continues to show a deficit in the pension fund. The deficit has decreased from £157.8 million in 2016/17 to £135.4 million in 2017/18. The actuary explained that the decrease in the deficit is mainly due to a higher than expected return on assets. Note 23 provides further pension disclosures.

Property, plant and equipment

For year ending 31 March 2018 annual accounts, the Housing Executive's land and housing stock have been revalued by an independent external valuer as at 31 March 2018. The Land was valued by McKibben Commercial Property Consultants and the Housing Stock was valued by Land and Property Services, an executive agency within the Department of Finance for Northern Ireland. The remainder of the Housing Executive's property was revalued using appropriate indices supplied by Land & Property Services. The 'Other Assets' category was revalued using appropriate March 2018 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 2018 resulted in an increase in value of £103.7 million which has been transferred to the Revaluation

Reserve Account. Of this amount, £99.0 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 £2.4 million increase in the value of land as a result of the revaluation exercise undertaken by McKibben 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 £14.8 million has been transferred to the Revenue Reserve Account from the Revaluation Reserve Account. During the financial year, the Housing Executive sold 435 dwellings.

Charitable donations

The Housing Executive made no charitable donations during the year.

Open Government

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

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 2017-18, a total of 405,701 (2016/2017: 423,443) payments were processed with 397,927 (98.08%) (2016/2017: 414,471(97.88%)) 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 353,030 (87.02%) (2016/2017:379,049 (89.52%)) 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(p) provides additional information on pensions.

Financial instruments

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

EU Referendum

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

Going Concern

In the absence of the Northern Ireland Assembly, budget allocations to the Northern Ireland Departments for 2018/19 (the block grant) were provided by the Secretary of State for Northern Ireland in a written Statement to Parliament on 8 March 2018. The Permanent Secretary for the Department for Communities then subsequently confirmed the allocation to the Northern Ireland Housing Executive in a letter dated 6th April 2018. As a result, the financing of the Housing Executive's liabilities will be met by future grants from the Department and the application of future income. There is no reason to believe that future approvals will not be forthcoming. It has therefore been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Disclosure of relevant audit information

So far as the Accounting Officer is aware, there is no relevant audit information of which the auditors are unaware. The Accounting Officer has taken all the necessary steps to ensure that both he and the auditors are aware of all relevant audit information.

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.

No additional non-audit services were provided by the Northern Ireland Audit Office during the year end 31 March 2018. During the year ended 31 March 2017, 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

Audit and Risk Assurance Committee (ARAC)

The Audit and Risk Assurance Committee (ARAC) is an advisory and scrutiny body with no executive powers. The Audit and Risk Assurance Committee supports the Accounting Officer and the Board by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report. The ARAC operates in accordance with the Audit Risk and Assurance Committee Handbook NI as specified in DAO 05/14.

The Committee, which comprises three Board Members and two Independent Members, meets quarterly with the Housing Executive Chief Executive, Directors and Internal Audit Manager. Additional meetings are arranged as requested by the Committee.

Direct Labour Organisation (DLO) Performance and Development Committee

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

The Committee, which comprises three Board members and two Independent members, meets quarterly with the Housing Executive Chief Executive, relevant Directors and DLO management.

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, movement in taxpayers' equity 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; and
- prepare the financial statements on a going concern basis.

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

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 MARCH 2018:

The Chief Executive, as the Northern Ireland Housing Executive (the Housing Executive) Accounting Officer, 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 Governance Statement refers to an annual accounting period, in this case 1 April 2017 to 31 March 2018. However, due to the delayed certification of the 2016/2017 Annual Report and Accounts, it should be noted that some of the issues set out below will also have been highlighted in last year's governance statement.

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

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

1. Scope of responsibility

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

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

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

2. The Housing Executive's Governance Framework

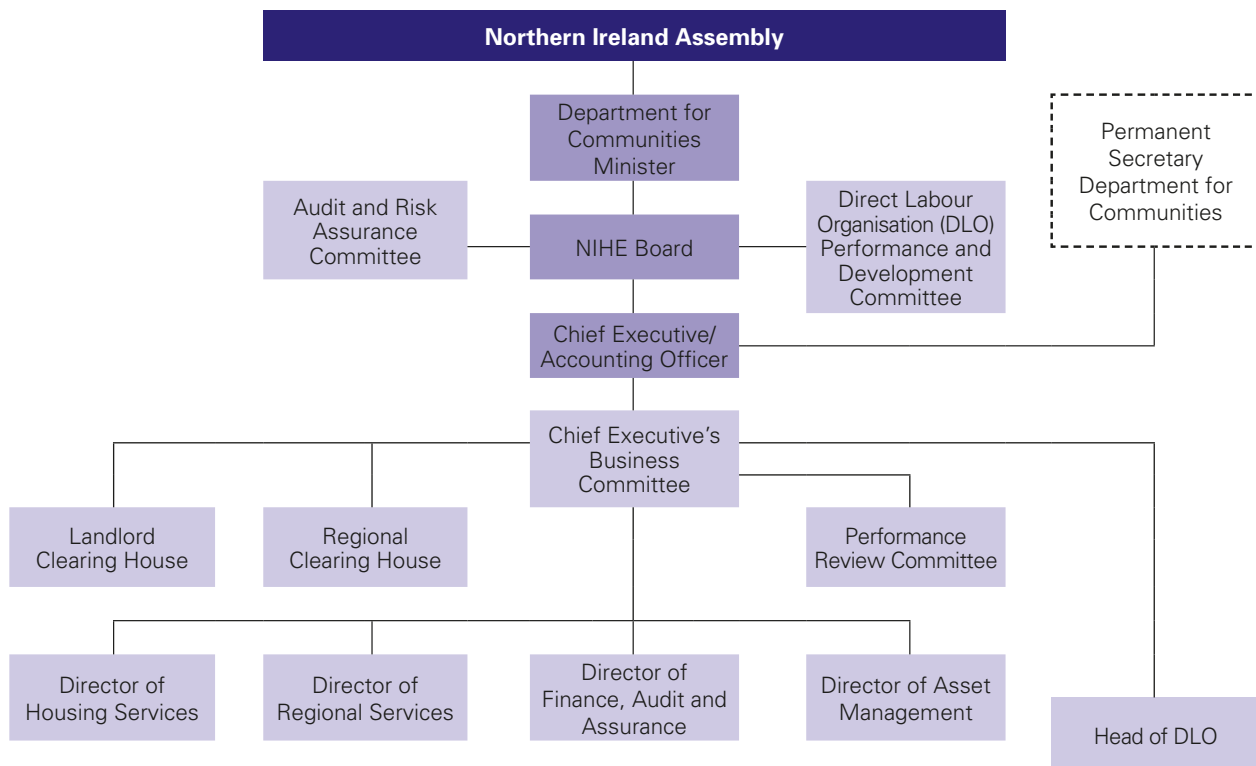
The Housing Executive operates a Governance Framework that brings together legislative requirements, governance principles and management processes. This includes the system of internal controls, standing orders and the assurance process which is regularly reviewed.

The Housing Executive maintained a system of Internal Control for the year ended 31 March 2018 in accordance with Department of Finance (DoF) guidance.

The Housing Executive's Head of Internal Audit's Annual Audit Opinion for the 2017/2018 financial year provides a formal opinion on the governance, risk management and control arrangements in place within the Housing Executive.

It should be noted that due to the absence of the substantive Head of Internal Audit from March 2018, temporary arrangements were put in place for the audit and assurance function to ensure that year end reporting requirements could be met. A senior member of the audit and assurance team is currently Acting Head of Internal Audit and has provided the Audit opinion presented later in this governance statement.

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



Following the resignation of the previous Director of Corporate Services, the Housing Executive currently has a vacant Director post, with key responsibilities temporarily reallocated across the senior management team.

The Board

The Housing Executive is governed by a ten member Board, although during the period 1 April 2017 to 30 March 2018 operated with nine members and one vacancy (as a result of the retirement of the former Chair, Donald Hoodless, who left his post on 31 December 2016).

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

In April 2013 the 'Corporate Governance in Central Government Departments: Code of Good Practice NI 2013' was published. Annex A of the Code sets out a model Board operating framework to document a Board's roles and responsibilities. The Housing Executive Board implemented its own Board Operating Framework, based on the Code of Good Practice, which is reviewed at least every two years. This is currently under review to reflect the

current organisational structures and operating environment.

Professor Peter Roberts (formerly holding the role of Vice-Chair) was appointed Interim Chair of the Housing Executive Board from 1 January 2017. Expressions of interest were requested from Board Members for the vacant Interim Vice-Chair position and Mr Gregory Lomax was appointed to this role on 1 February 2017. These appointments were approved by the Department.

A formal recruitment exercise for both Chair and Vice-Chair of the Housing Executive Board was conducted by the Department in line with the guidance from the Commissioner for Public Appointments in May 2017. These appointments, which require Ministerial approval, have been delayed due to the suspension of the Northern Ireland Assembly.

During the period May to October 2017 the Board operated with eight members. Councillor Hazel Legge resigned her position as a Board Member on 11 May 2017 to run as a candidate in the General Election held on the 8 June 2017. Following the election of another candidate as MP for the constituency, Councillor Legge was reinstated to the Board by the Permanent Secretary (in the absence of a Minister) on the 6 October 2017.

During 2017/2018 the Housing Executive Board met eleven times concluding in a Special Meeting of the Board which occurred on 15 February 2018.

Board Meetings

Member Name	26/04/17	31/05/17	30/06/17	30/08/17	27/09/17	25/10/17	29/11/17	31/01/18	15/02/18	28/02/18	28/03/18	Comments
Prof Peter Roberts	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Board Interim Chair as of 1 January 2017
Greg Lomax	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Board Interim Vice-Chair & ARAC Committee Chair as of February 2017
Phillip Brett	✓	-	✓	-	✓	✓	✓	✓	-	-	✓	
Catherine Elattar	-	✓	✓	✓	✓	✓	✓	✓	✓	-	✓	
Bill Keery	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Hazel Legge	✓	n/a	n/a	n/a	n/a	✓	✓	✓	✓	✓	✓	Period of absence as a result of nomination to stand as a candidate in the General Election held on 8 June 2017
Jim McCall	✓	-	-	✓	✓	✓	✓	✓	✓	✓	✓	
Ken Millar	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	DLO Committee Chair as of March 2017
Derek Wilson	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Vacant												

The Audit and Risk Assurance Committee (ARAC)

The ARAC is an advisory and scrutiny body with no executive powers. The committee supports the Accounting Officer and Board by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report. The ARAC operates in accordance with the Audit Risk and Assurance Committee Handbook NI as specified in DAO 05/14.

The committee, comprising three Board members and two Independent members, meets on a quarterly basis. The ARAC Chair presents the draft committee minutes to the next available Board meeting. An annual report is also produced by the Chair of ARAC which outlines the effectiveness of the committee and the scope of work undertaken during the year and the 2018 annual update was shared with the Housing Executive Board in June 2018.

The Committee also routinely reviews its terms of reference.

The meeting dates and attendance of each member of the ARAC from April 2017 to March 2018 is undernoted.

Following his appointment to Interim Chair from 1 January 2017, Professor Peter Roberts was automatically replaced as former ARAC Chair (as per the Standing Order, the Board Chair is not permitted to serve on any of the two Board Committees). Consequently, Greg Lomax, as Interim Board Vice-Chair, automatically became ARAC Committee Chair, Ken Millar switched from ARAC to serve as Committee Chair of the DLO Performance and Development Committee and Jim McCall filled the resulting Board Member vacancy on ARAC.

The Chair of the ARAC would like to pass on his thanks to Mr Deane Morrice for his service and dedication to the ARAC.

Audit and Risk Assurance Committee Meetings

Member Name	26/06/17	19/09/17	21/11/17	05/12/17	13/03/18	Comments
Greg Lomax Committee Chair	✓	✓	✓	✓	✓	Appointed Board Interim Vice-Chair & ARAC Committee Chair in February 2017
Derek Wilson	✓	✓	✓	✓	✓	Board Member
Jim McCall	-	✓	✓	✓	✓	Board Member
JP Irvine	✓	✓	✓	-	✓	Independent Member
Sharon Hetherington (appointed on 01/12/17)	n/a	n/a	n/a	✓	✓	Independent Member
Deane Morrice (expiry of two terms of office on 30/09/17)	✓	✓	n/a	n/a	n/a	Independent Member

Direct Labour Organisation (DLO) Performance and Development Committee

The DLO Performance and Development Committee is an advisory and scrutiny body with no executive powers and is responsible for providing assurance to the Board on the effectiveness and efficiency of DLO management, performance, governance, and compliance control. The committee, which comprises three Board members and two Independent members, meets quarterly with the Chief Executive, relevant directors and DLO management in attendance.

Emerging risks will be identified and brought to the Board and the ARAC as appropriate. In addition, the draft Minutes of each quarterly meeting are presented to the next available Housing Executive Board meeting. An annual report is produced by the DLO Performance and Development Committee which outlines the effectiveness of the Committee and the scope of work undertaken during the year and the 2017 annual update was shared with the Housing Executive Board in January 2018.

The committee also routinely reviews its terms of reference.

The date and attendance of each member of the DLO Performance and Development Committee from April 2017 to March 2018 is undernoted.

The Chair of the DLO Performance and Development Committee would like to pass on his thanks to Mr Bob Millar for his service and dedication to the DLO Committee since its formation.

Standing Orders & Board Scheme of Delegations

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

In line with good governance, the Housing Executive reviews the Standing Orders and Board Scheme of Delegations on an annual basis. In January 2018 the Board adopted a number of amendments to the Standing Orders, pending a further review to align with the MSFM which is due to be reviewed in the next financial year. Amendments include changes to the powers reserved to the Board, residual matters to be decided by the Chief Executive's Business Committee and powers delegated to specific posts.

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

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

NI Departments, Agencies, Non-Departmental Public Bodies and other arm's length bodies are required to compile their Governance Statements for the 2017/2018 reporting period in line with the 2013 Code principles (where these are relevant). The Housing Executive, as an arm's length body of the Department, is compliant with all relevant aspects of the 2013 code.

DLO Performance and Development Committee Meetings

Member Name	04/04/17	15/08/17	14/11/17	13/02/18	Comments
Ken Millar Committee Chair	✓	✓	✓	✓	Board Member (appointed Committee Chair of DLO on 1 February 2017)
Catherine Elattar	✓	✓	✓	✓	Board Member
Bill Keery	✓	✓	✓	✓	Board Member
Billy Graham	✓	✓	✓	✓	Independent Member
Christopher Welch (appointed on 01/11/17)	n/a	n/a	-	✓	Independent Member
Bob Millar (resigned after first term of office on 30/04/17)	✓	n/a	n/a	n/a	Independent Member

Performance of the Housing Executive Board 2017/2018

In line with best practice, the Board routinely undertakes a self-effectiveness evaluation. Following the appointment of a new Secretariat Manager in January 2017, an internal self-effectiveness exercise was undertaken during March/April with the findings being considered by the Board in May 2017. The last external self-effectiveness assessment was completed in 2014 and the Board agreed the next assessment should be external and conducted in late 2019.

Overall results, of the internal self-effectiveness exercise, indicate responses within both the 'excellent' and 'very good' categories. Any areas identified for review/improvement will be addressed via the comprehensive Board Forward Work Plan in the next 12-24 months and the Board also resolved that a separate action plan to address identified actions from the internal self-assessment exercise would be implemented following the appointment of the new Chair and Vice-Chair.

The Interim Chair completed an annual appraisal of Board members' performance and contribution in May/June 2017 with the results being submitted to the Department. As a consequence, a number of training sessions and workshops, to enhance Board Members knowledge and skills, will be arranged as necessary. All training needs identified will be assessed as part of the continuing measurement of Board effectiveness.

The two Board Committees also conducted annual self-effectiveness assessments and Committee Member annual appraisals. The findings from both assessments were reported to each Committee (ARAC on 5 December 2017 and DLO on 13 February 2018). Committee member performance appraisals were also completed by each Chair during the year and any actions arising or training needs identified will be taken forward by each Committee Chair.

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

Quality of information used by the Board

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

Board papers continue to be subject to review in order to give the Board assurance that the data and information provided in them can support effective decision making. On this basis, the interim Chair has confirmed to me that he is content, that Board Papers are of a satisfactory quality to facilitate the Board in conducting their duties.

Declaration of Interests and Conflicts of Interest

A process for declaration of interests by both Board members and officers is well established within the Housing Executive and is a standing agenda item at the start of every meeting of the Board, its sub-committees and senior management committees.

Under the Code of Conduct all Housing Executive employees are required to maintain their staff declaration register on an annual and on-going basis, including declarations of conflicts of interest and gifts/hospitality. This process is coordinated by Human Resources and line managers are required to sign off any declared interests. Board and Committee members are required to advise the Secretariat team of any gifts/hospitality received which is then logged and presented to the ARAC quarterly.

All stated Board member conflicts of interest were dealt with in compliance with the established processes and are recorded in the Board minutes. An electronic register of interests has been established which contains all outside interests, including conflicts of interest. This database is reviewed and updated as declarations are made.

Fraud Risk & the National Fraud Initiative (NFI)

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

The Housing Executive is a mandatory participant in this process which analyses data submitted by 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 licencing and deaths records. Data matches from the 2016/2017 NFI exercise were received in February 2017. There were no significant discoveries as a consequence of these matches. Housing Benefit matches during the reporting period were progressed using a focused strategy following an analysis of previous years' results.

Three pilot data matching exercises are also ongoing within this year's NFI exercise. The three pilots are outlined below:

- Deceased tenants/waiting list - No fraud was detected however a small amount of error was detected;
- Nursing home data - no fraud or error was detected; and
- Credit Industry Fraud Avoidance Service (CIFAS) data - no fraud or error detected.

Fraud risk is continually assessed within each business area of the organisation and reported quarterly to the Audit and Risk Assurance Committee. The anti-bribery policy has been updated in alignment with the latest NIAO guidance entitled 'Managing the Risk of Bribery and Corruption' and appropriate training will be delivered to the relevant business areas.

Risk Management Overview

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

Over the last 18 months the Housing Executive has embarked on a fundamental review of the Risk Management policy and procedures to enhance our current risk management framework. A new corporate risk register with risk appetite was developed and a new electronic Risk Information Management System was introduced.

Managing Risk within NIHE

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

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

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

Risk Appetite

In 2017 the Housing Executive defined its overall risk appetite as cautious, which recognises the environment in which the Housing Executive operates and is cognisant of its role as an Arm's Length Body and the obligations that come with spending public money.

The cautious appetite reflects our preference for safe delivery options that have a low degree of residual risk with a strong control framework in place when dealing with the public and being accountable for public funding. However there will be areas where the Housing Executive may be more or less risk adverse depending on the business need and the potential risk associated with the activity. Furthermore, our business approach will always seek to be progressive and innovative.

The Housing Executive has also identified 11 key risk themes and for each has identified an individual risk appetite which reflects the diversity of the business and the environments in which it operates.

The Housing Executive will take risks that have been carefully considered and where controls have been implemented to reduce the likelihood of a risk materialising or the impact if one did materialise. This means that we will put in place processes and systems that will ensure we achieve our planned outcomes.

Where officers act in a calculated, measured way and in line with the agreed risk appetite, the Housing Executive will provide full support for the decisions made and outcomes delivered

by officers. The Housing Executive wants to foster an innovative and dynamic workplace and recognise that on occasion risk taking may lead to failure or set-backs, despite careful planning and robust management.

The Corporate Risk Register

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

The Corporate Risk Register is under continuous review throughout the year and is updated to reflect the current operating environment. However, in line with best practice, an in-depth annual review was conducted in March 2018 and as part of this review a number of issues were identified that present significant associated risks throughout the organisation; including the implementation of the new GDPR legislation, the uncertain implications of Brexit and the continued rent freeze, which limits our ability to invest in our stock and plan for future delivery (more detail on this is included in section 4 of this statement).

The uncertain macro-economic environment also led us to split out the planned and response maintenance into separate risks.

The corporate risk register captures 14 risks, 1 identified as amber and 13 identified as 'red risks.' A red risk is where the Housing Executive has little or no appetite to embrace the risk associated with that risk theme or where the likelihood and impact are deemed to be significant.

Information Technology (IT) Futures Project

The current managed services contract for the provision of IT services is due to end in September 2018. An IT Futures Project Team is currently in place to manage the delivery of future IT services and is led by a full-time IT Project Manager reporting to an IT Futures Project Board chaired by the Director of Finance, Audit and Assurance. Given the size, scale and complexity of the project, external consultancy services have also been commissioned to provide specialist services to the project.

The commodity services element (i.e. common organisation wide business systems and supporting infrastructure) of the current managed services contract will be migrated to the NI government shared services organisation (IT Assist). Governance arrangements are also in place with IT Assist to manage this element of this project.

Assurance Reporting

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

To ensure this, the Housing Executive have in place an assurance process whereby quarterly assurance statements are signed off by Assistant Directors and Directors for their areas of responsibility. These are underpinned by the Housing Executive Risk Management process and are used to produce the Organisation's Quarterly Stewardship Statement which is signed off by the Chief Executive and Chairman before being submitted to the Department to provide the required assurance. The Quarterly Stewardship Statement is received by both the Board and ARAC prior to submission to the Department.

Departmental - Accountability Meetings

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

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

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

The Corporate Risk Register

Risk Ref	Score (max 16)	Risk Description
CRR-1	12	Failure to maintain Financial Stability, manage within allocated funding and meet targeted efficiencies; impacting our ability to invest in our stock and provide the required public services.
CRR-2	12	Failure to prevent an intentional act, whether by employees, third parties, or tenants, involving the use of deception to obtain an unjust or illegal advantage, leading to financial or reputational loss to NIHE.
CRR-3	12	Failure to effectively manage the impact of Welfare Reform leading to: financial loss, tenant distress, reduction in the quality of service and reputational damage.
CRR-4	12	Failure to protect the Health and Safety of tenants, employees and others and ensure compliance with Health and Safety regulations leads to death or serious injury.
CRR-5	12	Fail to adequately meet assessed housing needs and deliver social housing development programme in line with budget and targets
CRR-6	12	Failure to provide an effective Homeless Service to meet the housing need as part of a wider stakeholder group, leading to customer distress and poor service delivery.
CRR-7	12	Contract Management (Response) Failure to effectively manage NIHE contracts leading to: a. Poor Value for Money; b. Poor quality work; c. Overpayments; and d. Contractor cessation to trade.
CRR-8	12	Contract Management (Planned) Failure to effectively manage NIHE contracts leading to: a. Poor Value for Money; b. Poor quality work; c. Overpayments; and d. Contractor cessation to trade
CRR-9	12	Change Management: Failure to effectively manage change leading to reputational damage and poor service delivery.
CRR-10	12	NIHE IT systems are not fit for purpose compromising data integrity and security and/or non-availability of core systems etc. leading to reputational damage and poor service delivery.
CRR-11	12	Complexity of arrangements for 2 strand approach to IT Futures project (Commodity & Line of Business split) could result in slippage to either strand and result in inability to provide continuous service in the transition.
CRR-12	8	NIHE are unable to fulfil its statutory duties due to lack of decision on the future direction and delivery model of the NIHE leading to reputational damage, service disruption and customer distress.
CRR-13	12	Failure to maintain equitable remuneration to secure the key skills and talent to maintain service delivery as well as providing an effective Human Resource Service to support NIHE in Delivering Objectives.
CRR-14	12	Corporate Governance: Lack of Control and Accountability leading to reputational damage and financial irregularity.

Whilst captured within Corporate Risk 12, a significant strategic risk for the Housing Executive focuses on the uncertainty around the Social Housing Reform Programme and our ability to fulfil our statutory duties if we have no decision on the future delivery model for the Housing Executive.

Business Case Management System

During 2017/2018 the Business Case Management System was further enhanced to capture additional data relating to approved projects, in particular with respect to post project evaluation (PPE) timescales. This has enabled Red/Amber/Green-type reports to be produced for Directors, informing them of PPE due dates across their business areas. A review of the system is being undertaken in the final quarter of 2017/2018 with a view to making it more user friendly for staff, to increase its relevance for reporting, and to ensure it remains fit for purpose.

A series of training courses on economic appraisals was provided by our in-house economist and this programme will continue to be rolled out in 2018/2019. A template to assist with PPE has also been developed, consistent with the Northern Ireland Guide to Expenditure Appraisal and Evaluation, and the business case policy and procedures material updated to provide more detailed information relating to sign-off requirements for business cases.

In the final quarter of 2017/2018 two test drilling exercises, of cases below delegation, were undertaken, one internally and the other by the Department. Overall we are content that the internal exercise showed improvements on earlier test drills and we have implemented 1 and 2 day training sessions to support staff in completing business cases as well as customisation and promotion of templates for small expenditure. We are awaiting the results of the Department led exercise.

Centre of Procurement Excellence (CoPE Status)

The Housing Executive is designated as a CoPE for the Housing Sector in Northern Ireland. The CoPE accreditation process was carried out from 27th February to 1st March 2018. The accreditation process was successful and resulted in the Housing Executive retaining its CoPE status and receiving some very positive feedback from the assessment panel.

All procurements of a value in excess of £30,000 must be procured through a CoPE. The accreditation is crucial to ensure that the ongoing procurement activities can be conducted in a controlled and timely manner.

To assist in preparation for the CoPE accreditation, a rolling Internal Audit programme was in place to provide ongoing assurance of the performance of the Housing Executive as a CoPE. During the 2017/2018 financial year, 2 audits were administered under the programme. Both audits received satisfactory assurances and any recommendations have been accepted and built in to the quality management system as ongoing improvements.

3. Overview of Significant Reports/Issues

3a. External Reports

Departmental Inspections

A 2017/2018 programme of 7 inspections by the Department was agreed with the Housing Executive Board. To date 4 inspections have been completed and 3 are at draft report/advanced fieldwork stage.

The 4 completed inspections provided assurance on the following areas:

- Direct Labour Organisation - Operational Performance;
- Direct Labour Organisation - Financial Performance;
- Internal Audit - Process for agreeing and issuing reports; and
- Technical Inspections Process - New Methodology.

The Department has provided satisfactory or substantial assurance for all the above inspections.

Northern Ireland Audit Office (NIAO) Value for Money Reports

NIAO 'Homelessness in Northern Ireland' report was published on 21st November 2017. The report examined the scale and nature of homelessness in Northern Ireland and focused on how effective the NIHE's Homelessness Strategy 2012-2017 had been in addressing this issue.

NIAO made 9 recommendations within the report and management responses were submitted to the Northern Ireland Assembly by Department for Communities (DfC) on 13th March 2018. Internal Audit will monitor the implementation of these recommendations through the recommendations monitor process. Progress on implementing recommendations is reported on a monthly basis to the Performance Review Committee and quarterly to the ARAC.

3b. Internal Reports

Acting Head of Internal Audit Opinion

From 1 April 2017 the Technical Inspection Unit (TIU) was moved from the then Audit and Assurance Department (AAD) and relocated within the Asset Management Division to operate as a second line of defence. Internal Audit now operates as a single, standalone unit.

An External Quality Assessment of Internal Audit was carried out by the Department for Communities' Internal Audit Department during 2017/2018. The EQA team concluded that the Housing Executive's Internal Audit 'Generally Conforms' to the Public Sector Internal Audit Standards (PSIAS). 11 recommendations were made by DfC Internal Audit, 10 of which are fully implemented and the remaining recommendation is on target for completion.

Throughout the 2017/2018 year Internal Audit delivered an ARAC approved programme of work to enable the Acting Head of Internal Audit to provide an annual opinion on the overall adequacy and effectiveness of the Housing Executive's framework of risk management, control and governance. The work of Internal Audit has been supported by accountancy and consultancy firm Deloitte, which won a tendered contract to provide specialist audit services for Internal Audit. The arrangement provides Internal Audit with access to a wide ranging skill set whilst enhancing the existing skill set of our in-house staff through learning and knowledge share. This helps the Housing Executive Internal Audit keep abreast of any developments in the wider Internal Audit profession.

The Acting Head of Internal Audit, on the basis of work carried out in 2017/2018 provided an overall **Satisfactory Assurance opinion** regarding the adequacy, and effectiveness of the Housing Executives internal control environment.

Overall there is an adequate and effective system of governance, risk management and control. While there is some residual risk identified this should not significantly impact on the achievement of objectives.

As Chief Executive and Accounting Officer, I take assurance from the Acting Head of Internal Audit's opinion and also that management have implemented, or are taking, actions to implement the recommendations made by Internal Audit to address any control weaknesses identified.

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

Internal Audit Reports

During the 12 months to 31 March 2018, Internal Audit delivered 49 internal audit assignments. This total includes 3 Housing Benefit Assignments, 4 assignments in relation to the quarterly monitoring of recommendations and 5 consultancy assignments. 7 reports were issued with an overall Limited Assurance opinion. 2 assignments have been carried forward into 2018/2019.

The internal audit assignments issued with an overall Limited audit opinion were:

- Supporting People;
- Travel and Subsistence;
- External Legal Services;
- Car Parking.
- Fire Safety Follow Up;
- Accommodation - Building Control; and
- HR Function Review.

When Internal Audit reports receive an overall Limited or Unacceptable opinion, Internal Audit carry out a follow-up review within 12 months to ensure recommended actions were taken and to get adequate assurance on the implementation of the recommendations as agreed by management.

Technical Inspection Unit (TIU) Reports

TIU moved to Asset Management Division with effect from 1st April 2017. During the 12 months to 31 March 2018, TIU reported on 5 Response Maintenance (RM) Inspections, 9 Planned Maintenance (PM) Inspections and 3 Grounds Maintenance (GM) Inspections. 7 of these received an overall Limited Assurance opinion.

The TIU reports which issued with an overall Limited opinion were as detailed below:

- All Trades Response Maintenance: Mid Ulster Area (c/f from 2016/2017);
- All Trades Response Maintenance: Mid & East Antrim Area (c/f from 2016/2017);
- All Trades Response Maintenance: West Belfast Area (c/f from 2016/2017);
- All Trades Response Maintenance: South West Area;
- All Trades Response Maintenance: South & East Belfast Area;
- IIP Environmental Scheme (South); and
- IIP Internal Upgrade (North).

Recommendations made by TIU are monitored on a monthly basis, with sufficient evidence being requested and reviewed, prior to recording and reporting a recommendation as Complete.

Acting Head of Internal Audit Opinion (Housing Benefit)

During the 12 months to 31 March 2018, Internal Audit carried out 3 audit assignments on Housing Benefit and all 3 reports were issued with a satisfactory opinion.

The Acting Head of Internal Audit, on the basis of work carried out in 2017/2018 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 Acting Head of Internal Audit has taken account of the Housing Executive's risk management, control and governance arrangements.

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

Monitoring of Recommendations

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

There were 64 recommendations carried forward into 2017/2018 and during 2017/2018, 112 recommendations were added from new reports. Of these 83 recommendations were verified as completed and 24 were transferred to the TIU recommendations monitor, administered by Asset Management Division. The remaining 69, 8 of which related to external recommendations made by NIAO and DfC, have been carried forward into 2018/2019.

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

Management continue to progress all audit recommendations made to address any identified control weaknesses or improvements.

Update on Internal Investigations including potential Fraud Investigations reported in 2016/2017 Annual Governance Statement

During the 2016/2017 year, three cases were referred to the Counter Fraud Security Unit (CFSU):

- One case involving a conspiracy to defraud Housing Benefit was prosecuted under the Social Security Administration (NI) Act 1992 and full compensation repayment of £738.28 was made to the Housing Executive. This case is now closed.
- One case, relating to a member of Housing Executive staff, referred to the alleged fraudulent use of a personal staff purchasing card. Following investigation, the matter was found not to be fraudulent. This case is now closed.
- One case concerns a maintenance contractor allegedly engaging in systematic overcharging for works not carried out. This is currently still ongoing.

Internal Investigations 2017/2018 (including Potential Fraud)

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

- There were concerns surrounding possible duplication in payments of grants under two different schemes for funding heating systems - this was closed as there was no supporting evidence.
- An insurance claim regarding a road traffic collision was referred by the Housing Executive's insurers and is ongoing, as at the 31 March 2018.
- A replacement dwelling grant payment was referred following concerns by an external third party. This case was subsequently referred to PSNI.
- A member of staff was referred following concerns surrounding overtime payments and is ongoing.
- A boiler replacement grant was referred following concerns of a lack of disclosure of full financial circumstances on the part of the applicant and is also ongoing.

Tenancy Fraud Investigations (TFU)

From 1st April 2017-31st March 2018, 295 tenancy fraud cases were referred to the TFU for investigation. This resulted in:

- 60 dwellings have been recovered;
- 1 dwelling is pending recovery as a consequence of investigations; and
- 10 fraudulent housing applications were withdrawn or cancelled.

There have been 399 properties recovered from 1st April 2017-31st March 2018, including those from general housing management activities. 90 of these recoveries are from cases that were carried over from 2016/2017 and, in keeping with our agreed arrangements with the Department, are included in the 2017/2018 totals.

Whistle-blowing Cases

During the 2017/2018 year, 23 new whistle-blowing cases were referred to the Counter Fraud and Security Advisor (CFSA):

- 11 cases have been closed and removed from the whistle-blowing register, having been found to be unsubstantiated.
- 2 cases were closed and removed from the whistleblowing register with the allegations having been substantiated. These cases are being dealt with through the HR disciplinary process and are being monitored by CFSU.
- 2 cases were substantiated and transferred to the fraud investigations register.
- 8 cases remain open and are undergoing preliminary investigation.

NIHE has also agreed a whistleblowing protocol with the Department in relation to concerns raised about Supporting People Schemes. This has been utilised in four of the investigations referenced above.

Ministerial instructions

There were no Ministerial instructions in the financial year 2017/2018.

Protective security breaches

There were no significant protective security breaches in the financial year 2017/2018.

4. Declaration of Significant Governance Issues for 2017/2018

I can confirm that the significant governance issues raised in the Governance Statement for the year 2017/2018 were highlighted in the appropriate risk registers, risk owners were allocated and actions put in place to address them.

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

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

Human Resources Audit

The Housing Executive's Internal Audit team was commissioned to undertake a review of the governance structures and control environment surrounding the work of Human Resources (HR). The report has identified a number of recommendations, which will form the basis of an action plan to address the findings and further audit work will be undertaken in 2018/19. Alongside this, plans are being advanced to complete a skills audit to ensure HR services remain "fit for purpose" and reflect a best practice approach for an organisation of the scale and complexity of the Housing Executive. The out-workings of these reviews will form the basis of an overall action plan to address any issues identified.

Contract Management (Planned Maintenance)

The current suite of Planned Maintenance Contracts has been operational since June 2014 and have been delivering projects on site since August 2014. The delivery of these contracts is managed by external multi-disciplinary professional consultants, appointed by the Housing Executive in April 2013, who we continue to hold accountable for performance.

In order to provide effective management and governance, both the planned schemes and the multi-disciplinary professional consultants' contracts are monitored through the measurement of Key Performance Indicators (KPIs) and incorporate clearly defined escalation procedures to deal with cases of poor performance and contractual non-compliance.

The key performance measures in place are primarily targeted against quality, cost accuracy and timely delivery. Performance meetings take place on a monthly basis. There is active management of the maintenance contracts by the consultants and of the consultants' contracts by Housing Executive staff.

As Consultant Contracts have now come to an end no further schemes can be briefed to those Consultants. Our Contract Claims department are following up any outstanding performance issues on those contracts.

As the Consultant Contracts noted above came to an end in April 2018, new contracts for future delivery of planned schemes were obtained through OJEU procurement and evaluations completed in mid-April. Upon this, Board approval to appoint contractors was given at its April meeting with works due to commence on site from April 2019.

The Housing Executive has briefed the coming year programme to Contractors using the Contractor led contract model, a variation of the existing framework arrangement. Other procurements are being undertaken to provide additional support in meeting the completion targets.

As part of ongoing work to improve delivery of projects, our Scheme Delivery Process (SDP) has been reviewed; incorporating organisational changes and this is now being implemented as the Interim SDP. The Interim SDP incorporates the three delivery models (Consultant led, Contractor led and Housing Executive led) and is under continual review to work towards reflecting best practice and improved service delivery. These will be brought into the work for a new SDP which is being delivered as part of the Planned Maintenance Project.

New heating contracts were awarded in November 2017, managed in-house by the regional heating units.

All contracts contain similar key performance indicators and escalation procedures measuring quality, cost accuracy and timely delivery providing the necessary governance.

Contractual issues at tender on the Low Rise Double Glazing contracts continue to impact on the delivery of targets. Two mop-up contracts are being tendered to complete the Key Performance targets.

Impact of Rent Freeze on Planned Maintenance

The Asset Management Strategy that was approved by the Minister in January 2016 was predicated on the Housing Executive's funding position being significantly improved. However, both the decision to freeze our rents for the third successive year, and the continuing uncertainty over future capital funding, are challenging the basis upon which our new 10 Year Investment Plan was prepared.

Unfortunately there is continued uncertainty over the Social Housing Reform Programme, and with no rent increase since 2015/2016 there has been a significant ongoing loss of potential funding that would have been used to invest in our stock.

For example, the rent freezes in 2016/2017 and 2017/2018 mean that over just this two year period, the Housing Executive had a total of around £36 million less funding available. This will have a significant impact on the Housing Executive's ability to invest in and modernise its stock. However, the reprogramming of our reserves will enable us to deal with emergencies and gives us the flexibility for smooth programming.

At the same time our projected investment requirement has recently been updated to £7.1 billion, and we are, therefore, continuing to estimate a £1 billion shortfall in required funding to improve and maintain our properties over the 10 year period from 2018/2019.

There is, therefore, an imperative to reassess our future plans and priorities for stock investment and internal work is underway to do so. The Housing Executive has already expressed these concerns to the Department.

Consequently we have reassessed our future plans and priorities for stock investment, and the Department has recently approved a revised approach to investing in our stock over the next three years in order to ensure that our investment plan is directed at optimising the level of lettable stock available to help address rising housing need. However, this is essentially a short term measure and the imperative remains to bring forward a long term solution to funding the significant investment needs of our stock. Without access to significant and sufficient investment funding there is a considerable risk that the physical condition of our stock is deteriorating, ultimately to the point where stock may become unsuitable for use.

Contract Management (Response Maintenance)

New Response Contracts were awarded in June 2016 and the change to new Contractors was made during August and September 2016. The new Contracts have brought an improved service delivery with a Customer focussed service at its core.

Preparation for Gateway 5 on this Contract is underway.

Monthly assessments of the KPIs continue to be managed at monthly review meetings. The contractors are assessed on the quality and quantity of their completed works, their ability to rectify defects in a timely manner, and their adherence to time scales for completed works and for making appointments. The bedding in period for performance was extended, with progressive introduction of KPIs.

Regular Strategic Core Group Meetings have allowed the organisation to take a pro-active approach in partnership with the Contractors to improving day to day management of the contract as it is tested in use.

The Departmental Inspection of the documentation and procedures found the system in place to be satisfactory.

As has been widely reported, Carillion, including its Northern Ireland company, Carillion Energy Services (CES), was placed into liquidation earlier in 2018. As a consequence the Housing Executive sought Board approval to novate a number of contracts to Engie. A special Board meeting was held to approve the novation on 15th February 2018 and formal ratification was received on 28th February 2018. The novation of contracts was completed on 24th March 2018. A total of 5 contracts - 2 Response Maintenance, 2 Heating and 1 Mechanical and Electrical Services - were novated. Contingency plans were invoked, to minimise disruption to tenants, with non-emergency planned works being deferred to enable emergency work to be prioritised. The Housing Executive, also engaged with neighbouring contractors and the DLO to provide emergency cover to tenants.

General Data Protection Regulations (GDPR)

The GDPR will come into effect on the 25th May 2018. This represents a fundamental change in focus from the current Data Protection Act 1998 in requiring the ability to demonstrate accountability and transparency in the processing of personal data. The Housing Executive has established a Project Team to complete a project towards GDPR readiness and ensure we meet our obligations under the new legislation.

A new Data Protection Officer was appointed on 1 March 2018 and an early priority will be to address the recommendations within the Limited Information Governance Audit.

Health & Safety

During 2017/2018 Asset Management was restructured to provide additional resources to provide better support to the other Directorates and services, and manage compliance with statutory requirements, and promote best practice.

The establishment of a dedicated Compliance Health and Safety Department provides a central coordinated response to dealing with Health and Safety matters. This includes a Risk and Assurance section to provide internal assurance and liaison with internal audit.

Detail on progress to address Internal Audit Reports is included below:

- Legionella - A follow up audit has recently been completed with an overall Satisfactory Opinion: There were twenty-two recommendations all of which were accepted and a Corrective Action Plan implemented. Eighteen recommendations are implemented and four are Partially Implemented / Implementation Ongoing;
- Healthy and Safety - Fire Safety - A follow up audit has recently been completed with an overall Limited Opinion: Six recommendations were made all of which were accepted and a Corrective Action Plan implemented. One recommendation has been implemented and five are Partially Implemented/Implementation Ongoing;
- Asbestos - A follow up audit has recently been completed with an overall Satisfactory Opinion: There were twenty-three recommendations which were subsequently revised to 13. All recommendations were accepted and a Corrective Action Plan implemented. Eight recommendations are Partially Implemented / Implementation Ongoing; and
- Gas Certificates - Limited Opinion: A follow up audit has recently commenced to review progress against the recommendations. Ten recommendations were made all of which were accepted and implemented.

Following a fire in one of four tower blocks at Dunmurry, in November 2017, the Housing Executive initiated its emergency planning process in a timely and efficient manner. All tenants affected by the fire were able to access our housing support services easily and quickly, including being rehoused. I would like to thank,

again, the tremendous response by all the emergency services and other bodies. The Northern Ireland Fire Service authority confirmed that all fire detection measures within the building worked as expected.

There has been a significant programme of work to enhance our compliance with health and safety during 2017/2018, including proactive inspections, a health and safety induction training programme, and recruitment of additional resources, including a new Assistant Director for Compliance and Health and Safety.

A review of the Compliance and Health and Safety function is being undertaken by the Department.

Emergency arrangements have been reviewed and documents re-examined to ensure information is current and up to date should an event occur in the future. Working with District Councils in respect of the Long Term Displacement arrangements is ongoing.

Tower Block Independent Reference Group

The Housing Executive established an Independent Reference Group to undertake a review of fire safety in Housing Executive tower blocks following the tragic events of Grenfell Tower in London (June 2017).

Under its Independent Chair, Professor Alistair Adair from Ulster University the Group was established to review the make-up of the cladding systems used on four of the Housing Executive's residential tower blocks to identify any early learning outcomes from the Grenfell tragedy, and recommend any appropriate action required. The review was subsequently extended to look at all aspects of fire safety in our 33 tower blocks.

The Independent Reference Group released its report on 30 January 2018. The main findings of the report have been shared with tenant representatives and political representatives and an action plan is in place to deal with the findings and recommendations.

There were five findings, three of which are now complete with the last two due to complete in August 2018. The report can be found at the following address:

https://www.nihe.gov.uk/fire_safety_-_findings_report_part_1.pdf

The Chairman of the Housing Executive would like to thank Professor Adair and the independent reference group for their time and expertise in reviewing fire safety within the tower blocks.

Welfare Reform - Impact on Housing Benefit

Welfare Reform changes have continued to be introduced through 2017/2018, including the removal of the Tax Credit support for a third or subsequent child which reduced the amount of Housing Benefit expenditure.

Universal Credit (UC) was introduced in Limavady on 27 September 2017 for new working age claimants - excluding those in Supported accommodation or claimants with 3 or more children.

During 2017/2018 the timetable for UC roll-in to all areas within Northern Ireland was revised and now extends to December 2018. Managed migration of legacy Housing Benefit caseload will commence later in 2018/2019 and is due to be completed by March 2022.

The Social Sector Size Criteria impacts on 33,394 HB claimants, i.e. 25,781 Housing Executive tenants and 7,613 Housing Association tenants. Welfare Supplementary Payment (WSP) is being paid in respect of the vast majority of these although about 60 HB claimants have lost their WSP so far this year.

The Housing Executive is working with the Department to repay any mitigation overpayments made by the WSP team. To date £152k of mitigation overpayments have been identified and a payment of £45k has been made by the Housing Executive to the Department.

Housing Benefit Fraud and Error

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

During 2017/2018 the estimated level of cumulative overpayments increased from £38.5m to £40.9m, an increase of over £2.4m. HB expenditure for 2017/2018 is recorded as £629.8m with a total of £15.1m recovered during the same period. A large part of the increase in overpayments stems from successful detection activity undertaken under the auspices of the NIHE's HB Fraud and Error Strategy. During 2017/2018 approximately £5.5m was raised in overpayments arising from this counter-fraud activity made up of £3.5m from activities carried out by the Housing Executive and £2.3m from activities carried out by SIS within the Department.

The Department's Standards Assurance Unit undertakes an annual exercise to estimate the level of fraud and error (including official error). For the calendar year 2017, this showed that the overall combined estimate of fraud and error decreased from 5.2% of annual benefit

expenditure to 4.4% against a target of 3.35%. Within this total, the level of official error decreased from 1.3% to 0.9% of annual benefit expenditure. Customer error increased from 0.9%, to 1.0% and customer fraud decreased from 3.0% to 2.5% although a significant proportion of this estimate related to passported HB claims where the fraud related to a claim for a different social security benefit but also affected the HB award.

There was also a high proportion of cases recorded as customer fraud/error where the claimant does not report an increase in their earnings. Many of the HB claimants who are working are on low income with significant fluctuations on their earnings depending on the number of hours they work each week. SAU assess the earnings on the week that they carry out their review and it is unlikely that this will match with the earned income used on the original assessment. Customer error with earned income accounts for 10 of the 30 claims sampled by SAU i.e. 33%. Customer fraud with earned income accounts for 12 of the 19 claims sampled by SAU i.e. 63%.

Means of Addressing Fraud and Error

Real Time Information

The Real Time Information (RTI) system provides around 500 referrals per month where HB data matched against earnings and occupational pension data held by HMRC, reveals a significant discrepancy. As undeclared earnings and pensions are acknowledged as being the largest sources of fraud and error, work on RTI referrals is prioritised for action by HB Review teams.

Invest to Save: Earned Income Review

A sample of 819 earned income cases, where the claimant had not reported a change in income for 2 years, were reviewed using the recently introduced Verification of Earnings and Pension (VEP) facility which holds HMRC records of earned income and occupational pensions. The sample was extracted from data held on the HB system which records the last date earned income was updated on a claim. The selection was based on cases with the earliest dates. The results from the exercise have led DfC to commit funding for a larger scale exercise to be carried out under the Invest to Save initiative.

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

While the figures for the Compliance Programme below 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 former Social Security Agency (SSA), these are estimated from the date the benefit is adjusted. In the Compliance cases above these Forward Savings amounted to £12.6m for the year end. Forward savings have been calculated using the formula adopted by the Department of Work and Pensions which equates to the value of the over payments plus 91 weeks times the reduction in the HB award have also outlined how the Housing Executive calculate forward savings.

Invest to Save: Earned Income Review

Apr 17- Apr 18	Claims Reviewed	Error Cases Identified	% with O/P	Overpayments Raised	Forward Savings
RTI	5572	2171	39%	£2.4m	£10.3m
Invest to Save Review of Earned Income Sample Cases	819	626	76%	£581k	£1.6m
HBMS Data Match	1026	97	9%	£140k	£499k
NIHE Compliance	104	17	16%	£48k	£257k
Total Compliance	7521	2911	39%	£3.2m	£12.6m

Partnership with SIS

Since April 1st 2017, under new arrangements agreed with SIS, the Housing Executive is no longer responsible for reporting outcomes of allegations of Housing Benefit fraud that are received by NIHE and referred for investigation. However, we will continue to monitor the numbers of cases referred.

Cases referred to Single Investigation Service for Fraud Investigation	Cases sent to SIS	Cases returned as unsuitable for Fraud Investigation
Apr 17- Apr 18	794	6

As well as investigating the allegations of Housing Benefit fraud referred by NIHE, SIS is responsible for investigating fraud across all other benefits. When as a result of their investigations an adjustment to Housing Benefit is required, NIHE 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 SIS resulting in a HB overpayment	No of Cases	Overpayments Raised	Prosecutions	Admin Penalties
Apr 17- Apr 18	421	£2.3m	157	96

National Fraud Initiative

77 student match NFI cases were investigated. In 44 cases the claimant had already declared they were students while a further 11 had no issues. The remaining 22 were sent to SIS for further investigation.

Social Housing Reform Programme (SHRP)

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

Resourcing

The Housing Executive's Transformation Programme has resulted in the development of new service delivery models to improve service delivery to tenants and customers while providing value for money. This has been a major period of change and any associated risk has been managed by a significant programme being put in place to roll in the new way of working along with functional training for staff to ensure they have the skills, knowledge and support to carry out their duties.

As a result of redesigning our frontline housing service and introducing a number of new frontline roles, customers now receive a tailored service and have a single point of contact to help resolve their housing issues. Typically customers also receive a faster service that takes less time from end to end. Staff in the new roles engage meaningfully with our customers in order to understand their needs and provide support. Staff working in this new way feel empowered as they are accountable and responsible for making decisions which are right for their customers as well as seeing the real benefits which can be achieved from the services they provide. Customer feedback is overwhelmingly positive with customers scoring the services they receive 9.3 out of 10 on average and over 72% of customers surveyed scoring the services 10 out of 10 in 2017/2018.

Since the appointment of a new Asset Management Director in 2015 the Asset Management Division has been working on the development of new structures to deliver the Housing Executive maintenance programme and also to reflect ongoing structural re-organisation of a number of functions within the Housing

Executive. The new Asset Management structure will ensure clear roles and responsibilities are created across the organisation for delivery of the property management function and which will be fit for purpose in delivering a first class asset management service for the future.

The Housing Executive is utilising a Voluntary Early Severance (VES) Scheme to support the transition to new structures. All staff who accepted offers of release under Tranche 1 and Tranche 2 of the scheme have left the organisation. All Staff due for release under Tranche 3 of the scheme have been approved and final release dates are agreed. Staff releases under Tranche 3 will continue until 30th September 2018. The Department has confirmed approval to a fourth tranche of VES. Decisions regarding which positions can be suppressed under Tranche 4 were made by 31 March 2018 with release dates scheduled up to 31 March 2019. The NIHE has submitted a business case to the department for a fifth tranche and is awaiting confirmation of its approval.

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

The current rate of reductions within the Housing Executive is being managed through redesign of work and continually reviewing how the organisation provides its services.

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

As detailed earlier in the report, the Housing Executive currently has a vacant Director post, with key responsibilities temporarily reallocated across the senior management team.

5. Conclusion

The Annual Governance Statement identifies a range of significant governance issues that the organisation is facing during a period of significant change. I can confirm that actions are in place to manage these issues and that the Housing Executive management are committed to ensuring that these are appropriately addressed without undue delay. Progress in relation to these will be reported to the ARAC and the Board throughout 2018/2019.

REMUNERATION AND STAFF REPORT

REMUNERATION REPORT

Remuneration policy

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

The pay remit for senior Housing Executive staff is approved by the Department of Finance. The pay awards for 2016/17 and 2017/18 have not yet been finalised.

Service contracts

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

Chairman and Directors' Emoluments - Audited Information

Included in the forthcoming tables are pay and pension details for all members of the Senior Management Team who were employed as staff for the Housing Executive during the Year Ended 31 March 2018. 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.

Chairman and Directors' Emoluments - Audited Information

Name and Title	2018						2017				
	Date of Contract	Salary	Bonus Payments	Benefits In Kind ¹	Pension Benefits ²	Total	Salary	Bonus Payments	Benefits In Kind ¹	Pension Benefits ² Restated	Total Restated
		£'000	£'000	£	£'000	£'000	£'000	£'000	£	£'000	£'000
D Hoodless Chair (until 31/12/16)		-	-	-	-	-	25-30 30-35 ³	-	14,700 (to nearest £100)	-	40-45
Professor P Roberts Interim Chair from 01/01/17) Vice Chair (until 31/12/16)	01/01/17	30-35	-	5,200 (to nearest £100)	-	35-40	20-25	-	8,800 (to nearest £100)	-	25-30
C Baillie Chief Executive	01/09/15	115-120	-	-	(29)	85-90	115-120	-	-	68 ⁵	185-190 ⁵
G Flynn Director of Landlord Services (retired 21/04/17)	01/04/12	5-10 80-85 ³	-	-	1	5-10	85-90	-	-	135	220-225
C McQuillan Director of Landlord Services (from 01/04/17)	01/04/17	75-80	-	-	162	235-240	-	-	-	-	-
S McCauley Director of Regional Services	01/04/12	75-80	-	-	10	85-90	80-85	-	-	19	100-105
T McCartney Director of Corporate Services (resigned 03/12/17)	01/01/14	60-65 85-90 ³	-	-	17	75-80	85-90	-	-	26	110-115
P Isherwood Director of Asset Management	01/06/15	75-80	-	-	8	80-85	75-80	-	-	509	585-590
C McFarland Director of Finance (from 01/07/16)	01/07/16	85-90	-	-	3	85-90	65-70 80-85 ³	-	-	405	470-475
H Carty ⁴ Acting Director of Finance (from 22/06/15 - 30/06/16)	01/04/13	-	-	-	-	-	15-20 65-70 ³	-	-	10	25-30

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

2. 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.

3. Full year equivalent salary.

4. H Carty acted into the Director of Finance post from 22 June 2015 to 30 June 2016. Her substantive post with the Housing Executive is Assistant Director of Finance - Support Services.

5. Restated from 2016/17 Annual Report and Accounts as per revised figures obtained from Northern Ireland Local Government Pension Scheme (£107k previously reported figure for Pension Benefits and £220k - £225k reported for Total Remuneration).

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 2017/18 was £115k - £120k (2016/17: £115k - £120k). This was 4.85 times (2016/17: 5.06) the median remuneration of the workforce,

which was £24,174 (2016/17: £23,398). The remuneration for the lowest paid staff member was £7k (2016/17: £6k).

No employee received remuneration in excess of the highest paid director in 2017-18 or 2016-17. Remuneration ranged from £6,740 to £117,352 (2016-17: £5,556 to £118,483). The change in the pay multiple ratio between 2016-17 and 2017-18 is due to the increase in the median total remuneration.

Fair Pay Disclosures

Band of highest paid Director's total remuneration	£115K-£120K	£115K-£120K
Median Total Remuneration	£24,174	£23,398
Ratio	4.85	5.06

Directors' Pensions - Audited Information

Name and Title	Total Accrued Pension at Pension Age as at 31 Mar 2018 & Related Lump Sum	Real Incr. (Decr) In Pension & Related Lump Sum At Pension Age	CETV at 31 Mar 2017 (or date of joining) Restated	CETV at 31 Mar 2018 (or date of leaving)	Real Incr. (Decr. in CETV after adj.
	£'000	£'000	£'000	£'000	£'000
C Bailie Chief Executive	50-55 Plus 115-120 Lump Sum	(0-2.5) Less 2.5-5 Lump Sum	869 *	907	-
G Flynn Director of Landlord Services (retired 21/04/17)	40-45 Plus 90-95 Lump Sum	0-2.5 Less 0-2.5 Lump Sum	860	883	22
S McCauley Director of Regional Services	20-25 Plus 30-35 Lump Sum	0-2.5 Less 0-2.5 Lump Sum	291	314	7
T McCartney Director of Corporate Services (resigned 03/12/17)	5-10 Plus 0-5 Lump Sum	0-2.5 Plus 0-2.5 Lump Sum	54	68	13
P Isherwood Director of Asset Management	25-30 Plus 40-45 Lump Sum	0-2.5 Less 0-2.5 Lump Sum	306	327	5
C McQuillan Director of Landlord Services (from 01/04/17)	35-40 Plus 70-75 Lump Sum	7.5-10.0 Plus 12.5-15 Lump Sum	483	648	145
C McFarland Director of Finance (from 01/07/16)	35-40 Plus 75-80 Lump Sum	0-2.5 Less 0-2.5 Lump Sum	623	660	11

* Restated from 2016/17 Annual Report and Accounts as per revised figures obtained from Northern Ireland Local Government Pension Scheme (£893k previously reported figure).

Northern Ireland Housing Executive Pension Arrangements

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

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

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

The CARE scheme was introduced on 1st April 2015. This operates using a defined benefit career average revalued earnings (CARE) scheme, which results in future pension benefits calculated on career average earnings rather than final salary. The 2015 change also results in contribution rates being calculated on actual pay received rather

than full time equivalent pay which was the case in the 2009 Scheme. Contribution rates now range from 5.5% to 10.5%.

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

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

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

Cash Equivalent Transfer Values

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

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

Real Increase in CETV

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

Compensation for loss of office

G Flynn left under the 85 year rule on 21 April 2018. He elected to take early retirement. The cost to the Housing Executive of buying out the actuarial cost of his pension was £16k. He did not receive any additional compensation.

Board Members' Emoluments - Audited Information

Name and Title	Date of contract	Length of Contract (yrs)	2018 Salary £'000	2018 Benefits in Kind £ (to nearest £100)	2017 Salary £'000	2017 Benefits in Kind £ (to nearest £100)
Professor P Roberts* Interim Chair (from 01/01/17) Vice Chair (Until 31/12/16)	05/11/12	5	30-35	5,200	20-25	8,800
G Lomax Interim Vice Chair (from 01/02/17)	15/04/13	5	15-20	6,500	5-10	6,700
K Millar	01/06/15	5	5-10	-	5-10	-
P Brett	01/06/15	5	5-10	-	5-10	-
W Keery	01/06/15	5	5-10	-	5-10	-
H Legge	01/06/15	5	0-5	-	5-10	-
J McCall	01/06/15	5	5-10	-	5-10	-
D Wilson	01/06/15	5	5-10	-	5-10	-
C Elattar	01/06/15	5	5-10	-	5-10	-

* Emoluments for Professor P. Roberts disclosed above reflect his position as Acting Chair and Vice-Chair for the Housing Executive.

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

	2018				2017
	Permanent Staff	Others	Board Members	Total	Total
	£'000	£'000	£'000	£'000	£'000
(a) Staff costs comprise					
Wages and Salaries	66,966	979	95	68,040	66,574
Social Security Costs	6,617	80	5	6,702	6,205
Seconded-in Staff	.	192	.	192	170
Agency Costs	.	11,660	.	11,660	10,867
Total Staff costs excluding Pension Costs	73,583	12,911	100	86,594	83,816
Other Pension Costs				19,010	12,949
				105,604	96,765
Less staff costs capitalised - IT Software				(16)	.
				105,588	96,765

Social security costs include £328k 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.

	2018	2017
	£'000	£'000
Wages and Salaries	154	164
Social Security Costs	16	18
Other Pension Costs	28	34
	198	216

(b) Average number of persons employed

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

	2018				2017
	Permanent Staff	Others	Board Members	Total	Total
	£'000	£'000	£'000	£'000	£'000
Executive	375	1	9	385	15
Landlord Services	1,364	21	.	1,385	1,578
Regional Services	284	2	.	286	298
Finance (includes Housing Benefit Staff)	513	4	.	517	461
Corporate Services	235
Seconded-in Staff	.	4	.	4	4
Agency Staff	.	613	.	613	543
	2,536	645	9	3,190	3,134

STAFF REPORT CONTINUED

Staff numbers and related costs (continued)

(b) Average number of persons employed continued

During the 2017/18, following the resignation of the Corporate Services Director, the senior management team structure was reviewed. This review, resulted in the removal of the Corporate Services Directorate. Functions within this directorate were reallocated across Finance, Landlord Services and the Executive department.

Details of how the functions within the previous Corporate Services Department were distributed are as follows:

Executive: Corporate Strategy & Planning and Legal Services

Landlord Services: Facilities & Accommodation and Transformation

Finance: Information Technology and Human Resources

In addition, the Direct Labour Organisation reports to the Executive Department.

Prior year comparatives have not been restated to reflect the reallocations of staff above to different directorates.

Agency Staff numbers have been calculated based on an average of 12 months.

(c) Employee Gender

At 31 March 2018 there were 2,780 staff employed within the Housing Executive (including Board Members). Below is a gender breakdown by Directorate:

	Male Number	Female Number	Total Number
Executive	339	48	387
Board Members	7	1	8
Landlord Services	781	752	1,533
Regional Services	160	150	310
Finance (includes Housing Benefit Staff)	202	340	542
	<u>1,489</u>	<u>1,291</u>	<u>2,780</u>

Early Departure Costs - Audited Information

The cost of early departure decisions taken this year and in previous years are shown in the table below:

	2018		2017	
	Nos.	£'000	Nos.	£'000
(a) Actuarial compensation paid by the Housing Executive for the early payment of pension benefits provided by NILGOSC to officers who retired early;	58	1,169	167	2,010
(b) Restructuring compensation paid and accrued by the Housing Executive for the early retirement of staff;	58	1,362	143	5,208
		<u>2,531</u>		<u>7,218</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;	485	928	497	965

During the year ending 31 March 2018, the Housing Executive continued to implement the rollout of the voluntary early severance scheme (VES), introduced in 2014/15, which would facilitate the voluntary release of staff from the Housing Executive. Costs of staff leaving under this scheme are shown below.

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

Reporting of Compensation and Exit Packages for all Staff 2017-18 - 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	-	13	13
£25,000 - £50,000	-	21	21
£50,000 - £100,000	-	22	22
£100,000 - £150,000	-	1	1
Total Number of Exit Packages			
2017-18	.	69	69
2016-17	.	173	173
Total Cost £'000			
2017-18	.	2,531	2,531
2016-17	.	7,218	7,218

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.

STAFF REPORT CONTINUED

Employee involvement

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

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

The Housing Executive holds Investors in People Silver and 4-Star EFQM accreditations, in recognition of our approach to the management and development of our people. The Housing Executive commenced the IIP reaccreditation process in February 2018 against a revised assessment framework. This revised framework has provided an opportunity for all Housing Executive staff to share their views and help shape continuous improvement initiatives across the organisation.

As an organisation, we also realise that the health and wellbeing of our staff is vital to the achievement of our goals and ambitions. Healthy, stress-free and motivated employees contribute to continued high levels of performance. We have a strong focus on facilitating work-life balance and ensuring the health and wellbeing of our staff through a range of initiatives including Fitech health assessments, smoking cessation clinics, health awareness promotion, corporate gym memberships, a cycle to work scheme, healthy eating initiatives, flexible working patterns, childcare vouchers and a staff welfare service.

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

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

Staff News is our email service which combines news on job trawls, staff bulletins, corporate news, office relocations, CSR events and opportunities for

training or advancement. Gateway is our intranet which hosts news, bulletins and key messages.

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

We continue to deliver in-house leadership development programmes including professional mentoring and coaching schemes, and encouraged lifelong learning through our financial and study support schemes, uptake of which is at a five year high in 2017/18. Our web-based training programmes and supported online courses meet the needs of individual learning styles and our personal development plans are individually tailored to identify the specific learning and development needs of every staff member.

Human Capital Management

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

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

STAFF REPORT CONTINUED

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

Sickness Absence

Total absence for the year was 7.04% which is an increase on last year's absence figure.

The HR attendance management team provide support in the management of attendance by advising on absence triggers, and supporting managers through the organisation's attendance management and review process.

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

Absence training programmes are currently being developed with planned roll out to all managers later in the year. This training will provide guidance on all aspects of the absence management process and will include how best to utilise the TMS system for recording and reporting on the absences.

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

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

Staffing Policies:

a) Employees with a disability

It is the Housing Executive's policy to ensure that equality of opportunity is provided to all employees and those seeking employment and to provide opportunities and make all reasonable adjustments to support the employment, training and development and

retention of those with a disability.

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

b) Equality of opportunity (employment)

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

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

c) Equality of opportunity (general)

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

Trade Union Relationships

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

Off-Payroll Engagements

Off-payroll engagements to be disclosed refer to agency staff engaged to the Housing Executive, at a cost (including on-costs) of over £58,200. The Northern Ireland Housing Executive does not currently have any Agency Workers engaged at a cost of over £58,200 per annum.

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 £205k (2016/17: £127k) on consultancy projects during the year.

ASSEMBLY ACCOUNTABILITY REPORT

Statement of Losses and Special Payments - Audited Information

	2018		2017	
	Number	£'000	Number	£'000
Claims Waived (Amounts Written Off):				
Rent & Rates	2,189	874	2,355	1,020
Commercial Property	-	-	2	-
Recoverable Charges - Damages	203	86	231	98
Recoverable Charges - Legal	265	112	245	90
Hostels	60	12	85	29
Travellers	-	-	19	82
Leaseholder	-	-	40	29
Group Heating	1	1	1	3
Service Charge	-	-	5	1
Housing Benefits Overpayments	4,244	1,199	4,039	1,370
	6,962	2,284	7,022	2,722
Special Payments over £250,000	-	-	2	578
Ex Gratia Payments	14	18	7	17
Extra Statutory Payments	-	-	-	-
Public Liability Claims	212	1,061	244	1,582
Contractual Claims	3	62	1	15
Other Write Offs and Cash losses - numerous	679	-	87	354
	7,870	3,425	7,363	5,268

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.

Remote Contingent Liabilities - Audited Information

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



Clark Bailie
Chief Executive

Date. 29 June 2018

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 31st March 2018 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. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of Northern Ireland Housing Executive's affairs as at 31st March 2018 and of the Northern Ireland Housing Executive's 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 issues relating to £26.45 million of housing benefit payments attributable to estimated levels of fraud and error, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

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

The total amount paid by the Northern Ireland Housing Executive in housing benefit is £647.8 million. The level of estimated fraud and error as reported in note 29 to the accounts resulted in overpayments of £22.85 million and underpayments due to official error of £3.6 million. The housing benefit overpayments are irregular as the expenditure has not been applied in accordance with the purposes intended by the Northern Ireland Assembly and also because fraudulent transactions are by definition irregular since they are without proper authority. In

addition both over and underpayments arising because of official error are irregular because the Northern Ireland Housing Executive is required to calculate benefits in accordance with the regulations which specifies the entitlement criteria for housing benefit and the method used to calculate the amount of benefit to be paid.

I have therefore qualified my opinion on the regularity of housing benefit expenditure because of the level of overpayments attributable to customer fraud and error which have not been applied to the purposes intended by the Northern Ireland Assembly and because of the level of overpayments and underpayments due to official error in such benefit expenditure which are not in conformity with the relevant authorities.

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

Other Information

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

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

Opinion on other matters

In my opinion:

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

I am required to obtain evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

Report

My detailed observations are included in my Report on pages 145 to 155 of the financial statements.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

2 July 2018

NORTHERN IRELAND HOUSING EXECUTIVE

Statement of Comprehensive Net Expenditure for the year ended 31 March 2018

		2018	2017
	Note	£'000	£'000
Income			
Rental Income	4	298,560	299,766
EU Income	4	97	-
Other Income	4	53,010	51,382
Total Housing Benefit Income	7	631,820	660,351
Total Income		983,487	1,011,499
Expenditure			
Staff Costs	5	105,588	96,765
Other Expenditures	6	445,323	441,164
Total Housing Benefit Costs	7	631,820	660,351
Depreciation, Amortisation, Write Offs & Write Down	10(a)	33,384	31,944
Total Expenditure		1,216,115	1,230,224
Net Expenditure before Interest		(232,628)	(218,725)
Interest Receivable and Similar Income	9(b)	358	349
Financing Charges	8	(24,736)	(28,895)
Pension Financing Charges	23(d)	(4,185)	(2,101)
Net Expenditure before taxation		(261,191)	(249,372)
Tax on ordinary activities	9(a)	(11,580)	(12,043)
Net Expenditure after taxation		(272,771)	(261,415)
Other Comprehensive Net Expenditure			
Items that will not be reclassified to net operating costs:			
Net gain on revaluation of Property, Plant & Equipment		103,738	97,777
Net (loss)/gain on revaluation of Pension Actuarial Gains & Losses	23(e)	31,899	(98,091)
Other Comprehensive Net Expenditure		135,637	(314)
Total Comprehensive Net Expenditure for the year ended 31 March 2018		(137,134)	(261,729)

All amounts in the Statement of Comprehensive Net Expenditure relate to the continuing operations of the Northern Ireland Housing Executive.

The notes on pages 106 to 142 form part of the accounts.

NORTHERN IRELAND HOUSING EXECUTIVE
Statement of Financial Position as at 31 March 2018

		2018	2017
	Note	£'000	£'000
Non-current assets			
Property, Plant & Equipment - Operational	10(a)	2,338,149	2,271,009
Property, Plant & Equipment - Non Operational	10(b)	287	287
Intangible Assets	10(c)	1,852	2,215
Total non-current assets		2,340,288	2,273,511
Current Assets			
Short Term Investments	11	16,000	-
Assets Classified as Held for Sale	12	5,907	4,436
Inventories	13	2,480	2,305
Trade and other receivables	14 & 15	60,246	63,706
Cash and cash equivalents	16	129,520	113,808
Total current assets		214,153	184,255
Total assets		2,554,441	2,457,766
Current Liabilities			
Trade and other payables	17	(231,797)	(245,904)
Provisions	22	(1,760)	(2,057)
Total current liabilities		(233,557)	(247,961)
Net Current Liabilities		(19,404)	(63,706)
Non-current assets less net current liabilities		2,320,884	2,209,805
Non-current liabilities			
Trade and other payables	17	(13,034)	(12,072)
Loans Outstanding	19	(217,570)	(255,182)
Provisions	22	(526)	(520)
Pension Liability	23(d)	(135,425)	(157,821)
Total Non-current liabilities		(366,555)	(425,595)
Assets less Liabilities		1,954,329	1,784,210
Taxpayers' Equity			
Statement of Comprehensive Net Expenditure Reserve		1,124,764	1,044,147
Revaluation Reserve		829,565	740,063
		1,954,329	1,784,210

The financial statements on pages 102 to 142 were approved by the Board Members of the Northern Ireland Housing Executive and signed on their behalf by:



Professor Peter Roberts
 Interim Chair
 Date: 29 June 2018



Mr Clark Bailie
 Chief Executive

The notes on pages 106 to 142 form part of the accounts.

NORTHERN IRELAND HOUSING EXECUTIVE

Statement of Cash Flows for the year ended 31 March 2018

	2018	2017
Note	£'000	£'000
Net Cash Outflow from Operating Activities	24(a) (202,803)	(200,146)
Cashflow from Investing Activities	24(b) (85,408)	(76,651)
Cashflow from Financing Activities	24(c) 307,253	305,704
Increase/(Decrease) in Cash & Cash Equivalents in the period	<u>19,042</u>	<u>28,907</u>
Cash and Cash Equivalents at beginning of period	<u>103,638</u>	<u>74,731</u>
Cash and Cash Equivalents at end of period	24(d) <u>122,680</u>	<u>103,638</u>

The notes on pages 106 to 142 form part of the accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2018

	SOCNE	Revaluation	Total
	Reserve	Reserve	Reserves
	£'000	£'000	£'000
Balance at 31 March 2016	1,083,104	657,131	1,740,235
Changes in reserves 2016/17			
Comprehensive Net Expenditure for year	(359,506)	97,777	(261,729)
Grant from Sponsoring Department	305,704	-	305,704
Transfers between reserves	14,845	(14,845)	-
Balance at 31 March 2017	1,044,147	740,063	1,784,210
Changes in reserves 2017/18			
Comprehensive Net Expenditure for year	(240,872)	103,738	(137,134)
Grant from Sponsoring Department	307,253	-	307,253
Transfers between reserves	14,236	(14,236)	-
Balance at 31 March 2018	1,124,764	829,565	1,954,329

The notes on pages 106 to 142 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 (previously named as the Department of Finance and Personnel until 9 May 2016). 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 2017/18.

The Housing Executive has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts. The Housing Executive considers that these are unlikely to have a significant impact on the accounts in the period of initial application.

b) Rents

Rental Income shown in the Statement of Comprehensive Net Expenditure is the gross rent collectable less rents collectable on voids (vacated dwellings) and abatements for housing stock and commercial properties. All arrears and advances are reported in the receivables and payables due within one year and after one year.

Rates Income Received, which is shown in Other Income within the Statement of Comprehensive Net Expenditure, refers to Rates collectable on Housing Stock and garages.

c) Insurance

It is the Housing Executive's policy to self insure and expense immediately against Public Liability Claims below £250k for any one incident (limit of indemnity £20m), damage to Housing Stock (with the exception of multi storey flats and hostels) and Professional Indemnity Insurance.

d) Housing Benefit

Means tested Housing Benefit is administered by the Housing Executive on behalf of the Department. All claimant payments and the majority of the administrative costs are funded by the Department.

Funding recovered from the Department is not treated as a grant but is included as income in the Statement of Comprehensive Net Expenditure.

Housing Benefit overpayments are accounted for in the Housing Executive's books as a debtor due from the overpaid claimant and a creditor due to the Department when the debt has been recovered. The Department's books will include

as a debtor the amount of Housing Benefit recoverable by the Housing Executive.

e) Service Concession Arrangement (strategic partnership with an IT Service provider)

In March 2005, the Housing Executive entered into a contract with an IT Service provider for the development, implementation and support of current and future Information and Communications Technology (ICT) systems and services up to September 2015. The contract was extended for a further three years and will now cease in September 2018. Under the terms of the contract, the provider is contractually obliged to provide IT services to the Housing Executive. The IT Service to be delivered by the provider is specified by NIHE through service element components at the outset of the contract.

IFRIC (International Financial Reporting Interpretations Committee) 12, "Service Concession Arrangements", covers the accounting treatment of Public Private Partnership (PPP) arrangements, Private Finance Initiative (PFI) contracts or other similar contracts that meet the definition of service concession arrangements. The Housing Executive contract with the IT provider, although not a PFI contract, is within the scope of IFRIC 12 as the Housing Executive controls the ICT services that the IT provider must provide. Furthermore, the Housing Executive has the right to the residual interest at the end of the contract when ownership of all assets pertinent to the contract will revert to the Housing Executive.

In accordance with IFRIC 12, the Housing Executive recognises hardware and software as a non-current asset when it meets the recognition criteria for other non-current assets of that generic type. Hardware costs, recognised under IAS 16 as non-current assets, are accounted for as Property, Plant & Equipment within Note 10(a). Software costs, recognised under International Accounting Standard (IAS) 38 as non-current assets, are accounted for as Intangible Assets within note 10(c). An asset is only recognised as a non-current asset when the asset comes into use by the Housing Executive. Any payments in advance of the asset coming into use are treated as prepayments.

The Housing Executive measures non-current assets initially at cost. This represents the costs incurred by the provider in bringing the asset into use for each service element. Following initial recognition, non-current assets acquired under this contract are re-valued each year by reference to appropriate Treasury approved indices. The accounting is in accordance with other non-current assets of that generic type as

outlined below for hardware in 'Property, Plant & Equipment' and software in 'Intangible Assets'.

After a service element is brought into use, the Housing Executive starts to make unitary charge payments to the provider. The unitary charge payment incorporates payments for the service element of the contract, a finance charge and payments for the capital element of the contract. Payments for the capital element of the contract are offset against the liability recognised for the capital value of assets brought into use. The service element and the finance charge are expensed annually to the Statement of Comprehensive Net Expenditure.

f) Intangible Assets

IAS 38, "Intangible Assets", covers accounting for the recognition, measurement and amortisation of Intangible assets, in particular Computer Software.

Computer software is defined as an Intangible Asset under IAS 38. It is measured on initial recognition at cost. Following initial recognition, computer software is re-valued each year by reference to appropriate Treasury approved indices. Computer software is carried at valuation less any accumulated amortisation and any accumulated impairment losses.

Computer software is amortised over its useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for computer software with a finite useful life is reviewed at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method of amortisation as appropriate. Any adjustments are treated as changes in accounting estimates. The amortisation expense on computer software is recognised in the Statement of Comprehensive Net Expenditure within Depreciation, Write Offs and Write Down.

Gains or losses arising from de-recognition of computer software are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Comprehensive Net Expenditure Accounts when the asset is de-recognised.

Amortisation

It is policy to provide a full year's amortisation in the year of purchase. Computer Software is amortised on a straight line basis with no residual value. The principal terms used are:

Computer Software purchased outside of the IT service concession arrangement contract	4-10 years
Computer Software purchased within the IT service concession arrangement contract	4-10 years

g) Property, Plant & Equipment

IAS 16, "Property, Plant & Equipment", covers accounting for the recognition, measurement, valuation and depreciation of non-current assets. IAS 16 allows for revaluation of such assets and states that it will be sufficient to perform a full valuation by a qualified external valuer at least every five years, an interim valuation in year three, and an interim valuation in other years where there has been a material change in value. In interpreting IAS 16 for the public sector, the FReM permits a full valuation of assets every five years with annual indexation in the intervening years and no interim professional valuation. The Housing Executive has adopted this latter approach for all non-current assets other than Housing Stock and Land, which will continue to be revalued annually.

Operational Assets

Housing Stock

Operational housing stock is revalued each year on the basis of open market value for existing use (Existing Use Value for Social Housing), in accordance with guidance issued by the Department of Communities & Local Government in England titled 'Stock valuation for resource accounting 2016: guidance for valuers'.

To determine the open market value, the "Beacon approach" to valuation is adopted for valuing the housing stock. Under the Beacon approach, the Housing Executive's total housing stock is split into property archetypes, through uniting characteristics material to the valuation. The value of a property archetype is determined by valuing a sample dwelling, representative of the property archetype, and using this value as the average value for the group. Internal inspections of each sample dwelling will be carried out every five years, in line with FReM. A full valuation was carried out by Land & Property Services at 31 March 2014, where valuers carried out an internal

inspection of each sample dwelling. The next full valuation is due to be carried out at 31 March 2019.

At 31 March 2018, the housing stock was subject to an annual 'desk-top' revaluation by Land & Property Services to reflect changes in stock numbers and market values. The valuation process was again 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 factor applied in year one. 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 2013/14, the University of Ulster calculated adjustment factors reflecting the private/public sector yield relationship.

Voids which will be lettable are valued in line with normal stock valuations. Non-lettable voids are valued at Open Market Value, in line with the guidance issued by the Department of Communities & Local Government.

Land

Land is revalued each year on the basis of open market value. Additions to the land bank have been valued by external qualified valuers. Amenity land is recorded at Nil value as its value is considered to be reflected within the social house values. Where there is a reclassification of such land to development use, a revised valuation will be undertaken. Departmental approval provides for the transfer of land to Housing Associations (HA) at Nil value. Such a transfer is recorded in the Housing Executive accounts as a Loss on Disposal-Housing Association (see note 10(a)). The Housing Executive on behalf of the Department recoups the market value of these by deducting from the grant paid to Housing Associations.

Other Property

Commercial Properties, Hostels, Offices and Stores, and Travellers' Sites are valued in accordance with the FReM. They are revalued and relifed every five years by external professional valuers and in the intervening years appropriate indices are applied. Commercial Properties, Offices and Stores are valued on the basis of fair value for existing use. Hostels and Travellers' sites are valued at depreciated replacement cost.

Other assets

Short life assets, which includes Motor Vehicles, Plant and Machinery, Estate Management Equipment and Computer Equipment, are revalued each year by reference to appropriate Treasury approved indices.

De minimis rule

Non housing and housing stock related expenditure valued at £2,000 or less is charged to the Statement of Comprehensive Net Expenditure, except for expenditure incurred in the initial capital costs of a new asset e.g. fitting out of a new hostel. Items of computer network and ancillary equipment are excluded from the de minimis rule. Expenditure on housing stock in excess of the de minimis rule which does not add financial value to the stock will be treated as revenue.

Non Operational Assets

Redevelopment Expenditure

Redevelopment (Urban Regeneration)
Expenditure is classified as non operational assets. Expenditure is incurred in the purchase of properties zoned for redevelopment, demolition of properties and in site clearance. Expenditure is accrued for land that has been vested and where a claim has been made, with legal title confirmed. A provision is made for claims submitted and where legal title has yet to be confirmed.

Impairment results from the costs associated with land acquisition and development costs exceeding their brownfield site value.

Other property

Other properties noted as surplus to requirements are also classified as non-operational assets and valued at fair value.

h) Depreciation

It is the Housing Executive's policy to provide a full year's depreciation in the year of purchase. Assets are depreciated on a straight line basis with no residual value. The principal rates used are:

Land	Not depreciated
Housing Stock (Building element)	50 year life
Other Buildings - Built or Purchased (Building element)	As directed by valuer
Office Premises Adaptations - Leased	Over Lease Period
Plant and Machinery	7 year life
Estate Management Equipment	7 year life
Motor Vehicles	7 year life
Office Furniture	7 year life
Specialised Equipment	5 year life
Furniture and Fittings - Hostels	7 year life
Computer Hardware purchased outside of the IT service concession arrangement contract	5 Year life
Computer Hardware purchased within the IT service concession arrangement contract	3-10 Year life

i) Short Term Investments

Interest-bearing fixed term deposits held with financial institutions or other public sector bodies are included as Short Term Investments where they have a maturity of more than three months (or 94 days), but not exceeding one year, from the settlement date. Short Term Investments are held at fair value.

j) Assets held for Sale

Assets classified as held for sale are measured at the lower of carrying value and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and expected to be completed within one year from classification and the asset is available for sale in its present condition. Housing Stock classified as held for sale is based on actual post year end house sales in April and estimated post year end house sales for May and June.

k) Inventories

The valuation of inventory held by the Housing Executive's Direct Labour Organisation is stated at the lower of cost and net realisable value.

Houses purchased under the Special Purchase of Evacuated Dwellings (SPED) Scheme are considered to be current assets as it is anticipated that such houses will be sold within 12 months of purchase. SPED inventory is valued at the lower of cost and net realisable value.

l) Cash & Cash Equivalents

Cash and Cash equivalents comprise cash on hand and deposits and other short-term liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Interest-bearing fixed term deposits held with financial institutions or other public sector bodies are included as cash equivalents only where they have a short maturity, not exceeding three months (or 94 days) from the settlement date.

m) Financial Instruments

Financial Assets

Financial Assets are classified into four types:

- Financial Assets at fair value through profit or loss - assets that an entity determines are held for trading and for derivatives with a positive value;
- Held to Maturity Investments - assets that have fixed payments and a fixed maturity;
- Loans and Receivables - assets that have fixed payments but are not quoted in an active market;
- Available for Sale Financial Assets - assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Statement of Comprehensive Net Expenditure for interest receivable are based on the 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.

Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. 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.

The majority of the external borrowing that the Housing Executive has is with the Consolidated Loans Fund. In accordance with the Government FReM, Loans, Public Dividend Capital and other interests in public bodies outside the departmental boundary should be reported at historical cost less impairment. Therefore, the Government and local authority loans are stated at historical cost in the accounts.

As required by IFRS 7, the fair value of the financial instruments, i.e. the loans inherited from former local authorities and loan advances received from the Department is disclosed in Note 21.

n) Government Grants

Capital and Revenue Grants & Grant In Aid from the Department

A Non Departmental Public Body (NDPB) must treat general grants and grant in aid received for revenue and capital purposes as financing because they are regarded as contributions from a controlling party which gives rise to a financial interest in the residual interest of the NDPBs.

Any general revenue and capital grants received from the Housing Executive's sponsoring body, the Department, to assist the Housing Executive in carrying out its statutory function, must be accounted for through the Revenue Reserve Account on the Statement of Financial Position.

The Housing Executive receives general grants from the Department to support its operational activities and to enable it to administer the functions of Supporting People, Private Sector Grants, Affordable Warmth, Boiler Replacement Scheme and Social Housing Development Programme.

Capital and Revenue grants

Capital and Revenue grants received for specific operational assets and revenue purposes are accounted for in line with IAS 20.

Capital Grants receivable for specific operational assets are recognised in the Statement of Comprehensive Net Expenditure immediately unless there are conditions stipulated by the Grant Paying body on their use which, if not met, would mean the grant is repayable. In such cases, the income will be deferred and released when

the obligations are met. Where the capital grant has no conditions attached to it, the income is recognised immediately.

Grants receivable for revenue purposes are also recognised in the Statement of Comprehensive Net Expenditure so as to match them with the expenditure towards which they are intended to contribute.

Grants Payable

The Housing Executive pays grants in accordance with the terms and conditions inherent within the respective funding agreement, letter of offer or grant approval scheme. Grants payable are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs. Grants related to activity occurring over a specific time period, usually a financial year, are recorded as expenditure for that period. Any unspent grant paid to a housing association under the Social Housing Development Programme is recouped by the Housing Executive who in turn pay it to the Department. This is accounted for as a reduction in Social Housing Development Programme in Note 6.

o) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date. The leases the Housing Executive currently holds are all regarded as operating leases and the rentals are charged to the Statement of Comprehensive Net Expenditure on a straight line basis over the lease term.

Housing Executive as a lessee

Finance leases

Finance leases, which transfer to the Housing Executive substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Statement of Comprehensive Net Expenditure.

Operating leases

Operating lease payments are recognised as an expense in the Statement of Comprehensive Net Expenditure on a straight line basis over the lease term.

Housing Executive as a lessor

Finance leases

Where the Housing Executive acts as lessor in a finance lease arrangement, the relevant asset is written out of Property, Plant & Equipment as a disposal.

At the commencement of the lease, an assessment is made against the requirements of IAS 17. In the majority of cases, the carrying amount of the asset in Property, Plant & Equipment is written off to the Statement of Comprehensive Net Expenditure. This is then offset by the net investment in the lease, which results in a gain or loss on disposal. A lease asset is matched in the Statement of Financial Position within Trade & Other Receivables, split between due within and due after more than one year.

At the end of the lease, if the asset is to be sold, the carrying amount of the asset is accounted for in the first instance as a capital addition and thereafter immediately disposed 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.

p) Pensions

The Housing Executive participates in the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) pension scheme for the majority of its employees. The Scheme's professionally qualified actuaries recommend the rates of contribution to be paid. The Housing Executive has accounted for its pension costs arising from the NILGOSC scheme, and for all unfunded discretionary benefits which it has granted, as defined benefit schemes.

NILGOSC pension scheme

For the NILGOSC defined benefit scheme, the Housing Executive has recognised its share of the pension fund assets and liabilities in its Statement of Financial Position as a pension liability, as well as recognising the full cost of providing for future retirement benefits in the Statement of Comprehensive Net Expenditure.

Measurement of Scheme Assets

The pension fund asset is accounted for at fair value.

Measurement of Scheme Liabilities

Pension liabilities are measured on an actuarial basis using the projected unit method. The scheme liabilities at the valuation date relate to:

- i) the benefits for pensioners and deferred pensioners and their dependants, allowing where appropriate for future increases; and
- ii) the accrued benefits for members in service on the valuation date.

Recognition of Net Pensions Liability

The Housing Executive has recognised a liability in its Statement of Financial Position for the shortfall in value of its share of pensions fund assets and liabilities at the Statement of Financial Position date. This shortfall is recoverable wholly from increases in future contributions made by the Housing Executive to the pension fund.

The movement in the pension liability is analysed across the following components:

- Current Service Cost - represents the increase in the present value of the scheme liabilities expected to arise from employee service in the current period. The current service cost is included in Employee Costs within the Statement of Comprehensive Net Expenditure.
- Interest on Service Cost - this is accounted for in Employee Costs and the Net Interest Cost within the Statement of Comprehensive Net Expenditure.
- Administration Expenses - an allowance for administration expenses and insurance premiums is included in the pension expense as part of the current service cost within the Statement of Comprehensive Net Expenditure.
- Past Service Cost - represents the increase in liabilities arising from decisions made during the year which affect years of service earned in earlier years, such as the award of early retirement with added years of service. The past service cost is included in Employee Costs within the Statement of Comprehensive Net Expenditure.
- Net Interest Cost - reflects the change during the period in the net defined benefit liability/ (asset). The Net Interest Cost is included in financing costs within the Statement of Comprehensive Net Expenditure.
- Actuarial Gains and Losses - arise from differences because events have not coincided with the actuarial assumptions

made for the last valuation or changes in the actuarial assumptions and due to experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred). Actuarial Gains and Losses are reflected in the Statement of Changes in Taxpayers' Equity.

- Gains and losses on settlements and curtailments - settlements are actions that relieve the employer of the primary responsibility for a pension obligation. A curtailment reduces the expected years of future service or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Gains and losses on settlements and curtailments are included in employee costs within the Statement of Comprehensive Net Expenditure.

Added Years Discretionary Benefits

The Housing Executive recognises the actuarial liability from added years granted in respect of past employees who have retired early. Given projected life spans, this liability will be payable over a number of years. The Housing Executive makes a provision each year based on the projected liability. Payments in respect of individual employees who have retired early are paid annually to NILGOSC and will continue to be paid until these employees cease to be recipients of the scheme.

- q) Taxation (including Value Added Tax)

Corporation Tax

As the Housing Executive does not have Crown exemption, it is liable to corporation tax on certain sources of income (in this case, interest receivable, chargeable gains on sale of Housing Stock and net rental income in the landlord activities) earned in any year. A tax charge is recognised and shown on the face of the Statement of Comprehensive Expenditure. More details can be found in Note 9.

Value Added Tax

All revenues, expenses and assets are shown net of Value Added Tax (VAT) unless it is irrecoverable. The net amount of VAT recoverable from, or payable to, HMRC is included as part of receivables or payables in the Statement of Financial Position.

- r) Provisions

Provisions are recognised when either a legal or constructive obligation, as a result of a past event, exists at the Statement of Financial Position date and where the amount of the obligation can be reasonably estimated.

Provisions not required and written back during the year are disclosed separately in Note 22 with the exception of the provisions for Public Liability Claims, for which this information is not available. The amount disclosed as provided in the year in respect of these items includes the impact of any provisions not required from the prior year-end, since the amount of this impact cannot be readily ascertained in order to be disclosed separately.

s) Contingent Liabilities

A contingent liability is disclosed in Note 25 if an obligation cannot be accurately estimated or if an outflow of economic benefit to settle the obligation is more than remote.

Remote contingent liabilities, as required under Managing Public Money Northern Ireland if applicable, are disclosed in the Assembly Accountability Report.

It is the Housing Executive's policy to challenge all public liability claims made against the organisation.

Payments in respect of settled claims are included in the Statement of Comprehensive Net Expenditure in the year in which they are made and a note of the possible liability is included in the supporting notes to the accounts.

t) Related Party Transactions

Details of transactions and outstanding balances at the year-end between the Housing Executive and related parties are disclosed in Note 27 in accordance with IAS 24.

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

A related party is a person or entity that is related to the Housing Executive. The following are classed as related parties for the Housing Executive:

- (a) A Director or Board Member (or a close member of that person's family);
- (b) An entity if any of the following conditions applies:
 - (i) The entity and the Housing Executive are members of the same group i.e. other Government body;
 - (ii) The entity is controlled or jointly controlled by a person identified in (a).

u) Estimation Techniques

The Housing Executive makes estimates and assumptions concerning the future, which by definition, will seldom equal the related actual results. The estimates and assumptions that have

a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(1) Provisions

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Statement of Financial Position date, taking into account the risks and uncertainties surrounding the obligation. Please see note 22 for further details of the carrying amounts.

(2) Pension Liability

An asset or liability in respect of the NILGOSC scheme is recognized on the Statement of Financial Position in accordance with the accounting policy 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 23 for further details of the carrying amounts.

(3) Assessing the need for and measurement of impairment losses

Impairment losses on receivables, particularly Housing Benefit receivable and Tenant Arrears, is dependent upon NIHE deriving the best estimate of probable losses inherent in the portfolio. Such estimate requires consideration of historical loss experience, adjusted for current conditions, and judgments about the probable effects of relevant observable data. Please see note 15 for further details of the impairment losses.

(4) Useful lives of Property, Plant and Equipment and Intangible assets

The estimation technique employed in determining the useful lives of Intangible assets and Property, Plant and Equipment is enclosed in accounting policy f) and g) respectively. Please see note 10 for further details of the carrying amounts.

(5) Valuation of Housing Stock

The estimation technique employed in selection of the beacon property and calculation of the adjustment factor is carried out using Guidance issued by the Department of Communities & Local Government in Great Britain titled 'Stock Valuation for Resource Accounting 2010: Guidance for Valuers'. More information is enclosed in accounting policy g). Please see note 10 for further details of the carrying amount.

(6) Accruals and Prepayments for Social Housing Development Programme

Grants are paid by the Housing Executive to Housing Associations to fund social housing development schemes. A model has been developed to allow the Housing Executive to recognise the cost of these grants in line with the average pattern in which the Housing Associations incur the expenditure being covered by the funding. The objective is that the Housing Executive recognises the grant costs only to the extent that the development being funded has been completed. At the year-end, a prepayment or accrual is recognised for every scheme where the grant funding paid to the Housing Association either exceeds or falls short of the development costs incurred. However, the model used to estimate the development costs incurred at year-end is based on average expenditure patterns from historical experience and applies judgments to provide a reasonable approximation of expenditure across all the schemes.

v) Apportionment Methodology - used for annex Accommodation and Support Service Department costs borne by the Housing Executive are apportioned to Landlord Services and Regional Services in order to establish the full cost of service delivery for each entity. Costs are apportioned as follows:

- Accommodation - apportioned on the basis of building utilisation
- IT Programme Costs - based on system specific utilisation where identifiable, otherwise apportioned on basis of Full Time Equivalent (FTE)
- All other Support Service functions - apportioned on the basis of FTE

The same basis as described above is used to apportion support service department costs within Trade and Other Receivables and Trade and Other Payables in the Statement of Financial Position.

w) Commissioned Services

Commissioned Services are those services that Landlord Services delivers on behalf of Regional Services, and vice-versa. The quantum of staffing resources applied to the delivery of Commissioned Services was confirmed by various local managers across the organisation using staff activity templates. In each instance the full cost of a Commissioned Service is quantified and a charge levied to reflect the full cost of service delivery.

Commissioned Services delivered by Landlord Services on behalf of Regional Services are:

- Homelessness and Waiting List Management
- Housing Benefit
- Travellers
- Corporate Procurement
- Together Building United Communities programme

Commissioned Services delivered by Regional Services on behalf of Landlord Services are:

- House/Land Sales
- Research
- Adaptations
- Equality
- Land & Housing Analytics

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 aims to achieve this through the following objectives:

- Delivering the Decent Homes Standard;
- Promoting independent living;
- Urban and rural regeneration;
- Promoting affordable housing;
- Building a stronger community;
- Better public services.

The Board of the Housing Executive determines a comprehensive set of objectives and targets to ensure it meets its responsibilities across this wide range of programmes and services. This Board approved framework is then used to allocate resources, monitor performance (both financial and non-financial) and thereby control the activities of the organisation at corporate level.

A directive to reclassify the Housing Executive between Landlord Services (Quasi Public Body) and Regional Services (N.D.P.B), became operational from 1 April 2014. Prior to 1 April 2014, the Housing Executive was classified as a Public Corporation. As a result, from this date, there are separate budgetary control and reporting requirements for Landlord Services and Regional Services, with the Board monitoring performance for each of these services individually.

Regional Services also meet additional budgetary requirements for both 'DEL non-cash' and 'AME (Annually Managed Expenditure - non voted)' budgets.

Operating segments are therefore readily identified for both Landlord Services and Regional Services using the performance and resource framework already established by the Board and provide compliance with the reporting requirements of International Financial Reporting Standard (IFRS) 8.

The following operating segments have been identified for the Housing Executive:

Landlord Services

- **Loan Charges** - this relates to the principal and interest loan repayments in connection with loans raised by the Housing Executive or transferred to the Housing Executive upon its creation.
- **Dwelling Related Costs** - this relates to capital improvements (primarily Disability Adaptation extensions and Decent Homes improvements such as replacement kitchens), revenue maintenance & upkeep of the Housing Executive's housing units and associated grounds maintenance costs.
- **Miscellaneous Expenditure** - the majority of costs reported in this category relates to payment of rates for housing stock. Other expenditure areas included are public liability claims, write-offs and special payments, expenditure incurred for the upkeep of hostels and contributions to outside agencies.
- **Employee and Administration Expenses** - this includes salary costs, travel & subsistence, Office expenses and IT programme costs for Landlord Services.
- **Commissioned Services Net Income** - this represents charging for services performed by Landlord Services on behalf of Regional Services and vice versa (see accounting policy note (w) for more detail).
- **Corporation Tax** - relates to Corporation Tax charged on tradable activities.
- **Rental & Miscellaneous Income** - includes all Rental Income on the Housing Executive's homes, commercial property, hostels and land.
- **Capital Receipts** - relates to proceeds received from sale of housing stock and land.
- **Other** - the 'other' category is comprised of capital expenditure on IT and Office Accommodation and expenditure relating to the purchase of land and vested housing stock. For income it relates mainly to rates income collected.

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 Income** - this represents charging for services performed by Landlord Services on behalf of Regional Services and vice versa (see accounting policy note (w) for more detail);
- **Private Sector Grants & Energy Efficiency** - this scheme provides means tested grants to private home owners to fund repairs, improvements and adaptations and thereby improve the overall stock of housing within the region;
- **Misc Public & Private Programme** - the expenditure covers payments in respect of managing the Homeless service and asylum seekers;
- **Social Housing Development Programme** - sometimes described as the 'New Build' programme, this is mainly concerned with the grant support provided to Housing Associations for building of social housing;
- **Rental & Miscellaneous Income** - includes Rental Income on Travellers sites and Income received from the sale of Special Purchase of Evacuated Dwellings (SPED) properties;
- **Other** - the 'other' category is the purchase of Special Purchase Evacuated Dwellings (SPED) properties, capital improvements within traveller's sites and AME expenditure lines which are demand led e.g. pension revaluations.

Information on Capital and Revenue spend is provided to the Board monthly. No information is provided in respect of assets and liabilities regularly to the Board for Landlord Services and Regional Services. This information is therefore not disclosed in Note 3 separately.

NOTES TO THE ACCOUNTS

Note

3(b) Analysis of Net Expenditure by Segment (continued)

The following table summarises the outturn spend for each of the operating segments for Landlord Services and Regional Services.

Segment	Note	2018			2017		
		Capital	Revenue	Net Expenditure	Capital	Revenue	Net Expenditure
		£'000	£'000	£'000	£'000	£'000	£'000
<i>Landlord Services</i>							
Total Net expenditure reported for Operating Segments:							
Loan Charges		-	70,837	70,837	-	80,579	80,579
Dwelling Related Costs		35,913	126,687	162,600	25,685	123,531	149,216
Misc. Expenditure		-	45,600	45,600	-	45,846	45,846
Employee and Admin Expenses		-	78,248	78,248	-	79,352	79,352
Commissioned Services Net Income		-	(7,939)	(7,939)	-	(9,140)	(9,140)
Corporation Tax		-	11,567	11,567	-	5,791	5,791
Other		1,024	-	1,024	2,208	-	2,208
		36,937	325,000	361,937	27,893	325,959	353,852
Less Rental & Miscellaneous income		-	(343,202)	(343,202)	-	(343,881)	(343,881)
Less Capital Receipts		(18,662)	-	(18,662)	(17,689)	-	(17,689)
Total Expenditure		18,275	(18,202)	73	10,204	(17,922)	(7,718)
<i>Regional Services</i>							
Total Net expenditure reported for Operating Segments:							
Supporting People		-	73,764	73,764	-	77,807	77,807
Employee and Admin Expenses		-	37,597	37,597	-	38,782	38,782
Commissioned Services Net Expenditure		-	7,939	7,939	-	9,140	9,140
Private Sector Grants, & Energy Efficiency		34,165	-	34,165	36,906	-	36,906
Misc. Public/Private Programme		-	16,249	16,249	-	15,340	15,340
Social Housing Development Programme		109,097	-	109,097	105,207	-	105,207
Other		2,097	2,822	4,919	2,267	(131)	2,136
		145,359	138,371	283,730	144,380	140,938	285,318
Less Rental & Miscellaneous income		(1,419)	(5,788)	(7,207)	(455)	(5,445)	(5,900)
Total Expenditure		143,940	132,583	276,523	143,925	135,493	279,418

Included in reportable segments above are:

- 1) 'Other' segment within Regional Services (Revenue) - £94k relating to impairment of non-operational property as disclosed in Note 10 (b).
- 2) 'Loan Charges' segment within Landlord Services (Revenue) - £25.3m relating to interest payable on loans outstanding from the Government Loans Fund and Former Local Authorities.

NOTES TO THE ACCOUNTS

Note

3(b) Analysis of Net Expenditure by Segment (continued)

Reconciliation to Statutory Accounts

2018	2017
£'000	£'000

The table on the previous page reflects information provided monthly to the Board on outturn against budget. A reconciliation is provided below to reconcile the outturn to the Financial Statements.

Total Net expenditure reported for Operating Segments:

Landlord Services	73	(7,718)
Regional Services	276,523	279,418
	276,596	271,700

Adjustments in the Budgeted Outturn and not in the Statement of Comprehensive Net Expenditure:

Travellers Sites Additions	(51)	(71)
Redevelopment Land Additions	(94)	(364)
Operational Assets Additions	(16,792)	(14,842)
Receipts (net of expenses) for Sale of Land & Property	18,722	17,715
Loans Principal Repayments	(46,101)	(51,684)
	(44,316)	(49,246)

Adjustments in the Statement of Comprehensive Net Expenditure and not through Budgeted Outturn for Landlord Services:

Depreciation, Amortisation, Write Offs & Write Down	33,266	31,851
Provisions for Liabilities and Charges movement	16	(204)
Corporation Tax Movement	-	6,239
IAS 19 Pension Adjustment	6,929	1,098
Other adjustments	280	(23)
	40,491	38,961
Total net expenditure per the Statement of Comprehensive Net Expenditure	272,771	261,415

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.

		2018	2017
	Note	£'000	£'000
Rental Income			
Dwellings & Garages		299,880	301,190
Redevelopment		-	10
Commercial Properties		2,227	2,209
Lands		84	58
Travellers, Hostels and Req. Properties		692	654
Miscellaneous		254	270
		<u>303,137</u>	<u>304,391</u>
Less: Abatements			
Dwellings & Garages		(897)	(961)
Commercial Properties		(208)	(157)
		<u>(1,105)</u>	<u>(1,118)</u>
Less: Voids			
Dwellings & Garages		(3,122)	(3,183)
Redevelopment		(1)	(38)
Commercial Properties		(117)	(101)
Hostels		(201)	(161)
Traveller Sites		(31)	(24)
		<u>(3,472)</u>	<u>(3,507)</u>
Total Rental Income		298,560	299,766
EU Income		97	-
Other Operating Income			
Income from Housing Associations		(60)	13
Revenue grants		133	265
Capital Grant		21	1
Rates Income from properties	27	37,907	36,956
Income from Land & Property Services:			
· Rates Collection	27	4,164	4,127
· Rates Relief Income	27	2,455	2,812
· Lone Pensioner Allowance	27	152	170
Legal Expenses Recovered		249	259
Other Recoverable Charges		112	102
Ground Rents Receivable		65	72
HMO Multiple Occupancy - Registration Fees		522	531
Group Repairs Income		3	11
SPED Income		1,435	458
Income from Hostels		943	1,486
Income for Asylum Seekers		3,974	3,405
Income from sold flats		606	408
Income from Service Enhancement Fund		138	142
Income recoverable on maintenance contracts		17	2
Miscellaneous Income		174	162
		<u>53,010</u>	<u>51,382</u>
Total Income (excluding Housing Benefit Income)		351,667	351,148

NOTES TO THE ACCOUNTS

Note

5 Staff costs

	2018				2017
	Permanent Staff	Others	Board Members	Total	Total
	£'000	£'000	£'000	£'000	£'000
Staff costs comprise					
Wages and Salaries	66,966	979	95	68,040	66,574
Social Security Costs	6,617	80	5	6,702	6,205
Seconded-in Staff	-	192	-	192	170
Agency Costs	-	11,660	-	11,660	10,867
Total Staff costs excluding Pension Costs	73,583	12,911	100	86,594	83,816
Other Pension Costs				19,010	12,949
				105,604	96,765
Less staff costs capitalised - IT Software				(16)	-
				105,588	96,765

Social security costs include £328k of apprenticeship levy costs borne by the Housing Executive.

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

	2018	2017
	£'000	£'000
Wages and Salaries	154	164
Social Security Costs	16	18
Other Pension Costs	28	34
	198	216

Further details on the staff costs can be found in the Staff Report within the Remuneration and Staff Report.

NOTES TO THE ACCOUNTS

Note

6 Other Expenditure

		2018	2017
	Note	£'000	£'000
Direct Employees Costs		1,120	756
Transport Related Costs		2,453	2,625
Premises Related Costs	(a)	9,274	8,295
Supplies, Services, Write - Offs & Other Costs		20,885	21,022
External Audit			
· Auditor's Remuneration		165	165
· Other Services	(b)	.	13
Bank Charges		338	297
Dwelling Related Costs	(c)	146,889	137,099
Public Sector Expenditure		1,197	1,717
Rates Relief Expenditure		2,455	2,812
Lone Pensioner Allowance (LPA)		152	170
Private Sector Expenditure	(d)	16,882	13,887
Private Sector Grants	(e)	35,121	38,196
Rates paid on properties		37,547	37,221
Supporting People		73,764	77,807
Public Liability Charges		1,252	1,089
Social Housing Development Programme	(f)	109,097	105,207
Impairment	(g)	260	401
Restructuring Costs		2,531	7,218
		<u>461,382</u>	<u>455,997</u>
Less:			
Recharges - salaries & overheads of Housing Executive staff providing professional services in the delivery of its core business.	(h)	(16,059)	(14,833)
		<u>445,323</u>	<u>441,164</u>

(a) Premises related costs includes £2,023k lease charges for the rental of properties occupied by the Housing Executive during 2017/18.

(b) There were no other services provided by External Audit during 2017/18. For 2016/17 there was a cost for additional services of £13.3k in respect of the National Fraud Initiative.

(c) The major element of Dwelling Related Costs is the maintenance of the Housing Executive's housing stock including grounds and general maintenance costs. For 2017/18, £102.9m was spent on a planned maintenance programme and £44.0m was spent on response maintenance.

(d) Private Sector Expenditure is analysed as follows:

	£'000
Special Purchase of Evacuated Dwellings (SPED)	1,790
Allowance for gain in Fair Value on SPED	(50)
Homelessness	10,369
Asylum Seekers	3,136
Other	1,637
	<u>16,882</u>

SPED costs include £354k which relate to loss on sale of SPED stock sold during the 2017/18 year.

(e) This includes Affordable Warmth Grants of £18,246k, Disabled Facilities Grants of £10,509k, Boiler Replacement Grants of £1,950k, Other Grants of £3,474k and Group Repairs of £18k. There are also administration costs included in this category for the running of these schemes which have not been separately disclosed.

NOTES TO THE ACCOUNTS

Note

6 Other Expenditure (continued)

(f) Social Housing Development Programme includes payments to Housing Associations for the following:

	£'000
New Build	86,064
Advance Land Purchase Grant	11,127
Voluntary Purchase Grant	1,404
Small Adaptations Grant	2,254
Shared Housing Incentives	1,036
Shared Housing	7,212
Recoupment of SHDP grant	840
Grant recouped & paid to Department	(840)
	<u>109,097</u>

A further £210k was recouped from Housing Associations which has not been repaid to the Department. This has been offset against 2017/18 Social Housing Development Programme expenditure.

(g) Impairment relates to the write down of Assets. (See Note 10(a) & 10(b)).

(h) Recharges include salaries and overhead costs for the following functions:

	£'000
Direct Labour Organisation	14,640
Rates Relief & Lone Pensioner Allowance	817
Other Programme Cost delivery	602
	<u>16,059</u>

(i) EU income for 2017/18 is £97k (2016/17: £Nil). Expenditure of £96k was incurred relating to this income in 2017/18 and is included in Public Sector Expenditure.

(j) Provision for liabilities and charges movements are included in the following lines:

	£'000
Public Liability Charges	1,282
Dwelling Related Costs	21
Public Sector Expenditure	(100)
Property Plant & Equipment - Housing Stock additions	(137)
	<u>1,066</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:

Housing Benefit - Public & Private

Housing Benefit - Overpayment recoveries

Net Funding from the Department

Transfer of Housing Benefit overpayment movement to overpayment debtor account

Increase in HB Overpayment Provision

Total Housing Benefit Costs/Income

	2018	2017
	£'000	£'000
	647,795	674,517
	(14,373)	(13,669)
	633,422	660,848
	(2,444)	(1,456)
	842	959
	631,820	660,351

8 Financing Charges

Loan Interest Charges

	2018	2017
	£'000	£'000
	24,736	28,895
	24,736	28,895

9 Taxation

(a) Taxation charge in the year

Analysis of charge in the year (estimate)

Current tax:

UK Corporation tax on taxable income for the current year

Adjustments to the tax charge in respect of previous periods

Interest & penalties

	2018	2017
	£'000	£'000
	11,588	11,854
	(8)	189
	.	.
	11,580	12,043

Tradable activities, which are subject to Corporation Tax, include Rental Income, Disposal of Capital Assets and Interest Receivable.

(b) Factors affecting the tax charge

Interest Receivable - current year

Chargeable/Net Rental Income

Chargeable Gains

	2018	2017
	£'000	£'000
	358	349
	57,580	58,821
	-	-
	57,938	59,170

Net Rental Income before taxation multiplied by the effective rate of

Corporation Tax in the UK for the current year of approx. 20% (2017: 20%)

Adjustments to the tax charge in respect of previous periods

Interest & penalties

Current tax charge

	2018	2017
	£'000	£'000
	11,588	11,854
	(8)	189
	-	-
	11,580	12,043

A Corporation Tax charge of £11.58 million has been recognised in the accounts (see note 9a above for calculation). There is also an outstanding liability at the year end of £3.3 million (see note 17). The Housing Executive does not have Crown exemption status in relation to Corporation Tax.

(c) Deferred tax

No provision for deferred tax has been made as at 31 March 2018 and for previous financial years.

NOTES TO THE ACCOUNTS

Note

10

(a) Property, Plant & Equipment

	Housing Stock	Land	Commercial Property	Office Premises	Hostels	Travellers Sites	Other Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Operational								
Cost or Valuation								
At 31 March 2017	2,162,158	39,431	16,579	32,482	15,222	3,545	29,652	2,299,069
Additions	15,610	2	4	93		51	648	16,408
Reclassification Uplift		987						987
Disposals	(8,323)	(2,058)					(2,493)	(12,874)
Demolitions								-
Write off Adapt to Leased Offices				(72)				(72)
Transfer from Housing Stock	(159)	159						-
Transfer to Housing Stock	29		(30)					(1)
Transfer from Non-Operational Assets								-
Transfer to Non-Operational Assets								-
Transfer to Land from Commercial Property								-
Transfer to Non Current Assets								-
Held for Sale	(5,446)	(789)						(6,235)
Transfer from Non Current Assets								-
Held for Sale								-
Impairment	(166)							(166)
Write down in valuation		(1,325)						(1,325)
Revaluation Adjustments	67,783	2,432			1,061	241	287	71,804
At 31 March 2018	2,231,486	38,839	16,553	32,503	16,283	3,837	28,094	2,367,595
Depreciation								
At 31 March 2017	-	-	(909)	(1,666)	(844)	(179)	(24,462)	(28,060)
Charged in year	(31,216)		(454)	(834)	(455)	(105)	(1,819)	(34,883)
Written back on Revaluation	31,216						4	31,220
Backlog Depreciation					(65)	(14)	(132)	(211)
Disposals							2,486	2,486
Depreciation on transfer to Housing Stock			1					1
Depreciation on transfer to Non Operational Assets				1				1
At 31 March 2018	-	-	(1,362)	(2,499)	(1,364)	(298)	(23,923)	(29,446)
Carrying amount at 31 March 2017	2,162,158	39,431	15,670	30,816	14,378	3,366	5,190	2,271,009
Carrying amount at 31 March 2018	2,231,486	38,839	15,191	30,004	14,919	3,539	4,171	2,338,149
Asset financing:								
Owned	2,231,486	38,839	15,191	30,004	14,919	3,539	2,368	2,336,346
Finance Leased								
On-balance sheet Service	-	-	-	-	-	-	-	-
Concession contracts	-	-	-	-	-	-	1,803	1,803
Carrying amount at 31 March 2018	2,231,486	38,839	15,191	30,004	14,919	3,539	4,171	2,338,149

NOTES TO THE ACCOUNTS

Note

10

(a) Property, Plant & Equipment

	Housing Stock	Land	Commercial Property	Office Premises	Hostels	Travellers Sites	Other Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Operational								
Cost or Valuation								
At 31 March 2016	2,100,407	36,865	16,536	32,641	15,145	3,215	27,301	2,232,110
Additions	12,533	5	13	58			2,071	14,680
Reclassification Uplift		2,283						2,283
Disposals	(7,712)	(3,096)					(169)	(10,977)
Demolitions	(21)							(21)
Write off Adapt to Leased Offices				(137)				(137)
Transfer from Housing Stock	(214)	178	36					-
Transfer to Housing Stock	256				(261)			(5)
Transfer from Non-Operational Assets						146		146
Transfer to Non-Operational Assets				(80)				(80)
Transfer to Land from Commercial Property		10						10
Transfer to Non Current Assets								
Held for Sale	(4,055)	(405)						(4,460)
Transfer from Non Current Assets								
Held for Sale		64						64
Impairment	(38)	-						(38)
Write down in valuation		(256)						(256)
Revaluation Adjustments	61,002	3,783	(6)	-	338	184	449	65,750
At 31 March 2017	<u>2,162,158</u>	<u>39,431</u>	<u>16,579</u>	<u>32,482</u>	<u>15,222</u>	<u>3,545</u>	<u>29,652</u>	<u>2,299,069</u>
Depreciation								
At 31 March 2016	-	-	(455)	(834)	(417)	(86)	(22,390)	(24,182)
Charged in year	(30,241)		(454)	(833)	(422)	(91)	(2,002)	(34,043)
Written back on Revaluation	30,241							30,241
Backlog Depreciation					(10)	(2)	(231)	(243)
Disposals							161	161
Depreciation on transfer to Housing Stock					5			5
Depreciation on transfer to Non Operational Assets				1				1
At 31 March 2017	<u>-</u>	<u>-</u>	<u>(909)</u>	<u>(1,666)</u>	<u>(844)</u>	<u>(179)</u>	<u>(24,462)</u>	<u>(28,060)</u>
Carrying amount at 31 March 2016	<u>2,100,407</u>	<u>36,865</u>	<u>16,081</u>	<u>31,807</u>	<u>14,728</u>	<u>3,129</u>	<u>4,911</u>	<u>2,207,928</u>
Carrying amount at 31 March 2017	<u>2,162,158</u>	<u>39,431</u>	<u>15,670</u>	<u>30,816</u>	<u>14,378</u>	<u>3,366</u>	<u>5,190</u>	<u>2,271,009</u>
Asset financing:								
Owned	2,162,158	39,431	15,670	30,816	14,378	3,366	2,651	2,268,470
Finance Leased								
On-balance sheet Service	-	-	-	-	-	-	-	-
Concession contracts	-	-	-	-	-	-	2,539	2,539
Carrying amount at 31 March 2017	<u>2,162,158</u>	<u>39,431</u>	<u>15,670</u>	<u>30,816</u>	<u>14,378</u>	<u>3,366</u>	<u>5,190</u>	<u>2,271,009</u>

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 2010: guidance for valuers'.

Land and Other Buildings includes Land, Commercial Properties, Offices, Hostels and Travellers' Sites.

Details of the valuation methodology, using the beacon approach can be found in accounting policy (g)

Land

Land was revalued at 31 March 2018 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 £0.9m on the basis that the sites may have development potential. Land classified as amenity land has no value and is reflected within the social house values.

Other Buildings

Offices, Commercial Properties, Travellers' Sites and Hostels were revalued and relifed at 31 March 2015 by professional valuers of Land and Property Services. Offices and Commercial Properties were revalued at 31 March 2015 at open market value based on Existing Use. Hostels and Travellers' Sites were revalued at 31 March 2015 using Depreciated Replacement Cost as they are considered specialised assets. Indices provided by Land and Property Services have been used to revalue these properties at 31 March 2018.

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 £215k 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, Commercial Properties, Travellers' Sites and Hostels.

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 2018	At 31 March 2017
	£'000	£'000
Motor Vehicles	1,456	1,793
Plant and Machinery	122	130
Estate Management Equipment	228	304
Office Furniture	327	246
Office Equipment	-	-
Hostels Furniture & Fittings	-	-
Computer Hardware	1,941	2,717
Community Centre	97	-
	<u>4,171</u>	<u>5,190</u>

NOTE

10 (a) Property, Plant & Equipment (continued)

Depreciation, Amortisation, Write Offs and Write downs charged to the Statement of Comprehensive Net Expenditure consisted of the following:

	At 31 March 2018	At 31 March 2017
	£'000	£'000
Depreciation adj for Backlog Depreciation	35,093	34,288
Amortisation - IT Software	857	897
Revaluation Adjustments - Other Assets	(393)	(740)
Revaluation Adjustments - Land	1,325	255
Writedown in Assets Held for Sale	-	62
Losses on Sale of Surplus Land	334	285
(Profit)/Loss on Sale of Housing Stock	(5,272)	(4,697)
(Profit)/Loss on Sale of Other Assets	(53)	(17)
Losses on Demolished Property	-	21
Write off Adaptations to Leased Offices	72	137
Loss on Disposal - Housing Association	1,421	1,453
	33,384	31,944

(b) Non Operational Assets

	Redevelopment Land	Commercial Properties	Offices	Travellers Sites	Total
	£'000	£'000	£'000	£'000	£'000
At 31 March 2016	-	15	290	87	392
Expenditure in year	364	-	-	71	435
Transfer of Property (to)/from					
Operational Assets	-	(10)	79	(146)	(77)
Transfer to Assets Held for Sale	-	-	(20)	-	(20)
Disposals	-	-	-	-	-
Revaluation Adjustment	-	-	(48)	-	(48)
Revaluation - SOCNE	-	-	(31)	-	(31)
Impairment	(364)	-	-	-	(364)
At 31 March 2017	-	5	270	12	287
Expenditure in year	94	-	-	-	94
Transfer of Property (to)/from					
Operational Assets	-	-	-	-	-
Transfer to Assets Held for Sale	-	-	-	-	-
Disposals	-	-	-	-	-
Revaluation Adjustment	-	-	-	-	-
Revaluation - SOCNE	-	-	-	-	-
Impairment	(94)	-	-	-	(94)
At 31 March 2018	-	5	270	12	287

Non Operational Assets comprises Redevelopment Land, Commercial Properties, Offices and Travellers Sites.

The £94k write down in the value of Redevelopment Land results from land acquisition and development costs for land previously vested, which has previously been transferred to operational land for ongoing transfer to Housing Association.

All residual Redevelopment Land sites were converted to brownfield sites and transferred to operational land prior to 2017/18.

These sites are then usually transferred to Housing Associations at nil value.

This transfer is accounted for as a Loss on Disposal to Housing Associations and is included in Depreciation, Amortisation, Write-offs and Write-downs in note 10(a).

The Housing Executive, on behalf of the Department, recoups the market value of these sites by deducting this value off the Social Housing Development Grant paid to Housing Associations.

Commercial Properties, included within Non-Operational Assets, reflect buildings which are due to be demolished. Offices and Travellers Sites reflect buildings and land sites which are currently not in use by the Housing Executive.

NOTES TO THE ACCOUNTS

Note

10 (c) Intangible Assets

Cost or valuation

At 31 March 2017

Additions

Reclassification Uplift

Disposals

Revaluation Adjustments

At 31 March 2018

Amortisation

At 31 March 2017

Charged in year

Backlog Amortisation

Disposals

At 31 March 2018

Carrying amount at 31 March 2017

Carrying amount at 31 March 2018

Asset Financing:

Owned

On-balance sheet Service Concession contracts

Carrying amount at 31 March 2018

Cost or valuation

At 1 April 2016

Additions

Reclassification Uplift

Disposals

Revaluation Adjustments

At 31 March 2017

Amortisation

At 1 April 2016

Charged in year

Backlog Amortisation

Disposals

At 31 March 2017

Carrying amount at 31 March 2016

Carrying amount at 31 March 2017

Asset Financing:

Owned

On-balance sheet Service Concession contracts

Carrying amount at 31 March 2017

	IT Software	Total
	£'000	£'000
At 31 March 2017	16,547	16,547
Additions	374	374
Reclassification Uplift	-	-
Disposals	(2,164)	(2,164)
Revaluation Adjustments	120	120
At 31 March 2018	14,877	14,877
Amortisation		
At 31 March 2017	(14,332)	(14,332)
Charged in year	(782)	(782)
Backlog Amortisation	(75)	(75)
Disposals	2,164	2,164
At 31 March 2018	(13,025)	(13,025)
Carrying amount at 31 March 2017	2,215	2,215
Carrying amount at 31 March 2018	1,852	1,852
Asset Financing:		
Owned	308	308
On-balance sheet Service Concession contracts	1,544	1,544
Carrying amount at 31 March 2018	1,852	1,852
Cost or valuation		
At 1 April 2016	15,732	15,732
Additions	493	493
Reclassification Uplift	-	-
Disposals	-	-
Revaluation Adjustments	322	322
At 31 March 2017	16,547	16,547
Amortisation		
At 1 April 2016	(13,435)	(13,435)
Charged in year	(712)	(712)
Backlog Amortisation	(185)	(185)
Disposals	-	-
At 31 March 2017	(14,332)	(14,332)
Carrying amount at 31 March 2016	2,297	2,297
Carrying amount at 31 March 2017	2,215	2,215
Asset Financing:		
Owned	260	260
On-balance sheet Service Concession contracts	1,955	1,955
Carrying amount at 31 March 2017	2,215	2,215

NOTES TO THE ACCOUNTS

Note

11 Short Term Investments

	2018	2017
	£'000	£'000
Fixed Term Deposits (greater than 3 months)	16,000	-
	16,000	-

12 Assets classified as held for sale

	Housing	Office		
Land	Stock	Premises	Total	
£'000	£'000	£'000	£'000	
At 1 April 2017	531	3,885	20	4,436
Transfer from Operational Assets	789	5,446	-	6,235
Transfer to Operational Assets	-	-	-	-
Transfer from Non-operational Assets	-	-	-	-
Disposals	(53)	(4,696)	-	(4,749)
Revaluation Decrease	(15)	-	-	(15)
At 31 March 2018	1,252	4,635	20	5,907

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.

£1.3m 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 £15k, representing a fall in value of certain land sites classified as Land Held for Sale, is accounted for in the Statement of Comprehensive Net Expenditure.

£4.6m of Housing Stock which has been reclassified as held for sale is based on sales proceeds in April and estimated sales in May and June 2018.

13 Inventories

	2018	2017
	£'000	£'000
Consumable Stores	800	606
SPED (Net of the Allowances at Note 15)	1,680	1,699
Total	2,480	2,305

14 Trade and Other Receivables

	2018	2017
	£'000	£'000
Amounts falling due within one year:		
Trade Receivables (Net of the Allowances at Note 15)	23,328	19,042
Other receivables	134	314
VAT	3,699	6,580
Prepayments and accrued income	16,653	22,369
	43,814	48,305
Amounts falling due after more than one year:		
Trade Receivables (Net of the Allowances at Note 15)	16,432	15,401
	16,432	15,401
Total	60,246	63,706

NOTES TO THE ACCOUNTS

Note

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 2016	7,722	18,219	1,644	237	27,822
Movement in allowance in year	(250)	854	(629)	44	19
Movement in long term debt discount	10	106	(4)	.	112
At 31 March 2017	7,482	19,179	1,011	281	27,953
Movement in allowance in year	277	730	(162)	(50)	795
Movement in long term debt discount	3	112	3	.	118
At 31 March 2018	7,762	20,021	852	231	28,866

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%.

16 Cash & Cash Equivalents

	2018 £'000	2017 £'000
Balance at 1 April	113,808	95,178
Net Change in Cash & Cash Equivalent Balances	15,712	18,630
Balance at 31 March	129,520	113,808

The following balances at 31 March were held at:

	2018 £'000	2017 £'000
Commercial Banks and Cash in Hand	8	8
Investments in Money Market Funds	28,512	-
Short Term Deposits	101,000	113,800
Balance at 31 March	129,520	113,808

17 Trade and Other Payables

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Bank Overdraft	(6,840)	(10,170)
Trade Payables	(3,881)	(3,173)
Taxation and social security	(1,671)	(1,537)
Corporation tax payable	(3,294)	(2,715)
Other Payables	(9,926)	(9,623)
Accruals and deferred income	(168,465)	(172,585)
Loan Repayments	(37,720)	(46,101)
	(231,797)	(245,904)
Amounts falling due after more than one year:		
Other Payables	(13,034)	(12,072)
	(13,034)	(12,072)
Total	(244,831)	(257,976)

NOTES TO THE ACCOUNTS

Note

18 Commitments under Service Concession Arrangement

	2018	2017
	£'000	£'000
Not later than one year	(2,339)	(5,141)
Later than one year and not later than five years	-	(2,305)
Later than five years	-	-
	<u>(2,339)</u>	<u>(7,446)</u>

19 Loans Outstanding

	2018	2017
	£'000	£'000
Loans from the Government Loans Fund & Former Local Authorities maturing:		
Later than one year and not later than five years	(96,838)	(118,445)
Later than five years	(120,732)	(136,737)
Total	<u>(217,570)</u>	<u>(255,182)</u>

- (a) All Government Loans are repayable by Annuity and Local Authority Loans are repayable using an average Loans Pool rate.
- (b) Interest rates on the Government Loans are those current at time of borrowing.
- (c) The Government Loans are repayable to the Department of Finance (previously referred to as the Department of Finance and Personnel prior to 9 May 2016).

20 Commitments under leases

Operating Leases - Premises

Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

	2018	2017
	£'000	£'000
Obligations under operating leases comprise:		
Property		
Not later than one year	531	1,082
Later than one year and not later than five years	1,268	1,439
Later than five years	184	345
	<u>1,983</u>	<u>2,866</u>

NOTES TO THE ACCOUNTS

Note

21 Financial Instruments

The Government FReM requires financial statements to comply with the accounting standards on Financial Instruments, namely IAS 32, IAS 39 and IFRS 7. 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 borrowings and investments disclosed in the Statement of Financial Position are made up of the following categories of financial instruments:

	Long Term		Short Term	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Loans and Receivables	16,432	15,401	156,681	139,744
Investments at amortised cost	-	-	16,000	-
Total Investments	16,432	15,401	172,681	139,744
Financial Liabilities measured at amortised cost	230,604	267,254	231,797	245,904
Total Borrowings	230,604	267,254	231,797	245,904

The table above includes long term debtors, trade payables and receivables and cash balances held for working capital purposes.

(b) Financial Instruments Gains and Losses

The gains and losses recognised in the Statement of Comprehensive Net Expenditure for Year end 31 March 2018 in relation to financial instruments are made up as follows:

Financial Liabilities	Liabilities measured at fair value through profit or loss	Liabilities measured at amortised cost
	£'000	£'000
Interest Expense	-	24,736
Interest payable and similar charges	-	24,736

Financial Assets	Loans and receivables	Investments at amortised cost
	£'000	£'000
Impairment Loss	963	-
Interest payable and similar charges	963	-
Interest and Investment Income	328	30
Interest and other income and gains	328	30

(c) Fair Value of Assets and Liabilities Carried at Amortised Cost

IFRS 7 states that financial liabilities and financial assets represented by loans and receivables are carried on the Statement of Financial Position at amortised cost. The Housing Executive prepares its accounts in accordance with the Government FReM, which states that Loans, Public Dividend Capital and other interests in public bodies outside the departmental boundary should be reported at historical cost less impairment, therefore, the Government loans and Local Authority loans are stated at historical cost in these accounts. 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:

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.

NOTES TO THE ACCOUNTS

Note

21 Financial Instruments (continued)

The fair values calculated are as follows:

	2018		2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Financial Liabilities				
Consolidated Loans Fund	249,656	376,190	293,492	438,761
Non Consolidated Loans Fund	5,634	8,490	7,791	11,647
Total Debt	255,290	384,680	301,283	450,408
Loans and receivables				
Long term Debtors	18,512	16,432	17,363	15,401
Total Investments	18,512	16,432	17,363	15,401

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.

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.

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.

Liquidity Risk

Regional Services expenditure is fully funded by the Department and subject to strict budgetary control, with funding being drawn down from the Department on a monthly basis to meet cash requirements. Landlord Services expenditure is largely financed by rental income generated from the Housing Executive's housing stock, which provides a regular and reliable income stream. Cash projections and daily monitoring of the liquidity position of the organisation are undertaken to ensure that funds are available to meet expenditure requirements as they fall due. Moreover, the Housing Executive maintains some of its cash reserves in Money Market Funds which provide same-day access to cash as it is required, and no funds are invested for periods of greater than six months.

Market Risk

Interest-Rate Risk - Approximately 98% of the Housing Executive's financial liabilities carry fixed rates of interest and the Housing Executive is not therefore exposed to significant interest rate risk with respect to loans. The continued low bank interest rates have maintained the low level of interest receivable on short term cash investments held with banks. However, slightly higher interest rates have been achieved by increasing the range of counterparties in which the Housing Executive holds its cash reserves to include a number of different banks, MMFs and UK government bodies.

Foreign Currency Risk - The Housing Executive has only limited exposure to foreign currency risk, relating to funding received in Euros from the Special EU Programmes Body. The foreign currency risk is not deemed to be significant enough to warrant direct management. During 2017/18 the foreign currency losses incurred amounted to £3k (2016/17: £nil).

Fair Value - The fair value of loans outstanding after one year at 31 March 2018 for the Government Loans Funds is £357m (2017: £418m), and the estimated fair value of Local Authority Loans is £7.7m (2017: £8.3m).

NOTES TO THE ACCOUNTS

Note

22 Provision for Liabilities and Charges

2017/18

Opening Balance - At 31 March 2017

	Redevelopment Area Purchases	Home Loss & Disturbance Payments	Contractual Claims	Public Liability Claims	Managing Asbestos	Onerous Contracts	Legal Claims	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Balance - At 31 March 2017	(245)	-	(282)	(1,037)	(951)	(62)	-	(2,577)
Provided in the year	-	-	(3)	(1,282)	-	-	(185)	(1,470)
Provisions not required written back	67	-	207	-	130	-	-	404
Provisions utilised in the year	44	-	28	1,223	-	62	-	1,357
At 31 March 2018	(134)	-	(50)	(1,096)	(821)	-	(185)	(2,286)
Amount due for settlement:								
Within 12 months	(134)	-	-	(620)	(821)	-	(185)	(1,760)
After 12 months	-	-	(50)	(476)	-	-	-	(526)
At 31 March 2018	(134)	-	(50)	(1,096)	(821)	-	(185)	(2,286)

(a) An amount of £134k has been provided for in respect of amounts due to compensate previous owners in areas vested for redevelopment (Urban Renewal Areas). No provision is required in respect of houses vested by the Housing Executive and which are to be refurbished or demolished, but which fall outside of approved redevelopment areas.

(b) No provision is required in respect of Home Loss and Disturbance compensation claims expected from those displaced as a result of properties vested in (a) above.

(c) An amount of £50k has been provided for in respect of one contractual claim issued against the Housing Executive.

(d) Public Liability Claims see Note 25 (Contingent Liabilities).

(e) The Housing Executive has undertaken to survey a sample of its housing stock, based on an archetypal beacon approach, to identify the presence of asbestos and the risk it presents. To manage asbestos, a full resurvey will be performed on the required properties to ensure current Health and Safety Executive regulations will be met. A provision of £821k has been accounted for in respect of covering estimated costs of properties for managing asbestos where it is found.

(f) The provision recognised at 31 March 2017, against an onerous leasing contract, where it is anticipated the original lease period will be terminated prematurely, has been utilised during 2017/18. No further provision is required.

(g) An amount of £185k has been provided for in respect of four legal cases issued against the Housing Executive.

2016/17

Opening Balance - At 31 March 2016

	Redevelopment Area Purchases	Home Loss & Disturbance Payments	Contractual Claims	Public Liability Claims	Managing Asbestos	Onerous Contracts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Balance - At 31 March 2016	(451)	(200)	(115)	(1,457)	(3,752)	-	(5,975)
Provided in the year	(17)	(26)	(182)	(1,062)	-	(62)	(1,349)
Provisions not required written back	123	75	-	-	2,520	-	2,718
Provisions utilised in the year	100	151	15	1,482	281	-	2,029
At 31 March 2017	(245)	-	(282)	(1,037)	(951)	(62)	(2,577)
Amount due for settlement:							
Within 12 months	(245)	-	(232)	(567)	(951)	(62)	(2,057)
After 12 months	-	-	(50)	(470)	-	-	(520)
At 31 March 2017	(245)	-	(282)	(1,037)	(951)	(62)	(2,577)

NOTES TO THE ACCOUNTS

Note

23 (a) Pensions

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

Up until 31 March 2015, the Pension scheme provided benefits for each year of service on a 'Final Salary' basis with a significant change to the scheme in 2009. Prior to 1 April 2009, benefits accrued at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to 3/80ths of pensionable salary for each year of service, prior to 1 April 2009, is payable on retirement. Post April 2009, as part of a general review of public sector pension schemes, the Government introduced changes to the pension scheme. Benefits from this date accrue at the rate of 1/60th of pensionable salary for each year of service. The lump sum payment was removed. Also instead of employees paying a standard contribution rate of 6%, which was applicable up to 1 April 2009 (5% for non-administrative employees prior to 1 January 2003, and 6% thereafter of their pensionable pay), different contribution rates were applied for different pay bands. The new rates were between 5.5% and 7.5% of pensionable pay. The Scheme's professionally qualified actuaries recommend the rates of employer's contribution to be paid.

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

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

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

The last formal actuarial valuation of the fund was carried out as at 31 March 2016, the results of which were released during the 2016/17 financial year. The next formal valuation will be due as at 31 March 2019. In calculating the Housing Executive's assets and liabilities the appointed actuaries have rolled forward the values calculated at the latest valuation (March 2016). Further, the appointed actuaries had to make a number of assumptions about events and circumstances in the future meaning that the results of actuarial calculations are subject to uncertainties within a range of possible values.

- (b) The following actuarial assumptions were agreed following receipt of advice from the actuary and following discussions within NIHE with the aim of ensuring the most appropriate assumptions were adopted.

Actuarial Assumptions used at:

	31 March 2018	31 March 2017
Rate of Inflation (RPI)	3.10%	3.10%
Rate of Inflation (CPI)	2.10%	2.10%
Rate of Increase in Salaries	3.60%	3.60%
Rate of Increase in Pensions	2.10%	2.10%
Discount Rate	2.70%	2.60%

Breakdown of Life Expectancies

Life expectancy for mortality tables used to determine benefit obligations at:

	31 March 2018	31 March 2017
Male member aged 65 (current life expectancy)	23.4	23.3
Female member aged 65 (current life expectancy)	26.0	25.9
Male member aged 45 (life expectancy at age 65)	25.6	25.5
Female member aged 45 (life expectancy at age 65)	28.3	28.2

NOTES TO THE ACCOUNTS

Note

23 (b) Pensions (continued)

Future mortality is the single most significant demographic assumption. Recent studies have disclosed a faster increase in the rate of mortality improvement than had previously been expected.

The basic table used is Standard SAPS S2P tables (Year of Birth) with CMI 2014 core projections, and long-term improvement rates per year of 1.5% for both males and females. This means the mortality rates assumed for members of a particular age differ from those for members who will reach that age in future.

These assumptions should result in an appropriate allowance for future longevity, and are similar to assumptions used for many schemes in the UK. The same assumptions were used for the formal NILGOSC valuation as at 31 March 2016. The assumptions will continue to be monitored in the light of general trends in mortality experience.

Sensitivity Analysis

IAS 19 valuation results depend critically on the principal assumptions used in the calculations. The discount rate used to value the liabilities is prescribed under IAS 19 and the results are particularly sensitive to the discount rate. A reduction in the net discount rate will increase the liabilities as a higher value is placed on benefits in the future. Regarding mortality assumptions, if longevity improves at a faster rate than allowed for in the assumptions then, a higher value would be placed on the employer's liabilities. Further increases in pensionable pay, inflation and hence pension, more than allowed for in the assumptions will increase the value of the liabilities.

Below we have detailed the sensitivity of the benefit obligation to various key assumptions.

	Current Assumptions	Discount Rate	Salary Increase	Inflation	Life Expectancy
	£'000	-0.25% pa	+0.25%pa	+0.25%pa	+1 year
Liabilities	1,063,807	1,111,472	1,071,058	1,104,895	1,094,118
Assets	928,382	928,382	928,382	928,382	928,382
Total Scheme shortfall	135,425	183,090	142,676	176,513	165,736
Funding Level	87%	84%	87%	84%	85%
Increase in Liabilities	-	47,665	7,251	41,088	30,311

- (c) 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 2018	Assets at 31 March 2017
	£'000	£'000
Equities	626,657	597,758
Bonds	116,048	110,696
Property	139,258	132,836
Cash	46,419	44,278
	928,382	885,568

The above asset values as at 31 March 2018 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 2018	31 March 2017
	£'000	£'000
Fair Value of Employer Assets	928,382	885,568
Present value of Funded Liabilities	(1,051,164)	(1,029,638)
Net Underfunding in Funded Plans	(122,782)	(144,070)
Present value of Unfunded Liabilities	(12,643)	(13,751)
Unrecognised Actuarial (Gain)/Loss	-	-
Unrecognised Transition (Asset)/Liability	-	-
Net Liability	(135,425)	(157,821)
Amounts in the Statement of Financial Position : Liabilities	(135,425)	(157,821)
: Assets	-	-
Net Asset / (Liability)	(135,425)	(157,821)
Funding Level	87%	

NOTES TO THE ACCOUNTS

Note

23 Pensions (continued)

(d) Notes to the Statement of Comprehensive Net Expenditure

Amount Charged to Employee Costs	Year End 31 March 2018		Year End 31 March 2017	
	£'000	% of Payroll	£'000	% of Payroll
Current Service Cost	(17,476)	(26.8%)	(11,406)	(18.1%)
Administration Expenses	(261)	(0.4%)	(252)	(0.4%)
Insurance premiums for risk benefits	(1,306)	(2.0%)	(1,258)	(2.0%)
Past Service Cost	-		-	
Curtailment and Settlements **	(1,161)	(1.8%)	(2,220)	(3.5%)
Decrease in Irrecoverable Surplus	-		-	
Total Operating Charge (A)	(20,204)	(31.0%)	(15,136)	(24.0%)

Amount (Debited)/Credited to Other Financing costs	Year End 31 March 2018		Year End 31 March 2017	
	£'000	% of Payroll	£'000	% of Payroll
Interest Income on Scheme Assets	22,869	35.0%	29,355	46.7%
Interest on Pension Scheme Liabilities	(27,054)	(41.4%)	(31,456)	(50.0%)
Net Return (B)	(4,185)	(6.4%)	(2,101)	(3.3%)
Net Revenue Account Cost (A) - (B)	(24,389)	(37.4%)	(17,237)	(27.3%)

** 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 March 2018	31 March 2017
	£'000	£'000
Actuarial Gains on Plan Assets	31,016	45,138
Actuarial (Losses)/Gains on Obligation	883	(143,229)
Actuarial (Loss)/Gain Recognised in Statement of Changes in Taxpayers Equity	31,899	(98,091)

The attributable movement in the scheme liabilities during the period was as follows:

Reconciliation of Defined Benefit Obligation	31 March 2018	31 March 2017
	£'000	£'000
Opening Defined Benefit Obligation	(1,043,389)	(878,862)
Current Service Cost	(17,476)	(11,406)
Interest Expense	(27,054)	(31,456)
Members Contributions	(4,200)	(4,047)
Unfunded Benefits Paid by Employer	928	965
Benefit Payments from Plan	27,662	26,866
Plan Curtailment	(1,161)	(2,220)
Actuarial movements:		
Effect of changes in demographic assumptions	-	(20,672)
Effect of change in financial assumptions	883	(173,506)
Effect of experience adjustments	-	50,949
Closing Defined Benefit Obligation	(1,063,807)	(1,043,389)

NOTES TO THE ACCOUNTS

Note

23 (d) Pensions (continued)

The attributable movement in the scheme assets during the period was as follows:

Reconciliation of Fair Value of Employer Assets	31 March 2018	31 March 2017
	£'000	£'000
Opening Fair Value of Employer Assets	885,568	820,697
Employer Contributions	13,958	14,707
Members Contributions	4,200	4,047
Interest Income	22,869	29,355
Contributions in respect of Unfunded Benefits	928	965
Unfunded Benefits Paid	(928)	(965)
Benefits Paid from Plan	(27,662)	(26,866)
Administrative expenses paid from plan assets	(261)	(252)
Insurance premiums for risk benefits	(1,306)	(1,258)
<i>Actuarial movements:</i>		
Return on Plan Assets	31,016	101,546
Rebasing to 2016 valuation asset data	-	(56,408)
Closing Fair Value of Employer Assets	928,382	885,568
Net Pension Liability	(135,425)	(157,821)

The liabilities show the underlying commitment that the Housing Executive has in the long term to pay retirement benefits. The total pension liability is £1,064m (2017: £1,043m) and results in a net overall deficit balance of £135m (2017: £158m) 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 18% for 2017/18 (2016/17 20%). Deficit recovery contributions were also payable in 2017/18.

- (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				
	2018	2017	2016	2015	2014
	£'000	£'000	£'000	£'000	£'000
Fair Value of Employer Assets	928,382	885,568	820,697	793,684	706,489
Present Value of Defined Benefit Liability	(1,063,807)	(1,043,389)	(878,862)	(902,241)	(786,977)
(Deficit)/Surplus	(135,425)	(157,821)	(58,165)	(108,557)	(80,488)
Experience Gains/(Losses) on Assets	31,016	101,546	5,374	64,286	26,207
Experience (losses)/Gains on Liabilities	-	50,949	-	-	-
Actuarial Gains/(Losses) on Employer Assets	31,016	101,546	5,374	64,286	26,207
Actuarial (Losses)/Gains on Obligation	883	(143,229)	50,106	(85,819)	11,824
Rebalancing due to Valuation	-	(56,408)	-	-	4,999
Actuarial (Losses)/Gains recognised in Statement of changes in Taxpayers' Equity	31,899	(98,091)	55,480	(21,533)	43,030

NOTES TO THE ACCOUNTS

Note

24 Notes to the Statement of Cash Flows

24 (a) Reconciliation of Net Expenditure before interest to Operating Cash Flows

	2018	2017
	£'000	£'000
Net Expenditure before Interest	(232,628)	(218,725)
Taxation paid	(11,000)	(12,500)
Depreciation of Property, Plant & Equipment	35,093	34,288
Amortisation of Software	857	897
Impairment	260	401
Income from Government Grants - Non Current Assets	-	-
Increase in Inventories	(175)	(762)
(Increase)/Decrease in Receivables	3,655	5,385
Increase/(Decrease) in Payables and Provisions	3,701	(5,890)
(Profit)/Loss on Disposals, Write Offs & Revaluation Movements	(2,566)	(3,240)
Net Cash Outflow from Operating Activities	(202,803)	(200,146)

24 (b) Cashflow from Investing Activities

Payments to Acquire Non-Current Assets

	2018	2017
	£'000	£'000
Land and Buildings	(16,191)	(10,749)
Other Operational Assets	(443)	(852)
IT Hardware and Software	(679)	(1,432)
Non Operational Assets	(290)	(1,046)
Total Expenditure	(17,603)	(14,079)

Income from Sale of Non-Current Assets and Grants

House Sales (Inc. Land & Buildings)	18,511	17,658
Plant & Equipment	56	26
Government Grants	-	-
Total Income and Grants	18,567	17,684

Repayment of Loans

Repayment of Loan Debt	(45,992)	(51,684)
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Short Term Investments

Investment in Fixed Term Deposits (greater than three months)	(16,000)	-
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Financing Charges

Loan Interest charges	(24,654)	(28,935)
Other Financing Charges	-	-
Total Financing Charges	(24,654)	(28,935)

Interest Receivable

	274	363
Net Cash Outflow from Investing Activities	(85,408)	(76,651)

NOTES TO THE ACCOUNTS

Note

24 (c) Cashflow from Financing Activities

Grant from Sponsoring Department

2018	2017
£'000	£'000
307,253	305,704
307,253	305,704

24 (d) Analysis of Change in Cash and Cash Equivalents

	At 1 April 2017	Cash Flows	Other Changes	At 31 March 2018
	£'000	£'000	£'000	£'000
Cash at Bank and in Hand	113,808	15,712	-	129,520
Overdrafts	(10,170)	3,330	-	(6,840)
Total	103,638	19,042	-	122,680

	At 1 April 2016	Cash Flows	Other Changes	At 31 March 2017
	£'000	£'000	£'000	£'000
Cash at Bank and in Hand	95,178	18,630	-	113,808
Overdrafts	(20,447)	10,277	-	(10,170)
Total	74,731	28,907	-	103,638

24 (e) Reconciliation of Net Cash Flow to Movement in Cash & Cash Equivalents

	2018	2017
	£'000	£'000
Net increase/(decrease) in Cash & Cash Equivalents in Period	19,042	28,907
Cash & Cash Equivalents at 1 April 2017	103,638	74,731
Cash & Cash Equivalents at 31 March 2018	122,680	103,638

NOTES TO THE ACCOUNTS

Note

25 Contingent Liabilities and Assets

Liabilities

At 31 March 2018 public liability claims notified and not processed gave rise to a total estimated potential liability of £6.2m (2017: £7.1m) in respect of 574 claims (2017: 484). Of this balance, £1.1m (2017: £1.0m) has been accounted for as a provision, based on past payments history, and £0.8m (2017: £1.0m) has been accrued as at 31 March 2018. The remaining £4.3m (2017: £5.1m) has not been accounted for and represents a contingent liability to NIHE as it is not considered likely that a payment is probable.

At 31 March 2018 a provision of £0.13m (2017: £0.13m) has been accounted for in respect of redevelopment land vested and owned by the Housing Executive. A further estimated £0.7m (2017: £0.9m) has not been accounted for in respect of properties where no claims have yet been made by previous owners. A provision of £111k has been accounted for at 31 March 2017 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. No provision is required at 31 March 2018. A further £0.7m (2016: £0.4m) has not been accounted for where claims have not been received but payment may still be due.

At 31 March 2018 a provision of £50k (2017: £282k) has been accounted for in respect of contractual claims issued against the Housing Executive. A further estimated £1.7m (2017: £1.2m) has not been accounted for in respect of additional exposure to contractual claims issued against the Housing Executive. Three additional claims have been brought against the Housing Executive which cannot be disclosed for commercially sensitive reasons.

At 31 March 2018 a provision of £185k (2017: £Nil) has been accounted for in respect of four legal claims issued against the Housing Executive. A further estimated £115k (2017: £Nil) has not been accounted for in respect of additional exposure to legal claims issued against the Housing Executive.

The Housing Executive launched a Voluntary Exit Scheme (VES) on 16 December 2014. Four tranches of departures have been envisaged based on the applications received. The first, second and third tranches of departures have been completed, with the costs accounted for in the 2014/15, 2015/16 and 2016/17 years respectively. The fourth tranche has been accounted for in 2017/18, although some staff have not left yet. The Department has approved a further fifth tranche for 2018/19 and applications for this tranche of departures are under consideration. Therefore, at the Statement of Financial Position date, there is a possible obligation on the Housing Executive in relation to potential future departures from VES, but it is not currently possible to quantify what this potential liability may be.

26 Commitments

The Housing Executive has to plan its Capital and Revenue in advance of work proceeding. At 31 March 2018 the Housing Executive has entered into contracts which will incur expenditure of £124.3m (2016/17: £128.6m) in future years. Of this, capital commitments represent £100.6m (2016/17: £111.1m) and revenue commitments represent £23.7m (2016/17: £17.5m). Capital commitments include private sector grant approvals up to 31 March 2018 of £14.8m (2016/17: £11.7m) which have been committed by the Housing Executive, but not yet paid.

27 Related Party Transactions

The Housing Executive is a Non Departmental Public Body (for accounting purposes) sponsored by the Department, who are regarded as a related party. The Statement of Changes in Taxpayers' Equity details the funding received from the Department. During the year, the Housing Executive has had various material transactions with the Department with respect to Housing Benefit. Note 7 provides a breakdown of that expenditure.

Further certain Social Housing Development Programme grants were also recouped from Housing Associations during the year and repaid to the Department, as disclosed in Note 6(f). Additionally, the Housing Executive paid rent and service charges to the Department in respect of an 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.

In addition, the Housing Executive has had a number of transactions with other Government Departments and Agencies, the most material of which related to repayment of loans to the Department of Finance (see Note 19).

The Housing Executive collects rates for its own properties, which are payable to Land & Property Services (LPS), for which it receives an allowance. Rates paid during 2017/18 to LPS amounted to £38m. An allowance of £4m is received from LPS which resulted in Rates collected during 2017/18 of £42m.

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 £2.5m and £152k respectively.

None of the Board Members, members of the key management staff or other related parties has undertaken any material transactions with the Housing Executive during the year.

NOTES TO THE ACCOUNTS

Note

28 Third Party Assests

The Housing Executive administers a number of schemes which are separately funded and not reflected in these accounts. The schemes relate to the Home Energy Conservation Act and Energy Efficiency Schemes. The aggregate cash transactions through the separate bank accounts in the year were as follows:

Opening Balance 1 April 2017	Income	Expenditure	Closing Balance 31 March 2018
£'000	£'000	£'000	£'000
12	-	-	12

29 Fraud and Error

The Housing Executive administers Housing Benefit on behalf of the Department. Estimates of the levels of fraud and error in Housing Benefit for tenants are reported by the Analytical Services Unit within the Department for Communities. To enable the Unit to provide an estimate of total fraud and error, the results from Financial Accuracy Monitoring, which provides a measure of Official Error, are combined with results from Benefits Reviews which provide a measure of Customer Fraud and Customer Error.

This resulted in a Departmental report titled 'Fraud and Error for Housing Benefit' for the calendar year 1 January 2017 to 31 December 2017. This report highlighted an estimated amount of £26.45m overpaid (customer fraud £15.73m, customer error £4.82m and official error £5.9m) and £1.2m underpaid through fraud and error in Housing Benefit for tenants. This represents approximately 4.4% of the related expenditure for the calendar year.

Further information on the methodology used in estimating fraud and error can be found in the Department for Communities 2017-18 Resource Accounts (Note 23 - Payment Accuracy).

30 Events after the Reporting Date

There have been no significant events since the year end which would affect these accounts.

31 Authorisation Date

The financial statements were authorised for issue on 2 July 2018 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 2018 - Unaudited

	Landlord Services	Regional Services	Total	Landlord Services	Regional Services	Total
	2018			2017		
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Rental Income	298,531	29	298,560	299,737	29	299,766
EU Income	97	-	97	-	-	-
Other Income	44,086	8,924	53,010	43,598	7,784	51,382
Total Housing Benefit Income	-	631,820	631,820	-	660,351	660,351
Capital Grant Income	243	1,421	1,664	386	1,453	1,839
Commissioned Services Income	11,146	3,207	14,353	12,117	2,977	15,094
Total Income	354,103	645,401	999,504	355,838	672,594	1,028,432
Expenditure						
Staff Costs	77,755	27,833	105,588	69,867	26,898	96,765
Other Expenditures	197,217	248,106	445,323	191,483	249,681	441,164
Total Housing Benefit Costs	-	631,820	631,820	-	660,351	660,351
Depreciation, Amortisation, Write Offs & Write Down	33,265	119	33,384	31,851	93	31,944
Commissioned Services Charge	3,207	11,146	14,353	2,977	12,117	15,094
Capital Grant Charge	-	243	243	-	386	386
Capital Grant in Kind	-	1,421	1,421	-	1,453	1,453
Total Expenditure	311,444	920,688	1,232,132	296,178	950,979	1,247,157
Net Expenditure before Interest	42,659	(275,287)	(232,628)	59,660	(278,385)	(218,725)
Interest Receivable	293	65	358	285	64	349
Financing Charges	(24,736)	-	(24,736)	(28,895)	-	(28,895)
Pension Financing Charges	(3,039)	(1,146)	(4,185)	(1,476)	(625)	(2,101)
Net Expenditure before taxation	15,177	(276,368)	(261,191)	29,574	(278,946)	(249,372)
Tax on ordinary activities	(11,567)	(13)	(11,580)	(12,030)	(13)	(12,043)
Net Expenditure after taxation	3,610	(276,381)	(272,771)	17,544	(278,959)	(261,415)

NORTHERN IRELAND HOUSING EXECUTIVE

Annex:

Statement of Financial Position split by service - Unaudited as at 31 March 2018

	Landlord Services	Regional Services	Total	Landlord Services	Regional Services	Total
	2018			2017		
	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets						
Property, Plant & Equipment - Operational	2,334,609	3,540	2,338,149	2,267,642	3,367	2,271,009
Property, Plant & Equipment - Non Operational	275	12	287	275	12	287
Intangible Assets	1,852	-	1,852	2,215	-	2,215
Total non-current assets	2,336,736	3,552	2,340,288	2,270,132	3,379	2,273,511
Current Assets						
Short Term Investments	16,000	-	16,000	-	-	-
Assets Classified as Held for Sale	5,907	-	5,907	4,436	-	4,436
Inventories	800	1,680	2,480	606	1,699	2,305
Trade and other receivables	23,890	36,356	60,246	23,689	40,017	63,706
Cash and cash equivalents	129,520	-	129,520	113,808	-	113,808
Intercompany balance	5,013	11,128	16,141	9,546	7,538	17,084
Total current assets	181,130	49,164	230,294	152,085	49,254	201,339
Total assets	2,517,866	52,716	2,570,582	2,422,217	52,633	2,474,850
Current Liabilities						
Trade and other payables	(112,704)	(119,093)	(231,797)	(122,025)	(123,879)	(245,904)
Provisions	(1,608)	(152)	(1,760)	(1,919)	(138)	(2,057)
Intercompany balance	(11,128)	(5,013)	(16,141)	(7,538)	(9,546)	(17,084)
Total current liabilities	(125,440)	(124,258)	(249,698)	(131,482)	(133,563)	(265,045)
Net Current Liabilities	55,690	(75,094)	(19,404)	20,603	(84,309)	(63,706)
Non-current assets less net current liabilities	2,392,426	(71,542)	2,320,884	2,290,735	(80,930)	2,209,805
Non-current liabilities						
Trade & other payables	-	(13,034)	(13,034)	-	(12,072)	(12,072)
Loans Outstanding	(217,570)	-	(217,570)	(255,182)	-	(255,182)
Provisions	(519)	(7)	(526)	(503)	(17)	(520)
Pension Liability	(98,357)	(37,068)	(135,425)	(110,930)	(46,891)	(157,821)
Total Non-current liabilities	(316,446)	(50,109)	(366,555)	(366,615)	(58,980)	(425,595)
Assets less Liabilities	2,075,980	(121,651)	1,954,329	1,924,120	(139,910)	1,784,210
Taxpayers' Equity						
Statement of Comprehensive Net Expenditure Reserve	1,247,178	(122,414)	1,124,764	1,184,579	(140,432)	1,044,147
Revaluation Reserve	828,802	763	829,565	739,541	522	740,063
	2,075,980	(121,651)	1,954,329	1,924,120	(139,910)	1,784,210

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

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 housing stock of approximately 86,000 dwellings.
2. I am required to report my opinion as to whether the financial statements give a true and fair view. I am also required to report my opinion on regularity, that is, whether in all material respects the expenditure and income have been applied for the purposes intended by the Northern Ireland Assembly (the Assembly) and the financial transactions conform to the authorities which govern them.

Explanation for Qualified Audit Opinion

3. This report reviews the results of my 2017-18 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.

Housing Benefit Expenditure (Part 1)

4. The Housing Executive spent £647.8 million on housing benefit in 2017-18. The fraud and error within this expenditure has been estimated to be £26.45 million. As these levels are significant I have qualified my audit opinion on regularity. The Housing Executive's accounts have received similar qualified audit opinions in previous years. Further detail is set out in Part 1 of this Report.

Maintenance Expenditure (Part 2)

5. The Housing Executive spent a total of £147 million on maintenance during 2017-18. Considerable problems had been identified in the past with regard to the Housing Executive's controls over work done by contractors on its planned maintenance programme and I had qualified my regularity audit opinion in the area of planned maintenance for a number of years. I had also, until 2015-16 qualified my regularity opinion on response maintenance for the same reasons.
6. This year having considered all the evidence available to me I have decided to remove the qualification which previously applied to planned maintenance. Whilst I also note the important issues which have been highlighted to NIHE management in the area of response maintenance this year, I have decided not to reinstate my qualified opinion on response maintenance. Further detail is set out in Part 2 of this Report.

Other matters (Part 3)

7. In July 2015, I asked the Department to investigate anonymous allegations referred to me by an MLA. The Department's Internal Audit completed an investigation into this matter in August 2016. In my report on NIHE's 2016-17 financial statements I included details of Internal Audit's findings together with NIHE's handling of the report. Following this it was agreed that NIHE Internal Audit would carry out a review of the NIHE Human Resources function. NIHE Internal Audit reported its findings to the Housing Executive's Audit and Risk Assurance Committee (ARAC) in June 2018. Further details are set out in Part 3 of this Report.

1. From 1 April 2014, following a review by the Office for National Statistics, the accounting classification of the Housing Executive changed. The Housing Executive now comprises two accounting regimes. Landlord Services and functions have been re-classified as a Quasi-Public Corporation (which is similar to the previous designation for the entire organisation) while Regional Services and functions are now categorised as an NDPB. The main impact of the accounting reclassification is that the NDPB will, for accounting purposes, be more closely integrated with the sponsor department and budgetary management arrangements are now aligned to those already in place for the Department.

PART 1: HOUSING BENEFIT EXPENDITURE

Qualified opinion due to estimated levels of fraud and error in housing benefit expenditure

Key Points:

- The Housing Benefit overpayment rate due to fraud and error is down to 3.7 per cent in 2017-18 from 4.3 per cent in 2016-17.
- The Housing Benefit underpayment rate due to official error increased to 0.6 per cent in 2017-18 from 0.5 per cent in 2016-17.
- My audit opinion continues to be qualified due to the material level of estimated fraud and error in housing benefit expenditure.

Background

- 1.1 Housing benefit is a means-tested benefit to help people on low income pay rent. The Housing Executive administers this benefit on behalf of the Department for Communities (DfC) which funds customer payments and the majority of administrative costs. Eligibility depends on several factors including: income and capital; household size; age; circumstances and rent levels. In 2017-18 the Housing Executive spent £647.8 million (2016-17: £674.5 million) on housing benefit.
- 1.2 In 2013 the Westminster government introduced a wide range of changes to the social security (benefits) system known as 'Welfare Reform'. Legislation to enable this in Northern Ireland was introduced in November 2015. The introduction of the reforms began in 2016. Universal Credit (UC) began to roll out in September 2017 on a phased-basis starting in Limavady. UC replaces six benefits, one of which is Housing Benefit (HB). This impacted only on new claimants of working age (excluding those in supported accommodation or claimants with three or more children). The Department aims to have completed the full roll out of UC to new claimants and claimants with a change in circumstances by the end of 2018. UC will be applied to all existing Housing Benefit claimants on a phased basis ending 2022. The decrease in Housing Benefit expenditure between 2016-17 and 2017-18 (see Figure 1) is due to the introduction of UC. As UC rolls out further expenditure on Housing Benefit will continue to decrease. UC payments are made by the Department.

- 1.3 The Department is continuing to administer a Welfare Supplementary Payment scheme until 31 March 2020 to award mitigation payments for those claimants affected by the above welfare reform changes.

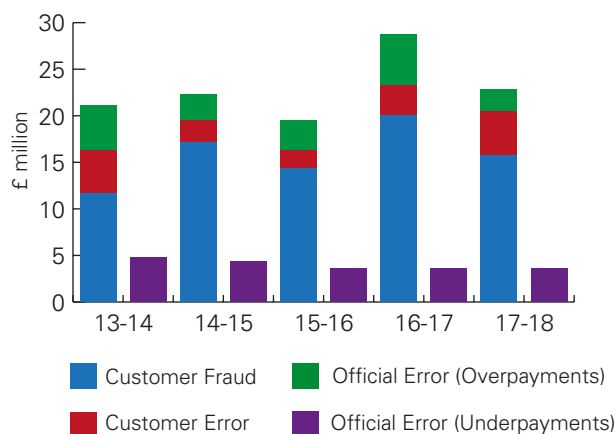
Arrangements for monitoring and reporting of fraud and error

- 1.4 The Department's Standards Assurance Unit (SAU) regularly monitors and provides estimates of the level of fraud and error within ongoing housing benefit claims. Fraud and error arises in different ways:
- **Customer fraud**, which arises when customers deliberately seek to mislead the Housing Executive;
 - **Customer error**, which arises when customers make inadvertent mistakes with no fraudulent intent; and
 - **Official error**, which arises when housing benefit, is paid incorrectly due to inaction, delay or a mistake by the Housing Executive.
- 1.5 SAU reviews are based on a sample of benefit claims and are therefore subject to statistical sampling uncertainties. My staff examine the work undertaken by SAU and I am content that the results produced by them are a reliable estimate of the total fraud and error in the housing benefit system.
- 1.6 The criteria that are used to determine the entitlement to housing benefit, and the method to be used to calculate the amount due to be paid, is set out in legislation. Where fraud or error has resulted in an over or underpayment of benefit to an individual, who is either not entitled to housing benefit, or is paid at a rate which differs from that specified in the legislation, the 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 2017-18

- 1.7 The SAU reports the results of its testing on a calendar year basis to facilitate the timetable for the production of the financial statements. The amount of housing benefit expenditure paid in the 2017 calendar year was £623.2 million whereas the amount paid out in the financial year 2017-18 was £647.8 million, as disclosed in Note 7 to the accounts. I consider that there are no underlying factors that mean the error rate for the 2017 calendar year cannot be applied to the financial year 2017-18.
- 1.8 Note 29 to the accounts (entitled 'Fraud and Error') details the estimated levels of fraud and error, based on the SAU's work, in 2017. This shows that the total amount of estimated irregular payments in 2017-18 was £26.45 million comprising:
- overpayments due to customer fraud or error and official error of £22.85 million (3.7 per cent of housing benefit payments). and
 - underpayments due to official error of £3.6 million (0.6 per cent of housing benefit payments expenditure).

Figure 1: Breakdown of estimated levels of fraud and error by type, 2013-14 to 2017-18



£'m	2013-14	2014-15	2015-16	2016-17	2017-18
Total Housing Benefit Expenditure	659	650	666	665	623
Overpayments due to:					
Customer Fraud	11.7	17.1	14.3	20.0	15.7
Customer Error	4.6	2.4	2.0	3.3	4.8
Official Error	4.8	2.8	3.2	5.4	2.3
Total overpayments	21.1	22.3	19.5	28.7	22.8
% of overpayments	3.2%	3.4%	2.9%	4.3%	3.7%
Total underpayments due to Official error	4.8	4.4	3.6	3.4	3.6
% of underpayments	0.7%	0.7%	0.5%	0.5%	0.6%

Source: The Department

- 1.9 Figure 1 shows that the total estimated level of overpayments has decreased from £28.7 million to £22.8 million (21 per cent) this year.
- 1.10 The largest element of Housing Benefit overpayments, and the main reason for the decrease between last year and 2017-18, is customer fraud which has decreased by £4.3million. The main reason for customer fraud and error was customers incorrectly declaring earning and income. NIHE told me this accounted for 46%. I am pleased by the significant reduction in estimated overpayments due to customer fraud this year and by the initiatives described below which NIHE is undertaking to reduce the level of fraud and error further. I hope that Housing Benefit overpayment rates, arising from fraud, will continue to fall.
- 1.11 Overpayments as a result of official error have decreased significantly from £5.4 million in 2016-17 to £2.3 million in 2017-18. Underpayments due to official error have gone up marginally from £3.4m in 2016-17 to £3.6m in 2017-18. As official errors arise from mistakes by NIHE itself, these errors are within its control and it is best placed to reduce them. NIHE has attributed over and under payments due to official error to incorrect calculation of earnings which accounts for 40% of total official error. There is a high turnover of staff within HB Units and additional training and guidance has been issued to staff to improve performance in this area. Going forward, NIHE has told me it has also introduced an additional control in the form of an 'assisted system calculation of earnings' which should reduce the manual errors in calculation of earnings.

Comparison with other GB jurisdictions

1.12 While welfare powers have been devolved to the Assembly they have not been devolved to the Scottish or Welsh governments. Accordingly, the Department of Work and Pensions (DWP) reports estimated fraud and error figures for GB as a whole and statistics for the individual jurisdictions are not available. Figure 2 compares estimated fraud and error rates for over and underpayment of housing benefit in Northern Ireland with those in GB. The latest projections show that NIHE continues to have Housing Benefit fraud and error overpayment rates below that of GB, however official error underpayments are higher in Northern Ireland. As with NIHE, the main area of concern in GB is overpayments due to customer fraud and error. DWP attributes this to:

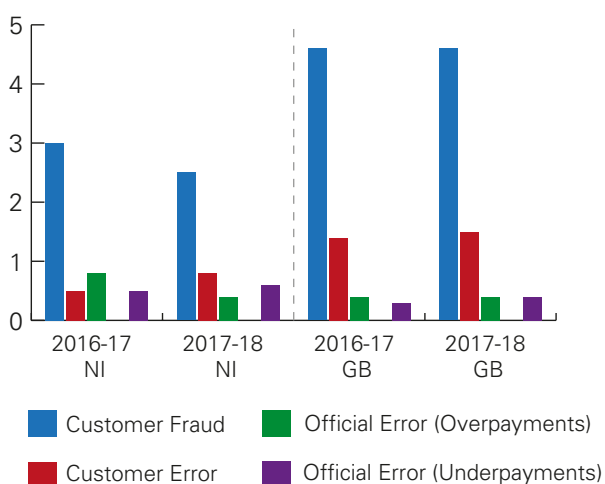
- An increase in claimants remaining abroad for longer than the allowable period; and
- A failure to declare changes to earnings and employment.

Developments by NIHE in uncovering and addressing Fraud and Error

1.13 NIHE has outlined in its Governance Statement various initiatives undertaken to uncover fraud or error which I welcome. These include:

- Using the Single Investigative Service (SIS) of the Department. This Service is responsible for investigating suspected fraud across a range of benefits. From April 2017, NIHE introduced new arrangements with SIS to investigate suspected cases of HB Fraud. NIHE told me that it decided that this change in arrangements was required following a review of Housing Benefit delivery carried out by DfC which included Fraud and Error. A recommendation from this review was that all investigations into allegations of HB fraud should be carried out by SIS within DfC. This brought HB into line with all other social security benefits and ensured a consistent approach was being taken.
- Greater use of Real Time Information. This allows NIHE to match information on earnings and occupational pension data that it has against that held by HMRC. These two areas are considered to be the largest reasons behind fraud and error uncovered.

Figure 2: Comparison of the rate of estimated Housing Benefit fraud and error between Northern Ireland and GB for 2016-17 and 2017-18



	Northern Ireland		GB ²	
	2017-18	2016-17	2017-18	2016-17
Total Housing Benefit Expenditure	£623m	£665m	£22.4bn	£23.5bn
Overpayments due to:	%	%	%	%
Customer Fraud	2.5	3	4.6	4.6
Customer Error	0.8	0.5	1.5	1.4
Official Error	0.4	0.8	0.4	0.4
% of overpayments	3.7	4.3	6.5	6.4
Official Error				
% of underpayments	0.6	0.5	0.4	0.3

Source: The Department and DWP

2. DWP, *Fraud and Error in the Benefit System - 2017-18 Preliminary Estimates*, May 2017.

- Earned Income Review. NIHE reviewed cases where the claimant had not reported any changes to income in a two year period. The income data held by NIHE was reviewed using the Verification of Earnings and Pension (VEP) facility. This is a facility provided by HMRC which provides real time income in respect of earnings and occupational pensions.
- Other data matching activities using the Housing Benefit Data Matching Service. NIHE believe the overall impact of the above initiatives resulted in overpayment of £3.2m being detected and when the impact of preventing future losses is taken into account, NIHE has estimated the savings made are £12.6m.

Qualification of regularity opinion due to estimated level of fraud and error in housing benefit payments

- 1.14 In reaching the decision to qualify my audit opinion, I recognise that there is an inherent risk of fraud and error in the administration of a complex benefit system which makes it difficult for the Housing Executive to reduce the estimated rate of fraud and error further from its current level.
- 1.15 Nevertheless, the estimated levels of fraud and error in housing benefit expenditure remain material at £26.45 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 2017-18 in this area.

PART 2: PLANNED AND RESPONSE MAINTENANCE EXPENDITURE

Key Point:

Previously qualified audit opinion in respect of planned maintenance expenditure removed for 2017-18.

Five response maintenance inspections reported this year were classified as limited.

Consideration of the reasons for limited opinions led me to consider if a qualified audit opinion in respect of response maintenance expenditure was required.

Background

- 2.1 During 2017-18, the Housing Executive spent just under £147 million in relation to the maintenance of its properties, compared to £137 million in 2016-17. Of this total, approximately £103 million related to planned maintenance expenditure (£95 million in 2016-17), while the remaining £44 million related to response maintenance (£42 million in 2016-17). Planned maintenance expenditure refers to the money spent annually by the Housing Executive to maintain its housing stock, and includes general maintenance such as works to the exterior of a dwelling (external cyclical maintenance), kitchen replacement, double glazing, disabled adaptations and heating upgrades. Response maintenance relates to the day to day repairs and maintenance of Housing Executive properties, carried out in response to a specific need and usually initiated by a tenant. Response maintenance includes all general repair, heating repair and annual heating servicing related costs.
- 2.2 In previous years, NIHE was unable to provide me with sufficient evidence that controls over contractors' planned maintenance work, were operating properly. I therefore qualified my regularity opinion in this area.
- 2.3 During the audit, my staff examined the Housing Executive's internal controls to ensure that:
 - work done by contractors is properly inspected by maintenance staff;
 - accurate assessments of sums payable to contractors are established; and
 - payments are not made until work has been satisfactorily completed.

One of the key controls in ensuring that proper inspections are taking place is the work that the Housing Executive's Technical Inspection Unit (TIU) undertakes. TIU is independent of management and reports the results of its inspections to both Housing Executive Management and the Audit, Risk and Assurance Committee. Due to the technical nature of maintenance work I rely on the inspections completed by TIU in determining any audit opinion.

2.4 In June 2014, TIU and Internal Audit (IA) merged to form the Audit and Assurance Department (AAD). In April 2017, TIU moved from AAD to the Asset Management Directorate. The Asset Management Directorate is responsible for all planned and response maintenance expenditure. TIU remain responsible for independently inspecting planned/response maintenance work. I intend to keep its ability to retain its independence under review and will seek to determine how NIHE management remain content that there is no dilution of this independence.

2.5 Under the current methodology for technical inspections, TIU classifies the results of these inspections as providing satisfactory, limited or unacceptable assurance based on the evidence gathered, the level of risk to which the Housing Executive is exposed and previous inspection findings. Reports classified as satisfactory provide assurance that there is either a robust or adequate system of governance, risk management and control. Reports classified as limited or unacceptable highlight an inadequate or failed system of governance, risk management and control.

2.6 Also in June 2017, the Department's NIHE Inspection Team³ reviewed the inspection methodology being used by TIU. There had been concerns expressed, by NIHE Internal Audit, with regard to planned maintenance inspections. The methodology was revised and began to roll out in July 2016 starting with planned maintenance but also covering response maintenance. The aim was to provide more comprehensive and reliable assurances on all of the Housing Executive's maintenance activities. Whilst the DfC review noted a satisfactory opinion, it did recommend that NIHE Internal Audit should carry out a

'formal review of the new technical inspection methodology. This will help to provide assurance that the methodology is operating effectively, is providing sufficiently robust assurances to senior management and is therefore fit for purpose'.

NIHE agreed that this review would take place before the end of the 2017-18 year. Although this did not happen we understand that, in agreement with the Department, the review commenced in May 2018.

Planned maintenance inspection results

2.7 The results of the planned maintenance inspections carried out in 2017-18 are set out in Figure 3. There were 12 inspections this year covering a number of different types of schemes, of which two, received limited classifications. I have reviewed a sample of the work completed by the TIU and I am satisfied that the work examined was properly carried out in line with their procedures and methodology. Reasons for the two limited classifications include:

- poor project control contributing to an extended contract period;
- monetary checks intended to provide assurance on value for money not being completed;
- some prior payment approvals not evidenced; and
- lack of monitoring of the Consultant/ Contractor with regards to key compliance documentation (i.e. smoke alarm certificates, waste management certification, asbestos management, building control certification).

Figure 3: Planned maintenance inspections results for 2017-18

Type of scheme \ Classification	Kitchens	Grounds Maintenance	Heating Maintenance	Others	Total
Satisfactory	1	3	2	4	10
Limited	1	0	0	1	2
Unacceptable	0	0	0	0	0
Total	2	3	2	5	12

Source: Housing Executive

3. DfC's NIHE Inspection Team was established in 2013, by the then Minister, who had identified concerns about contract management and accountability in NIHE. The Inspection team is part of the Housing Regulation Branch within the Department. Its purpose is to provide the Departmental Accounting Officer with assurance over the activities of NIHE.

2.8 Figure 4 shows that the percentage of schemes classified as limited or unacceptable has decreased to 17 per cent in 2017-18 from 37 per cent in 2016-17.

Figure 4: Comparison of planned maintenance inspection results for 2016-17 and 2017-18

Inspection classification	2017-18		2016-17	
	No	%	No	%
Substantial ¹			1	5
Satisfactory	10	83	11	58
Limited	2	17	6	32
Unacceptable	0		1	5
Total	12		19	

Note: 1. Under the previous TIU methodology, which operated during part of 2016-17, there were four inspection classifications - substantial, satisfactory, limited and unacceptable.

Source: Housing Executive

2.9 Although inspection results can be compared at a high level year on year, the TIU selects different types of maintenance schemes for inspection each year so results on individual inspections are not directly comparable. Furthermore, fewer schemes were inspected this year, with progress against the 2017-18 inspection programme being affected by staff vacancies during the year, particularly that of a heating inspector. There were two heating inspections in 2017-18 both with satisfactory opinions. In 2016-17 there were three heating installations and three servicing schemes reviewed. Of this six, five had received a satisfactory classification and one was rated substantial.

Planned Maintenance Contracting Arrangements

2.10 In my 2016-17 Report, I noted issues identified in relation to consultant-led planned maintenance schemes, under framework arrangements which expired in April 2017. In particular, I highlighted that, in advance of the procurement of new planned maintenance services from April 2018, interim arrangements were put in place covering 2017-18.

2.11 Where consultancy services had been delivered satisfactorily, the programme of works for 2017-18 continued with these consultants. In areas where consultant performance had not met service requirements, work was taken forward through a combination of in-house staff and planned maintenance contractors. As a result arrangements varied across the Housing Executive's three Regions, see Figure 5.

Figure 5: Interim Planned Maintenance Arrangements

NIHE Region	Arrangements for Consultancy Services
Belfast	Tasks being delivered through in-house staff and planned maintenance contractors
North	All existing consultants continued to carry out the work
South	Mixed approach of the above two options

Source: Housing Executive

2.12 New contracts for the future delivery of planned schemes were procured, together with Board approval to appoint contractors, in April 2018. Works under these contracts will commence from April 2019. As a result, the 2018-19 programme of planned maintenance schemes has continued to use the 2017-18 contract management arrangements.

2.13 In June 2017 Internal Audit issued a report on the review of consultant led planned maintenance. That report had a limited classification. Internal Audit recently followed up on the recommendations in that report and was able to provide NIHE management with a satisfactory opinion in this area. Progress had been made on how Key Performance Indicators for planned maintenance work was recorded and reported to NIHE management. Internal Audit had also previously recommended that contingency arrangements should be in place to address the continuity of external cyclical maintenance whilst new planned maintenance service contacts were established. In the follow up Internal Audit was content this had been implemented.

Response maintenance inspection results

- 2.14 In the past, my qualification on the regularity of NIHE maintenance expenditure also extended to response maintenance. However, in 2015-16, this was removed, principally on the basis of improvements in inspection results which continued into 2016-17.
- 2.15 Five response maintenance inspections were reported this year, all of which received a limited classification. Inspections identified a number of common issues, particularly the completeness and accuracy of documentation around asbestos/waste management, fire doors, electrical certificates, energy performance certificates, and building control. There is no question that these are very important areas for contractors/NIHE to address and put right immediately to prevent any risk to individuals' safety and to ensure the benefits from a response maintenance programme are fully realised. I also note, that two inspections finalised post year end had satisfactory opinions.
- 2.16 Internal Audit carried out a review of the adequacy and effectiveness of the NIHE contract management framework and governance arrangements, specifically in relation to the provision of response maintenance services set against good practice contract management. Whilst Internal Audit did raise a number of recommendations for management to consider, it also highlighted areas of good practice and overall provided a satisfactory opinion.
- 2.17 In March 2018 the Department's Housing Regulation Branch⁴ issued a report on the work of NIHE's Direct Labour Organisation (DLO). The report notes that the DLO's main responsibility is to provide response maintenance for NIHE. The purpose of this report was to review assurance arrangements put in place by management and to look at how operational performance is reported to the Head of DLO and to NIHE Board. The Department concluded it was 'content that the controls and processes put in place by management are suitably

robust and provide sufficient assurance on the completeness and accuracy of the operational performance reported by the DLO'. A substantial⁵ assurance rating was given.

Conclusion on planned and response maintenance expenditure

- 2.18 When making my decision whether or not to qualify my opinion or indeed to remove/re-introduce a qualification I take into account all available, relevant information. This is the case for both NIHE response and planned maintenance. I have considered the detailed testing carried out by my own staff, the inspection reports prepared by TIU (including an assessment of the issues raised and their possible impact on the regularity opinion in particular); the assurances provided by both Internal Audit and the Department's Housing Regulation Branch in their reports. Any opinion I reach is subject to change year on year depending on the evidence provided in that particular year. Accordingly, for 2017-18, having considered all the evidence available to me, I have decided not to reinstate the qualified opinion for Response Maintenance and to remove the qualification which previously applied to Planned Maintenance.
- 2.19 I will continue to monitor:
- NIHE's response to the oversight of both planned and response maintenance. This includes reviewing the extent of TIU inspections and the inspection results;
 - the independence of TIU;
 - the review by NIHE Internal Audit of the new inspection methodology to ensure it remains fit for purpose; and
 - the outcome of the Department's inspections into NIHE activities.

4. As noted at 2.6, this unit carries out a programme of inspections within NIHE to provide the Department Accounting Officer with assurances on the activities of NIHE.

5. The Department defines a substantial assurance as a robust system of risk management, control and governance which ensure that objectives are fully achieved. Findings in this category serve as an example of best practice. There will be a well-run system of internal control and a risk management programme resulting in all identified risks being addressed and mitigated.

Part 3: Whistleblowing Matters

Human Resources

3.1 In my Report on the 2016-17 financial statements I noted that the Department's Internal Audit Unit had carried out a review into anonymous whistleblowing allegations received by us, from an MLA, concerning NIHE. These allegations extended to a number of issues in NIHE Human Resources (HR), including the involvement of the former Acting Chief Executive in these issues.

3.2 At the time of my Report on the 2016-17 financial statements (November 2017), NIHE told me that a review of HR was to be carried out by its own Internal Audit Unit. This would

'...provide an overall assessment and make recommendations for further improvement to ensure compliance, at all levels within the Housing Executive'.

3.3 In respect of 2017-18, NIHE Internal Audit completed two reports in the area of HR:

- a) an overall review of the HR function. This focussed on;
 - Recruitment and selection;
 - Performance management;
 - Performance improvement;
 - Leave (excluding sick absence);
 - Use of staff substitution versus procurement of consultancy services.
- b) Agency workers

Overall Review of the HR Function

3.4 In June 2018 Internal Audit concluded that it could only provide a limited opinion in this area⁶. The report had a number of important findings. The key ones were:

- a) Internal Audit experienced significant delays in obtaining information to support its testing. It also noted a case was raised with the Information Commissioner around NIHE responding to a request for information three days outside of the timeframe. Internal Audit concluded it was possible that there were issues around record keeping within the HR function.

b) Internal Audit noted a number of 2016-17 business objectives for HR which had been rolled forward into the 2017-18 year. Dates for completion in most cases being rolled forward by a year. The approval or the reasons for the extension in deadlines could not be verified as the previous Director of Corporate Services had left. HR now comes under the remit of the Director of Finance, Audit and Assurance, however as at May 2018, the Director had not had sight of the HR Strategy document which contains the business objectives.

c) Service Delivery Commitments. A Service Delivery Framework is in place to ensure that HR 'provide a quality service, support and delivery to the HR business partners and to the wider business'. At the time of the Internal Audit this Framework document had not been shared with staff outside of HR. Internal Audit could also not verify that a formal mechanism had been put in place for monitoring of commitments made within the Framework.

d) Evidence supporting the reasons for the temporary promotion of staff. NIHE 'Filling Temporary Vacancies Policy' states this should be for a period of six months or less. A sample of those on temporary promotion was selected and Internal Audit noted almost 70 per cent of the sample tested had been temporarily promoted for longer than six months and evidence to support the approval of the temporary promotion by HR was missing or could not be verified in almost a quarter of the cases. There was also no evidence of management information being provided to senior management on the number and levels of posts filled by staff on temporary promotion and the extent to which staff were in temporary posts longer than the original timeframe.

e) Performance Management - NIHE uses an on-line system to record the completion of performance management assessments by NIHE staff. A review of the system to determine how embedded performance management was within NIHE highlighted the following:

6. Limited opinion is defined as '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'.

- half of NIHE staff had never logged on;
- only 61 staff out of a possible 2,662 staff set performance objectives, of these less than half had a mid-year performance discussion; and
- between May 2016 and December 2017, 40 performance management training sessions had been planned, each with a capacity for 15 users. A significant number of these sessions were subsequently cancelled due to a lack of bookings which meant that only 287 or just over 10% of NIHE staff had been trained.

Internal Audit concluded that the failure to embed a robust performance management framework could lead to:

- performance not being managed consistently in line with the values and vision of NIHE;
- poor performance not being identified and therefore not addressed; and
- conversely, good performance also not being recognised.

3.5 I concluded last year that a consistent theme in the review by the Department's Internal Audit on the whistle blowing allegations concerning NIHE, was poor record keeping and missing information. I noted that, 'good practices in respect of record keeping are fundamental to the public sector and should always be viewed as an integral part of decision making' and I was concerned at how far NIHE's record keeping, in the area of HR, fell short of good practice. NIHE advised me that over the last 2 years significant improvements have been made including the digitalising of over 3,500 files and the development of online forms to better collect, control and maintain HR records. NIHE also advised that further work in this area is planned over the next year.

3.6 My assessment of the findings from NIHE's Internal Audit report confirms that this remains an issue. NIHE advised me that the HR team have established an action plan to address the issues identified within the Internal Audit Review.

Agency Workers

3.7 Agency workers are used to provide cover for a temporary staff need within the organisation. NIHE told me last year that;

'the use of Agency workers has provided it with flexibility to maintain key services to its customers and tenants through protracted periods of instability arising from long term budgetary pressures and significant public sector reform programmes including Universal Credit/Welfare Reform'.

NIHE has two contracts in place for the provision of agency workers. The total value of the two contracts is £62.4m.

3.8 Agency workers continue to make up 11 per cent of the total direct staff costs incurred by NIHE. Although in 2017-18 Agency workers made up 20 per cent of the NIHE workforce (16 Per cent 2016-17). Figures for the number and cost of agency workers employed by NIHE, included within Internal Audit's Report, are at Figure 6.

Figure 6: Numbers and cost of agency workers in NIHE 2015-16 to 2017-18

2015-16	Numbers	%	Costs (£m)	%
Total Staff	3,368		100.1	
Agency workers	589	17	11.5	11
2016-17				
Total Staff	3,265		96.8	
Agency workers	543	16	10.9	11
2017-18				
Total Staff	3,396		105.1	
Agency workers	688	20	11.7	11

Source: NIHE Internal Audit Reports

3.9 I commented last year on the number of agency staff employed for periods which would seem to be longer than the word 'temporary' would suggest. With the flexibility of agency workers comes increased costs. Although the costs and staff numbers in figure 6 above would suggest that it costs less to employ agency staff than it does permanent staff, this is not a direct comparison as agency staff will tend to be employed in lower cost support roles. In addition the direct staff costs are not the full cost of employing agency workers. They do not include for example the costs of:

- Tendering
- Contract management;
- Increased supervision and training; and
- Corporate knowledge and experience which can only be built up over time.

NIHE needs to be able to demonstrate it is achieving value for money by employing this number of agency workers over an extended timeframe. Internal Audit also considered HR retention of records and noted the new processes put in place to improve controls over this process. In its review Internal Audit also looked at the length of time that agency staff were employed and observed that over half had been employed for more than two years. Internal Audit recommended that:

'mechanisms are established for the regular review of temporary posts. If the need is no longer short-term, then NIHE should consider awarding the jobs on a fixed-term contract on the basis of open and fair competition'.

NIHE advised me that Internal Audit has confirmed actions required to close off this recommendations are now complete.

- 3.10 Internal Audit was able to provide a satisfactory opinion in respect of agency workers, however it did raise concerns on aspects of contract management. Internal Audit recommended that:
- contract management/performance management monitoring of contracts of this scale should be comprehensive;
 - Senior management should carry out a review of the level of contract management/performance management monitoring of the Agency contracts in place to ensure that it is effective; is adequately resourced; and that the contract itself provides value for money.

NIHE advised me that Internal Audit has confirmed actions required to close off these recommendations are now complete.

Grounds Maintenance

- 3.11 In my 2016-17 report I noted NIHE was investigating separate whistleblowing allegations in respect of ground maintenance, received in May 2015 and April 2016. There was some overlap in the issues raised in the allegations and NIHE delayed its review of the earlier allegation pending investigation of the second one. I am concerned that this investigation remains to be completed.

NIHE told me, that the second investigation has involved the visiting and re-measuring of thousands of individual plots of land with a resulting data correction on the IT system that manages the Grounds Maintenance contract management process. Until this is finally complete the two investigations cannot be finally concluded. Whilst this is ongoing the investigation team have also revisited their findings on the first investigation and are carrying out a sample of the same cross section of grounds maintenance task orders and jobs as were sampled previously. The outcome of this will also be reported on. These investigations have been enormously resource-hungry and once it was quickly established that it was very unlikely that any fraud would be uncovered, it has instead involved a refocusing of the investigation team's work towards identifying and rectifying a long-standing data issue and providing clarity on contract management procedures and associated compliance.

Conclusion on Whistleblowing Matters

- 3.12 I welcome that, in response to my 2016-17 findings, on HR whistleblowing matters, NIHE asked its Internal Audit to review its HR function and that the recommendations made by Internal Audit have been accepted by management. Internal Audit confirmed my view that in relation to HR record keeping, NIHE has much work to do. I will continue to monitor this and NIHE's contract management processes and procedures with regards agency staff. I would like to see NIHE establish a clear value for money basis to support its use of agency workers.
- 3.13 I am concerned that reviews into grounds maintenance whistleblowing allegations remain to be completed two to three years after the allegations were made. If public confidence in NIHE to deal with whistleblowing matters is to be maintained, it is essential that reviews into allegations are completed in a timely manner.



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